

money management workbook



rent
council tax
gas + electric
insurance
food shopping
telephone
travel
spending money



a helpful guide to managing household bills & spending

Why budget?

Do you know where your money goes? Most of us are pretty good at keeping track of where our money goes. We know roughly how much comes off at the beginning of the month for our rent or mortgage. We have a rough idea of the amount for council tax. We know what our electric bills tend to be and how much we expect to spend for food. These are essential costs that should be paid before anything else. If we fail to pay these, then the results can be very damaging to our finances – as accruing debts on these can lead to eviction, our bank accounts and wages being arrested, our fuel supply being cut off, or a hefty fine for not having a TV licence.

But beyond that?

Technology has made our lives easier in many ways, but debit cards, credit cards, direct debits, standing orders and cash machines make it harder to keep track of how much we're actually spending. The people who are receiving our money like it that way. The budgeting which came naturally for earlier generations is now more like an extra chore that we have to set time aside for.

Our grandparents knew that it was time very well spent. They knew that budgeting allowed them to pay all the things they needed to pay and hopefully have some money left over to save or have treats with. They appreciated that savings were a good thing to have when it came to dealing with emergencies.

This workbook was written to help us re-learn and improve these forgotten skills. How much you get out of it will depend on how much you put into it. Everyone who has taken the process seriously has found ways to save. It's about making better choices with your money which will hopefully allow it to stretch a bit further.

If you have a family, adapt these exercises to suit your circumstances. Ideally, every member who spends money should participate. If that's not going to happen soon, start with your own expenditures. Your success might be the incentive the others need to give it a go themselves.

Money is something we tend not to discuss with others. Take a moment to think about your situation. The questions are suggestions to get you started.

1. Are you happy with your financial situation? YES NO
2. Are you aware of where your money goes? YES NO
3. How do you keep track of it?
4. How much time do you spend worrying about money?
5. Have you made a budget? YES NO
6. Do you stick to it some of the time, most of the time or not at all?
7. When was the last time you reviewed your spending?
8. What would your life be like if you had less stress around money?



Practice – someone else’s money

Let’s start by looking at an example taken from real life situations and see how this family’s finances work out.

Jane is 28 and lives in a housing association house in Aberdeen. Since splitting with her partner, she has been a single parent to her 3 young children, aged 7, 4 and 2. She manages on benefits only. She tries to feed her children as healthily as she can on the limited income and has other normal household bills to meet, as well as saving for Christmas and birthdays. She pays for her gas and electricity on pre payment cards on meters. Her income is paid weekly to her:

Income Support	£ 60.50
Child Tax Credit	£130.76
Child Benefit	£ 46.40

Total income each week £237.66

As a lone parent, Jane is on full housing benefit and council tax benefit. But she has to pay her proportion of water and sewerage charges which are not eligible for council tax benefit.



Jane's outgoings

- 1) Jane's rent is covered by housing benefit, directly paid to her housing association so costs her nothing.
- 2) Her council tax (water and sewerage charge) is £300 per year, recoverable over 10 months.
- 3) She uses £30.00 worth of gas weekly and £25.00 worth of electricity weekly.
- 4) She insures the contents of her house for £10.00 per month.
- 5) Jane's TV licence is paid weekly using a payment card at £5.50 per week.
- 6) Her mobile is topped up weekly by £10.00.
- 7) Her home phone bill is £48.00 per month and this covers broadband too.
- 8) Sky TV cost is £17.00 per month.
- 9) She spends £80.00 per week on food shopping and also needs £20.00 per week for cigarettes.
- 10) Jane travels on the bus to do her shopping and weekly fares are £7.80.
- 11) Jane tries to set aside £10.00 per week for Christmas and birthdays.
- 12) Monthly Jane spends around £80.00 on clothes for herself and the children.

Using the list of things that Jane spends money on, complete the attached Budgeting Sheet. There are tips on how to work out things weekly, monthly and annually. Once you have done this add up Jane's outgoings and see how much she spends on a weekly and monthly basis...

What Jane spends...

Outgoings	Weekly	Monthly
Council Tax		
Gas		
Electricity		
Contents Insurance		
Food / Household		
Sky TV		
Home phone		
Mobile phone		
Travel costs		
TV Licence		
Personal costs e.g. cigarettes		
Savings		
Clothes		
Totals		

So now we have an idea of how much Jane spends each week and each month. But how much does she spend overall? And more importantly, how does that compare with her income?

To change her weekly income to a monthly amount, we can use this formula:

£237.66 (total weekly) x 52 weeks/year ÷ 12 months/year.

This gives us a total monthly income of **£1029.86.**

We can use the same formula to convert her average weekly spending to monthly:

£188.30 (weekly spending) x 52 ÷ 12 = £815.97

When we add this to the total from the other column, we find that Jane's total monthly spending is **£815.97 + £185 = £1000.97**

Doing the maths give us: **£1029.86 - £1000.97 = £28.89.** This is how much Jane typically has left over at the end of the month. If these numbers are accurate, then Jane is doing a good job of living within her means.

Working it out...some tips

Working figures out monthly	Multiply weekly amount x 52 and divide ÷ 12
Working figures out weekly	Multiply monthly amount x 12 and divide ÷ 52
Twice yearly figures	Multiply x 2 and divide ÷ 52
Annual amounts	Divide amount ÷ 12 for monthly Divide amount ÷ 52 for weekly
Council Tax	Divide annual amount ÷ 40

Thinking it through

Calculate your income. For some people, this is straightforward and all we have to do is write down the number from our pay slips. For others, it's a bit more complex. Use this space to work out yours. Use the Working it Out calculations above to convert it to all to weekly, fortnightly or monthly, even though you probably have a rough idea of how much income you have.

Wages/Pension:	
Benefits:	
Tax Credits:	
TOTAL INCOME:	

How well do you know your money situation?

Let's begin to look at what you're **actually** spending at present.

Complete this budget planner using the best of your knowledge. Again, feel free to amend the categories to suit your life.



BUDGET PLANNER

	What I actually spend
Rent (or Mortgage)	
Council Tax	
Gas/Electricity	
Contents Insurance	
Telephone(s)	
TV Licence/SKY/ etc.	
Internet	
Food/Household (UK average is £20/person/week)	
Travel (bus, taxis, train)	
Car Payments	
Car Insurance	
Petrol	
Repairs & Parts	
Road Tax	
Kids Lunches/Pocket Money	
Child Maintenance	
Clothes, shoes	
Habits and hobbies (tobacco, alcohol, gambling, etc.)	
Social (meals out, bingo, etc)	
Entertainment	
Newspapers/mags/TV book	
Haircuts	
Toiletries	
Prescriptions	
Credit/Store Cards/Catalogues	
Loan Repayments	
Savings	
Other	
TOTAL	

Did you find preparing a budget tricky or straightforward? Were there categories that you knew right away and others where you didn't have a clue? That's how most of us work.

Make a note here of the categories where you are least certain of the amount you actually spend. They're probably the areas where you can discover the greatest savings.

Categories	

Reality check

If you're like most people, there will be a fair bit of difference between what you think you're spending and where your money actually goes. The following exercises are the core of this workbook, they're the ones that will help you really get a handle on your spending and make better choices.

'Knowledge is power'

If you don't have a clear idea of where your money is going, it's much harder to make good decisions. And the whole point of doing this is to improve the quality of your spending choices, so that your needs are well and truly met.

That's why we're going to ask you to take the money diary challenge. For at least two weeks, keep a record of everything you spend. It doesn't matter how you go about this, so long as you do. Some people like to use a small notebook, others find a diary helpful as the days are already marked. A third option, which works well with our method of looking at the information gathered, is to collect all of your receipts for each week in an envelope. Be sure to mark down anything you don't get a receipt for as well. Those small bits can add up to a lot.

We've provided several different ways of looking at this information. All will show you different things about your spending patterns. Use some of them or all of them, adapt them, make up your own - do whatever works best for you.

The result is a simple, three part process that will help you get better value for your spending.

Step 1: Keep track of your spending

Step 2: Look at the results

Step 3: Compare it with your ideal spending

The Money Diary

This is a sample money diary. The date, details and amount spent should be included.

Date	Details	Amount
2 Feb	Lunch money, kids	£7.20
3 Feb	Bus fare to supermarket	£1.20
3 Feb	Weekly shopping	£35.47
3 Feb	Taxi fare back home	£5.00
5 Feb	Pound Shop, cleaning supplies and odds & ends	£8.00
5 Feb	Clothing, kids	£15.00
5 Feb	Clothing, myself	£22.00
5 Feb	Coffee and afternoon snack	£3.99
7 Feb	Late fees on film rental	£4
7 Feb	Two films	£7
7 Feb	Take-away	£17.00

Whichever method you use to record your spending, be sure to keep your receipts. They'll be useful later.

At either the end of each week or the end of your challenge period, use the forms that follow to look at your spending patterns in different ways.

The first is straightforward. Total your spending for each day. Do you notice any patterns? Any surprises?

MONEY DIARY

Monday	Tuesday
Wednesday	Thursday
Friday	Saturday
Sunday	Total spend for the week

Amount over or under ideal budget.....

MONEY DIARY

Monday	Tuesday
Wednesday	Thursday
Friday	Saturday
Sunday	Total spend for the week

Amount over or under ideal budget.....

What are you getting for your money?

The next exercise is a bit trickier to understand at first, but isn't difficult once you get the hang of it. It has proven to be the single most effective tool in our basic budgeting course, so we encourage you to read this carefully and give it a try.

To begin, gather all of the receipts you kept during your money diary challenge. If you didn't keep receipts you can still do this, it's just a bit more complicated. Adapt as suits your situation.

1. Go through the receipts and for each one decide how much benefit you've received (or are likely to get) from the purchase and how long that benefit will last. Use the table below to determine a ranking for this. You'll have a number and a letter for each.

Amount of Benefit	Duration of Benefit
1 – No real benefit	A – Immediate
2 – OK benefit	B – Today
3 – Average benefit	C – This week
4 – Better than average	D – This month
5 – Substantial benefit	E – Indefinite

So a sweetie from the corner shop will likely be a 1A, while a fleece to keep you warm may be a 5E. There aren't any hard or fast rules for this. Like the example of the fleece: if you already have a pile in your closet that you don't wear, a new one might not give you much real benefit other than the thrill of spending. The decisions are entirely up to you. How much did this particular purchase improve your life and for how long?

2. Now gather the receipts according to their rankings, all of the 1As together, 1Bs, etc. Add them up and write the totals in the grid on the next page.

What you'll see is an important representation of your spending patterns – how much personal value you're actually getting from your spending.

3. Please complete the form now and return to this page.

A lot of people are quite shocked by the results. Generally speaking, those who are the most surprised tend to find it easiest to make significant changes. Often, just being aware of these habits is enough to begin to change them. Some find that it helps to use the ranking system whilst in the shops, especially for the small things that really add up. Others use the knowledge to discover the tricks they need to stay in control of their spending, like taking less cash into the shop in the first place.

There aren't right or wrong answers to this, or a one-size-fits-all solution. Find the balance that works for your life, your needs and your financial situation. The tools are here to help.



What are you getting for your money...

	1 No real benefit	2 OK benefit
A Immediate		
B Today		
C This week		
D This month		
E Indefinite		




<p>3 Average benefit</p>	<p>4 Better than average</p>	<p>5 Substantial Benefit</p>

Realities

Now go through your notebook and/or receipts and total up your expenditures by category. Complete the budget planner below.

	What I've actually been spending
Rent (or Mortgage)	
Council Tax	
Gas / Electricity	
Contents Insurance	
Telephone(s)	
TV Licence/ SKY/ etc.	
Internet	
Food/Household (UK average is £20/person/week)	
Travel (bus, taxis, train)	
Car Payments	
Car Insurance	
Petrol	
Repairs & Parts	
Road Tax	
Kids Lunches/Pocket Money	
Child Maintenance	
Clothes, shoes	
Habits and hobbies (tobacco, alcohol, gambling, etc.)	
Social (meals out, bingo, etc)	
Entertainment	
Newspapers/mags/TV book	
Haircuts	
Toiletries	
Prescriptions	



Credit/Store Cards/Catalogues	
Loan Repayments	
Savings	
Other	
TOTAL	

How does this compare with your estimated budget planner from page 7. If your estimates and real spending were close, well done. You're one in a million.

If you're more like the rest of us and were off in several categories, don't worry. You now know exactly where to start improving your financial situation through making better choices. Where did you over or underestimate your spending? Can you identify the areas where your estimates were a bit out?

Questions to think about

Did you spend more or less than you expected?

Were there many items that you hadn't thought about beforehand? If so, how much of your spending did they account for?

Was this a typical couple of weeks or different than usual?

How far off were you from what you would like to be spending?

Looking over the list, do you see places where you could reduce your spending? How could you meet these needs for less expense?

Moving forward

We've now reached the end of the money management workbook. Hopefully the exercises and examples have been useful and prompted you to think about how you budget. If you previously did not budget, or know how to budget, then through using the workbook you should be a self-taught expert on your own finances!

At the back of the workbook we've included contact details for local authorities, local and national agencies which offer money advice and debt counselling and also a range of agencies who can provide advice on fuel efficiency, saving, low cost borrowing and benefits advice.

It could be that even once you have completed a budget, the books do not balance and you spend more than you take home. In this situation it is probably a good idea to get some further help from one of the agencies listed. A good place to start might be to contact the Cash in Your Pocket Partnership on 01224 200221, which has a central referral system and will refer you on to the most appropriate service(s).

The aim of the workbook is to help people take control of their money and know exactly where it goes. The reality is that an accurate budget will hopefully make your money go a bit further and help you to avoid running out of cash or getting bank charges. It may even allow you to save a little. Remember that even a small amount of savings can help protect you from the money emergencies that we all face from time to time.

Useful Phone Numbers and Web Site Addresses

Local Councils

Aberdeen City Council St Nicholas House Broad Street Aberdeen AB10 1AR	General Enquiries Web	08456 08 09 10 www.aberdeencity.gov.uk
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Aberdeenshire Council Woodhill House Westburn Road Aberdeenshire AB16 5GB	General Enquiries Web	08456 08 12 07 www.aberdeenshire.gov.uk
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The Moray Council Council Office High Street Elgin, Moray IV30 1BX	General Enquiries Web	01343 543451 www.moray.gov.uk
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Trading Standards & Money Advice – Agencies offering free, impartial & confidential money advice

Trading Standards Service 4th Floor St Nicholas House Aberdeen AB10 1BX	Tel Email	01244 523738 moneyadvice@aberdeencity.gov.uk
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Aberdeen Citizens Advice Bureau 41 Union Street Aberdeen AB11 5BN	Tel Email	01224 569750 bureau@aberdeencab.casonline.org.uk
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SMART Project Huntly House 74 Huntly Street Aberdeen AB10 1TD	Tel Email	01224 202934 smart@grampianhousing.co.uk
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Gordon Citizens Advice Bureau 55 Huntly Street Huntly, Aberdeenshire AB54 8EQ	Tel Email	01466 793676 carol.henderson@gordonrural.org.uk
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Banff & Buchan Citizens Advice Bureau Townhouse Broad Street Peterhead, Aberdeenshire AB42 1BY	Tel Email	01779 471515 bureau@banffcab.cabnet.org.uk
Moray Trading Standards Consumer Advice Centre 232 High Street Elgin, Moray IV30 1DJ	Tel Email	01343 554617 money.advice@moray.gov.uk
Moray Citizens Advice Bureau 30-32 Batchen Street Elgin, Moray IV30 1BH	Tel Email	01343 550088 bureau@moraycab.casonline.org.uk
Cash in Your Pocket 74 Huntly Street Aberdeen, Scotland AB10 1TD	Tel Email	01224 200221 info@ciypp.co.uk

Telephone Helplines

National Debt Line	0808 808 4000	www.nationaldebtline.co.uk/scotland
Money Advice Scotland	0141 572 0237	www.moneyadvicescotland.org.uk
Citizens Advice Scotland	0845 450 0351	www.cas.org.uk
Consumer Direct	0845 404 0506	www.consumerdirect.gov.uk
Scottish Legal Aid Board	0845 122 8686	www.slab.org.uk
Shelter Scotland	0808 800 4444	www.shelter.org.uk/getadvice

Credit Unions

NESCU (North East Scotland Credit Union) 7 Finnan Place Torry Aberdeen AB11 8RG	Tel Email Web	01224 899688 info@nescu.co.uk www.nescu.co.uk
Grampian Credit Union Belgrave House 7 Belgrave Terrace Aberdeen AB25 2NR	Tel Email Web	01224 626280 admin@grampiancreditunion.co.uk www.grampiancreditunion.co.uk
St Machar Credit Union 22b Sandilands Drive Woodside Aberdeen AB24 2QA	Tel Email Web	01224 276994 f-credit@fersands.org www.stmacharcreditunion.co.uk

MISCELLANEOUS

SCARF Energy Efficiency
1 Cotton Street
Aberdeen
AB11 5EE

Tel 01224 213005
Email info@scarf.org.uk
Web www.scarf.org.uk

BENEFITS

To claim a working age benefit

Tel 0800 055 6688
Web www.jobcentreplus.gov.uk

To claim a retirement age benefit

Tel 0845 6060 265
Web www.thepensionservice.gov.uk

To find out more or claim tax credits

Tel 0845 300 3900
Web www.hmrc.gov.uk



with Scottish Government funding

Author: Emma Tailleir, NESCU
with input from SMART (money advice project), Grampian Housing Association