

Best practice in sustainable public-sector food procurement

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1. INTRODUCTION

1.1 Objectives for this work - what's needed, by whom?

This paper came about in response to a desire¹ to find an effective way to share and disseminate best practice on implementation of the Public Sector Food Procurement Initiative (PSFPI). This paper is designed to inform and stimulate creative thinking by procurement officers and others directly involved in enabling more sustainable approaches to public sector catering.

Three seminars were held between October 2005 and January 2006, on supply chains, the integration of sustainable development principles into policy and contract arrangements, and school food.

There is a significant amount of information on sustainable procurement, and school food in particular, which has been generated in the last couple of years. Seminar delegates were therefore asked to suggest what's missing and what's needed, which concluded that this work should aim to:

- Target those directly involved in purchasing decision-making, including catering managers, procurement officers, and others such as NGOs involved in enabling sustainable procurement in practice
- Summarise the key factors in sustainable procurement practice, with reference to case studies
- Define what more needs doing to offer practical help to practitioners
- Define what information is currently available which offers help to practitioners (ie buyers and catering managers), and what's missing

1.2 The context and the PSFPI

It is now a central objective of Government that rural policy should have as its outcome sustainable development. The Rural Strategy published in 2004 defined this as meaning that environmental, social and economic considerations should be addressed at all times, to provide *"a better quality of life for everyone, now and for generations to come...including thriving economies and communities in rural areas and a countryside for all to enjoy"*.

Procurement of goods and services by the public sector represents a challenge and an opportunity to put this over-arching policy into practice.

The PSFPI² is a Government initiative designed to encourage public sector bodies to procure their food in a manner that promotes sustainable development and encourages more small local businesses to compete to supply them with food. It is also helping the Government deliver its *Sustainable Farming and Food Strategy for England*, which aims to deliver a world-class sustainable farming and food sector that

¹ A meeting of NGOs and representatives of Government Offices for the Regions, held in June 2005 at Defra offices, concluded that seminars would be held to share best practice on implementation of the PSFPI.

² Defra's 'Unlocking opportunities: lifting the lid on public sector food procurement (a useful quick guide and readable leaflet which should be circulated to key people in LEAs, LACA etc). Defra's PSFPI web pages and case study information at www.defra.gov.uk/farm/sustain/procurement/casestudies/index.htm (although more detail on practical issues met by the practitioners would be useful)

contributes to a better environment and healthier and prosperous communities. There is also a strong link with Government initiatives on health and nutrition.

Many regional public procurement strategies are now being developed and are actively seeking to meet wider sustainability aims.

Creativity in defining the *procurement need* may be one of the strongest lines of opportunity for realising sustainable development objectives. If the objective is to provide healthy meals for schoolchildren, for example, there may be several ways in which this can be done. For example, through setting up separate supply and delivery contracts, linked to initiatives that support opportunities for local trading such as 'meet the buyer' events, and more proactive approaches to inviting interest by local producers.

The Cornwall Food Programme, a countywide project involving 5 NHS Trusts, has had research conducted to show their LM3³ impact. In Northumbria, an LM3 benchmarking exercise showed that if the County Council were to increase the proportion of its procurement budget expended locally by 10 %, it would not only result in an extra £34m to the local economy and community but incorporate a £9.5m annual efficiency gain. This has encouraged the County to take proactive steps to encourage more local businesses to tender. As a result, expressions of Interest were 5 times as many as were previously received in 1999 when the contract was last renewed and 4 of the 7 food category contracts were awarded to local suppliers.

1.3 What is sustainable food?

The PSFPI has defined sustainability in food and farming as systems of production, processing, marketing, distribution, and catering which meet the following five broad aims to:

1. Raise production and process standards
2. Increase tenders from small and local producers
3. Increase consumption of healthy and nutritious food
4. Reduce adverse environmental impacts of production and supply
5. Increase capacity of small and local suppliers to meet demand.

Additional objectives refer to increasing demand for organic food, improving choice for ethnic minorities, reducing waste, providing better conditions for catering staff, and improving data collection. The policy is explained in Defra's PSFPI Guidance for buyers and their internal customers⁴.

The following table sets out some of the key issues:

³ LM3 = local economic multiplier analysis, as developed by the New Economics Foundation

⁴ Defra's PSFPI Guidance for buyers and their internal customers. URL; <http://www.defra.gov.uk/FARM/sustain/procurement/pdf/foodprocure.pdf>

Objective / Action area	Rationale
<p>Increase opportunities for small local producers to tender:</p> <p>This may reflect a need to split catering supply contracts into lots by geographical or commodity units.</p>	<p>A study for the EC has identified that food systems, from farm to plate, are responsible for 31 per cent of the global warming from products consumed within the EU – more than any other aspect of our lives.</p> <p>Use of local, seasonal and unprocessed or lightly processed food significantly reduces environmental impacts especially through reduced energy use. Food production, retailing, transport, packaging and preparation accounts for 29% of the UK's energy use.</p> <p>Reliability of supply for large contracts is a key reason why supply contractors prefer to buy on open, world markets. By matching more targeted supply needs to local capacity, local and smaller producers may be able to offer dependable services.</p> <p>Food security is a legitimate concern. But <i>food security</i> should not be confused with <i>self-sufficiency</i>. The Government's food security policy ensures consumers have access to a stable and adequate supply of food; it is not about maximising domestic production.</p>
<p>Develop the supply side to meet requirements:</p> <p>Assisting the creation of supply chains that involve as few middlemen as possible, or which open opportunities for small local suppliers.</p>	<p>Local economies benefit when money circulates in the locality rather being taken out of the area. Trading locally creates a local multiplier effect, helping to maintain the vitality of rural and urban communities. Local suppliers can often be more responsive to client needs.</p> <p>For many smaller, niche producers, direct trading allows better sales margins and safeguards their business viability.</p> <p>Buyers can contract directly with producers, including smaller enterprises, using another, larger contractor to organise distribution.</p> <p>The National Procurement Strategy encourages buyers to seek out 'a mixed economy of service provision, including small firms, social enterprises, minority businesses and voluntary and community sector groups', in the interests of building diverse and vital local communities.</p>
<p>Use food standards:</p> <p>Specifying farm assurance standards, organic food and other produce from sustainable sources⁵.</p>	<p>Suppliers must show that they apply due diligence in all aspects of food supply and handling, to ensure food safety. Base level assurance schemes such as Assured Produce (Red Tractor) or equivalents, commit suppliers to meeting basic production and food safety standards, but do not necessarily imply better quality. Other industry certifications such as BRC, STS or EFSIS apply specifically to food safety.</p> <p>Other standards may broaden the benefits. For example, produce under Integrated Farm Management or organically grown minimises reliance on inputs such as artificial fertilisers and pesticides, which create significant impacts in</p>

⁵ For advice on procuring farm assurance standards – see the Frequently Asked Questions on the PSFPI web site at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-faqs.pdf>. See also section 2 of the model specifications in Defra's catering toolkit. URL: <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-clauses.pdf>

	<p>terms of energy use, use of raw materials, atmospheric and water pollution.</p> <p>Organically grown crops require around 50% less energy input per unit area than do conventional crops, benefiting climate change as well as significantly enhancing farmland biodiversity. Cost differentials between organic and conventional food is marginal for some commodities, especially where seasonal local produce can be identified. Evidence for nutritional benefit is divided. The PSFPI promotes organic options on environmental grounds while recognising that conventional farming also has a part to play.</p>
<p>Improve cooking skills and catering facilities:</p> <p>Helping kitchen staff understand how to prepare fresh meals using fresh produce, and providing the facilities to do it.</p>	<p>Skills to prepare fresh produce and cook healthy meals are often lacking, and in many places kitchen equipment and space is very limited.</p> <p>Equipping kitchens properly and building a motivated, skilled workforce, allows fresh food preparation and will stimulate opportunities for using seasonal produce.</p> <p>New equipment, if AAA rated, may save energy costs.</p>
<p>Review menus:</p> <p>Menus should reflect seasonal fresh produce available locally, and be geared to nutritional objectives.</p>	<p>Diet-related diseases burden the NHS, with obesity alone costing an estimated £7.4 billion a year. Derek Wanless's second report to the Treasury in 2004 estimates that failure to prevent dietary illnesses could cost the taxpayer some £30 billion extra a year by 2020. Meeting targets, especially for fruit and vegetable consumption, such as through the 'Five a Day' initiative, is an important response to this.</p> <p>The use of fish raises several issues. On the one hand, fish, especially oily fish, is a beneficial dietary component, and school meals guidance recommends eating oily fish once every 3 weeks. But there are associated environmental impacts, e.g. depletion of wild fish stocks and pollution by fish farming.</p> <p>The availability and choice is limited where fully equipped kitchens are not present. There is an opportunity to stimulate demand for new product development to meet changing public sector needs.</p> <p>Improved choice for ethnic minority communities is also a government objective, which needs to be reflected in menu design.</p>
<p>Support best practice in animal welfare:</p> <p>Ensuring that meat products meet EU and UK standards.</p>	<p>Application of animal welfare standards are defined in EU and UK regulations, containing specific requirements such as inspections, record keeping, freedom of movement, buildings and equipment and the feeding and watering of animals, and the transport of animals to and from markets, to slaughter, and, particularly, on export journeys.</p> <p>Specifiers may also consider whether they can afford higher standards, which are offered by schemes and methods of production such as Freedom Foods, Free Range and organic⁶.</p>

⁶ Farm assurance standards and animal welfare are covered in the specification clauses in Defra's catering toolkit: <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-clauses.pdf>

<p>Reducing waste:</p> <p>Minimising waste production in food packaging and catering practices.</p>	<p>Waste occurs at many levels. Up to one third of agricultural field produce can be wasted due to classification criteria, market oversupply, contractual or other factors.</p> <p>Where food is delivered highly packaged, much of this will end up in landfill. Suppliers may, in contrast, be able to make use of re-usable containers.</p> <p>There are also opportunities to reduce waste by avoiding disposable cups and cutlery for example, and through recycling.</p> <p>Government and municipal authorities have targets for reducing landfill of biodegradable municipal waste.</p>
<p>Raising awareness:</p> <p>Communicating the message of sustainable food and healthy eating to buyers, consumers, and throughout the supply chain.</p>	<p>Studies have shown that stakeholders at all levels, from chief executives to schoolchildren, have a poor understanding of sustainable food issues.</p> <p>At strategy level, the government is giving direction to those involved in buying and specifying. Buyers in the public sector and their suppliers need to be well informed about sustainability objectives.</p>

Practitioners are realising that sustainable procurement is about integrating a wide range of issues and working at many components of sustainable procurement simultaneously, from developing food supply networks to menu planning, improving staff skills and raising awareness of consumers.

In the process of increasing opportunities for local suppliers to tender and sourcing organic food, the **Royal Brompton Hospital** (with help from the Soil Association and London Food Link) has rewritten contract specifications, found new suppliers and developed new healthy menus. They are using a wide range of organic ingredients including milk, coffee (also fairly traded goods), apple juice, porridge, burgers, chicken burgers and nuggets, and some seasonal organic vegetables. In addition, they are also finding fresh local products such as Laxton apples. Free-range eggs, dried fruit, potatoes and onions are delivered from Kent using bio-diesel powered vans. The Catering Manager and Head Chef, along with the London Food Link project officer have been visiting farms to see for themselves how the food has been produced. They are also encouraging their current suppliers to source more local and organic produce.

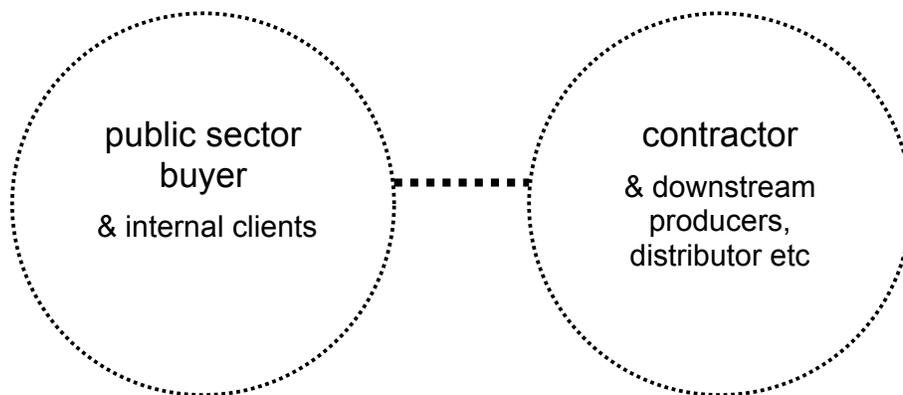
Oxfordshire County Council have introduced several initiatives to increase opportunities for local producers to tender food for school meals. These include.

- *Pilot project using locally sourced foods at South Moreton School, Oxfordshire.*
- *The introduction of fresh locally sourced meat in 50% of CFM-managed secondary schools. Meat has been sourced from a number of local producers. This has now been extended to 16 primary schools.*
- *The award of the county Fruit and Vegetable Supply contract to an Oxfordshire based distributor.*
- *The introduction of locally sourced products in the civic restaurant.*
- *The introduction of organic foods supplied by Daylesford Organics into Kingham Primary School. (Commenced September 2005)*

2. SUPPLY CHAINS

2.1 Supply chain models

Supply chains (*i.e. the flow of goods from field to plate, and the contractual arrangements which support this*) can vary in their complexity. At its simplest, the model below indicates that the primary contractual relationship is between the buyer and the supply contractor. Behind this however, the buyer will have 'internal clients' including the catering manager, kitchen staff, and financial and political drivers, while on the supply side, the contractor will have any number of relationships with downstream suppliers, producers and distributors. Larger suppliers are being encouraged through pre-contract selection procedures to make better use of smaller, more local producers⁷.



Supply chains in terms of the flow of goods can be very complex or quite direct, with any of the routes described overpage⁸ being possibilities.

There is a trend towards centralisation in this process. Economies of scale and simplicity for the buyer have meant that one-stop foodservice companies are now dominating the market. As buying consortia become more common, and efficiencies and value for money more important, this trend may increase further. In parallel, competition from world markets has pushed commodity prices down. The result is a steady erosion of the business viability of smaller suppliers and processors.

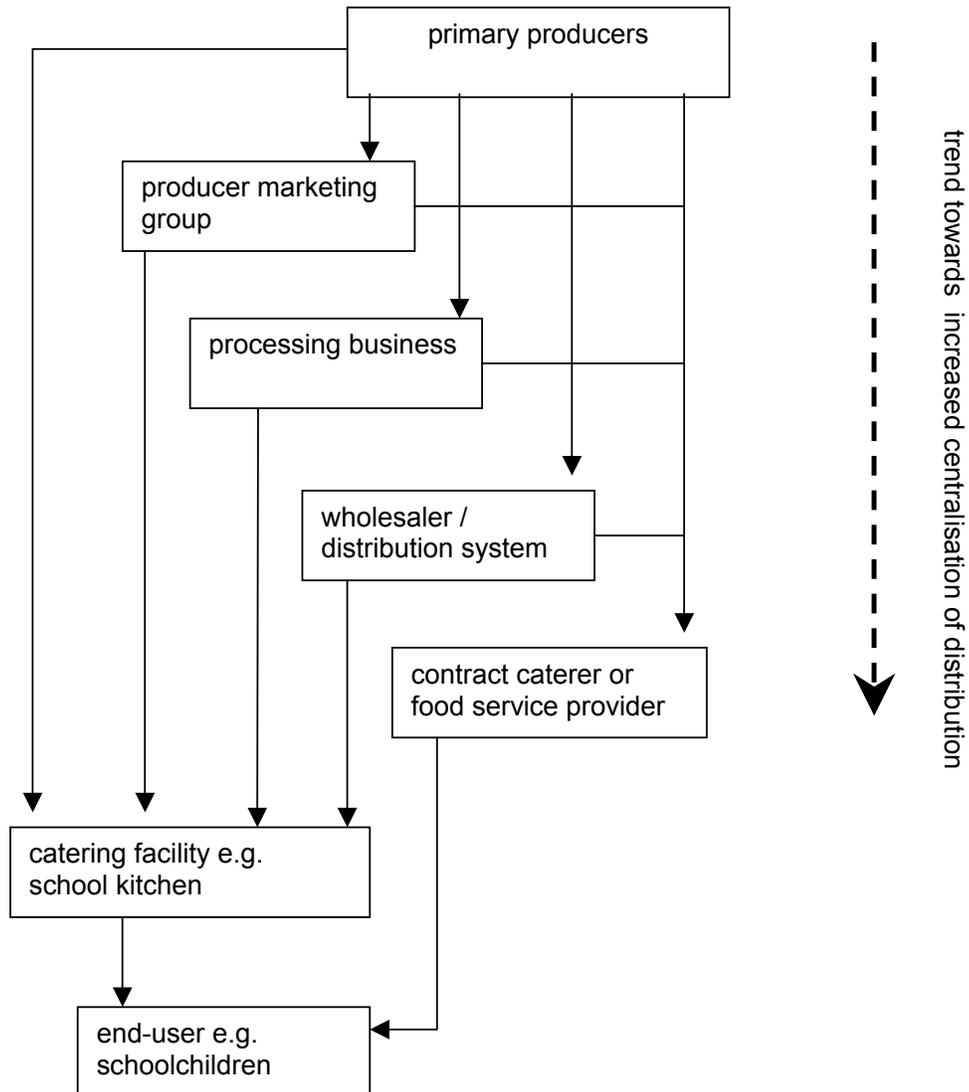
'Framework agreements' also offer a different model whereby one agency, such as NHS Purchasing and Supply Agency, will set up national contract arrangements with suppliers which can then be taken up by individual buyers such as hospital Trusts. This also leads to consolidation and aggregation of contracts, although the NHS does regionalise its procurement arrangements by breaking its contracts into lots.

NHS Supply Management Confederations, sub-regional collaborative hubs, have been established to create a 'middle tier' between national and individual trust level purchasing. Responsibilities are also shifting with some first tier suppliers taking on

⁷ Guidance for contract caterers by Oxford Brookes University 'Sustainable Food Procurement for Contract Caterers' www.business.brookes.ac.uk/research/ceshi/

⁸ Adapted from work by f3 on SE Public Procurement Strategy 2005

increased responsibility for supply chain management, leaving procurers in less direct relationships with suppliers.



NHS Purchasing and Supply Agency's (PASA's) own distribution network is centralised with six depots serving the whole of England and Wales⁹. Over two thirds of NHS procurement is through PASA making it a significant gateway to supplying the NHS¹⁰. Many NHS ready meal suppliers also supply home delivered meals (or 'meals on wheels') and care homes along with private customers and retail with highly integrated distribution networks. These suppliers often have a single factory serving the entire UK or a wider area. The development of Hospital Foundation Trusts could bring increased involvement and influence for local communities. This

⁹ School Fruit and Vegetable Scheme distribution is more decentralised with distribution contracts awarded to contractors using a total of 22 depots across England

¹⁰ Karen Jochelson, Sally Norwood, Sabina Hussain and Baljinder Heer, Sustainable Food and the NHS, Kings Fund Nov 2005

will include sourcing policy and practice, so potentially bringing pressure and opportunities for small-scale local suppliers to supply direct to hospitals.

For producers, the public sector is not well understood as a potential marketplace, and often perceived as a low margin opportunity with poor contractual terms. In many cases, the only route to the public sector is to be a downstream supplier through the big food service companies. Different regions are also more likely to be strong in certain commodities and not others and so it may simply be not possible to meet all requirements for fresh produce from local sources.

At universities in the south of England, a group called 'Pelican' manages their catering contracts. This means that the body awarding contracts is different from that managing them. This allows universities to select smaller suppliers for each university, whilst not having the burden of managing the increased number of contracts. Sussex University purchase meat from a local supplier, although the supplier sources mostly from imports. The catering manager there could, for example, encourage the local supplier to consider providing beef from local grass-fed herds.

*The **NHS Cornwall Food Project** suggests that "The vital thing is to let the local and small suppliers know that you want them to tender. Meet the buyers, advertising, press etc... are all things that we did about 4 years ago and now our local SMEs know how to contact us and aren't scared to. Also, we have to help them with the paper work (which is allowed under Treaty of Rome etc...). Public Sector bodies are very good at lots of paper work and this can put small companies off. It means coming out of our ivory tower and engaging within the local private sector. It is too easy to sit back and say 'this is the spec we want, supply it'. We have to engage and compromise and work with the private sector so that all parties can gain the benefit".*

By doing this, the Trust now gets 85% of its red meat from local producers, and by 2008, 40% will also be organic. The Soil Association provided help in developing supply chains.

Common Cause and the Netherfield Centre produced a Local Meat Directory to go to local care homes and public sector outlets that buy food direct. This lists local outlets where a caterer can buy wholesale volumes of locally produced meat.

The infrastructure supporting local supply chains is also often missing, e.g. processing capacity for livestock, vegetable washing and preparation plant, efficient packaging, and effective distribution. Often, the infrastructure for even simple processing is not available with the result, for example, that fresh produce from Holland that is packed better and gets less damaged out-competes UK produce.

*A pilot study In **Somerset** to increase opportunities for local producers to supply 20 schools from local sources met with several difficulties. No fruit, for example, could be locally or regionally sourced and the vast majority of fruit was non-UK sourced, although there might be opportunities to switch from frozen vegetable supplies to locally sourced fresh vegetable supplies. The organisers concluded that a radical reappraisal of the use of English top fruit is needed with emphasis on value for money rather than lowest price to meet cost constraints if it is to feature in the future. UK orchards are meanwhile going rapidly out of production.*

Yeo Valley, a local organic dairy, would be very interested in supplying yoghurts to the whole county if distribution systems to do so existed. They do not have appropriate capacity and infrastructure to undertake this themselves and it would rely on the development of a consortium that involves all local dairy producers.

With distribution, there is a tendency to up-scale, with major distributors using bigger and bigger vehicles, which may not suit some end users such as schools, who may have limited access and storage facilities. Flexibility can give local producers a competitive advantage in bidding for contracts.

*The **NHS Cornwall Food project** has a “great contract” with a local office furniture supplier. They are more flexible than the national, use less packaging and will agree to supply on a set day and hold stock until that day.*

“Our local contracts are very good value. We purchase 60% of our products from suppliers within Cornwall and remain within budget. Also, because local suppliers can be adaptable in packaging and product content, this also makes for superb products whilst in partnership we can reduce costs on both sides.”

For many smaller producers, one of the key limiting factors is distribution. Many larger wholesalers or distributors add over 35% to producer's costs making it unviable for them to supply produce. A number of local distribution schemes have established in the last few years to address this.

*A number of SME food producers in the **Forest of Dean** would like to be able to sell to local outlets but do not have the ability to distribute relatively small amounts of produce. A physical depot is to be set up centrally within the locality. The depot will be staffed but customers buy direct from producers with the depot offering a service for customers to collect produce from a number of suppliers at the same place and also potentially to have produce delivered.*

At the moment the Countryside Agency and E4i supports the group. However it is clear that running such a depot and potentially a delivery service will be relatively expensive and require commitment from producer members to use the service for the depot to be viable. A co-op is to be set up for this purpose and to develop this discipline amongst producer members. A similar venture in Somerset is charging 20% on top of product value to provide this service. It is not uncommon for non co-operative ventures that buy produce from producers to add on 35% to the price for their customers.

These distribution hubs will need to develop critical size relatively quickly if they are to survive without ongoing financial support. To run such a hub is likely to require one member of staff, delivery mechanism, refrigerators and office accommodation. If this costed around £50,000 per year, at a levy of 20% from producers the total value of goods being delivered would have to be at least £250,000 before allowance for depreciation and bank interest. In the South West the thinking is also emerging that where a number of similar ventures are being developed in different localities there may be merit in investigating whether there are common requirements that could be delivered jointly. If appropriate this could reduce overall costs.

2.2 Fruit and vegetable supply chain issues and action areas¹¹

Local Education Authorities, schools and hospitals normally buy fresh fruit, vegetables and salads from a local or regional greengrocery wholesaler, who also distributes the product. Sometimes produce is bought from a chilled/frozen foodservice distributor, who will normally source it from a greengrocery wholesaler.

Fruit and Vegetable Production

Fruit and vegetable production in the UK has become increasingly concentrated, both geographically and corporately. There are only a handful of marketing organisations and each finds it convenient to deal with the smallest possible number of growers and perhaps just one packhouse. This leads to a reducing number of farmers and geographical concentration, each specialising in a particular vegetable, to the extent that for some vegetables the majority of the UK's production comes from just 2 or 3 farms.

*f3 is working with **Surrey County Council** to develop supply chains for vegetables and salads from the region to be used in the school meals service. Several large growers are located in the County and others in Kent, who have sophisticated production and processing facilities and are geared up to the scale and specification requirements of the catering service. Smaller growers have more difficulty in particular due to their lack of suitable infrastructure for washing and primary preparation and sorting.*

One route, that is being explored, is to develop links between the smaller growers and the larger producers, who can provide these facilities. Also, menu planning is being adapted to allow for purchases of produce when there is a glut – for example in allowing a range of vegetables to be included in a roast veg dish. The County Council may need to have more flexibility in its specification to allow for 'knobbly carrots'.

There are also economies of scale in fruit and vegetable production: the largest farmers can invest in expensive equipment such as planters or harvesters, and in processing and packing equipment. In some cases larger growers may be able to offer processing facilities for smaller growers. In other cases, co-operative ventures allow groups of producers to invest in equipment of all kinds, and machinery rings are another form of this. Enabling such co-operation between producers is an important and valid activity for honest brokers.

*A collaborative venture by four farmers that came together at an **English Farming and Food Partnership's event** achieved machinery and labour savings of about £56 per acre on the 3,500 acres they farm. They transferred ownership of some equipment at market value into BARN Farms Partnership and sold the surplus to raise capital for purchasing new machines. Two of the partners now have the opportunity to manage a greater acreage while the other two have more time to pursue other business interests - <http://www.effp.com>*

¹¹ Credit is given to EAFL for much of the information in this section

Fruit production in the UK has contracted hugely in recent decades, the vast majority of fruit now being imported. UK farmers supply around 90% of UK potato consumption, 70% of other vegetables, but only 10% of fruit.

Supermarkets dictate the trend for variety and size. If public sector procurement is to make an impact then significant contracts need to be set up with nominated suppliers, allowing flexibility on size. Supermarket trends are for bigger fruit, but this does not suit production in the UK.

Public sector catering therefore represents a genuine opportunity to re-diversify fruit and vegetable production, enabling *more people to grow more things in more places*. It also offers a stable marketplace and the opportunity of long-term contracts that can help growers to have the confidence to invest in production, processing and distribution equipment.

There are possibilities for Combined Heat and Power facilities where a large greenhouse can provide electricity for local area, such as tomato greenhouses on Isle of Wight.

Fruit and vegetable wholesaling

The greengrocery wholesalers who deliver to schools and other caterers are sometimes known as “secondary wholesalers”. This is because traditionally their main source of produce has been the “primary wholesalers” who run stands in wholesale markets such as Covent Garden in London. Primary wholesalers import produce worldwide including sourcing significant UK supplies. They are no longer market based operations.

Some secondary wholesalers may also have arrangements with local farmers to take their produce “when the price is right”. Such arrangements enable the greengrocery wholesalers to claim that they sell “quite a lot” of locally grown produce, or that they sell local produce “whenever it’s available”. In reality the percentage of local produce resulting from these arrangements may be very low – perhaps 10% of the wholesaler’s total purchases. It does nothing to re-diversify farming, and very little to provide farmers with a decent price for their crops. It is therefore important that audit trails are required and defined clearly to substantiate such claims.

The need for production agreements

Existing greengrocery wholesaling businesses could be encouraged to adopt a new model for sourcing their produce, by entering into production agreements with individual farmers to grow individual crops – initially covering at least their 10-15 top-selling products for the duration of the UK season.

Farmers who currently grow one type of vegetable (perhaps for a supermarket) are often very happy to diversify into other vegetables that make use of similar land, equipment and skills. However, farmers can only plant a new crop in this way if they have at least a strong indication of the likely level of demand – what volume of crop will be needed in which weeks of the year (taking account of school holidays etc).

In the case of fruit, an even longer lead in time and therefore contract arrangements may be needed – perhaps 7 years or more - if farmers are to be persuaded to plant new orchards.

Farmers will also need to know the price they will get for their crop before they plant it. Traditionally LEAs often agree prices with their greengrocery wholesalers based

on weekly market prices. Supermarkets on the other hand often agree a fixed price for a season. There is increasing interest from some LEAs in agreeing fixed prices with the greengrocery wholesalers, enabling them in turn to agree a fixed price with the grower.

Environmental and food-safety standards

Defra guidance recommends public bodies specify produce that meets at least the standards set for the Red Tractor farm assurance scheme or equivalent standard¹². In the case of fruit and vegetables the relevant “Red Tractor” standard is Assured Produce. Almost all UK fruit and vegetable growers have Assured Produce certification.

Defra guidance also promote higher farm assurance standards such as the LEAF Marque (or equivalent)¹³. To achieve this a farmer has to consider best practice in relation to increasing biodiversity and minimising the use of chemical sprays. The costs of following these practices may not be large – indeed, some farmers save money by using fewer sprays – and the inspection fee is only about £50 when it is done at the same time as an Assured Produce inspection. (NB many farmers are LEAF *members* – this is not the same as having achieved the LEAF *Marque*).

Seasonality

Caterers can increase the opportunities for small local growers by specifying seasonal vegetables. This requires the caterer to plan menus according to what’s available in season in their region or locality.

However, many of the *vegetables* commonly used in schools can be grown and/or stored for much of the year. Examples include potatoes, carrots, cabbage etc. Seasonal awareness includes such issues as using early potatoes in their season, and using less salad in the winter (perhaps substituting with coleslaw). Fruit is much more seasonal.

The seasons in which fruits and vegetables are available do not necessarily correspond to school terms. Ideally caterers will leave themselves some flexibility to respond to what is available, or to gluts in certain crops, by reviewing menus on a weekly or monthly basis. Some menu options, such as mixed vegetable or roasted root vegetable dishes can be adaptable to such local and seasonal variation.

Sussex Downs College In East Sussex have set up a course, ‘Seasonal Cuisine’ aimed at cooks in the public sector to train them in nutrition and how to use more fresh seasonal foods in canteen. It is very popular with care home staff.

Price considerations

Fruit and vegetables on the wholesale markets can be very cheap, often resulting from a “distress sale” by a farmer either in the UK or overseas. The eating quality and cosmetic quality is not always great, and there may be few guarantees as to the

¹² Section 2(A) of the model clauses in Defra’s catering toolkit at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-clauses.pdf>

¹³ Section 2(A) of the model clauses in Defra’s catering toolkit at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-clauses.pdf>

provenance, nutritional content, or the environmental standards or even food-safety standards, which applied to its production.

Produce supplied by a quality wholesaler, with good information systems, high food-safety standards, and buying directly from local growers under contract to known environmental and safety standards, may cost only a little more. When local economic multiplier effects are taken into consideration, the benefits to the purchasing authority's wider objectives may also be met.

Driving out costs

Local supply chains, based on production agreements, may also offer some opportunities to drive out costs, resulting potentially in a better price for the grower and at least no additional cost to the caterer. Two areas to discuss with suppliers are

- **Packaging:** fruit and vegetables packed for the supermarket or general wholesale trades will often be packed in cardboard trays and/or other packaging. Yet the greengrocers who deliver to schools may have to discard these trays as they pack "splits" for the schools, perhaps using re-useable plastic trays. There may well be an opportunity for the produce moving between the farmer and the wholesaler to be in plastic trays or boxes (which may be owned by the farmer or the wholesaler). In the case of root crops like potatoes or onions, it may be acceptable for produce to be delivered in 1-ton wooden bins.
- **Size and class specifications:** the supermarket trade tends to separate a grower's produce into sizes and also into Class 1, Class 2 etc. In general, the more *flexible* an LEA can be when specifying fruit and vegetables, the more opportunities there may be to drive cost out of the supply chain. For example, some growers may want to supply apples of a particular size (often the smaller ones which the supermarkets don't want), but others may prefer to supply mixed sizes, saving the cost of grading the apples. You might find that almost all of a particular grower's apples are of a suitable size for children, so grading them is an unnecessary expense. Similarly some strawberry growers have noted that a "field-picked" punnet of strawberries, containing mostly Class 1 but a few Class 2, is far more cost-effective for them than to pick Class 1 only.

Monitoring

Caterers should be able to identify what proportion of the food they buy is local (according to an agreed definition), what proportion meets baseline farm assurance standards, what proportion meets higher standards and what proportion is organic¹⁴.

The easiest way for a greengrocery wholesaler to be able to report these proportions may be to look at his total purchasing. For example, if the company sells 10 tonnes of cabbage in a year, and 3 tonnes of those came from particular local farmers, then he might say that 30% of cabbage supplied was local. This would be valid unless there was good reason to suppose that the cabbage supplied to public-sector customers was either more or less likely to be local than the cabbage supplied to some other customers.

An alternative would be for the greengrocery wholesaler to separate local and non-local supplies, storing them separately and identifying them separately on order-

¹⁴ Section 2(A) of the model clauses in Defra's catering toolkit at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-clauses.pdf>

processing systems. In these circumstances it may be particularly important to verify that the total amount of “local” cabbage sold does not exceed the total “local” cabbage bought.

All monitoring reports should be subject to random audits by an auditor, a food links organisation or similar third-party.

Potatoes

Around half of LEAs' spend on fruit and vegetables is on potatoes and potato products. Until recently, the vast majority of this spend has gone on processed products, from frozen chips and potato waffles to powdered “mash” or fresh peeled potatoes.

The Department of Education and Skills' new food and nutritional standards require that meals should not contain deep fried foods more than twice per week¹⁵. Caterers will in future make more use of jacket potatoes, boiled potatoes, as well as alternatives to potatoes such as bread or rice.

Schools and other establishments will need to decide in what form potatoes arrive, for example whether a ‘rumbler’ peeler is economic, or whether to invest in a processor which could cut chips. Buying unpeeled potatoes, however, will create increased preparation time. At the time of writing cooks in some local education authorities were threatening industrial action because they were being asked to undertake additional preparation without being allowed additional hours.

Once they have been peeled, preservatives can be used to stop potatoes from going brown (one method using E223 also kills most of the vitamin C in the potato, and causes an allergic reaction in 1% of children). Some of the cheapest potatoes are also mechanically peeled from damaged or out-graded potatoes, losing much nutritional value in the process.

In summary, the following approaches may be recommended:

- caterers should if possible buy whole, unpeeled potatoes and process them within the kitchen. This will maximise the nutritional value of the potato as well as opening the market to local producers. The NHS, however, does not recommend the use of dirty potatoes in a hospital environment.
- if peeled potatoes are bought one should specify blanched potatoes rather than potatoes treated with dangerous preservatives. One should also ensure that only the skin of the potato is being removed and that the potatoes being used are of good quality.
- caterers are already recognising that there is no place for dried “mash” potatoes or for high-fat frozen potato products. This should help to increase the market for fresh potatoes.

Frozen Vegetables

Frozen vegetables are widely used in schools because of the convenience. Frozen veg will be carried by the main frozen contractor supplying the caterer, and in some

¹⁵ Press Notice of 19 May 2006. Other requirements include that: school lunches are free from low quality meat products; high quality meat, poultry or oily fish is available on a regular basis; and pupils are served a minimum of two portions of fruit and vegetables with every meal. URL: http://www.dfes.gov.uk/pns/DisplayPN.cgi?pn_id=2006_0074

cases may be bought from that contractor. In other cases, however, nominated supplier arrangements are used to source frozen veg directly from a manufacturer.

Some vegetables, notably peas, are more nutritious when frozen. Freezing provides a way of storing vegetables to fill seasonal “hungry gaps” as an alternative to importing. Big vegetable freezing companies can prepare vegetables more cheaply – for instance shelling peas more mechanically – than can be done by hand in a school kitchen.

However, the freezing of some frozen vegetables such as mixed veg and cauliflower can impair their taste. More importantly, freezing tends to be done by larger companies, so the use of frozen food limits an authority’s ability to support SMEs. Energy use in frozen foods remains a major issue¹⁶.

Canned vegetables have some of the same problems as frozen. The energy / CO₂ emissions are only about half as great, but canning is associated with other environmental problems such as extracting, transporting and smelting iron, tin and aluminium.

To summarise:

- as far as possible prefer fresh, seasonal vegetables to help minimise environmental impacts and increase opportunities for small local producers.

East Anglia Food Link is working with 7 local education authorities (Cambridgeshire, Hertfordshire, Luton, Norfolk, Peterborough, Suffolk and Thurrock) and some hospitals to develop more local and sustainable supply chains. The participating caterers between them spend over £25m a year on food. In the case of vegetables, EAFL found that 3 of the 5 greengrocers (wholesalers) currently supplying the 7 LEAs were keen to develop more local supply chains. The new approach centres on production agreements between the greengrocers and local growers.

These agreements will indicate the volume, price, payment terms, specifications and accreditations of produce to be supplied over the year. They will ensure better prices and a more reliable market for growers, and in some cases enable crops to be grown which otherwise would not be grown in a particular county. Growers will be expected to achieve Red Tractor accreditation during the first year, and EAFL is providing practical support with that. A further aspiration is to enable and require growers to achieve LEAF Marque, ensuring a higher level of environmental protection while minimising pesticide use.

EAFL is also helping the greengrocers to implement monitoring systems to report the percentage of produce supplied to LEAs that is local or meets other criteria such as Red Tractor or equivalent. EAFL’s aim is that the majority of fresh vegetables, and some of the fresh fruit, supplied by the participating greengrocers should be sourced through these agreements within 1-2 years. It is also EAFL’s expectation that the greengrocers who have chosen not to participate will lose their LEA contracts next time they come up for tender.

¹⁶ Freezing vegetables and fruits requires a lot of energy; for example the carbon impact for peas frozen for up to 6 months is about 2kg of CO₂ per kg of peas. This is a much greater impact than importing fresh vegetables by truck locally (around 0.005 kg/kg), by truck from the UK (around 0.02), or by ship and truck from New Zealand (around 0.2). Only air-freighting creates more CO₂ (typically 4kg/kg) than freezing does. A calculation of these figures can be found at <http://www.eafl.org.uk/default.asp?topic=Frozen>

2.3 Meat and poultry supply chain issues and action areas¹⁷

Many studies show that meat and dairy products, when produced using modern intensive methods, have the highest environmental impacts of all food groups.

EAFI's findings from work in East Anglia shows that at least a quarter of the school ingredients budget is spent on meat and meat products. School caterers have been reducing their use of highly processed products, and these will be largely phased out. Instead, schools will be buying mainly unprocessed and lightly processed products such as:

- Sausages (of a reasonable quality in terms of meat content etc)
- Minced and diced lamb/mutton, chicken, turkey, pork and sometimes beef, all should be low-fat
- Whole skinless chicken breasts
- In some cases better cuts such as legs of lamb, legs of pork, topside of beef, turkey breast etc. However, many LEAs buy these products already cooked, sliced and frozen in gravy.

Fresh versus frozen

Most LEAs buy all of their meat products frozen. Frozen meat is bought either from the LEA's frozen food distributor, or bought elsewhere but distributed by the frozen distributor for an agreed margin (using a nominated supplier arrangement).

A few LEAs buy fresh meat, at least for their larger schools. Even fewer may have a central production unit, which buys fresh meat, cooks it and then freezes it for distribution to schools. Fresh meat is normally bought from a local catering butcher. These butchers vary in the opportunities they provide for local producers.

Bradford Education Contract Services (ECS – a division of the City of Bradford Metropolitan District Council), with the assistance of NGO Grassroots Food Network (GFN), has developed a lot of experience in using smaller, local distributors/suppliers. The contracted supplier of locally sourced fresh meat and poultry has offered better value for money than the previous supplier of imported frozen product resulting in an overall cost saving to the organisation and reductions in vehicle CO² emissions.

Nominated suppliers

Most meat is delivered frozen to schools by large foodservice distributors like Brakes or 3663 with many LEAs having negotiated with them the right to "nominate" suppliers. This means that the LEA agrees a price with the supplier (ie the processor/manufacturer); the supplier delivers agreed quantities to the distributor's depot (usually 1 or more pallets of product at a time), and the distributor charges an agreed (and relatively modest) percentage for handling the product. The distributor pays the supplier and invoices the customer in the normal way.

In the NHS, the central purchasing unit, Purchasing and Supply Agency (PASA), sets up framework agreements with suppliers nationally, defining the specification and

¹⁷ Credit is given to EAFI for much of the information in this section

price, which individual Trusts can opt to use as their suppliers. Alternatively Trusts can opt to seek out their own suppliers, through the nominated supplier route or on a non-contractual as-needed basis.

The nominated supplier arrangement provides a good opportunity for local producers and processors to get their product to market without having to carry the costs of running their own distribution network.

South West Quality Meat was formed from three livestock producer groups to market Cornish and Devon produced beef and lamb. They worked with a Cornish abattoir and processor to process meat. They started by considering that the company would keep ownership through to the retail outlet but this proved impossible initially as orders were not balancing the carcass. They then moved to selling animals to the processor and having animals slaughtered on contract. This did work well although this meant they were entirely reliant on the processor to present the products as required.

Some of these single-product markets might be worth between £50k-£150k per annum to supply a single LEA. Because they come under the OJEC threshold (currently around £162k) contracts can be let fairly quickly and easily, and can also be terminated quickly if standards fall. (This sometimes happens when a supplier provides a higher-quality product as a sample, but then delivers a product of a lower quality, eg a higher fat content). Contracts/agreements awarded by a purchaser need to be consolidated for similar products.

Specification issues

Individually, quick-frozen (IQF) products are convenient. The cook can open a box, tip out the required amount of sausages or chicken breasts or minced or diced meat, and then put the rest back in the freezer. But it is a huge obstacle to smaller, more local processors who cannot afford the £250,000 or £500,000 investment in the necessary equipment.

Processors who wish to supply frozen meat will need to invest in a more modest blast-freezer, which may still cost £40,000. Freezing meat down in an ordinary chest freezer is not a safe way to work on this scale. Blast freezers can be used to freeze items like chicken breasts separately: the items are placed apart on trays, frozen, then bagged and blasted again.

For products like minced or diced meat caterers should consider buying packs of say 500g or 1kg where the whole bag has been frozen.

When comparing prices between, for example, a local and a national provider, it's important to ensure that you are comparing similar specifications.

- This applies in particular to the meat content of sausages and the fat content of minced or diced meat. For example, one school found that the minced meat it was buying contained 30% fat. By switching to another supplier whose mince contained only 10% fat, the school could afford to pay 20% more per kg. Butchers are often able to adjust the specification of, for example, sausages to meet the requirements of an important customer.
- Another example is where one butcher calls a joint of meat, say, "topside" whereas another might refer to that joint as "top rump", which is cheaper. To ensure that different quotes are for the same cut, specifications should specify

the numbered cuts identified in the Meat and Livestock Commission's Meat Buyer's Guide¹⁸.

Different meat supply chains

To get from field to fork, meat has to go through a number of stages including slaughtering, butchering and sometimes further processing (eg into sausages, ham or bacon). However, there are a number of permutations as to who undertakes which stages and the ownership of the product at different stages.

Commonly farmers own animals (particularly cattle and sheep) and sell them live to an abattoir (either directly or via a wholesale market or a dealer). The abattoir kills the animal and also acts as wholesale butcher, selling the whole carcass, half carcass or "primals" (eg the whole topside or a whole leg) to a retail or catering butcher. The butcher cuts the primal into joints and sells them to caterers or to the public.

An alternative is for the retail or catering butcher to buy the live animal from the farmer and simply pay an abattoir to slaughter it.

Conversely the farmer may choose to retail the meat himself, again paying an abattoir to slaughter it, and either employing a butcher himself or paying a butcher to cut and pack the meat into joints.

In some cases, particularly with poultry, a single company may grow the birds, kill them on site, pluck and prepare them, and sell them fresh or frozen to a butcher or other retailer.

Pig production is often undertaken by large processing companies, which own the pigs throughout their lives, but contract farmers to provide them with accommodation.

Carcass balance

One of the issues with the above permutations is carcass balance. For example, if a farmer chooses to retail his own meat, he needs to know that he can sell both the expensive cuts (for example as steaks or roasting joints) and the cheaper cuts (as mince, burgers and sausages). If a retail butcher buys a whole animal he takes on the same problem. By choosing to buy primals instead, the butcher leaves the abattoir with the problem of selling the less popular parts of the animal.

Sometimes schools and other caterers can help a small retail butcher or a farmer-butcher by buying the cheaper cuts of meat. These "upmarket" butchers tend to find it easier to sell the better cuts, and to be looking for a market for the forequarter meat.

In East Sussex a local Tertiary College and hotel and been linked so that a local organic beef farm can supply them both. One takes the front quarters (cheap cuts) and the hotel takes the hindquarters. They obviously have to liase and need to agree to have the meat at the same time. The farmer needs to provide details of when the animals will be ready so both sets of chefs can plan their menus.

¹⁸ MLC specifications:

<http://www.britishmeatfoodservice.com/foodservice/product/specifications.html>

Beef and lamb

Beef and lamb are arguably attractive in terms of sustainability, and their grazing is responsible for some of the UK's most attractive landscapes such as in the Lake District. In the UK, most beef and lamb is raised outdoors for at least most of the year, often on land that has no alternative agricultural use.

Beef was taken off many school menus following the BSE crisis, and is now being tentatively re-introduced. It may be that an awareness raising to consumers, school governors and others, explaining the sustainability issues and the safety of local beef, could help to drive this forward.

Creating more direct supply chains

Farmers still commonly produce animals (particularly sheep and cattle) without having a particular market for them. They may simply take them to the livestock market when they are ready and take whatever price they can get.

An alternative might be for the butcher supplying a public-sector caterer to enter into an arrangement with particular farmers, or a group of farmers, to supply agreed quantities of particular animals at agreed times in the future. This might leave the butcher with a carcass-balance problem (see above) – a problem that the caterer could help to solve by agreeing to buy a range of different types of meat from the butcher and planning menus accordingly.

Advantages of such an arrangement include (i) greater certainty on both sides as to availability and price; (ii) the opportunity for the caterer to specify standards such as environmental standards or animal welfare standards; and (iii) the potential to encourage livestock farming in areas where it may be dying out.

Disadvantages include a possible tendency to favour larger farmers who can maintain a continuity of supply. However, one way around this might be to work with a farmer co-operative (of which many already exist in this sector) who could spread the business among their members.

Monitoring

As explained above, caterers may decide to ensure that they know what proportion of the food they buy is local (according to an agreed definition), what proportion meets baseline farm assurance standards such as Red Tractor or Eurepgap, what proportion meets enhanced standards such as LEAF and what proportion is organic.

How butchers (or processors/manufacturers providing frozen product) provide the data will depend on the business. At one extreme, it may be sufficient simply to show that, of the butcher's entire purchases of meat over a year, almost all of it was from named local abattoirs, or almost none of it was.

It may be possible to trace individual pieces of meat from the moment at which it enters the butcher's premises to the moment when it was dispatched (arguably this should be done for food-safety reasons anyway). If this information is captured on a computer then it may be possible to provide information on an annual or quarterly basis about the provenance of the actual pieces of meat delivered to a particular caterer.

Since BSE was first identified as a potential risk to human health, all cattle are identified and registered in accordance with European Union regulations, ensuring high levels of identification and traceability. A new set of EU beef labelling regulations came into force at the beginning of 2002. These regulations give more information

than ever before about the origin of the beef purchased and greater reassurance on quality and food safety. It is now compulsory for all beef and veal products covered by the regulations to carry a traceability code and details of its country of origin.

There is a range of options between these two extremes. For instance, it may be valid to show that 80% of a particular butcher's lamb was local, 100% of the pork, and 50% of the beef. These fractions can then be multiplied by the caterer's purchases of those types of meat. However, care is needed to establish that such an approach is valid. For example, a particular caterer may only buy minced beef from a particular butcher. That butcher might buy all his minced beef from one, overseas source and all his topside from another, local source. Just looking at the butcher's purchases of beef as a whole might therefore be misleading.

As demonstrated above, meat supply chains can be complex. Finding out from a butcher that he buys certain meat from a particular abattoir is only the first step. The next step is to find out from the abattoir where they buy that meat – again asking for quantitative data.

The key to monitoring, then, is to:

- Work with all stages of the meat supply chain, gathering data from each
- Understand how each business works and what information it can already provide
- Agree with each business definitions as to what is meant by criteria such as “local”
- Agree with each business a system for gathering annual or quarterly statistics as to how much of the meat supplied was “local” (and how much met other criteria). This should be an approach which is likely to produce a fairly accurate answer without placing undue burden on the business
- Agree a system for independently auditing the statistics provided in this way, for instance by allowing an auditor or a food links organisations to study the business' records, possibly on a random basis.

Although the above sounds arduous, butchers value their larger public-sector customers and should be willing to make a certain amount of effort to provide the information the customer needs. Failing that, a requirement for such reporting should be built into future tenders.

*In its work with 7 local education authorities and some hospitals, **East Anglia Food Link** is working with suppliers of both fresh and frozen meat to create more local and sustainable supply chains. The work includes helping butchers to introduce monitoring systems that can report the percentage of meat supplied to LEAs, which is local or meets certain other sustainability criteria. In the case of frozen meat, EAFL has identified large regional butchers with an excellent record of buying animals directly from local farmers, and also poultry producers who do their own processing. These suppliers have been encouraged and supported to freeze their product and distribute it to schools via the frozen foodservice distributors under “nominated supplier” arrangements. A further aspiration is to ensure that all meat supplied meets Red Tractor standards or equivalent, and to increase the proportion that meets higher farm assurance such as Freedom Foods and LEAF Marque.*

3. SCHOOLS - SPECIFIC ISSUES AND DELIVERY MODELS

School food represents about 20-25% of all spending on public sector catering. Recent media coverage has brought the issue of quality of school meals into focus, although much work was already going on before celebrity cooks picked up the baton! Research by the Food Standards Agency (FSA) and Department for Schools and Skills (DfES) in 2004 identified continued over-use of fatty, salty, highly processed foods, poor staff skills and little understanding of healthy eating and good nutrition.

Government objectives¹⁹ aim for every child to be healthy and achieve well. Several programmes of activity²⁰ have now been cemented leading to new standards for nutrition and school meals provision²¹ and the establishment of a School Food Trust to take forward the healthy food agenda.

The new guidelines are based on the recommendations of the School Meals Review Panel, appointed by the DfES in 2005²². Its other key recommendations included:

- Make menus more seasonal
- Encourage schools to serve less, but better quality, extensively-reared and unprocessed meats
- Shift from white to oily fish, from sustainable sources such as MSC certified
- Supply fresh produce, incorporating key regional and local foods
- Increase fruit and vegetable consumption
- Increase the proportion of local organic food
- Train cooks and menu planners in nutrition, seasonality etc
- Develop and enable local supply chains

The emphasis now is also on a 'whole school approach' alongside changes in catering practice. A toolkit by the Food in Schools²³ initiative offers guidance on this and other issues. This aims to integrate all aspects of food provision, for example including vending machines and tuck shops, with food education and extra curricular activities which may relate to food or food growing, or welfare and behavioural issues which may be related to diet.

The Double Dividend report²⁴ suggests that:

¹⁹ 'Every Child Matters: Change for Children' 2004

²⁰ 'School Meals-Raising the Standard' and 'Transforming School Meals – Setting the Standard', Feb & May 2005

²¹ Press Notice of 19 May 2006. Requirements include that: school lunches are free from low quality meat products; high quality meat, poultry or oily fish is available on a regular basis; and pupils are served a minimum of two portions of fruit and vegetables with every meal. URL: http://www.dfes.gov.uk/pns/DisplayPN.cgi?pn_id=2006_0074

²² 'Transforming School Food' DfES Sept 2005

²³ Food in Schools www.foodinschools.org - the Toolkit is an interactive guide to support a whole school approach to healthy eating.

²⁴ Double Dividend: Promoting good nutrition and sustainable consumption through healthy school meals - a guide to why caterers and schools need to work towards sustainability. www.sd-commission.org.uk/news/resource_download.php?attach_id=ODTJ9LF-ETMY8VE-QPQRKE8-E91DSHW

“What is required is a joined up approach between cooks, catering managers, procurement professionals and producers to develop the relationships and the supply chains necessary to delivery sustainable school food.”

This succinctly sums up the need for a many different people to work together to make sustainable procurement work. The input of an enabler may be key to this, helping create new links in supply chains and networking with local, smaller producers and distributors. It is not enough just to change menus and motivate kitchen staff. Buyers need to be proactive in inviting interest from local suppliers (see Northumbria case study), and helping set up alternative supply chain and distribution models whose partners espouse a real commitment to sustainable development.

Essex has had no countywide catering contract since April 2004; individual schools are responsible for providing a meal in-house or buying a service from a contractor. East Anglia Food Link established a support group including Healthy Schools and other experts to support schools in making the right choices about meals provision. They published a guidance booklet for schools that explains clearly what is involved in a school providing its own service in-house. A version is available on the Defra website at <http://www.defra.gov.uk/farm/sustain/procurement/guidance.htm>. A survey of Essex schools in late 2005 revealed that almost half are now managing their own catering in-house.

Awareness raising at head, governor²⁵, pupil and parent levels are also key to this – including the need to encourage parents to spend a little more on the cost of school meals.

Bradford EDC, part of the City of Bradford Metropolitan District Council, are actively involved in increasing knowledge of local supplier networks and helping to develop supply chains, with help from Grassroots Food Network.

ECS has held several “Meet the Buyer” events to promote public sector procurement services and the tendering process. Events are advertised in local press and any one interested in finding out more about public sector procurement are invited to attend. Presentations have been given by ECS explaining what tenders are available, how to compete for them and offering advice on completion of tender documents etc. Established suppliers are invited to the events to share their experiences of delivering public sector contracts and to investigate alternative routes to market through collectively working together with growers, producers etc.

ECS are also compiling a database of growers, producers and suppliers that have expressed an interest in applying for food tenders, so that when the applicable tenders are due to be advertised on OJEC and in the local press – suppliers can be contacted and advised how to access them if they are still interested in quoting.

Through increased knowledge of the local supplier base ECS are hoping to increase response rates to tenders by taking a more proactive approach to seek out smaller local suppliers and advising them that tenders they maybe interested in applying for are being advertised and where to access them. ECS also promote the use of fresh, seasonal, local and organic produce as an end customer requirement.

²⁵ Food Standards Agency www.foodstandards.gov.uk/healthiereating/ eg report on ‘Food policy in schools: a strategic policy framework for governing bodies’

3.1 Delivery models

Catering services can be provided in several different ways, which may include the following:

Provision by the local education authority service or their catering contractor:

For:

- better economies of scale
- less management overhead
- risk factors externalised
- can be tailored to new objectives and new specifications to meet updated requirements

Against:

- less opportunity to influence choices on day to day basis
- less opportunity to respond to each school's needs, eg ethnic food
- profits do not return to schools
- vulnerability to price changes

Provision outsourced by the school to an independent contractor:

For:

- more opportunity to tailor provision to meet each school's needs
- less management overhead
- risk factors externalised
- could be tailored to new objectives and new specifications to meet updated requirements
- a profit-share scheme could be set up

Against:

- contract management is time-consuming and needs professional help
- profits may not return to school

Provision by the school (or groups of schools) independently, i.e. 'opting out':

For:

- full control over approach and delivery of catering needs
- opportunities to set agenda to meet sustainability objectives
- opportunity to support local businesses and other community enterprises
- profit is retained

Against:

- business feasibility risk and need to develop professional management systems
- potential difficulty in raising finance for investment and early revenue stream
- full exposure to health and safety responsibilities

In the past few years we have seen more **outsourcing** of catering contracts to provide the food, kitchen staff and in some cases the kitchen facility itself.

These have been let to food service companies such as Scolarest (part of the Compass Group), Initial and Sodexo, who between them provide school meals to over 200 Local Education Authorities (LEAs) in the UK, as well as to individual schools. Their supply chains tend, for reasons of consolidation, to be centralised with reliance on larger downstream suppliers, although a number of these organisations are now making attempts to identify and encourage smaller, more local producers to enter into supply agreements.

f3 is working with SEEDA and the South East Food Group Partnership to develop a supply chain to get oily fish from south coast small boat fisheries into school meals. This reflects the recent requirement for oily fish on school menus. Several links in the chain need to be addressed – mainly in creating a guaranteed market for mackerel, herring or sprats, which are low value fish and not attractive quarries for hard-pressed fishermen. However, a local fish market and processor has been identified and product development will shortly be underway, with a view to the processor being a nominated supplier to two interested County meals services. In the short term, the fish may need to be bought in from Holland or other sources until the demand is evident and fishermen on the south coast see the opportunity.

The Marine Stewardship Council in partnership with the foodservice distributors, Brakes, are working with Surrey County Council to supply their schools with fish certified as coming from sustainable sources (http://www.msc.org/html/ni_153.htm).

Much media coverage and accolade recently has been for examples of **opted out schools** that have organised their own catering procurement. Some of the most interesting case studies in the UK have been in these situations, where it is much easier for the catering manager to set up contracts with local suppliers.

St. Peter's school in Nottingham was one of the first to make headlines doing this; supported by staff and parents, the school took control of its own budget and procurement, increasing opportunities for local suppliers of meat, fruit and vegetables. Suppliers make their own deliveries, either fresh or frozen so that a fortnight's supply is met.

However, LEA catering services organisations have also shown that a radical re-think of supply chains is possible.

*In **South Gloucestershire**, the council has developed links with local producers and suppliers such as butchers to supply 115 schools, with help from the Soil Association. Producers were assisted in working to required standards, before achieving nominated supplier status. Meat is provided through a butcher who purchases locally reared animals; fruit, vegetables, potatoes, bread and other commodities are delivered by local producers under supply contracts to nominated wholesalers who are contracted for distribution and can also source from elsewhere to make up shortfalls.*

***Sopely School** in Hampshire did not wish to opt out of the local contractual provision. It has chosen instead to engage with its contractor Hampshire County Catering Service (HCCS) and negotiate a different menu using less processed and more local, organic ingredients. The move to change the menu began when the number of children taking school meals fell below 50 per cent. The governors and head shared their concerns with HCCS and agreed to introduce a new menu with more homemade foods and less processed ingredients. After surveying the children and their parents, the new menus were introduced as part of a special 'food week' held in February 2003. It is estimated that the new menu has pushed the ingredient spend up by nine pence per child per day (from 34 to 43 pence) and labour costs have risen because more time is now spent on food preparation from raw and fresh ingredients. But quality has improved and take-up rose to 63% in 2005.*

In Bristol and Bath, schools in the Soils Association's '**Food for Life**'²⁶ programme have entered into a major re-think of food provision, with targets to increase the amount of unprocessed and organic food procured for all primary school meals while increasing opportunities for local producers. Typical spend of schools in the Food for Life programme on ingredients is around 70p per child per meal, whereas typical budgets for ingredients in most school catering is between 35-55p.

The Food for Life programme takes a whole-school approach to changing school meals in recognition of the fact that children do not respond well to changes to their school meals, if made without adequate explanation. The Food for Life targets have been designed to improve the health and nutrition of school meals and increase the use of fresh, organic and local ingredients, as well as engage children in food, cooking and eating healthily. The whole-school approach that has been adopted in delivering these targets, also tackles the awareness and engagement of all involved in the school to create a more supportive and positive 'food culture'.

Food for Life addresses everything from menu reform to reconnecting people with their food. The programme emphasises the need to support all those involved in delivering the school meal service as well as the school communities themselves. Engaging all stakeholders; school cooks and caterers, the head and teaching staff, parents, governors, the pupils, the lunch time supervisors, procurement teams, suppliers, health professionals and council decision makers, to ensure they support each other is vital to the project's success.

*The Soil Association, Bristol City Council, BANES council, Primary Care Trusts (PCTs) and A David and Charles Saunders (suppliers) formed a **partnership to introduce Food for Life targets** in 9 primary schools in BANES and 18 mainly primary schools in Bristol. This ambitious project has required active involvement of all stakeholders; caterers, schools, parents, various council departments, the Soil Association, producers, suppliers, cooks, teachers and heads. Activities include monitoring progress, waste and meal up-take; menu development and nutritional improvements; help for schools to adopt a whole school approach; education workshops for children in the classrooms provided by the Soil Association; and supply chain development including helping current suppliers engage with producers. Managing a complex and diverse mix of stakeholders has required skill and resources.*

Factors contributing to success

- *Full consideration of costs of ingredients, preparation and finding suitable suppliers*
- *Some kitchens are ill equipped to deal with new ingredients.*
- *The pilot would ideally have worked with fewer schools to prevent resources from being spread thinly.*
- *A long lead in time is needed, before any practical change is attempted.*
- *Set up clear monitoring at the start.*

²⁶ Food for Life report and action pack www.foodforlifeuk.org

Lessons learnt from the partnership to introduce Food for Life targets

The lessons learnt included:

- The co-ordinator needs to invest a lot of time.
- Buy-in and practical input from all partner stakeholders is required.
- Not all partner stakeholders are used to working in a partnership.
- A thorough plan involving all partner stakeholders is needed before changes begin.
- The partnership needs a skilled/facilitator mediator to deal with difficulties, as well as technical expertise.
- Difficulties have arisen where partners have become focussed on their own outcomes and forgotten other's interests.
- The co-ordinator needs to understand everyone's motivation at the outset.
- Review times should be timetabled, stepping back from frantic action.
- Partner stakeholders need imagination, patience and a willingness to solve problems.
- Some partner stakeholders underestimate difficulty in changing.
- Expectations need to be managed, including children's, parents' and teachers'; change is slow.
- All players (the wider stakeholders) need to be actively engaged, including heads, teachers, cooks and children. For example, if new ingredients are supplied but not appropriately cooked, or if children are not familiarised with new foods before they are served, the meals will fail.
- Some schools have embraced the work with more enthusiasm and provided educational extras, school gardens etc.
- Developing a partnership is complex and planning the project takes time.

Considerations for those organising catering contracts

Practical considerations for those organising catering contracts should include breaking down distribution and delivery schedules into appropriate geographical areas, so that efficient delivery schedules can be developed. Delivery times may need to be very specific for schools, and there may be limits on vehicles sizes.

Where **standard production units** need to be broken down to suit storage or demand in particular schools, this may lead to greater cost. Similarly, costs will be incurred and problems created for distributors if **lead times** are too short, or if schools miss agreed times by which orders need to be placed.

Where LEAs' aim to develop opportunities for local producers, it may be especially useful to set up twin contractual arrangements whereby the food producer is the **nominated supplier**, with a separate contract for delivery with a distributor (possibly a larger business or specialist delivered wholesaler).

*The nominated supplier route has been tested for the **West Midlands**, with a workable model developed for a collaborating group of local producers, in partnership with distributors appropriate to the complexities and scale of the delivery networks²⁷.*

²⁷ 'Case Study for a Flexible and Sustainable Supply Chain Model to provide local food into Schools', Fraser Associates

In some cases procurement teams will need to help producers collaborate to meet supply needs.

*A study in **Somerset** during 2004 piloted supplies to 20 schools, serviced by six kitchens. The supply chain was broken down into three main sectors – (1) fruit and vegetables, (2) meat and (3) dairy - which were the ones where traceable food supply chains with a strong element of actual or potential local supply were present.*

For fruit and vegetables: 9 Somerset based producers were supplying vegetables, with 5 more from neighbouring counties, whilst no fruit was locally or regionally sourced. Growers have to meet the stringent accreditation and traceability criteria for the County Council's accreditation systems, and it is their experience that few growers can readily meet these standards. The growers who are able to meet these standards tend to be those who are larger in scale and who are already supplying the multiples, and there is no specific premium or advantage for producers who are supplying the public catering contract.

For dairy, a local dairy based near Wellington for part of the pilot area was trialled, but no independent dairy in the county is able to supply the whole county. One solution was for local dairies to form themselves into a consortium covering the whole distribution area to supply the schools. Such an infrastructure, or an alternative, could also distribute yoghurt and cheese direct from Somerset based suppliers to schools. The small dairy which was included in the trial was concerned about penalty clauses in contracts e.g. for late delivery, found the tender process complex and confusing, and to make a viable delivery would need either to identify other outlets, or to increase drop size by introducing other products.

The fresh meat contract was awarded to a local wholesale butcher, supplied directly from a local abattoir, which sourced from 22 local farm producers in Somerset or neighbouring counties. Poultry and other meats are still a substantial proportion of the school menu and as yet not locally sourced. There appears to be a knock-on effect from children eating school meals to parents choosing to source and purchase fresh local meat from retail outlets. The farmers were not necessarily aware that their stock and produce is being specifically sourced for supply into schools. They were more concerned about getting a fair price without more paperwork.

The National Audit Office, which has a remit to scrutinise public spending, and audits the accounts of public sector organisations, will shortly be reporting on its study into "Smarter food procurement in the public sector". This will focus on how public bodies can become more effective procurers of food while also delivering Government policies on nutrition and sustainability. It is encouraging that the message of sustainable development has been taken up in this way.

4. CONTRACT PREPARATION

4.1 Regulatory context

The regulatory context for enabling producers to make the most of opportunities to trade locally and to the public sector has been well described in other publications²⁸. The following notes summarise the context and conditions within which public sector buyers must operate.

Public sector contracts must comply with public procurement policy and the legal framework governing procurement comprising the EU Treaty, EU Directives and the UK Statutory Instruments that implement them.

UK procurement policy requires all purchases of goods and services to achieve value for money having due regard to propriety and regularity. Value for money is defined as "the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer's requirement".

The EU Treaty covers issues such as equal treatment, non-discrimination and transparency. EU Directives govern the specification, advertisement, tendering and award of contracts above certain thresholds, and, permit the award of contracts based on either the most economically advantageous tender (MEAT) or lowest price. MEAT is equivalent to the UK's "value for money" policy, and should be the chosen option. UK Regulations implement the EU procurement Directives.

The award of contracts based on MEAT allows the assessment of bids on a whole life cost basis, and as such, there is sometimes scope to consider social and environmental issues at the award stage. However, these issues must be relevant to the subject of the contract, consistent with EU Treaty principles, and relate directly to the object of the contract (in the opinion of the contracting authority). This last point is the most critical, and in practice it tends to be more difficult to consider social issues when letting *supply of goods* contracts than *services* or *construction* contracts²⁹.

Evidence from the US on purchasing innovation³⁰ has delivered the kind of savings to which the Gershon Efficiency Review³¹ aspires. This has involved applications of

²⁸ Defra's "Guidance for buyers and their internal customers" on the PSFPI web site at <http://www.defra.gov.uk/farm/sustain/procurement/guidance.htm>, the catering toolkit at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-clauses.pdf> and other guidance on that site explain how sustainability issues can be pursued within public procurement policy and the legal framework. OGC's Procurement Policy Unit also provides advice and guidance to contracting authorities about how sustainable objectives may be incorporated into public contracts within the EU rules and value for money policy – www.ogc.gov.uk. Other publications include Sustain/East Anglia Food Link's 'Good Food on the Public Plate: A manual for sustainability in public sector food and catering', and Public spending for public benefit' by NEF.

²⁹ More information in OGC-Defra joint note on environmental issues in purchasing at: http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/procurement/ogcdefrajointstatement.pdf

³⁰ 'Developing sustainable procurement as a shared priority - vision to reality' by IdeA, Sustainable Development Commission, Global to Local, 2004. URL: <http://www.sd-commission.org.uk/publications.php?id=158>

³¹ The Review identified £20 billion of efficiency savings in the public sector by 2007-08, which will either directly increase the output of public services, or will free up resources, which can be recycled into front line delivery. Former Sustainable Farming and Food Minister, Lord Whitty, considered public sector catering as a frontline service deserving some of the efficiency savings arising out of the Review - <http://www.defra.gov.uk/farm/sustain/procurement/nationalconference/pdf/050307-lwhittyintro.pdf>

whole-life costing within E-procurement, local supply development with SMEs, reduced insurance risk liability, new eco-products and services, energy alternatives and conservation, resource tracking 'buyer' footprints, and active engagement with and stimulation of local enterprise. One impact of this will be consolidated buying groups, with co-ordinated and cross-sector procurement of commodities. It will be a move away from one-off contracts.

A new, consolidated, EU public sector Directive³² implemented in UK legislation in January 2006 simplifies, clarifies and updates previous directives, but does not alter the fundamental principles on which they are based. Issues clarified include:

- The scope to take account of environmental and social issues in public procurement
- How one can specify green production process standards and relevant parts of eco-labels
- How environmental issues can be included in contract terms and conditions
- At the selection stage, how one can take account of environmental management systems and wider environmental/social aspects of technical capacity and track record
- How environmental considerations can be included in award criteria such as the application of whole life cost and quality³³

4.2 Issues which can be included

Under the EU directives it *is* possible to specify:

- Freshness, seasonality and frequency of delivery, which can increase opportunities for small local producers
- Contract conditions that are relevant to the object of the contract, such as frequency of deliveries or type of packaging (and therefore waste reduction)
- Foods produced using recognised methods of production³⁴ and processing, e.g. organic products and other appropriate standards for farm assurance³⁵
- Nutritional content such as levels of fat, protein or salt

³² New EU Public Sector Directive – online at http://europa.eu.int/comm/internal_market/publicprocurement/legislation_en.htm

³³ See OGC-Defra advice and emphasis in Part 2: “Consider the environment from the outset. There is most scope available early on when defining needs and specifications, and early action is more likely to be successful” – see: http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/procurement/ogcdefrajointstatement.pdf

³⁴ Methods of processing and production can be requested in the technical specifications of the tender where these help to specify the performance characteristics of the product or service. This includes both process and production methods that “*physically*” affect the end product (e.g. absence of chemicals) and those that do not, but nevertheless affect the “*nature*” of the end product such as “organically grown foodstuffs”.

³⁵ A model clause for specifying baseline, and higher level farm assurance standard and organic produce is provided in Section 2(A) of Annex 1 to Appendix 2 of Defra’s catering toolkit at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-clauses.pdf>

- Niche products for particular menu options or for occasional use³⁶

Public-sector buyers cannot discriminate in favour of *fair trade* products when letting a tender, but where the caterer is running a canteen or providing beverages for meetings, the caterer is allowed to offer fair trade as an option to customers. It is therefore reasonable to ask suppliers of beverages whether they can offer a fair trade option³⁷.

Tenders **cannot** also specify locally-produced or UK-produced food, as the EU treaty, EU procurement directives and the statutory instruments that implement them are designed to ensure that public procurement is fair, transparent and not used to discriminate by setting up barriers to trade. Public bodies should also be careful when setting targets to increase the procurement of local produce because, although this may not be strictly illegal, it could risk challenge from suppliers from outside the locality who may be deterred from tendering.

However, as explained in this report and advice on the PSFPI website, there is plenty of scope for public bodies to increase opportunities for local suppliers to tender and pursue sustainable development considerations while keeping within the rules.

Tender thresholds under the EU Directives sometimes allow simpler procedures, although they do not change the requirement for the authority to achieve value for money and to ensure that the procurement is fair, transparent and not used to discriminate by setting up barriers to free trade.

Where the contract value is likely to be under the threshold³⁸, public sector buyers are not required by law to advertise in the OJEC. However, they should still open the contracts up to competitive tendering - following the policy and practice laid down by their purchasing authority. The “value” of a contract is taken to mean the likely total spend over the duration of the contract, not just the annual spend.

Disaggregation

Disaggregation is illegal – i.e. to break-up the procurement need into separate contracts to get below the EU price threshold. It *is* acceptable to split the contract into *lots* - so affording a better chance for local suppliers where this achieves value for money – but this does not obviate the need to advertise the total procurement if the sum of the lots exceeds the EU threshold.

The lots can be split in any way, e.g. by product or distribution area with suppliers able to bid for some or all lots. Within product groups, this can be further sub-divided (e.g. prepared and non-prepared vegetables), or services can be separated (e.g. tendering separately for food and distribution).

Allowing for lots and then communicating this fact effectively among local and regional businesses can be a potentially effective method for furthering local food and ensuring security of supply, as proved by the NHS' patchwork approach.

³⁶ For locality food using PDO and PGI status refer to advice in S3 of FAQs (item 6) . URL: <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-faqs.pdf>

³⁷ See guidance on the PSFPI web site at <http://www.defra.gov.uk/farm/sustain/procurement/trade.htm> and Section G of Annex 1 of Appendix 2 to the catering toolkit at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/toolkit-procurement.pdf>.

³⁸ From Jan 2006, for central government, NHS etc £93,738; for local authorities, schools etc £144,371. See <http://www.oqc.gov.uk/index.asp?docid=397>

4.3 Assurance Schemes

As noted above, a purchasing authority is entitled to specify methods of *production and processing*. A well-known example of this is where an authority specifies *organic* produce (or invites bidders to offer organic as a variant for which the authority would consider paying a higher price). This is allowed because it is reasonable to believe that food produced by organic methods is qualitatively different to food produced by other methods.

Another well-known example is where an authority specifies that food should be produced to the various Red Tractor standards (such as Assured Produce in the case of fruit and vegetables). By ensuring that good practice is followed in issues like personal hygiene and the keeping of spray records, Red Tractor standards help to ensure that food is safe to eat.

However, to avoid discriminating against food grown in other countries, specifications should allow for acceptable evidence other than certification to Red Tractor to be submitted as proof of meeting baseline farm assurance standards. Defra's catering toolkit contains a model clause for specifying farm assurance that complies with the legal framework governing public procurement³⁹. It also covers higher farm assurance - such as those for integrated farm management systems such as incorporated in *LEAF Marque* – and organic methods of production.

In relation to animal welfare, authorities should consider asking suppliers for meat and eggs produced to *Freedom Foods* standards. These are a set of standards developed by the RSPCA which many would argue are more humane than the legal minimum (whilst falling well short of the higher standards set by the Soil Association). Because stocking densities have to be lower and animals get more exercise, the price of meat and poultry which meets Freedom Foods standards is slightly (around 5%) higher; but many would argue that the fact that the animals can get more exercise improves the quality of the meat.

However, purchasers should be aware that, at present, very few suppliers can supply significant quantities of produce to the above standards. Consideration should be given to asking for this as a variant, and/or for seeking assurances that suppliers will move to ramp up the supply of qualifying produce over a period of time. A reasonable period might be 1-2 years for most of the above schemes, and perhaps 2-3 years for LEAF Marque.

4.4 Monitoring

Section 2 above explains the need to obtain data from suppliers if they are to measure progress in the proportion of food supplied that is, for example, fresh, seasonal, farm assured and organic. Purchasers may also ask suppliers to state the origin of all food supplied to ascertain whether action taken to increase tendering opportunities for local producers is resulting in them winning more business.

Tenders and contracts should specify the requirement for this information to be provided, whilst leaving flexibility for the bidder to propose a reasonable methodology

³⁹ The model clause is in Section 2(A) of Annex 1 to Appendix 2 of Defra's catering toolkit at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-clauses.pdf>

for collecting it. Tenders should also specify that suppliers will allow a third party to audit their data at any reasonable time to verify that the data provided is correct.

4.5 Nominated suppliers

Section 2 above discusses the importance of “nominated suppliers” in enabling authorities to buy food from smaller producers. When letting “main” supply-and-distribution contracts for frozen and chilled foods, purchasers should ensure that they leave themselves sufficient flexibility for the future to make use of nominated suppliers. For example, a contract with a frozen distributor might state that the purchaser reserves the right to buy up to 50% (by value) of goods supplied from nominated suppliers. The contract should be clear about the percentage margin that the distributor is allowed to add to the price of these goods, and that no further charges may be made either to the customer or to the nominated supplier (eg listing fees or retrospective discounts).

4.6 Model specifications

Defra have prepared a catering toolkit⁴⁰ which includes templates, guidance and model specification clauses. The toolkit is designed primarily for authorities letting a tender for a *catering service* rather than those buying food for an in-house catering operation; although the latter will find some of the information useful, e.g. the model specification clauses.

Appendix A to this document shows a set of tender and contract clauses. East Anglia Food Link and the Regional Centre of Excellence for the East of England developed it for use by the 7 local education authorities in that region, which are working together on sustainable food procurement. It draws heavily on the Defra toolkit, from which it includes relevant clauses and adds others.

*In 2005 **North East Land Links (NELL)** initiated a project with Darlington Borough Council (DBC) to develop a new set of food tender documents that take into account the objectives of the PSFPI. The new document was based on the old DBC food tender and the North East Purchasing Organisations (NEPO) standard food contract.*

The tender document requires suppliers to submit a method statement indicating how they will help the council to deliver against both the objectives of the PSFPI and relevant aspects of the council's community strategy. Tenders will be evaluated against the following pre-determined criteria based upon 60% Quality and 40% Price to deliver Value for Money (optimum combination of whole life costs and quality to meet the customers requirements):

- (a) *Tenderer's Method Statement relating to PSFPI and the Council's Community Strategy;*
- (b) *Quality, Taste and Freshness of Produce;*
- (c) *Ability to meet the Products Specification and Contract Schedules;*
- (d) *Systems and Procedures (Quality, Health and Safety, HACCP and Environmental Impacts);*

⁴⁰ “Catering Services and Food Procurement Toolkit” - at <http://www.defra.gov.uk/farm/sustain/procurement/tools.htm>

North East Land Links (NELL) that have been involved in several sustainable procurement initiatives note that:

“Procurement needs to be seen as a process; having an appropriate tender is one issue but there is also a need to have a pro-active approach to advertising/letting of the contract and a need for appropriate contract supervision during the post award phase. In simple terms a contractor is free to say whatever they like in a tender, therefore there is a need for effective monitoring and evaluation to ensure that the buyer is getting the benefits they anticipate. Critically those undertaking the monitoring and evaluation need to have the appropriate skills to do so.”

In current tender documents for Darlington Borough Council, there are no systems in place to measure /audit that the food produced is indeed local / free-range / red-tractor / LEAF / etc. It is likely that some of the fresh produce which is supplied is farm assured but at present the quantity is not known. They intend to take this issue into account in a planned revised version of our model food tender document.

5. WHO NEEDS TO DO WHAT?

5.1 What regional and county-level organisations can do

The Regional Centres of Excellence (RCEs) are owned and managed by local government. They were established with support from the Department for Communities and Local Government (DCLG) and Local Government Association (LGA) to work with councils throughout the country to secure millions of pounds in efficiencies that are being re-invested in better front line services⁴¹.

The UK Government’s sustainable development strategy, ‘Securing the Future’⁴², published on 7 March 2005 contains a commitment on RCEs to encourage sustainable procurement throughout local Government. This includes championing sustainable food and disseminating skills, knowledge and understanding on sustainable procurement. They are therefore well placed to influence public sector organisations and communicate what a sustainable food policy should include.

The Regional Centre of Excellence for the East of England is a main funder of East Anglia Food Link’s project to help 7 local education authorities to procure food more sustainably. The RCE is also helping to clarify legal and tender issues.

Across government and regional organisations there is a need for more joined up thinking on sustainable procurement, which is recognised in the report, *Procuring the future*⁴³, published by the Sustainable Procurement Taskforce on 13 June 2006. The Taskforce was established by the Government under Sir Neville Simms and charged

⁴¹ <http://www.rcoe.gov.uk/rce/core/page.do?pagelid=1>

⁴² <http://www.sustainable-development.gov.uk/publications/uk-strategy/index.htm>

⁴³ Procuring the future report is at <http://www.sustainable-development.gov.uk/government/task-forces/procurement/index.htm>

to produce a plan that will put the UK on an equal footing with EU leaders on sustainable procurement by 2009.

There are in the English regions specific officers with responsibility for implementing the Public Sector Food Procurement Initiative (PSFPI) and facilitating local food and farming solutions. These may be posts in government offices for the regions⁴⁴, regional development agencies, or other governmental or NGO bodies. At county or sub-regional level food links organisations, regional food groups, and other agencies may have responsibility for developing practical solutions to enable better opportunities for local trading links.

Many examples of successful sustainable food procurement initiatives have hinged on the work of a competent NGO. Supply-chain development for the Cornwall Hospitals Trust and of South Gloucestershire LEA was assisted by the Soil Association; those of Bradford ECS by the Grassroots Food Network; the London Hospitals Project (including the Royal Brompton case studies) by Sustain/London Food Link and the Soil Association; Somerset schools by Somerset Food Link; the North-East contracts by North-East Land Links; and supply-chain development for Cambridgeshire, Hertfordshire, Luton, Norfolk, Peterborough, Suffolk and Thurrock schools by East Anglia Food Link; supply chain development in the SE region and the London hospitals pilot by f3. All of these NGOs are members of Food Links UK (www.foodlinks-uk.org).

Work at this level will be essential to assist procurement officers in the task of developing new models for supply sourcing. Practical steps are described below:

First of all, it is important to **audit how supply chains work at present** and supply chain capacity at the regional level. This may require the following approaches:

- Map and prepare a database of known producers (primary and processors), marketing groups, processing facilities eg abattoirs, local wholesalers and retailers, and distributors.
- Seek out processors such as local butchers or small wholesale companies as potential supply chain agents who can operate at a more responsive, local scale;
- Develop an understanding of what local producers could potentially offer beyond their current ranges, i.e. ability to diversify into other products.

To facilitate better opportunities for local producers and work towards shorter supply chains: there may also be a need to invest in or help enable private sector or collaborative **infrastructure** schemes. These may include the following:

- Physical processing plant or enterprises eg vegetable washing and packing
- Distribution hubs dedicated to county or region – although working with existing distributors may be a more efficient way forward. That is, to help them develop better links with local producers and offer more listed items and to encourage more use of the nominated supplier model, including models whereby the client may contract directly with the producer and the main contractor acts as a distributor only
- Virtual hubs enabling better business connectivity, including better communication between stakeholders in the supply chain

⁴⁴ A list of the PSFPI contacts is at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-contacts.pdf>.

- Information systems which assist all participants in the supply chain - informing producers what public sector clients will be needing in coming year including defining need for specialist products to meet specific nutritional or other needs; informing distributors, food service companies and wholesalers of supply capacity in local/regional area; informing buyers about what is available locally and when; and incorporating menu suggestions for catering managers which reflect local availability and meet nutritional needs.

Bradford ECS's distributors of meat and vegetables use various suppliers for the different products they supply.

- All meat and poultry is sourced within Yorkshire and the West Riding.
- A high percentage of vegetables and salad items are sourced from Yorkshire, Lancashire and Scotland depending on the product and seasonality. Statistics are received from the supplier on a monthly basis advising volumes and country of origin and is stated on all invoices.
- Both meat and vegetable suppliers have documented audit trails and product assurance schemes in place, encompassing food safety, product traceability, animal welfare, environmental protection etc.
- ECS introduced local producers to contractors/distributors already supplying ECS and encouraged them through workshops to look at ways of working together to find solutions to increasing volumes of locally sourced food.
- Through one of these events ECS introduced a local organic carrot grower to their contracted vegetable supplier. They are now working together and subsequently supplying organic carrots to the schools within Bradford.
- ECS now has two organic milk suppliers working together supplying milk for milk bars into nine Bradford schools.
- Key to making the examples given work has been through liaising with interested parties, offering continuous support, encouraging collaboration and co-operation and persistence as the process can be lengthy and drawn out.
- ECS have worked with suppliers using their product knowledge to review school menus to reflect seasonality of products; e.g. replacing locally sourced mutton on the menu with an alternative locally sourced meat once it went out of season. This has allowed ECS to still use locally sourced meat without continuity of supply being affected, quality being reduced or prices increasing rather than using imported product.
- ECS has also experience of shortening supply chains, by adding the contract for supply of bread and morning goods to the same supplier of fruit and vegetables, thereby improving products and reducing overall cost prices to ECS through one point of contact, whilst adding value to the supplier through increased turnover, reduced overheads and utilising spare capacity.
- The wide geographical area ECS covers, and the logistical problems of delivering to approximately 200 locations make it difficult for many smaller local suppliers to compete with centralised bigger distributors for large contracts.
- To enable more smaller and local suppliers to compete for contracts, ECS have broken down contracts into smaller lots, created second and third tier producer opportunities, and also allowed flexibility within tender documents for tenderers to quote for all lots, single lots or a combination of lots, or propose alternative lots.
- ECS also specify fresh and seasonal produce, rather than frozen or tinned again enabling smaller, local suppliers to tender.

Whilst the public sector requirement may be a starting point and focus for this work, there is a strong rationale to **integrate** systems serving the public sector with those that serve other sectors, gaining economies of scale.

There may also be opportunities to integrate wider supply chain objectives with existing initiatives. For example, the Department of Health, NHS Purchasing and Supply Agency and the School Food Trust are looking at the feasibility of combining the supply of produce under the School Fruit and Vegetable Scheme with that currently supplied separately for school meals.

At the regional or county level there should also be initiatives to provide **training and help for businesses** (producers, processors and other supply chain providers) in diversifying or adapting to meet specific product needs; such as specialising by gearing a wholesale business towards school supply contracts; or helping a farm shop to develop as a local distribution hub. Assistance with developing collaboration models will also be important.

For many organisations, procurement officers do not have the remit or skills to develop more proactive systems or review contract procedures in respect of sustainable development.

Enablers, most frequently NGOs, but also bodies such as the NFU and EFPF, are therefore critical players in the development of new systems. Investment in their involvement is often important. Food links organisations for example, work to bring many players together, offering the hand holding needed to help producers to adapt to new markets, enabling dialogue and collaborative approaches horizontally (ie between producers) and vertically (ie integrating producers with processors and distributors) and facilitating business connections which may open up new supply chain possibilities.

The skills of such enablers must be critically reviewed and training provided, if required. The enablers will require a strong understanding of food supply chains, facilitation skills, an understanding of procurement practice and legislation, and an ability to communicate principles of sustainable development. Mentoring by beacon organisations may be an effective way forward. A key aim for organisations like Food Links UK is to share best practice and build up this capacity.

The London Hospitals Food Project is run by London Food Link in partnership with the Soil Association (funded by Kings Fund and Defra) ran a two-year project to increase the supply of local and organic food into four London NHS hospitals to 10% of their routine catering provision.

The project's aims were twofold: (1) to promote health by providing fresher food for patients, staff and visitors; and (2) to help hospitals focus their spending on building and strengthening supply chains originating from local farmers in London and the South East.

The project is helping the hospitals link with local and/or organic suppliers and to develop menus that favour fresh, seasonal organic food. Specialist supply chain and technical training events have helped food suppliers in London and the South East and hospital caterers optimise conditions for getting local and/or organic food into wards and staff restaurants.

As well as fostering better opportunities for supplying local food, the project has also commissioned research on local food infrastructure and distribution needs in London, and on the viability of a new local food centre. The project will measure the health and economic effects of increasing local and/or organic food supply to participating hospitals. Additionally, a network has been established to provide advice and information to hospitals around the country that wish to set up similar projects.

5.2 What procurement officers at the level of individual institutions can do

Buying by public sector agencies can be the responsibility of procurement teams, catering managers themselves, or large buying consortia. Many of the same issues and opportunities to take a creative approach to food sourcing will apply to all, although larger organisations will have greater buying power and arguably could make more significant inroads into supporting shorter supply chain models.

A starting point for help, given the experience of the NGOs in this field, would be to identify a suitable NGO partner. One route is through Food Links UK, www.foodlinks-uk.org, as FLUK's co-ordinator will have a good sense of who has the relevant expertise in each region of the UK.

Buying organisations may take a proactive approach to attracting potential suppliers by **actively seeking out local producers** for specific commodities, holding meet the buyer events and developing relationships with suppliers who may be able to be more responsive to client needs. Terms of trade should be looked at closely, to nurture confidence by producers that the public sector is perceived as an attractive marketplace. In particular this should be reflected in payment terms. Larger supply contractors should be encouraged to engage with local suppliers and producers as second or third tier downstream suppliers. This may form part of the pre-qualification exercise in selecting potential bidders.

Organisations at a local level can influence what happens at a national level.

*The proactive work for the **Cornwall Food Programme** in identifying local suppliers influenced the NHS Purchasing and Supply Agency. They changed their contracting process to increase the opportunities for local suppliers to tender and give them fair consideration - either as direct suppliers or as recognised local suppliers to national contractors for use in local deliveries. National NHS PASA contractors used, but based locally, included Scorse for meats, and Newquay Fruit & Veg and West Country Vegetables.*

Procurement officers may also look to local **social enterprises** or Community Interest Companies to provide services⁴⁵. By definition, social enterprises plough profits back into the local community and seek wider community benefits through their trading activities.

*In North Yorkshire, **Northern Dales Farmers' Markets** were offered a supply contract for a wide range of produce by the County Council. Whilst a number of problems were encountered, such as inconvenience for caterers in delivery schedules and food preparation, quality was considered to be high for produce from members of the market group. Costs were only a little higher (pilot schools had increases in ingredients costs of 6p per meal), partly due to the inefficiencies of small deliveries. One issue noted was that: key performance indicators may need to change to reflect new sustainable development objectives. The market group could be expected to score well on considerations of local economic benefit and*

⁴⁵ A useful guide is the Home Office's Think Smart - Think Voluntary Sector at <http://commercial.homeoffice.gov.uk/documents/thinksmart.pdf>

⁴⁶ North Yorkshire County Council -Procurement Pilot Final Report, Adam Wellings

*environmental impacts*⁴⁶.

Much can be done through **planning menus** to match local supply strengths and capacity, both in terms of products and seasonality. This may, for example, mean reducing the reliance on imported fruit such as peaches by ordering more traditional UK produce instead such as apples – either fresh, or cold stored if out of season. Reference to product sustainability sheets for all commodity types (which we recommend Defra should develop) would inform those involved in menu planning.

The new healthier menus at the Royal Brompton Hospital include homemade vegetarian soups and fruit juices. Information on the new healthy menus using local and organic ingredients has been communicated to staff through the newsletter, email and on table tent cards.

The catering staff welcomed the changes and they were highly motivated in implementing them. They have received training on the benefits of local and organic food and farming.

Menu planning must also reflect **nutritional standards** and objectives. The new food based standards for school lunches will be mandatory from September 2006. Primary schools will be expected to meet the new nutrient based standards by September 2008 and secondary schools by September 2009. The new standards were announced on 19 May 2006⁴⁷.

There are also opportunities for local producers to develop **niche products** to meet the particular needs of public sector caterers.

Specifications for products should also be made with care, recognising that quality produce, such as good meat with less fat, is better value for money. Caterers should also identify opportunities to purchase high quality ‘seconds’ eg off-cuts, if members of kitchen staff have the skills to incorporate them into dishes. Assurance standards should be required, with Red Tractor criteria (or equivalent) as a minimum, and organic and Integrated Farm Management (IFM) production methods positively encouraged, linked to menu options. Defra’s catering toolkit contains model specification clauses.

More expensive menu items such as local organic meat can be **cross funded** by identifying potential savings in other areas of the catering service, or subsidised by the purchasing organisation to meet wider objectives relating to staff health and motivation.

The **tender document** preambles and specifications should also be planned in conjunction with review of policy framework to meet wider sustainability objectives (see previous section on specifications). This might be planned in parallel with **evaluation and monitoring** of the impacts of procurement, such as monitoring the performance of contractors to assess how effectively they perform against contractual requirements.

One of the important elements for buyers to recognise in monitoring performance is that whilst suppliers or processors may be local the **provenance** of the ingredients may be from diverse sources. Processes should be implemented to

⁴⁷ See DfES press notice Setting The Standard For School Food – Alan Johnson at http://www.dfes.gov.uk/pns/DisplayPN.cgi?pn_id=2006_0074

ensure that contracted suppliers are able to trace provenance of their ingredients back to the primary source. In conjunction with this it will be important to define what is meant and understood by 'local' ie within geographic or administrative boundaries⁴⁸.

*The **Cornwall Food Programme** specifies within the tender that due diligence and traceability is vital. To get the information, their meat suppliers use bar codes and a database where samples can be scanned and located (back to farm, field and animal). But the relationship with suppliers is the key – “A lot of this is partnership and we have a very open relationship with our suppliers. Trust breeds trust.”*

An effort should be made, within larger contracts, to make use of the **nominated supplier** model, whereby suppliers can be nominated where their products are unique in some way, such as nutritional content. In this case the main contractor still acts as the distributor but the buyer has more control over the individual items. Note that nominated suppliers could be local processing or distribution businesses, which have known links to primary suppliers such as local butchers.

Planning creatively for **efficient delivery systems** can enable smaller distribution enterprises or suppliers to compete with larger contractors. The key factor in distribution is ensuring a good ratio of value of produce to journey cost. Buyers will need to work alongside the smaller distributor/supplier businesses, to plan jointly for efficient delivery schedules, which both meet the needs of the caterers (fresh produce when it's needed, and not over-burdening storage capacity), and meet the business needs of the supplier. Fuel-efficient vehicles and vans running on bio-fuels, (e.g. produced from recycled used vegetable cooking oil) will also meet environmental objectives, as will requiring engines to be switched off when delivery vehicles are stationary on the premises.

Catering practices should be developed that **minimise waste**. This can be considered in several areas, from the specification of packaging (minimal or recyclable) to the use of re-usable containers and cutlery, to developing composting schemes for kitchen waste. They should seek to conserve resources and control pollution by, for example, specifying energy and water efficient equipment and refrigerants for fridges, freezers and air conditioning units that do not deplete the ozone layer or have a high global warming potential.

Specifiers can also encourage better **traceability** by adapting due diligence processes and purchase invoices to include a 'provenance trail' to trace produce back to the primary source. Trading standards officers can be invited to provide spot checks on information provided by suppliers.

E-procurement will be a requirement in future years, which needs to be set up to allow access for suppliers at all levels of competency.

The **end-users**, i.e. school children, hospital patients, staff and others need to be made better aware of the arguments for healthy eating and other aspects of sustainability such as seasonal cuisine. This can be nurtured in particular in

⁴⁸ There is no enforceable definition of local – see section of the FAQs on the PSFPI web site at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-faqs.pdf>

schools, through promotional activity and integrated approaches such as whole school food initiatives.

APPENDIX A: MODEL SPECIFICATION CLAUSES FOR FOOD SUPPLY CONTRACTS

Developed by East Anglia Food Link and the Regional Centre of Excellence for the East of England. For use by East of England LEAs Version 3.3

A. Raising Production and Process Standards

The Contractor shall

1. Provide the Authority with credible assurance that all food provided meets current UK laws governing the sale and consumption of food, as covered by the Food Law Guide on the Food Standards Agency website <http://www.food.gov.uk/multimedia/pdfs/foodlaw.pdf>
2. Supply to the Authority unprocessed commodities⁴⁹, lightly processed foods and drinks,⁵⁰ and composite products⁵¹ produced in accordance with one or more of the following categories and shall supply the quantities for each commodity or item of food or drink listed under these categories, as identified in the Contractor's offer that was accepted by the Authority and forms the Contract⁵²:
 - Category 1: Food produced in accordance with the standards set for the Red Tractor⁵³ food assurance scheme or equivalent standard or, in the case of eggs in their shells, the Lion Egg standard or equivalent.
 - Category 2: Fruit, vegetables and cereals produced in accordance with the standards set for LEAF Marque food assurance scheme⁵⁴ or equivalent. Meat and dairy products produced in accordance with the standard set for the RSPCA Freedom Foods scheme⁵⁵ or equivalent.

⁴⁹ Unprocessed commodities, such as fresh fruit and vegetables, honey, eggs, milk, cream, un-milled cereals etc.

⁵⁰ Lightly processed foods and drinks are food products that retain their raw recognisable form, such as meat, cheese, butter, powdered milk, flour, sugar etc.

⁵¹ Composite products containing several ingredients are covered by assurance schemes with, for example, the Red Tractor Licence permitting food businesses to use the Red Tractor Logo on pre-packed food. If the product contains several ingredients, then all ingredients must be assured with a 5% tolerance. In future, there will be a second option for Red Tractor Licensees allowing the Red Tractor Logo to be used on pack to signify that the Principal Ingredient (PI) of the product is 'assured'. URL: <http://www.nfuonline.com/x6735.xml>.

⁵² The authority will need to determine the level of weighting to be allocated for each category for the purpose of evaluating tenders. Tenderers need to know what the weightings are before they submit their offers. The authority should invite tenderers to specify what quantities of produce will be supplied under each category.

⁵³ For foods that meet Red Tractor standards– see Assured Food Standards' web site at http://www.redtractor.org.uk/site/rt_page.php?section_id=1&page_id=3 and in the Appendix below. This also lists equivalent schemes.

⁵⁴ The LEAF Marque provides consumers with assurance that the producer operates his or her business and production processes to Integrated Farm Management principles with high environmental standards.

⁵⁵ RSPCA Freedom Foods is designed to ensure a higher level of animal welfare based on the Five Freedoms, as defined by the Farm Animal Welfare Council (FAWC).

- Category 3: Food produced in accordance with the requirements of EC Council Regulation 2092/919⁵⁶ for organically produced food⁵⁷.
- Category 4: Food produced in a manner that does not comply with categories 1, 2 or 3.⁵⁸

If requested, the Contractor shall submit to the Authority evidence that the requirements for categories 1, 2 and 3 have been met. Furthermore, if requested by the Authority, the Contractor shall obtain and submit, at the Contractor's expense, independent verification that the evidence submitted to the Authority provides credible assurance that the Authority's requirements are being met.⁵⁹

Independent verification means that an evaluation is undertaken and reported by an individual or body whose organisation, systems and procedures conform to ISO Guide 65:1996 (EN45011: 1998) - General requirements for bodies operating product certification systems or equivalent - and who is accredited to undertake such evaluations by a body whose organisation, systems and procedures conform to ISO 17011:2004 - General requirements for providing assessment and accreditation of conformity assessment bodies or equivalent.

3. Provide reports to the Authority (at the intervals and in a format agreed with the Authority) listing:
 - The different food items supplied to the Authority during the period
 - The total volume and value of each food item
 - The source of origin of each food item (preferably giving the locality or region if produced within the UK). For composite food items the source of origin should be for the principle ingredient.
4. Adhere to the Meat and Livestock Commission's public sector specifications for cuts of beef, lamb and pork as a means of improving process standards at <http://www.britishmeatfoodservice.com/foodservice/product/specifications.htm>

[These specs are currently being reviewed. So in the meantime a contracting authority might like to add a sentence here to the effect that "If the Contractor believes that any of these specifications are not practical this should be stated in the tender submission." – that is, to avoid ruling out a supplier who does not meet every single criterion, some are more important than others. An alternative might be to remove this clause and just put in some of the key criteria for the products being bought, eg fat content, meat content.]

(<http://www.rspca.org.uk/servlet/Satellite?pagename=RSPCA/FreedomFood/FreedomFoodHomepage>)

⁵⁶ Details of approved UK organic certification bodies are given in the Appendix below.

⁵⁷ The Government's "Action plan to develop organic food and farming in England" promotes the public procurement of organic food. URL: <http://www.defra.gov.uk/farm/organic/actionplan/index.htm>

⁵⁸ It may not be feasible to expect Contractors to supply 100% farm assured or organic food for all the contract requirements.

⁵⁹ For food packers or processors the evidence can take the form of a current licence to use the relevant food assurance scheme. However, if there is any doubt about the validity of the evidence provided, the buyer should require the supplier to provide independent verification that the Authority's requirements are being met

5. Ensure that all meat is clearly labelled with country of origin and for:
 - Beef and veal, in compliance with EC Council Regulation 1760/2000;
 - Pork, provide the Authority with credible assurance that the pork has been produced from pigs raised in accordance with UK welfare legislation or equivalent requirements
 - Ensure that the origin and species of fish and fillets including the commercial name, method of production (if caught at sea or inland waters or farmed) and catch area is clearly labelled
 - Clearly label any genetically modified products used, including the presence of any genetically modified ingredients used in the preparation of the food.

B. Environmental impacts: distribution

6. The contractor shall agree a delivery schedule with the Authority and implement procedures for switching off the engines of delivery vehicles when stationary on the Authority's premises for longer than two minutes.

C. Packaging

[Authorities should consider whether to include this section in any particular tender / contract. For example, in the case of greengrocery it will rightly support those greengrocers who make up "splits" in reusable plastic crates rather than disposable cardboard boxes. More generally it will encourage distributors of all kinds to use packaging that can be returned to manufacturers for reuse rather than having to be disposed of.]

7. The Contractor shall:
 - Retain ownership of and take back all packaging materials unless otherwise agreed in writing by the parties;
 - Collect any packaging left at the Authority's premises within the period agreed in writing between the parties. Where no period is specified the Contractor shall return to the Authority's premises within seven working days of the issue of notification in writing by the Authority that packaging is to be collected by the Contractor. Any packaging materials, which are not collected by the contractor within the agreed period will be disposed of by the Authority and the contractor will be charged for all the associated costs of disposal. Where exceptionally it is agreed in writing between the parties that the Authority is obliged to return packaging materials to the Contractor then the Authority accepts no liability in respect of the non-arrival at the Supplier's premises of empty packages returned by the Authority unless the Supplier shall within ten days of receiving notice from the Authority that the packages have been dispatched notify the Authority of such non-arrival.

Unless otherwise agreed in writing between the parties

- Use recycled materials in the manufacture of crates, pallets, boxes, cartons, cushioning and forms of packaging, where these fulfil other packaging specifications.

- If requested in writing to do so, produce evidence to satisfy the Authority that recycled materials have been used.
- Use packaging that is capable of recovery for further use or recycling.
- Review packaging specifications periodically to ensure that no unnecessary limitations on the use of recycled materials exist.

D. Nominated suppliers

[For use in contracts for chilled or frozen distribution]

- The Contractor shall comply with the authority's requirement to use "nominated suppliers".
- There will be no limit on the value of goods that can be bought from these suppliers.
- The margin that the distributor adds to the price of such supplies will be stated in the contract. The contractor will not charge any fees over and above that agreed margin, either to the authority or to the nominated supplier.
- The contractor shall allow "nominated suppliers" to deliver goods to the contractor's nearest depot to the point of delivery.
- "Nominated suppliers" may invoice the contractor at any time from delivery of goods onwards. The contractor will pay nominated suppliers within 30 days of invoice.

E. Fair treatment of suppliers

8. The Contractor shall have mutually agreed purchase contracts in place with its suppliers that state clearly:
 - (a) the price to be paid (or the means by which it is to be calculated and/or varied);
 - (b) the extent of the commitment to purchase (minimum price, quantity, timing and quality);
 - (c) the agreed payment timescale(s);
 - (d) any pre-finance/credit arrangements;
 - (e) the nature and extent of risk/reward sharing;
 - (f) the nature of the negotiating process and each party's rights;
 - (g) the duration of the agreement and any let-out clauses (if any); and
 - (h) the complaints procedure to be followed in the case of dispute, which must be independent and provide for confidentiality to be respected.