

MINUTES OF PUBLIC SECTOR PROCUREMENT SUB GROUP MEETING: 20 NOVEMBER 2009

Present

Ian Platt (Baxter Storey) - Chair
Tony Goodger (BPEX)
Chris Ling (Compass)
[REDACTED] (Defra)
Rob McFarlane (Prime meats/Brakes)
[REDACTED] (Defra)
Duncan Prior (Task Force Secretary)

Apologies

[REDACTED] (OGC)
Barry Lock (Vion)
Sylvie Baybout (LAs Caterers Association)
[REDACTED] (DCSF)

1. Introductions, minutes and matters arising

1.1 Ian Platt welcomed everyone to the meeting and note apologies for absence.

1.2 The minutes of the last meeting held on 7 September were approved as an accurate and true record. All matters arising were covered in the meeting agenda.

1.3 Ian Platt confirmed that he had reported to the Task Force the Sub-Group's concerns about the way public procurement was managed and where the Sub Group would offer suggestions for improvement. The Task Force had expressed interest in the issue of cost being one of the principal barriers to sourcing product to UK standards, and had asked the Sub-Group to do further work in quantifying the costs and industry's capacity to meet increased demand. Further details of the Task Force discussion were contained in the minutes of their meeting, which had been circulated to Sub-Group members.

2. Revised Procurement Guidance

2.1 [REDACTED] introduced the draft new guidance for public sector procurers entitled, *The Introduction of Proportionate Quality-Based Contract Award Criteria to be Used in the Evaluation of Tenders for the Supply of Pig Meat*. The draft followed an approach that had been agreed with Ministers, and the text had been approved by OCG and Defra lawyers. The Sub-Group were invited to comment on how practical the guidance should be for users – from both a demand and supply side perspective.

2.2 Apart from the need to edit grammar in a couple of places, the Sub-Group's initial reaction was that the guidance was effective. The principal discussion point related to the first bullet under the heading "issues", where it was felt there could be some debate (and possibly challenge) regarding the relationship between meat quality and boar taint. [REDACTED] would investigate further the robustness of evidence to support the claim; but an option might be to simply remove that statement from the guidance.

2.3 Sub-Group members were invited to let [REDACTED] have final comments as soon as possible, allowing absent colleagues to contribute if they wished. The draft would then be submitted to the Task Force meeting on 7 December, before being formally adopted and implemented. **Action:** [REDACTED] to review 'boar taint' issue; and **Sub-Group members** to provide further comments as soon as possible (not later than 26 November).

3. Supply and Demand Statistics

3.1 Ian Platt tabled a paper illustrating the economic impact of procuring current public sector demand for pork and bacon to UK standards, and from the UK supply-side itself. He thanked colleagues of the Sub-Group who had assisted in compiling the analysis. Overall, the analysis showed that, on the basis of current wholesale prices and the assumption that all imported product failed to meet UK (welfare) standards, the cost to the public purse would increase by about £1 million to meet the standard, and a further £1 million to source from within the UK.

3.2 Although the statistics of demand were taken from figures supplied by the Ministry of Defence, the Prison Service, the NHS, and local education authorities, that base represented 97% of all public sector demand. The Sub-Group agreed that when extrapolated to 100% the analysis was based on reasonably robust input, though acknowledged that the suppliers of data may not necessarily adopt precisely similar interpretations. There was discussion about whether or not frozen product was included in the statistics, or whether only fresh pork had been included. Dominic Pattison confirmed that the PSFPI included fresh and chilled product in its statistical surveys. (Interpretation had been reinforced recently by the adoption, within the PSFPI, of the Sub-Group's definition of pigmeat products for the purposes of performance monitoring.) **Action: Chris Ling and Rob Smith** agreed to interrogate their own companies' data on public sector supply and consider the extent to which their own experience reflected that presented at the meeting. They would let Ian Platt have comment by 26 November.

3.3 The analysis confirmed that the procurement of pork was not the issue. Although recent survey within the PSFPI had shown a decline in the total volume of UK sourced pork (c80%), it was imported bacon that remained the principal area for attention at over 90% of total demand. The Sub-Group noted that some parts of the public sector had introduced innovative approaches to procuring bacon, which sought to reduce the overall cost of providing that product to its consumers. For example, MoD had amended its specification for bacon rashers to be thinner. The principal element of cost saving was not in the cost of the rasher itself, but in the fuel costs associated with cooking it (ie for less time). Such innovation, based on the cost of providing a final product to the consumer rather than individual input costs, offered the potential to increase product quality and reduce costs overall. That was one way of helping absorb the higher production costs related to welfare standards.

3.4 From enquiries made of principal UK suppliers, the Sub-Group noted that there was sufficient production capacity currently available within the UK to meet total public sector demand, if required. However, it was worth noting that if UK retails shifted significantly to UK-sourced product, the supply-side would need to expand to meet demand.

3.5 Subject to further comments from Sub-Group colleagues by 26 November, Ian Platt proposed to up-date his paper for presentation to the Task Force on 7 December.
Action: Ian Platt.

4. LACA Caterers Sustainability Study

4.1 Tony Goodyer introduced the 2009 report and findings of the *LACA Caterers Sustainability Study* which had been commissioned by AHDB – which had been circulated to Sub-Group members for information. He highlighted the increase in assured product being specified by local authorities, and the trend towards the procurement of more fresh/chilled meat as opposed to frozen.

5. Government's Healthier Food Mark

5.1 [REDACTED] up-dated the Sub-Group on the Government's introduction of the *Healthier Food Mark*. The Mark - under the slogan "Food for Life" – had three award levels: Bronze, Silver and Gold. The award criteria for the first phase had been signed-off and was currently out for consultation (including with care homes, local authorities, and the police) as to its deliverability. Previous consultation on the design of the criteria had included the private food service sector and others. The Sub-Group expressed concern about the risk of introducing yet another logo/label to be applied to food which might further confuse consumers. **Action:** [REDACTED] undertook to provide the Sub-Group with a link to the Government's HFM website. If anyone had comment about the initiative, [REDACTED] would be glad to receive them.

6. Communications/Publicity

6.1 Duncan Prior explained that, given the stage in the life of the Task Force initiative, the Task Force was anticipating all sub-groups to be nearing completion of their work and being able to identify delivered outputs. The Task Force wished therefore to consider at its next meeting on 7 December how best to communicate and seek publicity for its achievements, and promulgate them to potential beneficiaries across the pigmeat supply chain.

6.2 The Sub-Group considered its contribution to the wider communication workstream, and agreed it had some very worthy deliverables to offer under the headings: new public procurement guidance; improved performance monitoring and feedback systems; and recommendations for enhanced training of specialist meat procurers, and collaborative procurement practice across Whitehall. A key message was that the Task Force had made a significant contribution towards providing a more level playing field in sourcing product to UK quality standard; and now looked to industry to respond through increased competitiveness in delivering demand. The Sub-Group agreed that the existing *Meat Buyers' Guide* was a good document for use by public sector procurers, and offered a foundation on which dedicated training modules could be based. **Action:** Tony Goodyer to send a copy of the MBG to Ian Platt.

6.3 **Action:** Duncan Prior would reflect those points in a written contribution to the Task Force, He and [REDACTED] were due to attend a Defra-chaired meeting on 23 November to consider the components of a communications strategy.

7. Sub-Group Documentation

7.1 The Sub-Group reviewed the Risk Register and Issues Log. Risk 'RSG(c)004' - procurers' proportionality test - was now green status and could be closed. Risks 001 and 003 (non-compliance and budgetary constraints) would always remain open but had been addressed by the Sub-Group as far as was possible. All entries on the Issues Log were now closed.

7.2 In reviewing the Workplan, the Sub-Group agreed that its work had been completed. Ian Platt summarised the following outputs under each objective:

Objective (i) - agree revised public sector procurement guidance

Objective met. Guidance produced for submission to Task Force and subsequent promulgation by Defra and OGC across the public sector under the auspices of PSFPI; recommendations for enhanced training of specialist meat procurers (based on the *Meat Buyers' Guide*), and local authorities to be included within PSFPI;

Objective (ii) - performance monitoring

Objective met. New definition of product adopted within PSFPI; Ministerial letter sent to govt departments promulgating need for adoption of pork procurement policy, and reporting of difficulties in ongoing implementation; recommendations for random, independent, audit spot-checks (eg by NAO) to ensure compliance in practice; enhanced ability of Parliament to hold procurers to account for non-compliance;

Objective (iii) – addressing barriers and constraints

Objective met. Addressed issue of proportionality (ie weighting quality considerations in tender award criteria); identified economic impact of sourcing to UK standard, and suggestions for closing the cost gap in order to minimise impact on public purse; established ongoing arrangements for systematic identification of future barriers within performance monitoring system.

8. Conclusion and Close of Meeting

8.1 The Sub-Group's work would be presented to the Task Force by Ian Platt on 7 December. He would invite the Task Force to endorse the Sub-Group's outputs, and agree that the Sub-Group had completed its work. Although it was not anticipated that the Sub-Group would need to meet again, members would stand ready for a possible telephone-conference should there be feedback/actions flowing from the Task Force that required the Sub-Group's attention.

8.2 In closing the meeting, Ian Platt thanked all members of the Sub-Group (present and absent) for their participation and constructive input in delivering what was regarded as a valuable and worthwhile set of outputs.

Task Force Secretariat
November 2009