

A black and white photograph of an abacus. A hand is shown in the upper right, moving a bead along a string. The beads are dark and spherical, and the strings are light-colored. The background is bright and out of focus.

Adding it up

James Rye calculates how many clinical hours a week a counsellor would have to average in order to cover costs and make a desired level of income

once went on a course for people who wanted to run their own business and ended up spending some time with Margaret, a lady who ironed. She felt she had found a niche in the market. She would iron other people's clothes for a fee and generate an income from her labour. Doing this for friends had left her with needed pocket money; now she wanted a living.

All was fine until we had to spend an afternoon doing the sums. The course tutor wanted us to work out our expenses, estimate our number of customers, and then calculate how much we needed to charge to produce the level of income we were aiming for. Because Margaret had been ironing for others for a while she knew roughly how many garments she could iron in a week. At the time she was charging 30p a garment. However, after we had taken into account her outgoings – for example, equipment, heat and light, insurance, telephone, advertising, national insurance, accountancy, transport (Margaret delivered the ironed goods to her harassed friends at the end of the day) – it was clear that she would have to nearly double her charges to break even, and charge closer to £1 if she wanted to make a minimal income. Margaret's response was simple: 'But I can't charge people more than 30p... I'd feel so awful if I did... and anyway, people wouldn't pay more.'

I don't know what happened to Margaret, but I suspect she may effectively be paying people for allowing her to iron their clothes, whilst believing she is making a profit because her customers pay her money. Unless she annually does the sums and faces up to their reality, she isn't making a living.

I trained as a counsellor, not an accountant

I think it may be reasonable to assume that many of us in private practice are sometimes naive about certain aspects of our business. I know I certainly was at the beginning. The problem is that we have been trained

and coached as counsellors, but we have received little information about, or support in, running a commercial enterprise. We know about therapeutic contracts and confidentiality, but we know virtually nothing about self-employed mileage rates or marketing.

For some of us the detail is too tedious to be bothered with. We've never had to trouble ourselves thinking about outgoings in our previous working lives and resent having to start now. Despite the one session on existential therapy that we probably had during our training, where we learned that it is better to face reality than go on living under fantasy, we sweep the problem under the carpet: 'I don't really have any expenses – I would have to pay for the phone and travel anyway if I wasn't a counsellor. And what does it really matter if I pay too much tax?'

For many of us there is also something profoundly troubling about the notion of paying too much attention to money in the context of a therapeutic practice. Even if a few of us once had naive notions about earning a large income from counselling, most of us never joined the profession with income as a primary motive. We were passionate about standing with others in their process of understanding and growth. But when seen against the tears and the vulnerability, and against the joy and profound change, any lengthy focus on money seems almost dirty and embarrassing – at best a necessary evil. There are unpalatable truths that all of us in private practice need to face: we do make money from the distress of others, and we do need to make a living. If people did not feel something was wrong in their lives and were not willing to pay us to help them in some way, we would not be able to practise privately. And despite any philosophical objections to making money in a therapeutic context, we have to make enough money to pay our own mortgages and increasing fuel bills.

Of course, many of us will identify with Margaret's feeling that she

couldn't charge more than 30p per ironed garment because she felt it would seem a huge amount for what she did, and because she felt that she knew what people would be willing to pay for her service. On the surface it can feel uncomfortable charging £50 for a 50-minute session for what may seem like listening to people and making the occasional comment. However, let's remember that, in the main, ours is a graduate profession, which requires a minimum of three years' postgraduate training, at considerable cost in terms of course fees, personal therapy and supervision. We offer a psychologically safe space and profound listening. We make professional interventions skilfully, in line with established theory, which often help clients to make significant changes in their lives. And apart from the rich personal benefits to the clients (restored and deepened relationships, increased self-confidence, the ability to walk into a shop without overwhelming fear, the end of wanting to stay in bed all day), don't forget the financial contribution that our work can make to society. Helping a stressed or depressed client return to work, or an alcohol-dependent client conquer their addiction, can save a client, an employer, and the NHS, thousands of pounds.

We do have a difficult juggling act to perform. Somehow we have to keep at least five balls in the air: what our service is worth to individuals and society; what our costs are; what we feel people locally are willing to pay for our service (people might pay £70 an hour in London, but I doubt that they would do so in some other locations); what level of income we wish to achieve; and what we feel is morally fair. The flight of the last ball is particularly difficult to judge. If we charge what is a reasonable amount from an accounting point of view, it may be too high for many clients and mean we only have self-referrals who are relatively affluent. However, if we don't charge that fee we may not cover our costs or have a reasonable income. Some therapists try to handle this particular dilemma by

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offering a discount to some clients. There is no law that says each client has to pay the same for sessions. However, if clients know they are having a discount (practically inevitable), it does seriously skew the power balance between client and therapist and clients may feel indebted to their counsellor, which is therapeutically unhelpful.

The costs

Although it is reassuring to have people give us money, we do need to have an idea of what the costs of running our business are. How much are we paying out in order to be a counsellor and to offer our services

to others? In Table 1 I have outlined some costs that a counselling business may have. Of course, each business is different, and your costs may be far higher or considerably lower.

I have divided costs into three broad areas: communication, personal development, and other. Communication would include a range of items including all or part of telephone and mobile phone equipment, line rental, and call charges, and the cost of call diverts if appropriate. For some people it would include the cost of a virtual PA (you divert your calls to an operator who takes the call in your

name while you are unable to pick up, and then forwards you the message). Communication would also include the cost of stationery, postage and printing. For some people who have an internet presence, part or all of those costs could be included here. The final big item under this category is advertising. (While I fully accept that not all advertising is worthwhile, I never cease to be amazed at the number of counsellors I meet who seem to think that the general public will just know that they exist and start beating a path to their door.)

Under personal development I have counted the expenses of being a professional therapist – regular supervision, courses, books for personal development, membership of professional bodies, accreditation costs. In some cases there is travel associated with these activities, and the expenditure soon mounts up. When I did a three-year, part-time MA course, for example, in addition to the course fees and books, I also noted my travel expenses, which at a weekly 160-mile round trip at 40p per mile during semester time, came to a considerable sum.

‘Other’ can cover any other legitimate expenses incurred in running your business. For many therapists the main ones here would be insurance, room rental, equipment, and accountancy. For example, because I do a reasonable amount of telephone counselling I have invested in equipment that removes my need to hold a handset to my ear for 50 minutes at a time. And although many would naturally recoil from the expense of an accountant, I have personally found that the peace of mind mine gives me is worth it, and that he often pays for himself through his ability to legitimately reduce the tax bill. In my first year my accountant cost me approximately £400 and he saved me approximately £2,500 in tax that I would otherwise have paid.

The sums

Whether you think the figure of £6,300 is ridiculously high or low

Communication	
A proportion of phone, mobile, line rental, redirect – say £30 a month	£360
Stationery, postage	£40
Advertising	£200
Virtual PA – say £20 a month	£240
Proportion of internet costs – say £10 a month	£120
Personal development	
Supervision – 18 hours at £45 per hour	£810
Books	£80
Professional memberships	£150
Courses/conferences – one conference and overnight accommodation	£250
Travel – including travel to training and to supervision	£150
Other	
Insurance	£300
Room hire – difficult to assess, dependent on your location and on the number of clients you see. At say £10 an hour, and 25 clients a week, your costs are likely to be £12,000 a year. For many of us it is likely to be less – say £3,000. And of course, if we work from home, we do not have this direct expense, though we will have higher insurance costs	£3,000
Equipment	£100
Accountancy	£500
Total	£6,300

Table 1: Annual costs

doesn't matter – the point is you do have costs. If you are pleased because you are being paid around £5,000, but are not accounting for your expenses, you are deluding yourself about how much money you are earning.

In Table 2 I have calculated how many counselling hours a week a counsellor would have to average in order to cover costs and make a desired level of income (before tax). The figures below are approximate (I have rounded up or down and not gone into decimal places, the cost figure from Table 1 is approximate, and I have assumed a 47-week working year). I have also taken the view that it is unrealistic and unsafe to assume that anyone could counsel for more than 25 hours a week, every week, for a year. Please note that the table can only be taken as an approximate guide, as costs may vary in different situations.

So, for example, using the above table you can see that if you charge £35 a session and want an income after expenses but before tax of around £20,000, you would need to see an average of around 16 clients per working week (at least three a day). On the other hand, if you charge £70 a session and want an income of around £10,000, you would only need to average five clients per week. I have heard anecdotal evidence that a student counsellor was told that earnings of £50,000 a year was not beyond the realms of possibility. That figure may not technically be impossible, but it is unlikely. Even with room costs as low as £3,000, you would still need to charge in excess of £50 per session and regularly have around 20 clients a week.

I hope that if you have been in denial about the reality of your business expenses, the above figures will help

you have a more realistic view of your income. Work out what your own expenses are and set yourself a target figure for the weekly volume of work you need in order to achieve your desired earnings. ■

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Additional reading

BACP information sheet P2: Charging for therapy in private practice – pitfalls and ethical issues.

BACP information sheet E1: Practical aspects of setting up a counselling service.

Both are available to download free from the members' area of the BACP website (www.bacp.co.uk) by clicking on 'Information Sheets'.

Desired income	£5,000	£10,000	£15,000	£20,000	£25,000	£30,000	£35,000	£40,000	£45,000	£50,000
Session rate										
£20	12	17	23							
£25	10	14	18	22						
£30	8	12	15	19	22					
£35	7	10	13	16	19	22	25			
£40	6	9	11	14	17	19	22	25		
£45	5	8	10	12	15	17	20	22	24	
£50	5	7	9	11	13	15	18	20	22	24
£55	4	6	8	10	12	14	16	18	20	22
£60	4	6	8	9	11	13	15	16	18	20
£65	4	5	7	9	10	12	14	15	17	18
£70	3	5	6	8	10	11	13	14	16	17
£75	3	5	6	7	9	10	12	13	15	16

Table 2: Average number of weekly counselling sessions needed to generate desired income (after expenses of £6,300)