

# INVESTAGE

## InvestAge Ltd - Annual Review 2019/2020

### Introduction

This narrative report deals with the period leading up to the registration of InvestAge as a co-operative and the subsequent period to end the financial year at 31<sup>st</sup> March 2020. It also includes a review of the following five months to the end of August 2020.

The Financial Conduct Authority requires the filing of an Annual Return (AR30) covering the first financial year of the co-operative and this will be available to view online from November 2020 at <https://mutuals.fca.org.uk/Search/Society/30403>

### Origins of the InvestAge concept

In June 2018 a group of people, many of whom are current board members, began exploring how one of the many gaps in provision for later life might be met. We noted that in the UK there was no dedicated investment fund which seeks to support innovation, efficiency and best practice in programmes and projects which enrich the lives of older people. Similarly, there was no mutual help and support organisation for older people aiming to tackle the problems of later life at scale and with national impact. It was also noted that the over 50s themselves constituted a high percentage of ethical investors and it was proposed that an organisation be developed, originally with the working title Enduring Credit - that would provide older people themselves with a vehicle for directing resources towards an issue which will, inevitably, be of growing importance to them. However, from the first it was agreed that this would not just be an investment for older people but for everyone.

By September 2018 a formal steering group came together at the offices of Shared Interest in Newcastle to take the idea forward. (*see photo below*) Shared Interest, as a successful financial co-operative funding the Fair Trade movement for 30 years, provided a practical and successful model, albeit in a different sector. Work proceeded on developing a detailed business plan and on identifying the type of structure and governance arrangements that would be appropriate. We were fortunate in being able to call on the advice, pro bono, of the international legal firm, Weil, Gotshal & Manges (London) LLP, in both discussing the best option and, subsequently, in supporting our application to the Financial Conduct Authority (FCA).



It had been decided to set up the organisation - now with the new and more fitting name of InvestAge - as a multi-stakeholder co-operative. This allowed the representation of various categories of members such as investors, employees, suppliers and users, and there were distinct advantages in adopting this form. Founding members and first directors were drawn from the steering group. InvestAge was registered on 14<sup>th</sup> June 2019.

Co-operatives are, first and foremost, about taking joint action to advance the needs of a community of people - in this case those in later life. The co-operative structure says a number of important things:

- We are involved and taking action - there are important aspects of our lives where we want our voice heard, and there is strength in numbers
- We are doing things together - the way forward is through mutual responsibility
- Whatever our age, whatever our capacity, we can make a contribution
- By pooling our resources we can have influence and make changes
- We are changing the focus – towards community, local action and co-operation with like-minded organisations
- We are part of a wider movement with a long history which will contribute depth, experience, advice and support

The major task facing us as a newly registered co-operative was to raise up to £250,000 in funding to launch the concept, recruit members and set the operating structure in place. Up to this point the biggest development costs had been met by the founding members and directors and with the help of individual donations.

Key points of the extensive May 2019 business plan were as follows:

### **The financial model**

- The core is an accumulating, revolving loan fund, managed within clearly defined lending policies which assess and limit exposure to risk and ensure that funds are always available for those wishing to withdraw their investment.
- Income from credit charges and bank deposit interest on funds are targeted to exceed operating costs and provision for doubtful debts.
- An annual interest payment on members' investment can be declared, taking into account the need to build reserves.
- Members can apply to withdraw their investment on demand.
- To ensure adequate support and capacity prior to public launch, a substantial investment threshold of c.£2.5 million will be set as a threshold. The initial business model suggests that a fund of £25 million should be achievable within three years of launch, with a ten year objective of at least £250 million.

## **Lending**

- The *InvestAge* business plan contains an initial portfolio of categories of potential lending opportunities.
- Loans will probably be made in the first instance to projects in North East England, where *InvestAge* already has an extensive range of contacts and then quickly spread across the UK.
- The mix of borrowers will need to demonstrate a balance of security, innovation and social need. Lending will be to projects (usually with some type of incorporated, not-for-profit structure – a charity, CIC, or RSL) with clearly defined, equitable, social benefits for disadvantaged older people.
- General categories of lending include housing, social care service extension, leisure, communities, health and technology.
- A portfolio of varied lending programmes will be developed, ranging from short-term loans (for example to support development finance to implement an accelerated hospital-to-home service) to longer term investment in extra care or intergenerational housing projects.
- Members will be active in developing projects to which *InvestAge* may provide finance.

## **Ambition**

*InvestAge* takes a realistic approach to scaling-up - but it is very ambitious. It intends to match the challenge of the social problem it is seeking to address – mobilising people of all ages to provide the resources needed to ensure a better old age for all. *InvestAge* will work closely with the key statutory bodies, the NHS and local authorities, and actively foster a close association with the major later-life charities and those strengthening community cohesion.

## **Steps to reach launch**

- The *InvestAge* proposed structure is being registered with the Financial Conduct Authority.
- A comprehensive proposal and business plan for key stakeholders has been developed with a view to obtaining funding for the necessary research and planning period (up to 9 months).  
As with any financial institution, building credibility and confidence is essential. The founding members and the initial board (appointed by the founding members) will carry weight, professional expertise and public confidence, with strong links to institutional stakeholders in the sector.

The board recognised that there were risks as well as opportunities. The business plan explored these but could not foresee the impact that the advent of COVID-19 would have on expected development.

## July 2019 - March 2020

Following successful registration of the co-operative, applications were made to a number of trusts and foundations to obtain funding for the launch of the larger programme. At the same time contacts with existing organisation where dialogue had taken place were expanded, in particular with Age UK at a national level and with the National Innovation Centre for Ageing in Newcastle. With the latter we were able to use access to the VOICE programme to conduct a number of focus groups using this long-established older person's consumer research facility. The possibility of an office location in the under-construction NICA Catalyst building was also explored and InvestAge was selected as one of ten start-ups for the Innovation SuperNetwork 'Ageing Accelerator' programme.



The board met formally seven times in this period and had set a threshold target of £2million in members' investment which needed to be achieved by September 2020 to enable the full scale programme of further membership recruitment and project investment to go ahead. A website and printed literature was developed and trial marketing began in autumn 2019. The plan for InvestAge has always been that it becomes self-sustaining and capable of making a modest return to members on their capital however to reach this point up to £300,000 in grant funding or at-risk capital is needed. The board remains of the opinion that members' investment that is not specified as at-risk must always be held in a separate, secure account so that it can be returned, either on request of the member or if InvestAge fails to meet its launch objectives. The intention was to launch InvestAge formally when the National Innovation Centre for Ageing occupied its new home in early 2020.

The advent of COVID-19 prevented this and created a continuing period of uncertainty about national policy on support for those in later life. It remains the case that very few grant-giving bodies include later-life issues in their priorities, reflecting a general, if surprising trend in the public's charitable giving which has seen a steady decline in giving to older people's issues and now stands at just 4% of the total.

We believe InvestAge has the potential to make a significant contribution at national level to resolve some of the dilemmas of our ageing society. To this end a number of contacts with the major political parties were developed with the intention of establishing a cross-party discussion round table. The continuing lack of clarity on policy - not just from Government- remains an obstacle.

InvestAge has achieved much of the necessary foundational work. It has a governance structure in place with a strong and experienced board, an online presence through its website and the framework of a social media presence. This is supported with printed literature and financial and operational systems to receive membership applications and investment. A number of prospective investment opportunities have been identified and, furthermore, discussions remain ongoing with contacts in major social investment organisations, government, and health and research bodies. However, we do not yet have the financial capacity to launch the development programme originally planned - put simply we have not yet been able to obtain the necessary at-risk funding to market InvestAge to the groups of the general public we had identified as most sympathetic.

By March 2020 it was clear that COVID-19 was going to have a significant impact in many ways. Specific to InvestAge was the uncertainty created by the pandemic and the reorientation and focus on crisis management by many contact organisations. At this stage it seemed unlikely that our target of raising £2 million in members' investment by September would be met but the board agreed to continue to pursue all possible options, knowing that the small amount of members' capital already subscribed was safely held.

At the end of March, therefore, only some 23 members in total had registered and Membership funds totalled £52,450. A number of members, mainly founding members, have designated their investments as "at risk", totalling £19,100, allowing InvestAge to use such monies to develop the organisation.

Income throughout the year has totalled £6,000 and has been gained through two grants namely £5,000 from Innovation SuperNetwork North East England and £1,000 from Northstar Foundation.

Expenditure has focussed on developing the InvestAge website and promotional material which overall has led to a loss for the year of £9,414.

To support the founder members developing InvestAge further, current funds available for the year ended 31st March 2021 are £5,586 in the bank account and a further £4,100 of funds members have designated "at risk" and are available to draw.

<b>InvestAge Ltd year ended 31st March 2020</b>		
<b>Profit &amp; Loss</b>		
<b>Income</b>	£	£
Grants	6,000	
Interest received	32	
<b>Total Income</b>		<b>6,032</b>
<b>Expenditure</b>		
Legal & Prof. Fees	-296	
Marketing & Promo.	-14,838	
Bank Charges	-65	
Paypal fees	-231	
Bank interest charged	-15	
<b>Total Expenditure</b>		<b>-15,446</b>
<b>Profit / (loss)</b>		<b>-9,414</b>
<b>Balance Sheet 31st March 2020</b>		
	£	£
<b>Assets</b>		
Members monies	37,450	
Bank account	5,586	
<b>Total asset</b>		<b>43,036</b>

## **Future Strategy**

People in later life have been disproportionately affected by the COVID-19 crisis. It has exposed systemic weaknesses and failures but also shown that there is widespread willingness amongst the public to volunteer, engage and commit their time and resources to meet challenges and create a better future.

The board is developing a revised strategy for the next twelve months to effectively launch InvestAge. This is built on several strands, namely:

- refining and clarifying the thrust of the InvestAge proposal
- establishing a place for InvestAge as part of the national strategy for later life
- identifying more examples of projects and programmes which will benefit from investment
- obtaining funding to present InvestAge to the general public and build substantial membership

The strategy involves dialogue with government and political contacts; funding approaches to trusts and foundations; the development of sponsorship and corporate links and those with individual philanthropists; further developing organisational links with the major later-life charities; exploring link-ups with business development agencies and the Social Investment sector; identifying opportunities within the mainstream health/social care sector and the co-operative movement.

The InvestAge board is of the view that InvestAge, more than ever, is an innovative and scalable approach for the post-COVID-19 world. It tackles two of the biggest social challenges we now face; how to ensure older people live with autonomy, security and well-being as their support needs increase and how to effectively employ our collective capital, social and financial, at community level to meet need.

### **The directors of InvestAge Ltd in the period June 2019 - March 2020 were:**

Richard Adams OBE  
Canon Chris Beales  
Alma Caldwell  
Peter Gilson  
Maureen O'Neill OBE  
Derek Osborn CB  
Mark Patchett  
Dr Michael Price  
Phil Wells

InvestAge Ltd. is a multi-stakeholder co-operative No. 4604, registered by the Financial Conduct Authority.

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