

A photograph of a woman with curly hair, wearing an orange shirt, smiling and holding a young child in a light blue shirt. They are outdoors in a park-like setting with green foliage in the background. The woman is holding the child's hands, and the child is leaning into her.

streetUK
FOUNDATION

SOCIAL IMPACT REPORT 2020



Street UK Foundation has helped
over 76,000 customers
to access affordable credit



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streetUK
the affordable finance company

Dear Friends,

2020 – a year that has been as unprecedented as it has been unpredictable. It's also a year in which Street UK has reached its 20th anniversary – two decades of challenges, impact and achievements, some of which we would like to share with you within this report.

It's no mean feat that we are still delivering essential services to support financial inclusion, and this is testament to the efforts of the great and good, past and present, all of whom have made contributions to our success.

It's important to remember that behind all of the statistical data we've provided in this report are real people, individuals, families and businesses that mainstream institutions were unable or unwilling to serve. Although some of the achievements are commendable, there is still much work to be done to improve the lives of individuals affected by financial exclusion.

This 20th anniversary report is an accumulation of what has been achieved so far, and also discusses the challenges we face in trying to increase our social impact, the changes we are making to become more agile in a constantly changing marketplace and the support needed by both Street UK and the wider Responsible Finance community to scale and become the alternative choice for affordable credit.

It is a privilege to introduce this anniversary report which highlights the impact we have made over the past 20 years.

Kashaf Ali *CEO, Street UK Group*

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Executive Summary

Through its subsidiaries Street UK Foundation has helped over 76,000 customers to access affordable credit, providing customers with savings against high-cost alternatives; this coupled with our budgeting advice and support has helped improve the financial health and wellbeing of our customers to become more financially resilient.

The need for affordable credit has never been greater; the continued impact of austerity, a lack of affordable credit provision and more recently COVID-19 have exacerbated the already fragile finances of low income households. The report discusses the impact of these events on our customers and what we are doing to help.

Since its inception the Foundation's mission has expanded to provide support to similar like-minded organisations through its subsidiaries with services to support both our mutual objectives, to address the lack of affordable credit provision.

This support has enabled over 3,500 homeowner's to access affordable credit for essential home improvements, bringing their properties up to the Government's Decent Homes Standard. We've also helped over 23,000 new business start-ups through our partnerships with Government backed partnership programmes.

This report highlights some of our achievements and the impact of our work to improve the lives of the individuals and communities we serve.

SUPPORTING THE SECTOR

£600 million

Creating over 23,000 new business start-ups via access to £218m of affordable credit through Government backed partnership programmes.

ENABLING GROWTH

£218 million

Supporting business and personal Community Development Finance Institutions by administering over 180,000 loans, servicing more than £600m in loan advances and processing nearly £1bn in repayments.

AFFORDABLE CREDIT

£27 million

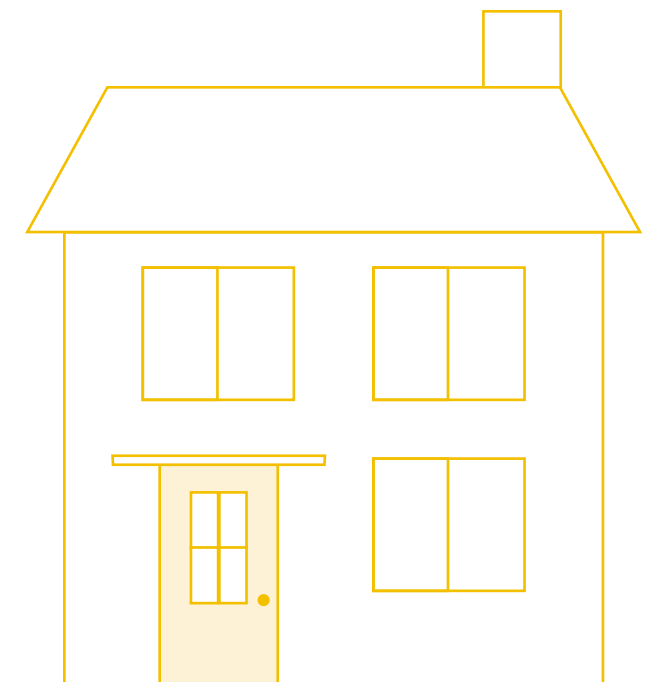
Providing over £27m in affordable credit to over 76,000 individuals, saving each customer on average £203 when compared to high cost doorstep credit providers.

IMPROVING LIVES

£31 million

Working with Local Authorities and Housing Associations to deliver £31m of affordable credit to over 3,500 low income and vulnerable homeowners to pay for essential home improvements.

Street UK Foundation was setup in 2000 with a mission to provide affordable financial products and services to individuals, households and communities who are unable to access these products and services from mainstream banks and may otherwise be at the mercy of predatory lenders.



Street (UK) C.I.C

Street (UK) C.I.C provides access to affordable credit through its retail branch network and online platform. Customers who access our services would otherwise struggle to obtain credit from mainstream banks and therefore would be at the mercy of high cost, and possibly predatory lenders.

Customers access our services to purchase essential household goods, fund moving costs, and for event linked seasonal expenditure such as holidays and Christmas. In addition to affordable credit Street UK C.I.C provides budgeting advice and support to its customers to enable them to become more aware of their financial circumstances by helping to identify pre-existing issues which can be addressed through sign-posting and support.

This approach helps customers to become more financially aware and resilient by taking recommended steps to improve their credit profile and budgeting skills, thus improving their health and wellbeing.



Street (UK) Services

Street (UK) Services was setup with the aim of supporting the growth and expansion of 3rd sector organisations working within financial services.

The services provided include provision of portfolio administration systems and services which allow organisations to focus on face to face customer service whilst our expert teams manage back office processes.

As the alternative finance sector has evolved Street (UK) Services has expanded to work with a diverse set of organisations in both the 3rd and commercial sectors; all of whom are ethically aligned with Street UK's mission in catering for those individuals and communities that are underserved.

Street (UK) Homes

Street (UK) Homes works in partnership with Local Authorities and Housing Associations to assist in delivering local Private Sector Housing Services, this helps to improve both the supply of suitable housing to meet local needs.

Access to affordable credit is provided to low income and vulnerable homeowners needing essentials repairs and improvements in order to bring their properties to the Governments Decent Homes Standard.

The work undertaken improves the standards of health and wellbeing of individuals by providing an effective intervention in the private sector housing stock to address structural decline and other hazards to the health and safety of the occupants.

Affordable credit

The need for affordable credit providers has never been more evident. The continued impact of austerity has meant that lone parents with children are typically £1,940 a year worse off on average as a result of cuts in the legacy benefit system, and £2,380 worse off as a result of universal credit cuts.¹ For individuals and families in work the picture is not much better with wage growth over the past decade slowing on average by half according to the OECD's average.²

In the UK it is estimated that 12 million people have limited access to affordable credit,³ meaning these individuals may need to access credit from non-mainstream sources, some of whom may be high cost credit providers. Due to an already exacerbated financial situation, high cost credit worsens their financial situation by potentially leaving them unable to afford to pay back the loan.

Advice and Support

What makes our service different from typical lenders is the wrap around budgeting advice and support provided to our customers.

Over 8 million people in the UK struggle with money⁴ and few get help. The advice and support we provide includes basic budgeting, ways to improve your credit profile, sign posting to grant and support that may be available and working with free to use debt charities to support struggling customers with managing their debts.

We understand that each customer's situation is unique therefore we tailor the customer experience to ensure each customer is assessed to understand their requirements to see what support we can provide to help improve their situation.

This approach enables customers to become more empowered in money management and improves their financial resilience, health and wellbeing. 65% of customers surveyed agreed that they have experienced anxiety and stress as a result of their finances and 94% agreed that our process was easy and simple.

Support is not just given in the initial stages, for repeat customers we understand that regular financial assessments allow our customers to better understand how their actions can positively affect their credit file and build good financial behaviour and outcomes.⁵

At Street UK - our approach to combine the provision of affordable credit together with budgeting advice and support helps to improve the financial resilience, health and wellbeing of our customers.

Our loans start from £200 up to £1,000 and are tailored to each customer's circumstances ensuring repayment terms are flexible and manageable. Customers are able to self-service their loans through our digital platform and returning customers are offered reduced interest rates.

The benefits of this approach is evident with over 95% of Street UK's customers stating that loan repayment flexibility made it easier for them to repay their loan and 64% of customers saying that the budgeting advice and support provided helped them to better manage their money.



Customer story

Street UK are one of the cheapest companies lending at the moment, as well as this **they have much nicer staff who can't do enough to help me** when I am in there. They gave me some advice to follow about my credit report and my score improved as a result, now I'm in a better place, but the main reason I come is that I can afford it and it's what I need when I need it.



Customer Demographics

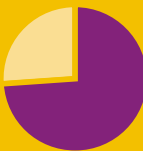
Our customers are some of the most vulnerable people in society who would potentially be at the mercy of high cost and possibly predatory lenders if our services did not exist.

Analysis based on customer data and the Index of Multiple Deprivation Decile⁶ demonstrates the core customer demographic served is predominantly made up of women aged between 25-44 who are either single and/or with children, living in social or privately rented housing and in receipt of benefits or income less than the Minimum Income Standard.⁷

The statistical data provided below provides insights into the type of customers we are helping with affordable credit, budgeting advice and support.



52% of customers are in receipt of a means-tested benefit



74% of customers are women



88% of customers live in social or privately rented housing



61% of customers have children present in the household



86% of customers have an income less than the Minimum Income Standard



19% of customers suffer from a disability or long term illness



51% of customers live in most deprived 10% of neighbourhoods in England

Platinum
Trusted Service Award
For consistently
delivering excellence 2020 feefo

95% of customers agree
that flexibility makes it easier
for them to repay their loan

Customer Journey

The customer journey has been designed to be agile to fit in with the differing requirements of our customers, who may wish to access our services face to face, over the phone or digitally.

Through the customer journey our aim is to provide a positive experience that either results in the customer accessing affordable credit and/or advice & support which will help to improve their financial health and wellbeing.

This includes working with customers to understand their credit requirements and any underlying issues which may have contributed to debt and money management issues. Through this process we can identify customers in financial distress and provide appropriate advice and support which includes referring customers to free to use debt advice charities.

The loan application process is effective in delivering positive outcomes but also efficient in ensuring customers can access credit quickly and flexibly. All customers have the option to repay the loan at a frequency that suits their regular income

This flexible approach provides customers with peace of mind and ensures they can manage their loan accordingly. Loan applications are typically processed within 3 hours and where approved funds are in the customer's account within 24 hours.

Customers can then self-service their loans via our digital application which allows them to view loan history, manage payments and request additional advances. Throughout the customer journey our relationship-based approach to lending is based on mutual trust and this is evident in independent customer feedback.

Theory of Change

To measure the performance and effectiveness of its mission Street UK has defined its Theory of Change which outlines the issues, actions, outcomes and impact it is trying to achieve in order to make access to affordable credit more inclusive.

Overall Goal FINANCIAL INCLUSION

Assumption	Objective	Activity	Outcome	Impact
Customer struggles to access fairly priced credit.	Provide access to fairly priced credit.	Customers can apply for credit online, in branch or via telephone.	Customer's access fairly priced credit.	✔ Customers typically save one third against high cost alternative.
Customer needs flexibility in repaying loans.	Provide repayment options to suit customer's income.	Review customer income/expenditure to determine best repayment schedule.	Customers can repay loan according to their income schedule.	✔ Reduced likelihood of missing repayment therefore improved credit status.
Customer has pre-existing bad credit which prevents them from accessing fairly priced credit.	Improve customer awareness of bad credit impact and credit status.	Complete credit search and signpost customers to debt advice charities for support.	Customer placed on Debt Management Plan and makes affordable repayments to reduce debt.	✔ Better credit status, managed debt and improved financial health and wellbeing.
Customer can afford a loan but has a poor credit record.	Improve credit status.	Customer is approved for a loan and manages it successfully. Also provide budgeting advice and support.	Loan repayment performance reported to credit reference agencies. Improved financial health through budgeting advice.	✔ Improved credit status.
Customer has little or no budgeting skills or financial resilience.	Improve budgeting skills and financial resilience.	Provide budgeting advice and signposting on accessing jam jar savings.	Customer manages money better.	✔ Customer creates financial resilience.
Customer is not aware of other income they may be entitled to?	Maximise income and grant support.	Complete free to use financial health checks and benefit entitlements.	Customer accesses full benefit entitlements and /or grant support.	✔ Maximised income, improved financial health and wellbeing.



COVID 19

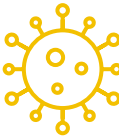
Customers access our services either seasonally or for unforeseen expenditure; more often than not it's due to an income shock where credit is required.

Recently the impact of COVID-19 has had a significant impact on household finance with an estimated 14 million people having a direct negative effect on their income.⁸

When it became clear that COVID-19 had the potential to have a severe impact on our customer's finances we took a number of steps to support our customers, these included:

- Providing interest and payment suspension periods to customers;
- Implementing an agile working model to continue to provide support to our customers;
- Fast-tracked the launch of our self-service loan Customer Portal;
- Increased communications with customers offering support and guidance.

Through Street UK Services our COVID-19 response extended to helping the wider Responsible Finance community respond to the crisis by facilitating the delivery of the Government's Coronavirus Business Loans Interruption Scheme (CBILS).⁹



The impact of the work undertaken was evidenced in feedback from our customers:

64% of our customers were aware of the support we offered during the crisis.

93% of customers believed that Street UK was supportive and flexible during the pandemic.



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Street UK helped us out, their rates are good, and we have always found the service in the branch fantastic.

They have given us help with our credit file before and we have seen our score go up based on their advice. We've used other lenders in the past, but Street UK are so understanding and we know we can expect a great service and the finance we need.

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Customer Survey



68% have typically used high cost credit providers in the past.



65% say their finances have caused them stress and anxiety in the past.



70% say they have struggled to budget and manage their finances in the past.



94% of respondents agree their journey with Street UK was simple and everything was explained to them.

As part of our continued commitment to improvement we undertake an annual customer survey to understand the benefits and impact of our services on our customers. This year's survey was expanded to include the impact of COVID-19 and how our customers managed through the crisis.

Customers who access our services have typically used high cost credit providers in the past with over 68% using such services and 65% of respondents stating that their finances have caused them stress and anxiety in the past.

Very few customers are aware of any bad credit present on their credit profile with only 45% aware of such issues and the majority of customers not realising the presence of bad credit or its impact. This lack of awareness, coupled with a lack of money management skills means over 70% of respondents say they have struggled to budget and manage their finances in the past.

The budgeting advice and support we provide helps to improve our customers financial health and wellbeing, and over 65% of our respondents agree that the advice and support they received was beneficial.

Our customer journey is designed to be simple, transparent and flexible – and our customers agree with 94% of respondents agreeing that the process was simple and everything was explained to them.

Providing flexibility to our customers is an integral part of our service, 95% of our customer survey respondents agree that the loan flexibility helps make it easy for them to repay and manage their loan.



Improving Lives

Street (UK) Homes was launched in 2010 and works with Local Authorities and Housing Associations to support their private Sector Housing policies and leaseholder improvements works programmes to facilitate loans to homeowners.

These loans are provided to address issues that affect the property which include hazards that either make them unsafe, adaptations that are required for special needs, or improvements to make the property more energy efficient.

The service encompasses a fully regulated customer journey from referral through to securitisation and release of funds. Improvements works are undertaken by Local Authority approved contractors and projects are typically managed by dedicated Home Improvement Agencies on behalf of the Local Authority/Housing Association.



Supporting the sector

Street (UK) Services was launched in 2004 to support the emerging group of Community Development Institutions (CDFI's) by providing access to loan portfolio administration software and business support services.

From the original group of personal and enterprise lending CDFI's, services were expanded to support alternative financial institutions such as Peer to Peer lenders and Government backed financial loan schemes – whose aim is to support individuals and businesses that are underserved by mainstream finance providers.

The solutions that have been developed and provided to our clients include provision of a loan portfolio administration system which allows management of a loan through its full life cycle from enquiry, application through to completion, and arrear management.

Loan servicing includes regulatory compliance checks, securitisation and administration of repayments through to redemption.

Through our agile approach we've also worked with our clients to develop insurance, savings and flexible credit products to cater for underserved individuals and businesses.

More recently we've helped British Business Bank accredited Lenders support business affected by COVID-19 through the Coronavirus Large Business Interruption Loan Scheme (CBILS) by servicing over £15m of loans.

Timeline

SCAN TO WATCH HIGHLIGHTS



Word from the Chair

This report shows the progress which Street UK has made in the first twenty years of its existence. In addition to providing support services to organisations with similar objectives, Street UK has provided over 76,000 loans worth £27 million to our customers. Our challenge now is to build on what has been achieved.

Everyone involved in this sector knows that there is much to be done. Fair4All Finance reports that the demand for high cost credit is currently £3 billion a year and affordable credit is providing just £250 million of that demand. It seems likely that the events of 2020 will increase this demand and put a severe test on the financial resilience of individuals

Street UK stands ready to meet this challenge, while not underestimating the problems we will encounter over the next few years. We are grateful for the support of our social investors and Fair4All Finance at this difficult time.

With their continued support and the commitment to our mission of the dynamic Street UK team, we will continue to make a difference to the people who need our services.

So what does the future hold for Street UK? Through our branch network and an expanded online platform we want to make affordable credit available to more people. We will continue to provide advice and support to these customers, helping them with their money management.

While insufficient income brings our customers to us, gaps in financial knowledge compound the difficulties they face. We will also support like-minded organisations to meet their objectives. Working together, change is possible.

Eileen Kelliher *Chair, Street UK Group*



Conclusion

Some of the regulatory changes made by the FCA to cap the cost of credit and to ensure outcomes for customers have been much needed and welcomed. This change has led to a significant change in the high cost credit landscape with the demise of a number of high profile high cost credit providers.

This may be seen as a positive; however the void left behind by these lenders cannot be filled by responsible credit providers such as Street UK and others without significant support to enable the wider responsible finance sector to scale to meet demand.

This demand exists and; due to the current and projected economic climate will increase, leaving large numbers of individuals at the mercy of either a new breed of high cost lender or worse still unregulated lenders.

Affordable credit on its own is not the only solution, to improve the financial resilience of individuals and families Street UK believe a range of solutions need to be provided which include on-going budgeting support, savings and insurance products.

In this respect we believe support to help scale the sector needs to come in the following form;

Government and Regulators

Continue to improve customer outcomes by defining parameters for lenders to ensure customers are not over-indebted by irresponsible lending decisions.

Debt Advice Charities

Working side by side with Responsible Finance providers to support customers who would otherwise be declined credit to develop debt plans whilst lines of affordable credit can still be maintained.

Social Investors

A balanced approach that focuses on social impact in addition to investment return and provides affordably priced and patient capital, together with grant funding to facilitate development.

Housing Associations

Developing partnerships with Responsible Finance providers to support tenant credit needs and avoid them using high cost alternatives.

Acknowledgements

Our success has relied upon support from like-minded organisations. We would like to acknowledge some of those organisations that have supported Street UK over the years.

- Responsible Finance
- Esmée Fairbairn Foundation
- Barrow Cadbury Trust
- Big Issue Invest
- Fair 4 All Finance
- Royal Bank of Scotland Social Community Capital
- Social Investment Scotland

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Methodology

This report was created using a range of primary and secondary research data. Survey data was derived from 103 responses to a 14 question survey sent to our front office customers to complete.

Customer stories are based on conversations had with customers that indicated that they would be willing to share their stories for publication. Names and any identifying details have been changed.

Street UK internal data was extrapolated from our internal CRM StreetSERVE to provide statistics about our own lending.

All Street UK data is based on our lending records recorded and compiled from our inception to June 2020. Unless otherwise stated average amounts etc. are based on the average across the entire dataset.

Secondary data was obtained from professional reports and publications. This is expanded upon in our references section.

All data quoted for other lenders is based on the most recent information published by the organisations as of June 2020.



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