

AGENDA ITEM: 3

OVERVIEW AND SCRUTINY BOARD

22nd NOVEMBER 2011

ERIMUS – REMOVAL OF ASBESTOS And AFFORDABLE HOUSING

PURPOSE OF THE REPORT

- 1 To present to the Overview and Scrutiny Board an outline of the purpose of this meeting.

RECOMMENDATION

2. Members of the Board are recommended to address two topics at this meeting, which were approved by the Board at their meeting of 18th October 2011. The two subjects are
 - Erimus Housing, concerning the removal of asbestos.
 - Councils adopted affordable housing strategy.

BACKGROUND

3. The Board received two requests for Scrutiny consideration. One came from the Council Audit Committee and referred to the removal of asbestos to be undertaken by Erimus Housing. The other topic was received from a member of the public and referred to the Councils adopted affordable housing strategy. The basis of these requests are presented individually within this report.

PURPOSE OF THE MEETING

4. ERIMUS - Removal of asbestos

5. To consider undertaking an investigation into the arrangements with Erimus Housing concerning the removal of asbestos. This item was raised by an elected Member at the Audit Committee and the Committee agreed that it should be forwarded to Scrutiny, as it does not fall within the Audit remit.
6. The reasons for this request are that It was presented to the Audit Committee that there is a clause in the Housing stock transfer document which states that the responsibilities of Erimus Housing and the Council in respect of Asbestos and that there are concerns regarding its progress. The main requirements being
 - Erimus will endeavour to complete the agreed schedule of asbestos works within ten years of the stock transfer.
 - Erimus must report progress on an annual basis to the Council
 - The agreed budget for the works is £13,129,223
 - Erimus must make reasonable endeavours to manage the work within budget
 - Erimus and the Council will work together to agree any additional work which was not included in the original agreed schedule or is required by changes to asbestos removal legislation that takes the cost over budget
 - The Council will only be responsible for costs above the agreed budget.
7. The concerns expressed at Audit Committee and for the Board to address regarding Erimus and Asbestos removal fall primarily into three groups. These are presented below for the Boards consideration.
8. **Financial implications** - The completion date to spend the £13+ Million by Erimus on asbestos removal has been relaxed and now there is not a cut off date. A concern being that MBC will continue to have a financial obligation to remove any existing asbestos once Erimus Housing's money is depleted. This liability could be substantial as the costs associated with asbestos removal is increasing. It is reasonable to suggest that the amount of work, which could have been undertaken in 2004 with the £13Million, would have been substantially greater than can now be achieved.
9. The original agreement was for Erimus to spend 13.1 Million over a ten year period, and latest figures indicate (March 2011) that only 3.6 Million had been spent, being less than 30% of the allocation with only three years remaining.
10. **Health implications** - The continued level of risk to health of people by leaving asbestos in the buildings.
11. **Conflict of Interest.** As there are key issues and challenges facing both Erimus and the Council on the removal of Asbestos and the financial implications. Does the present structure and appointments bring conflicts of interest.

12. AFFORDABLE HOUSING

13. Concerns have been conveyed to the Board that 3 planning applications, 2 of which were major (290 and above homes) have been agreed with developers and 2 more which are in the process of being set out in which the Council is not adhering to its own adopted strategy.
14. Reference is also made regarding the adherence of the council to the affordable housing strategy with particular reference to the number of viability assessments that result in the waiving of the contribution. Should this be considered across all areas of the town and not just as an overall figure ensuring affordable housing is provided in the more desirable areas.
15. Attention is brought to the procedure used for deciding where a viability assessment can be used to waive the affordable housing contribution and how transparent this is.
16. Should the provision of affordable housing prevent the development taking place then would this be waived. Even when the prevailing economic situation could make an affordable housing contribution difficult for developers.

BACKGROUND PAPERS

17. No background papers were used in the preparation of this report

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