**Box Clever - Household Budgeting**

# **Why you need to budget**

**A budget is a list of all the money you receive and all the things you spend money on every month.**

Making a budget is the first step towards taking control of your finances and getting your situation back on track. Budgeting helps you to see where your money is going, so it is easier to make sure that you have covered all of the things you need to pay.

A budget is great in helping you spot areas where you can make savings.

As most of your household bills and debt payments are made monthly, we suggest that you change all the figures in your budget to monthly amounts.

**Step 1. Work out your Total Income**

Add together all the income you get each month. Make sure you include everything, whether its wages, benefits or pensions. If some of your income is paid weekly or 4-weekly, you’ll need to turn these figures into calendar monthly ones.

To do this you need to multiply the weekly figure by 52 and then divide this by 12. This will then give you a calendar monthly figure to include in your budget.

**Step 2. Make a list of everything you spend each month**

Start with your most important bills, such as your mortgage, rent, [council tax](https://www.stepchange.org/debt-info/council-tax-arrears.aspx) and utilities like gas, electricity and water. These are classed as priorities because they have the most severe consequences if your payment is late or if you miss a payment.

Next, write down what you usually spend on living costs such as food, clothing and toiletries. Shopping receipts and bank statements can help you work out what you typically spend on these items each month.

You need to include amounts for things that you only pay for once a year or less often, such as Christmas, car repairs or vets bills. To do this you need to divide the yearly cost by 12 to give you a monthly figure which you can include in your budget. You can then set this money aside until the bill is due.

If you are not sure what you are spending your money on, try writing down everything you buy over a month. This will give you a clearer idea of your regular spending.

**Step 3. Deduct the total amount you spend each month from your monthly income**

If you have got any money left over after you have paid for everything you have a ‘budget surplus’. If you are spending more money than you have got coming in, you have a ‘budget deficit’.

**How do I include costs that only happen occasionally on my budget?**

These could be things like car servicing or birthdays. You need to work out how much you have spent on that cost over the past year and then divide this figure by 12. This will give you a monthly figure to put in your budget.

**How can I reduce my living costs?**

Hopefully, you will end up with a budget surplus, if you are in deficit, we need to start to think about reducing the non-essential costs you pay out each month.

This could mean reducing the amount you spend on:

* Gifts
* Reduce package costs of TV, Phone or internet
* Shopping for Food more wisely
* Regularly checking for [better deals on your utility bills](https://www.stepchange.org/debt-info/switching-utility-providers.aspx) is just one way you can save money in the long term
* Become more energy efficient, e.g. Turn electrics off standby
* Cancel Memberships you no longer use e.g. Gym

Your budget will help you monitor your spending and spot opportunities to save money. Complete the Budgeting tool to work out your Monthly income and expenditure.

Further Information and Learning

Gaining as much information and advice around budgeting and how to save money is vital to reduce your expenditure.

There are many free short courses on the internet.

Have a look at the following links, they give additional informational to support you with your budgeting skills.

**The Open University offer many free courses to complete online. The links below are courses that are set at an introductory level.**

**MSE Academy of Money**

The Open University has joined forces with Money Saving Expert (MSE) to produce this new free course to give you the skills and knowledge to master your finances. The course was written by the OU, with MSE providing support and guidance.

Packed with videos, audios, quizzes and activities, the course covers all the key aspects of personal finance in six sessions of study that each take around two hours to complete.

<https://www.open.edu/openlearn/money-business/mses-academy-money/content-section-overview?active-tab=description-tab>

**Managing my money for Young Adults**

The course takes no more than 24 hours of study with learners typically completing it in 12 to 16 hours.

Is this course for me?

Managing your money really is a true skill for life. This free Open University course will give you the confidence and tools to be in control whether you are:

* still studying at school or college
* starting work or an apprenticeship
* going to university

In this video, radio presenter, maths teacher and University Challenge contestant Bobby Seagull introduces the course. Bobby also helps you in the course sessions.

This course has been awarded the Young Money Financial Education Quality Mark.

You study eight straight-forward online sessions of 1-2 hours each with:

* plenty of step-by-step animations and practical tips to help you straight away
* real-life case studies featuring current school students and university students who reflect on their experiences living away from home for the first time
* useful videos from money experts

There are also short quizzes to help you remember what you have studied.

You will learn how to make your money work harder and go further, online and at your own pace - at any time, you can save what you have done and return to the course.

<https://www.open.edu/openlearn/money-business/personal-finance/managing-my-money-young-adults/content-section-overview?active-tab=description-tab>

**Learn My Way**

Many people now chose to manage their money online. There are many useful tools that can support you to do this. It is important to remember to keep yourself safe whilst Banking or shopping on- line. ‘Learn my way’ have some useful short courses and additional information to support you getting started and finding your way around the internet.

Have a look at the following link and check out their other additional training.

<https://www.learnmyway.com/courses/make-money-work>

**Other local services that may be useful.**

**Hartlepool Citizens advice**

<https://www.citizensadvicehartlepool.org.uk/>

**West View Advice and Resource centre**

<http://www.wvarc30.org.uk/>

**Hartlepower- Energy advice**

<https://hartlepower.co.uk/energy-advice>

**Hartlepool Action lab**

<https://www.hartlepoolactionlab.org/contact/>

**Hartlepool Foodbank**

<https://hartlepool.foodbank.org.uk/>