

Place-Based Impact Investing: Ambition to Action

A practical guide to building the foundations for partnership

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INTRODUCTION

The pressing need to boost investment in cities and regions across the UK, combined with fiscal reform and new freedoms enabled by devolution is creating a rich moment of opportunity for Place-Based Impact Investing (PBII).

PBII is an approach that integrates local impact alongside risk and return, directing capital towards the specific needs and opportunities of a place. It brings together communities, investors, and place leaders to work together to deliver outcomes that matter locally. By embedding local impact within the investment decision-making process, PBII offers a strategic response to economic, social, and environmental challenges and a route to rebuilding local prosperity through effective partnership.

The concept of PBII is explored in depth in our joint 2021 white paper, titled 'Scaling up institutional investment for place-based impact', delivered in partnership with The Good Economy and Pensions for Purpose.¹ That report demonstrated the way private sector investment in the UK real economy could deliver strong returns within diversified portfolios, while driving inclusive economic growth. It also identified the Local Government Pension Scheme (LGPS), now with assets of around £400 billion, as a powerful lever for scaling local investment.

Since then, PBII has gained significant traction. A growing number LGPS funds, asset managers, and strategic and local authorities² are now adopting or exploring this approach. Meanwhile, the Government's renewed focus on economic growth and devolution also create a fertile policy environment for local investment.³

Unlocking PBII's full potential requires more than supportive policy: it demands deep, sustained partnerships between place leaders and investors. Success depends on:

- **Relationships built on trust, transparency** and a long-term commitment across regions.
- **A shared understanding of place**, including its local challenges, assets and priorities.
- The right **capabilities and capacity** within both places and financial institutions.

With these elements in place, PBII can transform places from passive recipients of capital into active investment partners, creating the conditions for capital to flow with purpose and impact.

¹ *Scaling up institutional investment for place-based impact* [LINK](#)

² Throughout this guide, the term "strategic authorities" refers to both Mayoral Strategic Authorities and new and emerging Strategic Authorities

³ *Mayors and councillors to access LGPS under reforms* [LINK](#)

The landscape is shifting rapidly, creating powerful momentum:

- **Empowered places:** Local leaders are regaining strategic and financial agency, becoming credible, long-term investment partners.
- **Updated national strategies:** Clearer frameworks now align local and national priorities, unlocking access to central funding and enabling new forms of collaboration.
- **Mobilised capital:** Public finance institutions, LGPS funds and pools, and other investors are expanding their role, creating new avenues for place-aligned investment.
- **Now is the time to harness this momentum** – through genuine partnership between place leaders and investors – to mobilise capital at scale and drive local prosperity.

This guide sets out how place leaders and investors can work together to translate this ambition into action.

PLACE-BASED IMPACT INVESTING AT THE IMPACT INVESTING INSTITUTE

As a trusted independent organisation, the Impact Investing Institute has played a pivotal role in shaping the UK's £76.8 billion impact investment market.

Through its PBII programme, supported by the Department for Culture, Media and Sport (DCMS), the Institute has:

- **Raised investor awareness** and built local and national coalitions.
- **Delivered PBII projects in Wakefield and Southampton.**
- Helped **unlock £62 million** in investment for the **Community Development Finance Institution (CDFI)** sector, enabling small business lending in underserved communities.⁴
- **Convened policymakers and market actors** to reduce barriers and build capacity.⁵



This track record demonstrates the Institute's ability to act as a trusted intermediary, bridging the gap between local needs and national capital. See page 35 for how the Institute can help you in moving from ambition to action when developing and embedding a PBII approach.

⁴ *Lloyds pioneers investment in community development finance institutions in the UK* [LINK](#)

⁵ *Evaluation of the Impact Investing Institute (2022-25)* [LINK](#)

YOUR GUIDE TO THE FIRST MILE

This guide draws on the insights of pioneers and early adopters of PBII⁶ to define the distinct role of key stakeholder groups and offer practical, actionable steps for building the foundations of successful PBII partnerships.

Whether you are deploying capital or driving local outcomes, this guide offers a clear roadmap to support place leaders and investors in taking the next step in establishing and embedding a PBII approach.

It is designed for stakeholders who are not only asking 'what' PBII is or 'why' it matters, but crucially 'how to begin'.



How do we build the trusted partnerships, shared understanding and practical capacity needed to make it work?

HOW TO USE THIS GUIDE

The foundational elements of PBII are delivered through the three key phases in the playbook, guiding stakeholders on the journey from ambition to action:

Phase 1: PREPARE - *Establish a strong foundation of knowledge, context and capacity to engage with PBII.*

Phase 2 CONNECT - *Build trusted relationships, shared understanding and collaborative momentum.*

Phase 3: ACT - *Co-design and deliver place-based investment strategies and pipelines.*

Throughout the guide, you will find:

- **Checklists** for both place leaders and investors at each step.
- **Resources** to support with implementation at each step.
- **PBII in action** case studies showing how these principles have been applied in cities and regions across the UK.

⁶ Seven PBII pioneers: BBRC, Greater Manchester Pension Fund, Cheyne Capital, Resonance, Bristol City Council, Greater Manchester Combined Authority

STEP 1: PREPARE

Objective: Establish a strong foundation of knowledge to engage with PBII.

This step lays the essential groundwork for successful place-based impact investing by equipping stakeholders with the insight, context and tools needed to engage confidently and strategically.

It focuses on building a shared understanding of:

1. **The principles of PBII:** What place-based impact investing is, why it matters and how it can unlock new forms of capital for local priorities.
2. **The capital landscape:** The sources of investment available and how they can be mobilised to support place-based outcomes.
3. **The policy catalysts:** The policy reforms and national strategies that are shaping the landscape for change.

Understanding and addressing these foundations is crucial for any place seeking to harness investment capital for local benefit, as they provide the bedrock upon which effective partnerships can be built and sustained over the extended timeframes that meaningful place-based change requires.



STEP 1: CHECKLIST

For Place Leaders

- ✓ **Align your strategic priorities** – identify and articulate where your local economic, social and environmental goals align with national policy and investment agendas.
- ✓ **Map relevant policy levers** – identify and assess local and national policy levers that can be used to attract and shape investment.
- ✓ **Identify relevant investors** including LGPS funds, pools, asset managers, and other capital holders to understand their investment priorities.

For Investors

- ✓ **Understand regional contexts and key policies** (e.g. Local Growth Plans, devolution settlements) that shape investment opportunities.
- ✓ **Identify routes to engage with strategic and local authorities** to align on shared economic and social priorities.
- ✓ **Advocate for enabling policies and mechanisms** (e.g. blended finance, guarantees or regulatory reforms) that enable scalable and replicable PBII approaches.

STEP 1: RESOURCES

- **Building Strong Places - A new impactful role for financial institutions** (*Impact Investing Institute*)
- **Scaling up Institutional Investment for Place-Based Impact: White Paper** (*Impact Investing Institute, The Good Economy, Pensions for Purpose*)
- **Scaling-Up Local Investing for Place-Based Impact: A Strategic Framework and Guidance for LGPS** (*The Good Economy*)
- **An Introduction to the UK Public Investment Landscape** (*UK Government*)

1.1 THE PRINCIPLES OF PBII

Place-based impact investing (PBII) is a powerful tool for aligning investment with local needs and opportunities.

Grounded in the principle that investment decisions should consider place-based impact alongside risk and return, it enables capital to flow into underinvested regions and places and provides a framework to tailor this investment to local priorities. This signals a major opportunity to unlock billions in capital for local regeneration, infrastructure, housing, clean energy, and inclusive growth.

PBII is a growing part of the UK's broader impact investing market, which reached £76.8 billion in assets under management (AUM) by the end of 2023. This represents a £19.3 billion rise compared to the figure at the end of 2020.⁷ This equates to a 10.1% compound annual growth rate from 2021 to 2023, outpacing the broader UK asset management sector.



Looking ahead, UK institutional investors expect impact allocations to grow significantly, with PBII identified as one of the fastest-growing segments. PBII describes investments made with the explicit intention to generate positive, measurable social and environmental impact alongside a financial return, with a specific focus on addressing the priority needs of a given place. A true PBII approach is defined by five key principles:

- A clear **intention to create a positive impact** in response to an **identified local priority**
- A **defined place or region** where that impact will be generated
- **Collaboration** between a wide range of stakeholders in the ecosystem
- Extensive **engagement with the local community**
- A commitment to **managing and reporting on the impact** created

These principles are firmly rooted in practice, exemplified by the Greater Manchester Pension Fund's (GMPF) three-decade commitment to investing in its region. A growing network of early adopters is now sharing insights, building momentum and helping to mainstream PBII as a powerful tool.

⁷ Estimating and describing the UK impact investing market [LINK](#)

PBII AT THE IMPACT INVESTING INSTITUTE

Since 2020, the Impact Investing Institute has worked to increase the flow of capital into underinvested regions across the UK. Our focus on PBII began with two seminal analyses, supported by the Department for Culture, Media and Sport (DCMS) and other organisations including Better Society Capital, City of London Corporation and Lloyds Banking Group:

- **White paper: *Scaling up institutional investment for place-based impact*** (May 2021) delivered in partnership with The Good Economy and Pensions for Purpose⁸
- **A guide for investors: *Building Strong Places: a new, impactful role for financial institutions*** (November 2021)⁹



This work was among the first in the UK to define PBII as an approach requiring investors and places to work together to design and deliver investments tailored to local needs and opportunities. Using case studies, we were able to demonstrate the art of the possible and the barriers to delivering local impact at scale across the UK, alongside risk-adjusted financial returns for investors.

The Institute put this work into practice through **two projects in Wakefield and Southampton**, bringing together local actors and institutional investors to explore how impact investment could support local priorities. A report drawing on this work, *Place-based investing: Emerging impact and insights*, was published in May 2024.

The Impact Investing Institute has also led a national Place Coalition, bringing together asset managers, pension funds, local government, community organisations and other key stakeholders working to drive adoption of PBII across the UK.

⁸ *Place-based Impact Investing White Paper (May 2021)* [LINK](#)

⁹ *Building strong places - A new impactful role for financial institutions* [LINK](#)

1.2 THE CAPITAL LANDSCAPE

In an economic environment where every pound of public funding needs to work harder, a more strategic approach to partnership with the impact economy by place leaders could mobilise more capital resources and creativity to deliver better outcomes for people and places across the UK.

To seize this opportunity, strategic and local authorities will need to map this capital landscape to identify institutional and public capital that aligns with local priorities and attract further inward investment. This includes:

- Understanding investor portfolios, geographic focus, and impact priorities
- Understanding return expectations, risk appetite and investment timeframes of capital sources
- Prioritising relationship building to deliver long-term impact

The Impact Economy

The impact economy is a diverse ecosystem of purposeful organisations and capital with a shared aim of delivering a strong economy in which everyone benefits. It delivers public services embedded in communities and responsive to local needs; often operates where there are market failures and where traditional businesses and investment models don't work; and tackles the barriers that inhibit economic growth, from skills gaps and poor health to a lack of affordable housing and climate resilience.



Impact capital is the financial engine of this sector, comprising institutional impact investment, social investment and philanthropy. We estimate that it represents a combined £106 billion in assets, of which at least £42 billion directly contributes to national priorities, including affordable housing, good jobs, educational opportunities and clean energy.¹⁰

¹⁰ Final report of the Social Impact Investment Advisory Group (SIAG) [LINK](#)

The following mapping highlights the recent developments across institutional investors, sources of repayable public capital, as well as public funds that could be aligned to local priorities.

Pension funds:

Local Government Pension Scheme (LGPS)

The LGPS is the largest public pension scheme in the UK. Recent reforms mandate the pooling of assets and introduce statutory targets for local investment. These reforms are positioning this capital as a key driver of local and regional investment - allocating just 5% could expand the local investment of pensions capital to £20 billion across the UK.

'Sterling 20' group

In October 2025, 20 of the UK's largest pension funds and investors launched a new partnership to channel the nation's savings into affordable housing, infrastructure, and high-growth industries.

The government has increased the capacity of public financial institutions by around 40% this Parliament to £137 billion and introduced reforms enabling them to go further to support key government missions.¹¹

Public finance institutions:

National Wealth Fund

This successor to the UK Investment Bank has a reformed mandate extending beyond infrastructure to support the government's wider industrial strategy and fill finance gaps in specific sectors, with an increased capital pot of £27.8 billion.¹²

British Business Bank

The British Business Bank's total financial capacity has been increased to £25.6 billion, which will enable a two-thirds increase in investments to around £2.5 billion each year.¹³ This investment is expected to crowd-in private capital to support the most innovative businesses to access the capital they need to scale.

Homes England

The UK Government Spending Review 2025 (SR25) announced £39 billion to capitalise a Social and Affordable Homes Programme to kickstart social and affordable housebuilding at scale across the country, delivered by Homes England over 10 years.¹⁴

¹¹ Spending Review 2025 (HM Treasury) [LINK](#)

¹² National Wealth Fund: Mobilising Private Investment (UK Government) [LINK](#)

¹³ British Business Bank total financial capacity increased £255bn [LINK](#)

¹⁴ Delivering a decade of renewal for social and affordable housing (UK Government) [LINK](#)

National Housing Bank

The new National Housing Bank, announced in the 2025 Spending Review, will be a subsidiary of Homes England to manage £16 billion of loans, equity, and guarantees, looking to support the development of 500,000 new homes. There will be £2.5 billion of low interest loans to support the building of social and affordable homes, and the Bank will work with strategic authorities and local leaders to establish localised packages of support aligned with housing and regeneration priorities in those areas.¹⁵

Recyclable capital funds:**Local Innovation Partnership Fund**

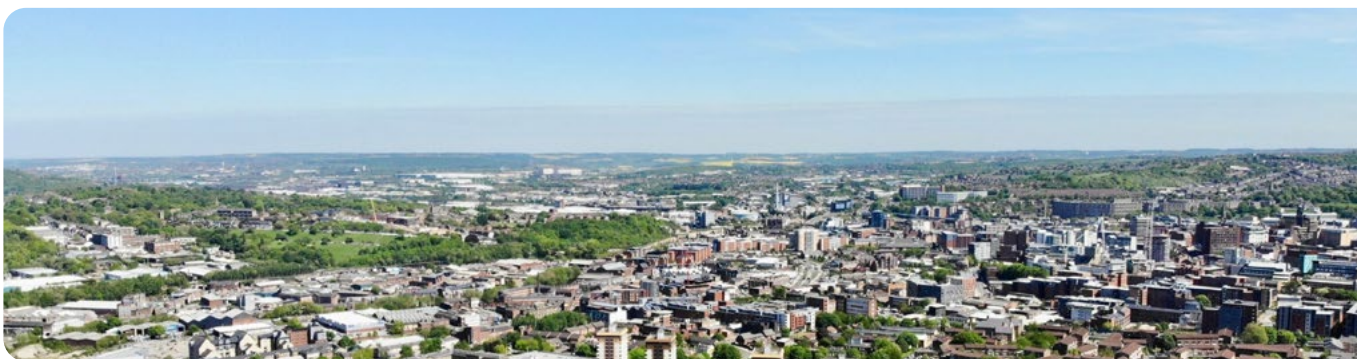
Up to £500 million for local authorities, universities, and business networks to strengthen local R&D ecosystems and innovation infrastructure. The funding is designed to translate national missions into commercially viable local projects and will be delivered by UKRI.¹⁶

Strategic Cities Accelerators

Up to £600 million of catalytic funding to unlock the development of priority sites through brownfield land remediation, investing in infrastructure readiness and fast-tracking development to crowd in private investment and support innovation-led regeneration.

Mayoral Recyclable Growth Fund

Up to £500 million fund for Mayoral Combined Authorities, allowing them to provide financial investments for growth projects.



These reformed capital sources provide the structural foundation for scaling PBII from fragmented individual investments to systematic regional development. Now is the time to harness the enabling environment, building on successful PBII case studies and leveraging recent capital reforms to mobilise investment into places at scale through deep partnership between place leaders and investors.

This is not an exhaustive list of the capital landscape, but rather a foundation for further development and refinement as the ecosystem matures and new opportunities emerge.

¹⁵ National Housing Bank and new capital grant funding (Written Statement) [LINK](#)

¹⁶ Local Innovation Partnership Fund (UKRI) [LINK](#)

PBII in action: Taking a strategic approach to join up capital

Bristol has been strategic in leveraging multiple funding sources to build its local investment ecosystem. This includes accessing EU Horizon programme funding, becoming one of the pilot projects for the Department for Energy Security & Net Zero's pilot Local Net Zero Accelerator, and working with Abundance Investment to create opportunities for residents to make their own investments.

Public funds have also been committed to building the capacity and pipeline of investable organisations and to be the anchor investor into the Green Growth West Fund, which aims to leverage in £9 of private capital for every £1 of public money. See page 38 for more detail.



The goal is building trusted partnerships rather than purely transactional relationships. – PBII pioneer interview



1.3 THE POLICY CATALYSTS

Partnership working between public services and the impact economy continues to expand, supported by a growing momentum in public policy.

To realise the full potential of PBII, all stakeholders - including local authorities, institutional investors, intermediaries, and advisors – will need to develop a shared understanding of this evolving policy context. Effective collaboration depends on this shared awareness, ensuring that investment partnerships are grounded in context, aligned in ambition, and equipped to navigate impact capital.

Legislative changes

English devolution and strategic authorities

The 2025 English Devolution and Community Empowerment Bill, marks a fundamental shift in how power, funding, and strategic decision making are distributed. Central to this reform is the creation of strategic authorities - regional bodies with integrated powers across housing transport, skills, energy, and public services. A key innovation is the introduction of integrated settlements, enabling funding to be flexibly allocated across policy areas, aligning investment with local growth plans.¹⁷

This rewiring of governance creates the conditions for a more coherent and investable environment to emerge, enabling place leaders to develop scaled investment pipelines and position themselves as compelling strategic investment partners.

Fiscal framework reforms

The October Budget 2024 introduced a major reform to the UK's fiscal rules. The shift to "Public Sector Net Financial Liabilities" recognises that certain liabilities are offset by corresponding financial assets, enabling investments that support growth while generating returns for the Exchequer. Under the new rules, when the government borrows money (a liability) to fund an investment that creates a corresponding, income-generating asset (like a new infrastructure project that charges fees, or a repayable loan), the net cost to the public purse is considered lower, or zero.

One application of this reform will be to unlock new avenues for repayable public capital for channelling into local, place-based solutions that deliver both social and economic returns.

¹⁷ English Devolution White Paper (UK Government) [LINK](#)

Pensions schemes reform

The 2025 Pension Schemes Bill aims to modernise the UK pension system, improve retirement outcomes, and support economic growth by fostering large, more efficient pension funds.

Reforms include the consolidation of small pension pots to reduce fragmentation and strengthen governance.¹⁸ For defined benefit schemes, a key additional focus is the LGPS reform - consolidating assets into professionally managed pools and embedding local investment as a strategic priority. The UK Government has directed all 86 LGPS funds to set targets for local investment, which will be delivered through six consolidated pools.¹⁹

Key changes include:

- **Professionalisation:** Pools will become FCA-regulated
- **Centralised expertise:** Pools must develop local investment due diligence capabilities
- **Statutory mandates:** Target ranges for local investment allocations

Overall, these reforms have the potential to expand local investment through pension funds to £20 billion by 2035²⁰, with 78% of LGPS funds already considering local impact in their investment strategies.²¹ Realising this potential will require coordinated action across both LGPS funds and pools.

LGPS Funds: building relationships and identifying projects

- *The 86 individual funds will be responsible for setting local investment targets, drawing on a strong understanding of local economic conditions, growth plans, and strategic priorities. They will work closely with the LGPS pools to communicate investment needs and identify viable projects.*

LGPS Pools: stewarding capital and delivering investment

- *The six consolidated pools will manage assets and execute investment strategies, leveraging the local input to do the heavy lifting on due diligence and make investment decisions. These dedicated teams will bring institutional experience to support the scaling of investment into places. Over time, pools will build internal capacity and expertise to assess and manage local investments.*

¹⁸ Pensions Investment Review - Final Report and Consultation Responses (UK Government) [LINK](#)

¹⁹ Pensions Investment Review - Final Report and Consultation Responses (UK Government) [LINK](#)

²⁰ Local Government Pension Scheme (England and Wales): Fit for the Future - Government response [LINK](#)

²¹ LPGS Survey 2024 (Schroders & Room 151) [LINK](#)

Summary of LGPS reform implications for PBII

Aspect	Former state	Future state	Implication for PBII
Investment objectives	Set by funds	Decision- making retained by funds	Funds set objectives on risk, return, and approach to local investment to be implemented by pools
Investment management	Fund level	Decisions made by FCA-regulated pools	Centralised, professional decision-making with pools becoming the primary PBII interface with greater capacity and expertise
Local investment focus	Varies across funds	Explicit target ranges	Direct policy incentive for PBII
Due diligence	Limited fund-level capacity	Required pool capability	Enhanced assessment and management of local opportunities
Capital mobilisation	Fragmented, inefficient	Consolidated	Potential for greater scale and efficiency

Policy frameworks

The UK's Modern Industrial Strategy:

The UK's Modern Industrial Strategy, launched following the Invest 2035 consultation, sets out the government's 10-year plan to drive sustainable growth in high potential sectors. Central to the strategy is empowering regions – including city regions and innovation clusters – through funding certainty, planning powers, and co-investment tools. These measures are designed to unlock private investment and support long-term innovation and growth.²²

This framework can align national priorities with local ambitions, encouraging long-term investment planning and providing a framework for sector specific PBII.

Pride in Place Strategy:

This £5 billion commitment aims to support local renewal by backing community-led schemes across up to 250 places.²³ Decisions on how to deploy the funding lies with local leadership, with a long list of pre-approved list of interventions set by government and mechanisms in place to approve additional proposals.

While impact investing is not an explicit part of the programme, investors are interested in working with areas to explore using the capital as leverage to crowd-in additional resources.

²² Invest 2035: The UK's Modern Industrial Strategy [LINK](#)

²³ Pride in Place Funding press release [LINK](#)

Policy frameworks

Clean Power 2030 Action Plan

This strategy commits to decarbonise the UK's electricity system by 2030 by catalysing investment into home-grown clean energy by incentivising and making it easier for regions to catalyse a new era of renewable energy.²⁴

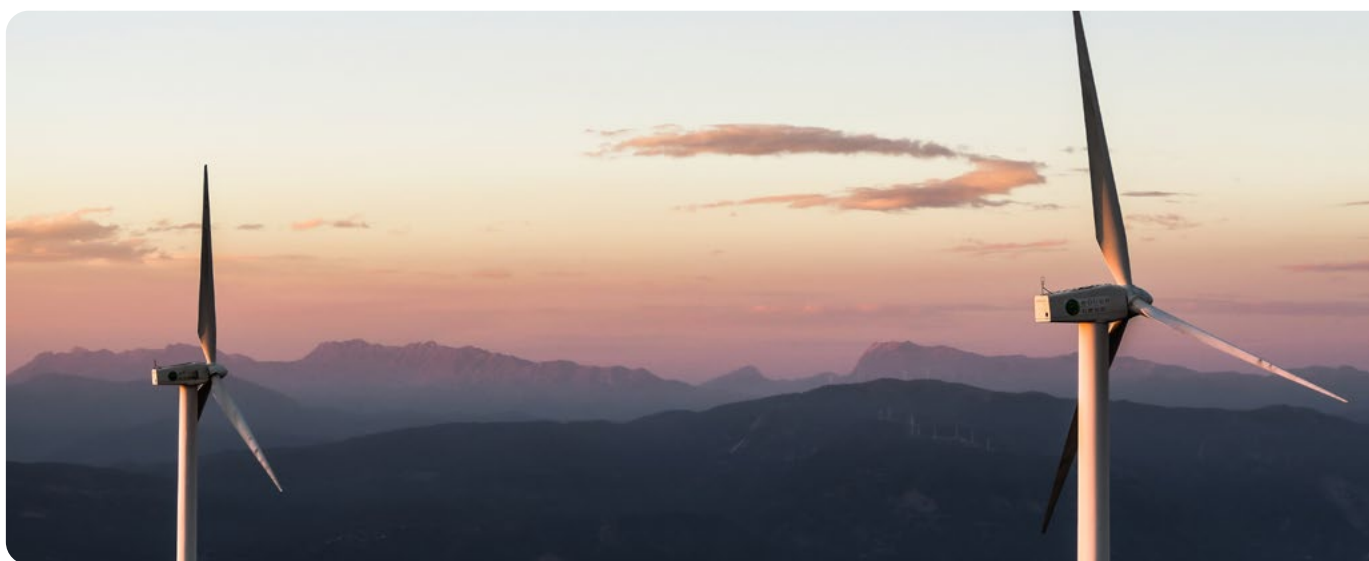
This strategy will encourage place-based clean energy goals, presenting opportunities for PBII through catalytic capital directed towards sustainable growth, delivered through Local Area Energy Plans.

Better Futures Fund

This is a landmark £500m fund built on a Social Outcomes Partnership model to transform early intervention outcomes for vulnerable children and families. It is the largest fund of its kind globally, demonstrating government intent to use innovative finance.

The success of the fund will depend in large part on local implementation, creating opportunities for place leaders to partner with government and investors to design interventions which can draw down the money and deliver improved outcomes locally.

This is not an exhaustive list but provides an overview of some of the key government-led reforms creating significant opportunities for PBII, through a clear intent to unlock capital, empower local leadership, and drive sustainable growth. Place leaders and investors should pay close attention to the evolving policy landscape and identify opportunities that can act as a catalyst for increased partnership and collaboration.



²⁴ More information: [Clean Power 2030: Action Plan](#) [LINK](#)

STEP 2: CONNECT

Objective: Build trusted relationships and a shared understanding and collaborative momentum.

This step will lay the critical groundwork for building the partnerships needed to unlock the potential of PBI in this dynamic and evolving landscape. It will focus on:

1. Mapping the stakeholder ecosystem
2. Building capability and capacity
3. Establishing a coalition of local stakeholders

Understanding and addressing these foundations is crucial for any place seeking to harness investment capital for local benefit, as they provide the bedrock upon which effective partnerships can be built and sustained over the extended timeframes that meaningful place-based change requires.



STEP 2: CHECKLIST

For Place Leaders

- ✓ **Appoint a lead:** Establish a dedicated, senior cross-departmental coordination function (e.g., within the existing strategy team) to act as a single point of contact.
- ✓ **Learn the language:** Invest in the capacity and capability of place leaders to engage with diverse sectors and develop a shared language across all groups.
- ✓ **Identify and engage key actors:** Build relationships with LGPS funds, asset managers, and institutional investors active in your region to ensure alignment and to act as the bridge to communities in your place.
- ✓ **Engage with communities:** Build an understanding of the community's interests and needs and establish mechanisms for ongoing engagement.
- ✓ **Convene across the region:** Bring together key regional actors to build a coalition

For Investors

- ✓ **Dedicate the time:** Ring-fence staff capacity specifically for building local understanding and relationships, which takes time.
- ✓ **Learn the language:** Invest in understanding how local government works, including planning processes, political cycles, and community priorities.
- ✓ **Build local relationships & commit to long-term engagement:** Recognise that place-based impact investing requires sustained involvement and trust-building.
- ✓ **Engage early** to understand the local landscape and shape opportunities that reflect your mandate and the place's priorities.

STEP 2 RESOURCES

- **Community Engagement Guide** (*Impact Investing Institute*)
- **Five Themes for Inclusive Innovation** (*Connected Places Catapult*)
- **The Path to Net Zero - Three steps for community engagement** (*3Ci*)
- **The Place Coalition**
(hosted by the Impact Investing Institute - To learn more, contact place@impactinvest.org.uk)
- **The PBII Network** (*led by The Good Economy*)
- **Attracting investment for local infrastructure - A guide for councils** (*Local Government Association*)
- **Supporting Investors with UK Impact Investment** (*Better Society Capital*)

2.1 MAPPING THE STAKEHOLDER ECOSYSTEM

The emergence of increasingly empowered places and mobilised capital is generating a powerful momentum for a new kind of investment approach – one that transforms local priorities into investable realities.

PBII is not a one-off transaction, it's a collaborative process. At its core lies a dynamic relationship between financial institutions and place leaders.

These partnerships can take several forms, from informal knowledge exchange to formalised organisational commitments - and often involve a broader network of experts and collaborators.

Use the following table to identify the key players in your ecosystem and their core responsibilities.

Key stakeholder roles and responsibilities in PBII partnerships		
Stakeholder	Primary role	Key PBII responsibilities
Central Government	Policy setters and system enablers	Set mandates and frameworks; reform LGPS; devolve powers and funding through devolution settlements; streamline planning and build local capacity.
Strategic Authorities	Regional place leaders, market shapers and conveners	Provide cohesive regional vision; build stakeholder coalitions; develop investable pipeline and engage investors; deliver catalytic public funding and de-risk projects.
Local Authorities	Local place leaders, community conveners and needs identifiers	Articulate local priorities and needs; engage communities and provide local data; manage planning processes; build local pipelines; deliver local investment.
Civil society	Community voice and advocacy	Represent lived experience and local priorities; Build trust and legitimacy; advocate for inclusive investment; support community engagement and co-design; unlock philanthropy.
Anchor organisations	Universities, integrated care systems, housing associations & large employers	Create a shared vision; provide additional investment capacity; create demand for services; bring community legitimacy.
LGPS funds	Local investment strategists	Set investment objectives; define local investment allocation targets; identify projects and engage with LGPS pools; allocate assets to LGPS pools; monitor performance.

Key stakeholder roles and responsibilities in PBII partnerships

Stakeholder	Primary role	Implication for PBII
LGPS pools	Investment implementers	Implement investment strategy; develop investment capabilities and coordinate expertise; conduct due diligence and manage asset portfolio.
Public Financial Institutions	Capital providers and policy-aligned investors	Align investment with policy goals; provide patient and catalytic capital; support risk-sharing and blended finance; enable market development and innovation.
Asset Managers	Product structurers and fund managers	Identify opportunities and source deals; structure investment products; provide sector expertise; manage impact reporting.

PBII in action: Building a strategic partnership

Launched in 2019, the Stockport Mayoral Development Corporation is a pioneering strategic partnership that brings together devolved powers from the Greater Manchester Mayor, strong local leadership from Stockport Council, and long-term backing from Homes England. It was set up to accelerate the regeneration of Town Centre West through coordinated, place-based investment.

With over £1 billion in regeneration funding unlocked, the MDC plans to deliver up to 4,000 new homes, 1 million square feet of workspace, improved transport infrastructure, and new public parks and green spaces.²⁵



PBII is not a one-off transaction, it's a collaborative process. – PBII pioneer interview



²⁵ Stockport Mayoral Development Corporation [LINK](#)

2.2 BUILDING CAPACITY AND CAPABILITY

Effective partnerships for successful PBII rely on all stakeholders – from local authorities to investors, advisors and civil society – having the capacity and capabilities to collaborate meaningfully.

- **For strategic and local authorities**, this means developing a clear understanding of how long-term growth plans translate into investment priorities.
- **For LGPS funds, LGPS pools, and asset managers**, it means appreciating how local government operates and recognising the unique context of each place.
- **For advisors and consultants**, it means adapting due diligence, valuation, and other processes to fit the PBII approach and local realities.

STAFF CAPACITY AND CAPABILITY

Building trusted relationships requires sustained operational resourcing and strategic commitment. This long-term investment in people is essential for the sustainability and success of PBII. Staff across stakeholder groups must be supported with:

- **Time** to engage meaningfully
- **Resources** to build and maintain relationships
- **Training** to develop relevant skills across the investment process.

Where technical expertise isn't held in-house, external funding, pro bono expertise, and support from investors can enhance capacity.

ESTABLISH FORMAL ADVISORY PARTNERSHIPS

Formalise secondments or advisory arrangements with organisations that bring complementary expertise. For example, local authorities can engage investment specialists, while investors can identify consultants with expertise in PBII. These partnerships help bridge understanding and provide tailored advice.

DRAW ON SECTOR EXPERTISE

- The **Investment Association** and **Pensions and Lifetime Savings Association (PLSA)** offer **courses on relevant investment trends for asset managers and pension fund staff**.
- **Association for Public Service Excellence (APSE)** provide **local government commercial skills**
- **The Local Partnership Commercial Guidance and Toolkit** provides a **toolkit to help local government evaluate the appropriateness of commercial projects** based on their local context, capabilities, and risk appetite.
- **The Chartered Institute of Public Finance and Accountancy's treasury management resources** provide a **comprehensive guide to the investment of local authority funds, debt management and treasury management practices**, including templates for due diligence frameworks.
- **The National Wealth Fund's advisory service** provides support to local government, as a critical friend, to provide the **technical assistance to understand and navigate the challenges and financing barriers they face in delivering infrastructure and meeting their growth ambitions**. These services are provided at no charge to the authority, and there is no obligation to access lending.

PBII in action: Boosting internal capabilities

Strategic and local authorities seeking to build a PBII approach can benefit from bringing expertise in.

When Bristol was first looking at how it might draw on impact investment to deliver the One City Plan vision for 2050, the mayor's office seconded in investment expertise from BBRC, a regional impact investor, and Better Society Capital, a wholesale provider of impact capital. See appendix for more detail.



DEVELOPING A SHARED LANGUAGE

A shared understanding between local government and investors (including LGPS funds/pools and local and national asset managers) is critical. Misalignment in language and objectives can lead to confusion and missed opportunities. As one PBII pioneer put it:



Immediately you've got two languages being spoken and two different sets of objectives. Those objectives can overlap but unless...local authorities can think about things in terms of the way investors can think about it, and investors can think about in the way a local authority can think about it, then you're always going to get [things] lost in translation. – PBII pioneer interview

Establish a mechanism to align on definitions for key terms like **'impact', 'return', 'risk', and 'additionality'**. This can be achieved through a 'lexicon workshop' at the outset of a collaboration. This simple act prevents significant misunderstandings later on.

2.3 ESTABLISHING A COALITION OF LOCAL STAKEHOLDERS

Successful place-based impact investing requires expanding beyond local government and investors to create a broader ecosystem of partners.

The relationships and understanding that come from cultivating a broad network can be transformative. Forums such as the Impact Investing Institute's national Place Coalition and the PBII Network hosted by The Good Economy help participants understand different perspectives and approaches.

Maintaining these connections supports the development of trusted and mutually beneficial relationships, which are essential given the long-term nature of many PBII projects.

COMMUNITY ENGAGEMENT

Community engagement is central to the success and sustainability of PBII. Establishing structured mechanisms for engaging residents and community groups ensures that investment reflects local priorities and foster genuine co-creation.

The Impact Investing Institute's [community engagement guide](#) offers practical tools to support this.

BUILDING NETWORKS

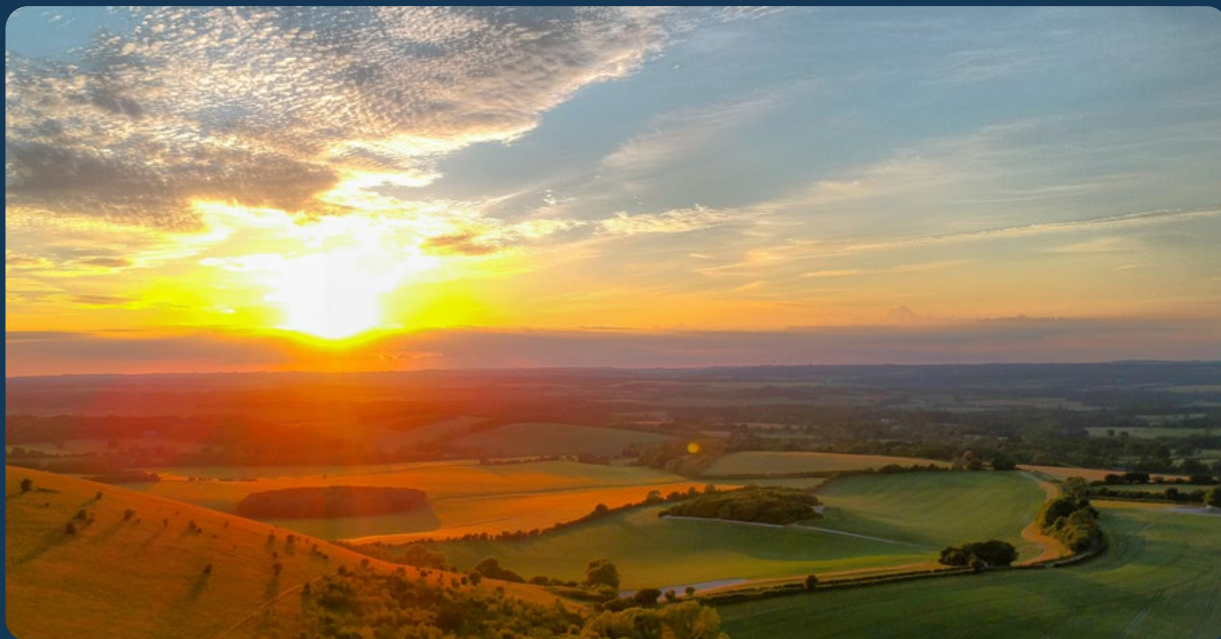
Strong connections and/or a presence in the local area is vital for three reasons:

1. **Alignment:** They provide LGPS funds/pools and asset managers with an understanding of the regional context, including economic strengths, social and environmental need, and community concerns and aspirations, allowing for tailored investment strategies.
2. **Trust:** Face-to-face contact builds authenticity. Whether it's a small business seeking investment or a large-scale housing investment, people want to see who they're working with. Remote engagement has limits.
3. **Risk mitigation:** Deep local knowledge strengthens the investment pipeline and improves due diligence, reducing the likelihood of project failure and lowering default rates.

Since its launch in 2022 by the Impact Investing Institute, the Place Coalition has provided a forum for convening investors from across the spectrum of capital with representatives of local and combined authorities, civil society organisations, and community finance institutions. This growing community is deepening relationships and fostering collaboration at local, regional and national levels.

To learn more, contact place@impactinvest.org.uk

PBII in action: Establishing deep connections



For Resonance, which manage over £400 million in impact property funds, establishing deep local relationships is seen as a prerequisite for any move into a new area and is on a par with the viability of the financial model. Their recent move into Gloucestershire illustrates this point. Here, they are partnering with Developing Health & Independence (DHI), a charity specialising in offering housing and support to vulnerable people and families in the southwest, alongside the Gloucestershire Pension Fund. See page 36 for more detail.

STEP 3: ACT

Objective: translate foundational capacity and relationships into a tangible investment partnership.

Step 3 builds on the partnerships developed in the last stage, to turn this foundation into action.

As devolution accelerates across the UK and new strategic authorities emerge with enhanced powers and integrated budgets, there is a growing opportunity for local and regional actors to lead sophisticated PBI strategies to support the recapitalisation of their regions.

It outlines how strategic and local authorities can position themselves and credible, investable partners to LGPS funds/pools, asset managers, and other institutional investors, while delivering meaningful outcomes for their communities. This step will focus on:

1. **Creating an investment prospectus**
2. **Developing a pipeline of projects**
3. **Structuring investment vehicles**



STEP 3 CHECKLIST

- | | |
|--------------------------|--|
| For Place Leaders | <ul style="list-style-type: none"> ✓ Articulate a coherent investment narrative: Develop a compelling story that links local priorities to investable opportunities, using language that resonates with investors. ✓ Engage with internal stakeholders and investors proactively: Coordinate across departments to align resources and initiate conversations with LGPS funds/pools, asset managers, and public financial institutions to test and refine propositions. ✓ Develop and prioritise a pipeline of opportunities: Translate local priorities into credible, financially viable investment opportunities. ✓ Package these projects and capital sources: Explore and propose appropriate vehicles to meet investor expectations around risk, return, and impact. |
| For Investors | <ul style="list-style-type: none"> ✓ Assess local investment narratives: Evaluate how local priorities align with fund mandates and impact objectives. ✓ Support pipeline development: Provide feedback on project readiness, risk appetite, and structuring options to help shape investable opportunities. ✓ Develop an impact framework and measurement approach: Define clear outcomes in partnership with place leaders and establish metrics and reporting processes to demonstrate local impact. ✓ Offer technical input: Fund or co-develop training, technical assistance, or advisory support for local authorities to improve investment readiness. Engage during the early stages of project development to build capacity, improve the pipeline, and ensure alignment with investment criteria. |

STEP 3 RESOURCES

- [Place-based impact investing: Toolkit and implementation guide](#) (*Metro Dynamics*)
- [Financing Structures for Place-Based Impact Investing](#) (*Impact Investing Institute*)
- [PBII Reporting Framework](#) (*The Good Economy*)
- [Local Partnership Place Expertise](#) (*Local Partnerships*)
- [Advisory Services](#) (*National Wealth Fund*)
- [Practical solutions for the UK government to mobilise private investment](#) (*LSE and The Grantham institute - case studies of investment strategies and local funds*)

3.1 CREATING AN INVESTMENT PROSPECTUS

A strong investment narrative is the cornerstone of successful PBII.

It provides a clear, shared purpose that integrates social, environmental, and economic priorities, offering all stakeholders a unified understanding of their collective aims. By offering a clear, accessible entry point into the local system, a consistent investment narrative makes it easy and efficient for investors to engage, reducing friction and signalling readiness for partnership. It serves as a stable focal point, even as organisational structures, strategies, and external conditions evolve.

A co-created narrative:

- **Aligns local needs and investor goals.**
- **Builds trust through transparency and shared ownership.**
- **Improves investability by grounding opportunities in the real-world context and financial logic.**

Investing time upfront to jointly and clearly define what success looks like for each party – in terms of specific economic, social, environmental, and financial returns – sets the direction of travel and fosters an environment where the inevitable tensions of multi-stakeholder, cross-sector work are more readily resolved.

THE ROLE OF COMMUNITY STAKEHOLDERS

Community stakeholders are essential partners in shaping this narrative. Their involvement ensures that investments reflect local priorities and meaningful outcomes. They bring:

- Local insight and lived experience
- Data and research
- Convening power
- Long-term stewardship

This inclusive approach strengthens legitimacy and enhances the long-term success of PBII initiatives.

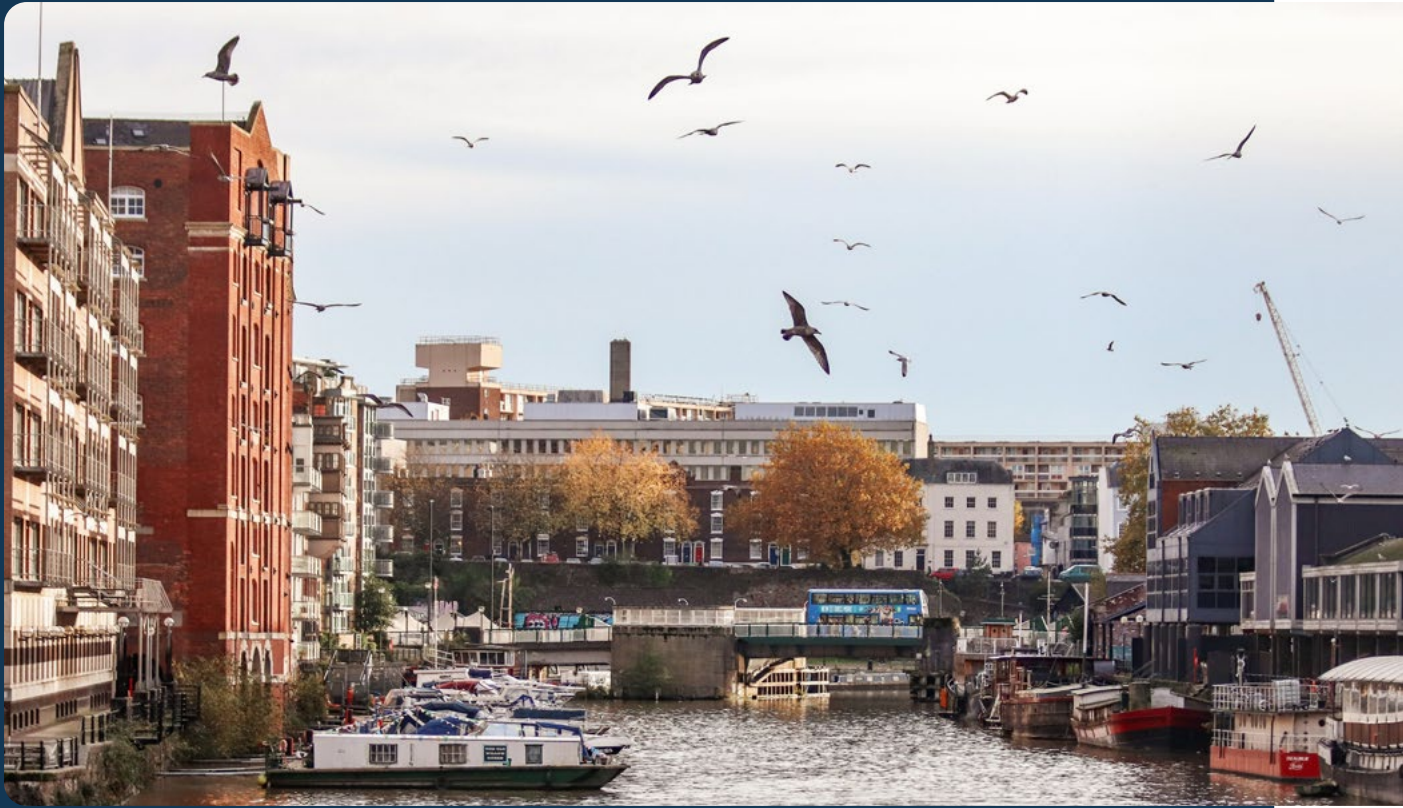
ADOPT A LONG-TERM VIEW

Acknowledge upfront that meaningful place-based change takes years. A patient, long-term perspective is essential – both strategically and operationally:

- **Strategically**, PBII aligns with the new 10+ year local growth plans and systemic change goals.
- **Operationally**, building trust, designing projects, and conducting due diligence are time-intensive but foundational.

The shared knowledge and deep relationships that result from investing ongoing time provide the strong foundations for subsequent PBII collaborations.

PBII in action: A long-term view



The Bristol City Leap Partnership is a 20-year joint public and private venture between Bristol City Council, Ameresco, and Vattenfall Heat UK, which will enable the delivery of over £1 billion of investment into Bristol's energy system. It is expected to create over 1,000 jobs and deliver £2.8 million to support community projects.

A 20-year time horizon was intentionally chosen to incentivise investment into the local supply chain and build the capacity and capabilities to meet the needs of the next generation, not just today's.

COMMIT TO A WIN-WIN MINDSET

PBII is rooted in the question:

"How can we work together to solve this problem?"

It recognises that it is possible for everyone – communities, the public sector, and providers of private capital – to benefit. By assuming good intent and identifying areas of alignment, stakeholders can co-create solutions where public purpose and financial returns support each other. The most successful place-based initiatives demonstrate that genuine partnership between public and private sectors achieves outcomes no single actor could deliver alone.

PBII in action: Valuing place-based impact



The pioneering administrators of the Greater Manchester Pension Fund (GMPF) have committed to investing 5% of their portfolio for local impact. They recognise that their scheme members, who are all public-sector employees working and/or living in the region, also benefit from investments being made to improve local housing and infrastructure. See page 37 for more detail.

One recent example is an apartment block in Manchester financed by Cheyne Capital, one of GMPF's asset managers. This has addressed the need for quality and affordable housing in the city centre by making a proportion of the apartments available for key workers who also benefit from a discounted rent.



3.2 DEVELOPING A PIPELINE OF PROJECTS

Developing a pipeline of investable opportunities requires strategic collaboration between place leaders, investors, asset managers, and community stakeholders.

Strategic and local authorities must adopt new ways of working to engage effectively with LGPS funds/pools, and asset managers. The following practical steps can help authorities set themselves up for success:

- **Establish a dedicated coordination function** uniting teams to act across silos and make decisions at pace. Existing strategy teams can be well placed to take on PBII coordination.
- **Assign PBII responsibilities to roles rather than individuals** and centralise documentation that captures learning, risks, and insights to support continuity when there is staff turnover. Involving all key departments from the outset promotes shared understanding of PBII.

CO-DESIGNING FOR INVESTMENT READINESS

Co-designing projects from the outset ensures alignment with investment criteria, reduces development costs, and de-risks investments by improving the likelihood of long-term success.

- **Place leaders** play a central role in preparing and de-risking projects. They often convene community stakeholders and can leverage unique powers – such as strategic use of public land, planning levers, and catalytic first loss finance – to enhance project viability.
- **Investors** should engage early, offering transparency around return expectations, risk appetite, and investment criteria. Constructive feedback helps shape investable proposals.
- **Asset managers** contribute sector-specific expertise in housing, clean energy, SME finance, infrastructure, and natural capital, helping to structure viable investment opportunities.

PBII in action: Investing in understanding partners

Southampton's journey illustrates the benefit of gaining investment knowledge at the outset of the PBII journey. Their early engagement with asset managers through roundtables facilitated by the Impact Investing Institute enabled them to understand the investment landscape and process better, which informed the development of their Renaissance Vision and Prospectus for Change. See page 37 for more detail.

A SHARED UNDERSTANDING OF KEY POLICIES

Confidence on all sides operationalising a PBII approach is greatly aided when there is a common understanding of:

- How and where usual processes need to be adapted to include a new PBII stakeholder
- How each party assesses and manages risk
- Where new policies or processes might need to be created

Engaging with specialist consultants can also help bridge understanding and provide tailored advice.

An effective pipeline is...

Realistic and investable



Focus on opportunities with viable revenue models that can deliver social, environmental, and economic returns. Assess investment readiness, cultural fit, and the capacity to monitor impact.

The PBII Pillar Model provides a starting point for identifying investable projects, outlining the scope of possibility across housing, SME finance, clean energy, infrastructure, regeneration, health and natural capital.²⁶

Designed for scale



Institutional investors seek scale or replicability and strong implementation capability. Prioritise projects with clear routes to expansion or aggregation.

Clear on success metrics



Pipelines should demonstrate robust project management and impact measurement.

The PBII Reporting Framework developed by The Good Economy in partnership with a group of LGPS and asset managers provides a common, consistent, transparent methodology for pension funds to report on the impact of their investments.²⁷

Co-designed with capital partners



Engage LGPS funds/pools, and asset managers and public finance institutions early in the process to ensure alignment with their mandates and risk appetite.

Explore appropriate structures such as dedicated investment vehicles, special purpose vehicles, or community benefit societies to blend public accountability with private capital and expertise.

Diversified



Create a portfolio of opportunities with varied risk/return and impact profiles. A balanced pipeline increases resilience, attracts a broader range of investors, and enables capital to be matched to the right type of project.

²⁶ Scaling-Up Local Investing for Place-Based Impact: A Strategic Framework and Guidance for LGPS [LINK](#)

²⁷ PBII Reporting Framework (The Good Economy) [LINK](#)

3.3 STRUCTURING INVESTMENT VEHICLES

Local authorities have significant powers and access to diverse funding that can enhance investment propositions when used innovatively.

Creating effective investment vehicles is essential to mobilising institutional capital and leveraging private capital to work in tandem, using tools such as first-loss guarantees, concessional finance, or co-investment models. This blended approach helps unlock opportunities that may otherwise struggle to meet commercial return thresholds while amplifying the reach and effectiveness of both public and private investment. This guide outlines key structures and tools that can be used to design investable entities suited to place-based impact investing (PBII).

Blended finance structures

These combine public, philanthropic, or concessional capital with private investment to improve the risk-return profile of impactful projects.

Development grants	To make projects commercially viable <i>e.g. The Transforming Places through Heritage Programme managed by The Architectural Heritage Fund provided grants to enable charities/social enterprises to develop plans to make reuse of historic buildings viable for commercial or mixed use.</i>
Risk-tolerant capital	To absorb initial losses, protecting senior investors. <i>e.g. Bristol & Bath Regional Capital – City Funds</i>
Guarantees	To improve credit ratings and investor confidence by guaranteeing repayment in case of default. <i>e.g. The National Wealth Fund guarantee scheme for the retrofit of social housing – through which Lloyds Banking Group and Barclays are delivering £1 billion in lending to support the decarbonisation of social housing, backed by up to £750 million in government guarantees to unlock investment in energy-efficient upgrades for thousands of homes.</i>

Innovative financing models

Co-creation partnerships	To reduce transaction costs and risk by involving stakeholders early in project design and structuring.
Impact-linked finance	To link financial terms to the achievement of impact metrics <i>e.g. loans with decreasing rates as impact targets are met.</i>
Outcomes-based contracts	To link payments to the achievement of measurable outcomes. <i>e.g. Schroder BSC Social Impact Trust includes social outcomes contracts.</i>
Insurance	To cover specific risks <i>e.g., non-payment, political risk.</i>
Securitisation	To free up capital and spread risk by pooling assets into a portfolio and selling cashflows to investors.

PBI in action: Co-designing a dedicated investment vehicle



To achieve its ambitious climate goals, the Mayor of London needed a mechanism to provide cheaper, more flexible finance for energy efficiency projects across the capital's public sector. The solution was a strategic public-private partnership with specialist investment manager Amber Infrastructure to create the London Energy Efficiency Fund (LEEF). Backed by funding from the European Regional Development Fund (ERDF) and the European Investment Bank (EIB), this £100m fund was designed to be a recycling fund, where capital from repaid loans was used to finance new projects.



This innovative structure enabled LEEF to invest over £110 million across 13 large-scale projects, from decentralised energy networks to public building retrofits. In turn, this catalysed over £500 million in total investment, delivering annual financial savings of £17 million for the public sector and reducing CO₂ emissions by 39,000 tonnes per year. The partnership's success led directly to the creation of a larger successor fund, the Mayor of London's Energy Efficiency Fund (MEEF), demonstrating the power of co-designing long-term, scalable investment solutions.²⁸

²⁸ Mayor of London's Energy Efficiency Fund [LINK](#)

MOVING FROM AMBITION TO ACTION

The shift towards place-based impact investing (PBII) is accelerating.

With devolution deepening and new strategic authorities emerging, there's a growing opportunity for local and regional actors to lead sophisticated PBII strategies to support the recapitalisation of their regions.



As this guide has shown, when local leaders and investors commit time, energy, and resources to build partnerships rooted in a shared purpose, the results are transformative. Initiatives like Bristol City Leap, the Greater Manchester Pension Fund's long-term commitment, and Southampton's Renaissance Vision prove what's possible when ambition is matched with action.

We know that moving from ambition to action requires new capabilities, new ways of working, and a long-term mindset. The foundational steps outlined in this guide are a powerful start, but the journey to scaling PBII demands sustained, coordinated support to address capacity and capability gaps.

PARTNER WITH THE IMPACT INVESTING INSTITUTE

We want to support you in your next step. Whether you are seeking to:

- Build a coalition of regional stakeholders committed to PBII
- Better understand the investment ecosystem and build connections with potential investors
- Strengthen your investment readiness to develop an investable pipeline
- Access the expertise required to structure an innovative investment vehicle

We invite you to connect with our Place-Based Impact Investing Programme to access ongoing support, resources, and partnership opportunities.

Together, we can ensure capital flows with purpose into the places that need it most, unlocking the full potential of PBII for sustainable growth and social wellbeing.

Contact the Impact Investing Institute to continue your PBII journey and access resources:

Email: place@impactinvest.org.uk

APPENDIX: A LIBRARY OF PIONEERS

Southampton Renaissance: Creating an investible city masterplan

Southampton's PBII journey began when it developed a bid to become the UK City of Culture for 2025. This city-wide effort drew on the insights and expertise of people from all sectors and parts of the community. Although Bradford had the successful bid, the people of Southampton had developed a strong sense of purpose and shared commitment to investing in the long-term development of their city.

This was also the catalyst for a partnership with the Impact Investing Institute in 2023 to explore the role that place-based impact investing could play in achieving the city's ambitions. A series of roundtables facilitated by the Impact Investing Institute enabled Southampton City Council and other stakeholders to draw on the experience and expertise of a broad group of asset managers and developers. This early engagement identified key questions for the Southampton team to reflect on and build into the development of their plans. Investors and developers who could see a potential alignment of interests remained involved, continuing to provide a sounding board and support for the team as they were working through their plans.

The clarity of the vision for Southampton that has been established over the past couple of years, – and the unity demonstrated through active involvement from all major local stakeholders (communities and public, private and not-for-profit sectors) – has increased confidence among investors about the long-term opportunity to invest in Southampton.

Fast forward 18 months, and Southampton Renaissance, a 15-year masterplan for the city, was launched in February 2025. As the Southampton Renaissance board set out to build long-term partnerships with investors to deliver on their ambitious vision, the learnings and connections derived through the initial partnership with the Impact Investing Institute and others will be valuable to the next phase of their journey.

Key insights:

- Early engagement with asset managers was key to identifying investible opportunities across the city
- Cross-sector collaboration enabled the development of a clear, unifying ambition
- Engagement with investors over a two-year period has helped to build trusted relationships
- The use of an independent intermediary (the Impact Investing Institute) has played a valuable role in connecting community development to capital market actors.

Resonance's Homelessness Property Funds: Investment expertise meets local knowledge

Impact property fund manager Resonance launched its first homelessness property fund, the Real Lettings Property Fund, in 2013 when it partnered with a London-based housing charity to provide capital to purchase a property to provide a route out of temporary accommodation for people facing homelessness in the city. The success of this initiative – which raised £56.8 million from socially motivated investors to buy a portfolio of 259 homes across London – led to expansion into three further cities.

At a regional level, Resonance's model is based on partnering with local authorities and one or more local housing specialists who bring the depth of understanding of the local context and priorities, alongside a proven delivery model.

Resonance provides the necessary investment expertise to pool different local housing needs into a vehicle with the appropriate scale, diversification and financial return potential to attract major institutional investors, including LGPS funds.

Key insights:

- Local partnerships have been a precondition for investing in a new region
- Aligning local needs with investor risk and return requirements resulted in an investment vehicle that can attract large-scale, long-term institutional investors
- Concessionary capital was needed for the initial fund

Greater Manchester Pension Fund: Three decades of local impact

Greater Manchester runs one of the largest local government pension funds in England. As early as 1990 the administering authority of the GMPF recognised that investing in the local economy would create wider social benefits for its members – local government employees, living locally and affected every day by the quality of local infrastructure and housing. This led the fund to mandate that 5% of its investments should directly benefit the local area. This commitment has been sustained over the last 30 years and, today, is delivered through the £900 million Greater Manchester Property Venture Fund and the £600 million Impact Portfolio.

The Impact Portfolio invests directly and via institutional investment managers who work on the pension fund's behalf to find local investments across two main Impact themes - jobs and place. This includes loans to SMEs, equity investment in underserved markets and investment in technology jobs, renewable energy infrastructure, social investment, social infrastructure and housing/property development in underserved markets.

The scale of GMPF means it can dedicate an in-house team to manage its local investment portfolios. There is a team of around 10 staff in the Local Investments and Property team. They assess numerous potential investments for the Impact Portfolio each year to invest in 4-6 funds, whilst also monitoring existing investments.

The GMPF investment team has a close working relationship with the Greater Manchester Combined Authority (GMCA) and has established a governance structure and capacity to make joint local investments.

This relationship has been built up and strengthened over the past five years. The 2014 Devolution Agreement was critical to the establishment of the investment team within the GMCA, which now employs 15 people. Central government provided a combination of grant funding, which covered staff costs, and risk capital, which underwrote the risk of early investments.

Key insights:

- GMPF has dedicated internal resources to manage its local impact portfolio
- Close working partnership with the combined authority has facilitated joint investment
- Devolved powers and funding over a 10-year period have enabled capacity to build within the combined authority

Bristol: From City Funds to Green Growth

Bristol's impact investment journey began with the 2016 election of the city's mayor, Marvin Rees, who was committed to developing a unifying plan to build the city that its people want to see by 2050. Early on in this process, Bristol City Council seconded in impact investment experience from Better Society Capital and BBRC, a regional impact investment manager, to work closely with the mayor's office and scope the creation of an investment fund that would contribute to reducing inequality in the city. This ultimately led to the launch of Bristol's £10 million City Funds in 2019.

The success and experience of Bristol City Funds have led Bristol to draw on further secondments and build local, national, and international partnerships with organisations offering complementary expertise and networks, such as Amber Infrastructure.

Bristol's ambition for the role that impact investment can play has also grown. For example, to support the city's climate action goals, the European Union's Horizon Europe Programme has provided £1.3 million to assist in the development of innovative Net Zero finance mechanisms.

These include the Green Growth West Fund, launched in 2024, which is seen as a game-changing growth initiative for the region. Supported by an initial £10 million injection from the West of England Mayoral Combined Authority, the fund aims to raise a further £90 million to invest in local Net Zero infrastructure and businesses. This is expected to help create 9,000 new green jobs and potentially generate £300 million turnover for local businesses.

Completing the investment circle is Bristol's new Investment Readiness Advisory Service, delivered by BBRC, to help local businesses access advice and guidance as they prepare to take on investment.

Key insights:

- Investment expertise was built through secondments and partnerships with established impact investment experts.
- The documented success of one initiative (City Funds) enabled the expansion of PBII into other areas (the Green Growth West Fund).
- The city's commitment of funds has helped to catalyse greater investment from other sources.

For further PBII case studies please see:

- [Place-based impact investing case studies](#), Impact Investing Institute & The Good Economy (2021)
- [Scaling-Up Local Investing for Place-Based Impact: A Strategic Framework and Guidance for LGPS. Annex – Local Investing Case Studies](#), The Good Economy (2025)

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Feedback

We welcome feedback on this report and the Impact Investing Institute's place-based impact investing work. Please reach out to place@impactinvest.org.uk

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Disclaimer

Information and case studies in this guide are provided for information only and should not be interpreted as constituting investment advice or any regulated activity. The information and figures provided are accurate as per the latest information publicly available and/or made available to the Impact Investing Institute for the purpose of this report.

Methodology

We conducted semi-structured interviews with seven individuals who have been involved in designing, structuring and delivering investment across England. They provided a range of perspectives spanning local government pension funds, national and regional institutional asset managers, and local authority policy officials. This research is supported by the wider body of work that the Impact Investing Institute has led over the past three years, supported by DCMS, to grow the place-based impact investing market.

Given the small sample size and qualitative nature of this research, the findings are not intended to be an exhaustive list or guarantee of success on their own. Instead, they provide a helpful starting point for those looking to establish or deepen approaches to place-based impact investing.

