

CASE STUDY FOR THE PROVISION OF SCHOOL FOOD IN BATH & NORTH EAST SOMERSET

Purchasing body:	Bath & North East Somerset Council (B&NES)
Contract:	Provision of fresh produce to make 7,000 meals per day
Awarded:	August 2016
Savings:	6% saving on the previous contract (taking inflation into account) 6.01 tons of CO₂ emissions saved/year

Summary

- Provision of fresh meat, fruit and vegetables to schools within B&NES
- Increased use of suppliers and producers in the region to provide healthy and sustainable products
- Transparent, short supply chains back to source production enabled greater informed choices and granular management information for the council
- Consolidated farm fulfilment and customer delivery system to reduce food miles
- (i) Agent; (ii) Dynamic Purchasing System contract length – five years
- Value of £700,000 per annum

1 Procurement Approach

The contract was for the provision of fresh meat, fruit and vegetables into schools, some nursery schools and a meals on wheels service within B&NES. Meals at the schools were cooked and provided by the local authority's Catering Service and cooked fresh on a daily basis. A number of schools did not have kitchens and, in these cases, schools with larger kitchens acted as 'hub' kitchens, cooking and delivering the meals to the kitchen-less schools. Over 7,000 meals were cooked daily.

The existing contract the new arrangement replaced was let as five lots covering different categories of produce and dry/ambient goods, with a single supplier for each lot. It was initially anticipated that the new contract would be let on a similar basis. However, for various reasons the type of the contract that was let was radically different from the original concept. The new procurement approach became known as the 'B&NES model' which later led to the concept of the Dynamic Food Procurement (DFP) model.

The reasons for the change in approach were fourfold:

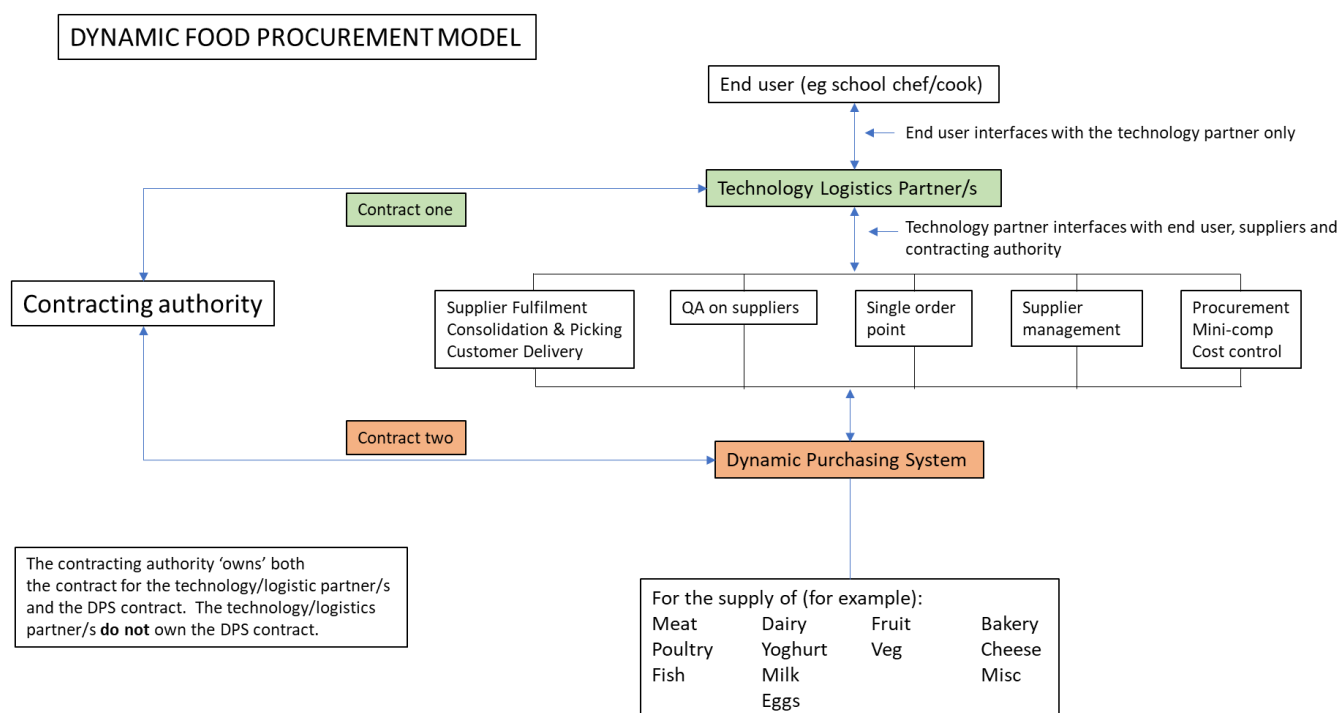
- 1 B&NES launched its Local Food Strategy in March 2015. This was a council-wide strategy encouraging an increased uptake of healthy and sustainable food, supporting producers and suppliers in the B&NES area, and acknowledging that public sector procurement had a clear role in supporting and delivering the Strategy's aims.
- 2 The key priority of the over-arching procurement strategy was to encourage procurement from suppliers in the B&NES area (where legally compliant and possible).
- 3 It was clear that the opportunity to re-let the contract would provide the ideal opportunity to support the two strategies with the outcome that more healthy, sustainable and seasonal

food could be provided to the schools whilst providing increased opportunities to suppliers and producers in the region.

- 4 The B&NES Catering Service had been awarded the Soil Association Food for Life Served Here (FFLSH) Silver award. In order to retain the award, they needed access to sustainable and organic produce. The way in which the new contract was set up supported this requirement.

2 The Procurement Model

The contract was broken down in to two elements. Firstly, a pilot partnership agreement with an organisation that undertook order consolidation and delivery, and who had extensive knowledge of suppliers and producers in the region (the Agent) and were B&NES's technology and logistics partner. Secondly, a Dynamic Purchasing System (DPS) with producers and suppliers. B&NES owned both contracts. See diagram below.



- 1 **The pilot partnership agreement with the Agent:** It had been decided to make this arrangement a pilot one as, within food procurement, this way of working had not been tried before. Following extensive market engagement (see later section) and legal consideration, B&NES appointed Fresh-range as the Agent and then both parties co-created the optimum solution, identifying the Agent's roles and responsibilities and identified how a tech platform could and should work to achieve the desired goals. This collaboration was critical for both sides to identify fully what was needed and how it could be delivered.
- 2 **The Dynamic Purchasing System:** A DPS is similar to a framework contract with multiple suppliers but, unlike a framework contract, it allows for new suppliers to join at any time, provided they meet the established selection criteria. One of the key advantages of a DPS is that potential suppliers can apply, and are actively encouraged, to join as and when they are

able to do so, rather than having to join at the start of the contract period. It allows for the “s” part of SMEs to tender for a public sector contract as they are not expected or required to fulfil the total value of the contract. Using a DPS in combination with tech agent support enables suppliers to supply what, when and how they are able to produce.

In order to get on to the DPS potential suppliers had to go through the pre-qualification procedure. In this instance, this documentation included the mandatory procurement regulation and legal requirements, quality requirements, etc. However, pricing was not considered at this stage.

Once on the DPS, suppliers participated in mini-competitions on the products they wished to tender for. This enabled large and small suppliers to compete alongside one another in a marketplace. It meant small producers, that for example, only sought to supply one product, could tender without being obliged to supply the whole lot. Learnings around which products to fix pricing on for the duration of the mini-competition and which products to allow fully dynamic daily pricing updates by the suppliers could be allocated. The technology and management agent’s platform enabled some products to have daily dynamic pricing and some to be fixed. The agent ensured that the mini-competition was a DPS regulation compliant, sealed, blind bid process for each product category within the lot. The agent then worked collaboratively with the catering manager to rank each supplier for each product and draw a cut line for which suppliers to list on the stores and which to omit – by individual product category.

Once the contracts were in place, the school cooks and chefs ordered directly via the online platform with one order, rather than placing orders with individual suppliers. In turn, they received one consolidated delivery, again rather than different deliveries from multiple suppliers.

3 Market Engagement

The approach taken to establish the procurement model was driven by (a) the authority’s priorities (see section 1) and (b) the extensive market engagement that was undertaken at the pre-tender stage.

The initial event was held in March 2015. Following the event, it was clear that an alternative, non-traditional approach should be considered if the authority was to fulfil its obligations under the Local Food Strategy and the Procurement Strategy, and to deliver a contract that was fit for purpose, one that producers and suppliers could support and engage with, and one that suited the end users – the school caterers.

The market engagement was conducted over a relatively long period of time and included a range of face-to-face meetings and events, individually and in groups. Suppliers included not only food producers but also tech and logistics providers. The final session was to introduce the procurement documentation to the potential suppliers to ensure that they fully understood what B&NES were looking for and what the suppliers needed to do. There was further engagement with potential suppliers on as-needed basis.

B&NES strongly believed (and still do) that this robust engagement with the market was key to defining the procurement approach, and to the success of the contract once in place.

Overall the market response to the proposed procurement route was positive. The DPS would allow smaller producers and suppliers to provide the public sector with produce and this opportunity was definitely appreciated. There was still concern that the qualifying document was bureaucratic and long-winded; this was despite B&NES’s best efforts to keep it as simple as possible. This made some

potential suppliers a little reticent about completing it. However, part of the market engagement process was to assist potential suppliers through this process which definitely helped. It also gave the B&NES procurement team an opportunity to understand 'on the ground' barriers (perceived or real) for small providers.

4 Accreditations

The pre-qualification requirements included a requirement for various standards and accreditations. For example, the minimum requirements included:

- UK Red Tractor (for meat)
- UK Lion Mark (eggs)

Suppliers were invited to include other certification schemes and food safety schemes in their responses; such as:

- SALSA
- BCR Global Standard
- Organic certification
- Leaf Marque
- RSPCA Assured
- Fairtrade, Rainforest Alliance
- etc

These were not set as minimum standards (although might have been in a later iteration of this procurement arrangement) but products that carried them were clearly marked on the platform to encourage schools to purchase them.

5 Costs

The procurement team were given the go-head to adopt this procurement approach on the basis that costs would not significantly increase. In the end, after inflation, the contract realised 6% savings on the previous contract.

This was achieved through a variety of means and at no time were unrealistic or unprofitable prices demanded from the suppliers.

- Due to the online ordering (rather than the previous telephone ordering) cost of product was very clear and it also removed the upselling by a contractor which often happens when orders are placed by telephone.
- Management information was easily, readily and speedily available, something the catering service did not have in place before.
- Should products become unrealistically expensive, they could be delisted and appropriate substitutes be made. For example, school cooks were making vegetarian lasagna in January using imported aubergines and courgettes which came from Spain. Spain had a particularly bad cold spell which meant produce became inordinately expensive. The Spanish produce was delisted and the school cooks made the lasagna with much cheaper organic Cavolo Nero which was grown by a farmer close to Bath.

- Substituting different cuts of meat also reduced costs. For example, chicken breast was the default cut of chicken; in some instances this was substituted with organic chicken thighs that were cheaper than the free range chicken breast. The additional benefit of this (and the organic kale) was that it supported their FFLSH Silver accreditation.
- Delivery was one or two set days and times (as agreed with the schools) a week and emergency orders were actively discouraged. This meant that the school had to plan their orders more effectively.

6 Additional Benefits

- ✓ Carbon emission reduction was not specified as an objective in the tender documents. However, a carbon emission reduction calculation was performed retrospectively solely on the customer delivery element of the contract - 6.01 tonnes of carbon were saved per annum. See figure (i) on how this was achieved. If baseline data had existed for the fulfilment logistics required from farm to hub or customer then further carbon savings would likely have been identified. The scope 3 emissions associated with the production approach taken was not reviewed on this contract. Whilst the short supply chains improved transparency on this contract, it would not be possible to establish a baseline as too little was known about food production approaches in the past.
- ✓ Local producers were on the contract, resulting in supporting the local economy, jobs and skills.
- ✓ School cooks had to order on tablets; they were provided with high spec tablets, training and could use them for their own use. Some of the cooks had not used PC or tablet before so this meant that they became more digitally aware.

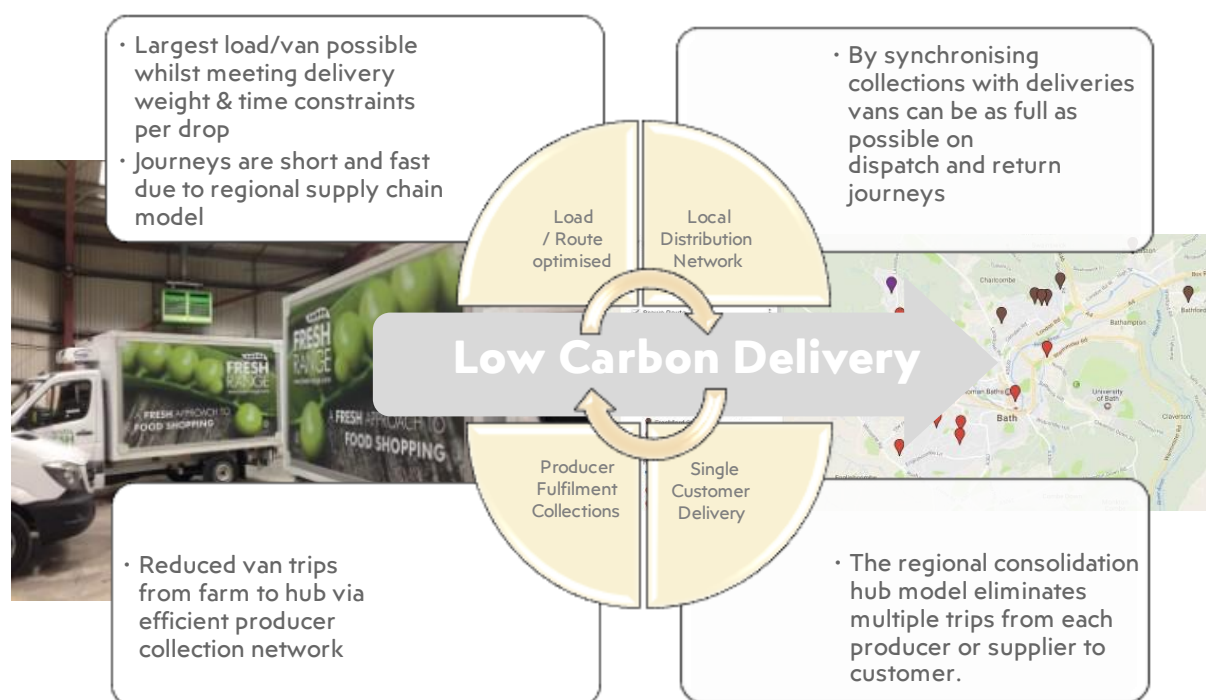
7 Lessons Learnt

- 🔦 Do take the time to fully think through a procurement approach. B&NES allowed 18 months from initial market engagement to awarding the DPS and, whilst it could have been done a bit faster, this allowed for all avenues to be explored.
- 🔦 Do get the market on board – face-to-face market engagement was crucial to the way this contract was let.
- 🔦 Do make the procurement documentation as simple as possible whilst remaining legally compliant; even it has been simplified, go back through it and simplify it again.
- 🔦 Do get all your stakeholders on board very early in the process, including senior leaders and other authorities.
- 🔦 Don't ignore what is happening in the day-to-day operations of potential suppliers. A number of meat producers/suppliers are based on mixed farms (i.e.. farming arable and livestock). In order to have the DPS in place for the start of the new school year in September 2016, B&NES asked for DPS documentation to be returned in July/August which is peak harvesting season for arable crops. Accordingly, some farmers simply did not have the time to complete the initial DPS paperwork and had to wait until the next round. This was frustrating for them and resulted in a lack of responses for the initial DPS.

- ☛ This is an approach that could be replicated across the regions. It relies on the agency organisation to understand the supply market as much of the contract's success relies on their relationship with the suppliers and with the schools ordering the produce. It allows for small suppliers to be part of public sector procurement without relying on a large contract, at the same time giving them time to expand to meet growing demand if necessary.
- ☛ For a collaborative approach to work, it means that neighbouring authorities need to work together both at identifying their needs but also to ensure that their relevant strategies are aligned for a common purpose.

Smart Logistics Management

How we do it



(figure (i))

Dynamic Food Procurement National Advisory Board

(www.dynamicfood.org)

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