

## UNITED KINGDOM

### Priorities supported by indicators

#### ► **Further reform disability benefit schemes (2005, 2007, 2009)**

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

**Actions taken:** The Government has incrementally extended the Pathway to Work scheme, which now applies to all new and most existing claimants under 50. A new eligibility test is being introduced.

#### **Improve the education achievement of young people (2005, 2007, 2009)**

**Recommendations:** Put more emphasis on core literacy and numeracy skills. Ensure adequate support for weak students and schools. Expand vocational programmes for the young and adults.

**Actions taken:** The Government has introduced a number of schemes to improve standards of literacy and numeracy in primary school-aged children. Financial incentives for new teachers taking up posts in disadvantaged schools were introduced in 2009. By 2013 all suitably qualified young people will have a right to an apprenticeship.

#### **Improve public infrastructure, especially for transport (2005, 2007, 2009)**

**Recommendations:** Increase spending on public infrastructure in order to increase productivity. Introduce a national road pricing scheme.

**Actions taken:** The Government has significantly increased spending on public infrastructure since 2005. However, public investment is still relatively low compared with other OECD countries and is set to fall sharply after 2010 as part of current government plans to consolidate public finances. Road pricing trials are underway.

### Other key priorities

#### **Improve public sector spending efficiency (2005, 2007, 2009)**

**Recommendations:** Improve the efficiency of health and other publicly-funded services so that higher expenditure results in higher standards of service delivery.

**Actions taken:** The government has introduced a number of reforms of the National Health Service in order to increase efficiency, such as Practice Based Commissioning (2005) and the World Class Commissioning initiative (2007).

#### **Give greater weight to economic considerations in planning decisions (2005, 2009).**

**Recommendations:** Release more land for commercial and housing development by reconsidering the boundaries of the “green belts” in fast-growing areas.

**Actions taken:** The Government and planning authorities are reviewing “green belt” boundaries.

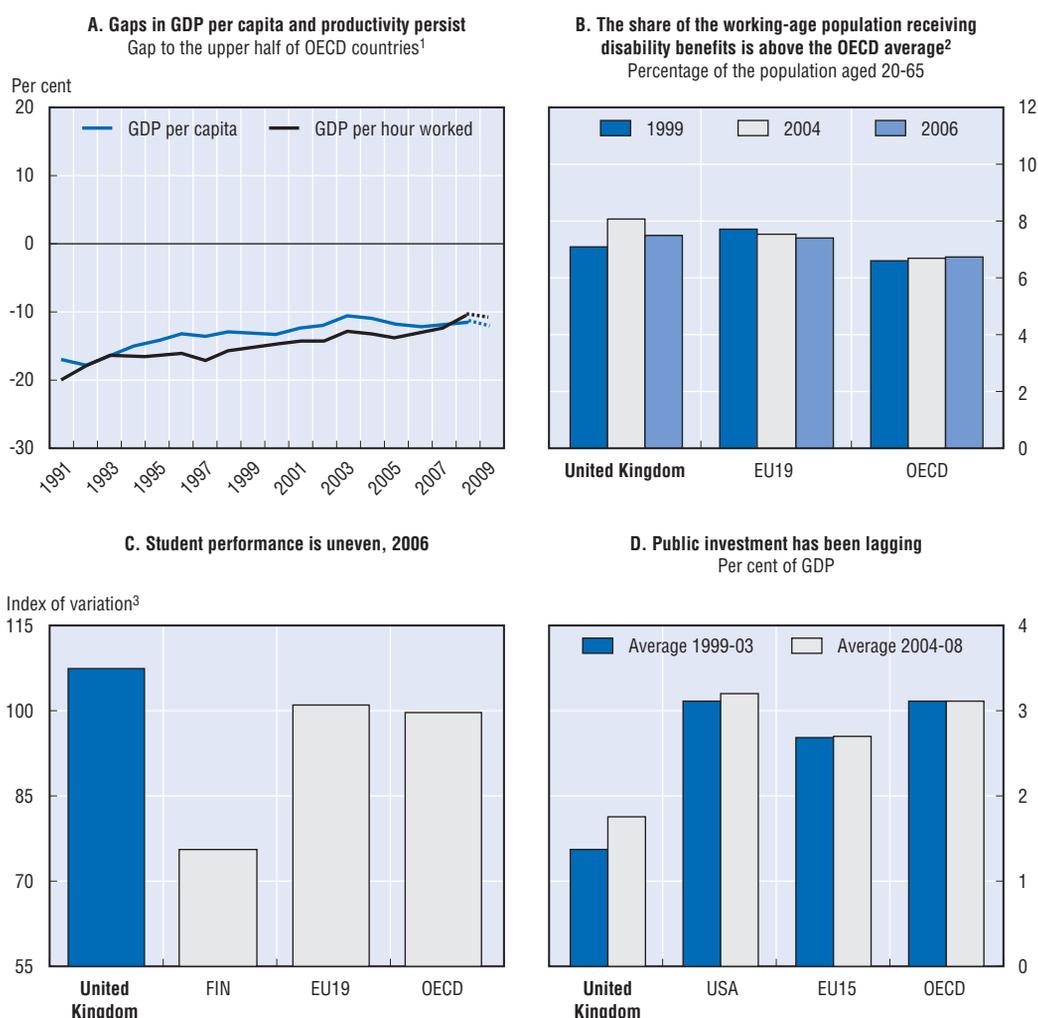
#### **Improve work incentives for low-paid lone parents and second income earners (2007)**

**Recommendations:** Lower marginal effective tax rates for lone parents in order to reduce disincentives to work longer hours or up-skill. Reduce childcare costs to encourage labour force participation of low-skilled second earners.

**Actions taken:** The Government increased the Working Tax Credit income threshold in 2008, although this affects participation rather than working hours. The childcare element of the Credit has increased incentives for second-earner labour force participation. Several pilot schemes have been introduced, including the Upfront Child Fund which covers advance childcare costs for lone parents.

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- The productivity gap relative to the upper half of OECD countries had narrowed somewhat prior to the crisis but remains significant. Labour utilisation is lower than in the best performing OECD countries.
- In key priority areas, infrastructure investment has been increased substantially in the last few years but is projected to fall. Although some reforms have been implemented, educational achievements and public spending efficiency progress have been limited so far and these areas remain core priorities. The disability benefit schemes have been reformed and childcare costs reduced, but further actions are warranted.
- Some reforms in other areas have been carried out, such as a reduction in the corporate tax rate and a simplification of the tax code.



1. Percentage gap with respect to the simple average of the upper half of OECD countries in terms of GDP per capita and GDP per hour worked (in constant 2005 PPPs). The gaps for 2009 are OECD estimates, based on the *OECD Economic Outlook*, No. 86.
2. Disability benefits include benefits received from schemes to which beneficiaries have paid contributions (contributory), programmes financed by general taxation (non-contributory) and work injury schemes.
3. Standard deviation of average student performance in mathematics, science and reading.

Source: Chart A: OECD, *National Accounts and Economic Outlook 86 Databases*; Charts B: OECD (2003), *Transforming Disability into Ability* and OECD estimates; Chart C: PISA 2006 Database; Chart D: *Economic Outlook 86 Database*.

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