

Report to: **Housing Review Board**

Date of Meeting: 11 January 2018

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 13

Subject: **Provision of Experian Rental Exchange to Housing Tenants**

Purpose of report: This report sets out why the Council should consider joining The Rental Exchange. It is a free, independent service provided by Experian, whereby social housing tenants are able to build a positive credit history to gain equal access to financial services.

Recommendation: **To enter into a new contract for the provision of free, independent credit checks for tenants.**

Reason for recommendation: With the upcoming changes and cuts too many benefits by the introduction of welfare reforms, the provision of this service will help social housing tenants with financial, digital, and social inclusion that they may not previously have access to.

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Financial implications: No additional financial implications

Legal implications: The legal implications of data collection and confidentiality are set out within the report.

Equalities impact: Low Impact
Applies to all social housing tenants

Risk: Medium Risk
Not providing this service could limit our tenants' access to affordable, mainstream credit and fairer deals on purchases, utilities and banking services.

Links to background information: • www.experian-co-uk/rental-exchange/

Link to Council Plan: Improving our communities - We will work in partnership with support agencies and other groups to improve the lives of all residents across the district.

1. Rental Exchange History

1.1 The Rental Exchange was set up in 2010 by Big Issue Invest and Experian. Together they have been working with social housing providers to incorporate tenants' rent payment history into their credit files, with no cost to the housing provider or the tenant. This allows tenants with a history of little or no credit, to build a credit score in the same way that mortgage holders do.

- 1.2 All information is held by Experian and treated in accordance with the Data Protection Act. It cannot be used for marketing purposes and is only made available to an organisation if the tenancy information is relevant and if the tenant has agreed for a credit check (or where it is strictly necessary for an organisation to check information in the case of fraud).
- 1.3 As part of The Rental Exchange, the body that oversees data sharing within the credit industry, has agreed that social housing providers can access credit performance data to enable them to identify and support vulnerable individuals and families under financial stress. The data is shared between The Rental Exchange and credit performance data providers on a reciprocal basis, this allows the credit performance data providers (including banks, utility companies and finance companies) to access the social housing rental data when making credit and affordability decisions.
- 1.4 As at June 2015, over 150 registered housing providers and 39 social landlords had signed-up to join The Rental Exchange, representing 1.5 million tenants across the U.K.

2 The value of the service and do we really need it?

- 2.1 The main objectives of the service are as follows:
 - To create an on-line proof of identity – increasingly important when applying for goods and services.
 - Building a positive credit history – in over 70 per cent of cases, tenants with no significant arrears see a positive increase in their credit score.
 - Big Issue investment – access to Community Development Finance Institutions which provide savings and affordable credit in the most deprived communities.
 - a. Tenants on full Housing Benefit would see no effect on their credit score, but can still benefit from digital authentication. Test data shows that on average only 8% of tenants have rent arrears which result in a worse credit score after rent data sharing.
 - b. Some real-life examples of on-line shopping given by The Rental Exchange are as follows:
 - Buying a washing machine – with a good credit score you can get a 10kg washing machine for £499 or £575 paying 1 year at 39% APR. With no (or a poor) credit score the base price for the same washing machine is £799 or £1480 based on 3 years credit at 69.9% APR.
 - Car insurance quotes – with digital authentication 108 quotes were received with prices between £161 and £177 annually. Without digital authentication only 98 quotes were received with prices between £167 and £191 annually.