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THE GOAL OF FULL EMPLOYMENT : EMPLOYMENT  
OPPORTUNITY FOR ALL THROUGHOUT BRITAIN

TRENDS IN REGIONAL AND LOCAL VACANCIES AND UNEMPLOYMENT  
FEBRUARY 2000

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# THE GOAL OF FULL EMPLOYMENT: EMPLOYMENT OPPORTUNITY FOR ALL THROUGHOUT BRITAIN

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## INTRODUCTION AND SUMMARY

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The Government's aim is employment opportunity for all, the modern definition of full employment. In the dynamic, modern labour market, this cannot be delivered through jobs for life, but rather through ensuring job opportunities for all throughout their working lives. The last few years have seen a substantial improvement in Britain's labour market. Since May 1997, the number of people in employment has increased by three quarters of a million. Claimant unemployment has fallen to its lowest level since March 1980, while the Labour Force Survey measure is at its lowest level since the series began in 1984. Alongside these falls in unemployment, the number of vacancies has risen to record levels. Whereas the recovery of the late 1980s was largely confined to the South of England, this time, every region in Britain has seen sharply falling unemployment and rising levels of vacancies.

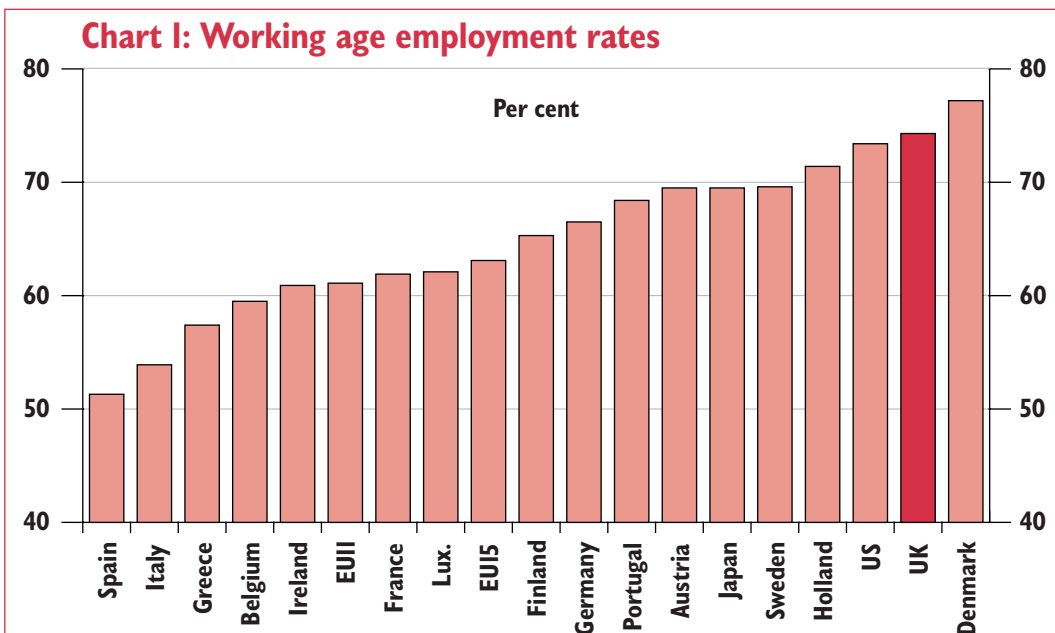
Within regions, though, there remain pockets of high unemployment. A tail of around 15-20 local authority districts have not enjoyed the fruits of recovery seen throughout the rest of Britain. The majority of these areas are in inner cities, but seaside towns and former coal mining areas also feature. Often people from ethnic minorities, lone parents and people with disabilities are disproportionately concentrated within these small areas. They may suffer from poor housing, inadequate transport links and high crime rates, leading to social exclusion. Low employment rates are often both the cause and effect of these areas' problems.

However, the problem of Britain's most deprived areas is not necessarily a lack of jobs – in almost every case, these areas sit alongside, and within travelling distance of, labour markets with high levels of vacancies. People need to be equipped to take advantage of those opportunities. The Government therefore needs programmes to increase the employability of people in deprived areas, alongside those aimed at regenerating these communities, so that people from deprived areas can access and fill the vacancies that exist near to where they live.

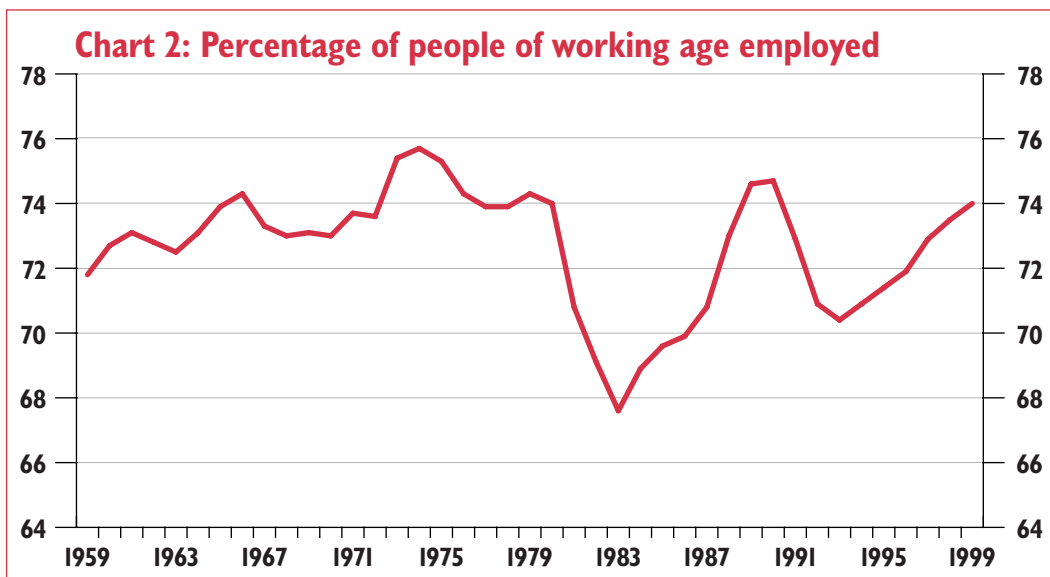
In addition to ensuring job opportunities, making work pay and providing people with the scope to enhance their skills, there is a case for further measures, specifically targeted at helping people in the most deprived areas to be able to compete more effectively for jobs in nearby labour markets with high vacancy levels.

## Employment rising across the country

1. More people are employed in Britain today than at any time in history. Chart 1 shows that the employment rate in the UK is now higher than that in almost every other OECD country. This reflects a combination of stable economic growth, successful employment policies such as the New Deal and the rapid rise in female employment over the last 20-30 years.

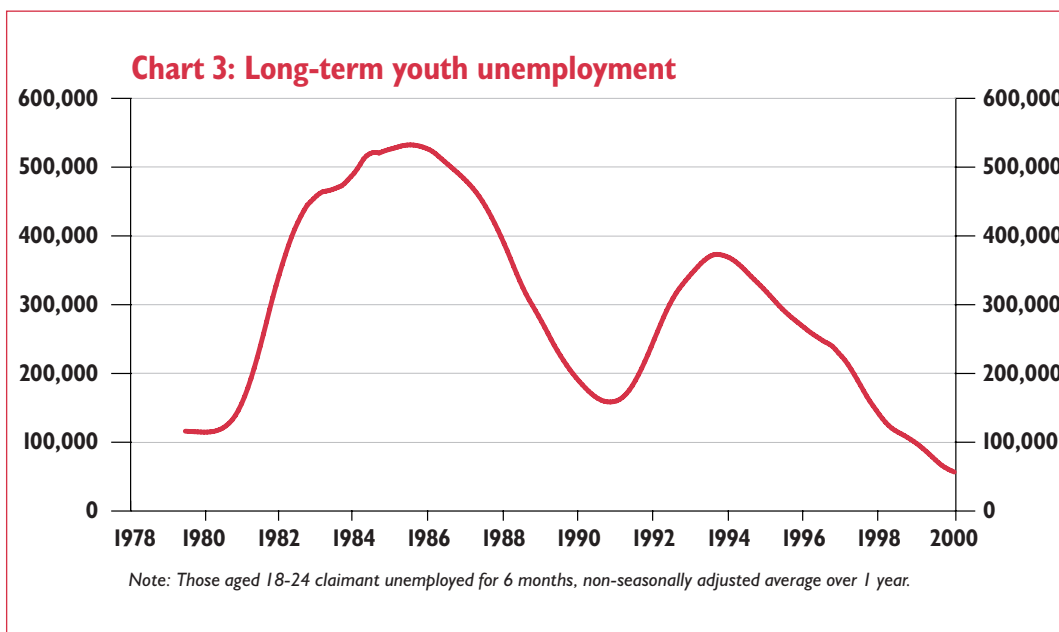


2. The employment rate – the proportion of the working age population in work – is currently 74.3 per cent, slightly below previous peaks in 1974 and 1990 of 75.7 per cent and 74.7 per cent respectively – see Chart 2. However, these previous peaks came at the top of unsustainable booms which were rapidly followed by busts with falling employment. This cycle of boom and bust has been enormously damaging to the UK economy. Each downturn has led to more people becoming detached from the labour market, often giving up on finding a job and becoming economically inactive. That is why the Government has put macroeconomic stability at the heart of its economic policy, ensuring that there will be no return to the boom and bust of the past. The Government’s ambition is that by the end of the decade there will be a higher percentage of people in employment than ever before – not through an unsustainable boom, but through sustained policies of macroeconomic stability.



## Unemployment at a 20-year low

3. Alongside historically high levels of employment, the unemployment rate is now at a 20 year low. Long-term unemployment has fallen by more than half since 1997. Long-term youth unemployment has fallen particularly sharply – the number of young people unemployed for more than 6 months has fallen by over 70 per cent since 1997 – see Chart 3.



## Record levels of vacancies

4. Unemployment provides a measure of the supply of labour – the number of people who are looking for a job but do not have one. Looking at data on vacancies gives a picture of the other side of the labour market, labour demand. Across the country, there are around 330,000 vacancies currently registered at Jobcentres, with a further 200,000 new vacancies being notified every month. Moreover, for every vacancy at Jobcentres, there are around two others in the wider economy, bringing the total number of vacancies in Britain today to around 1 million.

5. Bringing these two sides together gives a measure of the tightness of the labour market through the ratio of unemployment to vacancies (the ‘u/v ratio’). In a tight labour market, unemployment falls while the number of vacancies rises leading the u/v ratio – the number of unemployed chasing each vacancy – to fall. Conversely, in a downturn, unemployment rises and vacancies fall, so that the u/v ratio rises. The u/v ratio is now lower than at any time since 1975. This reflects the overall strength of the current recovery, not least that whereas in the last recovery vacancies were concentrated in different areas to the unemployed, now there are vacancies throughout the country.

6. The wages which people can command when returning to work from unemployment are, typically, somewhat lower than comparable wages for people who have been in employment for some time. However, through the National Minimum Wage, the Working Families’ Tax Credit and reforms to income tax and National Insurance Contributions, the Government is making work pay. A family with someone in full-time work is guaranteed a minimum income of £200 a week – over £10,000 a year – and will not pay any net income tax until their income reaches £235 a week.

7. Underlying this picture is the dynamic nature of the UK labour market. Every year there are over 3 million claims for Jobseeker’s Allowance. But most people move rapidly back into work. Nearly 10 per cent of people leave Jobseeker’s Allowance within one week, and over half leave within the first 13 weeks. Only 10 per cent remain unemployed a year later. The dynamic

labour market is continually creating vacancies for people to move into – every three months over 600,000 are notified to Jobcentres alone, with many more elsewhere. This dynamic picture is reflected across the country. Even in the areas of highest unemployment, over 60 per cent of Jobseeker’s Allowance claimants leave within 6 months.

### Falling regional inequality

8. Historically there have been long-standing differences in the unemployment rates of different regions. Scotland, Wales and the North were particularly badly hit in the recession of the early 1980s, while the recovery of the late 1980s was largely concentrated in the South of England, with regional unemployment rates elsewhere remaining well above the national average. But in the last few years, the wide differences between English regions, Scotland and Wales that opened up during the 1980s have narrowed<sup>1</sup>.

9. Regional differences tend to increase in downturns and fall during economic recoveries, so that regional inequality is always greater when unemployment is high and narrower following a period of sustained falling unemployment. However, the pattern of the last few years seems to go well beyond this normal cyclical behaviour. This can be seen by comparing similar points in the economic cycle.

10. Unemployment and vacancies both tell the same labour market story. As Chart 4 shows, comparing the peak of the last cycle to today, unemployment has fallen fastest, and vacancies risen fastest, in those regions that were hit the hardest in the 1980s. Vacancies are now close to record levels in every region of the country and more than one-and-a-half times their 1990 level in Scotland, Wales and throughout the North of England.



ii. Employment rates show a more complex pattern. The aggregate employment rate as a proportion of the working age population is still slightly below the level reached in the unsustainable boom of the late 1980s, but the pattern varies across regions. Employment rates in Scotland, the East Midlands and the South West are higher now than in 1990, while London’s employment rate remains somewhat lower at around 95 per cent of the 1990 level. Most other regions are close to their 1990 levels, but East Anglia, Wales and the Northern region remain at around 97 per cent of their 1990 levels. This pattern varies from that seen in unemployment and vacancies due to a number of factors, most importantly the rise in the numbers of lone parents and long-term sick and disabled people who are neither working, nor looking for work.

<sup>1</sup>Northern Ireland has also seen sharp falls in unemployment – to the lowest level since 1975 – but is excluded from this analysis.

## Narrowing differences between regions

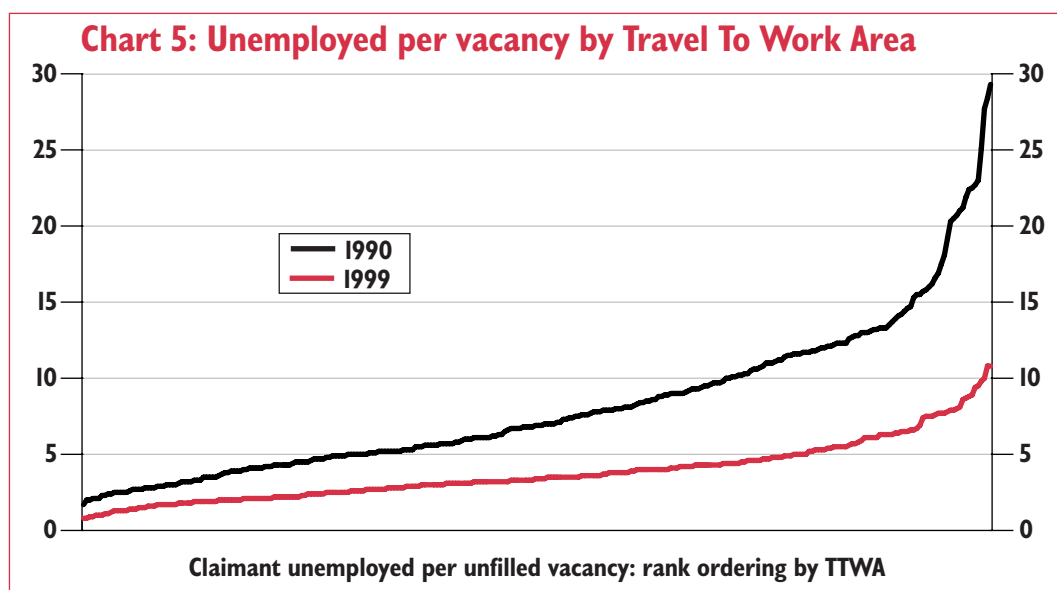
12. The spread of employment and unemployment within regions is now at least as important as the differences between regions. Across travel-to-work areas (TTWAs – see Box 1), as with regions, unemployment has fallen fastest and vacancies have risen fastest in those areas that had the highest unemployment rates in the past. On average<sup>2</sup> the unemployment rates in Britain's regions are now 1 percentage point above or below the national average, compared to around 1.5 percentage points in 1990. The dispersion of unemployment rates within regions is now almost the same as that between regions. Unemployment rates in travel-to-work areas within regions are, on average, 1.1 percentage points above or below the unemployment rate in their region as a whole. Again, these differences within regions are substantially lower than in 1990.

13. However, as shown in Map 1, there remain areas of high unemployment spread throughout the country, not simply concentrated in particular regions. For example, at the level of local authority districts, Thanet (9.3 per cent), Newham (12.9 per cent) and Brighton and Hove (6.5 per cent) in the South all have unemployment rates well above the national average of 4 per cent (on the claimant count), alongside areas such as Liverpool (9.1 per cent), South Tyneside (12.1 per cent), Blaenau Gwent (10.3 per cent) and Glasgow (6.3 per cent) in the North, Wales and Scotland.

### Box 1: Travel-to-Work Areas

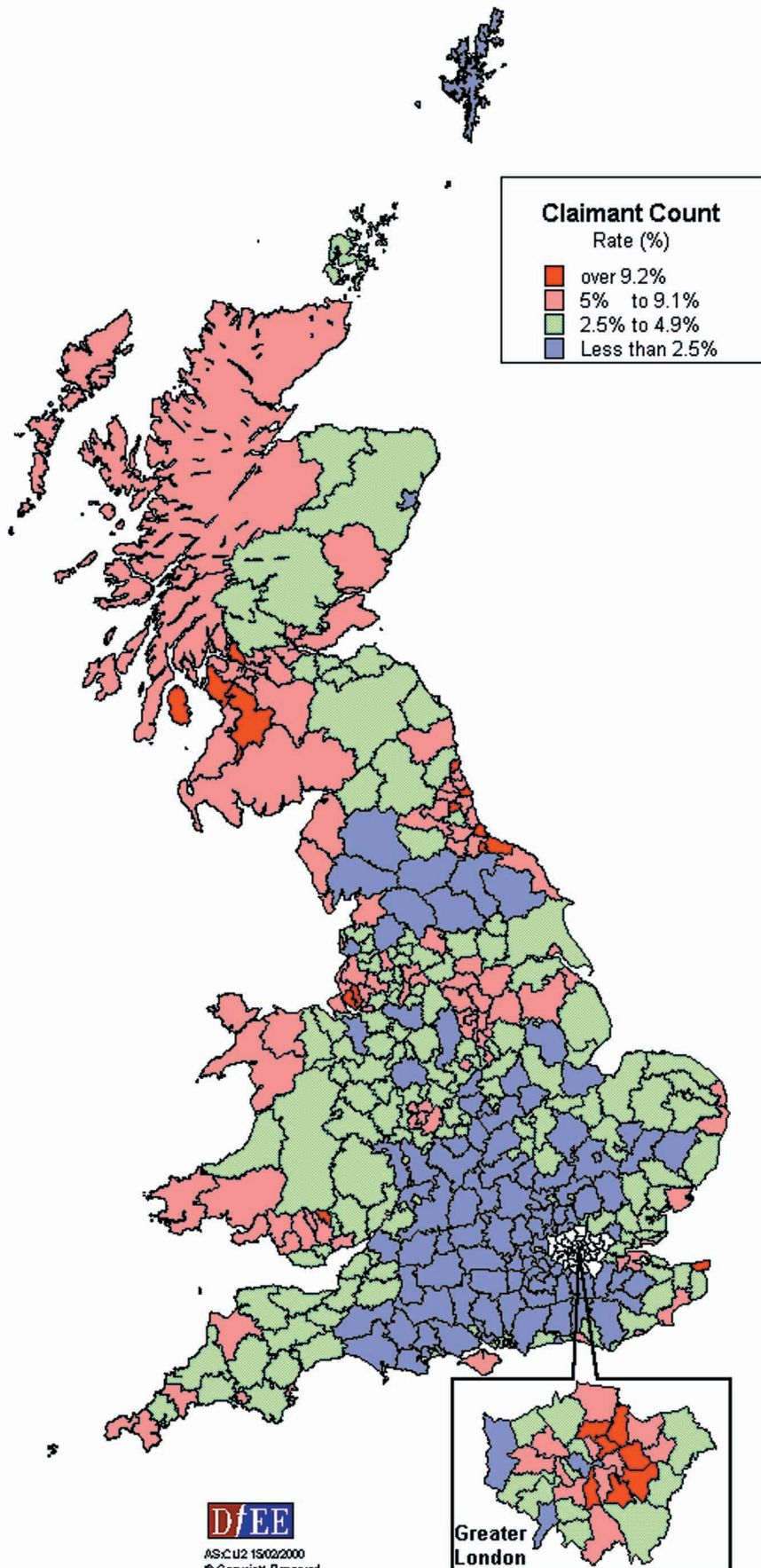
**Travel-to-Work Areas are approximations to self-contained labour markets – areas where people live and work. At least 70 per cent of people in the area both live and work within its boundaries. Travel-to-Work Areas take account of commuting patterns that may not be adequately reflected in administrative boundaries, and hence provide a useful complement to analysis by local authority districts or wards, for which small area data are also available.**

14. Chart 5 shows the same pattern in the u/v ratio across TTWAs in 1990 and 1999. Whereas in 1990 there were sharp differences between the low u/v ratios of the best areas and much higher u/v ratios elsewhere, the pattern now is much more equal – across almost all the country there are now around as many vacancies for each unemployed person as in the best areas in the last recovery. More than half of all claimant unemployed people now live in travel to work areas where the u/v ratio is below 4.5 claimant unemployed per Jobcentre vacancy, compared with only 7 per cent in 1990. But again, there is a tail of deprived areas where the number of unemployed people chasing each vacancy climbs sharply.



<sup>2</sup>The mean absolute difference, weighted by regional workforce. The standard deviation of regional unemployment rates has also fallen substantially between 1990 and 1999.

Average Claimant Count Unemployment Rates by Local Authorities: Great Britain 1999



## Deprived areas

**15.** Within a picture of overall improvement and narrowing regional and local disparities, areas of deprivation remain. There is a tail of around 15-20 local authority districts with very low employment rates, high unemployment rates or, typically, both. Most are in the inner cities, but some seaside towns and former colliery areas appear too.

**16.** Often these areas face multiple disadvantages. They often contain concentrations of groups of people – ethnic minorities, lone parents and disabled people – who have low employment rates even in more prosperous areas. In part these concentrations are a cause of the low employment rates in these areas, but the overall picture is probably more complicated. Living in deprived areas may compound individuals' labour market disadvantages, for example, because people in these areas may know few other people with jobs who can tip them off about job openings, or because employers may sift out people applying from certain neighbourhoods. Similarly, transport links to areas with jobs may be poor, or those areas might lie outside people's established mental geographies. These areas also tend to have high concentrations of social housing. Nearly half of all non-pensioner households living in social housing are workless, which reflects both the concentration of people with poor employment prospects in social housing, and the risk that living in poor estates may make it much harder to find and keep work.

## A patchwork of deprivation and prosperity

**17.** These interactions are very hard to separate out, but suggest that the Government needs both to target help at reviving the most disadvantaged areas (see Box 3) and to help the individuals in those areas increase their prospects of finding work. But it is not enough simply to try to shift jobs into the most deprived areas. Unless the people who live in Britain's most deprived communities are equipped to take advantage of vacancies, such jobs will go to people from outside the area. This would merely reinforce the patchwork of deprivation and prosperity side-by-side, creating islands where commuters work during the day, but which are deserted at night. The challenge instead is not simply to get jobs to people, but also to ensure that people in deprived areas can get into jobs wherever they arise.

**18.** Moreover, while these pockets suffer multiple and complex problems, they do not face a simple lack of jobs. Almost without exception, areas of high unemployment lie within easy travelling distance of areas where vacancies are plentiful. This is particularly clear cut in London, where the areas of highest unemployment lie within a few miles of two of the ten areas of lowest unemployment in the country. Although small area vacancy data are somewhat rough and ready, particularly because there are large numbers of vacancies which are not reported to Jobcentres and which cannot be identified at small areas, the overall picture is clear. A pattern of areas with high levels of vacancies next door to remaining areas of high unemployment is repeated across the country.

## Deprived wards next to areas with high vacancies

**19.** This picture is repeated again at an even more local level. Only a rough measure of employment rates is available at the level of local authority wards – areas encompassing around 5,000 households. But once again, there is a tail of small areas with much lower employment rates and much higher unemployment rates than the national average. Again, many of the worst performing wards lie next to prosperous, low unemployment areas.

**20.** The Policy Action Team on Jobs, set up following the Social Exclusion Unit's September 1998 report on neighbourhood renewal to examine employment in deprived areas, identified the 48 wards with the highest unemployment rates in Britain<sup>3</sup>. Unemployment in these wards is

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<sup>3</sup>Jobs for All, report of the Policy Action Team on Jobs, Department for Education and Employment, 1999.

typically around 20-30 per cent, and they tend to have high proportions of people on benefits, including lone parents and disabled people, as well as unemployed people. But, although these wards are very deprived, they lie within travel-to-work areas where there are over 100,000 unfilled Jobcentre vacancies and maybe as many as 300,000 in total.

21. Of course there are also typically high levels of unemployment in these travel-to-work areas, but the u/v ratio in the travel-to-work areas containing Britain's highest unemployment wards is only slightly higher than the national average: 5.2 compared to just under 4 nationally. These u/v ratios are much lower now than in 1990, when the travel-to-work areas containing these 48 wards had more than 13 claimant unemployed people chasing every Jobcentre vacancy.

**Box 2: Identifying deprived communities**

Deprived communities typically face a range of disadvantages: high unemployment, low employment, high numbers of people dependent on benefits and often poor housing, health and transport. While many of the same areas show up on each of these indicators, there is some variation and any one list of deprived areas cannot capture every facet. From a labour market perspective, one way of identifying deprived areas is by looking at those with the highest rates of claimant count unemployment. This has the advantage that the claimant count is accurately measured down to very small areas. The table below lists the 20 local authority districts with the highest unemployment rates in 1999. As well as benefiting from national programmes such as the New Deal, many of these areas also have targeted programmes such as the New Deal for Communities and Employment Zones.

| Local authority district | Unemployment rate, per cent <sup>1</sup> |
|--------------------------|--|
| Haringey                 | 13.3                                     |
| Newham                   | 12.9                                     |
| Lewisham                 | 12.7                                     |
| Knowsley                 | 12.1                                     |
| South Tyneside           | 12.1                                     |
| Wansbeck                 | 12.1                                     |
| Hartlepool               | 11.5                                     |
| Waltham Forest           | 11.1                                     |
| Hackney                  | 11.1                                     |
| West Dunbartonshire      | 10.6                                     |
| Blaenau Gwent            | 10.3                                     |
| Lambeth                  | 10.0                                     |
| Greenwich                | 9.9                                      |
| North Ayrshire           | 9.9                                      |
| Chester-le-Street        | 9.7                                      |
| Thanet                   | 9.3                                      |
| Middlesbrough            | 9.3                                      |
| East Ayrshire            | 9.2                                      |
| Liverpool                | 9.2                                      |
| Redcar and Cleveland     | 9.2                                      |

<sup>1</sup>1999 average.

At a smaller area level, the report of the Policy Action Team on Jobs<sup>1</sup> identified the 48 local authority wards with the highest unemployment rates. Unsurprisingly, many of these are within districts with the highest unemployment rates, but some other areas also appear, especially cities such as Newcastle, Manchester, Birmingham and Nottingham where at district level unemployment is less severe but which contain areas of high deprivation.

<sup>1</sup>Jobs for all, national strategy for neighborhood renewal, Department for Education and Employment, 1999.

### **Box 3: Regenerating deprived areas**

Strong communities are an essential foundation for the future success and prosperity of a nation. The need to support communities is especially strong in the most deprived areas. To deliver employment opportunities for all throughout Britain, the Government is supplementing investments such as the New Deal with a number of targeted initiatives to tackle the specific problems of deprived areas.

The Government has set aside £800 million over three years for the New Deal for Communities, which is tackling the problems of the most deprived local authorities in nearly 40 areas. One of the explicit goals to which partnerships commit themselves is to bring worklessness rates in their areas down to the national average over the ten year life of the project. They aim to take a joined-up approach to the problems of their neighbourhoods – tackling crime, poor educational attainment, ill health and poor transport links alongside employment-related activities such as job-match and tailored training. The New Deal for Communities puts local people in charge of their own futures, bringing together partnerships in deprived areas to tackle the problems of their neighbourhoods together.

Eight Regional Development Agencies were established in England in 1999 to further economic development and regeneration, promote business efficiency, investment and competitiveness, and to increase employment and enhance skills. The Single Regeneration Budget, the Regional Development Agencies' largest programme, funds a range of holistic interventions aimed at turning around deprived areas, often at the level of around 20,000 households. Regional Development Agencies also have funding to promote inward investment, competitiveness and rural development, and use their physical regeneration budgets to bring derelict land back into productive use. Their programmes aim to achieve a balance between need and opportunity, bringing private business back into the economic hinterland of deprived communities.

From April 2000, Employment Zones will provide targeted support for 15 areas of high long-term unemployment in England, Scotland and Wales. They will offer the opportunity of tailoring programmes specifically to people's needs, with jobseekers and their personal advisers being able to set up personal job accounts and use funds normally available for support more flexibly. They will both empower individuals and offer strong incentives to providers to help people in the most flexible and innovative ways they can.

The Government's *National Strategy for Neighbourhood Renewal*, which is currently being drawn together by the Social Exclusion Unit, will set out a comprehensive long-term agenda for tackling the problems of Britain's poorest estates. It will consider how mainstream services can be improved to make the maximum positive impact in deprived areas. The strategy will draw on the reports of the 18 inter-departmental fast track Policy Action Teams, which have brought together policy-makers from across Whitehall, outside experts, and those on the ground to tackle the issues facing low income estates.

## **Policies to tackle unemployment in deprived areas**

22. While the labour market is more balanced across the country, at a regional level and at a sub-regional level, than at any time since the 1970s, there still remain long-standing differences in labour market opportunities between regions. But, as important, within all regions there are small areas of continuing high unemployment, often alongside areas with high numbers of vacancies. There are employment opportunities throughout Britain, but in a patchwork of prosperity and deprivation, often side-by-side. The challenge is now to ensure that people living in deprived areas are able to gain access to those opportunities.

**23.** Meeting that challenge requires a multi-faceted strategy. Following the Social Exclusion Unit's September 1998 report on neighbourhood renewal<sup>4</sup>, the Government established 18 Policy Action Teams to help develop a coherent national strategy. The Policy Action Team on Jobs, PAT1, identified four principal reasons why people living in the most deprived neighbourhoods might fail to obtain the jobs on offer nearby:

- lack of skills and aptitudes, especially self-confidence and inter-personal skills;
- inadequate matching between employers and jobless people;
- worries about making the transition from benefits into work; and
- racial discrimination against ethnic minorities.

**24.** The Government is already taking steps to address these issues. But it is also examining what further measures could be introduced in the forthcoming Budget to address the problems of Britain's areas of high unemployment, in particular by ensuring that the people who live there have a better chance to access and secure vacancies in nearby labour markets with high vacancy rates.

### Reconnecting the unemployed to work: skills and aptitudes

**25.** Through the New Deal, the Government is ensuring that those who are out of work are kept in contact with the labour market and do not drift into long-term unemployment. The New Deal is about equipping workless people to compete effectively for the jobs that are continually being created in Britain's dynamic labour market.

**26.** Already, over 185,000 young people have found jobs through the New Deal for 18-24s. Independent analysis by the National Institute of Economic and Social Research (NIESR) confirms that the New Deal has had a positive effect on the numbers of young people leaving unemployment, reducing youth long-term unemployment by nearly 40 per cent, on top of the effects of economic recovery. After accounting for the fact that some New Deal participants would have found jobs anyway, NIESR estimate that, over the course of the Parliament, an additional 250,000 young people will move into jobs as a consequence of the New Deal.

**27.** The November 1999 Pre-Budget Report announced two enhancements to the New Deal that will help to tackle the specific issues raised by the Policy Action Team on Jobs. First, an Intensive Gateway will address the problems of motivation, communication skills, and basic employability skills which employers particularly value. Second, £5 million over three years will support pilot projects by private and voluntary sector intermediaries in 11 inner-city areas which can add value by linking long-term unemployed people to employers with vacancies to offer.

**28.** The Government also intends to intensify and extend the New Deal for the over 25s on a national basis from April 2001, building on the principles of the New Deal for the 18-24s and bringing the rights and responsibilities for those aged 25 and over closer into line with those for young people.

**29.** In addition to high unemployment, many of Britain's most deprived areas suffer from low employment rates because of high concentrations of economically inactive people, especially lone parents and long-term sick and disabled people. The New Deal for lone parents has already helped over 32,000 lone parents to move into work. The Pre-Budget Report announced a series of enhancements to the New Deal for lone parents. The New Deal for disabled people is currently running in 12 pilot areas. The Government will examine the evidence from these pilots in order to determine the future shape of the New Deal for disabled people.

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<sup>4</sup>*Bringing Britain Together: a national strategy for neighbourhood renewal*, report by The Social Exclusion Unit, The Stationery Office, 1998.

## Enhanced job matching

**30.** The Pre-Budget Report also announced a package of additional support for jobseekers aged over 25, focusing on improving the matching between jobseekers and the available vacancies, and making it easier to apply for jobs using the full range of new technologies. During 2000, the Government will:

- create a jobs and learning bank, putting jobs, jobseekers' CVs and information about careers and learning opportunities on the internet;
- expand nationwide the network of touch-screen jobpoints in Jobcentres and other locations so that jobseekers can search not only all job vacancies notified to the Employment Service but also those carried by private agencies and newspapers;
- set up a national network of job-broking call centres. These call centres will provide a single national telephone number for employers to register vacancies and jobseekers to call for information about the jobs on offer. In addition, call centres will telephone jobseekers to put them in contact with employers who have suitable vacancies; and
- develop links with the BBC and other potential partners to harness the potential of interactive television to link employers and jobseekers.

**31.** There may, however, be a need for additional job-matching support specifically targeted at helping people in the most deprived areas to access and obtain vacancies in nearby labour markets with high vacancy rates, and to address transport barriers which they may face.

## From benefits into work

**32.** Policies that re-attach people to the labour market need to be supported by measures that reward work and opportunity. The introduction of the Working Families' Tax Credit (WFTC) and changes to income tax and National Insurance Contributions are helping to extend employment opportunity and make work pay.

**33.** In addition, the childcare tax credit within WFTC, which covers up to 70 per cent of eligible childcare costs, tackles another barrier to work. It is particularly beneficial to low earners compared with the childcare disregard within Family Credit and helps to ensure that parents who want to work are not denied the opportunity to do so.

**34.** By increasing the returns to work, these policies have addressed the unemployment trap. Moreover, by reducing the overall incidence of multiple tapers and high marginal deduction rates, the reforms ensure that movements up the earnings ladder are not penalised.

**35.** As well as ensuring that work pays better than benefits, it is essential to address the risks that people face in going into work, compared to the certainty of a life on benefit. For many people, especially those who have been out of work for long periods, the transition back into work can be a difficult period. These problems arise for many long-term workless people, but can be particularly problematic for families with children. So the Government introduced a two-week benefit run-on for lone parents in Budget 99, which together with the Extended Payments scheme for Housing Benefit, means lone parents could gain £300-400 on moving into work. In Budget 99, the Government said that it would consider the case for extending this transitional support beyond lone parents.

## Tackling racial discrimination

**36.** The Government cannot tackle discrimination on its own, but it can take a lead. For example, the public sector must lead the way by implementing the commitments in the Modernising Government White Paper to set targets for fair representation for people of ethnic minority backgrounds and put in place the policies to ensure those targets are delivered. In addition, the Government has already told partnerships delivering the New Deal for 18-24s that they must ensure equal opportunities for people of ethnic minority backgrounds. Following the report of the Policy Action Team on Jobs, the Government invited the Equality Commissions, employers and other organisations to put together an effective package of support and advice for businesses. Once an agreed package is in place – supported by all interested organisations – the Government will throw its weight behind its launch with a campaign to persuade employers that diversity pays.

**37.** Many of the most deprived areas in Britain have high proportions of ethnic minority residents, and it is essential that policies targeted at helping people in those areas address the specific needs and barriers to employment faced by people from ethnic minority backgrounds.

## Conclusion

**38.** There has been a marked improvement in the labour market over the last few years, with falling unemployment, rising employment and a record level of vacancies. Whereas the last economic recovery was largely focused on the South of England, this time unemployment has fallen, and vacancies risen, in all regions, creating a more balanced and sustainable recovery. The very wide differences in labour market performance between Britain's regions which opened up in the 1980s and remained in the previous recovery have narrowed.

**39.** Differences within regions are now as important as those between regions. There are deprived areas in all regions, often side-by-side with labour markets where vacancies are going unfilled. Most of these areas are in the inner cities, but seaside towns and former coal mining areas appear too. The same pattern is repeated at an even more local level – the most deprived local authority wards are often only a short distance from buoyant labour markets.

**40.** The challenge for Government is not just one of trying to shift jobs into the most deprived communities. Unless the people who live in these areas can compete effectively for vacancies, wherever they occur, then such jobs would simply go to outsiders. To tackle the problems of Britain's most deprived areas also requires policies to ensure that people in those areas can access and fill the vacancies that a dynamic labour market creates. The Government has already introduced a range of policies to enhance people's skills, ensure job opportunities and make work pay. However, there is a case for further measures targeted specifically at helping people in the most deprived areas to take advantage of the employment opportunities that are available.