

Budgeting and debt advice handbook for residents



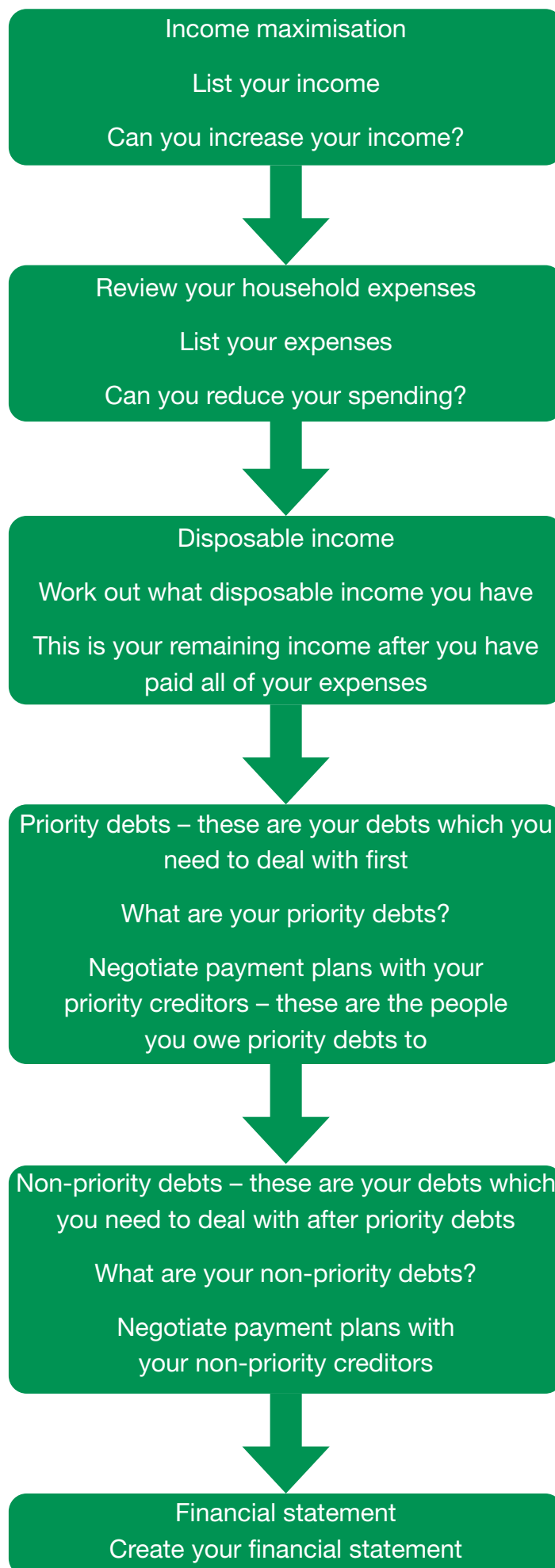
Contents

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.

Step-by-step guide



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.

Income

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.

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	£ <input type="text"/>
Partner's wages	£ <input type="text"/>
Universal Credit	£ <input type="text"/>
Child Benefit	£ <input type="text"/>
State Pension	£ <input type="text"/>
Pension Credit	£ <input type="text"/>
Occupational Pension	£ <input type="text"/>
Personal Independent Payment/ Disability Living Allowance, Attendance Allowance	£ <input type="text"/>
Carers Allowance	£ <input type="text"/>
Maintenance	£ <input type="text"/>
Non-Dependent Contribution	£ <input type="text"/>
Employment Support	£ <input type="text"/>
Job Seekers Allowance	£ <input type="text"/>
Child Tax Credits	£ <input type="text"/>
Working Tax Credits	£ <input type="text"/>
Income Support	£ <input type="text"/>
	£ <input type="text"/>
	£ <input type="text"/>
	£ <input type="text"/>
Total Income	£ <input type="text"/>



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
- The Pension Service visit www.gov.uk/contact-pension-service
- Personal Independence Payments (PIP) on 0800 917 2222 or visit <https://www.gov.uk/pip>
- Turn2us - Free and confidential helpline 0808 802 2000 or visit <https://www.turn2us.org.uk/>
- Carer's Allowance Unit on 0800 731 0297 or visit 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.

Expenditure

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	Monthly / weekly (£)
Rent / Mortgage	£ <input type="text"/>
Service charge	£ <input type="text"/>
Council tax	£ <input type="text"/>
Life insurance	£ <input type="text"/>
TV Licence	£ <input type="text"/>
Gas	£ <input type="text"/>
Electric	£ <input type="text"/>
Water	£ <input type="text"/>
Food and housekeeping	£ <input type="text"/>
School dinners / lunch at work	£ <input type="text"/>
Clothing	£ <input type="text"/>
Telephone	£ <input type="text"/>
Contents insurance	£ <input type="text"/>
Health costs	£ <input type="text"/>
Haircuts	£ <input type="text"/>
Pets	£ <input type="text"/>
Childcare costs	£ <input type="text"/>
Alcohol and cigarettes	£ <input type="text"/>
Hire purchase repayments	£ <input type="text"/>
Travel – including getting to work	£ <input type="text"/>
Car tax / MOT / petrol / insurance	£ <input type="text"/>
Loans	£ <input type="text"/>
Credit Cards	£ <input type="text"/>
Broadband	£ <input type="text"/>
Miscellaneous	£ <input type="text"/>
Total expenditure	£ <input type="text"/>



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 have 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.

Disposable income



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.

Summary	Monthly / weekly (£)	
Total income	£	<input type="text"/>
Total expenditure	£	<input type="text"/>
Disposable income / overspend	£	<input type="text"/>

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	<p>The council will apply for a Liability Order which allows us to:</p> <ul style="list-style-type: none"> • 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

Priority debts continued

List your priority debts

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	£ <input type="text"/>	£ <input type="text"/>
Council tax	£ <input type="text"/>	£ <input type="text"/>
Gas	£ <input type="text"/>	£ <input type="text"/>
Electric	£ <input type="text"/>	£ <input type="text"/>
Court fines	£ <input type="text"/>	£ <input type="text"/>
TV Licence	£ <input type="text"/>	£ <input type="text"/>
Maintenance arrears	£ <input type="text"/>	£ <input type="text"/>
Hire Purchase repayments	£ <input type="text"/>	£ <input type="text"/>
Total priority debt	£ <input type="text"/>	£ <input type="text"/>

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	£ <input type="text"/>	£ <input type="text"/>
Personal loans	£ <input type="text"/>	£ <input type="text"/>
Bank loans and overdraft	£ <input type="text"/>	£ <input type="text"/>
Catalogues	£ <input type="text"/>	£ <input type="text"/>
Debts to family / friends	£ <input type="text"/>	£ <input type="text"/>
Payday loans	£ <input type="text"/>	£ <input type="text"/>
Total non-priority debt	£ <input type="text"/>	£ <input type="text"/>

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.

Create your financial statement

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

Income	Monthly / weekly (£)
Wages	£ <input type="text"/>
Partner's wages	£ <input type="text"/>
Universal Credit	£ <input type="text"/>
Child Benefit	£ <input type="text"/>
State Pension	£ <input type="text"/>
Pension Credit	£ <input type="text"/>
Occupational Pension	£ <input type="text"/>
Personal Independent Payment/ Disability Living Allowance, Attendance Allowance	£ <input type="text"/>
Carers Allowance	£ <input type="text"/>
Maintenance	£ <input type="text"/>
Non-Dependent Contribution	£ <input type="text"/>
Employment Support	£ <input type="text"/>
Job Seekers Allowance	£ <input type="text"/>
Child Tax Credits	£ <input type="text"/>
Working Tax Credits	£ <input type="text"/>
Income Support	£ <input type="text"/>
	£ <input type="text"/>
	£ <input type="text"/>
	£ <input type="text"/>
Total Income	£ <input type="text"/>

Expenditure	Monthly / weekly (£)
Rent / Mortgage	£ <input type="text"/>
Service charge	£ <input type="text"/>
Council tax	£ <input type="text"/>
Life insurance	£ <input type="text"/>
TV Licence	£ <input type="text"/>
Gas	£ <input type="text"/>
Electric	£ <input type="text"/>
Water	£ <input type="text"/>
Food and housekeeping	£ <input type="text"/>
School dinners / lunch at work	£ <input type="text"/>
Clothing	£ <input type="text"/>
Telephone	£ <input type="text"/>
Contents insurance	£ <input type="text"/>
Health costs	£ <input type="text"/>
Haircuts	£ <input type="text"/>
Pets	£ <input type="text"/>
Childcare costs	£ <input type="text"/>
Alcohol and cigarettes	£ <input type="text"/>
Hire purchase repayments	£ <input type="text"/>
Travel – including getting to work	£ <input type="text"/>
Car tax / MOT / petrol / insurance	£ <input type="text"/>
Loans	£ <input type="text"/>
Credit Cards	£ <input type="text"/>
Broadband	£ <input type="text"/>
Miscellaneous	£ <input type="text"/>
Total expenditure	£ <input type="text"/>

Create your financial statement continued

Priority Debt	Monthly / weekly (£)		Balance outstanding (£)	
Rent, mortgage or service charge arrears	£	<input type="text"/>	£	<input type="text"/>
Council tax	£	<input type="text"/>	£	<input type="text"/>
Gas	£	<input type="text"/>	£	<input type="text"/>
Electric	£	<input type="text"/>	£	<input type="text"/>
Court fines	£	<input type="text"/>	£	<input type="text"/>
TV Licence	£	<input type="text"/>	£	<input type="text"/>
Maintenance arrears	£	<input type="text"/>	£	<input type="text"/>
Hire Purchase repayments	£	<input type="text"/>	£	<input type="text"/>
Total priority debt	£	<input type="text"/>	£	<input type="text"/>

Non-priority debts	Monthly / weekly (£)		Balance outstanding (£)	
Credit card debt	£	<input type="text"/>	£	<input type="text"/>
Personal loans	£	<input type="text"/>	£	<input type="text"/>
Bank loans and overdraft	£	<input type="text"/>	£	<input type="text"/>
Catalogues	£	<input type="text"/>	£	<input type="text"/>
Debts to family / friends	£	<input type="text"/>	£	<input type="text"/>
Payday loans	£	<input type="text"/>	£	<input type="text"/>
Total non-priority debt	£	<input type="text"/>	£	<input type="text"/>

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.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

National Debt Helpline

Provide free debt advice over the phone

0808 808 4000
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
<https://www.hertshelp.net/>



Stevenage Borough Council
Daneshill House
Danestrete
Stevenage
Herts
SG1 1HN

Budgeting and Debt Advice Handbook
Printed March 2023