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# Scaling-Up Local Investing for Place-Based Impact

**Sector Profile: Infrastructure**

MARCH 2026

## Purpose of this Document

This document sets out a sector profile on infrastructure as an investment opportunity for LGPS as part of a local investing strategy. It provides an overview for how infrastructure can be treated as a strategic asset allocation within a local investing strategy that can deliver both commercial returns and positive local impacts. It provides supplementary sector-specific guidance following on from our 2025 White Paper [Scaling Up Local Investing for Place-Based Impact: A Strategic Framework and Guidance for LGPS](#).

This sector profile has been produced as part of a series, with further sector profiles released in 2026, including on **SME Finance** and **Housing** (see other sector profiles on TGE's website [here](#)).

### Intended Audience

The primary intended audience for this sector profile is the LGPS sector, including:

- LGPS Pools who are responsible for designing and executing local investment strategies on behalf of their partner LGPS Administering Authorities and managing the pooled assets.
- LGPS Administering Authorities who are responsible for articulating their local investment preferences and monitoring performance.
- The fund managers who can be appointed by LGPS Pools to manage investments on their behalf.
- Strategic and local authorities looking to increase their knowledge and understanding of infrastructure as an investment opportunity from the dual lens of achieving financial returns and positive impact, particularly in the context of delivering on Local Growth Plans.

This sector profile is also expected to be of interest to other institutional investors, including DC pension funds and insurance companies.

## Sponsors

We are grateful to **Equitix** for sponsoring this report and contributing to its content.

We would also like to acknowledge the support and valuable contributions of **Amber Infrastructure**, **Gresham House** and **Newcore Capital** on this topic as sponsors of the main White Paper.

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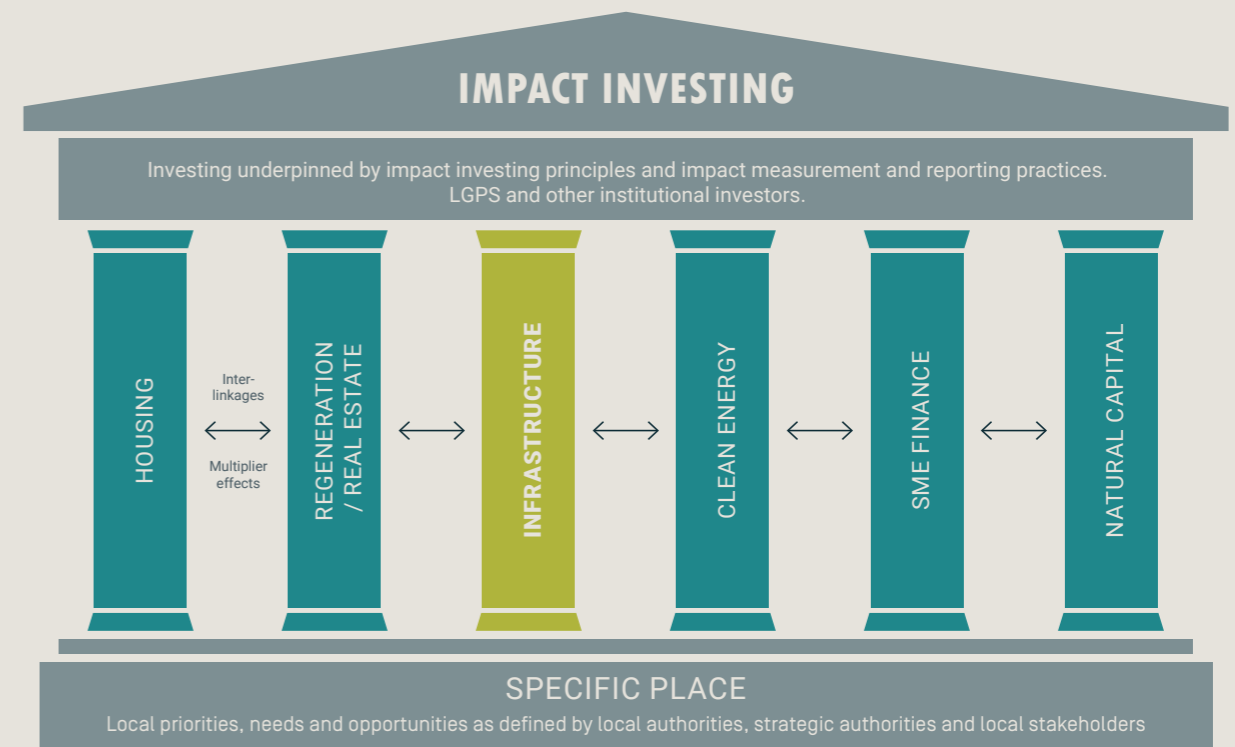
## The PBII Pillar Model

TGE first highlighted the financial and social case for scaling up institutional investment in the UK for the benefit of local people and places in our 2021 White Paper, [Scaling Up Institutional Investment for Place-Based Impact](#), produced in partnership with the Impact Investing Institute and Pensions for Purpose. Here, we introduced a “Place-Based Impact Investing” (PBII) ‘pillar model’ (see Figure 1) which has proven a useful conceptual framework for the LGPS, private markets fund managers, local government and other place-based organisations and stakeholders.

The pillars serve dual purposes:

- First, they represent policy and priority areas in local and regional development plans. The thinking behind the model is that investment needs and opportunities originate in places – they arise from local government and stakeholders who have the knowledge to understand the local context and relative priority of sustainable development needs, drivers and objectives in that area. PBII starts bottom-up.
- Secondly, they align with well-recognised sectors within the private markets asset classes set out in the government’s proposed template for Strategic Asset Allocation. Investors can invest in a range of asset classes to contribute to place-based impact, while achieving a financial return.

Figure 1: The PBII Pillar Model – The focus of this report is Infrastructure



The arrows signify the inter-dependency of place-based projects and inter-linkages and multiplier effects of investments.  
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The PBII Pillar model provides a framework for understanding the different channels through which place-based investment can support local economic outcomes. Building on this framework, this Sector Profile focuses specifically on the Infrastructure pillar, examining how investment in infrastructure underpins essential services, enables economic activity and community wellbeing, and supports long-term regional productivity, and how institutional capital can engage through investable assets, delivery models and partnerships in practice.

# 1 / Introduction

## Why Infrastructure Matters to the UK Economy

Economic and social infrastructure underpin the functioning and long-term productivity of the UK economy, while also shaping the quality and resilience of communities across the country. Energy systems, transport networks, digital connectivity, water and waste services, and social infrastructure – including health, education and cultural facilities – enable economic activity, support regional growth, and influence how people access employment, services and opportunities.

Infrastructure operates at both national and local scale. At national and regional levels, it enables economic activity, supports regional growth and enhances national competitiveness. At local and personal levels, it shapes everyday experience – influencing whether journeys to work or school are affordable and reliable, whether communities can access healthcare, green space and cultural assets, and whether local economies can adapt to structural change.

This central role has been explicitly reinforced by the Government's [Modern Industrial Strategy](#) (2025), which frames infrastructure not as a standalone policy area, but as a core enabler of economic competitiveness, industrial capability, and place-based growth. Infrastructure is positioned as

foundational to delivering net zero, improving productivity, and supporting resilient local economies across the UK.

Yet the scale of the challenge is significant. The UK has historically underinvested in infrastructure compared to many of its peers, resulting in a lower level of capital stock per capita compared with other European countries.<sup>1</sup> As a result, the UK faces a sustained requirement to maintain and upgrade existing assets, expand capacity, and deliver new forms of infrastructure aligned with long-term economic, social and environmental objectives. In many cases, the constraint is not a lack of identified need, but the ability to mobilise long-term capital into projects that are investable, scalable, and deliverable over multi-decade time horizons.



## An Evolving Funding Environment

The UK infrastructure funding model has shifted materially over recent decades. Fiscal pressures, regulatory reform, and the scale of required investment have increased reliance on institutional capital, particularly from investors with long-dated liabilities and stable return requirements.

This shift is now being formalised through the Government's [10-Year Infrastructure Strategy](#) (2025), which sets out a planned £725bn of public investment in infrastructure over the next decade across economic, social, and environmental assets. The length and scale of this commitment underline both the durability of the infrastructure pipeline and the limits of public balance sheets in delivering it alone. Sustained delivery will depend on a combination of public funding, regulated investment, and private institutional capital.

At the same time, the investable universe has broadened. Alongside traditional regulated and contracted assets, opportunities increasingly include energy transition infrastructure, digital assets, decentralised utilities, and place-based projects delivered in partnership with local authorities. These opportunities vary widely in scale, risk profile, and institutional readiness. As a result, while large, established assets continue to attract global capital, many locally anchored or emerging opportunities remain constrained by fragmentation, development risk, or immature delivery structures. Addressing this mismatch between capital availability and investable opportunity is a central challenge for the UK infrastructure market.

## The Opportunity for the Local Government Pension Scheme

The Local Government Pension Scheme occupies a distinctive position within this landscape. Its long-term liabilities, tolerance for illiquidity, and growing focus on responsible and place-based investment align naturally with infrastructure as an asset class.

Policy momentum around “local investing” and inclusive growth has reinforced this alignment, creating both opportunity and scrutiny for LGPS investors. While there is scope to support local economic, social and environmental outcomes, this must be achieved within the constraints of fiduciary duty, risk-adjusted returns, and governance capacity.

Crucially, not all infrastructure opportunities are equally suited to LGPS capital. Established sub-sectors are readily investable at scale, while many local or emerging assets require more active structuring, partnership with experienced operators, and careful risk allocation. The challenge for LGPS decision-makers is therefore not whether to invest in infrastructure, but how to do so in a disciplined, scalable manner consistent with long-term fiduciary objectives.

This paper examines infrastructure through an LGPS-specific lens, focusing on market maturity, routes to investment, and the practical realities of delivering local infrastructure investment at institutional scale.



1. National Infrastructure Commission, [The Second National Infrastructure Assessment](#), 2023 – In the 40 years to 2019, investment in the UK averaged around 19 per cent of GDP, the lowest in the G7.



## 2 / Sector Overview

Infrastructure encompasses the essential physical and digital assets across transport, energy, utilities, communications, and social facilities that are critical to economic, social and environmental functionality. As an asset class, it spans a wide range of sectors, including transport (roads, rail, ports), utilities (energy generation and networks, water and waste), digital infrastructure (broadband, data centres) and social infrastructure (schools, healthcare facilities and civic buildings).

In the broader economic context, infrastructure investment plays a critical role in boosting productivity, improving connectivity and supporting regional economic resilience. In the UK, there is a significant and well-documented infrastructure funding gap, particularly at the local and regional level, encompassing transport upgrades, energy systems, climate adaptation and social infrastructure. Addressing this gap is central to achieving national objectives around net zero, inclusive growth and the delivery of resilient public services.

Recent analysis highlights the scale of the challenge ahead. Research by Boston Consulting Group points to a significant uplift in infrastructure demand, with average investment requirements estimated to be 2.1x to 2.7x higher than over the previous five years, and total public and private investment expected to reach between £700bn and £900bn over the next five-year period.<sup>2</sup> This anticipated surge reflects both the need to address historic underinvestment and the growing requirements associated with decarbonisation, digitisation and demographic change. The magnitude and duration of this demand reinforce the importance of mobilising long-term institutional capital alongside public funding.

**While the availability and structuring of finance is of primary relevance to LGPS investors, it is important to recognise that investment is only one component of successful infrastructure delivery.**

A range of non-financial constraints continue to shape outcomes in the UK infrastructure market. The National Infrastructure Commission has identified the UK's constrained and fragmented supply chain as one of the key drivers of high delivery costs and programme overruns, limiting the system's ability to respond efficiently to a sustained increase in demand.<sup>3</sup> In parallel, delays and uncertainty within the planning system have historically acted as a bottleneck to infrastructure deployment.

In response, the Government has signalled a clear intent to address these structural issues. The Planning and Infrastructure Act 2025 represents a significant overhaul of the UK planning framework, aimed at accelerating infrastructure consenting and reducing delivery risk.<sup>4</sup> This has been reinforced by the creation of the National Infrastructure and Service Transformation Authority (NISTA), with responsibility for overseeing the Government's [10-Year Infrastructure Strategy](#) and managing the national [Infrastructure Pipeline](#). While these reforms sit largely outside the scope of this paper, they form an important part of the wider context within which infrastructure investment decisions are made.

For LGPS funds and other place-anchored institutional investors, infrastructure nevertheless presents a compelling opportunity. Infrastructure assets exist to provide services that are critical to the functioning of society and are often characterised by durable demand, long asset lives and inflation-linked revenues. These characteristics align well with LGPS liability profiles and long-term stewardship objectives.

2. Boston Consulting Group, [Uplift in Demand, Shortfall in Supply: Can the UK Deliver on Its Infrastructure Investment Ambitions?](#) Feb 2025.

3. National Infrastructure Commission, [Cost drivers of major infrastructure projects in the UK](#). 2024.

4. Ministry of Housing, Communities and Local Government, [The Planning and Infrastructure Bill](#). 2025.

### 3 / Market Opportunity and Maturity

The UK infrastructure market is mature at the national level, with institutional participation in assets across sectors such as regulated utilities and renewable energy. Yet the spread of UK institutional investment in infrastructure has been unevenly distributed, with capital tending to concentrate in a relatively narrow set of sectors and geographies. As a result, many localities have seen limited benefit from long-term infrastructure investment, despite clear needs for renewal and expansion of essential assets. Greater strategic intent at the local and regional level, through clearer pipelines, coordination and investable propositions, could unlock a much broader range of opportunities.

This presents a significant opportunity for the LGPS to deploy patient capital into essential but often overlooked projects, supporting local economic resilience and service delivery. These opportunity sectors include:

- Local transport networks (e.g., bus electrification, light rail)
- District energy systems and heating networks
- Community-scale renewable energy and battery storage
- Retrofit of existing buildings/infrastructure
- Flood resilience and water infrastructure
- Local broadband and digital connectivity
- Retrofit and energy efficiency for public estate
- Social infrastructure, including health, education and community facilities.

Despite high impact potential, barriers include fragmented project pipelines, long lead times, and limited local capacity to structure investable deals. Interventions by the National Wealth Fund, private sector, and local partnerships are helping to bridge this gap.

The infrastructure asset class can be broken down into sub-sectors outlined in the table on page 11.

For the purposes of this analysis, references to “market maturity” describe the extent to which a given sub-sector or opportunity is capable of attracting and deploying institutional capital at scale. This reflects factors such as transaction size, risk allocation, contractual structures, and the availability of investable opportunities and vehicles that meet institutional governance and fiduciary requirements.



We have assessed market maturity according to the following scale:

- **1 High** – Well-established, repeatable, institutional at scale
- **2 Medium-High** – Institutional but selective / sub-sector dependent
- **3 Medium** – Investable but constrained (scale, risk, or structuring)
- **4 Low / Emerging** – Limited institutional deployment to date.

Sub-Sector	Opportunity	UK Market Maturity
<b>Renewable Energy</b>	Onshore wind	1 ●
	Offshore wind (operational / late-stage)	1 ●
	Offshore wind (development-stage)	2 ●
	Solar PV (utility-scale)	1 ●
	Solar PV (behind-the-meter / local authority led)	3 ●
	Retrofit at scale	3 ●
<b>Utilities</b>	Transmission and distribution networks (grid infrastructure)	2 ●
	District heating and cooling systems	3 ●
	Water supply and wastewater treatment	1 ●
	Waste management and recycling	2 ●
	Battery storage and grid balancing infrastructure	2 ●
<b>Transport</b>	Roads, highways, and bridges	1 ●
	Rolling stock (trains and carriages)	1 ●
	Rail infrastructure (rail track and stations)	3 ●
	Airports and aviation infrastructure	1 ●
	Seaports and inland terminals	2 ●
	Urban mass transit (trams, buses, metro)	3 ●
	EV charging infrastructure	3 ●
<b>Digital and Communications</b>	Fibre broadband networks	2 ●
	Telecom towers	1 ●
	Data centres	1 ●
	5G infrastructure and IoT networks	3 ●
	Smart grid and smart city technology	4 ●
<b>Social Infrastructure</b>	Hospitals and healthcare facilities	1 ●
	Educational facilities (e.g. schools, libraries)	1 ●
	Student accommodation	1 ●
	Regulated affordable housing (traditional RP model)	1 ●
	Supported housing / specialist accommodation	2 ●
	Local authority-led housing delivery	3 ●
	Civic and government buildings	3 ●
	Creative infrastructure (e.g. theatres, art venues)	4 ●
<b>Environmental Services</b>	Energy from Waste	1 ●
	Anaerobic Digestion	3 ●
	Clinical Waste	2 ●
	Biomass	3 ●
<b>Climate Adaptation and Resilience Infrastructure</b>	Flood defences and coastal protection	3 ●
	Urban drainage and water resilience	3 ●
	Nature-based solutions (investable formats)	4 ●
<b>New and Emerging Infrastructure</b>	Hydrogen production and transport	4 ●
	Carbon capture and storage (CCS) and carbon capture, utilisation and storage (CCUS)	4 ●
	Sustainable aviation fuel (SAF) supply chains	4 ●

Across all of these opportunities, there are a range of potential routes to market for LGPS investors. These are outlined in further detail in the table on page 13.

## Spotlight On: Energy Storage

Energy storage is critical for the UK's clean power strategy. The energy storage sector encompasses a range of technologies, including battery energy storage systems (BESS), pumped storage hydro projects, small scale residential and commercial battery storage and co-located storage alongside renewable energy generation and EV charging infrastructure.

### Benefits

The addition of BESS to the UK grid helps to decarbonise the UK electricity grid by enabling further deployment of renewable energy generation, providing grid balancing services to mitigate the intermittency of renewable energy, and ensuring reliable energy supply reducing the need for fossil fuel-based grid balancing technologies.

### Example

Equitix has formed a consortium with Aware Super (one of Australia's largest superannuation funds) and the UK's National Wealth Fund (NWF) to invest £500m into a new UK battery storage platform, Eelpower Energy. Eelpower Energy is led by an experienced management team with an established track record in battery storage delivery, asset management and optimisation in the UK. Working with the investor consortium, Eelpower Energy aims to deliver over 1 GW of new battery storage capacity for the UK grid, contributing meaningfully to the UK's decarbonisation goals and energy resilience.



## 4 / Expected Returns and Investment Structures

Infrastructure investments can be accessed through a range of styles and structures, each offering different levels of risk, return, liquidity, and governance. These approaches shape how institutional investors, such as LGPS funds, participate in infrastructure, from stable income-generating assets to higher-risk/return, development-focused projects.

### Investment Styles and Return Profile

Returns are driven by factors such as asset type, stage of development, inflation linkage, subsidies, and contractual arrangements. While core and debt-based investments offer predictable, inflation-linked income, value-add and opportunistic strategies target higher returns through development or operational enhancements.

Investment styles range from low-risk, regulated assets to higher-risk/return, value-add projects. The table below outlines median target gross internal rates of return (IRR) associated with infrastructure investments across these investment styles. This figure refers to the typical expected gross annual rate of return that investment managers aim to achieve over the life of an investment, rather than realised net fund-level returns after fees, leverage or losses.

Style	Description	Median Target Gross IRR <sup>5</sup>	Example Sectors
<b>Core</b>	Lower-risk, stable, income-generating, often regulated, contracted cashflows	8.8%	Social infrastructure PPPs, operational renewables, offshore transmission, motorways and roads
<b>Core-plus</b>	Moderate risk, potential for growth, more operational risk or market risk	10.0%	Smart meters, fibre networks, energy from waste, biomass, home decarbonisation
<b>Value-added</b>	Higher risk, may involve development, restructuring or asset enhancement	12.0%	Battery storage, renewable energy hybridisation

### Investment Routes

There is a broad range of investment routes for LGPS to access infrastructure, directly or via pooled vehicles as highlighted in the table below.

For long-term asset owners, unlisted core and core-plus strategies are particularly attractive, offering stable, often

inflation-linked cash flows, long asset lives and lower correlation with traditional equity markets. Value-add, development-stage and construction-stage infrastructure can provide enhanced returns where investors have the risk appetite, governance capacity and delivery expertise to engage earlier in the asset lifecycle.

Investment Route	Description	Examples
<b>Direct Equity</b>	Direct ownership of infrastructure assets or projects	LGPS joint ventures, own-and-operate assets
<b>Pooled Infrastructure Funds</b>	Indirect exposure through specialist funds (core, core-plus, impact, etc)	Equitix, Amber, GLIL, Arjun, Temporis
<b>Co-Investments</b>	Investing alongside a fund manager in a specific asset	Several LGPS with existing experience doing co-investments, e.g. Greater Manchester Pension Fund (GMPF), West Midlands Pension Fund (WMPF), Border to Coast
<b>Listed Infrastructure</b>	Public market equities and bonds in infrastructure-related companies or REITs	Columbia Threadneedle UK Social Bond Fund – Green Bonds, Social Bonds e.g. Utilities Infrastructure
<b>Private Debt</b>	Lending to infrastructure projects (senior debt, mezzanine, green bonds)	Aviva Investors Infrastructure Debt, Schroders Infrastructure Debt, SSEN Transmission (partly backed by a National Wealth Fund guarantee)
<b>Blended Finance</b>	Combining public and private capital to de-risk projects	National Wealth Fund

5. Source: Prequin's Term Intelligence, data as of April 2025.



Alongside the investment routes highlighted, LGPS could access infrastructure investment through **public-private partnerships** (PPP/PFI). These involve long-term contractual arrangements where private capital finances, delivers and operates public infrastructure in return for availability-based or usage-linked revenues from public sector counterparties. For investors, PPP/PFI assets are typically characterised by predictable, long-dated cashflows, clearly defined risk allocation and strong public sector credit exposure. LGPS access to PPP/PFI is not confined to a single investment route: exposure can be achieved through pooled infrastructure funds, direct or co-investment in project equity, and through private debt investments at both senior and subordinated levels. As such, PPP/PFI represents a distinct infrastructure delivery and risk model that can be implemented via multiple investment structures.

### Spotlight On: Direct Procurement for Customers (DPC)

The DPC model was introduced in 2019 as a means for water companies to outsource the delivery of infrastructure projects through a competitive process designed to encourage innovation and lower whole life costs. Through the DPC model, a company (termed a 'Competitively Appointed Provider' (CAP)) is specifically established to deliver the project which then will typically appoint another organisation to lead design and construction.

#### Benefits

The DPC model is intended to offer customers better value for money and enables investment into major projects that deliver infrastructure resilience. By establishing a competitive tendering approach, DPC promotes innovation in the supply chain, while also bringing standardisation in approach and boosting confidence in project deliverability.

#### Example

The Haweswater Aqueduct Resilience Programme (HARP) is a major project to maintain fresh drinking water supplies across Cumbria, Lancashire and Greater Manchester for future generations, upgrading a 110km pipeline to ensure it can continue to supply customers over the long term.

Equitix is working in partnership with STRABAG and GLIL Infrastructure for the duration of the project, which will span for 9 years of construction followed by 25 years of maintenance, underscoring Equitix's commitment to sustainable infrastructure and long-term partnership.

## 5 / Challenges, Risk Factors and Mitigations

From an investment perspective, a more focused approach to local infrastructure is an emerging area and may require greater upfront engagement and bespoke structuring. However, it can provide resilient, long-duration cash flows and strong alignment with community and sustainability outcomes.

Potential key risks and complexities in local infrastructure investing include:

Risk	Mitigation
<p><b>Long planning and procurement cycles:</b> New construction infrastructure projects can involve extended planning, consenting and procurement phases, delaying capital deployment and increasing the risk of cost escalation or scope changes. Long lead times can also reduce visibility over cashflow timing and impact return profiles, particularly for development-stage assets.</p>	<p>Investors can mitigate this risk by favouring brownfield, operational or late-stage development assets where planning risk is largely resolved. Where earlier-stage exposure is sought, partnering with experienced sponsors and using phased capital commitments can help manage timing and downside risk.</p>
<p><b>Multi-stakeholder coordination and governance:</b> Infrastructure delivery typically requires coordination across multiple stakeholders, including local authorities, regulators, contractors and communities, creating complexity and potential for misalignment. Weak governance structures can lead to delays, disputes or suboptimal outcomes that affect both financial performance and public trust.</p>	<p>Robust governance frameworks, clearly defined decision rights and transparent reporting are essential to manage multi-party relationships effectively. Institutional investors can also reduce risk by investing through managers with a strong track record of public-sector engagement and established stakeholder management capabilities.</p>
<p><b>Political and regulatory uncertainty (e.g. planning permissions):</b> Infrastructure investments can be exposed to changes in policy, regulation and planning regimes, which can affect asset viability, permitted revenues or development timelines. Shifts in political priorities at a national or local level may increase uncertainty, particularly for assets reliant on public consent or regulatory frameworks.</p>	<p>Diversification across sectors, regions and regulatory regimes can help reduce exposure to policy-specific shocks. Engaging early with public authorities, stress-testing investments against policy change and prioritising assets with contractual or regulated revenue protections can further enhance resilience.</p>
<p><b>Sustainability integration requirements:</b> Increasing expectations around sustainability performance and climate resilience may introduce additional capital costs, operational complexity and disclosure requirements for infrastructure assets. Failure to adequately address environmental, social or climate impacts may lead to regulatory penalties, reputational damage or asset stranding.</p>	<p>Integrating sustainability and climate risk assessments into investment decision-making and asset management from the outset helps build long-term asset resilience. Proactive sustainability management, climate adaptation planning, good governance and transparent reporting are conducive to risk mitigation, value protection and the facilitation of positive place-based outcomes.</p>

## 6 / Regional Investment Landscape

Investment readiness and opportunity vary significantly across the UK. Devolved administrations and local authorities in England, Scotland, Wales, and Northern Ireland each have tailored infrastructure priorities. Regional dynamics include:

- **North West and Yorkshire:** Industrial decarbonisation, clean transport corridors.
- **South West:** Clean energy, broadband expansion.
- **Midlands:** Heat networks, retrofitting public buildings.
- **Scotland:** Offshore renewables and island grid connections.
- **Wales:** Flood protection, low-carbon housing infrastructure.



Figure 2 illustrates the projected geographic distribution of major infrastructure investment across the UK between 2025 and 2029, based on announced and pipeline projects. It highlights the concentration of capital expenditure in specific regions, driven largely by large-scale energy, transport and regeneration schemes, including offshore wind developments in Scotland and the North East, nuclear investment in the South West, major energy projects in the East of England, and transport and commercial development in London.

This projected supply of investment reflects where major projects have reached planning, financing or construction stage, rather than a comprehensive assessment of underlying infrastructure need.

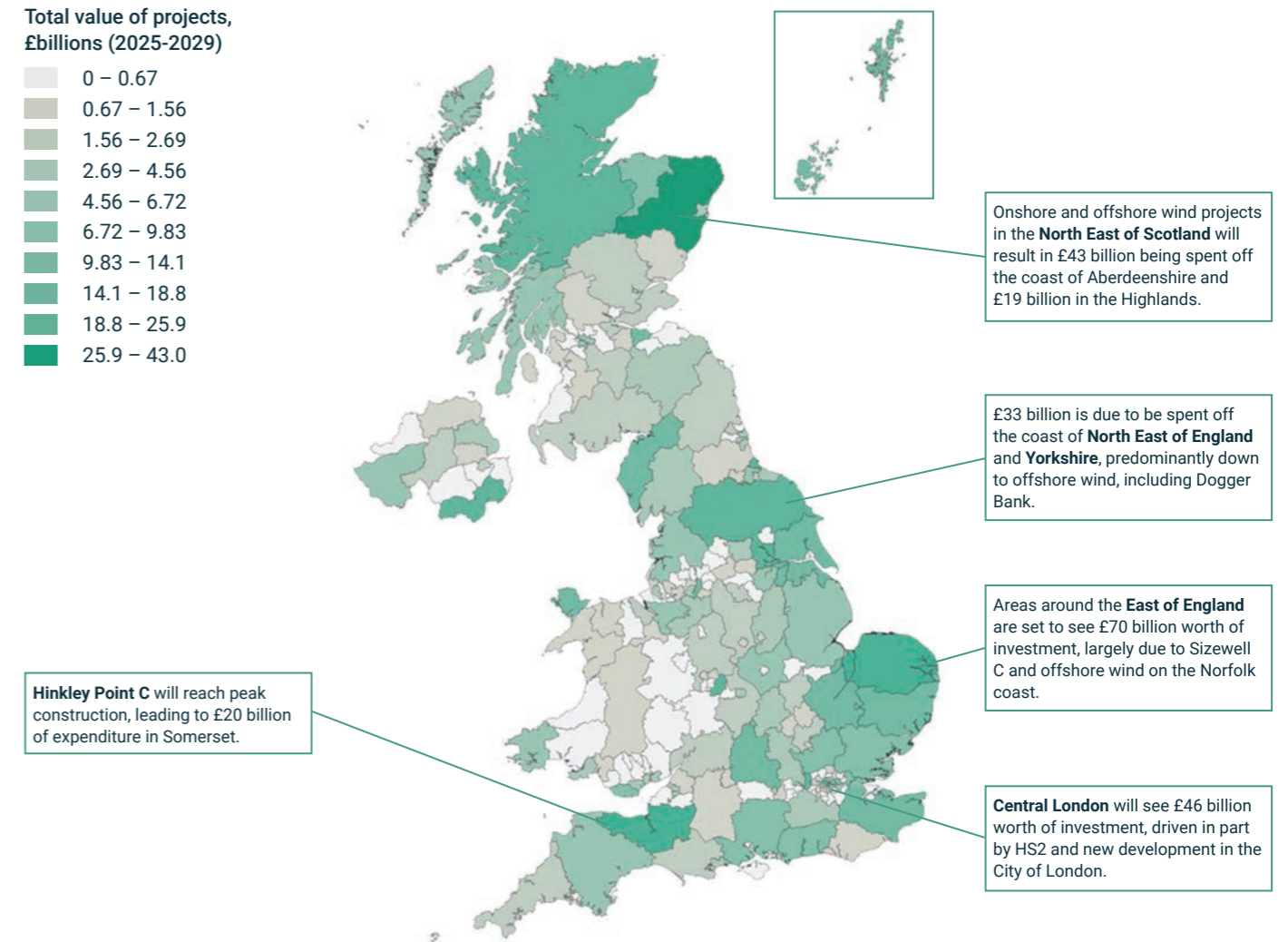
Historic data indicate that infrastructure investment has not been evenly distributed across UK regions. Parliamentary analysis of Treasury expenditure data shows that transport capital spending per head has consistently been higher in London than in many regions of the North and Midlands over multiple spending periods, with London often receiving

significantly greater per-capita allocations than other English regions.<sup>6</sup> Broader data from the ONS also shows persistent regional differences in gross fixed capital formation (GFCF), including spending on buildings and structures (often used as a proxy for infrastructure investment) across the UK over time.<sup>7</sup>

The concentration of forthcoming capital in specific locations therefore does not necessarily resolve longstanding regional disparities, particularly where pipeline activity is driven by sector-specific dynamics such as offshore wind grid connections or nationally significant projects.

Understanding this distinction between future investment supply – as captured in the project pipeline – and historic and structural demand for infrastructure is critical. While the scale of announced projects demonstrates strong momentum in parts of the UK, translating national ambition into balanced regional development will depend not only on the headline volume of investment, but on how effectively capital is deployed across regions where infrastructure deficits remain most acute.

Figure 2: Planned Scale of Infrastructure Investment across the UK from 2025-2029



Sources: Global Data's Construction Projects Database, BCG Centre for Growth analysis. Notes: Offshore wind projects have been tagged to the nearest landmass. In some instances, for example between Aberdeenshire and Aberdeen City, the impact is likely to be more evenly spread than pictured. National projects which are yet to be allocated locally or do not have geographic data in the dataset have been excluded. Capital expenditure on water has also been excluded due to a lack of geographic data.

Source: Boston Consulting Group.<sup>8</sup>

6. House of Commons Library, [Regional Transport Inequality](#), Aug 2025.

7. ONS, [Experimental regional gross fixed capital formation \(GFCF\) estimates by asset type, UK: 1997 to 2022](#).

8. Boston Consulting Group, [Uplift in Demand, Shortfall in Supply: Can the UK Deliver on Its Infrastructure Investment Ambitions?](#) Feb 2025.



## 8 / Illustrative Case Studies



Equitix is Europe's leading small to medium mid-market investor, developer, and fund manager of infrastructure assets, managing over c.£14.9 billion across more than 300 projects in 24 countries.<sup>9</sup>

Founded in 2007, our mission is to create a lasting legacy through responsible investment, deep sector expertise, and strategic partnerships. We operate across a diverse range of sectors including social infrastructure, transport, renewable energy, environmental services, network utilities, and digital infrastructure, delivering inflation-correlated returns and long-term value to our stakeholders. With over 400 professionals across the Group representing more than 20 nationalities, our international footprint is matched by our local insight.

As a responsible long-term investor, we embed sustainability at the core of every decision we make. From origination through to active asset management, we ensure each investment delivers robust financial performance while advancing meaningful social and environmental outcomes.

### Disclaimer

The investment case studies included in this report have been provided by the relevant fund managers and are presented for illustrative purposes only. The Good Economy has not independently verified the accuracy, completeness or fairness of the information contained herein, and no representation or warranty, express or implied, is made as to its accuracy or completeness. The inclusion of these case studies does not constitute, and should not be construed as, investment advice, a recommendation, an offer or solicitation to buy or sell any security or investment product. Past performance is not a reliable indicator of future results. The Good Economy is not authorised or regulated to provide investment advice. Recipients should form their own independent judgment and seek professional advice as appropriate before making any investment decision.

<sup>9</sup> Ranking published in June 2025 and the opinion of Infrastructure Investor. Ranking is based on the amount of infrastructure direct investment capital raised by firms between 1 January 2020 and 31 December 2024.

### Equitix invests across six core infrastructure sectors



#### Social Infrastructure

Equitix has the largest number of social infrastructure assets in the UK market

£2.5bn invested

- >80 healthcare projects
- >12,000 healthcare beds
- >80,000 school pupil places
- >15,000 social housing dwellings
- >1,400,000 streetlights



#### Transportation

Equitix has more transport investments in the UK than any other investor

£1.9bn invested

- 250km rail track infrastructure
- 450+ trains, 2,500 carriages
- 78 stations, 134 platforms
- >74 million km train fleet travelled
- 5,750 km motorways and roads



#### Network Utilities

Equitix companies in the network utilities and data infrastructure sectors serve over 60 million customers internationally

£2.3bn invested

- 12,500 km electricity distribution
- 7 TWh / year electricity distribution (2024)
- 123 million therms gas volume distributed (2024)
- >16m industrial and commercial smart meters
- 1.7m premises passed with fibre internet
- >18 million customers



#### Renewable Energy

Equitix investments equate to 35% of the UK's installed offshore wind capacity

£3.8bn invested

- 8.7 GW electric generation capacity
- 3.5 GW OFTO capacity
- 1,664 GWh solar production
- 235 GWh hydro production
- 19,118 GWh wind production



#### Environmental Services

Equitix's facilities treats 30% of the UK's household waste

£2.0bn invested

- 3,260 GWh electricity generation capacity
- 2,120 MW electricity generation capacity
- >50 MW thermal generation capacity
- 7 MTPA waste processing capacity



#### Data Infrastructure

£0.3bn invested

- 3 telecom projects
- 26,000 telecom sites
- >44 million customers

All data and headline statistics based on information provided by Equitix.

## HAWESWATER AQUEDUCT RESILIENCE PROGRAMME

Haweswater Aqueduct Resilience Programme (HARP) is a major initiative to maintain fresh drinking water supplies across Cumbria, Lancashire and Greater Manchester for future generations, upgrading a 110km pipeline to ensure it can continue to supply customers over the long term. HARP is the UK water sector's first-ever Direct Procurement for Customers (DPC) project and the first regulated water DPC globally.



Equitix is working in partnership with STRABAG and GLIL Infrastructure for the duration of the project, which will span for 9 years of construction followed by 25 years of maintenance. The £3bn project is responsible for transferring 570 million litres of drinking water every day to communities across Cumbria, Lancashire and Greater Manchester. It is essential critical infrastructure that will secure water for future generations.

In addition, HARP is bringing a range of economic benefits to the region through local supply chain spend and around 1,200 people employed at peak construction. An apprentice recruitment programme will provide training in skills that are fit for the future.

### Geography



### Sector



Network Utilities, Water Network / Tunnelling.

### Key Metrics

- 📍 110km aqueduct length.
- 📍 2.5 million people served by aqueduct.

### Sustainability-related Characteristics

- ✓ Water resilience.
- ✓ Long-term infrastructure (120-year design life).
- ✓ Whole-lifecycle carbon management (PAS 2080).
- ✓ Social value and supply chain strategy.
- ✓ Biodiversity net gain commitment.

### Key Features

- ✓ Critical local infrastructure.
- ✓ First of its kind Direct Procurement for Customers (DPC) model.
- ✓ Construction-ready infrastructure.
- ✓ Local employment and supply chain opportunities.
- ✓ Extensive sustainability programme throughout construction.

## MANCHESTER UNIVERSITY STUDENT ACCOMMODATION

Equitix is working in consortium with GRAHAM and Derwent FM to redevelop the University of Manchester's Fallowfield campus, delivering up to 3,300 new build student rooms in addition to student socialising space and green infrastructure. The project is expected to support wider regeneration objectives in Manchester as well as accelerating the delivery of student housing to meet growing demand in the city.



Sustainability is core to the design of this project, which will target Passivhaus certification and a BREEAM Excellent rating. During construction, the project will utilise Modern Methods of Construction (MMC) to deliver efficiency, waste reduction and project deliver benefits.

Accessibility is a key design consideration, emphasising pedestrian and cycle access, including the provision of over 800 cycle parking spaces across the campus. The proposal will reduce the overall provision of car parking, instead prioritising active travel, but will maintain levels of accessible (blue badge) parking.

### Geography



### Sector



Social Infrastructure, Student Accommodation.

### Key Metrics

- 📍 3,300 student rooms.

### Sustainability-related Characteristics

- ✓ Targeting Passivhaus certification.
- ✓ BREEAM Excellent rating.
- ✓ Modern Methods of Construction (MMC).

### Key Features

- ✓ Meets local need.
- ✓ Campus redevelopment with positive local impact.
- ✓ Sustainability integrated into design and objectives.
- ✓ Long-term infrastructure.

## VIRIDOR

Equitix has signed an agreement to acquire a substantial minority stake in Viridor Group, building on its existing 35% shareholding in Viridor Energy, a portfolio of energy from waste facilities which process 3.5 million tonnes of residual waste arisings from communities across the UK and generate the equivalent amount of energy to power 778,000 homes.

By diverting residual waste from landfill, Viridor plays an important role in reducing methane, a more potent source of emissions than carbon dioxide, while also avoiding the associated harms from impacts such as leachate leakage. At the same time, energy recovery reduces reliance on primary energy sources and improves overall resource efficiency, supporting a more circular economy and resilient energy system.

Viridor is also advancing CCS technology to further reduce emissions and develop carbon dioxide removals that support industrial decarbonisation and the achievement of UK emissions targets. Viridor delivers a strong social contribution through its commitment to employee safety and community engagement. It has achieved 'Great Place to Work' status and provides 8 education and visitor centres, complemented by >£1.4m in community investment each year.



## GREENLINK

Greenlink is a subsea and underground electricity interconnector linking the power markets of Ireland and Great Britain, with a capacity of 500 MW. It stretches roughly 190 km between Pembrokeshire in Wales and Co. Wexford in Ireland and is considered one of Europe's most important energy infrastructure projects. Since it became operational in early 2025 it has rapidly become one of the most utilised interconnectors in the Single Electricity Market (SEM). The project provides significant expansion in interconnector capacity between the GB and Irish electricity markets, promoting efficiency and security of supply with decarbonisation benefits.

Greenlink will support positive impacts at a variety of levels; enhancing European grid integration, delivering security of supply and integration of renewable energy generation, and encouraging downward pressure on electricity bills through greater competition. This is in addition to the local economic and supply chain benefits already achieved during construction.



### Geography



### Sector



Environmental Services, Energy from Waste.

### Key Metrics

- 3.5m tonnes of residual waste diverted from landfill.
- 280 MW installed electricity generation capacity.
- 28 MW installed thermal generation capacity.

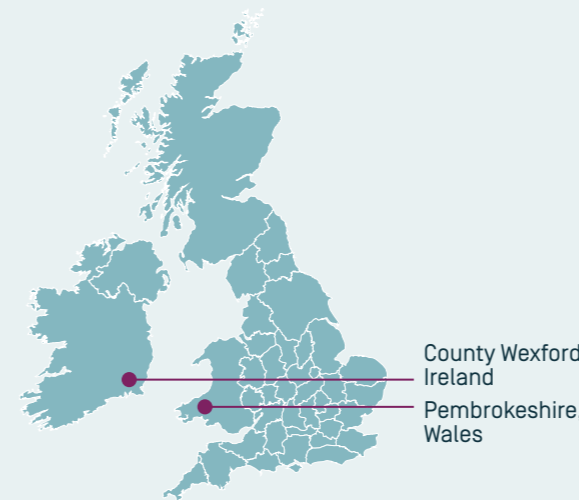
### Sustainability-related Characteristics

- ✓ Critical to safe management of residual waste.
- ✓ Energy recovery and landfill avoidance.
- ✓ Carbon capture and storage (CCS) advancement.
- ✓ 'Great Place to Work' accreditation.

### Key Features

- ✓ Critical waste infrastructure.
- ✓ Meets local need.
- ✓ Contributes to UK sustainability objectives.
- ✓ Local employment creation.

### Geography



### Sector



Network Utilities, Electricity Transmission.

### Key Metrics

- 504 MW installed capacity.
- 190km cable length.

### Sustainability-related Characteristics

- ✓ Critical to energy transition
- ✓ Decarbonisation benefit
- ✓ Positive local economic impacts during construction and operation.

### Key Features

- ✓ Critical energy transition infrastructure.
- ✓ Long term regulatory framework.
- ✓ Promotes local economic benefits through construction and operation.

## 9 / Strategic Fit for LGPS

The primary fiduciary responsibility of the LGPS is to meet pension obligations, and the long-duration, inflation-linked cashflows typically associated with core infrastructure assets are well aligned with the Scheme's index-linked liabilities. In addition, infrastructure investments, by virtue of their inherently place-based characteristics, can support a range of local and regional strategic priorities of local government, as articulated in Local Growth Plans. This is outlined further in the table below.

Strategic Priority	Infrastructure Alignment
Regional Growth and Productivity	Drives inclusive economic growth in underserved areas.
Place-based Regeneration	Unlocks land and assets for redevelopment, revitalises communities, and support local services.
Net Zero	Supports decarbonisation and energy transition.
Digital Connectivity	Expands access to high-speed broadband and smart infrastructure, boosting efficiency and inclusion.
Education, Skills and Jobs	Investment in educational infrastructure supports educational attainment and access to opportunities.
Health and Wellbeing	Supports healthcare infrastructure and environments that promote healthier lifestyles.
Resilience and Adaptation	Enhances climate resilience, flood and storm defences.
Skills and Employment	Enables education, training, and job creation in key sectors.

## 10 / Conclusion

The UK faces a substantial and sustained infrastructure investment requirement. Decades of relative underinvestment have left significant parts of the country's economic and social infrastructure outdated or in need of renewal, while the transition to net zero, climate resilience, and the emergence of new forms of infrastructure are adding materially to future capital needs. Taken together, these pressures are expected to drive total infrastructure investment (public and private) of between £700bn and £900bn over the next five years across a range of core and emerging sectors.

This scale of demand creates clear conditions for increased institutional investment in infrastructure. However, capital availability alone will not determine outcomes. The UK infrastructure system continues to face delivery challenges, including planning constraints, fragmented supply chains, skills shortages, and the risk of cost and time overruns. These factors complicate the translation of policy ambition into investable, deliverable projects and reinforce the importance of robust structuring, risk allocation, and experienced delivery partners.

Against this backdrop, the LGPS has a potentially significant role to play. With long-dated liabilities, tolerance for illiquidity, and a growing emphasis on responsible and place-based investment, the LGPS is structurally well aligned with infrastructure as an asset class. Infrastructure assets provide essential services that underpin the functioning of society, and typically exhibit durable demand, long asset lives and, in many cases, inflation-linked cash flows that align well with LGPS liability profiles and long-term stewardship objectives.

At the same time, infrastructure investment can support regional development agendas, net zero objectives, and wider social and environmental outcomes, while remaining consistent with fiduciary return requirements. Policy momentum around 'local investing' further reinforces this opportunity, provided it is pursued with appropriate discipline.

This paper has set out the investment case for infrastructure from an LGPS perspective, including an assessment of market maturity across sectors, the range of investable opportunities available, routes to market, and the associated return and risk considerations. It has highlighted that while some infrastructure sub-sectors are well established and readily investable at scale, others, particularly many of those most closely aligned with local impact, require more active structuring, partnership, and governance capability.

As the LGPS continues its transition towards pooled investment structures, there is an opportunity to align scale, governance, and long-term capital with the UK's infrastructure investment needs more effectively. The challenge for LGPS decision-makers is not whether infrastructure should play a role within portfolios, but how it can be deployed in a way that is scalable, disciplined, and consistent with long-term fiduciary objectives, while contributing meaningfully to the economic, social and environmental outcomes that infrastructure is intended to deliver.

## Glossary

**Asset class** – A category of investments with similar characteristics, risks and return profiles (e.g. equities, bonds, infrastructure).

**Capital stock** – The total value of physical assets (such as roads, power plants, and buildings) available in an economy.

**Co-investment** – When an investor invests directly alongside a fund manager in a specific project, typically to increase exposure and reduce fees.

**Core infrastructure** – Lower-risk infrastructure assets with stable, predictable cash flows (e.g. regulated utilities or operational renewable energy assets).

**Core-plus infrastructure** – Assets with slightly higher risk than core, often involving some demand or operational exposure.

**Development risk** – The risk associated with planning, permitting and constructing a project before it becomes operational.

**Fiduciary duty** – The legal obligation to act in the best financial interests of beneficiaries.

**Gross fixed capital formation (GFCF)** – A measure of investment in physical assets such as buildings, infrastructure and machinery.

**Illiquidity** – The inability to easily sell an investment quickly without affecting its value. Infrastructure investments are typically illiquid.

**Inflation-linked** – Income or asset values that rise in line with inflation, helping to preserve purchasing power over time.

**Infrastructure (Economic)** – Assets that support economic activity, such as energy networks, transport systems and digital infrastructure.

**Infrastructure (Social)** – Assets that support public services and communities, such as schools, hospitals and civic facilities.

**Internal rate of return (IRR)** – The annualised rate of return expected to be earned on an investment over its lifetime.

**Long-dated liabilities** – Financial obligations that extend many years into the future, such as pension payments.

**Market maturity** – The extent to which a sector can attract and deploy institutional capital at scale, with established investment structures and risk allocation.

**Private markets** – Investments that are not publicly traded, such as private equity and unlisted infrastructure.

**Public-private partnership (PPP)** – A long-term contractual arrangement between public and private sectors to deliver and operate infrastructure.

**Value-add infrastructure** – Higher-risk infrastructure investments that may involve development, refurbishment or operational improvement.

**Yield** – The income generated by an investment, usually expressed as an annual percentage of its value.

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## About Us

The Good Economy is a leading, independent impact advisory firm. We exist to accelerate the transition to a good economy, where financial systems deliver not just returns but better outcomes for society. We support fund managers, asset owners, allocators and public authorities to align investment decisions with purpose, embedding impact into how economic investment is allocated and governed. By working through established systems, we shape how value is defined, how markets behave, and what good investment looks like – helping our clients lead with integrity and drive meaningful change.

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