WHITE PAPER

Cashless Schools

The purpose of this white paper is to help inform schools, MATs, caterers or local authorities who are considering 'going cashless' with online payment collection.

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1. Introduction – Why should schools go cashless?

There are clear issues around pupils bringing cash and cheques into school to pay for meals, trips and clubs. Cash can be spent in the corner shop on the way to school, act as a trigger for bullying or simply be lost.

The Bank of England's introduction of new polymer notes and the ever-growing number of high street bank closures will add additional costs and challenges to cash based schools whilst also increasing on-site security risks.

Considering these challenges, a growing number of schools are opting to go cashless by offering a mixed model of online payments and/or cash based payments in local PayPoint shops. Being totally inclusive has been key, helping ensure no-one is disadvantaged and that money is received securely by schools and spent in the way it was intended - on a healthy school meal, trip or other item. In return for removing cash, schools and caterers are realising significant benefits including reduced administration time and direct cost savings.

How will this paper help you?

This white paper is aimed at schools, caterers or local authorities who are considering 'going cashless' with online payment collection.

The paper will help staff understand the benefits that can be realised by removing cash from schools and also outline some key factors that schools should consider before attempting to go cashless.

The paper includes advice, research outcomes and real case studies provided by LACA (Lead Association for Catering in Education) with input from industry experts, schools and local authorities who have successfully deployed 'truly cashless' solutions.

The white paper will also explore the perceived challenges schools face in going fully cashless, including research findings from schools and parents and examples of how schools have successfully met these challenges. This white paper also includes a checklist for procurement as well as hints and tips on how to go cashless

Typical cashless journey

Procuring a system + Checklist

Develop a Cashless Plan + Communication

Going Cashless

0 - 3 months

3 - 4 months

4-12 months

2. The first wave – but was it truly cashless?

In some primary and secondary schools, cashless catering systems are still not exactly cashless; they simply move the cash and therefore the associated queue of pupils from the serving hatch to the school office or the cash loader on the wall outside the dining hall.

This works for serving meals faster, but is not especially helpful for the pupils or school with queuing potentially putting children off eating school meals.

In the case of primary schools, valuable teaching and administration time is still lost by collecting and managing cash payments in classrooms and school offices.

These solutions were not truly cashless and pupils were still carrying cash and cheques into school to top-up accounts.

Anne Bull, former LACA National Chair, further explained what she felt was missing: "However ground-breaking, the first wave of cashless systems did not offer the convenience of an online payment facility that parents were accustomed to in their everyday lives. It was a part solution."

> **School and caterer staff were losing hundreds of hours of administration time each year**
>
> *Anne Bull, (ex) Chair - LACA and Head of School Facilities at Rhondda Cynon Taf Council*

"In my role as Head of Catering and School Facilities at Rhondda Cynon Taf County Borough Council, I could see that local authorities and schools were looking to provide not only healthy school meals, but also a convenient and safe way for parents to pay; it needed the full package to increase uptake."

"It became clear that what was actually needed was a solution which would dramatically reduce the administrative and cost burdens associated with the collection and management of all cash and cheques coming into school. Schools were losing hundreds of hours of administration every year."

3. The 'truly cashless' revolution begins

The answer to the limitations of the early cashless catering systems emerged in 2003 with the launch of the first school online payment system, ParentPay. It could integrate with cashless catering systems in secondary schools, as well as acting as a stand-alone dinner money management system for smaller primary schools.

LACA Partner ParentPay was originally the brainchild of a teacher and working mum looking to save schools time and make life easier for parents. It became the catalyst for a second wave of cashless solutions.

Anne stated: "When ParentPay was launched, some people needed a little convincing. However, a project in 2004 commissioned by Croydon Council, changed all that and soon provided evidence to dispel any concerns about online payments in schools."

The work in Croydon continued and was arguably the start of the 'truly cashless revolution' that is now happening in schools all over the country.

The integration of online payments with canteen tills and / or MIS systems now offers schools the possibility of a 'truly' cashless solution, already a reality in over 80% of secondary and 75% of primary schools in Croydon. Subsequently, there have been successful cashless projects rolled out in London Borough's of Enfield, Barking & Dagenham, as well as in Northamptonshire, Staffordshire, Lancashire (via BT), Sheffield, Brighton & Hove, Scottish Borders, Dundee, East Ayrshire, and Solihull Council. With many more in the pipeline in 2018.

> **"** Schools reported administration time had reduced by 80% in some cases **"**
>
> *Marianne Lewis, Cashless Schools Programme Manager, Croydon Council*

Clint Wilson, ParentPay CEO stated: "The key to success is ensuring that everyone can pay for a variety of school items regardless of whether they owned a debit/credit card or had access to the internet; enabling schools to collect and manage all income online regardless of the payment method. It was so important the solution did not become a barrier but an enabler – so combining online payments with cash collection through PayPoint outlets in local stores was crucial."

The result of the Croydon project was ground breaking in that it created the first and currently the only truly socially inclusive payment solution in the market place. It was this combination of payment methods that allowed Croydon to become the first LA in the UK to effectively eliminate cash and cheques from the meal service: allowing all parents to use a safe, secure method of sending money to school.

Within the first two years of introducing a fully cashless solution, Croydon Local Authority reported significant increases in meal uptake. What's more, schools started using ParentPay to collect and manage all of their parent income.

Marianne Lewis, who was responsible for commissioning the cashless project for Croydon LA added:

"It's been a great success, schools were reporting that administration time associated with parent income had reduced by up to 80% in some cases - enabling schools to redeploy financial and administrative resource to more important tasks in their schools."

> **"** It was so important the solution did not become a barrier but an enabler - so we combined online payments with cash collection through PayPoint outlets in local stores **"**

4. What the research says

ParentPay's recent Income Collection Survey was conducted with school staff, exploring perceptions and challenges to becoming a 'cashless' school. Over 800 schools responded to the survey and provided valuable insight into the challenges and steps taken to going 'truly cashless' with an online payment system.

48% of parents pay online & alternative method

46% of parents pay online

6% still pay by cash

Results from the research show that 46% of parents pay for school meals safely online, 48% pay online or occasionally with cash whilst 6% still pay by cash only.
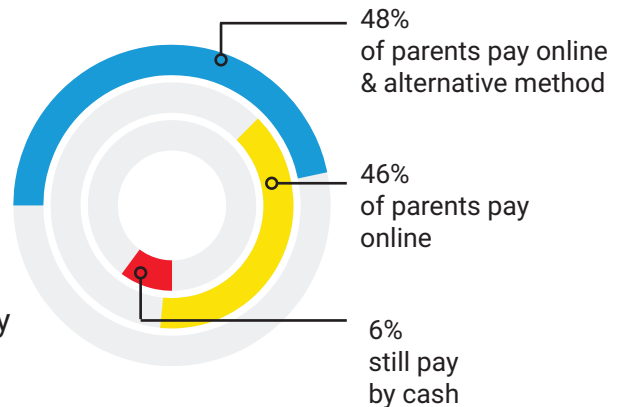
The survey had also revealed the benefits of having a school's activities go online, making it easy for staff to produce quick, reliable reports and statistics. One school manager stated; 'we now use Parent Pay for all our meals/events/activities/clubs in school as it is so easy to use and report on.'

Why are all schools not totally cashless yet?

Whilst research has regularly shown that the vast majority of parents want to pay schools online, it's interesting to compare this with school staff views.

From our latest findings, a small proportion of parents have limited access to the internet, with cash based families being the main reason schools cannot go fully cashless. Although these concerns are overcome when you consider that school cash based payments can be made to ParentPay via over 33,000 PayPoint stores.

What do parents say?

LACA recently worked with two of their partners, ParentPay and food suppliers Birds Eye, to carry out research with parents and children into school meals. With over 15,000 responses, the survey was the largest research exercise of its kind into school meals, children's lifestyles and parents' perceptions.

Anne Bull talked about some of the key findings: "One of the things that stood out was the number of parents wanting to pay and see meal information online." More than 90% of parents stated they preferred to pay schools online*.

*Source: *LACA/ParentPay School Meals and Daily Lifestyles Research Report*

" The only cash we allow in school is for morning break sales as this teaches the children the value of money and working out the correct change "

Source: Income Collection Survey 2017 Respondent

Anne also outlined the health benefits of keeping money out of children's pockets: "There are also significant benefits for children. It reduces the chances of sweets and junk food being purchased on the way to and from school - something which parents also flagged as a concern in our research."

"I would encourage anyone reading this white paper to also read the full 'LACA & ParentPay School Meals and Daily Lifestyles Research Report' - especially if they would like valuable insight to help schools improve their catering provision and increase school meal uptake or are thinking about what efficiencies income collection and management solutions can gain them in the school office."

5. Secondary school case study - removing cash entirely

Monica Morley (School Business Manager) at St. John Payne Catholic School in Essex, explains why the school went fully cashless and the lessons learned in the process.

Monica stated: 'Back in 2008, the time required for collecting, reconciling and banking cash and cheques was almost becoming unmanageable; we had to do something to tackle this issue.'

'Parents were already shopping and banking online so I couldn't see why they wouldn't also want to pay for school items online. Having spoken to other schools using ParentPay, I persuaded the School Leadership Team (SLT) that we should start to take online payments from parents.'

In 2008/09 the school started to use ParentPay to enable parents to pay online for trips and other items.

Monica commented: 'Within a year we were starting to see benefits - with over £75,000 collected on trips and other items - we saved numerous administration hours, which were put to good use elsewhere. The ParentPay system was already giving us a good return on investment but as far as I was concerned, that was just the start, we really needed to exploit all the possibilities ParentPay offered.'

Despite an impressive start, around 60% of the school's total income was still being paid in cash for school meals. To tackle this issue, the school invested in a cashless catering system which integrated with ParentPay.

This enabled parents to not only pay online for school dinners on ParentPay, but also see what their children were eating and receive low balance alerts via email / SMS text.

Although, the initial solution did not totally remove cash from school as it included 'cash loaders' which meant students could still use cash to top-up their payment cards in school.

> " Within a year we were starting to see benefits with over £75,000 collected on trips and other items "
>
> *Monica Morley, School Business Manager, St. John Payne School*

When the cash loader stopped working one day, queues of students were again at the finance office - a headache school staff thought they had long seen the back of.

Monica saw the opportunity they had been waiting for:

'Instead of rushing into a quick and expensive fix, we asked ourselves should we really be spending money on upgrading the cash loading system, when we already had a proven, ready made solution that would eradicate the need or cash to be in school at all?'

Based on the success of online payments to date, SLT made the decision not to replace the cash loader and instead direct parents to use ParentPay to pay for school meals; those who still wished to use cash were able to pay through local PayPoint stores integrated with ParentPay.

6. Primary school case study: Multi-academy Trust - flexible solutions

South Dartmoor Multi-academy Trust consists of five primary schools based in Devon. With count-less administrative hours and resource spent counting, handling and recording cash coming in and out of schools, the Trust were looking to introduce efficiencies, primarily redirecting valuable staffing resource away from cash management and tracking income as well as reducing the risk of money being lost

Sam Tse, Head of Finance at the South Dartmoor Multi-academy trust had a list of key factors a cashless online payment system should meet before coming to a decision. Sam explained that these requirements included competitive pricing, flexibility and ease of use for both the school and parents.

After researching numerous, reputable online payment providers (and their solutions), Sam decid-ed ParentPay's tried and tested solution, would be the best option to help reduce time consuming administration, improve efficiency and importantly, provide a safe, secure audit trail. What's more, ParentPay could meet different requirements at each school within the Trust. For example, one primary school was keen to roll out online menu choices to ensure parents made their selection in advance; whereas others opted to introduce ParentPay first then include this option later.

Since ParentPay was implemented, the system has helped staff to work more efficiently. The Trust has saved administrative time and valuable staff time: "The main benefit is time saved in banking and receiving money at reception."

Sam also commented on another key factor - being able to track and report accurately: "The reports within ParentPay have also reduced having to manually track payments. Cash collection services have also been reduced which has saved money across all schools."

❝ ParentPay allowed us to tailor requirements at each school.❞

Sam Tse, Head of Finance, South Dartmoor Multi-academy trust

Sam's advice to other schools that are considering going cashless is to engage openly with parents; so the benefits of collecting payments online are realised. Sam added: "Communicate with parents well in advance regarding reasons behind the change and the benefits to themselves and the school".

Sam continues: "Parents have time to ask any questions, and for those concerned with using an online payment system, time to understand the alternatives, e.g. PayPoint."

7. Getting the 'right' type of cashless solution for your school

Schools have differing needs. Some primary schools choose not to invest in a cashless till solution for school meals - but still want to gain the benefits of reducing or totally removing cash or cheque payments from school. For instance in Gloucestershire, ParentPay is used as a stand-alone payment and meal management solution in 175 primary schools in the County meals contract. This solution has already helped contribute to a 26% increase in meal uptake in schools taking online payments.

Successful outcomes, as in Gloucestershire, are usually as a result of schools and local authorities working with experienced suppliers who will ask the right questions in order to create the right solution to meet the schools' needs.

Anne Bull, former LACA National Chair gives schools some advice before they select a cashless solution: "Our partners recognise that schools have different needs and they are able to offer the right solution to create a fully cashless school. Meeting parental expectations as well as saving school resource time is also important."

Anne added: "Schools need to be clear about their possible future needs to get the right solution at the outset. Collecting payments for a range of items, not just school meals, might not be on the agenda at day one, but implementing a solution that can manage both effectively will be key to future success."

Clint Wilson, ParentPay CEO, stressed the importance of school staff understanding all of their key stakeholders' and customers' needs, before selecting a cashless solution: "Initially it's about joining up what parents, schools and caterers want. Most importantly there are some questions that need to be asked both of yourselves and potential suppliers to ensure that any investment you make allows your school to realise the full benefits going cashless can have."

Ian Buss, Head of Education at Lloyds Bank adds: "For many schools, change and the management of that change is the biggest barrier. The schools that successfully convert to a 'cash free' environment do so by communicating this effectively with parents and staff, and then insisting on the change and refusing to accept payments by cash and cheque from a set date."

Tips for going cashless

1 **Agree a cashless strategy with Senior Leadership Team (SLT) and communicate this to all stakeholders:** For instance, you could say:
a) In September ALL new parents will be required to pay for all items online, whereas existing parents will be 'encouraged' to pay online or through PayPoint.
b) Alternatively, from September ALL parents will be required to pay online or through PayPoint.

2 **Have a plan that can deliver your strategy.** Central to your plan should be communication with parents and with staff. System training should be included, so you can maximise return on your investment

3 **Raise awareness and interest.** Consult with pupils and parents so they know what to expect. Use parent evenings, emails and news-letters to let everyone know when and how they can make cashless payments.

4 **Spark action.** Consider a promotion to encourage parents to pay online or through PayPoint e.g. Christmas meal needs to be ordered and paid for online, do not accept cash payments for trips in school.

5 **Be inclusive and provide for cash-based payers.** Not everyone has a bank card or account; so ensure your solution offers a socially inclusive payment option such as PayPoint, which allows parents to pay the school with cash in over 33,000 local shops across the UK.

6 **Remember alerts and reminders.** Providing balance or new pay-ment item updates via SMS and email alerts to parents will help increase uptake and reduce parental debt.

Cashless Checklist

	Yes	No

1 **Business case**: Do you need reasons or an argument to convince School Leadership Teams and / or School Governors to introduce a cashless online system?

Hint
You may want to do a simple time/effort, cost and benefit analysis . Compare the time presently used managing existing cash / cheques versus the possible time/cost saved if an online income collection solution partly/totally removed cash from school. Suppliers should be able to provide case studies / referrals that may support your arguments.

2 **Consider online services**: Your business case will be stronger if you can maximise the type of services you collect income for online - have you considered what services you could take payments online for?
- School Meals
- School Trips
- School Clubs
- School Uniforms
- Tickets for special school events

3 **Goals**: Have you set goals / targets in relation to becoming an online cashless school? Are these realistic and achievable? Have you got a strategy and plan to achieve this?

4 **Costs**: What are the approximate costs for a new online cashless system?

Note: Please refer to Question 16 to help inform your business case for supplier comparisons and on-going budgeting.

5 **Options:** Does the solution offer socially inclusive payment options?

Note: You may not want to dis-advantage payers who do not have the ability to pay by Debit/Credit card online - can your school collect and manage multiple payment types e.g. debit/credit card online / PayPoint (for non-debit or credit card holders) / occasional cash etc.

Cashless Checklist

	Yes	No

6 **Secure payments**: Do you want to take direct responsibility for the collection of debit/credit card payments or will you use a secure Payment Collection Service provider?

Note: If your school is happy to take responsibility for the direct collection of payments (via your own merchant account) please also consider security compliance training for staff + on-going merchant account costs.

Hint

A Merchant Account and PCI compliance training is not required if your suppliers' online cashless solution has a Payment Collection Service - you take no responsibility for the processing of card payments, the liability is with the cashless supplier and banking network.

7 **Automate**: Will the solution you are considering regularly enable you to update your pupil and staff data automatically from your school MIS?

Hint

Being able to easily update your online cashless solution from your MIS will save time and reduce possible errors - check with potential supplier/s what is possible and ask to see how it works.

8 **Solution options:** Does the solution cater for recording of and provide UiFSM, FSM and Paid for meal bookings & reporting?*

*Note: If being used for school meals

9 **Reporting**: Does the solution meet your existing requirements for income reconciliation reporting?

Hint

Provision of electronic payment receipts, audit trails, banking reports, reconciliation features including full transparent breakdowns of transaction fees etc...

Cashless Checklist

		Yes	**No**

10 **Value:** Will the solution add value to the existing services being provided to students / parents by the school? ☐ ☐

Note: Does the solution meet parental payment needs / requests

11 **Communication**: Will the solution need to enable you to communicate with parents and vice versa? ☐ ☐

Note: Messaging facilities within the payment system

12 **Balance alerts**: Will the solution need to deliver balance alerts to payers by email and / or SMS texts. *Note: Providing balance alerts to parents can help reduce the need to chase parental debt* ☐ ☐

13 **If using a Payment Collection Service:** Does your school have to pay transaction fees on every individual payment item or are you just paying one off payment fees? (e.g. on average more cost efficient)? ☐ ☐

14 **If you are not using a collection service:** Have you factored in costs associated with setting up your own merchant account and any related PCI compliance training required for any staff involved in payment collections from parents? ☐ ☐

15 **Training**: Are there training costs for your staff to learn how to use the proposed online cashless solution? ☐ ☐

16 **Annual Cost**: What are the annual license costs for the online payment solution and what will you need to pay for additional features? ☐ ☐

Note: This could include school > home comms facilities / additional modules / reports etc

17 Are there telephone and online support resources available? ☐ ☐

Cashless Checklist

	Yes	No

18 Are there charges associated with support offered by the supplier?

Note: These could be premium rate telephone numbers for support calls.

19 **Fees**: Are there additional (hidden) fees after the first year of your contract – does your annual license cost increase?

Note: Some suppliers offer the first year free or vastly reduced first year annual service license costs to encourage schools to sign-up to 3 year contracts - please ensure that you have the total costs related to the length of the contract available to you

20 **Resource & Support**: Have the supplier/s you are considering got a dedicated team and supporting plan to help you implement your online cashless solution within the timescales required?

Note: To ensure a successful launch of your online cashless solution, it is important that the supplier can also give your school the appropriate resource and support.

21 **Track record**: Has the supplier got a strong track record helping schools increase uptake of school meals, trips and other services?

Note: It is recommended that schools seek several references from local schools already using the suppliers' solution to evidence this.

22 **Financially sound**: Is the supplier in 'good health' from a financial perspective?

Note: Schools should ensure that they are working with a supplier that is not at risk of not being able to support your school in future. Credit / financial histories of suppliers should be requested or checked upon.

Cashless Checklist

	Yes	No

23 **SLA**: Has the supplier got adequate support resources and do they have a Service Level Agreement (SLA) that they can prove they can meet?

☐ ☐

Note: SLA's should include response times for support requests that they are contractually bound to provide you with. It should also include availability / uptime % for the system you use and any compensation details should this be broken.

24 **Investment**: Does the supplier regularly invest in improving their product and service based on customers' needs – can they evidence this for you?

☐ ☐

25 **Existing suppliers**: Does your potential online cashless supplier/s have formal partnership agreements with any of your pre-existing suppliers'?

☐ ☐

Note: Cashless catering system & MIS system

26 **Data Protection:** Do the supplier/s and the product meet Data Protection and PCI Data Security Standards and regulations?

☐ ☐

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