



**Isle of Man
Government**

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Isle of Man Living Wage Report 2023/24

Statistics Isle of Man
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INTRODUCTION

The 2023 Isle of Man Living Wage calculation is the sixth time that the Isle of Man Living Wage has been calculated, following on from 2017, 2019, 2020, 2021, and 2022. This year's report continues with the improvements introduced in 2022, which were intended to bring the methodology used for the Isle of Man Living Wage closer to that employed in the United Kingdom.

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 UK Government introduced in 2016—this is a rate of minimum wage for workers aged over 25 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 UK, 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 Resolution Foundation in the UK. More precisely:

- The Isle of Man Living Wage is 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 slightly 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.

The calculation makes a number of assumptions shared with the UK 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.

RESULTS

Isle of Man Living Wage 2023/24

£12.01

UK Living Wage 2022/23

£10.90

The Isle of Man Living Wage for 2023/24 stands at **£12.01** per hour, compared with a figure of **£10.90** for the United Kingdom in 2022/23. This is a rise of **£0.96** compared with the Isle of Man Living Wage for 2022/23 (**£11.05** per hour).

The United Kingdom figure is not released until the September of the financial year to which it refers, and hence we are unable to compare the Isle of Man figure with that for the current year in the United Kingdom.

Both figures take into account tax, national insurance contributions, and benefits received—that is to say, the figures reported above represent the gross amount necessary to fulfil the requirements of the Isle of Man Living Wage. Neither figure currently takes pension contributions into account.

The following table provides a detailed account of the different living wages according to various types of family.

Household Type	Weekly Cost	Hourly Rate
Single Male	£404.23	£12.36
Single Female	£413.91	£12.74
Couple	£565.23	£8.06
Single + 1 child	£735.64	£18.71
Single + 2 children	£819.93	£18.61
Single + 3 children	£923.32	£22.97
Couple + 1 child	£846.28	£12.58
Couple + 2 children	£916.14	£13.60
Couple + 3 children	£1,078.54	£16.40
Couple + 4 children	£1,395.83	£22.19
Male pensioner	£305.48	£8.15
Female pensioner	£308.99	£8.24
Partnered pensioner	£427.91	£5.71

For the purposes of the Living Wage calculation, the age groups of the children in the above categories are:

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.

Comparison with the UK

Some of the main factors contributing to the difference between the Isle of Man and United Kingdom's living wages are:

- The Isle of Man study uses a significantly higher figure for private rent. The United Kingdom study uses a comparatively low figure for private rents, based on lower-quartile rents in the East Midlands of England; this will represent an underestimation for many families in the United Kingdom.

Owing to higher rental prices in general and the relatively low number of suitable rental properties (namely, one-bedroom flats) available on the Isle of Man at a given time, adopting the UK method would permit consideration of only a very small number of properties in the calculation of the Living Wage. This would likely be to the point of presenting an unrealistic view of the accommodation needs of the people that the Living Wage is intended to represent.

- For the purposes of the Isle of Man Living Wage, the hourly living wage for families with one child is based on the case where that child is aged 0 to 1 years old. By contrast, the United Kingdom living wage is based on the cases where the child is 3 to 4 years old or of primary school age, which generally involve significantly lower childcare costs. In practice, however, the contribution of the Employed Person's Allowance to this cost means that the impact of this difference on the living wage is small.

The tables in Appendix Three can be used to compare the weekly expenditure in the UK and the Isle of Man for different families and across different types of expenditure.

Appendix 1: Single Person Household and Household Type Weighting

	Population Weight	Hourly Rate	Weighted Contribution
Single Male	54.90%	12.36	6.79
Single Female	45.10%	12.74	5.75
Single Person Hourly Rate			12.53 ¹

	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%

¹ Due to rounding, totals in this and subsequent tables may not precisely equal the sum of its components.

Appendix 2: 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	60.20	57.57	93.81	75.19	98.06	125.17
Alcohol	9.65	11.24	19.02	6.55	6.55	6.55
Clothing & Footwear	11.97	16.29	28.52	35.26	51.67	71.59
Housing	190.58	190.58	190.58	131.56	148.44	150.78
Household Goods and Services	18.66	18.66	28.08	311.01	281.73	292.34
Personal Goods and Services	14.66	21.06	33.60	35.49	54.27	52.04
Transport	41.49	41.49	82.98	70.68	72.27	73.23
Social and Cultural Participation	57.02	57.02	86.95	69.90	106.94	151.53
Total	404.23	413.91	565.23	735.64	819.93	923.22

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	116.53	142.88	190.78	200.77	60.33	54.16	80.54
Alcohol	13.02	13.02	13.02	13	10.58	10.58	14.86
Clothing & Footwear	46.26	62.27	82.34	98.51	9.60	14.80	25.84
Housing	132.87	149.63	151.38	151.38	103.19	103.19	138.33
Household Goods and Services	319.16	285.08	296.09	563.11	32.18	32.18	38.35
Personal Goods and Services	48.00	49.95	65.45	79.50	18.63	23.10	43.05
Transport	98.98	103.14	122.43	122.43	14.97	14.97	19.09
Social and Cultural Participation	71.45	110.17	157.07	167.12	56.00	56.00	67.85
Total	846.28	916.14	1,078.54	1,395.83	305.48	308.99	427.91

Appendix 3: Comparison of Weekly Household Budgets against UK Living Wage Budgets²

Household Type	IOM	UK
Single person	408.6	363.06
Couple	565.23	535.43
Single parent, one child	735.64	720.85
Single parent, two children	819.93	756.67
Single parent, three children	923.22	887.76
Couple, one child	846.28	830.44
Couple, two children	916.14	872.86
Couple, three children	1,078.54	1,031.53
Couple, four children	1,395.83	1,286.98
Single pensioner	307.76	305.82
Pensioner couple	427.91	434.72

² Up-to-date figures for a detailed breakdown of household baskets used in the UK are not available. Where the UK 2022/23 Living Wage Report uses the same type of family, we have used their figures. Otherwise, figures provided are those from the appropriate Minimum Income Standards produced by Loughborough University adjusted for inflation.



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