

Guidance for Administrators When Setting Default Values

Overview

Default values are set by the organisation and define the initial inputs when starting a new appraisal.

In addition, independent checks ensure that all inputs are valid and lie within a broadly acceptable range.

The security and validation of default values and of other inputs are described below.

Appraisal default values are set either at a scheme level, **or** at a dwelling unit level. For some defaults you might even want to set values at both levels.

Most inputs in an appraisal are defined at the dwelling unit level. Dwelling defaults are stored in a library of 'generic' or 'standard' unit types. Here are some examples of inputs you might want to set as dwelling unit defaults.

- Tenure or product type
- Floor area
- Bedrooms
- Persons
- Rent allowances

Here are some examples of inputs you might want to set as scheme defaults.

- Local authority
- Works cost
- Milestones
- Fees
- Inflation

And here are two examples of inputs which you might want to set as dwelling unit defaults and as scheme defaults. In these situations both definitions would be evaluated and added together.

- Capital cost per unit and a contingency sum for the scheme
- A simple percentage allowance for fees per unit for quick appraisals and a table of fees for an alternative detailed analysis at the scheme level

Scheme defaults are stored in the **Appraisal Templates** folder.

Unit defaults are stored in the **Unit Types** folder.

These folders will be found at the start of the folder tree: under the heading **Defaults**.

You can have as many appraisal templates and unit types as you need. Although the task of setting defaults is not essential, it will speed up the process of completing the appraisal, with less risk of making mistakes.

Because you can choose whether to save a particular default in a template, or in a unit type, you will need to consider what arrangement will best suit your users and organisation. We will help you with this during the Administrator's training.

On installation, we will provide a demonstration appraisal template and demonstration dwelling types. If your preferred defaults have still to be set, these illustrative defaults can be used for end-user training.

Dwelling Type Defaults

The library of dwelling types consists typically of several folders in which similar types of units can be saved. These folders can be organised into a hierarchy to facilitate finding a particular dwelling type quickly and easily. Default dwelling types are dragged into an appraisal as needed.

Example

Unit Types

1-bed units

- Affordable rent
- Social Rent
- LCHO
- Sale

2-bed units

- Affordable rent
- Social Rent
- LCHO
- Sale

3-bed units

- Affordable rent
- Social Rent
- LCHO
- Sale

4-bed units

- Affordable rent
- Social Rent
- LCHO

Alternatively, you could group different dwelling sizes under a product type heading, or create sub-folders for different dwelling types used in other subsidiaries, or for different development situations (e.g. new build, refurb', etc.). We will assist you to decide on the most appropriate hierarchy.

When completing an appraisal, it is unlikely that you will want to have all the unit inputs set by default. We therefore recommend that whenever the input is likely to be the same for most appraisals, you should set the value by default, otherwise leave it for the user to enter in the appraisal.

Default values for 'standard' or 'generic' dwelling types are likely to need amending to suit a particular scheme, but by setting the main inputs by default, initial viability can be established very quickly.

Over time some defaults will need updating. To address increases arising from inflation, a base year can be assigned which will be used to inflate the default value from the base year to an event milestone in the appraisal, e.g. *Start on Site*. The inflation rate and the milestone can also be set by default.

Sometimes the unit inputs for a particular scheme appraisal will be useful in future appraisals. In this case unit inputs used in an appraisal can be saved as a default unit type.

Appendix A lists the dwelling unit data which can be set by default.

Scheme Defaults

Scheme defaults are set on the appraisal template. A template is like a new spreadsheet where some values have already been filled in. Although it is possible for a template to include units, we recommend that unit defaults are set separately as described above. Scheme defaults typically apply to all units in the appraisal. You may want to have more than one appraisal template so that scheme defaults specific to a particular development situation (or subsidiary) can be set.

A capital cost, when set as a scheme default, will be allocated to the units in the appraisal. The allocation method is by floor area or average per unit. The cost can be allocated either to all units in the appraisal, or to all units of a specific product type (e.g. affordable rent). Costs set as a unit default will be added to the allocated scheme cost. There is one exception to this rule: with *Fees* you can choose whether to use the unit default, **or** the scheme default, **or** a combination of both.

Example

The standard works cost for an individual unit could be set as a unit default and other works costs, such as a contingency, could be set as a scheme default.

We recommend that a template is created from an empty appraisal, but a completed appraisal can also be saved as a template (not recommended).

Appendix B lists the appraisal data which can be set by default.

Deciding How to Set Defaults

Here are some suggestions for how you may want to set your defaults.

	Description	Comment
1	Detailed defaults set at a scheme level. Minimal defaults at a unit level	Useful when flexibility is required for all unit inputs, i.e. using generic unit defaults is not helpful. E.g. Works cost is set as a scheme default (applicable to all units) rather than as an individual cost for each unit.
2	Minimal defaults at a scheme level Detailed defaults at a unit level. <i>Because the majority of data is input at the unit level, setting detailed unit defaults will speed up the appraisal process. We therefore recommend this approach.</i>	Useful when unit defaults can be defined in detail thereby minimising the need to make inputs at a scheme level. E.g. Works cost is set differently for flats and houses, or for different dwelling tenures. Works cost is not set at the scheme level. E.g. NPV discount rate is set according to the unit tenure, rather than as a single rate for all types at the scheme level.
3	Minimal defaults at a scheme level Minimal defaults at a unit level	Adopt this approach when unit values and scheme values are rarely the same in each appraisal (not recommended). However, this could be appropriate for those who work with different organisations which have different assumptions.

When implementing ProVal LS, we will assist you on the most appropriate arrangement for setting defaults.

Security and Validation of Default Values & Inputs

Every input in the appraisal can be set to 3 security states:

- Editable the value can be edited
- Read-Only the value is seen, but is not editable
- Hidden the question and input is hidden from the user

Users are assigned to a role which are defined by the organisation,, e.g.

- Development Manager
- Development Officer
- Finance Manager
- Finance Officer
- Etc.

Managing users and roles is done in the *Global Properties*.

Using this arrangement, any default value can be prevented from change.

You may prefer to defer setting detailed security preferences until after gaining some experience of using ProVal, when an appropriate arrangement will probably be clearer.

When a value, which has been set by default, is amended, an orange indicator will appear in the cell. This warning will also appear in the *Warnings* window at the bottom of the screen, where the user can add a reason for making the change.

When the input has not been set by default, it will be tested for being within a validation range. This range is fixed in the system and is set quite wide. Its purpose is to ensure that the user has not made a mistake.

When a value is entered outside this range, a warning indicator will appear in the cell as described above. If a default value is set outside the range, a warning indicator will not be displayed when a new appraisal is created from the template.

Version 1 – April 2011



01483 278444

support@sdsproval.co.uk

Appendix A

Dwelling unit defaults can be set for the following inputs. The inputs are shown as either 'Recommended' (**R**) or 'Optional', (**O**) but this choice will vary depending on the overall approach preferred by the organisation as set out in this guidance. Some of these are recommended when the product type makes the input relevant, e.g. setting an initial sales equity and staircasing profile for an LCHO unit type.

Unit Attributes

- R** - Dwelling Description
- O** - No of Units
- R** - Floor Area
- R** - Product type

Additional Attributes

- R** - No. of Bedrooms
- O** - Is Bedsit?
- R** - Persons
- O** - Current Market Value
- O** - January 199 Value
- O** - Offset from Handover
- O** - Is Flat?
- O** - Adjust Floor area
- O** - Is New Build?
- O** - Habitable Rooms
- O** - Is Commercial
- O** - Is Shared?
- O** - Storeys
- O** - Is Extended Family?
- O** - Is Elderly/Cat2 Frail?
- O** - Supported Stay Period
- R** - Long Term Loan interest rate

Unit Capital Costs

- O** - Acquisition
- R** - Works
- R** - Fees
- O** - Other Costs
- R** - Subsidy

Rent Allowances

- O** - Managing Agent
- R** - Management
- R** - Maintenance
- O** - Service Costs
- O** - Reinstatement Costs
- O** - Other Allowances
- R** - Voids & Bad Debts
- R** - Major Repairs

Rent

- O** - Set Rent per week
- O** - Commercial Rent
- O** - Service Charges
- O** - Ground Rent

Sales & Staircasing

- O** - Equity % Sold
- O** - Year of Sale
- O** - Staircasing profile
- O** - Sales of Ground Rent

Residual Land Value

- O** - Internal Subsidy
- R** - Fees & Interest
- R** - Plotting Density

Value:Loan Ratios

- O** -Target Value: Affordable Loan Ratio

Results

- O** -Target Interest Cover
- O** - Asset Value
- O** - Asset inflation
- R** - NPV rate
- R** - NPV period

Appendix B

Appraisal defaults can be set for the following inputs. The inputs are shown as either 'Recommended' (**R**) or 'Optional', (**O**) but this choice will vary depending on the overall approach preferred by the organisation as set out in this guidance.

Start of Appraisal

- O** - Local Authority
- O** - Funding Year
- R** - Weeks per Year
- R** - Site Purchase Tenure & Leasehold Period
- R** - Rent Paid at end of Period
- R** - Smooth Tenant Payments
- O** - Project/File Reference
- O** - Drawing Number
- O** - Site Area & units
- O** - Seller
- O** - Appraisal Version
- O** - Bid Reference

Milestones

- O** - Cashflow Start
- O** - Exchange of Contracts (Land)
- R** - Legal Completion (Land)
- R** - Start on Site
- R** - First Handover
- R** - First Sales
- R** - Practical Completion (Last Handover)
- R** - Last Sale

Site Address

- O** - Address Lines

Scheme Costs

- O** - Acquisition
- O** - Works

R - Fees (Detailed Analysis)

- O** - Other Costs

Subsidy

- O** - Sources of subsidy
- O** - Amounts

Development Cashflow

- R** - Interest on Negative Balances
- R** - Interest on Positive Balances
- R** - Spreading option
- R** - Timings (defined by milestones)

Private Finance

- R** - Loan Repayment Method
- O** - Loan Adjustment
- O** - Capital Contribution at Year 1
- O** - Long Term Interest Rates

Inflation

- R** - Base Inflation Rate
- R** - Inflation Margins for Allowances

Long Term Cashflow

- O** - NPV Discount Rate
- R** - NPV Calculation Option
- R** - Loan Repayment Method