

Agenda item 6. ii)

Understanding Public Procurement of Food in the South West Region

Draft Executive Summary January 2022

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1. Executive summary

The food that public organisations buy, and where that food comes from, is important. For instance, nationally, it has been estimated that in 2014 public sector organisations spent £2.4b annually on food products (Defra 2014). Coincidentally, this is roughly equal to the current value of all agricultural support payments in England. The procurement of food served to those in the care and/or employment of public organisations has the potential to create far reaching social and economic change. Food procurement can generate a variety of benefits, not just for those who consume food served by public organisations, but for local economies and businesses, the natural environment and for the climate more generally. Rethinking how food is procured by public bodies is increasingly recognised as part of transforming the UK food system – for instance by the National Food Strategy. In addition, the impacts of the Covid-19 pandemic and Brexit on food supply chains have raised questions about the routes food takes to market, and onto plate.

Against this background, the Centre for Rural Policy Research were commissioned by Devon County Council, The National Farmers' Union, Somerset County Council and the Heart of the South West (HoTSW) Local Enterprise Partnership (with additional funding from Cornwall Council) to research public sector food procurement in the South West. The project aimed to 'map' current demand from public procurers and estimate the amount of food being produced in the region. It also sought to identify and understand the barriers to, and opportunities for, the supply of food produced in the South West to public organisations in the region. Data were collected from a range of supply chain stakeholders including public procurers, food producers, food manufacturers, caterers and those with an overview of the South West food system.

Seeking to explore the possibilities for joining up demand from public organisations with the potential for the supply of food from the South West region, we approached over 120 contacts to invite them to participate in the research. The research team interviewed 39 supply chain stakeholders. We also collected data from public procurers on spend on food and developed estimates of production in the region (using a combination of Defra June Survey data and Farm Business Survey data), and we have collated a variety of perspectives on the barriers and opportunities for public procurement in the South West.

Together, just six of the organisations taking part in this research spend an estimated £17m annually on food procurement indicating that this is a significant market in the region. That said, we have identified a range of barriers to a greater regionalisation of food procurement. Barriers to the procurement of food produced in the region by public organisations in the South West were:

- **The nature of demand from public organisations;** public organisations require consistent food supply but not all food businesses in the region have the scale to meet that demand.
- **The resource implications of tendering for contracts with public organisations;** high transaction costs and administration of tendering for contracts with public organisations limits supply from producers in the region. Procurers face administrative challenges too, if they chose to source from multiple smaller suppliers.
- **Cultural and attitudinal factors;** individual passion rather than organisation policy tends to drive change and there was inertia among some stakeholders that limited the potential for change.

- **The limits of food production in the South West and its supply chain infrastructure;** such as seasonal availability, labour shortages and storage and distribution options.
- **Broad market structures** around accreditation, regulation and wider food policies.

The opportunities for increasing the procurement of food produced in the region by public organisations in the South West were:

- **Aggregating supply from South West producers** such as via storage and distribution centres.
- **Improving engagement between public organisations and regional businesses,** through more pre-market engagement on tenders, streamlining procurement processes and supporting regional suppliers.
- **Encouraging investment in the existing supply chain infrastructure.**
- **Clearer national food procurement policies to assist** with greener public procurement.
- **Developing greater public buy-in** to help drive initiatives forwards.

Our research shows a growing interest among all stakeholders regarding the opportunities and benefits of shortened supply chains, but instigating change is still regarded as prohibitive by many
We recommend that public procurement is made more accessible to regional producers and suppliers in the South West, the region support farmer focussed supply chains, that there is a push for culture change among public organisations in the South West and that the region continues to develop as a test bed for national change to the food system.

A successful localised food chain in the South West is likely to be multidimensional, combining a dynamic food purchasing system with both direct producer – customer and producer-national wholesaler relationships. Indeed, although there will be a need for capital investment (see below), many of the steps towards a more rationalised public sector food procurement system require change in working practices and culture. Individuals (and organisations) who can ‘champion’ a more revitalised approach will be key.

Many of our recommendations (see below) stemming from this research concern improved transparency and a more collaborative approach. We would like to note that although we experienced excellent engagement in the research by a number of individuals and organisations, it was also often hard to identify who to engage with and to access relevant information from publicly funded bodies. If the research team and our funding partners (with all the networks and resources available to us) found this difficult then it is not surprising that many smaller, regionally based business face considerable barriers and challenges in engaging with public sector food procurement. These barriers are far from insurmountable given sufficient will and drive by key individuals and organisations in the South West public sector food procurement system.

Below is a full list of our recommendations.

Make public procurement more accessible to regional producers and suppliers in the South West

- **Make tenders more accessible to regional producers and suppliers**
 - Split procurement contracts into smaller lots to encourage regional food businesses
 - Reassess procurement criteria so as not to exclude regional producers and to prevent waste
 - Better accommodate the payment and delivery terms of regional producers
 - Assist producers and suppliers in gaining Safe and Local Supplier Approval (SALSA) certification

- Streamline tendering processes and build transparency through engagement with regional producers and suppliers
 - Use pre-market engagement to improve the quality of tenders. Public organisations should engage with regional producers and suppliers to explain how tenders will be evaluated and allow potential suppliers to shape tender
 - Consult regional producers and suppliers about alternative public procurement processes; explore the potential for a two-stage tender process with first being scored on capacity and quality etc and second round (or mini competitions) being scored on price
 - Develop a single accreditation system for all organisations across the public sector (avoiding new accreditations being required for each type of organisation)

Support farmer focussed supply chains in the South West

- Enable the aggregation of food products from producers and suppliers in the South West
 - Invest in the facilitation needed to aggregate food from multiple regional producers, such as farmer cooperative initiatives
 - Increase regional capacity for food processing, distribution and freezing by exploring investment in South West 'processing units' or 'distribution centres', or by building on existing supply chain infrastructure
- Enable the supply of food products from producers and suppliers in the South West to public organisations in the South West
 - Test options for the procurement of food produced in the region through a trial of a Dynamic Procurement System, for example through Food Hubs
 - Increase demand for seasonal produce, for instance by designing menus around seasonally available products
- Commit to making a proportion of regional food supply mandatory in public organisations in the South West.
- Public organisations in the South West should commit to use of DEFRA's balanced scorecard; giving sustainability, health and quality and socio-economic impact more weighting, and to schemes that encourage sourcing fresh, sustainable and healthy food, such as the Soil Association's Food for Life Awards

Push for culture change, within and between, public organisations in the South West

- Build accountability
 - Develop a South West Food Procurement Declaration. This regional mission statement should have input from a range of public organisations
 - Implement local food procurement action plans on the basis of a South West Food Procurement Declaration
 - Public organisations should publicly report their spend on food and the proportion produced/sourced from the region and its hinterland, on an annual basis, to ensure accurate monitoring and evaluation
 - Write into the job descriptions of procurement officers sourcing local food supply as part of their role
- Foster insight and share knowledge
 - Create a network for procurement officers from public organisations in the South West to share knowledge
 - Public organisations should be more transparent about what they spend on food and where their food is supplied from. Data should be more easily accessible.

Research ethics processes for low-risk research could be streamlined; the resources required to engage with several public organisations in the region place limitations on research

- Knowledge extension/training for relevant stakeholders (e.g. catering staff and managers, chefs, procurement managers) as to seasonality, menu prep related to local food, forecasting, benefits of localised supply chain, contingency planning, relationship-building, how to use dynamic purchasing tools

Continue to develop the South West as a test bed for national change, share findings with government and other regions, and lobby government for changes to procurement processes

- Monitor and evaluate the impacts of food procurement from the region's environment, on its economy (for instance by measuring local multiplier effects) and on health and diet
- Public organisation's use of the Balanced Scorecard should be mandatory and the impacts of its use monitored and evaluated
- Increased clarity around government buying standards and legislation, make proportion of local food supply mandatory (but using a phased approach, to allow procurement staff to catch up)
- Level the playing field. Government needs to clarify what criteria can be specified re local supply in public sector tenders and ensure this is known throughout the supply chain – could be addressed via an update to the Balanced Scorecard. Re-evaluate Defra's Balanced Scorecard to make it simpler to use, backed up by support in implementation, and a more efficient roll-out
- Local and national food policies required, within which localised supply chains are stipulated – prioritising efficiency, food security – a policy framework, which supports smaller food businesses should set out what contracting authorities are expected to do (must include monitoring, auditing and transparency). This might be best laid out in the Food Strategy White Paper in 2022 and any subsequent Food Bill emerging from this (the government response to Dimbleby's National Food Strategy report). Any new policy should ensure that sustainability agendas move beyond simply focussing on environmental issues, and include social value, health, and economic growth
- More clarity is required in the farming sector generally regarding Defra's Environmental Land Management programme to ensure a) a greater resilience of local farms in the South West and b) production capacity can be increased should the public procurement market become more accessible to local suppliers