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Local Investment Impact Report

A review of the West Midlands Pension Fund
investment portfolio

September 2025



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Cover:

Top: Gresham House: Environment Bank

Bottom left: Future Planet Capital Regional (formerly known as Midven) - Nylah

Bottom right: The Locks, Wolverhampton

Executive summary

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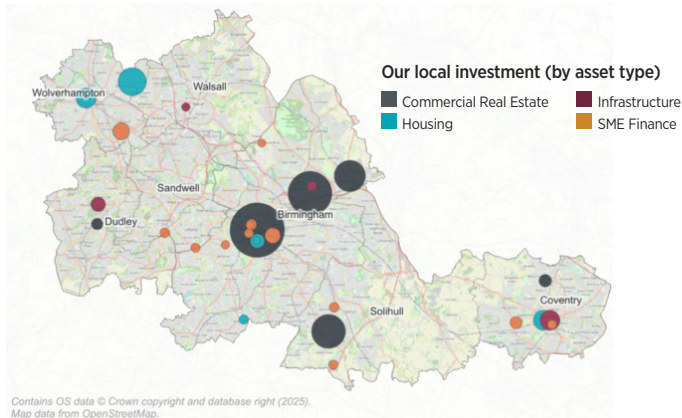
We commissioned this report to provide insight and support further development of our local investment strategy. It is based on the analysis and commentary provided by The Good Economy (TGE) and it helps improve understanding about where and how our capital is being deployed across the West Midlands, the wider Midlands area and the UK and the socio-economic impact our investments are having.

What we found

- **Our portfolio:** As of 31 December 2024, our total portfolio was valued at £21 billion. Of this, £4.9 billion (23%) was in private markets. TGE reviewed £2.8 billion of investments, selected based on their expected materiality to the UK market. They identified £2.2 billion in UK-based assets.
- **Local investment:** We have invested £203 million (10% of the analysed portfolio) directly into the West Midlands Combined Authority (WMCA) area. This includes investments in housing, commercial real estate, infrastructure and providing finance to small-to-medium sized enterprises (SMEs). Most of these investments, to date, have been made directly, i.e. not invested via the LGPS Central investment pool. We often hold a significant position in these investments - which means we can play an active role to collaboratively shape arrangements to align with our objectives.



Gresham House: Environment Bank



Executive summary

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Our strategy

- **Active influence:** We hold a leading¹ investor position in 47% of our UK private markets portfolio². For West Midlands-based investments, this number rises to 85%.
- **Targeted selection:** Our non-pooled investments³ are more focused in the UK and the West Midlands.

Impact alignment

- 14% of our analysed portfolio shows medium or high alignment with Place-Based Impact Investing (PBII) principles.
- 17% of our analysed portfolio shows our investments that 'Contribute to solutions' or 'Benefit stakeholders'.⁴

Real-world impact

- **Housing:** Through partnerships with Gresham House and Hearthstone, we have supported the delivery of over 1,800 homes - 97% of these homes have an Energy Performance Certificate (EPC) rating of at least C.
- **SMEs:** Our investments in Frontier Development Capital and the West Midlands Equity Co-Investment Fund have helped local businesses grow, create jobs, and innovate in key sectors like healthcare, green tech, and manufacturing.

What we are doing next



Building our strategy

This report is based on data from the end of 2024, but our thinking has continued to grow and develop. We are now putting together a clearer plan in place for how we will invest locally, working with local partners to create positive change while still meeting our financial objectives.



Working with LGPS Central

As we move more of our investments into the LGPS Central pool, we will keep working closely with them to make sure local investment stays a priority. We will also share what we have learned and the relationships we have built to help support this.



Improving ESG practices

We will ask and challenge our fund managers to keep a close eye on environmental, social, and governance (ESG) issues throughout the life of each investment—not just when they first invest.



Reporting on our progress

We will keep updating this analysis regularly. We plan to use a "theory of change" approach to track how well we are tackling the issues we set out to address and how successful our strategy is, working together with WMCA and the LGPS Central investment pool.

¹ Where we hold at least 50% of the fund

² For this report, TGE defined UK-based assets as the part of our investments in UK assets that were included in the analysis

³ Defined as investments we have made prior to and outside of the LGPS Central investment pool.

⁴ These categories are defined by the Impact Frontiers Classification System

Introduction

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About the West Midlands Pension Fund (WMPF)

We are one of the largest local government pension schemes in the UK, providing retirement benefits to over 340,000 members from more than 800 employers across the West Midlands. We are administered by the City of Wolverhampton Council. We work as a separate, dedicated function that is responsible for pension savings for public sector workers, including those in schools and local councils.

As of 31 December 2024, our investments were worth over £21 billion. These investments are spread across different types of assets, such as company shares, private businesses, loans, infrastructure, and property.

During 2025 and following growing interest in the development of our (and LGPS) local investment strategy, detailed portfolio analysis has been undertaken to inform and aid the review of investment strategy over 2025/26.

Local investing

Our investment strategy is based on our beliefs about responsible investing (RI), which include looking for opportunities to invest locally that can also benefit society and support economic growth, while still meeting our duty to act in the best

interest of our members. We do not have a set target for how much we invest in the UK or the West Midlands. However, in line with our commitments from our Investment Strategy Statement⁵, we have made local investments over time in areas like property, infrastructure, housing, and local businesses. We look at each opportunity individually to see if it offers a good balance of risk and return, fits with our RI approach, and is the right size and structure.

Pooling

We are part of the LGPS Central investment pool. As of the date of this report, this includes eight other pension funds from across the Midlands. Pooling helps us reduce investment costs and gives us access to a wider range of investment opportunities by working together. We have worked closely with LGPS Central investment pool since its launch in 2018. Most of our public investments are invested with them. More of our private market investments are now being managed through the pool. Existing private assets are moving over gradually, because they are harder to sell or transfer quickly. From 2026, the pool is expected to offer more support for local investments, based on government plans set out in the Fit for the Future⁶ review. At the same time, we are updating our own local investment strategy as part of our 2025/26 investment strategy review.

⁵ [Investment Strategy Statement](#)

⁶ UK Government's [Fit for the Future Review](#)

Introduction

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Purpose of this report

We commissioned this report to provide insight and support the development of our local investment strategy. It has been prepared by The Good Economy (TGE), an independent organisation, that works with businesses and investors to understand their social and environmental impact using Place-Based Impact Investing (PBII) framework.

This report is also part of our ongoing work to support and improve how PBII is done and reported. It also connects to wider efforts in the sector, like the white paper on local investing by The Good Economy⁷. That paper, which we helped shape along with other LGPS funds and pools, aims to build shared knowledge and better practices.

What is Place-Based Impact Investing?

PBII is a way of investing that aims to deliver strong financial returns while also creating positive outcomes for specific local areas. The term was defined in a May 2021⁸ report by TGE, in partnership with the Impact Investing Institute and Pensions for Purpose. The aim is to support communities to become more resilient, prosperous, and sustainable. PBII focuses on:

- Understanding and meeting local needs
- Making investment decisions that benefit local people and places
- Working with local partners
- Listening to the voices of the community

The role of The Good Economy

TGE has worked with Local Government Pension Scheme (LGPS) funds to help them measure and report on their local investments using a standard method called the **PBII Reporting Framework**⁹. This framework was developed with other pension funds and investment managers to analyse investment data and report consistently on how those investments support inclusive and sustainable development across the UK (see Appendix for more detail).



Hearthstone: Daventry

Understanding our local impact

This report is a starting point that gives insights into

- What we are invested in
- Where those investments are located
- How they are benefiting people and communities in the West Midlands

We plan to build on this work by improving the data, working closely with LGPS Central investment pool and local authorities, and exploring how our investments can support the WMCA's local growth plan and meet our responsibility to pay member pensions and benefits.

⁷ TGE September 2025 whitepaper - ["Scaling Up Local Investment for Place-Based Impact: A Strategic Framework and Guidance for LGPS"](#)

⁸ TGE May 2021 report - ["Scaling Up Institutional Capital for Place-Based Impact"](#)

⁹ [Place-Based Impact Reporting Framework](#)

Portfolio analysis

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Scope

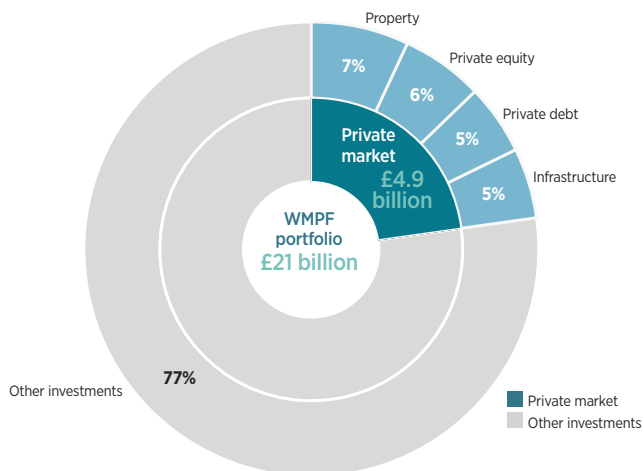
As of 31 December 2024, our entire portfolio (WMPF portfolio) was valued at £21 billion. Of that, £4.9 billion (about 23%) was invested in private markets (see Figure 1).

TGE reviewed £2.8 billion of these private market investments, which were chosen because they likely have the most exposure to UK-based opportunities. This represents 13% of the total WMPF portfolio¹⁰. Of the investments analysed, 85% were held directly outside of the LGPS Central investment pool, and 15% were managed through the LGPS Central investment pool.

UK private markets portfolio

Out of the £2.8 billion that TGE analysed in private markets, £2.2 billion (about 10% of WMPF's total portfolio) is invested in UK assets¹¹. In this report, these UK investments¹² are referred to as the "UK private markets portfolio".

Figure 1: Diagram showing our private markets portfolio in comparison to our entire portfolio



¹⁰ The analysis looked at 59% of the total value of WMPF's private market investments. Here's how much of each type of investment was included: property (91% of its value was analysed), infrastructure (85%), private equity (11%), and private debt (15%).

¹¹ This analysis includes only investments that had been drawn down and were actively held at the individual asset level as of 31 December 2024. Investments that were sold before this date are not included—unless specifically mentioned. Any investments located outside the UK were also excluded.

¹² It's important to note that this report doesn't cover everything. There may be UK-based investments in private market funds that weren't included in the analysis.

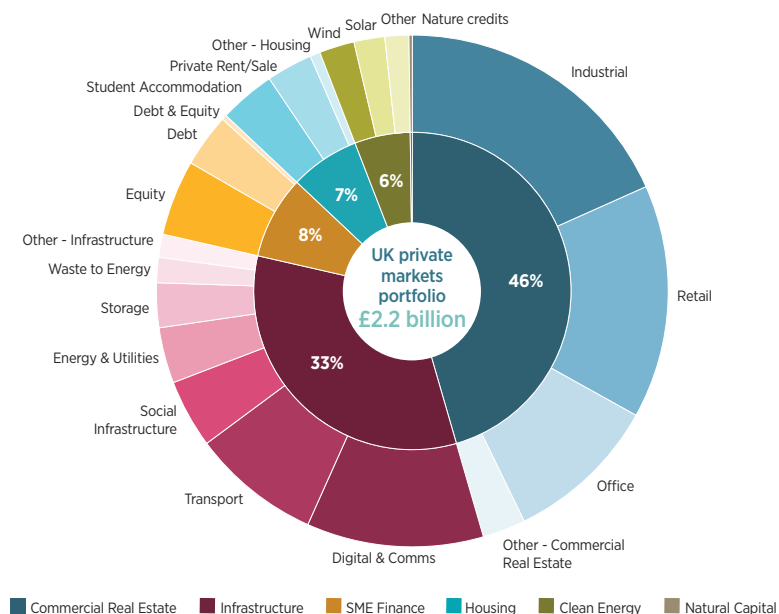
Portfolio analysis

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The UK private markets portfolio is diversified with multiple types of assets as highlighted in Figure 2. This consists of 42 funds across 27 fund managers and 521 assets¹³.

- 31 funds are held outside the LGPS Central investment pool. Our share in these funds ranges from 0.5% to 100%
- 11 funds are held inside the LGPS Central investment pool. Our share in these funds ranges from 0.1% to 47%

Figure 2: The UK private market portfolio by asset class and investment value



¹³ The West Midlands Pension Fund (WMPF) is invested in more than 520 individual assets, but the actual number is likely higher. That's because some assets include multiple sites. For example, a housing fund might build many homes in one area, a company running schools could operate several schools, a motorway service station operator might have sites across the country, or some assets are investment funds themselves, which hold multiple underlying investments. For this report, each "asset" is defined as the main unit receiving funding—like a school operator or housing developer. Where possible, the report also includes details about how many sites or units (like homes or schools) are being funded, to give a clearer picture of the impact.

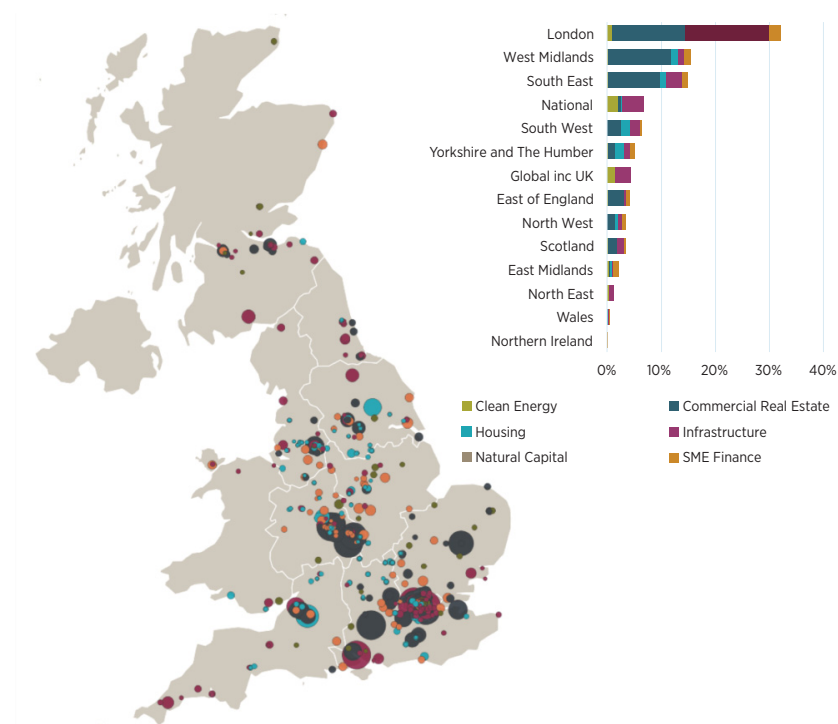
Portfolio analysis - UK

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By region

This analysis looks at investments in both the UK and the West Midlands. In the UK private markets portfolio, we have assets across the UK as highlighted in Figure 3.

Figure 3: The UK private market portfolio by region, asset class and value



Portfolio analysis - UK

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The tables show our investments in the UK private markets portfolio as of 31 December 2024.

Infrastructure	
130 infrastructure investments, made up of	
79 social infrastructure investments, including	
29 school operators, including	
169 schools	managed by operators
47,000 pupils	catered for by 10 operators
17 children's nurseries, including	
2 nurseries	Special Education Needs (SEN) nurseries
205 places	for SEN pupils
18 health and care facilities, including	
6 hospitals	with 4,200 beds
15 other social infrastructure assets in the public sector	
51 other infrastructure assets, including:	
21 investments in water & utilities	
9 investments	in energy and utilities
6 investments	in waste treatment facilities
6 investments	in waste-to-energy facilities
18 transport-related investments	
6 assets	Motorways and roads
5 assets	Railways and rolling-stock
3 assets	Motorway service investments
2 assets	Aviation-related
1 asset	Ferry port
1 asset	Car park
10 digital infrastructure investments	
601 jobs	Created by 3 digital investments
2 other infrastructure investments	
includes a mixed global infrastructure portfolio managed by a liquid storage company	

Housing	
176 housing investments, including:	
158 private rental or sales sites, including	
1,313 homes	In private rental or sales sites
1,044 homes	In build-to-rent schemes
174 homes	Are affordable homes
6 student accommodation sites, including	
6,158 places	For students
5 social housing investments, includes	
2,048 homes	In social housing
20% homes	Newly developed
5 retirement living schemes, including	
193 homes	For retirement living
209 homes	For assisted living
2 temporary accommodation investments	
Using modern methods of construction providing employment and skills training for people in prison	



Hearthstone: Tamworth

Portfolio analysis - UK

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Clean Energy and Resource Efficiency	
42 investments into clean energy assets, including	
18 solar investments	
3.3 GW capacity	From 2 solar investments
10 onshore and offshore windfarm assets	
3.6GW capacity	From 6 wind investments
765 turbines	Across 6 wind investments
5 battery and clean energy storage investments	
2.1 GW capacity	From battery & storage assets
3 biomass facilities	
239 jobs	Created from biofuel site
6 other clean energy, including	
3 investments	In mixed renewable energy portfolios
1 investment	In district heating infrastructure
1 investment	In 3.7MW hydroelectrical scheme
1 investment	In resource efficient vertical farming operations

Commercial Real Estate	
89 commercial real estate assets, made up of	
35 industrial sites, including	
4,843 employment spaces	Supported by 22 industrial sites
24 retail sites including stores and warehouses	
2,300 employment spaces	Supported by 10 industrial sites
22 office sites, including	
3,249 employment spaces	Supported in capacity 10 office sites
8 other commercial real estate assets	
821 jobs	Supported, including sciences centre, hotel, and a leisure centre

SME Finance	
83 investments into financing SMEs	
39 businesses receiving loans, including	
292 jobs	Created by 8 businesses
731 jobs	Supported by 8 business
43 businesses financed through equity, including	
20,100 jobs	Supported by 34 businesses
1 business receiving both debt and equity	
Natural Capital	
1 natural capital asset, supporting	
30 habitat banks	794 hectares completed



Greyfriars Court, Coventry

Portfolio analysis - UK

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Local investment

We define "local" as the WMCA area, because that's where most of our members live and work. The "wider Midlands region" refers to the regions covered by the eight local authorities that are part of the LGPS Central investment pool as of the date of this report. Figure 4 shows how our £2.2 billion UK private markets portfolio is split between the WMCA area and the "wider Midlands region".

Figure 4: The geography of the UK private markets portfolio

West Midlands Combined Authority

- £203 million invested
- 32 assets

Wider Midlands region

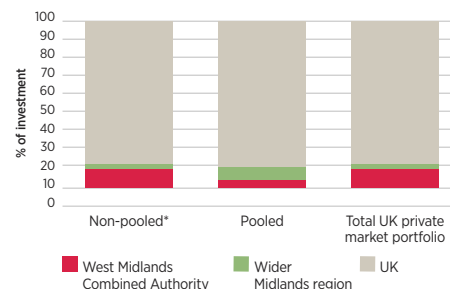
- £74 million invested
- 69 assets

Rest of UK

- £1,917 million invested
- 420 assets

TGE found that pooled funds are more likely to invest across the UK or within the wider Midlands region, rather than focusing specifically on the West Midlands. On the other hand, investments that we hold directly tend to have a larger share invested in the West Midlands (see Figure 5).

Figure 5: The geography of the UK private markets portfolio inside and outside the pool



As the LGPS investment pool gets bigger, the definition of the "wider Midlands region" is likely to change. Future reports might show more of our UK assets under this new definition.

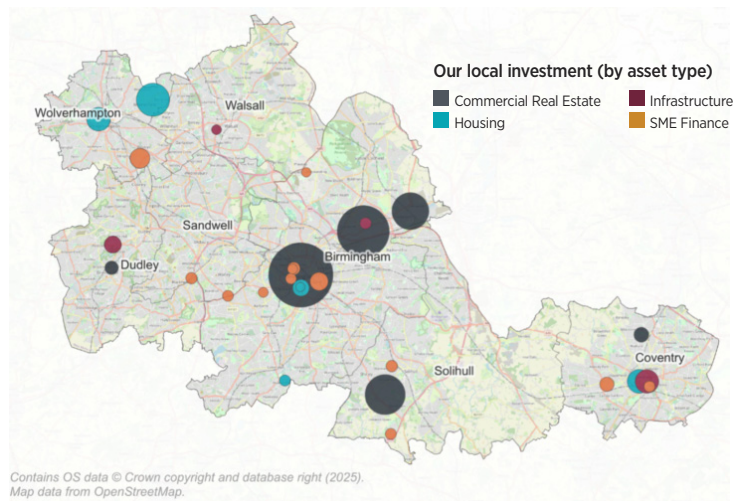
*Non-pooled refers to investments made outside of the LGPS Central investment pool

Portfolio analysis - West Midlands

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Within the West Midlands region, there are 32 assets across different asset types as highlighted in Figure 6.

Figure 6: Investment in the West Midlands Combined Authority by asset class and value



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Portfolio analysis - West Midlands

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As of the 31 December 2024

We have invested £203 million locally within the WMCA area, investing in commercial real estate (72%), housing (13%), infrastructure (11%), and finance for small and medium-sized enterprises (SMEs) (5%). Here is how that investment is spread out:

Businesses	
12 investments into	Supports 1,275 jobs Additional 250 jobs created since investment ¹⁴ Includes one care home operator and furniture supplier £6.4 million private sector co-investments mobilised
6 businesses receiving loans	
6 businesses receiving equity	
5 seed-stage investments	
1 private equity buyout	
27 additional businesses supported prior to reporting period	
Commercial properties	
8 investments into commercial properties	
6 from our direct property portfolio	
4 logistics sites	Potentially supporting 1,937 jobs ¹⁵
2 office buildings	
2 from third-party funds	
1 office	Spaces for 600 jobs
1 logistics site	
Housing	
7 investments in housings, delivering	
474 homes	
3 sites	
71 homes	for middle-income earners EPC B or C
2 office-to-residential conversions	
180 homes	35% EPB C, 57% EPC C and 8% EPC D
1 rent-to-buy development with loan	
100 homes	
1 student accomodation	
123 students	
Infrastructure	
5 investments	
4 public-private partnerships	
2 hospitals	Managing 17 schools
1 education provider	
1 highways maintenance contract	
1 loan to a regional utilities company	

¹⁴ Data for eight companies only.

¹⁵ Job numbers were mostly estimated using floor space, following a method from the Homes and Communities Agency (now called Homes England). Where available, actual occupancy rates (how much of the space is being used) were also factored in. If a job figure doesn't say it's an estimate, it means the number was reported directly by the fund manager.

Portfolio analysis

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Fund strategy analysis

This section outlines TGE's analysis of our strategy for local and impactful investment through our UK private markets portfolio. This approach involves two key elements:

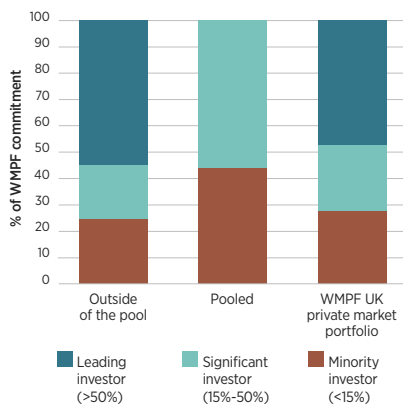
- **Active influence:** Securing leading investor positions to steer the outcomes and enhance the local impact of its capital.
- **Targeted selection:** Investing in funds with a specific local geographic focus and/or those aligned with place-based impact investing.

Active influence

Nearly half (47%) of our UK private markets portfolio is invested in funds where we are the leading investor—meaning we hold at least 50% of the fund (see Figure 7). This share rises to 85% for investments based specifically in the West Midlands.

These eight leading investor funds include a mix of direct mandates, joint ventures, regional investment vehicles (like the West Midlands Private Fund – British Sustainable Infrastructure, see pages 23-24), and other partnerships (such as the West Midlands Equity Co-Investment Fund, see page 18). Having a leading role in these funds enables us to be more involved and make a difference in our local communities. All these investments were made outside of the LGPS Central investment pool, as to date the pool has mainly focused on larger, more established investment managers and funds.

Figure 7: Our commitment by shareholding



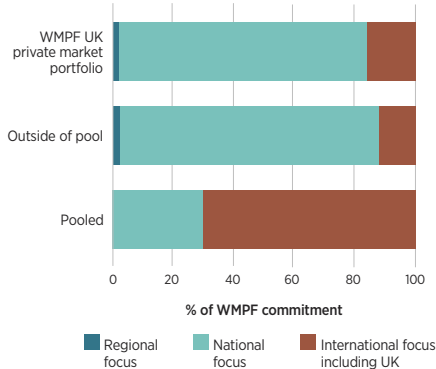
Targeted selection

The pooled investments analysed tend to have a wider geographical focus. 70% of the money committed to pooled funds is invested internationally, while 30% is focused solely on the UK (see Figure 8).

In contrast, 85% of these non-pooled investments analysed are in funds that focus on the UK as a whole, and 12% are in funds that also invest outside the UK. 3% of the investments made outside the pool are in four funds that focus specifically on the West Midlands and nearby areas— we are the 'leading investor' in all of them.

We expect less focus on UK and local investments when using pooled funds, since to date they have been designed to have a more global focus in comparison to our private market investments made outside the pool.

Figure 8: Our commitment by geographic focus of each fund strategy



Portfolio analysis

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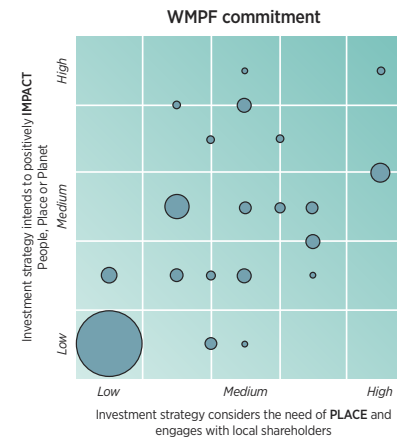
Alignment with Place-Based Impact Investing (PBII)

At its heart, Place-Based Impact Investing (PBII) means putting money into projects that meet the specific needs and priorities of local communities—and that deliver real benefits to local people. As explained in The Good Economy's 2021 White Paper¹⁶, this approach includes:

- Identifying and responding to local needs
- Making decisions that maximise local benefits
- Working closely with local partners
- Listening to the voices of the community

To understand how well these ideas are built into our investment strategies, investment managers were asked to assess themselves against these PBII principles (see Figure 9).

Figure 9: Our commitment to PBII alignment (commitment value represented by dot size)



Since this analysis looks at the entire UK private markets portfolio - not just funds with a clear impact or local focus - most of the investments are in funds that don't strongly align with the key traits of Place-Based Impact Investing (PBII).

The funds that do show the strongest alignment are those with a clear impact mission or a specific local focus. These include a renewable energy fund and a single-project infrastructure investment.

Overall, 14% of the portfolio's committed value is in funds that show a medium or higher level of alignment with PBII principles (both in terms of impact and place). For investments made outside the pool, this figure is slightly higher at 15%, compared to 8% for pooled investments.

¹⁶ TGE May 2021 report - ["Scaling Up Institutional Capital for Place-Based Impact"](#)

Portfolio analysis

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Alignment with the 'ABC' classification of impact

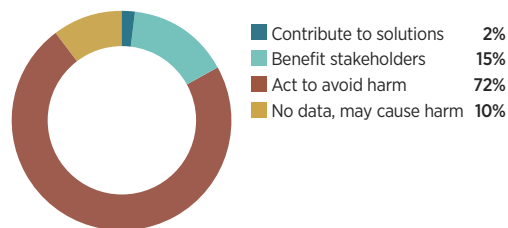
TGE has also used the Impact Frontiers classification system¹⁷ to understand the kind of impact our investments aim to have on people, places, and the planet (see Figure 10). This system groups investments into three categories:

- **Act to Avoid Harm** – aiming to reduce negative effects
- **Benefit Stakeholders** – creating positive outcomes for people or communities
- **Contribute to Solutions** – tackling serious social or environmental challenges and delivering long-term improvements

Not all investment funds are designed to create a positive impact. Some don't have the right policies or systems in place to track whether they're doing good—or causing harm. These types of investments are classified as "No data, may cause harm" and makes up 10% of the portfolio. This includes 10% of investments made outside the pool and 16% of those within the pool.

This highlights an opportunity for us to work more closely with fund managers to better manage these investments and reduce ESG risks.

Figure 10: Our investments by Impact Frontiers classifications system



Seeing impact as a third way to evaluate investments

While PBII principles help make sure investments are relevant to local needs, measuring their actual impact requires a more detailed approach. Investors are starting to look at **impact** as a third key factor—alongside **risk** and **return**—especially when investing in specific places or communities.

One useful method is to use a framework based on the **Five Dimensions of Impact**:

- **What** the impact is,
- **Who** it affects,
- **How much** change it creates,
- **Contribution** (how much the investment adds beyond what would have happened anyway), and
- **Risk** (the chance the impact won't happen as expected).

Each of these is scored using clear indicators, like how well the investment matches local priorities, whether it helps underserved groups, how deep and widespread the change is, and whether the funding helps unlock other opportunities. This structured approach makes it easier to report results in a consistent and useful way, tailored to what different investors need.

¹⁷ [ABC of Enterprise Impact](#) by Impact Frontiers

Case studies: Investing in West Midlands' SMEs



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West Midlands Equity Co-Investment Fund

This fund was launched in 2023 in partnership with the WMCA. It provides equity investment of up to £1 million to help innovative small and medium-sized businesses grow—especially in industries that are important for the region's future.

The fund is managed by Future Planet Capital Regional (formerly known as Midven), a venture capital firm based in the Midlands with over 30 years of experience investing in early-stage businesses. Future Planet Capital Regional (formerly known as Midven) is now part of Future Planet Capital, a global investment company focused on impact and innovation.

By the end of 2024, we had committed £12.5 million to the fund, giving us a 50% ownership stake.

The fund works by matching private investment pound-for-pound, which helps attract more funding and encourages innovation, job creation, and economic resilience in the region.

The fund focuses on supporting fast-growing and emerging sectors like green technology, advanced manufacturing, and digital industries, helping small businesses across the West Midlands scale up and succeed.

Medmin

Healthcare Technology



Medmin is a UK-based platform that helps people access private specialists and provides doctors with a solution to manage their practice. It's designed to offer a more flexible and affordable alternative to long NHS waiting times, while also giving doctors a new way to work in private healthcare.

Medmin received £450,000 in funding from the West Midlands Combined Authority (WMCA) and the West Midlands Pension Fund (WMPF), plus another £500,000 from the Midlands Engine Investment Fund.

By the end of 2024, the company had created 11 jobs in Birmingham and aims to support up to 60 jobs with this funding. It also plans to expand its clinics across the Midlands and the UK.

Nylah's Naturals

SME and Inclusion



Nylah's Naturals is a Birmingham-based hair care brand created by a local entrepreneur to make safe, effective products for Afro hair—originally inspired by her daughter. Since launching in 2018, it has grown into an award-winning business serving Black women with high-quality, non-toxic products.

In 2023, the company received £530,000 in funding to help develop new products and grow the business. This included £140,000 from the West Midlands Equity Co-Investment Fund. This investment supports local innovation and helps underrepresented entrepreneurs succeed.

4T2 Sensors

Environmental and Manufacturing Technologies



4T2 Sensors is a tech company in Birmingham that makes smart sensors for the food and drink industry. These sensors help companies reduce water and chemical waste, save energy, and run more efficiently supporting sustainability and green manufacturing goals.

In 2024, the company received £250,000 from the West Midlands Equity Co-Investment Fund. This investment supports the region's focus on advanced manufacturing and environmental technologies.

Case studies: Investing in West Midlands' SMEs

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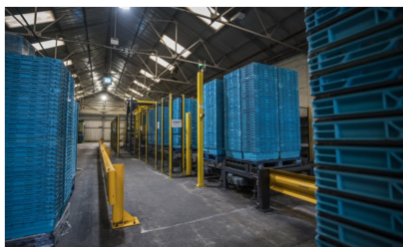
Frontier Development Capital



Frontier Development Capital (FDC) was set up in 2016 after Finance Birmingham, which used to be part of Birmingham City Council, was privatised. FDC provides loans to small and medium-sized UK businesses, including property developers. Its goal is to help businesses that struggle to get funding from regular banks, supporting their long-term growth, creating jobs, and boosting the local economy. FDC offers flexible funding through different types of loans, such as growth capital and property finance. Birmingham City Council still owns a share of FDC.

By the end of 2024, we had invested £155 million in four FDC-managed funds, including two older ones from the Finance Birmingham days. £28 million of this went into a regional fund focused on the West Midlands, where we own half of that one fund. So far, 106 businesses have received loans—62 of them are in the LGPS Central area, and 35 are within the WMCA. Currently, 25 businesses still have active loans.

In 2022, FDC became part of the Mercia Asset Management group. In 2025, a new fund called Mercia Evolution LP was launched, with backing from us and British Business Investments Ltd. We committed £40 million towards this new fund. This fund continues to focus on supporting businesses in the North and Midlands, where access to loans is generally lower than the national average¹⁹.



PPS Returnable Equipment Solutions



Regional focus

FDC has a strong connection with us and has kept its focus on the Midlands. Its team and offices are still based in the region, which helps them stay close to local businesses and understand their needs. By offering funding and advice, FDC helps businesses grow while staying in the area and using local talent and suppliers.



Flexible funding for growth

FDC understands that mid-sized businesses face unique challenges. It offers tailored loans from £1 million to £7.5 million, and smaller loans starting at £100,000 for West Midlands businesses. These loans can support things like buying another business, management buyouts, or growing the company. FDC works closely with business owners, not just providing money but also offering advice—such as on environmental and social issues—to help them grow in a sustainable way.



Abbey Wood Park Nursing Home

¹⁹ Nations and Regions Tracker Small Business Finance Markets 2024, British Business Bank

Case studies: Investing in housing in the West Midlands

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In 2021, we invested £12 million into the Help to Own scheme. The Help to Own scheme was created in partnership with the City of Wolverhampton Council and the WMCA to help people buy their own homes without needing a deposit. It was especially designed for people who were finding it hard to get on the property ladder, including key workers during the Covid-19 pandemic.

As part of the project, 100 homes were bought, including 2, 3, and 4-bedroom houses on Lakefield Road at The Marches, near New Cross Hospital. The scheme offered local people a unique way to become homeowners by letting them rent the homes and build up equity over time through payments called a Loyalty Premium. After a set period, they had the chance to buy the homes for £1.

All the homes were rented to people who did not own a home and had savings worth less than 10% of the property's value. When the scheme first opened, it received 4,000 expressions of interest and 563 applications for the 100 available homes. 94% of applications were from people in the local area. These came from families, key workers, and local residents. 99% of homes are currently occupied.



Total invested	Number of homes	Occupancy rate	Includes EV charging points	Tenant split
£23 million of which we invested £12 million	100	99%	100%	37% to key workers 63% to families



Help to Own: The Marches

Case studies: Investing in housing in the West Midlands

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Hearthstone Residential Fund



Hearthstone's Residential Fund (HRF1) was launched in 2017 to invest in rental housing across the UK. It focuses on areas where there's a clear need for more affordable, good-quality, and energy-efficient homes—especially for average-income households, key workers, and young families.

In 2017, we invested £40 million in HRF1, giving us a 20% ownership stake. The fund has now closed and fully invested £200 million across 989 properties. Of these, 7% are in the West Midlands Combined Authority area and 24% are in the wider Midlands region.



Hearthstone's strategy is built around three key pillars:



Regional impact

Hearthstone targets areas with a shortage of quality rental homes, often investing in newly built properties in places undergoing regeneration. Locations are chosen based on access to local services, community links, and long-term sustainability.



Placemaking

The fund supports community building by investing in homes that are close to public transport, green spaces, and essential services. For example, 84% of homes are within 500 metres of public transport, and 71% are near green spaces. Nearly half of residents moved less than 10 miles, helping them stay connected to their communities. Hearthstone also offers flexible payment plans to support residents facing financial difficulties.



Environmental impact

Hearthstone is committed to reducing carbon emissions and improving energy efficiency. Most homes in the fund have high energy ratings (EPC A or B). A few lower-rated homes were upgraded, and now the entire portfolio meets at least EPC C standards—helping both the environment and residents' energy bills.

Case studies: Investing in housing in the West Midlands

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As of December 2024:

Total invested	Number of homes	Occupancy rate	EPC B+	% homes in West Midlands
£200 million of which we invested £40 million	989 Across 146 postcodes 43 local authorities and nine regions	97%	77% (100% EPC C+)	16% across seven local authorities
Homes located within 500m of public transport	Within 200m of green space	Resident satisfaction	Key workers Housed & young families housed	Average rent as % of household income
84%	71%	89% excellent to good	27% keyworkers ¹⁹ 29% young households ²⁰	32%

"Homes backed by institutional investors such as LGPS through our funds are helping to meet a specific housing need – the provision of good quality, energy-efficient rental homes, affordable for residents on average incomes, where they are needed the most."

– Hearthstone Investments CEO,
Cedric Bucher

¹⁹ Where keyworker status is known

²⁰ Young households are defined as residents under 30 years old. If you include people under 35, the percentage rises to 51%.

Case studies: Investing in infrastructure in the West Midlands

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Gresham House West Midlands Pension Fund British Sustainable Infrastructure LP



In 2020, we partnered with Gresham House to launch the West Midlands Pension Fund British Sustainable Infrastructure LP (West Midlands PF BSI). This is a custom-built investment fund created just for us, designed to boost local investment in affordable housing and sustainable infrastructure across the West Midlands and nearby areas.

By December 2024, we had committed £20 million to this fund. The fund focuses on tackling local housing challenges and supporting environmental and social improvements through sustainable infrastructure. It does this by investing in specific projects within other Gresham House-managed funds—BSI Housing LP and BSI Infrastructure LP.

Examples of these projects include:

- Habitat banks that protect biodiversity and support environmental restoration
- Rural broadband infrastructure to improve internet access in underserved areas of the West Midlands

In addition to the £20 million in the bespoke fund, we had also invested another £30 million directly into the BSI Housing and Infrastructure funds.



Gresham House: Elevate



Gresham House: Environment Bank

As of December 2024:

Total invested	Number of homes	EPC C+	Number of habitat banks in West Midlands	Full fibre internet service customers
£20 million committed (19.1 million drawn)	848 (65% developed new, 35% office to residential conversion)	94% (63% EPC B+)	4 With 3 more planned	125,000 customers by 2036

Case studies: Investing in infrastructure in the West Midlands

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Investments in the West Midlands include:



The Locks, Wolverhampton

Housing

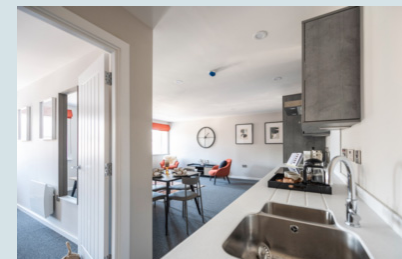
An old office building in central Wolverhampton, formerly known as Crown House, has been converted into 95 affordable rental homes. This project is part of a build-to-rent scheme, providing more housing options for local residents.



Elevate

Digital Infrastructure

Elevate is a full fibre internet service provider that is building dedicated business fibre and wireless into infrastructure in the West Midlands and North of England. Elevate is targeting 125,000 customers by 2036 with a focus on social housing developments and rural regions.



Greyfriars Court, Coventry

Housing

A disused office block was transformed into 85 energy-efficient homes. This project was part of a wider local regeneration effort that combined new housing with clean energy features, including solar panels and on-site battery storage. The aim was to increase housing supply while also supporting environmental sustainability in the area.



Environment Bank

Biodiversity and Natural Capital

Environment Bank is creating Biodiversity Net Gain (BNG) habitat banks in the West Midlands and across the UK, converting low-biodiversity land into woodlands, wetlands, and flower meadows, increasing the diversity of plant and animal life. Environment Bank is seeking to create over biodiversity gains on over 8,000 hectares of land.

Finding and recommendations

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Key findings

From TGE's analysis, we have a well-balanced investment portfolio in the UK. It includes investments in areas like commercial property, small business finance, housing, infrastructure, and clean energy.

Local investment

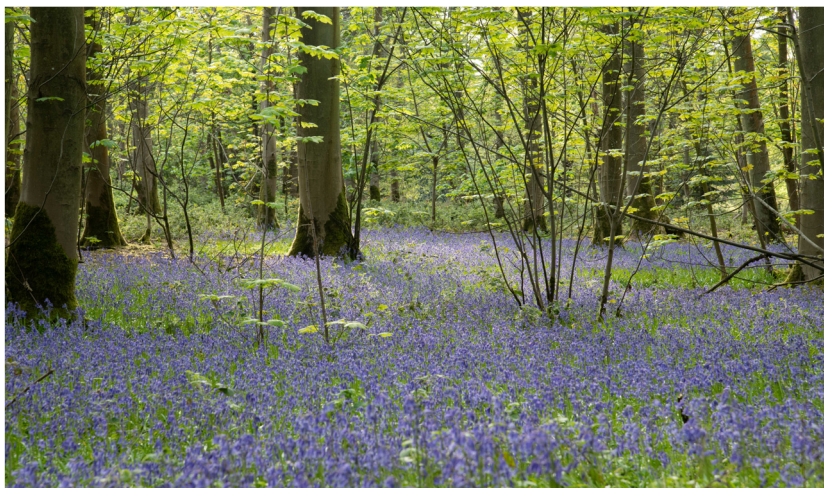
Around 10% of the investments analysed are within the WMCA area, and another 3% are in the wider region. Some of these investments are in funds that specifically focus on the local area, showing that there are good opportunities across different types of assets.

Inside vs outside the pool

The investments made outside the LGPS Central investment pool tend to be more locally focused. These investments are more likely to align with our goals around PBII. According to TGE's analysis, we often act as a lead investor in these funds, which gives us more influence over how the money is used.

Data and reporting

Fund managers, both inside and outside the pool, responded well to requests for information. While detailed data on outcomes was limited, the overall portfolio summary is complete. It gives a clearer picture of where the money is invested by asset type and location. This provides us with a strong starting point to understand how much is invested locally and what impact it could have.



Gresham House: Environment Bank

Finding and recommendations

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Building our local investment strategy

TGE's analysis has given us a starting point in understanding the impact our local investment are having. It only covers part of our overall portfolio, so we plan to build on it and create a more structured approach to local investing. This will include regularly tracking where our investments are based and what social impact they are having.

Planning for future local investment

Based on the new government guidance on local investment, we will look to develop our approach and framework to investing locally. This includes setting clear targets, and the current analysis provides a helpful starting point.

As part of this, it was recommended to create a "theory of change"—a simple framework that shows how our investments are expected to lead to positive outcomes. We will work with local partners, including the WMCA, to set goals that support regional growth and help deliver these outcomes. This would help fund managers understand our goals and what kind of reporting is expected from them.



Working with LGPS Central

As more investments are pooled together through LGPS Central investment pool, we will need to work closely with them to make sure local investment remains a priority. We will work closely with LGPS Central investment pool to make sure we can keep investing in specialised areas like housing and small businesses, while also meeting the needs of other members in the pool.

We have built strong knowledge and relationships in the local investment space, especially with local councils and regional investors as shown from TGE's analysis. These connections should be maintained and shared.

Improving ESG practices

Some investment funds assess ESG risks when they first invest, but don't follow up during the life of the investment. It has been recommended that we should share examples of good ESG practices with all its fund managers to improve ongoing risk management and impact.

Working with industry partners

We will keep working with others in the industry to share ideas and improve how PBII is done. We will use best practices to help shape our own approach.

We will also work closely with our investment managers and investment pool provider to improve how we measure impact, so we can better understand the difference our investments make in local communities.



Hearthstone: Kings Norton

Appendix 1: The Place-Based Impact Investing reporting framework

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What is Place-Based Impact Investing (PBII)?

PBII means investing in ways that aim to deliver both solid financial returns and positive outcomes for specific local areas. The goal is to support local economic strength, prosperity, and sustainable development. This definition comes from a 2021 White Paper²¹ supported by the Impact Investing Institute and Pensions for Purpose.

The paper showed strong support for local government pension schemes to use a shared way of reporting the impact of their local investments. In response, TGE brought together LGPS funds and investment managers to create a common impact reporting framework. LGPS funds use this framework to better understand how much it's investing locally and what difference those investments are making.



Gresham House: Environment Bank

How the reporting framework works

The framework collects standardised information from all the fund managers in a portfolio. This includes:

- **Fund-level data**, such as:
 - How much is invested
 - What types of assets and locations are targeted
 - The fund's financial and social goals
 - How well the fund aligns with PBII principles (e.g. working with local communities, addressing local needs, and aiming for positive impact)
- **Asset-level data**, such as:
 - How much is invested in each asset
 - What sector and location it's in
 - What it delivers (e.g. number of homes built or jobs created)
 - The type of impact it aims to have, based on a guided self-assessment

TGE reviews all this information and combines it into a full portfolio analysis. This also includes case studies to give real-world examples of the kinds of investments being made.

Why this is useful

This framework can be used even for funds that aren't specifically labelled as "impact" investments. It offers a clear and consistent way to report on the local impact of private market investments across different sectors and regions. It also supports our wider Responsible Investment goals by helping us better understand and communicate how our investments are making a positive difference in communities. By including ESG factors when we design investment mandates, we can make sure our investments support long-term sustainability and positive local outcomes.

Appendix 2: List of funds analysed

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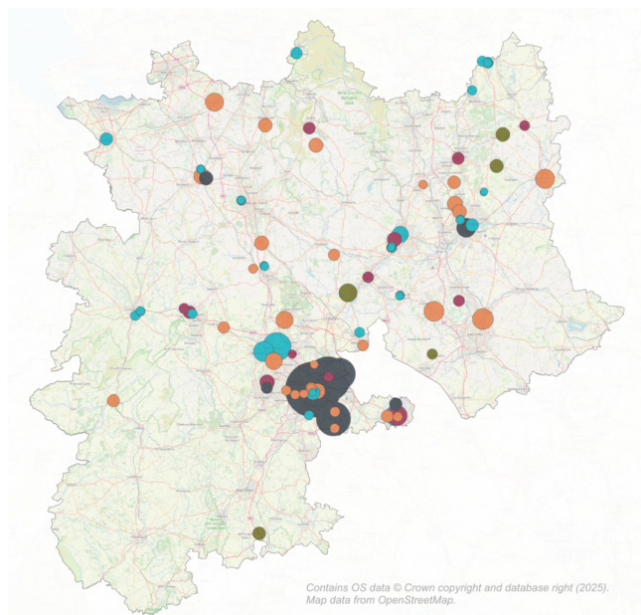
Asset class	Manager	Fund
Property	CBRE	Direct Portfolio
	Bridges	Bridges Property Alternatives III and IV
	Hearthstone	Hearthstone Residential Fund
	DTZ (previously Kames/Aegon)	UK Active Value Property Unit Trust I & II
Infrastructure	Foresight	PIP Multi-Strategy Infrastructure PPP & 2-5%
	Foresight	Blyth Holdings Limited
	Arjun	Rome Two
	Dalmore	Dalmore Infrastructure Investments and PPP Equity PIP
	Gresham House	BSIF Infrastructure, Housing and West Midlands PF BSI
	JP Morgan	Infrastructure Investments Fund
	Innisfree	PFI Secondary Fund
	LGPS Central	Core/Core Plus Infrastructure Partnership
	LGPS Central	Value add/Opportunistic Infrastructure Partnership
Private debt	Frontier Development Capital	National Mezzanine Loan Fund, Mezzanine Loan Fund, Tooling Loan Fund, FDC Debt Fund
	My Generation	Help to Own
	LGPS Central	Credit Partnership III
	LGPS Central	Credit Partnership IV
Private equity	Future Planet Capital Regional (formerly known as Midven)	West Midlands Equity Co-Investment Fund
	Epiris	Fund II
	Graphite Capital Partners	VII and IX
	Unigestion	Direct Opportunities 2015
	Scottish Equity Partners	IV and V

²¹ TGE May 2021 report – [“Scaling Up Institutional Capital for Place-Based Impact”](#)

Appendix 3: Investment in the LGPS Central area by asset class and value

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Figure 11: Our investment in the LGPS Central area by asset class and value



WMPF Local investment (by asset type)

- Clean Energy
- Commercial Real Estate
- Housing
- Infrastructure
- SME Finance

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ABC Classification (Impact Frontiers)

A system that groups investments by their level of impact: A: Avoid harm, B: Benefit stakeholders, C: Contribute to solutions.

Asset class

A category of investment, such as property, infrastructure, or private equity.

Build-to-Rent

Housing developments built specifically to be rented out, not sold.

Committed capital

The total amount of money a fund has promised to invest, even if it hasn't been used yet.

Debt investment

Lending money to a company or project, which is expected to be paid back with interest.

Direct mandate

When a pension fund gives money directly to a manager to invest in specific assets.

Drawn down

The amount of money that has actually been used or invested from a committed amount.

EPC (Energy Performance Certificate)

A rating that shows how energy-efficient a building is. Ratings go from A (best) to G (worst).

Environmental, Social, and Governance (ESG)

A way of evaluating how responsible a company or investment is in terms of the environment, social issues, and how it's run.

Equity investment

Buying a share of a company, meaning you own part of it.

Fund manager

A person or company responsible for making investment decisions on behalf of a fund.

Growth capital

Money invested in a business to help it grow, often used for expansion or new projects.

Habitat bank

A site created to improve biodiversity, often used to offset environmental damage elsewhere.

Impact investing

Investing in ways that aim to make a positive difference for people or the environment, as well as earning a return.

Infrastructure investment

Investing in essential services like roads, hospitals, or broadband.

Investment vehicle

A way to invest money, such as a fund or company, that holds assets.

LGPS (Local Government Pension Scheme)

A national pension scheme for some local government workers in the UK.

Lead investor

An investor that puts in the most money or has the most influence in a fund.

Management buyout

When a company's managers buy the business from its current owners.

Mandate

An agreement that gives a fund manager the authority to invest money in a specific way.

Occupancy rate

The percentage of a building or property that is currently being used or rented.

PBII reporting framework

A standard method for measuring and reporting the local impact of investments.

Place-Based Impact Investing (PBII)

Investing with the goal of benefiting specific local areas—like creating jobs or building affordable homes—while still earning a return.

Placemaking

Designing spaces that support strong communities, like being near parks, schools, or transport.

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Pooled investment

When multiple investors combine their money into one fund, which is then managed together.

Private equity buyout

When a private investor or firm buys most or all of a company, often to improve and later sell it.

Private markets

Investments in things like private companies, property, or infrastructure—not listed on the stock market.

Public-Private Partnership (PPP)

A project funded and run by both government and private companies.

Realised investment

An investment that has been sold or exited, meaning the fund has received its return.

Seed investment

Early-stage funding for a new business, often before it starts making money.

SME

Stands for Small and Medium-sized Enterprise.

Theory of change

A simple plan that explains how an investment is expected to lead to positive outcomes.

Disclaimer

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The findings and opinions conveyed in this report are based on information obtained from portfolio data and other materials from WMPF and underlying holdings. The information reviewed should not be considered as exhaustive and has been accepted in good faith as providing a faithful representation of the investment strategy and its underlying holdings. We have taken steps to ensure we do not intentionally or unintentionally inflate positive impact results or under-report negative impacts. However, we acknowledge there are limitations in the quantity and quality of data available. We have identified and explained the effect of these limitations on the presentation of impact performance to the best of our ability.

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