

# Make your budget work for you



[www.milton-keynes.gov.uk/welfare-reform](http://www.milton-keynes.gov.uk/welfare-reform)

## Why budget

### **It's always a good idea to keep track of your money.**

Budgeting is keeping track of the money you have coming in and what you are able to spend. This can help you to:

- make decisions about your money, as you'll know where it's going and whether you have any left over
- identify where you can make changes to your spending habits if you're struggling to make ends meet, and
- make your money go further by getting into the savings habit if you have any left over.

Budgeting involves setting money aside for rent or mortgage payments, bills, essential day to day spending, replacement household items and any loan or credit card repayments.

Paying late for loans or credit cards may affect your credit history.

A good credit history is important. It may affect your ability to secure private rented accommodation as many landlords will require a credit reference to be done.

Other companies may also look at your credit history if you apply to set up a

Direct Debit, for example to pay a mobile phone contract.

Finally, budgeting can help you work out how to live within your means – giving you peace of mind.

### Key Points

#### Budgeting helps you:

- Know where your money is going
- Avoid or get out of debt and
- Make savings and have more choices about what you do with your money

### **You only need to set aside a few minutes each week to look at your finances.**

Start by listing all your income, for example your benefits, tax credits or earnings.



## Money coming in

You need to know exactly what money you have coming in. Check which benefits you receive and the amounts. You may need to check if you are having any deductions taken from your benefits.

If you are receiving wages your payslip will tell you how much you actually get. It also tells you how much you pay in Tax and National Insurance contributions. You can check you are on the correct Tax code by contacting the Tax office or asking your employer's HR department.

If you are not sure you are receiving all the benefits that you may be eligible for

contact your local Job Centre Plus, Citizens Advice Bureau or see [www.direct.gov.uk](http://www.direct.gov.uk).

Set up a savings plan with Credit Union. See [www.swancreditunion.org.uk/mk-community-bank](http://www.swancreditunion.org.uk/mk-community-bank)

Secure employment. You will always be better off if you are working. You will have extra money coming in. If you are currently looking for work contact the Neighbourhood Employment Programme at [www.milton-keynes.gov.uk/neighbourhood-employment-programme](http://www.milton-keynes.gov.uk/neighbourhood-employment-programme)



## Other income

You may have money coming in from other sources, for example from relatives, or rental income if you have a lodger or rent out a property you own.

You may find that your income varies from month to month, especially if your wages are based on the hours you work or you get paid by commission.

You may receive money in chunks, such as tax credits arrears payments or student loans that are paid out at the start of each term. If so, it could be worth working out your average income for each month.

### Key points

- Check your benefit payments.
- Claim any other benefits or tax credits you may be eligible for.
- Check your payslip is correct
- Keep a spending diary so that you can see where your money is going. Try writing down what you spend each day for a month.
- Don't forget occasional items, like school uniforms, replacement household items, and birthdays.



## Money going out

Now you know what's coming in, the next step is to find out how much is going out and plan your budget.

Use the form included in this leaflet to work out what you have coming in and what you have going out.

Don't worry if you can't account for every penny coming in; the most important thing is to know roughly where you stand. Keeping a spending diary can help.

Don't forget occasional items such as school uniforms and trips, birthdays, Christmas or other festive presents. Also think about other outgoings that you pay for once a year, for example car tax and insurance. It's helpful to put in a monthly amount for these, perhaps by estimating and dividing up the average that you'd spend during the year.

## Unexpected expenditure

If you experience unexpected expenditure, or do not receive benefits or money you were expecting, then in exceptional circumstances help may be available from Milton Keynes Council Local Welfare Provision. Phone 01908 253040, visit the LWP Team at the Civic Offices or go to [www.milton-keynes.gov.uk/lwp](http://www.milton-keynes.gov.uk/lwp)

## Keep track

Check your income and expenditure regularly. If your circumstances change, for example your benefits change, you get a pay rise or your bills increase, look at your budget again to make sure it's realistic or that you're making the most of any extra income.

**To be consistent, use weekly or monthly amounts for both your income and your spending.**

Income - Section A	£
Your pay after tax (net pay)	
Your Partner's pay after tax	
Child Tax Credits	
Working Tax Credits	
Child Benefit	
Maintenance you receive	
Job Seekers Allowance/ Income Support	
Employment Support Allowance /Incapacity Benefit	
Disability Living Allowance	
Retirement Pension	
Pension Credit	
Other state benefits	
Works Pension/Private Pension	
Contribution from other adults living with you	
Other	
<b>Total income</b>	

<b>Total income (from Section A)</b>	
<b>Total spending (from Section B)</b>	
<b>Income minus spending (A-B)</b>	

Spending - Section B Household	Actual £
Rent/Mortgage	
Council Tax	
Gas	
Electricity	
Household (supermarket shop)	
TV licence	
Water Rates	
Court Fines	
Child Care Costs	
Other	
Non Priority payments	£
Satellite	
Broadband/Telephone line	
Mobile Phone	
Catalogues	
Credits Cards	
Car insurance/MOT/Serviceing	
Travelling Expenses	
House insurance	
Pet Expenses	
Clothing	
Health Expenses	
Occasional items eg birthdays	
Other Loans	
Eating out/takeaways	
Other	
<b>Total spending</b>	

## Managing your budget

**Once you have worked out how much money you have coming in and going out, you're in a better position already. If you haven't got much money left over or you think you might be getting into difficulties, don't panic – there is free help at hand.**

Always make sure you pay your priority debts, for example, rent or mortgage, gas and electricity bills and Council Tax. If you're struggling, it's best to get in touch with those you owe money to as soon as possible. They may be able to set up an arrangement where you can spread your payments until you get your finances sorted.

### Not much money left over?

If you find that you're regularly struggling to make ends meet, you will need to reduce your spending. These tips may help.

- Consider making small cutbacks on non-essential items. What could you do without to help you get back on track?
- Avoid taking money from payday loan companies, door step lenders or getting items on hire purchase or

credit. Companies that offer credit to people with bad credit charge very high interest rates which makes any item you are purchasing more expensive than normal.

- You may get a better deal by switching services such as phones, electricity or gas to new suppliers. There are various internet switching services or search engines you can use.
- Alternatively, speak to your supplier to find out if you qualify for a Warm Home Discount.
- Don't be tempted to upgrade your phone; look for a sim only deal. Some contracts can work out to be expensive.
- If you are a BT customer on a low income and claiming means-tested state benefits, you may be able switch to their low-cost service, BT Basic. Contact BT for details.
- Reducing the amount you spend on non-essential expenditure such as eating out, Sky or mobile phone contracts

## Getting into difficulties?

You may have the start of a debt problem if you find you are:

- using credit (loans, doorstep lenders, payday loans and loan sharks) to pay bills
- paying no more than the minimum payments due on your credit cards
- using your credit card to take out cash advances
- using your credit card to pay your rent or mortgage, or
- borrowing money without planning how you're going to pay it back. Even if it is from friends and family.

Think carefully about borrowing more money to pay off existing debts or to meet your day to day expenses. It could make things worse. If you borrow money and then are unable to pay your rent or mortgage you are at risk of losing your home.

## In trouble?

If you find that the situation is spiralling out of control, try not to panic. Expert help is available. Several organisations offer a free service, either face to face, or by phone, for example, Milton Keynes Money Advice, Citizens Advice Bureau, Money Life Line, or National Debtline.

See the Organisations that can help section at the end of this leaflet.

These advice agencies can help you tackle your debts. They will help you set up a budget sheet, prioritise your debts and work out how you can live with the income you have.

If you are not able to pay your rent you should contact your landlord immediately. If you are a Council tenant in the first instance you should contact the Rent department on 01908 252937 to talk to them about your arrears.

Depending on your circumstances if you are having difficulty paying your rent you may be able to claim extra help. This is called a Discretionary Housing Payment. To apply for this you should contact Milton Keynes Council on 01908 253040 or go to [www.milton-keynes.gov.uk/dhp](http://www.milton-keynes.gov.uk/dhp)

**Don't ignore the problem;** talk to the people you owe money to. They may be able to help you manage your repayments.

You may see adverts or get calls from companies offering to help you manage your debts. Beware though as they may charge a fee.

## Staying in control

If you've got some money left over, it's time to get it working for you. Here are a few ways to get you started.

- Ensure you prioritise your bills such as paying your rent
- paying off your debts
- reducing your debts
- saving up for furniture, school uniforms, or a deposit for a home, or

Work out a system to keep track of your spending in a way that suits you. You could keep a separate notebook or do it online. Consider:

- making a calendar note of when payments are due, for example rent, council tax, TV licence, car tax and MOT. You'll be better prepared if you know when they're due. It could also help you avoid late-payment charges
- looking at your bank and credit card statements as soon as you get them. Contact the bank or credit card company if you think anything looks wrong, and
- checking your bank statements. If you are incurring bank charges for unauthorised overdrafts and returned direct debits you may need to speak to your bank or open a new account that does not incur these charges

- reviewing your budget regularly. If your circumstances change, for example your benefits change or you get a pay rise or your bills increase, adjust your budget so you know where your money is going.
- saving regularly if you have money left over after all your expenses, and your priority bills are paid, and any loans are at a manageable level. Consider putting a little aside each week or month.

You can save money in a bank, building society, credit union or by using National Savings and Investments.

If you already have a savings account, check the interest rate you're getting. You may be able to get a better rate by switching accounts or providers.



You can also save in savings schemes and clubs run by supermarkets, large retailers and local shops. This may be for Christmas hampers or gift vouchers. But with these options you're not earning any interest on your savings, so your money isn't growing, and your savings may not be protected.

### Saving for emergencies

It's a good idea to put some money aside for emergencies, or possible expenses such as replacing household items. The amount will vary depending on your circumstances. Keep it in a savings account that you can take money from at short notice in an emergency.

### Shop around

You can get a better deal with your savings if you shop around first. You may be used to doing this for things like TVs, washing machines or other household goods.

Make sure you know exactly what you are getting, and that you are happy with the terms and conditions.

It can be worth shopping around face to face on the high street, or by phoning around. Talking to someone in your bank about your particular needs can help, but make sure you ask them about the range of products they offer. Sometimes they can only sell or advise on their own products, so the range is limited.

### Key points

- **Decide on your financial goals.**
- **Get into the savings habit to help you meet your goals.**
- **Keep track of your budget using a system that suits you.**
- **Check your budget regularly so you know where you stand.**
- **Shop around and ask questions so you get the right deal for you.**

## Remember....

- Your rent or mortgage payments are a priority to pay – if you do not pay these your home is at risk
- Prioritise your payments accordingly
- If you cannot pay for any reason contact the person or company immediately – they may be able to help
- Beware of taking out credit - high interest rates often mean you end up paying a lot more – its often better to save
- Put some money aside for unexpected expenses
- Keep a spending diary
- Remember to review your budget regularly to make sure you're living within your means, especially if there is a change in your circumstances.
- Remember if you need help prioritising your debts or need some free money advice, there are specialist agencies that can help.



## Useful Contacts

**Milton Keynes Citizens Advice Bureau**  
01908 604475  
[www.miltonkeynescab.org.uk](http://www.miltonkeynescab.org.uk)

**Money Life Line**  
0300 123 519  
[www.mkmoneylifeline.org.uk](http://www.mkmoneylifeline.org.uk)

**Milton Keynes Money Advice**  
01908 226049  
[www.newlifechurchmiltonkeynes](http://www.newlifechurchmiltonkeynes)

**National Debtline**  
0808 808 4000  
[www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)

**Money Advice**  
0300 500 5000  
[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)

**DebtHelpCompare.com**  
0300 777 777 2  
[www.debthelpcompare.com](http://www.debthelpcompare.com)

**Swan Credit Union/MK Community Bank**  
03030 300 147  
[www.swancreditunion.org.uk/mk-community-bank](http://www.swancreditunion.org.uk/mk-community-bank)

**Neighbourhood Employment Programme**  
01908 252323  
[www.milton-keynes.gov.uk/nep](http://www.milton-keynes.gov.uk/nep)

**Job Centre Plus**  
0345 604 3719  
[www.gov.uk/contact-jobcentre-plus](http://www.gov.uk/contact-jobcentre-plus)

**Consumer Focus**  
[www.consumerfocus.org.uk](http://www.consumerfocus.org.uk)

**Milton Keynes Council**  
01908 691691  
[www.milton-keynes.gov.uk](http://www.milton-keynes.gov.uk)

### Question

*My circumstances have recently changed and I am struggling to pay my bills and having to borrow to pay them.*

### Answer

Contact one of the many agencies that can help you with your budgeting so that the situation does not go out of control.

Also check you are getting the correct amount of benefits or credits.

### Question

*I have large debts to various companies and I am unable to pay them off.*

### Answer

You should contact Money Advice Service to find an authorised debt agency. They will be able to advise you about a Debt Management Plan or a Debt Relief Order if the debt total is less than £15,000.

### Question

*I have not been able to pay my rent and I am now in arrears.*

### Answer

You should contact your landlord immediately to discuss the situation – if you are evicted for rent arrears you may not get help with re-housing.

### Question

*I have a large utility bill that I cannot pay.*

### Answer

You should talk to the utility company to make an arrangement and stop additional costs. Also most utility companies have a trust that you can apply to for possible help clearing the debt. This is dependent on your circumstances.

### Question

*I am being charged every month by my bank for overdrafts etc.*

### Answer

Open a basic bank account that does not allow you to go overdrawn – you will not pay unnecessary charges but you will need to be able to budget your money.



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Available in audio, large print,  
braille and other languages

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**Welfare Reform**

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