



Monthly Minimum Surplus Policy

Issue control	
Policy:	Monthly Minimum Surplus Policy
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Policy Owner:	Director of Development and Regeneration
Policy Author:	Shared Ownership Sales and Marketing Manager
Approved by:	Executive Team
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Policy grade:	2 (Executive Team)
Equality Assessment completed:	Yes
Data Protection Impact Assessment required:	Yes
This document is uncontrolled when printed	

Printed versions of policies may go out of date – the latest version will always be on the Policy Hub located on the Gentoo Intranet. If you are unable to access this, please contact the Governance Team.

For support and advice regarding the policy, please contact the Policy Owner. For queries on the policy register, please contact the Governance Team.

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Policy Statement

- The purpose of this policy is to align with current regulatory guidance provided by Homes England. This policy applies to the reservation of the Group's new build homes to prospective purchasers using Shared Ownership.
- Gentoo will ensure all prospective buyers are aware of the policy approach when offering them an affordable home and prospective customers are aware of the process prior to expending any cost to themselves.

Equity, Diversity, Inclusion and Belonging

- We are committed to the principles of equity, diversity, inclusion and belonging throughout the organisation and aim to:
 - Treat everyone equally, fairly, and with respect.
 - Provide fair and equitable outcomes for colleagues and customers.
 - Welcome and value difference and not tolerate discrimination, harassment or victimisation of any individual or groups.
 - Challenge the behaviour of those who do not uphold our values and go against our principles.
 - Oppose and avoid all forms of unlawful discrimination. This includes pay and benefits, terms and conditions of employment, dealing with grievances and discipline, dismissal, redundancy, leave for parents, requests for flexible working, and selection for employment, promotion, training, or other developmental opportunities.
- We are committed to the principle of diversity and inclusion for all colleagues and customers, regardless of sex, race, religion or belief, age, marriage and civil partnership, pregnancy and maternity, sexual orientation, gender reassignment, or disability.
- This policy and the associated procedures (if applicable) will ensure that customers and colleagues are treated as individuals with fairness and respect. An Equality Assessment has been completed on this policy.

Scope, Escalation and Monitoring

Scope

- The scope of this policy covers Gentoo Group.
- This policy applies to the sales of new build homes using Shared Ownership ensuring purchases are affordable and sustainable for customers.

Escalation

- Where the Board or a Committee has concerns about significant issues in any area of this policy, they must escalate these concerns to Executive Director of Property.
- Where a colleague has concerns about significant issues in any area of this policy, they must escalate these concerns through their line management structure, and ultimately to the Executive Team.
- Where a colleague continues to have concerns about significant issues in any area of this policy, they should refer to the whistleblowing section within the Group's Working Professionally Policy, which can be found on the Policy Hub on the Gentoo Intranet.

Monitoring

- This policy will be reviewed every three years, unless business needs or legislative changes dictate that we review it before this time.
- This policy may be subject to an audit in line with the internal audit plan.
- This policy is a grade 2 and changes will need the approval of the Executive Team.

Core Purpose, Vision and Themes

- Our core purpose is to provide warm, safe and decent home for our customers of today and tomorrow.
- Our vision is to become the best provider of social homes in the country.
- Our values are what we stand for and what we want to be known for. They are what makes us, us.
 - We care about people.
 - We take accountability.
 - We shape the future.
 - We bring leadership.
 - We deliver.
- We live our values in everything we do from the boardroom to the front room, to deliver our priorities for our customers.
- We have identified six themes which will guide the delivery of our services and support the Group's vision and ambitions for the next 10 years.
 - The best provider of social homes in the country.

- A housing provider that listens and sorts things out.
- Helping our communities to thrive.
- Achieving growth through partnerships and innovation.
- A professional, caring, great place to work.
- Embracing modern technology and data.

Regulation and Legislation

- The Shared Ownership Sales and Marketing Manager will ensure this policy has regard to all legislation, regulation and best practice. The regulations and legislation applicable to this policy are Homes England Capital Funding Guide and Homes England Affordability Guidance.

Roles and Responsibilities

- The key roles and responsibilities in Gentoo for this policy are set out below. If applicable, additional responsibilities for this policy are detailed in the relevant supporting procedures:

Role	Key responsibilities
Executive Director of Property	Overall accountability for compliance, governance, and effectiveness of the policy.
Executive Team	Approval of the policy and oversight of material compliance or performance issues.
Director of Development and Regeneration	Accountable policy owner, responsible for implementation, resources, controls, and escalation.
Shared Ownership Sales and Marketing Manager	Operational implementation, colleague training, customer information, decision oversight, and monitoring.
Shared Ownership Sales Team	Application administration, evidence checking, communication, and maintenance of the audit trail.
Independent Financial Adviser (panel)	Independent eligibility and affordability assessment using the required documentation, without transferring the final allocation decision away from Gentoo.

Definitions

- The following definitions are used throughout this policy:
- Shared Ownership – is a scheme to help people become homeowners who cannot afford to buy a home on the open market. Through Shared Ownership people can buy a share in the property and pay rent on the remaining share.
- Financial Adviser – suitably qualified and appropriately regulated mortgage or financial adviser

Term	Definition
Domestic properties	Any Gentoo property that is occupied for residential purposes under a tenancy agreement and where Gentoo are responsible for maintaining the property.
Domestic leasehold properties	Any domestic property that is occupied by a third-party for residential purposes under the terms of a residential lease, but the Group retains ownership of the freehold.
Properties managed by others	Any domestic or non-domestic property that is owned by the Group but is managed by another organisation under the terms of a contract or similar agreement.

Associated Procedures and Processes

- Shared Ownership Policy – this will be reviewed every three years, unless business needs or legislative changes dictate that we review it before this time.

Policy Detail

- Gentoo work with independent mortgage brokers who specialise in affordable homeownership to qualify and financially assess each applicant prior to reserving an affordable home with us.
- In addition, we follow the Homes England guidelines to ensure any potential purchaser has a safety net of surplus income and is not over-reaching in their purchase and putting themselves in financial risk.
- Gentoo has adopted a minimum monthly surplus income requirement of 10% of gross monthly income, calculated using the applicable Homes England affordability methodology

- This is the minimum monthly surplus remaining after housing costs; commitments and expenditure have been deducted from the applicant's gross monthly income as established by their budget planner put together with their Financial Adviser.
- Any exception must be authorised by the Shared Ownership Sales and Marketing Manager, with escalation to the Assistant Director of Development where required. The reason for the exception, supporting affordability evidence, risk assessment, approval decision and date of approval must be clearly documented and retained on the customer file before a reservation is confirmed.
- The Capital Funding Guide sets out more detail on the methodology for arriving at an applicant's monthly surplus income and can be found in section 6.7.9 a summary of methodology for assessing applicants of the Capital Funding Guide.

Homes England Budget Planner Guidance Note

- The below is intended to aid advisers in completing a suitable budget planner as required by Homes England's affordability guidance. The items and examples above do not represent an exhaustive list but should serve as a guide setting out the minimum expectations for what such budget planners should contain.

Item	Examples / Explanatory Notes
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
B. Gross Deductions	<ul style="list-style-type: none"> • Income Tax • National Insurance • Pension Contribution • Student Loan • Other payslip deductions
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
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>
E. Net Income for Mortgage Purposes	E is the remaining income once B, C and D have been deducted from A.
F. Mortgage Payment	<p>The indicative Mortgage Payment as determined by the advisor. 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>
G. Essential Costs	<ul style="list-style-type: none"> • Council Tax • Utilities • Food • Fuel and Travel • Insurances • Other
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.

Surplus Income

- This is the figure remaining once F and G have been deducted from E. This figure must be at least 10% of the original figure A (gross income).
- A potential purchaser's Financial Adviser will carry out the above calculation as part of their budget planner. In turn, they will confirm the surplus income figure to Gentoo as part of their Financial Assessment via the Mortgage buyer sign off form or Cash buyer sign off form depending on purchase method. Gentoo will verify the completed sign-off and retain evidence before confirming reservation.
- Following this Gentoo will feedback to the potential purchaser on whether the reservation can proceed in line with this policy.

Performance Monitoring, Reporting and Auditing

Board and Committee Key Performance Indicators (KPIs)

- Key performance measures for Shared Ownership sales are as follows. All are reported on monthly to the Development Team and form part of the Performance Pack.
- Time to sell
- Having a minimum level of stock
- Having a minimum level of void loss.
- In addition, the Shared Ownership Team is responsible for auditing every file to ensure we are adhering to Capital Funding Guide requirements. For example, showing Financial Adviser sign off and confirmation that the affordability assessment is evidenced; sign-off and reservation decision are retained on file.

Internal Audit and Assurance

- Shared Ownership Team are responsible for auditing every file to ensure we are adhering to Capital Funding Guide requirements.

Records

- Budget Planner
- Initial Affordability Check
- Mortgage Buyer / Cash Buyer sign off full

Version Control

Version history			
Version	Amendment details	Date	Revised by
0.1	Creation of draft policy.	July 2026	Tracy Clark-McCabe
0.2	Put policy into newest format with the request of additional information.	July 2026	Governance Team
1.0	Approved by the Executive Team.	21 October 2026	Governance Team