



Service Charges

The ability to apportion estimated or actual costs across groups of properties linked in a flexible manner is central to Capita Software Services' solution for service charge management. This applies to costs of planned and responsive maintenance undertaken.

Service charges may be applied to individual tenant accounts, or to leasehold accounts established and maintained within the Academy Rents module. There are two distinct functions within the Service Charge module - normal service charges and major works charges.

A normal service charge cost-cycle typically runs for a year, starting at the beginning of the first financial quarter. Major works charges are applied from the beginning of any quarter and the charges apportioned over a year, starting from that quarter. This means that a cycle for major works costs could start in every quarter.

Key functions

Normal service charges

These are charges paid by the leaseholder or client for shared services. These services are costed and an allowance can be made for management overheads and profit charges based on a percentage of the service charge. The charges are split equally or by a customer-defined ratio between the properties receiving the services. The Service Charge module passes this information to the Rents module.

Major works charges

As well as belonging to a normal service charge scheme, each property can belong to a number of major works schemes. Each scheme is set up in the same way as a normal scheme but the charges are applied to the major works sub account over a twelve-month period.

Service charge schemes

A service charge scheme is a collection of properties for which a given list of services is available. When a scheme is created, the services allocated to the properties in the scheme must be specified. Scheme types are specified, these are user-defined

Maintaining services

Charges added to the rent account from the service charge module are associated with the property and not the occupant and still apply when the property is empty. This information can be used to calculate the real cost of empty properties. Some services may be subject to VAT. This can be specified so that VAT is included when service charges are calculated. A management fee and/or professional fee may be charged to cover the cost of managing the services or charges incurred for professionals outside the organisation. These fees are calculated as a percentage of the service charge to the property. Management fees and professional fees are handled as separate services.

Service charge ratios (factoring)

Service charges can be divided equally between all the associated properties, or split by ratios according to a particular factor. For example, a service charge for communal cleaning may be split according to the floor space of each property.

Key functions

Ratio history

A history of entered ratio values and associated dates are maintained by the system. This optional functionality enables the ratio history against each property to be viewed.

Calculating projected costs

Projected costs for a future period must be entered for each service within a service charge scheme. A cost can be positive or negative to enable a credit from a previous year or an income from a communal facility to be reflected in the charges. Projected costs may be set up manually (if cost information is not being held in the system) or automatically (once actual cost information exists in the system). An interface between accounts systems and Academy Housing allows actual cost information to be available. Once transferred, this information may be accessed. Where no such interface exists, actual cost information may be input manually.

Apportioning service charge costs

The apportionment is calculated at property level and apportionment reports and exception reports are produced. Apportionment reports detail the split of the total costs of the services across properties and include details of any management fees and professional fees. Exception reports detail system problems encountered in apportioning the costs.

Service charge history

The history of service charge periods associated with different schemes relating to a property can be viewed. This feature allows individual service charge costs for individual properties to be manually added or amended, where circumstances change following the apportionment of the service charges, but before the charges have been applied to the service charge account.

Maintaining historic apportion costs

The differences between the estimated and actual costs for a property can be reconciled. Adjustments (positive or negative) are directly transferred to the rent accounts for the difference.

Section 125 limitations

Certain S125 limitations apply for a period of five years when a tenant becomes a leaseholder. During this period, any major works carried out on a property are subject to a monetary limit. The amount charged to the leaseholder for the work over the 5-year period cannot exceed this limit. S125 limitation details are held against a property. The service charges process will check these limits and if necessary, any charges made to the property that exceed this limit are 'capped'.

Benefits

- User-defined Service Charge schemes
- Charges can be specified against any sub group of properties that they apply to
- Charges can be apportioned on an equal or ratio basis
- Includes full account management from Section 125 monitoring and account creation through transaction history to arrears reporting
- Management information output to the reporting database