

# **SDS ProVal**

## **USER MANUAL**

**for**

### **Supported Housing**

**Version 6.21**

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## Changes Incorporated Since The Last Manual

Compatibility with Excel 2003, 2007 and 2010 incorporated.  
Keyboard shortcuts added.

### 1.0 Starting & Exiting SDS ProVal

Starting ProVal will amend the Excel operating environment and as a precaution the user should first close any other workbooks which may be open in Excel. Exiting will restore the Excel environment.

An existing appraisal file cannot be opened in Excel as though it was an ordinary workbook because the necessary database and code files will not be present.

#### 1.1 Start SDS ProVal

Double click on the desktop shortcut icon.

Starting from the shortcut provided will open Excel and ensure ProVal system files are opened. ProVal appraisal files cannot be read properly in Excel on their own, therefore it is not possible to copy files onto another machine and open them in Excel.

#### 1.2 Exit SDS ProVal

1. Ensure any open appraisals have been closed. To check that all appraisals have been closed, click the button **View Opened Files**.
2. To exit ProVal and restore the Microsoft Excel environment to its normal position, click the button **Exit ProVal**.

## 2.0 Open, Save & Close Appraisal Files

### 2.1 Start a New Appraisal

1. From the Control Panel, click the button **Start New**.
2. Choose *Supported Housing Version 6xx* from the modules listed in the dialog box and click OK button once. Refer to the Website for a list of the latest file versions.

### 2.2 Open an Existing Appraisal

1. From the Control Panel, click **Open Existing File**.
2. Select *Appraisal File* from the options listed.
3. Choose the appraisal file to be opened from the Open dialog box. Navigate to the correct drive and folder as necessary. See also 4.1 for setting a preferred folder to open into.

### 2.3 Save a New Appraisal

1. Click **Home Page**

2. Click **Save**.
3. Check that the folder name which is shown in the *Save As* dialog box is correct. A default folder name can be set in *Personal Defaults* [see 4.1].
4. Enter or amend the file name as necessary.
5. Click the **Save** button to save the appraisal.

## 2.4 Save an Existing Appraisal as a New Version

An appraisal can only be saved as a new version, **after** it has been saved for the first time. See 2.3 above.

1. Click **Home Page**
2. Click **Save as New Version**.
3. Verify the name of the new file and the folder in which it is to be saved.
4. Click **Save**.
5. Enter a password (twice) to protect the appraisal (i.e. make it Read-Only) as appropriate. Password protected files can still be opened and read, but cannot be amended unless the password is supplied. Ensure you keep a note of any passwords as these cannot be recovered by your supplier.

### ! Tip

Amend the description of the *Appraisal Version* cell in the header section of the appraisal to describe the new version being saved. This data will be used to generate a new file name incorporating the version description.

## 2.5 Close an Appraisal

1. Click **Home Page**
2. Click **Close**.
3. If the file has not been saved then save it as described above, otherwise confirm whether any changes that may have been made are to be saved.

## 3.0 Navigation Controls

To assist the user to move to any part of the appraisal, navigation buttons are identified by **black text on a yellow background**. The **Help** button has a light blue background.

Green buttons perform some kind of action such as **Start** on the Home page.

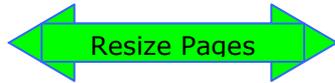
Click the button once either to move to the relevant part of the appraisal (navigation) or to start the action.

The normal scroll bar devices are available to the user at the right hand side and bottom of the screen. Normal keyboard commands are also available.

### 3.1 Screen Sizing

On starting a new appraisal all pages are automatically sized to the width of the screen. This action will be performed when pressing **Start** on the Home Page.

If the appraisal is subsequently viewed on a different screen size, resizing of the pages can be carried out by clicking the button



on the Home page. The user can manually adjust the zoom by using the **View|Zoom** toolbar command.

## 4.0 Setting and Applying Default Values

Inputs can be set by default when a new appraisal is started. Default values are held in separate files and there is no limit to the number of files which can be created. The user chooses which default file to use at the start of a new appraisal. Default values, with the exception of Benchmark values, can be overwritten on the appraisal. The *Validation Report* highlights changes to key defaults and shows the original and the current values.

There are 3 types of Default files:

1. Personal Defaults
2. System Defaults
3. Dwelling Names & January 1999 Values

### 4.1 Personal Defaults

These values are personal to the user.

1. Click **Set Defaults** on the Control Panel
2. Choose the *Personal Defaults* option.

The four personal default values which can be set are:

*Printer* Click into the cell and choose a printer from the printer names listed.

*User Name* Enter appropriate text.

*Folder Path for Saved Appraisal Files* Click into the cell and browse to the preferred folder where appraisals are to be saved. If not set, the default folder option will be displayed, i.e.  
*Drive:\SDS ProVal\ProVal Appraisals.*

*Folder Path for Saved Consolidation Files* Click into the cell and browse to the preferred folder where consolidations are to be saved. If not set, the default folder option will be displayed, i.e.  
*Drive:\SDS ProVal\ProVal Appraisals\ProVal Consolidations.*

On completion click **Save & Return to Control Panel**.

## 4.2 System Defaults

These values are the main appraisal values. They are set in one file for all ProVal modules. Separate pages in the file allow the user to set different values for the different tenure types. On delivery a *Demonstration* file is supplied which is used principally for training purposes. **Do not** use this file as a guide to setting values appropriate to your organisation.

1. On the Control Panel click **Set Defaults**.
2. Choose the *Standard* option.
3. On opening click **View Defaults**. This will display the *Global* default values page. This page covers most of the values you will want to set.
4. Click **Update these Defaults** and use the **Tab** key to move from cell to cell to set default values as prompted.
5. Use the navigation buttons to move to the other pages of the file to set defaults for *Benchmarks and Revenue Budget*.
6. To password protect the values from unauthorised changes:
  1. Click **Set or Change Password** at the top of each page.
  2. Enter and confirm a password. Passwords apply to each page.
7. Return to the *Home Page* and click **Save Defaults**.

**To create another file of defaults, using the Standard as starting point:**

1. Make changes to the default values as required.
2. Change the *Name* in the *Global Defaults* page.
3. Return to the *Home Page*. Click **Save As New Version**.
4. Click **Close** to return to the Control Panel.

A report showing the comparison of key default values with user input can be viewed and printed in the appraisal. This is further explained in **Defaults Validation Report** below.

## 4.3 Dwelling Names & January 1999 Values

This is a special System Defaults file to store up to 10 dwelling descriptions and assign January 1999 Capital Values for up to 108 user-defined locations.

1. From the Control Panel click **Set Defaults**
2. Select *Dwelling Names & Jan 99 Values*
3. At the Home Page, click **View Defaults**
4. Click **Update These Defaults**
5. Give the Page a name.
6. Give each Section a name, then enter your Dwelling Descriptions, locations and January 1999 values.
7. If required, set a password to protect the values. Click **Set or Change Password**
8. Repeat steps 3, 4 and 5 for Pages 2 and 3. Each page can be accessed from its navigation button.
9. Return to the **Home Page**, save the changes and close the file.

Values in this file will supersede the limited area for Dwelling Names and Jan '99 values shown in the global page in the main system default file.

## 4.4 Revenue & Budget Defaults

Revenue & Budget defaults are set in the Supported Housing page of the defaults file. Section A lists the Revenue Appraisal Defaults and Section B lists the Budget values.

#### 4.4.1 Revenue Defaults

Define here:

- Full Time Equivalents (FTE):  
Hours per Week
- Job Titles:  
Up to 15 titles can be defined. For each job title define a cost per hour (all values below £100 are assumed to be an hourly rate) or as a salary p.a. Add on-costs to this base cost by percentage and/or by a sum per FTE. These options can be used together.
- Template Options for On-site Staffing Levels:  
Select up to 10 user-defined job titles and specify the Hours on Site per week for up to 3 levels of care, viz. Low, Medium and High. These options will be offered when starting a new appraisal [see5.0].
- Funding Eligibility:  
Identify for each Cost Category an appropriate funding option, viz. Eligible for HB, Eligible for Supporting People and Other Funding.
- Inflation:  
Set Margins as prompted.
- Other Income Descriptions:  
Enter up to 8 income sources, e.g. Social Security, Supporting People etc.
- Net Present Value Calculation Options:  
Select an appropriate option.

#### 4.4.2 Budget Defaults

- Voids & Bad Debts:  
Set rate for up to 2 periods.
- Overheads:  
Set a rate as appropriate to cover central overheads.
- Costs:  
Budget headings can be entered for the following Cost Categories:

A	Basic	A1	Accommodation – Basic Provision
		A2	Accommodation – Hsg Management Charges
		A3	Facilities & Amenities – by Landlord
		A4	Facilities & Amenities – Communal Facilities
		A5	Meals & Personal Fuel
B	Counselling & Support	B1	General Counselling & Support
		B2	Personal Services
C	Personal Care.		

A further user-defined category is available, identified under heading D.

Costs for each Budget Description can be set as:

Per Unit p.a.  
Per Unit p.w.  
Per Tenancy p.a.  
Per Tenancy p.w.  
Per Week  
Per Annum  
Per FTE p.a.  
Per FTE p.w.  
Staff Cost %.

## 4.5 Defaults Validation Report

Key default values used in the appraisal can be changed. The Defaults Validation Report compares the actual appraisal values with those imported from the default file. Differences are highlighted and both values reported.

## 4.6 Updating an Existing Appraisal with New Default Values

Having applied default values to an appraisal, the user may wish to update the appraisal with more recent default values, or with default values from a different default file.

1. At the start of the appraisal click **Update with Default Values**.
2. From the dialog box select the appropriate defaults file.
3. Specify which default values are to be imported. The choices are: *Global Values*, *Rent Pointing Values*, *Life Cycle Costings* and *Benchmarks*.
4. Click OK.

**! Warning** This action cannot be undone. Save the appraisal before carrying out this procedure.

## 5.0 Carrying out a Revenue Appraisal

### ! Tip

Before starting a new revenue appraisal we recommend that the defaults have been set [see 4.0]. Although this is optional, it saves entering data in the Revenue Appraisal and Budget.

There are two main appraisals in the Supported Housing module. The Revenue appraisal identifies all expenditure and income arising in the first year of letting and projects the values in a long term cashflow. The Budget is linked directly to this appraisal. The Capital Costs appraisal assesses the capital funding of the scheme and allows the user to incorporate any loan repayments into the Revenue appraisal as an option.

See Section 6.0 for details of the Capital Costs appraisal.

### To Start a New Revenue Appraisal:

1. From the Control Panel click **Start New** and select *Supported Housing Version 6xx*. A new appraisal file will be created.
2. At the Home page click **Start**. Choose a file of default values or choose the <None> option. All default values can be amended as necessary on the appraisal.
3. Select a template option for staffing levels. These options are set in defaults and determine a pre-set level of staff. There are 3 levels or select <Cancel> to ignore this step. For further information about staffing templates see 4.4.1.

## 5.1 Entering Data

The colour coding for cell labels and data input is as follows:

The colour coding for cell labels and data input is as follows:

Pink labels	Essential data.
Green labels	Optional data.
Blue labels	These can be overwritten by the user to describe the corresponding data input more specifically.
Blue input	User input. Default values will also be in blue.
Orange text	Memorandum information. See also 6.2

Red text                      Error messages.  
Black text                    Created under program control.

All data entries will be validated to ensure that they fall within a defined range. Inputs outside the range can in most cases be entered when confirmed by the user.

Click **Check Essential Input** to show whether all essential input (i.e. data prompted by a pink label) has been entered. This facility is available separately for the Capital Cost and Revenue Appraisals. The report will reflect the active appraisal page position.

## 5.2 Scheme Details

The *Funding Year* will determine the period for reporting the target rent.

For guidance on completing an appraisal prior to the 2006/07 funding year, please request the User Manual Version 6.15.

Select the *Local Authority* from the drop down list box.

The *Date* displayed will be today's date, assuming the system date on the machine has been set correctly. This can be changed to any other date and will remain fixed unless further updated by the user.

### **! Tip**

A key combination of <Ctrl+semicolon> will insert today's date and will remain fixed.

Support Cover Details is a memorandum information area to specify the type of staffing cover. Enter "y" or "n" in the boxes as appropriate.

## 5.3 Memorandum Information

Areas have been set aside in which to enter comments or to carry out separate calculations. To enter formulae directly into the cells following normal Excel conventions. These cells may be linked to other input cells if appropriate, so long as a circular calculation error is not caused.

## 5.4 Unit Details

Section A has 16 columns (A-P) in which to enter different dwelling types. Each dwelling type can be described in the first line *Dwelling Description*.

To choose a *Dwelling Description* from Defaults (see 4.3) double click in the cell. A list of unit descriptions will be displayed. Click on a button to select it. Alternatively enter any value in the cell.

Enter the *Floor Area* in m<sup>2</sup>. The floor area does not have to be rounded before entry. The floor area for a shared unit is required to calculate relevant outputs.

Enter the number of *Units* for each dwelling type. Units entered in columns A-G and I-P will automatically default to representing the number of Tenancies.

Enter *Value at January 1999*. To choose a *Value at January 1999* from defaults (See 4.3) double click in the cell. Select a tab and then click on a button to select it. Alternatively enter any value in the cell.

*Period of Stay* refers to the expected period of tenancy and the 4 options are defined by the Housing Corporation. This information affects the SHG rate prior to 2006/07. It is not essential if no SHG applies.

*Bedsit/Bedrooms* must be explicitly set from the options in the drop down list box.

*Persons* is an optional but recommended input; it is essential when the unit is *Shared*. A joint tenancy (e.g. Mother & baby) should be shown as 1 Unit with 2 Persons.

*Tenanted Unit – No Income* units. **Column H** is reserved for staff accommodation. In order to qualify for capital grant it is essential that the unit is tenanted (even though no rent is passing). Sleepover accommodation should not be included in the appraisal, but treated as part of the communal areas.

Shared accommodation is defined as one household (tenancy or licence) which shares facilities with other households, e.g. kitchen, bathroom. To identify shared units enter **y** in the column on the line *Shared Accom.-y/n?*. The default assumption is that units are **not** shared.

Details entered in this section will also be used in the Capital Costs appraisal.

## 5.5 Staff Schedule

If a staffing template option was used on starting the appraisal, the staff titles, costs and hours will be displayed. Amend as necessary. Otherwise fill up the Staff Schedule with the detail as prompted.

In addition to the *On-Site* hours, staff hours spent *Off-Site* can be entered. This might refer to travelling time such as a floating support scheme.

Adjust Base Staff Costs either by manual adjustment or use the *Multiplier to Adjust Staff Base Cost* at the start of the section. On-costs are added to the Base Cost after adjustment by the Multiplier. These on-costs can be defined either by a percentage or a sum per FTE, or a combination of both.

The Staff to Tenants ratio and total staff costs/averages are shown.

## 5.6 Staff Hours Allocation by Percentage

The first table in Section C will show by percentage the attribution of staff hours across 9 cost categories. The last category can be defined by the user.

### 5.6.1 Funding Eligibility

Funding Eligibility must be set for each cost category. This defines where the income to meet the cost will come from. Rent from the tenant would usually be defined as being eligible for *Housing Benefit* (HB) or possibly as *Other Funding*, e.g. tenant charges for Personal Services. When non-staff costs are added into the Budget these eligibility criteria can be amended for each budget item, but unless specified to the contrary each category will have the same funding eligibility as defined for its staffing.

The two tables which follow show the actual hours attributed to each cost category and the resultant costs per annum. These staff costs are shown in the **Revenue Budget** where further costs can be added.

On completion of the Staffing Sections B & C the remaining revenue costs are entered into the Revenue Budget.

## 5.7 Revenue Expenditure Budget

Click [Revenue Budget](#) to access the Revenue Budget. The Budget is divided into the cost categories shown in the Staff Hours Allocation (Section C of the Revenue Appraisal).

The staffing cost attributable to each Cost Category is shown following which additional expenditure can be defined. Budget costs can be defined as:

- Per Unit p.a.
- Per Unit p.w.
- Per Tenancy p.a.
- Per Tenancy p.w.
- Per Week
- Per Annum
- Per FTE p.a.
- Per FTE p.w.
- Staff Cost %.

To add VAT select a VAT rate against the item in the *Add VAT* column.

To define alternative funding eligibility (if not as set for staffing in the Revenue Appraisal [see 5.5.1]) select an alternative description in the last column.

For each Cost Category, a separate *Overheads %* and *VOIDS & BAD DEBTS %* can be set.

### 5.7.1 Budget Summary

Scroll down to view the Budget Summary or click [Budget Summary](#).

### 5.7.2 Development Loan or Lease Payments

The Year 1 Loan Repayment identified in the Capital Costs appraisal will be shown in Section A1 of the Budget when Section J of the Capital Costs appraisal has been completed. Section J of the Capital Costs Appraisal provides an option to include or exclude the loan repayment cost from the Budget.

Note that *Overheads* are **not** added to the loan repayments.

## 5.8 Revenue Summary

On completion of the Budget return to the Revenue Appraisal.

Section D of the Revenue appraisal shows the total costs for all cost categories, together with an analysis of their funding eligibility. There is a further summary analysis excluding voids.

## 5.9 Inflation

Set a Base Inflation Rate (RPI).

Inflation can be applied for 2 periods up to 45 years to revenue costs as follows:

1. Staff Costs (including loan repayments when the *Interest Only* method is used but note that no inflation is applied when using the *Annuity* repayment method).
2. All other costs (excluding loan repayments).

Inflation can also be applied to the 4 income categories for 2 periods up to 45 years as follows:

1. Set Rent
2. Service Charges
3. Personal Charges
4. Funding & Other Income.

Inflation rates must be set for all 6 categories up to year 45 regardless of whether there are any costs or income in the category. The inflation periods set in Section E refer to the years of the Long Term Cashflow. See also 5.10.

## 5.10 Set Rent & Other Tenant Charges

For each dwelling type, the **Cost Rent** is analysed as follows:

Cost Categories	A1 & A2	Basic & Housing Management
	A3 & A4	Facilities & Amenities
	A5	Meals & Personal Fuel
	B2	Personal Services
	C	Personal Care

This analysis excludes the cost category B1 - General Counselling & Support, which it is assumed is unlikely to be met from rent or tenant charges. In addition the Target Rent and Rent Cap are shown.

Enter rent and other charges p.w. to be received from the tenant as follows:

- Rent: To set the rent per week enter the rent applicable to Year 1 of the Long Term Cashflow for each Dwelling Type appraised.
- Service Charge if applicable
- Personal Charge if applicable

The rents/charges set in this section should be the sums levied at the point of letting. The first full year of the Long Term Cashflow, i.e. Year 1, is based on these inputs.

In Section F it is now also possible to select the year (e.g. April 2007) applicable to Year 1 of the Long Term Cashflow. This becomes an essential input when using the Rent Adjuster.

### 5.10.1 Rent Adjuster

The *Rent Adjuster* allows the set rents to be adjusted in the Long Term Cashflow by a sum per week over a specified period of the Long Term Cashflow (enter the value as a minus sum to reduce the rent) to achieve rent restructuring by the specified date.

To use the *Rent Adjuster*, first select the date equivalent to Year 1 of the Long Term Cashflow (as described above) then enter the sum per week for the adjustment.

Select the *Start Year* and *End Year* dates to define the period for the adjustment from the drop-down list box.

**Warning!** For the Rent Adjuster calculation the *Set Rent* is inflated as specified by the inflation parameters set by the user in Section J. The limited target rent is inflated using HCA inflation parameters.

## 5.11 Funding & Other Income

A reconciliation of the position reached prior to adding funding or other income is shown.

Select a *Source* from the drop down list box (or manually enter if nothing has been defined in defaults) and define the receipt as prompted.

### 5.11.1 Non-Recurring Income

Sums (*User Defined Receipts*) can be entered in the Long Term Cashflow, Section I. These are treated as revenue income and for cashflow purposes are assumed to be received monthly.

## 5.12 Reconciliation at Year 1

The reconciliation of expenditure & income is shown at Section H.

## 5.13 Long Term Cashflow

Set *Summarise Results to Year*. This can be any period up to 45 years.

### First Positive Cashflow

The year number in which the net income exceeds all expenditure.

### Peak Cumulative Debt

The year and amount when the Cumulative Balance is lowest.

### First Cumulative Breakeven

The year when all earlier *Cashflow* deficits have been repaid from subsequent *Cashflow* surpluses.

### Cumulative Deficit/Surplus

The Cumulative Balance as at *Summarise Cashflow Results to Year*.

### Net Present Value (NPV)

1. Select an appropriate *NPV Calculation Option* from the drop-down list box (further explained below).
2. To include a residual *Capital Value* in the NPV enter values as prompted in this section, i.e.
  - a) Set the *Capital Value of Scheme - Year 1*, specify a *Capital Growth Rate* to inflate the year 1 value to the point in the future (as specified by *Summarise Cashflow Results to Year*). This value is discounted back to Year 1 and added to the NPV. The *Discounted Capital Value* is not shown in the LTC.
  - b) To include the *Discounted Capital Value* in the NPV calculation ensure *NPV Calculation Option* includes the *Cap. Value* option.
3. Enter a *NPV Discount Rate*.
4. Enter a period for the NPV calculation, *Summarise Cashflow Results to Year*.

There are 3 *NPV Calculation Options*.

1. Net Rent – Loan ( NPV net rent, minus the loan)

2. Net Rent + Cap. Value – Loan (NPV net rent, plus residual capital value, minus the loan)
3. Cashflow (NPV of the Cashflow line on the *Cashflow*)

Net Rent – Loan is the recommended option. The result is the net present value of the *Net Income* (discounted over the period set at *Summarise Cashflow Results to Year*) from which the *Opening Loan* is deducted. The *Opening Loan* represents the initial capital costs to the organisation (i.e. Total Scheme Costs less grant). A positive result is normally required.

Net Rent + Cap. Value – Loan is the same as above, except with this option a residual asset value is included. This is a value determined by the user as an estimate of what the capital value of the scheme will be at the point at *Summarise Cashflow Results to Year* then discounted back to Year 1. It is not often used because the final result changes significantly depending on the estimate of residual value and hence it is not a very consistent measure.

Cashflow is the line shown on the Long Term Cashflow and represents the difference between the *Net Income* and the *Loan Repayments*. When the loan repayment method is by Annuity and the loan interest rate and term are the same as the discount rate and NPV period, the result will be the same as Net Rent – Loan. When the loan repayment is Interest Only the result will represent the NPV of the net income received after the loan has been repaid.

**Internal Rate Of Return** - the *IRR* is related to the *Net Present Value*. It is the *NPV Discount Rate* which achieves a Net Present Value of zero. The Internal Rate of Return result displays the result according to the *NPV Calculation Option* chosen by the user. There are occasions when it is not mathematically possible to calculate IRR. Similarly the value may be greater than or less than 50%. In these instances the report will display either <-50% or >50% as appropriate. This should be interpreted as "No valid value found".

For NPV purpose the rent is discounted monthly.

For a graphical presentation of the cashflow click [Cashflow Charts](#).

### **User Defined Receipts**

*User Defined Receipts* can be entered in the Long Term Cashflow at any period. These are treated as being monthly.

## **6.0 Carrying out a Capital Costs Appraisal**

Start a new appraisal as described in Section 5.0. Apply default values. In the Revenue Appraisal complete the Scheme Header information and unit details, all as described in 5.1. and 5.2.

Move to the Capitals Costs appraisal, click [Cap. Costs Appraisal](#).

### **6.1 Entering Data**

The colour coding for cell labels and data input is as follows:

Pink labels	Essential data.
Green labels	Optional data.
Blue labels	These can be overwritten by the user to describe the corresponding data input more specifically.
Blue input	User input. Default values will also be in blue.
Orange text	Memorandum information. See also 6.2
Red text	Error messages.
Black text	Created under program control.

Copy & Paste tools have been added at various places in the Appraisal.



Copy button



Paste button

The copy button copies user input data and the paste button pastes it to a new input position. You can copy and paste from either a single cell to one (or more cells) or from a range to another range. If the cell(s) being copied contains a user-defined formula, then on pasting you will be asked to paste either the formula, or the value(s). The destination cell(s) must be able to accept user input.

All data entries will be validated to ensure that they fall within a defined range. Inputs outside the range can in most cases be entered when confirmed by the user.

## 6.2 Memorandum Information

Areas have been set aside in which to enter comments or to carry out separate calculations. To enter formulae directly into the cells following normal Excel conventions. These cells may be linked to other input cells if appropriate, so long as a circular calculation error is not caused.

## 6.3 Scheme Header Details

Site Area can be defined as acres or hectares. Select from the drop down list box.

Enter a *Sketch Drwg No.* if appropriate. This cross references the appraisal to a particular scheme layout.

All other header information is entered on the Revenue appraisal. To return to the Revenue appraisal, click [Revenue Appraisal](#).

## 6.4 Unit Details, Grant Index & On-Costs

Up to 16 unit types can be entered. 8 are shown on the main appraisal page, in columns lettered A to H. To access columns I to P click [Extra Unit Column](#). Column G is reserved for a warden unit, i.e. a tenanted unit where no income is received.

Enter the *Floor Area* in m<sup>2</sup>. The floor area does not have to be rounded before entry. The floor area for a shared unit is required to calculate relevant outputs.

Enter a *Current Market Value*. This allows total costs in Section H to be compared with market value. It is not relevant for any other purpose. Market Value is what the unit might sell for in the private sector, unconstrained by any lease.

Other Unit Attributes (*Flat, New Build*) are optional.

*Habitable Rooms* if entered can be used for defining the acquisition cost in Section B.

### **On-Costs**

On-costs are fees and interest incurred during the development phase. For quick appraisals enter a *User's Assumption*, being an estimated percentage of the acquisition & works Cost. If required, on-costs can be analysed at Section E and interest at Section F. See also 6.8 and 6.9 below.

### **Indicative Grant Index**

This is a comparison of the grant entered at Section D with the regional average, after adjustments have been made. The adjustments relate to the timing of grant tranches (these must be set in Section F – Timings) and the HQI scores (these are set in the Ancillary Information page).

It is called 'Indicative' because the HCA have not issued any definitive methodology for its calculation. ProVal follows the general principles of its calculation as set out by the HCA in their published documents. Further detailed information on the Grant Index calculation methodology is available from SDS on request.

## **6.5 Qualifying Scheme Cost**

Section B - Qualifying Scheme Cost - identifies all the capital costs of the scheme which qualify for grant.

Confirm the floor area for the scheme at the start of the section. Make adjustments for circulation space etc. to the habitable floor area (entered in section A) by percentage and/or an actual figure. Floor area is an input option when entering acquisition and works costs, and when defining fees.

### **Acquisition**

Replace the blue *Text* input with a suitable description, e.g. Asking Price, Agreed Value, My Guess. Select an *Input Type* from the drop down list box e.g. per unit, per person, lump sum etc. In the next column enter an *Input* value. Choose the VAT rate, if applicable, in the *VAT %* column.

The *Acquisition Total*, averages per unit and per person are shown and, if entered, an averages per habitable room and per site area.

### **Works**

Works costs entered in a similar way to Acquisition, by selecting an appropriate *Input Type* from the drop down list box (e.g. per unit, per person, lump sum etc.) followed by an *Input* value. VAT for any input can be added as appropriate. Choose the VAT rate in the *VAT%* column.

The *Works Total* will be shown, together with averages per unit, per person and a total average per square metre (gross, *gfa* and habitable *hfa*).

### **Account Codes**

*Account Codes* are used in conjunction with Export Data procedures. Sums can be transferred to other applications with an associated *Account Code*.

### **Discount From On-Costs**

For 2006/07 funding years ignore this input. For earlier funding years, please refer to User Manual Version 6.15

## 6.6 Scheme Cost Index

This only applies to schemes prior to 2006/07. For earlier funding years, please refer to User Manual Version 6.15

## 6.7 Grant

At Section D enter a total *Specified Gross SHG*. This should include the value of RCGF and also the value of any free public land.

Enter any other *Public Subsidy* (such as the value of free public land). When appraising schemes which have free public land, enter the full market value at Section B and show the value of the discount in the Grant section as *Public Subsidy*.

The resulting *Total SHG Claimed* and grant rate will be displayed.

Enter grant from other sources (compatible with SHG) together with a description of what the grant is, in *Other Grant*. It is recommended that LA capital grant is shown at this position rather than as SHG.

Sources of Grant can be set out as memorandum information. This information does not affect the viability results or the interest calculation in the development cashflow.

Enter any *Special Project Promotional Allowance* grant if applicable, but also remember to enter any associated costs at Section H.

## 6.8 Analysis of On-Costs (Excl. interest)

See Section E.

Analysis of on-costs is optional. To analyse the on-costs set the *Analyse On-Costs, y/n?* to **y**.

All descriptions and values can be set as defaults and amended on the appraisal. On-costs can be entered by two input alternatives:

1. In the column headed *Input Type for Sums* select from the drop down list box and enter an appropriate sum in the next column.
2. In the column headed *Input Type for %*. select from the drop down list box and enter an appropriate percentage in the next column.

Both options can be used together. The total displayed includes VAT where this option has been selected.

See also **Detailed On-Cost Timings** [6.9.1].

*Account Codes* can be associated with each on-cost description and are used when exporting the data to other applications.

To complete the analysis of on-costs calculate an estimate of the interest cost in Section F. See 6.9.

## 6.9 Scheme Timing

Complete Section F to estimate the interest cost during the development period. This section is optional when not analyzing the on-costs, but the grant tranche timings are essential for the calculation of the Grant Index shown in Section A.

Event timings in Section F create a *Default Interest Cost*. The user can subsequently amend monthly sums in the *Scheme Cashflow* and choose the interest arising. Detailed timings of fees can also be estimated, see 6.9.1.

Begin by entering a *Cashflow Start* date using the format *mmm-yyyy* (e.g. Feb-2002). This date defines *Month No.1*. It is not an event but should not be set later than the earliest event in the cashflow. All subsequent cashflow timings must be entered as positive month numbers, relative to the *Cashflow Start* date.

Set interest rates for negative and positive balances following the *Cashflow Start*.

### SHG Tranches

Double click in the tranche input cell to display the table of tranches. Select the appropriate *Scheme Type* and the tranche percentages will be entered. The calculation of each Net grant tranche takes into account any public subsidy and/or grant discount entered in Section D and displayed in the Summary on the right.

If the *Net Grant Tranche* displayed is not correct an *Alternative Net Tranche Sum* can be entered in the adjoining column. Amend all tranches as necessary to ensure the total SHG remains the same.

In the last column of this table enter the *Receipt Timing by Month No.* i.e. when each tranche will be received. The calendar date will be shown automatically. For example, if the *Cashflow Start* has been set to Jun-2006 then *Month No.3* would be Aug-2006.

### Other Grant

A summary of any other grant entered is displayed on the right. Other Grant can be spread either by an S-curve (sine function) or by straight-line. Select preference from the drop down list box at *Cost Spread Method*.

Complete timing information in the columns *Receipt Start Month No.* and *Receipt End Month No.* If the tranche is all received in one month, enter the same month no. in both columns.

### Acquisition Costs

The acquisition total is shown on the right. This total can be split into 3 separate payments. For example, if monies are to be paid on exchange then this may be defined as the first payment and the balance paid on legal completion can represent the second or final payment.

Double click in the input cell and choose either to create a sum based on a percentage of the Total, or to enter a formula linking the input to the Total. Note that when using a formula in this way, if the Total changes, the payment/sum will automatically change.

Enter the *Payment Timings by Month No.* i.e. when each payment is due to be made in the last column of this table.

If the acquisition value is being received as public subsidy, e.g. free land, then enter the actual land cost (enter zero if free) in the centre of this section. See also 6.7.

## Works Costs

The works total will be shown on the right.

Works can be entered into the cashflow as 3 separate sums, and spread, either by an S-curve (sine function) or by a straight line. Choose preference at *Cost Spread Method*. If there are high costs at the outset of the scheme then this amount may be treated as the *First Sum* and spread across the early months of the scheme with the balance being spread over another period(s).

Double click in the input cell and choose either to create a sum based on a percentage of the Total, or to enter a formula linking the input to the Total. Note that when using a formula in this way, if the Total changes, the payment/sum will automatically change. For each sum entered under works costs enter an *Expenditure Start Month No.* and *Expenditure End Month No.*

## On-Costs

Enter On-Costs in the same way as Works Costs, described above.

Timings entered in Section F create a *Default Interest Cost*. To display the resulting cashflow on the *Scheme Cashflow* page:

1. Click **Scheme Cashflow** then click **Update Cashflow Using Default Scheme Timings/Sums**.
2. This action will overwrite all existing sums **unless** "x" is entered at the top of the cost analysis column. A warning to this effect will be given.
3. Once displayed, the values can be amended by deleting or overwriting any value in blue.
4. Arithmetical errors will be shown by as a sum outstanding at the top of the column and by an error message.
5. To select the interest cost created by user specified sums, return to the Scheme Timings section and at the end of Section F, enter "y" at *Substitute User-defined Sums - y/n?*
6. The *Default Interest Cost* can be selected at any time whether or not the Scheme Cashflow page reflects Scheme Timings, but any conflict between the Scheme Cashflow and the interest option selected will be highlighted.

Fees can be cashflowed separately by cost heading on the *Detailed On-Cost Timings* page and the resulting cashflow transferred to the Scheme Cashflow page [6.9.1].

A scheme can be cashflowed over a period of 48 months. For interest on land over a longer period, separately calculate the interest and add it as a capital cost in the Acquisition cost at Section B.

The interest calculation in the month is calculated on the average cumulative cashflow balance at the beginning and end of the month.

To view the development cashflow as a chart click **Cashflow Charts**.

### 6.9.1 Detailed On-Cost Timings

Create a detailed cashflow analysis of each individual on-cost as follows:

1. Click **Detailed On-Cost Timings**.
2. Each *On-cost Description* is displayed with its gross total (as defined in the Analysis of On-Costs - Section E).
3. To ensure a calendar date is assigned to each month number, enter a *Cashflow Start* in Scheme Timings (Section F).
4. The *Balance to Enter* total will reduce as sums are entered in the cashflow in columns headed 1 to 48. These can be manually entered.

5. Alternatively, each On-cost total can be automatically entered by clicking the green button **Automatically Spread On-Costs**. Select an On-cost description and define the spreading of costs in the dialog box displayed (3 separate spreading periods can be defined). Repeat the process for each *On-cost Description*.
6. On completion the detailed On-cost cashflow can be transferred to the *Scheme Cashflow* by clicking **Transfer Sums to Scheme Cashflow**. Any arithmetical errors will be flagged before transfer.

On this page it is also possible to show the *Paid to Date* and *Outstanding to Pay* position for any specified date.

## 6.10 Comparison of On-Costs

Section G compares the actual on-costs (fees and interest as analysed in Sections E & F) with the calculation arising from the percentage setting made in Section A.

If a deficit arises, i.e. *Total On-costs* exceed *Assumed On-costs* this is displayed as a deficit and the deficit is added into the *Total Scheme Cost* in Section H.

If the comparison results in a surplus, the surplus **ignored** in the *Total Scheme Costs*. In the case of a surplus the user is free to decide how the surplus should be used. To take the saving enter the surplus as a minus sum in Section H.

## 6.11 Summary of Total Scheme Costs

Section H summarises the *Total Qualifying Cost* (as determined in Section B), together with any on-cost deficit identified when on-costs are analysed.

Enter *Non-Qualifying Costs* together with any appropriate description. These costs do not attract grant. There are 2 entries for non-qualifying costs, but the user may also wish to use the facility at this position to make other adjustments to the total scheme costs.

Enter any costs relating to the receipt of SPPA.

This section shows the comparison of Total Scheme Cost and its relationship with the Open Market Value of the units (assuming *Current Market Value* has been entered at Section A).

The Scheme Funding analysis displays the information entered in Section D on sources of SHG together with any loan adjustments from Section I.

## 6.12 Private Finance

Section I defines the residual *Net Loan* which the scheme requires. The starting point is the *Total Scheme Cost* determined in Section H from which SHG and any other grant is deducted.

To recognise advance income, set the number of months ahead of practical completion that rent will be received. The amount of rent recognised is based on the Net Rent arising in Year 1 of the Long Term Cashflow, pro rata the number of months selected, then divided by 2.

The loan can be further adjusted either by a user-defined *Adjustment* and/or by entering a *RSL Capital Contribution*. Neither entry will attract any funding costs.

Entries made by an *Adjustment* or by a *RSL Capital Contribution* will be shown in the *Analysis of RSL Funding* in Section H.

## **Loan Repayment Methods**

There are two methods of repaying the *Net Loan*.

### **Annuity**

The Annuity method repays both interest and capital over a specified term (up to 45 years) by a series of equal sums per annum (calculated monthly). This is similar to a conventional repayment mortgage.

In the Long Term Cashflow the loan will always show as being fully repaid at the end of the *Term*, but a cashflow deficit may arise in the year if income is lower than the annuity. If surpluses arise later in the cashflow period any earlier deficits will get repaid. These deficits/surpluses are shown on the *Cashflow* line of the Long Term Cashflow in the Revenue appraisal as is the *Cumulative Balance*.

### **Interest Only Method**

Interest, calculated on a monthly basis, is paid off year by year by using a starting repayment which when inflated will repay the loan by the loan term.

Note that the loan may increase before repayments are sufficient to exceed the interest charge and reduce the outstanding loan balance.

The inflation rate used in this method is set in Section E of the Revenue appraisal.

Enter **y** to set the preferred *Loan Repayment* to the *Annuity* method or **n** for the *Interest Only* method.

### **Interest Rates**

If appropriate, apportion the *Net Loan* into two loan sources by percentage, i.e. *Loan A* and *Loan B*. Set separate interest rates for each loan amount. Set *Loan A:% Apportionment* to 100% for a single loan source.

Set interest rates for up to 3 periods. For both methods the rates must be set up to the term of the loan (max. 45 years).

### **Value:Loan Ratio**

At Section I the *Current Market Value* if entered in Section A is displayed. Adjust by percentage give the tenanted tenure of the properties - EUV-SH. The result will be an *Adjusted Value* and its ratio to the Net loan will be shown.

Alternatively a specific valuation for the finished scheme may be entered as an *Alternative Value* and the value:loan ratio will be shown.

The NPV of the Net Rent is another assessment of value. Ensure rent information at Section L has been fully completed and the NPV Discount Rate has also been set in Section M.

Finally to set a *Target Value:Net Loan %* the affordable loan will be displayed based on each of the value assessments described above.

## 6.13 Year 1 Cost Rent Required to Repay Loan

The *Number of Weekly Rent Periods* is as set in the Revenue Appraisal Section B.

A calculation of the *Cost Rent Per Unit* to meet the private finance repayments will be shown.

To ensure that the Year 1 Cost Rent is included in the Revenue Expenditure Budget, set the cell *Include Cost Rent in Budget & Long Term Cashflow, y/n ?* to **y**. The default assumption is that it will be excluded in the Budget unless set to **y**.

## 6.14 Long Term Repayments Schedule

In Section K the Long Term Loan Repayments Schedule shows in detail for each year, the annual interest and loan repayments against the *Opening Loan*. These are calculated on a monthly basis.

The following statistics will be shown at the start of Section K.

**Repayment Method** - this will be either *Annuity* or *Interest Only*. For a description of these methods see 6.12.

**Repayment Term** - as set by the user in Section I. This can be up to 45 years.

**Peak Loan** - the highest loan amount. This will always be the *Net Loan* for the *Annuity* repayment method but with the *Interest Only* method, depending on the *Repayments Inflation* rate, it may be greater than the Year 1 position.

**Peak Loan Occurs in Year** - the year in which the maximum loan occurs, as described above.

**Interest Total** - the total interest charge over the period.

**Minimum Interest Cover Year 1** - comparison of loan repayments with average interest.

**Target Interest Cover (TIC)%** - enter a target rate at this position to show the year in which the TIC is first met. The result is on the next line.

### 6.14.1 Affordable Loan Sensitivity

The Rent per Annum at Year 1 is the calculated rent necessary to repay the loan and interest over the term according to the loan repayment method selected.

The user can set a preferred maximum rent per tenancy per week. This will show a value on the next line being the difference between the maximum rent and the total budget costs (excluding any current loan repayments). This represents the scope available to repay a loan which may then be used to set the affordable Year 1 repayment on the next line. A report of the affordable loan is then displayed and if using the *Interest Only* loan repayment method an alternative loan term is given as well.

To set a preferred affordable Year 1 repayment enter it in Section K against the label *Set Preferred Affordable Year 1 Repayment*. The information which is then shown depends on the loan repayment method set in Section I.

For the *Annuity* repayment method an affordable loan is shown, i.e. the loan which the specified repayment could repay over the term.

For the *Interest Only* method two outcomes are shown:

1. The affordable loan as described above  
or:
2. A *Revised Repayment Term* assuming the initial loan remains the same.

For other sensitivity options go to [Sensitivity Analysis](#) and refer to 7.0.

## 7.0 Sensitivity Analysis

The Sensitivity Analysis shows the effect of changing 13 key variables, *Scenarios*, on the Long Term Cashflow position. The Analysis also calculates the Scenarios H & J separately report the additional subsidy or rent change to meet a particular loan repayment period (Interest Only loan repayment method) or Cumulative Cashflow period (Annuity method).

The results will report the combined effect of all scenarios specified, except Scenario H. Scenario H reports the additional subsidy and/or rent adjustment necessary to meet a specified *Cumulative Breakeven* year and all inputs remain unchanged. A memorandum note to this effect is displayed.

When On-Costs are analysed the interest calculation may be set to user-specified. In this situation when testing sensitivity of capital costs (i.e. Acquisition, Works or the Grant) it is not possible to automatically recalculate the interest, therefore the sensitivity analysis **ignores** the impact of interest changes. When these conditions apply a note to this effect is displayed in the Results section.

To show the Sensitivity results for the scenarios specified by the user, click [Show Sensitivity Results](#).

When printing the Sensitivity Report the user will be prompted to Update the Sensitivity Analysis. This is to ensure that the printed results correctly report the sensitivity results based on the current appraisal position. Refusing to update the Analysis will cause the report to be printed without the Results section completed.

## 8.0 Benchmarks

The Benchmarks page allows the user to compare benchmark values with current Appraisal values. Benchmark values are defined at 3 levels and must be set in the Defaults file [see 4.0]. The levels are:

- Green: A benchmark value which you want to meet. If the Appraisal passes this test a green traffic light is displayed.
- Amber: Logically any value between Green and Red.
- Red: A benchmark value which you do not want to exceed. If the Appraisal fails this test a red traffic light is displayed.

## To Set the Benchmark Definitions

**Warning!** All Benchmark comparison operators and values are defined in Defaults and cannot be amended in the Appraisal.

Open the Default file from the Control Panel [see 4.0] and navigate to the *Benchmarks* page.

Only set benchmark values applicable to your organisation. The benchmarks are divided into 2 sections: those related to the capital values and those related to the Long Term Cashflow results.

### Example:

Bench-Marks	Current Appraisal Value	Benchmark Definitions						Result
		Green		Amber		Red		
		Operator	Value	Operator	Value	Operator	Value	
Gross SHG per unit	80,000	<=	75,000	>	75,000	>	90,000	Amber

In the above example the *Result* is Amber because the *Current Appraisal Value* is greater than the Green benchmark but less than the Red benchmark definition.

Benchmark definitions can be changed at any time in the appraisal by selecting a different default file. Click **Update with Default Values** in the main Appraisal. Select the appropriate default file and select *Benchmarks* option alone.

At the bottom of the page of this report the user can define and set appraisal descriptions/values not already listed in the first two sections as follows.

### To define other benchmarks

1. Unhide Sheet Tabs by clicking **Reveal or Hide Tabs** at the top of the page. Click OK when the warning message appears.
2. Enter a description for the benchmark. If the benchmark value is a value per unit or per person, use the 6 lines at the top of this section. If the benchmark value is a percentage, enter its description in the last 8 lines of this section.
3. Enter the *Current Appraisal Value* to be benchmarked in the second column by using an Excel formula e.g.
  - a. Enter an = sign in the cell
  - b. Choose the *Appraisal* sheet tab at the bottom of the screen to
  - c. Highlight the Appraisal page
  - d. Click in the cell which holds the value you want to benchmark
  - e. Press *Enter* button on keyboard.
4. Hide the Sheet Tab by clicking **Reveal or Hide Tabs** at the top of the page.
5. Enter Green and Red Benchmark Definition Operators and Values.

## 9.0 Printing

All printing is done from a single print button **Printing Options** shown at the top of the page.

Any combination of pages and quantity can be printed.

Pages can be printed in colour if preferred. Uncheck the Black & White option.

The default printer will be shown on the Print Options dialog box, but other printers can be selected.

To set the default printer:

1. Click **Set Defaults** on the Control Panel.
2. Choose the *Personal Defaults* option.
3. Click into the cell and choose a printer from the printer names listed.
4. Click **Save & Return to Control Panel**.

When printing the Sensitivity Report the user will be prompted to Update the Sensitivity Analysis. This is to ensure that the printed results correctly report the sensitivity results based on the current appraisal position. Refusing to update the Analysis will cause the report to be printed without the Results section completed.

### Printing Default Values

It is not possible to print the Personal Defaults information.

### Printing System Defaults

To print the default values' files:

1. Click **Set Defaults** on the Control Pane.
2. Choose the default file to be printed.
3. When the file opens click **View Defaults**.
4. Navigate to the page to be printed.
5. Click **Print this Page**. The device will be the active printer. A printer dialog box will not be displayed and one copy of the page will be printed.
6. Repeat Step 4 and 5 to print other pages.

## 10.0 Exporting Data

Where the remote system requires A/c Codes, these can be set as defaults. To set these default values see [4.0].

### To create an export data file:

1. Open appraisal from which the data is to be exported.
2. Click **Home page**.
3. Click **Create Export Data File**.
4. Select the type of file to be created. Those systems which are supported will be displayed.
5. Follow the on-screen instructions.
6. A file will be saved on completion and stored in the current appraisal folder.
7. Once an export file has been created, it is then ready to import into the remote system. Follow the remote system's instructions for doing this.

### Subsequent Appraisal Changes

After an export file has been created it will **not** be updated if the appraisal data is subsequently changed. To create a new export file of a changed appraisal file, repeat steps 1 to 7 above. A message will be displayed warning that an export file already exists which can then be overwritten.

Once overwritten the previous export file will be lost. To avoid this happening save the updated appraisal file as a new version with a new file name. See [2.4] for help with this.

## 11.0 Help

For on-screen help, click [Help](#).

For individual Help topics click the button [Index, View Topic & Print](#).

From the list of topics displayed, select a topic and click the button [View Topic](#). To print the topic note click the button [Print Topic](#).

If the page is not optimally displayed for your screen, click



To return to the Appraisal click the button [Return to Appraisal](#)

Some cells on the Appraisal have user help notes in a comment box. Comment boxes are identified by a small red triangle in the top right corner of the cell. To view the comment, place the mouse cursor over the red triangle.

See also the [www.sdsproval.co.uk](http://www.sdsproval.co.uk) website for FAQs and other topical help notes.

## Appendix

### Creating Links & Entering User Defined Calculations

*The following instructions are for users with a basic understanding of Microsoft Excel.*

#### Entering User Defined Calculations

1. In an open ProVal Appraisal file, create a calculation in a Memorandum Area using normal Excel formulae. E.g. =SUM(source range)
2. The result must usually be a whole number and not equal to zero, otherwise in the next step the ProVal data validation procedure may either reject it, or ask you to accept it.
3. To enter the result into the appraisal, click into the destination cell (which must be capable of receiving user input) and type an = sign. Point to the cell in the Memorandum Area which holds the source value and <Enter>. To ensure a whole number is entered use the Excel ROUND function. E.g. In the destination cell type:
4. =ROUND(*source cell address*,0)
5. To break the link delete the data in the destination cell.
6. Alternatively, you can enter a formula directly into a destination cell. In this case watch that you do not create a Circular calculation. If this happens you will see an error message in the Status Bar.

**Warning!**

Values which are entered using a formula can cause problems, if the user forgets that the formula exists. Values on the appraisal may change unexpectedly, depending on whether the precedents are changed. Use formulae with caution.

### **Creating Links to Other Excel Workbooks**

1. Open a ProVal Appraisal file from the Control Panel and go to the part of the Appraisal which has the relevant data.
2. Start a **new instance** of Excel (Windows | Start | Programs).
3. Start a new workbook.
4. In a cell of the new workbook type an = sign
5. Return to the ProVal appraisal using the icon on the Status Bar.
6. Click into the source cell (a dotted line will appear around it) and press <Enter>

You can now edit the cell of the new file using normal Excel functions.

When the new workbook is saved the links to the Appraisal will also be saved. On opening the new workbook the user will be prompted to update the link. Agreeing to update the link will amend the destination values with the current Appraisal values.