

[News story: New jobs and billions to UK economy from innovation grants](#)

Innovation grants from government have created an extra 150,000 jobs and stimulated growth worth £43 billion turnover for the UK companies involved, according to research from [Enterprise Research Centre](#) (ERC).

The study – called '[Assessing the business performance effects of engagement with publicly-funded science](#)' – looked into research and development grants over a 13-year period. It tracked the impact of grants totaling £8 billion, which went to nearly 15,000 firms. Included in this number were grants from Innovate UK and the [Engineering and Physical Sciences Research Council](#) (EPSRC).

Main findings show that across all grant recipients:

- employment grew by 6% in the short-term and 23% in the longer-term (after 6 years)
- turnover grew by 6% in the short term, and 28% in the longer term
- an estimated 150,000 new jobs were created, many in highly-skilled sectors such as biotechnology, medical equipment, engineering, life sciences and high-tech manufacturing
- productivity grew by 6% in the longer term

Strong, positive impact

Speaking at the [ERC Annual State of Small Business Britain Conference](#), Innovate UK Deputy Chief Executive, Kevin Baughan said:

Innovate UK welcomes this latest research, which highlights the strong, positive impact that public research and innovation grants are having on UK businesses, and on the wider UK economy.

This provides a strong foundation from which to build on our ambitions for the future. For example, enabling businesses to build more effectively on the world-class research base through the Industrial Strategy Challenge Fund; transforming existing industries and creating completely new ones; and accelerating the deployment of patient capital by bringing venture capital match funding alongside Innovate UK grant funding.

Government has committed an extra £2 billion a year for research and development by the end of the current parliament, taking the total spend to £4.7 billion.

This will be partly funnelled through the Industrial Strategy Challenge Fund, which aims to tackle the biggest societal challenges facing the UK and

support high-growth sectors. This includes:

- medicines
- robotics and artificial intelligence (AI)
- electrification of batteries for vehicles

Science Minister, Jo Johnson said:

As the report by the Enterprise Research Centre shows, Innovate UK and our Research Councils are taking a leading role in delivering research and development funding that has real impact.

Through our Industrial Strategy and additional investment of £4.7 billion, we are ensuring that businesses in every corner of the country have the support they need to continue our global leadership in science and innovation.

Sector and regional differences

Other trends observed in the study include that the biggest growth in both employment and turnover was with manufacturing firms. These grew by 24% and 33% respectively.

There were also variations in the types of firms to benefit regionally. Although businesses across all parts of the UK have received funding, the biggest investments occurred in the 'golden triangle' of London, Cambridge and Oxford. In addition, the South East, West Midlands and Eastern Scotland were major beneficiaries.

Job creation was strongest in London at 31%, followed by the South East (25%) and the North West (25%). Turnover of grant-receiving firms was boosted most in Scotland (29%), Yorkshire (31%) and London (35%).

Kevin continued:

While the ERC research shows that, over 13 years, the biggest investments occurred in the golden triangle, if we jump ahead to the last year of Innovate UK's grant funding, we find that [the highest level of investment per number of businesses was in the North East, followed by the West Midlands.](#)

Business-led innovation is alive and well right across the UK.

More on the ERC

The ERC is a network of university researchers. Its core team is based at [Warwick Business School](#) and [Aston Business School](#), Birmingham. It is the UK's leading independent research institute in the drivers behind private sector firm growth.

Professor Stephen Roper, Director of the Enterprise Research Centre, said:

This is the largest and most detailed study yet of the impact public funding for science and innovation has on growth at the firm level.

It shows very clearly that grants to support R&D have a positive impact, creating jobs and fueling growth in the high-tech, high value-added sectors that the UK must encourage to remain competitive on the world stage.

It's well established that innovation grants can help with commercialising new technology by providing firms with additional financial slack to undertake riskier research activity which might take time to deliver products or services that are market-ready.