

Lesson introduction

This lesson is designed to help children understand regular household expenses such as rent, council tax, utility bills and food. It introduces them to the concept of budgeting and to a simple monthly budget planner. The children also complete a payslip with pay and deductions to work out if a fictional character is earning enough to balance his budget.

Learning objectives

To:

- ◆ manage money
- ◆ understand the important role money plays in our lives

Learning outcomes

By the end of this lesson children will:

- ◆ be able to identify a range of common household expenses
- ◆ be able to use simple financial information to plan and manage a basic budget
- ◆ understand that planning their spending can help them stay in control of their money
- ◆ know that money is deducted from earnings to provide things we all need e.g. through taxes and National Insurance contributions

Vocabulary

Budget, record, income, total, expenditure, bills, expensive, essential, luxury, need, want, price, cost, buy, earn, work, wages, salary, job, pay, payslip, deductions, tax, National Insurance.

Timing	Task / activity	Resources
10 mins	<p>Starter activity</p> <p>Introduce the class to Billy, who's always running out of money. He is going shopping but hasn't a clue how much it is going to cost.</p> <p>Show the class the items on Billy's shopping list on slide 5. In pairs, ask the children to estimate how much they think each item on Billy's shopping list might cost, and add them up to estimate a total for all the items. (You can use the Shopping List handout for this if you wish or use whiteboards).</p> <p>Discuss the correct prices and total cost. Did most of the children estimate more or less than the correct total? Who got closest? Did anyone get the individual prices correct? Are they surprised by the real prices?</p> <p>Explain that almost everything in life costs money but we only have a fixed amount to spend. How can Billy spend his money wisely if he doesn't know much things cost? It is important that we know the price of the things we have to buy so we can keep within our budget. Use slide 7 to explain what is meant by 'a budget' and 'budgeting'.</p>	<p>Slide 4</p> <p>Slide 5 <i>Billy's Shopping List</i></p> <p>Slide 6</p> <p>Slide 7</p>
10 mins	<p>Main activity</p> <p>Billy's new home</p> <p>Explain to the children that Billy wants to move into a new home with his partner and two children but he's worried that he won't be able to afford it. Working in pairs, ask children to identify all the things in Billy's home that will cost money.</p> <p>This activity can be completed using the image on the slide and whiteboards, or you can print copies of the worksheet for the children to write on. If there is time, the children can add more items to Billy's home that they think he and his family may need or want.</p>	<p>Slide 8 <i>Billy's New Home</i> worksheet</p>
10 mins	<p>Billy's household costs</p> <p>Ask the class for feedback about the types of costs Billy and his family might face in their new home. What will Billy need to buy? What does each room need? What will Billy's family need? What bills should Billy expect?</p> <p>Make sure the following costs are discussed, even if the children don't suggest them: rent/mortgage payment, council tax, utilities, TV licence, Internet/TV package, basic food/household items, basic clothes, phone (landline/mobile).</p>	<p>Slides 8</p>

Timing	Task / activity	Resources
	<p>Work through the definitions on slides 9 to 16 (you can also print copies of the Household Cost cards with these definitions for children to refer to later). Ask them to group the costs into three categories: fixed household costs; essential living costs: and non-essential living costs. (See the definitions on slide 17 and the suggested categorisations on the Teacher's Copy of the budget planner resource.)</p> <p>Acknowledge that not everyone will agree. For example, some people think a phone or an internet/TV package is essential. Others may think we can manage without. Some items such as food might appear in two categories: basic food such as bread and milk are essential, whereas other food like ice-cream is non-essential (luxuries). Swimming lessons and magazines are also non-essential, even if they are very enjoyable.</p> <p>Explain that the next step is to find out the price of each item and to lay the information out in a clear and simple way that Billy can understand.</p>	<p>Slides 9-16 Household Costs cards Slide 17</p>
10 mins	<p>Billy's monthly budget planner</p> <p>Hand out copies of Billy's Monthly Budget Planner. Familiarise them with the layout; the sections for the three categories of costs: columns for the prices; sub totals; a space for the total cost. Explain this type of planner helps to sort and organise financial information. Billy can also use it to keep a record of his costs over time. Emphasise that the planner is for Billy's monthly expenses. He could use a similar planner for his expenses each day, week, year, or for the costs of a holiday or birthday party he might be planning.</p> <p>Working in pairs, their task is to put each of the Household Costs (from slide 19) into the correct category and match it to the correct price. They can use the definitions of fixed, essential and non-essential costs to help guide their choices. To help guess the correct prices, they should consider which items are more or less expensive. Is electricity likely to be more, or less, expensive than rent/ mortgage each month? Is council tax likely to be more, or less, expensive than water? They also need to add up all the costs to find the total.</p>	<p>Slide 18 <i>Billy's Monthly Budget Planner</i></p> <p>Slide 19</p>
5 mins	<p>Billy's monthly budget planner – see Teacher's Copy for the answers</p> <p>Have pairs swap papers so they can mark each other's work. Tell the children to award two points for each item that has been matched to the correct price, and one point for each item that has been put in the correct category (fixed, essential, non-essential) but against the incorrect price.</p> <p>* Internet/TV package and phone costs are arguably non-essential living costs, so pupils can be awarded points for grouping them in either category.</p> <p>Find out which pair got the highest score. Ask if anyone was surprised about the costs. Were they more or less than they expected? Acknowledge that some households will have higher or lower costs than Billy's. It often depends on the size of the house and the number of people who live there.</p>	<p>Slides 20-23</p>
10 mins	<p>Billy's monthly payslip</p> <p>Billy has recently started a new job as a zookeeper. He's really looking forward to being paid but he can't work out how much he will be paid. Will it be enough to cover all his household costs?</p> <p>Give pairs a copy of Billy's Monthly Payslip. Point out the main features and explain the terminology using the information provided. Ask the children to label the different features using the numbering on the worksheet as you go along.</p> <p>Work through the calculations and ask the children to complete the payslip with the correct figures. Explain that Billy can't keep all the money he has earned; some deductions are made. Have the children heard of income tax or national insurance? Where does the money go? What is it used for?</p> <p>Finish by calculating Billy's net pay. This is often called 'take-home' pay as it is the amount Billy will take home after the deductions have been made.</p>	<p>Slide 24</p> <p>Slide 25 <i>Billy's Monthly Payslip</i></p> <p>Slide 26</p>
5 mins	<p>Plenary</p> <p>Balancing Billy's monthly budget</p> <p>Ask the children to return to their copy of Billy's Monthly Budget Planner. They should write Billy's net pay at the top and then deduct his total household costs. Ask the children if Billy will have any money left over at the end of the month. What could, or should, Billy do with any money that is left over? Spend it? What on? Save it? What for? Give it away? Who to? What if Billy wasn't earning enough to pay all his household costs? How could he adjust his budget? Which costs could he reduce?</p>	<p>Slide 27</p>

Timing	Task / activity	Resources
	<p>Differentiation</p> <p>Less challenge: Use a version of Billy’s Monthly Budget Planner which is prepopulated with some of the costs and their prices. Similarly, Billy’s Monthly Payslip can be prepopulated with some of the figures.</p> <p>More challenge: Task the children with designing their own budget planner for Billy. Ask them to recalculate Billy’s net pay and monthly budget in response to different changes in costs, income or income tax rates.</p>	
	<p>Extended Learning</p> <p>Ask the children to watch <i>HMRC Junior Tax Facts</i> (5.58 mins); a simple introduction to tax for 8 to 11 year olds which explains that taxes provide the money needed to pay for the things that are essential to them, their families, communities and society as a whole.</p> <p>Have them replicate Billy’s Monthly Budget Planner using a classroom or school budget. Ask the children to suggest the items they use in at school that they don’t pay for directly, e.g. pencils, computers, books. Explain these items are largely paid for by the money that the government collects in income tax. How much money should be allocated to each item? What happens if the items are lost or broken? Where should the money come from for replacements?</p> <p>Extend the concept into the local community: ask the children to create a classroom display of photographs showing things that are paid for through taxation, e.g. school, refuse collection, playgrounds, doctors’ surgeries, emergency services, street lighting, roads.</p>	

