

Inquiry into 'Rethinking Food in Wales' – Paper to Committee meeting on 18 October 2017

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Local Government Influence

Councils provide support to the food industry, they regulate environmental health and they procure food for their own catering establishments. The provision of food in Schools influences the eating habits of the nation. It can also be the only decent meal some children get.

Like all public services, Local Authorities share a collective burden of responsibility in providing food that is safe and nutritious. Healthy attitudes to food in our communities are known to be a long term means to reduce the pressure on our health services. Food is integral to our lives, our economy and our communities. It matters.

Current Procurement Strategy

As a collective strategy, Welsh Local Authorities have committed to undertaking their common and repetitive procurement collaboratively through the National Procurement Service (NPS). This common and repetitive procurement is managed on a category basis. Among the NPS categories are those for food and drink; which are estimated to be in the region of £25 million in value[1].

This value may be understated, being aggregated volume associated with collaborative contracting of food and drink produce through the NPS only. Additional spend might include that associated with service concessions, spin-out businesses, or other expenditure which include an element of food provision. Some local authorities have also chosen to make their own procurement arrangements. Caerphilly County Borough Council (CCBC) for example made a cabinet decision in December 2012 not to participate in National frameworks for food procurement.

The relative scale of procurement will however remain similar in relation to the size of the Welsh food industry; which reports a food and drink turnover of [£16.8 billion](#).

It is necessary to acknowledge operational difficulties associated with the provision of new NPS arrangements and the suitability of the arrangements. Some local authorities that signed up to the NPS are having to procure food via ageing legacy frameworks or local interim contracts. These are to maintain essential local suppliers and services and are not part of the strategic approach. Local Authorities have been working with the NPS to transition arrangements at the earliest opportunity.

There are however now concerns among officers that the issues experienced with the food category reflect some difficult truths; that food does not suit aggregation and needs to be an exception to the 'buying once for Wales' philosophy. As a result, transition has been halted while these matters are addressed.

Among the current priorities are to make arrangements that are suitable for application and that fair opportunity be given to local providers; including incumbent providers that are doing a good job and providing good value.

Procurement and Contracting Rules

There is nothing in the rules to prevent the buying of food that is fresh, affordable and nutritious; nor to prevent buyers from engaging with local suppliers to develop sustainable and collaborative approaches to food.

Where locality matters, it is necessary to identify how and why it matters and build this in to both specification of requirements and determination of value. Likewise, in the determination of cost and value - procurement evaluation strategies can consider value in relation to each application. For example, in measuring Quality v Price against Cost only, and specification of value added characteristics for a more realistic measure of relative value.

The Wellbeing of Future Generations Act enables wider determination of value by public authorities in Wales. The Act does not take precedence over Public Procurement Rules; but it does help us to specify procurement differently. Policy makers might consider how to support this activity. Caerphilly County Borough Council is for example in a strong position to develop its own local supply chains using the PCR 2015 and the Wellbeing of Future Generations Act.

The Welsh Local Government Association, through its European Office and with the Local Government Association in England, has campaigned to make Public Procurement Rules more realistic and less administratively burdensome; with some success. The 2015 revision to Procurement and Contracting Rules enabled new processes such as Dynamic Purchasing Systems; which allow suppliers to enter competitive markets at any time (not just at contract renewal).

[We can do things now, in procurement, which we couldn't do before.](#) Policies can be made which exploit these new opportunities and achieve a better outcome for the public.

Brexit.

The 2015 update to the Procurement and Contracting Rules did much to improve them. It is important to remember here that current EU Procurement laws are embedded into UK law. These will not be changed (if they are at all) until Article 50 has been fully implemented and we have left the EU. We are not therefore expecting public contracting rules to change substantially in the immediate post-Brexit period.

There are however opportunities afforded in the legislative review. Among these, it would be useful to obtain clarity on the application of rules for state aid, particularly in the context of service concessions; which have great potential for the delivery of services where some or all of the funding is obtained from third parties.

The WLGA, with its LGA partners are continuing to press for more local flexibility and easier procurement rules after Brexit which would provide more community benefits and more growth opportunities for SMEs. It would also allow councils to promote local suppliers and local labour and ensure workers earn a decent wage.

There is immediate concern about the effect of Brexit on local economies. Brexit, or speculation about Brexit, affects investment decisions, pricing and availability of supply. This is an ongoing challenge for public service food buyers, as it is for all those who manage supply within the food industry.

What we might do, right now:

Safety: There is an inherent risk that as local arrangements become denuded of resource and new arrangements are made over larger footprints; that visibility in supply chains reduces, affecting safety. As an additional measure following the 2005 e-coli tragedy, a communication network was established linking food buyers in Local Government with Environmental Health Officers and front-line catering staff. This reported minor incidences of quality infringement such as damaged packaging or sub-standard produce across the wider network. Each incident might not be safety

critical; but in combination allowed early recognition of trends and intervention on a preventative basis. A similar method of early warning and intervention *by those with the power to change behaviour* can be implemented within new arrangements. CCBC consider that they can manage their supply chain risk effectively utilising (and in conjunction with) a third party food hygiene auditor which is procured and paid for directly. This is in direct contrast to how the NPS manage their supply chains due to the suppliers paying for and owning the audits themselves.

CCBC although a single entity, shares all food safety information with the NPS collaboratively to share knowledge and market intelligence about suppliers in line with the recommendations of the Pennington inquiry.

Food in Schools: Food in Schools is procured in line with The Healthy Eating in Schools (Nutritional Standards & Requirements) (Wales) Regulations 2013. The WLGA also provide supplementary information for information gathering for nutritional analysis so this could be included in the information. The Food in Schools programme encourages a high standard of provision and appreciation of food in Schools. The initiative can be further supported; as a catalyst for change.

Collaborative Procurement & Market Making: Public authorities can lead customers, by working with suppliers to evaluate, refine and develop ideas into fully working solutions. By setting challenging problems, organising technology contests and providing opportunities for demonstrators, their investment boosts innovation and helps new companies become established. This market-making role also encourages small enterprises with new ideas and reduces the risks of a new technology start-up.

CCBC for example involve Senior Responsible Officers in procurements to ensure the supply chains are developed and have a full understanding of how to tender. This makes it easier for the council to progress with innovative food procurement as a single entity; without having to entertain the needs and requirements of other organisations. These may act as a barrier to progression; particularly if the other organisations have different service requirements, such as bulk delivery into stores.

This is a possible role for combined authority structures, and local enterprise partnerships could become involved. Dedicated regional innovation budgets which could be deployed to support innovative procurement. Welsh public service organisations could identify common needs where they could benefit from innovative solutions and where shared solutions would allow more resources to be deployed and risks reduced. Suggestions:

- Joint development and implementation of innovation challenges to fulfil those needs
- Local Enterprise Partnerships could be more closely engaged in partnership procurement initiatives.

Further information: Publication - “Healthier Food Procurement”

<https://www.local.gov.uk/healthier-food-procurement>