

Budgeting

A young person's guide: Bridgend

Resource 1 of 12

You may also like to read these resources:

- Money- key terms
- Money- I need some!
- Money- putting some aside
- Employment

WHAT IS
A
BUDGET?

Tools you can use

There are a few tools you can use to help you budget:

- Money Advice Service have a budget planner
<https://www.moneyadviceservice.org.uk/en/tools/budget-planner>
- If you want to create your own, use Excel to set up a basic spreadsheet. Money Saving Expert have a template online.
<https://www.moneysavingexpert.com/banking/Budget-planning/>
- If you are confident with your technology, there are lots of apps offering budgeting/ money management tools



Let's start with the basics. What does budgeting even mean?

Budgeting

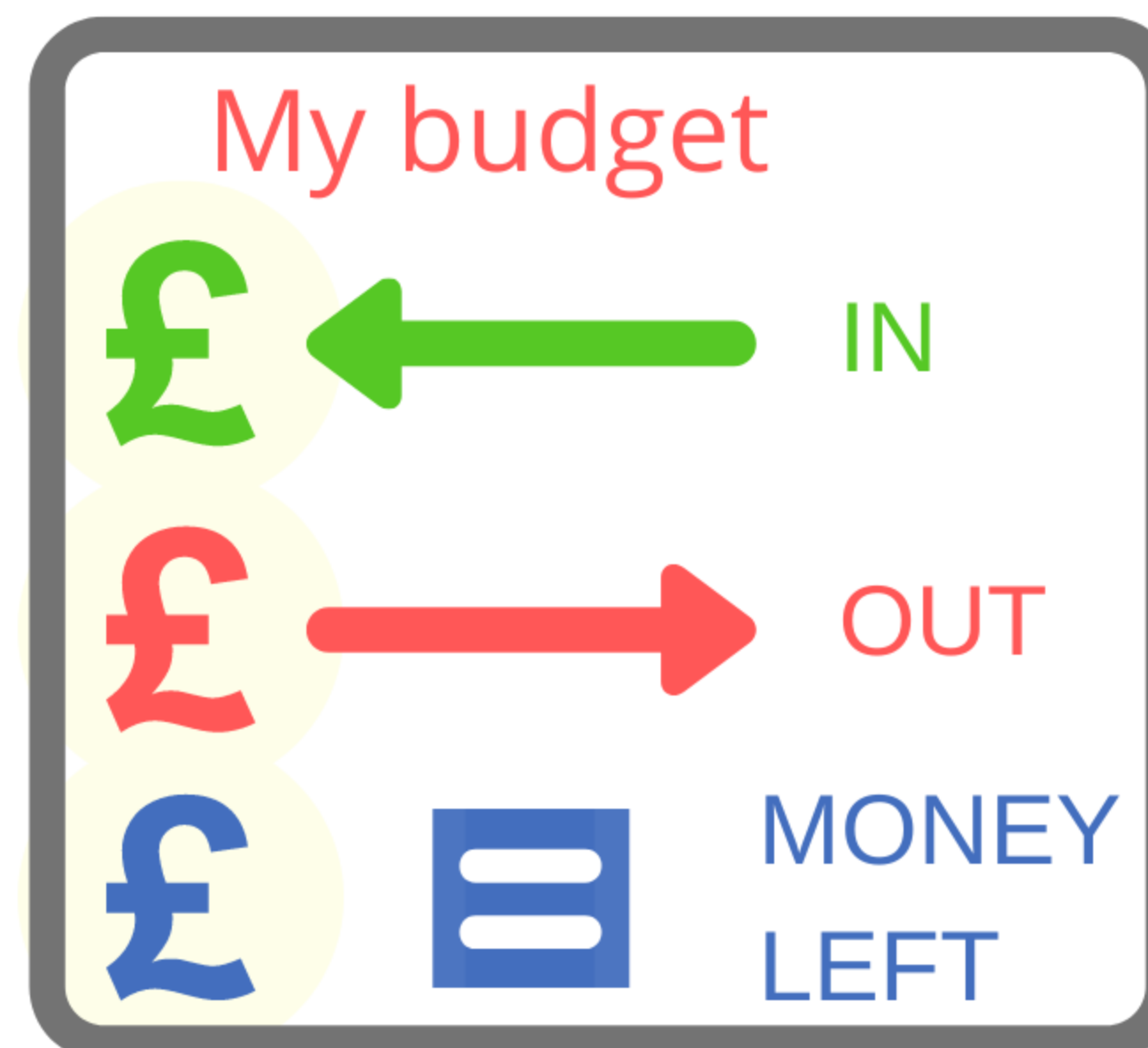
- Creating a budget is creating a plan.
- A plan to work out how much money is coming in and going out.
- Some things you will know, some things you may have to estimate (guess)
- You will then have an idea about how much money you will have left for other things
- You need to aim to have some money left over. This will cover unexpected things that you may not be able to see coming



HELP!!

If you are unsure about money and how to keep on top of it you can look at some resources such as:

- **Barclays Life Skills**- offer information on a variety of money topics to help you get through the day to day.
<https://barclayslifeskills.com/>
- **Money Advice Service**- have simple guides and tips on a variety of topics.



If you have applied for a grant and were successful you will receive a letter from the organisation giving the grant stating:

- how much it is
- when you will be paid
- in 1 or more payments?



Where might you be getting money from?
Depending on your circumstances, there may be a few places.

You can find out how much this will be from a payslip or your contract

If it is a new job, use an income tax calculator tool to see your take home pay.

- <https://www.moneysavingexpert.com/tax-calculator/>

You may receive incentive payments for attending training or work placement/ experience

Check with the job centre/ training provider to see if a training allowance affects your Universal Credit

For help applying speak to your personal advisor or learner support in College

You will receive a letter from Student Finance Wales saying:

- how much they are lending/giving
- when you will be paid
- whether this will be in 1 or more payments

Where might my money be coming from?

A Grant

My wage

Incentives/
Training programmes

Student Loan

Universal Credit

Junior ISA/
Savings

You can access your Junior ISA/Child Trust Fund when you are 18

You may have other savings you can use

If you have been in care for more than 12 months, you may have a Junior ISA

You will be able to manage your account online to see how much you will get and when etc.

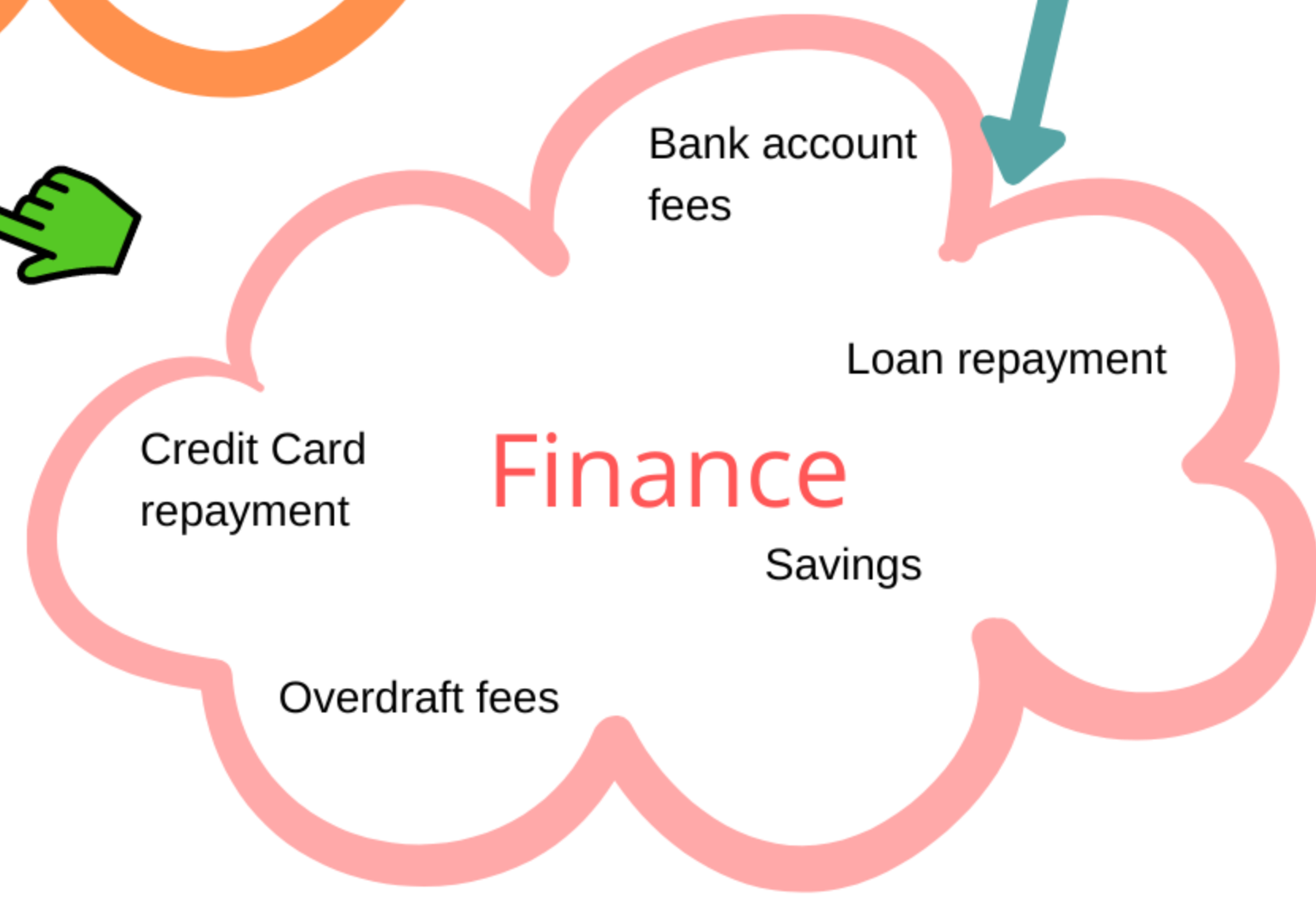
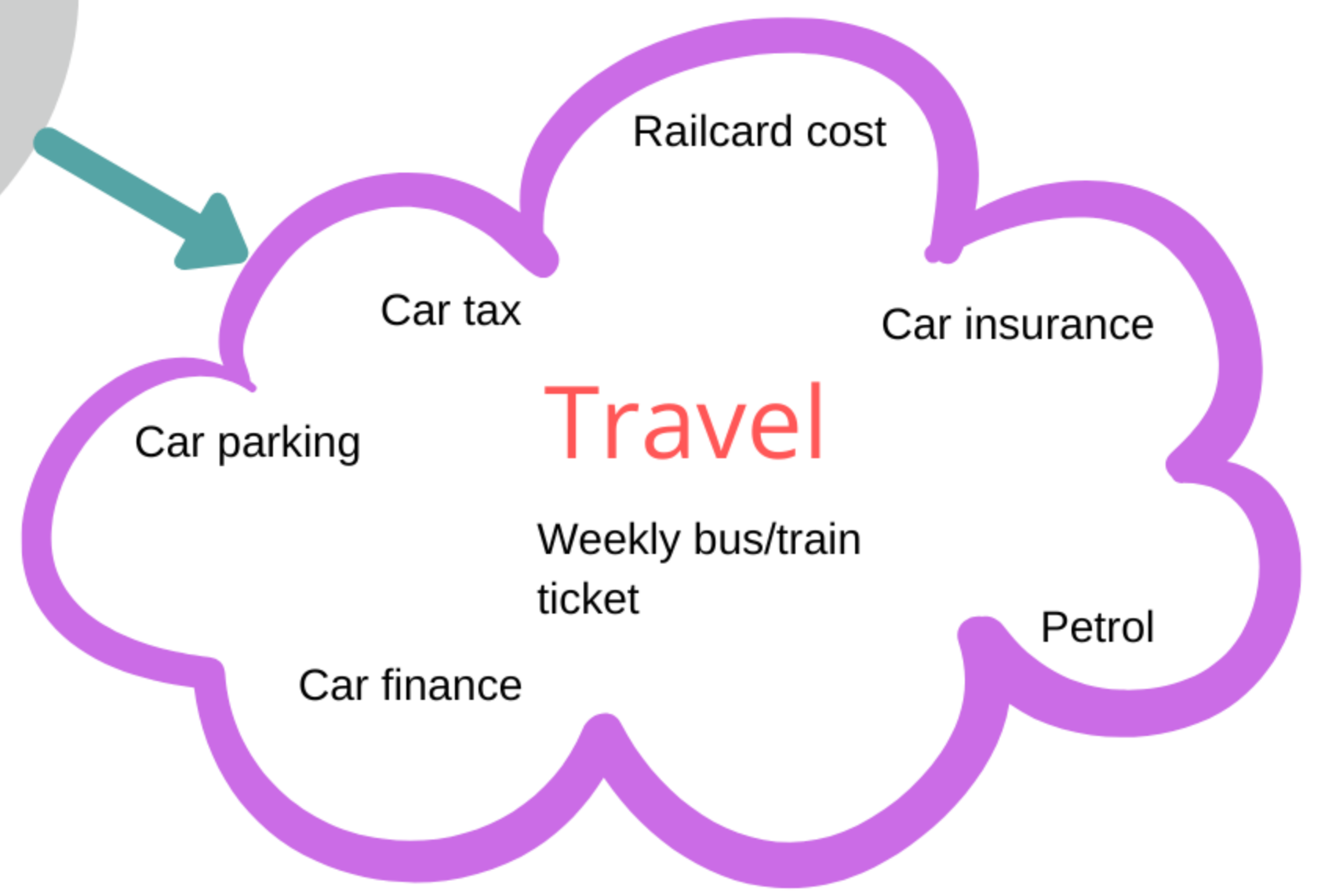
You will receive a letter from DWP/Job Centre saying how much you will be receiving each month

To apply for UC go to <https://www.gov.uk/universal-credit>



Where does your money go? This page looks at the key areas. Not all of them will necessarily apply to you

Where does my money go?



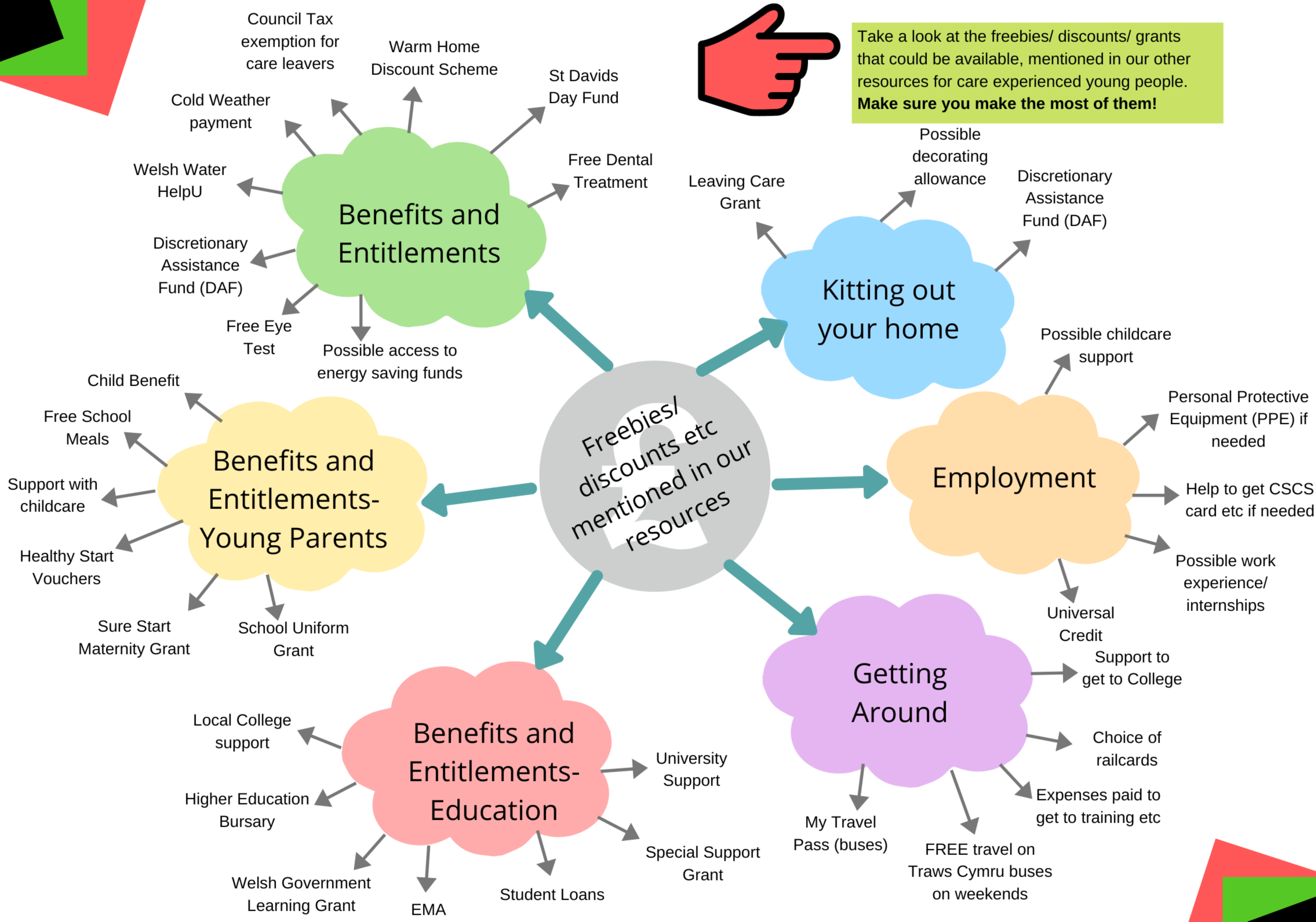
• You need to avoid unnecessary costs like bank charges and overdraft payments.

• If you are concerned about them speak to your personal advisor who will be able to help





Take a look at the freebies/ discounts/ grants that could be available, mentioned in our other resources for care experienced young people. **Make sure you make the most of them!**



My costs are more than my income!

If this is the case after you have done a budget...

- Look again to make sure you have calculated everything correctly
- Is there anything you can take out that is not absolutely necessary? (see our wants and needs resource)
- Are there things you can reduce a little? For example could you take a couple of pounds from your food, takeaway, night out budget figure?
- Can you do anything to increase the money you have coming in? (See our 'I need money' resource).

WORKING
OUT MY
COSTS



Now you know the types of costs you will have. How do you know how much each will cost? Some you will know, some you will have to estimate.

Costs that I know



- **Rent**- this will be made clear in your tenancy agreement. Watch out for bedroom tax if you have a spare bedroom (speak to your personal advisor)
- **TV Licence**- this is currently around £13.13 per month
- **Mobile Phone**- if you have a contract this will be the same each month (as long as you keep within the data limits- set a data cap to make sure)
- **Broadband**- this will be a monthly fee
- **Netflix/XBox Live subscriptions**- these will be set monthly fees (you can cancel these at any time)
- **Utilities (Gas/Electricity)**- if you set up to pay direct debit, it will be the same amount each month
- **Water**- if you set up to pay direct debit this will be the same amount each month.
- **Loan Repayment**- if you have a loan you will need to pay it off weekly or monthly.
- **Gym**- if you are a member of a gym, you probably pay a monthly fee

Costs to estimate

- **Clothes**- you may set a limit on how much you spend normally on clothes, but what about when your shoes break? You don't know when it will happen so may need to estimate an amount.
- **Hairdressing**- you may not do this every week or month, but if you know how much you spend each time, split it over the few weeks before so you 'save' for this cost.

- When looking at creating a budget, start by filling in the things you definitely know how much they cost.
- Next look at the things you are pretty sure about
- Finally look at the things you are less sure about- estimate these

Costs I probably know

- **Train/bus tickets**- if you know how often you travel each week, you can work out how much you will pay. It may be cheaper to get a weekly/monthly ticket
- **Food**- set a limit on how much your weekly shop should cost- and stick to it (but be realistic)!
- **Night out**- once you know how often you are going out, set a limit on how much to spend.
- **Lunch (work)**- it's cheaper to make your own, but if you get lunch out you should be able to know how much it will cost.



Now you know what money is coming in and the type of things you spend your money on, how can you control what goes out?

Useful websites

Deals and comparisons:

- <https://www.moneysavingexpert.com/>
- <https://pricespy.co.uk/>

Food comparison

- [latestdeals.co.uk/supermarket-price-comparison](https://www.latestdeals.co.uk/supermarket-price-comparison)

Cashback

- <https://www.quidco.com/>
- <https://www.topcashback.co.uk/>

General advice for under 25s

- <https://www.themix.org.uk/>

**CONTROLLING
YOUR COSTS**

General tips

- Set your direct debits for things like rent, utilities etc to go out the day after you get paid your wage/benefits. This removes the temptation to spend the money
- Alternatively use an 'envelope' style tool such as that offered by a Credit Union, where money is automatically put aside into 'envelopes' ready for paying bills
- If you are receiving Universal Credit, see if the money related to housing can be paid directly to the landlord.
- Get savvy- shop around. Many shops will sell the same thing, check you are getting the best deal before you buy.
- If you are eating out use a site such as Money Saving Expert to see if there are money off vouchers for a takeaway/restaurant.
- Do you need to buy it new or can you get it second hand? A couple of places sell second hand smartphones for example.
- Cashback- you may be able to earn cashback on some purchases either with your debit card or through an app when shopping online.
- Apps- some apps will give discounts/vouchers etc. For example travel is often cheaper if you download the bus company app

Food

You will find more information in our food shopping resource, but a couple of tips:

- Brand- do you need to buy the branded product? You will find some own label items are made in the same factory
- Size- do you use a lot? Is it better value for money to buy a bigger pack?
- Place- Is that supermarket really the cheapest or can you get it cheaper at one of the value supermarkets or discount retailers?
- Waste- if you throw food out, you are throwing away money. Think about what you buy and how it is used. Use

<https://www.supercook.com/#/recipes> for recipe ideas.

- Bulk cooking- try buying larger packets of items, cooking in bulk then freezing food in containers

Libraries

Libraries have a number of facilities:

- Free internet access
- Borrow books for free (charge if you return it late)
- Borrow CDs for a small fee
- Borrow DVDs for a small fee
- A variety of drop ins/ activities throughout the year.



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**CONTROLLING
YOUR COSTS**

Utilities

- Utilities refer to your electricity, gas and water
- Check if you are on a water meter or water rates
- To ensure you have accurate bills, and pay the correct amount, make sure you give regular meter readings when asked by the energy supplier
- Also check you are on the cheapest tariff. Use a switching service such as USwitch or speak to your supplier

Compare everything

- We live in a world of choice. That means many shops will sell the same thing.
- Make sure you compare the price of things you buy, you can do this easily through Google.
- If you can't get to many shops to compare, you can still compare prices within one shop by comparing brand v non-brand and different size products
- For utilities etc use a comparison site to help get an idea of the reasonable price.

Energy saving tips

If you save energy, you save money! There are steps you can take to save energy:

- Only fill your kettle with the water you need- the more water the longer it takes to boil and the more it costs
- Don't leave items on standby/
- Don't leave chargers turned on
- Do a full load of washing
- Do your washing at lower temperatures (30°C)
- Turn off lights when you are not in the room
- If you have central heating- keep the thermostat at a reasonable level; turn it down or off when you are not at home and use the heating timer
- Put on a jumper before putting the heating up
- Spend less time in the shower
- Use energy efficient (LED) lightbulbs
- Draught proof your home with draught excluders and sealants (gaps around windows)

Travel

- Make sure you get the MyTravel Pass and/or railcard for discounted travel
- If you travel often get a weekly/monthly ticket
- If you download the bus company app you may be able to get cheaper tickets.



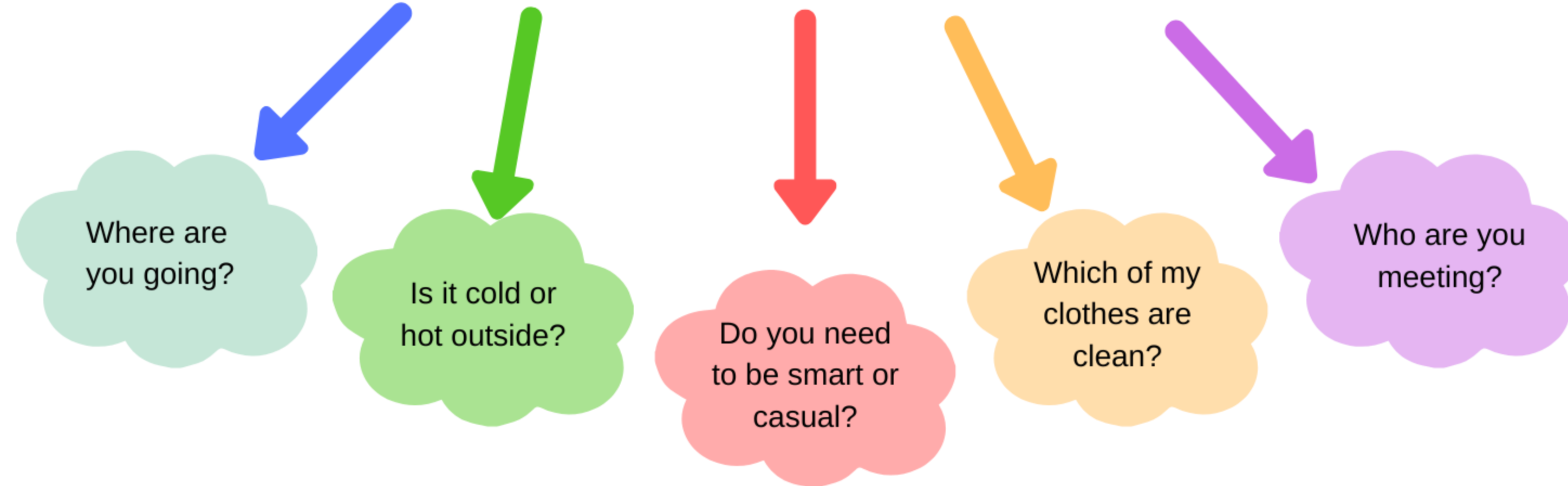
Choices!!! What shall I wear today? What film shall I watch? Every day we make so many choices. This part of the resource looks at the differences between what you need and what you want.

Wellbeing

- If you are worried about money, it could affect your mental health
- Try to find ways to look after your mental health and wellbeing
- For free tips, information and resources go to:
- <https://platform.org/project/young-people/>
- <https://youngminds.org.uk/>

What Shall I wear today?

The things you may think about when deciding what to wear:



Choices about money

- We also have to make choices about money. Do we buy this or that?
- Sometimes it can be hard to make these choices because what we **want** isn't always what we **need** to buy



CHOICES



Here we look at what a want is.....

Budgeting

- To help you understand how many of the things you want you can actually afford, create a budget.
- A budget is when you plan what money you have coming in and what money goes out.
- For further information about budgeting speak to your personal advisor

What is a want?

- As much as we may **want** lots of nice new things, a want is something that you would be able to live without if you didn't have it
- **Wants** typically make us feel good- but maybe only for a short amount of time.



Things we want

Things we **want** may typically include:

- New trainers
- The latest model of mobile phone
- The latest games console
- Designer clothes
- A meal out/takeaway



Buying what we want

- If we buy what we **want** it will probably make us feel good for a bit
- It is important to make sure you have things you **want** occasionally
- However, sometimes we jump to buy things we **want** without thinking about their actual cost or if buying it will mean you don't have money for things you **need**

WANTS

Help with debt

If you have fallen behind on some payments, don't hide away.

The quicker you tell them you are struggling the more likely they will be understanding.

For help and advice:

- Speak to your Personal Advisor
- Go to Citizens Advice
- Speak to your Tenancy Support Officer
- <https://www.turn2us.org.uk>
- <https://www.stepchange.org>

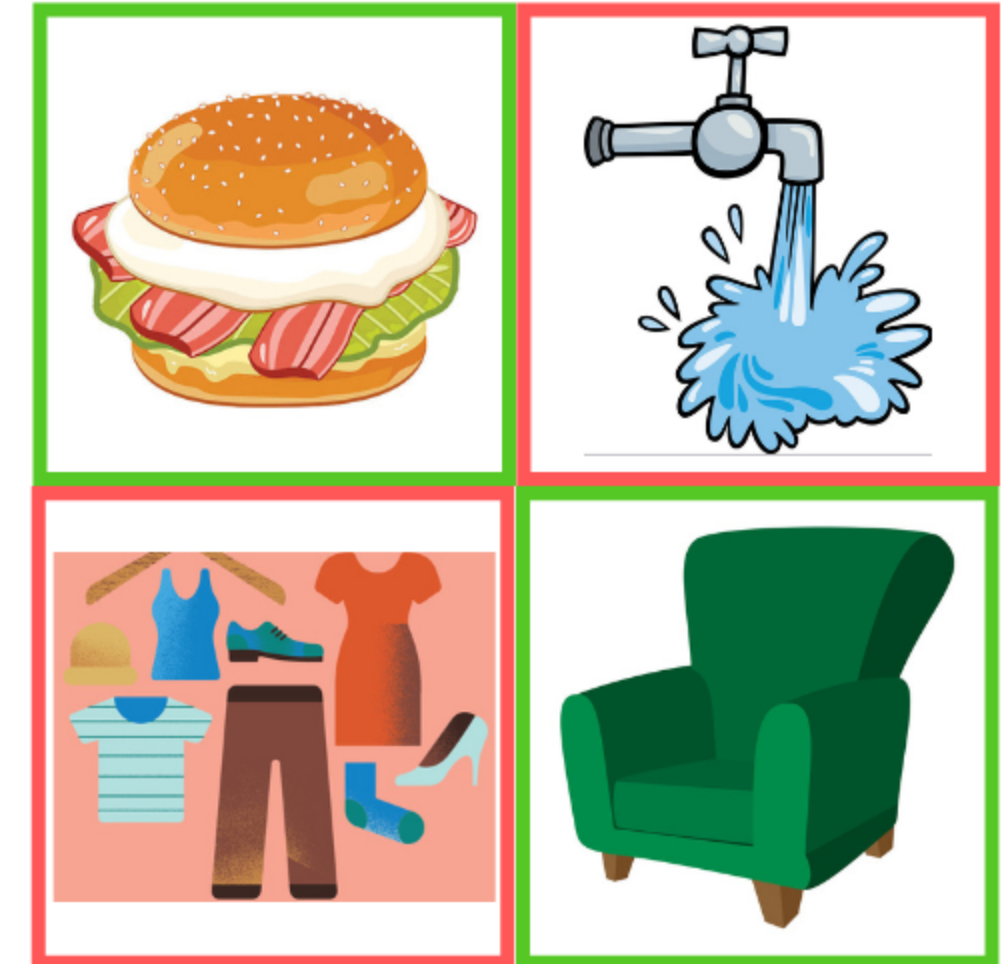
NEEDS



And then there are things we need to pay or need to buy.....

What is a need?

- Not as exciting as a want!
- These are things that you may **need** to live
- Or they may be things you **need** to pay to ensure you carry on living in your home
- If you choose not to buy or pay for something you **need** there will be consequences.



Examples of things you need.....

Things you **need** to buy:


- Food
- Basic clothing
- Basic furniture in your home

Things you will **need** to pay:

- Rent
- Utilities
- TV Licence
- Water bills
- Mobile contract

What happens if I don't pay?

- If you don't pay your rent there is a risk you will be asked to leave your property (evicted)
- If you don't pay your bills, you will be in debt which means companies can take action to force you to pay
- If you don't buy food, you won't be able to function



If the pressure of keeping up with the bills is too much and affecting your mental health, ask for help.

Speak to:

- your personal advisor
- your social worker
- Samaritans 116123
- Childline 0800 1111



Now we have talked about needs and wants, how do you balance the two and make sure you have enough money left over?

Saving for what you want

- The easiest way to save is put money aside each week or month on the day you get paid. That way you don't get tempted to spend it!
- It will feel really satisfying when you have saved up enough money for those new trainers!
- Guilt free shopping!

For more information about how you might be able to save money to pay for those things you'd really like, see our 'Money-putting some aside' resource

NEEDS v
WANTS

Food

Branded products:

- Do you **need** to buy the branded product or can you get an own brand?
- Do you **need** to buy the branded product from that shop or is it available cheaper elsewhere?
- Do you eat/drink a lot of it? It could be cheaper to buy in bulk

New trainers

- You **want** some new trainers but do you really **need** them now?
- What about saving up money a little each week so you can buy them in a few weeks?
- You will feel a sense of achievement when you buy them in a few weeks

Choice

Although you may need certain things, there are often still choices that could save you money:

Mobile Phone

- You **need** a mobile phone but does it need to be the latest model or is that what you want?
- Have you shopped around to make sure you get the best deal?
- You will only be able to get a contract when you are over 18
- Don't go over your data allowance as further data will cost a lot-. Turn on a data cap

Transport

- You **need** to get from A to B but do you **need** to get a taxi? Could you get the bus? Or walk?