

## **Completing and reviewing your budget with our Budgeting Form.**

Reviewing your finances and keeping a regular eye on your household budget may save you money and help avoid over-commitment or running up debts.

Follow our three steps to review your budget and calculate manageable amounts you could offer as repayments for arrears or debts.

- Step 1. Complete your current Income & Expenditure
- Step 2. Complete information and make arrangements for your priority debts
- Step 3. Complete information and make arrangements for all other debts

Then view your budget summary to see if your household income is:

- 1. More than enough for all your expenditure, leaving you money to spare
- or 2. Only just enough to cover your spending
- or 3. Not enough to cover your spending, so you have a shortfall

Follow our notes and read our frequently asked questions to help you maximise your available income, face debt problems and find help to get you back on track.

### **Step 1. Complete your current Income & Expenditure**

Enter the amount of your income and expenditure in the boxes provided. Keep all entries to either weekly **or** monthly amounts.

**Weekly:** If you receive any income or pay some bills monthly - times the monthly amount by twelve and divide by fifty two to find the weekly amount.

**Monthly payments:** If you receive any income or pay some bills weekly - times the weekly amounts by fifty two and divide by twelve to find the monthly amount.

### **Step 2. Complete information and make arrangements for your priority debts**

Your priority debts/arrears are the first debts you should negotiate repayment arrangements for. These types of debts are listed on the calculator and include mortgage or rent arrears, Council Tax, Utilities, Tax or Court Orders/Fines.

List the amounts of money you owe for all Priority Arrears or Debts and the amount of any repayment arrangements you have agreed. Noting the date these repayments will finish will help you see when additional monies will become available to you.

**Note:** If you have priority debts/ arrears and current payments for items the amount of your current payments should be entered as expenditure, and arrears and repayment arrangement(s) entered onto the priority arrears section.

For example: You are currently paying £86.00 per month towards your current year's council tax and also pay an additional amount of £50.00 per month towards £200.00 council tax arrears. Place the entry of £86.00 for the current council tax bill as your expenditure and £200.00 debt with a £50.00 agreed repayment under council tax in the section for your priority arrears.

If you have not made arrangements to repay all priority debts see ***How do I negotiate repayments with people I owe money to?*** with the aim of agreeing manageable repayments.

### Step 3. Complete information and make arrangements for all other debts

Complete the Non-Priority debt section by listing any other debts you have outstanding, these may include credit-cards, catalogues or store cards.

You will need to calculate payments for non priority debts based on the amount of money owed and your available income.

For example:

You have £60 available income after your expenditure and priority debt repayments and two non priority debts; an unsecured bank loan of £2,000 and a catalogue debt of £1,000 totalling £3,000.

You can fairly share out payment to those you owe money to by using the following formula:

You can offer payments of £40 for the bank loan, calculated as follows:

£60	X	£2,000	÷	£3,000	=	£40
your available income		the bank loan		total of your non priority debts		

You can offer payments of £20 for the catalogue debt, calculated as follows:

£60	X	£1,000	÷	£3,000	=	£20
your available income		catalogue debt		total of your non priority debts		

Contact those you owe money to with view to agreeing these arrangements. See ***How do I negotiate repayments with people I owe money to?***

#### After you have completed the form

- Have you negotiated manageable repayments with all you owe money to?
- Are these repayments listed on your budget calculator/form?

If not complete information on your priority and non-priority debts as steps 2 & 3 and view '*How do I negotiate repayments to those I owe money to?*'.

- Do you feel your household expenditure could be reduced?
- Are you unsure if you have entered or are spending realistic amounts?

If yes you may be able to reduce your expenditure. See *How do I know the amounts I am spending are fair and right?*

#### View your budget summary to see if it is showing:

- 1. You have a positive amount showing as available income, leaving you money to spare each month.**

Congratulations in managing your money. Consider placing some of this available income into regular savings for future security. The Credit Union is a safe place to save and access money. For more information contact the Credit Union that covers the Solihull area on 0121 350 8883.

You may be able to further increase your available income by reviewing your expenditure. Review your budget on a regular basis or if there is a change for example when a debt is repaid or you receive additional income. If you find you have more money to spare each week/ month increase your savings or debt repayments. Set yourself some goals and ensure you are making your money count for you!

## **2. You have no or a very small amount showing in your available income as your income is only just enough to cover your spending**

You are currently managing to pay all your bills but you don't have any spare money each week or month for unforeseen needs.

Are you on a low income and struggling to meet your priority expenditure?

If so view our web page of [www.solihull.gov.uk/moneycounts](http://www.solihull.gov.uk/moneycounts) or contact your local Citizens Advice Bureau on 0870 120 2425 to see if there are further financial benefits you may be entitled to.

Review your budget on a regular basis or if there is a change for example when a debt is repaid or you have an unexpected bill to pay.

If it becomes difficult to pay for all your expenditure and debts you may need to renegotiate repayments with those you owe money. If you are unable to do this see our list of useful contacts and seek help from an independent body that will not charge for their services.

Set your self short and long term goals to work towards repaying debts or making some savings. Good luck in achieving a future budget which may leave you money to spare each month.

## **3. You have a minus figure showing you have a shortfall as you have not enough income to cover your spending**

If you are unable to reduce your expenditure or your income is simply not enough to cover your household needs you are not alone. Take positive action, view our list of useful contacts and receive help to get you back on track.

With help you may be able to negotiate repayments for any debts and receive advice on any additional income you are entitled to.

Plan to review your budget and spending on a routine basis, good luck in achieving a future budget without a shortfall.

### **Frequently asked questions and additional information.**

#### ***What if I don't know how much I spend on an item?***

If you need to make payment for an item but are unsure how much place an estimated amount for the item in your expenditure, do not leave this item out completely. When you know exactly how much this item will be revisit the form and amend your estimate.

Making regular payments may make budgeting easier for you, for example paying monthly by Direct Debit may stop the need to pay a large bill every quarter or half yearly.

#### ***How do I know the amounts I am spending are fair and right?***

Viewing your bills or actual spending should help you enter accurate amounts in your budget.

If you are unsure on where your money is going keep a 'spending diary' for a month, write down everything you spend your money on, you may be surprised where it is going!

You may want to review some of your expenditure to increase the possibility of having additional income left at the end of each week or month to save or pay off your debts/arrears.

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**Priority Expenditure** is essential to your household needs. Payments of these items are to ensure your home or residents' wellbeing or liberty is not put at risk.

Over a relatively short period some priority expenditure may be reduced by making your home more energy efficient or by reviewing your bills to see if you can receive the item from a cheaper supplier. To immediately reduce some of your priority expenditure you may be able to control spending by budgeting realistic amounts for certain items, for example:

**Food:** As a guideline we feel £40.00 for the first person per week for food, £25.00 per adult and £20.00 per child thereafter should be sufficient for most households. Though if you have special dietary needs or requirements i.e. a member of your household is diabetic these figures may vary.

**Phones:** Nearly everyone has a mobile phone which they find convenient to use though many calls or texts made may be unnecessary, costing you money. As a guideline we suggest £20.00 per month for a household landline phone and the cost of mobile phones necessary use.

**Other Expenditure** mostly relates to spending on non-priority items e.g. entertainment, smoking or magazines which should be kept to a minimum or if possible removed. For example purchasing a £3.00 lunch each week day would total spending of £780 per year and smoking 20 cigarettes a day approximately £1,820 per year.

***How do I negotiate repayments with people I owe money to?***

- Contact those you owe money to as soon as possible
- Explain your situation and be honest
- Agree to manageable repayments that you can maintain
- Follow guidance on court summonses and abide by court decisions, it could stop further costs or actions being taken against you
- To help you maintain repayments try and agree a date for payment that will suit you, for example just after payday
- Find out the best way for you to make these payments. Offering to pay by direct debit or standing order will show your commitment and help to ensure payments reach your account on time this will also save you the time and expense of sending off payments or standing in queues

If you have amounts outstanding for credit cards or catalogues and are finding the monthly payments are threatening your ability to maintain payments of your priority expenditure or priority debts/arrears review the amount you are paying to these non priority debts and aim to negotiate a repayment arrangement with the credit card or Catalogue Company as Step 3.

Keep a note of all payment arrangements made and contact details of those you have made arrangements with. If at any point you are unable to make a repayment contact them as soon as possible, where possible before the payment is due.

When viewing how much to offer towards each debt it is advisable to leave yourself a nominal amount for 'incidentals' under 'other expenditure' to make sure you are able to afford all repayment arrangements made over the period of repayment while allowing for some flexibility in your expenditure for unforeseen requirements i.e. repairs.

### ***What if I am unable to negotiate manageable repayment arrangements for all my debts?***

If you have a shortfall or no available income to offer as repayments for your debts or you are unable to make agreements with the people you owe money to seek free independent advice from debt or money advisors who will not charge you for their services.

You are not alone as many people suffer difficulties with money at some time in their lives. Money problems can be caused by a variety of reasons, such as unemployment, illness, decreased income or relationship breakdown. Struggling with finances can be a very worrying and lonely experience; don't ignore the problem, the longer you leave it the worse it may get.

#### **Useful Contacts;**

**Citizens Advice Bureau (CAB):** [www.adviceguide.org.uk](http://www.adviceguide.org.uk)

**Solihull Citizens Advice 0870 120 2425**

The Priory, Church Hill Road, Solihull B91 3LF

Opening advice times 10am – 2pm Monday, Tuesday, Thursday and Friday

**Shirley Citizens Advice 0870 120 2425**

274 Stratford Road, Shirley, B90 3AD

Opening advice times 10am -4pm Monday, Tuesday, Thursday and Friday

**Chemsley Wood Citizens Advice 0870 120 2425**

176 Bosworth Drive, Chemsley Wood, Birmingham, B37 5DZ

Opening advice times 9.30am – 2pm Monday, Tuesday and Friday

**C.A.R.A (Chemsley Advice & Resource Agency) 0121 770 3773**

Keepers Lodge, Chemsley Wood, Birmingham, B37 7RS

**Age Concern 0121 705 9128**

Is available to assist in money advice for those over 50 and is aware of specialist issues for the elderly including care bills.

**National Debtline** 0808 808 4000

[www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)

**Solihull Community Housing Money Advice** for council tenants or anyone in real need 0121 717 1515

For further information visit:

[www.solihull.gov.uk/moneycounts](http://www.solihull.gov.uk/moneycounts)

[www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingDebt](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingDebt)

or pop into one of our contact centres to view our Money Counts Top 10 Tips leaflet.