

Structure Maintenance

The Service Charge Management system has been designed to provide a very flexible structure which allows multiple levels of Cost Centres to be created above the Blocks and Properties to be managed. This structure allows costs to be allocated at whichever level in the structure is most appropriate and also allows the reports and statistics produced by the system to match the organisational structure in place.

Section 125 Estimates

Where either an initial application to purchase is received or where an existing leasehold property is being resold then the system allows the required service charge estimates to be prepared using the following facilities.

Blocks

A new Block can be created at any level within the structure for the first property to be sold or an existing Block can be found using the Block Search facility.

Property Ref.	Flat	Lease Ref.	Lessee	Lease Start	Term	Size
141516	The Mews, 12A Main Road	L141516	Mrs Jane Seymour	10/11/1989	99	Two bedroom
2211256	123 High Street	L2211256	Miss L Moneyppenny	25/02/1980	99	Three bedroom

The Block Maintenance screen above provides a comprehensive overview of the Block and the Leasehold Properties it contains.

Apportionment Basis

The Apportionment Basis is used to accurately apportion costs to each Property from either Blocks, or Cost Centres higher up the structure. The system allows as many different Apportionment Basis as are necessary to be set up for each Block and Cost Centre. The basis can be used to share costs between all properties by e.g. Rateable Value, No of Rooms, No of Windows, Floor Area, Council Tax Band, Property etc., or allocate costs to some properties and not others e.g. where a lift is concerned and only certain flats get the benefit.

Item	Value
By Property	1
Number of Rooms	6
Properties in block	1
Floor area	1200

Property

New properties are created within the Block to which they belong and the Apportionment Basis entries required for the allocation of costs are created. A property can only belong to one block but for Costing purposes a property can belong to more than 1 Cost Centre.

Actual Cost / Reserve Fund Charging

The system allows billing on the basis of actual costs incurred and also on the basis of a designated reserve fund.

Service Charge / Repair and Renewal Estimate Entry

The results of the property survey or repair estimate process are entered into a single screen. Each repair item is entered as either an Individual or Block cost. For Block items the most appropriate Apportionment Basis is selected so that the system can automatically apportion the costs. Each item can be priced

Category	Item	Units	Rate	Renewal Cost	Annual Cost
Roof - Pitched	Concrete Tiles	1200	£1.35	£1,620.00	£190.00
Roof - Pitched	Sheet	25	£36.00	£900.00	£100.00
R.W.P.	Cast Iron	5	£15.40	£77.00	£8.50

from a Schedule of Rates if required. The number of years until renewal is recorded to allow those within 5 years to be identified and where a reserve fund is being used to allow the annual contribution to be calculated.

The Service Charges appropriate to the property are entered and again priced from the Schedule of Rates. Once the costs have been entered then they can be reviewed. (See Service Charge Reviews on Page 4).

New Property Sale

Once a property sale has been completed then the system provides facilities to create the following :

- Lease
- Leasehold and Lessee details
- Leasehold Account

Once created the system provides maintenance facilities for each.

Lease Maintenance

The Lease maintenance facility allows the Lease Term, Ground Rent and any terms and conditions relating to the Leaseholders liability for Service Charges to be recorded.

Leasehold / Lessee Maintenance

The Leasehold / Lessee Maintenance facility allows the period of the Leasehold and the Lessee names to be maintained. The system allows as many Lessee names as required to be maintained.

Where a property is resold then the existing Leasehold can be terminated and a new Leasehold with new Lessees created.

Account Maintenance

A new Account is created for each new Leasehold. The Account can be retained for the duration of the Leasehold or where required new Accounts can be created for each Financial Year. All charges and payments within the system are assigned to a specific Financial Year so that annual accounts can be prepared.

To view the details of an Account the user

Account No	Property Reference	Address	From	To
123403-01	123403	Flat 2R, 95B Campbell Avenue, Clydeview, Old Town, T10 5RS	01/06/2010	01/06/2124
123435-01	123435	18A Campbell Drive, Clydeview, Old Town, T10 7HL	01/05/1998	31/03/1999
123435-02	123435	18A Campbell Drive, Clydeview, Old Town, T10 7HL	01/04/1999	31/03/2000
123435-03	123435	18A Campbell Drive, Clydeview, Old Town, T10 7HL	01/04/2000	01/05/2003

can either go from the Property Details screen or via the Account Search facility.

The Account Search facility like the Block, Property, Lease and Leasehold searches allows the user to enter all or part of the key information available and the system presents the matching details.

The Account Maintenance screen provides a comprehensive overview of the Leaseholder Account.

The Account Balance shows a summary of the Debit and Credit transactions for the account with a running balance. The individual transaction types can be colour coded for clarity.

It is not expected that Cash Receipts will be received directly into this system but that receipts via the Cash Receiving system will be passed to this system on a regular basis.

The screenshot shows the 'Account Details' window with the following information:

- Account No: 123403-01
- Lease Ref: L123403
- Leasehold Ref: LH123403
- Property Ref: 123403
- Effective From: 01/06/2010 To: 01/06/2124
- Lessee: Mis Edith Lang, Mr Iain Lang
- Effective From: 01/05/1999 To: 01/05/2123
- Address: Flat 2F, 95B Campbell Avenue, Clydeview, Old Town, T10 5F8
- Bill To Address: 29 Campbell Drive, Bearsden, Glasgow, G61 4NF
- Payment Type: Payment Card
- In Dispute:

The transaction table below shows:

Year	Type	Reference	Date	Debit	Credit	Balance
1999	Payment	PY9900002	28/05/1999	£0.00	£78.33	£753.33
1999	Credit	CR9900001	01/05/1999	£0.00	£35.00	£831.66
1999	Payment	PY9900001	30/04/1999	£0.00	£78.34	£866.66
1999	Annual Bill	BI9900001	01/04/1999	£940.00	£0.00	£945.00
1998	Payment	PY9800001	01/12/1998	£0.00	£245.00	£5.00
1998	Annual Bill	BI9800001	30/10/1998	£250.00	£0.00	£250.00

A Bill To Address can be entered. This will be used as the address to which all bills and correspondence relating to the property will be sent.

The Payment Type selected by the Leaseholder is also recorded and where necessary the corresponding Bank Details.

Manual transactions for the generation of Debits, Credits and Inter Account Transfers are available.

The details of all Payments received are recorded and allocated to the appropriate Bill.

Where a Designated Reserve Fund is in use then the allocation of payments will be against the Service Charges first and then proportionally against each of the Repair items.

Where a Leaseholder disagrees with the charges that have been billed then the individual items on a bill or if required the full account can be marked as being "In Dispute".

Items so marked are ignored from the systems Arrears processing.

Surveys

The results of any survey carried out for a Property Sale can be recorded. This allows details of lifts, refuse chutes, common areas (included/excluded) and faults to be noted. The process also allows entry of Repair and Renewal costs.

Complaints

The system provides facilities for any complaints received from Leaseholders to be recorded. The information which can be recorded is the date received, the complaint type for analysis, a free format description of the complaint, the current status of the complaint and date closed.

The complaints for each Leaseholder of a Residents Association can be recorded which will allow reports of outstanding complaints to be generated for discussion.

Service Charge Reviews

Once all of the Service Charges and Repair / Renewal Estimates have been entered for a sold Property, or periodically thereafter as required, the overall service charges can be reviewed.

The review process provides details of the

The screenshot shows the 'Review Details' window with the following information:

- Property: 123403
- Address: Flat 2F, 95B Campbell Avenue
- Reference period start: 25/11/1999
- end: 25/11/2004

The table below shows the service charges:

Category	Item	Estimated Amount	Charge Amount
Services	Administration	£114.00	£114.00
Services	Buildings Insurance	£48.30	£48.00
Services	District Heating - 3 Bedrooms	£531.48	£530.00
Services	TV Receiving Service	£18.48	£18.00
Services	Waylighting	£260.00	£260.00
Services	Cleaning - communal areas	£140.40	£140.00

The 'Charge Totals' section on the right shows:

- Services: £1,110.00
- Repairs/Renewals within 5 years: £38.00
- Itemised Repairs/Renewals: £292.00
- Property: £1,440.00

Services Charges, the Repair / Renewal costs which will fall within the first five years and other repairs.

A summary of the costs for each category is provided in the panel on the right so that the overall costs for the property can be viewed.

Where it is decided that the charges are either too high or unfair in comparison to other leaseholders in the same property then the charges can be adjusted.

An audit record containing details of the user making the change and the reason for change is generated for each adjustment made.

On completion of the review a Schedule of Charges can be produced for the property and where appropriate a Bill raised.

Annual Fund Review

Where a Designated Reserve Fund is being used an Annual Review process shows the fund movement on a year by year basis.

Item	% of Overall Charge	Charge	B/F Balance	Paid	Actual	Balance	Interest	C/F Balance
Miscellaneous	3.64%	£12.00	£0.00	£12.00	£18.33	£6.33	£0.00	£6.33
Concrete Tiles	54.55%	£180.00	£104.52	£180.00	£274.93	£193.45	£0.00	£193.45
Sheet	30.30%	£100.00	£46.72	£100.00	£183.29	£130.01	£0.00	£130.01
Cast Iron	11.52%	£38.00	£0.00	£38.00	£82.48	£44.48	£0.00	£44.48

Consultation Process

The process of Consultation is required for planned Programmes of Work and also repairs and maintenance activities where the costs exceed the statutory limits.

The system allows the leasehold properties which will be affected by a Programme of Works to be identified and their eligibility for being charged assessed. Once the affected properties have been identified then a general warning of the works and estimated costs can be issued. Replies received from Leaseholders can be recorded. On completion, the Leaseholders can be notified of the actual costs which they will be billed unless a Designated Reserve Fund is being used.

A similar process is available for use with Repairs where the details of repairs are available from the Repair system.

Allocation of Actual Costs

The recording and allocation of actual costs can be carried out in three different ways.

Where there is no automated source of information which can be cross referenced to the Cost Centres, Blocks and Properties in the system then the cost information which is available can be entered manually.

Category	Item	Annual Cost	Actual Cost
Roof - Pitched	Concrete Tiles	£180.00	£150.00
Roof - Pitched	Sheet	£100.00	£100.00
R.W.P.	Cast Iron	£38.50	£45.00

Where there is a source of information which can be cross referenced the costs to be allocated for each Cost Centre, Block and Property can be highlighted and allocated on a manual basis using the most appropriate Apportionment Basis.

The user will be presented with a list of Cost Centres, Blocks and Properties for which there are unallocated costs and on selection of each be shown a list of the costs to be allocated. This would allow a reasonableness check on the information received.

Where there is a large volume of data the allocation of costs can be automated through the assignment of default Apportionment Codes to be used with each repair item.

The Actual Costs will be allocated to any existing estimates for the same item or otherwise generate new cost entries.

Arrears Processing

A comparison of the bills issued and payments received does not allow for the standard payment arrangements which may be in place or any special payment arrangements which may be agreed with individual Leaseholders.

The Service Charge Management system compares the payments received to date for a Leasehold Account against the Payment Profile which has been calculated. This clearly identifies the actual level of any arrears.

Using this information the system can produce accurate Statements to the Leaseholders showing what they have been billed, how much they have paid and how much is currently outstanding.

each property and producing annual Statements and Bills.

Each individual Service Charge can be uprated by either a fixed amount or a percentage value.

System Interfaces / Integration

The effective processing of Service Charges depends on the exchange of information with other systems. In particular close links are required with the Finance and Housing Repairs systems.

The link with the Finance system will be used to pass details of invoices, refunds, direct debits etc. to the Finance system while receiving regular details of payments received.

The link with the Repairs system will allow details of the repairs relating to the leasehold blocks and properties to be received for the allocation of actual costs.

Reports

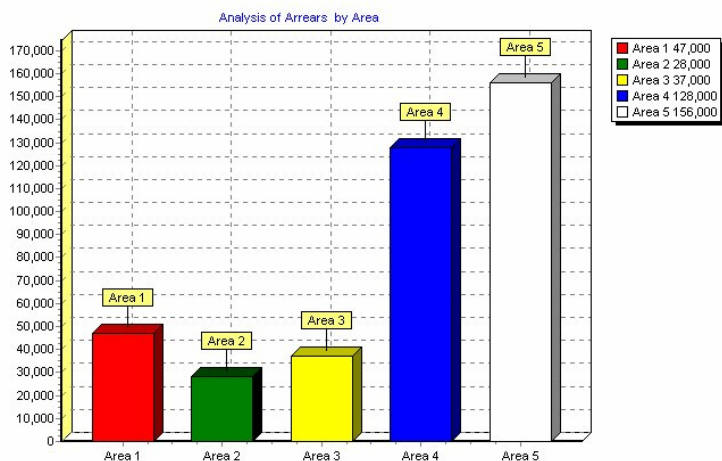
The information held within the system will allow a large variety of reports to be produced.

The Standard reports produced by the system include the following:

- Leasehold Properties
- Billing and Charge Summaries
- Account Balances
- Account Arrears
- Actual Cost reports
- Outstanding Reviews
- Consultation Replies
- Analysis of Outstanding Complaints

Integration to Right To Buy

The Service Charge Management system integrates fully with the Merchant Software Right To Buy application.



The system can also produce timely Reminders to Leaseholders who are not meeting the agreed payment arrangements.

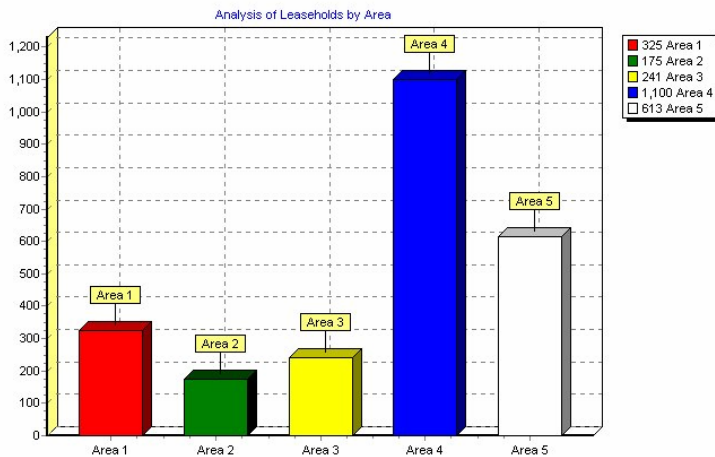
Where a Leaseholder has agreed a revised payment schedule to reduce the level of arrears then this can be recorded as a special arrangement. The assessment of Arrears will then be based on whether this arrangement is adhered to.

Annual Processes

The system has been designed to simplify the annual process of uprating the Service Charge values, calculating interest for accounts in credit, reviewing the charges for

Management Information & Statistics

The information held within the system allows key management information to be made available in both report and graphical form.



User analysis of the data has been simplified due to the parameterisation of all the key data items.

Platform / System Environment

Service Charge Management is a client /server application which runs on a wide range of hardware platforms.

The client application can be installed on PC's operating under Windows 95/98/Me/2000/NT and Windows XP.

The underlying database server can be either Access or M/S SQL Server. Access can be implemented on a network file server while M/S SQL Server is available for Windows NT/2000/2003 Server.

The reports and documentation produced by the system are designed for laser printers using HP LaserJet emulation. Letters produced by the system are generated using Microsoft Word.

Data Conversion & Load

Conversion and load of existing Service Charge details into the system is an option, subject to the status and format of the existing computerised data.

Future Developments

It is the intention of Merchant Software Limited that the functionality of the system will continue to be enhanced by the development of additional facilities.

Merchant Software Limited would welcome any input and suggestions from interested local authorities.

Merchant Software Limited

Merchant Software Limited is an independent software company which has extensive experience of working with local authorities.

The approach which the company has adopted is to work in partnership with clients in order to build a long term relationship which will mutually benefit each organisation.

The company's experienced staff will be happy to ensure that all aspects of the installation, commissioning and after sales support are handled to the clients satisfaction.

Merchant Software Limited is TickIT accredited.

Further Information

To obtain further information please call either Alistair Greig, Gerry McGorry or Bill Irvine on 0141 307 4004.

Alternatively Merchant Software Limited can be faxed on 0141 332 4927 or contacted via email on sales@merchantsoftware.co.uk.

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Whilst Merchant Software Limited have gone to considerable lengths to ensure the information presented in this brochure is accurate, constant development of the product will mean that the specification and format are liable to change. If you require specific information regarding the Private Tenancy Management then please contact us for the latest information.

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