



Managing finances when renting or buying a home

Age range: 16-19

 **BARCLAYS** | LifeSkills



Session overview

Time	Key learning outcomes	Resources
110 mins	<p>By the end of the activity students will be able to:</p> <ul style="list-style-type: none"> Understand needs and wants in the context of living independently. Understand how to create a budget that tracks income and expenditure. Recognise the impact of poor money management when bills are involved. Identify bills they may need to pay and when to pay them when living independently. 	<ul style="list-style-type: none"> Managing finances when renting or buying a home 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 5-11, 11-14, 14-16, 16-19, 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.

As this lesson contains issues which can be sensitive, check its suitability for the pupils in your class and adapt activities where necessary. It's important to consider that there are pupils in the class for whom this lesson might resonate strongly, whether for themselves or their family members. So, ensure you signpost to further support at the end of the lesson.

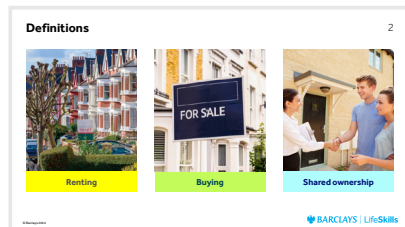
You may want to discourage personal disclosures and specific student circumstances and agree any other ground rules to create a safe learning environment so that both staff and pupils feel comfortable to discuss the lesson content.

Remember that you can refer to the guiding principles for establishing a safe learning environment in the Appendix section of the LifeSkills content guide. This includes Best practice guidance from the PSHE Association on how to deliver the lessons safely and effectively.

Activity one

The cost of living independently

1. Options for living independently



- Students may be familiar with sticking to a budget and saving up for something they want in the short term. This activity focuses on longer term saving and borrowing and the importance of planning for your financial future.
- Whatever their next step after leaving education, young people will need to consider the options for where they will live – with parents or family, renting with friends or on their own, or buying a property. Ask students if they can explain the difference between the terms on **slide 2** – renting, buying and shared ownership. Discuss using the definitions below.

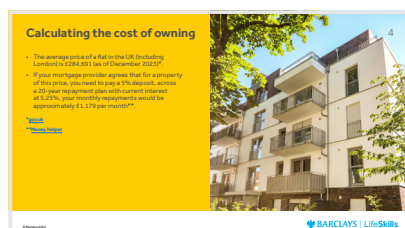
Definitions

Renting: paying for the use of a house or flat. The owner of the property is known as the landlord. Anyone renting a property is known as a tenant.

Buying: purchasing a property. Most people who want to 'own' their own home take out a loan (debt) known as a mortgage.

Shared ownership: an arrangement that allows someone to buy a portion of the property and pay rent to a landlord on the remainder. This is often through a housing association, local councils or independent organisations that manage affordable homes for people on low incomes or with particular needs.

2. Buying or renting?



- Ask the students whether they are considering owning a property of their own one day, and whether they know what they would need if they wanted to apply for a mortgage (the loan that will help them buy a home). Explain that they will need both a deposit and an income that would allow them to repay the loan and cover their living costs.
- Show **slide 3** and compare the costs associated with renting and buying a property. Work through the example of mortgage repayments on **slide 4**, which is based on figures from the Money Helper mortgage calculator tool. If you have time, students could adjust the terms on the tool and explore how this affects the repayments at [Money Helper](#) and research the additional costs to consider such as stamp duty, legal fees and surveys.
- Explain that there is help available to 'first time buyers' that can make owning a property a realistic option. Buying a home can be a good long-term investment, so can be seen as a form of saving for the future.
- The government has a range of [Own Your Home schemes](#) available to explore:
 - The mortgage guarantee scheme.
 - Shared Ownership.
 - Right to Buy.

Activity one

The cost of living independently (cont'd)

3. The cost of living independently

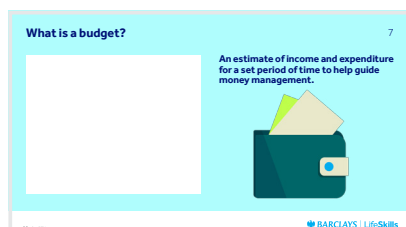
- Next, load the [Needs and Wants interactive tool](#) and complete the 'Moving into a new home' section, either as a whole group or in pairs if they have access to PCs/tablets. Encourage students to discuss their decisions and use the 'create your own' option to add in other costs they think Alice needs to consider before buying a home, based on what they have covered earlier in the session. Mortgage deposit and home insurance are included already.
- Remind students that creating a budget when they are considering living independently or buying home will help them understand their whole financial position – income, current outgoings and future costs.
- Ask students to share the additional household bills and living costs they came up with and use the checklist on **slide 5** to make sure the key outgoings have been covered. Discuss which of these costs are unavoidable and which are optional. Encourage debate, and explain that there isn't necessarily a right or a wrong.



Activity two

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, especially when it comes to renting or buying a home. Highlight that comparing and tracking income and expenditure is key to successful budgeting, and therefore being able to make the most of their money whilst living independently.
- 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 **slide 6** to record some of their definitions, before revealing an agreed definition on **slide 7**.
- 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 8** and talk through each quote.

Ask students which quote do 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. Tracking spending and income can be a good habit to improve managing money to be financially independent.
- Display **slides 9** and **10** 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 11 – 14**, and ask small groups or pairs to complete a budget for one of the case studies using the spending guide on **slide 15**. 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 or 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.
- Alternatively, encourage the group to do a full budget plan after this session using a free online tool, as well as researching and comparing costs and deals online through websites like [Money Saving Expert](#). If they are not earning, encourage them to base the budget planner on the weekly average salary for young people aged 22-29 of change to £583 (as of December 2023).

Source: [ONS](#)

Activity three

Understanding and keeping on top of bills

1. Understanding your bills

- Work through the questions on **slides 16 – 25** 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

2. 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 26** 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 27**.

Activity three

Understanding and keeping on top of bills (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

- Ask students to discuss in pairs or small groups some key things that they have learnt from the session, e.g. did anything surprise them or is there anything they now know which they didn't know at the start of the lesson?
- To close the lesson ask students who are comfortable to share their key takeaways.