Appendix A - Unsecured Personal Loan Interest Rates

The table below provides a summary of the best interest rates available on the market for unsecured personal loans according to www.moneysavingexpert.com/loans/cheap-personal-loans as of 18/12/17. Interest rates listed as dependent on the specific loan amount and term have not been included).

Interest Rate Explorations			
Loan Amount	Weighting*	Cheapest Personal Loan APR (%)*	Cheapest Personal Loan APR minus 1%
£1,000 - £1,999	1	7.9	6.9
£2,000 - £2,999	1	7.8	6.8
£3,000 - £4,999	2	7.3	6.3
£5,000 - £7,499	2.5	3.4	2.4
£7,500 - £10,000	2.5	2.9	1.9
Ave. rate (assuming equal spread of loans)		**5.12**	**4.12**

*Weighting is used to account for the differences in the ranges in the loan amount column, which exist due to the bands applied by the source from which interest rates have been obtained. The weighting is used to obtain the figures in the row titled 'Ave. rage (assuming equal spread of loans)'.

Appendix B - Green Energy Loan Interest Rates

Total fund size
£200,000

This table provides an estimate of income and outgoings for an Energy Loan Scheme with a 0% interest rate. It assumes average loans of £5,000 and the award of 4 loans per quarter until the end of the proposed scheme after a 4 year period. The table continues until end of year 7 to show the full recovery period.

Period	Number of loans	Average loan	Total spend	Loan repayment (based on 36 repayments over 3 years)	Admin cost (£750 per loan)	Fund balance
Year 1, Q1	4	£5,000	£20,000	£0	£3,000	**£177,000**
Year 1, Q2	4	£5,000	£20,000	£1,666.67	£3,000	**£155,667**
Year 1, Q3	4	£5,000	£20,000	£3,333.33	£3,000	**£136,000**
Year 1, Q4	4	£5,000	£20,000	£5,000.00	£3,000	**£118,000**
Year 2, Q1	4	£5,000	£20,000	£6,666.67	£3,000	**£101,667**
Year 2, Q2	4	£5,000	£20,000	£8,333.33	£3,000	**£87,000**
Year 2, Q3	4	£5,000	£20,000	£10,000.00	£3,000	**£74,000**
Year 2, Q4	4	£5,000	£20,000	£11,666.67	£3,000	**£62,667**
Year 3, Q1	4	£5,000	£20,000	£13,333.33	£3,000	**£53,000**
Year 3, Q2	4	£5,000	£20,000	£15,000.00	£3,000	**£45,000**
Year 3, Q3	4	£5,000	£20,000	£16,666.67	£3,000	**£38,667**
Year 3, Q4	4	£5,000	£20,000	£18,333.33	£3,000	**£34,000**
Year 4, Q1	4	£5,000	£20,000	£20,000.00	£3,000	**£31,000**
Year 4, Q2	4	£5,000	£20,000	£20,000.00	£3,000	**£28,000**
Year 4, Q3	4	£5,000	£20,000	£20,000.00	£3,000	**£25,000**
Year 4, Q4	4	£5,000	£20,000	£20,000.00	£3,000	**£22,000**
Year 5, Q1	0	£0	£0	£20,000.00	£0	**£42,000**
Year 5, Q2	0	£0	£0	£18,333.33	£0	**£60,333**
Year 5, Q3	0	£0	£0	£16,666.67	£0	**£77,000**
Year 5, Q4	0	£0	£0	£15,000.00	£0	**£92,000**
Year 6, Q1	0	£0	£0	£13,333.33	£0	**£105,333**
Year 6, Q2	0	£0	£0	£11,666.67	£0	**£117,000**
Year 6, Q3	0	£0	£0	£10,000.00	£0	**£127,000**
Year 6, Q4	0	£0	£0	£8,333.33	£0	**£135,333**
Year 7, Q1	0	£0	£0	£6,666.67	£0	**£142,000**
Year 7, Q2	0	£0	£0	£5,000.00	£0	**£147,000**
Year 7, Q3	0	£0	£0	£3,333.33	£0	**£150,333**
Year 7, Q4	0	£0	£0	£1,666.67	£0	**£152,000**
Total	64		£320,000	£320,000	£48,000	

5% APR scenario (householders and community groups)

Appendix A shows the maximum interest rates that could realistically be applied to loans for householders and community groups whilst continuing to offer a good value loan scheme. Assuming loan amounts are spread evenly between £1,000 and £10,000, the average interest that could be charged is 4-5% APR. Applying an optimistic 5% APR to the assumed average loan amount of £5,000 results in a total charge of £394.76 over a 3 year loan term. This appendix estimates that throughout this scheme, a total of 64 loans could be awarded (again assuming an average loan of £5,000). Within this scenario it can therefore be calculated that an average APR of 5% would generate an additional £25,265 by the end of the 7 year model period. A less optimistic 4% would result in £314.32 interest per loan and a total of £20,116 over the course of the scheme.

6% APR scenario (businesses)

It is proposed that 6% APR is applied to business recipients of Green Energy Loans, in line with government Business Start-up Loans. This would result in a return £475.95 per £5,000 loan to businesses. If 1 in 8 loans were made to businesses, this would result in additional return of £3807.60 over the course of the scheme.