



What is a budget?

KS3

KS4

Ages 11-18



3 min read

A budget is a plan for how you'll spend (and save) money over a set period — usually a month or a year. It's simply writing down what money comes in, deciding in advance where it goes, and sticking to that plan. That's it. The concept is simple; the discipline is harder.

Why bother?

Without a budget, money tends to vanish. Most people who haven't tracked their spending are surprised to discover where it actually goes. A coffee here, a subscription there, a few takeaways — individually nothing, collectively hundreds of pounds a month. A budget forces you to be intentional about your money rather than just reactive.

Imagine you get £100 pocket money. Without a plan, you spend it on random things and by Friday it's gone — and you can't remember where. With a budget, you decide upfront: £20 for snacks, £30 for going out, £20 for a new game, £30 saved. You might still spend the same £100 — but you chose to spend it that way, on things that actually matter to you, rather than having it disappear on impulse buys you've already forgotten. A budget gives your money direction.

The 50/30/20 rule

A popular simple framework: spend 50% of your income on *needs* (rent, food, bills), 30% on *wants* (eating out, entertainment, hobbies), and put 20% into *savings*. It's not perfect for everyone — rents in London make the 50% almost impossible for many people — but as a starting point for thinking about money, it's useful.

The government has a budget too

The Chancellor of the Exchequer presents a budget to Parliament typically once a year — a plan for how the government will raise money (taxes) and how it will spend it (public services, benefits, infrastructure). When the government plans to spend more than it raises, it runs a **deficit** and has to borrow the difference. Over time those deficits add up to the national debt.

