

UNITED KINGDOM

Priorities supported by indicators

Reform of disability benefit schemes (2007, 2009, 2011)

Recommendations: Extend the Pathway to Work scheme to all new and existing claimants. Limit inflows into the incapacity benefit scheme by early monitoring of the health status of applicants.

Actions taken: The Pathway to Work scheme was incrementally extended between 2008 and 2010, and was replaced by the new Work Programme in 2011 without major changes in coverage and monitoring. From 2011 all remaining claimants will be reassessed using the Work Capability Assessment.

Improve educational achievements of young people (2007, 2009, 2011)

Recommendations: Focus on core literacy and numeracy skills. Increase resources for disadvantaged students and improve targeting to students that are at risk of dropping out. Expand vocational programmes and ensure that they provide relevant skills.

Actions taken: In 2011 the government introduced a pupil premium for disadvantaged students and increased the number of apprenticeships. The (well-functioning) Education Maintenance Allowance was abolished in 2011 and replaced by a smaller targeted bursary programme administered by schools.

Improve public infrastructure, especially for transport (2007, 2009, 2011)

Recommendations: Preserve infrastructure investment from government spending restraint. Introduce a national roads pricing scheme to mitigate congestion.

Actions taken: Investment in infrastructure increased substantially over the review period, but under the government's fiscal plans, spending on public investment is set to fall sharply.

Other key priorities

Reform land planning regulations (2009, 2011)

Recommendations: Make the land planning system more flexible and predictable and provide incentives for local communities to release land for building, while continuing to protect the environment.

Actions taken: The 2011 draft National Planning Policy Framework simplifies the planning process and the New Homes Bonus should incentivise local communities to allow development.

Strengthen public sector efficiency (2007, 2009, 2011)

Recommendations: Improve efficiency in publicly-funded services. In the healthcare sector, contain compensation for some highly-paid National Health Service (NHS) personnel, reinforce competition among providers and consistency in the allocation of responsibility across government bodies.

Actions taken: An ongoing reform to delegate responsibilities for purchasing hospital care to General Practitioners (GPs) may increase efficiency.

Improve work incentives for low-paid lone parents and second income earners (2007)

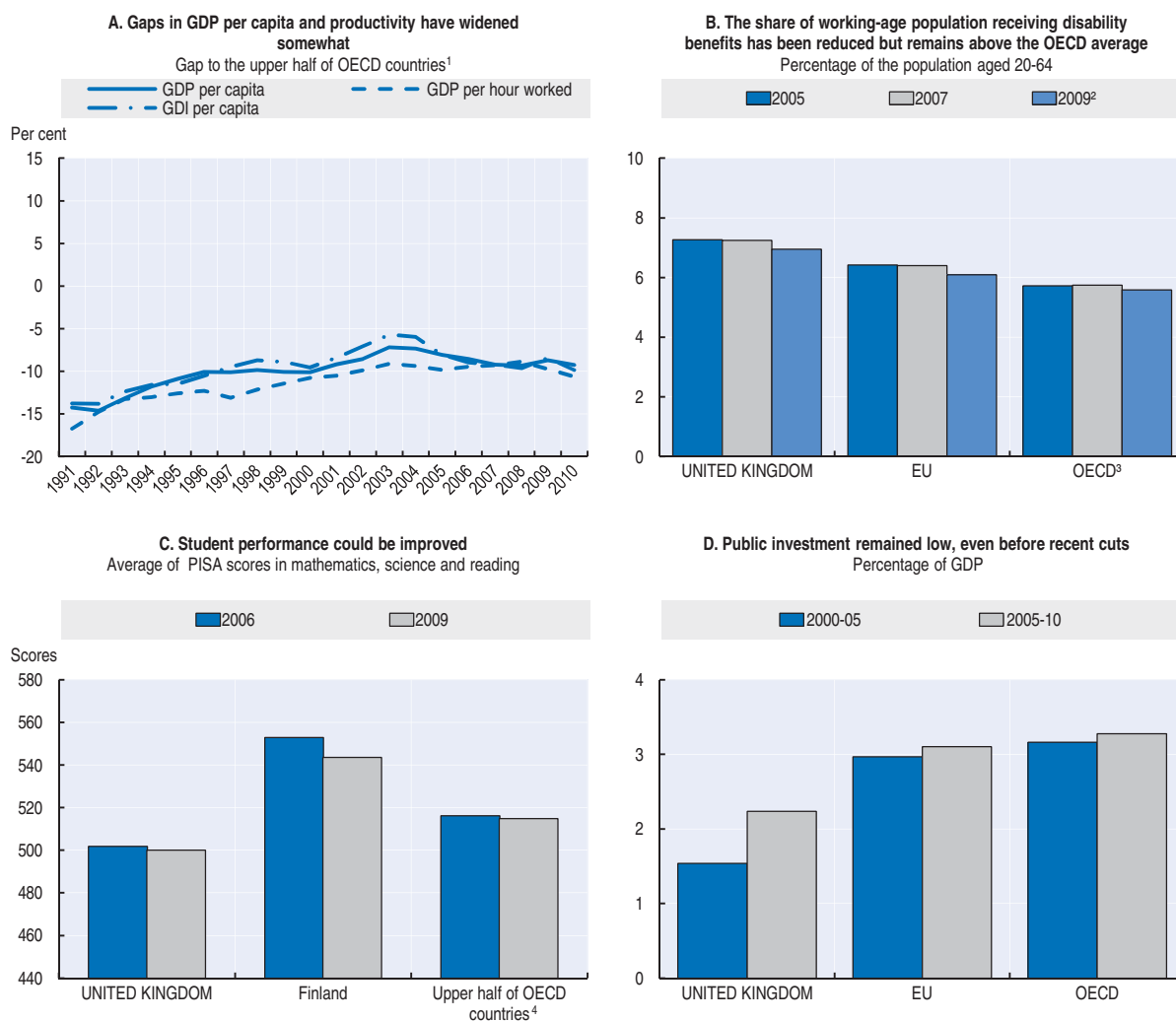
Recommendations: Lower marginal effective tax rates and childcare costs for lone parents to improve work incentives.

Actions taken: The childcare element of the Working Tax Credit was increased 2009 and 2010. In 2013 the Universal Credit will replace a number of in-work benefits and tax credits, reducing complexity and improving work incentives for lone parents and second earners.

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- The gap in GDP per capita relative to the upper half of OECD countries continues to widen. Labour utilisation remains high, but GDP per hour worked is low in an international context and has fallen.
- Among key priority areas, progress has been made on lowering the number of disability benefit recipients and improving work incentives for second earners, while little has been achieved in terms of enhancing public sector efficiency and educational outcomes.
- In other areas, the introduction of the Flexible New Deal in 2009 is likely to have cushioned the crisis-driven increase in youth unemployment. The Universal Credit legislated in 2011 that will be rolled out from 2013 will simplify the social benefits system and increase work incentives.

Performance and policy indicators



1. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).
2. For the United Kingdom, data refer to 2008.
3. Excluding Chile, Iceland and Turkey.
4. Upper half of OECD countries in terms of PISA scores in mathematics, science and reading.

Source: Chart A: OECD, *National Accounts and Economic Outlook No. 90 Databases*; Chart B: (OECD 2010), *Sickness, Disability and Work: Breaking the Barriers: A Synthesis of Findings across OECD Countries*; Chart C: OECD, *PISA 2009 Database*; Chart D: *Economic Outlook No. 90 Database*.

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