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Study into the feasibility of an online database of farmers and growers for the Public Sector Food Procurement Initiative



Foreword

Jim Read, a consultant employed by Defra's Food Procurement Unit, undertook the feasibility study. However, the unit substantially revised his initial draft report to:

- Reflect the views expressed on it by people he consulted during the study and some other interested parties
- Cover in more detail the initial specification for the study and the solutions examined – some of which have been brought up to date
- Include the key points arising from the consultant's presentation to the Food Procurement Implementation Group on 21 March 2006.

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1. BACKGROUND

- 1.1.1 The Public Sector in England is estimated to spend about £2 billion on food and catering services each year. Appendix A gives details of the key buyers of food and catering services.

<i>Sector</i>	<i>Annual spend</i>
Schools	£1 billion on catering overall
The NHS	£300 million on food/£500 million on catering overall
The armed forces	£135 million on food products and delivery
The prison service	£43 million on food/£94 million on catering overall

Source: NAO, Smarter food procurement in the public sector (2006)

- 1.2 The Public Sector Food Procurement Initiative (PSFPI) is designed to encourage public sector bodies *in England* to procure their food in a manner that promotes sustainable development and encourages more tenders from small and local farmers, producers and other food suppliers.
- 1.3 The initiative is managed by the Food Procurement Unit in Defra's Procurement and Contracts Division (PCD) and overseen by the Food Procurement Implementation Group (FPIG), which is a cross public sector body of policy and procurement officials.
- 1.3 PSFPI has five key objectives, which are to:
- (1) Raise production and process standards
 - (2) Increase tenders from small and local producers;
 - (3) Increase consumption of healthy and nutritious food
 - (4) Reduce adverse environmental impacts of production and supply
 - (5) Increase capacity of small and local suppliers to meet demand.
- 1.4 This report is the output of a feasibility study to identify the options available for developing an easy to use *national on-line database of farmers and growers* to enable public sector buyers to find local producers who are willing and able to supply food either directly or indirectly to the public sector. Appendix B provides a summary of the specification for the feasibility study.

2. STUDY RATIONALE AND FINDINGS

2.1 The study

- 2.1.1 In essence, the study was required to answer four main questions:
- Is there a demand for an on-line database facility?
 - What functionality would be required?
 - What solutions are already available?
 - What are the costs, benefits and constraints?
- 2.1.2 The study was based on a limited number of face-to-face interviews with some of the people identified by Defra's Food Procurement Unit and which the consultant supplemented via Internet research.

2.1.3 On completion of the consultant's study: Defra's Food Procurement Unit carried out additional work, for example, seeking views from the people he interviewed and other interested parties on his draft report and providing more information on the solutions identified in the specification for the study.

2.2 Rationale

2.2.1 Initial soundings taken by FPU suggested that there was a demand for an on-line database among buyers, suppliers and practitioners. The facility was seen as a way of raising the visibility of small and medium suppliers of food and food services among buyers, wholesalers and other suppliers.

2.2.2 Raising the profile of small and local procurers is important given the growing pressure on public sector buyers to work more closely together to aggregate demand and achieve cost savings through, for example, economies of scale. The process is likely to accelerate following:

- Publication of National Audit Office's report "Smarter food procurement in the public sector" published on 30 March 2006 which recommends greater aggregation (<http://www.defra.gov.uk/farm/sustain/procurement/nao-smarterfood.htm>); and
- The initiation of the Department for Education and Skills' Centre of Procurement Performance's strategy to achieve efficiency gains in the provision of school meals.

2.2.4 Defra's Food Procurement Unit (FPU) welcomes the drive towards greater aggregation in public sector food procurement, especially if the savings made are ploughed back into improving public sector catering. However, it wants to see this managed in ways that support the PSFPI objective to increase the opportunities for small local producers to supply food to the public sector, either directly or through primary contractors, e.g. food service companies and wholesalers.

2.2.5 Solutions for increasing these opportunities include breaking the contracts down into lots and specifying fresh seasonal produce. FPU considered that a national online database of farmers and growers would help to assist Government Offices for the Regions, bodies representing and supporting the industry such as the NFU and EFFPP and NGOs like Sustain and Local Food Links develop local supply networks – so helping to increase opportunities for small local producers.

2.3 Findings

Demand

2.3.1 Doubts surfaced at a very early stage in the study about the usefulness of an on-line database of farmers and producers designed specifically for public sector buyers.

2.3.2 Most public sector bodies procure their food from wholesalers, packers, butchers and other intermediaries and therefore would find a database of these suppliers more useful than one of farmers.

2.3.3 Among the other findings were:

- The large public buyers such as NHS Purchasing and Supply Agency, MOD and HM Prison Service already have procurement systems in place.
- The NFU, as the main representative body for farmers and growers considered that an online database would help their members gain public sector business, but were not convinced

that producers would make use of it unless they could be sure it would bring them business.

- Food service companies and wholesalers have their own intelligence but, at least one, considered that a database might be useful in identifying new suppliers as the need arose.

2.3.2 The consultant presented his findings to the Food Procurement Implementation Group (FPIG) on 21 March 2006. Appendix C provides a summary of his presentation.

2.4 Available technical solutions

2.4.1 The study looked at the following existing technical solutions:

- Defra's whole farm approach
- DTI's New National Opportunities Portal (SRG2 portal)
- Big Barn
- Bondens egan
- Portsmouth City Council's e-business
- Zanzibar

2.4.2 These solutions are covered in section 5.

3. DEMAND FOR AN ON-LINE FACILITY

3.1.1 Supply chain roles and mechanics are well established and, judging by the amount of information on the Internet, there is a wealth of information useful to buyers and suppliers of food to the public sector. Examples include:

- Commercial directories of wholesalers, producers and processors;
- Producer single interest groups;
- National awareness or marketing groups;
- Regional awareness or marketing groups;
- Organisations involved in sustainable supply;
- Representatives of farmer-owned businesses.

3.1.2 Some examples of on-line databases of suppliers are given at Appendix E. Mostly, they are either regional or locally based or sparsely populated and aimed at a different market to the public sector and, therefore, not that helpful in identifying producers in neighbouring regions or those further a field that produce commodities not available in the area covered.

4. OUTLINE CONCEPT – DATABASE FACILITY

4.1.1 Appendix B outlines the specification for the project with the contractor given the flexibility to modify the proposal.

4.1.2 The consultant developed the concept into a third party operated database that:

- Provides data on farmers, growers, wholesalers, food service providers, food processors, packers, food service companies and public sector buyers ranging from major purchasing units and buying consortia to individual schools, colleges, hospitals and care homes etc. Plus logistic support.

- Provides a comprehensive search facility, allowing all types of user functions to select records by individual organisation, location, function, product or service and requirement or a combination of any of these criteria.
- Contains the latest techniques to guard against all forms of malicious damage and controlled by password that is automatically allocated to users on initial registration. Access to be “read only” for all areas of the website other than the users’ own details – which the system must allow them to modify as necessary.
- Allows users to post their profiles on a “self-certification” basis and covering commercial obligations and due diligence checks etc.
- Provides usage statistics on a regular basis and is capable of uploading bulk supplier and purchaser profiles.
- Meet industry-wide security and usability standards.

4.1.3 In addition, the database facility should be:

- Easy to use and accessible via the Internet by all normal communications methods, e.g. dial up modem, broadband, mobile phone etc.
- Presented as part of a website providing information on the Public Sector Food Procurement Initiative
- Linked to other websites of potential interest to users, e.g. food standards, procurement rules etc and checker facilities such as those provided by AFS and ABM

4.1.4 The prime objective of the proposed facility was to exchange information between buyers and suppliers wishing to supply to the market. The facility was not intended to be a purchase-to-pay marketplace, e-Procurement, e-Tendering solution or e-Auction facility. Buyers have access to Zanzibar and, in some circumstances, systems developed specifically for their own organisations.

5. ASSESSMENT OF POTENTIAL TECHNICAL SOLUTIONS

5.1 Introduction

5.1.2 Potential technical solutions are outlined below. The consultant has appraised some of them against the concept outlined in section 4 above.

5.2 Defra’s whole farm approach solution

5.2.1 The Whole Farm Approach (WFA) is an electronic only system to support the farming industry across its range of activities. The WFA uses an “intelligent” questionnaire system that makes form filling easier and provides convenient links to best practice advice and guidance. It went live on 28 March 2006. URL: <http://www.defra.gov.uk/farm/wholefarm/>.

5.2.2 The WFA will provide the main source of core data covering the farming industry, which should reduce the number of forms that farmers are currently asked to complete. The data should also enable Defra and its partners to target advice to individual farmers on, for example, which regulatory requirements apply to them and how to comply. The data collected will also provide an evidence base for

streamlining regulations.

5.2.3 Farmers can now sign up and access the Whole Farm Approach to:

- Complete the Appraisal self-assessment questionnaire as an efficient way to provide data
- Review and update information held on their business
- Complete surveys where applicable
- Benchmark the performance of their business
- Quick-link to CTS (Cattle Tracing System) Online to update their cattle movements
- Access key websites relevant to their business

5.2.4 Proposed services for the future include:

- Status of Single Payment Scheme applications
- Additional surveys
- Maps of farm land

5.2.5 The system has limitless potential and Defra is encouraging more farmers and growers to join it. This follows successful trials with groups of producers whose response was overwhelmingly positive.

Preliminary assessment

5.2.7 The WFA will provide farmers with personalised access to a range of farming services and information. The issue was whether it could also provide public sector buyers, their primary suppliers and practitioners with on-line access to the data – so making it easier for them to trace food commodities from local producers and therefore helping to improve the supply side to the public sector. The assessment was that this was not feasible given the estimated cost.

5.3 DTI's Opportunities (SRG2) portal "Supply2.gov.uk"

5.3.1 The portal is the first UK government-backed online service designed to:

- Publicise public sector contracts below the EC threshold, typically under £100,000¹, and is specifically aimed at enabling all businesses - particularly small and medium sized enterprises (SMEs) - to identify and compete for lower-value public sector contracts; and
- Open up the market to all types of business including small businesses, start-up companies and social enterprises to search and view contract opportunities and to promote themselves to the UK public sector. It publishes public sector contracts below the EU thresholds.

5.3.2 Its various facilities include:

- **E-notice Service** – to allow buyers to create, manage and transmit their tenders online to prospective suppliers in a secure, efficient and effective manner. Pro-formas are provided to help buyers create the contract notices. They can also

¹ Currently the EC threshold is £93,738 for central civil government bodies such as Government departments and the prison service and £144,371 for wider public sector bodies such as local authorities and schools). OGC web site: <http://www.ogc.gov.uk/index.asp?id=397>

use a search engine or browse a tree structure to identify the product, service and geographical location.

- **Supplier Information Database (SID) Service** – to provide buyers (and suppliers) with access to relevant and up-to-date information on potential suppliers. Suppliers compile and manage their own expression of interest/pre-qualification information, as requested by public bodies, in the form of an online company profile. They can then make this information available to buyers.
- **Contract Search Service.** This is available to both buyers and suppliers and will enable food suppliers wanting to do business with the public sector to quickly and effectively access contract notices and view them in a single place. Two types of search can be performed: simple and advanced.
- **Email Alert Service** – to enable suppliers to automatically receive details of contract opportunities of interest to them. An online alert profile allows suppliers to determine the criteria for the types of contracts that they would like to receive so keeping them up-to-date on potential business opportunities without having to actively seek them out.
- **Additional Services** – to provide buyers and suppliers with an easily accessible means of obtaining other relevant services that can help them within their respective areas of operation.

5.3.3 It costs nothing for suppliers to advertise locally, or to see local opportunities, but there is a charge of £70 for regional coverage and £180 for national coverage.

5.3.4 Supply2.gov.uk is not a purchase-to-pay marketplace or an e-Procurement tool or designed to replace existing public sector procurement initiatives. However, it will complement and work with existing supplier-related portals such as Zanzibar and e-Sourcing, both managed by OGC Buying Solutions (see below). More information on SRG2 is given in Appendix D.

Preliminary assessment

5.3.5 The Portal is now live (<http://www.supplyinggovernment.gov.uk/newportal.asp>) but the service provider has not yet fully implemented the more detailed contractual obligations such as supply chain management and it remains to be seen how well buyers and suppliers can be attracted to the site (this may be more of an issue for farmers and producers than for other SMEs).

5.3.6 Tenders above the EC threshold are catered by Tenders Electronic Daily (TED), which lists contracts above this value. However, smaller businesses may not appreciate that some contracts above threshold are broken into lots to facilitate bids from SMEs, or that a £100,000 tender for a contract lasting three years represents only £33k a year and may be within their capabilities. They may therefore miss opportunities to tender.

5.3.7 The Portal does however provide a useful means of matching public sector buyers with suppliers and over time may prove useful in helping to increase opportunities for small local farmers and growers do business with the public sector either directly or indirectly via wholesalers and other intermediaries. URL: <https://www.supply2.gov.uk>.

5.4 Big Barn

5.4.1 Big Barn has an online map with icons that allow users to locate the area of their choice using postal codes (<http://www.bigbarn.co.uk>). The map can be sized up and

down to show the location of farmers and growers and clicking on the icons gives details of the producer, e.g. keying in CO1 directs them to Colchester in Essex. Big Barn also has an on-line map for London. URL: <http://www.london21.org/map.php>.

- 5.4.2 Defra uses a similar approach for showing agricultural production across the country at http://www.defra.gov.uk/esg/work_htm/publications/cs/farmstats_web/datamap_links/search_menu.asp. Other examples of on-line supplier databases are given at Appendix E.

5.5 *Bondens egan* – Swedish Internet ordering system for food

- 5.5.1 This Swedish system began in Stockholm where farms supplying local produce were enrolled with buyers including schools, retirement homes and restaurants etc. The database provides information on every farmer. The customer can see who the farmer is, the method of production, what he is offering and what it costs, plus a host of other information.
- 5.5.2 The elements of the system are:
- An online warehouse system, personal for every producer. Producers can differentiate between products to be sold within the system and outside. The system is very easy to update for producers and updates automatically when orders are placed. Producers must keep their lists of products updated; otherwise the system blanks them out.
 - A distribution planner. Producers are grouped into different geographical areas, with a distribution hub in every area. Products are co-distributed to reduce transportation costs and create a single delivery. The introduction of these distribution hubs has reduced transportation costs in Stockholm to about a quarter of the previous level.
 - An ordering and invoicing system. Buyers place one order and receive one invoice even though products are bought from a number of producers. The invoice is paid through a secure encrypted connection to the bank and the system automatically splits up the payment between the producers on the invoice.
 - A harvest planner, which is the catalyst of the system. It reveals what the customers want produced and informs customers about seasonal products. It can also, for example, help plan the sale of a whole animal instead of just cuts of meat.
 - An environmental indicator, showing the cost to the environment of producing and delivering the product. This part of the system is still under development.
 - Users log into the site with a user-id and a password. Once in, they can seek products by name or by category (organic, biodynamic etc.). The system presents a list of what is available and also what the producer can offer apart from the product in the original search. Customers can also seek specific producers and find out what they have to offer.
 - Buyers have easy access to their earlier orders, which makes it easy to use standard orders and modify them. It is possible to place orders weeks, or even months, in advance. When the order is placed, the system informs the customer of the total cost, the transport agent and the expected time of delivery.
- 5.5.3 A Stockholm restaurant with 40 or 50 suppliers of local products could previously spend a full work day a week placing orders by phone and fax to each supplier

separately. Doing the same thing on the Internet using *Bondens egen* does not take more than 15 to 20 minutes.

5.6 Portsmouth City Council's e-business

5.6.1 Portsmouth City Council's *e-business builder* web site was launched in January 2006 to help local SMEs, including Social Enterprises, to gain access to contract opportunities. URL: <http://www.ebusinessbuilder.org.uk/>.

5.6.2 The *e-business builder* contains up to date information on current sub-contract opportunities as well as providing a sub-contract and supplier database, It will assist contractors in sourcing quality resources and skilled labour to fulfil their contractual commitments.

5.6.3 The consultant did not appraise the *e-business builder* web site, as OGC has a similar system in place called Zanzibar. Similarly, NHS Logistics Authority offers an e-procurement system to help the average Trust reduce its transaction costs.

5.7 Zanzibar

5.7.1 The Zanzibar Managed Service is a web-enabled eProcurement system, which is available to all English, Welsh and Northern Irish public sector organisations. URL: <http://www.ogcbuyingsolutions.gov.uk/zanzibar/zanzibar.asp>.

5.7.2 It has three key features:

- An electronic market place containing details of PS suppliers' contracts, goods and services;
- An optional purchase to pay solution;
- A data-warehouse enabling public sector bodies to monitor spend.

5.7.3 The Zanzibar service provider will support the public sector buyer in recruiting and eEnabling their supplier base onto Zanzibar.

Preliminary assessment

5.7.4 Zanzibar provides a service to existing suppliers to the public sector. It strengthens links between established public sector buyers and suppliers. It does not facilitate the establishment of the links. However, once links are established, the on-line facility can enable both parties to conduct their business electronically.

5.8 Cost benefits

5.8.1 No cost benefit analysis of any of the above was undertaken because, of those assessed, the consultant considered that none fully met requirements.

6.1 CONSULTANT'S PROPOSED SOLUTION

6.1.1 The consultant's concept for the database is set out in Section 4 above.

6.1.2 He proposed that the database should be:

- More focused than those described in section 5 above: giving details of farmers, wholesalers and logistics suppliers (selected, built and developed from regional contacts); and not a download from Defra and NFU databases, although they could provide a source of contacts.
- Supported by a search engine.

- Included as part of the PSFPI web site, e.g. building on the skills and local knowledge in the Government Offices for the Regions; launching publications, mailshots etc to bring the products of small producers to the attention of all public sector buyers.
- Available to the public as well as participants.

6.2 Cost benefits and constraints

6.2.1 No cost benefit was undertaken on the consultant's proposed solution, as the Food Procurement Implementation Group (FPIG) considered there was insufficient evidence to justify an on-line database along the lines he proposed given the perceived lack of demand.

7. CONSULTATION

7.1.1 Defra's Food Procurement Unit (FPU) asked the consultant to produce a draft report based on FPIG's conclusion that the database proposed by him was unlikely to achieve the aim of increasing the opportunities of farmers and growers to do business with the public sector and, therefore, achieve value for money for the taxpayer:

7.1.2 FPU sent the draft report to those interviewed by the consultant and other interested parties asking them to amend it as necessary to reflect their views and promised to reconsider the proposed recommendation in the light of the comments received. The unit also prepared a list of the probable information needs of buyers, producers, suppliers and PSFPI practitioners to help them consider the different solutions covered in the draft report - see Appendix F.

7.2 Practitioners database of farmers and growers

7.2.1 A view emerged during consultation that:

- A database could be justified if it did not require a large amount of resources in terms of cost, building the IT system and keeping it up to date
- One providing data about farmers and growers who produce certain types of commodity – e.g. particular vegetables or particular types of meat - would be a benefit to practitioners and enabling organisations² seeking to link farmers to wholesalers, butchers and other intermediaries within a locality.
- Lack of this information was an obstacle and while practitioners tend to find ways around it by "asking around", a ready and comprehensive source of this information would make their work significantly easier and more productive.

7.2.2 One potential solution was for data "already" collected by Defra to be made available to PSFPI practitioners. This might involve making the "June Census" data available via say the Whole Farm Approach (WFA) by adding a tickbox to the census form on which farmers could agree to making available to other parties data about what they grow.

² Examples of enabling organizations include those helping to implement the PSFPI or local food networks, e.g. Defra, Government Offices for the Regions, Regional Development Agencies, School Food Trust, NHS Purchasing and Supply Agency, other public bodies and organisations such as the NFU, EFFF, Local Food Links, Soil Association and Sustain

- 7.2.3 The data could then be made available on-line to practitioners and “enabling” organisations to help them develop local supply networks, distribution hubs and other means for improving the supply side.
- 7.2.4 The on-line database would need a search facility to allow users to search by commodity and identify farmers in a particular geographical area who produce that commodity. It need show only fairly basic information to give an indication of the scale of production and some contact details for the farmer.

View of Defra’s Whole Farm Approach Team

- 7.2.5 The Whole Farm Approach Team’s view is that they would need to do some detailed business process design before providing a detailed solution. They would also need to consider how this fits into Defra's IS strategy. That said, the following key areas would be one path to follow:
- WFA to consider the scope for developing a portal based application that takes core data from WFA to deliver business benefits.
 - This could be developed on the basis of responses to core data questions that indicate the business functionality.
 - Then develop a user definition that correctly reflects the status and interests of the practitioner and consider the implications for WFA core data and the way this is presented.
 - Define an "interface" as appropriate.
 - Work with farmers, growers and potential purchasers to define requirements more precisely.
 - Establish cost estimates and sources of funding to deliver the proposed functionality.
 - Define where this fits into WFA existing service development schedule.
- 7.2.6. However, it was estimated that the cost of a study into the feasibility of this solution would be about £30k and, beyond that, capturing business requirements, then designing and delivering the technical solution could cost up to £1m.

7.3 Buyers database of wholesalers and other intermediaries

- 7.3.1. PSFPI contacts in the Government Offices for the Regions identified that some public bodies faced difficulties in attracting suppliers with, for example, a tendency among some schools to publish an advert and see who comes forward. Usually this was just the existing supplier and lack of competition made it difficult to achieve value for money. What was required was a means to identify who else out there could meet the school’s requirements and to alert producers to contracts that were about to be let
- 7.3.2. There is however a need, in the words of one leading practitioner, to: *“avoid the temptation of seeking to integrate [this database] with other systems that have a more sophisticated function, as this would add greatly to cost and complexity”*.
- 7.3.3. Probably the most practicable solution is for FPIG to encourage public sector buyers and their wholesalers and other intermediaries to use DTI’s Opportunities Portal for contracts below the EC threshold – see Section 5 above.

- 7.3.4. This solution was initially ruled out because the Portal was limited to “low value” contracts. But this was in the context of developing a web site on public sector food procurement within the Portal – the highest tier of inter-operability (see Appendix D) - which would have cost an estimated £50K to £250K to establish and about £25K a year to host the application and £50K a year in support.
- 7.3.5. The proposal now is to dispense with this “front-end” (i.e. site with a site) with buyers and suppliers gaining access directly to the Portal. If it helps: FPU could establish a simple page on the PSFPI web site with a hyperlink to the Portal and background information.
- 7.3.6. The page could also contain hyperlinks to Tenders Electronic Daily (TED) holding details of contracts above the EC threshold and, possibly, also sites containing framework contracts developed by the NHS Purchasing and Supply Agency and others that are open to all public sector bodies to use. This is in keeping with the NAO’s report “Smarter food procurement in the public sector, which recommends that more framework contracts negotiated by bodies such as NHS Purchasing and Supply Agency be made more widely available across the public sector.
- 7.3.7. At a meeting of the GOR Steering Group on 11 July 2006 it was considered necessary to put communication channels in place to alert suppliers to forthcoming contracts as evidence showed few were willing to make the effort themselves of, for example, using systems such as DTI’s Opportunities Portal and TED to trace contracts.
- 7.3.8. The communication channels could include newsletters and emails drawing on commercial services such as “TenderTap” and “Achilles” that provide tender matching solutions and contract opportunities. The NFU were willing to publicise contracts in their publications and emails to farmers. There was also a role here for the Regional Centres of Excellence in publicising contracts and in encouraging more public bodies to follow best practice in giving 9 to 12 months notice of forthcoming contracts so that producers have ample time to prepare.

8. RECOMMENDATIONS

- 8.1.1 The database proposed by the consultant to the Food Procurement Implementation Group on 21 March at section 6 above would have been fairly expensive to establish, as it did not make use of an existing system. FPU therefore recommends that the Food Procurement Implementation Group (FPIG) does not proceed with this proposal.
- 8.1.2 There was, based on the views expressed by a cross section of potential users, some support for allowing PSFPI practitioners access to the Whole Farm Approach database to trace commodities and their producers, if affordable. The estimated cost – see paragraph 7.2.6 above – makes this solution impracticable. FPU therefore recommends that the Food Procurement Implementation Group (FPIG) does not proceed with this proposal.
- 8.1.3 There appears little support from wholesalers and other intermediaries for a database that can help them to identify potential farmers and growers to join their supply chains. FPU therefore recommends that the Food Procurement Implementation Group (FPIG) does not proceed with this proposal.
- 8.1.4 Difficulties that some public sector bodies - particularly smaller ones - face in attracting suppliers suggest there is a case for encouraging public sector bodies to

use DTI's new Opportunities Portal (SGR2) to advertise contracts below the EU threshold and for looking for potential suppliers. Its success will however depend on whether sufficient wholesalers and other intermediaries can be encouraged to use it. FPU therefore recommends that it should work with:

- (1) Defra's Communications Directorate, in collaboration with DTI's Small Business Services, to advertise SGR2 to buyers and suppliers; and
- (2) GORs and NFU to improve methods of communicating forthcoming contracts to producers and suppliers – possibly using commercial contract tracing services such as TenderTap and Archilles.

9. Conclusion

- 9.1.1 The only proposal considered feasible is to encourage buyers and suppliers to use DTI's new Opportunities Portal (SGR2).
- 9.1.2 However, NFU are willing to use the resources at their disposal to help practitioners to identify food commodities and farmers within areas where they wish to develop the supply side for the public sector. Practitioners should contact their regional NFU offices. URL: [http://www.politics.co.uk/campaignsite/national-farmers-union-nfu-\\$364806\\$2.htm](http://www.politics.co.uk/campaignsite/national-farmers-union-nfu-$364806$2.htm).
- 9.1.3 There are, as the report shows – see Appendix E, a number of web sites that list farmers and growers within a locality or region. Although they may not be comprehensive they can provide useful sources of information.

Food Procurement Unit - 2 May 2006

Main public sector procurers of food and catering services

Schools, NHS, Armed Forces and Prison Service are responsible for the majority of the estimated £2 billion spend on PS food and catering each year.

Local Education Authorities must delegate budget for school meals to their secondary schools but there is no equivalent requirement for primary schools. Recipients of delegated budgets can stay with LEA arrangements or procure services themselves. Sixty five percent of local authorities provide their own in-house catering and thirty percent of the market is contracted out to catering firms – either by authorities or by individual schools. Five percent of provision is in-house, either by schools themselves or via catering firms.

The DfES Centre of Procurement Performance has recently introduced a strategy to achieve efficiency gains in the provision of school meals through more streamlined procurement approaches (processes and supply chains) currently available in the public sector.

Within the NHS: the Purchasing & Supply Agency (PASA) negotiates national framework contracts, which NHS Trusts may use (but they can negotiate their own deals). NHS Logistics Authority buys certain food products in bulk and fulfils orders from individual trusts. 50% of Trusts run in-house service, 40% outsource catering and 10% use a hybrid model.

PASA operates a highly streamlined approach to procurement via its own website and supplier database.

Since 1997, the armed forces have procured the majority of its non-operational and operational food through a single contract with a national wholesale and delivery company, 3663 First For Foodstuffs, which procures and delivers food to over 1000 permanent drop points.

The prison service sources 85% food from UK, including large proportion of fruit and vegetables from prison market gardens.

Currently the Prison Service and Armed Forces are negotiating new contracts for food and food services supply.

Key players

Key players on the demand side are:

- Ministry of Defence;
- NHS Purchasing and Supply Agency;
- HM Prison Service;
- School Food Trust;
- Improvement Development Agency for Local Government (IDeA);
- Catering Associations, e.g. LACA, HCA, TUCO;
- Individual schools, hospitals and prisons.

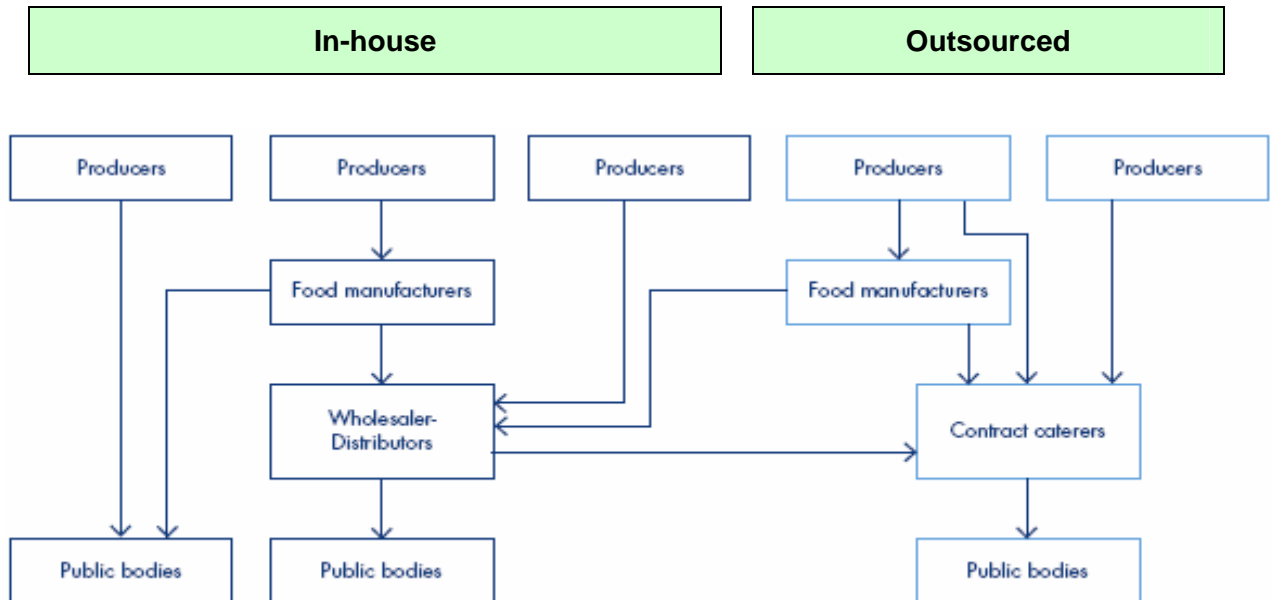
Key supply side players include:

- Food service organisations;
- Wholesalers, butchers and supplier cooperatives;
- Individual suppliers - Farmers and growers and their allied representatives, marketing organisations and business partners.

Other stakeholders

- In addition, there is a wide range of national, regional and local facilitators play a significant role in developing public sector supply networks, e.g. Government Offices for the Regions, NGOs and industry bodies.

The food supply chain to public bodies (source: NAO)



OUTLINE OF SPECIFICATION FOR FEASIBILITY STUDY INTO DATABASE

Stage 1. Identify the options available for an easy to use *national on-line database of farmers and growers* enabling public sector buyers to find local producers. Report findings and recommend the best option.

Stage 2. Implementation stage should the Food Procurement Implementation Group decide to proceed with the project.

Options

Whole Farm Approach – Defra system for collecting business and personal data from farmers and growers.

New National Opportunities Portal – developed by the Small Business Service (SBS) and the Office of Government Commerce (OGC) to provide SMEs throughout the UK – including small and medium sized farmers and growers - with direct access to information on public procurement contract opportunities below £100,000.

Big Barn- provides an online map of East Anglia with icons to show the location of farmers and growers.

Portsmouth City Council's e-business builder - contains information about current sub-contract opportunities as well as a sub-contract and supplier database, which allows prime contractors to find the resource necessary to fulfil specific contracts.

Bondens egan - system began in Stockholm where 180 farms supplying local produce were enrolled with the buyers including schools, retirement homes and restaurants etc. The database provides information on every farmer. The customer can see who the farmer is, the method of production, what he is offering and what it costs, plus a host of other information

Zanzibar - Office of Government Commerce's new web-enabled Purchase to Pay system and eMarketplace to enable public sector organisations to order online. The Contractor was asked to consider the practicability of dovetailing the database into it.

Issues

The Contractor was required to: (1) recommend a completely new system only if it offers clear advantages to those already in existence; (2) in reaching a conclusion on the best option to assess eventualities and risks and how to address them; and (3) and answer the following questions – with background commentary:

- *Is it best to keep the database fairly simple by initially limiting its scope?*
Limiting the database's scope to including just basic details of those farmers and growers willing to supply the public sector either directly might initially be more manageable with further information could be added later. Or is it more practicable to collect as much of the key data as practicable in one go?
- *Databases can become unwieldy very quickly. How can this be prevented?*
Databases are either simple to use but have insufficient detail, or they have a lot of information which makes them difficult to use. The design will therefore need to be sufficiently comprehensive and user-friendly – possibly by breaking the information down into different categories (e.g. for meat, milk, fruit, vegetables) and adding a search engine.
- *Can flexibility be built into the design to allow different categories of information to be added at a later date?*

The database must provide sufficient flexibility to allow for any other information likely to be useful to buyers to be included at a later date, e.g. intends to diversify into other produce, willing to collaborate with other producers (if not doing so already) and has farm assurance, BRC, STS etc.

- *What is the best way of providing suppliers with access to the database so that so that they can easily include and update their details?*

Can the database include gateways with different levels of authorisation, usernames and passwords?

How do we get farmers and growers to sign up?

This has proved difficult with some existing schemes such as Big Barn and would need to be supported by a concerted campaign involving Defra and bodies representing the industry.

- *Databases need constantly updating if they are to remain useful to buyers. How do we ensure suppliers keep their details up to date?*

The most effective way is to ensure that the database is widely used by both public bodies and their primary suppliers so that producers see the benefits and remain committed.

- *What other supporting information do potential suppliers require?*

Potential suppliers require an understanding of how the public sector procures its food. Some information is already given on PSFPI web site at <http://www.defra.gov.uk/farm/sustain/procurement/sellingpublic.htm>. There is also a leaflet "Unlocking opportunities: lifting the lid on public sector food procurement" that helps buyers and, to some extent, suppliers understand the PSFPI.

- *What level of support and maintenance is required?*

The database should include a help desk and a place for users to make contact, ask questions and inform producers of future tenders. The ability of producers to see tenders will help to promote opportunities in the public sector and enable producers to make more informed decisions on their ability to supply this market.

- *Who should host the database?*

A third party should host the on-line database to maintain Defra's impartiality. The Contractor should consider the options and make a recommendation.

- *How should the database be funded?*

If the project is taken forward by the industry it could attract 50% grant aid from the Agriculture Development Scheme. URL:

<http://www.defra.gov.uk/corporate/regulat/forms/foodproc/ads2.pdf>.

- *What needs to be done to ensure good governance?*

What mechanisms need to be put in place to ensure that interested parties (e.g. Defra, DTI, OGC, Government Offices for the Regions, NFU, buyers and suppliers) have a voice in the establishment and running of the database?

Food Procurement Implementation Group: 21 March 2006 Presentation on study into feasibility of an on-line database

Key points

- The big purchasing organisations like NHS Purchasing and Supply Agency and the MOD had little interest in an on-line database as they had already established their own systems and sources of supplier intelligence. The perception among farmers and growers was that they would not benefit and therefore would be reluctant to contribute towards it.
- The public sector's food is mainly sourced from intermediaries, e.g. food service companies, co-operatives, wholesalers, wholesale butchers. The foodservice companies mainly source food from wholesalers or, in the case of some of the distributors, act as wholesalers themselves with links to farmers and producers in UK and overseas.
- The intermediary's role was pivotal because of their ability to consolidate supplies from various sources and manage logistics. Small producers acting alone could not normally guarantee continuity of supply.
- The evidence was patchy on whether wholesalers and food service companies would find a database useful for identifying domestic farmers and growers able to meet their requirements.
- Larger producers were effective in marketing their produce – predominantly to supermarkets. Smaller producers could not guarantee volume and continuity of supply. A database would not solve this problem unless it could encourage greater co-operation among smaller producers.
- Contract caterers and food service distributors all have matured procurement systems but might benefit from an on-line database to fill in the gaps in their knowledge.
- The NFU were keen on an on-line database providing it was actively managed. Regional and single interest implementers all have local databases – of varying coverage – but all express interest in having more structured information on suppliers.
- Others identified as finding a national on-line database useful were: LEAs, schools, hospitals, prisons looking to source local produce; producers looking to set up supply consortia or cooperatives; intermediaries looking to expand their supply chains; regional facilitators developing local supply networks.
- Initial researches indicate that a passive database (i.e. one that does not allow interaction) would not accomplish much, as it needs to be actively managed by a person or persons able to: push people into using it, help suppliers bid for contracts and, where necessary, assist in developing local supply networks and other infrastructure.

Proposed:

- A more focussed database giving details of farmers, wholesalers and logistics suppliers (selected, built and developed from regional contacts) and not a download from Defra and NFU databases – though they could provide a source of contacts. It should have a search engine.
- The database should be included as part of the PSFPI web site in support of the continuing efforts to promote the PSFPI, e.g. building on GOR skills and local knowledge; launching publications, mailshots etc to bring the products of small producers to the attention of all PS buyers and available to the public as well as participants.

DTI- Small Business Services' Opportunities Portal (SRG2)

The portal is the first UK government-backed online service for publicising lower-value public sector contracts, typically under £100,000, and is specifically aimed at enabling all businesses, but particularly small and medium sized enterprises (SMEs), to identify and compete for lower-value public sector contracts.

The core service provides:

- Contract notice creation, management and transmission service
- Supplier information database service
- Contract search service
- Email alert service

The SRG2 solution intends to:

- Cover all sources of public sector procurement in England and desirably Scotland, Wales and Northern Ireland
- Provide suppliers with easy access to the opportunities that are relevant to them by product, service and location
- Become the chosen 'first portal of call' rather than users having to browse a plethora of sites and portals.
- Provide Suppliers with an alerts service that 'pushes' Opportunities to them, rather than being a service that solely acts as a catalogue that puts the onus on suppliers to find opportunities themselves.
- Enable buyers to reach a wider audience of potential suppliers and to deliver greater competition.

SRG2 facilities

BIP Solutions, operators of the SRG2, consider that the Portal could through its various facilities help:

- Raise buyers' awareness of local food-related services and suppliers and do business with them; and
- Increase suppliers' awareness of low-value opportunities that are available within the public sector and facilitate their ability to promote their business to public sector buyers.

The various facilities include:

- **E-notice Service.** This allows buyers to create, manage and transmit their tenders online to prospective suppliers in a secure, efficient and effective manner. Pro-formas are provided to help buyers create the contract notices. There is also the facility to enable them to search for and insert Nomenclature of Territorial Units for Statistics, codes and Common Procurement Vocabulary (CPV) codes. They can also use a search engine or browse a tree structure to identify the product, service and geographical location.
- **Supplier Information Database (SID) Service.** This provides buyers (and suppliers) with access to relevant and up-to-date information on potential food-related suppliers. Suppliers compile and manage their own expression of interest/pre-qualification

information, as requested by public bodies, in the form of an online company profile. They can then make this information available to buyers. Via a unique PIN buyers can manage expressions of interest as part of a procurement exercise run under a restricted procedure, and to compile a list or lists of potential tenderers for assessment. The SID service also allows buyers to compile and manage lists of chosen/preferred suppliers on an on-going basis.

- **Contract Search Service.** This is available to both buyers and suppliers and will enable food suppliers wanting to do business with the public sector to quickly and effectively access contract notices and view them in a single place. Two types of search can be performed: simple and advanced.
- **Email Alert Service.** This enables suppliers to automatically receive details of contract opportunities of interest to them. An online alert profile allows suppliers to determine the criteria for the types of contracts that they would like to receive so keeping them up-to-date of potential business opportunities without having to actively seek them out.
- **Additional Services.** These offer buyers and suppliers with an easily accessible means of obtaining other relevant services that can help them within their respective areas.

Tiers of Inter-operability

The SRG2 Solution offers the following tiers:

1. **A simple hyper-link** - allows buyer to save a hyperlink to the Portal's home page.
2. **Instructions for a Web Master to create a simple button onto their site** - allows buyers to create a button with any logo for the Portal on their website.
3. **Creation of a 'white site'** - allows buyers to recreate, through caching within their own infrastructure, up to five pages featuring the Portal's content within their own site and with the option of representing that information in their own graphical style and format.
4. **Point-to-Point Syndication** - allows buyers to engage in an Interoperability Arrangement via a data feed, subject to agreement, for either single or two-way syndication of data.
5. **Site hosted within a site** – allows buyers to engage in an Interoperability Arrangement, subject to agreement, that provides a maximum of 30 pages of static content with appropriate drop-down menus and branded with their own graphical style and hosted within the Portal's infrastructure.

EXAMPLES OF ON-LINE SOURCES OF INFORMATION ON FOOD & FOOD SERVICES

Applegate Directory Ltd www.applegate.co.uk	Searchable database for a number of industries including food and agribusiness.
British Potato Council www.potato.org.uk	Wide range of information on potatoes and suppliers – export, import
Business Link www.businesslink.gov.uk	Lists trade bodies – including farmers and growers. Specify location by post code, e.g. for an arable farmer in DE72 3WF
BuyLocalFood www.buylocalfood.co.uk	Provides an on-line, local food finder
English Farming & Food Partnerships Limited www.effp.com	Range of c. 50 internet links to farmer-owned businesses and similar organisations.
eSources www.co.uk	Searchable database with a wide selection of categories, giving profiles of companies selected.
Foodfirst.co.uk www.foodfirst.co.uk	Searchable databases – wholesalers, retailers, producers, organics and suppliers.
Freshinfo www.freshinfo.com	Provides a web directory searchable by categories – e.g. growers and handlers and importers and exporters.
Levels Best www.levelsbest.co.uk	South West England – sources of food that are in keeping with the Government's Strategy for Sustainable Farming and Food.
Local.co.uk www.local.co.uk	Listings (restricted) of wholesalers
National Association of Farmers Markets www.farmersmarkets.net	Listing of farmers markets – searchable by county

Regional Food and Drinks Guide http://www.regionalfoodanddrink.co.uk/directory/market.php	Lists regional food and drink producers that have on-line trading facilities or have e-commerce enabled web sites.
Sustain www.sustainweb.org	150 internet links to sustainable food chain information
The Great British Kitchen http://www.greatbritishkitchen.co.uk/links.htm	Range of sources of local food
The Regional Food Group for Yorkshire and Humber www.rfg.foodyorkshire.co.uk	One-stop shop for all trade, consumer and media enquiries as well as a support group network for the industry.”

Information requirements of key stakeholders

Requirements of wholesalers, butchers, packers and other intermediaries

Most public sector bodies providing in-house catering procured their food from wholesalers and other intermediaries rather than directly from farmers and growers.

Of farmers and growers

- Wholesalers and intermediaries will already have established supply chains but in helping public bodies deliver the PSFPI objective to increase opportunities for small local producers they might find it useful to know about more:
 - Farmers and growers able to meet orders for fruit and vegetables
 - Abattoirs and butchers able to supply fresh, vac packed or frozen meat

By locality, who can meet their requirements for quality, consistency, security for supply, farm assurance, food safety etc.

Of public sector buyers

- Contact details of public sector food procurers in the areas where they operate, news of contracts coming up for tender, their duration, and the commodities and quantities bought with any special requirements.

Of food service companies (i.e. contract caterers)

- News of contracts coming up for tender, their duration and the commodities and quantities sought with any special requirements.

Requirements of public sector procurers of food

Of wholesalers and intermediaries

- Details of wholesalers and other intermediaries operating within their locality, the commodities they can supply and whether they can distribute to where the food is required in the quantities needed.

Of farmers and growers, if buying directly

- Details of the commodities they produce and the quantity and whether the producer is able to meet the public body's requirements for consistency, security of supply, food safety and farm assurance etc.

Note. Providing procurers with ready access to details of the commodities produced within his or her locality and region affords to opportunity for the public body to adopt menus that increase the opportunities open to local farmers and growers.

Of other public bodies

- Locally. Details of the commodities they procure and whether they are willing to join together to aggregate their purchasing power, as recommended by the NAO in their report "Smarter food procurement in the public sector" - published 30 March 2006.

Note. The drive towards greater aggregation and the breaking of contracts into lots to provide an opportunity for smaller producers to tender will result in the value of more food contracts exceeding the EC threshold. A database limited to contracts below the threshold is therefore not practicable.

- Nationally. Details of any framework contracts offering the chance to procure food at competitive prices while also taking sustainability and nutritional value into account, e.g. NHS Purchasing and Supply Agency's framework contract for sandwiches that is open to all public bodies to use.

Requirements of public sector procurers of catering services (outsourced)

Of foodservice companies and other catering providers

- Details of cost sector caterers, voluntary organisations or other public bodies in the locality able to provide the catering services required

Of other public bodies in the area

- Details of the services they procure and whether they are willing to join together to aggregate their purchasing power, as recommended by the NAO in their report "Smarter food procurement in the public sector" - published on 30 March 2006. URL: <http://www.defra.gov.uk/farm/sustain/procurement/nao-smarterfood.htm>.

Requirements of foodservice companies (i.e. contract caterers)

Of public sector procurers

- Contact points for public sector bodies that are in the market for a provider of catering services.
- News of contracts for catering services coming up for tender and details of the services required with any special requirements and duration of the contract.

Of wholesalers, packers and other intermediaries?

- Details of wholesalers, packers and other intermediaries operating within the region or elsewhere in the UK, the commodities they can supply and whether they can distribute to where the food is required in the quantities needed.

Of farmers and growers

- Details of farmers and growers broken down by commodity and locality with details of quantities produced and availability and food safety and farm assurance standards etc met.

Note. Most contract caterers will have supply chains in place so may only be interested in seeking details of producers for adhoc orders, e.g. public bodies catering for special occasions such as "organic" or "local produce" days.

Requirements of farmers and growers

Of public sector procurers dealing directly with producers

- Contact points for public bodies in their locality that procure food directly from farmers and growers with details of the commodities bought and requirements, e.g. for food safety, farm assurance. Plus: details of contracts coming up for tender and their duration.

Requirements of public sector bodies procuring their food from intermediaries

- Details of the wholesalers and intermediaries through which public bodies in the locality do business so that the producer knows whom to approach to join their supply chains.
- Details of contracts coming up for renewal so that farmers and growers can assess the market and consider the advantages of forming themselves into co-operative ventures or Farmer Controlled Businesses to enhance their chances of successfully bidding for the contracts.

Of wholesalers and intermediaries

- Contact details for wholesalers and other intermediaries operating within their locality and the commodities they supply, and times of the year when the produce is required and whether they are open to new producers joining their supply chains.

Of contract caterers

- Contact details for the foodservice company's wholesalers or primary suppliers operating within their locality or region and the commodities they supply and whether they are open to new producers joining their supply chains.

Requirements of other farmers and growers

- Contact details of farmers and growers in the locality, the commodities and quantities produced and whether they might be interested in collaborating to bid for public sector business.

Note. Many successful collaborative ventures have come to fruition through the efforts of bodies such as EFPF and practitioners in the public and voluntary sectors. With the NAO recommending greater aggregation in public sector food procurement it will become increasingly important for smaller producers to collaborate to increase their competitiveness and win new business by combining their talents, keeping costs down and becoming much more than the sum of their parts. This is where initiatives like Yorkshire Forward's Virtual Enterprise Network can help. URL: <http://www.ve-net.org/>

Requirements of PSFPI practitioners and enabling organisations

Of public sector bodies

- Details of public bodies within a locality, who are willing to participate in projects to increase aggregation of demand and develop local supply networks.

Of farmers and growers

- Details of farmers and growers within a locality, the commodities they can supply and the standards met for food safety, farm assurance etc and who are willing to participate in projects to develop local supply networks and increase collaboration among suppliers.

Of wholesalers and other intermediaries

- Details of wholesalers and intermediaries by locality who are able to supply commodities that meet public sector requirements and who are willing to form the nucleus of projects to develop local supply networks and bring about greater collaboration among producers.