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**Knowledge to money: Assessing the business performance effects of publicly-funded research and innovation grants**

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UK Research Councils (UKRCs) spend around £3bn pa supporting R&D and innovation. We provide a comprehensive assessment of these grants on the performance of participating UK firms, using data on all projects funded by the UKRCs over the 2004 to 2016 period and applying a difference-in-difference with propensity score matching approach. We exploit the richness of the data available in the Gateway to Research database by investigating the heterogeneous effect of these projects across several novel directions which have not been explored before. We find a positive effect on the employment and turnover growth of participating firms, both in the short and in the long run. Exploring impacts across different types of firms we find stronger performance impacts for firms in R&D intensive industries and for smaller and less productive firms. We also consider how impacts vary depending on the characteristics of the funded research projects in terms of partners characteristics, prior receipt of other research grants and grant value. Finally, we focus on the different sources of grants, analysing in particular the evolution in the funding strategy of Innovate UK. Our results have implications for the extent and targeting of future Research Council funding both in the UK and elsewhere.