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Spatial Economics Research Centre

Thursday, 1 April 2010

Public Sector Relocation

It's been a very busy few weeks and I am only now getting the chance to catch up with a number of things, including the budget.

One of the big spatial issues was the decision to continue the process of reallocating jobs out of central London.

This may well deliver long term cost savings (although the case is often overstated by muddling in efficiency savings with relocation savings) but the evidence on its impact on regional economies is essentially non-existent.

The direct impact on local economies come from the "multiplier" effects of civil service expenditure on local suppliers (including that of civil sector employers). These effects are clearly positive. Offsetting this are the indirect negative effects from the fact that relatively high public sector wages mean that public sector employment crowds out private sector employment. Early reports assumed this crowding out would be complete, later reports assume it will not be. But these are simple assumptions backed up by some multiplier modelling. As far as I can see systematic ex-post evaluation of the local impact of previous relocations is not available. More on this once I have had a chance to dig a little deeper.

Posted by [Prof Henry G. Overman](#) on [Thursday, April 01, 2010](#)

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Benjy said...

What's old is new again. There's an episode from 'Yes, Prime Minister' where the PM hatches a plan to move all the defense staff out of the SE to the North. Of course, the Civil Service don't want to move north. What I wondered is: how many civil servants move with the job?

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