Shared Ownership Surplus Income Policy

This policy sets out Bromford Flagship's approach to the criteria and methodology for assessing the surplus income of prospective buyers, in support of delivering safe, fair and responsive services to our customers. It is underpinned by legal duties, regulatory expectations, and a commitment to fairness, accountability, and transparency.

Department	New Homes / Investment
Policy Owner	Regional Director
Approved Date	September 2025
Date for Review	September 2026
Approving Body	SLT Investment
Associated Legislation/Regulation	Homes England's requirements for grant funded Shared Ownership homes provided through the Shared Ownership and Affordable Homes Programme (SOAHP) 2016 to 2021 Affordable Homes Programme (AHP) 2021 to 2026 programmes.
Legal Advice From	N/A
Equality Impact Assessment Date	30.09.2025
Version Number	1.2
Publication Status	Internal Intranets & Customer Websites

1. Purpose / Principles

This policy sets out Bromford Flagship's approach to assessing surplus income for shared ownership applicants, ensuring financial sustainability and compliance with Homes England guidelines.

2. Scope

Applies to all prospective buyers under Bromford Flagship's shared ownership scheme. It ensures equitable financial assessment and supports sustainable homeownership. Adherence to this policy ensures that Bromford Flagship operates within the framework set by Homes England.

3. Roles / Responsibilities

The Head of Service/Sales Managers or a delegated senior colleague are responsible for monitoring the relevant guidance and legislation to ensure Bromford Flagship meets its legislative and regulatory obligations.

4. Policy Content

Applicant Affordability Assessment - Process Considerations

- Potential buyer's gross income and financial commitments are assessed to determine their disposable income.
- Net income minus all known commitments in most cases leave a minimum surplus of 10%. (please see the formula later in this policy)
- The policy accommodates fluctuations in financial circumstances, ensuring potential buyers are not stretched beyond their financial capacity, considering future foreseeable changes.
- There is no set maximum surplus income limit to allow flexibility for potential buyers with varying financial circumstances.
- Ensure that the assessment process remains adaptable to different individual financial situations.
- Document all decisions and the justifications for each case to ensure transparency and accountability.
- Maintain records of the financial assessment, mortgage advisor's recommendations, and any special considerations.
- Regularly review and update the assessment process to align with changes in the Homes England Capital Funding Guide and other relevant regulations.
- Use feedback from potential buyers and mortgage advisors to improve the process continuously.
- The mortgage advisor will prepare the financial assessment using the documentation collected from the potential buyer, ensuring alignment with Bromford Flagship's published policies and affordability methodology.
- The sales manager will review and sign off the final assessment. Then, a formal offer is made to the applicant with details of the share purchase agreement and a KID2 issued prior to reservation or notification of approval to assign a lease (resales)

Detailed Formula to Calculate Surplus Income:
(A) Gross income (including guaranteed overtime)
(B) Less gross deductions (tax, National Insurance, student loan, etc)
(C) Less-known commitments (loans, credit cards, childcare, etc)
(D) Less housing costs of the Shared Ownership purchase (rent and service charges)
(A – B – C – D) = income available to support a mortgage, other essential expenditures (identified through a budget planner) and to meet Flagship's 10% minimum surplus income policy.
Self-employed potential buyers can apply for Shared Ownership provided they satisfy the certification requirements regarding their income as required by providers, mortgage advisors, and lenders (as appropriate).

In exceptional circumstances, the standard application of the policy might not adequately reflect a potential buyer's financial situation. In these rare cases, policy waivers or modifications may be granted to accommodate unique customer situations, subject to a rigorous review process and the approval of a Regional Director.

Complaints & Appeals

Bromford Flagship is committed to handling complaints and appeals about shared ownership applications and allocations fairly and transparently. By adhering to these complaints and appeals procedures, Bromford Flagship ensures that all potential buyers have a clear and fair process for addressing their concerns and seeking resolution.

Potential buyers may appeal against our decision not to offer them a home if they feel we have not considered all relevant information or have made the decision unfairly. Appeals must be made to the Head of Sales or Sales Manager within five working days from the date of notification of the decision not to accept a potential buyer or a decision not to make an offer.

Bromford Flagship will not hold any homes while the appeal is being considered. However, if the appeal is successful, we will seek to offer a suitable alternative property if it is available.
Applicants intending to appeal this decision may raise a formal complaint using the link on our website, where our complaints policy is also available.

5. EIA statement

An Equality Impact Assessment was undertaken for this policy on 30/09/25 and all identified adverse impacts have been mitigated

We recognise that we may not have identified all adverse impacts on one or more protected characteristics. We welcome any feedback on, or examples of, things that we may have overlooked so that we can continuously improve our policy.

6. Training statement

This policy will be trained out to New Homes and Existing Homes Sales colleagues and as part of induction training.

7. Measuring Effectiveness

We will monitor the impact of this policy and associated procedures and processes:

Via Board Key Performance Indicators and other Performance Indicators, including

- Measuring and evaluating the number of sales completed
- Measuring the average share price purchased
- Monitoring the impact against financial targets
- The number of complaints, appeals and outcomes

Additionally, we will monitor compliance with this policy through internal review.

8. Review Period

This policy will be reviewed as required and formally every year by the Head of Services. It is approved by a Regional Director on behalf of Bromford Flagship.

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Supporting documents

This policy is supported by:

- First Come, First Served Policy
- Adverse Credit, Lending and Cash Buyer Policy
- Eligibility Policy – Shared Ownership Homes
- Complaints Policy
- Anti-Money Laundering Procedure
- Service Level Agreement with Mortgage Brokers

Version Control

Note: minor updates approved by delegated authority increase version number by 0.1; major updates and formally approved versions increase version number by 1.0.

Version	Detail	Approved by	Date
1.0	New policy and new policy template applied	Investment Forum	July 2024
1.1	Extension approval	Regional Director	July 2025
1.2	Integrated policy template	Regional Director	September 2025