



**Pricing and Lending Model for the
Provision of an Empty Properties Lending Scheme
in Partnership with Lendology CIC**

In this indicative model, the average loan is £20,000 over 10 years. Different loan types and amounts are available, and all have an impact on the amount of interest raised for loans and cost overall (e.g. larger loans with longer terms have a higher return, and vice versa for smaller loans over shorter terms).

A year's delay of receipt of capital from loans has been inbuilt into the model to mitigate against the risk of over stating interest income.

Lendology CIC charge a fixed set up cost to get the scheme up and running, then an annual fixed fee plus fee per loan as per the pricing schedule below.

The council set the interest rate; all interest income goes back to the council, either directly or to top up the lending pot. In this model we have assumed that the surplus interest income generated above loan fees is used to top up the lending pot.

At 5.5%, £900,000 of initial lending capital is lent out, repaid, and recycled over 11 years to generate £1,950,000 of lending. At 5.5% of interest this could have an overall net return of £133,889 over this period, after all Lendology lending fees.

A higher interest rate delivers more funding back into the pot to improve the long-term sustainability of the scheme and volume of possible lending.

Year	Capital Invested into Lending Pot	Value of Loans Released	No of Loans/ Homes Retrofitted	Capital Recycled from Loan Repayments	Interest Added to Pot	Fixed Lendology Fees (exc VAT)	Lendology Assessment Fees (exc VAT)	Lendology Loan Management Fees (exc VAT)	Cost (Exc VAT)	Net Cost/ Surplus
Yr 1	£300,000	£250,000	13	-	-	£24,500	£5,625	£0	£30,125	-£30,125
Yr 2	£300,000	£230,000	12	£19,289	£13,269	£9,000	£5,175	£2,188	£16,363	-£3,094
Yr 3	£100,000	£150,000	8	£38,124	£24,388	£9,000	£3,375	£4,200	£16,575	£7,813
Yr 4	£100,000	£150,000	8	£51,848	£30,198	£9,000	£3,375	£5,513	£17,888	£12,311
Yr 5	£100,000	£150,000	8	£66,346	£35,235	£9,000	£3,375	£6,825	£19,200	£16,035
Yr 6		£150,000	8	£81,662	£39,453	£9,000	£3,375	£8,138	£20,513	£18,941
Yr 7		£170,000	9	£97,842	£42,808	£9,000	£3,825	£9,450	£22,275	£20,533
Yr 8		£170,000	9	£116,478	£46,312	£9,000	£3,825	£10,938	£23,763	£22,549
Yr 9		£170,000	9	£136,165	£48,764	£9,000	£3,825	£12,425	£25,250	£23,514
Yr 10		£180,000	9	£156,962	£50,106	£9,000	£4,050	£13,913	£26,963	£23,144
Yr 11		£180,000	9	£179,704	£50,806	£9,000	£4,050	£15,488	£28,538	£22,268
Total	£900,000	£1,950,000	98	£944,418	£381,339					£133,889

At 4%, the return is reduced to £21,507 and value of lending possible from the pot (assuming interest is added to the pot for increasing lending) is reduced to £1,860,000.

	Capital Invested into Lending Pot	Value of Loans Released	No of Loans/Homes Retrofitted	Capital Recycled from Loan Repayments *	Interest Added to Pot	Fixed Lendology Fees (exc VAT)	Lendology Assessment Fees (exc VAT)	Lendology Loan Management Fees (exc VAT)	Cost (Exc VAT)	Net Cost/Surplus
Yr 1	£300,000	£250,000	13	-	-	£24,500	£5,625	£0	£30,125	£-30,125
Yr 2	£300,000	£230,000	12	£20,751	£9,622	£9,000	£5,175	£2,188	£16,363	£-6,740
Yr 3	£100,000	£150,000	8	£40,688	£17,629	£9,000	£3,375	£4,200	£16,575	£1,054
Yr 4	£100,000	£150,000	8	£54,796	£21,745	£9,000	£3,375	£5,513	£17,888	£3,858
Yr 5	£100,000	£150,000	8	£69,479	£25,286	£9,000	£3,375	£6,825	£19,200	£6,086
Yr 6		£150,000	8	£84,761	£28,229	£9,000	£3,375	£8,138	£20,513	£7,716
Yr 7		£150,000	8	£100,665	£30,549	£9,000	£3,375	£9,450	£21,825	£8,724
Yr 8		£150,000	8	£117,217	£32,221	£9,000	£3,375	£10,763	£23,138	£9,083
Yr 9		£150,000	8	£134,443	£33,219	£9,000	£3,375	£12,075	£24,450	£8,769
Yr 10		£150,000	8	£152,371	£33,515	£9,000	£3,375	£13,388	£25,763	£7,752
Yr 11		£180,000	9	£171,030	£33,080	£9,000	£4,050	£14,700	£27,750	£5,330
Total	£900,000	£1,860,000	93	£946,202	£265,095					£21,507

As stated above, the surpluses are for the council to do with as they wish. We have assumed for this model that they are used to increase the volume of lending, however if the council could decide for some or all funding to be transferred back to them to fund internal projects, marketing or other items.

Pricing Schedule

Lendology charge based on an activity basis, as costs are driven by the number of assessments.

The fees are as follows, exclusive of VAT, valid until 2026:

New Loan Set Ups:

£450 per loan to cover the following:

Referral and Application

Receipt of a new referral, to add to records and book an appointment if appropriate or refer or signpost to other agencies if other options would be better for them at this time

Application Assessment Costs

Conducting of Telephone appointment
Review of loan application in accordance with scheme policy
Check title, outstanding mortgage and conduct financial assessment to ensure affordability
Based on required works, signpost to potential sources of grants and other sources of funding if applicable

Loan Completion and Title Restriction

Loan setup and issuance of the loan agreement
Title restriction added to the property
Improvement work completed
Loan funds paid direct to the contractors or clients once client confirms works completed and invoices have been received by Lendology

Administering Loan Book (from year 2)

£175 per Loan

Annual Administration Fee - Payable from Year Two Based on Opening Active Loans

DD collection from each client
Issuing annual loan statements
Responding to any customer queries that may arise, balance requests, payment breaks, re-assessments due to change of circumstances. Final settlement and removal of restriction upon request.

It should be noted that a tranche release of loan funds increases the costs of administration of the scheme as a new Direct Debit, annual statement etc is required *per loan*. Costs can be discussed in advance.

Reporting and Account Administration Fees

£9,000 per Year (with a reduced fee of £4,500 in year 1)

Annual Account Management Fees

Management/Compliance Fee, for oversight, management, feedback reporting to the council
Annual Review Report
Issuing quarterly finance and activity reports
Basic marketing presence on Lendology website and supply of two leaflet designs a year

Initial Set Up Fees

£20,000 payable in the first year only

15 Days Project Management Fee, e.g. site visit, set-up, meeting team members etc
Compliance Costs (Setting up Loan Paperwork/letters and client communications)
Scheme IT Set-up costs/Website Set-up
Travel costs - .45p per mile, plus accommodation expenses if required

Lendology can supply extra marketing support as an additional cost.