Isle of Man Government
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Isle of Man Living Wage and Minimum Income Standards Report 2026/27

Statistics Isle of Man
Cabinet Office
November 2026

CONTENTS

Introduction 2
The Living Wage 3
Minimum Income Standards & Further Calculations 4
Appendix 1—Single Person Household and Household Type Weighting 6
Appendix 2: Household Budgets, by Type of Household and Category of Expenditure 7

INTRODUCTION

What is the Living Wage?

The Living Wage is intended to reflect the minimum salary necessary for families to afford the basic opportunities, choices, goods, and services required for them to participate fully in society. It should not be confused with the National Living Wage that the United Kingdom Government introduced in 2016, as this is a rate of the minimum wage for workers aged 21 and over and is not calculated with any explicit reference to the cost of living.

Who Calculates the Isle of Man Living Wage?

The Isle of Man Living Wage is calculated by Statistics Isle of Man (and the Economic Affairs Division from 2017 until 2020). This is in contrast to the situation in the United Kingdom, where the Living Wage is calculated by an independent think tank (the Resolution Foundation) working in conjunction with the Living Wage Foundation and the Centre for Research in Social Policy at Loughborough University.

Discussions concerning the feasibility of establishing an independent body to calculate the Isle of Man Living Wage were held with public, private, and third-sector parties following the original Tynwald motion in January 2017 that ordered the calculation of the 2017 Isle of Man Living Wage. It was however found that there was little appetite among potential external parties to take on this duty. For this reason, responsibility for this was taken on by the Economic Affairs Division and, later, Statistics Isle of Man.

How is the Isle of Man Living Wage Calculated?

The Isle of Man Living Wage is largely calculated in accordance with the methodology followed by the Living Wage and Resolution Foundations in the United Kingdom. More precisely:

- The Isle of Man Living Wage is typically based on the same 'baskets' of goods and services produced by the Centre for Research in Social Policy. These baskets are created in consultation with committees made up of representatives of each type of family represented in the calculation of the Living Wage and are used to determine what level of expenditure that family has to maintain.
- These baskets are then modified to take into account differences between the United Kingdom and the Isle of Man, such as additional travel costs incurred when families go on holiday, or where a retailer used in the original baskets does not have a presence on the Isle of Man.
- The hourly wage necessary for each family to maintain the level of expenditure specified by the corresponding basket is then calculated, taking into account taxes and benefits. These hourly wages are the living wages for each type of family. The overall Living Wage is calculated by taking the average of each of these, weighted by the percentage of households each family represents.
- Figures concerning pensioner households are reported for information only and are not included in the calculation of the Living Wage.

The calculation makes a number of assumptions shared with the United Kingdom methodology, namely:

- Every adult below pension age works 37.5 hours a week.
- Families without children live in privately rented one-bedroom flats.
- Households with one child live in a two-bedroom home in the social rented sector.
- Households with two, three, or four children live in a three-bedroom home in the social rented sector.

THE LIVING WAGE

Isle of Man Living Wage 2026/27	UK Living Wage 2026/27
£14.82	£14.10

THE Isle of Man Living Wage for 2026/27 stands at £14.82 per hour; this is a rise of £1.08 since 2025/26.

Unlike in previous years, the current Living Wage for the Isle of Man are not based on the current minimum income standards produced by Loughborough University's Centre for Research in Social Policy. This is because changes in those minimum income standards have resulted in a significant and unusually large increase in the Living Wage, which prompted the United Kingdom's Living Wage Foundation to apply a limit, called the 'shock absorber', on how much the Living Wage will increase. As the Living Wage Commission itself notes:

'The changes which have come about in the 2024 MIS [sc. minimum income standard] research are larger than usual and as such contribute more upwards pressure to the LW [sc. Living Wage] rates than has been the case in the past.'

This shock absorber is intended to protect against volatility in the Living Wage and limits any increase to an amount corresponding to 3% over the current rate of inflation. As the intention for the Isle of Man's Living Wage has always been to provide a local figure comparable to that produced in the United Kingdom and following the model set out by the Living Wage Foundation, Statistics Isle of Man has applied the same shock absorber to the Isle of Man Living Wage. The magnitude of the increase in the living wage as a result of the change in minimum income standards is such that it is possible that future increases to the Living Wage will also be limited by the shock absorber for a number of years.

For the sake of comparison and transparency, the final section provides details of how the minimum income standards have changed, together with figures for what the Living Wage would be without the 'shock absorber'.

It should be noted that the decision to apply this limit on the Living Wage, either in the Isle of Man or in the United Kingdom, should not be interpreted as calling into question the work performed by Loughborough University on minimum income standards. Minimum income standards of this kind and what they seek to represent are not purely a matter of functional need but are subject to social expectations and changing perceptions of what an adequate or decent material standard of living comprises. As such, fluctuations, and sometimes quite large fluctuations are a possibility, and there is some early evidence that the latest versions of the minimum income standards produced by the Centre for Research in Social Policy do in fact reflect a change in public expectations concerting what constitutes a reasonable standard of living. As the Living Wage Foundation states in its most recent Living Wage Report:

'The MIS basket of goods and services is expected to become more expensive over time; not just because prices rise, but also because the public raise their living standards expectations as society becomes richer.'

Minimum Income Standards & Further Calculations

The table below sets out a comparison between the 2026 minimum income standards for the Isle of Man and those for the equivalent standards in the United Kingdom. The figures in each of the MIS columns specify the weekly amount of expenditure each household requires, according to the minimum income standards, in order to maintain what is thought to be a reasonable or expected standard of living.

Household Type	2026 MIS (IoM)	2026 MIS (UK)
Single Male	£522.57	£483.32
Single Female	£528.82	£483.32[1]
Couple	£697.28	£729.98
Single + 1 child	£943.90	£860.94
Single + 2 children	£1,128.81	£1,138.25
Single + 3 children	£1,351.16	£1,333.50
Couple + 1 child	£1,107.99	£1,044.45
Couple + 2 children	£1,282.59	£1,309.64
Couple + 3 children	£1,509.95	£1,514.15
Couple + 4 children	£1,885.57	£1,753.34

[1] Reported minimum income standards in the United Kingdom do not differentiate between single men and single women, though such a distinction is made at the point of calculating a standard for both.

The table below provides a calculation of what the Living Wage for each type of household under consideration would be according to the minimum income standards. When the figures below are weighted according to the population weights provided in Appendix 1, this produces an overall living wage of **£16.74 per hour**.

Household Type	Weekly Cost	Hourly Rate
Single Male	£522.57	£16.51
Single Female	£528.82	£16.74
Couple	£697.28	£10.01
Single + 1 child	£943.90	£30.85
Single + 2 children	£1,128.81	£36.95
Single + 3 children	£1,351.16	£44.51
Couple + 1 child	£1,107.99	£17.16
Couple + 2 children	£1,282.59	£20.00
Couple + 3 children	£1,509.95	£23.88
Couple + 4 children	£1,885.57	£30.66
Male pensioner	£345.69	£9.22
Female pensioner	£359.22	£9.58
Partnered pensioner	£521.50	£6.95

There have been significant rises in the above for families with children compared with previous years. This is primarily due to large increases in their minimum income standards and compounded further by increases in the level of income required to meet that expenditure pushing those households beyond the threshold where the benefits they receive compensate for the additional amount they would have to pay in the form of income tax.

Below is a description of the ages of the children in each household type. This scheme follows that produced by the Centre for Research in Social Policy who produce the minimum income standards that are used as a basis for those applied to the Isle of Man.

Families with 1 child	0 to 1 years old
Families with 2 children	2 to 4 years old and primary school age
Families with 3 children	2 to 4 years old, primary school age, and secondary school age.
Families with 4 children	0 to 1 years old, 2 to 4 years old, primary school age, and secondary school age.

Appendix 1—Single Person Household and Household Type Weighting

	Population Weight	Hourly Rate	Weighted Contribution
Single Male	54.90%	16.51	9.06
Single Female	45.10%	16.74	7.55
Single Person Hourly Rate			16.61[2]

	Population Weight
Single Household	35.87%
Couple	30.93%
Single parent with one child	3.86%
Single parent with two children	2.33%
Single parent with three children	1.01%
Couple parent with one child	9.89%
Couple parent with two children	11.24%
Couple parent with three children	3.81%
Couple parent with four children	1.06%

[2] Due to rounding, totals in this and subsequent tables may not precisely equal the sum of its components.

Appendix 2: Minimum Income Standards (Household Budgets), by Type of Household and Category of Expenditure

Category of Expenditure	Single Male	Single Female	Couple	Single Parent with one child	Single Parent with two children	Single parent with three children
Food	92.96	72.16	137.23	110.32	158.99	244.28
Alcohol	7.68	7.68	15.55	7.68	7.68	7.68
Clothing & Footwear	10.76	21.12	31.93	25.64	35.06	57.86
Housing	248.91	248.91	255.18	182.10	198.67	209.19
Household Goods and Services	24.24	24.24	32.23	368.01	402.17	416.86
Personal Goods and Services	62.35	53.29	89.85	66.22	85.42	118.67
Transport	35.50	35.50	66.40	93.71	98.53	108.29
Social and Cultural Participation	65.91	65.91	100.84	90.23	142.30	188.33
Total	**522.57**	**528.82**	**697.28**	**943.90**	**1,128.81**	**1,351.16**

Category of Expenditure	Couple with one child	Couple with two children	Couple with three children	Couple with four children	Male pensioner	Female pensioner	Pensioner Couple
Food	176.58	218.24	295.79	320.88	65.83	69.59	143.35
Alcohol	12.81	12.81	12.81	12.81	7.68	7.68	9.16
Clothing & Footwear	36.77	46.42	69.03	82.76	8.40	8.24	16.63
Housing	186.79	203.97	212.15	212.15	121.41	121.41	166.74
Household Goods and Services	363.51	389.90	403.49	715.01	41.78	41.77	51.48
Personal Goods and Services	92.48	114.50	143.83	153.62	27.41	37.34	64.84
Transport	118.29	123.95	154.33	154.33	10.38	10.38	20.71
Social and Cultural Participation	120.76	172.80	218.83	234.00	62.81	62.81	69.28
Total	**1,107.99**	**1,282.59**	**1,509.95**	**1,885.57**	**345.69**	**359.22**	**521.50**



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