FINAL REPORT

Public Sector Food Purchasing in Wales

Welsh Government (FMDD)

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Table of contents

1. Executive Summary

Survey Background

1.1 Encouraging the use of Welsh-based businesses and organisations in public sector procurement is a key aspect of Welsh Government (WG) policy and is an important issue in view of the WG's sustainability agenda.

1.2 Food and drink purchasing is a significant area of spend within the Welsh public sector budget and there has been an increasing trend to buy produce from Wales and this survey establishes the evidence required to monitor this trend.

1.3 The survey has been conducted with public sector buying organisations alone in previous years. This time, the survey was expanded to include wholesalers and distributors which supply the public sector in Wales along with a survey of food and drink producers.

Public Sector Survey

1.4 Total public sector purchases on food and drink is estimated at £74.4m with purchases from Welsh companies including producers and distributors accounting for 63% which amounts to £47.1m.

Spend by type of purchaser

1.5 Over half (55%) is procured by Local Authorities and NHS Wales accounts for a quarter. 68% of LA spend is sourced through Welsh companies compared with 77% in NHS Wales. HE and FE source 36% of food and drink purchases from Welsh companies with the influence of external catering contractors, retail outlets and non-Welsh purchasing consortia such as TUCO affecting procurement routes.

Spend by origin and product category

1.6 A further breakdown of spend according to the origin of products was requested. For some organisations, data was provided by catering departments or contractors and identifying detailed information proved difficult due to centralised systems which do not allow easy access to local level data or because it does not appear to be monitored. Where provided, the data indicates:

- 33% of total purchases is known to be of Welsh origin i.e. the product is known to be produced, processed or manufactured in Wales.
- 36% is 'Welsh supplied' from a wholesaler or distributor based in Wales where the product origin is either unknown or is non-Welsh.
- 31% is sourced from outside of Wales, again where the product origin is either unknown or is non-Welsh.

1.7 The origin varies significantly according to product category. Over two thirds of bread and fresh milk purchases are of Welsh origin. Fruit and vegetables purchases are more typically sourced from Welsh based suppliers but the origin is not necessarily from Wales with some suggesting that availability in Wales is limited.

1.8 The largest proportion of spend is on Meat products representing around a quarter of all purchases in the food and drink categories where a breakdown was requested. Currently 40% is known to be of Welsh origin and 44% is supplied through Welsh distributors with the remainder coming from outside of Wales. However, the proportion of meat used from sources of Welsh-origin has fallen from 60% in the last study in 2009.

1.9 Confectionery and soft drinks are significant areas of purchase for the Welsh public sector. However, supply from Wales is extremely limited due to the strong brand presence in these categories.

1.10 Purchases of products in these key food and drink categories has increased by 19% compared to the previous survey in 2009 but there has been a decline in the level of purchases of produce of Welsh origin by 17% over the same period. A reduction in the proportion of Meat and Fruit and Vegetable purchases of Welsh-origin are key factors in this decline.

1.11 Buyers suggest that where products are sourced outside of Wales, the key reasons are:

- **Product availability** – mentioned by a third. Products cannot always be sourced in Wales e.g. tinned products, grocery, dry goods, exotic fruit, ready meals, confectionery and soft drinks etc.
- **Competitive tender process** – most 'economically advantageous bid' from a supplier based outside Wales. Some refer to existing frameworks which are in place.
- **National supply chain** – a quarter say that first tier contractors have a national supply chain based outside of Wales and products are centrally sourced.
- **Competitive cost** – public sector budget pressures give a strong motivation to source outside of Wales if a more competitive offer is available to take advantage of economies of scale e.g. through consortia such as TUCO.
- **Demand for branded products** – e.g. confectionery and soft drinks, particularly for 'retail' type outlets in HE/FE and other organisations.

Fairtrade, PFN and use of Consortia

1.12 Three quarters purchase Fairtrade products with coffee, tea and confectionery being the most commonly sourced. Fairtrade products represent a fairly high proportion of purchases for these categories. Other significant Fairtrade purchases include fruit (often bananas), fruit juice and sugar, particularly sachets.

1.13 Protected Food Names status is not often a requirement for tender specifications – only one in eight say it is. Where it isn't currently, two thirds of buyers would consider it for future tenders.

1.14 Two thirds use purchasing consortia to source food and drink produce. The most frequently mentioned are Welsh Purchasing Consortium (WPC) and TUCO which are used predominantly by LA's and HE/FE purchasers. HEPCW and WFEPC were also mentioned by HE/FE organisations. Consortia are the main purchasing route for those which use them as they provide lower cost, continuity of supply, distribution and procurement support.

1.15 Independent tendering outside of consortia purchases is used where consortium contracts do not cover specialist or low volume products, where existing contracts are in place or there is a preference for supporting the local community.

Encouraging SMEs to tender and working with suppliers

1.16 Buyers have varying levels of involvement in encouraging SME tendering and most use a combination of approaches. Two fifths use smaller lots, for example, regional or specific product based. Two fifths run supplier days/'Meet the Buyer' events sometimes in collaboration with the Supplier Development Service or other organisations.

1.17 A quarter word their tender specifications to make them accessible to local businesses including the use of 'community benefits' as part of the quality assessment criteria. Others raise awareness of tenders through sell2wales or other indirect or direct methods, support collaborative bidding and work with first tier suppliers.

1.18 Just under half suggest that they are actively involved in encouraging wholesalers or suppliers to source local or Welsh produce. Activities including promoting networking and directly suggesting or specifying particular producers.

1.19 A fifth work with distributors 'as much as possible' and a fifth are not involved in promoting the use of Welsh producers amongst suppliers.

1.20 Barriers to sourcing Welsh produce include cost or product pricing, mentioned by two fifths. Buyers suggest that this is an issue because economies of scale are not available to smaller producers. Price is a key consideration particularly where high volumes are required e.g. school meals. Some suggest that produce such as Welsh meat and fruit and vegetables are too expensive for the public sector market and that producers can obtain better margins in other markets.

1.21 Other barriers include distribution and continuity of supply, EU compliance and product range and availability.

1.22 Products which are difficult to source in Wales include fresh fruit and vegetables and poultry.

1.23 Some work has been carried out by the South East Wales Local Food Talks initiative aimed at developing tools to overcome barriers to sourcing from local producers. A toolkit has been developed for use by buyers in visitor attractions which are often publicly owned and this may be a useful starting point to develop resources which may assist public sector buyers more generally through the provision of practical tools - an approach which has been taken in other areas of the UK.

Contract Catering

1.24 HE/FE and Local Authorities and some other organisations make significant use of contract catering services. Those used are often nationally based organisations – Aramark, Elior, Chartwells and Compass are the most commonly mentioned although some local catering organisations are used for smaller organisations.

1.25 There is little evidence of targets being set for local sourcing amongst catering contractors.

1.26 Six in ten (57%) have heard of the Soil Association's Catering Mark. Half of those who have heard of it have considered adopting it.

Welsh Government Support

1.27 A third are aware of the food and farming supplier development support available through BETS. The majority would consider seeking support to find Welsh suppliers whilst most of the remainder would 'possibly' consider doing so.

1.28 Buyers suggest WG could take action to help producers to work on cost reductions to improve competitiveness. Other interventions suggested include creating a quality assured distribution network, encouraging use of sell2wales amongst producers, helping producers to understand the tendering process, making buyers more aware of produce available from Wales, providing guidance to procurers on structuring tender specifications such as the use of smaller lots and targeting inward investment to fill supply-side voids.

Food Producer Survey

1.29 A third of the 150 food and drink producers interviewed either directly or indirectly supply public sector organisations in Wales and the incidence is higher amongst businesses with 10 or more employees. A quarter of those who don't currently supply the public sector have attempted to in the past.

1.30 More than half of producers supply the public sector through distribution channels which are primarily based in Wales, the most popular being Castell Howell which accounts for more than a quarter of businesses.

1.31 Local authorities, HE/FE and Schools are the most commonly mentioned organisations supplied directly. Indirect supply is most common for Schools followed by HE/FE, Welsh Government, Local Authorities and the NHS.

1.32 18% of producers supply meat to the public sector, 14% dairy products, 10% preserves and 10% fish and shellfish.

1.33 Producers are not heavily reliant on the public sector as a source of revenue. On average, around 10% of turnover relates to this market irrespective of the route. Just 6% say it accounts for half or more of total sales.

1.34 Barriers to supplying the public sector mentioned by producers include lack of capacity (21%), low margins (16%) and time/cost involved in tendering (13%). There is a significant lack of interest in supplying the public sector as other markets are perceived to be more attractive. Identifying appropriate contacts is also a barrier.

1.35 Half of all producers interviewed are considering supplying the public sector marketing in the future. 78% of those who currently supply the public sector either directly or indirectly are considering doing so in the future. 35% of those which don't supply the sector at present are considering for the future.

1.36 Over half of the producers have some form of accreditation and the most frequently mentioned are BRC, Soil Association, Red Tractor and Salsa. 45% have no accreditations but only 25% of those supplying the public sector directly have none. 40% of all respondents would consider working towards accreditations to help sell to the public sector.

1.37 Two fifths would consider collaboration with other businesses on public sector bids. The same proportion would consider collaboration on transport or logistics to service public sector contracts. There are greater levels of interest amongst businesses with 10-49 employees.

1.38 Nine in ten producers have not received assistance with public sector procurement.

1.39 Possible areas for future interventions by the WG include simplifying access to the tender process such as reducing bureaucracy, using smaller lots, increasing the emphasis on local benefits. Other suggestions include encouragement of local and Welsh suppliers to bid, raising awareness of tenders and contracts and providing advice and support on how to tender.

Wholesalers and Distributors

1.40 Ten major public sector suppliers were interviewed most of which supply a range of organisations – all but one supply the NHS, eight supply schools and seven supply HE/FE and Local Authorities.

1.41 No particular food categories dominate the type of products supplied but the most frequently mentioned were soft drinks, confectionery, bread, milk, fruit, vegetables, dairy products and water.

1.42 Coverage across Wales is variable and only three of the ten suppliers distribute across the whole of Wales. At a regional level, eight supply South East or South West Wales, five to Mid Wales and four cover North Wales.

1.43 Procurement of local and Welsh produce is typically customer-led rather than driven by the supplier. The extent to which Welsh produce is sourced and used by distributors is extremely variable and influenced by factors such as product type and distributor location.

1.44 Welsh-based distributors have a greater inclination to 'source Welsh' where possible but must still take into account factors including product quality, price, availability and continuity of supply meaning that Welsh producers are not always suitable.

1.45 Suppliers without an HQ in Wales tend to use an existing supply chain to service Welsh public sector requirements. Most mention some specific Welsh-based producers which they use but most say that the numbers are relatively low. Client specification of a particular Welsh producer or product prompts them to find new suppliers where necessary.

1.46 Various Welsh-sourced water products are used by a number of distributors supplying confectionery, soft drinks and snacks e.g. Princes Gate, Brecon Carreg and Radnor Hills. However, sourcing of other soft drinks and confectionery is driven by the demand for leading brand names such as Coco Cola, Mars and Walkers.

1.47 Dairy products including milk, butter, cheese and eggs are more often sourced from Wales due to the availability of a reasonable number of producers in this sub-sector. Some suppliers, however, still source outside of Wales due to cost.

1.48 Product cost and availability are highly significant factors which influence sourcing decisions amongst suppliers.

1.49 Several suppliers say that they work with public sector clients to source Welsh products by, for example, using a specific supplier. Most think local sourcing will become a more important issue in the future.

1.50 There is little evidence of targets being set for local/Welsh sourcing by clients although there is a perceived commitment to source more locally in the public sector. Schools are particularly interested in local sourcing due to the Eco-Schools and sustainability agenda.

1.51 Accreditations are required by almost all suppliers and STS and BRC are the most commonly mentioned. SALSA, ISO2200 and ISO9001 were also stated by a few. One supplier referred to the increasing importance of managing food waste as a key consideration.

1.52 Most suppliers are open to the idea of working with the Welsh Government to increase the amount of Welsh-sourced produce used by suppliers but this must be balanced with price, availability, continuity of supply and quality requirements. Most suggest that stimulating client demand for Welsh produce would be an important area for future work should the WG wish to increase the number of Welsh-based producers in the supply chain.

2. Introduction and Background

2.1 Encouraging the use of Welsh-based businesses and organisations in public sector procurement is a key aspect of Welsh Government (WG) policy though programmes such as the Supplier Development Service as well as sector specific activities.

2.2 Food and drink purchasing is a significant area of spend within the Welsh public sector budget and there has been an increasing trend to buy produce from Wales. Encouraging local procurement is also an important issue in view of the WG's sustainability agenda.

2.3 The extent of this trend is monitored through the Public Sector Purchasing survey which is the first part of this project. In order to continue to monitor developments and trends in this area, it is vital that feedback is gathered from public sector buyers.

2.4 Previous research studies into the food purchasing activities of the various public sector bodies in Wales have been conducted in 2003, 2005, 2007 and 2010.

2.5 There are opportunities to develop the suppliers to this sector but not all producers have the capability to service this market due to various factors including price, volume, accreditations and standards, logistics and availability.

2.6 The 2012 Food and Drink Producers in Wales Survey identified that just under a fifth of food and drink manufacturers currently supply the public sector but two thirds had not considered supplying this market.

2.7 A large proportion of food and drink purchased by the public sector in Wales is sourced through wholesalers and distributors either directly or through catering contractors. Understanding the procurement approach and motivations of wholesalers and distributors is also a new but important aspect of this study.

2.8 In order to understand the capability and propensity for food and drink producers to supply and public sector to buy Welsh produce, the barriers on both supply and demand sides need to be better understood.

2.9 The Welsh Government commissioned Strategic Marketing to carry out this study into public sector food purchasing in Wales to gain information which will inform policy development in this area.

Project Aim & Research Objectives

Project aim

2.10 The primary aim of the project is to gain to gain quantitative information on the procurement of food and drink by public sector bodies in Wales through researching public bodies such as:

- The Health Service
- Local Authorities (including schools and social services purchases)
- Higher and Further Education establishments
- Police Service
- Fire Service
- Military
- Inland Revenue and DVLA
- Welsh Government
- Any other relevant public sector organisations

2.11 Each public sector procurement survey until now has focussed on obtaining information from the demand side of the public sector market. A new aim for this year's survey was to cover the supply side by speaking with producers, wholesalers and distributors. The approach taken to this is described in more detail in the Methodology section.

Overall Objectives

2.12 The following specific objectives for the project were set:

- To determine how much of the food and drink purchased by public sector bodies in Wales is of Welsh origin by surveying the above mentioned public sector bodies.
- To identify which suppliers have the capability to supply the public sector or would like support to pursue potential opportunities.
- To gain an understanding of the attitudes and approach of wholesalers and distributors to public sector procurement.
- To carry out desk research to give an overview of what progress has been made with this issue in other regions of the UK, especially Scotland.
- To provide an assessment of the maximum opportunity of this market to the sector in Wales if maximum effort was made and all opportunities were utilised.
- To identify and present a breakdown the data by organisation type and purchasing category to show total food and drink purchased, percentage of that total that can be purchased in Wales and the percentage of that total that is purchased in Wales.

3. Methodology

3.1 The key aspects of the project are outlined below:

- Survey of public sector food buyers
- Survey of food and drink producers
- Discussions with food and drink wholesalers and distributors which supply the public sector in Wales
- Desk research – to understand the UK context

3.2 The approach taken for each of these aspects of the research is outlined in the sections below.

Survey of Public Sector Food Buyers

3.3 The questionnaire used in the survey was revised from the previous study in consultation with FMDD and Value Wales. More detailed feedback on the origin of produce along with additional information public sector purchasing processes was also included. A copy is available in Appendix 1.

3.4 A database of relevant public sector organisations was updated and further developed through desk research and consultation with WG and Value Wales. This took account of various mergers and changes in the public sector which had taken place since the last study.

3.5 The database consisted of 81 purchasing organisations including the major purchasers of food and drink and key consortia.

3.6 An email was sent to all identified buyers at the end of September 2012 to give early warning of the survey and encourage participation.

3.7 The questionnaire was distributed to all potential buyers in early October 2012 attaching backed up by an online survey for those preferring to use this route.

3.8 Extensive telephone and email follow up activity was carried out to encourage responses including assistance and request the information required including assistance from NHS Wales Shared Services Partnership, the Welsh Purchasing Consortium and the Welsh Further Education Purchasing Consortium (WFEPC).

3.9 Gaining responses from buyers was very challenging partly because the information required is not necessarily readily available, often held by contractors rather than purchasing departments and many organisations do not have a dedicated food procurement resource in place.

3.10 In some cases, responses were sent back by ‘lead organisations’ representing some of the public sector buyers such as HEPCW, the Joint Purchasing Unit, NHS Shared Services Partnership and the WFEPC. This was supplemented by local purchasing information where possible.

3.11 In total we received responses covering 59 of the organisations originally invited to participate giving a response rate of 73%. This included:

- Local authorities - 21
- NHS – 3
- Higher Education – all 11
- FE – 10
- Other organisations - 14

Food and Drink Producer Survey

3.12 This is a new aspect to the survey and was built on benchmarking work carried out on the producer survey in 2012.

3.13 A questionnaire was developed in consultation with FMDD and Value Wales aimed at exploring attitudes and experience to public sector supply and covered:

- Current relationships with the public sector
- Barriers to supplying the public sector
- Accreditations achieved and attitudes to further awards
- Perceptions of collaborative working
- Procurement support received and required
- Business background and demographics

3.14 A copy of the questionnaire is provided in the Appendix.

3.15 The FMDD Food and Drink producer database was used to conduct the survey. Known suppliers to the public sector were identified from previous studies and these were will be based either on the True Taste database of Food and Drink producers in Wales but could be narrowed down to follow up on contact made with some of the producers who participated in the survey producers conducted during February. This would have the advantage of selecting those where something is already known about those currently supplying the public sector and those who do not.

3.16 A telephone survey of 150 producers in Wales was conducted during November and December 2012 including a sample of 50 known suppliers to the public sector. Sampling for those not known to be public sector suppliers was developed to reflect the sector profile.

Wholesalers and Distributors

3.1 Data provided by FMDD identified key wholesalers and distributors which supply public sector organisations in Wales irrespective of location. Contact details were identified for the top twenty organisations.

3.2 A discussion guide was developed in consultation with FMDD covering:

- Current relationships with the public sector e.g. types of organisation supplied, type of products and regions supplied
- Use of Welsh suppliers and barriers to doing so
- Accreditations required
- Procurement support received
- Suggestions for Welsh Government interventions

3.3 Depth telephone interviews were carried out during December 2012 - January 2013 with ten of the top twenty suppliers including a mix of general and specialist suppliers. Organisations based both within and outside of Wales were interviewed.

Desk Research Activities

3.4 Desk research activities were carried out in key areas of the UK including Scotland, South West, East Midlands and Northern Ireland.

3.5 Contextual information was gathered on the activities relating to public sector food procurement in these areas based on publicly available data drawn from reports, resources and online information.

4. Public Sector Survey

4.1 The public sector food procurement survey has traditionally focused on the 'statistics' relating to food procurement in previous years. This year, the survey was tailored to gather feedback on a range the issues relating to food and drink procurement including PFN, food procurement policy, use of local suppliers and the barriers involved, use of catering contractors, feedback on the 'Catering Mark' and awareness of FMDD services.

4.2 The questionnaire was also amended to obtain a more detailed overview of the proportion of food and drink which is purchased in Wales, through Welsh distributors and outside of Wales.

4.3 In some cases, responses were provided by catering contractors rather than procurement departments within public sector organisations. Where this was the case, contractors were unable to answer questions relating to procurement. Where possible, a response was obtained from both procurement and contractors but this was not always feasible.

4.4 Obtaining statistical data of this nature from some public sector organisations was very challenging as the information is not generally monitored in this way or is in systems which cannot be easily interrogated. This is particularly the case for public sector organisations which have national catering contractors in place who typically have central purchasing arrangements. A 'local' breakdown of information by product category and origin was not always possible. This would also suggest, however, that some public sector organisations are not set up to monitor the origin of food and drink procured.

4.5 Consequently, the base figure for each question varies depending on the number of responses received for each question.

Total Food and Drink Purchases by Organisation Type

4.6 This section details the estimate of the total food and drink purchased by public sector organisations in Wales by type of organisation.

4.7 'Purchases from Welsh companies' refers to companies based in Wales which **may be either distributors or producers**. The supply chain amongst Welsh-based distributors will include both Welsh and non-Welsh producers.

Organisation Type	Total Food & Drink Purchases	Purchases from Welsh companies	Percentage from Welsh Companies
Local Authorities	£41,269,636	£28,064,199	68%
NHS	£18,397,517	£14,153,320	77%
HE & FE	£10,332,042	£3,722,528	36%
Military, Police and Fire	£1,865,187	£412,716	22%
Other public sector	£2,540,842	£830,557	33%
All Organisations	**£74,405,224**	**£47,183,319**	**63%**

4.8 Total public sector purchases on food and drink is estimated at £74.4m with purchases from Welsh companies accounting for 63% of this at £47.1m.

4.9 The largest proportion of spend is with Local Authorities which accounts for over half of all spend (55%). The NHS in Wales accounts for a further 25% of all purchases. In both cases, there is a high proportion of purchasing from Welsh companies.

4.10 HE and FE organisations have a relatively low proportion of spend from Welsh companies which averages at just over a third (36%) as do 'Other' public sector organisations (33%). The use of catering contractors is strongest in these two categories and this has a strong influence on the use of Welsh companies. The HE and FE sectors also make extensive use of purchasing consortia to gain economies of scale.

4.11 Purchasing from Welsh companies is lowest amongst the Military, Police and Fire services although this group accounts for just 3% of food and drink all spend in Wales. This is heavily dominated by MOD spend for which the Welsh supply base is low. MOD services are typically contracted out to private sector organisations including the 'Pay as you dine' (PAYD) approach to catering services. There is no specific remit to source Welsh produce in Wales.

Value of Total and Welsh Purchases by Organisation Type

4.12 Additional analysis by organisation type is provided in this section which shows the total value of food and drink purchases made and estimates of the value of Welsh food purchases.

4.13 Please note that in 2012 respondents were asked to split out the origin of food purchases into those known to be of Welsh origin, those Welsh supplied and those sourced from outside of Wales. A more detailed description of these definitions is provided in the 'product category' section.

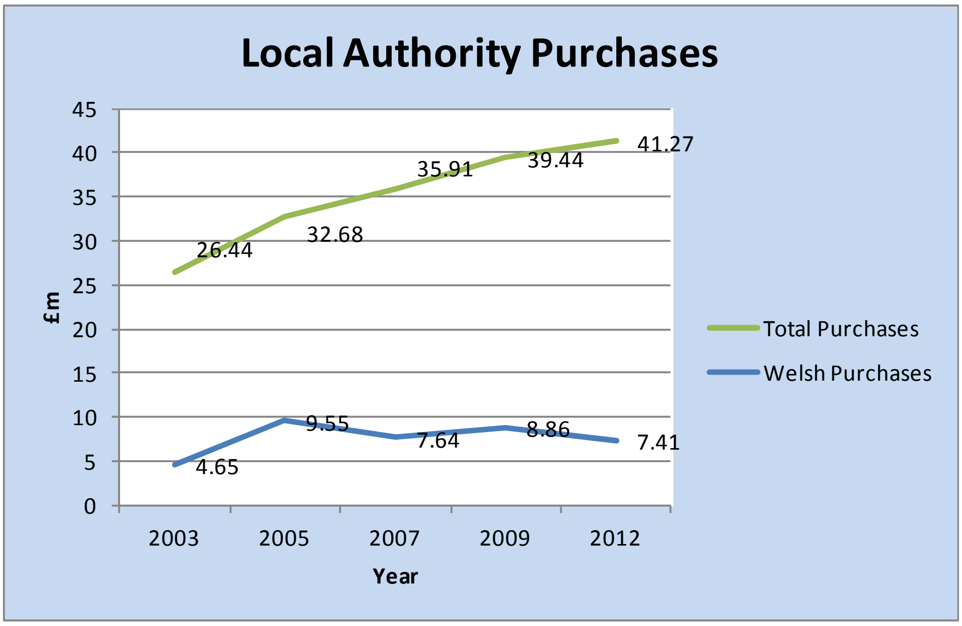
4.14 Some respondents commented that they were unable to provide the data at this level, so estimates have been made where this is the case based on other data gathered in the survey.

4.15 Some respondents also commented that their management information systems did not allow them to provide information to this detailed level and whilst it is known that some produce is of Welsh origin but supplied indirectly, no data was available to quantify this. As a result, the figures provided for food of 'Welsh origin' are likely to be underestimated.

4.16 The charts show total food purchases of all types mapped against those which are of **Welsh origin and in the key food categories** for which additional data was gathered. These are:

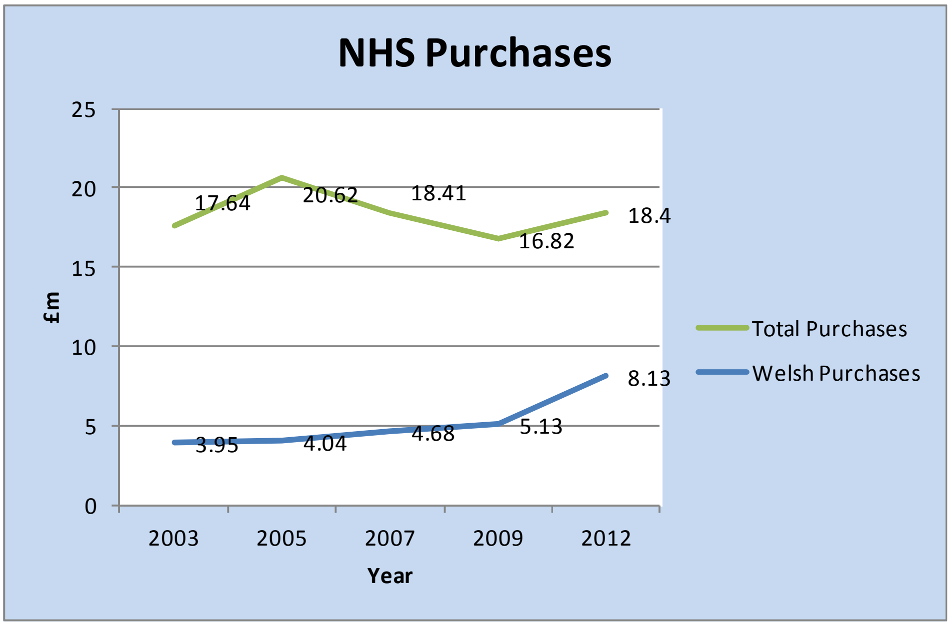
- Bread
- Other Bakery Products
- Milk
- Fruit
- Vegetables
- Dairy products (excluding milk)
- Meat
- Ready meals
- Confectionery
- Soft drinks
- Water

Local Authorities



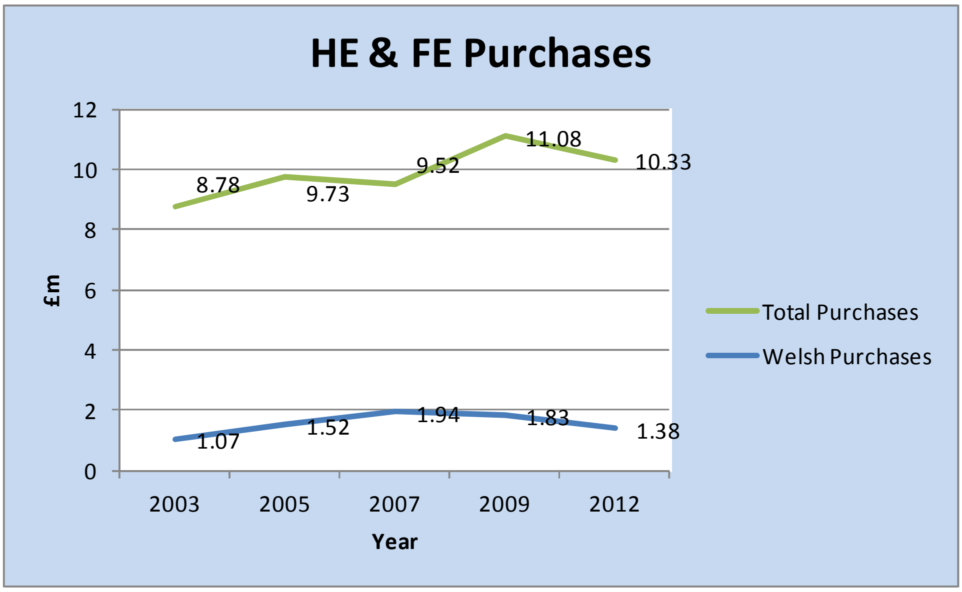
4.17 The level of LA purchases has increased by 5% since 2009 but the value of key category products known to be of Welsh origin has seen a fall of 16% during this time.

NHS



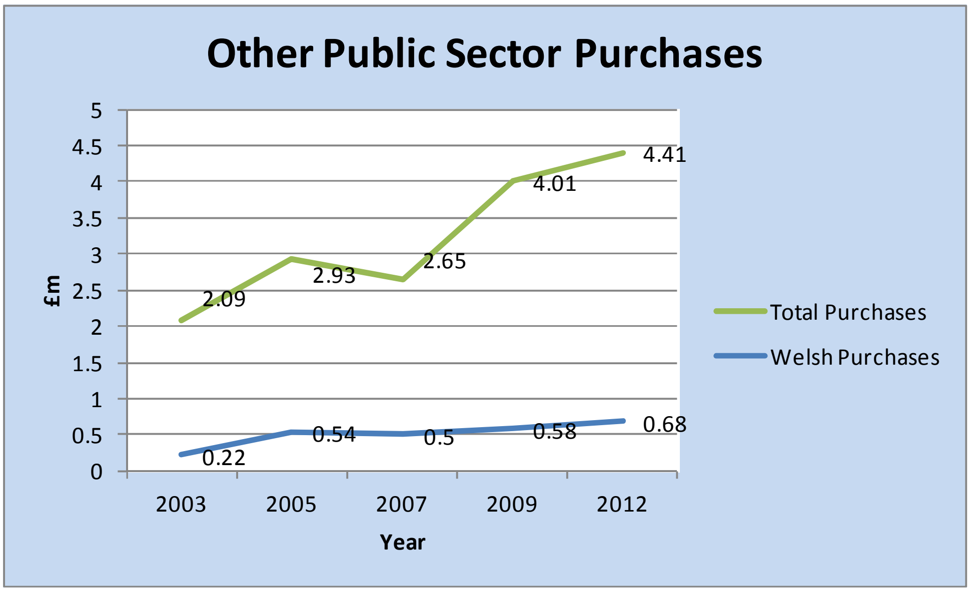
4.18 NHS food purchases have risen by 9% since 2009 and the level of Welsh food purchased in key product categories has increased at a faster pace during this period. NHS Wales Shared Service Partnership has been actively encouraging the development of the supply chain to make greater use of Welsh based producers and suppliers.

Higher and Further Education Institutions



4.19 The total value of food and drink purchases has fallen by 7% and the total value of food of Welsh origin has also dropped by 25% since 2009. Significant factors include the use of consortia such as TUCO and an increase in 'cafe' style outlets.

Other Public Sector Purchases



4.20 Other public sector purchases include military, police, fire services, museums and other organisations not covered elsewhere. Overall purchases have increased by 10% since 2009 and Welsh purchases have risen by 17% over the same period. Some of the organisations in this group, such as the National Museum, are making concerted efforts to 'buy Welsh'.

Purchases by Product Category

4.21 In this section, the data is presented according to the food and drink categories identified as significant to the food sector in Wales and does not, therefore, cover all spend categories which public sector buyers would purchase e.g. groceries, frozen food.

4.22 For each category, the data is broken down by three supply classifications:

- **Welsh Origin** – i.e. food and drink which is known to be reared, grown, produced, processed or manufactured in Wales irrespective of whether it is supplied directly or indirectly through producers, wholesalers or distributors e.g. Welsh Lamb or Beef supplied either directly or through a distributor.
- **Welsh Supplied** – spend where products are bought from a wholesaler or distributor based in Wales where the product origin is unknown or is non-Welsh e.g. a local Fruit & Vegetable wholesaler or a Welsh based food distributor.
- **Sourced outside of Wales** – spend where products are bought from outside of Wales where the product origin is unknown or is non-Welsh e.g. National Food service company which does not have a base in Wales.

4.23 Not all organisations were able to make estimates of their expenditure by product category and origin as this information does not appear to be collated or tracked. The figures below are extrapolated from the 'known' data on the origin of produce to represent total purchases made in these food categories.

Product Category	Total purchases	(A) Welsh Origin (£)	(B) Welsh Supplied (£)	(C) Outside Wales (£)
Bread	£2,938,478	£1.99m (68%)	£0.37m (13%)	£0.57m (20%)
Other Bakery Products*	£836,836	£0.15m (17%)	£0.09m (11%)	£0.6m (72%)
Milk - Fresh	£7,258,761	£4.78m (66%)	£ 1.43m (20%)	£1.05m (14%)
Milk - UHT	£75,116	-	£0.03m (36%)	£0.05m (63%)
Fruit	£2,317,048	£0.31m (13%)	£1.42m (61%)	£0.58m (25%)
Vegetables*	£5,071,755	£0.62m (12%)	£3.00m (59%)	£1.46m (29%)
Dairy products (excluding milk)	£2,581,130	£0.87m (34%)	£0.87m (34%)	£0.85m (33%)
Meat	£10,956,469	£4.36m (40%)	£4.86m (44%)	£1.74m (16%)
Ready meals	£1,010,277	£0.03m (3%)	£0.09m (9%)	£0.89m (88%)
Confectionery*	£4,159,799	£0.03m (1%)	£2.27m (55%)	£1.85m (45%)
Soft drinks	£4,014,343	£0.27m (7%)	£0.59m (15%)	£3.16m (79%)
Water	£749,732	£0.34m (45%)	£0.16m (22%)	£0.25m (33%)
Total	**£41,969,743**	**£13.75m (33%)**	**£15.18m (36%)**	**£13.04m (31%)**
Total supplied from Wales		**£28.93m**		

4.24 Only the first category shows spend which is known to be truly of Welsh origin. A Welsh-based supplier may source products from within and outside of Wales and so spend cannot be fully accounted as ‘Welsh’. The volume of Welsh produce sourced through Welsh-based suppliers varies significantly depending on product category based on factors such as cost, branded goods and the availability of produce from Welsh producers.

4.25 Overall, a third of all produce is known to be of Welsh origin but this varies significantly according to product category. Over two thirds of bread and fresh milk purchases are of Welsh origin but both of these have declined since the previous survey in 2009 when 80% of bread and 72% of milk was Welsh-produced or processed.

4.26 Fruit and vegetables purchases are more typically sourced from Welsh based suppliers but the origin of this produce is not necessarily from Wales. Suppliers suggest that availability of produce from Wales is an issue for these categories. In 2009, 39% of fruit and vegetables was thought to be of Welsh origin.

4.27 The largest proportion of purchases is for Meat which is a strong area of supply for Wales. Currently 40% is known to be supplied from Welsh origin and 44% through Welsh distributors. However, sourcing of Welsh meat is lower than in 2009 when around 60% was thought to be of Welsh origin.

4.28 Confectionery and soft drinks are significant areas of purchase for the Welsh public sector. However, supply from Wales is extremely limited due to the strong brand presence in these categories.

4.29 Ready meals have a limited supply from within Wales and the market is dominated by a small number of large suppliers based outside of the area.

* Food Category Classifications

‘Other Bakery Products’ – some respondents were unable to separate this out from bread purchases in which case the figures have been included in the ‘Bread’ category.

Likewise, fruit and vegetable purchases were often combined by respondents. Where they have been supplied separately, figures have been collated accordingly. Where they have been merged, the figures have been included in the ‘Vegetables’ category.

‘Confectionery’ purchases occasionally include spend for ‘soft drinks’ and ‘water’.

Reasons for sourcing outside of Wales

4.30 Where products are sourced outside of Wales, respondents were asked to indicate why this was the case and the issues involved. There were responses from 34 respondents to this question.

Product Availability

4.31 This is the most commonly raised issue mentioned by more than a third of respondents (13). Many suggest that that some products cannot be sourced in Wales and examples given include tinned products, grocery and dry goods, bananas, ready meals, confectionery, soft drinks, herbs, ethnic products,

"The ready meals are a frozen 'meals on wheels' service from a national company. This provision was tendered and due to the narrow number of suppliers in the market, they were the only bidder."

"They are not available from a Welsh supplier"

Competitive Tender Process

4.32 Linked to the first point, a fifth of respondents mention that a contractor from outside Wales won the business through a competitive tendering process. Where other suppliers submitted a bid for the work, they were unable to provide the most 'economically advantageous' bid.

4.33 In some cases there are existing supplier frameworks in place and contracts are issued through this route. However, a few respondents refer to the use of frameworks as a means of sourcing Welsh produce e.g. the recent fruit and vegetable supply contract for 14 local authorities in Wales.

"We have recently completed a tender for the supply of milk. This has been awarded during 2012 to a North Wales dairy that sources the milk from Farms in North Wales."

"Products are not actively sourced from outside of Wales but may be chosen from outside of Wales in the tendering process where Welsh companies either do not bid or do not submit a competitive bid."

"There is an ongoing review of food products and their availability if they are available from Welsh producers and suppliers at the right quality, price and volume then they will be specified."

"We are currently in the process of switching to alternative suppliers on the frameworks that are based in Wales."

National Supply Chain

4.34 Around a quarter suggest that first tier contractors have a national supply chain which is based outside of Wales. Products will typically be centrally procured by these contractors.

Competitive Cost

4.35 With the pressure on public sector budgets, unsurprisingly a quarter of respondents refer to cost and competitiveness as a strong motivation for sourcing outside of Wales. One referred specifically to the purchasing power which can be used from consortia such as TUCO due to the economies of scale which can be achieved.

Branded Products

4.36 Although linked to product availability, there is a strong demand for branded products e.g. Coca Cola, Pepsi, Mars, and so on and these are all manufactured outside of Wales. This particularly affects the confectionery and soft drinks sub-sectors.

4.37 Retail outlets in HE/FE and some other public sector organisations are becoming more evident. In some cases, such as HMRC in Cardiff, staff canteens have been replaced by branded outlets which serve typically non-local products.

Fairtrade Products

Purchasing of Fairtrade Products

4.38 Around three quarters of public sector buyers said that they purchase Fairtrade products.

4.39 The availability of information on the extent to which they do so for different product types is varied. The notes below give some indication of the proportion of each product type which is Fairtrade, where available.

4.40 Coffee and tea are the most popular Fairtrade products. In both cases, a significant number of organisations purchase the majority of products as Fairtrade.

Fairtrade Product Type	Number of Buying Organisations	Notes
Coffee	23	10 source 90% or more; 6 suggest the proportion is 50-80%; 7 - unknown
Tea	20	8 - 90% +; 4 - 50-80%; 1 - 29%; 7 unknown
Confectionery	16	Mainly chocolate/snack bars (Cadbury are now Fairtrade, for example). Proportions range from 1 - 75%
Fruit	13	6 mention bananas specifically, most of which suggest 100% are Fairtrade products. Others do not mention specific fruit products and proportions range from 1% - 60%
Soft drinks	10	Six specifically mention Fruit Juice; proportions vary from 1% - 100%
Other	10	Other products listed include biscuits (4); cakes (2), hot drinks/vending (3) and Wine (1)
Sugar	9	Six say 100% of sugar/sugar sachets are Fairtrade
Cocoa/Drinking chocolate	2	1 - 100%; 1 unknown

Protected Food Name Products

4.41 Buyers were asked for information relating to the use of PFN status in the procurement process. This includes PGI, PDO and TSG products.

4.42 Around one in eight respondents indicated that PFN status is one of the requirements in the tender specification.

4.43 Where this was not the case, over two thirds suggested that they would consider using PFN status as part of the requirements for future tenders.

4.44 Where PFN status would not be considered, some of the reasons given were:

“Too restrictive and possibly unfair to suppliers”

“Don't think it is particularly important”

“Never heard of PFN status”

“It may be considered anti-competitive”

“No, but this may be something the Food group may have looked into”

Food Procurement Process

4.45 A range of questions relating to the food procurement process were put to public sector organisations. In some cases these have been answered by procurement departments of the buying organisations whilst in others the responses have been provided by the catering contractors who completed the questionnaire.

4.46 Some of the catering contractors did not complete this section which points to a lack of policy covering these issues within the public sector.

Use of Consortia

4.47 Around two thirds of respondents use purchasing consortia to source food and drink products.

4.48 The most commonly mentioned were WPC followed closely by TUCO which was named by HE and FE organisations but also some Local Authorities. HEPCW is more significant than it first appears as one of the responses received covered all the universities which are full members of HEPCW.

Name of Consortia	Number of Respondents
Welsh Purchasing Consortium (WPC)	12
TUCO	10
Higher Education Purchasing Consortium for Wales (HEPCW)	5
Welsh Further Education Purchasing Consortium (WFEPC)	5
North Wales Purchasing Consortium (NWPC)	1
NHS Wales Shared Services Partnership (NWSSP)	1
Elior	1
The Consortium	1

Significance of Consortia

4.49 Where consortia are used, they tend to be the main purchasing route for most organisations and particularly for those using WPC, HEPCW and TUCO. The majority of produce is sourced this way to take advantage of the benefits involved such as cost, continuity, distribution and procurement support.

4.50 This is an important area for policy action if Welsh produce is to be used more extensively in the public sector. The recent Fruit and Vegetable contract established through WPC, for example, has been let to five Welsh-based wholesalers but it is important to understand the extent to which they will be able to use produce of Welsh-origin.

4.51 The increasing use of TUCO is also important to monitor, as it is not known the extent to which Welsh-based produce is being sourced through this consortium. Again, comments suggest that the use of distributors/wholesalers is important.

Sourcing route	**Number of respondents**
Majority via Consortia	6
100% Consortia	5
Product specific	5
90% Consortia/ 10% Independent	3
85% Consortia/ 15% Independent	1
80% Consortia/ 20% Independent	1
70% Consortia/ 30% Independent	1
Local suppliers	1
Majority independently	1
Other	1

4.52 Independent tendering is carried out where consortium contracts do not cover specialist or low volume products, because existing contracts are in place or the desire to support the local community.

"The distribution is arranged by TUCO then the sourcing of products can be by the distributor, or direct by the authority or using the nominated lines of TUCO."

"We do not tender separately for any food contracts, though there is still an amount of off contract spend due to non compliance by end users."

"Only water is currently sourced through the WPC. The Council already has contracts in place for other food products at the moment but, WPC contracts will be a consideration at the time of renewal."

"When we tender separately price, local supplier and availability are considered."

"Everything is now sourced through the WPC contracts"

"At the moment all products are linked to consortia contracts. We hope to review this area in the near future"

"All major supplier contracts are sourced through TUCO currently. Only small volume or specialist products have been tendered independently to date."

"The majority of our Food spend is through the WPC contracts, although on some occasions we do tender our requirements individually if what the authority requires is unable to be met through a collaborative contract."

"I will use consortia contracts for best price but will outsource to local/Welsh suppliers to help the community"

"HEPCW / TUCO agreements represent about 85% of the universities food spend. Bread and milk still tends to be bought locally to take advantage of genuinely local sources"

Encouraging SMEs to tender

4.53 Buyers were asked about what steps they take to encourage local or Welsh suppliers to tender for food and drink contracts. Most use a combination of different approaches to stimulate interest in tendering.

4.54 Smaller lots are often used as means of making tenders manageable for SMEs. These are typically either regional or product focussed. Two fifths of the buyers who responded to this question use this approach.

4.55 Around two fifths of respondents engage with suppliers through supplier days, briefings or 'Meet the Buyer' events. These are sometimes run in collaboration with the Supplier Development Service or through collaboration with other similar organisations.

4.56 Just over a quarter use the wording of the tender specification to ensure that contracts are accessible to local businesses. Several require 'community benefits' to be included in the tender evaluation sometimes as part of the supplier quality assessment.

4.57 A fifth make local businesses aware of opportunities to bid for work. Comments suggest that this is achieved through a variety of different approaches such as publishing opportunities on sell2wales, local advertisements, actively identifying suppliers, referring suppliers to consortia and working with food officers or other organisations such as Menter a Busnes.

4.58 One in seven said that they support collaborative bidding for contracts. This is sometimes a topic covered at supplier events.

4.59 A range of other activities to encourage the food sector to engage with the public sector are undertaken including working with first tier suppliers to review their supply chain.

4.60 A small number of respondents suggest that they only buy from local suppliers as they provide flexibility to meet timescales.

Working with wholesalers and suppliers

4.61 Buyers were asked to give an indication of the extent to which they work with wholesalers/suppliers to encourage the use of Welsh-based producers and processors. Thirty seven respondents answered this question.

4.62 Public sector buyers have in important role to play in actively encouraging the use of Welsh produce and have the opportunity to engage either directly with producers through local arrangements or influence the range of producers used by wholesalers/distributors.

4.63 Around a fifth are not involved in promoting the use of Welsh producers amongst wholesalers or suppliers. It is clear from some of the responses that many are unaware of the extent to which Welsh produce is source at all.

4.64 Just under half suggest that they are actively involved to varying degrees in encouraging wholesalers or suppliers to source local or Welsh produce. Activities include promoting networking between producers and wholesalers, providing contact details of local producers and nominating specific producers or products. A fifth said that they promote the use of local or Welsh produce ‘as much as possible’.

“We work with nominated suppliers to provide products sourced from Welsh-based producers and processors where possible. Penalties are put in place should this not be adhered to”

“HEPCW makes extensive use of regional lots in tenders. We also encourage distributors to stock Welsh produce and attempt to facilitate introductions between producers and distributors”

“The Council and suppliers work together to seek locally sourced products. Sometimes difficult to be competitively priced and of appropriate quality. The Council have in the past worked with wholesalers to ensure the supply of Welsh eggs, Welsh cheese, Welsh meat, bottled water, local sausages.”

“Where relevant we pass the names of small local suppliers on to those companies that have won the contracts”

“We work extensively with our supply base to promote the use of Welsh products and in a recent tender we included the provision for the authority to nominate lines directly into the wholesalers for us to use when required.”

“We nominate Welsh products when they are of acceptable price, quality and volume and availability”

“We don’t actively in the tender process as we do not lead on any of the food based frameworks for the WPC, however our main food distributor does work actively with us in helping to source Welsh products”

“This work is ongoing once contracts are set up, and most suppliers are fully aware of the will to source as much local and Welsh food as possible. We also work with suppliers in developing Welsh supply chains, and attend the numerous Meet the Supplier days that are run in Wales.”

Barriers to Sourcing Welsh Produce

4.65 Buyers were asked about the barriers they experience when attempting to source local or Welsh produce. There were 39 responses to this question.

4.66 The most significant barrier is cost or pricing of products mentioned by two fifths of respondents. Smaller producers are not able to achieve the economies of scale that larger companies can. Price is a key consideration particularly in relation to the high volume required for the likes of school meals. Some suggest that produce such as Welsh meat, fruit and vegetables are too expensive for the public sector market and can obtain better margins in other markets.

4.67 Distribution to allow for regular and timely deliveries is an issue for a fifth of respondents.

4.68 Compliance with EU procurement regulations provides challenges for a fifth.

4.69 The range of products available in Wales is an issue for 15% of buyers. Some products are not available in Wales or are in limited supply e.g. fruit.

4.70 A fifth say that they do not experience any barriers and are able to use local suppliers as required.

Barrier	Number of responses	%
Cost or pricing	15	38%
Distribution	7	18%
Compliance with EU Procurement Regulations	7	18%
Availability	6	15%
Capacity	4	10%
Meeting standards/accreditations	3	8%
Quality and consistency	2	5%
Interest from distributor or contractor in encouraging local supply	2	5%
Other	8	21%
No issues	7	18%

"Cost remains a significant barrier. Many Welsh producers are not large enough to maximise economies of scale and be able to work with minimal margins. This lack of 'commercial leverage' also manifests itself in the producers not having funds to produce promotional and PoS material - something that is quite important in our 'retail' type catering operations."

"Cost is usually more expensive especially fruit & vegetables"

"Council's tend to use distributors to purchase their food and drink through so it relies on having a proactive distributor to engage further down the supply chain with Welsh producers. There is also a limit to the types of Welsh product you can actually buy as there are gaps in what Welsh producers supply. Things like Meat and Dairy products can be sourced relatively easily but there are items that can be more difficult."

Products which are difficult to source

4.71 Buyers were asked what products they find it difficult to source in Wales. There were 31 responses to this question.

4.72 The most commonly mentioned food category is fresh fruit and vegetables either due to cost, seasonality or volume of purchase.

4.73 Procuring chicken is also an issue for some public sector organisations.

4.74 Two fifths could not suggest any products they find difficult to source.

Product category	Number of responses
Fresh fruit and vegetables	8
Poultry	5
Confectionery	2
Fresh fish	2
Soft drinks	1
Ready meals (frozen)	1
Readymade sandwiches	1
None	12
Other	7

Use of Contract Caterers

4.75 Sixteen organisations said that they use contract caterers and these are more common in some types of organisation like FE colleges and Local Authorities. Contractors are typically nationally based organisations rather than independent or local suppliers. The caterers and contractors mentioned by the organisations are:

Name of Caterer/Contractor	Number of Responses
Aramark	3
Elior Catering	2
Chartwells	2
Compass Group	2
CH&Co Catering Ltd	1
Gegin Fach Y Wlad	1
Jags Catering	1
JJD Vending (Welsh Company)	1
MITIE FTM	1
Starvin Jacks Limited	1
Cresta Catering	1
Not specified	2
Total	**16**

4.76 Most organisations gave no firm indication that they have set targets for contract caterers to source local suppliers. Where targets have been set, the comments are relatively general. One exception to this is the catering contractor at the National Museum of Wales (Elior). In partnership with the client they are actively working towards improving the amount of produce they source from Wales at their three largest sites (National Museum of Wales, Cardiff, St Fagans and the Maritime museum in Swansea). These and other comments are outlined below:

“Working towards 85% Welsh sourced produce over next two years”

“Certain products must be sourced from local suppliers”

“Dependent upon value of total spend, the number of products and suppliers”

“Products for events are sourced locally”

“Where and whenever possible to use a Welsh product and supplier”

Food for Life Catering Mark

4.77 Almost six in ten (57%) organisations have heard of the Soil Association’s Food for Life Catering Mark. Half of those who have heard of it have considered adopting the Catering Mark. According to the Soil Association, the following organisations have achieved the Catering Mark at Bronze level for some of their catering facilities:

- Aberystwyth University for three restaurants
- Cardiff University for three student/staff restaurants
- University of South Wales (listed as University of Glamorgan for Stilts Food Court and University of Wales, Newport for a cafe on the Caerleon Campus)
- University of Swansea for two food halls
- Eden Foodservice – for 48 schools in Anglesey

4.78 Eight organisations out of a total of fifteen who responded think the Catering Mark is beneficial in some way to their organisation. Comments are in the table below:

Responses provided	Number of Organisations
No or little benefit	3
Very beneficial/ beneficial	2
Beneficial and links with Green League	2
A number of Health boards have expressed a desire to adopt it	1
Fairly beneficial	1
Planned meeting with Soil Association	1
Could be useful as a further seal of approval	1
Don’t know	4
Total	**15**

Welsh Government Support

4.79 A third of organisations were aware that the BETS Food and Farming Sector at the Welsh Government may be able to assist with food and farming supplier development.

4.80 The majority of organisations have already or would consider seeking BETS Food and Farming Sector's support to find Welsh suppliers and of the remainder, most organisations would possibly consider it.

Have your/would you consider seeking BETS Food and Farming support to find Welsh suppliers?	**Number of Organisations**
Yes	20
Possibly	6
No or not at this stage	3
Not aware of services available	1
Not applicable	1
Don't know	1
Total	32

4.81 One particular action which is consistent across many of the comments provided was assisting producers to work on cost reductions which could make their products more competitively priced. Other comments relate to:

- Work with suppliers, contractors and consortia to encourage the use of Welsh produce
- Creation of a quality assured distribution network
- Encourage producers to register on sell2wales and assist in understanding the tendering process better
- Provide buyers with information on the products available
- Better guidance on structuring tender specifications whilst meeting EU regulation requirements
- Encourage the use of smaller lots
- Target inward investment to fill supply-side voids

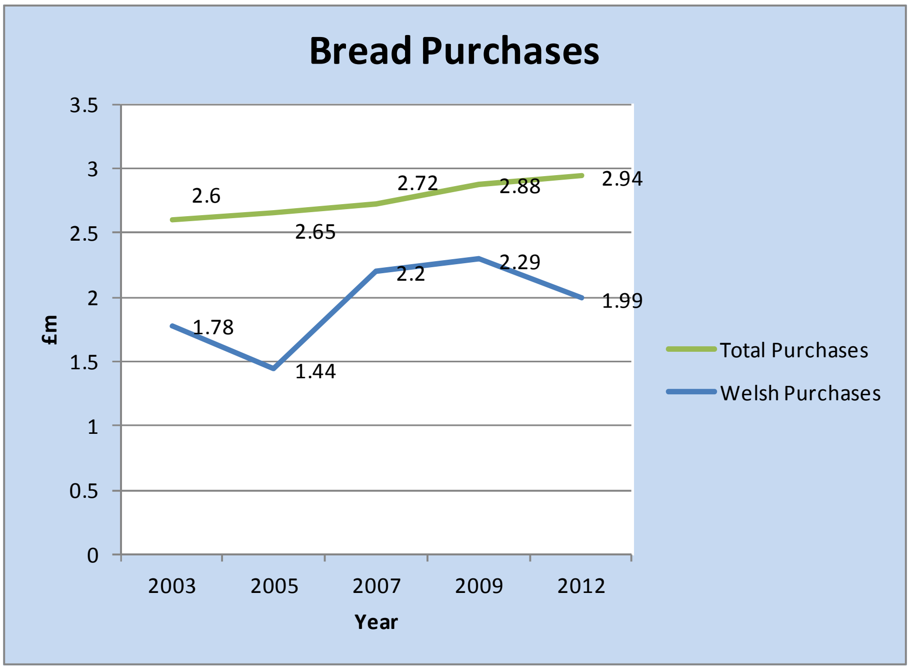
5. Public Sector Survey: Category Trend Data

5.1 In this section, we outline details of the trends in public sector purchases of the key product categories identified and compare the current survey with the data gathered in previous years.

5.2 It should be noted, however, that significant changes were made in the questionnaire in this year's survey which aimed to identify the value of produce which is of Welsh origin. Where respondents were unsure about the origin of products, for example where not available or monitored, they were asked to record spend in either 'Welsh supplied' or 'Supplied outside of Wales' categories.

5.3 The data recorded under 'Welsh purchases' in the charts which follow relates to spend that is **known to be of Welsh origin** and will not include Welsh produce sold through distributors or consortia where the buyer is not aware of the origin.

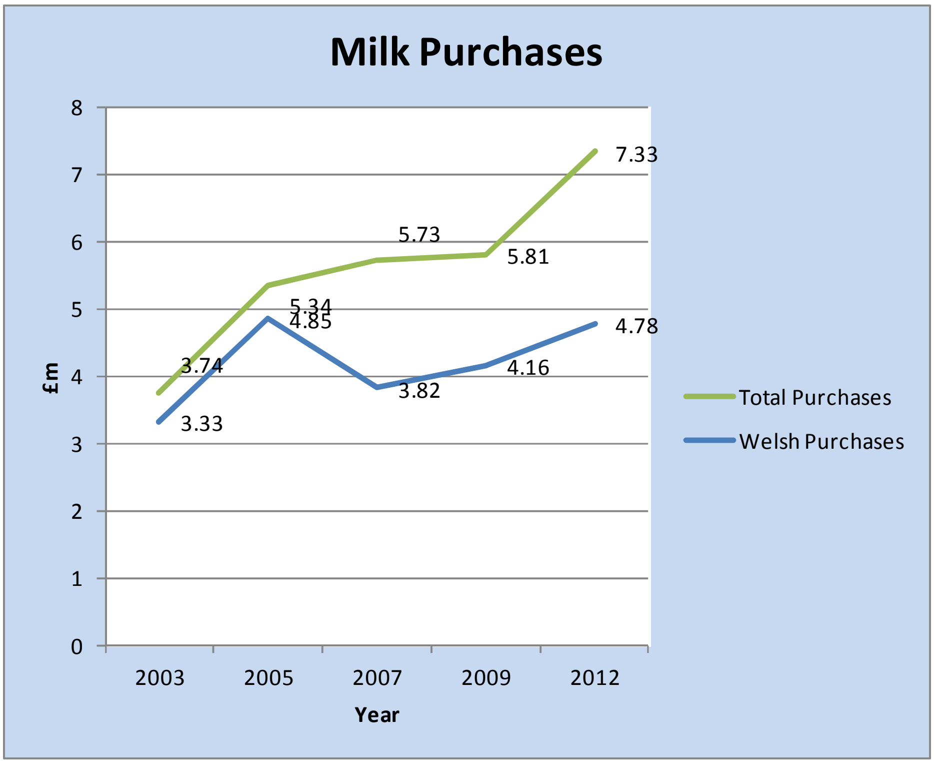
Bread



5.4 In order to allow for comparison, the chart above relates to bread purchases, where these were identified separately by buyers, and generally does not include 'other bakery products' data gathered for the first time this year.

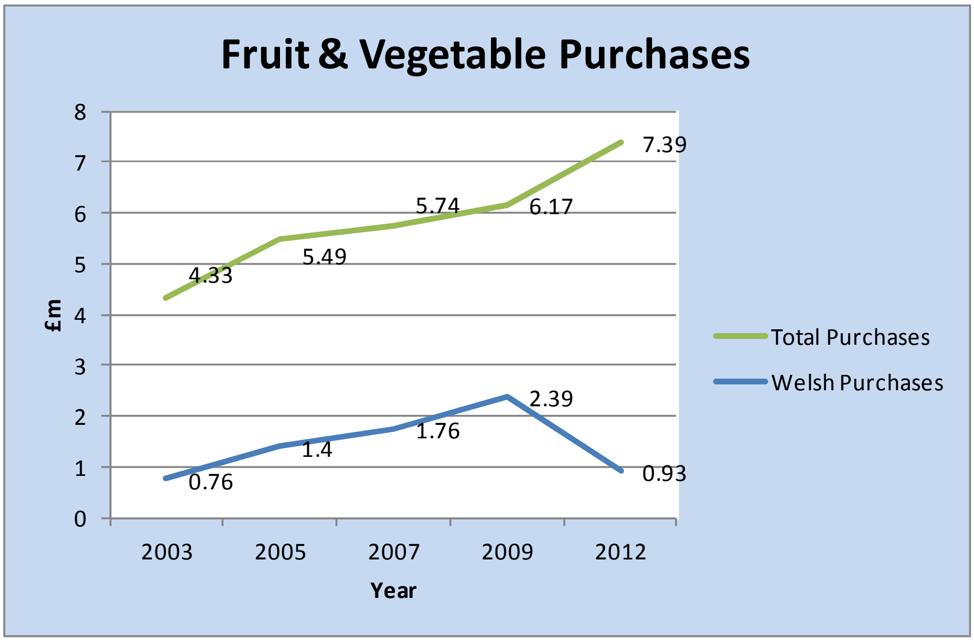
5.5 There has been a slight rise in the total level of bread purchases of 2% continuing the trend of previous years. Purchases of bread of Welsh origin, however, have declined by 13% since 2009.

Milk



5.6 Purchases of milk have risen by 26% since 2009 overall and this rising trend is also found in the level of Welsh purchases but growth is at a slower rate of 15%.

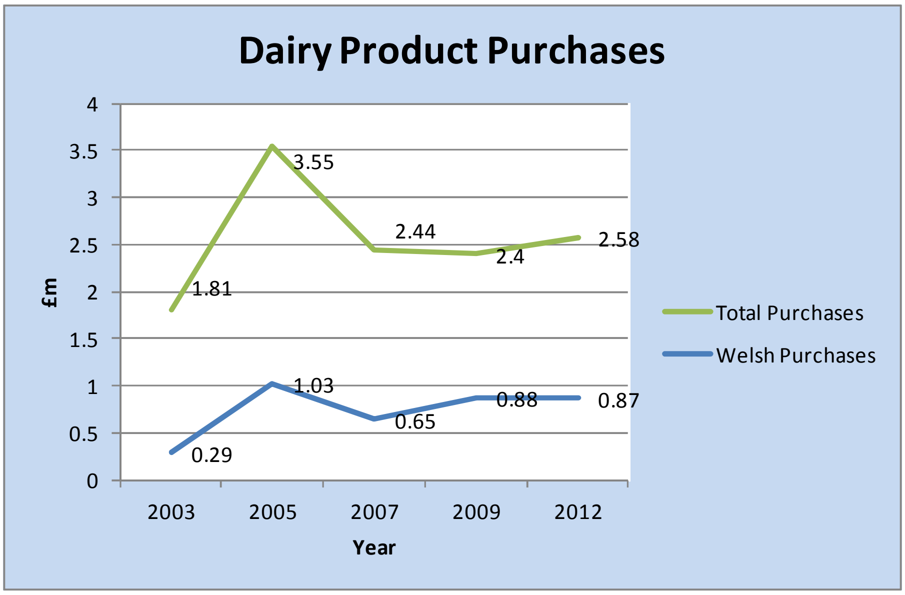
Fruit and Vegetables



5.7 Purchase of fruit and vegetables have increased by 20% since 2009 but the level of known Welsh purchases has fallen by 61% to less than £1m over the same period.

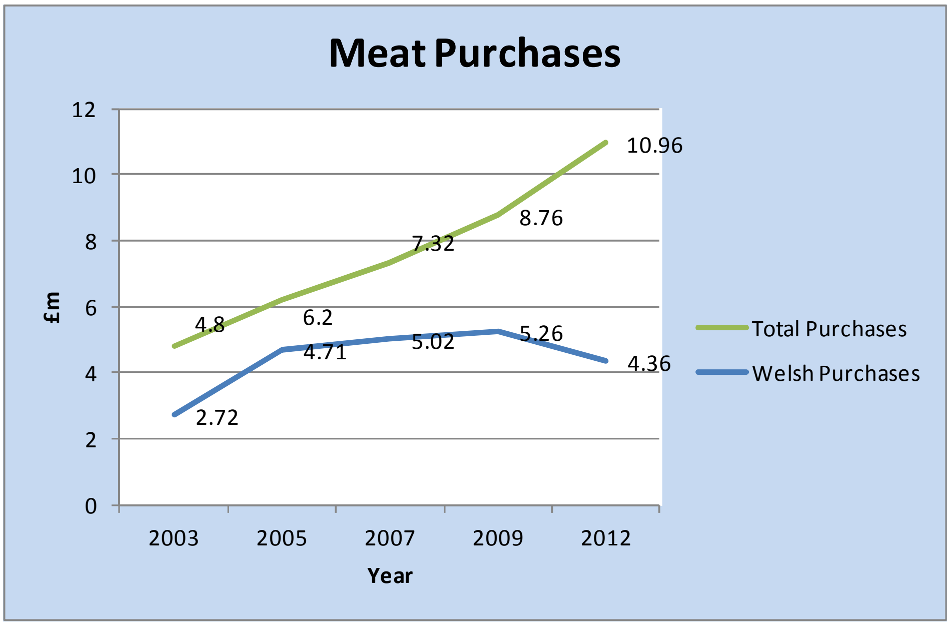
5.8 Wholesalers report a lack of availability of Welsh produce due to competition from other areas of the UK such as large scale producers in Lincolnshire. One contributory factor is the effect of competition to supply supermarkets which has reduced the number of growers in Wales.

Dairy Products



5.9 The level of dairy products other than milk sourced in the public sector has increased by around 8% whilst Welsh purchases remain around the same level as in 2009.

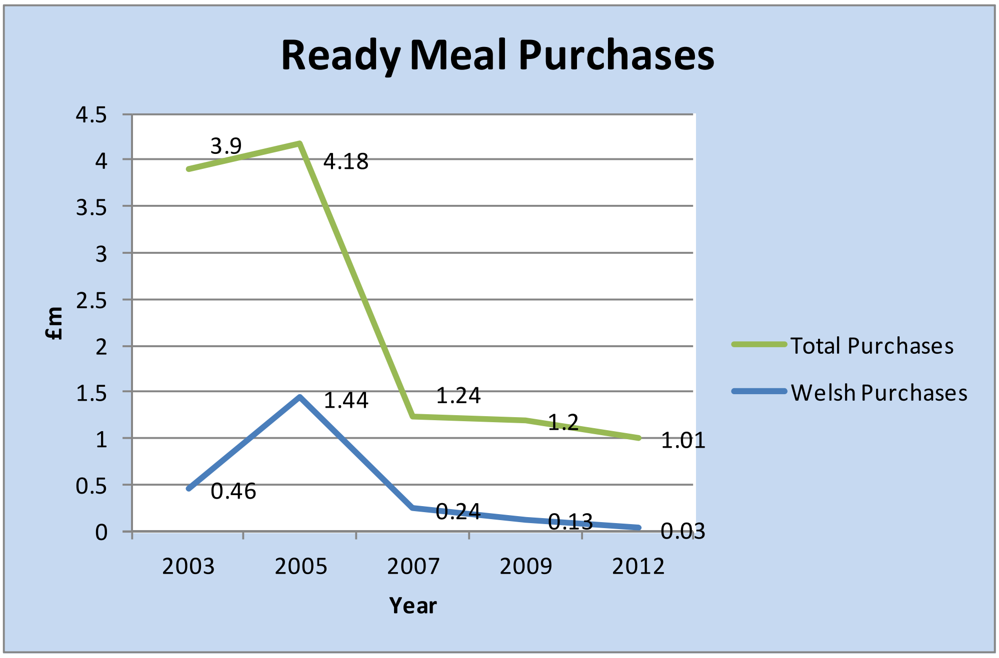
Meat Products



5.10 Meat purchases have seen a large increase between 2009 and 2012 of around 25%, continuing the trend of previous years. However, known Welsh purchases have fallen by 17% to around £4.4m during this period.

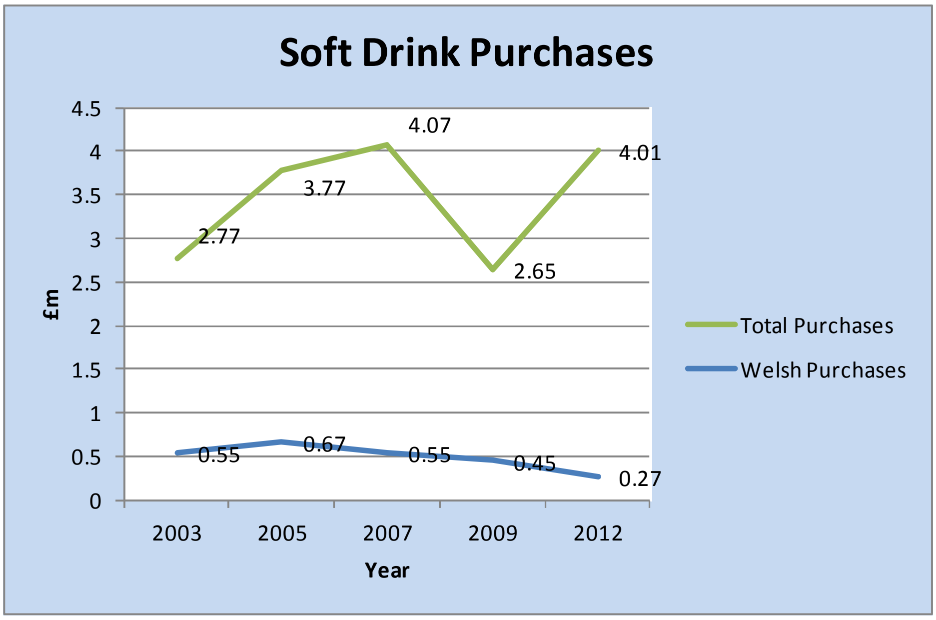
5.11 Some buyers comment that the cost of Welsh meat is not competitive and is a barrier to procurement whilst some meat producers comment that they can obtain better margins in other markets.

Ready Meals



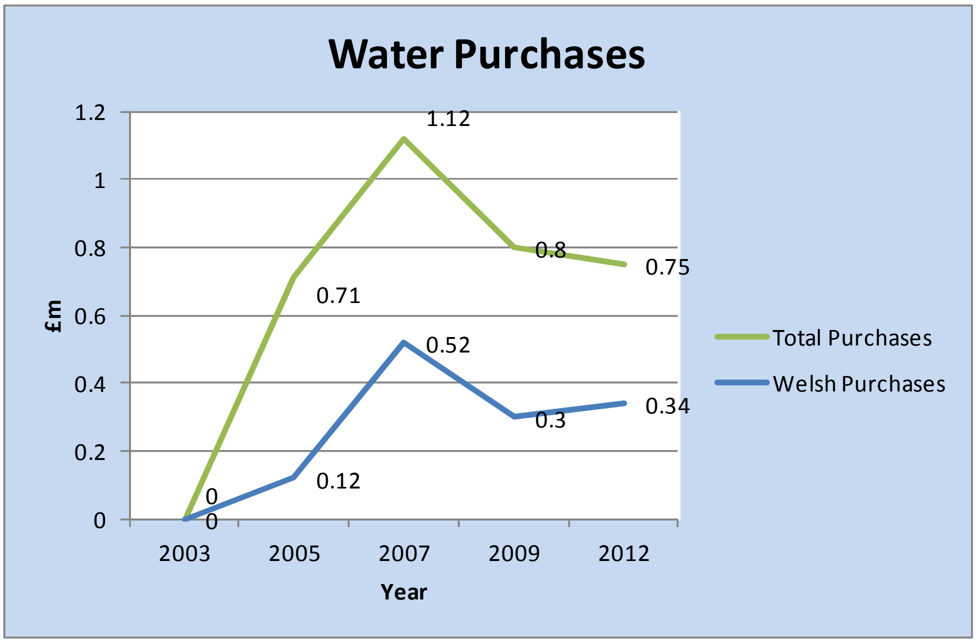
5.12 Ready meal purchases have declined in recent years and since 2009 are down by 16%. This market is dominated by suppliers outside of Wales.

Soft Drinks



5.13 Soft drink purchases are dominated by leading brand producers such as Coca Cola and total purchases are similar to those found in 2007. Welsh produced soft drinks, however, continue the declining trend of recent years.

Water Purchases



5.14 Water purchases are slightly lower than in 2009 overall showing a 6% fall whilst purchases of Welsh produced water have risen by 13%. Both buyers and wholesalers comment on the use of Welsh water products in schools and by local authorities.

All Purchases

5.15 Overall purchases of the foods in the key categories identified has risen by 19% but purchases of products which are known to be of Welsh origin in these product categories have fallen by 17% overall to around £13.6m.

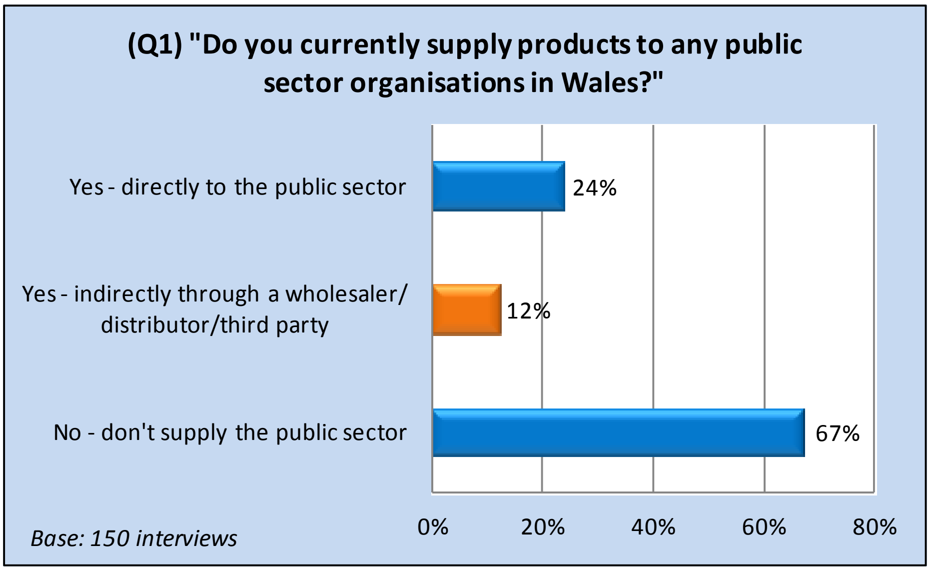
5.16 The decline in the purchase of Welsh meat and lack of availability of Welsh-produced fruit and vegetables are key contributory factors in this decline.

6. Producers Survey

6.1 The producer survey covered a range of topics relating to public sector procurement with 150 businesses in Wales from a range of sub-sectors.

Current Relationship with the Public Sector

Involvement with Public Sector



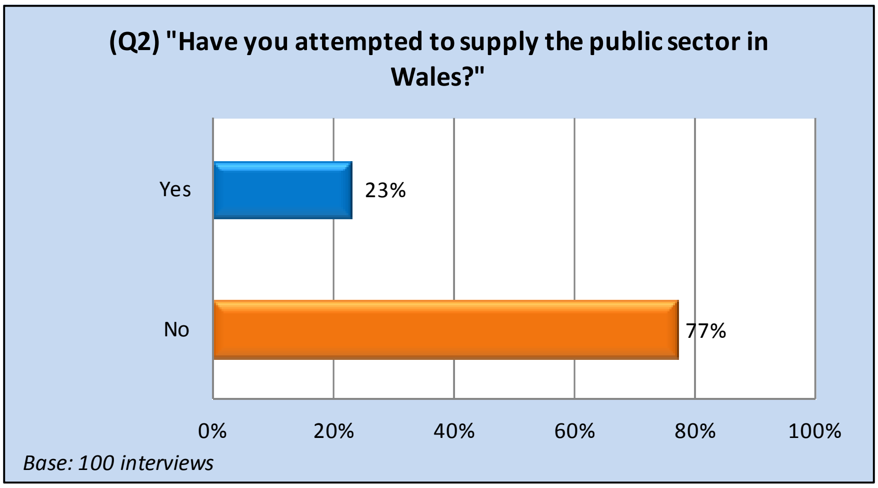
Base: All respondents

6.2 A third of the businesses interviewed (33%) are part of the supply chain either directly or indirectly through a wholesaler, distributor or third party.

6.3 The incidence of supplying this market increases with the size of company. Just over a fifth of businesses with less than 10 employees (22%) supply the public sector through either route with 17% supplying directly.

6.4 More than half of businesses (54%) with 10-49 employees and 62% if those with 50 or more employees are part of the public sector supply chain. In both of these cases, almost four in ten (38%) supply directly.

Attempts to supply public sector organisations



Base: Businesses not currently supplying public sector in Wales

6.5 Almost a quarter (23%) of respondents not currently supplying the public sector either directly or indirectly say that they have attempted to do so.

Supplying through third parties

6.6 Businesses which supply the public sector indirectly indicated which wholesalers, distributors or third parties they supply. The table below shows the most commonly mentioned routes.

(Q3) Which wholesalers, distributors or third parties do you supply?		
Wholesalers/Distributors/Third Parties	**Number of Respondents**	**Percentage**
Castell Howell	5	28%
Brake Bros	3	17%
3663	3	17%
Holdsworth (Michael I Holdsworth)	2	11%
Total Produce Cardiff	2	11%
Jones & Davies	2	11%
Blakemore Food Service	1	6%
Cymru Dairy Ltd	1	6%
Harlech Foodservice	1	6%
YPO	1	6%
Creed	1	6%
M&D Supplies	1	6%
Hopwells	1	6%
Cadw	1	6%
Cardiff Catering Company	1	6%
Compass	1	6%
Graig Farm Producers	1	6%
Heineken Wales	1	6%
Fred Lee	1	6%
Suma	1	6%
Essential	1	6%

Base 18: Producers supplying the public sector in Wales indirectly

6.7 More than half of producers supply the public sector through distribution channels which are primarily based in Wales, the most popular being Castell Howell which accounts for more than a quarter.

Which public sector organisations in Wales are supplied?

6.8 Producers supplying public sector organisations in Wales indicated, where known, whether they supply either directly or indirectly. In some cases, producers are unaware of the end client so do not know if they sell indirectly to these organisations.

6.9 Local authorities, HE/FE and Schools are the most commonly mentioned organisations supplied directly. This is unsurprising as these are some of the largest public sector purchasers in Wales.

6.10 Indirect supply is most common for Schools followed by HE/FE, Welsh Government, Local Authorities and the NHS.

(Q4) Which of the following public sector organisations in Wales do you supply - either directly or indirectly? (e.g. through a distributor or wholesaler)

Organisations	Directly	Indirectly	Don't know	Don't supply
NHS - Centrally or locally	8 (16%)	4 (8%)	5 (10%)	35 (70%)
Schools	13 (26%)	7 (14%)	3 (6%)	28 (56%)
HE/FE institutions or consortia	14 (28%)	5 (10%)	7 (14%)	26 (52%)
Welsh Government	9 (18%)	5 (10%)	6 (12%)	30 (60%)
Local authorities	17 (34%)	5 (10%)	7 (14%)	24 (48%)
Police	1 (2%)	0 (0%)	8 (16%)	41 (82%)
Other public sector organisations or consortia	7 (14%)	1 (2%)	6 (12%)	37 (74%)

Base 50: Producers indirectly or directly supplying public sector organisations in Wales

6.11 Not all of the 'other' organisations named are strictly public sector organisations but include some charities or part-publicly funded organisations.

- Care homes (2 respondents)
- Tourist Information Centres (2 respondents)
- National Trust (2 respondents)
- Zoos/gardens (1 respondent)
- Fire service (1 respondent)
- Food centre (1 respondent)

Products Supplied

6.12 Unsurprisingly, the food categories supplied to public sector organisations largely reflect the business profile with meat and dairy products being the most prominent.

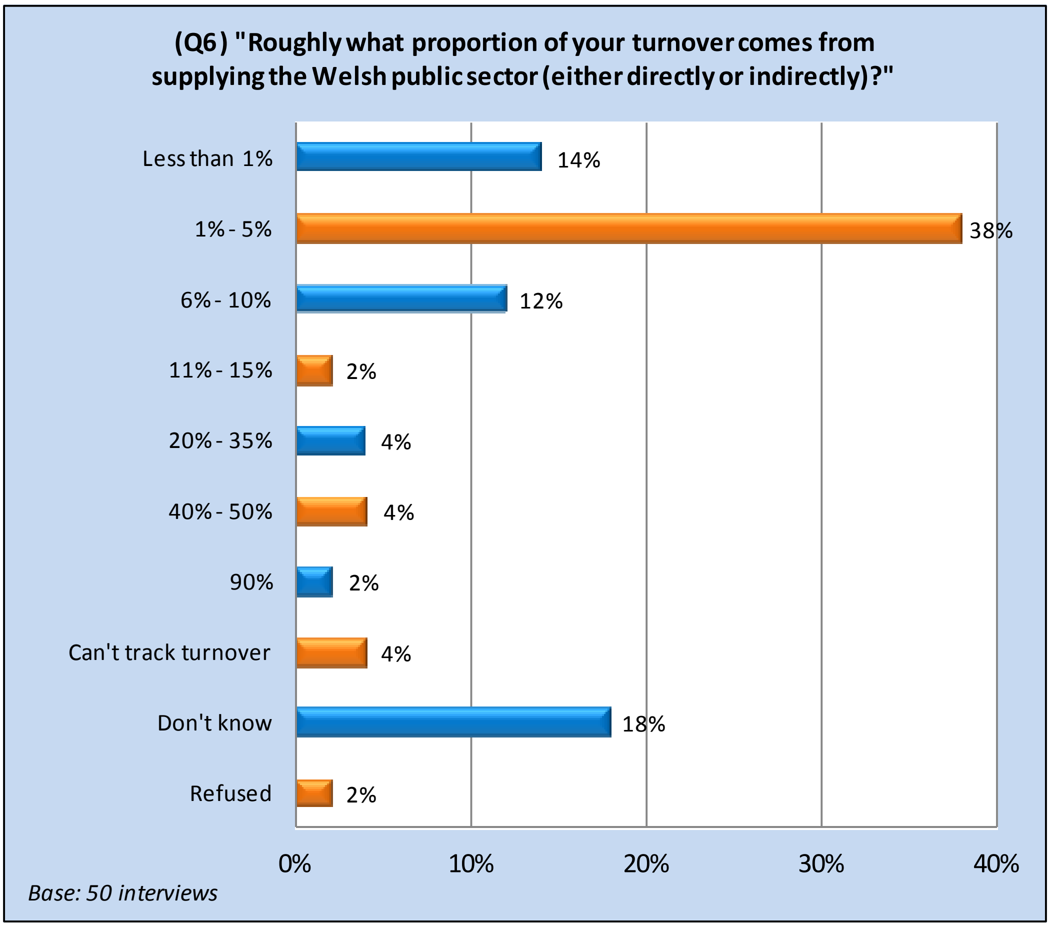
6.13 Preserves are supplied by one in ten of those who supply the public sector and most of these relate to the supply of honey.

(Q5) What products do you supply to these organisations?		
Products Supplied	**Number of Respondents**	**Percentage**
Meat	9	18%
Dairy Products (other than milk)	7	14%
Preserves	5	10%
Fish and shellfish	5	10%
Ready Meals	4	8%
Other Bakery Products	4	8%
Milk	3	6%
Vegetables	3	6%
Confectionery	3	6%
Alcoholic beverages	3	6%
Bread	2	4%
Soft Drinks	2	4%
Eggs	2	4%
Flour	1	2%

Base 50: Producers indirectly or directly supplying public sector organisations in Wales

STRATEGIC MARKETING

Importance of Public Sector Revenue



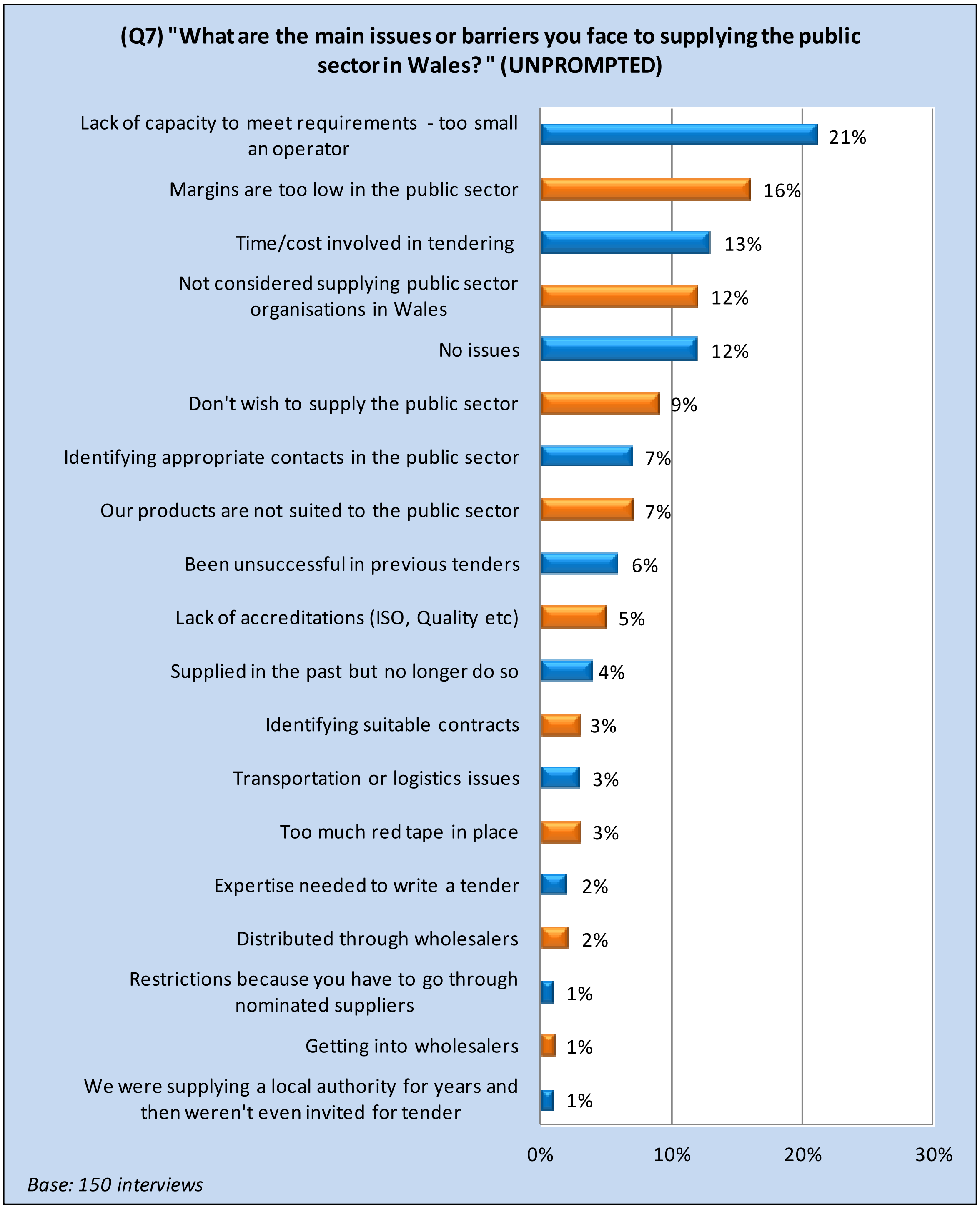
Base: Producers indirectly or directly supplying public sector organisations in Wales

6.14 Typically, food and drink producers are not heavily reliant on the public sector as a source of revenue. On average, around 10% of turnover relates to this market irrespective of the route.

6.15 Over half of the producers which supply public sector organisations said that it accounts for 5% or less of their turnover. Just 6% say it accounts for half or more.

6.16 A fifth were unsure of the proportion of turnover relating to public sector supply. It is likely, however, that a fair estimate would have been given if the proportion was a significant part of sales turnover.

Issues and barriers to supplying the public sector in Wales



Base: All respondents

6.17 The most significant issues and barriers to supplying the public sector facing producers involve the ability to cope with capacity requirements (21%) and a perception that the profit margin is not sufficiently attractive to make it a viable market (16%). Both of these barriers are more significant for producers which not currently supply the public sector – capacity is mentioned by 27% and profit margin by almost a fifth (18%).

6.18 Others are put off by the tendering process as 13% said that the time and cost involved in tendering is an issue – this is relevant to both those who currently supply and those that don't. 7% have difficulty in identifying the appropriate contacts and this rises to 17% for businesses which currently supply direct and 22% for those supplying indirectly. Other process issues include 'too much red tape' (3%) and lack the expertise to write a tender response (2%).

6.19 Previous experience is also a barrier for some as 6% have been unsuccessful in previous bids, 4% have supplied but no longer do so.

6.20 8% do not wish to supply the sector and 12% have not considered it. 7% said that their products are not suited to the public sector and these include high quality meat, preserves, fish/shellfish products, alcoholic beverages and cheese. The reasons why these products are considered unsuitable include having a product which is too high in quality or perceived to be 'speciality' products, lack of demand and seasonality.

Reasons for lack of interest in supplying public sector

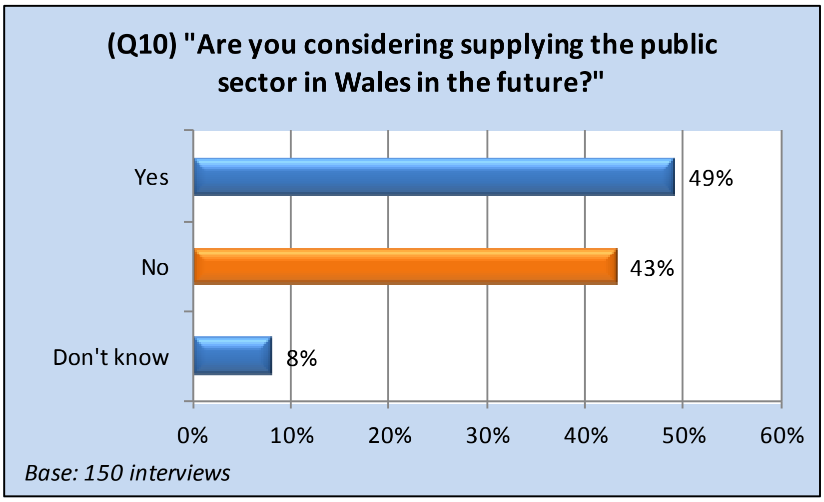
6.21 Where producers have a lack of interest in supplying this sector, responses suggest that adequate business is being obtained from other markets.

6.22 Around a third say there is no particular reason or they have not contemplated public sector supply.

Products Supplied	**Number of respondents**	**Percentage**
Already have enough private business	9	29%
No specific reason	6	19%
Small business focussing on local market	5	16%
Not considered this sector	4	13%
Not pursuing new business – approaching end of business cycle	3	10%
Market inappropriate for company	1	3%
Doesn't seem efficient	1	3%
Negative perceptions of the public sector	1	3%
No demand for our product	1	3%

Base, 31: Don't wish to supply/not considered

Supplying the public sector in the future



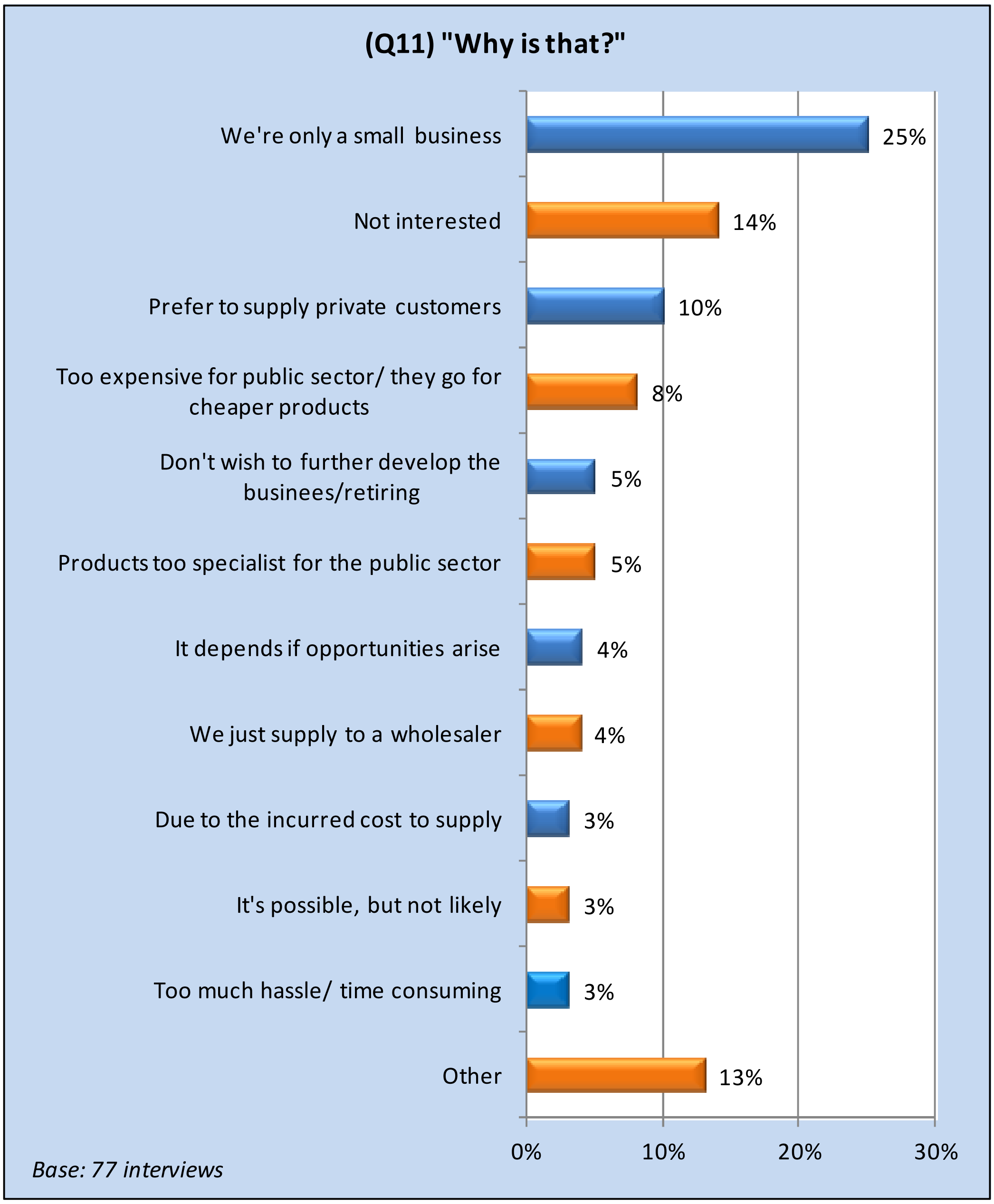
Base: All respondents

6.23 Around half are considering supplying this market in the future. Almost eight in ten (78%) of those who currently supply the public sector either directly or indirectly are considering doing so in the future.

6.24 Over a third (35%) of those who do not currently supply the sector are considering this market for the future whilst 58% are definitely not.

Reasons why not considering supplying in the future

6.25 Respondents not considering supplying the public sector in the future suggested the reasons for their response:



Base: Not considering supplying public sector in future

6.26 A quarter of this group believe that company size prohibits them from supplying the public sector echoing capacity issues which were raised earlier in the survey.

6.27 Other reasons suggest a lack of interest in pursuing public sector business either due to more attractive alternatives in the private sector, inappropriate products or perceived low margins.

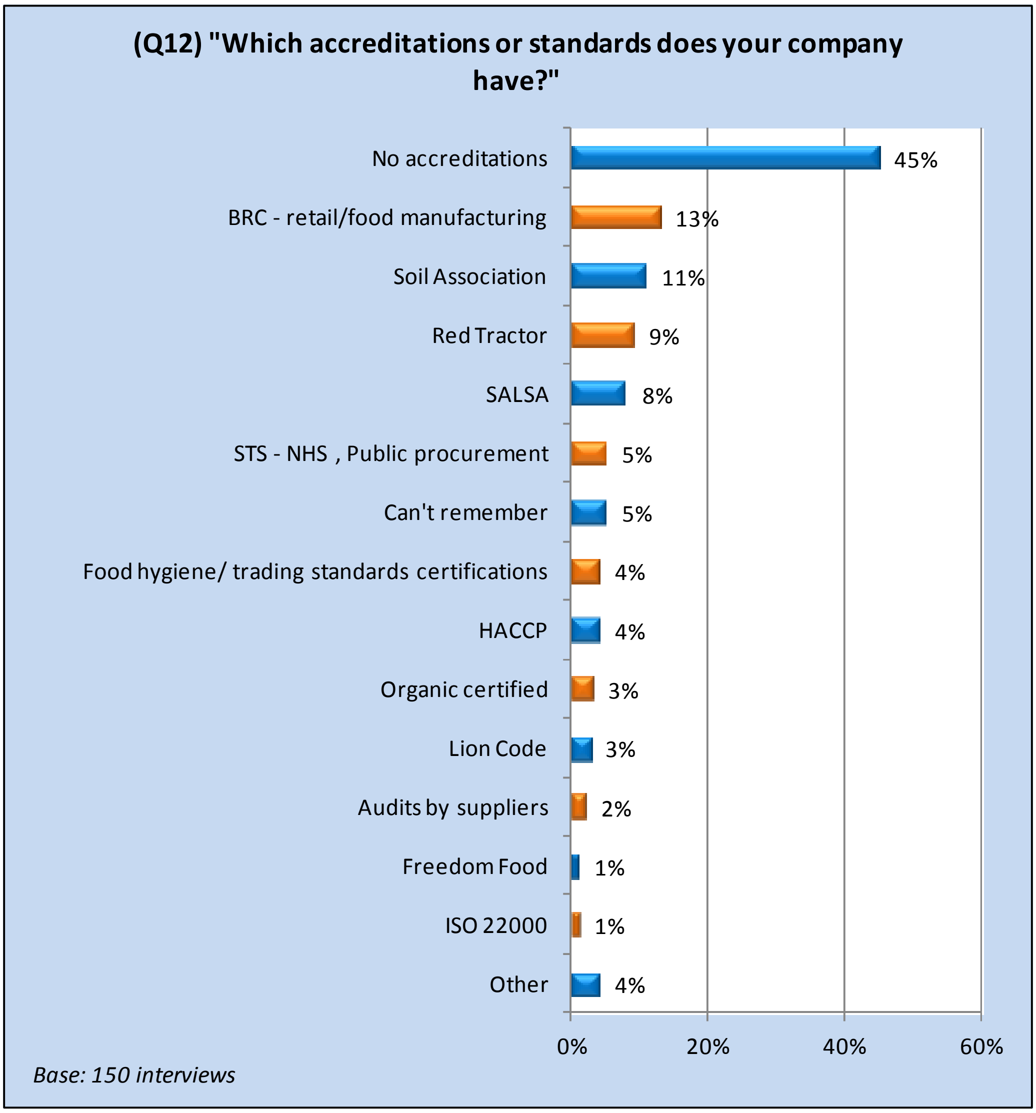
Accreditations achieved

6.28 Over half of the producers have some form of accreditation the most common of which are BRC, Soil Association, Red Tractor and Salsa.

6.29 Lack of accreditation is known to be a barrier to supplying both the public sector and distributors. Only 25% if those supplying the public sector directly have no accreditations and just 6% for those who supply indirectly. By comparison, almost six in ten (58%) of those who do not supply the public sector have no accreditations.

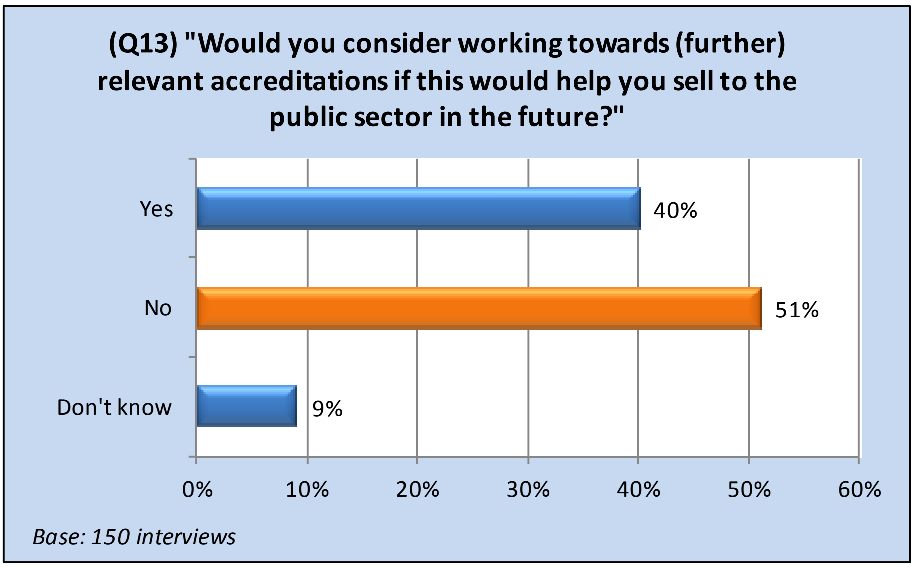
6.30 BRC is held by 17% of those supplying directly and 39% of those through a third party. By contrast, 8% of those who do not supply this market have obtained BRC accreditation.

6.31 Likewise, 14% of those supplying directly are SALSA accredited and 22% of those supplying indirectly. Just 5% of those who do not supply the public sector have obtained SALSA.



Base: All respondents

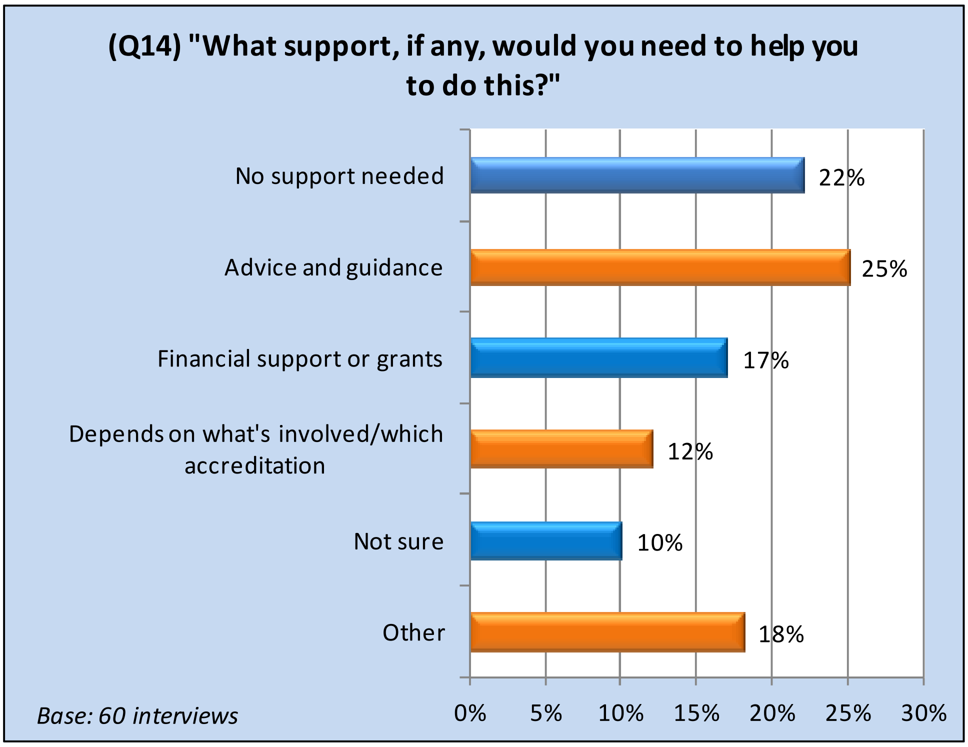
Interest in working towards accreditations



Base: All respondents

6.32 Two fifths would consider working towards accreditations in order to assist them selling to the public sector and this remains the same for producers which currently sell to the public sector and those who do not. Over half (56%) of those currently supplying the public sector indirectly would consider working towards accreditations.

Accreditation support required



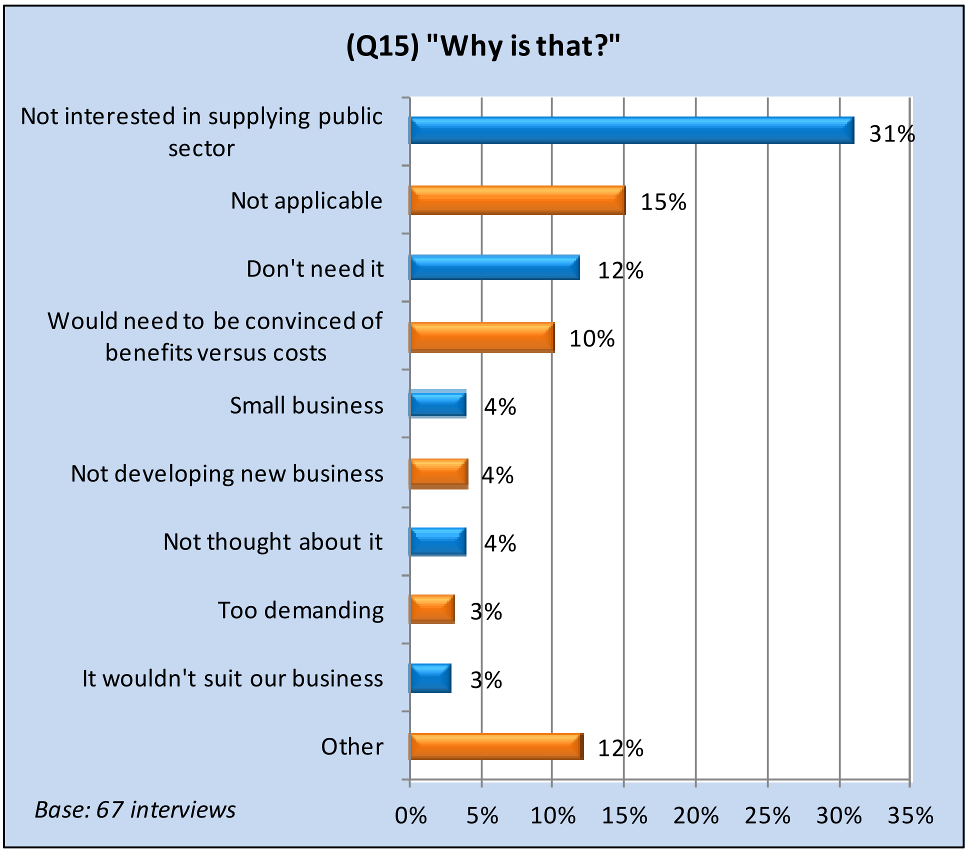
Base: Producers who would consider further accreditations

6.33 Around a fifth of those open to the idea of pursuing further accreditations would not need any assistance in doing so.

6.34 Advice and guidance would be welcomed by a quarter including help to understand and work through the accreditation process e.g. general and technical support to meet requirements.

6.35 Just under a fifth would like to see financial support or grants to enable them to pursue further awards. The relates covering either to the time commitment involved in pursuing accreditations or for possible investment required to ensure the business could meet accreditation standards.

Reasons for not pursuing accreditations



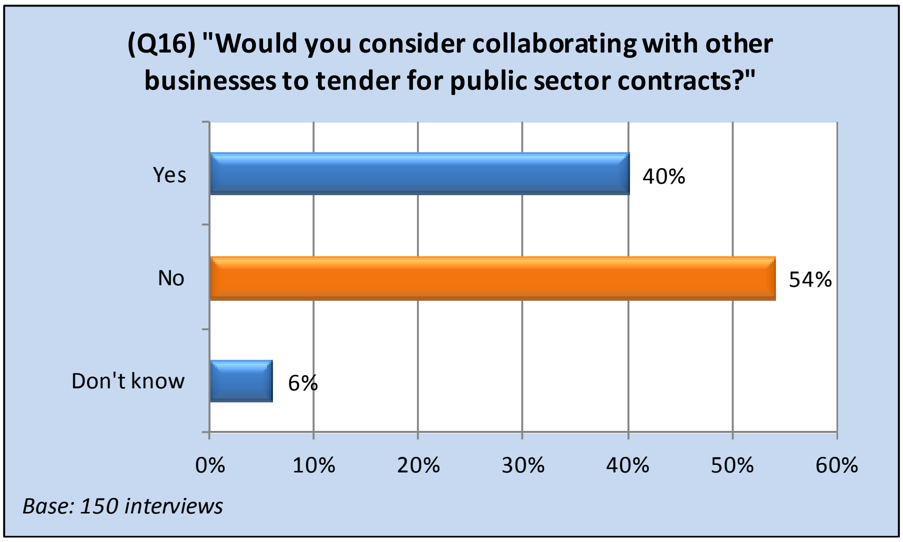
Base: Producers who would **not** consider further accreditations

6.36 Broadly this is the group who are not interested in pursuing public sector contracts or those who are not open to considering it.

6.37 As they have no motivation to become a public sector supplier, there is no advantage to pursuing further accreditations.

Collaborative Working

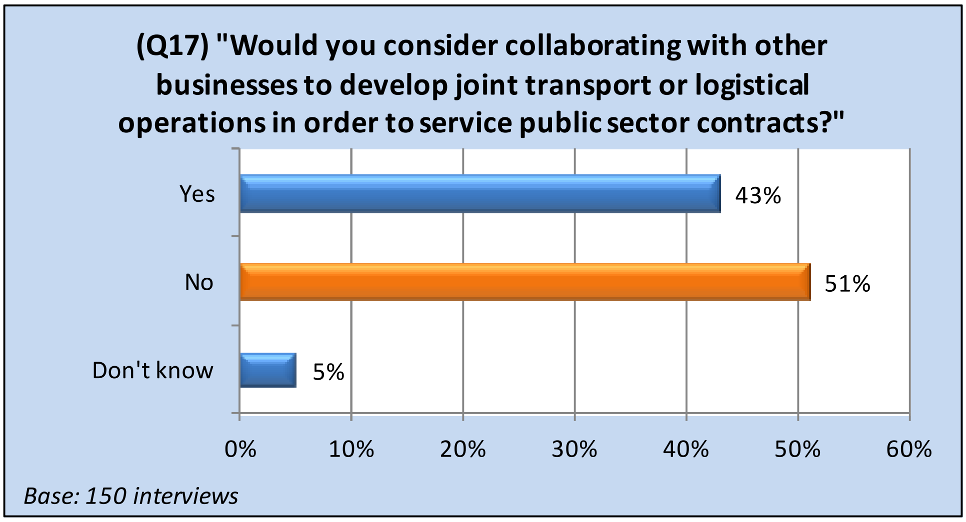
Attitudes to collaboration to bid for public sector tenders



Base: All respondents

6.38 Two fifths of all producers would consider collaboration on public sector tendering. This rises to half for those who currently supply the public sector directly.

Collaboration to manage logistics



Base: All respondents

6.39 Overall two fifths would consider this type of collaboration. Businesses with 10-49 employees are most interested in this idea with almost six in ten (59%) saying they would consider it. Around a third (31%) with 50 or more employees would consider collaboration and the lower level of interest reflects the fact that they will already have well-established distribution channels.

Issues relating to collaborative working

6.40 All respondents were asked about the main issues that would need to be overcome to make collaboration feasible. Those who have no interest in considering this type of collaborative approach because of lack of interest in supplying the public sector, preference to work independently or due to the size or nature of their business made no further comment (45%). A further 7% did not know what issues would arise.

6.41 Where a point of view was given, the key themes were:

No perceived issues were anticipated (20 respondents)

Logistics – mainly relating to arrangements for transport, admin paperwork, geography and physical location. Other mentioned quality standards, managing schedules, deliveries and shelf life. (20 respondents)

Finding appropriate partners – identifying other companies which would be a good fit with their business (11 respondents)

Managing relationships with partners – concerns relate to developing the appropriate structures to allow co-operation along with other issues such as confidentiality, conflicts of interest, working relationships and arrangements for invoicing and legal issues. (7 respondents)

Already working collaboratively – some producers specifically mentioned that they already work collaboratively with other businesses and therefore see no issues in this approach. (5 respondents)

Other issues – these include ensuring that the contract value makes collaboration worthwhile and costs of making collaboration work. (8 respondents)

Procurement Support Received or Required

Procurement assistance received

6.42 The majority of producers (92%) which supply the public sector either directly or indirectly indicated that they have not received assistance with procurement to help them tender for public sector food and drink contracts.

6.43 Details of those who have received support were:

- WG Supplier Development Service (one respondent)
- Wales Co-operative Centre (one respondent)
- Three respondents mentioned ‘other support’ including Welsh Government support from an unknown department, and support through the Produce Marketing Grant. One other respondent could not remember details of the support received.

Potential areas for Welsh Government assistance

6.44 All producers were asked what the Welsh Government could do to assist them to supply more products to public sector organisations in Wales. Around a quarter had no comment or suggestions or though there was nothing that the Welsh Government should do.

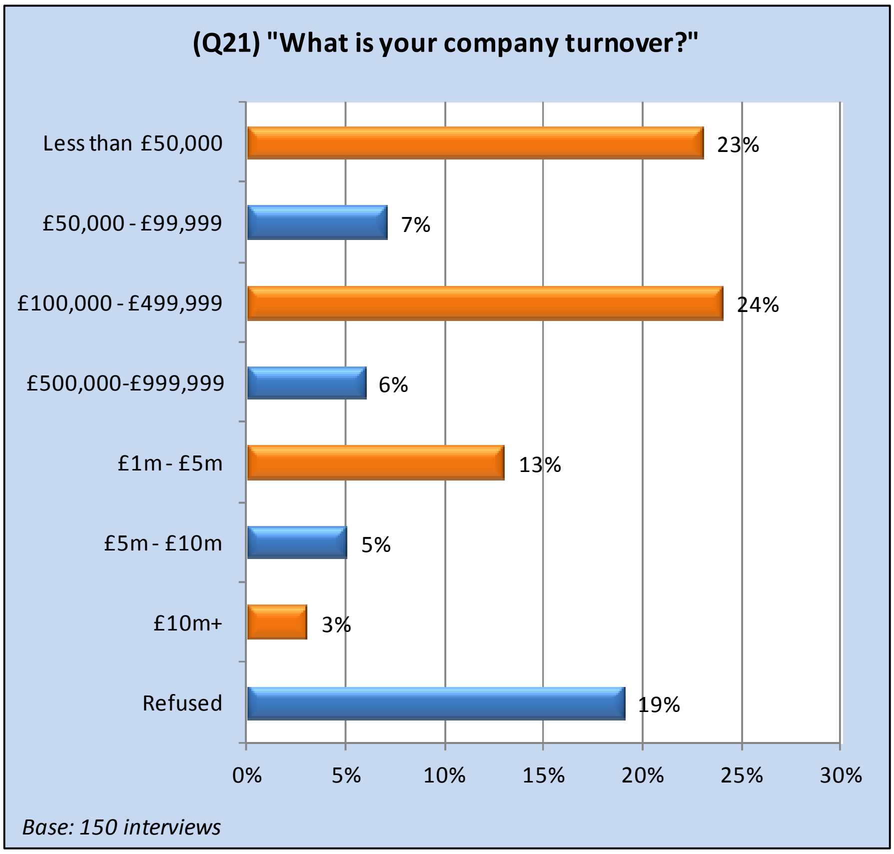
6.45 The key suggestions from those who expressed an opinion are grouped into themes below:

- **Accessibility of the tender process** – producers would like to see this simplified with less bureaucracy, smaller lots, reduced accreditation and an emphasis on local benefits when selecting contractors (18 respondents)
- **Prioritise, encourage and promote local and Welsh suppliers** – producers would like to see preference given to the Welsh food sector. Whilst this conflicts with EU guidelines, local benefits can have a role to play here. (17 respondents)
- **Awareness of tenders and contracts** – better publicity about contracts and automatic notification to reduce the burden on searching for opportunities. Some have clearly not heard of sell2wales whilst others who are suggest categories can be too broad and tender opportunities require sifting, for example. (15 respondents)
- **Advice and support on how to tender** – more information on how to go about this would be welcomed (8 respondents)
- **Funding opportunities and grants or subsidies** – mentioned by 7 respondents
- **Accept higher prices rather than lower quality produce** – some producers feel that they are out priced in the public sector market due to the perceived focus on low quality produce (6 respondents)

Business Background

6.46 In this section, the demographics and profile of the businesses interviewed are outlined.

Company Turnover

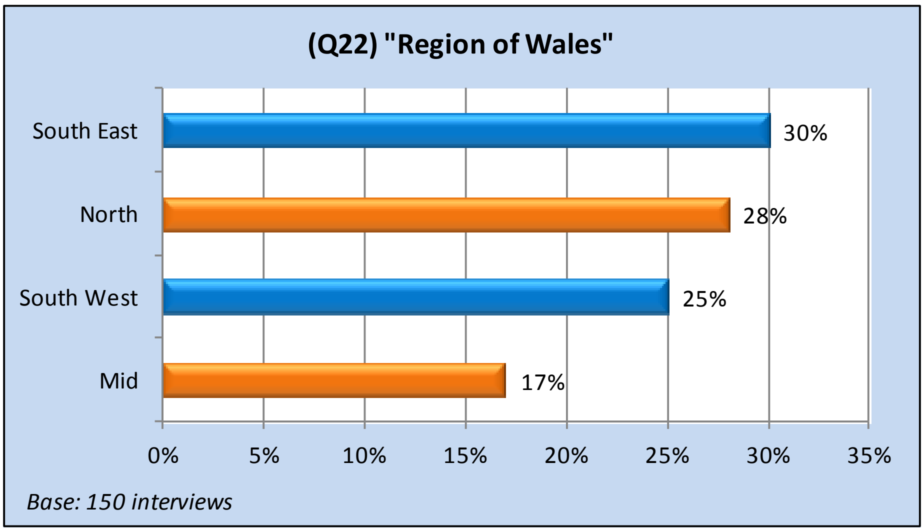


Base: All respondents

6.47 Around a third of the producers interviewed have a turnover of less than £100,000 and another third have between £100,000 and half a million turnover.

6.48 Two thirds of businesses who preferred not to indicate their turnover have less than 10 employees and a fifth have 10-49 employees.

Region

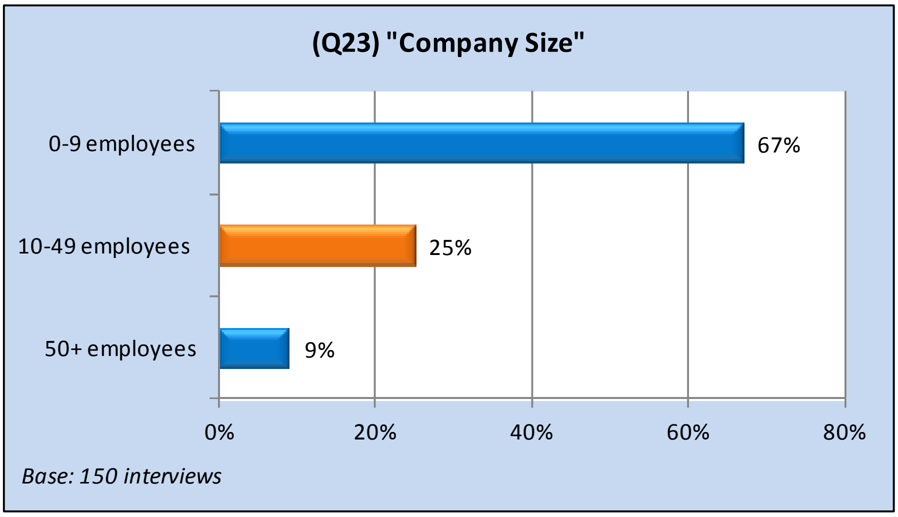


Base: All respondents

6.49 Sampling was based on region and company size to broadly reflect the profile of producers in Wales.

6.50 There were similar proportions of businesses interviewed in North and South East Wales, a quarter (25%) in South West with the remainder in Mid Wales.

Company Size by Employees



Base: All respondents

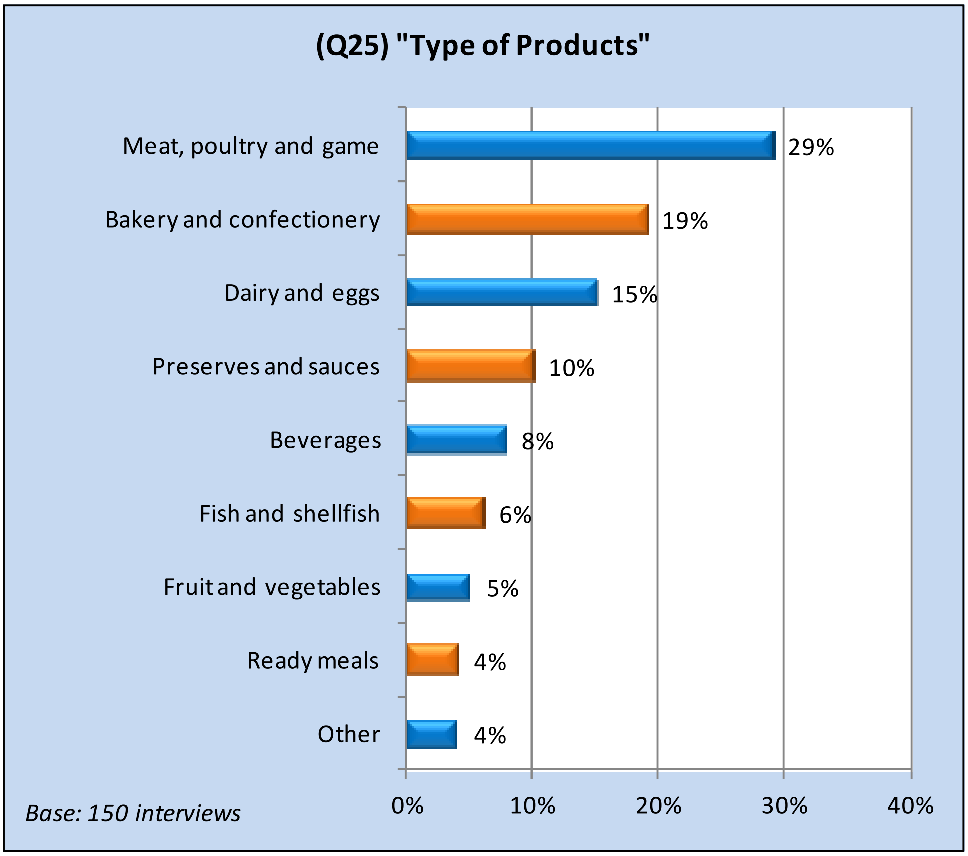
6.51 The sample interviewed reflects the profile of businesses with less than 10 employees which dominate food and drink producers in Wales.

Ownership Status

6.52 96% of producers are independent and not part of a larger organisation. Just 4% have a parent company elsewhere. Two thirds of those with a parent company have 50 or more employees.

STRATEGIC
MARKETING

Product Category



Base: All respondents

6.53 The profile reflects the dominance of Meat, Poultry and Game, Bakery and Confectionery and Dairy and Eggs sectors which is found amongst producers in Wales.

7. Wholesaler and Distributor Feedback

7.1 This aspect of the survey is a new addition for this year's study. Understanding the view of wholesalers and distributors is important in identifying ways in which food sector businesses can become part of the public sector supply chain.

7.2 Analysis of public sector spend data provided by FMDD was used to identify the top twenty wholesalers and distributors active in Wales.

7.3 The resulting ten interviews were conducted with a mix of distributors which are based both within and outside of Wales. Some are specialists in supplying particular food and drink products whilst others supply a broad range of produce.

Current Relationships with the Public Sector

7.4 The suppliers interviewed are heavily involved in supplying the public sector although some focus their activities on specific types of organisations.

7.5 All bar one of the wholesalers supply the NHS and most supply schools. Seven supply the HE/FE sector and the same number supply local authorities.

7.6 Just under half supply the Welsh Government. None mentioned any of the four Police Forces in Wales.

Public Sector Organisation Supplied	Number of suppliers
NHS	9
Schools	8
Higher Education/Further Education Institutions/HEPCW/WFEPC	7
Local authorities/Welsh Purchasing Consortium	7
Welsh Government	4
Other public sector organisations/consortia	4

7.7 Four wholesalers mentioned one or more other public sector clients such as:

- Tourism attractions e.g. National Museum/St Fagans, Big Pit, Rhondda Heritage Park
- Nursing homes
- Library
- Prisons
- Youth Centres

Food and Drink Products Supplied

7.8 A wide range of food and drink products are supplied to public sector organisations although some wholesalers are specialists in particular areas e.g. Soft Drinks/Confectionery, Fruit and Vegetables suppliers.

7.9 Soft drinks and confectionery are the most frequently mentioned food categories supplied.

7.10 Bread, milk, fruit, vegetables, non-milk dairy products and water are each mentioned by four respondents.

7.11 ‘Other’ products are predominantly crisps and snacks. Ready meals are the lowest product category listed.

Product category supplied	Number of Suppliers
Soft Drinks	6
Confectionery	5
Bread	4
Milk	4
Fruit	4
Vegetables	4
Dairy Products (other than milk)	4
Water	4
Other Bakery Products	3
Meat	3
Ready Meals	2
Other products	6

Customer Base in Wales

7.12 Suppliers were asked about the areas in Wales which they supply. Eight of the ten supply both South East and South West Wales, half supply mid Wales and two fifths supply North Wales.

7.13 Just three of the ten suppliers currently cover the whole of Wales.

Sourcing from Wales

7.14 The extent to which Welsh produce is sourced and used by distributors is extremely variable according to factors such as product type and distributor location.

7.15 For Welsh-based distributors there is a natural desire or inclination to ‘source Welsh’ where possible but this is also dependent on other factors such as product quality, price, availability and continuity of supply being in place. The fact that a producer is based in Wales does not guarantee their place in the supply chain.

7.16 Availability of produce is a particular issue for some product categories e.g. Fruit and Vegetables as supplies are limited. One distributor commented:

"We like to buy as much as possible from Wales – it's probably around 40%. We like to buy locally where we can but it has to be in line with what's grown here."

7.17 Another supplier suggested that typically 95% of potatoes are Welsh sourced but that the weather has had an adverse effect on crops in Wales so they have had to look elsewhere in the UK and Europe this year e.g. Scotland and France.

7.18 Distributors which are not headquartered in Wales have an existing supply chain which does not necessarily vary for Welsh public sector supply contracts. Most mention some specific producers which they source from in Wales but suggest that the number of Welsh suppliers is relatively low. This would vary should a client specifically request another product or supplier in the specification or on contract award. Demand for Welsh produce is very much client-driven rather than supplier-driven.

7.19 One major supplier based outside of Wales suggested that the flexibility to produce something 'different' was useful and that can often be best achieved with local suppliers e.g. St Davids day products.

7.20 Various Welsh-sourced water products are used by a number of distributors who supply confectionery, soft drinks and snacks e.g. Princes Gate, Brecon Carreg and Radnor Hills. One wholesaler commented that Radnor Hills water is supplied in high volume to schools and accounts for 20% of the company's sales turnover.

7.21 The supply of other soft drinks, confectionery and snacks, however, is typically sourced from outside of Wales due to customer specification or demand for leading brand products e.g. Coca Cola, Mars, Walkers. One supplier suggested that just 1% of the crisps and soft drinks they supply comes from Welsh sources.

"We are reliant on what our customers want and order. If our customers want Welsh sourced products we would be more than happy to supply them Welsh sourced products."

"Welsh products are sometimes overpriced for my market."

"Welsh products are very good quality and price is competitive but we sell branded products so most of the time. Welsh sourced products are not always what our customers want."

7.22 Dairy products such as milk, butter, cheese and eggs are more commonly sourced from Wales as this sub-sector is well-represented. However, some national suppliers use existing suppliers outside of the area e.g. for cheddar cheese.

7.23 Product cost and availability are highly significant factors which affect sourcing decisions. Where there is no requirement for ‘Welsh’ produce, some distributors suggest that other sources are used as a result e.g. for grocery products or frozen foods:

“Lots of what we need is not made in Wales, I don’t think. If they are, they’re very expensive – Welsh products are more expensive than you get from Northern Ireland etc.”

7.24 Six of the ten wholesalers work with public sector organisations in order to develop the amount of Welsh sourced produce supplied. This generally involves exploring the possibility of using specific products or producers at the request of clients but the outcome is not always viable. Local authorities and particularly schools seem to be more proactive than other parts of the public sector.

“If they specified they wanted a certain product we would look into it - we did that recently for one of our clients who wanted a new brand of crisps from North Wales. We contacted the North Wales manufacturer and received costs which we gave to our client, it turned out the crisps were too expensive for our client so not orders were made from us.”

“If we think they would be interested in a new Welsh product that would benefit their business we would tell them. If they are interested in specific Welsh products we investigate for them”

“We notify local authorities and hospitals on what's available in the area. We generally send an email notifying them what's available locally so they can tailor their menus to include local produce. This helps us to promote local community and businesses.”

“We work with schools to try and get as many Welsh products as we can into schools. Schools would rather buy Welsh products every time.”

“They want to do this but there's nothing much happening yet. More interest from schools than other public sector.”

7.25 Sourcing Welsh produce is likely to become increasingly important amongst public sector clients. Seven wholesalers expect this whilst two disagree and one was undecided. Key factors include:

- **Sustainability -** this is becoming more influential in sourcing decisions for some parts of the public sector e.g. schools and Local Authorities. It is evident in some of the tenders which are issued and has a role to play development of local sourcing.
- **Demand for Welsh produce** – pride in Welsh culture and provenance, a desire to use local produce on menus in some public sector organisations

"A lot more people/ organisations are getting more and more proud of their Welsh culture. Over the last year, public sector organisations want more Welsh-sourced products."

"It has to become a more important issue in the future, we are very rural and we are amongst the farmers. Farmers are reliant on wholesalers to supply their produce."

"The Welsh want Welsh and Scottish want their products. We can find the products and take that supplier but it has to be customer led."

7.26 There is little or no evidence of targets or guidelines for the level of Welsh or local sourcing supplied through distributors either being set or communicated. However, several comment that some public sector clients have a strong desire to source more Welsh produce. For some product categories, availability is an issue e.g. fresh fruit and vegetables. One respondent suggested that some contract caterers have had targets set by public sector clients.

7.27 Contract caterers do not typically specify Welsh produce, according to distributors. Several comment that many of the catering contractors are based outside of Wales and they have no real reason or incentive to source Welsh unless they are set targets by their public sector clients. Some distributors comment that approaches have been made to use Welsh suppliers but there has been a lack of interest in doing so.

7.28 Several distributors suggest that they have not experienced problems in sourcing Welsh-based produce. However, unless there is a client requirement many would not necessarily attempt to do so, particularly if based outside of Wales.

7.29 Those who do mention issues suggest that the main barriers to sourcing Welsh produce faced by distributors are:

- **Cost** – some products are considered to be overpriced
- **Capacity** – high levels of demand for some products e.g. milk may result in sourcing from multiple suppliers
- **Availability** – some products are not produced in Wales in adequate quantities e.g. fruit and vegetables
- **Lack of customer demand** – orders are client-driven and this influences what products are sourced e.g. confectionery

7.30 Distributors mentioned some specific products which are difficult to source in Wales:

- Bread – *'Welsh bread is difficult to source – Braces is very expensive'*
- Crisps
- Flavoured soft drinks

- Fruit and vegetables – limited to what is being grown locally – mostly vegetables available
- Fresh fish

7.31 Accreditations are required by all but one of the wholesalers interviewed. Most commonly STS and BRC are mentioned although one or two named SALSA, ISO 2200, ISO 9001 and the need for evidence of Environmental Health visits and HACCP plans. The increasing importance of managing food waste was mentioned as a key consideration by one supplier.

Procurement Support Received or Required

7.32 Most distributors are open to the idea of working with the Welsh Government to increase the amount of Welsh-sourced produce supplied. However, several important factors were raised for consideration including price, continuity of supply, quality and the involvement of clients in the process.

"If they have a list of farmers we don't know about or more ideas to increase our chances of supplying to the public sector, we would be open to working with the Welsh Government."

"Yes, although I know most of the market already."

"Yes, they could recommend new suppliers to us and also help with price fixing that goes on."

7.33 Distributors were asked what the WG could do to assist food and drink businesses to supply more products to the public sector through wholesalers/distributors.

7.34 The key suggestion is stimulating 'client demand' in public sector organisations for Welsh produce and the use of Welsh based suppliers. This could be either through tender or contract specifications, or by working with catering contractors on menu development to create a 'Welsh' theme or include Welsh branded goods which would require sourcing from Welsh-based producers. One wholesaler suggested that changes to menu options could make a significant difference to the use of local suppliers. This is particularly important for contractors not headquartered within Wales whether catering or wholesalers as public sector clients could influence the choice of producers.

"The Welsh Government has to have the will to purchase those lines"

"If public sector organisations are outsourcing their catering contracts to firms outside Wales, they must buy off local suppliers and wholesalers. The Welsh Government need to make sure they use Welsh suppliers where available."

"Stop giving contracts to firms in England. A firm in Bristol won the catering arrangement for councils in South Wales."

"When we tender we always try to use products we have within our business- there is an added cost to locating new suppliers as well as extra deliveries

involved. We tend to cover off what we have already. Only when specified would we use others."

7.35 Other suggestions included helping SMEs to tender for contracts by simplifying the process.

7.36 Two suggested investment and development of food and drink businesses who can supply the sector. One supplier of fruit and vegetable products suggested giving subsidies to encourage local farmers to grow produce which can then be supplied to the public sector. Adequate quantities of produce are not available locally and the shortfall is often met by sourcing produce from other areas of the UK e.g. Lincolnshire. In realistic terms, growers would be restricted to climate-appropriate produce i.e. mainly vegetables.

8. Desk Research

8.1 Information on public sector food procurement activities in other areas of the UK has been gathered through desk research activities in order to give some context to the report.

8.2 This section contains details of programmes from Scotland, South West England, East Midlands and Northern Ireland.

Scotland

8.3 According to a report published in 2012, total Public Sector expenditure on food & drink in 2009/10 was approximately £150.3 million. Scottish products represent 48% of all food and drink purchases by value, with Scottish suppliers representing 77% of the supplier base.

8.4 As a national policy, the Scottish Government have put in place a Sustainable Procurement Action Plan, covering how sustainable procurement should be built into the Scottish Public Sector corporate culture. While this deals with all aspects of procurement, there is a strong emphasis on food supply, as a major part of their response to their climate change duties. As part of this, the Scottish Government have taken the strategic decision to make local purchasing in the public sector a key area of focus.

8.5 They are driving the initiative both from the top-down within the public sector, but also from the ground up by encouraging a local supply base: *"Times are changing and there is now considerable interest from the Scottish Government in increasing the role of Public Sector food procurement in providing opportunities for Scottish businesses"*

8.6 To tackle the issue from the supply side, they have published and are supporting 'Public Sector Procurement Opportunities: A practical guide to supplying food and drink to the public sector in Scotland.' which published in 2010. This is a publication aimed primarily at encouraging SME food and drink companies to supply the public sector to drive the use of more local produce within the Scottish Public Sector. By setting out very clearly the market, opportunities, challenges, routes to market, requirements and how to find opportunities, and how to tender effectively, as well as then practically supporting suppliers through the Scotland Food & Drink Service, they are aiming to ensure that the market is as open as possible to SME suppliers and that barriers to supplying the public sector are as low as possible.

8.7 From the public sector procurement side, a key document supporting the overall national policy is 'Catering for change – Buying food sustainably in the public sector' was published in 2011 and was launched at the Catering for Change conference. This guide is designed to act as a document for procurement staff within the public sector to drive local food purchasing. For example, it offers practical ways to prepare tender documents legally that can encourage local produce:

- specifying fresh and seasonal produce in tender documents
- removing barriers which stop small businesses bidding for work
- structuring contracts in a way that attracts a wide range of suppliers
- working with your suppliers
- addressing quality and nutrition
- buying food which will help to meet the Scottish Dietary Goals
- taking account of how food has been produced and processed
- thinking about its distribution
- considering animal welfare

8.8 As with the supply side work, the publication takes a very practical and pragmatic approach to encouraging procurement of local and sustainable food supplies. A key part of this publication is the inclusion of a 'sustainable food procurement checklist' offering those procuring supplies a process to follow in order to ensure that they are operating in the way that the overarching policy requires, and in line with best practice.

8.9 'Catering for change' is an extensively thought out document that covers the whole gamut of public sector food purchasing, from the wider context of legal implications and 'sustainable procurement' as an activity, through to the objectives of sustainable food procurement and the process and on to practical guidance of the implementation of purchasing food and drink in this manner.

8.10 The Scottish Government approach is to commission regular research, and to use this to continuously feed and measure the level of sustainable purchasing of food and drink within the public sector. The latest currently available report published suggests that there is now *'a strong awareness in every sector about the importance and need of sustainable purchasing.'*

South West of England

8.11 South West Food & Drink (SWFD) have taken a similar approach to Scotland in trying to encourage local food and drink purchasing in the public sector. Their website hosts a comprehensive set of toolkits for both suppliers and procurement departments in order to drive the message from both directions and provide advice and support for all those involved.

8.12 They also run a variety of locally focussed supply chain projects such as the 'Better Banger for our Boys' project, which looked at developing supply chains to provide local food for the army (in this case working with Wiltshire Council & the 43 Wessex brigade).

8.13 SWFD have a wider remit than looking at purely Public Sector purchasing of local produce, and have a heavy focus in their work on local purchasing as a whole. Clearly the Public Sector does have a large purchasing power, and therefore is a large element of this. They have made good links with local public sector bodies such as local authorities, NHS, Ministry of Defence sites etc, and have conducted a number of supply chain projects with these bodies.

8.14 SWFD have taken the approach of not only commissioning their own research and reports/toolkits, but also to make use of those already produced by central government and other departments, collecting them into one place for suppliers or purchasers to use. They have a third classification of target market for such toolkits of 'caterers' with specific guidance for catering companies who are often the 'middle-man' in such contracts between the supplier and the procuring authority. Examples of the toolkits are shown below.

Resources for Procurement Departments:

- Sustainable food: A guide for Hospitals
- Guidance for buyers and their internal customers
- DIY guide to implementing the PSFPI (Public Sector Food Procurement Initiative)- advice for practitioners
- How to increase opportunities for small and local producers when aggregating food procurement - guidance for buyers and specifiers
- Smaller supplier... Better value (on Office for Government Commerce (OGC) website)
- Aggregation - is bigger always better?
- Public Sector Sustainable Procurement Assessment Tool
- Guidance for procuring school meals

Resources for Suppliers:

- Supplying food into the Public Sector - Selling to Wholesalers & Distributors
- Supplying food into the Public Sector - Selling to Caterers
- Supply food into the Public Sector - Tendering Guidance
- Unlocking opportunities: lifting the lid on public sector food procurement
- Red meat and the Public Sector Food Procurement Initiative
- How Government Buys
- New National Opportunities Portal website
- Going public - an introduction to supplying the public sector

Resources for Caterers:

- Good Nutritional Care toolkit - hospitals or other care setting
- Providing Meals in primary schools

- Guidance for Procuring School Lunches
- Sustainable food procurement for contract caterers
- Sustainable food procurement for food service

8.15 The approach of having 'ready-made' toolkits available on their website, combined with specific projects with companies and purchasers means that they are providing both 'general' as well as targeted support.

8.16 While as a region within the UK, rather than a devolved region there does not appear to be relevant up-to-date figures specifically dealing with local supply to the public sector, their website states that *'Since 2002 we have been designing, developing and managing projects to support the local food community throughout the South West. Through more than 120 individual projects, we have delivered in excess of 2000 jobs, added over £15 million in net additional GVA and helped countless SME food and drink businesses to improve their performance.'*

East Midlands

8.17 In late 2008 in the East Midlands, six local education authorities came together to collaborate in the area of regional food procurement under the "Public Sector Food Procurement East Midlands" initiative banner. Following a scoping exercise the main objectives of the collaborative arrangement were identified as:

Helping farmers and producers

- To increase tenders from small and local producers and to improve their ability to do business

Improving efficiency

- To improve the sustainability and efficiency of production, processing and distribution
- To increase co-operation amongst buyers, producers and along supply chains
- To improve the sustainability and efficiency of public food procurement and catering services

To promote safe, healthy food

- To promote food safety, including high standards of hygiene
- To increase the consumption of healthy and nutritious food

8.18 The group identified a number of priority products with which to consider for regional food procurement Jacket potatoes, Meat and poultry, Eggs, Dairy, Fruit, and Vegetables. Procuring specified standard across these products improved the efficiency of procurement and also allows the procurers to collaborate on menu development.

8.19 The Public Sector Food Procurement East Midlands (PSFPEM) website is not currently available, however the initiative seems to have been well received, with several other areas (including Scotland) reviewing the initiative and deeming it 'best practice'.

8.20 From the supply side, PSFPEM produced toolkits of a similar nature to those seen in the work of SWFD, covering how to tender, what the opportunities are etc, but also containing practical contact details of relevant Public Sector Organisations in the East Midlands.

8.21 From the Procurement side, PSFPEM organised the 'Collaborative Food Procurement Programme' to identify how public sector organisations can work together in their commercial activity when buying food, catering services and kitchen equipment, to achieve better value for money, improved sustainability and enhance quality.

Northern Ireland

8.22 Northern Ireland appears to have a slightly different approach to other regions, and would seem to have a focus on growth of the food and drink sector through export, rather than local purchasing. Much of the research conducted by the Northern Ireland Food & Drink Association (Nifda) is regarding exporting and how this can contribute to growing the Northern Irish economy.

8.23 There is however similar pressure from within the public sector as with other regions to ensure 'sustainable purchasing' of food and drink, and a large part of this is local food purchasing. The Central Procurement Directorate produced guidance notes in 2011 that show during 2006-7 £27.3 million was spent on procurement of food by the public sector in Northern Ireland.

8.24 The central procurement directorate states that *'As a largely rural economy Northern Ireland has an abundance of producers and suppliers able to help the public sector tackle the challenge of delivering high quality nutritious meals for those in its care. However to do this we need to increase access to public sector contracts for the small and medium sized producers and to help them to compete more successfully for business and not just in Northern Ireland but across Europe.'*

8.25 By producing purchasing guidance for those in the public sector they aim to encourage purchasing of local food and drink supplies from within the public sector itself. They have examined a number of case studies, and have taken part in the RAFAEL 'authentic food' European project, which has resulted in pilot projects for local purchasing within the region.

8.26 Activity taking place to provide support for suppliers is less evident in Northern Ireland, with the majority of the 'drive' for the activity coming from central procurement. That is not to say that there are not supplier support programmes taking place, but the activity does not appear to be on as wide a scale as in Scotland or Wales, and does not appear to be centrally driven in the same way.