

Food procurement for health and sustainable development (Summary of work submitted Sustainable Procurement Group)

01.05.02



Sustainable
Development Commission

Food procurement for health and sustainable development

This report is a summary of the Sustainable Development Commission's work to date, examining the potential for food procurement to contribute to sustainable development. Our initial work has focussed on procurement by the National Health Service (NHS), and we are therefore particularly interested in highlighting the links between health and sustainable development, and exploring the health impacts of procurement.

In this summary we draw out issues of concern and recommend a number of actions, which are relevant not only to the NHS but to other public bodies, including local authorities and government departments, and even private companies. In later work, we hope to look at procurement issues at other points on the food chain, with contractors and producers.

Health and sustainable development

Sustainable development requires the integration of economic, environmental and social outcomes into all policy making and operational decisions. We believe that this should include the procurement of food and other supplies.

For the NHS, food procurement has the potential to be a particularly powerful tool to deliver sustainable development because:

- the large scale of its purchasing means the NHS can send powerful messages back up the food chain to wholesalers and producers;
- the food it serves has direct and indirect impacts on population health, a key target for NHS policies; and
- because many NHS staff buy meals on site – the NHS can encourage a fitter, healthier workforce which will help it achieve its operational targets.

Health and sustainable development are closely connected. At a macro-economic level, ill health costs to the UK economy are significant, in terms of treatment costs, sick leave from work and loss of productivity.

There are well documented links between a range of unsustainable activities and specific health problems (such as childhood asthma caused by vehicle traffic, or the dioxins emitted by waste incinerators). More generally, individual health is very closely linked to community well-being. For the individual, ill health can mean loss of employment, social exclusion and lower quality of life. Conversely, loss of employment, social exclusion and lack of opportunities can lead to ill health.

More directly, there are sustainability concerns arising from food production itself. Media coverage of issues such as BSE, foot and mouth, use of genetically modified organisms (GMOs), antibiotic treatment of farm animals and pesticide residues in food has raised awareness of the impacts of food production systems upon our health. Consumers are becoming increasingly concerned about how food is produced and what has happened on its route from farm to fork.

This analysis suggests that, in going about its business, the NHS could contribute to the achievement of its own objectives by adopting food purchasing policies which are more likely to lead to sustainable outcomes, such as supporting food production systems with lower environmental impacts, supporting local regeneration initiatives in deprived rural and urban areas, minimising waste generation and reducing food miles. Many of these findings will also be relevant to food procurement by other public bodies.

The potential sustainability impact of the NHS

The public sector, and the NHS in particular, is a major purchaser of food in the UK. At present, sustainability is not a criterion addressed in NHS food procurement policies and practices. We believe that it should be. More sustainable food procurement by the NHS has the potential both to deliver better health outcomes – as described above – and also to contribute to sustainable development more generally.

The NHS plays a crucial role in ensuring national progress towards sustainable development. This role is not limited to treating the sick, but also encompasses the NHS's role as an employer, a purchaser, and a major owner of land and property. The NHS must consider how it can work to improve the nation's well-being through minimising environmental harm and supporting vibrant communities alongside, and consistent with, its work to promote healthier lifestyles.

The scope of the NHS's food procurement activity is significant. The NHS provides over 300 million meals a year at a cost of £500 million.ⁱ In England, much of this food is purchased through national contracts managed by NHS Purchasing and Supply Agency

(PASA). National contracts determine to a large extent where food comes from. National contracts are attractive to Trusts, since they can reduce costs and shift the duties under the Food Safety Act 1990 from Trusts to the central purchasing organisation.

The NHS food shopping list includes:

- 55,000 gallons of orange juice (250,000 litres)
- 12.3 million loaves of bread
- 108 million pints of milk (62 million litres)
- 2.5 million pounds of butter (1.1 million kg)
- 1.3 million chicken legs
- 29.8 million pounds of potatoes (13.5 million kg).ⁱⁱ

The NHS is the largest employer in the country, with over one million people employed in NHS hospitals and community health services in England,ⁱⁱⁱ many of whom eat at NHS premises. Many of these staff fall into lower income categories. Approximately 45% of NHS employees have a basic salary of less than £15,000 and approximately 14% have a basic salary of less than £10,000.^{iv} The National Food Survey^v showed that people from low income families had, on average, far less healthy diets than their higher income counterparts.

Case Study from Large District General Hospital

The in-house catering department supplies 3,000 meals per day and employs 110 staff (full and part time). The first priority when making procurement decisions is quality (which includes food safety); the second is obtaining the best price.

The majority of commodities (around 70% by value) are procured through PASA's national contracts. Other commodities are procured through local (county level) suppliers. These include cakes from a local bakery, pasteurised chicken from an approved supplier and locally landed fish.

The department would like to procure more commodities locally. They believe supply and quality problems would be resolved more easily and quickly with a local supplier. But there are significant administrative and legal constraints. Any contracts made off the national contract would have to meet National Audit and competitive tendering requirements; and providers would have to be accredited with supplier assurance/accreditation, such as STS (Support Training Services) certificate or equivalent. The implication is that a switch from centralised to local procurement would entail significant transaction costs.

Source: Interview with the Hospital Catering Manager.

Key issues and actions

The aim of the NHS is to improve health. We believe that the procurement policies of the NHS should reflect this aim. By promoting sustainable development through its own purchasing policies, the NHS could also promote more positive health outcomes for its workforce, the communities it serves, and the population of the UK more generally. Some sustainable procurement policies could entail significantly increased costs. Where this is the case, the benefits should be quantified so that a proper judgement can be made over whether money should be spent in this way or on other health programmes.

This section analyses a number of specific barriers that we have identified to more sustainable food procurement policies in the NHS, and some very specific proposals for how these can be overcome. We divide them into: policy issues, where policy changes are needed to deliver sustainable outcomes; operational issues; contractual issues, including the nature of specifications and supplier relationships; and sharing good practice.

Policy issues

Procurement in line with organisational objectives

UK Government policy requires procurement to be based on value for money, paying due regard to regularity and propriety. Public procurement should not be used to further aims other than value for money.^{vi} But the definition of value for money may be too narrow. We believe all organisations should have procurement policies which support their key objectives. *In the NHS, this means procurement policies should promote health, and that individual trusts should be required to procure food in a way that impacts positively on long term health outcomes.*

Sustainable procurement and health promotion are not statutory requirements for all NHS bodies, and may not therefore be part of their core business objectives. The impetus therefore will have to come from the Department of Health, Strategic Health Authorities and Primary Care Trusts specifying that sustainable development must be taken into account when commissioning services. It must be for the Department of Health to take this forward, because of the links between sustainable development and

health improvement, and to promote the government's wider sustainable development aims.

Promoting a sustainable procurement policy

Central government already has environmental policies in procurement, and through the Sustainable Procurement Group is beginning to take wider sustainable development issues into consideration. A new sustainable procurement policy would provide an opportunity to educate people about sustainable development and explain why sustainable procurement is important to government. *The Office of Government Commerce should develop its own sustainable procurement policy, and promote it to the NHS, local authorities and all public sector purchasers.*

A sustainable food procurement policy for the NHS

Sustainable development issues are taken into account by NHS PASA and some NHS Trusts. But a sustainable food procurement policy would ensure that the NHS made a greater contribution to sustainable development. *A multi-disciplinary working party involving all key stakeholders should be established to formulate a sustainable food procurement policy.*

Food miles The increasing long distance transport of food has many negative impacts – it creates air pollution, contributes to climate change and consumes fossil fuels. There are long term and short term health impacts from these activities. But the UK Government does not currently have a policy position on food miles. *The Government should develop a policy framework aimed at limiting unnecessary and high carbon-emitting transport of food.* The Sustainable Development Commission would like to investigate further what can be done to tackle food miles, in the light of the clarification from the European Commission on considering environmental outcomes as part of the purchasing process.

Guidance EC rules are a barrier to pursuing some more sustainable procurement measures. Guidance has been given by the EC and the UK Government on incorporating environmental concerns in public procurement, and this is reflected in the procurement policies of many organisations including NHS Purchasing and Supply Agency (PASA). The EC has

also issued guidance on incorporating social considerations. *User-friendly advice based on this guidance could be issued to public purchasing bodies. This could draw together these issues and make clear what can and cannot be done to promote sustainable development through procurement under current EU law, including “food miles” and local food issues, and using casestudies to highlight opportunities.*

Operational issues

Waste reduction Providing food generates waste, including kitchen waste, unconsumed meals, food service containers and packaging waste, which costs money to dispose of and creates environmental problems. Guidance on reducing food waste and general waste has been produced. This includes a good practice compendium on waste minimisation which notes that “a significant amount of work remains in waste prevention.”^{vii} Purchasing is the first stage in waste prevention; goods can be chosen to generate less waste. *Efforts should be made to reduce waste, including through waste prevention. Research is needed on whether provision of meals in pre-prepared cook-chill trays generates more waste than having food prepared on site.*

Composting Composting of food waste has potential to save money and also reduce waste sent to landfill. Unfortunately, composting is limited in the UK by the Animal By-Products (Amendment) (England) Order 2001 (SI No.1704), with the aim of preventing outbreaks of disease such as foot and mouth. *Possible solutions that limit this risk, whilst allowing composting with appropriate safeguards, should be explored.*

Subsidising healthy food Hospitals already subsidise staff meals using income generated from visitor meals. *Trusts should consider ending subsidies on unhealthy foods and subsidising healthy foods more heavily in order to improve the health of staff.*

Contract issues

Contract models Local food procurement has many potential benefits to both hospital trusts and the wider community. While EU procurement legislation prohibits regional or local preference for suppliers on

a discriminatory basis, some feel that the flexibility which exists even within this regime to provide support for local suppliers is not being exercised to its full potential. We came across two models that show that centralised procurement by public bodies using national contracts need not exclude smaller or local suppliers. The first is based on B and Q’s national contract for supply of charcoal to its stores. B and Q has a national level contract with Bioregional, who co-ordinate a network of charcoal burners; each supplies charcoal to stores in their local area.^{viii} Similarly, smaller growers and producers could supply NHS hospitals or other public bodies as a ‘second tier’ supplier to one of the larger national contract holders, delivering directly to local hospitals. However, this model could entail additional costs.

The second model is a “patchwork” model, used by PASA for the national contract for supply of fresh fruit and vegetables. When this contract was advertised, suppliers were invited to state which Trusts they would like to service; as a result there are fifteen suppliers based around the country who deliver directly to the hospitals, rather than the goods going through the usual distribution system. *These models should be used by other public bodies to ensure that smaller suppliers are not excluded from national contracts.*

Specifications Public bodies are permitted to specify their requirements in environmental terms, for example by asking for recycled paper. But a criterion of low food miles would not be permissible under EC rules. There are however some things public bodies can do to tackle these issues. For example, a requirement for vegetables in season in the UK would encourage purchases from the UK, whereas requiring supply of, say, mange tout throughout the year would necessitate purchase from overseas. *Public bodies should ensure that the detailed specification in their contracts are not unnecessarily encouraging long distance transport of food or disadvantaging smaller suppliers.*

Encouraging smaller and local suppliers Some people interviewed felt that procurement practices were biased against smaller suppliers. Some said that local suppliers lacked knowledge of tendering procedures. *Public bodies should help potential suppliers to understand the tendering process and what is required for a successful bid. This might*

involve working proactively with local suppliers, and providing some information or training on the requirements of the tendering process.

Guidance Another barrier identified was lack of understanding of sustainable development. *Procurement professionals in NHS Trusts should be given guidance on how to go about their purchasing so as to promote sustainability.*

Sharing good practice

Our research revealed a gap in knowledge amongst hospital catering staff regarding sustainability as an issue for procurement. The advent of 'best value' as a policy directive provides an opportunity to lift the profile of sustainable development, but must be accompanied by relevant training for purchasing staff.

Efforts should be made to raise the profile of sustainability with NHS Trust staff, with regard to procurement of food and other goods. For example, this could be done at a Hospital Caterers Association or NHS Confederation conference.

Pilot schemes *Issues could be explored further through pilot schemes, working with Trusts and suppliers. This could be done on a Trust basis or a product basis. It could also involve comparisons with other European countries – possible European funding for such a project should be explored.*

A network for sustainable procurement should be established for procurement professionals in the NHS to share information and experiences regarding sustainable procurement.

Summary of recommendations

Based upon our findings concerning the NHS, we have drawn up the following recommendations that are relevant to other public bodies.

The UK Government and devolved administrations should:

- Allow public bodies to develop purchasing policies which are compatible with their core aims.
- Promote a sustainable procurement policy throughout the public sector.
- Develop a policy to limit unnecessary "food miles" and carbon-intensive transport of food.
- Issue user-friendly guidance on taking account of wider sustainable development issues in procurement.
- Explore options to enable composting of food waste on an industrial scale, with appropriate safeguards.

At strategic level, all public bodies should:

- Develop procurement policies consistent with core objectives, incorporating social as well as environmental issues.
- Direct or guide local units (where these exist) to pursue sustainable procurement, so as to help fulfill national objectives.
- Set up national contracts in ways that do not disadvantage smaller suppliers – possibly based on the two models we have identified.
- Develop specifications that encourage purchase of food from within the UK - do not force suppliers to source food abroad unnecessarily.
- Ensure that smaller and local suppliers are informed about public body tendering processes.
- Raise the profile of sustainable development – particularly with purchasers.
- Issue guidance to procurement professionals on sustainable purchasing.
- Carry out pilot studies to investigate sustainable procurement issues further.

At operational level, all public bodies should:

- Formulate specifications and contracts that promote health and sustainable development (e.g. do not unnecessarily encourage long distance transport of food).
- Minimise waste.
- Where subsidised food is provided for staff, subsidise healthy food.

ⁱ Department of Health (2000) The NHS Plan: A Plan For Investment; A Plan For Reform section 4.16 London: HMSO.

ⁱⁱ NHS Magazine, February 2001 www.nhs.uk/nhsmagazine/default.asp

ⁱⁱⁱ Department of Health (2002) NHS Hospital and Community Health Services Non-Medical Staff in England Statistics: 1991- 2001. London: HMSO

^{iv} Department of Health (2001) August 2000 Earnings Survey. London: HMSO

^v Ministry for Agriculture, Fisheries and Food (1999) National Food Survey, London: HMSO

^{vi} HM Treasury Procurement Guidelines, November 1998, Annex 22.2 section 2.4; HM Treasury and DETR joint note on Environmental Issues in Procurement, sections 5 and 6d. www.ogc.gov.uk

^{vii} NHS (2000) Healthcare Waste Minimisation: a compendium of good practice www.nhsestates.gov.uk/download/healthcare_waste_minim.pdf

^{viii} See bioregional website for more: www.bioregional.co.uk