



Managing money and budgeting

Age range: 16-19

 **BARCLAYS** | LifeSkills



Session overview

Time	Key learning outcomes	Resources
120 mins	<p>By the end of the activity students will be able to:</p> <ul style="list-style-type: none"> Identify their sources of income Understand how to create a budget that tracks income and expenditure Identify their spending and saving habits Understand the importance of working within a budget Identify bills they may need to pay and when to pay them Recognise the impact of poor money management Demonstrate an understanding of effective budgeting 	<ul style="list-style-type: none"> Managing money and budgeting presentation slides



This lesson plan is designed to be used in tandem with a PDF containing interactive activity slides. They are accredited with the Young Money Finance Education Mark, recognising them as recommended financial education resources.

Always start the session by agreeing ground rules with the group. For advice on this and other ways to establish a safe learning environment, download the [content guide](#).

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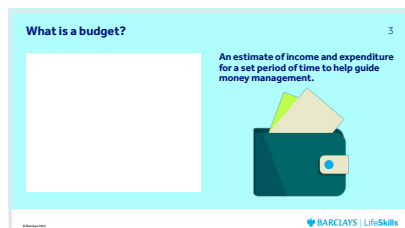
There is Money Skills content to suit a range of ages and abilities – take a look at our 7-11, 11-14, 14-16, and 19+ resources, which focus on topics such as attitudes to money, money management and risk, financial independence and fraud.

Please note that this lesson includes figures used in calculations such as student loan thresholds, NI contributions or similar. These figures were correct at the time of publication but may have changed by the time you use the resource as they are usually updated by the Government on a yearly basis.

Activity one

Who needs a budget?

1. What is a budget



- Explain to students that they're going to consider how using a budget can help effectively manage money. Highlight that comparing and tracking income and expenditure is key to successful budgeting, and therefore being able to make the most of their money

Split the students into groups and ask them to each come up with a definition of a budget.

Ask each group to share their definitions.

- Use **slides 2 and 3** to record some of their definitions, before revealing an agreed definition
- Discuss with the group whether any of them already have a budget, how they do this and if they face any challenges when trying to stick to it

2. Setting a budget

- Show **slide 4** and talk through each quote.

Ask students which quote they like the best and why.

Tell them it's worth remembering a key message, such as one of these, each time they're about to spend some money to remind them to make a sensible decision

- Explain that it's important to understand how we can change our decisions and behaviour to avoid potentially negative consequences from our actions. These can include having a poor credit rating, getting a court fine or being cut off for not paying bills, and even eviction if you can't pay your rent or mortgage – all of these are covered more in activity three. Tracking spending and income can be a good habit to improve managing money
- Display **slides 5 and 6** and read through the two scenarios. Ask the group to consider if they can relate to either of the case studies – do they have a car, would they prioritise the gym or cinema, would they want to save so they could move away for university?
- Print copies of **slides 5 – 11**, and ask small groups or pairs to complete a budget for one of the case studies using the spending guide on **slide 1.9**. Explain that not everything on the spending guide will apply to both case studies
- Once students have completed the budget templates, discuss and record responses as a whole group using the interactive slides. Ask groups to present the case study they focused on
- The budgeting template has been left blank so it can be given to students to track their own income and expenditure. Discuss with the group what they want to do next in terms of university, apprenticeship, job and what they think their income and costs will be. If there's time or after the lesson they can complete the template again based on their personal plans

Activity two

Getting into the saving habit

1. Understanding spending habits

- Explain what disposable income means

Ask students how easy they find it to keep their spending within their disposable income and whether they would know everything they have spent money on at the end of each week.

Discuss with the group any contributions that are offered

- Explain to students that to work within a budget you need to understand your spending patterns and where your money goes (particularly the small amounts)
- Show **slide 12** and ask students to think about what they spend their money on during an average week. They should use the spending diary to record what they can remember. Explain that it's a good idea to use a spending diary for a few weeks, particularly in periods where your circumstances have changed (e.g. starting a new job or going to university). You could complete the table on the slide as an example, or print copies for each student

2. Keeping to a budget

- Explain to students that, to live within our income and keep to the budgets we set ourselves, we need to be good at saving money where we can. This is to make sure there is money for the essential things, as well as emergencies and luxuries. It takes some practice and discipline, particularly if you are living independently for the first time
- Show **slide 13**, and ask students to discuss the items and think about the things they regularly buy that they could cut down on. There are some blank boxes on the sheet where they could enter items of their own. Print a copy for each student to complete individually but they should discuss within the group what they'd cut and why

When students have completed the activity, ask one person from each group to volunteer an example of what they could save and what they would put that saving towards.

3. Top tips for saving money

Ask the groups to think about any good tips they could give to others on how to save money (this could be related to saving cash or reducing spending when shopping).

- Let them discuss this for a couple of minutes and then ask each group to volunteer one tip. Write these on the board
- Use the questions on **slides 14** and **15** to complete a quick fire quiz. Show **slide 16** as a summary and print copies for students to takeaway if needed

Extension

- Either independently or as a group, students can use the ['34 Ways to Save' interactive tool](#) to explore tips for saving and sticking to a budget
- Students could spend some time researching money advice on sites such as [MoneyHelper](#) or [MoneySavingExpert](#) to help them compile some of their own top tips
- If they are living independently (or planning to), the ['downshift challenge'](#) relating to brands we buy in supermarkets is a useful model

Activity three

Keeping the bills at bay

1. Understanding your bills

- Work through the questions on **slides 17 – 26** and allow a few seconds for students to discuss the options in pairs, before revealing the answer – try and keep this quick fire

1. What is the term used to describe your bank account if the balance drops below £0?

Answer: c) Overdraft

2. Which of the following forms of borrowing do you think has the highest risk associated with it?

Answer: a) Loan shark

3. Why is your credit rating important?

Answer: All of them – lenders will consider your rating when deciding on whether to lend you money, it can impact interest rates lenders set for you, affect how likely you are to get a mortgage, and last six years

4. Which of the following can have a negative impact on your credit rating?

Answer: d) Missed payments on a credit card

5. Which of these is the most important utility bill to prioritise if you are in financial difficulties (pay first)?

Answer: a) Council tax

1. Consequences of not paying bills

- Explain to students that one of the biggest challenges of living independently is keeping on top of the regular bills. Discuss why it is important to ensure you don't get behind with bills and payments

Ask students what they think the consequences might be if a bill isn't paid (e.g. a utility bill or their rent)

- Move onto **slide 27** and ask groups to discuss which bills have the most serious consequences if they go unpaid. In groups, they should consider what they think the consequences might be, and mark each as A or B - A for the most important and B for the ones that could wait
- Discuss the answers on **slide 28**

Activity three

Keeping the bills at bay (cont'd)

Extension

- For those items the students have identified as less urgent, ask them to discuss and decide how they would get themselves to a position where they could settle the bills
- You could also discuss with students what might happen in the future as a consequence of not paying their bills, such as having a poor credit rating or a County Court Judgement (CCJ) on your credit record. Students could investigate this online

Summary

- Recap the key messages about the importance of managing personal finance to ensure you can enjoy life without the stress of getting into difficulties. Remind students that spending habits formed now can have an impact on their whole life
- Students could complete the interactive quiz on [Making it through the month](#) to see if they can manage a budget