



Council dispute mediation case study

A local charity had a contract with the local council to provide care, meals and housing to elderly people for sometime the contract ran smoothly. The council had a review of their service provision and found that the charity was not complying with a number of regulations and gave them the opportunity to put these issues right.

At the time of mediation the charity claimed that all the issues had been put right and they fully complied, the council argued that they had a number of concerns and there was a lot left to be desired and that's why they terminated their contract with the charity.

The claim of £1.8 million consisted of rent arrears, breach of contract and loss of business. A key issue highlighted was a number of the tenants were on different benefits and therefore the amount of rent paid should be different per client, whereby a number of clients had been paid at the wrong level or incorrect benefit level.

The councils barrister went through the claim and contended that the £1.8 million claim was hugely inflated, the loss of business issue was quickly dismissed as the council stated they had observed the three month notice period of termination of services, given the charity a chance to amend its provision prior to that and they failed to do so, leaving them to contract with who they choose to as they were entitled to do so.

It was clear that the claimant did however have a claim for incorrect rents being paid and were owed something, a number of schedules had to be examined to ascertain what the council actually owed, it transpired that £62,000 was owing, the council offered £80,000 to cover the amount owing, the claimants legal costs and a little for the distress element.

The claimant would not agree as they had this magical figure of £1.8 million in mind, and thought they at the very least should be paid half £900,000, the mediator and the claimants solicitor spent a considerable amount of time with the claimant getting across what they may possibly recover at trial and the fact that the £80,000 was actually perhaps as good as it would get, possibly a better deal then what they may end up getting after a trial. After some very hard reality testing and discussions with the council they agreed to settle for £90,000.

Facts & figures

- **The mediation took 1 day compared to the 21 months this dispute had already gone on.**
- **The mediation cost each party £1800.00 each compared to the thousands they had already spent on legal fees and the thousands they would have had to spend had they continued with Court action.**