

Gwell Cysylltiadau Busnes Organig



Better Organic Business Links

The Welsh Organic Fruit and Vegetable Sector and Public Sector Procurement in Wales.

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on behalf of *Better Organic Business Links*

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mewn Ardaloedd Gwladig
The European Agricultural Fund for
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1. Methodology

Mabis were commissioned to undertake a piece of research on behalf of Organic Centre Wales (OCW), to examine public sector food procurement in Wales, and the opportunities the sector offers organic fruit and vegetable producers within Wales. As part of this process, we were asked to evaluate the recent tendering exercise in which OCW played a key part in ensuring a consortium bid was submitted by organic producers to supply fruit and vegetables to universities in Mid and South Wales. This was a procurement opportunity led by Cardiff University on behalf of the Higher Education Purchasing Consortium Wales. The aim of the report is to provide an overview of the public sector procurement opportunities and challenges facing the organic sector in Wales. In addition to the original brief, we were also asked to carry out an additional sub-section looking at public sector procurement and the opportunities for both the Organic Milk Sector, and the Organic Meat Sector, which are included within the body of this report. It's worth noting that most section of this report are also applicable to both Milk and Meat sectors.

1.1 Key Tasks

To ensure a thorough evaluation was undertaken, the following tasks were completed:

- 1 An evaluation of general guidance available to Small and Medium Enterprises (SME's) who intend competing for public sector contracts in Wales.
- 2 An evaluation of specific guidance available to food producers who intend to compete for public sector contracts in Wales.
- 3 Analysing various fruit and vegetable public sector tenders in Wales -case studies of the process suppliers/producers need to undertake.
- 4 Analysing the pre-qualification questionnaire and tender documents submitted by Organic Fresh Food Company (with guidance from OCW) to the purchaser (Cardiff University).
- 5 Qualitative research undertaken with Organic Producers with a focus on public sector opportunities in Wales.
- 6 Analysing previous reports commissioned by the OCW in relation to supply chain development.

7 Recommendations for the OCW and organic producers in relation to Public Sector procurement in Wales.

Each section of the report has a short summary with the key findings and key recommendations can be found at the end of the report.

2. Executive Summary

This section brings together the recommendations section found at the end of this report, which are the main recommendations for suppliers and the OCW as a result of this work. Within this Executive Summary, we also capture what we perceive to be the main findings from each of the sub-sections found within the report (the main recommendations are captured within the recommendations section as well as these sub-sections). Section 1 above clearly details our methodology for undertaking this research, and the key findings are all captured within this section, which is relevant to Organic fruit and vegetable, milk and meat producers and distributors.

2.1 Recommendations

Following a careful analysis of all the work undertaken within this research, these are what we believe are the key recommendations for both organic producers and OCW staff working on supply chain development within the sector.

- All suppliers need to register on the www.sell2wales.co.uk website to receive alerts of public sector food contracts in Wales. They need to choose the correct CPV codes in order to get the correct alerts under the "categories" heading. Free support to fill in the pre-qualification questionnaires and tenders is available through the Welsh Government's Supplier Development Service (full lists of contacts can be found in Attachment 2).
- Suppliers need to be in regular contact with catering managers within the public sector bodies they're interested in tendering for to ensure they know when and where the tender opportunity that is relevant to them is coming out. Many of these contracts are advertised on an ad-hoc basis and some bodies keep an internal list of suppliers. A full list of public sector bodies in Wales, with their main procurement officers and contact details can be found in Attachment 1 of this report.
- As demonstrated by the recent procurement exercise undertaken by the Organic Fresh Food Company, the organic sector will struggle to compete for public sector contracts due to price. It is recommended that OCW conducts research into the typical prices paid by the public sector for fruit and vegetables; as well as encourage the sector to target businesses who've won public sector contracts to see if there are any sub-contracting opportunities available.

- As outlined in section 5.1 of this report, producers must meet set criteria to compete for public sector contracts. If OCW are keen for the sector to tender for public sector contracts, there is a role for them as an organisation to support producers to ensure they meet the minimum requirements.
- To remain competitive, organic suppliers must be able to meet tight delivery schedules and have no minimum order values; otherwise they are at a major disadvantage in any procurement process. Also producers must be able to price all of the items highlighted within the tender and not just some of them.
- If producers cannot supply directly to the client, it is worth considering supplying the local wholesalers, cash and carry, distributors or retail outlets that will compete for all of these public sector contracts. There could be a key role for Organic Centre Wales to facilitate meetings with these key buyers.
- Many organic suppliers weren't interested in supplying the public sector directly as they felt they wouldn't be able to compete against non-organic suppliers. Collaboration is another route businesses can take. There is a role for OCW to facilitate these discussions in Wales (with producers and key buyers), on a geographical basis, with a view to setting up geographical collaborative hubs which could potentially generate opportunities with key wholesalers or distributors in the region. Models such as Stroudco Food Hub in Gloucestershire and Pembrokeshire Produce direct can be explored further to stimulate discussions with producers.
- As demonstrated by the outcome of the Cardiff University tendering opportunity, increased lobbying of the Welsh Government is required to ensure that the organic sector's interests and opinions are conveyed especially in terms of public procurement and ensuring that key public sector bodies procure local food.

2.2 Public sector procurement guidance for SME's-key findings

- All major public sector contracts are advertised on the national procurement website www.sell2wales.co.uk. Suppliers need to register on this site to receive relevant tender notifications. You need to choose the correct CPV codes in order to get the correct alerts under the "categories" heading.
- Most of the contracts worth £50,000 or below are advertised on the public sector body's website, local newspapers, or by going to 3 or more suppliers and asking them to quote for the work. The only way of keeping on top of this is to communicate with individual authorities on a regular basis.

- Public sector bodies welcome bids from suppliers on a collaborative or consortia basis, which some SME's may find more attractive than competing on their own for these contracts.
- Purchasers will always reduce the risk by eliminating potential suppliers who are financially unstable, or who do not have the necessary expertise or capacity to fulfil the contract.
- Free support is available to businesses to complete pre-qualification questionnaires or tenders through the Welsh Government's Supplier Development Service (full lists of contacts can be found in Attachment 2).

2.3 Public sector food procurement-key findings

- The public sector in Wales spends around £72m per annum on food, and around 50% of this is bought by companies in Wales. A full list of all Public Sector Bodies in Wales, including the procurement managers and relevant contacts can be found as an attachment to this report (Attachment 1). Regular contact needs to be maintained with these key personnel to keep on top of when and where relevant contracts are coming out.
- Alternatively, it is worth producers considering supplying the local wholesalers, cash and carry, distributors or retail outlets who compete for a number of public sector contract.
- The main public sector bodies who procure fruit and vegetables are the NHS, Local Authorities and Higher and Further education colleges.
- Suppliers need to ask themselves if they can compete against their competitors in the area on price, as price has such a high scoring factor in any procurement process the public sector undertakes. If they cannot do this, they have to question hard whether it's worth taking part in the tender process.
- More and more public sector bodies in Wales purchase in consortia. Local Authorities group together, as do the higher and further education establishments. A public sector body will only go out to purchase food contracts once every 4 years on average.
- EU procurement legislation limit the opportunity for supporting the purchase of local food and drink procurement which gives preference to any supplier on the basis of location is in breach of EU treaty.

- The HACCP accreditation is required to compete for any public sector contract in Wales.

2.4 Tendering check list for fruit and vegetable contracts within the public sector in Wales

After going through various case studies of current public sector fruit and vegetable contracts in Wales, this check list highlights the minimum criteria required of suppliers wishing to compete for any public sector fruit and vegetable contract in Wales.

KEY REQUIREMENT	NECESSITY	FAVOURABLE
HACCP (Hazard Analysis and Critical Control Point)	√	
EU Class 1 products in most instances, if not available, EU Class 2 will suffice	√	
Insurances-Public Liability and Professional Indemnity up to £5m	√	
Product traceability procedures and policy	√	
Packaging Policies and Procedures	√	
Health and Safety Policy	√	
Demonstration of local supply chain and sourcing		√
Demonstration of an effective distribution system	√	
Willingness to deliver to set hours on a 2/3 times per week basis to all premises stipulated within the contract	√	
Evidence of risk assessments and method statements undertaken internally	√	
Evidence of appropriate staff training undertaken	√	
Added value and continuous improvement offered within the contract		√
STS or equivalent quality control procedures		√
Details of recent food hygiene inspections/reports including evidence of acting upon recommendations	√	

Robust recycling procedures in place for all products used		√
A computerised system which keeps track of all procedures and evidence in relation to the contract		√
Evidence of on-cost attributed to each of the product lines you're bidding for	√	
CRB checks for all employees delivering to any of the client's premises	√	
Evidence of how you conform to all food standard legislation, including how you manage suppliers, and cold storage facilities	√	
Minimum order value-preferably 1p and above	√	
Product recall procedure	√	
Complaints procedure	√	
References for previous, similar contracts undertaken	√	
2 or 3 years audited accounts		√
Quality control-ensuring product is at its freshest at point of delivery	√	
Sustainability procedures-what impact do you have on social, environmental and economic issues in the district?		√
E-transactions-your ability to accept electronic payments		√

2.5 Organic Fresh Food Company-key findings from recent tendering exercise undertaken

- The absence of a formal accreditation is a major stumbling block, and to compete for public sector contracts in the future, a full accreditation is required. The STS accreditation is the one most public sector bodies seem to be asking for in the tender price.
- The ability to deliver daily is a pre-requisite with a number of public sector contracts.
- The discrepancy in price between the organic supplier, and the non-organic supplier will always make it difficult for organic businesses to be competitive in this market.

It's recommended the OCW conducts research into the typical prices paid by the public sector/

- Targeting local wholesalers or distributors may be a more attractive option rather than competing on their own for these contracts. A discussion around price must be held before deciding whether or not it's applicable for the sector to complete for public sector contracts in the future.
- To remain competitive, organic suppliers must be able to meet tight delivery schedules and have no minimum order values, otherwise they are at a major disadvantage in any procurement process. Also, suppliers must be able to price all of the items highlighted within the tender, and not just some of them.

2.6 Consultation with Organic Fruit and Vegetable producers-key findings

- Most businesses believed they'd be priced out of the market based on the fact they're competing against non-organic specified products, which will always be cheaper.
- Businesses would welcome the opportunity to sub-contract for public sector contracts, and believe this is a more realistic option than competing for these contracts on their own.
- Businesses would welcome the opportunity to meet with key wholesalers and distributors within their regions, to see if there are possibilities of supplying them rather than competing against them for public sector work.
- Collaboration did appeal to most businesses interviewed, and there was a strong view that the OCW should lead on this. Hubs formed in specific geographic locations would be the most obvious function to compete for these contracts.

2.7 Key findings from previous reports, in relation to public sector procurement in Wales

- Collaborative working was identified as being central to the future of the sector. The Stroudco Food Hub in Gloucestershire can be used as a model for any future development work.
- There should be a campaign to try to supply key buyers in the food market such as Castell Howell.

- Lobbying on behalf of producers was seen as a key outcome. This especially true in relation to public sector procurement as the Welsh Government message of buying locally doesn't seem to be carrying through in relation to public sector fruit and vegetable contracts.
- BOBL could play a key role in promoting the PPD model across Wales, and in providing information on local suppliers to store managers with a particular emphasis on small local stores.

2.8 Tendering check list for businesses looking at public sector milk contracts in Wales

After reviewing a number of public sector tender documents for the supply of milk, this check list summarises what is required to compete for milk contracts in the public sector in Wales.

KEY REQUIREMENT	NECESSITY	FAVOURABLE
A fully audited externally certified quality management system must be in place to deliver any such contracts.	√	
An STS audit will be carried out on the premises of any successful tenderer prior to the contract commencement date, at a cost of around £500 to the business.	√	
HACCP (Hazard Analysis and Critical Control Point) system in place	√	
Insurances-Public Liability and Professional Indemnity up to £5m	√	
Product traceability procedures and policy-including full traceability history	√	
Packaging Policies and Procedures-to include best before dates	√	
Health and Safety Policy	√	
Food Safety Policy Statement	√	
Demonstration of an effective distribution system within the area of delivery	√	
Willingness to deliver on a daily basis to all premises indicated within any tender usually between 8am and 2pm	√	

Evidence of risk assessments and method statements undertaken internally-for all activities, including all activities identified under HACCP	√	
Evidence of appropriate staff training undertaken-Food Safety Training a necessity	√	
Details of recent food hygiene inspections/reports including evidence of acting upon recommendations-including Trading Standards, Environmental Health	√	
Robust recycling procedures in place for all products used		√
A computerised system which keeps track of all procedures and evidence in relation to the contract		√
CRB checks for all employees delivering to any of the client's premises. Full photo ID for all staff members delivering.	√	
Minimum order-no minimum order values should apply to any contract	√	
Product recall procedure	√	
Customer Complaints procedure	√	
References for previous, similar contracts undertaken-between 3 and 6 of these must be provided	√	
Delivery price must be included within the price per unit	√	
Awarding body will carry out random inspection on the premises during the life of the contract-must comply with this	√	
Environmental Policy statement including recycling procedures	√	
Refrigerated and temperature controlled vehicles must be available to deliver all products. Milk temperatures cannot go above 8 degrees Celsius.	√	
Pest control procedures-evidence of this		√
2 or 3 years audited accounts-a full financial assessment will be carried out on any business tendering for the work.	√	
Sustainability procedures-what impact do you have on social, environmental and economic issues in the district?		√

E-transactions-your ability to accept electronic payments		√
Equal Opportunities Policy Statement Included	√	
All milk supplied must be pasteurised and have a 5 day shelf life	√	
Full temperature records must be available for all products supplied within the contract	√	
Cleaning procedures		√
Must supply straws with some of the products supplied	√	
Full details of ordering systems-including availability to take orders electronically		√

Key recommendations for milk suppliers and producers from the research carried out are;

- A fully audited HACCP procedure must be in place.
- Businesses must be able to deliver on a county-wide basis, and have a fleet of vehicles in order to do this in a minimum delivery basis of 3 times per week.
- If businesses cannot compete for public sector contracts directly, the alternative would be to sub-contract to the current suppliers, or wholesalers within the region. There is a role for the OCW to facilitate these meetings.
- Price will always play a key factor in the award of these contracts. Organic suppliers will be competing against non-organic specified products in this sector, and need to determine if this is viable.

2.9 Tendering check list for businesses looking at public sector meat contracts in Wales

After reviewing a number of public sector tender documents for the supply of meat, this check list summarises what is required to compete for meat contracts in the public sector in Wales.

KEY REQUIREMENT	NECESSITY	FAVOURABLE
A fully audited external certification award for quality from a body within the industry (in addition to HACCP)- must be in place.	√	

HACCP (Hazard Analysis and Critical Control Point) procedures in place.	√	
STS Certification (external audit)-if selected to deliver tender, prior to formal approval (at a cost of around £500 to the business)	√	
Insurances-Public Liability and Professional Indemnity up to £5m	√	
Product traceability procedures and policy-full traceability history must be available for all products supplied	√	
Packaging Policies and Procedures-including vacuum packing	√	
Health and Safety Policy Statement	√	
Demonstration of an effective distribution system	√	
Willingness to deliver to set hours on average of a twice a week basis to all premises stipulated within the contract-usually between 8am and 2pm	√	
Evidence of risk assessments and method statements undertaken internally-especially in relation to the HACCP document	√	
Evidence of appropriate staff training undertaken-including all relevant Food Handling Training for all staff members	√	
Added value and continuous improvement offered within the contract		√
Details of recent food hygiene inspections/reports including evidence of acting upon recommendations. This includes Environmental Health and Trading Standards reports.	√	
Robust recycling procedures in place for all products used		√
CRB checks for all employees delivering to any of the client's premises	√	
No minimum order value-must deliver regardless of the size of the order	√	
Product recall procedure	√	

Customer Complaints procedure	√	
References for previous, similar contracts undertaken-between 3 and 6 examples	√	
2 or 3 years audited accounts	√	
Quality control-ensuring product is at its freshest at point of delivery-including details of stock rotation	√	
Sustainability procedures-what impact do you have on social, environmental and economic issues in the district?		√
E-transactions-your ability to accept electronic payments		√
Food safety policy		√
Details of temperature control procedures including evidence of monitoring at all times. This must be handed in with all delivery notes.	√	
The ability to supply the full range of meats including beef, pork, lamb, offal, poultry, bacon, gammon, sausages, turkeys	√	
Evidence of a comprehensive labelling system for all products	√	
Environmental Policies and Procedures including sustainable material used and recycling procedures for all waste streams		√
Suitable temperature controlled vehicles to deliver all products-and evidence of temperature monitoring within the vehicles	√	
Equal Opportunities Policy Statement		√
Pest Control Procedures		√
A willingness to let the awarding authority to inspect your premises at any time during the contract delivery	√	
Recruitment and Training Policy		√
Stock rotation procedures		√

Key recommendations for organic meat suppliers wishing to compete for public sector contracts in Wales are;

- A fully audited external certification award in addition to HACCP must be in place. This could include STS/CMI/SALSA.
- Any organic meat supplier can use the Meat Trades Journal average price index as an indicator of whether they can be competitive in the industry. The index is updated on a weekly basis. We attach at the end of the report the latest price index available (**Appendix 4**)
- If suppliers cannot supply directly, there is an opportunity for the OCW to facilitate meetings with key buyers and wholesalers within the region to seek sub-contracting opportunities.
- Distribution is a key factor. A fleet of vehicles which are able to deliver to most establishments on a county-wide basis and on a daily basis is the norm expected from any public sector client.

3. Public sector procurement guidance - SME's

A number of key documents and publications issued by various public sector bodies in Wales were researched including those from Local Authorities and the Welsh Government. A summary of the key findings are highlighted at the end of this section.

“How to Tender for our Work”- Direct guidance issued by a number of local authorities in Wales in about how to do work with them (2008-2011)

-Most public sector bodies in Wales issue contracts worth over £50,000 in value on the national procurement website www.sell2wales.co.uk

-All tender opportunities below £50,000 in value in some organisations, and below £25,000 in others will be advertised either on internal websites, local newspapers, or by going to 3 or more suppliers, and asking them to quote directly for the work. Only a small percentage of these contracts will appear on the national procurement website, www.sell2wales.co.uk

-It is important that business details are registered on internal lists or frameworks that public sector bodies hold. This can be done by contacting the relevant buyers within the organisation and ensuring the necessary forms/documentation is completed. A supplier list is an open-ended list of suppliers which businesses can join at any time by filling in the relevant forms. A framework is when the public sector body goes through a procurement exercise, and selects 'x' amount of suppliers for a minimum of 3 years to undertake the work in question.

-Most public sector bodies whether going down the open tender route, or restricted procedure will use standard documentation or questions that have been produced for use by Value Wales, which is the government arm responsible for procurement.

-Never mark the tender envelope, including by registered post or franking. Tenders will be immediately disqualified.

-More and more tenders are being completed electronically, usually via the [etenderwales website www.etenderwales.bravosolution.co.uk](http://www.etenderwales.bravosolution.co.uk).

-Public sector bodies are obliged by law to give the client feedback on any tenders submitted and it's always worth going after this so as to learn from any

mistakes and make improvements.

Opening Doors-The Charter for SME Friendly Procurement-Value Wales

-This Charter has been developed by Value Wales, the Welsh Government Procurement arm, and produced as a programme of actions to deliver a consistent approach to procurement across the public sector in Wales.

-99% of all businesses in Wales are SME's.

-The 'One Wales' progressive agenda for the Welsh Government underlies an aspiration through its commitment to introduce an All Wales Purchasing Code of Practice. This Charter is the cornerstone of this Code of Practice.

-In this document, the public sector in Wales welcomes the opportunity to do business with SME's and the commitments include: not assume that larger suppliers always offer better value for money; facilitate discussions between SME's and the public sector and ensure all processes create a level playing field for SME's.

-In addition, the public sector in Wales also promises to ensure they advertise contracts over £25,000 in value more widely on www.sell2wales.co.uk as well as: welcome bids from small businesses on a collaborative or consortia basis; use sustainable development criteria in determining value for money; assessing the impact of economic, environmental and social factors and package large contracts into separate elements or make use of regional lots if appropriate, to ensure that SME's are not excluded from tendering.

Barriers to Procurement Opportunity Research – Welsh Government 2009

-The purpose of the report was to summarise research findings into pre-qualification practices used in procurement by public sector bodies in Wales, and how barriers faced by SME's can be reduced. Value Wales are in charge of implementing the findings of this report.

-The main issues SME's encountered with the procurement process included the complexity of the tendering process, a lack of transparency in the evaluation and feedback process and the use of non-contract specific risk criteria which are sometimes unduly onerous compared to the value or risk posed by the contract.

-Public sector bodies in Wales have produced a proliferation of Pre-Qualification -

Questionnaires (PQQ's) which vary still further depending on the type and substance of the contract under consideration. PQQ's may be required for every invitation to quote or tender, creating a considerable administrative burden for SME's, who have no assurance their efforts will be rewarded.

-The purchasers expect the PQQ process to assist in reducing risk by eliminating potential suppliers who are financially unstable or who do not have the necessary expertise or capacity to fulfil the contract.

-Public sector bodies in Wales are encouraged to participate in aggregated contracts and framework agreements because they reduce transaction costs-and use the scale economies to achieve low prices.

-All-Wales contracts and frameworks have a number of distinct advantages to the public sector including competitive prices and lower unit prices, centralised administration and larger contracts can allow suppliers to make investments in necessary infrastructure to become more efficient, improve quality and reduce costs.

-The advertisements of contracts between £10,000 and £50,000 in value are varied. The only way of keeping on top of this is to communicate with individual organisations on a regular basis.

-Both SME's and procurement personnel were of the view that a simplified and 'fit for purpose' register of standard pre-qualification data, maintained and managed centrally to avoid duplication for all parties is essential.

-SME's believe the public sector is biased towards larger firms.

-The recommendations of the report included developing a standardised PQQ which is now being done through the development of the Squid tool.

-Due to the inconsistent operation of approved lists, and the frustration this causes all concerned in the procurement process, they should not be used at all.

Value Wales - Winning our Business-2010

-Winning our business is intended to assist potential suppliers; especially Welsh SME's to explain how the Welsh Government procures its goods and services.

-xchangewales which is the format for buying for public sector organisations is delivered in a modular format for public sector organisations. Some key

components include:

-sell2wales/buy4wales

-electronic purchasing - through the Wales purchasing card

-etenderwales where most electronic tenders are published

Winning in Tendering - Bangor University project to assist businesses with the procurement process 2011-2014

-Winning in tendering is focused on raising the skill levels of businesses to win public sector contracts. It's an INTERREG funded project, and is available to all businesses within the convergence area of Wales.

-A Supplier Review Service to enable businesses in Wales to learn why they've failed to win past tenders, thus improving skills and encouraging businesses to re-enter the tendering game with renewed optimism.

-An on-line diagnostic tool to allow supplier to give themselves a 'Health Check' to self-evaluate their tender readiness.

-You can access this service by following this link;
<http://www.bangor.ac.uk/law/winningintendering.php.en>

3.1 Key Findings

- All major public sector contracts are advertised on the national procurement website www.sell2wales.co.uk. Suppliers need to register on this site to receive relevant tender notifications.
- Most of the contracts worth £50,000 or below are advertised on the public sector body's website, local newspapers, or by going to 3 or more suppliers and asking them to quote for the work.
- Some public sector bodies still keep internal lists of suppliers, and buyers within those organisations need to be contacted to register company details.
- The advertisement of contracts between £10,000 and £50,000 in value is varied. The only way of keeping on top of this is to communicate with individual authorities on a regular basis.
- Public sector bodies welcome bids from suppliers on a collaborative or consortia basis, which some SME's may find more attractive than competing on their own for these contracts.
- Public sector bodies in Wales have produced a proliferation of PQQ's which vary still further depending on the type of contract under consideration. This means suppliers have to invest a lot of time to fill every single one of these documents.
- Purchasers will always reduce the risk by eliminating potential suppliers who are financially unstable, or who do not have the necessary expertise or capacity to fulfill the contract.
- Public sector bodies in Wales are encouraged to participate in aggregated contracts or framework agreements because they reduce transaction costs.
- Free support is available to businesses to complete pre-qualification questionnaires or tenders through the Welsh Government's Supplier Development Service.
- Through Bangor University's Winning in Tendering project, a Supplier Review Service is available, to enable businesses in Wales to learn why

they've failed to win past tenders, thus improving their skills.

- Framework agreements are becoming a popular procurement tool for public sector bodies. They will undertake a tendering exercise, placing a number of suppliers on a 'call-off' list. Any businesses that aren't on a framework are excluded from any tendering process, usually for a minimum of 3 years.

4. Public sector food procurement

A number of key documents with specific focus on the procurement of food contracts within the public sector were researched to undertake this section of the work. These included documents published by the Welsh Government, DEFRA, and other key food procurement specialists.

How to...Sell to the Public Sector In Wales-Welsh Food and Drink Industry Guides (Food, Fisheries and Market Development Division)-Welsh Government 2011

-The public sector in Wales spends around £72m per annum on food, and around 50% of this is purchased by companies who operate within Wales.

-All businesses need to register on the www.sell2wales.co.uk website to gain access to all public sector bodies in the country. It is imperative the correct geographical areas and the correct CPV codes under the 'categories' heading are noted, otherwise businesses will miss out on relevant opportunities. There are around 120 public sector bodies in all within Wales-and a full list of these along with the main procurement contact within those bodies are attached to this report (Attachment 1). Speaking to the procurement officer is a good way of establishing a communication channel with any public sector body in Wales.

-More information about the Welsh Government's procurement policy can be found via this weblink:
<http://wales.gov.uk/topics/improvingservices/bettervfm/smartpurchasing/wob/?lang=en>

-It is worth remembering the procurement process can be a long and can take up to 12 months from when a contract is advertised, to the successful supplier(s) being appointed.

-Financial information will be required for every tender, usually copies of the most recent 3 years of full accounts.

-If you want to question the Welsh Government on any aspects of its procurement policy, their email address is procurement.enquiries@wales.gsi.gov.uk

-The Welsh Government's Supplier Development Service will assist

businesses to fill in pre-qualification questionnaires and tenders free of charge. A full list of your local Supplier Champion is included as Appendix 2.

Selling to the public sector - A guide to the Public Sector Food Procurement Initiative for farmers and growers - Defra

-It is worth considering supplying the local wholesalers, cash and carry, contract distributors or retail outlets that will compete for a number of public sector contracts. The two largest wholesalers are 3663 and Brakes.

-Collaboration is another route businesses can take to compete for such contracts, and public sector bodies will treat these bids just like any others.

-The main public sector bodies that small producers can supply fruit and vegetables directly into include the NHS, Local Authorities, schools, higher and further education colleges. A number of these contracts are broken down into smaller 'lots' to allow local suppliers an opportunity to compete for this work.

-Farmers and growers need to establish which public sector bodies operate within the area, who supplies the food and catering for them and how they advertise their contracts.

-All public sector buyers would expect the supplier to be Farm Assured and hold certificates of organic registration and accompanying schedules.

-Tenders in England can be accessed by registering via the Supply2Gov website www.supply2gov.uk and captures all of the contracts that are worth less than £100,000 in value.

-All contracts worth over £100,000 in value are advertised on the OJEU (Official Journal for the European Union) www.ted.europa.eu

-Contact public sector bodies directly to see if they have a list of suppliers, and when their next contracts are coming out (list of public sector bodies in Wales

can be found in Attachment 1).

-There are 2 main types of procurement procedures public sector bodies use to purchase their goods and services which are: **open contract** (when everyone who responds submits a full price tender) and **restricted procedure** (where buyers use a pre-selection process to draw up a shortlist of suppliers, and then ask those shortlisted suppliers to submit a tender).

Public Sector Procurement Opportunities: Scotland Food and Drink

-All public sector buyers look for 'value for money' and the desired economies of scale may only be achieved by smaller suppliers working together, or in partnership with others in the supply chain. Collaboration can mean a number of different ways of supplying the client, including:

Collaboration in processing, grading and marketing of products to achieve collective efficiencies and cost savings that could not be achieved alone.

Establishing or joining a delivery 'hub' where products can be consolidated prior to delivery to reduce delivery costs and reduce the amount of transportation required.

Collaborate to offer the right competitive mix of products and volumes to meet the needs of public sector buyers.

Providing a single administrative organisation for public sector buyers to deal with.

-Consideration should be given to competitor pricing as this will provide a good indicator of how tenders should be pitched.

-The other main criteria public sector bodies use to score tenders are: the ability to supply to deadlines; food handling arrangements and facilities; environmental and social responsibilities; quality assurance/procedures; after sales service, freshness and seasonality, food safety criteria.

Supplying food into the Public Sector - Tendering Guidance - South West Food and Drink 2009

-When targeting local authorities, it is worth remembering they have different catering sections including internal catering, care homes, schools and leisure facilities, and fruit and vegetables within a local authority aren't necessarily purchased under the same contract.

-More and more public sector bodies purchase as a consortia (i.e. issue a tender document to supply more than one public sector body). This is especially true in Wales, including within NHS establishments, Local Authorities and Colleges and Universities.

-NHS purchase through their own trusts, or on a collaborative basis. There is an all-Wales Fruit and Veg contract which is run by Welsh Health Supplies on behalf of various NHS trusts. Businesses can tender for specific geographical areas (i.e. North West Wales, South West Wales under the terms of this contract).

-Colleges and Universities often purchase together and TUCO is responsible for most of these contracts now. These contracts are only issued every 4 years on average.

-North East Wales' local authorities (namely Conwy, Denbighshire, Flintshire and Wrexham), and a number of the further and higher education colleges and universities in the North Wales region purchase their fruit and veg contracts through TUCO Purchasing Ltd, which is an inter-regional purchasing consortium of higher and further education institutions within the UK. TUCO can be contacted on 0161 2782669 (contracts administration officer).

-Many local authorities place details of their contracts on their internal websites. These can be found by putting the keywords 'contracts' or 'tenders' into the search engine of these internal websites.

-Tenders are assessed against set criteria. However, it is always worth considering how businesses can provide a competitive edge by adding value to what the client is seeking. This can be done by promoting the quality of products, innovation, active involvement in customer wellbeing (could be an allergen policy, low sugar and low fat products), connecting customers and their food (host visits by school children, participate in community events), environmental management, and sustainability (food miles).

Guidance for Suppliers wishing to tender for the Welsh Further Education

Purchasing Consortium (WFEP)

-The WFEP is opened up to all 26 further education institutions across Wales, and meet regularly to share information and to share procurement practices.

-All major contracts are advertised on www.sell2wales.co.uk

-There is always an expectation for a contract manager to be appointed within the business/collaboration who will communicate with the client for the duration of the contract. This person will be asked to report in a number of different ways during the contract's lifetime.

-For low value purchases, as with a number of public sector bodies in Wales, a purchasing card in the form of "Visa" or "Mastercard" is required. This is their preferred payment method for low value contracts.

-TUCO acts on behalf of colleges and Universities, there is a similar organisation representing all 16 local authorities in Mid and South Wales - The Wales Procurement Consortium, who often buy goods and services on behalf of all 16 local authorities in the region.

Local Sourcing Action Plan 'Food and Drink for Wales' - Welsh Assembly Government 2009

-The UK retail market for sourced food and drink is worth £4.8 billion (Mintel 2008)

-The True Taste branding acknowledges the best of Welsh food and drink, and adds values to the branding, marketing and promotion undertaken by food and drink companies. However, there is limited knowledge within and outside Wales of this brand.

-Most of the big supermarkets in the region, including Tesco, Asda, Morrisons and Sainsburys hold Meet the Buyer events on a regional basis. Castell Howell is another big buyer and distributor of food and drink products across Wales.

-EU procurement legislation limits the opportunity for supporting the purchase of local food and drink because procurement which gives preference to any supplier on the basis of location is in breach of EU treaty. However, there is scope within their 'sustainable procurement' guideline which is defined as follows:

“A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy whilst minimising damage to the environment”.

-Public sector procurers need to be pro-active in encouraging more bids from local food producers and processors, and informed of how this can be done in-line with existing EU regulations.

-Because of high quality items that are sold at tight margins, consistency of service issues, the geography and location of food producers in Wales, distribution remains an issue. This can be made easier through the establishment of food hubs, where one company can perform as a co-ordinating function for growers, producers and processors to bring together products to supply retailers, food service companies, public sector buying teams and procurement consortia.

-Food hubs can be developed through collaboration amongst producers to supply public or private sector bodies as either commercial entities or not for profit organisations.

Public Sector Food Purchasing Survey 2009 - Strategic Marketing on behalf of the Welsh Government

Public Sector Survey 2010 - Strategic Marketing on behalf of the Welsh Government

-The percentage of Welsh fruit and veg purchased increased from 17.6% in 2003 to 38.7% in 2009 which equated to expenditure of £6.2m per annum.

-The percentage of food bought by Welsh distributors by key public sector buyers included; NHS 32.5%, Local Authorities 66.32%, Higher Education 37.12%, Further Education 64.1%, MOD-26.69%.

-The report found that very little organic food was purchased.

-Overall purchases for Fruit and Veg increased by 14% over this period of time.

Food For Wales, Food from Wales - Food Strategy for Wales 2010-2020- Welsh Government

-Consumers are increasingly demanding more socially and environmentally responsible food products, as well as greater value and variety in what they consume. The health impacts of food will continue to grow in importance and provide opportunities for all parts of the food sector.

-In 2007 the UK was only 19% self-sufficient in fresh fruit and vegetables, compared to 84% in dairy products.

-The public sector should use the power of purchasing to support the strategic development of the food sector.

-Tenders for schools, hospitals, colleges, universities and care homes can and should request high quality and fresh products. To allow for this, protocol and guidance should continue to be developed so that those engaged in procurement will have a clear understanding of how to reflect values from the strategy whilst engaging in purchasing decisions.

-Food in schools is being improved through the roll out of 'Appetite for Life', and guidance on healthy eating has been issued for early year's settings, youth clubs and leisure centres. Hospitals are being driven to be exemplars of good practice with initiatives such as the All Wales Nutrition Care Pathway and Health Promoting Hospital Vending. The work in improving food in hospitals, care homes and community settings is helping to address the issue of malnutrition in older people, and supporting them in eating well.

-Local produce should be promoted (including in public sector procurement efforts) by using criteria emphasising freshness and seasonality of produce.

-Extension services should play an important role in breaking down barriers and encouraging new forms of cooperation amongst producers through for example, the active establishment of networks of producers to achieve the capacity needed to supply the public sector and private food service sector.

Buying safe food for the public plate - Value Wales 2010

To ensure that safe food is being procured, public sector organisations in Wales are being encouraged to:

-Ensure robust supplier selection procedures are in place for food contracts.

-Ensure all food suppliers undergo independent third party unannounced food

hygiene audits.

-Having documented HACCP plans in place which are core to the business.

Suppliers are encouraged to:

-Carry out risk assessments on high risk foods and ensure measures are put in place to mitigate any risks.

-Ensure robust procedures are in place to enable full traceability through the supply chain.

-Ensure staff has appropriate and adequate food hygiene training.

A full guide has been developed by Value Wales in the form of a 'Food Procurement Route Planner' which takes those buyers in charge of food contracts through the process from beginning to end. This can be found on the following link;

www.buy4wales.co.uk/PRP/food/introduction/index

4.1 Key Findings

- The public sector in Wales spends around £72m per annum on food, and around 50% of this is bought by companies in Wales. A full list of all Public Sector Bodies in Wales, including the procurement managers and relevant contacts can be found as an attachment to this report. Regular contact needs to be maintained with these key personnel to keep on top of when and where relevant contracts are coming out.
- When registering on the national procurement website Sell2Wales it is imperative that the correct CPV codes are chosen (which can be found under 'categories'), otherwise businesses may miss out on relevant tendering opportunities.
- Alternatively it is worth producers considering supplying the local wholesalers, cash and carry, distributors or retail outlets who compete for a number of public sector contracts.
- Collaboration is another route businesses can take to compete for such contracts, and public sector bodies will treat these bids just like any others. The most attractive option to a public sector body would be the geographical collaborative hub.
- The main public sector bodies who procure fruit and vegetables are the NHS, Local Authorities and Higher and Further education colleges.
- Suppliers need to ask themselves if they can compete against their competitors in the area on price, as price has such a high scoring factor in any procurement process the public sector undertakes. If they cannot do this, they have to question hard whether it's worth taking part in the tender process.
- When targeting local authorities, it is worth remembering they have different catering sections including internal catering, care homes, schools and leisure facilities, and fruit and vegetables within a local authority aren't necessarily purchased under the same contract.
- More and more public sector bodies in Wales purchase in consortia now. Local Authorities group together to do this. TUCO purchases on behalf of a number of Colleges and Universities in Wales, NHS purchases through

Welsh Health Supplies, and details of how they buy together are found in the case studies section of this report.

- A public sector body will go out to purchase food contracts once every 4 years on average.
- EU procurement legislation limit the opportunity for supporting the purchase of local food and drink procurement which gives preference to any supplier on the basis of location is in breach of EU treaty.
- Because of high quality items that are sold at tight margins, consistency of service issues, and the geography and location of food producers in Wales, distribution remains an issue. This could be made easier through the establishment of food hubs, where one company can perform as a co-ordinating function for growers, producers and processors to bring together products to supply retailers, food service companies, public sector buying teams and procurement consortia.
- The Welsh Government is encouraging public sector bodies to promote local produce in their tenders, by using criteria emphasising freshness, and seasonality of produce.
- The HACCP accreditation is required to compete for any public sector contract in Wales.

5. Case Studies - Fruit & Veg Contracts

Within this section, we have put together 3 case studies of current public sector fruit and vegetable contracts in Wales. These case studies cover the whole geographical area of the country, and give suppliers the background to the tendering process, including what the key requirements of the buyers are within the process. It then highlights the minimum criteria required of suppliers wishing to compete for that contract, and finally, a breakdown of the main questions asked within that tender document. This will give suppliers an opportunity to assess themselves as to where they currently are in terms of being able to meet the needs of the public sector in Wales. A breakdown is given of the price/quality ratio of each of the tenders, as well as the contact details for each of the contracts, in case they want to enquire about future fruit and vegetable contracts within that organisation.

Case Study 1

Carmarthenshire County Council in Collaboration with Ceredigion County Council and Pembrokeshire County Council

Contract running period: 1/4/2009-31/3/2011 with a possible annual extension of up to 24 months

Contact for the contract: Yvonne Cole-01267 224968

Background

All goods supplied under this contract subject to an expert Third Party inspection, in this case Value Wales Contract of Food Safety Audit Inspection and Management Service.

Hazard Analysis and Critical Control Point (HACCP) principles and product traceability must be adhered to.

Cost of the audit borne by the Contractor-£426 +VAT.

Goods purchased under the contract cover the following:

School meals service for primary, secondary and special schools

Social care catering for residential homes, luncheon clubs, day centred and social activity centres

Free primary school breakfast scheme

Staff and special function catering

Catering services from other sites within the County

Fruit tuck shops

Additional Information

- The contract was split into 3 lots: Carmarthenshire, Ceredigion and Pembrokeshire and suppliers could bid for 1 or more lot(s).
- The tender was scored on the basis of Price 40% (broken down into the various items you are asked to price) and Quality 60%.
- Quality class of product must be EU Class 1, or if not available, EU Class 2.
- Carmarthenshire Council has developed a local sustainable food strategy, where the priorities are:
 - Supporting the local economy
 - Promoting health and well being
 - Reducing waste and promoting efficiency
 - Promoting and facilitating healthy eating

Most of the primary schools required weekly deliveries, whilst the secondary schools, care homes and other establishments required twice weekly deliveries.

Approximate annual sales are Carmarthenshire £275,000 Ceredigion £200,000 and Pembrokeshire £167,000

- Contract reviews with the client to be held every 6 months.
- Compliance with the Welsh Language Scheme required.

Information Requirements

- Willingness to be subject to a Third Party Audit.
- Generic company information.
- Insurances - Public Liability £5m and Professional Indemnity £5m.
- 2 references for similar contracts.
- Health and Safety Policy.

- Evidence of conformity to HACCP.
- Product traceability procedures.
- Criminal disclosure.

Pricing document for all fruit and vegetables - 40% of the final score

Method statement accounting for 60% of the final score

You need to include a clear explanation of the following:

Legal Requirements 7%:

- Compliance with food contract law.
- Details of nutritional information provided.
- Evidence of audits/membership of bodies.

Packaging 6%:

- Details of packaging used.
- Best before dates.
- Details of all packaging used and transport procedures.

Policies 5%:

- In particular, reference to Health Eating Policy.

Sustainability 7%:

- Demonstration of local sourcing, delivery, supply chains.
- Reduction in CO2 emissions-demonstrate commitment to this.
- Demonstrate the use of local businesses/local employment.

Delivery Requirements 6%:

- Demonstration of effective distribution system.
- Evidence of delivery methods to be highlighted.
- Evidence of appropriate clothing.

Delivery Time and Frequency 6%:

-Evidence of how you will plan deliveries, and demonstrate you're able to deliver on specified hours.

Health and Safety 7%:

- Safety of vehicles on all sites.
- Reversing warning systems compulsory.
- Evidence of risk assessment and method statements undertaken.
- Avoidance of cross contamination.

Staffing 6%:

- Adequately trained personnel.
- Evidence of high quality personal hygiene.
- Staffing numbers in relation to service delivery.

Invoicing Arrangements 6%:

- Rendered to point of delivery unless otherwise stated.
- Pembrokeshire CC - accept the Welsh Purchase Card (Mastercard) for all transactions in relation to this tender.

Added Value and Continuous Improvement 4%:

- Products on offer.
- Promotional and educational activities.
- Waste reduction policy.
- Waste collection policy.

Case Study 2

Cardiff County Council

Contract Running Period: 1/6/2008-31/5/2012

Contact for the Contract: Lee Bunkham 02920 873737

Background

- Quality is scored 30% in this process whereas price is scored 70%.
- All deliveries must be accompanied with a delivery note detailing the product name, product price, product code, name and address of delivery site, delivery note number, total cost of order, name and address of supplier and temperature of vehicle.
- All delivery staff will have appropriate attire which carries the company logo.
- Goods must be delivered, off loaded at the building free of charge, and in such quantities as specified on each order issued.
- The successful tenderer's premises may be inspected and foodstuffs are liable to random testing by a Local Authority's Trading Standards Food Standards Team and Environmental Health Food Hygiene team as appropriate.
- Cardiff Council utilise the Services of the Value Wales Contract to supply a Food Safety Audit Inspection and Management Service to the Public Sector in Wales. STS solutions are the nominated Contractor to undertake Hygiene Audits on their behalf.
- The cost of the audit, £426 +VAT is borne by the contractor.
- All labelling must conform to current legislative requirements.
- For all fruit and vegetables, the basis of the contract for home grown produce is the national average wholesale price list issued by DEFRA in their weekly "Agricultural Market Report Part 2".
- For UK produce, the supplier should state the agreed 'on-cost' on the most usual prices in their list, which they must supply monthly, based on the average "most usual prices" for the preceding 4 weeks. The Price List is issued by the last Wednesday of the month.
- The wholesale distributors' on-cost percentage will remain firm for the duration of the contract,
- CRB checks must be carried out for all employees working on the contract.
- The Council is actively seeking bids and source items from local suppliers as part of its Sustainable Procurement Strategy.
- The Supplier will be required to appoint a Contract Manager.
- The Supplier shall keep a record of all comments and complaints, and investigate all complaints.
- The total value of this contract is approximately £60,000 per annum.

Questionnaire Requirements

- Public Liability up to £5m and Employers Liability up to £10m must be held.
- Demonstration of an UKAS approved Food Safety Accreditation is required.
- Evidence of an Environmental Health Audit by a local authority is required.
- Copy of your HACCP policy.
- The percentage of on-cost you put on each producer.

Method Statement Requirements (30% of the score)

Food safety - how do your products conform to food standard legislation, how you manage your suppliers for quality, and what facilities do you have for cold/storage distribution

Complaints/product recall - full policies and procedures need to be submitted for complaints and product recall/withdrawals. You need to demonstrate your full complaints procedures.

Procurement/communication - demonstrate you're able to communicate electronically, and able to accept orders via email and in which other formats i.e. telephone etc.

Delivery - how will you deal with the response times stipulated within the contract, what are your minimum quantity order values and what are your timescales for re-delivery should the initial product be unacceptable to the specification.

Case Study 3

Welsh Health Supplies on behalf of NHS Trusts (all Wales contract)

1/10/2010-30/09/2013-option to extend for a further 12 months

Kier Warner 02920 315460

Background

-This procurement process run on behalf of all NHS trusts in Wales including Swansea, Velindre, Aneurin Bevan, Betsi Cadwaladr, Cardiff and Vale, Cwm Tâf North, Cwm Tâf South, Central Production Unit, Hywel Dda.

-Require all companies tendering to put their on-cost against all products listed-different product requirements for different trusts.

-2 or 3 deliveries required per hospital, per trust per week.

- You have to supply 1 health board as a minimum to compete for this contract.
- For fresh fruit and vegetables, the basis of the contract for home grown produce is the national average wholesale price as detailed in the weekly Fresh Produce Journal.
- The basis of the contract for imported produce and potatoes is the weekly Wholesale Market Price for New Covent Garden issued in the Fresh Produce Journal.
- The tendered on cost will be deemed by Welsh Health Supplies to be firm for the period of the contract, and shall allow for free delivery to the various establishments of the Authorities.
- The services of STS are utilises to ensure that a full STS Hygiene Audit has been carried out on the contractor on its behalf.
- Enhanced CRB checks required for all employees delivering on-site.
- Contract is awarded 40% on price, 60% on quality submission.

Quality Questionnaire (60%)

- Please provide evidence of your quality control carried out at the picking, packaging and delivery stages of supplying the product to the customer.
- Please provide evidence on how you manage the traceability of products, product recall and complaints?
- Please provide evidence under the HACCP requirement of maintenance of your cold chain during distribution/storage.
- Please provide evidence showing how you ensure produce is at its freshest at point of delivery and what procedures you use to ensure effective stock rotation and disposal
- Please provide a statement to show how you will comply with the above statement regarding the collection of packaging?
- Provide details of any minimum order values that will apply to orders?
- Please indicate your typical lead times (in working days).

5.1 Tendering check list - fruit and vegetable contracts within the public sector in Wales

KEY REQUIREMENT	NECESSITY	FAVOURABLE
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HACCP (Hazard Analysis and Critical Control Point)	√	
EU Class 1 products in most instances, if not available, EU Class 2 will suffice	√	
Insurances-Public Liability and Professional Indemnity up to £5m	√	
Product traceability procedures and policy	√	
Packaging Policies and Procedures	√	
Health and Safety Policy	√	
Demonstration of local supply chain and sourcing		√
Demonstration of an effective distribution system	√	
Willingness to deliver to set hours on a 2/3 times per week basis to all premises stipulated within the contract	√	
Evidence of risk assessments and method statements undertaken internally	√	
Evidence of appropriate staff training undertaken	√	
Added value and continuous improvement offered within the contract		√
STS or equivalent quality control procedures		√
Details of recent food hygiene inspections/reports including evidence of acting upon recommendations	√	
Robust recycling procedures in place for all products used		√
A computerised system which keeps track of all procedures and evidence in relation to the contract		√
Evidence of on-cost attributed to each of the product lines you're bidding for	√	
CRB checks for all employees delivering to any of the client's premises	√	
Evidence of how you conform to all food standard legislation, including how you manage suppliers, and cold storage facilities	√	
Minimum order value-preferably 1p and above	√	
Product recall procedure	√	

Complaints procedure	√	
References for previous, similar contracts undertaken	√	
2 or 3 years audited accounts		√
Quality control-ensuring product is at its freshest at point of delivery	√	
Sustainability procedures-what impact do you have on social, environmental and economic issues in the district?		√
E-transactions-your ability to accept electronic payments		√

6. Organic Fresh Food Company: Analysis of Recent Tendering Exercise

The Organic Fresh Food Company submitted a tender to supply fruit and vegetables to Cardiff University, who were leading the procurement exercise on behalf of the Higher Education Purchasing Consortium Wales, which includes Aberystwyth and Lampeter Universities. OCW were instrumental in supporting the client to prepare and submit the pre-qualification questionnaire which the supplier successfully passed, and the following tender document that was submitted to the client. Unfortunately, the tender bid was unsuccessful on this occasion. The first part of this section gives the background information to the pre-qualification questionnaire and the tender process. This includes the background to the procurement process, as well as the key questions within both stages of this process. The final part of the section offers detailed feedback to the client in terms of the documents submitted in the process, as well as formal feedback received by the client themselves (Cardiff University).

6.1 Background to the procurement exercise

- Tender process run by Cardiff University on behalf of The Higher Education Purchasing Consortium Wales which included University of Wales, Aberystwyth and Trinity St David's Lampeter - the geographical area the supplier put in a bid for specifically.
- Contract to commence on the 1/8/2011 for an initial period of 1 year. Can be extended for a further 3 years. Value of the contract on the whole is £370,000 per annum.
- Use of this framework is not mandatory to any of the member bodies within the organisation. Anyone opting out of this framework would have to justify it in accordance with HEPCW procedures.
- Contract awarded on Price 65%, Delivery Schedule 10%, Tender Questions 15% and Product Quality 10%.
- Due to the nature of the commodity, prices can be changed on a weekly basis.

- Prices submitted for consideration may take account of any material increase in the costs incurred by the Supplier, provided that the supplier demonstrates to the University's reasonable satisfaction that it has incurred such an increase in costs. In any event, proposed increases in the price must not exceed the Consumer Price Index during the 12 month period immediately preceding the relevant price increase.
- No minimum order quantities or values will apply.
- The successful supplier is expected to provide regular management information, such as expenditure by institution on a monthly basis, products used by the institution on a monthly basis, and number of orders delivered on a quarterly basis- all of this information to be provided in electronic format.

6.2 Pre-qualification questionnaire

Information only - not scored

- Previous convictions/conformity with various laws (yes/no questions).
- Generic background information.
- Insurance details.
- Performance bond guarantee if financial position is not strong enough.
- Compliance to ISO9001 accreditation.
- How do you ensure products are delivered on time?

All questions scored including 50% for the first question:

- What food safety/hygiene/distribution accreditations are held?
BRC/STS/CMI/SALSA/EFSIS/OTHER
- Details of any public health problems.
- Delivery lead times-24h 48h 72h.
- Minimum order value-£0, £50, £100, £150.

- Recent copies of trading standards/environmental health inspection reports.
- Product specification available? Yes or no?
- Which lots do you want to bid for?

Financial information required as well including basic information from latest set of accounts.

6.3 Tender Requirements

Tenderers must submit a full copy of their Health and Safety Policy together with the appropriate codes of practice.

- A copy of your procedures for reporting and investigating accidents.
- Details of courses attended by staff and certification in regard to the goods and services applicable to this tender.
- A copy of the Tenderer's Policy for safe storage and usage of substances.
- A copy of your policy for the handling of electronic waste.
- Examples of any marketing material the group may use to promote their products.
- What discount you're offering the client off the catalogue range.
- What your percentage of on-cost is for goods purchased direct from the manufacturers.
- Any discounts offered for early payment.
- Full pricing schedule for a range of products required by the client.
- A full delivery schedule for both Universities-need to deliver before 10am on a once a week basis.

6.4 Full Tender Questions – Scoring Criteria

% score	Scoring Criteria
25%	Must demonstrate full compliance with the requirements in all sections of the tender

	<p>document.</p> <p>Must demonstrate willingness to trade under the terms of a framework agreement.</p>
20%	<p>Has HACCP been completed for all relevant products, and independently verified in the last 12 months?</p> <p>Do you have a quality manual? If so, upload a copy</p> <p>Details of maintenance contracts for vehicles/premises/equipment</p> <p>Details of product recall systems</p> <p>Details of fleet used within contract</p> <p>Details of product traceability systems</p> <p>Customer complaints procedure</p>
30%	<p>How are suppliers identified and selected?</p> <p>How do you ensure they have appropriate accreditations?</p> <p>Do you conduct pre-supply audits?</p> <p>How do you ensure their pre-supply audit?</p> <p>How do you ensure their quality and hygiene systems?</p>
20%	<p>Demonstrate capability to deliver volumes required</p> <p>Dedicated account manager</p> <p>Communication processes</p> <p>How are credit notes processed?</p>
5%	<p>Do you offer online ordering?</p>

What is your exact ordering procedure?
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6.5 Mabis' feedback on the pre-qualification questionnaire and tender submitted

1. The Staff Hygiene Policy submitted does not provide enough instructions to employees, and it needs to be strengthened by providing more guidance. The example provided should also be signed and dated, otherwise it could be deemed invalid. A full Staff Hygiene Policy needs to be developed as part of HACCP if tendering for future contracts.
2. The Glass Breakage policy needs to be signed and dated; otherwise it could be deemed invalid.
3. The Health and Safety Policy isn't signed or dated and could be deemed invalid.
4. In the delivery schedule, the client has indicated they are unable to deliver before 10am to some of the establishments in Aberystwyth University. This will immediately result in the tender submission being scored down. To conform to the buyer's requirement, the client should always demonstrate they're willing to deliver within the stipulated hours.
5. In the pricing schedule, prices are only given for some of the products indicated. This will result in some tenders being scored down, as the client is unable to provide the full list of products stipulated by the purchaser.
6. The Product Recall Procedure, which again could be developed further as part of HACCP is not stringent enough. Like all other policies submitted with this tender, they need to be developed further by the client, and this can be done with the assistance of the Welsh Government's Supplier Development Service, free of charge. They aren't robust enough to score highly in the tendering process.
7. The absence of formal accreditation is a major stumbling block and to compete for public sector contracts in the future, a full accreditation is required. The STS accreditation is the one most public sector bodies seem to be asking for in the tender process.
8. Due to the bid being unsuccessful this time, the only option would be to try and sub-contract to the successful bidder, something which happens a lot within public sector contracts in Wales. It would be worth contacting the successful supplier to see if there are any possibilities here.
9. Businesses are not always wholly truthful when submitting tender bids, and will be 'economical with the truth' somewhat in order to comply with what the questionnaire is

asking them. There is scope to be more careful in answering some of the questions, especially if changes can be made by the time the tender itself begins.

10. Daily delivery isn't a necessity with a number of public sector contracts (though they do require 2-3 deliveries per establishment per week usually). The tender bid was obviously scored down as the client was unable to deliver on a daily basis and if tendering in the future, it is necessary that the client can meet the purchaser's delivery requirements

11. The huge discrepancy in price between Organic Fresh Food Company and the eventual winner, Total Produce, does make it difficult to know whether this is a potential market for organic growers. As the price scores between 40%-60% of most tender processes, the price must be near the main competitors in the area (including wholesale distributors) otherwise there will be a question mark over the validity of putting in a tender at all. This is the biggest question facing producers when deciding if they want to go for public sector contracts.

12. If organic producers find it difficult to bring their prices down any further, targeting wholesalers and distributors may be a more attractive option rather than competing on their own for these contracts. A discussion around price must be held before deciding whether or not it's applicable for the sector to compete for public sector contracts in the future.

13. The minimum order value which is always asked for in any process needs to be as near to £0 as possible.

14. The overall scoring suggests OFFC missed out primarily on price, but other factors were the delivery days (clearly not being able to deliver on a daily basis will count against OFFC here), and the lack of a formal accreditation resulted in the loss of some marks in the tender process.

15. We would recommend that if any producers are serious about tendering to the public sector, HACCP is critical, whilst one of the following accreditations is also hugely advantageous:

STS (STS Solutions) - Food Manufacturers, distributors and wholesalers gain from achieving STS certification, which is an established and widely recognised food safety certification system throughout the UK and Europe. Many suppliers have utilised the STS assessment as a first step towards achieving assessment to the Public Sector Code of Practice of BRC.

BRC (British Retail Consortium) - The standard is recognised by the majority of UK supermarket retailers, and is being increasingly used by food service companies to

approve suppliers. The BRC standard was originally designed for manufacturers supplying own label products. It has also been used as a basis of supplier approval even when a company is supplying branded products only and in many instances it can be a pre-condition to supply certain companies. Food manufacturers are also using this standard as a basis of supplier approval, and there are BRC certificated companies in many countries across the world.

6.6 Feedback from Cardiff University

In light of the limited feedback received by the client in this instance to the tendering process, it is possible to draw the following conclusions:

1. Price was the major factor why this tender was unsuccessful. Out of a possible score of 65, OFFC only scored 12.75, which is very low compared to the successful tenderer, Total Produce, who scored 55 marks. This does again emphasise the fact that unless organic producers are willing to bring their prices down dramatically, public sector contracts will be out of reach, as price has a 60% weighing on average in all tender processes.
2. In the delivery category, 4.74 was scored out of 10. It is strongly recommended in any future tender that the tenderer does indicate that they are willing to deliver to all establishments within the lot they are applying for, and indicate that they can deliver to these establishments within the timeframe that is indicated. The purchaser will not look favorably on the bid otherwise. This, along with a low minimum order value is essential within any public sector contract.
3. In terms of the product sampling, 7.67 out of 10 was scored in comparison with the winner who scored 7.74%. This means that the products supplied were of sufficient quality, and that OFFC didn't lose any marks of note in this section of the process.
4. In terms of the generic tender questions answered, not many marks were lost here, with 12.50 being scored out of 15. However, it is worth taking note of Mabis' feedback that a number of the policies could be more stringent, and could provide a lot more detail in order to score better marks next time around.
5. Again, we have to come back to prices here. The simple fact is that in most instances, organic producers' prices are high in comparison to a number of the wholesale distributors. Which brings us back to the question, would the sector be better off targeting this market rather than the public sector directly?

7. Consultation - Organic Fruit and Vegetable Producers

The original intention was to undertake a focus group with Welsh organic fruit and vegetable producers to further explore public procurement issues, especially as a result of the recent tendering exercise. Unfortunately, due to a variety of reasons, we were unable to run this session. However, we did conduct an in-depth telephone interview with 6 of the suppliers who did show an interest in the work, but were unable to attend the session. The following reasons were provided by the remaining producers / suppliers who declined to attend the session:

- Not interested in supplying the public sector
- Too small to be considered to supply the sector
- Moving away from organic
- Only produce a few products, and wouldn't be capable of meeting the public sector's requirements in terms of quantities or frequency of delivery.

We did curtail some of the original questions from the questionnaire we'd planned to use at the focus group (a copy of the questionnaire used can be found in Attachment 3 of this report), however, we did ask questions to ensure all the relevant topics were covered and the feedback we received from the organic producers are summarised below.

7.1 Supplying the Public Sector

The general perception amongst the organic fruit and vegetable producers was that although supplying the public sector would be attractive in many ways; this would always be difficult mainly based on the following reasons:

- Most of the businesses interviewed believed they were too small to supply the public sector.
- They believed that they would always be priced out of the market based on the fact that they're competing against non-organic specified products, which will always be cheaper, which leaves them at a major disadvantage.
- Most of those we asked didn't believe they could provide a constant source of products to supply the public sector on their own.

- Those businesses who said they would be interested in exploring this potential market in more depth did state they'd have to compete as a consortium based on the fact they couldn't supply to the levels required on their own.
- Many businesses stated that the public sector tends to award contracts within the food sector based on price rather than on quality aspects, and unless the price is right, there doesn't seem to be much point in looking at the market.
- A number of the businesses interviewed did state they'd like to know how much current incumbents of public sector fruit and veg contracts charged for their products, and it is something they would certainly like to find out before ruling out this market altogether.
- In terms of the public sector bodies that appeal to suppliers, schools were the main one that was mentioned, as everyone saw potential opportunities to supply schools. Local universities and the NHS were also mentioned. All of the suppliers who stated that they were interested in supplying the public sector stated they'd only be interested in supplying the county in which their business was located.
- What came out unanimously within this section was the fact that businesses did not know where to look for contract opportunities within the public sector, and they weren't aware of any support to compete for these contracts either. Most of these businesses admitted they didn't know as it isn't a market they have actively pursued in the past.

7.2 Competing for public sector contracts as a consortium

Most of the businesses interviewed believed that this was much more of a realistic option than competing for public sector contracts on their own. In terms of sub-contracting, all of the businesses interviewed were of the opinion that this was realistic, and that they would be able to form ties with the larger suppliers/distributors within their areas of work.

What also became apparent was that suppliers wouldn't have a problem supplying to any of the major wholesalers/distributors in their area of operation, as long as they had a fair price for their products, and that they were able to supply the volumes required to the distributors.

When discussing the possibility of sub-contracting however, the topic of price did come up once again, as a number of the suppliers stated the main distributors always tended to source the cheapest products from the larger markets in places such as Swansea,

Hereford, Liverpool and Manchester, and questioned whether it would make business sense for them to go after the dearer, organic alternative.

In terms of the companies they could sub-contract their services to, the names that came up were Total Produce, Castell Howell, Jones & Davies, Harlech Food Service, Brakes, 3663.

7.3 Collaboration

Collaborating for public sector contracts did appeal to most of those we interviewed, but there was a strong opinion that this was something that OCW could lead on, as suppliers themselves admitted it was not something they would instigate. Most of those interviewed believed that collaboration could be the way forward if they were to target the public sector, other than sub-contracting. However, they did have a few reservations when it came to collaboration as well, namely:

- Couldn't guarantee any specific quantities of any products, therefore, would this put the lead contractor off using them as a supplier.
- Even collaboration wouldn't be able to compete on price against current incumbents of public sector body contracts.
- Need to look into prices first and foremost. If they could compete on price, then by all means go ahead and form collaboration.
- Most of those businesses were able to identify other organic suppliers in the area whom they could collaborate with, as this is something that can realistically only happen on a geographical basis.

7.4 OCW's role within public procurement

When asked what OCW's role could be to support businesses within the sector when it came to public sector procurement, the main comments were:

- Bring businesses together in the first instance to discuss the possibilities of collaborating. Price and quantities businesses are able to supply would have to be at the forefront of the discussion.
- Pricing needs to be researched more than anything. This would be a big help in terms of determining whether this market is a realistic one to pursue or not.

- Bring businesses in different geographical areas together to discuss collaboration. Collaboration will only work with businesses from roughly the same geographical areas.
- Facilitate opportunities to supply into the main distributors/wholesalers rather than collaborating for these contracts. Setting up meetings with these main buyers would be invaluable.
- By ensuring that everyone who is brought into the discussion implement the correct procedures e.g. HACCP.

7.5 Business readiness to compete for contracts

Without discussing pricing, which has already been established as the main factor in determining if public procurement is a viable one or not for organic producers, we discussed what procedures businesses had implemented, and the following was established:

- A few suppliers already hold the HACCP accreditation which is key to supplying the public sector. Those businesses who did not hold it stated they'd be willing to take on the accreditation should it mean winning more business.
- All business procedures such as product traceability, environmental practices, safety practices and other safety measures were implemented through the HACCP procedures.
- All of those interviewed belonged to the British Land Soil Association, and followed their guidelines when it came to business practices.
- All of the businesses indicated they'd be willing to change their business practices if this meant they'd win public sector contracting.

7.6 Other notable comments from the interviews

- A number of the businesses interviewed indicated they didn't think they could meet the delivery nor quantity requirements of the public sector, and could only viably win this business by sub-contracting or collaborating.
- Continuity of supply would be a problem. A number of business expressed doubt as to whether they could supply the volumes for these contracts on an all-year round basis.

- A few of those interviewed believed it would be a waste of everyone's time to compete directly for public sector work, as they would always end up losing out on price. Much better to concentrate efforts on supplying the main wholesalers and distributors within their geographical counties of delivery.

7.7 Key findings from discussions held with organic producers;

- Most of the businesses approached didn't show an interest in supplying the public sector directly, mainly based on the facts that they believed they were too small, simply had no interest in this market, and didn't believe they were capable of meeting the public sector's requirements in terms of quantities required, or frequency of delivery required.
- Most businesses believed they'd be priced out of the market at all times based on the fact they're competing against non-organic specified products, which will always be cheaper.
- The businesses questioned wanted to know more about the prices the public sector currently pay for fruit and vegetable products, and would welcome more support from OCW with regards to this.
- Businesses would welcome the opportunity to sub-contract for public sector contracts, and believe this is a more realistic option than competing for these contracts on their own.
- Businesses would welcome the opportunity to meet with key wholesalers and distributors within their regions, to see if there are possibilities of supplying them rather than competing against them for public sector work.
- Collaboration did appeal to most businesses interviewed, and there was a strong view that OCW should lead on this. There were a few reservations, including quantities and price, but they would be willing to look into the possibility of forming collaborations or hubs of businesses. Hubs formed in specific geographical locations would be the most obvious function to competing for these contracts.
- Many suppliers already hold the HACCP accreditation, and have many of the policies and procedures in place in order to compete for public sector contracts.

8. OCW Reports

Following a meeting with OCW staff members to analyse the work undertaken, it was decided for the purpose of this report, it would make sense to cross reference with findings from other relevant reports specifically related to the organic sector. In this section, we examine existing relevant reports that have a specific focus on public sector procurement and summarise the key findings at the end of this section.

“Pulling together: Report on a workshop for organic horticultural businesses in Wales” 2010 (internal OCW report)

-The report highlights there were several consecutive poor growing seasons between 2006 and 2009, characterised by wet summers, and in some years, late springs. Bearing in mind the public sector requires a consistent supply of products on an all-year basis, this could be a problem.

-Collaborative working was identified as being central to the future of the sector. Stroudco Food Hub in Gloucestershire has made its database and model available to other groups, free of charge, and can be contacted via info@stroudco.org.uk for more information on how to register.

-Developing food hubs was seen as key to the development of the organic sector. Extending the Pembrokeshire Produce Direct model to other areas of Wales, and exploring the possibilities for establishing new or developing existing food hubs is key.

-There should be a campaign to try to supply key buyers in the food market such as Castell Howell.

-Lobbying on behalf of organic producers was identified as a key outcome. This is especially true in relation to public sector procurement.

“A Review of the Welsh Organic Horticultural Market-2010” (Roger Hitchings and Steven Merrit)

-The overall Welsh Organic market for 2009 was estimated to be in the order of £90m with the fresh produce sector accounting for approximately £23.5m.

-The report highlights that those working on market and supply chain improvement have a clear and accurate assessment of what is available and what is the production potential.

-In terms of routes into the supply chains, some producers were selling to wholesalers, but more work is needed to identify the trades concerned.

-In general terms, growers who sell direct to the public produce relatively small quantities of a wide range of crops and disaggregating the areas and yields can be very time-consuming.

-The level of sales through catering outlets and public procurement is low, and in the case of public procurement, has not fulfilled the potential suggested in earlier reviews.

-The average area producing horticultural crops was 0.83 hectare.

-None of the producers contacted within this survey sold into the wholesale market.

-One response commented on the fact that the Welsh Government makes positive noises about increasing local production of food but does not appear to be able to offer financial and other concrete forms of assistance to enable this to happen.

-There appears to be little capacity to respond to increased demand from sectors other than local.

-The poor reputation of some local suppliers amongst wholesalers can limit their market opportunities and potential for growth at a time when the market is under stress.

-Pembrokeshire Produce Direct is a very real opportunity for producers in or near Pembrokeshire. The extension of this kind of one stop virtual shop to other areas of Wales could represent a significant step forward.

-Local suppliers who are having difficulty in accessing wholesale outlets should seek to improve their 'offer' in terms of presentation, consistency and continuity.

-BOBL could play a key role in promoting the PPD model across Wales, and in providing information on local suppliers to store managers with a particular emphasis on small local stores.

-Identifying processing, storage and distribution facilities in Wales (organic and non-organic) and recommend additional facilities where necessary to ensure maximum opportunity for those growers who wish to engage with processors, large wholesalers and public procurement initiatives.

-Those who wish to supply directly to the consumer should also talk to wholesalers and other larger businesses with a view to supplying some of their produce to these outlets, taking the pressure off direct sales.

“Better Organic Business Links-Activity Grid” 2010

Looking at BOBL's activity in terms of public sector procurement, the most relevant projects include:

-The Sustainable Food Communities project has delivered seminars to key personnel such as executives and staff from local authorities and individual schools. Meetings have been held with Value Wales and Welsh Health Supplies to establish the technical aspects of supplying the public sector.

-A feasibility study has been commissioned to work with school catering staff to investigate opportunities for supplying organic food to school catering.

-Work to develop markets for Welsh organic products into food service/catering. This includes work with food service suppliers to identify barriers and opportunities, including examples from other countries. Meetings have been held with Castell Howell and Aberystwyth University.

8.1 Key findings from previous reports, in relation to public sector procurement in Wales

1. Collaborative working was identified as being central to the future of the sector. The Stroudco Food Hub in Gloucestershire can be used as a model for any future development work.
2. Developing food hubs was seen as a key development for the sector. Extending the Pembrokeshire Produce Direct model to other areas of Wales, and exploring the possibilities for establishing new or developing existing food hubs is key.
3. There should be a campaign to try to supply key buyers in the food market such as Castell Howell.
4. Lobbying on behalf of producers was seen as a key outcome. This is especially true in relation to public sector procurement as the Welsh Government message of buying locally doesn't seem to be carrying through in relation to public sector fruit and vegetable contracts.
5. There appears to be little capacity to respond to increased demand from sectors other than local amongst most businesses.
6. BOBL could play a key role in promoting the PPD model across Wales, and in providing information on local suppliers to store managers with a particular emphasis on small local stores.

7. Those who wish to supply directly to the consumer should make linkages with wholesalers and other larger businesses.

8. There is a role for OCW/BOBL to identify processing, storage and distribution facilities in Wales (organic and non-organic), and recommend additional facilities where necessary to ensure maximum opportunity for these growers who wish to engage with processors, large wholesalers and public procurement initiatives.

9. The Organic Milk sector and public sector procurement

This section looks at the opportunities that public sector procurement offers the Organic Milk Sector in Wales. We include a tendering check-list for businesses which looks at the pre-requisite criteria for any business delivering a public sector milk contract in Wales, including the Organic sector. There's also a section on the generic requirements of supplying this sector. We conclude the findings of a survey conducted with current suppliers of milk contracts to the public sector in Wales (**a copy of this questionnaire can be found in attachment 5**), and a series of key recommendations to close this sub-section.

9.1 Tendering check list for businesses looking at public sector milk contracts in Wales

In order to complete this section, tenders were reviewed from clients including Gwynedd County Council, Powys County Council (also on behalf of Powys Health Board), Carmarthenshire County Council, Conwy County Council (on behalf of 4 North East Wales Local Authorities), and the Welsh Purchasing Consortium (on behalf of 10 local authorities in South Wales).

KEY REQUIREMENT	NECESSITY	FAVOURABLE
A fully audited externally certified quality management system must be in place to deliver any such contracts.	√	
An STS audit will be carried out on the premises of any successful tenderer prior to the contract commencement date, at a cost of around £500 to the business.	√	
HACCP (Hazard Analysis and Critical Control Point) system in place	√	
Insurances-Public Liability and Professional Indemnity up to £5m	√	
Product traceability procedures and policy-including full traceability history	√	
Packaging Policies and Procedures-to include best before dates	√	

Health and Safety Policy	√	
Food Safety Policy Statement	√	
Demonstration of an effective distribution system within the area of delivery	√	
Willingness to deliver on a daily basis to all premises indicated within any tender usually between 8am and 2pm	√	
Evidence of risk assessments and method statements undertaken internally-for all activities, including all activities identified under HACCP	√	
Evidence of appropriate staff training undertaken-Food Safety Training a necessity	√	
Details of recent food hygiene inspections/reports including evidence of acting upon recommendations-including Trading Standards, Environmental Health	√	
Robust recycling procedures in place for all products used		√
A computerised system which keeps track of all procedures and evidence in relation to the contract		√
CRB checks for all employees delivering to any of the client's premises. Full photo ID for all staff members delivering.	√	
Minimum order-no minimum order values should apply to any contract	√	
Product recall procedure	√	
Customer Complaints procedure	√	
References for previous, similar contracts undertaken-between 3 and 6 of these must be provided	√	
Delivery price must be included within the price per unit	√	
Awarding body will carry out random inspection on the premises during the life of the contract-must comply with this	√	
Environmental Policy statement including recycling procedures	√	
Refrigerated and temperature controlled vehicles must be available	√	

to deliver all products. Milk temperatures cannot go above 8 degrees Celsius.		
Pest control procedures-evidence of this		√
2 or 3 years audited accounts-a full financial assessment will be carried out on any business tendering for the work.	√	
Sustainability procedures-what impact do you have on social, environmental and economic issues in the district?		√
E-transactions-your ability to accept electronic payments		√
Equal Opportunities Policy Statement Included	√	
All milk supplied must be pasteurised and have a 5 day shelf life	√	
Full temperature records must be available for all products supplied within the contract	√	
Cleaning procedures		√
Must supply straws with some of the products supplied	√	
Full details of ordering systems-including availability to take orders electronically		√

It's also worth noting the following in relation to public sector milk contracts within Wales;

- Contracts will usually run for a period of 4 years.
- A full breakdown of the estimated quantities is always provided within the tender document.
- Annual value of contracts per county on average is £200k per annum.
- A business will usually have to supply the whole of the county, or at best, half of the geographical area of one county in order to submit a tender.
- The maximum fat content for products should not exceed 3.5% for full fat milk, 1.8% for semi skimmed milk, and 0.5% for skimmed milk.
- Prices will have to remain the same for a minimum of a 6 month period on average, and you will only be able to adjust after this time frame usually.
- On average, price scores around 60% of the process, and quality 40%.
- You price per unit, and this must include distribution costs.
- It is worth noting that it does vary from one public sector body to the other in terms of the size of the product they require from the milk supplier. The following were all

specified within various tender documents either as whole fat products, or semi-skimmed products;

- 1/3 litre pouch
 - 2 gallon milk pouch
 - 3 gallon pouch
 - 4 gallon pouch
 - 1 pint
 - 2 pint
 - 1/3 plastic bottle
 - 1 pint plastic bottle
 - 1 liter plastic bottle
 - 2 liter plastic bottle
 - 4 liter plastic bottle
 - 3 gallon can
 - 1 pint carton
 - 1/2 pint carton
 - 1/3 pint carton
 - 2 liter poly carton
 - 1 pint glass bottle
- Some local authorities will only consider milk in recyclable poly bottles.

9.2 Telephone surveys conducted with current suppliers of public sector milk contracts in Wales

We carried out an in-depth questionnaire with current incumbents of public sector milk contracts in Wales. Outlined below are some of the main findings of this survey, in particular in relation to any Organic Suppliers looking to break into the public sector. It is worth pointing out that we did approach Organic Milk Suppliers to participate in this exercise, but none were available for comment, or didn't have an interest in supplying this sector.

- You've got to be ready to supply on a county-wide basis as a minimum in order to deliver these contracts. The only alternative would be to try to sub-contract to the main contractor within a county.
- On average, all establishments require delivery on a 3 times per week basis. Some of them require delivery on a daily basis.

- You need a fleet of vehicles to deliver these contracts (a minimum of 5 really), but they don't have to be temperature controlled at present.
- Current incumbents of public sector contracts stated that organic milk isn't specified within current contracts, and they believed that margins were too tight for organic suppliers to deliver public sector contracts.
- Price is very competitive in the industry. Although supplying in large quantities can drive down prices, they have approached organic suppliers in the past to supply them, but this hasn't worked in the past as the prices they've proposed are still too high.
- Have to deliver before 11am to all clients on public sector contracts usually.
- All current suppliers of milk are audited by Environmental Health and the Food Standards Agency on a regular basis.
- Prices are set according to current market values. No journals are used to calculate prices. All public sector bodies will allow price changes with a month's notice, and will look at the market factors affecting the price before allowing the changes.
- Public sector bodies ask for a wide range of products, and you have to supply the whole range of products which they ask for in any tender process.

9.3 Recommendations

- A fully audited HACCP procedure must be in place to compete for any public sector milk contract in Wales. The robustness of this procedure will always be tested in the tendering process.
- Any Organic Milk Supplier wishing to supply the public sector in Wales must evaluate their business readiness against the Tendering Check List within this sub-section. This will help businesses determine whether or not they are ready to compete for these contracts.
- Businesses must be able to deliver on a county wide basis, and have a fleet of vehicles in order to do this on a minimum delivery basis of 3 times per week. The public sector would not consider any other alternatives.
- If businesses cannot compete for public sector contracts directly, the alternative would be to sub-contract to the current suppliers, or wholesalers within the region. There is a role for the OCW to facilitate these meetings.
- Prices will always play a key factor in the award of these contracts. Organic suppliers will always compete against non-organic specified products in this sector, and need to determine whether or not this is a viable sector for them to enter therefore.

10. The Organic Meat Sector and Public Sector Procurement

This section looks at the opportunities that public sector procurement offers the Organic Meat Sector in Wales. We include a tendering check-list for businesses which looks at the pre-requisite criteria for any business delivering public sector meat contract in Wales, including the Organic sector. There's also a section on the generic requirements of supplying this sector. We conclude the findings of a survey conducted with current suppliers of meat contracts to the public sector in Wales (**a copy of this questionnaire can be found as attachment 5**), and a series of key recommendations to close this sub-section.

10.1 Tendering check list-meat contracts within the public sector in Wales

In order to compile this section, tenders were reviewed by clients including Gwynedd County Council, Bangor University, Conwy Council (on behalf of 4 local authorities), and Rhondda Cynon Taf Council (on behalf of 7 local authorities in South East Wales).

KEY REQUIREMENT	NECESSITY	FAVOURABLE
A fully audited external certification award for quality from a body within the industry (in addition to HACCP)- must be in place.	√	
HACCP (Hazard Analysis and Critical Control Point) procedures in place.	√	
STS Certification (external audit)-if selected to deliver tender, prior to formal approval (at a cost of around £500 to the business)	√	
Insurances-Public Liability and Professional Indemnity up to £5m	√	
Product traceability procedures and policy-full traceability history must be available for all products supplied	√	

Packaging Policies and Procedures-including vacuum packing	√	
Health and Safety Policy Statement	√	
Demonstration of an effective distribution system	√	
Willingness to deliver to set hours on average of a twice a week basis to all premises stipulated within the contract-usually between 8am and 2pm	√	
Evidence of risk assessments and method statements undertaken internally-especially in relation to the HACCP document	√	
Evidence of appropriate staff training undertaken-including all relevant Food Handling Training for all staff members	√	
Added value and continuous improvement offered within the contract		√
Details of recent food hygiene inspections/reports including evidence of acting upon recommendations. This includes Environmental Health and Trading Standards reports.	√	
Robust recycling procedures in place for all products used		√
CRB checks for all employees delivering to any of the client's premises	√	
No minimum order value-must deliver regardless of the size of the order	√	
Product recall procedure	√	
Customer Complaints procedure	√	
References for previous, similar contracts undertaken-between 3 and 6 examples	√	
2 or 3 years audited accounts	√	
Quality control-ensuring product is at its freshest at point of delivery-including details of stock rotation	√	
Sustainability procedures-what impact do you have on social, environmental and economic issues in the district?		√

E-transactions-your ability to accept electronic payments		√
Food safety policy		√
Details of temperature control procedures including evidence of monitoring at all times. This must be handed in with all delivery notes.	√	
The ability to supply the full range of meats including beef, pork, lamb, offal, poultry, bacon, gammon, sausages, turkeys	√	
Evidence of a comprehensive labelling system for all products	√	
Environmental Policies and Procedures including sustainable material used and recycling procedures for all waste streams		√
Suitable temperature controlled vehicles to deliver all products-and evidence of temperature monitoring within the vehicles	√	
Equal Opportunities Policy Statement		√
Pest Control Procedures		√
A willingness to let the awarding authority to inspect your premises at any time during the contract delivery	√	
Recruitment and Training Policy		√
Stock rotation procedures		√

It's also worth noting the following in relation to public sector meat contracts in Wales;

- Most public sector meat contracts will run for a 4 year period
- Full product specifications are available with all tender documents-this includes information on suitable cuts/trim level/fat level/preparation/packaging.
- Must be able to deliver to the whole county, or at best, at least half the geographical area of any county within a tender in order to submit a bid.
- A single county can spend anything between £30k and £400k per annum on meat-the average being around £100k per county per annum.
- On average, price counts 65% of the final tender score, and quality 35%.
- Prices must remain fixed on average for a minimum of 6 months. Will look at prices on a monthly basis after that.
- All animals supplier within all of these contracts must be below 30 months in age.

- As an indicator of what some public sector bodies use to gauge tender prices-the *Meat Trades Journal*, or the *Wholesale Prices Smithfield Market London* are the two favoured options for all public sector bodies in Wales.

10.2 Telephone surveys conducted with current suppliers of public sector meat contracts in Wales

We carried out an in-depth questionnaire with current incumbents of public sector meat contracts in Wales. Outlined below are some of the main findings of this survey, in particular in relation to any Organic suppliers looking to break into the public sector. It is worth pointing out we did approach Organic meat suppliers to participate in this exercise, but none were available for comment, or didn't have an interest in supplying the public sector.

- Any business looking to supply the public sector in Wales will have to deliver as a minimum on a county-wide basis. Covering a whole county or area is usually a prerequisite for delivering any public sector contracts.
- All current incumbents of these contracts had to deliver a minimum of 4 times per week basis to all establishments.
- In order to deliver a public sector meat contract, it would be realistic to expect any supplier to have a minimum fleet of four 3.5 tonne vans. All of these vans are temperature controlled, and most of them have chiller facilities. Most of the vans have freezers that go down to -18 Celsius.
- Price plays such an important factor in all public sector contracts, and will score a high percentage in any tender process.
- The problem for the organic sector is that they always have to compete against non-specified organic meat, which means they will always find it difficult to compete in this sector.
- The government have indicated over the next 3 years to try and make a saving of 6% on all meat contracts-therefore, there will be an even bigger squeeze in the sector.
- Many of the major meat companies sub-contract on some of these contracts to the likes of Brakes, Castell Howell, Blakemore's and Harlech Food Services. Again, price is always the key issue, if the price is right, there is an opportunity to supply the major wholesalers in any region.
- Industry accreditations such as SALSA/STS/CMI/HACCP are a necessity in order to deliver these contracts-either one or a combination of these accreditations is a necessity to supply the public sector in Wales.

- Most companies tend to deliver within an 80 mile radius on a daily basis, and have a fleet of vehicles in order to do so.
- Supplying the whole range of products including beef, lamb, pork, cooked meat and sausages are a necessity for delivering any public sector contract.
- All staff members were trained in Food Hygiene.
- All current suppliers are able to provide a detailed temperature control record of all of their products to any client. This is usually provided to the client in electronic format.
- Prices are usually set out on a weekly basis within the sector. The Meat Trades Journal is what is used to gauge what the average market prices are. But current suppliers did state that the prices in Wales tend to be higher than the average supplied in the journal on a weekly basis.
- On the whole, current suppliers believed that they had to provide more competitive prices for public sector clients rather than private sector clients.

10.3 Recommendations

- A fully audited external certification award for quality from a body within the industry (in addition to HACCP) must be in place. This could include STS/CMI/SALSA. The public sector would not consider a bid from any supplier unless this accreditation is in place.
- Any organic meat supplier can use the Meat Trades Journal average price index as an indicator of whether they can be competitive in the industry. The index is updated on a weekly basis. We attach at the end of the report the latest price index available on the journal (**Appendix 4**)
- If suppliers cannot supply the public sector directly, there is an opportunity for the OCW to facilitate meetings with key buyers and wholesalers within the region to seek sub-contracting opportunities.
- Any meat supplier looking to supply the public sector directly needs to evaluate where their business is currently in relation to the tendering check-list that's included within this section. This will help determine whether the business is ready to compete for these contracts.
- Distribution is a key factor in delivering any public sector contract. A fleet of vehicles which are able to deliver to most establishments on a county-wide basis and on a daily basis is the norm expected from any public sector client. Businesses need to make a decision whether this is a viable option.

11. Recommendations

Following a careful analysis of all the work undertaken within this research, these are what we believe are the key recommendations for both organic producers and OCW staff working on supply chain development within the sector.

- All suppliers need to register on the www.sell2wales.co.uk website to receive alerts of public sector food contracts in Wales. They need to choose the correct CPV codes in order to get the correct alerts under the "categories" heading. Free support to fill in the pre-qualification questionnaires and tenders is available through the Welsh Government's Supplier Development Service (full lists of contacts can be found in Attachment 2).
- Suppliers need to be in regular contact with catering managers within the public sector bodies they're interested in tendering for to ensure they know when and where the tender opportunity that is relevant to them is coming out. Many of these contracts are advertised on an ad-hoc basis and some bodies keep an internal list of suppliers. A full list of public sector bodies in Wales, with their main procurement officers and contact details can be found in Attachment 1 of this report.
- As demonstrated by the recent procurement exercise undertaken by the Organic Fresh Food Company, the organic sector will struggle to compete for public sector contracts due to price. It is recommended that OCW conducts research into the typical prices paid by the public sector for fruit and vegetables; as well as encourage the sector to target businesses who've won public sector contracts to see if there are any sub-contracting opportunities available.
- As outlined in section 5.1 of this report, producers must meet set criteria to compete for public sector contracts. If OCW are keen for the sector to tender for public sector contracts, there is a role for them as an organisation to support producers to ensure they meet the minimum requirements.
- To remain competitive, organic suppliers must be able to meet tight delivery schedules and have no minimum order values; otherwise they are at a major disadvantage in any procurement process. Also producers must be able to price all of the items highlighted within the tender and not just some of them.
- If producers cannot supply directly to the client, it is worth considering supplying the local wholesalers, cash and carry, distributors or retail outlets that will compete for

all of these public sector contracts. There could be a key role for Organic Centre Wales to facilitate meetings with these key buyers.

- Many organic suppliers weren't interested in supplying the public sector directly as they felt they wouldn't be able to compete against non-organic suppliers. Collaboration is another route businesses can take. There is a role for OCW to facilitate these discussions in Wales (with producers and key buyers), on a geographical basis, with a view to setting up geographical collaborative hubs which could potentially generate opportunities with key wholesalers or distributors in the region. Models such as Stroudco Food Hub in Gloucestershire and Pembrokeshire Produce direct can be explored further to stimulate discussions with producers.
- As demonstrated by the outcome of the Cardiff University tendering opportunity, increased lobbying of the Welsh Government is required to ensure that the organic sector's interests and opinions are conveyed especially in terms of public procurement and ensuring that key public sector bodies procure local food.

Attachment 1: List of Public Sector bodies and main procurement officers in Wales

Please open the link below to view a containing the contact details of all public sector bodies in Wales, and their current procurement officers.

http://www.organiccentrewales.org.uk/uploads/attachment_1.pdf

Attachment 2: List of the Supplier Development Service Supplier Champions in Wales

GWYNEDD AND ANGLESEY

Siôn Hughes - sion.hughes@menterabusnes.co.uk 01248 672672

CONWY AND DENBIGHSHIRE

Carys Griffiths - carys.griffiths@menterabusnes.co.uk 01248 672659

WREXHAM AND FLINTSHIRE

Lynne Lewis - lynne.lewis@wrexham.gov.uk 01978 366366

CEREDIGION

Llinos Price - llinos.price@menterabusnes.co.uk 01970 636287

POWYS

Guto Carrod - guto.carrod@menterabusnes.co.uk 01970 636283

PEMBROKESHIRE AND CARMARTHENSHIRE

Helen Evans - hevans@mwcc.org.uk 01554 779910

SWANSEA AND NEATH PORT TALBOT

Alan Doyle - adoyle@mwwcc.org.uk 01554 779910

SOUTH EAST WALES

Sean Hamill - shamill@venturewales.com 07766-561791

Phil Spooner - pspooner@venturewales.com 07766 724467

Attachment 3: Telephone Questionnaire used with the Fruit and Veg Sector

Discussion Guide for Organic Suppliers

Introduction to the aim of the research task and the various areas / topics covered within the report and how the participant's viewpoints will assist in terms of the support required for organic producers to tender for public sector contracts.

Part 1 - Establishing expectations

- Are you interested in competing for public sector contracts?
- Is public sector procurement a realistic option for the organic sector?
- Which public sector bodies would you be interested in supplying?
- Are you aware of where public tender contracts are published / advertised?

Part 2 - Competing for Public Sector Contracts as a Collective

- Are you aware of any sub-contracting opportunities to current incumbents of public sector contracts within your area, and is this an attractive option / means of supplying the public sector?
- What are your thoughts about supplying wholesalers/distributors/cash and carry's in your region? Who would you be willing to supply?
- Is collaborating on public sector contracts a potential option i.e. supplying one large organic distributor?
- How can OCW help suppliers with this process?

Part 3 - Competing for Public Sector Contracts – Contract Requirements

- Public sector bodies tend to require specific amounts of products, continuity of supply and a specific number of deliveries. Can you supply in terms of volume and frequency?
- Pricing - can supplying in large quantities drive down the price at all?

- Are you aware of what prices wholesalers/distributors in their area charge and can you compete against this at all?
- HACCP - do you have this accreditation? If not, why not?
- Industry accreditations (i.e. BRC/STS/SALSA) – are you willing to take on these accreditations to compete for public sector contracts? If not for public sector contracts, do you see any other perceived benefits to taking these accreditations on-board?
- What are your current product traceability procedures and policies?
- Do you have the capability to distribute on a county-wide basis?
- What are your current environmental policies, especially in relation to waste management, packaging and recycling?
- Can you meet the delivery times of the public sector, which are usually very strict?
- Environmental Health and other audits - which ones have you undertaken?
- What quality control and product recall procedures do you have in place?

Part 4 – Additional Comments.

- Do you have any comments/suggestions as a result of the recent procurement exercise undertaken?
- Any other comments you would like to make?

Attachment 4: Meat Trades Journal, example price index

Meat Trades Journal, National Retail Prices for Wales, 17 Dec 2011

<http://www.meat-prices.co.uk/national/Wales/>

Pence Per kg

Type	Average	Min	Max
Beef			
Braising Steak	822.00	656.00	999.00
Diced Stewing Steak	698.00	599.00	858.00
Fillet Steak	2929.00	2500.00	4000.00
Premium Mince	585.00	438.00	799.00
Rump Steak	1328.00	1080.00	1790.00
Sirloin Steak	1800.00	1200.00	2299.00
Standard Mince	364.00	230.00	500.00
Topside	968.00	729.00	1299.00
Lamb			
Cutlet chops	1319.00	1029.00	1499.00
Diced Lamb	1100.00	792.00	1687.00
Fillet End Leg	1051.00	949.00	1299.00
Lamb Steaks	1477.00	1100.00	1699.00
Loin Chops	1242.00	1029.00	1549.00
Minced Lamb	868.00	660.00	1199.00
Shoulder (Bone-in)	766.00	599.00	992.00
Shoulder (Boneless)	962.00	749.00	1430.00
Whole Leg	929.00	499.00	1299.00
NZ Lamb			
Cutlet Chops	1499.00	1499.00	1499.00
Fillet End Leg	1008.00	999.00	1149.00
Loin Chops	1129.00	1100.00	1549.00
Shoulder (Bone-in)	749.00	749.00	749.00
Pork			
Diced Pork	582.00	392.00	699.00
Fillet End Leg	562.00	438.00	749.00
Fillet of pork	831.00	438.00	1049.00
Leg (Boneless)	628.00	438.00	799.00
Loin Chops	518.00	300.00	979.00
Loin Steaks	730.00	547.00	899.00
Minced Pork	548.00	400.00	699.00
Shoulder (Boneless)	514.00	398.00	599.00
Sausages			
Pork (Traditional)	495.00	285.00	699.00

Attachment 5: Telephone Questionnaire used with the Meat and Milk sectors

Introduction to the aim of the research task and the various areas / topics covered within the report and how the participant's viewpoints will assist in terms of the support required for organic producers to tender for public sector contracts.

Part 1 - Establishing expectations

- Are you interested in competing for public sector contracts? **Do you** currently supply the public sector? If so, whom? Which geographical areas do you cover within that contract?
- How often do you have to deliver within your current contracts? How many vans/lorries do you provide to the contract? Are they temperature controlled?
- Is public sector procurement a realistic option for the organic sector?
- Are you aware of where public tender contracts are published / advertised?

Part 2 - Competing for Public Sector Contracts as a Collective

- Are you aware of any sub-contracting opportunities to current incumbents of public sector contracts within your area, and is this an attractive option / means of supplying the public sector?
- What are your thoughts about supplying wholesalers/distributors/cash and carry's in your region? Who would you be willing to supply?
- Is collaborating on public sector contracts a potential option i.e. supplying one large organic distributor?

Part 3 - Competing for Public Sector Contracts – Contract Requirements including price and distribution

- Public sector bodies tend to require specific amounts of products, continuity of supply and a specific number of deliveries. Can you supply in terms of volume and frequency?

-
- Pricing - can supplying in large quantities drive down the price at all?
 - Are you aware of what prices wholesalers/distributors in their area charge and can you compete against this at all?
 - HACCP - do you have this accreditation? If not, why not? How do you implement HACCP on a daily basis within your business?
 - Industry accreditations (i.e. BRC/STS/SALSA) – are you willing to take on these accreditations to compete for public sector contracts? If not for public sector contracts, do you see any other perceived benefits to taking these accreditations on-board? What industry accreditations do you currently hold? How often do you have to undertake these audits? STS?
 - What are your current product traceability procedures and policies?
 - Do you have the capability to distribute on a county-wide basis? Can you describe your current distribution system? How far do you deliver? Do you collaborate with others when it comes to delivery at all? Can you go into more detail about your distribution system-how this is undertaken, how do you plan routes? Do you ever collaborate in order to deliver any of the products?
 - What range of products do you supply within the contract? Where do you source these? Are any of the products organic?
 - Can you meet the delivery times of the public sector, which are usually very strict? (8am-2pm)
 - Environmental Health and other audits - which ones have you undertaken? What training have your staff members undertaken?
 - Do you provide temperature control records with your products? What temperature control procedures do you currently have in place?
 - How do you set your prices? How often are you allowed to adjust your prices? How do you set your current prices? Can you go into more detail here? Do you use any market indicators to set your prices?

- Have you ever used the Meat Trades Journal of the Wholesale Prices Smithfield Market London to set your meat prices?
- Is pricing for public sector clients more difficult than other customers? Are the margins tighter?
- Milk-what are the size of products you currently supply the public sector? Do you have to supply different sized products to different clients? Have you ever had a problem here? What range of products are you currently able to supply (in terms of pack size?)

Part 4 – Additional Comments.

- Any other comments you would like to make?