Written evidence submitted by Dynamic Food Procurement National Advisory Board (NAB)(PRO0003)

This submission is made on behalf of the DYNAMIC FOOD PROCUREMENT NATIONAL ADVISORY BOARD (NAB). The NAB is made up of procurement practitioners, policy makers and food producers.

Aims of the Board:

- To facilitate UK-wide, SME-inclusive, dynamic procurement, fulfilment and delivery capabilities for public sector food buyers.
- To divert >33% of UK public sector food and drink spend to fresh, local produce from sustainable SME producers by 2023.

Find out more about what we do and who we are: [www.dynamicfood.org](http://www.dynamicfood.org)

The DFP NAB are submitting this evidence as we believe there is a unique window of opportunity to amend procurement rules and regulations to embed sustainability (in all its guises) into public sector food procurement. Thus ensuring that sustainable food procurement becomes normal, not as something to merely pay lip service to, and deliver the public goods that it has the scope to do so.

1. **How effective have current food procurement rules been at achieving environmental outcomes, encouraging healthy eating and supporting local suppliers, including SMEs?**

The procurement rules have made it challenging to achieve environmental outcomes, etc due to their complexity and lack of incentive to deliver anything other than contracts based on cost. Public sector food procurement is fraught with issues/barriers for SMEs, including:

- The market is dominated by large wholesale suppliers and catering services companies.
  - They have well developed bid teams and legal teams (to challenge awards)
  - Logistics and supply chain management systems to manage the scale of contract
  - Strong historic relationships with buyers
- Long, non-transparent supply chains.
- Complexity and scope of contracts.
- Normally only point of entry is to be part of successful bidders’ supply chain.
- Buyers continue to be driven by price by rather than other factors such as sustainability.
- Long term contracts of three-five years due to high cost of change

Public sector food procurement is subject to the Public Contract Regulations 2015 (PCR 2015). The regulations provide a “one size fits all” approach to all types of procurement. Buyers use low cost/low risk approaches:

- Frameworks established by buying organisations
- Traditional open or restricted tender processes

---

1 The DFP NAB members includes DEFRA; to avoid any conflict of interest, the DEFRA representatives have not contributed to this submission.
Tenders are built around baskets of goods and anticipated quantities along with detailed item specifications. It may be divided into lots such as frozen food, dry food, fresh meat, fresh vegetables etc. Price is a key driver, especially when catering functions work on low food budgets per meal, typically 60p per pupil for school meals.

Other factors can be built into the specification but are not often done so as there is no incentive to improve contracts beyond an absolute bare minimum. There has been success in improving quality and nutritional content as a result of initiatives such as The Soil Association’s Food for Life Served Here programme and buyers have increasingly referred to the GBS but progress is slow and patchy.

Increasingly the public sector outsources catering services. They are covered by the “Light Touch” regime of the PCR 2015. This reduces the influence the public sector buyer has regarding environmental outcomes, encouraging healthy eating and supporting local suppliers, including SMEs. Unfortunately, in most cases catering services companies will emphasise cost/price, as the buyers may have very little knowledge of other factors, or they may not consider them important. Whilst other outcomes can be included in the contract, due a widespread reluctance to effectively monitor contract delivery to ensure fulfilment of them then these requirements are effectively ignored.

The Bath & North East Somerset pilot and the CCS DPS arrangement (The Future Food Framework) (see response to Q3 for more detail) are an example where the current rules can work to achieve environmental outcomes, encouraging healthy eating and supporting local suppliers. However, these are highly unusual within public sector food procurement due to the innovation required. The CCS Future Food Framework has the potential to radically improve and simplify public sector food procurement on a national scale, at the same time making it simple for both procurers and suppliers to access it.

2 What impact have Defra’s 2014 Plan for Public Procurement and the Government Buying Standard (GBS) had, and how could they be improved?

The 2014 Plan for Public Procurement (The Plan), launched by the then Prime Minster David Cameron and supported by senior ministers including Liz Truss, promised much and stimulated the food and drink sector into imagining that the significant public sector spend on food could be more widely and fairly distributed.

Whilst there have been isolated examples of implementation, to date the ambition has not been matched by the resource required to embed The Plan, resulting in its limited success.

The issues fall into a number of categories, as follows:

- **Confusion** – even the question (2) is confusing, in that the Plan for Public Procurement was launched and lauded by the Government, not just Defra and the question suggests that The Plan and the Government Buying Standards for Food (GBS) are one and the same; yet the GBS were launched in 2011 and serve a different purpose. This confusion from the outset has been a barrier to engagement and consequently to implementation.
• **Execution** – after sterling work from Peter Bonfield and a grand launch, there has been very little resource deployed to support the rollout. A cross sector industry group including Defra representatives was formed to guide the rollout, but that group was later abandoned. We are not aware of any other government resources nationally, regionally of locally that are charged with implementing The Plan. An online platform with limited capability was launched but created more confusion than clarity and has since been scrapped and is under review.

• **Measurement** – Big numbers were spoken about in The Plan such as £1.2b spend on food and drink, a £400m opportunity for the rural economy and 33% of produce to be sourced from SMEs, but there were no SMART goals or KPIs set and there is limited evidence of measuring any success to date. In addition, SMEs come in many shapes and sizes and the 33% spend should be far more targeted rather than, perhaps, focussing on the ‘M’ category.

• **Cross departmental support** – the opportunity has been missed to get government departments to collaborate on a long-term food strategy which has impacted on the success of The Plan and the GBS. There is an opportunity to evolve our food and drink sector to embrace and positively impact climate change, social and health issues, but it requires joined up thinking that starts with training all those involved in public sector food procurement (including influencers, procurement professionals and end users) and provide them with sufficient accurate information to make informed and responsible decisions about the food and drinks that they buy and consume.

• **Market access** – public sector supply is controlled by a small number of large catering companies and foodservice suppliers (often global), driven by returns for their shareholders. Generally these organisations can illustrate some compliance with GBS. However, due to the small number of these providers it means that many thousands of suppliers who could offer more seasonal variety and better quality products through shorter, sustainable supply chains are prevented from doing so. In addition, some of the larger suppliers have small producers on their approved list and then restrict the ability of the small producers selling elsewhere.

• **Compliance** – it is unclear how mandatory the GBS and The Plan are in practice as there does not seem to be any means of monitoring compliance. Public sector catering and food procurement is extremely fragmented and without intervention will continue to become even more so. The Soil Association’s Food for Life Served Here has been referenced by Michael Gove when Secretary to DEFRA as the gold standard for public sector catering and demonstrate good practice and compliance.

• **Food security** – first highlighted during Brexit (which is not over yet!) and then again as Covid-19 took hold, food supply chain complexity and over reliance on imports and the big players show the fractures in our current system and the need to support UK producers and develop shorter sustainable supply chains. The Plan and the GBS could, if fully implemented and resourced, have a key part to play to mitigate some of the food security issues.

However, the principles and intentions of The Plan and the GBS are good and relevant and any review of procurement regulation should build on these rather than completely reinventing the wheel.
3 How much flexibility will the UK have to change food procurement rules outside the EU?

The Government will have as much flexibility as they like to change food procurement rules once outside the EU. The current rules are prescriptive and complex but not necessarily restrictive but that prescription is often used as an erroneous reason not to procure sustainably. Changing food procurement rules provides the opportunity to make the rules more flexible and easier to apply with a focus on driving innovation through the use of non-traditional methods of procurement. Promoting procurement from a process function to a strategic driver within an organisation would help to ensure that it is not just seen as a finance function.

The DFP NAB has been working with Crown Commercial Services (CCS) on an innovative approach to public sector food procurement (The Future Food Framework) taking advantage of modern IT technology and of the Dynamic Purchasing System (DPS) procurement process. DPS are not new in the public sector – they are used across the EU in a range of non-food categories (such as IT) to enable SMEs access to public sector markets. Until recently, the approach has been complex due to scale and logistics challenges of the marketplace making it difficult to implement. However it is the NAB’s belief that this approach can bring about significant benefits including improving both food sustainability and food security. By facilitating access to public sector markets for smaller scale, sustainable growers and maintaining strong, but realistic, price competition throughout the duration of the contract it can provide an effective, viable alternative to traditional fixed lot-based frameworks.

The South West will act as CCS’s pilot region building on smaller scale pilot work undertaken by Bath & North East Somerset Council The online platform will open the supply chain to the region’s food network and establish sustainable, shorter supply chains, whilst redirecting public sector food spend into the regional economy. It will give public sector buyers wider choice of options to source local fresh food. Rather than a linear supply chain where the caterer and foodservice provider limits products on offer to public sector buyers, it will allow all suppliers who meet the specification to market their products, and buyers can choose how and what they want to buy. Once supply and demand have been matched, produce will be consolidated and distributed by a regional logistics provider. The specification will have a greater focus on sustainability, seasonality, quality and welfare standards than has been previously seen in national food contracts.

Supporting the implementation of the The Future Food Framework, CCS have signed a Memorandum of Understanding with the South West Food Hub (The Hub) to provide market engagement support and activities on behalf of both public sector bodies and potential suppliers to the contract. This level of support is crucial to making public sector food contracts truly transformative but, to date, has been lacking.

The Hub has been incorporated specially to work with producers, public anchor institutions and Local Enterprise Partnerships to prepare and enable the region to engage in the CCS technology platform / marketplace.

Collaboration is central to The Hub’s strategy and mindful of the many changes and challenges facing the food and drink sector, The Hub is working with the relevant organisations such as the Food Farming & Countryside Commission and the RSA to provide all encompassing guidance and support including the climate change, health, future farming
and food security. The Hub is also helping stakeholders to understand the impact that shorter supply chains and local buying can have on Community Wealth Building, Social Value and the wider economy.

Therefore, the government can stimulate improvement by:

1. Providing as much support as possible to the CCS South West Pilot including cross-department coordination and support.
2. Create clear SMART objectives for the plan including KPIs that and be shared publicly and regularly.
3. Empower local authorities to monitor implementation and compliance with specific and trained resources.
4. Support the national rollout of the CCS marketplace once the South West Pilot has succeeded.
5. Strongly encourage all public procurement of food and drink to use the CCS Future Food Framework.

Alongside the failure of the Government to support those involved in food procurement (not necessarily just the procurement professionals but also the influencers) to adopt The Plan and the GBS, there has been little support and training to ensure that food procurement is sustainable. Together with any changes to the rules, there must be training available, accessible and promoted. The National Sustainable Public Sector Procurement training developed by Barbara Morton following the launch of the 2005 Procuring the Future report, and as part of the Marrakesh Task Force findings, started to make some real in-roads into this agenda. A food procurement module was developed by Defra but not rolled out.

Food procurement is frequently undertaken as part of a suite of facilities management contracts and, as such, is often viewed as ‘just another commodity’ to be procured without acknowledging the nuances and complexities of what is required to be delivered through a food provision/service contract; whether that is healthy eating, environmental sustainability, welfare standards, quality, etc. Changing procurement rules provides the opportunity to ensure that food procurement is moved out of an FM category and be seen as an important sector in its own right.

4. **What should the Government’s priorities for future food procurement be?**
   - How should the Government support these priorities in the negotiation of new trade deals?
   - In addition to other recommendations in this submission the government should prioritise;

- Back flexible procurement and delivery models that deliver excellence in return of investment for local economies. The Future Food Framework, in development by CCS, will enable SMEs to access the public sector contracts and will help to overcome current barriers for achieving this important policy objective. The framework will help improve food security, enhance transparency in the supply chain, boost regional economies across the UK and deliver value for the public sector through effective cost management.

- Mandate and incentive an ambitious percentile commitment for food and drink that delivers on both social and environmental outcomes.
• Encourage agroecological farming methods such as organic and agroforestry which are key to meeting UK carbon commitments in agriculture whilst at the same time ensuring higher levels of biodiversity, and resilience to pests and diseases of the future. https://www.soilassociation.org/media/18074/iddri-study-tyfa.pdf

• Ensure that future trade agreements maintain and protect the high standards of UK food and farming. Food that is not equivalent to UK standards and does not offer the same returns of investment for UK national and regional economies should not be encouraged. The risk off not protecting our home-grown food industry may simply migrate our climate impacts offshore.

• Through mandating across the public sector the procurement of high welfare, and sustainable food products, government will drive market development for British farmers who often lose out in Public Sector food markets as the relative weightings given to quality and price of goods have favoured in recent years reducing costs.

• Make more money available for public sector food at the tills. As delivery costs in food service continue to increase, not enough money has been available in the public sector to allow caterers and food buyers the flexibility they need to meet important procurement standards that deliver results. Increasing food budgets for the public sector will help to mitigate of the the current issues.

5 To what extent should the public sector be encouraged to “buy British”?

• What are the advantages and disadvantages of such an approach?

It is acknowledged that the UK cannot produce all the food it consumes and not everything that is commonly consumed can be produced in the UK but there is great potential for substantial encouragement to “buy British” and increase the percentage of British produce that is consumed.

The advantages are numerous:

• Supporting farmers; the importance of farming and farmers is often overlooked. The Covid-19 response highlighted just how important the UK’s farming sector is and should be better supported

• Increasing food resilience in the face of crises (eg Covid-19 and potentially the impact of Brexit/trade negotiations, etc)

• Developing shorter, more transparent supply chains with increased provenance and visibility, and achieving a reduction in carbon emissions

• Reconnecting with seasonality

• Reducing the ‘out of sight/out of mind’ attitude to production and welfare standards for produce grown or reared outside the UK, leading to a maintenance or improvement in already world class standards

• Confidence from consumers as to the quality of product
The disadvantages are combination of expectation management and unintended consequences:

- The challenge of managing the expectation of public sector caterers as to what is available and when, which will entail a system-wide rethink of of food provision (including menu planning) particularly in large institutions
- Potentially the large scale producers dominating the market to the detriment of SME producers
- Any increase in production to meet demand might be done so at the expense of sustainability

In closing, the current opportunity to review and revise the procurement rules to achieve not only value for money but also to deliver key sustainability ambitions is a chance to achieve what is always cited – that the public sector food procurement could and should deliver more than just fuel in the form of calories but deliver for the public good as well.

We have the opportunity to build a World class, sustainable and shorter food supply chain, driven by public sector opportunity and serving healthy, local and seasonal food from environmentally minded producers and suppliers. Failure to grasp this opportunity will leave us exposed and disconnected from our food sources.