

**Proposed Decision to be taken by the
Portfolio Holder for Workforce and Governance
on or after 22 March 2013**

Debt Write-offs – King Edward VI School Legal Charges

Recommendation(s)

That the Portfolio Holder for Workforce and Governance approves the ‘write-off’ of the outstanding charges for legal services incurred by King Edward VI School, as set out in this report.

1.0 Issues

- 1.1 During 2009/2010, Warwickshire Legal Services undertook some legal advisory work for King Edward VI School (KES). The matter was complicated and required considerable input over a period of time.
- 1.2 At that time, KES subscribed to legal services via the WES (Warwickshire Education Service) arrangements we have with schools. This meant that for their subscription fee, the school received 15 hours of legal advice on the case at no additional cost. In line with the WES arrangements, all hours of legal advice over and above the 15 hours were to be charged by Legal Services at the normal hourly rates for schools. This matter took almost 100 hours in total, resulting in a total bill for legal services of approximately £5,790 once the 15 ‘free hours’ had been deducted.
- 1.3 Invoices for the legal work were sent to KES; however, they remained unpaid as the school queried the charge and disputed the fact that they had to pay over and above the subscription fee, mistakenly thinking that the Local Authority would meet all legal costs.
- 1.4 Over the period, KES has been chased for payment; however, the invoices have not been paid. During the last six months, considerable efforts have been made to resolve this issue. This has involved detailed correspondence between Legal Services and the Governing Body and the provision to the school of detailed information in support of the bill.

2.0 Proposal

- 2.1 The legal charges have been outstanding for some time now and personnel who were involved in the case have now moved on. This has made it more difficult to resolve the issue of the outstanding charges. However, as a result

of recent significant efforts on the part of Legal Services, the school has agreed to pay £2,000 of the outstanding bill.

- 2.2 It is the view of officers that it would be uneconomic to pursue the school for the remainder of the bill as this would either require significant officer time to pursue negotiations (which are likely to be protracted) or alternatively, the additional costs of pursuing this matter through the court system.
- 2.3 It is recommended therefore that the remainder of the outstanding charges for legal services is written-off, a sum of approximately £3,790.
- 2.4 Since this issue has arisen, a number of steps have been taken by Legal Services to minimise the risks of this type of situation happening again. These include:
- Introducing a Business Partner for our school customers. This is a senior solicitor who has oversight of the work we do for schools, and is the first point of contact for them if they have billing (or other queries). They also help schools to manage their legal spend when they exceed their allocated hours.
 - Introducing an automatic email alert through our electronic case management system. An email is now automatically sent to the school when they are close to hitting their subscribed hours. This email also sets out our hourly rates. A further email is automatically sent when the school actually hits its subscribed hours. Again, this email sets out our hourly rates and is followed by a telephone call from the Business Partner to discuss future legal spend.
 - Clarifying the information which is available to schools through WES (e.g. marketing material, web-based information and agreements with schools) to make it clear that schools will revert to our hourly rates once they have used up their allocated hours.
 - Introducing more recently the requirement for our solicitors to provide written quotes for major pieces of work where schools have exceeded their allocated hours. The quotes set out our hourly rates.
 - Working closely with Exchequer Services (Income Team) recently to introduce more robust monitoring process in relation to outstanding schools (and other external) debt to enable this to be followed up directly with customers.

3.0 Timescales associated with the decision and next steps

- 3.1 The offer to make the payment of £2,000 has been agreed by the relevant governors; therefore, subject to the decision of the Portfolio Holder, the school is in a position to pay the £2,000 without further delay.

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