

BUDGETING

What Is a Budget?

A budget is a list of all the money you receive and all the things you spend money on every month. Creating a budget is the first step towards taking control of your finances and getting your situation back on track.

When you put budgeting into practice, it can help you see where your money is going and make sure that you've covered all of the things you need to pay for. It can also help you spot areas where you can make savings.



As most household bills and debt payments are paid monthly, we suggest that you make all the figures in your budget monthly.

Information required to make a budget

You will need the following information to make your budget:

- Your income includes: Details of any wages, benefits, pensions and any other income
- Your household spending: How much you spend each month on rent, food, heating and other essentials.
- Details of your debts: How much you owe and what you have agreed to repay and any interest and charges.

Making a realistic Budget

To help you save money and keep your debts under control, you need a good understanding of your income and spending. A budget will help create a structure to assist you managing your finances, however it can only do this if it's an accurate reflection of your actual day-to-day life.

1. Don't make big sacrifices in an effort to make your budget 'work'

When budgeting, people often do it to see their financial situation improve quickly. For example, they may want to put some money aside for a rainy day or to pay off debts. To help, they may decide to drastically cut back on how much they spend on food, clothing and other necessities so they can use that money elsewhere.

While the intention's good, this isn't sustainable in the long term. Your living costs are just as important as your household bills. You must always make sure you have enough money to cover them each month. You can't master your finances if you're getting ill because you're not eating properly. You need clothes that keep you warm or make you feel confident during a job interview.

2. Don't set up a budget that leaves no room for what makes you happy

No matter how much savings you want to make or debt you're dealing with, your budget should include events you can enjoy or look forward to. This could be anything from attending a sporting fixture to visiting family and friends.

If you don't have something to look forward to, you might lose motivation to stick to your budget. Finding a balance between saving money and enjoying life is key.

Take a look at what you spend each month and think about what truly makes you happy. If it's going to a music festival once a year or treating yourself to a new pair of shoes every six months, then set a bit of money aside each month to cover these expenses.

Remember: you're not expected to deprive yourself unnecessarily while budgeting.

3. Have a financial goal to work towards

If you don't have a 'big financial goal' right now, consider putting money aside for an emergency. What counts as an emergency is up to you, but unexpected expenses happen to most people eventually. Putting money aside now can help you recover more quickly.

Perhaps there's a financial goal to work towards, take some time to think about what you want to achieve in the future.

4. Talk to your partner about budgeting

It can be frustrating when you're trying to be more money-savvy but your significant other doesn't want to follow a budget. Talk with them and find out why they don't feel they can use a budget.

No one likes to feel 'forced' into doing something. However, if you share your thoughts around financial goals with your partner, they may feel less pressured and start to see what you're trying to achieve.

5. Take budgeting one step at a time

When you look at what it takes to put a budget together, it can seem like a lot of hassle. Whether you're putting a budget together for the first time, or in the process of reviewing your budget, it doesn't have to be overwhelming.

Try breaking the process into manageable 'chunks', such as:

- Taking an hour to open all of your letters
- Taking five minutes to check your credit file through one of the three credit reference agencies – Experian, Credit Karma or Equifax
- Taking ten minutes to go through your recent bank statement. On them you should find the regular amounts you pay out for council tax, rent and other important costs.

6. Build a budget that reflects your circumstances

Like many people, you may find it's hard to stretch your money until payday. Daily expenses such as food and fuel get more expensive, and not everyone gets a wage/benefit rise at the same time. Look at ways to increase your income, such as checking you are receiving the maximum amount of benefits you're entitled to.

You can check this through an online benefit checker such as

<https://www.entitledto.co.uk/>

7. You can use a budget even if you have irregular income

The job market is changing all the time, and self-employed and zero contract roles are becoming more common as a result. These types of job have irregular incomes.

Receiving an irregular income shouldn't stop you from making an effective budget. You could try:

Thinking of the lowest 'net estimate' of your income each month and building your budget based on this. By doing this, you can ensure that your priority expenses are covered, and any extra money you get can go into savings or towards any debts you're trying to pay off

Putting the extra money into a separate savings account could help if one month you have a drop in your income or an unexpected expense.

Step by Step Guide to making a Budget

(Please see the budget form at the end of this leaflet).

1. Your Income

Under this section, look at all the money you have coming in.

To do this, add together all your monthly income from wages, benefits, pensions and any contributions you may receive from other household members for housekeeping.

If some of your income is paid weekly or 4 weekly, you will need to turn these figures into calendar months. To do this you need to multiply the weekly figure by 52 and then divide this by 12. This will provide you with the calendar month figure which you can include in your budget. In respect of 4 weekly payments, divide by 4, then multiply by 52. Divide this figure by 12 for a monthly figure.

2. Your Spending

In this section make a list of everything you spend each month, do not forget to include things you only pay for once a year, such as Christmas, car repairs and MOT and vets bills etc. To account for yearly items, divide the yearly cost by 12 to give you a monthly figure which you can add into your budget. You can then set aside this money until the bill is due.

If you have any costs which are not listed, please add additional lines and include the amount in the total.

TIP

If you are unsure of what you are spending your money on, write down everything you buy over a month. This will give you a clear idea of your regular spending.

3. Budget surplus or deficit

To work out how much money you have left each month, deduct the total amount you spend each month from your total income. To do this subtract your total spending, figure B from your total income, figure A.

If the figure is positive, you have a monthly surplus and if the figure is a minus figure this means you have a deficit budget and do not have enough money coming in to cover your current expenditure. If this is the case, you will have to review your budget to see where expenditure can be reduced, and savings made.

4. Debts

If you have any debts, enter the details in this section. Include the name of the creditor and type of debt, ie. credit card, council tax etc.

Add the current balance outstanding in the amount owed box and the agreed monthly repayment amount. Finally, please enter your account/creditor reference number.

Priority Expenditure and Debts

Priority payments are the ones that could leave you homeless or without food and essential services.

Priority Expenditure		
Rent	Council Tax	Gas & Electric
Heating Oil	Water	Telephone & Broadband
TV Licence	Insurance	Transport Costs
School Costs	Childcare Costs	Medical Costs including Dentistry and opticians

Some bills are classed as priorities because the consequences of not paying them are greater than the consequences of not paying others. Priorities, the ones that you should pay first and include rent including arrears, government debts such as Council Tax, as well as energy bills.

Type of Bill or Debt	Consequences of non-payment
Child Maintenance	Money taken from wage, money taken from benefits, visit from bailiffs, imprisonment
Council Tax	A visit from bailiffs, money taken from wage, money taken from benefits, debt secured against home, bankruptcy, imprisonment
County Court Judgement	A visit from bailiffs, a charging order, money taken directly from wages
Gas and/or Electric	Disconnection, money taken from benefits
Hire Purchase or Logbook Loan	Repossession, County Court judgment (CCJ)
Magistrates Court Fines	A visit from bailiffs, money taken from wage, money taken from benefits, imprisonment
Rent	Eviction and homelessness
Tax, VAT or National Insurance	A visit from bailiffs, money taken from wage, bankruptcy, County Court judgment
Telephone/Broadband	Disconnection, County Court judgment
TV Licence	A fine

Non-Priority Expenditure

This covers any other expenditure you may have which does not fall into any of the above categories. Savings can usually be made in these areas, such as shopping around for the best deals on mobile phones and TV packages.

Struggling to afford priority expenditure due to debt repayments?

Unsecured debts include credit cards, personal loans and any other credit which is not secured or linked to an asset which could be taken to repay unpaid debts if repayments are not kept up to date.

If you have a large amount of unsecured debt, this could make it more difficult to free up money to pay your priority bills. Although your unsecured debt may be worrying, and you're likely to get a lot of scary letters about making payments. This type of debt is called 'non-priority' and the consequences of not making payments to these debts each month are much less severe than not paying your priorities each month.

For example, you will not get a visit from the bailiffs if you have fallen behind with an unsecured debt. This would only happen if the creditor has obtained a County Court Judgement (CCJ) to enforce the debt.

If you find yourself in this situation, please contact our FIA team to discuss your situation. We can assess your situation and an appropriate referral on your behalf for free, confidential debt advice. We will also be able to provide advice on your budget and help you work out how to manage your essential living expenses.

Your Income

Earnings	Amount	Frequency
Your salary or wages (take home)	£	
Partner's salary or wages (take home)	£	
Other earnings (including self-employment)	£	

Benefits and tax credits	Amount	Frequency
Universal Credit	£	
Jobseeker's Allowance (Income-based)	£	
Jobseeker's Allowance (Contribution-based)	£	
Income Support	£	
Working Tax Credit	£	
Child Tax Credit	£	
Child Benefit	£	
Employment & Support Allowance / Statutory Sick Pay	£	
Disability benefits	£	
Carer's Allowance	£	
Local Housing Allowance / Housing Benefit	£	
Council Tax support	£	
Other benefits/tax credits (e.g. maternity benefits)	£	

Pensions	Amount	Frequency
State pension(s)	£	
Private or work pension(s)	£	
Pension Credit	£	
Other pensions	£	

Other income	Amount	Frequency
Maintenance or child support	£	
Boarders or Lodgers	£	
Non-dependent contributions	£	
Student loans and grants	£	
Other income	£	

Total Income (A)	£
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Your Spending

Home and contents	Amount	Frequency
Rent	£	
Ground rent & service charges	£	
Mortgage	£	
Mortgage endowment	£	
Secured loans	£	
Council tax/rates (including water charge if you live in Scotland and rates in NI)	£	
Appliance & furniture rental (including appliance and furniture HP, conditional sale and so on)	£	
TV license	£	
Other costs	£	

Utilities	Amount	Frequency
Electricity	£	
Gas	£	
Other expenditure	£	
Other costs (including coal, oil, calor gas etc.)	£	

Water	Amount	Frequency
Water supply	£	
Water waste	£	

Care and health costs	Amount	Frequency
Childcare costs	£	
Adult care costs	£	
Child maintenance or child support	£	
Prescriptions and medicines	£	
Dentistry and opticians	£	
Other health costs	£	

Transport and Travel	Amount	Frequency
Public transport (work, school, shopping etc)	£	
Hire Purchase or conditional sale vehicle	£	
Car insurance	£	
Road tax	£	
MOT and ongoing maintenance	£	
Breakdown cover	£	
Fuel, parking and toll road charges	£	
Other (e.g. taxis)	£	

School costs	Amount	Frequency
School Uniform	£	
After-school clubs and school trips	£	
Other school costs	£	

Pensions and insurances	Amount	Frequency
Pension payments	£	
Life insurance	£	
Mortgage payment protection insurance	£	
Building and contents insurance	£	
Health insurance (medical or accident or dental)	£	
Other pension costs	£	

Professional costs	Amount	Frequency
Professional courses	£	
Union fees	£	
Professional fees	£	
Other professional costs	£	

Other essential costs	Amount	Frequency
Other essential costs	£	

Communications and leisure	Amount	Frequency
Home phone, internet, TV package (including film subscriptions)	£	
Mobile phone	£	
Hobbies, leisure or sport (e.g. socialising, eating out, outings, clubs, leisure courses)	£	
Gifts (e.g. birthdays, festivals, charity donations)	£	
Pocket money	£	
Newspapers and magazines	£	
Other leisure costs	£	
Food and housekeeping	Amount	Frequency
Groceries (e.g. food, pet food, non-alcoholic drinks, cleaning)	£	
Nappies and baby items	£	
School meals and meals at work	£	
Laundry and dry cleaning	£	
Alcohol	£	
Smoking products	£	
Vet bills and pet insurance	£	
House repairs and maintenance	£	
Other food and housekeeping costs	£	
Personal costs	Amount	Frequency
Clothing and footwear	£	
Hairdressing	£	
Toiletries	£	
Other personal costs	£	
Total Spending (B)		£
		Totals
Total Income Figure (A)		£
Total Spending Figure (B)		£
Budget Surplus/Deficit - Deduct figure B from A		£
Savings	Amount	Frequency
Monthly saving amount	£	

Making the most of your money

• Do a benefits check

Benefits are paid to you by the government and people miss out on over four billion pounds of benefits each year. They're not only for people that are unemployed. You can also get help if you are:

- On a low income, or
- Disabled, or care for a person with a disability, or
- A parent or guardian.

Depending on your circumstances you may be able to claim benefits to help with housing and council tax bills.

There are numerous online benefit calculators you can use to check if you are entitled to or claiming the correct amount of benefits.

The main online benefits calculators can be found following the links below:

Entitled to <https://www.entitledto.co.uk/>

Turn 2 Us <https://benefits-calculator.turn2us.org.uk/>

Alternatively, you can contact our Financial Inclusion Advisors who will be able to discuss your situation and complete a full benefit check, including better off calculations if you are considering applying for a new benefit.

Please either call our office on 01726 874450 or email the team FIA@oceanhousing.com

• Find a Job or consider Increasing your Hours

You could consider looking for a job or returning to work to increase your income. There are many organisations which can assist with building confidence, writing a CV, searching and applying for jobs.

Alternatively, if you currently claim UC, speak to your job coach about what help and support they can offer.

The Cornwall and Isles of Scilly People Hub – provide a one stop shop for information, advice and guidance on finding employment and training.

Website <https://peoplehub.info/>

Telephone 0333 015 0699

Building Futures – A project run in part by Ocean Housing and offers more individual support.

People can often struggle with barriers that aren't even visible to the outside world, such as emotional and mental health, memories of past trauma; worrying about money, childcare, debts and benefits; a lack of self-confidence, not having a good experience at school or simply not believing they can achieve something better. This is where the Building Futures team can assist.

If you'd like to find out a bit more or just have a chat, please feel free to give the Building Futures team a call, text or email:

Jo: 07841 210783

Aneta: 07843 631051

Email: newopportunitites@oceanhousing.com

- **Make sure you're on the correct tax code**

If you've just started work or recently changed jobs, you could be on the wrong tax code. You can find your tax code on your latest payslip, P45 or P60. You won't have a tax code if you're self-employed, unemployed or only receiving the state pension.

If you think your tax code is incorrect, you can update your employment details using the government online service.

<https://www.gov.uk/check-income-tax-current-year>

If you think you've paid too much tax, you can apply online for a refund.

<https://www.gov.uk/claim-tax-refund>

How to save money on a budget

Now you have worked out how much money you've got coming in and how much you're spending, hopefully you will be able to spot areas the areas in which you could make savings.

Below are some useful tips on making the most of your budget and reducing spending

- **Keep a spending diary**

A spending diary can not only help you track what you spend each day but help you to think back about how you were feeling at the time you spent more than you meant to - and spot patterns you need to break.

- **Council Tax**

While your council tax band may be beyond your control, you might be eligible for a discount on your bill. You may be able to get a reduction if you're on a low income or claim benefits. There may also be reductions if you're a single person or a full-time student. The amount of the reduction varies depending on your circumstances.

Please visit the Cornwall Council website for more information

<https://www.cornwall.gov.uk/benefits-and-support/council-tax-support/>

- **Gas and Electricity**

Soaring energy prices are placing considerable strain on many households, especially those on a small income. While the current situation means there is less flexibility when it comes to switching your gas and electricity supplier, there are still ways to save money.

If you're living on a tight budget, reducing your energy usage is key. As a starting point, replace inefficient bulbs with LED versions, switch off appliances and minimise your use of energy-hungry appliances, such as tumble dryers. During the winter months, try stopping any drafts and turn down your thermostat. Even lowering it by just one degree could have a big impact on your energy bills.

• Water

Check if you are eligible to receive a discount on your bill under the WaterSure scheme. To be eligible for the scheme, you need to use a large volume of water either for medical reasons or because your household has 3 or more school-age children.

<https://www.southwestwater.co.uk/help/need-help-paying-bill/watersure/>

You can also save money by reducing your water consumption, for example, by taking shorter showers, turning off the tap when brushing your teeth and installing a water butt.

• Subscriptions and TV Licence

Review your TV entertainment packages and determine whether there are any that you rarely use. Do you really need Prime, Netflix, Disney and Sky? If you're on a small income, you may decide you can live without one or even all of them. If you really can't bear to part with your streaming service, consider sharing your subscription with another household and splitting the monthly charge between you.

If you only watch on demand (and not live) programmes through streaming services such as Netflix or Now TV, you may no longer need to pay for a TV licence. Please visit the TV Licence website for more information.

<https://www.tvlicensing.co.uk/check-if-you-need-one/topics/telling-us-you-dont-need-a-tv-licence>

• Phone and Broadband

By remaining loyal to your existing phone and broadband supplier, you might be missing out on some good deals. It's worthwhile shaking things up now and then to see where you could be saving money or use a competitor's quote to haggle with your current supplier. You may find they're willing to drop the price to keep your custom.

If you claim certain benefits there are social tariffs available, please ask your supplier for more information.

- **Insurance**

Shop around, whether it's car insurance, home insurance or pet insurance, never auto-renew without doing your research first. It may take some time but it will save you money in the long run.

Food

- **Set a spending limit**

Set yourself a weekly/daily spending limit based on your available budget.

For example, using your monthly total for food on your budget, divide this total by the number of weeks/days between paydays and this will give you your weekly/daily limit to stick to.

- **Plan your meals**

Take a look at what food you currently have in the cupboard and freezer. How many meals can you make out of this food? Would buying some cheap staples such as pasta and rice make these ingredients stretch further?

Making a weekly meal planner and using a shopping list will not only reduce your food waste but will also reduce your food costs, as you are only buying what you actually need.

- **Use cashback and loyalty points instead of spending more**

Do you use cashback websites? You may have some available credit on your account that you can trade in for cash. If possible, try trading the cashback in for a specific retailer or chain. This'll often give your cashback an extra boost.

Do you have a loyalty card where you collect points while shopping? Check to see if you can use these points to help reduce your food shopping and other living costs.

• Community Larders

Community larders are open to everyone and help reduce food waste by taking surplus food collected from supermarkets and giving local people a chance to use it.

Local Community Larders

St Austell and surrounding areas

Treverbyn Community Hall, Treverbyn Road, Stenalees, Cornwall. PL26 8TL. Please look at the following link for more information.

<https://www.thehall.org.uk/communitylarders/>

Newquay Area

Store House – Seymour Avenue, Newquay TR7 1BL. Please look at the following link for more information.

<https://newquay.foodbank.org.uk/2021/02/05/introducing-the-new-newquay-store-house/>

• Free school meals

If you receive certain benefits your child may be eligible for free school meals. This can help to reduce some of your day-to-day costs.

You can find out if your child is eligible for free school meals on the government website. <https://www.gov.uk/apply-free-school-meals>

• Healthy Start Vouchers

Provides a Healthy Start card with money on it which can be used to purchase healthy food and milk in some shops. The card will be topped up every 4 weeks.

Food and vitamins are available for expectant and new mothers of children up to 4 years old, on a low income. In most cases, eligibility is based on receiving one of a number of means-tested benefits. Please look at the website below for more information.

Website <https://www.healthystart.nhs.uk/>

Healthy Start helpline 0300 330 7010

• Foodbanks

The foodbank will make sure you get a food parcel which meets the needs of the number of adults and children in your household and any dietary requirements. This will usually include:

- Several meals, usually enough for three days
- Sometimes it can include other essential household items, like toiletries or cleaning products
- Small top-ups of credit for gas or electric pre-payment meters (available at some foodbanks)

Please contact us on 01726 874450 or email FIA@oceanhousing.com to request a foodbank voucher, if you are struggling with your food costs

If you are struggling with Budgeting please don't hesitate to contact our Financial Inclusion Team who will be happy to provide you with advice and assistance.
Telephone 01726 874450 or email FIA@oceanhousing.com