WHITEPAPER SCHOOL INCOME COLLECTION & BUDGET EFFICIENCY

This whitepaper is aimed at schools, MATs, caterers and local authorities

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How will this whitepaper help you?

This whitepaper is aimed at schools, caterers or local authorities who wish to increase income and make payment collection more efficient and safer.

Included in this whitepaper is advice, school budget research outcomes and real case studies with input from industry experts, including LACA (Lead Association for Catering in Education), schools and local authorities who have successfully deployed truly cashless solutions.

The whitepaper will also explore the perceived challenges schools face in going fully cashless, including research findings from schools and parents, plus examples of how schools have successfully met these challenges.

A checklist for system procurement as well as hints and tips on how to go cashless are included.

Summary findings

Our research shows that schools have clear issues with pupils bringing cash or cheques to pay for meals, trips and clubs. Cash can also be spent at the corner shop on the way to school, act as a trigger for bullying or simply be lost.

Considering these issues, a growing number of schools (at least 65%) tell us they 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 is key, helping ensure no one is disadvantaged. In return for removing cash, schools and caterers are realising significant benefits including reduced administration time and direct cost savings.

Recent research with 1,300 schools across the UK has helped cement the case that schools are still concerned about their school budgets and as a result how they can become more efficient and cover revenue shortfalls.

Schools were asked about how they were dealing with the impact of legacy budget cuts:

- · Most schools stated that parental donations would be preferable to cutting staff or resources
- 23% or more schools plan to go cashless in the next 2 years 60% of schools are already cashless
- Non-cashless schools stated they are more likely to be affected by budget cuts (+25%)



Key findings from the school budget research survey

ParentPay's recent school budget and income collection survey was conducted with school leadership teams, exploring perceptions and challenges around school budgets and income collection. Over 1,300 schools responded to the survey and provided valuable insight into how schools are finding ways to cut costs and top-up school budgets.

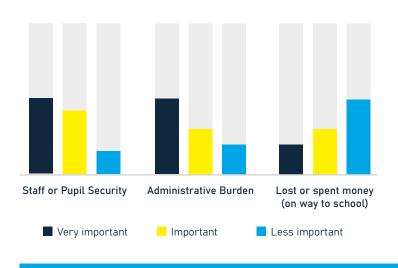
33%

2% Still accept cash only

65%

Mainly cashless

Totally cashless



Results from the research show that **2% of schools still accept cash only.**

The research found that 65% of school meal payments are totally cashless in schools that have the facility for cashless payment (up 5% in 2019), 33% are partly cashless and 2% continue to take cash only (or BACS) for school meals.

The survey 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 ParentPay for all our meals, events, activities and clubs in schools as it is so easy to use and report on."*

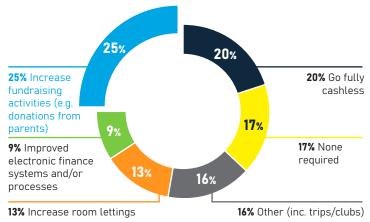
School budgets & fundraising

66

We have increased our fundraising income by over 180% Collecting online has made fundraising much easier! 99

Anita Donnelly - Office staff Our Lady of Compassion Catholic Primary School





What do parents say?

LACA worked with two of their partners, ParentPay and food supplier 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."

90% of parents said they prefer to pay schools online Source: LACA/ParentPay School Meals and Daily Lifestyles Research Report ⁶⁶ The only cash we allow in school is for morning break sales as it teaches children the value of money and working out the correct change.

Source: Income Collection Survey 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 whitepaper 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 be gained in the school office."

The first wave - but was it truly cashless?

In some primary and secondary schools, cashless catering systems are not completely 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 helps with serving meals faster but it is not especially helpful for the pupils or school, with pupils still carrying cash and cheques into school to top-up accounts. School and caterer staff were losing hundreds of hours of administration time each year.

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Anne Bull, (ex) Chair – LACA and Head of School Facilities at Rhondda Cynon Taf Council

"

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.

Anne Bull, former LACA National Chair, 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.

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."

What's a truly cashless solution?

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 a truly cashless revolution that is now happening in schools all over the country.

Schools reported administration time had reduced by 80% in some cases.

> Marianne Lewis, Cashless Schools Programme Manager, Croydon Council

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, successful cashless projects have been rolled out across the UK, including the London Boroughs of Enfield, Barking & Dagenham, as well as in Northamptonshire, Staffordshire, Lancashire (via BT), Sheffield, Brighton & Hove, Scottish Borders, Dundee, East Ayrshire, and Solihull Council.

Clint Wilson, ParentPay Director stated: "The key to success was ensuring that everyone could 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 only truly socially inclusive payment solution in the market place. It was this combination of payment methods that allowed Croydon to become the first Local Authority 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 their parent income.

Marianne Lewis, who was responsible for commissioning the cashless project for Croydon Local Authority 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."

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.

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Primary school case study

Finance Assistant, Shazia Begum at Billesley Primary School in Birmingham, explains: "We are part of The Elliot Foundations Academies Trust (TEFAT) which wanted all of its schools to become cashless, making collections more efficient with less risk."

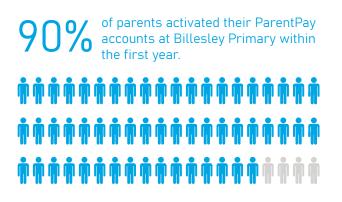
There are various online payment systems available; it's useful to take the time to research and consider the options based on school requirements. ⁶⁶ ParentPay is far more efficient and has enabled us to monitor spend more closely.

"

Karl Rogerson Billesley Primary School

Shazia says: "We looked at a number of providers during the procurement process, and ParentPay's reputation and experience, as well as on-going developments with other school MIS and platform integrations, made it a clear choice for us."

Ongoing support is important: "The support and implementation team have been really helpful and supportive." says Shazia. "As with anything new, there were a few teething problems which have been resolved with minimum fuss. The ParentPay support team can talk you through any issues you may have and follow up with an email."



To maximise the benefits of using any new system, it is key to use it to its full potential, Shazia outlines how Billesley Primary School are doing just that:

"We were keen to add all school items and activities to ParentPay to remove cash from school as much as possible.

All trips, before and after school clubs are available for parents to pay for online, as well as school meals." Here's how they did it: "We held 'sign up' sessions to give parents the opportunity to activate their accounts, with staff on hand to help if needed. This worked well as we've had parents sign up 'en masse'. We had a school disco, and saw this as an opportunity; we only accepted payment for this online or via PayPoint which was a success. We also have a dedicated table during parent's evenings, with a laptop to encourage any parents that haven't activated their accounts yet, to do so. This, along with regular texts and messages to parents to remind them, has worked well."

+114% total increase in online income at Billesey Primary within the first 3 years of using ParentPay

YEAR 3	+14%
YEAR 2	+99%
YEAR 1	STARTING POINT

MAT case study

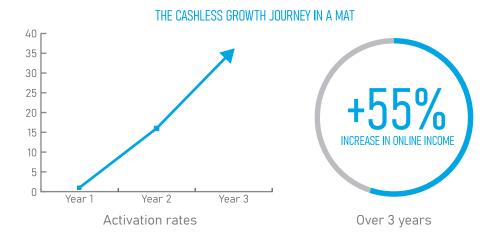
More and more schools across the UK are joining Multi Academy Trusts. Schools are seeing the benefits of working closely together towards a shared goal. Many MATs have the shared processes and systems to gain efficiencies.

This is the case for the Avocet Multi Academy Trust.

Zoe Stewart, Trust Finance Officer, explains why they made the move to online payments: "Security was one of the main factors for us. Holding cash on the premises and banking meant our processes were not as secure as we would have liked them to be. This, along with the opportunity to improve the overall effectiveness of administration time amongst staff, helped our decision." ⁶⁶ The cloud based system has proved invaluable for managers to access individual school information from any location.

> Zoe Stewart, Trust Finance Officer Avocet Multi Academy Trust

There were also other reasons the Trust decided online payments would be better suited to them: "Parents are happier with this option because their child is spending money where intended; they have 24-hour access to their online account and can book school meals or pay for trips whenever they like. It's convenient for them."



Zoe outlined how ParentPay has helped: "The processing of payments via ParentPay and direct settlement to our bank account, combined with the reconciliation reports available in the system, has made the whole process much more efficient for us. It's also an easy process for parents when booking lunches and trips online."

"As a trust, the key benefits have been the more efficient and effective use of admin staff time across all schools. The cloud based system has proved invaluable for managers to access individual school information through ParentPay from any location, which is important as the number of schools in the Trust grows."

The Avocet Multi Academy Trust share their advice on how to make a success of going cashless – Zoe states: "As with anything in schools, change can be met with resistance. However, once we recognised the major time savings for the Academy, we knew that it would be of huge benefit to both staff and parents. We gave parents a full term's notice, guided them through the process with detailed instructions in our weekly newsletters, and of course, we're always happy to offer our assistance via the school office."

Getting the 'right' type of 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 payments from school. For instance, in Gloucestershire, ParentPay is used as a standalone 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 Director, 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 of potential suppliers, to ensure that any investment you make allows your school to realise the full benefits going cashless can have."

Phil Herriott, Senior Education Specialist Relationship Manager 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



Agree on a cashless strategy with Senior Leadership Team (SLT) and communicate this to all stakeholders

For instance, you could say:

In September ALL new parents will be required to pay for all items online. Existing parents are encouraged to pay online or through PayPoint.

OR

From September ALL parents will be required to pay online or through PayPoint.

Have a plan that can deliver your strategy

Central to your plan should be communication with parents and staff. System training should be included, so you can maximise return on your investment.

Raise awareness and interest

Consult with pupils and parents so they know what to expect. Use parent evenings, emails and newsletters to let everyone know when and how they can make cashless payments.

Spark action

Consider a promotion to encourage parents to pay online or through PayPoint e.g. Christmas meals need to be ordered and paid for online; cash payments cannot be accepted for trips in school.

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 28,000 local shops across the UK.

Remember alerts and reminders

Providing balance or new payment item updates via SMS and email alerts to parents will help increase uptake and reduce parental debt.

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. **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 Goals YES 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? Costs YES Do you know what the annual license costs for the online payment solution are and what you will need to pay for additional features? Note: This could include school > home comms facilities/additional modules/reports, etc. **Options** Does the solution offer socially inclusive payment options?

School Governors to introduce a cashless online system?

Cashless Checklist

Business case

Hint: You may want to do a simple time/effort, cost and benefit analysis. Compare the time currently used to manage existing cash/cheques versus the possible time/cost

Do you need reasons or an argument to convince School Leadership Teams and/or

Note: You may not want to disadvantage payers who do not have the ability to pay by debit/credit card online - Can your school collect and manage multiple payment types? For instance: debit/ credit card, online/PayPoint (for non-debit or credit card holders)/occasional cash, auto-top up, etc.

N0 YES



N0

N0







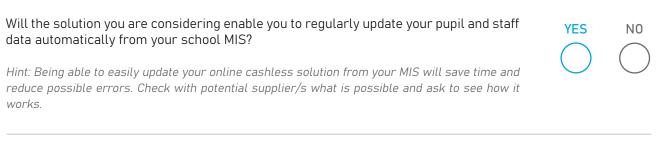
Secure payments

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 + ongoing 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.

Automate



Solution options

Does the solution cater for recording of and provide UiFSM, FSM, paid for meal bookings & reporting and advanced meal bookings?*

*Note: If being used for school meals.

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.

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? e.g. A way to manage food allergies and intolerances if service offers school meal management.

YES

YES

YES

YES

NO

NO

N0

NO

Cashless Checklist

Communication

Will the solution need to enable you to communicate with parents and vice versa? Note: Messaging facilities within the payment system.	YES	NO
Balance alerts Will the solution need to deliver balance alerts to payers by email and/or SMS texts?	YES	NO
Note: Providing balance alerts to parents can help reduce the need to chase parental debt. 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?	YES	NO
If you are not using a Payment 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?	YES	NO
Training Are there training costs for your staff to learn how to use the proposed online cashless solution?	YES	NO
Resources Are telephone and online support resources available?	YES	NO
Supplier costs Are charges associated with support offered by the supplier? Note: These could be premium rate telephone numbers for support calls.	YES	NO

Cashless Checklist

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.

Resource & Support

Has the supplier 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 success	ful launch	of your	online	cashless	solution,	it is	; important	that	the
supplier	can also	give your	school the	e approp	riate re	source an	d suppor	t.			

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 supplier's solution to evidence this.

Financially sound

Is the supplier in 'good health' from a financial perspective?	YES	NO
	\bigcirc	\bigcirc

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.

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YES

YES

YES

YES

NO

NO

NO

NO

Cashless Checklist

Investment

Investment	YES	NO
Does the supplier regularly invest in improving their product and service based on customers' needs – can they evidence this for you?	\bigcirc	\bigcirc
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	YES	NO
Data Protection Does the supplier and the product meet Data Protection and PCI Data Security Standards and regulations?	YES	NO

School Governor & Trustee Cashless Checklist

This checklist is to help school governors and trustees consider all key compliance and strategic factors whilst selecting a cashless solution.

Part 1 - Compliance and validation

Inclusive payments	YES	NO
Does the supplier offer socially inclusive payment options?	\bigcirc	\bigcirc
PayPoint alternative cash payment in retail outlets (not in school)	Ŭ	U
Security and data	YES	NO
Is the supplier compliant with current PCI level 1 certification and GDPR standards?	\bigcirc	\bigcirc
Are there validated GDPR compliant T&Cs, PCI level certificate?	\bigcirc	\bigcirc
Procurement	YES	NO
Is the supplier listed in a public service supplier framework?	\bigcirc	\bigcirc
This helps to show that suppliers have probably passed several validation requirements already e.g. Scotland Excel, ESPO (England)		\bigcirc
Finance health check	YES	NO
Has your finance team checked the financial history of the supplier?	\bigcirc	\bigcirc
References	YES	NO
Do other schools in the local area use the supplier and do they recommend it as a cashless solution?	\bigcirc	\bigcirc
Are service levels good, what is the uptime guarantee? Can they share recent customer satisfaction results?		

School Governor & Trustee Cashless Checklist

This checklist is to help school governors and trustees consider all key compliance and strategic factors whilst selecting a cashless solution.

Part 2 - Business case

Strategy

Is a cashless vision/strategy agreed?	YES	NO
We will go cashless within 'x' years, this year's new intake cannot pay cash. We will go cashless with school dinners in year 1, trips year 2, etc.	\bigcirc	\bigcirc
Success measures	VEC	
Has your team set goals and created a plan with review points to ensure the strategy is delivered?	YES	NO
Is there a cashless roll-out plan that the supplier can help you with?		
тсо		
Have you considered the total cost of ownership for cashless payment solutions available to your school?	YES	NO
Consider resource/time saved and evidence to support this from suppliers. Is your supplier using a third party Merchant account? If so, what add on charges exist?		
Training	YES	NO
Do the solution options include training on how to use the cashless system?		\bigcirc
Is it within quoted costs? If a Merchant account is being used, are your school staff PCI trained?		
Training	YES	NO
Do the solution options include training on how to use the cashless system?	\bigcirc	\bigcirc
Is it within quoted costs? If a Merchant account is being used, are your school staff PCI trained?	\smile	\bigcirc

School Governor & Trustee Cashless Checklist

This checklist is to help school governors and trustees consider all key compliance and strategic factors whilst selecting a cashless solution.

Part 2 continued - Business case

Efficiencies

Does the cashless solution integrate with systems currently in use? This avoids duplication of effort and reduced risk on data breaches that can happen with manual intervention.

YES	NO
\bigcirc	\bigcirc

N0

YES

MIS, Finance and/or catering

Real costs

Have you compared your likely payment transaction costs from suppliers? This can have a substantial effect on costs.

Set % versus flat fees?

Functionality

 Has the system got all the features required to meet your needs?
 YES
 NO

 Some systems don't update parent account balances throughout the day leading to possible debt, is that acceptable?
 O
 O

Guidance for switching to ParentPay



The school should check the terms of the current contract and consider any notice periods which might apply.



Make sure that you have saved any reports you need from the current payment system before it is decommissioned.



Update any references to the old payment system on the school website and other resources (eg parent's handbook). Add a link to the ParentPay login page to the school website.



If the school's current payment system requires a merchant account (eg WorldPay), then this will not be required with the new ParentPay system, and you won't need this, once ParentPay is in place.

The school should contact parents to advise them of the planned change to the payment system, and use the materials contained in the ParentPay Launch Pack to inform parents about the new ParentPay service.



If you have been collecting income via PayPoint with your current payment system, you should ensure that users return/dispose of any existing barcoded letters/cards, as these will not be recognized once the old payment system is switched off.



If the school is using the current payment system to settle dinner money direct to the caterer's bank account, they should contact the caterer to make them aware of the change. Dinner money collected using ParentPay can be settled direct to the caterer's bank account or to the school, as required. If the caterer's bank account is not already set up with ParentPay, we can send the link to the online form to confirm the details of the caterer's bank account and provide the caterer with central reporting for the catering revenue at each of its schools.

Guidance for switching to ParentPay



If the school is using a cashless catering system linked to the current payment service, they should contact the provider of the till system to advise of the switch to ParentPay. There may be charges made by the till provider associated with the change. ParentPay's Technical Team will confirm the date for the change with the school/till provider, and then support the till provider in making the change to the payment system. The student/staff account balances will be reported to ParentPay from the till system.

If the school is going to use the ParentPay Attendance Module/Meal Manager/Cypad Meal Selection to manage dinner money, then you can record starting balances in ParentPay to reflect any carried-over debts/ credits. You should make sure that you are able to run a report showing the closing dinner money balances from the current system. Carried over balances can then be recorded in ParentPay under Finance>Record adjustments.

Likewise, if the school is using the Attendance Module to manage account balances for Breakfast/After-school clubs or Nursery, you can record starting balances in ParentPay. You should check that you can run a report showing the closing balances from the current system.

If the school is running trips which are midway through the payment plan, then it can set up the trip in ParentPay, as required, and record the money received to-date as account adjustments against each pupil. Parents can then pay the outstanding balances for the trip using the new ParentPay system.



Don't forget that ParentPay includes the Communication Centre which you can use for messaging parents by letter, email and SMS text, for announcing new trips, payment reminders, low-balance and debt reminders, as well as general messaging. You might want to make further savings by switching from the school's current messaging provider, and you should check the contract term and notice period before cancelling the current messaging contract.

Guidance for switching to ParentPay





If the school is using a Private Funds system such as Pebble Fund Manager, or Istek's Private Funds Manager, then these can be integrated with ParentPay. You should contact the provider of the system to confirm what is required to enable the link to ParentPay, and any associated charges for this.



If the school wants to link the new ParentPay service to a print management system such as Papercut or Pcounter, then it should contact the provider of the print management system to confirm what is required, and any charges associated with this.



If the school is a member of a MAT with a central Trust bank account which has been setup with the ParentPay Group Manager Application (GMA) for central reporting, then ParentPay will add the central Trust's bank account to the school's ParentPay service.





