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BSA - The Business Services Association

Response to consultation on proposed changes to public sector food and catering policy

2.9.22

Background

The Business Services Association - BSA - welcomes the publication of the Department for Environment, Food and Rural Affairs' consultation 'Seeking views on possible changes to public sector food and catering policy'.

The BSA is a policy and research organisation. It brings together all those who are interested in delivering efficient, flexible and cost-effective service and infrastructure projects across the private and public sectors. A list of our members is included as an Annex below.

This response to the consultation forms part of the BSA's ongoing engagement with Defra on public sector food and catering policy. It is also intended to build on and reiterate the points raised in recent roundtables with Defra on this topic.

Throughout our discussions with Defra, it was noted that many BSA members will be making individual submissions to the consultation. In light of this, the BSA submission will be commenting on the proposals in general rather than the specific questions.

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Overview

BSA members deliver a range of catering services throughout the public sector. Approximately £2 billion is spent annually by the public sector procuring food and catering services across school meals, further and higher education, Defence, Government Departments' offices, prisons, and NHS hospitals and care homes. Of this spend, £1.3bn is covered under Government Buying Standards for Food and Catering Services. The BSA is therefore well positioned to offer insights and proposals in relation to public sector food and catering policy.

Contract catering is a vital part of the UK's critical national infrastructure. The sector serves millions of people every day across the UK, including school children, the Armed Forces, patients, NHS and social care staff, as well as those working on construction sites, in offices, factories and offshore locations. Commercially, it is a diverse sector with a myriad of funding routes and commercial models across different settings. Contract catering also encompasses many areas of public policy and public interest, including food security; sustainability, reducing waste and transitioning to net zero; public health and obesity; school feeding; and hospital food. All these topics require careful consideration, especially for public sector contracts spending taxpayers' money, alongside operational and commercial considerations.

The proposals outlined in the consultation reflect the Government's efforts to adopt an ambitious and transformational approach to public sector food and catering. These are efforts that the BSA and its members have long supported and we look forward to continuing to work with government to drive its work in this crucial policy area.

We welcome the Department for Environment, Food and Rural Affairs' engagement with industry throughout the preparation of the consultation. The BSA would also like to offer its continued support as a forum to promote constructive dialogue between government and business in the implementation of any policy outcomes arising from the consultation.

Part One: Scope of the policy

As the consultation recognises, following the introduction of PPN10/14 it is mandatory for central Government departments, their executive agencies, and non-departmental public bodies in England to comply with Government Buying Standards for Food and Catering Services (GBSF) and to use the Balanced Scorecard methodology. The wider public sector is encouraged, but not mandated, to comply with the standards.

The consultation asks respondents to comment on whether or not they support expanded mandation across all public sector organisations in England. If it is the Government's ambition that public sector food and catering should be seen as a gold standard to wider society in delivering positive health, animal welfare, environmental, and socio-economic impacts, then expanding the scope would support this. In previous discussions with Defra, BSA members have also reflected on the benefits of having aligned policy across the public sector (including simplification and improved transparency for suppliers).

There are, however, a range of challenges that would have to be considered if this approach was taken. We welcome the consultation's recognition that "*expanding the scope of the policy would involve further engagement and consultation to fully assess impacts*". For example, if state schools were to be in-scope for this policy then the current funding model for school meals would require a full review. As has been widely reported, the challenges facing those delivering catering services in schools are considerable and wide-ranging; challenges which are compounded by the fact that school meal funding is currently not ring-fenced and that current UIFSM/FSM rates are not in-line with inflation.



In addition to this, a large number of schools have no kitchens and in the main are currently supplied with frozen, or cook from chilled, meals which come from national production units. This current delivery model would have to be reviewed if the policy standards were expanded and new local sourcing targets introduced.

The additional cost implications of meeting these policy standards would need to be taken into account, particularly in light of wider inflationary pressures, and the BSA would welcome the opportunity to discuss these points with Defra if further expansion is considered.

Part Two: Fair and transparent procurement guidance principles

Robust, fair and strategic procurement has a central role to play in driving a fairer and greener economy, supporting jobs across the whole country, and enabling more SMEs and charities to become involved in providing services. As key suppliers across the public sector, BSA members stand ready to play their part in supporting government's objectives here, particularly with regards to sustainability and delivering social value.

We welcome Defra's commitment to publishing guidance and resources to support the fair and transparent procurement guidance principles outlined in Part 1 of the proposed policy document. Producing clear and comprehensive guidance is key both to ensuring compliance and to bolstering supplier confidence in operating under the new system. Tailoring this guidance to different audiences in the supply chain is a welcome step and the BSA would like to offer its support in disseminating any guidance documents or hosting online sessions to support Defra's awareness raising and engagement with industry.

Part Three: Changes to the Government Buying Standards for Food and Catering Services

Food Sourcing

As raised during our discussions with Defra, the BSA supports of the underlying ambitions set out in this section and several of the new proposals. For example, the clarity on animal welfare and sustainable fish is welcomed; as are the new standards for soy and cocoa and the move away from the fairly-traded label for coffee, tea and bananas. The proposed new target for 'Local and environmentally sustainable sourcing', however, presents considerable practical and commercial challenges.

The first of these concerns the definition of local in the context of public sector catering contracts. The consultation defines local products as "ingredients produced/grown/caught within the same region as they are consumed, or a neighbouring county (for counties at regional boundaries)". The three proposed definitions of 'region' contained in the consultation in part demonstrate the challenge here as the introduction of 'multi-region regions' is likely to cause confusion for both suppliers and commercial teams.

One further challenge here is that many public sector contracts cover multiple sites across large geographic areas (such those for the Ministry of Defence). Where the sites fall within different regions (under the definitions included in the consultation) but are part of the same contract, this would create significant logistical and commercial challenges as service providers would have to source multiple suppliers of the same product in order to deliver the contract. This would have a notable impact on potential economies of scale (with accompanying cost implications) as well as creating further complexity, and potential vulnerability, across already fragile supply chains.



The inflationary pressures affecting the whole of the economy are particularly visible in the context of food prices and we would urge Defra to be mindful of this. The cost implications of local sourcing and higher environmental production standards will also be a challenge for organisations where prices are set by the government department, or independent bodies (such as the MoD and NHS for patient feeding).

Members have also raised concerns around supply chain capacity with regards to higher environmental production standards. High volume organic lines such as milk, yoghurts, and meat are currently seen as especially fragile.

Finally, it is also important to recognise that total food spend is often driven by the 'offer' being provided. In some scenarios, this will either make achieving the 50% requirement considerably harder or distort the potential impact of the requirement. For example, cafes will have a far higher proportion of expenditure on a small range of products such as tea, coffee, and sugar.

Healthier, More Sustainable Menu Choices

The BSA supports the objective here for public sector menus to help people make healthier, more sustainable food choices.

In addition to the points around cost raised in the previous section, there are some specific challenges around the proposal for menus to be changed at least once every three months. Currently, Defence contract menus are sent and agreed for a period of six months. This is partly necessitated by considerably protracted approval processes and the volumes involved (which in turn requires detailed supply chain planning).

If the policy were to be expanded to include schools, there would be additional challenges to consider. Currently, all primary school children receive bespoke menus depending on any allergies or other special dietary requirements. The additional complexity that would accompany changing these menus on at least a three-month basis would likely prove to be highly resource intensive and place additional burdens on providers. It should also be noted that schools are not open throughout the year and may be better suited to rotation based on terms rather than on an 'at least once every three month' basis.

Sustainable Catering Services

Further clarification is required in this section on standards for equipment and energy management. In many public sector settings, caterers are not supplying the equipment which is being used (it is instead provided by the client). The verification of compliance test should therefore be updated to reflect this by including the distinction of equipment 'where provided by the supplier'.

It is difficult to comment on the proposed one year lead time for compliance until the full extent of the changes is understood. As noted above, many of the proposals have considerable implications for the complex supply chains that underpin public sector food supply at a time of considerable commercial challenge. Further engagement will be required once the final extent of the changes has been confirmed to assess the practicality of this timeframe.



Part Four: Data reporting requirements

Defra's ambition to drive transparency and continuous improvement of the sector is to be commended and the BSA recognises that enhancing data availability is key to understanding public procurement of food and catering services.

As with any additional reporting requirements, however, there are resource implications for suppliers and some of the proposals require further discussion and clarification. Along with some specific considerations below, we would also urge Defra to consider the implications of additional resource intensive activities on SMEs and in the context of wider commercial pressures.

In the 'total food and catering services budget' metric it will be challenging for suppliers to distinguish between costs associated purely with government funded services and those where the consumer will pay for food directly. For example, determining the staffing cost in mixed delivery scenarios (such as in a school setting) will be unlikely to provide clear or useful data and would be difficult to determine.

The proposal that each government department will determine how the contracting organisations under their responsibility will report data to Defra is also challenging. Introducing different reporting methods across the departments is likely to increase the administrative burden of collating this data for service providers and introduces a higher risk of inaccurate data.

As raised during the discussions with Defra, there are particular challenges concerning Metric 5 '% of total food and catering budget spent on local staff'. The difficulties with the proposed definitions of local, as well as the size of the proposed 'regions', have already been discussed in this response and are again relevant here. BSA members have also raised the point that, due to the nature of the work involved in delivering catering services, the percentage of staff who reside within the local region or a neighbouring county is likely to be extremely high. It is therefore unclear how useful this data will be in supporting Defra's wider policy objectives whilst also presenting additional costs for service providers. Alternative metrics might be more helpful in determining the impact of catering services on the local economy and could perhaps look at data that is already routinely collected such as the number of apprentices onboarded across each contract.

It is difficult to assess the extent of the likely cost burden here without an understanding of the system that would be used to collect this data. This, combined with how uniform the reporting requirements are across the different departments, will have a direct impact on the resource and time costs for suppliers in submitting this data.

Metrics around % of food waste also present further challenges, particularly where catering service providers do not have wider waste management contracts (and would therefore only be able to monitor waste in the kitchen itself). We would welcome further clarification from Defra as to why there a preference for suppliers to report on waste rather than the waste management companies.

Finally, we would welcome further clarity on the following terms used in the metrics:

- Metric 1 - 'catering service' (i.e. does this include energy costs).
- Metric 2 - 'total food spend' (is this by the department or by the catering provider?).
- Metric 3 - 'meals' (this may vary across different settings especially where there are all day service offers).
- Metric 4 - 'total food and catering budget spent' (as with Metric 2, clarity on whose budget).



Annex 1 - List of BSA Members, September 2022

3C3 Ltd	Ingeus
3SC	ISS UK Ltd
AECOM	Jobs22
Alvarez and Marsal	KBR
Amey Plc	Kier Group Plc
Aramark	KPMG
Atkins	Mace
Atos	Maple Strategy
Baachu	Maximus UK Ltd
Balfour Beatty Plc	Medallia
Barclays Corporate	Mitie
Bellrock	MTC
Bevan Brittan LLP	NatWest
Bouygues E&S UK	NCG
Browne Jacobson LLP	OCS Group UK Ltd
BT Group Plc	P3
Business 2 Business	Pinsent Masons LLP
Capita Plc	Polar Insight
Catch 22	Reed in Partnership
CBRE Ltd	Robertson FM
CGI	Salisbury Group
CH & Co Group	Seetec Group Ltd
City FM	Serco Group Plc
Clyde & Co LLP	Sharpe Pritchard LLP
CMS Cameron McKenna Nabarro Olswang LLP	Sodexo Ltd
Community Models	Sopra Steria Ltd
Compass Group Plc	Space Solutions
Corndel Ltd	Spend Network
Costain	Strictly Education
Deloitte	The Grichan Partnership
DWF LLP	Whitestone
DXC Technology	The Growth Company
Elior UK Ltd	The Palladium Group
Eric Wright FM	The Shaw Trust
Fujitsu UK	The Sustainability Group
G3 Systems Ltd	Trowers & Hamlins LLP
G4S Plc	Turley
Glaston Consulting	Veolia
GoodPeople	Vercity
Grant Thornton	VINCI Facilities
Hinduja Global Solutions	VPS Group
HP	Wand Consulting
IBM	Wates Group
Incentive FM	Willmott Dixon