



**AGENDA ITEM: 7 b**

## **OVERVIEW & SCRUTINY BOARD**

**18<sup>th</sup> OCTOBER 2011**

### **CONSIDERATION OF REQUEST FOR A SCRUTINY REVIEW**

#### **PURPOSE OF REPORT**

1. To inform the Overview & Scrutiny Board of a proposed scrutiny review which has been requested by the Audit Committee for the Boards consideration.

#### **RECOMMENDATION**

2. That the Board considers the appropriateness of commissioning a scrutiny review into the suggested scrutiny topic received from the Audit Committee.

#### **PROPOSED SCRUTINY TOPIC**

3. 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.
4. The reasons for this request are as follows:

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. 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..

## **REASON FOR REQUESTING THIS TOPIC**

5. The concerns regarding Erimus and Asbestos removal fall primarily into three groups. These are presented below for the Boards consideration.

6. **Financial implications** - The completion date to spend the 13 + Million pounds by Erimus on asbestos removal has been relaxed to a point that there isn't 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 are 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.

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.

Questions associated with this position are

- Should Erimus be made to increase their financial obligation, as it is unlikely they will complete the work required on time?
- What financial allocation should MBC expect to have to make towards ensuring the work is completed.

7. **Health implications** - The continued level of risk to health of people by leaving asbestos in the buildings.

Questions associated with this issue are

- Where is the asbestos located in the housing stock ?,
- What steps have been made to inform anyone who might come into contact with asbestos (tenants/children/members of the public/workforce)?

8. **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.

Questions associated with this item are

- Is the conflict of interest because MBC Councillors also sit on the Board of Erimus Housing and Fabrick .

- Is there conflict of interest with being both the Chairmen of these companies. Can this place Members in a compromising position when endeavouring to look after the best interests of both the company and the Council.

9. The suggested Scrutiny topic should be considered against the following criteria:-

- (i) Does the issue affect a group of people living within the Middlesbrough area?
- (ii) Does it relate to a service, event or issue in which the Council has a significant stake or over which the Council has an influence?
- (iii) It should not be an issue which Overview & Scrutiny has considered during the last 12 months.
- (iv) It should not relate to an individual service complaint.
- (v) Nor should it relate to matters dealt with by another Council committee, unless the issue deals with procedure.

10. It is for the Board to consider the importance of this suggestion in light of the work programme.

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