
Surplus Monthly Income Policy (Shared Ownership)

September 2025

Property Services

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Document Responsibility		
Name	Document title	Service
Head of Property Services	Surplus Monthly Income Policy (Shared Ownership)	Property Services

Document Version Control			
Date	Version	Issued by	Summary of changes
September 2025	1.0	Property Services	First Version incorporating Homes England Capital Funding Guide Requirements

Policy Review			
Updating frequency	Review date	Person responsible	Service
Review every 3 years or as changes occur within the Homes England Capital Funding Guide	September 2028	Head of Property Services	Property Services

Document Review and Approvals		
Name	Action	Date
Housing Committee	Approved	9 th September 2025

1 INTRODUCTION

1.1 Purpose and scope

- (a) This policy defines the criteria and methodology used for assessing the surplus income of Stroud District Council's prospective shared ownership customers. The assessment will be undertaken for both new build and resale shared ownership homes.
- (b) The minimum surplus amount is based upon and in line with mortgage lenders' best practice.
- (c) The purpose of this policy is to ensure that prospective customers:
 - I. Maintain a minimum 10% surplus income after all housing costs and financial commitments.
 - II. Undergo financial assessments to prevent overcommitment and promote long-term financial sustainability in homeownership.
 - III. Are aware that all assessments and decisions are made transparently and consistently, with a clear explanation provided to applicants regarding the outcome.
- (d) In exceptional circumstances, the standard application of this policy might not adequately reflect a prospective customer's financial situation and Stroud District Council may apply discretion in these situations subject to the approval of the Head of Property Services.

1.2 Terms and definitions

In this policy:

Applicant: any person who applies to buy a shared ownership property sold/part-owned by Stroud District Council.

Customer: any person who is interested in shared ownership properties sold/part-owned by Stroud District Council.

Financial assessment: an independent review of applicant finances undertaken by a qualified Financial Advisor.

Surplus Income: the minimum amount in either monetary or percentage terms that a customer should have available per month after accounting for all their housing costs, other commitments and expenditure as established by their budget planning.

2 POLICY STATEMENT

- (a) A customer's monthly surplus income will be determined through the financial assessment undertaken by an Independent Financial Advisor. The methodology used to determine this is set out in the table below as required by Homes England in the Capital Funding Guide.
- (b) The Independent Financial Advisor will review the customer's monthly surplus income to ensure it is in line with the minimum 10% requirement set out in this policy.

(c) The items and examples in the table do not represent an exhaustive list but should serve as a guide setting out the minimum expectations for consideration by the financial advisor undertaking the affordability assessment.

Step	Item	Examples / Explanatory Notes
1	A. Gross Income	<ul style="list-style-type: none"> Gross monthly pay to include the relevant amount of any overtime, commission or bonus as determined by the advisor. Any Universal Credit or benefit income Any guaranteed maintenance payments
2	B. Gross Deductions	<ul style="list-style-type: none"> Income Tax National Insurance Pension Contribution Student Loan Other payslip deductions
3	C. Commitments	<ul style="list-style-type: none"> Credit commitments to include personal loans, PCP, HP, etc Credit and store cards Childcare costs Care costs
4	D. Housing Costs	<ul style="list-style-type: none"> Stress tested rental figure (<i>please refer to Chapter 1, section 6.7.7 of the Capital Funding Guide</i>) Service charge <p><i>NB: A lender may use the specified rent for mortgage affordability purposes. The stress tested rent must be used for the budget planner.</i></p>
5	E. Net Income for Mortgage Purposes	E is the remaining income once B, C and D have been deducted from A.
6	F. Mortgage Payment	<p>The indicative Mortgage Payment as determined by the advisor.</p> <p>Where possible, the Mortgage Payment (F), should not exceed 30% of E.</p> <p><i>NB: This may be exceeded in cases where the advisor feels that there is a justification for doing so and where the customer is still subsequently able to satisfy the provider's budget surplus policy.</i></p>
7	G. Essential Costs	<ul style="list-style-type: none"> Council Tax Utilities Food Fuel and Travel Insurances Other
8	H. Surplus Income	This is the figure remaining once F and G have been deducted from E. This figure should be within the provider's policy in respect of surplus income, or within their agreed and tolerance.

3 ROLES AND RESPONSIBILITIES

- Stroud District Council officers will be responsible for ensuring this policy is followed and applied to all prospective customers of shared ownership, for both new sales and resales.
- This responsibility may also be outsourced to an external organisation who will need to ensure compliance with this policy.

4 RELATED DOCUMENTS

- First Come, First Served Policy (Shared Ownership)
- Eligibility & Allocations Policy (Shared Ownership)
- Adverse Credit Policy (Shared Ownership)

5 ACKNOWLEDGEMENTS

The [Shared Ownership Exchange](#) has been used to draft and formulate this policy to ensure compliance with the Homes England Capital Funding Guide.

6 APPENDICES

Please refer to the [Homes England Capital Funding Guide for](#) any further guidance required. (Note: this policy will need to be updated if any changes occur to the Homes England Capital Funding Guide.)