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- The gap in GDP per capita relative to the upper half of OECD countries has widened somewhat. Labour utilisation remains at par with best-performing OECD countries, but output per hour worked is relatively low and has fallen.

- Progress has been made on reducing the number of disability benefit recipients. The Universal Credit, which will be rolled out as from 2013, will simplify the social benefit system and increase work incentives, if effectively implemented.

- Investing in human capital, developing infrastructure, loosening planning restrictions and strengthening public sector efficiency would help boost productivity. Priorities to enhance labour utilisation should focus on pursuing welfare reforms, improving work incentives, especially for lone parents and households' second earners.

- Improvements in education for disadvantaged children would enhance workforce skills, contributing to growth, and reduce inequality by providing more equal opportunities. Land-use planning reform could boost output growth by facilitating construction, while reducing inequality in access to housing.

Growth performance indicators

A. Average annual trend growth rates

Per cent

		2001-06	2006-11
Potential GDP per capita		1.7	0.3
Potential labour utilisation		0.2	-0.1
of which:	Labour force participation rate	0.2	0.2
	Employment rate[1]	0.0	-0.2
Potential labour productivity		1.6	0.3
of which:	Capital intensity	0.8	0.9
	Labour efficiency	0.5	-0.8
	Human capital	0.2	0.2

B. The gap in GDP per capita has widened somewhat
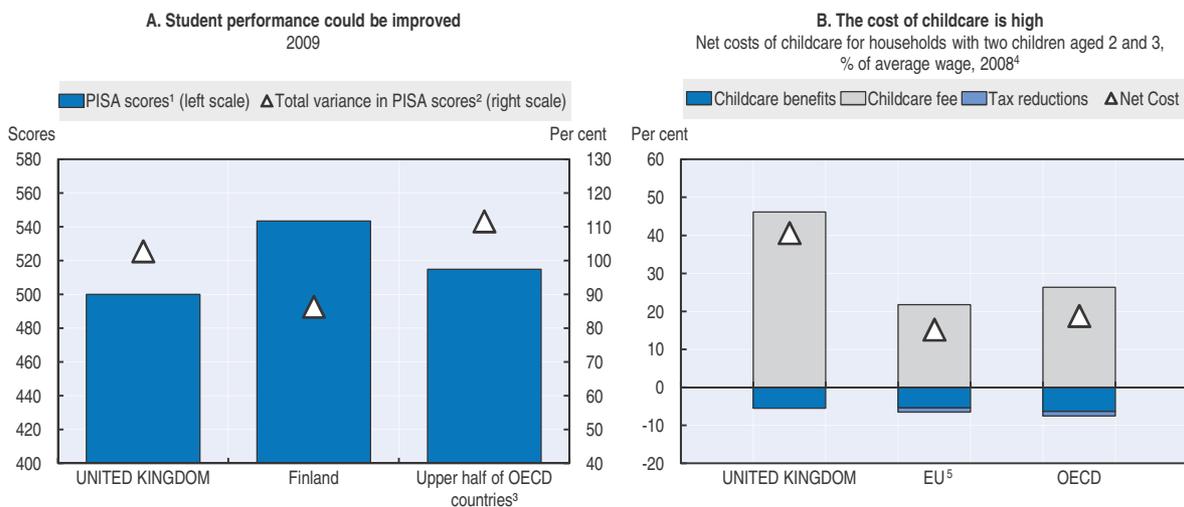Gap to the upper half of OECD countries[2]
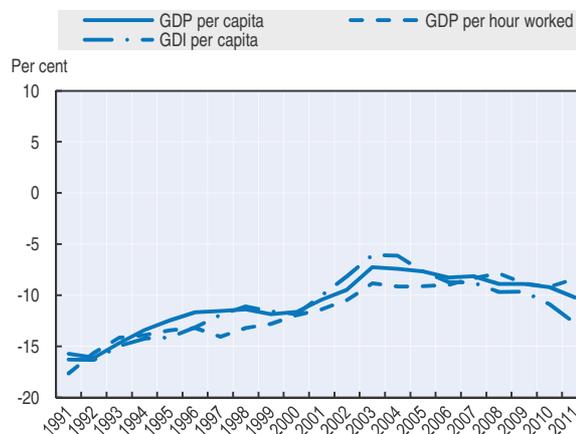
1. The employment rate is defined with respect to the economically active population and therefore captures the (inverse) changes in the structural unemployment rate.
2. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).
Source: OECD, National Accounts and OECD Economic Outlook 92 Databases.

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Policy indicators

A. Student performance could be improved
2009

PISA scores[1] (left scale)   △Total variance in PISA scores[2] (right scale)

B. The cost of childcare is high
Net costs of childcare for households with two children aged 2 and 3,
% of average wage, 2008[4]

Childcare benefits   Childcare fee   Tax reductions   △Net Cost

1. Average of PISA scores in mathematics, science and reading.
2. Total variance of the average of PISA scores in mathematics, science and reading as a percentage of the OECD variance. The variance components in maths, sciences and reading were estimated for all students in participating countries with data on socio-economic background and study programmes. The variance in student performance is calculated as the square of the standard deviation of PISA scores in reading, mathematics and science for the students used in the analysis.
3. Upper half of OECD countries in terms of PISA scores in mathematics, science and reading and in terms of the total variance as a percentage of the OECD variance.
4. First earner at 100% of average wage and second earner at 67% of average wage.
5. Average of 21 EU countries members of the OECD.
Source: OECD, *PISA 2009 Database* and *OECD Tax-Benefit Models*.

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Identifying *Going for Growth 2013* priorities

Priorities supported by indicators

Improve outcomes and equity in education. Student performance is uneven across social groups. Also, secondary school completion rates are low and youth unemployment has risen.

Actions taken: A pupil premium targeting disadvantaged children was introduced in April 2011. The funding and coverage will increase significantly in 2012-13. Apprenticeship funding is being increased and programmes are being introduced to support low-attaining and disadvantaged children in education (Youth Contract, Care to Learn). The compulsory age of participation in education or training will be raised to 17 in 2013 and 18 in 2015.

Recommendations: Increase participation in quality early-childhood education and ensure effective implementation of increase in compulsory school leaving age. Ensure that vocational education programmes provide relevant skills for the labour market.

Improve public infrastructure, especially for transport. Low investment in public infrastructure has contributed to congestion, hampering productivity.

Actions taken: Current spending plans have been designed to protect the most productive infrastructure spending. Although total infrastructure investment is envisaged to fall over the coming years, transport investment is set to rise. Forty key infrastructure projects and

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programmes have been prioritised (National Infrastructure Plan 2011). Private investment is being encouraged through public guarantees.

Recommendations: Seek further opportunities to reprioritise spending in coming expenditure cuts in order to spare infrastructure investment.

Strengthen work incentives by reforming welfare and childcare policies. The share of the working-age population that receives disability benefits as well as the implicit tax on returning to work for second earners and lone parents remain high.

Actions taken: A new work capability test has brought people back to the labour force. The introduction of the Universal Credit from October 2013 will improve work incentives, though not for all categories of workers.

Recommendations: Introduce early independent occupational assessment and advice for people with health problems. Improve work incentives for parents by lowering the cost of childcare and enhancing childcare support.

Other key priorities

Strengthen public sector efficiency. Public sector efficiency is weak compared to other OECD countries, contributing to low productivity.

Actions taken: The Education Act 2011 increases autonomy for schools and streamlines administration. The Health Care Act 2012 generalises clinically-led commissioning in the National Health Service.

Recommendations: Reinforce competition among health care providers to mitigate price pressures. Improve monitoring of education performance.

Reform planning regulations. Tight planning regulations hamper construction development and investment growth.

Actions taken: The National Planning Policy Framework introduces a presumption in favour of sustainable development and streamlines the planning process.

Recommendations: Make sure that the implementation of new planning rules at the local level allows adequate balance between economic, social and environmental considerations.
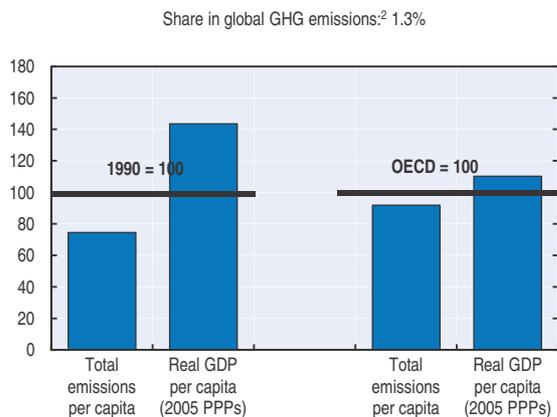
Previous *Going for Growth* recommendations no longer considered a priority

For this country, all 2011 *Going for Growth* recommendations remain as priorities.

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Other dimensions of well-being: Performance indicators

A. Emissions per capita are below the 1990 level and around OECD average
Average 2006-10[1]

Share in global GHG emissions:[2] 1.3%

B. Income inequality[3] remains above the OECD average and has been increasing
Gini coefficient

■ 2005   □ 2009[4]
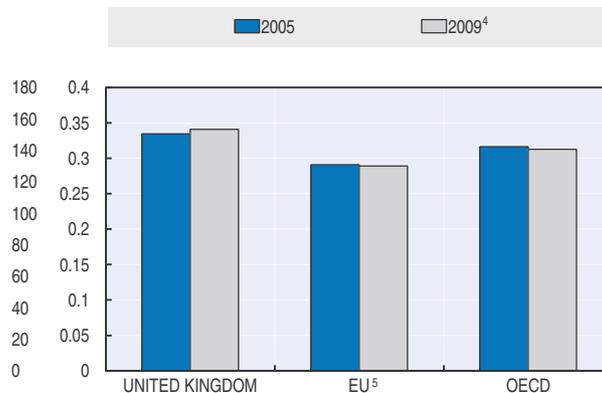
1. Total GHG emissions including LULUCF in CO_2 equivalents (UNFCCC). The OECD average (excluding Chile, Israel, Korea and Mexico) is calculated according to the same definition.
2. Share in world GHG emissions is calculated using International Energy Agency (IEA) data and is an average of years 2005, 2008 and 2010.
3. Income inequality is measured by the Gini coefficient based on equivalised household disposable income for total population.
4. Data refer to 2010/11 for the United Kingdom.
5. Average of 21 EU countries members of the OECD.

Source: United Nations Framework Convention on Climate Change (UNFCCC) Database; OECD, Energy (IEA) Database and OECD Income Distribution Database, provisional data (*www.oecd.org/social/inequality.htm*).

StatLink ⁂ *http://dx.doi.org/10.1787/888932778100*