

# VocaLink Take Home Pay Index Reverses Recent Increase Hitting Record Low In April



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The VocaLink Take Home Pay Index reflects the continuing uncertainty in the UK labour market as it drops to its lowest level on record of 0.9 per cent. The Index has now fallen below its previous lowest level of 1.0 per cent recorded in February this year. In March, the VocaLink Take Home Pay Index showed signs of recovery as it leapt up 0.5 percentage points to 1.5 per cent, but these gains have been reversed in April's figures. As the Index continues to fluctuate between a low range of 0.9 per cent and 2.0 per cent, it indicates a fragile, sluggish economic recovery.



The gains made in manufacturing sector pay growth in March have been reversed in April with the VocaLink manufacturing index falling by 0.7 percentage points. Services sector pay growth has also contributed to the drop in the overall [VocaLink Take Home Pay Index](#) for April by decreasing 0.5 percentage points to hit just 1.0 per cent.

While the latest industry figures show that the UK economy has continued to grow in the first quarter of 2010, it has done so at a slower pace than in the final quarter of 2009. This fragile recovery means that 2010 is likely to remain tough for households as the recent spike in inflation is not being reflected in higher pay growth. As such,

real income growth is weak, which is placing downward pressure on increases in consumer spending.

Marion King, Chief Executive Officer at VocaLink, said: "The drop in this month's VocaLink Take Home Pay Index continues to show the long-term trend of depressed pay growth. The last 13 months have seen take home pay fluctuate between a range much lower than the 4.0 per cent pre-recession average. Firms are continuing to keep their labour costs contained as competitive pressures remain high and economic activity recovers only gradually. In addition, the uncertainty surrounding the impending General Election is likely to result in caution over major business decisions."

Douglas McWilliams, chief executive of economics consultancy cebr, said: "The first estimate of United Kingdom GDP showed that the economy continued to grow in the first quarter of 2010, but at a slower pace than in the final quarter of 2009. The decline in the rate of growth shows that the recovery is on track but that it is still fragile; this sentiment is reflected in this month's VocaLink Take Home Pay Index."

VocaLink processes over 90% of UK salaries and the VocaLink Take Home Pay Index, established in 2004, provides the most timely and accurate disposable income data available in the UK. It is based on actual payments made to employees on a three-month moving average compared with the same continuation measure a year earlier. It is affected by changes in tax rates, National Insurance and other employer payments or deductions.

-Ends-

### **Methodological**

### **notes**

Interested parties can follow this link to learn more about the [VocaLink Take Home Pay Index methodology](#).

### **About**

### **VocaLink**

VocaLink is a specialist payments partner to banks, their corporate customers and government departments. It designs and delivers smarter domestic and international automated payments systems, and smarter [ATM switching](#) solutions.

In fact, VocaLink's switching platform connects over 60,000 ATMs, the world's busiest network, while its payments platform processes over 500 million payments per month.

Vocalink's Real-time Payments Platform is the central infrastructure for the UK's Faster Payments Service, whilst the company partnered with BGC, Sweden's leading payments provider, who now outsource the majority of Sweden's domestic payments to Vocalink.

Vocalink is very proud of its service delivery record. Its platforms operate on never-fail technology to ensure total reliability and availability 24 hours a day allowing the company to meet its customer needs.

In short, Vocalink's smarter payments capabilities offer banks, corporates and government departments reach throughout Single Euro Payments Area (SEPA) and beyond.

### **About**

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