



# Spatial Economics Research Centre

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## Is the Regional Growth Fund rubbish?

Reporting of the NAO report on the Regional Growth Fund has highlighted the fact that the 'scheme may cost up to £200,000 per job'. A senior labour MP tells the BBC that they find these figures 'shocking'.

But before we get carried away, it's worth noting two things. First, the average cost per job isn't that different from similar schemes with comparable objectives (NAO is very clear on this). Second, before concluding that the £200k per job maximum is 'shocking' we might usefully look back at the maximum cost per job achieved by the RDAs. Upon quickly flicking through the PWC report (vol 2) I see that EEDA's innovation capital project was estimated to cost 213k per job (table 40); EMDA's tourism marketing managed an impressive £1m per job (table 71); the LDAs Centre for Fashion Enterprise cost £259k per job while its pre-commercial fund cost £217k per job (table 101).

As I have explained before, I take all of these figures with a pinch of salt. But it's simply not helpful to compare the maximum from the RGF to the average from other programmes and reach any conclusion about the effectiveness of the RGF. I am sympathetic with the NAO argument that one might question why policy doesn't pick the highest value for money projects - but this argument would appear to apply as much to RDAs as it does to RGF.

I am not a massive fan of the RGF. I have always argued that RGF should have (1) had money ring-fenced for skills and focused on people; (2) handed money to LAs (or LEPs) to do with it what they want; (3) spent the rest on projects that delivered highest value for money. I continue to think that this would be a better set up for the fund. But I don't buy the argument that these figures tell us that RGF is somehow worse than RDAs.

Of course it depresses me that governments invest in schemes that represent bad value for money - but that's politics for you.

Posted by [Prof Henry G. Overman](#) on [Friday, May 11, 2012](#)



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