

Lendology CIC

SOCIAL IMPACT REPORT 2020/21

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The Financial Inclusion Centre



LENDODOLOGY 2020/21 SNAPSHOT

Lendology CIC is an established not-for-profit lender that works with homeowners to fund home repairs and improvements that during 2020/21 saw:

£1.6 million

worth of lending

228

approved loans

171

households supported

99%

either very satisfied or satisfied with their Lendology loan and service received

69%

reporting a positive effect on their financial wellbeing

91%

stating a positive effect on their health and wellbeing

£5.2M

of social impact created through its lending activities

“

“I am very grateful that I was able to get a loan from Lendology. I wouldn't have been able to get one from anywhere else and it made it possible for me to be warm this winter. It is so important for organisations like this one to exist and be funded. Thank you.”

Lendology borrower

18

partnerships with local councils

100%

of surveyed councils being very satisfied or satisfied with their partnership with Lendology and the achieved outcomes

£2.64

of social impact generated for every £1.00 invested by council partners

INTRODUCTION

Lendology CIC is a social enterprise lender that works with homeowners to fund home repairs, improvements, adaptations or energy efficiency measures.

Working with a range of council partners, Lendology provides access to low cost, responsible finance. Unlike other lenders, Lendology assess everyone based on their unique financial circumstances, making their lending decisions with people, for people and putting impact before profit.

This social impact report documents Lendology's activities during 2020/21 and provides an independent assessment of the benefits this has generated. It has been produced by the Financial Inclusion Centre – a not-for-profit research firm by combining:

- analysis of data provided by Lendology for the 228 loans delivered during this period;
- structured surveys sent to 171 borrowers, and completed by 86 customers (representing 50% of clients during 2020/21); and
- 19 surveys conducted with representatives from 14 of Lendology's 18 council partners.

“

“Despite the challenging conditions during the year we have been able to continue to support many homeowners across the South West. This report compiled by the FIC illustrates some of the unseen benefits that access to a loan can make. We continue to find ways to help more people, because for us it is too important not to.”

**Lendology CEO,
Emma Lower**



ADDRESSING LOCAL NEED

Lendology currently operates across the South-West region that faces a combination of social and economic challenges:



Financial vulnerability
1 in 10 households in fuel poverty^[1]



Poor quality housing stock
1 in 5 households living in a non-decent home^[2]



Housing demand pressures
13% increase in households on local authority waiting lists, compared to previous year^[3]



Long-term empty properties
29% increase in long-term empty properties, compared to previous year^[4]



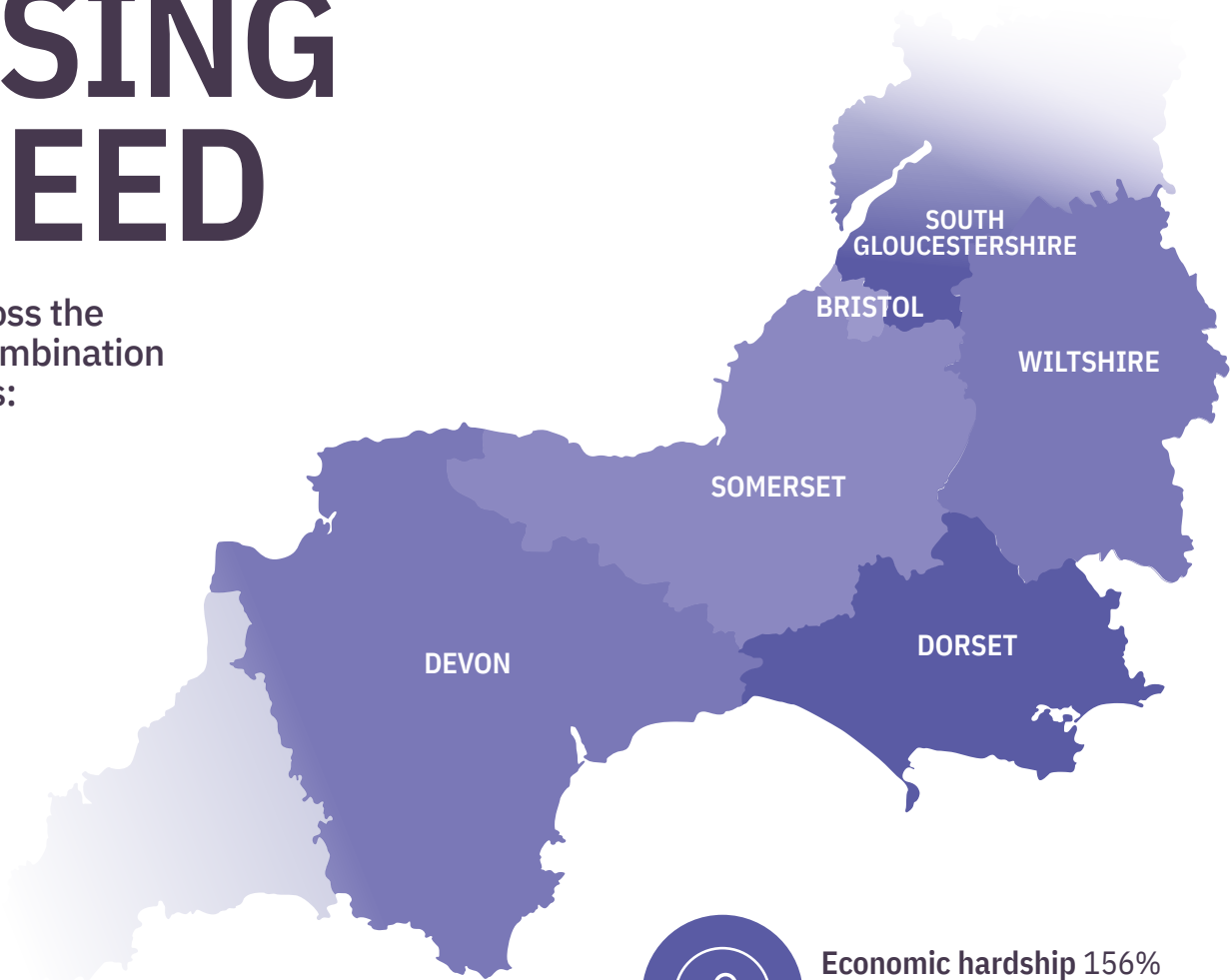
Ageing population
15.6% excess winter deaths^[5]



Economic hardship 156% increase in proportion of adults claiming benefits^[6]



Meeting climate change targets
61.6 median energy efficiency score of existing homes, compared to 83.9 for new homes^[7]



WHY HOUSING IS IMPORTANT

Housing is a ‘social determinant of health’ that can dramatically impact physical and mental health inequalities throughout life. Over 4.1 million households in England currently live in properties that do not meet basic standards^[2]. This issue is compounded by the lack of affordable housing and the rising numbers on council housing waiting lists who are often left living in temporary, insecure, inadequate and costly accommodation.

Improving and maximising the effective use of existing housing stock is therefore critical to helping address the housing crisis and support local economies.

It will also play a key role in reducing emissions to achieve climate change targets, as well as helping stimulate local economies.

LENDING IN 2020/21

Lendology provides a variety of loan products and schemes designed to meet the wide ranging financial and housing needs of the communities they serve.

Owner occupiers, private sector landlords, empty property owners, first time buyers and park homes owners can apply for a home improvement loan fixed at 4% interest. Loans are available from £500 to £20,000 or more depending on the local council policy. Individuals with poor credit, in retirement, self-employed or in receipt of state benefits as their sole income can apply. In this way, Lendology are able to serve a wide range of applicants, some of whom may typically be excluded from the finance sector.

“

“Excellent, sympathetic service which removed a weight from my shoulders.”

Lendology borrower

DURING 2020/21,
LEDOLOGY
APPROVED:

228

loans

£7,050

Average loan size

171

households supported

£1.6M

worth of lending

CASE STUDY

When Mrs C returned home one day, she was confronted by the nightmare scene of firefighters tackling a huge blaze at her Somerset family home of forty years.

The entire house and contents were ruined leaving the devastated family of four (plus their six dogs) to stay with family in a one-bedroom bungalow.

With no home insurance and unable to borrow from the bank, their local council put them in touch with Lendology. Their approved loan allowed rebuilding work to commence to make the house safe and habitable.

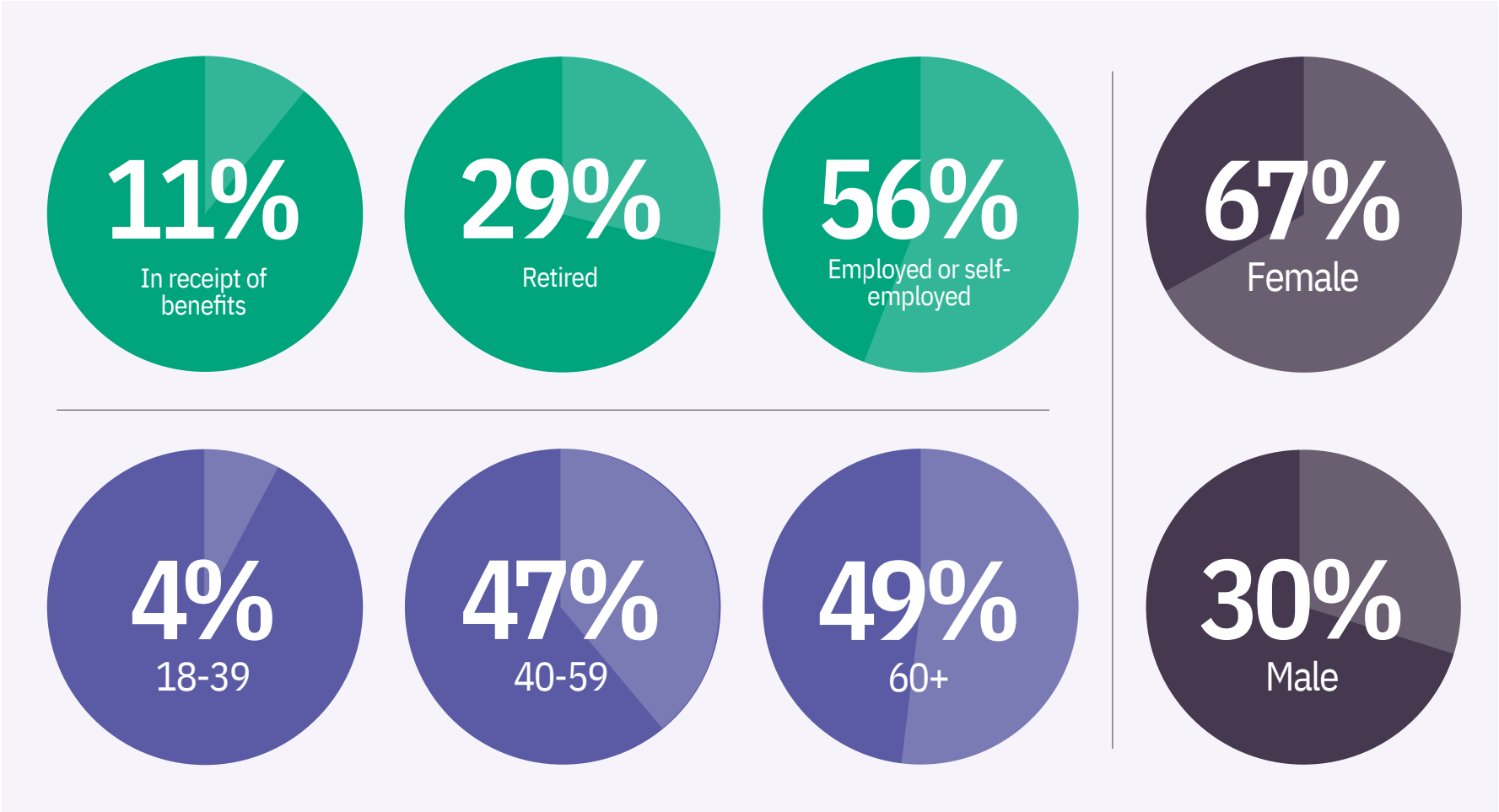
Mrs C said “I never thought I’d be able to have this help, my adviser was so amazing and supportive, always helping me to see the positive. They are not the same as a bank, my head was so full of stress and Lendology helped me to stay calm throughout.”

After four months away from their home, sufficient repairs had been made for the family to move back in. Mrs C said, “We are so relieved to have our home back, the months away were tough on all of us and we can now rebuild our lives. The children are so glad to be home with their pets. Without this help, we would have lost everything.”



CUSTOMER PROFILE

Lendology works with a diverse profile of customers supporting them with borrowing that they often struggle to secure elsewhere.



27%

describe their credit rating as fair or poor

£19,122

Average median household income

“

“The staff were beyond amazing! They were kind and understanding and the communication was excellent. The process was incredibly simple – I tell everyone about Lendology!”

Lendology borrower

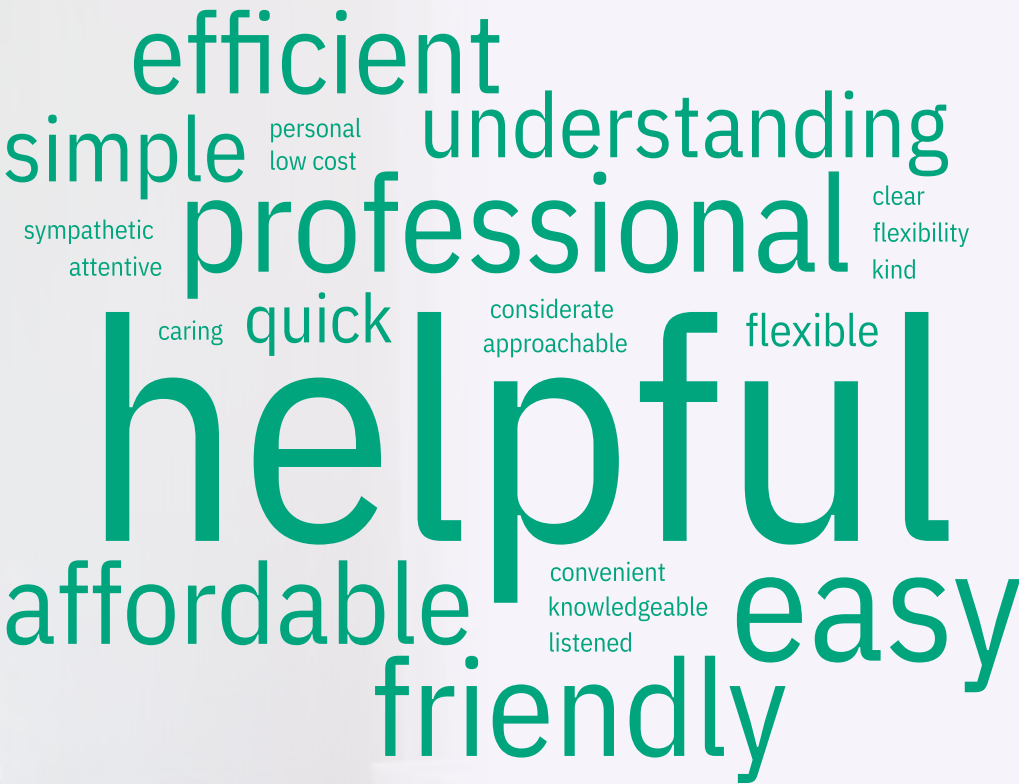
CUSTOMER EXPERIENCE

92%

of those who borrowed from Lendology in 2020/21 were **very satisfied**, and **7%** were **satisfied** with their loan and the service they received

58%

of survey respondents stated that they had **few alternative borrowing options** other than from Lendology



“

“Lendology were truly amazing and helped me take a break from payments because of my financial situation due to sudden funeral costs for my mum.”

Lendology borrower

WHAT WAS THE MAIN REASON FOR BORROWING FROM LENDOLOGY?

37%

liked that Lendology works in partnership with their local council

30%

said the loan rate / loan repayments were **cheaper** than other lenders

24%

liked the fact that Lendology is an **ethical** lender

4%

said that they applied to other lenders first but were **declined**

IMPROVING HOMES

Lendology enables physical improvements to be made to properties that can; enable long-standing issues to be addressed; bring empty properties back into use; help improve accessibility; ensure dwellings are more energy efficient; or just makes home more enjoyable to live in.

CASE STUDY

When retired couple Mr and Mrs B were told that their broken oil-fired boiler could not be repaired they were worried that because they were in their seventies with very few savings, they would struggle to find the funds.

Both suffer from health issues so replacing the boiler was essential to keeping them both safe and warm in their own home.

When the couple applied to Lendology, they were approved for a home improvement loan funded via

Torridge District Council. Installing the new top of the range boiler means they now heat their home much more efficiently, saving the couple much needed money on their energy bills.

Mrs B said, “We were so lucky to be told about this company. Their understanding and expertise relieved us of a great worry and has greatly eased our finances. With regard to my current health condition, I can now rely on hot water and heating during the night.”

PROPERTY IMPROVEMENTS:

6.1 years

Average length of time that customers lived with their property issues

73%

reported that their improvement works improved the energy efficiency of their property.

Condition of the dwelling is causing major/moderate problems:

82% Before ↓ 5% After

CHANGING LIVES

By improving their homes, Lendology helps realise various financial benefits and health and wellbeing improvements for supported households.

“

“My home is now warm for the first time in 18 years and my bills are much lower.”

Lendology borrower

HEALTH AND WELLBEING:

91% reported that the improvements to their property had a positive effect on their health and wellbeing

85% reported that the issues with their property had caused them stress, depression or anxiety

66% saw a reduction in their level of stress, depression or anxiety after completing their home improvement works

Feeling in control of their situation:

25% Before ↑ 70% After

FINANCIAL BENEFITS:

69% reported that the improvements to their property had a positive effect on their financial wellbeing.

Struggling to manage financially

43% Before ↓ 30% After

Managing their finances well:

57% Before ↑ 70% After

Enough money to keep home in a decent state of repair:

61% Before ↑ 82% After

GENERATING SOCIAL IMPACT

Lendology is more than just a lender. By helping improve the homes and lives of its customers, these outcomes also generate additional value that can be measured in pounds and pence.

£0.35 million of operational costs + £1.61 million of lending in 2020/21

= £1.96M

Total investment



£5.17M

Resulted in a total of:

worth of social impact being generated – that can be broken down as:

- £0.15 million of **energy efficiency** improvement
- £0.18 million of **physical improvements**
- £0.59 million of **financial health** benefits
- £4.25 million of **health and wellbeing** benefits

“

“Our partnership with Lendology directly contributes to the council’s Housing Renewal strategy by helping improve housing conditions and supporting our climate change and fuel poverty commitments.”

East Devon District Council

This means that every **£1 invested** by Councils generates **£2.64 in social impact**.



investment + improvement = social impact

WORKING IN PARTNERSHIP

Lendology currently works in partnership with 18 local councils, utilising their funds to deliver lending to eligible homeowners for essential home repairs and improvements.



“

“Lendology provide a sustainable package of loan options for the council, which is flexible and can be adapted to meet changing priorities.”

Dorset Council

“

“Lendology provide a vital option to homeowners who are struggling to finance house repairs and improvements. The direct and flexible support that is provided offers a huge benefit to our residents.”

Torridge District Council

DELIVERING COUNCIL PRIORITIES AND OUTCOMES

Lendology’s work is identified by partners as supporting a variety of council priorities and outcomes.

- Extremely important
- Very important
- Somewhat important



PARTNER EXPERIENCE

Council partners identified the main benefits that were achieved for their residents through Lendology:

flexibility
choice
improved home
competitive loans
affordability
trusted provider
safe warm home
re-use of property
reliability
safer home

“

“It’s a really beneficial partnership and solution to the provision of funding for the renewal and improvement of local housing stock.”

North Somerset Council

100%

of partner councils are very satisfied or satisfied with their partnership with Lendology and the outcomes that are being achieved.

53%

of councils said the partnership with Lendology contributes significantly towards reducing the number of households living in a non-decent home

46%

of councils said the partnership with Lendology contributes significantly towards supporting older residents to live in safe, comfortable and affordable properties

40%

of councils said the partnership with Lendology contributes significantly towards helping achieve council climate change commitments

CALCULATING SOCIAL IMPACT

Social impact measurement provides a method for placing a value (in pounds and pence) on outcomes related to people’s wellbeing. FIC designed the structured questions within the customer survey in order to translate to the outcomes provided by the **HACT social value bank**. Using the 86 survey responses, 342 positive reportable changes were identified relating to 19 individual HACT outcomes across 4 categories:

- energy efficiency;
- physical/property improvements,
- individual financial health; and
- individual health and wellbeing.

The relevant financial proxy figures for each outcome (based on the respondents age) were applied to the 342 changes with ‘deadweight’ reductions applied to counter the ‘would some of it happened anyway’ argument. Based on the survey results, this provided a total social impact figure of £2,187,449 with average social impact per person figure for each of the 4 categories able to be calculated based on number of survey responses.

These average figures were then extrapolated across the whole loan book to provide the estimate of social impact for all 171 Lendology borrowers in 2020/21 of £5,172,624.

Finally, the ratio of investment to social impact was then produced, using the following details:

- Staffing / admin costs = £353,510
- Lending = £1,607,510
- Total = £1,961,020

This can be split across the 4 categories using their proportional contribution towards the total social impact.



REPORT REFERENCES

[1] Sub-regional fuel poverty data: <https://www.gov.uk/government/statistics/sub-regional-fuel-poverty-data-2021>

[2] Local authority estimates have been produced using data from the English Housing Survey (2019/20), which highlighted that in 2019, 17% of housing failed to meet the Decent Homes Standard: <https://www.gov.uk/government/statistics/english-housing-survey-2019-to-2020-headline-report>

[3] Ministry of Housing, Communities and Local Government: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-rents-lettings-and-tenancies>

[4] Action on Empty Homes: <https://www.actiononemptyhomes.org/facts-and-figures>

[5] <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/datasets/excesswintermortalityinenglandandwalesreferencetables>

[6] Taken from the UK Financial Vulnerability Index, created using unique data from Lowell and publicly available measures. Lowell is one of the largest credit management services companies in Europe: <https://apps.urban.org/features/uk-financial-vulnerability-index/>

[7] <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/energyefficiencyofhousinginenglandandwales/2020-09-23>

Produced by The Financial Inclusion Centre

Launched in 2007, the Financial Inclusion Centre (FIC) is an independent not-for-profit research and policy innovation think-tank. It delivers evaluation research and data analysis within financial services/markets; and develops and promotes innovative solutions for consumers who are not economically viable for mainstream financial services.

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