



Isle of Man Chamber of Commerce

Minimum Wage Policy Review: Workshop Summary

6th May 2025

Workshop Purpose

To explore the methodology and process behind setting the Minimum Wage, focusing on:

- The policy of harmonising with the Living Wage
- The fitness of the current calculation methodology
- The role of the Minimum Wage Committee
- Business impact and sector-specific concerns

Key Discussion Themes

Policy Position: Harmonisation with Living Wage

- Originally set to align by April 2025 — now delayed.
- Concerns over insufficient economic analysis.
- Living Wage outpacing inflation.
- **Suggestion to replace fixed policy with flexible, condition-based framework.**

Methodology for Setting Minimum Wage

- Stakeholder consultation is the current method.
- Suggestions to adopt a UK-style model (e.g., % of median earnings).
- **Call for robust, transparent, data-driven approach.**

Age Bands

- Current: Main rate (18+), Youth Rate (16–17).
- **Support for reintroducing development/apprentice rates.**
Encourage tiered structure based on age/experience.

Minimum Wage Committee

- Debate on the relevance of its current role.



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- Need for political independence in the process of setting rates
- **Potential to replace with a Low Pay Commission-style model.**

Accommodation Offset

- Current offset (£1.05/hour) not updated in 10+ years.
- **Suggested review for fairness and relevance.**

Additional Rates & Exemptions

- Calls for apprentice rate and potential exemptions.
- Concern over youth work experience access.

Business Impact & Economic Context

- Concern about wage increases outpacing tax threshold changes.
- Risks to business sustainability in key sectors.
- Calls for joined-up tax and wage policy.

Data & Economic Expertise

- Frustration over lack of local data.
- **Strong call for independent macroeconomic analysis.**

Recommendations

Recommendations from 6th May 2025 Workshop:

- Scrap or revise the harmonisation policy. Consider a flexible, data-led approach.
- Commission an independent macro economist to assess economic impact.
- Re-examine the role and structure of the Minimum Wage Committee.
- Revisit age bands and consider reintroducing development or apprentice rates.
- Review and update the accommodation offset.
- Create a consistent annual schedule (e.g., October decision, April implementation).
- Align minimum wage policy with personal tax thresholds.
- Improve data collection on wage demographics and business impact.

Recommendations from IoM Chamber February 2025 White Paper:

- Urgently clarify the methodology used to calculate the Living Wage.
- Provide targeted business support (grants, transitional aid, or tax relief).
- Consider tiered wage structures similar to the UK model (16–17, 18–20, 21+).
- Engage in deeper industry consultation across affected sectors.