



## Pricing

It is important for every setting to cover its costs to ensure its long term survival. An important part of achieving this is setting the right price for the service you provide.

### **Covering costs**

The first part of setting your prices is knowing what your costs are. Once you know what your true yearly or weekly costs are you can then work out the hourly running costs. From this and knowing the number of child spaces that you have you will be able to work out a price that will cover your costs.

Remember that you will not always run at full occupancy and so your price should be worked out on a realistic occupancy level.

Remember that the 'Sure Start Guidance (February 2006)' states "*Parents cannot be charged for any part of the minimum free entitlement either directly or indirectly*". (minimum entitlement is 15 hours per week for 38 weeks a year).

### **Other factors in price setting**

- What is the going rate in your area?
- What services and facilities do you offer and how do they compare with your competitors?
- How do you want to position yourselves in the market and the image you are putting forward with your pricing?
- What are your parent's limits and expectations?
- What are parents prepared to pay for the services and facilities you offer?

### **Choose a pricing strategy**

These include

- Charging per session
- Charging per hour
- Discounting e.g. for more hours or a second child
- Block pricing - buying a set number of hours/sessions in advance
- Membership - lower prices if you pay to be a member

You may want to use a mix of these

### **Written Pricing Policy**

It is important that you have a clear policy so that parents know exactly what they are paying for.

This could include

- Fee rates and when they are due

- NEF entitlement and arrangement if a child attends more than one setting for more than the 15 hours
- What services are included within the basic fee
- Details of additional charges e.g. special diets, late pick-ups, extra hours, school collections etc.
- Policy on absences
- Policy on bank holidays and holidays
- The fact that rates are non-negotiable

### **Reviewing**

Review regularly and if you need to increase prices make sure parents have notice of the price increases so they have a chance to budget.