



ProVal LS

FAQ's

Updated 23. 04. 2024



Contents

FAQs for Users	3
1. How to add users.....	3
2. How to consolidate appraisals in ProVal LS.....	6
3. Export raw long term cashflow to Excel	7
4. Export raw development cashflow data to Excel	8
5. How to print in LS.....	9
6. Tips and shortcuts for ProVal LS.....	9
7. How to create new default template appraisal.....	10
8. How to create new default unit type.....	10
9. Guidance for administrators when setting default values	10
10. How to show 1% rent reduction	11
11. How does ProVal LS calculate the IRR?.....	13
12. How does LS Calculate NPV?	13
NPV Examples in ProVal	13
13. How does LS reflect income levels?	13
14. What is the difference between Loans and NPV?	14
15. How to Import / Export Appraisals in ProVal LS.....	17
16. How to access the reports from ProVal LS	17
17. My Handover date is showing Jan0001?	19
18. How does Consolidation work in ProVal LS?	19
19. Why doesn't the BRMA auto-complete?	19
20. How do I add a 'Rent to Buy' unit?.....	19
21. What is Cost Rent in ProVal LS?	23
22. Changing 'Make service charges equal costs' back to N produces different results to expect, why?.....	23
23. When I import my appraisal, it does not get imported	24
24. Housekeeping in ProVal LS	24
25. My unit goes into management in four years. What should the Local Housing Allowance (LHA) be?	25
26. How interest is calculated in the Development Cashflow.....	25
27. How does Sensitivity work in ProVal LS?	27
28. How to display NPV at other than First Handover	27



29. How does Depreciation and PRA work in ProVal LS	27
30. How does Cost Rent work?.....	27
31. What do the codes in the Audit Log stand for?	27
32. How to inflate Life Cycle Costs	28
33. Format for Adding Appraisal / Product Summary Items.....	28
34. How to Import Appraisals from ProVal into Catalyst	28
35. What are the 'Type of Development' options?	29
36. Examples of Curves in ProVal	29
37. Why is LHA slightly different in ProVal to the HCA?	29
38. What effect does 'Rent Inflate From' setting in Section A have on an appraisal?	30
39. Applying a sales fee in the Long Term Cashflow	30
40. NPV of Asset Value.....	33
41. Notes on Interest	35
42. S curve formula	35
43. Add organisation logo to ProVal and reports	35
44. Why am I seeing interest as an income in the development phase of the appraisal... 36	
FAQs for IT team	36
1. Installation of client software	36
2. Reinstallation or upgrading of client software	36
3. What URLs does ProVal LS need access to and Proxy Settings?	36
4. Setting up the shortcut to include server, user name etc	38
5. How to move the SDSProValWorking SQL database to a new server?	38
6. How do I create backups of the SQL databases?	39
7. How to create a test/training database	39
If the database is on the same SQL Server.....	39
If the SQL Database is on a new SQL Server/Instance/Port	40
8. Cannot check latest version / Postcode & BRMA.....	40
9. Folders missing in Citrix Environment	41
10. How to truncate SQL logs.....	41

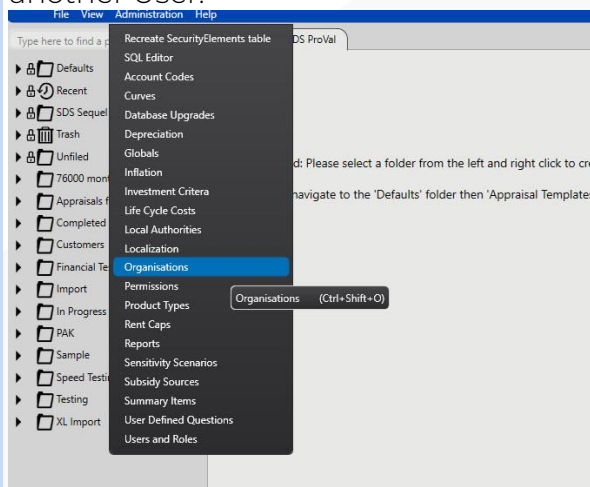


FAQs for Users

1. How to add users

If you need to remove a user first please do this, if it's an additional user skip this step

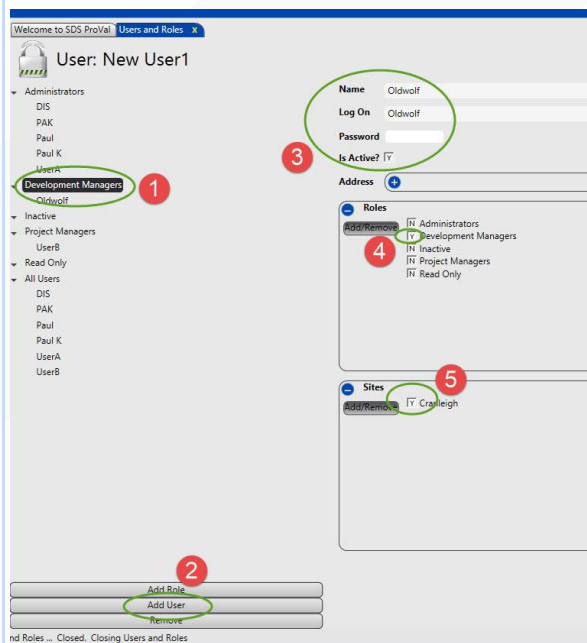
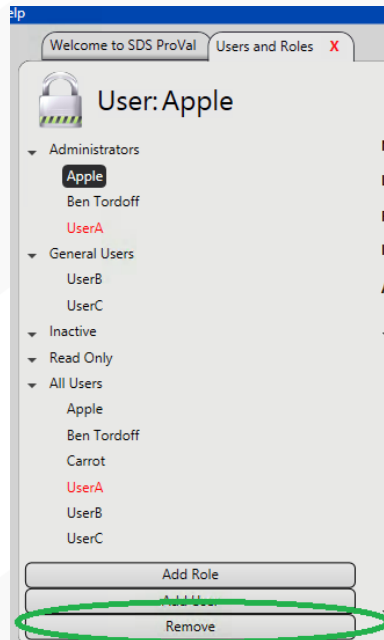
To Re Assign a license from a User to another User.



- Log into ProVal as a user with Administrator Privileges
- Go to “**Administration**” –
- Go to Organisations - select your Organisations Name - Assigned Licenses
- Select the relevant user and click on the dropdown menu and select Unassigned.
- Click ‘Save Licences’



	<ul style="list-style-type: none"> • Log into ProVal as a user with Administrator Privileges • Go to “<i>Administration</i>” – • Click “<i>Users and Roles</i>”
<p>Left click on the desired <i>role</i> and then click on “<i>Add user</i>” at the bottom of the screen. Complete the new user’s “<i>Name</i>”, “<i>Log on</i>” and “<i>Password</i>”. (If the new user is replacing an existing user select the existing users name and click the ‘<i>Remove</i>’ button at the bottom of the screen)</p>	



- Ensure “*Is Active?*” is marked “*Y*” and there is a “*Y*” against the required role for the *new user* and the “*Site*”.
- There is NO “*save button*”, the data is updated with each key press. Close the “*Users and Roles*” tab
- Go to “*View*”
- Go to “*Global Properties*”
- “*Users and Roles*” to ensure that the user is added under the correct role.
- Complete the Name (displayed), Log



On (how it's displayed at the login screen), password if required, tick the Active box, select *ONLY ONE* role and tick the site

You will be prompted to Restart ProVal LS for this to be activated.

When the new user logs in for the first time they will be prompted to select Organisation and Site (these will be pre-populated but the user will still need to click on the organisation)

User: Ben

Password:

[Change Password](#)

This user is not associated with an organisation site.

Organisation: Shelton Development Services Ltd.

Site: Cranleigh

OK

After logging in for the first time the user should close ProVal (not just 'Log Out') and log in again to complete the setup process

2. How to consolidate appraisals in ProVal LS

- Open ProVal LS, ensure you don't have any appraisals open within ProVal LS.
- Best practice involves right click on the left hand window and select 'New' and 'Folder' and create a folder (for example 'Consolidation')
- Drag the appraisals that you want to consolidate into this new folder



- Click 'Yes' when asked if you want to move the appraisals.
- Right click on the folder that you have just created and 'New' - 'ProVal' - 'Consolidation'
- Now drag the appraisals into the new Consolidation. (Click 'yes' when asked if you want to add the appraisal to the consolidation)
- Open the consolidation to ensure that it is correct (you will be requested to complete "Appraisal By".
- The appraisals can now be dragged back to their original locations.

3. Export raw long term cashflow to Excel

In Dual Cashflow ProVal

- Open a blank Excel workbook
- Go to Section J Long Term Cashflow
- Left click on any Value in the table (you won't be able to see that you've selected anything)
- Press CTRL + SHIFT + C
- Go to your Excel workbook and paste into it.
- You will see the scheme cashflow first, followed by a cashflow for each tenure then each unit.

In Single Cashflow ProVal

- Open a blank Excel workbook
- Go to Section D or J
- Select the cashflow you want from the dropdown (Scheme, Tenure or Unit Level)
- Left click on any Value in the table (you won't be able to see that you've selected anything)
- Press CTRL + SHIFT + C
- Go to your Excel workbook and paste into it.



4. Export raw development cashflow data to Excel In Dual Cashflow ProVal

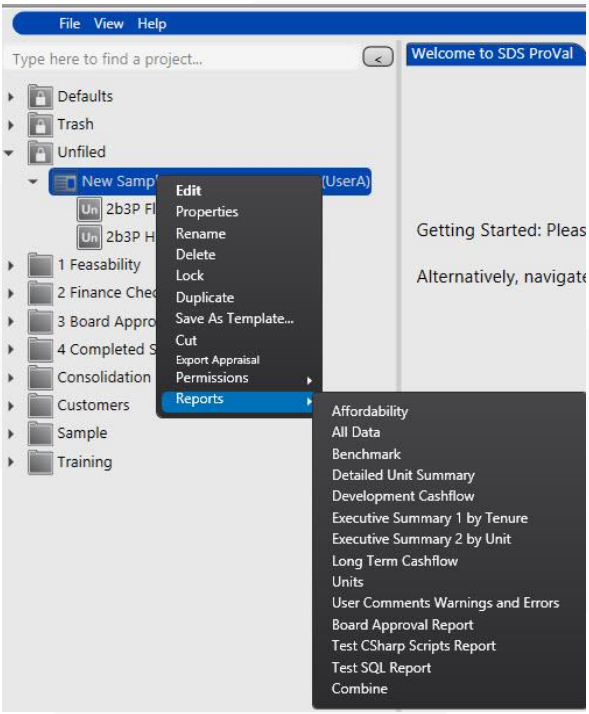
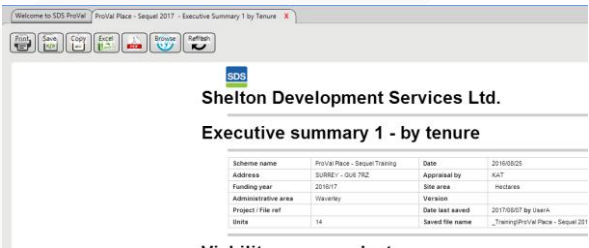
- Open blank Excel workbook
- Go to **Section D** Development Cashflow
- Left click on any value in the table
- Press CTRL + SHIFT + C
- Paste into open blank Excel workbook.
- You will only see the scheme development cashflow (Unlike Long Term Cashflow which shows the split)

In Single Cashflow ProVal

- Open a blank Excel workbook
- Go to Section D or J
- Select the cashflow you want from the dropdown (Scheme, Tenure or Unit Level)
- Left click on any Value in the table (you won't be able to see that you've selected anything)
- Press CTRL + SHIFT + C
- Paste into open blank Excel workbook.

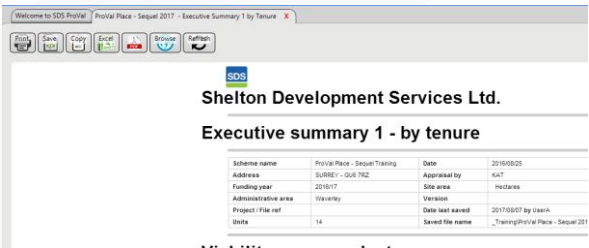


5. How to print in LS

Scheme name	Project Place - Sequel Training	Date	2016/03/25
Address	SUMMIT - QUAD 762	Appraisal by	647
Funding year	2016/17	Site area	Hectares
Administrative area	Waverley	Version	
Project / File ref		Date last saved	2017/03/07 by User-A
Units	14	Saved file name	_TrainingProject Place - Sequel 201

- Close and save the appraisal
- Right click on the appraisal and select 'Reports'
- Now select the report you require, or select 'Combine' for multiple reports



- Click on the 'Print' button
- Alternatively you are able to export the data as PDF, Excel or Web Page (HTML)

6. Tips and shortcuts for ProVal LS

To best view an appraisal:-

A. Maximise window area

- Collapse the *Project Tree* and *Summary* windows to maximise the screen area of the appraisal. < CTRL + - >

B. Collapse all sections quickly

www.s-d-s.co.uk



- Use a < Ctrl + Shift+ - > keyboard shortcut to collapse the appraisal sections.

C. Zoom

- Hold down the Ctrl key and use the mouse wheel to zoom in or out.
- To reset the zoom to the optimised position, select *View → Zoom* from the main menu.

7. How to create new default template appraisal

- Right click on an existing Default Template Appraisal and 'Duplicate'
- Rename the new Template
- Right click and 'Edit' (if you open normally it will not save as a template)
- Make the required changes and 'Save and Close'

8. How to create new default unit type

- You will need administrator privileges.
- In Global Properties / Administration add the new unit type in 'Product Types' selecting the appropriate values for this product.
- Open a blank appraisal
- Create the unit/s that you wish to create.
- Right click on the letter at the top of the unit and 'Save as Default'
- Navigate to the correct folder or create a new folder if required (e.g. 'Outright Sale')
- Enter the name of the product (e.g. 2b4p Flat)
- If this is a new unit, just below the box where you enter the name ensure that 'N' is selected for 'Overwrite Existing' (If you are amending an existing unit select 'Y')
- Click 'Save'

9. Guidance for administrators when setting default values

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

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

10. How to show 1% rent reduction

Go to **Section G** and expand the residential rent section. Change the end year of the assumption from 100 to the amount of years that will be affected, for example if it's a handover April 2016 it will be 4 years. You will then see an additional line appearing below that for years 5 – 100. Change the margin on the years 1 – 4 line so that the effective inflation rate in the last column now reflects your new assumption.



In ProVal LS we assume that Year 1 rent is the value that you want to charge so inflation starts in Year 2 - see the example below.

Year 1 Inflation	2%	-1%	-1%	-1%	-1%
Year 2 Inflation	2%	2%	-1%	-1%	-1%
Year 3 Inflation	2%	2%	2%	-1%	-1%
Year 4 Inflation	2%	2%	2%	2%	-1%
Year 1 Rent	£10,000	£10,000	£10,000	£10,000	£10,000
Year 2 Rent	£10,200	£10,200	£9,900	£9,900	£9,900
Year 3 Rent	£10,404	£10,404	£10,098	£9,801	£9,801
Year 4 Rent	£10,612	£10,612	£10,299	£9,997	£9,702

That change will apply for all Tenures in your Appraisal.

If you want to model different inflation/deflation for different rent types, then you will need to use the section at the bottom of the inflation screen. This becomes visible and active when you tick 'Y' to the question 'Allow different rent inflation rates per product type'. The rent inflation section above is still visible (version 14.2.x and newer) then it becomes inactive, from version 15.1.1 the upper rent inflation entry will disappear. Please make sure you review all the newly appeared inflation entries if the Y has just been ticked.



11. How does ProVal LS calculate the IRR?

ProVal LS uses the industry standard way of calculating IRR. The Internal Rate of Return (i.e. the discount rate which returns zero NPV) at the point of first handover is displayed together with its ranking.

12. How does LS Calculate NPV?

We have a document which explains this in more detail, please click [HERE](#) to read it.

And for those who want examples of it in Excel....

NPV Examples in ProVal

ProVal LS Dual Cashflow

<https://docs.google.com/spreadsheets/d/1EeeXSNNNxXiU0EZWDNY-DU2nu-ezSxLRwR2PmybqTcY/edit?usp=sharing>

ProVal LS Single Cashflow

<https://docs.google.com/spreadsheets/d/1z3YRDdFYIxmYvOZQPfal0tyLkCl6JpiXU1uX9ctoXqE/edit?usp=sharing>

13. How does LS reflect income levels?

For rents coming into management from April 2016 - March 2017 a CPI of -0.1% has been used.

Actual rent	Start amount x (base rate +- effective rate)
Target rent	Start amount x (CPI + 1%)
LHA tables	Is just a table for BRMA by region
Rent Cap	Start rate x (CPI +1.5%)



For target rents and rent caps from April 2017 onwards an assumption of CPI at 2% has been used. Which results in an increase on target of 3% (CPI + 1%) and rent caps at 3.5% (CPI + 1.5%)

If you wish to use something else then any rent can be overtyped using the £ selection on the input drop-down in the Residential Rent input box.

Target Rent Calculation

<https://docs.google.com/document/d/1gcfn-6cZrubmVH-u22JBYPNoJbE38JEUWF3dIBoD6Ws/edit?usp=sharing>

Link to LHA table

<https://www.gov.uk/government/statistics/local-housing-allowance-lha-rates-applicable-from-april-2015-march-2016>

<https://www.gov.uk/government/publications/local-housing-allowance-lha-rates-applicable-from-april-2016-march-2017>

Link to BRMA calculator

<http://lha-direct.voa.gov.uk/Search.aspx?Postcode=so53%2b5np&LHACategory=1&Month=12&Year=2015>

14. What is the difference between Loans and NPV?

The NPV and loans are two different results that are not directly related to each other.

Actual vs Affordable Loan

www.s-d-s.co.uk



The "actual" loan is the difference between the total scheme costs (TSC) and the income (usually grants/sales). So, if a scheme costs £1m and you get £200k grant and £300k sales income, then clearly you need to 'borrow' £500k, which is your actual loan. I know in practice this shortfall is funded by treasury through a variety of means but, to keep it simple, imagine that you are building the scheme by yourself and you need to borrow any shortfall from the bank.

The "affordable" loan is what your net rent is able to repay. The net rent is the gross rent less any allowances, so is your actual income. The calculation uses the interest rates set in the loan section of ProVal to work out the maximum that you could borrow and still meet the interest payments. So, in the above example, if your net rent could only support a loan of £300k then you would have a difference of £200k between the actual and the affordable loan. This shortfall is referred to by ProVal as the "Capitalised Yr. 1 Net Revenue Deficit" in the long term cashflow section.

The organisation will need to fund this shortfall through the business plan. When using the "Interest Only" method of loan payback, the annual shortfalls (i.e. where the net rent cannot meet the interest payment) are added to the loan. This means the loan will increase in the early years until inflation gets the rents high enough to meet the interest payments and start paying back the loan. The loan payback year is simply a function of how quickly this happens.

NPV

The loan repayments are shown in the cashflow each year as they arise. However, they do not take into account the time value of money, i.e. that money received in the future is generally worth less than money received today because of inflation. Net Present Value (NPV) is used to work out what the future value of the scheme is in today's terms. The process for this is to discount the value of each year's income (the present value of each year, or PV) and then add all those discounted values together, less the initial investment, to get to the NPV (see below for the formula). The discount rate takes into account both the opportunity cost of investing your money and the risk involved in delivering the scheme. For RPs the risk is usually



very low, so it's the opportunity cost of the money that is represented by the discount rate (i.e. the other projects that you could have spent the money on instead). The opportunity cost is represented by the loan interest rate, hence why the loan rate and the discount rate are usually very similar (because there is very little risk). For private companies investing in capital projects, the discount rate could well be up to 15%, depending on the type of project.

The implication of this formula (all future discounted income less initial loan) is that if the NPV is negative then the amount it is negative by is the amount of subsidy required for the scheme to make it work, or alternatively, the amount of cost savings that need to be made. The loan payback methodology and interest rates have no effect on the NPV result because only the total loan value is used in the calculation.

There is an article on NPV on Investopedia (<http://www.investopedia.com/terms/n/npv.asp>), which does a good job of explaining the pros and cons of payback, NPV and IRR.

NPV Formula

The formula for PV is quite simple: $\text{amount} / (1 + \text{rate})^{\text{period}}$, where amount is the income in the year, rate is the discount rate applied, and period is the year number of the amount. So, if your cashflow indicated a net rent in year 20 of £50,000 and your discount rate was 6% then the formula would be $50,000 / (1 + 0.06)^{20}$. This calculation is done for each year in turn and the results are added together to get the total discounted income. The initial investment (i.e. what you needed to 'borrow' to build the homes to receive the rent in the first place) is represented by the actual loan (not the affordable loan). This actual loan is subtracted from the total discounted income to arrive at the final NPV result. Note that the loan is not discounted because it arises at the outset, or year 0. Note also that it makes no



difference how the loan is repaid, or the interest rates used, as only the total actual loan is subtracted, not the loan repayments.

Summary

The gap between the actual and affordable loan is the difference between what you need to borrow to fund the scheme at the outset, and the amount your rents can repay, based on the loan payback method and interest rates. The NPV is the net income of the entire scheme in today's terms, less the actual loan. The loan shortfall is usually much higher than the NPV shortfall, as the loan shortfall assumes you want to breakeven at year 1, whereas the NPV shortfall uses the life of the scheme. Whilst both approaches are not perfect (because of the assumptions involved), the NPV approach is generally regarded as a good measure of assessing the value of a project over a period of time.

15. How to Import / Export Appraisals in ProVal LS

To export an appraisal from ProVal LS...

Open ProVal LS

Right click on the appraisal that you wish to export

Select 'Export Appraisal' from the dropdown list.

Navigate to where you want to save the appraisal and select 'Save'

To import an appraisal into ProVal LS...

Open ProVal LS

Right click on the folder that you want the appraisal to be imported into.

Select 'Import Appraisal'

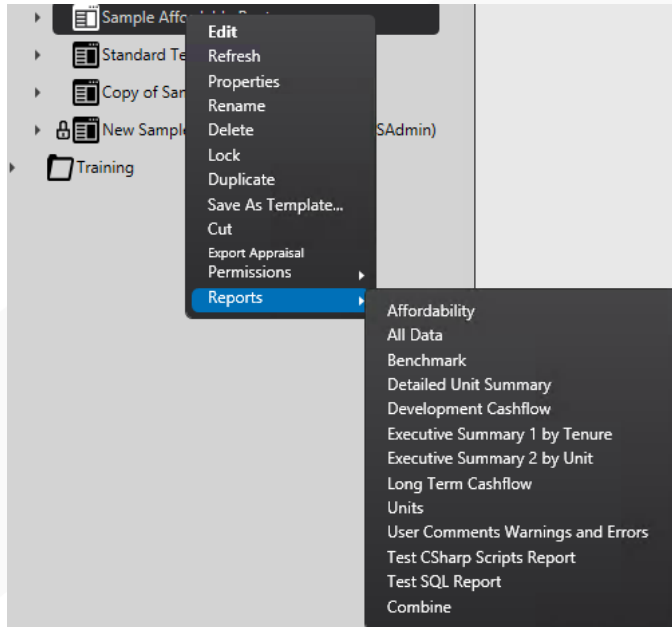
Navigate to where the appraisal that you want to be imported has been saved and select it.

This will import the appraisal, it usually will place it at the bottom of list of appraisals in the folder.

16. How to access the reports from ProVal LS

Within ProVal LS right click on the Appraisal that you wish to run the report on.

You will see a drop down menu similar to the below:



Select the report that you want to run, this will open the report in a new tab.

You now have the options of printing / exporting or saving the report.

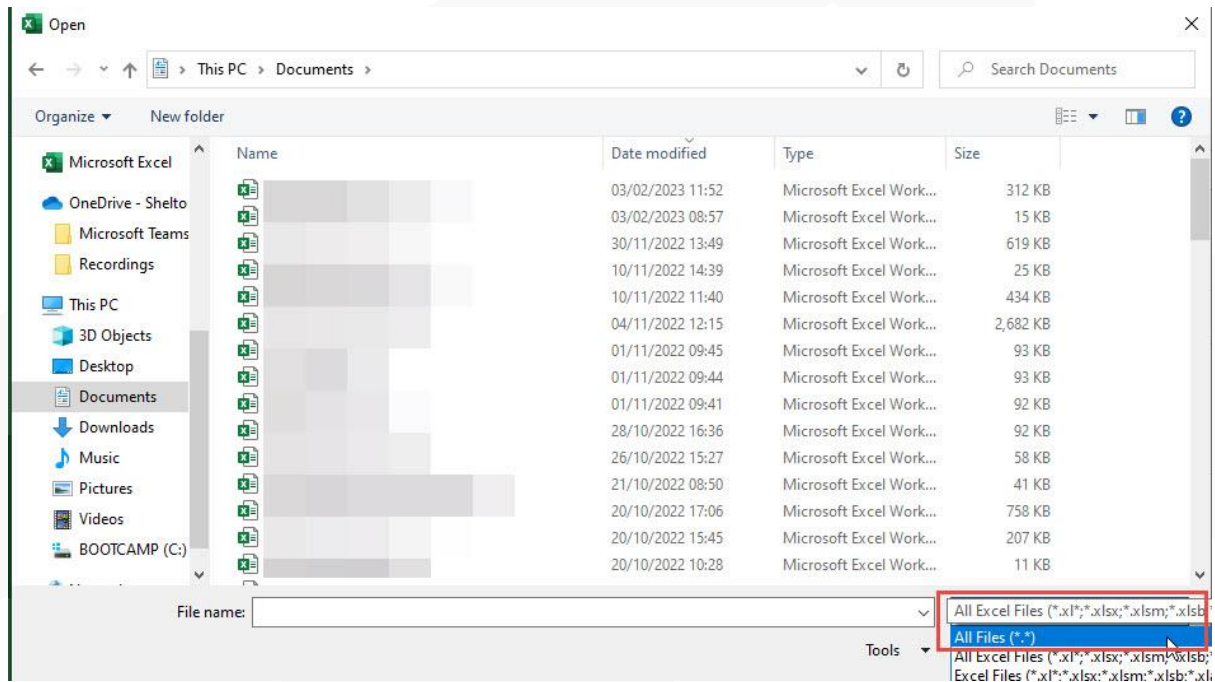
We suggest using the 'Browse' button as the most reliable option.

This will open the report in your Browser.

Once in your Browser CTRL+S and you will be able to save the report as HTML.

Next open Excel, go to File - Open and navigate to the location you saved the report.

If the report is not visible then change the dropdown to 'All Files'



17. My Handover date is showing Jan0001?

You must input a quantity in the '*Units*' field for the column to be valid, this will give you a normal handover date. (This no longer happens in v5.3.12)

18. How does Consolidation work in ProVal LS?

Click [HERE](#) for a document explaining it.

19. Why doesn't the BRMA auto-complete?

Your IT department may need to make the following exception to enable ProVal LS to request this information:

<http://sds-geography.s3-website-eu-west-1.amazonaws.com/> and a website address

*.cloudfront.com

20. How do I add a 'Rent to Buy' unit?

In ProVal LS 17.x.x and newer

Administration - Product Types

www.s-d-s.co.uk

Page 19 of 41

Classification: Public



Add the product (Rent to buy)
Ensure that Allow 0% Sale, Allow Shared Ownership and Allow 100% Sale are selected

Close down ProVal and then open it up again.

You should now have Rent to Buy as an option in the drop down menu.
(Note this can be done on a Shared Ownership or Other product types as well.)

1. Set the Rent in the Rent section to be the rent required.

2. Then sell on an outright basis?
Under Sales & Staircasing

- Set Sales % as 0%
- Set the Start staircasing in Year to 5 (if that is the year you want to sell)
- Set the End staircasing Year to 5
- Set Maximum Equity % to be Sold to 100%

See image below:-



Unit Attributes

A x

Dwelling Description	3 Bed House SO
Units	1
Floor Area (m ²)	75.00
Product Type	Shared Ownership

▶ Additional Attributes Apr 2014

▶ NPV Rates 1.00 %

▼ Sales & Marketing

Sell Gross of Year	
Sales %	0 %
Actual Sales	£0
Handover Date	Apr 2014
Sales/Occupancy delay	0
Sold on	
Sales Months	All
Defer Sale End of	
Start staircasing Year	5
End staircasing in Year	5
Maximum Equity % to be Sold	100.0 %
Sell Remaining Equity in Year	
Capitalised Ground Rent at	

NOTE: If you use the 'Defer Sale' option then the sale will occur at the beginning of of the year, staircasing occurs at the end of the year.

3. If there is any grant attributed to the Rent to Buy unit then Set Aside in 'Section C' must be set to Y. This calculates any grant that has to be returned. The above example will calculate the Set Aside on the 2nd Tranche giving the correct returns for grant received.



▼ Subsidy

A x

Dwelling Description

3 Bed House SO

Units

1

Floor Area (m²)

75.00

Product Type

Shared Ownership

Set Aside?

Y

▼

+ Add Source

✗ HCA

Per Unit

£10,000

Unit Subsidy Total

£10,000

Now you must review the Rent Allowances section and make relevant changes to any allowances which will be affected.



A - Units

▼ **Unit Attributes**

	A x	B x
Dwelling Description	2b4p House RTB 100%	2b4p House RTB 100%
Units	5	5
Floor Area (m ²)	65.00	65.00
Product Type	Rent to Buy	Rent to Buy
▶ Sales & Staircasing	0 %	0 %
▼ Rent Allowances		
▶ Managing Agent (% of Gross Rent)	0.00 %	0.00 %
Add VAT to Managing Agent?	0.0 %	0.0 %
▼ Management per Unit per Annum		
Year 1 to 5	£350	£350
Year 6 to 100	£0	£0
Management Inflation Base Year		
▼ Maintenance per Unit per Annum		
Year 1 to 5	£450	£450
Year 6 to 100	0	£0
Maintenance Inflation Base Year		
Service Costs per unit per		

21. What is Cost Rent in ProVal LS?

Cost Rent = Rent Allowances + Interest in Year 1

22. Changing 'Make service charges equal costs' back to N produces different results to expect, why?

When you make the *Service charges* equal the *Service costs* the values are updated to be the same value. When you change this to N, no values are written to the *Service charges* field. The values should be re-set by the user.

Please ensure that when you 'Make service charges equal costs' to N that you also reset the *Service Charges* value.



23. When I import my appraisal, it does not get imported

This could be down to multiple issues. First step is to ensure **View, Enable Logging** is active.

If you have just enabled it, then please try and re-import the appraisal that you are having problems with, otherwise, please click on the **View Log** on the bottom right.

If you find the following error in the log:

```
ctxImportXML clicked
System.NullReferenceException: Object reference not set to an instance of an
object.
   at Landscape.Data.AppraisalQuestionSequence.Create(AppraisalType type,
AppraisalSection section, AppraisalQuestion question, LandscapeDBDataContext
context)
   at ProValPlugin.AppraisalTools.ImportQuestion(XmlNode question)
   at ProValPlugin.AppraisalTools.ImportQuestions(XmlNode node)
   at ProValPlugin.AppraisalTools.Import(String path, AppraisalType type, Region
region, Project project)
   at Landscape.ProVal.Plugin.ImportAppraisalFile(String file, Project project,
AppraisalType type)
```

It means that the appraisal has User Defined Questions that did not exist in your database so could not be imported. This issue has been fixed with v15.1.39. Please update to the latest version.

If it does not show this error but you are still having problems with importing. Please contact Support with a copy of the Error log so that our Support Team can investigate the problem for you.

24. Housekeeping in ProVal LS

1. When was the last time that your administrator emptied your Trash?

Within ProVal LS

Go to 'File'

Select 'Clean Deleted Appraisals'

Just like your home, it keeps things clean!

2. Tidy up that log file

www.s-d-s.co.uk



Go to 'View' and Select 'Rebuild Database Indexes'

Wait a few moments and click OK when prompted on completion

25. My unit goes into management in four years. What should the Local Housing Allowance (LHA) be?

From ProVal LS version 15.3 the initial LHA will inflate at government advised rates. For units going into management between April 2016 and April 2020 the inflation rate is set to zero %. After this date we are assuming an inflation rate of 1%. We will review this position annually, or when new guidance is issued.

26. How interest is calculated in the Development Cashflow

We create a notional bank account for the development period. It begins with a zero balance at the start of the month during which the first development transaction occurs. This could be a negative amount representing an expense (possibly land purchase) or a positive amount representing an income (possibly grant). Following this first transaction, are all the other transactions up to the very last one (possibly retention).

If a transaction occurs at the start of the month, then it should incur a whole month's interest, but if it occurs at the end of the month, then no interest accrues that month (but will do in subsequent months). However these transactions are not timed to the day, as that would be absurd in an appraisal system. So all we know is that in any given month some transactions occur. In ProVal we therefore assume that these transactions occur exactly halfway through the month. This means for every transaction, in the month it occurs, only 1/2 the interest is applied, but full interest is applied in subsequent months.

Interest is added (i.e. "capitalised") at the end of each month. For simplicity, all months are equal to 1/12th of a year.

In ProVal XL a long term loan is created on the last day of the development period. This is the end of the month during which the last development transaction occurs. Usually this is some retention paid to the works contractor, or perhaps a sales income. The entire balance of the development bank account is then transferred to the long term loan (assuming the balance is negative).

In ProVal LS a long term loan is created on the first day of the handover period. This is the start of the month during which the first unit hands over into



management. All the development costs and incomes are pro-rata allocated to the unit(s) that hand over, as and when you specify this to occur, and such a pro-rata sum is transferred from the development bank account to the long term loan in the middle of that month.

We use the same interest rate on positive balances in the development bank account throughout. There is no option to vary the rate from one month (or one year) to the next. Similarly we use a different interest rate on negative balances in the development bank account throughout. I suggest you use 4.25% for both positive and negative balances. The reason why you would ever use different rates is no longer applicable to development of standard units in England.

However, please note that we use the inverse compounding rate formula to derive a monthly rate from the annual rate (e.g. 4.25%). In Excel this will be $=\text{POW}(1 + 4.25\%, 1/12) - 1$

So the rate we want you to enter, is like an AER or APR.

The opposite of compounding (popular with some accountants) is simple interest where the monthly rate is just 1/12th of the annual rate. If the 4.25% quoted by your finance team is a simple interest rate, then you need to convert it to a compounding one using this formula $=\text{POW}(4.25\%/12 + 1, 12) - 1$ which is about 4.334% to be entered into ProVal.

So what inputs affect development interest?

1. Anything that affects any transaction amount which occurs during the development period
2. Anything that affects which month a transaction will occur in
3. The interest rate on positive balances
4. The interest rate on negative balances

In ProVal LS sales and staircasing both occur in the long term loan, whereas in ProVal XL sales are added to the development cashflow, and staircasing transactions are added to the long term loan.

There are still a tonne of fine nuances and edge cases which I haven't covered. But this explanation should be sufficient.

Please bear in mind the purpose of an appraisal cashflow is not to be a 100% exact prediction of events in the future. We only attempt to calculate a reasonable



estimate of the interest in order for you to decide whether the scheme is a sound investment, and if not, then if you can afford to lose that much money. As a result of this goal, there will always be differences between the interest forecast from an appraisal system, and that which is calculated by a finance team at the end of the scheme with the full benefit of hindsight.

27. How does Sensitivity work in ProVal LS?

Sensitivity in ProVal LS 15.3.x and newer is explained [HERE](#)

28. How to display NPV at other than First Handover

This is explained [HERE](#)

29. How does Depreciation and PRA work in ProVal LS

This is explained [HERE](#)

30. How does Cost Rent work?

At the Start section enter the Number of Weekly Rent Periods to be collected in the year e.g. 52.18 (recommended) 48, etc.

The Cost Rent at Year 1 to meet all Year 1 private finance repayments and other rent allowances is shown in section A: Rent

Year 1 for a unit starts at the handover for the unit. Year 1 for an appraisal starts at the First Handover Milestone from the Start section.

The cost rent for each unit column is calculated individually.

The cost rent for a unit which is shared is also treated in the same way.

Cost rent is calculated from the all year 1 allowances (excluding Service Costs but including Voids and Bad Debts)

plus

 Annuity repayment (if using Annuity Loan)

 or

 Simple interest (Opening Loan * interest rate) in year 1 (if using Overdraft/Hybrid Loan)

31. What do the codes in the Audit Log stand for?

O = Open

www.s-d-s.co.uk

Page 27 of 41

Classification: Public



S = Save
D = Discard
C = Create
P = Copy/Duplicate

32. How to inflate Life Cycle Costs

On Section A under Rent Allowances - Major Repairs select 'Life Cycle Costings' for Input Type. Select the Appropriate Life Cycle Cost and then paste the formula below into the Formula cell for Multiplier

=Pow(double(AllowanceInflationToHandover+1),(HandoverDate.Year-2015 + (HandoverDate.Month+8)/12))

This is correct for inflating from 2014/15 Financial Year (substitute required year to start)

Financial Year starts calendar month 4 (April)

Major Repairs

Input Type: Life Cycle Costings

Net Works Cost (per unit): £83,618

User Input Sum:

Input Value

Year 1 to 100: £0

Defer to Start of Year:

Total in First Applicable Year: £0

Life Cycle Cost: CSH 4 0.0 m², (1m²)

Multiplier: 1.77

NPV of Major Repairs as a Percentage of Works: 0.0 %

NPV of Major Repairs: £0

Major Repairs Description: Life Cycle Costings

Question: **Multiplier**

Formula: =Pow(double(AllowanceInflationToHandover+1),(HandoverDate.Year-2015 + (HandoverDate.Month+8)/12))

Preview: 1.77

33. Format for Adding Appraisal / Product Summary Items

We have created a document with format used within ProVal [HERE](#)

34. How to Import Appraisals from ProVal into Catalyst

Please click [HERE](#) for How To Guide



35. What are the 'Type of Development' options?

- Package deal
- Trad. NB, A and W
- Rehab'
- P&R (Purchase & Repair)
- OTS/ESP

Package deals are typically agreed with developers, especially in s.106 situations.

Traditional New Build Acq. & Wks (Trad. NB, A and W) schemes are where there are separate land and works contracts which are not linked and where The two contracts reflect true values of the A&W.

Off the Shelf (OTS) and Existing Satisfactory Purchases (ESP) are for bulk or single dwelling purchases, where there is no development function.

36. Examples of Curves in ProVal

Click [HERE](#) for examples

37. Why is LHA slightly different in ProVal to the HCA?

Recently SDS received clarification from HCA that the LHA value posted is based on 52.14 weeks per year.

Most ProVal customers work on 52.18 weeks per year so the LHA value in ProVal will appear slightly different.

Taking the values from the document linked below we have provided an example of the values that will be shown in a ProVal appraisal which has 52.18 weeks per year set in the Start Section.

<https://www.gov.uk/government/publications/local-housing-allowance-lha-rates-applicable-from-april-2016-march-2017>

	LHA April 2016				
BRMA	Room	1 Bed	2 Bed	3 Bed	4 Bed



Ashford	£67.10	£119.09	£145.43	£168.00	£223.63
	Displayed in ProVal at 52.18 weeks per year				
BRMA	Room	1 Bed	2 Bed	3 Bed	4 Bed
Ashford	£67.05	£119.00	£145.32	£167.87	£223.46

38. What effect does 'Rent Inflate From' setting in Section A have on an appraisal?
Examples available [HERE](#)

39. Applying a sales fee in the Long Term Cashflow

If you have properties which you wish to sell in the far future and there will be a sales fee it can be input in the following manner.

Ensure you've entered a Market Value. In the sales section leave everything blank except for the 'Sell Remaining Equity' cell.



Add a new unit

A

x

Dwelling Description	PRS at Year 15
Units	1
Floor Area (m ²)	75.00
Product Type	Rent to Buy
▶ Additional Attributes	Feb 2022
▶ NPV Rates	6.00 %
▼ Sales & Staircasing	
Sell Ground Rents at End of Year	
Sales %	0 %
Actual Sales	£0
Handover Date	Feb 2022
Sales/Occupancy delay	0
Sold on	
Sales per Month	All
Defer Initial Sale Until End of Year	
Start staircasing in Year	
End staircasing in Year	
Maximum Equity % to be Sold	
Sell Remaining Equity in Year	15
Capitalised Ground Rent at Year of Sale	



As you're selling 100% you can leave the rent as Year 1-100

Residential Rent (per week)	
Year 1 to	100
	£80.00
Year 1 Rent	80% of Market Rent
Lock Rents	X
Rent at 52.18 wks/yr	£80.00
Rent Above LHA	
Rent Percent Above LHA	
Unsold Equity	£250,000
Make Service Charge	

In Section H to ensure that the fee is a percentage of the inflated sales value use the following, set to pay in year 15 With a negative value this is a cost to the HA, to show a an income to the HA then you would have 0.03 (for 3%) in the middle instead.

=LTCF[YearOfReceipt].GetSalesReceipts() * -0.03 + 0*LastSaved.Value.Second

This will then show in the Long Term Cashflow



J - Long Term Cashflow					
Description	Mar 34/Feb 35 (13)	Mar 35/Feb 36 (14)	Mar 36/Feb 37 (15)	Mar 37/Feb 38 (16)	M
Opening Loan	£246,519	£257,967	£270,047	£0	
▼ Loan Details					
Handed Over from Dev CF	£0	£0	£0	£0	
Interest	£14,703	£15,388	£16,111	£0	
Sales Receipts	£0	£0	£336,467	£0	
Staircasing Receipts	£0	£0	£0	£0	
Set Aside Receipts	£0	£0	£0	£0	
Ground Rent Sales	£0	£0	£0	£0	
Other Capital Receipts	£0	£0	£-10,094	£0	
Loan Repayment, Total	£3,255	£3,308	£286,158	£0	
Closing Loan	£257,967	£270,047	£0	£0	
► Gross Rent	£5,294	£5,400	£5,508	£0	
► Other Income & Voids	£-265	£-270	£-275	£0	
► Allowances	£1,775	£1,822	£1,870	£0	
Net Rent	£3,255	£3,308	£3,363	£0	
Net Rent + Receipts - Interest C	£-11,448	£-12,080	£313,625	£0	
Cashflow	£0	£0	£43,578	£0	
Cumulative Balance	£0	£0	£43,578	£43,578	

40. NPV of Asset Value

In Section I - Unit Results in ProVal you are able to create an **NPV of Asset Value** by using the following settings. The NPV of the tenure / scheme will improve by the amount of the NPV of Asset Value but please note that this is not 'real' money and is therefore not commonly used in appraisal models.

Asset value In year 1: Define what the value of the unit is TODAY and let ProVal work out its future value (at the end of the NPV discount period)

Asset Value Inflation rate: The (inflation) rate to use to determine the future value based on the Asset value In year 1

Residual Value Multiplier: How much to multiply the NET RENT by at the end of the discount period to create a Residual Value

Residual Value: The amount calculated by the multiplier and the Net Rent. Typing in an amount here will update the multiplier.

NPV of Asset Value: We add the inflated future value to the residual value from the above together to create an asset value at the end of the scheme.



We then discount this value back to the start of the scheme to give a NPV of these to values.

NOTE: You would typically use both the **Asset Value** options or both the **Residual Value** options but you wouldn't combine them.



41. Notes on Interest

- Interest in the development period is traditionally calculated at the middle of the month.
- Long term interest is calculated at the end of each month, but displayed annually.
- Long term interest is ignored when calculating NPV.
- Development interest contributes to the Net Loan which **is** included in the NPV in Dual Cashflow but **is not** included in the NPV in Single Cashflow
- It is not possible to change when the interest is calculated and we do not envisage changing that behavior.
- **single cashflow** All interest is ignored when calculating NPV, as we now include development timing before handover in the NPV calculation

42. S curve formula

$\text{Sin}(\pi * \text{month} / \text{totalMonths})$

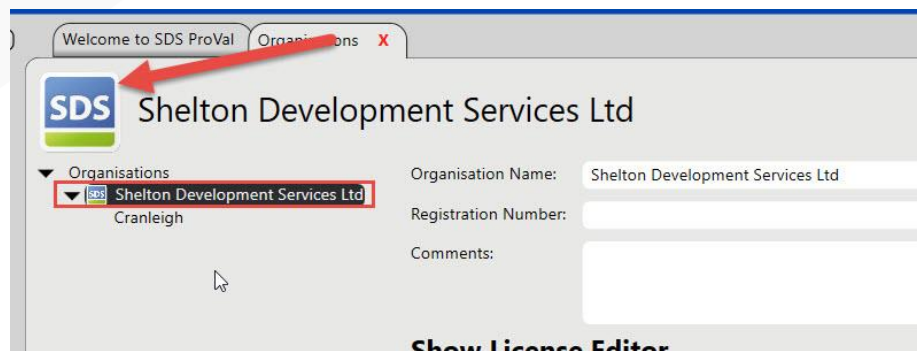
43. Add organisation logo to ProVal and reports

The image of your logo must be a .PNG and be very small, you may need to resize it a couple of times to get the best result but I have found that <150 pixels wide is generally successful.

Once you have created the logo and saved it somewhere you are able to access it from ProVal:

Login to ProVal as Administrator and go to Administration - Organisations

Highlight your organisation name and then click on the atom image, navigate to the saved .PNG file and highlight it, click OK at the bottom of the page and you should now see your logo at the top of the Organisations tab.





Please note that some reports will have the SDS logo hard coded so your organisation logo will not display in them.

44. Why am I seeing interest as an income in the development phase of the appraisal

In ProVal in all phased schemes from v19 and in all single cashflow appraisals the **Interest Rate on Positive Balances** is made to match the **Interest Rate on Negative Balances** for the development phase. If you receive an early grant before you have spent the money then the cashflow will go into surplus and ProVal will show the interest as an income.

Only a small customer who only has one development scheme on the go and no other borrowings in the organisation may have a valid claim that "we won't actually be receiving that positive interest".

Most organisations have more than one scheme and also other borrowings in the organisation. When one development scheme runs into a surplus for a while, then borrowings can be reduced elsewhere, thus saving interest elsewhere. But those other places don't know about this scheme appraisal, thus the only logical way to account for that saving is inside this appraisal.

FAQs for IT team

Please note:

The application won't run until the database is installed.

1. Installation of client software

Full installation instructions are available [HERE](#) with the specific Client

Install info [HERE](#)

2. Reinstallation or upgrading of client software

All versions of the client software must be the same revision.

Full installation instructions are available [HERE](#) with reinstall / upgrade info [HERE](#)

3. What URLs does ProVal LS need access to and Proxy Settings?

For BRMA lookup **POST** 17.12.22:

www.s-d-s.co.uk



1. <http://sds-geography.s3-website-eu-west-1.amazonaws.com/>
2. <https://sds-geography.s3-website-eu-west-1.amazonaws.com/>
3. <https://us-central1-sharedgeographydatabase.cloudfunctions.net>
4. <https://sharedgeographydatabase.firebaseio.com>

1 & 2 are the S3 version of the SDS geography database

3 is the new Firebase version of 1 & 2

4 is the same as 3 but has functions to fetch multiple things in a single call. 3 & 4 have to be called by the program and are not browser based URL's

NB: If your Proxy / Firewall requires IP addresses instead of URL's, the list of Amazon IP Addresses can be found [HERE](#)

For Version checking:

<http://www.s-d-s.co.uk/LatestVersion/ProValLS>

<https://www.s-d1-s.co.uk/LatestVersion/ProValLS>

ProVal uses ports 80 and 443.

ProVal uses the current authenticated user to authenticate against the Proxy.

Proxy server information and relevant port can be set by a user with Admin rights from:

In ProVal LS 17.x.x and later
Administration - Organisations

Select the 'Site' to see a field to input 'Proxy Server:port' as below



Site Name:	<input type="text" value="Cranleigh"/>						
Address:	<input type="text" value="+ First Floor, 118 High Street, Cranleigh, Surrey, GU6 8AJ, England"/>						
Proxy Server:	<input type="text" value="ps"/>						
Users:	<table><tr><td><input type="checkbox"/></td><td>SDSAdmin</td></tr><tr><td><input type="checkbox"/></td><td>SDSAdmin</td></tr><tr><td><input type="checkbox"/></td><td></td></tr></table>	<input type="checkbox"/>	SDSAdmin	<input type="checkbox"/>	SDSAdmin	<input type="checkbox"/>	
<input type="checkbox"/>	SDSAdmin						
<input type="checkbox"/>	SDSAdmin						
<input type="checkbox"/>							

4. Setting up the shortcut to include server, user name etc

Please note: To perform the following you must delete the shortcut that was created by the installer and create a new shortcut. This will mean that you are now able to edit the 'Target' to input the following:

For ProVal LS use the following format:

"C:\Program Files\Shelton Development Services Ltd\SDS ProVal LS\SDSProValLS.exe" server=<yourservername> database=working user=<your domain name>\%username%

5. How to move the SDSProValWorking SQL database to a new server?

To move the SQL databases to a new server....

Ensure all users are logged off



From within MS SQL Management Studio perform a full backup of the relevant SDS ProVal LS SQL databases (Working, Training etc).

Save the SQL databases to the new server.

Run the script in the [THIS](#) .zip file (which also include installation instructions)

Point the client software at the new install (if you have created specific shortcuts including this info you will need to update them)

6. How do I create backups of the SQL databases?

SDS is not responsible for scheduling and running of backup software for your organisation.

By default ProVal LS is supplied with one database called SDSProValWorking. ProVal LS will use this database by default, ProVal LS is only able to communicate with databases beginning with SDSProVal.

7. How to create a test/training database

If the database is on the same SQL Server

Using Microsoft SQL Management studio perform a full backup
SDSProValworking

Restore to the same SQL server as SDSProValTest (or similar must contain SDSProVal)

Run the following script

```
sp_change_users_login auto_fix,'sds user'  
GO
```

www.s-d-s.co.uk

Page 39 of 41

Classification: Public



sp_change_users_login auto_fix, 'sds query'

If the SQL Database is on a new SQL Server/Instance/Port

From within MS SQL Management Studio perform a full backup of the relevant SDS ProVal LS SQL databases (Working, Training etc).

Save the SQL databases to the new server.

Run the script in the [THIS](#) .zip file (which also include installation instructions)

Point the client software at the new install

8. Cannot check latest version / Postcode & BRMA

If you are still seeing the error below in ProVal, Cannot check latest version.



Or Postcode and BRMA lookup are not working.

This could be due to the depreciation of Transport Layer Security (TLS) 1.0. Google AppEngine, Amazon and Firebase have stopped using this service. To clear these errors, you will need to ask your IT team to add the two below registry keys to each PC that has ProVal installed on.

[HKEY_LOCAL_MACHINE\SOFTWARE\Microsoft\.NETFramework\v4.0.30319]

"SchUseStrongCrypto"=dword:00000001

[HKEY_LOCAL_MACHINE\SOFTWARE\Wow6432Node\Microsoft\.NETFramework\v4.0.30319]

"SchUseStrongCrypto"=dword:00000001

Adding the two registry keys above is forcing .NET on your PC to use TLS 1.2 and will enable ProVal to check again.



9. Folders missing in Citrix Environment

One of the options of the streaming process is to set up the working directory for applications. We have found with some customers that when this is left blank that the folders and some menus do not display.

When an app is installed on a desktop the working directory will likely be the directory where the program is installed. Add this to the section highlighted below and then test to see if the folders and menus then show.

Studio

- Identification
- Delivery
- Location**
- Groups
- Limit Visibility
- File Type Association
- Zone

Location

Enter the location information below.

Path to the executable file:

Browse the applications on the local machine, or enter the path manually.

Command line argument (optional):

Working directory:

10. How to truncate SQL logs

Please see the below guide.

https://docs.google.com/document/d/14b_UivHB7ApuKAwsC-uO9i6k_c6u9aADAMGwWhJKX_c/edit#heading=h.9w1h6dv8eknb