Answering tomorrow's challenges today

Evaluation of the Impact Investing Institute's Place-Based Impact Investing Grant

Final report

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Acronym list

Acronym	Meaning
AUM	Assets Under Management
BBB	British Business Bank
CDFI	Community Development Finance Institution
CEF	Community ENABLE Fund
CIEF 2	Community Investment Enterprise Fund 2
DCMS	Department for Culture, Media and Sport
DEI	Diversity, Equity and Inclusion
DLUHC	Department for Levelling Up, Housing and Communities
GIIN	Global Impact Investing Network
III	Impact Investing Institute
LGPS	Local Government Pension Scheme
MHCLG	Ministry of Housing, Communities and Local Government
PBII	Place-based impact investing
ToC	Theory of Change

Executive Summary

Introduction

To support its key role in developing the impact investing market in the UK, in 2019, the Department for Culture, Media and Sport (DCMS) provided cornerstone funding to set up the Impact Investing Institute ('the Institute') as an independent, non-profit infrastructure body for the impact investing market in the UK. From 2019 to 2022 the Institute was supported by DCMS with grant funding to deliver 5 projects to support the impact investing market. Part of this was to develop the place-based impact investing (PBII) market.

The definition of PBII used by the Institute, DCMS and throughout the rest of this report is:

> *"Investments made with the intention to yield appropriate risk adjusted financial returns as well as positive local impact with a focus on addressing the needs of specific places to enhance local economic resilience prosperity and sustainable development."* (The Good Economy)[1]

The initial PBII activity included funding for the Institute to carry out a collaborative research project with The Good Economy[2] to explore the potential to mobilise greater flows of institutional investment to PBII. The outputs of this project resulted in a White Paper[3], which was published in May 2021.

Building on this work, in 2022 DCMS provided a three-year grant to the Institute (which is the focus of this evaluation) to continue developing the impact investing market with a particular focus on PBII. The PBII grant composed of four separate but interlinked work streams:

- **Workstream 1: Reaching the unconverted** – the aim of this workstream was to increase the number of institutional investors aware of, and interested in, PBII, focusing on the 'unconverted' and, in particular, local government pension schemes (LGPS).
- **Workstream 2: National Place Coalition and Place Pilots** – the aim of this was to build a "Place Coalition" of a range of stakeholders involved in PBII (e.g. institutional and social investors, local authorities and representatives from communities), and develop two pilot projects (one in Wakefield and the other in Southampton) that explored 'what works' in practice when developing an approach to PBII in specific localities.
- **Workstream 3: Unlocking wholesale funding for community development finance institutions (CDFIs)** - the aim of this workstream was to catalyse and ultimately increase investment into the CDFI sector through scoping the feasibility – and supporting the ultimate development – of a national financing vehicle for wholesale finance for CDFIs. It also aimed to help CDFIs increase their readiness to take on investment, through supporting the development and delivery of a CDFI investment readiness capacity-building programme.
- **Workstream 4: Contributing to the national conversation** on, and raising awareness and understanding of, PBII, through engaging with UK policymakers and thought leaders in discussions around PBII.

Evaluation Methodology

In 2022, DCMS commissioned Ecorys to support the Institute to monitor its activities, and to conduct an independent evaluation of the grant-funded PBII programme. The three main objectives of the evaluation were to:

- **Objective 1:** Understand the effectiveness of the delivery of the Institute's PBII programme.

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[1] The Good Economy. (nd) *Place-based impact investing: creating pathways to a good economy*.
[2] The Good Economy is an organisation that aims to help finance and business play their role in solving major social problems. See here for more information: About Us | Driving a Fairer Economy | The Good Economy
[3] The Good Economy, Impact Investing Institute and Pensions for Purpose (2021) *Scaling up institutional investment for place-based impact. White paper.*

- **Objective 2:** Assess the impact of the PBII programme in developing a PBII market in the UK.
- **Objective 3:** Assess the value for money of the grant.

The evaluation used a mixed-method approach, and included interviews with 57 stakeholders involved across the workstreams; longitudinal case studies with the two Place Pilots (interviewing key stakeholders involved in each year of the evaluation); a survey with asset managers engaged with the Institute (7 responses out of 25 invited); analysis of programme management information and documentation; and secondary analysis of other data and reports.[4]

Process evaluation findings

Over three years, the Institute met almost all key performance indicators in its DCMS grant agreement, with those not delivered mainly due to wider external factors. Success factors in the delivery of the PBII programme included:

- the perceived credibility of the Institute and its convening power;
- the Institute's role in PBII thought-leadership;
- its flexible engagement approach;
- effective collaboration with other organisations to deliver the programme;
- strong social media outreach;
- having a direct government relationship and collaboration with DCMS;
- and being responsive to feedback collected via the evaluation, and implementing recommended changes.

"The Institute plays an important role around convening as they have been, and they have a fantastic network of both within the government and within the private sector and impact-minded investors. So I think their role as a convener is really important and the awareness-raising side of things, and the job of translating the impact and maybe the financial side of things to that audience, to get more investment is very important." – CDFI stakeholder

While there were challenges, these were not insurmountable and ultimately led to useful lessons learned for future PBII initiatives, and did not impact on the successful delivery of the overall programme. The challenges identified included:

- limited capacity amongst the Institute's PBII team at times;
- resource constraints for local authorities;
- tracking investor engagement outcomes;
- and external factors like elections and inflation.

"A lot of this work requires a different kind of understanding of the way in which the investors work, and that the culture and values of the investors and the mechanisms

[4] The market-sizing report, an investor survey distributed through the PBII Forum, an internal evaluation of the CDFI training programme by Responsible Finance, and an annual analysis of LGPS' annual reports, to understand if/how uptake of a PBII approach amongst LGPS changed over time.

are different to the traditional local authority approaches. All of that requires time to learn and understand, and so I think there is something about whether it be local authorities or their partners, whether there's access to some funding that would enable that capacity to be built within the sector, because you we rely very heavily on the Institute to provide that expertise and knowledge base. We could do a lot more if we had somebody locally to do that." – Place Pilot stakeholder

The Institute was generally effective in engaging a range of stakeholders in the PBII programme. In terms of investors, despite the initial aim of the PBII programme to increase engagement with LGPS, the Institute's level of engagement with LGPS generally stayed the same over time, but asset manager collaboration increased from January 2024 to January 2025. Throughout the programme, the Institute adapted its approach based on feedback, learning the importance of balancing depth and breadth of investor engagement by reaching investors through various activities like conferences, roundtables and the Place Pilots.

Engagement with local authorities occurred primarily through the Place Pilots in Wakefield and Southampton. The Institute's flexible approach helped local authorities to explore whether local investment opportunities would be suitable for PBII. Pilot stakeholders emphasised the added value of the Institute, in terms of helping local authority teams understand how best to engage with – and pitch their opportunities to – investors. Further positive feedback highlighted the Institute's expertise and support in then connecting local authorities with investors, and bringing investors to the Places, which was particularly helpful to do outside the context of formal procurement rules, to support open and honest discussions about what could be feasible investment opportunities.

"The only way you can really grapple or begin to grapple with the nuances of a place is to go there and to soak it up and to see the atmosphere and the challenges and, you know, get a feel for the potential, and the people and the businesses there and you know you've just got to see it with your own eyes. You can't see it on a plan. You can't see it in a site description. You've got to go and form your own view." - Investor

Most CDFIs participated via the capacity-building programme, which was designed to address pressing needs such as marketing, recruitment, and strategic planning. Overall, participants were satisfied with the experience of the programme, highlighting the benefits of being able to meet with other CDFI CEOs to hear their experiences, having one-to-one support from a business coach, and being supported to develop a strategic 'action plan' for their organisation.

Policymakers appreciated the Institute's engagement, noting shared goals and valuable discussions about the role of private investment in supporting local economic growth. They were interested in seeing more evidence on the Place Pilots.

The Institute was also effective in building Diversity, Equity and Inclusion (DEI) considerations into activity, ranging from implementing its events diversity policy, to being mindful of the demographic and lived experience diversity in its various groups. External stakeholders involved in the PBII programme often reflected they found the activities accessible and inclusive.

"I always think [chair] is a very good chair of these meetings so [they] always [try] to make sure that everyone has a good opportunity to speak. [They are] very sort of

aware of, you know, making sure that maybe quieter members of the group are asked for opinions and that kind of thing." - CDFI stakeholder

Outcomes and impact evaluation

The Institute made **good progress** in supporting outcomes relating to:

▶ Increased investor awareness and understanding of PBII and of the potential to invest in the UK's CDFI sector. There was strong consensus across programme and external stakeholders that the Institute has played a key role in raising awareness of the CDFI sector, through its CDFI Working Group, Advisory Panel, the Place Coalition, via bilateral meetings and via social media.

"I don't think we would be, as a sector, where we are now without them. Again they bring through that policy and that understanding and that independent body to drive and bring these partners together because again the banking industry are all competing against each other. So to actually bring these investors together and to talk together, I think has been huge, absolutely huge for our sector and we're finally being heard." – CDFI stakeholder

▶ More connections between key stakeholders in Place Pilot areas, with the Institute introducing the local authorities to investors / asset managers (with different types of specialisms) to discuss different potential investment opportunities (see the Box below).

Outcomes for the Wakefield Place Pilot

The Wakefield Place Pilot, running from mid-2022 to March 2024, first involved activities focusing on the identification of local investment opportunities, followed by investor engagement activities (such as meetings at conferences and bilateral meetings). Outcomes reported included:

▶ increased awareness within the council about how PBII could be relevant to their local strategic ambitions;

▶ improved connections between the council and local stakeholders in Wakefield involved in the development opportunities;

▶ increased connections between the council and investors;

▶ and improved knowledge within the council on how to present potential opportunities to investors.

At the end of the Pilot, the council was considering its role in facilitating impact investing into the region in future (e.g. if the council would be seeking investment or if instead it would be the broker between projects and investors).

Outcomes for the Southampton Place Pilot

The Southampton Pilot started in mid-2023, ending in March 2025. It started with a workshop with Southampton Forward (an independent Culture Trust for Southampton), the council, investors and other local partners, to present some potential investment opportunities and gather feedback on which would be most amenable to PBII. A further three convenings (with investors, social investors and philanthropists and a Place Coalition, respectively) occurred in 2024. The main outcomes reported included:

▶ improved understanding amongst Southampton stakeholders about the types of information investors are interested in;

▶ increased clarity on what investment opportunities PBII could be used for;

▶ improved skills in speaking to and engaging with investors;

▶ and new (and maintained) connections with investors.

In both pilots, stakeholders noted the key role of the Institute in initiating activity, helping to increase stakeholders' understanding and knowledge about PBII, connecting them with investors with relevant thematic specialisms, and keeping up the momentum with the projects.

"The Institute has been central, we would not have these connections and they're just really good, they introduce us, we have the conversation, they pick the conversation up, they keep it going. They keep people warm. They're just pretty perfect, actually. It's exactly what you want from a partner." – Place Pilot stakeholder

▶ Supporting increased awareness and understanding of PBII amongst the Place Coalition, with the Institute's role in convening key stakeholders and organising the events seen as being pivotal for helping stakeholders understand their role in shaping the PBII market. The Place Coalition also led to further conversations about possible investment deals, including one into the CDFI sector (see below).

▶ Improved knowledge, skills and confidence amongst CDFIs. The CDFI capacity-building programme (initiated/funded by the Institute and led by Responsible Finance) received positive feedback from those involved, with participants reporting outcomes such as increased understanding of how to market their offer to potential customers, a better understanding of how to improve their organisation's efficiency, and increased confidence about managing more investment in the future. Some CDFI stakeholders also felt the Institute's wider ecosystem-building activity around the CDFI sector had helped bring a morale and confidence boost for the sector.

▶ Increased awareness and understanding of PBII amongst policymakers. Over the three years of the programme, policymakers interviewed noted that engagement with the Institute helped them to see the potential of PBII in supporting their policy ambitions, and develop a greater understanding of the opportunities and barriers affecting progress when taking a place-based approach. At the time of reporting, this was particularly important given the current policy focus on local economic growth.

There was also significant progress in increased CDFI investment, with the launch of two major funds (the £62 million Community Investment Enterprise Fund 2 (CIEF 2) and £154 million Community ENABLE Fund (CEF)) and a smaller CDFI deal (with a value of up to £15 million) in advanced stages of due diligence at the time of reporting. The Institute played a key role in supporting the development of CIEF 2, engaging in regular conversations with Lloyds (the first commercial bank in the UK to invest in the CDFI sector) about developing the CDFI sector, and sharing their expertise on how commercial banks have invested in the CDFI sector in the US. The Institute also shared progress of the Fund development to the CDFI Working Group, raising awareness of its launch. The smaller CDFI deal likely would not have happened without the PBII programme, as connections between the key stakeholders involved were made via the Institute's Place Coalition.

"We are now in the position of being a whisker away from finalising a deal with [investor] for the creation of a specific place-based investment of [up to £15 million]. So that's directly because of the work of the Institute." – CDFI stakeholder

There was evidence of **some progress** towards the Institute:

- shaping investors' intentions to take a PBII approach in the future (both amongst engaged asset managers and LGPS) through one-to-one support provided to individual investors, and more generally, the Institute continuing to champion their recommendation[5] to Government that LGPS allocate 5% of their portfolios to support local impact. Analysis (in Chapter 3) indicates that from 2023-2024, LGPS had allocated at least £1.03 billion to these types of projects;
- helping Place Pilots to develop new investment opportunities, by helping them to develop a prospectus of different activities;
- supporting Place Coalition members to see more evidence on PBII, through convening stakeholders to share to share their experiences and learning;
- facilitating CDFIs' ability to take on additional investment, through ongoing efforts to support CDFI capacity-building;
- and supporting greater incentivisation amongst policymakers to support private investment for generating local impact, for example, by contributing to consultation responses, attending working groups, holding bilateral meetings and sharing case studies.

To date, there was **no evidence** of additional capital being allocated to Place Pilot areas for specific investment opportunities identified through the Place Pilot activity. A key learning was that investment outcomes for places are likely to take much longer than originally intended, due to various factors such as planning permissions and land ownership. However, Place Pilot stakeholders showed optimism about the potential for their areas to see increased investment (in opportunities to develop affordable housing, commercial spaces and cultural activities) following their involvement in the Institute's PBII programme. This finding indicates that measures of success in similar place-based approaches should relate to indicators towards a place's 'investment readiness' (rather than actual investment allocated). Measures could include:

- increased knowledge, skills and capacity in the local area;
- identification and development of potential investment opportunities;
- increased connections between investors and key stakeholders in the local areas;

[5] Recommendation first made in the PBII White Paper: The Good Economy, Impact Investing Institute and Pensions for Purpose (2021) *Scaling up institutional investment for place-based impact. White paper.*

- and due diligence being undertaken on projects.

Value for Money Evaluation

The cost of the PBII programme was around £1 million, with the programme generally delivered on time and on budget. There was good evidence to suggest that the Institute minimised costs while delivering the programme, delivered many aspects of the programme efficiently, was effective in achieving most of its intended aims and objectives, and made good efforts to ensure equitable use of resources and delivery of activity. In addition, the Institute's work helped to catalyse and unlock large amounts of investment; with key contributions to around £77 million of investments to the CDFI sector via the CIEF 2 and CDFI-related investment (see the table below). It also successfully secured additional funding to continue its PBII activities.

Related workstream	Investment / capital allocated	Investment name	Contribution of the Institute's grant-funded work
WS3 - CDFIs	£62,000,000	Community Investment Enterprise Fund 2	**Some contribution - Key role in facilitating the funding**
WS2 – Place Coalition	£10,000,000 - £15,000,000	N/A[6]	**Major contribution - Would not have happened without the PBII programme**
WS3 - CDFIs	£154,000,000	Community ENABLE Funding (and CDFI capacity building)	**Limited contribution - but the Institute will be supporting the programme going forward**
Total	£226,000,000 - £231,000,000	-	-

Overall, based on the available evidence, the grant-funded activity can be considered good value-for-money.

Recommendations

Based on the evidence presented in the report, there are some areas for consideration for the Institute and DCMS going ahead:

- There is demand from policymakers and investors **for evidence on the effectiveness of taking a PBII approach**, particularly the learning from the Place Pilots. Further activity could be done to publicise the Institute's existing 'PBII Emerging impacts and initial reflections' report[7] to these stakeholders, as well as sharing other evidence (e.g. internal and external evaluation findings) on 'what works'. This is particularly important given the current – at the time of reporting – policy focus on local economic growth in the UK.

[6] Not named due to commercial sensitivities at the time of reporting.
[7] Place-based impact investing: Emerging impact and insights

- Asset managers engaged in the research also indicated that they would welcome **further activity from the Institute to engage with asset owners to raise awareness of taking a PBII approach**, to help support sufficient demand for the PBII products that asset managers can then develop.
- It could be beneficial undertaking **more activity (including holding events) across England's regions and also in the devolved nations**, as there was interest from a range of external stakeholders to see this (if feasible/possible in budgets).

More broadly, the following recommendations could be considered going forward, to help continue drive forward the PBII market development in the UK:

- **More support is needed for local authorities to ensure sufficient capacity – and dedicated staff time/resource – to take a PBII approach in their area.** Programme and external stakeholders highlighted the need for further support from central government to help local authorities to build their capacity, skills and experience, to help ensure a PBII approach can be embedded in the longer-term.
- **Future similar market-building programmes would benefit from taking a similarly flexible and responsive approach, both in terms of stakeholder engagement as well as programming of activities.** Grant programmes would also benefit from having a certain level of flexibility, for activities to be adapted – and budgets to be reallocated – as needed, depending on the wider market development.
- **It would be beneficial to develop a consistent approach / methodology for measuring commitment to local impact investments** to make it easier to track the growth of the PBII market. It would also help inform where there may be gaps, and where future investments could be targeted.

1.0 Introduction

This section describes the background to the Impact Investing Institute, and the grant-funded programme that is the subject of this evaluation. It then outlines the aims of the evaluation, the methodology used (and limitations), before setting out the structure for the rest of the report.

1.1 Impact Investing Institute

The UK is a pioneer in social impact investment and government has played a key role in developing the impact investing market in the UK, having identified the potential that impact investing has for leveraging private sector investment towards government priorities such as local economic growth, the Just Transition to net zero and breaking down barriers to opportunity such as improving access to education, healthcare, and employment.

In 2019, the Department for Culture, Media and Sport (DCMS) provided cornerstone funding to set-up the Impact Investing Institute (hereafter the 'Institute'), as an independent, non-profit infrastructure body for the impact investing market in the UK. The aim of the Institute is to: **accelerate the growth, and improve the effectiveness, of the UK impact investing market, by mobilising more capital that contributes to solving social challenges.** The Institute aims to do this by bringing people together and advocating for impact investing. It develops networks and partnerships across financial services, the social sector, policymakers and investors. It also provides research and resources on various topics relating to impact investing.

From 2019-2022, the Institute was supported by DCMS through grant-funding to deliver five projects: sizing the UK impact investing market;[8] encouraging charitable foundations to allocate to impact investing in their endowments; research on catalysing social investment; a Partnership Review of the partnership between DCMS and the Institute; and work to develop the place-based impact investing (PBII) market. The definition of PBII, used by the Institute, DCMS and throughout the rest of this report is:

Place-based impact investing (PBII) definition: Investments made "with the intention to yield appropriate risk-adjusted financial returns as well as positive local impact, with a focus on addressing the needs of specific places to enhance local economic resilience, prosperity and sustainable development"[9] (The Good Economy)

The PBII activity included funding for the Institute to carry out a collaborative research project with The Good Economy[10] to explore the potential to mobilise greater flows of institutional investment to PBII. The outputs of this project resulted in a white paper[11], which was published in May 2021. It informed the development of the other four activities covered by the funding.

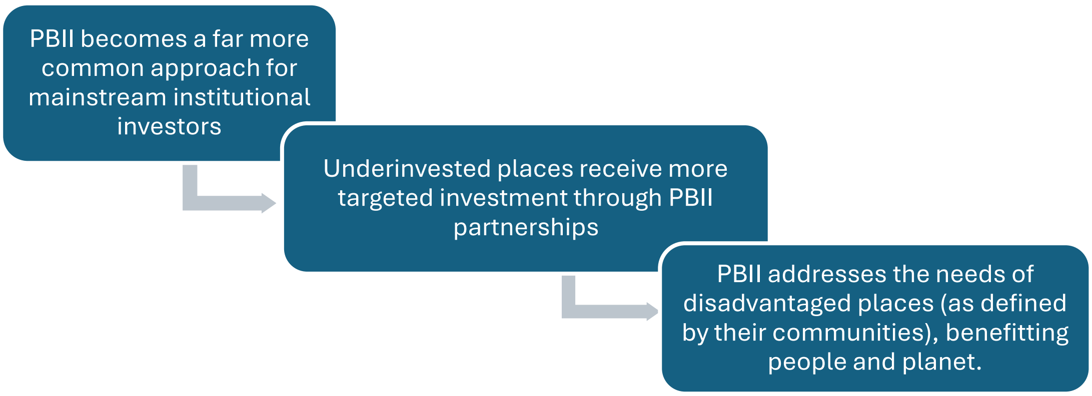
[8] Impact Investing Institute. (2022) *Estimating and describing the UK impact investing market*.
[9] The Good Economy. (nd) *Place-based impact investing: creating pathways to a good economy*.
[10] The Good Economy is an organisation that aims to help finance and business play their role in solving major social problems. See here for more information: About Us | Driving a Fairer Economy | The Good Economy
[11] The Good Economy, Impact Investing Institute and Pensions for Purpose (2021) *Scaling up institutional investment for place-based impact. White paper.*

1.1.1 Place-based impact investing grant (2022-2025)

Building on the work achieved as a result of the Institute's first year of activity, in 2022, DCMS provided a three-year grant for the Institute to continue developing the impact investing market, with a particular focus on PBII. The PBII grant comprised of four separate but interlinked workstreams, alongside an additional workstream to deliver an updated market sizing of the overall UK impact investing market. The aims and key activities of PBII-specific workstreams are summarised below. A Theory of Change (ToC), for each workstream - which sets out the inputs and activities (and how these are intended to lead to outcomes and impacts) - is in Annex 1.

- **Workstream 1: Reaching the unconverted –** the aim of this workstream was to increase the number of institutional investors aware of, and interested in, PBII, focusing on the 'unconverted' and, in particular, local government pension schemes (LGPS). It was intended that this would be achieved through a range of engagement activities, including: mapping LGPS' involvement in PBII; (in the first year) sponsoring the PBII Forum[12] through contributing to content, presentations and newsletters; and engaging directly with prospective investors (both asset owners and managers) through presentations, meetings, and roundtables.
- **Workstream 2: National Place Coalition and Place Pilots** – the aim of this was to build a "Place Coalition" of a range of stakeholders involved in PBII (e.g. institutional and social investors, local authorities and representatives from communities), and develop two pilot projects (one in Wakefield and the other in Southampton) that explored 'what works' in practice when developing an approach to PBII in specific localities. It was intended that learning from the Place Pilots would be shared through the Place Coalition and more widely, to inform future PBII practice.
- **Workstream 3: Unlocking wholesale funding for community development finance institutions (CDFIs)** - the aim of this workstream was to catalyse and ultimately increase investment into the CDFI sector through scoping the feasibility – and supporting the ultimate development – of a national financing vehicle for wholesale finance for CDFIs. Alongside, it also aimed to help CDFIs increase their readiness to take on investment, through supporting the development and delivery of a CDFI investment readiness capacity-building programme.
- **Workstream 4: Contributing to the national conversation** on, and raising awareness and understanding of, PBII, through engaging with UK policymakers and thought leaders in discussions around PBII.

As detailed further in Annex 1, the workstreams had different intended outputs and outcomes in the shorter-term, but all ultimately aimed to contribute to the following aims:



[12] The PBII Forum was established by Pensions for Purpose and The Good Economy and was run in Partnership with the Impact Investing Institute in financial year 2022/23. Its aim was to help pension funds and other asset owners to make informed discussions about place-based investments. See here: 22 February 2023 – Place-Based Impact Investing Forum all-stakeholder online event with The Local Government Association | Pensions For Purpose

1.2 Aims of the evaluation

In 2022, DCMS commissioned Ecorys to support the Institute to monitor its activities, and to conduct an independent evaluation of the grant-funded PBII programme (focusing specifically on the four PBII workstreams). The three main objectives of the evaluation were to:

- **Objective 1:** Understand the effectiveness of the delivery of the Institute's PBII programme.
- **Objective 2:** Assess the impact of the PBII programme in developing a PBII market in the UK.
- **Objective 3:** Assess the value for money of the grant.

The high-level evaluation framework, which sets out the key research questions and sub-questions, is in Annex 2.

1.3 Evaluation methods

A detailed scoping phase was undertaken in July – October 2022, involving the development of the workstreams' ToCs (see Annex 1), a measurement framework and an evaluation plan. The evaluation used a mixed-method approach to evaluate the process, outcomes, impact and value-for-money of the PBII programme. Interim reports were produced annually, to share the findings of the evaluation and help inform ongoing delivery. This final evaluation report covers the full grant-funded period (i.e. 2022-2025).

Given the evolving nature of the programme, the evaluation approach was reviewed annually, and adjusted to ensure that the methods used were most appropriate for evaluating the activity being delivered. The methods used to inform this report are described below:

- **Interviews:** stakeholder interviews formed the main part of the primary data collection. Ecorys conducted interviews on an annual basis, with programme stakeholders (i.e. those from DCMS and the Institute, who were involved in managing/delivering the activity); and engaged stakeholders (i.e. any external stakeholders engaged across the workstreams, e.g. investors, developers, policymakers, PBII experts, local authority representatives, other interested parties). It was originally intended that some interviews were conducted with 'unengaged' stakeholders (i.e. those not engaging with the Institute), but in practice it was very difficult to identify these stakeholders, and only 3 interviews with 'unengaged' stakeholders were conducted (see Section 1.3.2). Instead, 'engaged' interviewees had varying levels of engagement with the Institute's activities, for example with some only involved in a meeting, whereas others had regular, repeat engagement with the Institute. Overall, across the three years of the evaluation, 52 interviews were conducted[13]. Table 1 summarises the number of interviews across the workstreams:

Table 1: Number of interviews, by workstream

WS1: Investor Engagement	WS2: Place Pilots & Coalition	WS3: CDFI	WS4: Policy	Whole-programme	Unengaged
8	14	10	4	13	3

[13] Some were 1-2-1, some were in paired groups. Interviews were with 56 stakeholders.

- **Longitudinal case studies with Place Pilots**: on an annual basis we conducted follow-up interviews with stakeholders involved in the Wakefield and Southampton Place Pilots, to help understand how the pilots developed over time, how the Institute was involved, and what happened as a result of the pilots. Interviews were held with local authority representatives, developers, investors and the Institute. Case studies also included a review of any available, relevant documentation (e.g. plans, investor prospectuses, meeting presentations).
- **Asset manager survey:** in the final year of the evaluation, Ecorys, the Institute and DCMS collaborated to develop a survey to be sent to the asset managers engaged with the Institute. The purpose of the survey was to understand the extent to which investors were taking a PBII approach (i.e. considering or actively allocating investment to local projects in the UK), and the role – if any – of the Institute in influencing this. The Institute sent the survey to 25 asset managers, and 7 responded. Given this is a low response rate (see Section 1.3.2), the findings of the survey are described qualitatively, and should not be considered representative of all asset managers engaged with the Institute.
- **Analysis of programme management information and documentation:** programme documentation (e.g. monthly update reports from the Institute to DCMS, data on number and type of engagements/meetings, stakeholder engagement maps (i.e. tracking the Institute's engagement with different investors and asset managers, over time)) was reviewed and analysed regularly, across the course of the evaluation.
- **Secondary analysis of other data:** the evaluation also draws on a range of evidence generated as part of – or linked to – the PBII programme, including the market-sizing report[14], an investor survey distributed through the PBII Forum, an internal evaluation of the CDFI training programme by Responsible Finance, and an annual analysis of LGPS' annual reports, to understand if/how uptake of a PBII approach amongst LGPS changed over time. Given limited time to assess all LGPS' reports in detail, we undertook a rapid analysis of reports. This involved doing a 'word search' of key PBII-related terms, to source reports that mentioned them. We then reviewed this to create a shortlist of reports to review in detail, to identify specific commitments or investments made. Therefore, the analysis should be considered indicative of developments in PBII investments among LGPS, rather than a precise assessment. Table 2 summarises the number of reports reviewed each year of the evaluation. Numbers vary over the years depending on the availability of reports at the time of analysis.

Table 2: LGPS reports reviewed over time

	PBII White Paper (2018/19)	Year 1 (2021/22)	Year 2 (2022/23)	Year 3 (2023/24)
Total number of reports reviewed (and number analysed in depth)	50 (50)	82 (40)	95 (30)	89 (20)

1.3.1 Limitations

There are several limitations to consider when reading the evaluation:

- There is limited evidence from 'non-engaged' stakeholders, making it difficult to understand what would have happened in the absence of the Institute or what other factors have influenced stakeholders' engagement in

[14] Impact Investing Institute. (2024) *The UK impact investing market – size, scope and potential: 2024 edition.*

PBII. This was mitigated to an extent by asking about this in interviews with engaged stakeholders, as well as interviewing stakeholders that have engaged with the Institute at various levels of intensity.

- Place Pilot delivery did not develop as intended (see Chapter 2) meaning that in some years there were limited stakeholders to speak to (as the projects themselves were quite small). We have triangulated case study interview findings with findings from wider stakeholder consultations, alongside a review of relevant documentation, to provide an analysis of the Place Pilot development, over time.
- The evaluation and the PBII programme delivery timescales aligned, with both ending in March 2025. To allow time for analysis and reporting, most research activity concluded by February 2025, meaning the last 2 months of the PBII programme could not be evaluated. A range of activity occurred during this time[15] which may have further contributed to the outcomes measured and observed in this evaluation.
- The response to the asset manager survey was low. As the response rate was too low to enable any meaningful quantitative analysis, we have instead described the findings qualitatively, triangulating survey responses with interview findings, as relevant.

1.4 Report structure

The rest of this report is structured as follows:

- **Chapter 2** discusses the findings from the process evaluation, reflecting on what worked well and less well in delivery, and lessons learned.
- **Chapter 3** reflects on the outcomes and impacts of the Institute's PBII programme, discussing the Institute's contribution to outcomes.
- **Chapter 4** evaluates the value for money of the PBII grant-funded activity, considering the economy, efficiency, effectiveness and equity of the programme.
- **Chapter 5** concludes the report and offers recommendations for the Institute, DCMS and for future PBII market development in the UK.

[15] Including: - including a Place Coalition meeting; a roundtable with LGPS; roundtables on topics such as scaling regional investment and discussing Combined Authorities' growth plans; investor engagement meetings; attending the Southampton Renaissance Vision launch; a CDFI Forum meeting; contributing to the Social Impact Investment Advisory Group ; and attending a PBII network meeting.

2.0 Process evaluation

The purpose of the process evaluation was to understand the efficiency and effectiveness of the Institute in meeting the aims of the PBII-focused work of the programme. This chapter first reflects on the implementation and delivery of activity, how delivery changed and evolved over time, and lessons learned along the way. It then assesses the effectiveness of the Institute in engaging with different stakeholder groups, and the success factors for, and barriers to, engagement. Finally, it reviews the extent to which the Institute and DCMS integrated Diversity, Equity and Inclusion (DEI) considerations into the PBII programme.

Key findings

Over three years, the Institute met most KPIs in its DCMS grant agreement. **Success factors included:**

▶ the perceived credibility of the Institute and its convening power;

▶ the Institute's role in PBII thought-leadership;

▶ its flexible engagement approach;

▶ effective collaboration with other organisations to deliver the programme;

▶ strong social media outreach; having a direct government relationship and collaboration with DCMS.

Challenges included:

▶limited capacity amongst the Institute's PBII team at times,

▶ resource constraints for local authorities,

▶ tracking investor engagement outcomes,

▶ and external factors like elections and inflation.

The Institute was generally effective in engaging a range of stakeholders. In terms of investors, despite the initial aim of the PBII programme to increase engagement with LGPS, the Institute's level of engagement with LGPS generally stayed the same over time, but asset manager collaboration increased from January 2024 to January 2025. Throughout the programme, the Institute adapted its approach based on feedback, learning the importance of balancing depth and breadth of investor engagement by reaching investors through various activities like conferences, roundtables and the Place Pilots.

Engagement with local authorities occurred primarily through the Place Pilots in Wakefield and Southampton. The Institute's flexible approach helped local authorities to explore whether local investment opportunities would be suitable for PBII. Positive feedback highlighted the Institute's expertise and support in connecting local authorities with investors.

Most CDFIs participated via the capacity-building programme, which was designed to address pressing needs such as marketing, recruitment, and strategic planning. Overall, participants were satisfied with the experience of the programme. Policymakers appreciated the Institute's engagement, noting shared goals and valuable discussions about the role of private investment in supporting local economic growth. They were interested in seeing more evidence on the Place Pilots.

The Institute was also effective in building DEI considerations into activity, ranging from implementing its events diversity policy, to being mindful of the demographic and lived experience diversity in its various groups. External stakeholders involved in the PBII programme often reflected they found the activities accessible and inclusive.

2.1 Learning from implementation and delivery

Overall, across all workstreams and over all three years, the Institute was successful in delivering its planned activities, with most of its key performance indicators (KPIs) in its grant agreement with DCMS met or in progress at the time of reporting. Table 3 below provides a summary of the KPIs achieved, by workstream, by financial year. Overall it shows that the Institute met almost all of its KPIs (100% in Year 1, 91% in Year 2 and 82% in Year 3 – see Annex 3 for individual KPIs), within the financial year that they were planned for. In Year 2, one KPI was moved into Year 3, and in Year 3, several KPIs were not on track, due to external factors (see WS3 bullet point below).

Table 3: KPIs achieved (against target) per Financial Year

Workstream	Year 1 - Financial Year 2022-23	Year 2 - Financial Year 2023-24	Year 3 - Financial Year 2024-25
1.1			
1.2		1 KPI moved into FY24-25	
1.3			3 KPIs not on track
1.4			

Source: Monthly monitoring reports. Green shading means all KPIs were met (or were on track to be met, in FY24-24) and orange shading means some KPIs across a specific workstream were not met.

For context, the key activities delivered are summarised below, with more detail provided throughout this chapter:

- **WS1: Investor engagement:**
  - Activities delivered included the development and maintenance of stakeholder maps of Local Government Pension Schemes (LGPS) and asset managers (tracking engagement with the Institute, engagement with PBII and any investments made);
  - (in year one) sponsoring the PBII Forum and co-organising Forums and presenting;
  - and attending or holding meetings, roundtables, conferences with investors.
- **WS2: Place Coalition and Place Pilots:**
  - The Place Coalition was established in Year 1, with six across the three years;
  - Place Pilot 1 in Wakefield was delivered in Years 1 and 2, with ongoing communication and tracking of potential investment in Year 3;
  - Place Pilot 2 in Southampton began towards the end of Year 1 and continued into Year 3.

- **WS3: CDFI:**
  - a CDFI capacity-building programme was commissioned in Year 1, which Responsible Finance designed and delivered in Year 2.
  - Alongside, the Institute set up a CDFI Working Group and Advisory Group (with 28 stakeholders including investors, CDFIs, advisory firms, membership bodies and policymakers), which scoped and designed a model for a national CDFI financing vehicle.
  - In Year 2, the Institute also engaged closely with Lloyds Banking Group, to inform the development of an investment fund for CDFIs (see Chapter 3).
  - Year 3's activities focused on further investor engagement activity following the launch of a new investment fund ('Community ENABLE Fund') to support more underserved small businesses, but at the time of reporting this had not yet happened due to the Institute needing to wait until the Fund was launched (in November 2024) before starting their work.
- **WS4: Policy:** The Institute undertook a range of policy engagement activities across the 3 years, including:
  - responding to government consultations (e.g. on the 5% levelling up commitment for LGPS) and amendments to bills (e.g. Financial Services and Markets Bills);
  - contributing to All Party Parliamentary Groups (e.g. Green Finance Strategy APPG on ESF);
  - meeting with various departments such as DLUHC,[16] DCMS, Defra;
  - joining, chairing or contributing to various Working Groups (e.g. Just Transition Working Group, Finance Working Group); and regular engagement with other PBII field-builders such as The Good Economy and Pensions for Purpose.

A reflection from programme stakeholders on Year 3 related to the general maturity of the PBII programme, and how, by Year 3, the workstreams had become more interconnected. Indeed, many of the 'engaged' stakeholders interviewed in Year 3 often spoke about their involvement in multiple aspects of the PBII programme, and how it had all linked together for them. This indicates that the PBII programme was designed well, to support progress to be made in distinct aspects of the PBII market, whilst taking a holistic approach to market development overall.

2.1.1 What worked well

Interviews with programme and external stakeholders highlighted what worked well in implementation and delivery across the PBII programme:

- **The Institute was seen by all types of external stakeholder, across all workstreams, as being a credible, trustworthy actor in the PBII space:** A strong theme in interviews across all years of the evaluation was that the Institute, as an independent and not-for-profit advocacy organisation, had high levels of credibility amongst external stakeholders.

"The Institute plays an important role around convening as they have been, and they have a fantastic network of both within the government and within the private sector and impact-minded investors. So I think their role as a convener is really important and the awareness-raising side of things, and the job of translating the impact and

[16] At the time of reporting, the Ministry for Communities, Housing and Local Government.

maybe the financial side of things to that audience, to get more investment is very important." – CDFI stakeholder

- **Linked to the above, external stakeholders felt that the Institute's credibility enabled an effective brokerage role between different stakeholder types.** People trusted the Institute's judgements on which stakeholders should be brought together and felt that the Institute had their best interests in mind when convening people. For example, stakeholders interviewed felt that the Place Coalition worked well in bringing people together from different backgrounds to speak and think about how a PBII approach could work.

"We need to find people who care about the same things that our mission is trying to solve and a lot of those are people who also will engage with the Impact Investing Institute. So it's a shortcut through to the right type of investors for us and the right type of operators as well." - Asset Manager

- **The Institute's thought leadership role:** as the PBII programme developed (i.e. in Years 2 and 3), external stakeholders were more likely to comment on the important role that the Institute was playing in crafting the narrative around PBII, helping to crystallise the concept for various stakeholders to help them realise how taking a PBII approach might be relevant to them, and providing content and resources (on its website) to help people develop their understanding of PBII. The first year of evaluation highlighted that some stakeholders (including unengaged stakeholders) felt that communications about PBII such as frequent use of terms like 'risk-adjusted', 'reporting frameworks' or 'metrics' could be quite jargonistic to those new to the space. Therefore, based on more recent feedback, it appears that the Institute has progressed well in terms of its framing and communication of PBII.

"In my experience over the last 20 years, very critically relevant is the policy work and the stuff that they've done to pull together research to create a narrative, to support place-based investment." - CDFI stakeholder

- **Flexible and adaptable approach to the PBII programme and individual engagements:** a common theme across the years, from all stakeholder types, was that people welcomed the Institute's flexible approach to its stakeholder engagements. For example, in the context of the Place Pilots, the Institute adapted their approach to engaging with the local authorities depending on local need. For example, the Institute's engagement with Wakefield Council was shaped by when the council had enough capacity to work with them. Whereas in Southampton, the council and the Institute agreed that work would be in two phases, with capacity being reviewed after the first phase, to assess whether the pilot could continue.

  Similarly, programme stakeholders reflected on how it had been positive that there was flexibility in the DCMS-Institute grant agreement, to adapt the programme over the years, based on learning around what works. For example, as discussed further in Section 2.2.1, a learning from Year 1 was that targeting breadth in investor engagement might not be as effective as having fewer, more depth engagements, so DCMS and the Institute agreed to stop the PBII Forum sponsorship (which provided reach to lots of LGPS members) and repurpose the resource for the Institute to have more depth, and repeated, engagements with investors.

- **Effective collaboration with other stakeholders and field-builders:** across the grant-funded activity, interviewees pointed to how the Institute was very collaborative, working with other key experts/field-builders as relevant to deliver the aims of the grant. Chapter 4 considers how this was a positive from a value-for-money perspective, but interviewees across workstreams noted how this had added to the quality of delivery. For example, in Year 1, the collaboration between the Institute, The Good Economy and Pensions for Purpose to deliver the PBII Forum was viewed as effective by attendees, and a useful space for knowledge-sharing on PBII amongst a wide range of potential investors. In Years 2 and 3, for the market-sizing activity, the Institute commissioned Social Finance to undertake the work, and together they built a partnership with the Global Impact Investing Network (GIIN) to issue a joint survey as part of the GIIN's global market sizing. This, according to programme stakeholders interviewed, helped avoid issues relating to investor survey fatigue and low response rates.

- **Social media outreach:** a common theme across the years of the evaluation was that the Institute was very effective in its social media outreach. External stakeholders frequently mentioned in interviews that they were kept up-to-date with the Institute's PBII activity, developments in policy and launches of Funds on LinkedIn, and welcomed that the Institute posted things regularly. In Section 2.2 we reflect on the webpage data collected by the Institute regarding online engagement.
- **Direct relationship with central government:** several external stakeholders noted that a factor lending credibility to the Institute was its direct link with central government, via its partnership with DCMS. In Year 1, this was a key factor that helped influence stakeholders' engagement with the WS3 activity to scope and design a national CDFI financing vehicle. Having direct involvement from central government also motivated and enthused CDFI sector stakeholders, who welcomed the policy attention on their sector.
- **Relationship between DCMS and the Institute:** across all years of the programme, stakeholders reflected positively on the relationship between the Institute and DCMS, which was described as "supportive", "flexible", "open and honest". The closeness between the teams meant that information was regularly shared by DCMS about potential policy opportunities, or particular events that the Institute thought it would be beneficial for it/DCMS to join. In addition, from a contract management perspective, evidence suggested that monthly meetings (moving to 6-weekly in Year 3) to discuss progress and reflect on each of the workstreams were well-structured and worked effectively.

"DCMS continue to be an incredible partner and supporter and advocate of the Institute. Which is incredibly helpful for us to build our connections across government and raise the profile of the work" – Programme stakeholder

- **Implementing the learning from the evaluation:** each year, annual evaluation outputs were produced summarising the key process, impact and value-for-money evaluation findings, and included reflections on learning / considerations for ongoing delivery. The Institute was effective in taking on board some of these recommendations into their subsequent delivery. Table 4 below sets out the evaluation learning points, the changes made, and the evidence on the impact of these changes.

Table 4: How learning was implemented, and the impact of changes

Learning	Actions taken by the Institute	Impact of changes

(WS1) For engaged stakeholders, a key reflection from the evaluation was that the Institute's activities should be more about depth than breadth **(WS1) The Institute's strength is convening high-level meetings/events with investors to engage them in specific PBII challenges / opportunities that ultimately yield positive impacts for communities**	The Institute moved to delivering activity in-house rather than its formal sponsoring of the PBII Forum.	**Increased active engagement with the Institute:** as highlighted further in Section 2.1.1, more asset managers were engaging somewhat or actively with the Institute in Years 2 and 3, **Positive feedback from investors engaged about their involvement with the Institute:** with the Institute able to dedicate more time for helping investors apply a PBII lens to their work, or to connect them with other relevant stakeholders (see Section 3.1). **Further refinement of learning about investor engagement:** through trialling deeper engagement with some investors in Year 2, a key learning in Year 3 was around needing to strike the balance of breadth and depth, with different types of investor engagements (e.g. 1-2-1, investor meetings, conference discussions) more appropriate depending on where the investor is in their PBII journey (see Section 2.2.1).
(WS2) Lack of capacity from local authorities to deliver and engage with PBII can be a challenge	The Institute worked with Wakefield to explore possible solutions, reviewed capacity in Southampton, and included the learning in their 'Emerging Impacts and Insights' report[17]	**Exploring options:** It was not possible for the Wakefield Pilot to bring on additional support (even though it was highlighted by pilot stakeholders as much needed – see Box 1) due to external factors (i.e. strategic changes in the council), even though this was explored and a job advert was drafted. **Maintained capacity:** Capacity in Southampton continued to be sufficient according to stakeholders. **Highlighting learning:** The Institute has highlighted the key learning around local authority capacity in its ongoing communications with policymakers (including with DCMS).
(WS3) Role of institute helping	The Institute aimed to	**Securing additional funding for investor engagement work:** the Institute was successful in securing funding from

[17] Impact Investing Institute (2024) Place-based impact investing: Emerging impact and insights

bring institutional investors into the CDFI sector was recognised	continue its engagement with investors for the CDFI sector, supported Lloyds with the communications of the CIEF 2 funding,	DCMS and from JPMorgan and Mastercard to deliver investor engagement activities to support Phase 2 of the Community ENABLE Fund (see Section 4.6).
Communications: Linkedin has been an impactful way to communicate the Institute's work and opportunities to engage and collaborate.	The Institute planned to use LinkedIn more regularly across the programme	**Continued positive feedback:** stakeholders continued to provide positive feedback about the Institute's communications via LinkedIn (see Section 2.2).
Communications: There is a need to simplify terminology, communications and make case studies more accessible	The Institute developed more case studies and worked with the communications team to develop summaries and case studies that could be shareable.	**Good progress on changes, limited evidence on impact to date.** As noted in Section 2.1.1, while the Institute regularly uploaded case study examples on its website, there was limited evidence from interviews with investors if these had been used so far. The outputs on the website are accessible and shareable, as intended.[18]

2.1.2 Challenges

Over the three years of delivery, the Institute faced some challenges in implementation and delivery, and external stakeholders shared reflections on what they felt could be improved going ahead. However, it should be noted that the general consensus on the Institute's activities was very positive, and most of the challenges mentioned were not insurmountable or viewed as being major inhibitors to progress.

- **Capacity of the Institute:** the Institute's PBII programme team was small for the duration of the grant-funded project. While this had some positive implications in terms of efficiencies (see Chapter 4), it did mean that the team was very busy, especially at periods when team members left/changed positions. External stakeholders noted that while the team was very effective, and engaged closely with its stakeholders, being aware of its limited capacity meant that they did not always include them in discussions about other work/opportunities (for fear of overburdening). In future, the PBII team may benefit from further expansion, if budgets allow.

[18] See: [Place-based impact investing | Impact Investing Institute]

- **Resourcing of LAs**: A key theme for the Wakefield Place Pilot in Years 1 and 2 was that council and programme stakeholders reported that the council's capacity continued to be a challenge, and it meant that the pilot could not progress at the intended pace because team members working on it were stretched for time. In general, across both Place Pilots, stakeholders felt that stretched local authority finances limited the extent of the work that they could do. Programme stakeholders reflected that lack of council capacity was a systemic challenge and required further central government support.

"I think that's an area where we highlight where further support for local authorities to be able to have the ongoing capacity and capability [is needed] and for it to be embedded within a council structure and what they need to do. For example, going forward, combined authorities need to develop local growth plans. And there's maybe more that the government could do to kind of help facilitate that." – Programme stakeholder

"A lot of this work requires a different kind of understanding of the way in which the investors work, and that the culture and values of the investors and the mechanisms are different to the traditional local authority approaches. All of that requires time to learn and understand, and so I think there is something about whether it be local authorities or their partners, whether there's access to some funding that would enable that capacity to be built within the sector, because you we rely very heavily on the Institute to provide that expertise and knowledge base. We could do a lot more if we had somebody locally to do that." – Place Pilot stakeholder

- **Tracking outcomes of investor engagement:** as the Institute's programme matured, with more regular engagement with investors, some programme stakeholders noted that it became apparent that it was very difficult to robustly track the outcomes of these engagements. This is largely because there is, at the time of reporting, no industry reporting for place-based impact investments. In Chapter 3 we provide some analysis of available data on how LGPS have taken a PBII approach, but overall, the lack of consistent data does limit the extent to which the growth of the market can be tracked.

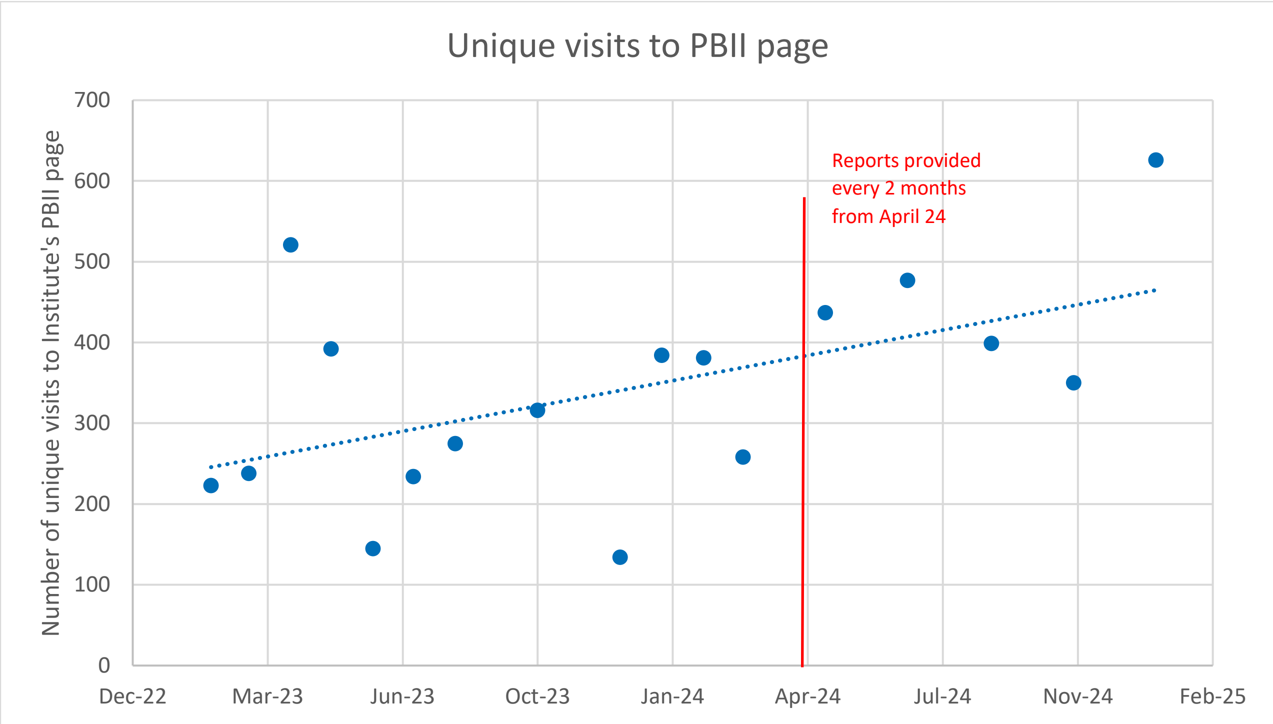
- **External factors inhibiting progress:** across the three years of the programme, a number of factors were identified that affected the Institute's ability to deliver activities as planned
  - In Year 1 (2023), there was substantial political upheaval (e.g. Cabinet reshuffles, byelections, rising inflation) which affected the extent to which the Institute could engage with policymakers (as there were "stops and starts" with policy), although stakeholders felt the Institute navigated the circumstances well and contributed to policy actions where possible (e.g. engaging with the Cross-Government Working Group on Dormant Assets, and the Levelling Up Advisory Group).
  - In Year 3, the Institute was not able to meet its KPI around engaging investors about investment into CDFIs, because its activity was delayed by the launch of the British Business Bank's (BBB) Community ENABLE Fund (CEF)[19] in November 2024. While this represented a very positive outcome for the CDFI sector (see Chapter 3), it was felt by the stakeholders involved that it would be prudent for the Institute to start their investor engagement once the CEF was launched, because then they would have a focal point for their conversations with investors.

[19] The CEF **was designed to increase the availability of finance of up to £150 million** to the social impact sector via CDFIs and not-for-profit lenders. The funding was focused on providing loans to businesses declined by mainstream lenders, underrepresented groups, and communities in disadvantaged areas. See: [ENABLE programme - British Business Bank]

2.2 Effectiveness in engaging stakeholders

Across the PBII programme, the Institute engaged with a wide variety of stakeholders, ranging from investors, CDFIs, local authorities, policy makers, and other relevant stakeholders. There is no single measure that can be used to represent how many stakeholders the Institute engaged with over time – collecting this data would have been too time consuming for the Institute. However, website analytics provide a sense of how engagement with the Institute's PBII webpage changed over time. Figure 1 below shows the number of unique visits to the Institute's PBII pages. Overall it shows varying levels of engagement month-by-month, but over time a gradual increase in engagement.

Figure 1: Unique visits to the Institute's PBII page



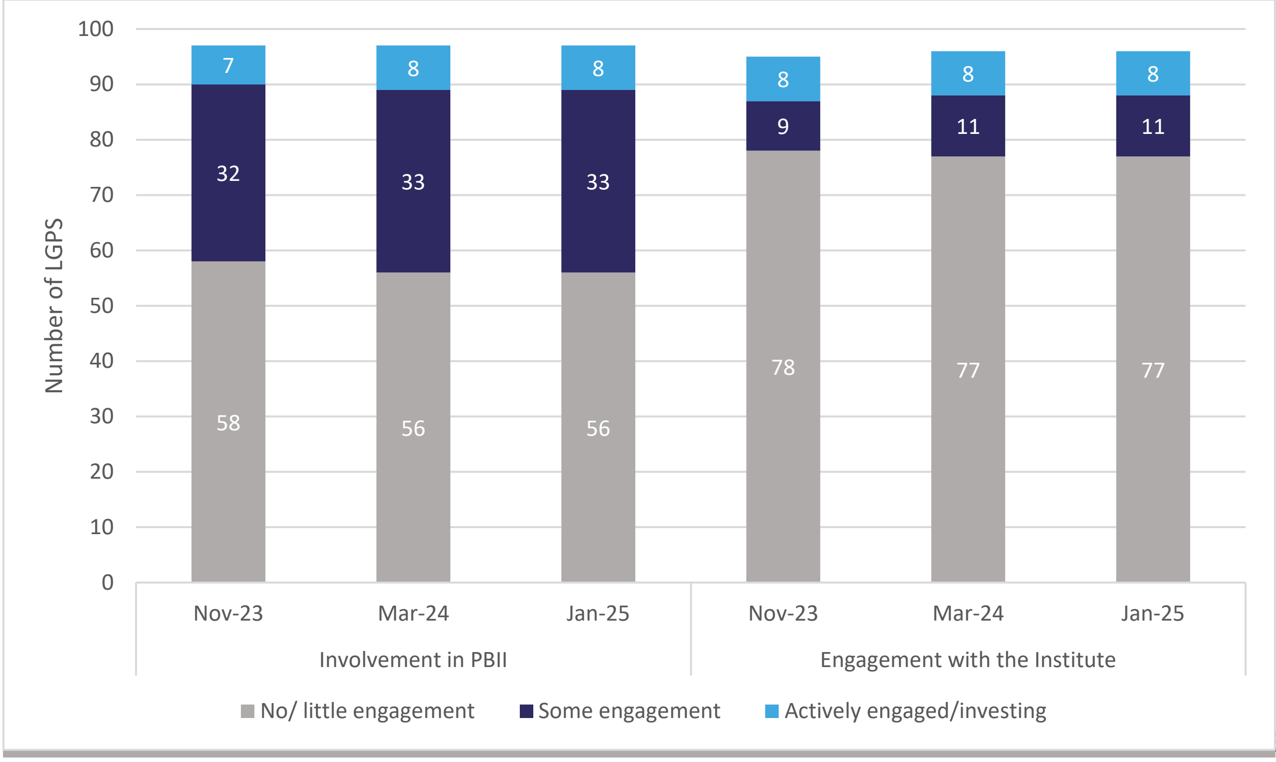
Source: Impact Investing Institute monthly programme reports (data points indicate the number of unique PBII page views in that month). Note: for some months, data was missing.

The following sections set out the main stakeholder types that the Institute engaged with throughout its PBII programme. Interviews, along with review of programme documentation, highlighted some key learning about the effectiveness of the Institute in engaging stakeholders, which is summarised below.

2.2.1 Investors

As part of its investor engagement activity, the Institute developed asset manager and LGPS stakeholder maps. These maps set out details of asset manager and LGPS organisations; the extent of their involvement in PBII; and their level of engagement with the Institute and its PBII programme. Figure 2 below provides an overview for LGPS. In general it shows that **there was limited change in the Institute's awareness of the number of LGPS actively investing or involved in PBII** from November 2023 to January 2025. **It also shows limited change in the numbers engaging either actively or to some extent with the Institute's PBII programme**. When analysing the direction of change, the Institute was only aware of 3 LGPS increasing involvement in PBII over this time, and only 3 LGPS had increased engagement with the Institute (for all others, there was no change over time).

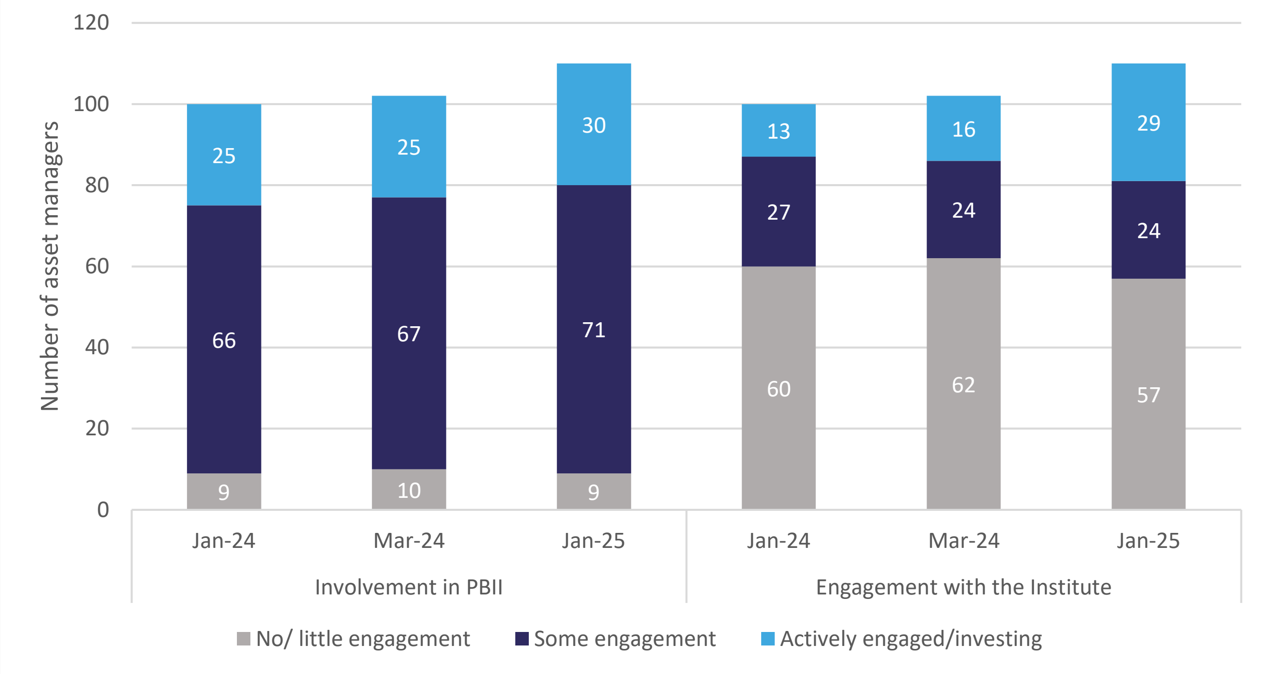
Figure 2: Number of LGPS involved in PBII and number engaging with the Institute, over time



Source: Impact Investing Institute LGPS Stakeholder Map

Analysis of the asset manager stakeholder maps suggests that that the **Institute was aware of more asset managers becoming involved in PBII over time, and more were engaging with the Institute**. Figure 3 shows how the number actively investing in PBII increased from 25 in January 2024 (25% of the 100 asset managers on the map) to 30 in January 2025 (27% of the 110 asset managers mapped). It also shows that the Institute's self-assessed engagement with asset managers increased – with 13% of 100 asset managers actively collaborating with the Institute in January 2024 to 26% of 110 in January 2025. Analysis of individual asset managers' changing engagement over time showed that 26 asset managers increased their level of engagement with the Institute from January 2024 to January 2025.

Figure 3: Number of asset managers involved in PBII and number engaging with the Institute, over time



Source: Impact Investing Institute Asset Manager Stakeholder Map

The Institute trialled a range of approaches to engage investors. A key learning from Year 1 of the evaluation was that there was demand from investors for 1-2-1 meetings with the Institute, focusing more investors' organisational approach, to help them think more strategically on if and how they could take a PBII approach and to help connect them with potential investment opportunities. The Institute pivoted their approach in Year 2, to engage more deeply with investors, although there were some challenges in assessing which engagements might be most likely to lead to the intended outcomes of the workstream (i.e. which types of engagements would lead to investors taking a PBII approach). In Year 3, programme stakeholders reflected that their key learning was around the need to balance depth and breadth of investor engagement, and that there are different ways of engaging investors – such as conferences, LGPS round tables, Place Pilots, meetings – with some approaches more amenable to different investor types (e.g. asset managers, asset owners) than others. For example, one programme stakeholder stated that bilateral meetings tended to work best with asset managers (which might have specific thematic focuses), whereas with LGPS it was easier to have group discussions as competition was less of an issue.

"I think one of the challenges is that each asset manager is going to be a little bit different on how they engage with place based impact investing. They all have specialties, they all have different ways of working. And so there's a complexity in addressing them because they're all going to be looking at it a little bit differently." – Programme stakeholder

Programme and external stakeholders also felt that the Place Pilots were particularly effective ways of engaging investors, because it involved bringing investors into a specific context, where discussions focused on actual challenges and potential solutions, and investors could envision how they may become involved.

"The only way you can really grapple or begin to grapple with the nuances of a place is to go there and to soak it up and to see the atmosphere and the challenges and,

you know, get a feel for the potential, and the people and the businesses there and you know you've just got to see it with your own eyes. You can't see it on a plan. You can't see it in a site description. You've got to go and form your own view" - Investor

Amongst investors interviewed, there was strong appetite for matching them with potential opportunities, alongside a continued production and promotion of practical examples and case studies of how institutional investors have pursued PBII. In particular, investors were keen to see outputs that highlight positive outcomes (especially where investors have key concerns e.g. perceptions around possible 'trade off' between impact and financial returns, what 'place based' means in practice, how to best structure LGPS funds). While the Institute regularly uploaded case study examples (such as how pension funds took a PBII approach) to its website, investors interviewed did not say they had used the resources. Therefore, the Institute may be able to address this need from investors by further marketing of their case studies.

2.2.2 Local authorities

The Institute mainly engaged with local authorities via the Place Pilots in Wakefield and Southampton (see Figures 4 and 5 below for timelines for engagement for both Pilots), although there was some other local government representation at the Place Coalition. As noted in Section 2.1.1, the Institute was flexible in how it engaged the LAs, depending on their local needs and capacities. For example, in Wakefield, the Institute facilitated multiple steering groups with the council and local interested organisations/parties to explore options and potential investment opportunities. The work culminated in a draft investment prospectus, providing details on possible local investment opportunities relating to regeneration and housing, clean energy and infrastructure and SME finance. The Institute continued to engage with the local authority in Year 2, including planning an investor engagement session for a possible investment project in Castleford. However, due to capacity challenges in Wakefield, some of the activity paused. A key representative from the local authority noted that they really appreciated the Institute's collaborative and flexible approach, and their patience in waiting for things to progress. The council also really welcomed the Institute's technical knowledge, particularly in terms of the ways investors work, as the local authority did not have this knowledge in-house.

Similar feedback was provided in Southampton, where one stakeholder working on the pilot felt that the Institute provided *"lots of expertise, and connections, and identified who should connect to who"* (Place Pilot stakeholder). They noted that without the Institute they would not have known what they were doing, in terms of engaging with investors and understanding how best to pitch opportunities to investors. Another stakeholder involved in the Southampton pilot noted that the investor engagement session worked well because it enabled the council stakeholders to have discussions with investors outside of the context of formal procurement rules, leading to more open and honest discussions about what could be feasible. Overall, across the two pilots, local authority stakeholders felt that having the Institute there to support and help navigate them through initial thinking to investor engagement, was important, adding significant value and addressing a gap in the LAs' knowledge. Box 1 below, and Box 3 in Section 3.2 provide more detailed information on the Wakefield and Southampton Pilots respectively.

Box 1: Progress made in the Wakefield Place Pilot up to March 2025

Preparatory work (such as initial conversations with the council) for the Wakefield Place Pilot occurred in early 2022, and following an initial presentation to Wakefield Council's Senior Management Team, the Institute produced a proposal for Wakefield about how it could support the council through the Pilot. This was approved in mid-2022.

Stage 1 of the Wakefield Place Pilot focused on reviewing current local investment opportunities and the potential/appropriateness of private investment for these. Multiple steering groups were held within Wakefield to explore these, with representation from Wakefield Council, local interested organisations and partners in Wakefield, the Institute, Metro Dynamics (the consultancy selected – via a Request for Proposals – to undertake the review, and facilitate discussion of, local investment opportunities), and DCMS. A draft of the Wakefield prospectus to investors was developed, which provided details on possible local investment opportunities relating to regeneration and housing, clean energy and infrastructure, and SME finance. Place Pilot stakeholders reflected that Phase 1 had been very helpful for improving their understanding, growing the council's awareness of how PBII could be relevant to their local strategic ambitions, and also improved connections with local stakeholders.

Stage 2 of the Place Pilot was signed off in May 2023, and involved ongoing planning sessions and regular meetings to further revise and refine investment opportunities, This phase also included investor engagement sessions (the nature of which ranged from an 'investor breakfast' held by Wakefield during the UK Real Estate Investment and Infrastructure Forum conference in 2023, to 1-2-1 meetings between investors and the council) which aimed to showcase to investors the possible investment opportunities in Wakefield). The Institute also provided support to the LA's staff to build up their knowledge and understanding of PBII.

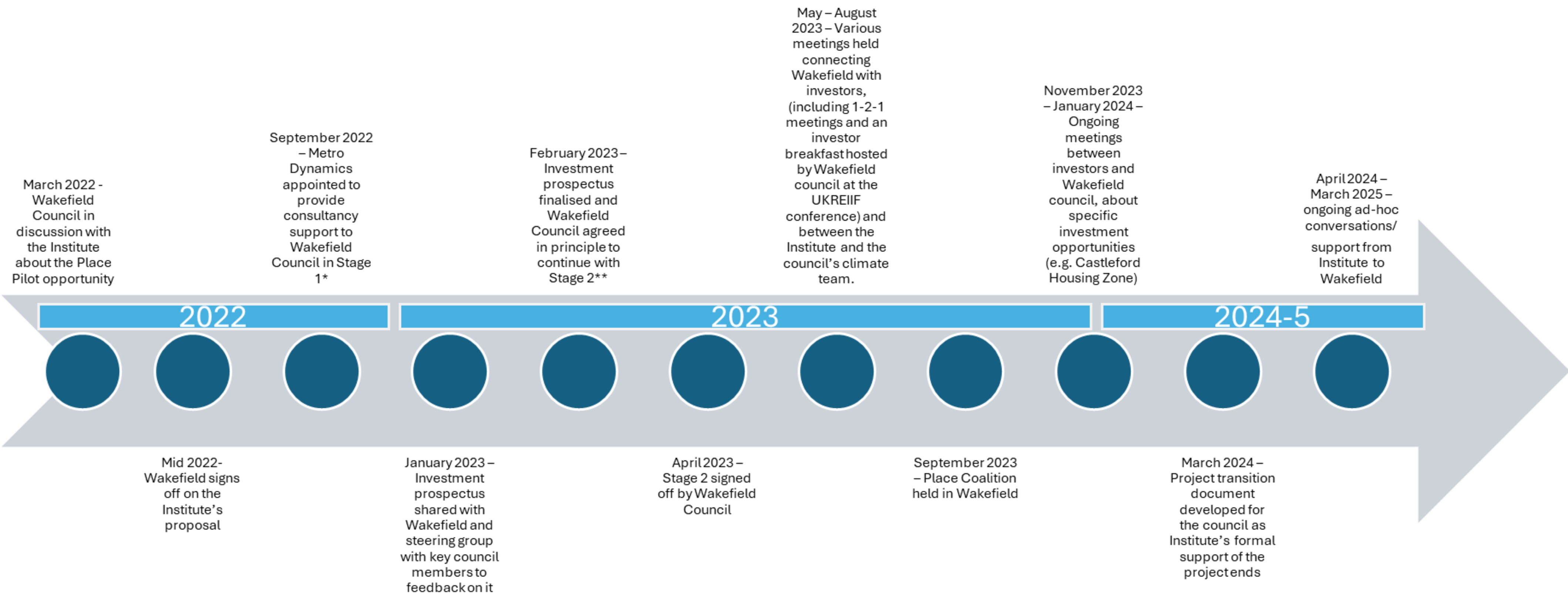
"So [the investor has] been very helpful to talk to, in terms of their own investment priorities, but also just their perception of the opportunities that might exist for working with local authorities generally." – Place Pilot stakeholder

Specific potential projects discussed included the Owlers Solar farm project, an extension of Wakefield's enterprise zone, and expanding a housing zone in Castleford. The Institute and Wakefield hosted a Place Coalition in September 2023, bringing together around 80 stakeholders to talk about PBII practice and discuss progress in the Wakefield Place Pilot. Involved stakeholders found the session useful, and it prompted further connections between investors, developers and the council, which were taken forward into discussions into early 2024.

"The fact that the Institute clearly have both expertise and a broader network and relationships with investor. There have been other organisations, but the value is their reach into and knowledge and their trusted relationships with a number of investors – it made the difference with going with them" – Place Pilot stakeholder

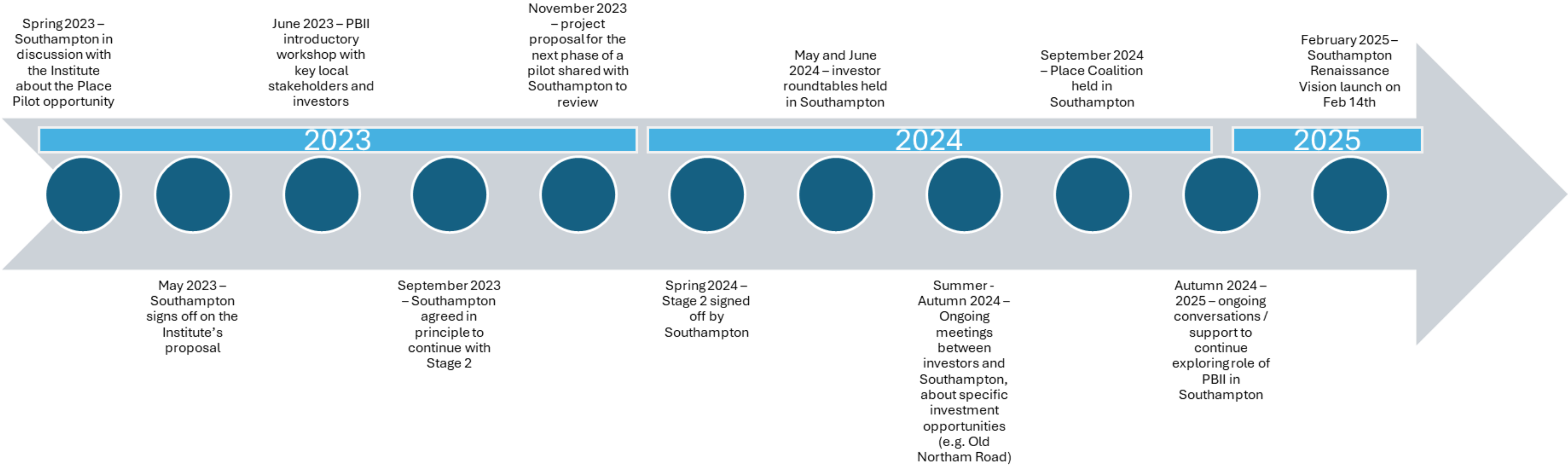
Interviews with involved stakeholders noted that capacity within the council was incredibly limited, which inhibited the extent to which progress could be made. One Place Pilot stakeholder noted that the investor engagement sessions had been helpful for informing the council's thinking about the next steps, and the possible role they might play in facilitating impact investing into the region in future (e.g. if the council would be seeking investment or if instead it would be the broker between projects and investors). However, at the point of interviews in March 2024, no additional capital had been invested. The Place Pilot formally came to an end in March 2024, although the Institute continued regular catch-ups throughout 2024.

Figure 4: Timeline of engagement - Wakefield Place Pilot



*Stage 1 refers to initial activity on reviewing local investment opportunities and developing prospectus.
**Stage 2 refers to activity to further refine investment opportunities and undertake investor engagement activities

Figure 5: Timelines for engagement - Southampton Place Pilot



*Stage 1 refers to initial activity on reviewing local investment opportunities to identify which would be most amenable to PBII.
** Stage 2 refers to activity to share the preferred investment opportunity with investors and philanthropists, as well as the Place Coalition.

2.2.3 CDFIs

Most CDFIs (n=9) were engaged in the PBII programme via the capacity building programme that the Institute commissioned Responsible Finance (the industry body for CDFIs) to lead. The CDFI capacity-building programme was designed based on feedback collected from a CDFI survey asking about the types of capacity-building support they would most welcome. Overall, programme and external stakeholders agreed that the CDFI programme delivered by Responsible Finance worked well because of this, as it helped address some of the pressing needs of CDFIs (see Chapter 3 for more details). Several CDFI representatives – who took part in the CDFI capacity programme – all had a positive experience with the programme, citing that Responsible Finance was very supportive, and provided clear and concise communications. Features of the programme that worked well according to interviewees, included:

- the development day, which included a number of sessions (e.g. on marketing and recruitment) which were relevant and useful to attendees;
- the business coach, who delivered one-on-one mentoring, and who provided valuable guidance and advice to CDFI CEOs;

> *"[Coach] was incredible… you were able to be open and honest and actually reflect back on things. And [coach] gave you enough time to think things through and put actions into place and then reflect on them. I think it was having somebody accountable and somebody really pushing you to actually do something again was hugely valuable." – CDFI stakeholder*

- and action plan development, where organisations worked with the business coach to think more strategically about how they could build up their organisation's capacity.

Another key success factor for the programme was that it brought together senior leaders of different CDFIs, to talk about their experiences and reflect on the challenges they faced.

> *"And then it was just learning from other CDFIs who've been doing this for a long time and have been CEOs for a long time, just again sharing best practice and seeing what others do well and where." – CDFI stakeholder*

2.2.4 Policymakers

The four policymakers interviewed as part of the evaluation were all very positive about their experiences interacting with the Institute, reflecting that they felt it worthwhile engaging with them. For example, one stakeholder reflected that their department had shared values and goals with the Institute (in terms of creating better communities and aligning stakeholders to achieve this) and that they welcomed being able to discuss the role of private capital in achieving their strategic mission. Other policymakers described how they appreciated the discussions with the Institute about the Place Pilots, and how the Institute worked with places to understand their needs, and then connect investors to them.

"They were very happy to give us their time, and talk us through the basic stuff the Institute does, and wider thoughts around the market. The conversations were valuable." – Policymaker

Across the years of the evaluation, common feedback was that in the context of a rapidly evolving policy landscape, the Institute must continue to ensure that its outputs are shared regularly and its conversations stay relevant to policy developments. At the time of reporting, policy stakeholders spoke about the Government's priority on local economic growth, and how the Place Pilots were of key interest for informing policymakers' thinking. Several noted that while they welcomed the discussions about the activity with the Institute, they would have liked to have seen more written evidence (e.g. evaluation and learning outputs) of the pilots, to inform their thinking, even if not much had happened in the Pilots. One noted that they would have been interested in visiting the places to understand how the Pilots were working in practice. While the Institute invited DCMS policymakers to it the pilots, perhaps any future Place Pilots could consider involving other policymakers (i.e. external to DCMS) in the engagements (as appropriate).

Another reflection from some policymakers, was that in future they would welcome more cross-government collaboration (e.g. across multiple departments including DCMS). They noted that while they understood that main sponsorship of the Institute came from DCMS due to its leadership on impact investing, the 'place' focus aligned with other departments' priorities also (e.g. MHCLG, Office for Investment), so there could be scope for wider government collaboration with the Institute in future.

2.2.5 Other stakeholders

As noted in Section 2.1.1, many other stakeholders (e.g. other organisations working to develop the PBII market) were engaged in the Institute's Place Coalition. Place Coalition attendees interviewed generally felt that the Institute had been successful in bringing various connected parties from different backgrounds, who were on the same page about PBII and had a willingness to discuss challenges, think of possible solutions and explore opportunities. For example, in the Place Coalition meeting at Wakefield, sessions included: a representative from a combined authority presenting on their approach to encourage the LGPS to take a PBII approach; the Institute and Wakefield Council updating on the progress made in the Place Pilot so far, reflecting on the successes and challenges in delivery; and the Community Handbook was launched, with presentations from investors on the approaches they had taken to community engagement.

"I think what I liked about the Place Coalition particularly was the fact that yes, it was bringing, you know, sort of big city investors, the big pension funds into investing in place, but it wasn't telling places what to do. It was much more that sort of co-creation between the investment but also getting place to think about how it might use that investment in a way that actually empowers citizens and facilitates if you like growth and productivity and regeneration, in a creative way, from the locality upwards. It's a grassroots movement and I think that was very appealing to me." – Place Coalition stakeholder

Similarly, there was strong consensus across programme and external stakeholders that the Institute convened the CDFI Working Group and Advisory Panel effectively, bringing together the key stakeholders from Central Government, the investment community, the CDFI community, and other relevant stakeholders/place practitioners that had the ability to work together to help grow the CDFI sector.

"The Institute plays an important role around convening… they have a fantastic network both within the government and within the private sector and impact-minded investors… their role as a convener is really important [on] the awareness-raising side of things, and the job of translating the impact and… the financial side of things to that audience, to get more investment, is very important." – CDFI Working Group Stakeholder

2.3 Integration of Diversity, Equity and Inclusion

A key principle underpinning the PBII grant-funding was to ensure that Diversity, Equity and Inclusion (DEI) considerations were built into the Institute's activities. Evidence from interviews with programme stakeholders and a review of programme documentation indicates that the Institute actively built a DEI lens into its PBII programme, and applied principles throughout.

Firstly, the Institute had – at the time of reporting - an 'events diversity policy'[20] which set out the actions that they take to improve diversity and inclusion in the events at the Institute (e.g. having a 'comply or explain'[21] approach for events they host or co-host, measuring and reporting on speaker and attendee diversity statistics, and taking into consideration accessibility of events), as well as applying similar principles to events they are invited to attend (e.g. declining invitations where organisers cannot 'comply or explain' about gender/ethnicity balance of panels/speakers).

Secondly, the regular monitoring reports completed by the Institute for DCMS included space for the Institute to reflect on how they had built DEI considerations into their activity for the preceding period. Initial activities included applying the Institute's aforementioned policy to all events held and investor engagement events attended; constructing the membership of the Place Coalition to be mindful of the composition of attendees; being mindful of the diversity of the CDFI Working Group and Advisory Panel; and producing a community engagement handbook for investors (which was designed to incorporate marginalised voices and promote non-extractive processes in the investment industry).

A reflection in the Year 2 evaluation was there was limited evidence available to assess the extent to which the Institute had changed or expanded its DEI considerations from Year 1, as monitoring reports highlighted the same actions taken in Year 2 as in Year 1. However, in Year 3, there was more evidence of further actions the Institute had taken, such as collecting data on the diversity of its CDFI Forum (which is majority-women), further widening the Place Coalition and deliberately constructing the membership to account for demographic diversity and diversity of lived experience.

External stakeholders engaged in the Institute's activities indicated that generally they found the activities to be accessible and inclusive. For example, one member of the Place Coalition reflected that the session had a diverse mix of public, private and third-sector representatives, with good gender representation and attendees from different ethnic backgrounds. Several stakeholders commended the Institute's consistently effective approach to facilitation, ensuring that everyone had the opportunity to speak during events.

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[20] Events diversity policy | Impact Investing Institute
[21] Ideally events should 'comply' with the Institute's approach of ensuring a minimum of 1 woman/non-binary representative and/or 1 black and ethnic minority representative on panels of 2 or less, including the moderator;
a minimum of 2 women/non-binary representatives and/or 2 black and ethnic minority representatives and/or 1 representative from each group mentioned, on panels of 3 or more, including the moderator; and at larger events: Where possible, 50/50 split of women/non-binary representation and/or black and ethnic minority representation, including moderators. If events do not comply with this, then they need to 'explain', i.e. record the limitations that meant it was not able to meet the 'comply' criteria.

"I always think [chair] is a very good chair of these meetings so [they] always [try] to make sure that everyone has a good opportunity to speak. [They are] very sort of aware of, you know, making sure that maybe quieter members of the group are asked for opinions and that kind of thing." - CDFI stakeholder

Similarly, a participant of the CDFI capacity-building programme (led by Responsible Finance as part of WS3) noted that the content of the programme helped CDFIs think about their approach to embedding DEI principles. For example, one CDFI participant highlighted how the marketing session helped them to consider how they could better market their products to minority-led businesses.

One area that several programme and external stakeholders flagged, was that going forward they would like to see more regional activity in terms of the Institute's events and engagements. Several people suggested that the activity felt quite London-centric (although there were Place Coalitions in Southampton and Wakefield). There was demand for further activity to expand into other regions of England and the devolved nations. However, stakeholders also noted that there may be budgetary constraints for the Institute that would impact the extent to which they could take on this recommendation. Other suggestions made for future DEI considerations included further developing the community engagement work, and supporting investors to integrate it into their practice, and further integration of public health representatives in future place pilots / local projects to ensure projects are developed with a public health / inequalities lens.

3.0 Outcomes and impact evaluation

This section reflects on the contribution of the grant-funded programme on developing the PBII market. It explores the main outcomes observed (both intended and unintended) in relation to: investor outcomes, CDFI outcomes, place outcomes and policy outcomes, and the extent to which the Institute contributed to these.

Key findings

The Institute made good progress in supporting the intended outcomes relating to:

▶ increased investor awareness and understanding of PBII and the potential to invest in the UK's CDFI sector;

▶ more connections between key stakeholders in Place Pilot areas, particularly through the Institute introducing local authorities to relevant investors / asset managers;

▶ supporting increased awareness and understanding of PBII amongst the Place Coalition; by convening key stakeholders to share their experiences and learning from taking place-based approaches;

▶ improved knowledge, skills and confidence amongst CDFIs participating in the capacity-building programme;

▶ and increased awareness and understanding of PBII amongst policymakers, with the Institute helping policymakers to see the potential for PBII in supporting their policy ambitions.

The Institute also made significant progress in supporting and championing increased investment to the CDFI sector. Over the course of the PBII programme, two major funds were launched (Community Investment Enterprise Fund 2 and Community ENABLE Fund) and a smaller CDFI deal in advanced stages of due diligence at the time of reporting. The Institute had a key role in supporting CIEF 2 and in enabling the CDFI deal to happen, helping unlock £77 million of investment for the CDFI sector.

There was evidence of some progress towards shaping investors' intentions to take a PBII approach in the future (both amongst engaged asset managers and LGPS); helping Place Pilots to identify new or refine existing investment opportunities; supporting Place Coalition members to see more evidence on PBII; facilitating CDFIs' ability to take on additional investment; and supporting greater incentivisation amongst policymakers to support private investment for generating local impact.

A key learning was that investment outcomes for places are likely to take much longer than originally intended, due to various factors such as planning permissions and land ownership. Therefore, it was too early to evidence additional capital being allocated to Place Pilot areas for specific investment opportunities identified through the Place Pilot activity. However, Place Pilot stakeholders showed optimism about the potential for their areas to see increased investment following their involvement in the Institute's PBII programme.

3.1 Investor outcomes

The main intended investor outcomes as outlined in the ToC were:

- mainstream investors are more aware of PBII and local need;
- increased interest by mainstream investors to allocate to PBII;
- and increased understanding about, and confidence in, the UK CDFI sector (including commitments to invest).

Due to low responses to the asset manager survey, it is not possible to quantify progress towards some of the outcomes. However, from the qualitative evidence, we found:

- **Increased awareness of PBII as a concept:** asset managers interviewed highlighted that they were seeing more clients (asset owners) talking about PBII. Our analysis of LGPS reports from 2021-2024 (see Section 3.1.1 below) indicated that LGPS used various terms including PBII, local investment and regional investment to describe their intentions to invest locally. Programme and external stakeholders noted that the PBII programme's work to provide a narrative around PBII and crystallise it as a concept (see Section 2.1.1) was one of the key enablers, as it helped investors who have invested in UK housing, energy, infrastructure etc for years, re-assess their work with a PBII lens. For example, one investor spoke about a fund they had in the 'care homes' sector. At the time of its launch (12 years prior to the interview) there was not a key aspiration to build net zero care homes, but now there is a demand for this, they are now reporting on the extent to which new investments made via the fund are being built to be carbon neutral.

"Lots of our bigger products evolved without that [PBII] lens, but now we're starting to examine it. So it's just a lens we want to put on everything, but it hasn't been a foundational feature of those products." - Investor

- **Increasing involvement with PBII among asset managers engaged with the Institute over time:** According to the Institute's stakeholder map, from November 2023 to January 2024, there was no change in the number of LGPS actively engaging with the Institute and actively investing in PBII (this was 4 LGPS over time). For asset managers, from January 2024 to March 2025, the Institute reported that there was an increase in the number engaging actively with the Institute and actively investing, from 5 to 18.
- **Mixed intention to include PBII in investment strategies amongst engaged stakeholders:** Across the course of the evaluation, asset managers and investors interviewed had mixed views on the extent to which they would actively focus on PBII. For example, one stakeholder highlighted that the Institute had been a very helpful "sounding board" in developing criteria for future PBII deals, which they were actively trying to pursue,

whereas another said that place might be a criteria of their future investments, but not the focus, because they were not yet seeing sufficient demand from asset owners for such products.

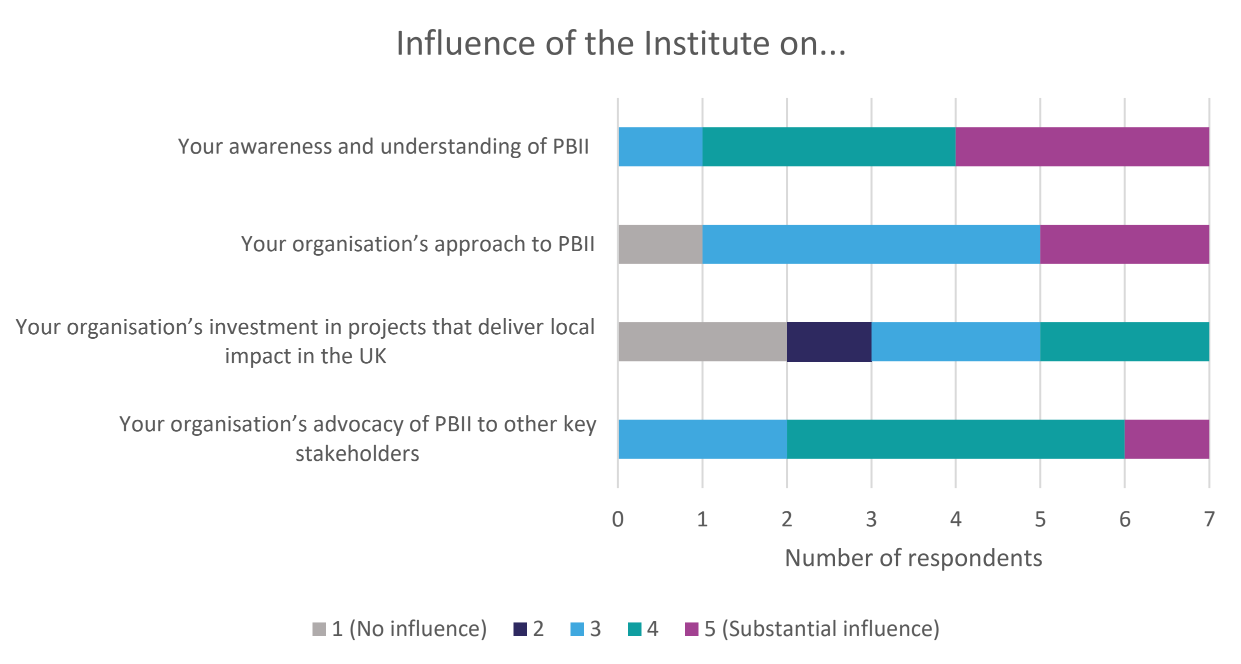
> *"We'd be delighted to launch a UK fund. We just haven't seen the demand yet come to us to be able to launch the new vehicle. We'd love to see the Institute get more engaged in engaging that asset owner community to help us." – Asset Manager*

Box 2 summarises the findings from the survey of the Institute's 'engaged' asset managers in 2024-5, which provides the expected direction of travel for a small sample of organisations. As noted in the Section 1.3.1, this should not be considered representative of the investors engaged in the Institute's activities, and also has a bias as it reflects the considerations of investors already taking a PBII approach (and not those not engaged with the approach at all).

Box 2: direction of travel for the Institute's 'engaged' asset managers

Of the 7 survey respondents (out 25 invited), all took a PBII approach, and 4 provided estimates of the value of their Assets Under Management (AUM) in projects that deliver local impact in the UK as a proportion of their total AUM. PBII ranged from 1% to 26% of total AUM, with a total of £615.7million allocated to local investments across the 4 respondents. Most (n=6) respondents said that their local investments had increased since 2021 (i.e. when the PBII programme began). For the 5 respondents that could estimate how much this had increased, 1 said by less than 25%, another by 25%-49 and three said their investments had doubled or more (i.e. ranging from £48mil to £145mil in AUM using lower and upper range estimates). **All said they expected their investments would increase by 2027**. The chart below summarises respondents' views on the level of influence of the Institute on different aspects of engagement with PBII. The Institute was more likely to have an influence on asset managers' awareness and understanding, and less on the actual investments made. In one of the cases that the Institute had a 'substantial influence' on the organisation's PBII approach, their allocation to projects delivering impact in the UK had risen between £3m and £60m (using lower and upper range estimates) over this time. The findings suggest that the Institute has helped encourage its engaged stakeholders to advocate further for PBII, amongst peers and other stakeholders. Indeed, interviews with investors highlighted they were often engaged in multiple activities (e.g. Place Coalition, Place Pilots, individual engagements) and that they welcomed being able to share their experiences with, and learn from, others in the space.

Figure 6: Influence of the Institute on investors' awareness of, approach to, investment in, and advocacy of PBII



Source: Asset Manager survey (2024-5) (n=7)

When asked about their views on the effect of the Institute in building the PBII market, all 7 respondents said that the Institute had an effect, and 4 of these stating it was a large effect. Factors that would help to grow the market included encouragement of investment to funds that cover local investment across the UK (rather than localised regions), creating products that bridge the gap between the need for scale and risk appetite for PBII, and continuing to drive forward local projects and identification of investment opportunities.

- **Increased intention and/or allocation to PBII from LGPS:** our analysis of LGPS reports across 2021-2024 indicates that commitment to local investing has increased over time, although there is limited evidence of this being a direct impact of the Institute's PBII programme and rather it is an influence of their White Paper's 5% recommendation (see Section 3.1.1 below).
- **Increased investor awareness of CDFIs:** There was strong consensus across programme and external stakeholders that the CDFI workstream contributed to investors having better awareness and knowledge of the CDFI sector and its investment needs. This was via the CDFI Working Group and Advisory Panel (which included representation from both CDFIs and investors), via the Institute's social media posts about CDFIs, through the Place Coalition, from bilateral meetings between the Institute and investors, and through sharing information at events e.g. the Global Investment Summit, and Responsible Finance's Annual Member Day.
- **Increased investment to CDFI sector:** across the course of the programme, there were several significant successes, in terms of increased investment to the UK CDFI sector **(totalling £226-to-231-million)**. The extent of the Institute's contribution varied across all instances, which are outlined below and discussed further in Chapter 4.

- In Year 2, a key success was the launch of the **£62 million Community Investment Enterprise Fund 2** (CIEF 2) – by Lloyds Banking Group in partnership with Big Society Capital[22] and several CDFIs. Lloyds and partners were in touch with the Institute about launching CIEF 2 since 2022. The structure was already there from the original CIEF, but this was the first time a commercial bank in the UK (Lloyds Banking Group) had shown interest in making a large-scale investment in the CDFI sector. The Institute was involved in early discussions about the Fund, engaging in regular conversations with Lloyds about developing the CDFI sector, and sharing their expertise on how commercial banks have invested in the CDFI sector in the US. The Institute also shared progress of the Fund development to the CDFI Working Group, raising awareness of its launch.

"Having the working group for example, keeping everyone up to date, it [CIEF 2] was definitely mentioned – it was very positively discussed. [The Institute] would raise it at the working group, and [they] would be flagging it and maximising the knowledge of it, and moving it forward." – CDFI Working group stakeholder.

Stakeholders (programme and external) agreed the launch of CIEF 2 was strongly influenced and facilitated by the activity of the Institute and its CDFI Working Group where the Institute played a "hugely important role in helping to convene conversations across the right partners" (CDFI Working Group stakeholder).

"That's a big strand of what the Impact Investing Institute has done and actually because of that we have completed on a deal with start-up capital and the Lloyds Bank introduction very much came through [Institute team member]." – CDFI Working Group stakeholder

- In Year 3, several programme and external stakeholders noted that as a direct result of introductions made through the Place Coalition, a **deal to invest between £10-15 million into the CDFI sector** was in the advanced stages of due diligence.[23]

"We are now in the position of being a whisker away from finalising a deal with [investor] for the creation of a specific place-based investment of around [up to £15 million]. So that's directly because of the work of the Institute." – CDFI stakeholder

- In Year 3, the British Business Bank launched the **Community ENABLE Funding (CEF) programme, which was designed to increase the availability of finance of up to £150 million** to the social impact sector via CDFIs and not-for-profit lenders. While not a direct impact of the Institute's work, the launch of the funding represented a further step change in the provision of investment for the CDFI sector, and demonstrated the momentum that built up in this space. The Institute's work on investor engagement was originally planned for Year 3 but will be extended into 2025/26 and is intended to contribute to the second phase of the CEF, which will source additional funding from private sector investors.[24]

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[22] At the time of reporting, this organisation is now called Better Society Capital
[23] Due to commercial sensitivity, it is not possible to provide further details on the investment deal at the time of reporting.
[24] British Business Bank (2024). *British Business Bank announces Community ENABLE Funding programme to increase the availability of funding to social impact sector lenders. (Press release).*

- Alongside the CEF, in Year 3, JP Morgan announced a **£4 million grant funding programme** to support CDFI capacity building to help ensure that they can take on additional investment from the CEF. As noted, the Impact Investing Institute will lead on the investor engagement, and – at the time of reporting – was funded by JPMorgan to do this.[25]

3.1.1 General direction of travel for the PBII market

To help contextualise the outcomes of the Institute's activity in relation to the development of the broader PBII market, each year of the evaluation we have analysed LGPS' self-reported involvement, or intention to be involved with, PBII.[26] Table 2 below summarises the number of annual reports referencing PBII specifically, the number demonstrating intentionality (i.e. intent to allocate investments to projects that support local impact in the UK), and the number (and value of) new commitments and/or investments to PBII. As noted in Chapter 2, a lack of a consistent approach to reporting on precise PBII / local investments makes this analysis challenging, so the findings below should be considered an indication of the growth of LGPS' investments into PBII / local investments, rather than presenting precise figures on change over time.

The PBII White paper in 2021[27] suggested in 6 of 50 LGPS annual reports for 2018/19 there was a clear intentionality for PBII. The White Paper noted that *"if all LGPS funds were allocate 5% to local investing, this would unlock £16 billion for local investing".*[28] This was directly referenced in the 2023 Levelling Up White Paper, which called for LGPS funds – working with LGPS asset pools – to increase their local investment, setting an ambition for 5% of assets invested in projects supporting local areas. A 2023 government consultation on the next steps for investments in the LGPS found clear evidence that there was willingness from LGPS to invest in projects that have benefits for local communities (although this was where it was feasible for the pension fund to do so).[29]

Our analysis each year since has indicated increased engagement with this suggested commitment to allocate funds to local investment. There has been a steady increase in the number of LGPS reports demonstrating intentionality, from 8 in 2021/22 to 20 in 2023/24, with the number outlining commitments/investments raising from 3 to 10 across the same time period. **However, what is most striking is the value of commitments or investments, increasing by over £0.9bn from 2022/23 to 2023/24, to £1.03bn.** This included new investments being made in 2023/24, as well as work being done to identify and recategorise existing local investing.

Some LGPS allocated a percentage of their investments to projects supporting local impact in the UK:

- South Yorkshire Pension Fund set up a "place-based impact strategy", with up to 5% of its Fund AUM earmarked to support a commercial return as well as have a positive economic impact. Some investments were directly in South Yorkshire, but others were nationally.[30]
- The Greater Manchester Pension Fund (GMPF) - which makes a 5% allocation to local investments - had investment to local projects rise by £84 million from 2022/23 to 2023/24. This brought its total commitments, across its Invest 4 Growth (which was a collaboration with several other LGPS) and Impact (which focuses on investments to projects relating to supported living accommodation, SME finance, and renewable energy) portfolios to £933 million, as of the end of March 2024.[31]

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[25] Impact Investor. (2024) British Business Bank, JPMorgan commit £154m to unlocking SME finance.
[26] Given time constraints, we did a key word search across all documents each year, using the findings to then conducted a more detailed read of LGPS Annual Reports, purposively sampling to review those using PBII-related terms (e.g. PBII, impact investing, CDFIs, local investment, local impact).
[27] The Good Economy, Impact Investing Institute and Pensions for Purpose (2021) Scaling up institutional investment for place-based impact. White paper.
[28] Ibid (p5)
[29] DLUHC (2023) Local Government Pension Scheme (England and Wales): Next steps on investments - government response - GOV.UK
[30] South Yorkshire Pension Fund (2025) Annual Report.
[31] GMPF. (2025) 2024 Annual Report.

- Cornwall established a Social Impact Portfolio Strategy in 2021, aiming to allocate 5% of its fund value to social impact investment. As part of this, it allocated £65 million to affordable housing in Cornwall, and £50 million in UK-based renewable energy projects.[32]

Others mapped their existing investments and re-categorised their investments to fall under a 'local impact portfolio':

- Clywd LGPS engaged The Good Economy to assess the social impact of its UK private market investments. This resulted in an assessment that 5.6% of the Fund's assets (£137,755) were allocated to 'local/impact' investments.[33]

In some cases, LGPS allocated capital to other funds that target local investment. For example, Swansea LGPS made a £10million commitment to Capital Dynamics Infrastructure Fund, which is a wind farm project operating across Wales.[34]

Table 5: LGPS PBII activity over time

	PBII White Paper (2018/19)	Year 1 (2021/22)	Year 2 (2022/23)	Year 3 (2023/24)
Number of LGPS referencing place-based impact investing specifically	N/A	2	2	2
Number of LGPS reports demonstrating intentionality	6	8	11	20
Number of LGPS reports outlining new commitments and/or investments to PBII (or local or regional investments, as defined by LGPS)	N/A	3	7	10
Value of these new commitments/investments	N/A	At least £145m	At least £398m	c. £1,03bn

Source: LGPS annual reports (2021-2024).

In terms of the contribution of the Institute's PBII programme on this, in Years 2 and 3 of the analysis, none of the annual reports directly mentioned the Institute or its PBII programme, but reports often mentioned the reference to setting an ambition of up to 5% of assets to local investments, which, as mentioned, was the recommendation that the Institute made, and was included in the Levelling Up White Paper in 2023. This indicates that the recommendation had a lasting influence on LGPS decision-making. In addition, of the 9 LGPS stating their commitments to local investments in 2023/24 annual reporting, the Institute was – according to its stakeholder map – actively engaging with 4 LGPS, and had some engagement with one. However, without further fieldwork

[32] Cornwall Pension Fund (2025) Annual Report 2023-2024
[33] Clywd Pension Fund (2025) Annual report 2023/24
[34] Swansea Pension Fund (2025) Annual report 2023/24

with these LGPS it is difficult to assess the extent to which engagement with the Institute contributed to these commitments (if at all).

"I think that the original impetus that we've done and then following proselytising and, in particular, raising the profile of successful case studies, peer- generated case studies that show the art of the possible has really helped embed PBII within the £350 billion LGPS system. In that sense, I think it's been really, really powerful to the point where we moved a concept that didn't have a name to one that now has a name and is accepted as a concept and is in active implementation… I think it's been very catalytic." - Programme stakeholder

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Overall, this analysis shows growing momentum amongst LGPS to allocate to projects that support local impact in the UK. Wider research also suggests that more LGPS intend to take a PBII approach, although it cautions that investment for LGPS should not be considered a panacea for investing in local economic development, and instead one of many financing sources. A 2023 Room151 and Schroder's survey of LGPS noted that "*there continues to be a strong sentiment against putting the onus for local development on the LGPS*", although more than half of respondents (n=61) were open to investing in local projects if it suited their investment strategy.[35] This finding underlines the need for continued engagement with LGPS – as well as other investors - on the PBII agenda, to raise awareness of PBII deals that can both support local impact as well as LGPS' investments strategies.

"There's no doubt that the work of the Institute has been additive and additional to what the rest of the ecosystem would otherwise have been able to achieve." - Investor

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3.2 Place and Place Coalition outcomes

The main intended outcomes for the Place Pilot activity were that:

▶ connections and networks would be built between key actors within the Place Pilots;

▶Place Pilot areas would be better equipped to attract investment and to create business cases for investment on their own;

▶ investment opportunities would be created in Place Pilot areas;

▶ and additional capital would be invested in place pilot areas.

[35] Room151 and Schroders (2023) LGPS Survey 2023. (p12)

The Place Coalition was intended to contribute to a growth of awareness on, and evidence around, PBII.

3.2.1 Outcomes for Place Pilots

Overall, the evidence on the outcomes of the Place Pilot activity indicated that while good progress had been made in terms of building connections and networks, outcomes relating to the creation of investment opportunities and additional capital being invested in areas had not been fully realised by the end of the grant-funded period, with a key learning that place-based activity took much longer to develop than originally anticipated. Despite this, stakeholders engaged were generally very pleased with the outcomes observed and were thankful for the Institute's contributions.

- **Increased development of new connections between key actors:** there was strong consensus across Place Pilot stakeholders, investors, and programme stakeholders that the Place Pilots had supported the development of new connections. For example, in one Place Pilot, the Institute introduced the council to several asset managers, with different thematic specialisms, that could speak to the council about different types of investment opportunity, ranging from real estate to net zero to SME finance. In the other Place Pilot, a stakeholder noted that they were still in touch with several investors that the Institute had connected them with, about a potential future opportunity. Indeed, some investors highlighted that they had benefitted from being connected with LAs; for example, following one investor event an investor felt that their organisation had an 'enhanced reputation' amongst the LA.

> *"What's been most helpful is having a prospectus of different investors and what they are looking for, what their priorities are, and how they prefer to work. Because most of the investment funds that we've met as part of this process, we would never have come across normally and that's really interesting. And if it hadn't been for the work of the Institute, we would not have been exposed to some of these investment funds who have a real interest in our place and other similar places." – Place Pilot stakeholder*

- **Improved knowledge and understanding amongst local authority stakeholders of PBII:** in Southampton and Wakefield, key individuals involved in the pilots described how their knowledge had developed over time. In the first year of the respective pilots, key stakeholders noted how they were relatively new to impact investing and felt that while they had learned a lot from the Institute, as one person put it *"we've still got a long way to go, and we're still at the start of our journey"* (Place Pilot stakeholder). One of the Pilot's stakeholder highlighted that in the first year of the Pilot they – and the team within the council – learned about what impact investing was, what taking a 'place-based approach' might mean for their area, and what they needed to think about if they were going to deliver a long-term strategic approach to impact investing. In the second year of the Pilots, interviews with key stakeholders suggested increased knowledge and understanding of PBII from Year 1, particularly in terms of their understanding of what investors were looking for, and also how they might go about delivering their strategic vision. One interviewee noted that they also learned more about the challenges of attracting private investors (as a LA) and how they need to fully consider the risks of possible investments and approaches to manage risks.

> *"I guess it's an illustration really of we are still, through this, learning about some of the challenges, some of the risks and some of those risks will inhibit us in making*

progress because I suspect that you know we won't be alone in having finance colleagues who will be nervous about this different world and when you've seen what one or two local authorities have done with their investments over the last few years and got into big trouble, I know it's not around place based impact investment, but it has it has spooked a lot of people in local government, hasn't it? People have made really unwise, significant investments in fields that they weren't experienced in." – Place Pilot stakeholder

Another interviewee highlighted that their involvement with the Place Pilot had helped them learn what impact investors were interested in. When they had their first engagement event with investors, they presented the opportunities, but investors highlighted that they were much more interested in the communities and the potential impact of the opportunities on communities. This was a key learning for the interviewee, and they adapted their approach to investor pitches going forward.

"Our first presentation to investors, we tried to tell them what we thought they wanted to hear. They were able to talk really openly about the things they really wanted to hear, which was about communities; the impact on our communities. But we hadn't talked enough about the people… we had made an assumption that they were corporate – but actually social purpose was higher up the mix. They were very clear about that – so as we went on, we could angle our presentations to other investors." – Place Pilot stakeholder

- **Initial work on the development of new investment opportunities:** across both Pilot areas, the Institute supported the areas to explore and identify possible PBII opportunities, through ongoing engagement with local organisations, investors, and developers. For example, in Wakefield, in the 2nd year, a prospectus with 15 possible projects was outlined, which included details on 11 housing and regeneration projects, 2 clean energy and infrastructure projects, and 2 SME finance projects.[36] In addition, the Institute supported Wakefield to set up a number of meetings regarding projects such as Owlers Solar Farm (a solar energy project), and an expansion of a housing zone in Castleford. In Southampton, stakeholders noted that they had already identified their two potential investment opportunities, but through their work with the Institute and engagements with investors, realised that one of the opportunities – the Old Northam Road site – might be more suitable for impact investors.
- **No additional capital invested in place pilot areas:** as at the time of reporting, Wakefield and Southampton had not seen any additional capital invested as a result of the Place Pilot activity. In one of the Place Pilots there was significant activity occurring on one opportunity, relating to land ownership, although the stakeholder could not provide information due to commercial sensitivities. However, they felt optimistic about future potential to bring investment into the area.

[36] These projects were in varying stages of development; 5 had not yet been fully defined (beyond a broad idea of what could happen); 2 were at the concept design phase, and 8 were at the technical design phase. Most already had some grant funding secured, but could be further bolstered by other investment.

"I don't know if all of them [conversations] will result in an ideal match of investors and new investment coming into [the area]. But I think it's given an opportunity to think about how we set our stall in the future" – Place Pilot Stakeholder

Box 3: Progress made in the Southampton Place Pilot up to March 2025

Initial conversations about a potential Place Pilot in Southampton occurred in December-January 2022, and the Institute shared a proposal with Southampton Forward (an independent Culture Trust for Southampton) for the work. Southampton agreed to participate and Phase 1 started. A workshop, held in June 2023, involved Southampton Forward, Southampton City Council, investors and other key local partners. It provided an opportunity for Southampton stakeholders to present some potential investment opportunities, such as the Old Northam Road site (which was described as having opportunities to develop affordable housing, commercial space and cultural activities) and the city's Cultural Zone. According to programme and Pilot stakeholders, this workshop went well; it garnered interest from various asset managers (with different specialisms such as regeneration, and net zero) and provided Southampton with some key learning around the importance of highlighting its substantial community consultation evidence (conducted as part of Southampton's 'City of Culture' bid) to investors – as this was the information that the investors were very interested in. The conversation helped clarify that the Old Northam Road site might be most amenable to impact investing, given its potential impact on communities. Following this workshop, the Institute produced a report for Southampton, reflecting on the key insights / learning from Phase 1, highlighting the importance of local leadership, council capacity and capability, investor capability to engage in-depth with the local authority, early investor engagement and dialogue and cultivating trust between stakeholders.[37]

In November 2023, the Institute developed a proposal for Phase 2, which was signed off in early 2024. Phase 2 involved three convenings:

▶ a roundtable with investors, focusing on the Old Northam Road site (which had 24 attendees, including investors, Southampton Forward and council, and other local partners and involved a tour of the site);

▶ an event with social investors and philanthropists (with 35 attendees, covering themes such as how to revitalise assets, growing the social economy, and investing in the creative communities) and;

▶ a Place Coalition (with 65 attendees, focusing on connecting the national agenda of driving economic growth to local opportunities).

Overall, programme and external stakeholders felt that the sessions went well; one investor attendee welcomed the physical tour of the site in Southampton, as it enabled a deeper appreciation of its potential. A Southampton stakeholder interviewed described how all of the sessions were "very, very interesting", and through sharing their experience as part of the Place Coalition, they helped other LAs to *"realise the art of the possible*", despite challenging financial pressures many LAs were experiencing at the time. Following the Place Coalition, connections between some attendees and Southampton continued, and, at

[37] Details on these reflections are provided in the Institute's emerging impact and insights paper: Impact Investing Institute (2024) Place-based impact investing: Emerging impact and insights.

the time of reporting, Southampton had secured some pro-bono support to develop an outline scheme for the site. Further conversations were had between investors and the council on other potential opportunities. Overall, while no investment had been allocated at the point of the interviews, stakeholders reflected that there was significant momentum and appetite to continue exploring the role of PBII in Southampton. Indeed, in February 2025, the Renaissance Southampton Board (in partnership with stakeholders such as the council and Southampton Forward) launched the 'Southampton Renaissance Vision'; a prospectus setting out the main opportunities in Southampton, to support local economic growth and prosperity for the city's communities.[38]

Stakeholders involved noted the pivotal role of the Institute in supporting the work to happen; from the initial conception of the Place Pilot through to the effective convening of relevant stakeholders for the three workshops in Phase 2, which catalysed further conversations beyond the Place Coalition setting. Place Pilot stakeholders involved highly appreciated the role of the Institute throughout.

"The Institute has been central, we would not have these connections and they're just really good, they introduce us, we have the conversation, they pick the conversation up, they keep it going. They keep people warm. They're just pretty perfect, actually. It's exactly what you want from a partner." – Place Pilot stakeholder

3.2.2 Outcomes for the Place Coalition

Interviews with various external stakeholders highlighted how they valued the Place Coalition, and felt that the Institute had succeeded in bringing together like-minded stakeholders to explore possible opportunities for collaboration. As highlighted in Section 3.1, there were some unexpected outcomes of the Place Coalition; for example in one case an introduction made at the Place Coalition led to an investment (at an advanced stage of due diligence at the time of reporting) of up to £15 million. Below summarises the evidence on the intended outcomes of the Place Coalition activity:

- **Increased awareness and understanding of PBII:** Over the years of the evaluation, and as the Place Coalition grew, there was more qualitative evidence from stakeholders from different backgrounds (policy, development, public sector) that felt their involvement in the Place Coalition and Institute's activities helped them understand their potential role in building/shaping the PBII market. One programme stakeholder explained that the Place Coalition helped to keep progress moving forward (in an area that has been in quite a lot of flux from a policy perspective). They felt it was a good forum for identifying what was happening regionally, and for connecting stakeholders around possible opportunities.
- **Some indication of a growth in evidence:** Some of the external stakeholders that joined the Place Coalitions felt they had been helpful in raising awareness of what was happening in the Place Pilots. However, others said that they did not learn much and instead felt as though they were the main contributors of evidence. As each of the Place Pilot areas hosted a Place Coalition, stakeholders involved in the Place Pilots reflected that they found the process really helpful to learn from what was going on more widely. For example, reflecting on the Place Coalition held in Wakefield, and hearing the progress made in the pilot, a stakeholder in Southampton felt more confident about what could be done in Southampton.

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[38] Renaissance Southampton (2025) Southampton Renaissance Vision: a prospectus for change.

"For me, that was seeing someone else's work and interest in this area, and I began to really see how important and strategic and how impactful the work could be" – Place Pilot stakeholder

3.3 CDFI outcomes

The intended CDFI outcomes in the ToC were: that CDFIs would develop the key skills and competencies required to continue to take on investment, and they would be more confident about, capable in, and resourced for managing more investment.

As noted in Chapter 2, CDFIs' main engagement in the grant-funded PBII programme was through the capacity building programme led by Responsible Finance (designed in Year 1 and deliver in Year 2 of the programme). Internal evaluation (led by Responsible Finance) and interviews conducted with three CDFI CEOs involved provided evidence of most of the intended outcomes being achieved:

- **Increased knowledge and skills:** the internal evaluation noted that discussions with CEOs highlighted increased understanding of possible marketing strategies to enhance their visibility to their local potential customers, and better understanding of potential data solutions that could improve the efficiency of their operations. Follow-up interviews with some of the participants confirmed increased knowledge, with interviewees highlighting in particular an increased understanding of how they could better market their organisations to different business types.
- **Some evidence of increased ability to take on additional investment:** the internal evaluation highlighted that CDFIs were supported to develop data rooms and specialised dashboards. It was still too early to assess the impacts of this, but the internal evaluation noted "by making it standard practice across the majority of the enterprise lending CDFI sector, the intended impact is that more CDFIs can engage in due diligence and increase the efficiency of the process. Once they have a data room set up, CDFIs can use it for other investors as well, so it is a tool that will be impactful for the sector's ability to raise capital over a long period of time."[39] One stakeholder interviewed reflected that while they expect their organisation to double in size, they were still cautious about taking on additional investment at the time of interviews, depending on the terms and conditions and level of risk they would be exposed to. They said that they would first want more training of their staff around risk assessment before taking on further investment.
- **Increased confidence about managing more investment in future:** self-rated assessments as part of the internal evaluation by the 9 CEOs indicated substantial rises in confidence across various different domains of leadership competencies. Interviews with several CDFI CEOs indicated sustained (i.e. 6-7 months) confidence, as they felt that the capacity building programme had helped them to understand their strengths and weaknesses (and therefore how to improve), as well as benchmark their progress against other CDFIs.

"From my point of view, it's made a lot of difference terms of confidence. It was really interesting to see the scores that the other chief executives provided, against how I compare against the other providers... and for me personally, really where my

[39] P7 of internal evaluation report

strengths and weaknesses lie and really trying to focus on what I can control rather than trying to focus on everything at the same time. So from a confidence point of view, that's really helped me kind of develop myself moving forward." – CDFI stakeholder

- **Morale and confidence boost for the sector:** an unanticipated outcome of the PBII programme (in terms of the ToC), was that several CDFI stakeholders had really welcomed the policy attention/focus and momentum built up by the Institute, DCMS, Responsible Finance and others about the CDFI sector.

"I don't think we would be, as a sector, where we are now without them. Again they bring through that policy and that understanding and that independent body to drive and bring these partners together because again the banking industry are all competing against each other. So to actually bring these investors together and to talk together, I think has been huge, absolutely huge for our sector and we're finally being heard." – CDFI stakeholder

3.4 Policy outcomes

The main intended policy outcomes were increased awareness, understanding and engagement of policymakers in PBII, and greater incentivisation and support to private investment into local impact from the government.

Overall, it was not possible to quantify the outcomes relating to policy, given the vast and varying levels of intensity of engagement that the Institute had with policymakers and regarding policy developments. However, evidence from interviews and programme monitoring reports indicates some progress against intended outcomes:

- **Increased awareness and understanding of PBII amongst - and engagement of - policymakers:** Across all years of evaluation, the qualitative evidence from external stakeholders suggested some increased awareness of PBII and its potential in supporting policy ambitions, e.g. relating to DLUHC's Levelling Up ambitions, Defra's Green Finance Strategy (evidenced through explicit references to the Place Pilot, and PBII) and the role of CDFIs in supporting PBII (through involvement in a Cross-Whitehall CDFI Working Group). One external stakeholder reflected that the Institute improved their understanding of some of the challenges in creating investment opportunities in places, and particularly some of the demand-side barriers (e.g. local government capacity challenges) affecting progress. This helped inform the thinking the working group was doing in relation to local economic development.

"I think our view was that it was more around the business support side, like almost a supply side of this, where there needs to be de-risking of certain regions that need more finance and funding. And so therefore it was surprising speaking with the Institute and through the working group work, where there's more demand issues that came through. So that thing of actually how places upskill themselves and become more attractive to investors, so they can speak the same language, can set

up propositions well and have a bit more of a commercial mind, so I think that's what came through in, in the work of the working group." – Policymaker

- **Some evidence of greater incentivisation to support private investment, although progress was affected by the 2024 General Election:** as highlighted earlier in the report, a key success of the initial PBII White Paper was that it put forward the recommendation of allocating 5% of LGPS' portfolios to local investment projects. This was then put forward in the 2023 Levelling Up Paper and was undergoing a government consultation process during Year 3 of the evaluation. Through the grant-funded programme, the Institute engaged in meetings and fed back through the consultation process, to support further policy development in this area. Policymakers interviewed in Year 3 noted that the Place Pilot work was of particular interest, with lots of considerations ongoing about how such a model could be replicated in other places and scaled up. They welcomed further evidence on the effectiveness of the Place Pilots to inform this thinking, but overall it was too soon to point to any concrete actions taken by government to support private investment into local places, as a direct result of engagement with the Institute.

"I guess there seems like there's quite a few things and it's working in that direction, but no kind of exact policy has been delivered or anything like that, but that partnership working and thinking is coming through on a few different policy areas I think." – Policymaker

4.0 Value for money evaluation

This section provides an assessment of the Value for Money (VfM) of the grant-funded activity, by combining an analysis of costs, with information on programme delivery (in terms of budget, timelines, engagement and outcomes), alongside qualitative feedback on the perceived VfM of the PBII grant.

Key findings

The cost of the PBII programme was around £1 million, with the programme generally delivered on time and on budget. There was good evidence to suggest that the Institute minimised costs while delivering the programme, delivered many aspects of the programme efficiently, was effective in achieving most of its intended aims and objectives, and made good efforts to ensure equitable use of resources and delivery of activity.

In addition, the Institute's work helped to catalyse and unlock large amounts of investment; with key contributions to around £77 million of investments to the CDFI sector via the CIEF 2 and another CDFI-related investment). It also successfully secured additional funding to continue its PBII activities.

Overall, the grant-funded activity was good value-for-money.

4.1 Costs

Table 3 below provides an overview of the final breakdown of the costs across the workstreams, with the allocation of spend across internal resources (i.e. the Institute's core costs) and external resources (e.g. commissioning other providers). The overall spend from DCMS was £1,000,000 - covering the costs of the PBII workstreams, the market-sizing work[40] and internal programme evaluation. This was £100,000 more than the original grant agreement (£900,000) as DCMS agreed to provide additional funding in Year 3 for the Institute to undertake further investor engagement activity around the CDFI sector. Overall, 61% of the grant funding covered the Institute's core costs, and 39% was allocated to external resources (compared with 54% and 46% respectively in the original grant agreement). Reallocation of budget was usually due to agreed changes in programming (e.g. the Institute ceased sponsorship of the PBII Forum after Year 1 (an external cost) and instead focused its efforts on deeper investor engagement (an internal cost)).

Table 6: Grant workstream costs

Workstream	Allocation to the Institute's core costs	Allocation to external resources	Total

[40] The market sizing activity aimed to assess the size of the impact investing market in the UK, building on an earlier market sizing that the Institute published in Year 2.

WS1 Investor engagement	£80,000	£19,000	£99,000
WS2 Place Pilots and Place Coalition	£200,000	£110,000	£310,000
WS3 CDFIs	£135,000	£165,000	£225,000
WS4 Policy engagement	£85,000	£ -	£85,000
Market-sizing	£70,000	£100,000	£170,000
Programme evaluation	£36,000	£ -	£36,000
Total	£606,000	£394,000	£1,000,000

Source: Impact Investing Institute

The rest of this section uses the National Audit Office's (NAO) framework for VfM assessment;[41] assessing economy (the extent to which costs were minimised while ensuring quality in delivery), efficiency (how well the inputs were turned into outputs), effectiveness (the extent to which intended outcomes were achieved) and equity (the extent to which activities and outcomes were fairly distributed).

4.2 Economy

Across stakeholder interviews and analysis of programme reporting and other documentation, there is **good evidence that the Institute minimised costs as far as possible** without compromising on quality of delivery. In particular:

- Activities progressed and were delivered broadly as planned, within the allocated budget for the grant. As highlighted in the previous subsection, there were some agreed changes in the budget, with small reallocations across the budgets with spend on some workstreams (e.g. investor engagement, Place Coalition and Place Pilots) being less than originally intended, and spend on others (e.g. CDFIs, policy engagement) being slightly more. However, as noted in Section 2.1.1, the ability to reallocate budget across workstreams was a positive, because it meant that the Institute could be more flexible with its activity, and more adaptive to the emerging needs of its stakeholders and the developing PBII market.

[41] Successful commissioning toolkit Assessing value for money - National Audit Office (NAO)

- Programme stakeholders interviewed noted that it was likely some resources were covered by the Institute's general operating costs (e.g. use of rooms, technology, equipment), but they were not able estimate costs, so these are not monetisable. However, overall, programme stakeholders confirmed that all of the place-based activity undertaken was funded by the grant (i.e. there was no overspend).
- A strong theme in interviews across the years was that the Institute's PBII and broader teams were very well networked in the impact investing sector, and were able to tap into this to involve pro-bono support, including expert engagement, legal support (e.g. in developing the CDFI financing vehicle plans), volunteer hours (e.g. from the Institute's Deputy Chair) and Civil Service Fast Stream placement support. This meant there were additional benefits accrued that were not paid for through the grant.
- The Institute secured additional co-funding and resource from the LAs involved in the Place Pilots (Wakefield and Southampton) for the activities across the years. Stakeholders at these pilots were not able to precisely quantify the resource inputted to the Pilot, although one senior council stakeholder highlighted how they had spent a couple of hours every week on the pilot for around a year. They noted that they would have ideally liked one FTE position within the council working on the project to have enabled them to make more progress.
- The Institute used competitive procurement, stating the maximum available budget, for the community engagement handbook (Year 1), Place Pilot facilitation support (all years), CDFI capacity-building programme (Year 1 and 2) and market-sizing activity (Year 2), and commissioned organisations (such as Metro Dynamics for the Wakefield Place Pilot, Social Finance for the CDFI investment vehicle design and market-sizing research, and Responsible Finance for the CDFI capacity building programme) that were well-respected in their fields, and delivered to the Institute's and DCMS' satisfaction.
- According to interviews and programme documentation, the Institute had a policy around their use of funds when spending externally, such as requiring several quotes from potential suppliers / identifying meeting spaces. As far as possible they sought to borrow space for hosting meetings, to reduce costs.

4.3 Efficiency

The evidence from interviews and programme information indicates that the **Institute converted its inputs into outputs efficiently**, in several ways:

- The lean structure of the PBII programme team contributed to increased efficiency / utilisation of the team. It meant that all staff working on the grant were kept busy with delivery, although, as highlighted in Section 2.1.2, this did lead to some capacity challenges at times (e.g. when staff members left/changed). However, external stakeholders did not feel this negatively impacted the work delivered; rather they noted that it just seemed that the Institute team were always very busy, and they wondered if additional capacity in the team would be useful.

> *"I think they have been doing a great job – a lot to do and not a lot of resource, but it's the partnership piece that works really well - how can you galvanise the sector. Sometimes with these types of programmes there's a lot of talking and less action, but the Institute do a great job." – Place Coalition stakeholder*

- In one of the Place Pilots, a stakeholder noted that the Institute had created efficiencies for the local authority, because they were able to provide their skills and expertise to the council to help them make decisions more quickly.

"Local authorities have very little resource left, so you know getting the rubber stamp from something that they're comfortable and more familiar with just saves everybody time." – Place Pilot stakeholder

- In Section 2.1.1 a key success of the Institute's delivery according to programme and external stakeholders was its effective formal collaboration with external organisations, that could add value to the PBII programme by bringing their experience and expertise. For example, partnering with the GIIN for the market-sizing activity brought efficiencies (for both the PBII programme and investor respondents) in terms of just requiring one survey across both partners, that would be fit-for-purpose for both organisations' market-sizing studies. Programme stakeholders involved thought that the collaboration increased the reach of the survey to investors without impacting the budget.
- Similarly, external and programme stakeholders felt that the Institute used its extensive networks and convening power to bring together a wide range of senior stakeholders to input their time and ideas across the workstreams (e.g. CDFI Working Group and Advisory Panel, the Place Coalition). In addition, in attracting high-profile and well-respected individuals to support the programme, the Institute increased its credibility to external stakeholders, who often said they were more likely to engage as a result. This may have led to efficiencies in the Institute's engagement activities.

"We were happy to be involved because the Institute were involved. I suppose that's the one thing I'd say that gave that [activity] a bit of credibility." - Investor

- In Years 1 and 2 of the evaluation, some external stakeholders (such as investors and other organisations advocating for PBII) highlighted that they would have welcomed more clarity on the aims and activities of the PBII programme to help minimise duplication across the market and make best use of combined resources. However, in Year 3, interviewees did not raise this as a concern and were more likely to state that the Institute's effective convening power brought together individuals to discuss PBII and explore potential collaboration. Programme monitoring reports in Year 3 indicated that the Institute was engaging with field-building activities regularly, such as joining the PBII Forum to engage with The Good Economy, Pensions for Purpose and LGPS representatives, and meeting with other key organisations (e.g. Better Society Capital) to discuss how to coordinate activity.

4.4 Effectiveness

Overall, as highlighted throughout Chapter 3, the Institute was generally effective in meeting the intended shorter-term outcomes of the PBII programme, with some evidence of good progress towards longer-term intended outcomes (e.g. investment into the CDFI sector). The evidence informing this assessment includes:

- The Institute met most of its KPIs across the project. At the time of reporting, the Institute's programme reporting noted that it had completed, or was on track to complete, all KPIs in the investor engagement, Place Pilot / Place Coalition, and policy engagement workstreams. As noted in Section 2.1.2, the Institute was behind schedule on achieving some KPIs for the CDFI workstream (relating to investor engagement activity), but this was mainly on hold due to external factors. Programme stakeholders were generally very pleased with the progress made and felt that the Institute had been effective in its delivery.
- In terms of the outcomes, Chapter 3 indicates that **good progress** was made by the Institute in supporting outcomes relating to: increased investor awareness and understanding of PBII (particularly among asset

managers, but less so among LGPS); more connections between key stakeholders in Place Pilot areas, increased investment to CDFIs (see Section 4.6 below); supporting increased awareness and understanding of PBII amongst the Place Coalition; improved knowledge, skills and confidence amongst CDFIs; and increased awareness and understanding of PBII amongst policymakers.

- There was evidence of **some progress towards** shaping investors' intentions to take a PBII approach in the future (both amongst engaged asset managers and LGPS); helping Place Pilots to develop new investment opportunities; supporting Place Coalition members to see more evidence on PBII; facilitating CDFIs' ability to take on additional investment; and supporting greater incentivisation amongst policymakers to support private investment for generating local impact.
- **To date, there was no evidence of additional capital being allocated to Place Pilot areas for specific investment opportunities identified through the Place Pilot activity.** As noted in Section 3.3, a key learning was that there were several factors – such as planning permissions, land acquisition, procurement timescales - that added to the timescales of activities occurring in the Place Pilot, so achieving additional investment by 2025 (as originally intended, and as set out in the ToC) was seen by programme partners and Pilot stakeholders to be unfeasible. However, Place Pilot stakeholders showed optimism about the potential for their areas to see increased investment following their involvement in the Institute's PBII programme.

4.5 Equity

There was **good evidence to suggest that there was equitable use of resources and delivery of activities**, as a result of the actions that the Institute and DCMS implemented:

- As noted in Section 2.3, the Institute considered DEI in the planning and delivery of activities. For example, it implemented its events diversity policy for all internal and external engagements and was mindful of the construction of the different groups assembled (e.g. CDFI Working Group and Advisory Panel, Place Coalition) in terms of demographic diversity and diversity in lived experience.
- The Institute formalised DEI considerations into its procurement activities. For example, it stated in the Community Handbook "Request for Proposals" that the available budget should include renumeration at Living Wage minimum for any community engagement carried out, and it also stated its commitment to delivering a gender / equity lens to all of its work, as well as ensuring that the impact side of any investment deals are profiled. In addition, as part of the original DCMS grant agreement, the Institute stated its intention to contract for services (as far as possible) from social enterprises, which it did in practice in some cases (e.g. it commissioned Social Finance, a non-profit organisation, to deliver the market-sizing work).
- Updates on DEI considerations were a core part of the regular programme monitoring provided by the Institute to DCMS, helping ensure accountability to making DEI considerations.
- In terms of the reach of the PBII programme, due to a lack of data at the time of reporting (and the vast number of engagements / activities delivered across the PBII programme), it is not possible to quantify the diversity of stakeholders engaged as part of the Institute's work. However, qualitative feedback from external stakeholders provided positive indications of gender and ethnic diversity at the Place Coalition and other Institute events, and individuals often commented on the Institute's inclusive approach to convening and the facilitation of events.
- The Year 3 evaluation highlighted appetite from external stakeholders for more regional activity, with some concern that the activities were too London-centric. However, stakeholders also recognised the possible budgetary constraints limiting the extent to which more regional activity could occur.

4.6 Investments made and funding leveraged

Although the Place Pilots did not lead to the original intended outcome of additional investment allocated during this evaluation's timescales, significant investments were made, especially in the CDFI sector, that should be highlighted. Given the nature of the work of the Institute, it is very difficult to accurately quantify the contribution of the Institute in these deals (to therefore be able to accurately adjust for additionality[42]), however, Table 4 below summarises the investments made and qualitative evidence available on the extent of the Institute's contribution to this. This assessment should be considered indicative, as not all stakeholders in all deals were involved in the research, so it was only possible to make an assessment based on the evidence provided by those who were. Overall, there was evidence that Institute had major or some contribution to unlocking up to £77 million of investment into the CDFI sector. It may have contributed to some of the increased investment (£1.03bn in 2023/24) made by LGPS to local impact, either via its engagement with some LGPS, or by the 5% recommendation made in the PBII White Paper. However, as there is limited evidence to assess this, the LGPS investment is not covered in the table below. Overall, even when not considering the LGPS investments, given the costs of the programme, the contribution to the £77 million is a positive outcome.

Table 7: Investments made

Related workstream	Investment / capital allocated	Investment name	Contribution of the Institute's grant-funded work
WS3 - CDFIs	£62,000,000	Community Investment Enterprise Fund 2	**Some contribution:** Programme and external stakeholders involved in the deal agreed that the Institute had played a pivotal role in bringing the key stakeholders (Lloyds Banking Group (the first commercial investor to the CDFI sector in the UK), respective CDFIs) together, facilitating conversations effectively, and sharing expertise on similar deals in the US, to bring the deal to fruition. Stakeholders could not say if the deal would not have happened without the Institute, but it was felt that progress was quickened by the Institute.
WS2 – Place Coalition	£10,000,000 - £15,000,000	N/A[43]	**Major contribution:** While this deal, at the time of reporting, was not yet completed, it was in advanced stages of due diligence. When complete, the deal will provide finance to small-to-medium sized enterprises in the North of England. A key external stakeholder involved stated that it would not have happened without the Institute, as the introduction of stakeholders involved occurred through the Place Coalition.

[42] If there is a quantified estimation of the counterfactual (i.e. what would have happened anyway, without the programme or intervention) then it is possible to quantify the additionality (i.e. what percentage of the results seen are additional as a result of the programme/intervention). It was not possible to employ a counterfactual impact evaluation methodology for this evaluation, and instead a theory-based method was used. This means we cannot accurately adjust for additionality, and rather have summarised the likelihood of such investments happening, qualitatively.

[43] Not named due to commercial sensitivities at the time of reporting.

WS3 - CDFIs	£154,000,000	Community ENABLE Funding (and CDFI capacity building)	**Limited contribution:** there was limited evidence to suggest that the Institute had a major role in developing this deal, although it had conversations with stakeholders involved.
Total	£226,000,000 - £231,000,000	-	-

Source: Interview evidence

In Year 3 of the PBII programme, the Institute was also successful in leveraging further funding – off the back of its PBII programme – from other sources (beyond the UK Government), to support its PBII activity going forward. This included the aforementioned extension of its CDFI investor engagement activity (which alongside the funding from the DCMS to the Institute, also included grant funding from Lloyds Banking Group to Responsible Finance to deliver a further CDFI capacity building programme), and £250,000 from JPMorgan and Mastercard to deliver investor engagement activities to support Phase 2 of the CEF.[44]

Overall, when considering the strong evidence that: the Institute minimised costs while delivering the programme, delivered many aspects of the programme efficiently, was effective in achieving most of its intended aims and objectives, made good efforts to ensure equitable use of resources and delivery of activity, made varying levels of contribution to major PBII-related investments, and secured additional funding to continue its PBII activities, it can be considered that the grant-funded activity was **good value for money**. This view was shared by many programme and external stakeholders that were interviewed, across all years of the evaluation.

> *“You know, it's a very small grant when you think about the work that they do and the people that are involved. So yeah [it’s], very much value for money.” – Programme stakeholder*

[44] Which aims to source additional funding from private sector investors.

5.0 Conclusion and recommendations

5.1 Conclusion

Overall, the delivery of the Institute's PBII programme was effective: it delivered what it set out to do by engaging a diverse range of stakeholders and contributing to the growing PBII ecosystem in the UK.

Across all workstreams and over all three years, the Institute was successful in delivering its planned activities, with most of its key performance indicators (KPIs) in its grant agreement with DCMS met or in progress at the time of reporting.

Evaluation of the PBII programme over the three years indicated several key success factors, including:

- the credibility of the Institute amongst external stakeholders, which helped attract key people to the activities and build trust between previously unconnected stakeholders (e.g. LAs and investors);
- the thought-leadership role of the Institute, in terms of creating a narrative around PBII and crystallising the concept for stakeholders;
- taking a flexible and adaptable approach to engagement and the PBII programme as a whole;
- effective collaboration through commissioning and co-ordinating activity with other field-builders;
- strong social media outreach;
- having a direct relationship with government; and the strong relationship between DCMS and the Institute in enabling close collaboration and effective working.

The Institute of course faced challenges during implementation and delivery, but overall, these were generally not insurmountable. Key issues recurring throughout the years included:

- the sometimes strained capacity of the Institute in delivering the PBII programme;
- the limited resourcing of LAs, which had subsequent impacts on the extent of their capacity to be involved in the Place Pilots;
- challenges in tracking the consequences of investor engagements;
- and navigating external factors inhibiting progress (e.g. elections, political change, rising inflation).

In terms of the effectiveness of stakeholder engagement, the Institute engaged with a variety of stakeholders including investors, CDFIs, local authorities, policymakers, and other field-builders. Despite limited changes with LGPS engagement over time, there was an increase in asset managers' involvement and collaboration with the Institute from January 2024 to January 2025. Throughout the programme, the Institute adapted its approach based on feedback, learning the importance of balancing depth and breadth of investor engagement through reaching them through various activities like conferences, roundtables and Place Pilots. Engagement with LAs occurred primarily through the Place Pilots in Wakefield and Southampton. The Institute's flexible approach helped local authorities explore investment opportunities and understand the potential for PBII in their area. Positive feedback highlighted the Institute's expertise and support in connecting LAs with investors. Most CDFIs participated via the capacity-building programme, which was designed based off a survey of CDFIs' needs. Core areas covered by the programme aligned to these pressing needs of CDFIs, such as advice in relation to marketing, recruitment, and strategic planning. Positive experiences were reported, emphasising the value of mentoring support and action planning for CDFI CEOs. Policymakers appreciated the Institute's engagement and found the discussions useful.

They recommended more cross-government collaboration and regular sharing of outputs on the evidence of ‘what works’.

The Institute was also effective in building DEI considerations into activity, ranging from implementing its events diversity policy, to being mindful of the demographic and lived experience diversity in its various groups. External stakeholders involved in the PBII often reflected they found the activities accessible and inclusive.

Since 2022, the PBII market in the UK has continued to grow, and in 2025 (at the time of report) there were billions of pounds of investment committed to projects delivering local impact in the UK. The evidence provided throughout this evaluation indicates that the Institute, through its PBII programme, has been a key contributor to this market development.

In terms of the outcomes, the Institute made good progress in supporting outcomes relating to increased investor awareness and understanding of PBII; more connections between key stakeholders in Place Pilot areas, supporting increased awareness and understanding of PBII amongst the Place Coalition; improved knowledge, skills and confidence amongst CDFIs; and increased awareness and understanding of PBII amongst policymakers. There was also significant progress in increased CDFI investment, with the launch of two major funds (CIEF 2 and CEF) and a smaller CDFI deal in advanced stages of due diligence at the time of reporting.

There was evidence of some progress towards shaping investors’ intentions to take a PBII approach in the future (both amongst engaged asset managers and LGPS); helping Place Pilots to develop new investment opportunities; supporting Place Coalition members to see more evidence on PBII; facilitating CDFIs’ ability to take on additional investment; and supporting greater incentivisation amongst policymakers to support private investment for generating local impact.

To date, there was no evidence of additional capital being allocated to Place Pilot areas for specific investment opportunities identified through the Place Pilot activity. A key learning was that investment outcomes for places are likely to take much longer than originally intended, due to various factors such as planning permissions and land ownership. However, Place Pilot stakeholders showed optimism about the potential for their areas to see increased investment following their involvement in the Institute’s PBII programme.

Overall, the VfM assessment concluded that the grant funding for the PBII programme was very good value for money. This is the case particularly given the cost of the programme (£1 million) compared to the amount of investment it has contributed to unlocking (to a major or some extent, up to £77 million). The previous grant-funded activity (that informed the PBII white paper) also likely had a catalytic role in LGPS’ increased commitment to investing for local impact.

There was strong evidence that the Institute minimised costs while delivering the programme, delivered many aspects of the programme efficiently, was effective in achieving most of its intended aims and objectives, and made good efforts to ensure equitable use of resources and delivery of activity. In addition, the Institute’s work helped to catalyse and unlock large amounts of investment; it had varying levels of contribution to major PBII-related investments (totalling up to £231 million). It also successfully secured additional funding to continue its PBII activities.

5.2 Recommendations

Based on the evidence presented in the report, there are some areas for consideration for the Institute and DCMS going ahead:

- There is demand from policymakers and investors **for evidence on the effectiveness of taking a PBII approach**, particularly the learning from the Place Pilots. Further activity could be done to publicise the

Institute's existing 'PBII Emerging impacts and initial reflections' report[45] to these stakeholders, as well as sharing other evidence (e.g. internal and external evaluation findings) on 'what works'. This is particularly important given the current – at the time of reporting – policy focus on local economic growth in the UK.

- Asset managers engaged in the research also indicated that they would welcome **further activity from the Institute to engage with asset owners to raise awareness of taking a PBII approach**, to help support sufficient demand for the PBII products that asset managers can then develop.
- It could be beneficial undertaking **more activity (including holding events) across England's regions and also in the devolved nations**, as there was interest from a range of external stakeholders to see this (if feasible/possible in budgets).

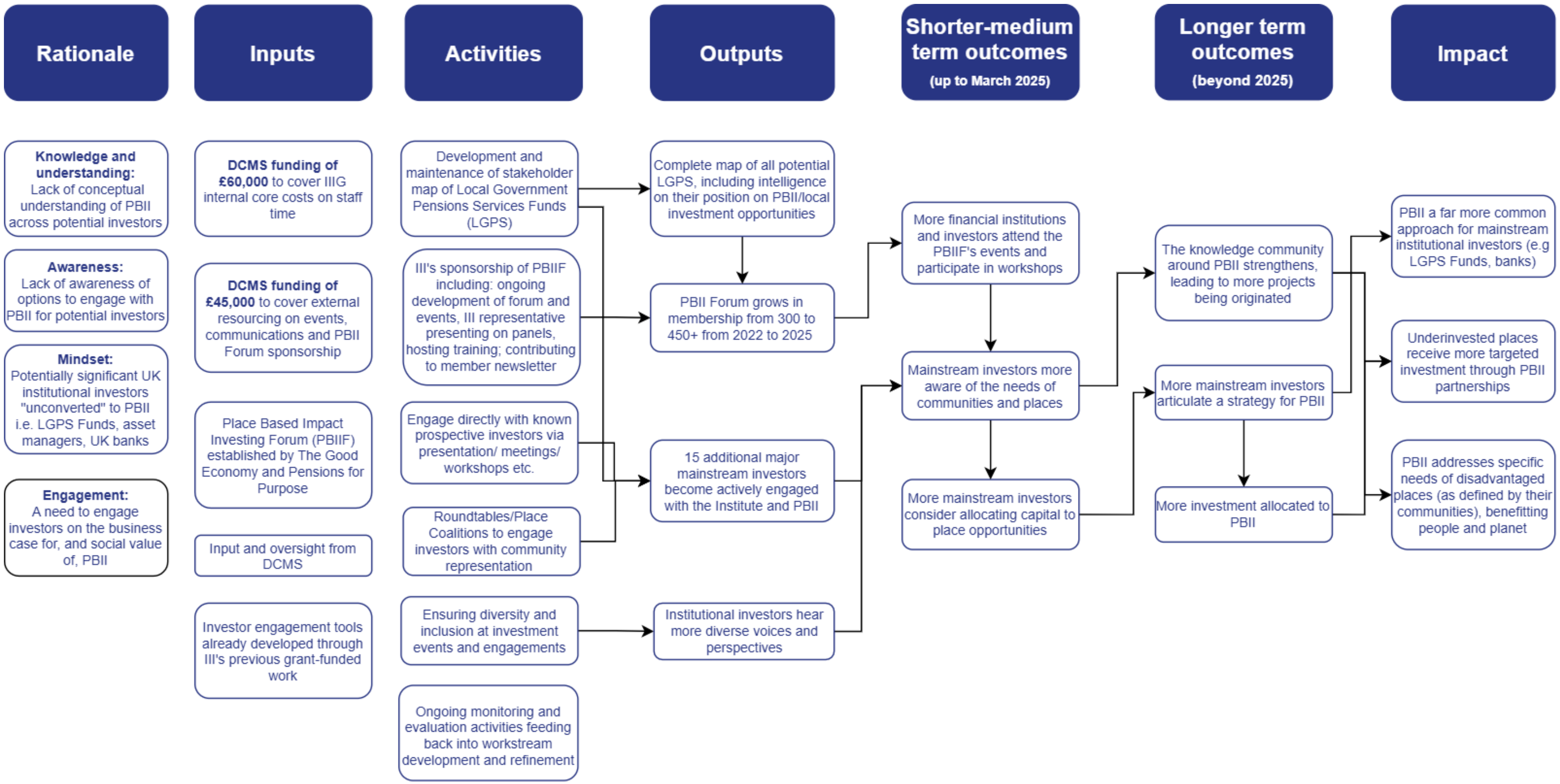
More broadly, the following recommendations could be considered going forward, to help continue drive forward the PBII market development in the UK:

- **More support is needed for local authorities to ensure sufficient capacity – and dedicated staff time/resource – to take a PBII approach in their area.** Qualitative evidence from the Place Pilots underlined the value of connecting local authorities with developers, investors and other local stakeholders to explore possible investment opportunities outside of the context of formal procurement processes. However, this required resource from the local authorities, and in one case, capacity challenges within the council limited the progress that the Place Pilot could achieve. Programme and external stakeholders highlighted the need for further support from central government to help local authorities to build their capacity, skills and experience, to help ensure a PBII approach can be embedded in the longer-term.
- **Future similar market-building programmes would benefit from taking a similarly flexible and responsive approach, both in terms of stakeholder engagement as well as programming of activities.** A key benefit of the Institute's approach was the way that the team were flexible around the availability of its stakeholders. This was particularly helpful in the Place Pilot context, given the previously mentioned challenges with capacity. Grant programmes would also benefit from having a certain level of flexibility, for activities to be adapted – and budgets to be reallocated – as needed, depending on the wider market development.
- **It would be beneficial to develop a consistent approach / methodology for measuring commitment to local impact investments** to make it easier to track the growth of the PBII market. Currently, there is no consistent approach to measuring and then reporting on investments made to projects that support local impact in the UK. Developing a more consistent approach would enable a tracking of the market change/growth over time. It would also help inform where there may be gaps, and where future investments could be targeted.

[45] Place-based impact investing: Emerging impact and insights

Annex 1: Workstream Theories of Change (ToCs)

Workstream 1:



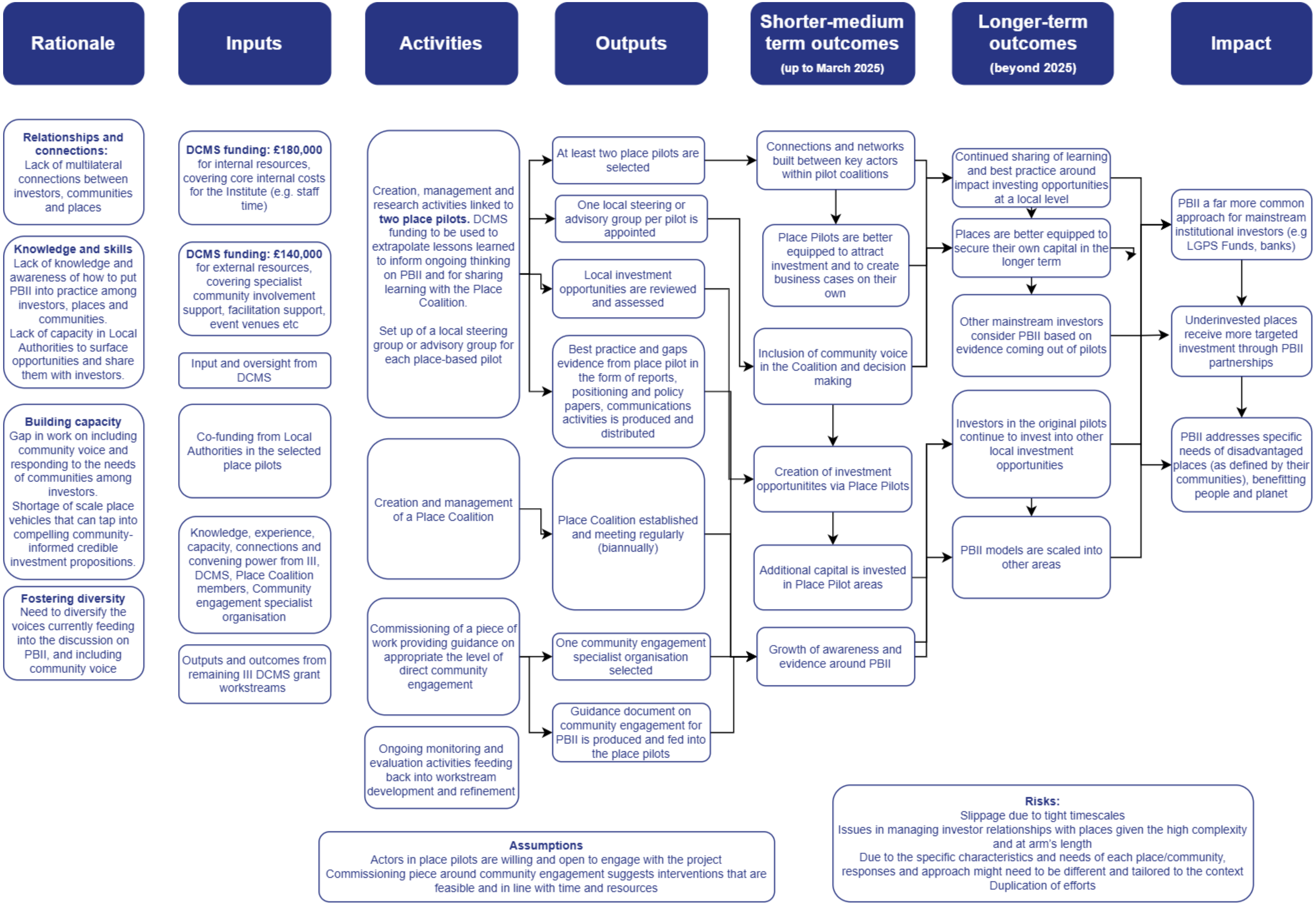
Assumptions

- Investors already have a position on PBII, or if they do that it can be uncovered/ identified from a mapping exercise
- investors will respond to the survey through PBII Forum and other engagement activities
- Increasing engagement and communication with investors will lead to increased positive perceptions of PBII and local investment as a strategy for mainstream financial institutions
- Assuming that investor understanding and positivity towards PBII i.e. PBII Forum membership will lead to significantly increased investment
- III staff capacity to deliver all workstream elements set out within the timeframe

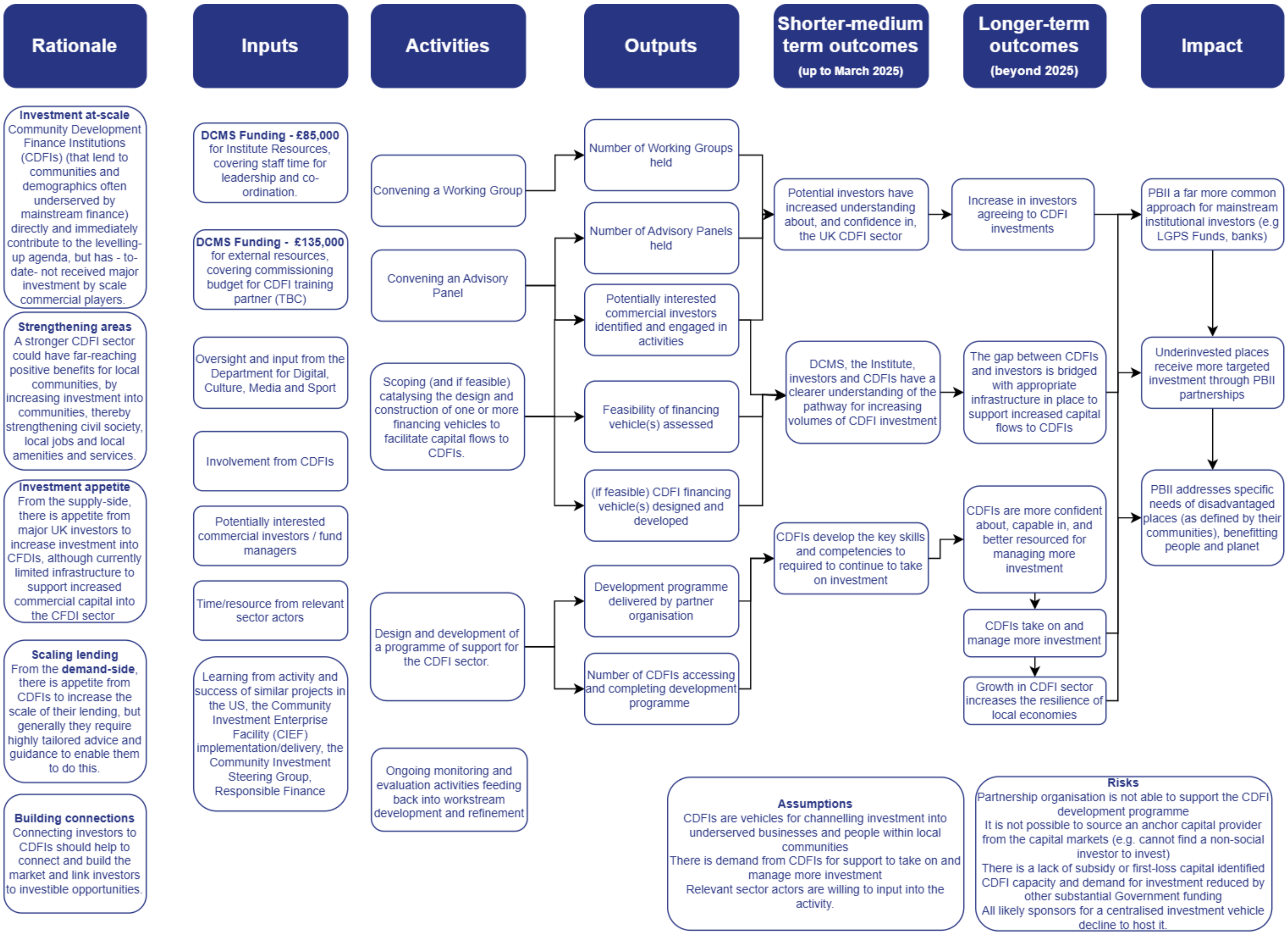
Risks

- Policy context for impact investing changes with political leadership, leading to less engagement from investors
- UK institutional investors do not engage with PBII due to organisational culture, or lack of time to explore new practices
- Changes in political context affecting priority of related policies such as the Levelling Up agenda
- Wider economic context impacts on availability of investible projects available at a local level
- Institutional investors are not willing to invest without government guarantees/first loss capital

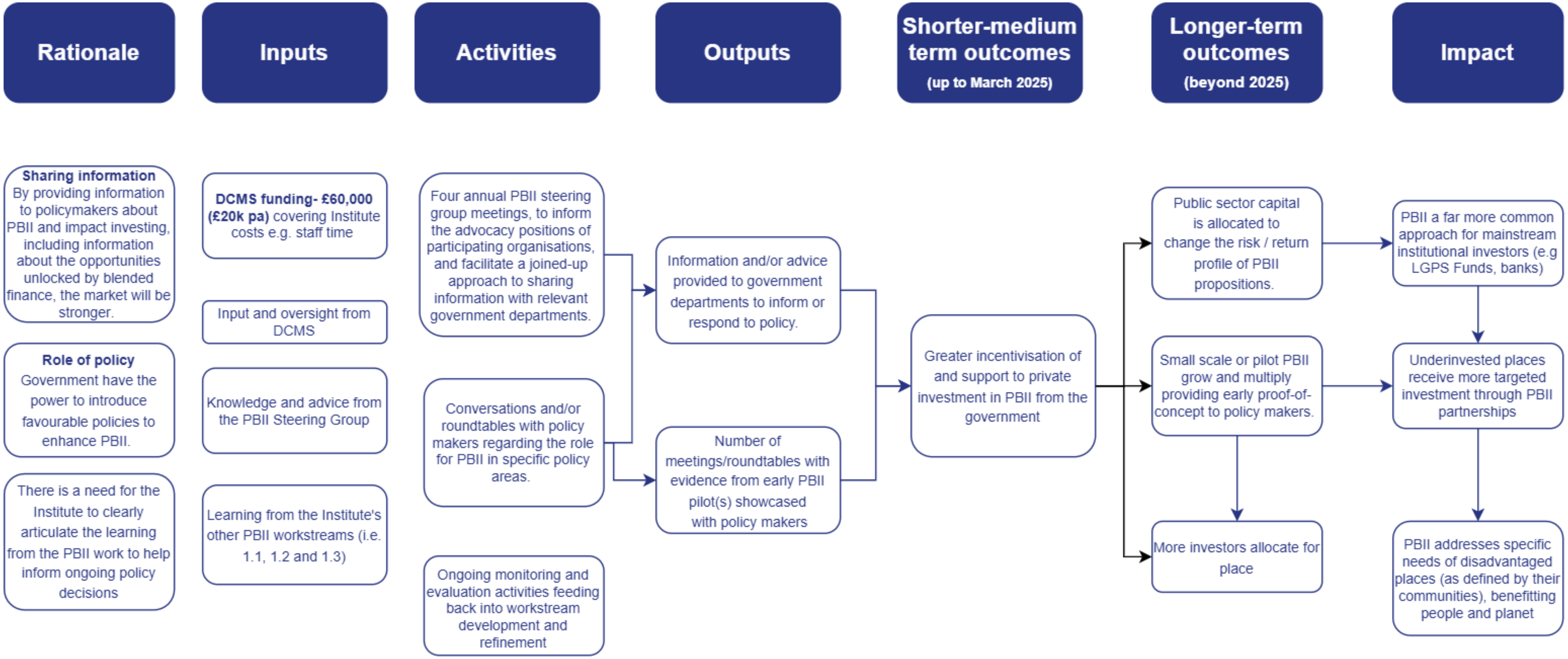
Workstream 2:



Workstream 3:



Workstream 4



Assumptions

- There is little duplication of organisations doing a similar thing, so policy advice on PBII would likely be requested from the Institute.
- Through the support of DCMS, any engagement with government and sharing of expertise on PBII with policy-makers is targeted.
- Assuming more conversations with government will lead to increased influence over policy
- Assuming case studies of PBII will be positive or at minimum provide valuable learnings and thus expertises will be improved to inform government policy.
- Members of the PBII steering group continue to be members and provide support for PBII.

Risks

- Policy context for Impact Investment changes with political leadership, reducing the opportunities to advise policy.
- Economic climate conditions: Interest rate rises, inflation and potential recession could lead to PBII having reduced policy focus
- Changes in political context affecting priority of related policies such as the Levelling Up agenda

Annex 2: Evaluation Framework

The evaluation framework, setting out the main objectives, evaluation questions and sub-questions, is shown in the table below.

Evaluation question	Sub-questions
Objective 1: To understand the efficiency and effectiveness of the Institute in achieving the aims of the grant-funded programme (Process evaluation)	
What **can be learned** from how the grant-funded programme was delivered?	▶ What has worked well and less well in the implementation and delivery of the four workstreams? ▶ What has worked well as less well in the relationship between DCMS and the Institute?
How **effectively did the Institute engage with the different stakeholder groups** (e.g., CDFIs, VCSEs, LAs, institutional investors, social investors, and other actors along the investment chain)?	▶ What was the reach of the Institute's activities as part of the grant-funded programme across intended stakeholder types, and to what extent was this in line with expectations? ▶ Who are the unengaged stakeholders and what are key barriers to their engagement with the Institute's activities? ▶ How satisfied were participants in the Institute's activities as part of the grant-funded programme and why?
How **effectively did the III and DCMS integrate** Equality Diversity and Inclusion considerations in their grant-funded activities?	▶ To what extent were the Institute's activities available to, and reached by, everyone the III and DCMS intended to?
Objective 2: To assess the contribution of the grant on developing the Place Based Impact Investment market (impact evaluation: contribution analysis)	
As a result of the grant-funded programme, **what measurable outcomes**, both intended and unintended, occurred?	▶ [WS 1.1] To what extent are mainstream investors more aware of, and better factoring in, the needs of communities and places and how? ▶ [WS 1.1] To what extent and how is the Institute's work in the grant-funded programme contributing to changing behaviour among investors (e.g., awareness, attitude, action, advocacy)?

	▶ [WS 1.2] To what extent and how is the work by the Institute supporting the development of new connections between key actors within pilot areas? ▶ [WS1.2] To what extent have the pilots created new investment opportunities? ▶ [WS1.2] To what extent has additional capital been invested in place pilot areas? ▶ [WS1.2] What evidence is there around the extent to which the place pilot affected lives of end users in the targeted areas? ▶ [WS1.2] What impact has the Place Coalition made on awareness of and evidence around PBII? ▶ [WS 1.3] To what extent, and how, is there increased investor awareness and understanding of CDFIs? ▶ [WS 1.3] To what extent are there concrete plans for a national CDFI vehicle? How much interest is there from investors? ▶ [WS 1.3] To what extent have CDFIs increased their skills and competencies in attracting mainstream investment? ▶ [WS1.4] To what extent are local PBII considerations being made in policymaking across government as a result of evidence generated from the Institute's PBII work?
Objective 3: To assess the value for money of the grant	
What was **the value for money** of the Institute's grant-funded programme?	▶ What was the level of capital allocated to PBII or the CDFI sector and to what degree can this be attributed to the grant-funded programme (e.g. accounting for deadweight)? ▶ What were the costs of the grant-funded programme? ▶ To what extent were costs minimised while ensuring quality in delivery? ▶ What was the relationship between the inputs to the activity and outputs generated? ▶ To what extent were intended outcomes achieved? ▶ What is the relationship between the Economy of the grant-funded programme, its Efficiency, Effectiveness, and Equity?

Annex 3: KPIs

KPIs for Year 1 (Financial Year 2022-2023) – 100% achieved

1.1	5/5 investors engaged	
1.1	PBII Forum sponsored	
1.1	Survey of investors engaged with, evidences increased commitment by investors to allocate for place	
1.1	PBII Forum meeting growth in membership from 300 to 350	
1.2	Place Coalition scoped	
1.2	Invite participants and set date for Place Coalition first meeting	
1.2	Place Coalition first meeting	
1.2	Place Coalition terms of reference finalised	
1.2	Place Coalition second meeting	
1.2	Place Pilot 1 confirmed and formalised (secured co-funding from local authority)	
1.2	Local meeting convened in Place Pilot 1	
1.2	Community engagement work – specialist partner contracted and work underway	
1.2	Community Engagement work concluded and delivered	
1.3	Develop a deck (November 2022)	
1.3	Consult with at least 3 mainstream investors (December 2022)	
1.3	CDFI programme gateway to see if workstream 1.3 should evolve	
1.3	CDFI training programme plan submitted (Jan 2023)	
1.4	Providing information and insight to DCMS in support of the BEIS green finance strategy	
1.4	2 / 4 PBII steering group	

KPIs for Year 2 (Financial Year 2023-2024) – 92% achieved

1.1	5/5 investors engaged	
1.1	4 / 4 investor engagement events held	
1.1	Stakeholder map revisited and strengthened	
1.1	Survey of investors engaged with evidence of increased commitment by investors to allocate for place	
1.2	Interim report on a PBII	
1.2	Place Pilot 1 session (with investors and communities	

1.2	Place Pilot 1 – tracked transactions	
1.2	Place Pilot 2 confirmed and formalised (secured co-funding from local authority)	
1.2	Local meeting convened in Place Pilot 2	
1.2	Place Coalition third meeting	
1.2	Place Coalition fourth meeting in March 2024	
1.2	Appoint researchers to market sizing	
1.2	Finalise market sizing questionnaire for release and distribution plan	
1.2	Questionnaire closed on market sizing	
1.2	Market sizing questionnaire release soliciting 40 responses	
1.2	First draft market sizing	
1.2	Publication and dissemination of community engagement handbook (September)	
1.3	Convening on CDFI investing based on scoping paper	
1.3	Project deck with update on CDFI vehicle options and planned next steps (May)	
1.3	National CDFI vehicle plan with clear pathway of how best to proceed (July)	
1.3	Convening(s) with potential investors / managers to gain momentum around national CDFI vehicle (June – Sept)	
1.3	5 CDFIs produce information needed to attract inward investment (December)	
1.3	Deliver plan on who / how CDFI fund manager selection 1.3 process would be run	
1.4	Quarterly engagement with fellow PBII field builders	

KPIs for Year 3 (Financial Year 2023-2024) – 81% achieved

1.1	5/5 investors engaged	
1.1	3/3 investor engagement events held	
1.1	Survey of investors engaged with, evidences increased commitment by investors to allocate for place	
1.2	Place Pilot 1 - Continued support to build investor relations and embed PBII principles through participation in the Place Coalition and tracking emerging investment and partnership opportunities arising from the project.	
1.2	Place Coalition sixth meeting in March 2025	
1.4	Quarterly engagement with fellow PBII field builders	
1.2	Place Pilot 2 – tracked engagement that could lead to investment flows	
1.2	Final report on PBII delivered by March	

1.3	Engagement with 7/7 banks, with 2-3 ‘highly engaged’ (WS 1.1)[46]	
1.3	10/10 non-bank investors engaged, with 5 ‘highly engaged’ (WS 1.2)[47]	
1.3	Update Evidence on benefits of CITR developed and shared with HMT (WS 1.2)[48]	
1.3	A scoping paper developed and socialised with potential grant funders for a CDFI innovation incubator (WS 2.0)	
1.3	Delivery of 5/5 Investment and Innovation Forum sessions (WS 3.0)	

[46] Unable to engage with investors and banks as planned during this grant period due to external factors including the timeline set by the British Business Bank for investor engagement. This workstream will continue into FY2025-26 and the Institute has secured additional funding from JP Morgan to do so.
[47] Additional internal Institute resource has been channelled into other workstreams including further investor engagement; expansion of the Place Coalition event in March 2025; and engagement with government supporting the delivery of the Social Impact Investment Advisory Group.
[48] The CITR benefits work with HMT is still taking place but is being led by British Business Bank. The CDFI programme overall has been a major success, contributing to a £62m investment from Lloyds Bank; the launch of a £154m funding programme; and £4.5m grant funding secured for the sector to continue to drive this work forward - despite the specific outcomes in the final years KPIs being unmet.