Budgeting and debt advice handbook for residents



**Contents**

**Step-by-step guide**

Introduction 3

Income 4

Expenditure 6

Disposable Income 8

Priority Debts 9

Dealing with Non-Priority Debts 11

Create your Financial Statement 12

Further Resources 15

This guide is designed to give you the resources to create a financial

statement for yourself, and to give you a clear picture of your overall budget.

For more in-depth debt advice, we recommend you seek advice from one of the organisations listed at the end of the handbook.

Income maximisation List your income

Can you increase your income?

Review your household expenses List your expenses

Can you reduce your spending?

Disposable income

Work out what disposable income you have

This is your remaining income after you have paid all of your expenses

Priority debts – these are your debts which you need to deal with first

What are your priority debts?

Negotiate payment plans with your priority creditors – these are the people you owe priority debts to

Non-priority debts – these are your debts which you need to deal with after priority debts

What are your non-priority debts?

Negotiate payment plans with your non-priority creditors

Financial statement Create your financial statement



**Introduction**

Many people find themselves in financial difficulty. In the UK, almost nine million people consider themselves to have serious debt problems. This can often

be through no fault of their own, and could be caused by loss of employment, relationship breakdown or ill health.

It is important to take control of your finances in order to stop the situation getting worse, and this handbook is designed to give you the tools to achieve this.

When dealing with your debts, it is important to keep in mind the following points:

* Do get advice, remember, you are not alone. It is never too late to get advice, and you can get help anytime. You can use one of the organisations at the end of the guide.
* Don’t borrow money to pay off your debts.
* Make sure you claim all the benefits you are entitled to.
* Always tackle your priority debts first These are the debts with the most severe consequences, and as such need to be prioritised.
* Contact everyone you owe money to.
* Don’t give up.
* Don’t panic if a non-priority creditor takes court action. Just fill in the reply forms and give all the facts.
* Always keep copies of the letters or court forms you send or receive.
* Don’t ignore letters, keep copies of the letters you send and receive.
* Ensure your tax code is correct
* Get advice if you have debts which are with bailiffs

You will need to have figures for you income and expenditure to put into the tables throughout this document. These can be either weekly or monthly figures. Whichever option you decide, you need to make sure that you use this choice for every section.

To work out a weekly payment for something you pay monthly, times it by 12 then divide it by 52.

To work out a monthly payment for something you pay weekly, times it by 52 then divide it by 12.

It is important that you know exactly how much money is coming into your household, and to ensure that you are receiving all the benefits you are entitled to in order to increase your income.

**Income**

Make a list of all of the income you get into your household:

It is vital to make sure that you include all of the income into your household, you can use the below table to create this list, and this will form part of your financial statement.

There are blank spaces for any other income you may have.

# Income Monthly / weekly (£)

Wages **£**

Partner’s wages **£**

Universal Credit **£**

Child Benefit **£**

State Pension **£**

Pension Credit **£**

Occupational Pension **£**

Personal Independent Payment/ Disability Living Allowance, Attendance Allowance

**£**

Carers Allowance **£**

Maintenance **£**

Non-Dependent Contribution **£**

Employment Support **£**

Job Seekers Allowance **£**

|  |  |
| --- | --- |
| Child Tax Credits **£** |  |
| Working Tax Credits **£**  Income Support **£**  **£**  **£**  **£** |  |
|  |
|  |
|  |
|  |
| **Total Income £** |  |



Make sure that you are claiming all of the benefits which you are entitled to.

You can use the Turn2Us benefit calculator, which can be found on the Stevenage Borough Council website in the Advice pages or on the Turn2us website listed below. If you do not have access

to the internet, then you can contact the council directly and ask for this to be done for you.

You can also contact the following:

* Job Centre Plus on 0800 055 6688 or visit [www.gov.uk/contact-jobcentre-plus](http://www.gov.uk/contact-jobcentre-plus)
* The Pension Service visit [www.gov.uk/](http://www.gov.uk/) contact-pension-service
* Personal Independence Payments (PIP) on 0800 917 2222 or visit [https://www.gov.uk/pip](http://www.gov.uk/pip)
* Turn2us - Free and confidential helpline 0808 802 2000 or visit [https://www.turn2us.org.uk/](http://www.turn2us.org.uk/)
* Carer’s Allowance Unit on 0800 731 0297 or visit [www.gov.uk/carers-allowance-unit](http://www.gov.uk/carers-allowance-unit)

Other steps which you can take to maximise your income are:

* See if you, your partner or others living in your home could take on more work
* Make sure those living with you contribute towards their keep

Anyone living with you in receipt of benefits or working should contribute towards the

household bills. **You will lose out on Universal Credit/Housing Benefit and/or Council Tax** as a result of their income.

* Make sure you get enough child maintenance from your children’s other parent

If you have children with an ex-partner, they should contribute towards their keep.

Any maintenance you receive won’t affect other benefits, but you must declare any maintenance payments.

* Make sure you get your annual Winter Fuel Payment if you are entitled to it

If have you reached state pension age you may be entitled to this lump sum. It is normally paid automatically.

If any of these steps has helped you to increase your income, make sure you update your financial statement.

It is important to work out exactly what you spend each month, so you can look at areas where you could potentially cut back. Using the below table, make a list of your monthly expenditure. If your expenditure on an item varies over the course of a year, try and work out an average. You can use the blank spaces for any expenditure not listed.

**Expenditure**

|  |  |
| --- | --- |
| **Expenditure Monthly / weekly (£)** | |
|  |  |

Rent / Mortgage **£**

Service charge **£**

Council tax **£**

Life insurance **£**

TV Licence **£**

Gas **£**

Electric **£**

Water **£**

Food and housekeeping **£**

School dinners / lunch at work **£**

Clothing **£**

Telephone **£**

Contents insurance **£**

Health costs **£**

Haircuts **£**

Pets **£**

Childcare costs **£**

Alcohol and cigarettes **£**

Hire purchase repayments **£**

Travel – including getting to work **£**

Car tax / MOT / petrol / insurance **£**

Loans **£**

Credit Cards **£**

Broadband **£**

Miscellaneous **£**

|  |  |
| --- | --- |
|  |  |
|  | |
| Total expenditure **£** |  |



Look at ways in which you can reduce your expenses

* + Check to see if you are entitled to a Council Tax discount.

If you live alone, or with someone who is not counted, you may be able to get 25% off your Council Tax bill.

* + Check your bank statement to ensure all of your standing orders and direct debits are correct.

You may find that you are over paying on certain items, or that you having standing orders which you should no longer be paying.

* + Think about moving to a smaller home

If you live in a property larger than your needs, you may want to consider moving to a smaller home. This may reduce your rent and running costs.

* + Try and get better deals on your gas and electricity – you can reduce your costs by:
    - Changing supplier – check on price comparison sites to see what is available.
    - Buying both gas and electricity from the same supplier
* Don’t pay too much for your phone, TV and internet by:
* Renegotiating your contract or switching supplier for a cheaper deal.
* Cancelling your TV subscription
* Consider using just a home phone or mobile if your household can do without one.

If you are finding it difficult to reduce your expenditure, or are having difficulties with some of your suppliers, contact one of the expert debt advice agencies listed at the end of the booklet.

If you have found ways to reduce your expenditure, make sure you update your financial statement.

After working out your income and expenditure, you can now work out how much money you have left in order to start paying off any debts you have. This is called disposable income.



**Disposable income**

|  |  |
| --- | --- |
| **Summary Monthly / weekly (£)** | |
| Total income **£**  Total expenditure **£** |  |
|  |
| Disposable income / overspend **£** |  |

Your total income less your total expenditure will give you your disposable income.

If your total income is less than your total expenditure, or you have very little disposable income, go through your income and expenditure again to see if there is any further possibility for you to either increase your income or reduce your expenditure.

If there is nothing further you can do, it may be worth getting expert advice from one of the organisations listed at the end of the handbook.



**Priority debts**

It is important to get a list of all of your debts, arrears and credit payments. Try and get all of the paperwork for each of these together.

Some debts are more important because of what can happen if you don’t pay, these are called priority debts. You must deal with these debts first.

The below table shows all priority debts, and the consequences should you not pay them.

|  |  |
| --- | --- |
| **Priority Debt** | **What can happen if you don’t pay** |
| Rent and or service charge arrears | If you don’t pay these, you can lose your home |
| Mortgage repayments and loans secured on your home | If you don’t pay these, you can lose your home |
| Council Tax | The council will apply for a Liability Order which allows us to:   * Set up Attachment of Earnings (AOE) or Benefits (AOB) to recover the money you owe from your wages/Benefits * Instruct Bailiffs to seize goods from your home * Ask the court to imprison you |
| Gas or electricity arrears | Your services may be cut off |
| Unpaid Magistrates Court fines | You could go to prison |
| Maintenance arrears | You could go to prison |
| Income tax arrears | You could go to prison |
| VAT arrears | Bailiffs may come to your home and take goods to pay what you owe |
| TV Licence | You could go to prison |
| Hire Purchase repayments (if the good is a necessity) | Lose belongings on hire purchase |

List your priority debts

**Priority debts** continued

Use the table to make a list of your priority debts, the balance that is outstanding on them and the monthly payments you are due to make on them.

**£ £**

**Priority Debt Monthly / weekly (£) Balance outstanding (£)**

Rent, mortgage or service charge arrears

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Council tax | **£** |  | **£** |  |
| Gas | **£** |  | **£** |  |
| Electric | **£** |  | **£** |  |
| Court fines | **£** |  | **£** |  |
| TV Licence | **£** |  | **£** |  |
| Maintenance arrears | **£** |  | **£** |  |
| Hire Purchase repayments | **£** |  | **£** |  |
| Total priority debt | **£** |  | **£** |  |

Decide which order you will tackle your priority debts in

If you have rent arrears or mortgage arrears, you should always deal with these first to avoid losing your home. After this, you will need to deal with your priority debts taking into account how you feel the consequences will affect you and your household.

Negotiate payment plans with for your priority debts

Contact each organisation you owe money to as a priority debt and:

* Explain your financial difficulties
* Tell them you are preparing a financial statement
* Suggest an amount to pay them each month which will include your regular weekly / monthly payment plus an amount towards your arrears.
* If they refuse your offer, if you are able to, increase this and try again. It is important to make sure that any offer you make is affordable.

Once you have come to an arrangement, start paying this straight away, and update your financial statement to recalculate your disposable income.

If your repayment plan is refused, then you may need to contact one of the organisations listed at the end of the document for specialist debt advice.

If you do not feel confident contacting your creditors, then seek advice from one of the organisations listed at the end of this booklet.



**Non-priority debts**

Non-priority debts are debts where your creditors don’t have the power to take more serious action against you, like evicting you from your home or sending you to prison. Some examples of non-priority debts are as follows:

* Credit card payments
* Personal loans (if not secured on property)
* Bank / building society loans and overdrafts
* Catalogues / mail order
* Personal debts to friends and family
* Payday loans

You can use the following table to make a list of your non-priority debts, and the outstanding balance for each of these.

**Non-priority debts Monthly / weekly (£) Balance outstanding (£)**

Credit card debt **£ £**

|  |  |  |  |
| --- | --- | --- | --- |
| Personal loans **£** |  | **£** |  |
| Bank loans and overdraft **£**  Catalogues **£**  Debts to family / friends **£** |  | **£**  **£**  **£** |  |
|  |  |
|  |  |
| Payday loans **£** |  | **£** |  |
| Total non-priority debt **£** |  | **£** |  |

What you can pay towards these non-priority debts will depend upon how much disposable income you have. The way to work out your offer to creditors can be complicated. If you wish to look at how to do this, then please go to the fact sheet on non-priority debts in the resources section of this handbook. Alternatively you may want to seek specialist advice from one of the organisations listed at the end of the handbook in order to deal with these debts.

Using the information that you have put in the various tables throughout this guide, you can fill out the financial statement below.

**Create your financial statement**

# Income Monthly / weekly (£)

Wages **£**

Partner’s wages **£**

Universal Credit **£**

Child Benefit **£**

State Pension **£**

Pension Credit **£**

Occupational Pension **£**

|  |  |
| --- | --- |
|  |  |
|  | |
| Personal Independent Payment/ Disability Living **£**  Allowance, Attendance Allowance |  |
|  | |
| Carers Allowance **£**  Maintenance **£**  Non-Dependent Contribution **£**  Employment Support **£** |  |
|  |
|  |
|  |

Job Seekers Allowance **£**

|  |  |
| --- | --- |
| Child Tax Credits **£** |  |
| Working Tax Credits **£**  Income Support **£**  **£**  **£**  **£** |  |
|  |
|  |
|  |
|  |
| **Total Income £** |  |

Rent / Mortgage **£**

|  |  |
| --- | --- |
| **Expenditure Monthly / weekly (£)** | |
|  |  |

Service charge **£**

Council tax **£**

Life insurance **£**

TV Licence **£**

Gas **£**

Electric **£**

Water **£**

Food and housekeeping **£**

School dinners / lunch at work **£**

Clothing **£**

Telephone **£**

Contents insurance **£**

Health costs **£**

Haircuts **£**

Pets **£**

Childcare costs **£**

Alcohol and cigarettes **£**

Hire purchase repayments **£**

Travel – including getting to work **£**

Car tax / MOT / petrol / insurance **£**

Loans **£**

Credit Cards **£**

Broadband **£**

Miscellaneous **£**

|  |  |
| --- | --- |
|  |  |
|  | |
| Total expenditure **£** |  |

**Priority Debt Monthly / weekly (£) Balance outstanding (£)**

Rent, mortgage or service charge arrears

**Create your financial statement** continued

**£ £**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Council tax | **£** |  | **£** |  |
| Gas | **£** |  | **£** |  |
| Electric | **£** |  | **£** |  |
| Court fines | **£** |  | **£** |  |
| TV Licence | **£** |  | **£** |  |
| Maintenance arrears | **£** |  | **£** |  |
| Hire Purchase repayments | **£** |  | **£** |  |
| Total priority debt | **£** |  | **£** |  |

**Non-priority debts Monthly / weekly (£) Balance outstanding (£)**

Credit card debt **£ £**

|  |  |  |  |
| --- | --- | --- | --- |
| Personal loans **£** |  | **£** |  |
| Bank loans and overdraft **£**  Catalogues **£**  Debts to family / friends **£** |  | **£**  **£**  **£** |  |
|  |  |
|  |  |
| Payday loans **£** |  | **£** |  |
| Total non-priority debt **£** |  | **£** |  |

**Further resources**

Sample letters

A range of sample letters, which you can use for a number of reasons, is available on The National Debt Line website: [www.](http://www/) nationaldebtline.org

These letters can be used for negotiating with your creditors, dealing with bailiffs or complaining about your creditors, as well as a number of other issues.

If you do not have access to the internet or are not confident in using it, then any of the organisations listed on the final page will be able to provide assistance.

**Organisations to help with debt advice**

Citizens Advice

They can provide in depth debt advice and help with benefit checks.

Daneshill House Danestrete Stevenage

SG1 1HN

Advice line: 0800 144 8848

Stepchange Debt Charity They can provide in depth debt advice and set up a payment plan for you and deal with your creditors directly.

0800 138 1111

[www.stepchange.org](http://www.stepchange.org/)

National Debt Helpline Provide free debt advice over the phone

0808 808 4000

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

Welfare Benefit and Debt Advisor

Provides in depth debt and benefit advice for Stevenage Borough Council tenants only. You can be referred by your Income or Tenancy Advisor or request a referral yourself.

Stevenage Borough Council Stevenage

SG1 1HN 01438 242666

Herts Help

Providing help and advice to people in crisis and facing exceptional and unexpected pressures.

0300 123 4044

[info@hertshelp.net](mailto:info@hertshelp.net) [https://www.hertshelp.net/](http://www.hertshelp.net/)



Stevenage Borough Council Daneshill House

Danestrete Stevenage Herts

SG1 1HN

**Budgeting and Debt Advice Handbook Printed March 2023**

16 I Budgeting and Debt Advice Handbook