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## Chapter 1: Executive Summary

### **Background**

The National School Fruit Scheme (NSFS) has been extensively trialled in large parts of England, and will be extended to all regions by the end of 2004. It is making an important positive impact on children's health, both in the short term and longer term. Extension of the NSFS to cover the South East and East of England in autumn 2004 brings particular issues and opportunities – because these regions represent a major part of the UK production base for the relevant product lines. Not only do they offer greater scope for innovative approaches to delivering sustainability through involvement of local producers, they are also likely to be more aware and critical of less sustainable approaches and the use of high volumes of imported produce when local supplies are available.

The NSFS was set up in a way which reflected the urgency of the task. As it approaches maturity there are new opportunities to modify the way in which fruit and vegetables are supplied and delivered in the NSFS in order to meet new government objectives and deliver additional sustainability benefits. This report focusses on the Government's own, national priorities for sustainability, particularly in relation to the purchasing of food, and aims to demonstrate how those government priorities can best be met. The study was funded by the East of England Development Agency (EEDA), South East England Development Agency (SEEDA), and Government Office for the South East (GOSE), who are also keen to see that regional strategies (eg for sustainability, transport and food) are reflected in the implementation of the NSFS.

This report is the result of an extensive study, led by two UK and one European organisation<sup>1</sup>, with the support of an expert steering group (including funders, local health and producer representatives) and access to a wide range of stakeholders. It has considered a broad range of issues including existing arrangements for the NSFS, Government policy in relation to sustainable procurement, legal issues, the existing UK and overseas production base and constraints on these, existing distribution infrastructure, and emerging developments in the local food sector.

The report makes a number of recommendations as follows. They are numbered according to the chapter in the main report from which they stem so that they can be read in context. For clarity they have been grouped here thematically, rather than in the order in which they appear in the report.

The study concludes by identifying particular opportunities to pilot alternative ways of delivering the NSFS.

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<sup>1</sup> East Anglia Food Link, Common Cause Co-operative, and AlimenTerra.

### **Key recommendations**

No.	Recommendation	Action
9.1	The NSFS should build on the established policy of seeking “best value” from Government procurement contracts, by identifying exemplar community/social, environmental and economic development outputs that individual contracts might seek to deliver.	NSFS policy-makers
8.1	Tender specifications should require <b>appropriate</b> assurance standards and production/supply protocols for the product required. A review of the currently operating tender specifications relating to food safety should provide scope for simplification without compromising safety. This is the single greatest, and most achievable, step which could be taken to “open up” the NSFS to smaller (and potentially more local) suppliers.	NSFS purchasers, DEFRA public procurement unit, GO-East
9.2	Options should be explored that allow individual schools, clusters of schools and entire LEAs to develop innovative ways of extracting best value by integrating with linked aims and activities to achieve the optimum combination of whole life costs and fitness for purpose to meet customer requirements.	NSFS purchasers and policy-makers
9.3	Options should be explored for more intensive supplier support and development at a local level. Consideration should be given to delegating supplier management if not purchasing of NSFS to LEAs, or to organisations more proximate to LEAs (to be integrated with local supplier development activities across a range of Local Authority purchasing requirements). Alternatively, PASA may be able to pursue this in parallel with NHS supplier development programmes – in which case links to school meal provision would warrant particular attention.	NSFS policy-makers
8.8	Supply specifications should include a preference that suppliers source fruit and vegetables from named producers with whom the supplier can demonstrate a strong relationship.	NSFS purchasers
9.4	The option of letting combined supply-and-distribution contracts should be piloted.	NSFS purchasers, regional GO’s
9.5	Educational services should be included in supply contracts, with an emphasis on materials and activities relating to specific orchards and farms.	NSFS purchasers, regional 5AD co-ordinators
9.6	Producer and supply chain events should be organised in the SE and EE regions, as part of the wider agenda of sustainable public sector food procurement. These should have a clear target audience and pursue agreed outcomes, including improving producer/supplier collaboration both	Regional GO’s, Food Links organisations, NSFS purchasers

	locally and internationally.	
9.7	Financial support should be provided develop innovative approaches to sustainable sourcing and distribution.	NSFS policy-makers, regional GO's, county councils
10.1	Financial support should be provided to support local pilots of different ways of delivering the NSFS.	NSFS policy-makers, regional GO's, county councils

***Recommendations relating to food-safety and other quality standards***

8.2	<p>The NSFS supplier specifications <i>should include</i> the requirement for the supplier to have (and to implement and regularly review) a HACCP plan. It should however be clarified that the regular “independent audit” of this could be by an environmental health officer.</p> <p>Where the supplier is not the producer of the fruit/vegetables, the producers should be named, and the supplier’s HACCP plan should include steps to ensure “due diligence” in relation to the supplier’s own suppliers (ie the producers), including risk-based random testing for pesticide residues.</p>	NSFS purchasers
8.3	<p>Having established appropriate minimum standards, the means by which a supplier can demonstrate “due diligence” (in respect to growers’ use of pesticides and other food-safety concerns) should be left flexible, as long as they are credible to the purchasing officer.</p> <p><i>Options</i> include the grower having his own HACCP plan (perhaps together with participating in BIFGA’s “crop cert” scheme), Assured Produce and equivalent schemes, and Organic certification.</p>	NSFS purchasers
8.4	<p>The requirement for producers to have Assured Produce certification should be removed. It should be an option for delivering desired benefits, particularly social and environmental. This advantage needs to be set against the potential to disqualify smaller growers. On balance we consider that that cost of <b>requirement</b> outweighs the likely benefits, provided improved sustainability and reasonable standards of food safety and environmental impact can be demonstrated by other means.</p>	NSFS purchasers
8.5	<p>All of the other requirements and references in the tender specification should be removed, as they will only be off-putting to potential suppliers. These include all of the references to FPC standards, the BRC standard, the rather nebulous concept of a “quality control system” and the list of required (mainly FPC) documents.</p>	NSFS purchasers
8.6	<p>Supplier specifications should indicate that NSFS will <i>favour</i> (ie award additional evaluation “points” to)</p>	NSFS purchasers

	methods of production which promote biodiversity and limit the use of artificial pesticides etc. Examples would include Organic production and (to a lesser extent) IPM production.	
8.7	There is a need to develop recognised independent European IPM benchmarks which can act as a greater guarantor to purchasers of the sustainability of production systems, not limited to cosmetic appearance.	Standards bodies

**Recommendations concerning details of tender specifications**

6.3	The Supply Calendar should be reviewed with representatives of the supply base to achieve the best possible fit with both UK and European production seasons.	NSFS purchasers
6.5	The length of some supply contracts should be kept short in the early years of the NSFS, to enable the emergence of more sustainable solutions over time.	NSFS purchasers
6.1	Steps should be taken to support the heritage and biodiversity of traditional UK apple varieties. For example, supply tender specifications and evaluation criteria should favour producers who can supply named, traditional UK varieties. Ideally varieties should be favoured which are typical to the region where the fruit will be eaten.	NSFS purchasers
6.2	NSFS should never stipulate that a single variety of fruit should be delivered on a particular day.	NSFS purchasers and regional co-ordinators
6.4	Supply contracts should be let as early as possible, if possible before June.	NSFS purchasers
7.1	Distributors should be invited to specify the patches they want to cover. The evaluation criteria <i>should not automatically exclude</i> distributors who only want to deliver to part of an LEA.	NSFS purchasers
7.2	Consideration should be given to “piggybacking” on school caterers’ existing distribution arrangements, particularly for “final-leg” distribution to small schools.	NSFS purchasers, school caterers
7.3	The NSFS should favour approaches to distribution which minimise pollution, congestion and danger to children. For instance, evaluation criteria for the distribution contracts could favour distributors who use smaller delivery vehicles <i>provided that</i> these are used only for “final leg” distribution.	NSFS purchasers
7.4	Evaluation criteria for both supply and distribution contracts should favour those who can use re-useable packaging or take back waste (packaging or compost). The scheme should allow for slightly higher payments to be made for these services.	NSFS purchasers

## Chapter 2: Aim of the research project

The project is “a feasibility study to examine the potential and operation of locally focused supply networks for the Schools Fruit Scheme with accompanying education and training programmes”<sup>i</sup>.

The project aims to:

A. demonstrate the potential for a sustainable supply chain for the Schools Fruit Scheme which is inclusive of all levels of producer, which strengthens the capacity of proximate producers and which reinforces the economic, environmental, health and social benefits of the initiative. The study will also demonstrate the potential for supplying other public sector contracts.

B. Create models for a decentralised distribution network based on a hierarchy of collection points that will operate from local to international levels in order to maximise the sustainability of the system

C. Develop proposals for accompanying educational and training resources which will add value to the operation of the schools fruit scheme by i) making the children aware of the producers and production methods of the fruit and vegetables supplied under the scheme ii) linking sustainable production with the 5 a day message iii) extending the social, economic and health impact of the Scheme through measures designed to involve schoolchildren's families.

Implicit in the project proposal is the understanding that, if fruit and vegetables for the National Schools Fruit Scheme (NSFS) can be sourced from more local/sustainable sources, and if children can be made aware of this (eg through visits to orchards etc), dual benefits arise:

- A long-term benefit to children’s health which arises from children being more engaged with fruit and vegetables, where they come from and why they are important;
- Short-term benefits to local producers who are enabled to supply the scheme, but also longer-term benefits as supply networks created to supply the scheme are developed to supply other markets such as school meals, local retailers etc.

The project brief notes that “in order to maximise the sustainability of the supply and distribution system and maximise the educational impact, contracts will need to be designed that reflect overall sustainability objectives, not simply price, in the context of Best Value.” It suggested that groups of producers, in order to win these more broadly-defined tenders, would “need to expand their supply base, re-skill and develop additional education and training services which will meet the wider social objectives of a sustainable procurement system.”

### **Chapter 3: Process/methodology of the research project**

The research project has been undertaken by East Anglia Food Link (EAFL), Common Cause and with Clive Peckham (previously co-ordinator of EAFL, now international co-ordinator of AlimenTerra). It has been funded by the East of England Development Agency (EEDA), South-East England Development Agency (SEDA) and Government Office for the South-East (GOSE). A Steering Group has guided the work of the consultants, comprising representatives of the Government Offices and RDAs in the East of England and South-East Regions; Five-a-day co-ordinators from these regions plus London; and producer representatives.

Tasks undertaken in the course of the study have included

- Creating the steering group
- Identifying sustainability criteria and agreeing these with the steering group (see Chapter 4)
- Identifying the precise requirements and volumes of the NSFS (desk research) (see Chapter 5)
- Identifying and mapping the potential regional supply-base and suppliers (including all scales of producers) in the SE and EoE regions. This has involved desk research, a very large number of visits and phone calls with potential suppliers (growers, co-ops and marketing groups), and sending out 60 questionnaires to suppliers (plus others kindly forwarded on our behalf by BIFGA<sup>ii</sup>), of which over 30 were returned (see Chapter 6).
- Identifying extra-regional supply requirements and suppliers (see Chapter 6).
- Mapping existing businesses likely to play a part in the distribution of fruit to schools. This has involved telephoning the main school caterers serving a majority of LEAs in the two regions with questions about who their existing fruit and vegetable suppliers are (and in some cases also their dairy distributors). We have met with one school caterer to discuss their possible role in distribution, and we have met with some of the fruit and vegetable distribution businesses (Chapter 7).
- Suggesting changes which could be made nationwide, and at relatively little cost, which would enhance the sustainability of the entire NSFS (see Chapter 9).
- Suggesting more local approaches which could be piloted which, if successful, will greatly enhance the sustainability of the NSFS in those local areas (see Chapter 10).
- Developing proposals on the development of education support and activities to accompany the introduction of the NSFS (see Chapter 9).
- A further issue which arose during the research was that of the various quality standards required or favoured by the NSFS tender documents. We identified an issue that these could be an obstacle to the participation of small producers, and the steering group agreed that this was an area for further investigation. To this end we have secured the documentation for these standards and further research to understand their workings. This has included desk research (obtaining and reading the various protocols) and discussions with growers, academics, government agencies and NGOs (see Chapter 8).

A list of contributors is included at Appendix 6.

### ***Work on extra-regional suppliers***

As noted in Chapter 2, the project's aim in relation to suppliers is to "demonstrate the potential for a sustainable supply chain for the Schools Fruit Scheme which is inclusive of all levels of producer, which strengthens the capacity of proximate producers and which reinforces the economic, environmental, health and social benefits of the initiative". In this context proximate is taken to mean 'originating from the closest *practicable* source, where there are simultaneous health, economic and environmental benefits'

The project brief included a consideration of overseas suppliers for the following reasons:

1. To provide information on 'proximate' supplies of types of fruit that can not be sourced in the UK and for out of season supplies of apples and pears.
2. Geographical considerations in any public sector contracts are not permissible unless they refer to products with protected food labels<sup>2</sup>, and there are very few examples of fruit in Europe produced according to these regulations
3. Being connected to a wider supply chain may be a determining factor in enabling producers or producer groups in the UK to successfully bid for contracts, or enable them to bid for a wider range of contracts and enhance their general product range for other local markets
4. Local and Sustainable are not interchangeable words
5. Physical proximity of production to markets is only one of the factors in measuring the efficiency of transport and storage systems (CO<sub>2</sub> emissions)
6. Models of already existing supply systems, sustainability standards and education programmes may help to create 'short-cuts' and lead to local adaptations of continental practice (and vice-versa).

After initial investigation it was decided that our investigation of extra-regional suppliers would only focus on non-UK sources, as it was not considered valid to examine sourcing from other UK regions. The East of England and the Southeast are the principal top fruit producing regions of the UK and the only other significant UK region is the West Midlands (with approximately 15% of apple production<sup>iii</sup>). If the logic of this study were to be followed in other English regions then producers from the West Midlands region should focus on NSFS contracts closer to home, as they have little potential to supply the East and Southeast contracts beyond more proximate ones. Also when compared to pear and apple production in Italy, France and Spain the non-SE/EE UK sources are minimal. In 2001 for example when total UK harvested production of apples was 402,000T it was 2,354,000T in France and 2,305,000 in Italy and 156,000T of pears in the UK as compared to 907,000T in Italy.<sup>iv</sup>

For fruits such as citrus, kiwis and bananas there is also no UK production and therefore one has to look to overseas suppliers anyway to meet the contract requirements. Looking at the more recent innovations in the NSFS of introducing tomatoes, carrots and strawberries<sup>3</sup>, our investigations of overseas suppliers did not specifically deal in detail with these crops, however the general conclusions will be applicable to them as well.

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<sup>2</sup> PDO's, PGO's etc

<sup>3</sup> Strawberries would only be supplied for a limited time in the UK season so non-UK sourcing is of limited relevance

Our investigations of overseas suppliers focussed on two aspects:

- a) To establish what sustainable criteria already exist, or are in development, and their potential usefulness in the NSFS or for UK producers wishing to source product to widen their range or extend their product availability. Our findings in this regard are included in Chapter 8 (quality standards).
- b) Examples of producers, and of actual and potential marketing and distribution systems. Our findings in this regard are included in Chapter 6 (production) (as they relate to the supply contract rather than the distribution contract in NSFS terms).

European production alone of some fruits is over twenty times that of the UK<sup>v</sup> and therefore we are not limited for choice as to possible suppliers. What was more important was to examine what sustainable systems there are, what potential there is for more sustainable supplies, and importantly how imports can help UK suppliers to enhance their own capacity to supply the NSFS.

## Chapter 4: The NSFS and Sustainability

The main aim of the National School Fruit Scheme (NSFS) is to provide fruit and vegetables for young children in order to improve their diet at a critical point in their physical development. Also, it is intended that this experience will influence children's eating habits as they grow older.

We see health as a key element of sustainability; given the current trend in obesity, and its likely effects on diseases such as diabetes, coronary heart disease and cancer, the introduction of the NSFS is itself a positive step in terms of sustainability.

Until now the NSFS has been in an experimental phase with short-term funding, and purchasing arrangements have understandably reflected that. However, now that the scheme is becoming "mainstreamed" there is an opportunity to use the NSFS purchasing power to apply government policy on sustainable sourcing, and to extend the benefits of the scheme in terms of environmental, social and economic sustainability.

The project's steering group did originally agree its own definition of sustainability, and for completeness these are included at Appendix 1. However, during the course of the study it was agreed that we should focus entirely on the Government's own criteria for sustainable food procurement. All of the recommendations of this report are made in the light of those criteria.

### **Government policy on sustainable food procurement**

These are discussed in more depth in Appendix 2, but the key points<sup>vi</sup> are that:

*Government bodies should*

*i. as a baseline, require suppliers to meet appropriate assurance standards (e.g. Red Tractor scheme)*

*ii. operate in a way which takes account of the main sustainable development priorities set out in the Sustainable Food and Farming Strategy and elsewhere, which are:*

- *supporting local and regional economies*
- *resource efficiency (particularly energy use)*
- *reducing waste (particularly packaging)*
- *improving nutrition*

*iii. make premium standard options available to consumers where there is scope to do so, e.g. in catering contracts. Organic and fair trade products should be priorities here.*

In addition to the above, the Government has identified<sup>vii</sup> requirements to:

- *ensure contract specifications and conditions require caterers to procure their supplies in such a way that gives all producers fair and equal opportunities to compete for relevant contracts.*
- *promote agricultural practices that are less reliant on fossil fuels and agri-chemicals.*
- *reduce waste through better use of resources, re-use, recycling and composting.*

- *promote biodiversity.*
- *promote race equality through the provision of catering services that take account of ethnic diversity among customers and the different demands arising from that.*

### **Government policy regarding small and local suppliers**

A key theme of the Government's sustainable procurement policy is the desire to enable more small and local suppliers to bid for public-sector food supply contracts, if necessary by co-operating with each other. This is evidenced by

- the above priorities of "supporting local and regional economies" and giving "all producers fair and equal opportunities to compete for relevant contracts".
- two of the five priorities of DEFRA's Sustainable Food Procurement Initiative being to "increase tenders from small and local producers" and to increase capacity of small and local suppliers to meet demand"<sup>viii</sup>.
- the new Sustainable Procurement Unit having a "work stream" to "pilot projects to test best practice and improve cooperation among suppliers".
- the DEFRA document "Integrating sustainable development into public procurement of food and catering: Guidance and action sheet for buyers and their internal customers"<sup>ix</sup> which recommends that purchasers should "work with local suppliers to encourage the latter to collaborate in order to be able to bid for public procurement contracts" and "break down contracts into small lots...to enable smaller suppliers to bid for them."
- The Office of Government Commerce / Small Business Service document "Smaller Firms – Better Value?"<sup>x</sup> which encourages purchasers to overcome the obstacles to smaller firms tendering for contracts.

### **Legal constraints**

In making the recommendations in this report we have taken account of the legal constraints on public-sector purchasing which arise from WTO and EU agreements and from the Government's own purchasing rules. These constraints are outlined in Appendix 3.

## **Chapter 5: Current NSFS contract requirements**

DH announced on 8 January 2004 that the NSFS will continue to be funded for at least a further 2 years. DH itself has taken responsibility for funding the scheme, which in the past had been funded by the New Opportunities Fund.

### ***Existing good practice***

The NSFS already includes a number of features which appear to have been designed with sustainability in mind. These include

- The separation of supply from distribution (although, as noted below, this feature has both positive and negative effects in relation to sustainability).
- Inclusion of fruits (apples, pears) which can be produced in the UK, and attempts to extend this to include vegetables which can be produced in the UK, with success in some cases (tomatoes, carrots)
- A fruit calendar which reflects to some extent the seasonal availability of produce (although there may be room to take this further – see below)

### ***Separation of supply, distribution and educational aspects***

NSFS purchasers have defined separate contracts for the supply of fruit and vegetables and the distribution of that produce. The expectation is that contracts for distribution will be let for areas at least the size of an LEA. Often the distributor is a local fruit and vegetable wholesaler, but in the case of the NSFS s/he is not selling the produce but merely delivering it.

Quite separate contracts are let for the supply of each type of fruit and vegetable. In future there is an intention to consolidate the supply contracts for each type of fruit into a single tendering opportunity. Options would remain open for a number of suppliers of various sizes to bid for “lots” within a contract, but equally it is possible that a single supplier could win the whole of the contract to supply one or more types of fruit nationwide.

Support to schools, and educational and curriculum support, are somewhat separate from the purchasing team. Support to schools is the responsibility of the Regional 5-a-day co-ordinators who are loosely attached to the public health teams within the regional Government Offices. They in turn will recruit a number of staff to help with the “legwork” of introducing the scheme into schools.

### ***Specifications for the supply of fruit and vegetables***

The following is a summary of some of the main requirements stated in the supplier tender documents.

#### **Packaging and labelling<sup>xi</sup>**

All types of fruit and vegetables are to be

- Packed in units preferably of 10 fruit (eg apples in polybags, kiwis in punnets) within outers (ie cardboard boxes or similar). Tomatoes must be in flow-wrapped punnets of 30 fruit.
- Labelled for traceability back to orchard.
- Labelled for NSFS and in future with 5-a-day logo.

- Temperature of storage and delivery. Apples, pears and citrus to be delivered below 12°C, bananas at exactly 12°C, kiwis below 10°C, carrots (including whole) at 2-5°C, tomatoes at 8-12°C.
- Carrots, whether shaped or whole, to be in hermetically sealed form filled bags which have been passed through a metal detector. Must be hydro-cooled then chilled.

#### Legislative compliance<sup>xii</sup>

All supplies of fruit and vegetables must

- Refer to current EC Quality Standard for Class 1 [the specific EC regulations are named in the tender documents]
- Comply to current EC & UK legislation regarding Food Safety (FSA 1990) and Pesticide control (FEPA 1985; CoPR 1986 (SI 86/1510; SI 97/188).
- Comply with the Pesticides (Maximum Residue Levels in Crops, Food and Feeding stuffs) (England and Wales) Regulations 1999 (as amended)
- For product originating outside the UK, the supplier must comply with the Plant Health (GB) Order (1993) by taking reasonable steps to prevent the spread of quarantine pests.

#### ***Qualities and quantities of particular fruit and vegetables<sup>xiii</sup>***

Qualities specified for particular fruits and vegetables are shown in table Appendix 4. Appendix 4 also contains our approximate calculations of the quantities of each type of fruit which will be required to meet the demand of the NSFS in the UK, East of England and South-East region.

#### ***Food-safety and other quality standards***

The most onerous stipulations in the current tender specifications are those which relate to food safety and other quality standards. These are discussed further in Chapter 8.

## Chapter 6: Production

### ***Volume of UK production compared to NSFS demand***

Appendix 5 provides a detailed description of the volumes, techniques and issues concerning the UK production of fruits and vegetables demanded by the NSFS.

UK production is more than capable of meeting the demand for carrots, cherry tomatoes, pears and strawberries. In each of these cases, the NSFS requires quantities of produce which are a relatively small fraction of UK production, and only requires them during the UK season. Similarly, it will be seen that both the East of England Region and the South-East Region are very much capable of meeting their own demand for these fruits and vegetables.

Obviously the UK has no significant production of bananas, citrus fruits or kiwi fruits.

### Apples

The more complicated case is that of apples, where it seems very likely that the UK will be able to supply some, but not all, of the demand from the NSFS. However, both the SE and EoE regions should be able to supply the whole of their own demand. These are the UK's main fruit-producing regions and the same will not be true of the other regions.<sup>4</sup>

The key point to understand about the apples used in the NSFS is that they are the smaller sizes which are not required in significant volumes by the supermarkets. This means that the NSFS has been able to buy these apples relatively cheaply: without the NSFS many of these apples would have gone to juicing, and the prices which growers get for juicing apples is much lower than they can expect for their best apples.

However, this reliance on what is essentially a by-product has some interesting implications:

- Growers will generally be very happy to sell these small apples as long as the NSFS gives them a better price than they would get from juicing the apples.
- Growers do their best to limit and reduce the number of small apples they grow (ie to grow more of the more valuable, larger apples). The supply of UK apples suitable for the NSFS is likely to be variable from year to year (depending for instance on weather conditions) and to reduce over time as growers develop better techniques for ensuring larger apples.
- It will not be possible to persuade growers to grow more small apples deliberately, given the low price which the NSFS seeks to pay for them. The supply of small apples will continue to be determined by the total volume of apples grown in the UK, and this is in long-term decline.
- The NSFS has the ability to *saturate its own market*, in the sense that once rolled out across the UK the scheme could use more of these small, Class 1 apples than are grown in the UK. We would expect the price paid by the NSFS to rise somewhat at that point.

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<sup>4</sup> Clearly consideration must also be given to supplying other regions with fruit from the East and South-East regions – for instance so that children in London can visit growers in these regions who are supplying them with fruit. But in general these regions should have first call on their own fruit.

- The NSFS has relatively little influence over the quality standards, pesticide regimes, post-harvest treatments, transportation and packing arrangements and so on for apples. In order to buy at these by-product prices it has to accept the methods which the grower has chosen to meet the requirements of his main market (ie usually the multiple retailers, but sometimes the wholesale market). In particular, the supermarkets demand higher cosmetic standards than the NSFS, and this results in a greater use of certain pesticides and treatments than would be necessary to meet the requirements of the NSFS alone.

### Tomatoes and carrots( *Make italic like bigger heading*)

In contrast, tomatoes and carrots are annual crops. Also, the tomatoes and carrots used by the NSFS are the growers' main product, rather than a by-product as in the case of apples. For these two reasons there is more room to influence production of these (eg to grow more cherry tomatoes or more Chantenay carrots<sup>5</sup>, as long as contracts are agreed before the beginning of the growing season.

### ***Growers, co-operatives and marketing organisations***

Appendix 5 describes in more detail some of the growers, co-operatives and marketing organisations who could act as suppliers to the NSFS. In the course of this study the consultants have identified appropriate and willing suppliers of all the required types of fruit and vegetables within both the EoE and SE regions.

There is the potential for NSFS procurement to be supplied directly from growers (particularly the largest ones, one of whom already supplies the scheme); from co-operatives or producer organisations which represent groups of growers; or from marketing organisations which buy fruit from growers and producer organisations.

### Apples and Pears

At present almost all of the supply of *apples and pears* to the NSFS is through marketing organisations. These organisations have the capability to source fruit year-round from both the UK and overseas. However, dealing with marketing organisations inevitably reduces both the price achieved by the growers and the certainty with which UK growers can know that they will continue to be called on as suppliers. It also means that it is almost impossible to know whether the fruit is sourced and packed locally or even regionally. A better option (in terms of sustainability) will be to buy UK apples directly from co-operatives or producer organisations which represent a group of smaller growers in the same locality.

Packing of apples and pears can be done by individual farmers, by co-operatives or by marketing organisations. In recent years there has been considerable closure and consolidation of packhouses as ever-higher food safety standards, imposed by the multiple retailers, have made it difficult for smaller operations to survive. The NSFS should seek to enable these smaller operations to do their own packing, as this will support local economies and reduce food miles. In order to do this it will be necessary to reduce the hurdle of food-safety standards to a sensible level. This topic is discussed further in Chapter 9 below.

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<sup>5</sup> A variety of small carrot being trialled by the NSFS for consumption whole.

## Tomatoes and Carrots

Similarly *tomatoes* could be sourced from individual growers or producer organisations.

Prepared *carrots* are currently being bought from two large processors who are also farmers. Moving to the use of whole Chantenay carrots brings with it the potential to source from a larger number of somewhat smaller farmers.

### ***Integrating overseas supplies***

In terms of reducing CO<sup>2</sup> emissions, there is a clear preference for using as much UK produce as possible. Where produce has to be sourced from outside the UK there remains a clear preference for produce brought (albeit by road) from France, Italy etc over produce brought by ship from, say, New Zealand<sup>xiv</sup>.

Our investigations suggest that, in addition to being sourced from the UK for two terms of the year, for the third term the remaining fruit could be sourced from Northern Italy. Co-operatives of larger, Eurep-GAP<sup>xv</sup> registered growers in the Trentino-Alto Adige region stated that they could supply Royal Gala in the winter term (if required) and Starking in the spring and summer terms, to Class 1 and in the 55-60mm size range. Indeed, as they have little current market for this size (apart from juicing) there would be no problem to supply the necessary quantities for the NSFS.

Smaller producers are also working together to develop trading arrangements. For example, producers associated with the CIVAM<sup>xvi</sup> network in France stated that they were already beginning to co-operate on establishing joint direct marketing initiatives, including schools and in distant markets such as Paris. In the south of France a specialised organic public sector supply company was established in 1999-2000, with the support of the local CIVAM, in order to enable smaller producers to supply the volumes and range needed by the schools<sup>6</sup>. What they saw as necessary for the success of public sector supply initiatives were smaller-scale pilot projects where relationships could be developed, supply quantities and range gradually developed and customer confidence in new suppliers built.

Appendix 5 demonstrates that we have identified other European producers for Chantenay carrots and cherry tomatoes should these be required outside the UK season, and for kiwis and easy-peel citrus during the European seasons for these.

### **Import arrangements**

This leaves the interesting question of who should import these fruits and how they should be fed into the NSFS. There are a number of options:

1. A producer organisation, such as Interco-op in Spain, could bid directly to supply, say, citrus fruits to the NSFS. However, Interco-op is unwilling to pack the fruit in the units of 10 required by the NSFS. So,
2. A UK-based producer co-operative, perhaps one already supplying apples or tomatoes to the NSFS, could undertake the packing of citrus fruits also. This could be on contract to the overseas supplier, but more likely is that the proximate co-operative would act as the importer, taking on the supply contract and then contracting with an overseas co-operative to supply them. Or,

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<sup>6</sup> This supply company has been a major factor in the now 2M+ organic meals served in the South of France (source CIVAM Bio du Gard 2003)

3. Similarly, it would be advantageous for a UK apple producer co-operative to establish a direct relationship with, for instance, a Northern Italian apple producer co-operative so that they could import Italian fruit to cover the summer term.

Within reason, the fruit required by the NSFS can be supplied in quantities from two pallets to truckloads, to virtually every corner of the UK. There needs to be an option for the customer to choose between different models of supply system, each with its different guarantees. Non-UK fruit can be supplied to whatever system is in operation, whether that be through transnational marketing organisations or more complex producer consortia or networks.

### Support needed

Developing these more complex networks in a sustainable way will require facilitation (eg by AlimenTerra) and funding. There are specific European support measures to encourage SMEs<sup>xvii</sup> to develop transnational trading opportunities and these could be used to support the development of European SME consortia to supply UK (and other) public sector markets. There are national programmes to promote co-operation, and other funding programmes such as Leader + also lend themselves to the creation of trading networks between SMEs.

### Existing Examples

1. One example of this kind of facilitation comes from North Florida, where a coalition of public training and support bodies led by the U.S. Department of Agriculture's Marketing Service in 1997 assisted a group of 'resource-poor' farmers to form the New North Florida Co-operative. One of the cornerstones of the new co-operative's business plan was to develop a service to serve local school districts with fresh, leafy greens as part of the School Lunch Program. The new co-operative was also given extensive support to establish the specific responsibilities of the participants and the Co-operative. Assistance was also given with financial management and obtaining credit. The management team established action plans to overcome hurdles such as marketing, post-harvest handling, processing, delivery, and community relations. The success of the project was also linked to policy development: the US Department of Defence (DoD) had developed an innovative programme, the Direct Vendor Delivery program (DVD) to make greater quantities and varieties of fresh fruit and vegetables available to school children. The DVD programme facilitated the provision of Federal funding to school districts for the purchase of fresh fruit and vegetables and provides assistance to school district food service directors. This programme facilitated the purchasing of produce from the Co-operative<sup>xviii</sup>.

2. Another example is that in East Anglia the founding members of the Eostre Organics Co-op began to build a relationship with the El Tamiso co-op through an Objective 5b initiative by studying their marketing systems. This developed into a commercial relationship under an Rural Enterprise Scheme-funded programme which is enabling them to supply small public sector contracts with a full range of co-operatively traded vegetables and fruit that now includes Fair Trade bananas.

### ***Encouraging biodiversity***

A legal way to favour UK producers (and particularly the less intensive growers) would be to favour named, non-standard varieties which grow in the UK. This would also have the beneficial effect of helping to preserve rare varieties. Ideally, tenders

would be let for particular geographical areas which would favour the traditional varieties of that area.

#### Recommendation 6.1

**Steps should be taken to support the heritage and biodiversity of traditional UK apple varieties. For example, supply tender specifications and evaluation criteria should favour producers who can supply named, traditional UK varieties. Ideally varieties should be favoured which are typical to the region where the fruit will be eaten.**

Action: NSFS purchasers

In the past the London NSFS has asked that only one variety of apple be supplied on any one day across each LEA. This kind of stipulation should be avoided, as it will obviously make it harder for producers to supply rarer varieties. (Using rarer varieties obviously encourages crop biodiversity and can also help to extend the UK season).

#### Recommendation 6.2

**NSFS should never stipulate that a single variety of fruit should be delivered on a particular day.**

Action: NSFS purchasers and regional co-ordinators

### ***Changes to the supply calendar***

As noted above, the supply calendar has been designed up to a point to support UK sourcing. But there are improvements which might be made, to further support UK sourcing and to reduce food miles by looking at the *European* supply seasons:

- Apples are specified twice a week during the summer term, when UK and European apples are not widely available. This could be reduced to once a week.
- Kiwis are specified only during September and early October, ie just before the start of the European season. By specifying Kiwis in the period mid-October to mid-March they could be sourced from Europe (eg Italy).
- More use could be made of tomatoes, and it might help growers to buy in a way which fitted better with their supply (mid-March to early November, but peaking in the middle) rather than asking for a relatively short burst of supply. The UK tomato season is approximately complimentary to that of European easy-peelers and UK apples: tomatoes therefore offer the opportunity to import fewer apples and citrus fruits from outside Europe.
- More use could be made of carrots, which are available almost year-round from the UK. The present fruit calendar for the North-West tends to use either carrots or tomatoes in any particular week, but there may often be a case for using both.

### Recommendation 6.3

**The Supply Calendar should be reviewed with representatives of the supply base to achieve the best possible fit with both UK and European production seasons.**

Action: NSFS purchasers

### ***Changes to the timing of the procurement process***

Apple growers have pointed out that they need to know by June at the latest that they have a contract starting in September or October. This is because otherwise the grower will be agreeing alternative contracts. Obviously a large marketing group can respond to winning a contract with a shorter lead-time because it can shop around for growers who can supply it.

### Recommendation 6.4

**Supply contracts should be let as early as possible, if possible before June.**

Action: NSFS purchasers

### ***Length of the contract***

Apple growers have also pointed out that because apples, and pears, are perennial crops with at least 3 years between planting and cropping, one-year contracts will not do anything to increase UK production of small apples. Encouraging production of more small varieties etc would necessitate significantly longer supply contracts (eg 7 years). However, other growers have pointed out that, even with long NSFS contracts for small apples, planting new orchards would be difficult because small apples are merely a by-product of larger ones. Others have suggested that even a long supply contract would be distrusted by growers, and that only a specific contract to grow (and to supply the results) would actually encourage them to plant for the NSFS. To summarise, long supply contracts are unlikely to have an effect on UK production except possibly in very specific circumstances (eg involving community orchards etc).

On the other hand we are wary of the NSFS entering into long supply contracts at this time, if these preclude more local and sustainable contracts being developed over the next year or two.

### Recommendation 6.5

**The length of some supply contracts should be kept short in the early years of the NSFS, to enable the emergence of more sustainable solutions over time.**

Action: NSFS purchasers

## Chapter 7: Distribution

### ***Distribution costs in the NSFS***

Although the NSFS accounts for a large quantity of fruit and vegetables, these are delivered to a very large number of points (ie schools). The quantity (and value) of each delivery can be very small: for instance, some rural primary schools have 25 children of whom perhaps 8 may be eligible for the NSFS. Delivering two days' worth of fruit to such a school might cost several pounds, whereas the value of the fruit might be only around £1. Even averaging urban with rural areas, we understand that around half of the cost of the NSFS is in distribution.

### ***Existing arrangements for supplying fruit and vegetables to schools***

Clearly in these circumstances it is important for the NSFS distribution to “piggyback” on existing distribution rounds. This is important environmentally – ie to avoid yet another delivery vehicle following the same routes as existing ones – but also to ensure a reasonable price to the NSFS.

The current default is that NSFS distribution contracts are let at the LEA level. Yet there is a strong case for letting distribution contracts for a part of the LEA, corresponding to existing arrangements for delivering fruit and vegetables to schools. For instance in Norfolk there are 3 fruit and vegetable wholesalers delivering to schools in different parts of the county; in Suffolk 2 and in Essex 2<sup>xix</sup>.

#### Recommendation 7.1

**Distributors should be invited to specify the patches they want to cover. The evaluation criteria *should not automatically exclude* distributors who only want to deliver to part of an LEA.**

Action: NSFS purchasers

Unsurprisingly, in the majority of LEAs which already receive the NSFS, distribution is undertaken by a fruit and vegetable wholesaler who was already delivering to schools in that LEA. This is unsurprising in that these wholesalers will be in a position to offer the cheapest tender for the NSFS distribution. It must be stressed that the role of the fruit and vegetable wholesaler in relation to the NSFS differs from its role in relation to school meals. In relation to school meals, the wholesaler is *selling* produce, and can choose where it buys that produce from (including whether/when to buy locally). In relation to the NSFS the wholesaler is merely *delivering* produce, and has no say over how that produce is sourced.

LEAs in the South-East and East of England have a mixture of arrangements for providing school meals for their primary schools. In some the catering is managed directly by the council, while other LEAs have contracted with private catering companies. In some LEAs there is a mixture, for instance because special schools may have in-house catering arrangements while other schools use an outside caterer. Moreover, governors of individual schools can now take responsibility for catering and either appoint a different private catering contractor, or employ catering staff themselves.

In terms of the distribution of fresh fruit and vegetables, there is often little difference between in-house and private caterers. Both tend to use local wholesalers to supply and distribute produce to schools. There are indications however that the LEAs which provide an in-house catering service tend to be the ones which take more of an active interest in local sourcing. Appendix 7 describes the catering arrangements and attitudes to local sourcing of a number of LEAs in the EoE and SE regions.

A more important difference is between those *schools* where meals are prepared and those where hot meals (or even packed lunches) are brought in from elsewhere. In relation to the NSFS this is important because the latter are not currently served by a fruit and vegetable wholesaler. Indeed, one wholesaler to whom we spoke expressed some reservations about extending his rounds to include these very small schools. In Buckinghamshire, for example, there is *no* LEA-organised hot meals service for primary schools – only packed lunches are provided.

Where food preparation takes place on the school site, most of the LEAs we have spoken to arrange deliveries of fruit and vegetables approximately three times a week. There are exceptions where delivery is only once or twice per week (see below).

### ***Storage within the school***

One of the factors which will affect who gets the distribution contract is the frequency of deliveries required. We have wondered whether any flexibility on this has been allowed elsewhere, and indeed it seems that, even in London (and more so in rural areas), frequency is quite often reduced to twice a week. In general, less frequent deliveries are more appropriate to the smaller schools: larger schools would struggle to store so much fruit.

Deliveries are either direct to the kitchen, if the school has a kitchen and co-operative kitchen staff, or to the main reception. The contract states that all deliveries need to be checked and signed for; in practice the distributor is asked at least to inform the school office when the fruit is delivered. Indeed, again contrary to the tender, fruit is quite often delivered to the school early in the morning before the school has opened.

DH guidance for storing fruit within the school is that it should be out of direct sunlight and below a certain temperature. In practice though it appears that fruit is being stored in any spare space around the school! Prepared carrots are an issue as these should be refrigerated (as would tubs of cut fruit, if introduced). Two of the distributors in the E Midlands are delivering carrots earlier in the day to schools without fridges to ensure they are consumed on the day of delivery and within 3 hours. Elsewhere carrots are being stored in staffroom fridges and in some cases at ambient temperature.

The schools fruit co-ordinators issue a “supply calendar” which states what fruit is to be eaten on what day. The reality is that many schools exercise some flexibility in interpreting the calendar, mainly to allow pears to ripen.

### ***Possible alternative arrangements***

As noted above, the obvious distributors for schools fruit are local fruit and vegetable wholesalers, particularly where these are already delivering fruit and vegetables to schools for use in school meals. However, there are other possibilities, and some of these are discussed below.

## Dairy companies

Most primary schools buy milk, both for use by the kitchen, and (more significantly) in 250ml cartons which are consumed by children. The EU offers a subsidy for milk to children aged 5-11<sup>xx</sup> (the subsidy is paid in the UK via DEFRA's Rural Payments Agency, and within each LEA the scheme may be managed either by the LEA or by an agency such as FirstMilk).

Because of the scheme, in some LEAs the vast majority of schools receive a daily milk delivery, even where they do not have a kitchen and therefore do not receive a delivery of fruit and vegetables. This might suggest that, particularly in some rural counties, the dairy might be better-placed to undertake distribution for the NSFS than are the local fruit and vegetable wholesalers.

However, many of the smallest schools receive their milk deliveries from retail rounds, delivered from open-backed milk vans or floats. The bulk of the load of these floats is carried at ambient temperature, and while there is usually some chilled space, it is not clear that this would be sufficient to carry the fruit and vegetables. It may be, then, that either the delivery temperature restrictions need to be relaxed, or dairies will not easily be able to take on this work.

## Caterers

As noted above, for schools which produce their own meals, the obvious route for distribution may well be the fruit and vegetable wholesaler which supplies the school.

However, some schools do not have active kitchens, and instead receive meals from elsewhere. Generally they receive hot meals from another school nearby. In some places only packed lunches are supplied to schools.

These schools are in effect relying on the caterer to distribute food to them. Norfolk, for instance, advertises a separate contract for delivering hot lunches to each "dining centre" (ie a school which does not prepare its own meals). In some cases these contracts are undertaken by local taxi firms, in others the person who serves the food at the "dining centre" also undertakes the transport of the hot meals (ie in the back of the car).

It would therefore be worth looking at using these existing distribution systems to deliver fruit to these schools for the NSFS. In the case of a county like Norfolk, this would mean that the fruit and vegetable wholesaler would distribute fruit only to those schools which have kitchens (and which the wholesaler is already supplying). The person who takes the hot meals to each "dining centre" school would also take the NSFS fruit for the following day. (This would require NSFS fruit to arrive at the "provider" school before lunchtime on the day before it was to be eaten, but in the case of Norfolk this is generally achieved).

### Recommendation 7.2

**Consideration should be given to "piggybacking" on school caterers' existing distribution arrangements, particularly for "final-leg" distribution to small schools.**

Action: NSFS purchasers

Where schools only receive packed lunches, the opportunity would be for the caterer who is supplying these to carry NSFS fruit in the same delivery vehicles.

Another obvious case for involving the caterer is Cambridgeshire, where the in-house caterer operates its own vans to undertake the “final leg” distribution to its smaller schools from a central depot.

### Very-local distribution systems

We are aware of proposals in both the EE and SE regions for new distribution systems which could be described as “very local”. In both cases proposals focus on providing food, sourced as locally and sustainably as possible, to small outlets such as village shops and schools.

In Norfolk the proposal is for market-town-based distribution of a range of ambient and chilled goods, with a single light van based in each of a number of market towns, and with goods being supplied by existing local businesses such as butchers or greengrocery wholesalers. A funding application is currently being considered and, if that is successful, pilot schemes could be operational by September 2004.

A proposal in East Sussex is currently more focussed on retailing and pubs, but could be extended to schools. Again the proposal involves light vans with ambient and chilled sections, and again funding applications are pending.

In our view proposals of this kind score more highly in terms of sustainability than do mainstream fruit and vegetable wholesalers, as they emphasise local sourcing plus environmentally-efficient distribution. Recommendation 9.3 below recommends an approach which, among other things, would enable schemes such as these to supply and distribute fruit to the NSFS.

These proposed “very local” distribution systems will often make efficient use of *light vans* for the “final leg” of deliveries. We have also recommended above that consideration should be given to using the people who take hot meals to “dining centre” schools to also take fruit with them for the NSFS.

Such approaches promise considerable social, environmental and economic benefits. Among these are the genuine benefits of using light vans (or cars) in the correct circumstances: on small rural roads in particular, light vans (or cars) cause less annoyance, less congestion and less damage to roads than do larger trucks. Moreover, in and around school premises, light vans cause less congestion during delivery and may be less likely to cause accidents to children.

We recognise that using light vans *inappropriately* actually increases pollution: on “trunk” runs larger trucks are more fuel-efficient per tonne-kilometre. For this reason our recommendation includes an important caveat that light vans should only be used for the “final leg” of distribution.

### Recommendation 7.3

**The NSFS should favour approaches to distribution which minimise pollution, congestion and danger to children. For instance, evaluation criteria for the distribution contracts could favour distributors who use smaller delivery vehicles *provided that* these are used only for “final leg” distribution.**

Action: NSFS purchasers

## Process changes

Other changes could be made which would reduce frequency of deliveries needed. For instance, it might be cheaper to buy each school a refrigerator than to deliver several times a week, particularly in the case of small schools. (NSFS are aware of this possibility and are already looking at fridges, including the possibility of building these specially to slot in reuseable plastic trays, and the possibility of keeping them outdoors in order to accept deliveries outside school hours.)

While refrigeration is needed for prepared carrots and soft fruit, bananas and pears can usefully be left to ripen at ambient temperatures. Space is an issue, whether for boxes of fruit or for a fridge, but is rather less so in small schools, which might only use 10 pieces of fruit per day. Even in London, some of the smaller schools do indeed keep pears until they are ripe and then use them, but the larger schools find this difficult.

These two points taken together might suggest a two-tier (or more) approach to deliveries, with smaller and more rural schools receiving weekly deliveries and being provided with a fridge, while larger schools (most of which get regular deliveries of fruit and vegetables anyway) continue to receive more frequent deliveries.

## **Packaging**

There are opportunities to improve environmental sustainability by reducing the use of disposable packaging. For instance,

- The tender evaluation criteria should reward suppliers who can supply fruit in reuseable packaging. Apples, although bagged in polythene bags, should then be boxed in (reusable) plastic crates rather than (disposable) cardboard boxes.
- The tender evaluation criteria should also reward suppliers who can take back waste, particularly used packaging (which again helps to encourage suppliers to use reusable crates). Further points should be available to growers who can take back compostable material (uneaten fruit, apple cores etc). Growers could compost this and thus return it to the land.

It must however be recognised that the costs of the above will be borne by *growers*. This means that purchasers must be willing to pay a slightly higher price for fruit provided in this way (the mechanism for this being the points system recommended above).

### Recommendation 7.4

**Evaluation criteria for both supply and distribution contracts should favour those who can use re-useable packaging or take back waste (packaging or compost). The scheme should allow for slightly higher payments to be made for these services.**

Action: NSFS purchasers

## **Chapter 8: Quality Standards**

Although there is clear Government guidance as to the safety and quality standards which should be demanded of suppliers of publicly-procured food, the tender specifications for the NSFS demand a very long list of standards which are far in excess of that guidance. We believe that this is a mistake and will deter smaller producers from being able to supply the scheme.

Appendix 8 provides much more detail on the various standards available, and particularly on all of those named in the NSFS specifications. This chapter summarises the information in Appendix 8 and draws conclusions.

### ***Food Safety and the Evidence of Risk***

Food safety is probably the issue which will most exercise the minds of Ministers in procuring fruit for the NSFS. While we agree that this is important, we also believe that the response to food-safety concerns should be proportionate to the risk.

Appendix 9 demonstrates that there is very little evidence as to the level of food-safety risks from fresh, unprepared fruit and vegetables, but that the general sense is that these risks are very low. Food safety professionals divide food-borne risks into three categories: physical risks (ie foreign objects in food), chemical risks (eg pesticide residues) and biological or microbial risks (ie food poisoning). The little available evidence suggests that

- There is very little incidence of damage to health from physical contamination. Such risks as do exist can be avoided by some fairly basic precautions which would be included in any reasonable HACCP (Hazard Analysis of Critical Control Points) plan.
- There is a very small degree of risk from microbial infection, often from operator error (eg not washing hands) at the picking or packing stage. These risks are avoided by some fairly basic precautions which would be included in any reasonable HACCP plan.
- The biggest risk is of chemical contamination, in the form of pesticide residues in the fruit or vegetables.

### ***Quality Standards and Smaller businesses***

There is often a tension between the desire to set high standards of food safety, environmental protection etc and the desire to support small, local food businesses (which itself contributes to the wider determinants of health<sup>xxi</sup> and also enables farm-school work which may help to increase children's long-term consumption of fruit and vegetables<sup>xxii</sup>). It is a commonplace that setting the food safety bar too high will disqualify smaller businesses. The cost of certification and the work necessary to pass them is not proportional to the size of a holding, and can be a disproportionately high cost for smaller growers. This is exacerbated by the fact that smaller growers may lack the management skills to do themselves the work necessary to pass inspections (eg writing an energy efficiency plan) and may have to pay a consultant to do it. It is even possible that lobby groups representing the larger businesses in the fresh produce sector have been happy to recommend a belt-and-braces approach, knowing that by doing so they gain a competitive advantage over their smaller competitors. Unfortunately these larger firms are often mistaken as representing the sector as a whole.

## ***Multiple Retailers and Food Safety***

It may be useful to consider the difference between the Government's position in relation to food safety and that of the major multiple retailers. The assumption of the NSFS is that the position is broadly the same. However, multiple retailers have everything to gain and very little to lose by imposing more and more food safety requirements on their suppliers. The Government, particularly in relation to its Sustainable Procurement policy, needs to weigh food safety risks against the costs of interventions in terms of putting small suppliers and small packhouses out of business, and the resulting costs in terms of food miles, loss of rural communities and loss of rural jobs. It would therefore be *logical to expect* that the Government would impose less arduous requirements on its suppliers than the multiple retailers do.

## ***Current NSFS tender specifications relating to food safety***

Current NSFS tender specifications<sup>xxiii</sup> require suppliers to

- Comply with food safety law including Current EC and UK food safety legislation, current EC and UK pesticide control regulations and regulations regarding pesticide residues
- Undertake hazard analysis and have HACCP (Hazard Analysis Critical Control Points) plans available
- Be able to demonstrate “due diligence” with regard to potential fruit contamination with pesticide residues, for example by complying with codes of practice such as the Fresh Produce Consortium (FPC)'s “Code of practice for pesticide control”. Suppliers must liaise closely with grower/packers and undertake appropriate risk-based pesticide residue testing.
- Source fruit from UK producers registered for Assured Produce or equivalent, or overseas producers registered with an assurance scheme credited under EUREP-GAP, or equivalent
- Operate a full traceability system enabling batches to be traced back to an orchard, plantation or field
- Comply with the FPC's “Operating standards for wholesalers supplying public service procurement agencies” or equivalent standards.
- Have “to hand” a range of documents from FPC currently costing £185.
- Comply with UK Food Safety (General Food Hygiene) Regulations 1995 and other relevant food legislation.
- Have in place an appropriate quality management system that is reviewed regularly and is externally audited. The example given is of the British Retail Consortium (BRC) Technical Standard for Companies Supplying Retailer Branded Food Products. Independent third-party certification should be by an accredited organisation.

## ***Proposed changes to NSFS tender specifications***

It will be noted that the above list is much longer and more onerous than those suggested by government guidance (see Chapter 4 above). In the remainder of this chapter we argue that the current specifications are excessive, and serve as a barrier to smaller potential suppliers.

## Recommendation 8.1

**Tender specifications should require appropriate assurance standards and production/supply protocols for the product required. A review of the currently operating tender specifications relating to food safety should provide scope for simplification without compromising safety. This is the single greatest, and most achievable, step which could be taken to “open up” the NSFS to smaller (and potentially more local) suppliers.**

Action: NSFS purchasers, DEFRA public procurement unit, GO-East

### Traceability and Product Recall

We agree with the recommendation for traceability and product-recall systems to be in place. These are sensible precautions in terms of food safety as well as quality, and in the case of smaller, local suppliers could be very straightforward.

### Due Diligence

We also agree with the requirement for complying with the law and for “due diligence”, liaison between wholesaler and grower, and risk-based residue testing. In our view these steps are key to ensuring that pesticide residues are within acceptable limits, and should be built into the HACCP plan of the wholesaler, producer organisation (PO) marketing organisation (MO) or producer which is supplying fruit for the NSFS. Indeed, there is a case for saying that *no more than this need be specified* in order to ensure the chemical safety of the produce.

## Recommendation 8.2

**The NSFS supplier specifications *should include* the requirement for the supplier to have (and to implement and regularly review) a HACCP plan. It should however be clarified that the regular “independent audit” of this could be by an environmental health officer.**

**Where the supplier is not the producer of the fruit/vegetables, the producers should be named, and the supplier’s HACCP plan should include steps to ensure “due diligence” in relation to the supplier’s own suppliers (ie the producers), including risk-based random testing for pesticide residues.**

Action: NSFS purchasers

### Demonstrating Due Diligence

What should a wholesaler/PO/MO accept as “due diligence” on the part of a producer to avoid excessive residues? Organic certification would be the ideal route, since research has demonstrated that organic produce has much lower levels of pesticide residues. Assured Produce (AP) certification would be another acceptable “proof”, but in terms of food safety alone is not demonstrably better than other proofs which could be devised, such as the grower himself having a HACCP plan, perhaps in combination with BIFGA’s “Crop Cert” scheme. As Appendix 8 explains, the FPC’s “family” of standards appear to us to be an example of how a lucrative inspection industry can be created to maintain controls which are disproportionate to the actual risks to health, while forcing out of the supply chain those smaller producers and wholesalers who

can not afford to be a part of it. We strongly recommend that all references to the FPC standards be removed from the specification.

Moreover, despite the huge costs incurred by producers and others in recent years to achieve standards such as AP and the FPC standards, all the evidence<sup>xxiv</sup> is that pesticide residues have *not* been reduced, and remain close to the legal limits (ie generally below them but sometimes above them).

### Pesticides and Cosmetic Quality of Fruit

One reason for this continuing pesticide use, which has been suggested to us by growers, is that the high cosmetic quality required by supermarkets encourages spraying in circumstances which are not necessary to achieve a healthy crop. This is a stronger driver than the non-binding recommendations in schemes like Assured Produce or the *FPC Code* which ask growers to limit their use of pesticides. (Also the varieties specified by multiples may be those which require higher pesticide use due to their suitability for their distribution/sales models.) Moreover, growers are in a weak contractual position in relation to supermarkets, and stand to lose very heavily if a particular year's crop fails to meet the required cosmetic standards, even if this is due to unforeseen circumstances (eg weather or an unexpected pest attack). Understandably, then, some growers have commented to us that they err on the side of commercial caution by applying rather more pesticides than might strictly be necessary. According to this view, a good way to limit residues would be to buy from a grower who does not supply supermarkets. Such a requirement would not be legal in the tender specification; but requiring AP has very much the opposite effect, favouring those producers who *do* supply the multiples.

Similarly our view is that the reference to the BRC technical standard is misplaced. This standard relates mainly to food safety aspects of packhouses, and is aimed at avoiding physical and microbiological risks arising there. As noted in Appendix 9, these risks are relatively low and easily avoided by taking sensible steps which should be documented in the HACCP for the packhouse. No further "quality control system" is necessary. The reference to the BRC standard, which as Appendix 8 shows is an overly-arduous one, is likely to be most offputting to smaller suppliers.

#### Recommendation 8.3

**Having established appropriate minimum standards, the means by which a supplier can demonstrate "due diligence" (in respect to growers' use of pesticides and other food-safety concerns) should be left flexible, as long as they are credible to the purchasing officer. *Options* include the grower having his own HACCP plan (perhaps together with participating in BIFGA's "crop cert" scheme), Assured Produce and equivalent schemes, and Organic certification.**

Action: NSFS purchasers

#### Recommendation 8.4

**The requirement for producers to have Assured Produce certification should be removed. It should be an option for delivering desired benefits, particularly social and environmental. This advantage needs to be set against the potential to disqualify smaller growers. On balance we consider that that cost of requirement outweighs the likely benefits, provided improved sustainability and reasonable standards of food safety and environmental impact can be demonstrated by other means.**

Action: NSFS purchasers

#### Recommendation 8.5

**All of the other requirements and references in the tender specification should be removed, as they will only be off-putting to potential suppliers. These include all of the references to FPC standards, the BRC standard, the rather nebulous concept of a “quality control system” and the list of required (mainly FPC) documents.**

Action: NSFS purchasers

#### Optional higher quality standards

While a HACCP-based system should be sufficient to ensure that pesticide residues are kept to *legal* levels, there are opportunities to reduce them further. We propose that the tender specification and evaluation criteria for the NSFS should seek to favour suppliers who are taking such steps. The greatest preference should be given to organic producers, as evidence shows that residues are lowest and most infrequent on organic produce.

The legality of this approach is clearer in the case of organic. Organic standards are recognised across Europe and this means that there is no problem of discrimination (ie against non-UK growers) if organic standards are specified in the tender specification. It is also explicit in UK Government public procurement guidelines that it is acceptable to specify or prefer organic produce.

#### Recommendation 8.6

**Supplier specifications should indicate that NSFS will *favour* (ie award additional evaluation “points” to) methods of production which limit the use of artificial pesticides etc. Examples would include Organic production and (to a lesser extent) IPM production.**

Action: NSFS purchasers

We would argue that a similar (albeit lesser) preference can be expressed for produce grown under a genuine integrated pest management (IPM) or integrated crop management (ICM). These approaches are discussed further under “environmental protection”.

Again the preference needs to be stated in terms of the quality of the produce (ie the likelihood of lower pesticide residues) rather than environmental grounds, as the latter

are not legal in public procurement specifications. The potential problem arises from the wide range of IPM schemes in existence. As Appendix 8 shows, these range from some which are near to an organic approach in their minimisation of chemical inputs, to some which merely seek to reduce the use of chemicals. Nevertheless, the American research cited in Appendix 8 did show that produce from *all* IPM schemes in the USA had very significantly lower pesticide residues than “conventional” produce. There is therefore a case for preferring produce from any *credible* IPM scheme. These would include schemes which are *legally-recognised* in their country of origin, but beyond that might involve procurement officers in either studying the credentials of IPM schemes as tenders are submitted, or commissioning a study of IPM schemes with the aim of agreeing an approved list. A medium-term aim would be to agree Europe-wide standards, starting from the existing legally-recognised national standards. A similar process occurred in the case of Organic standards, which can in that sense serve as a model.

<b>Recommendation 8.7</b>
<b>There is a need to develop recognised independent European IPM benchmarks which can act as a greater guarantor to purchasers of the sustainability of production systems, not limited to cosmetic appearance.</b>
Action: standards bodies

### ***Environmental Protection***

A number of the schemes mentioned above may offer environmental benefits in addition to food safety benefits. For instance

- The Assured Produce (AP) scheme may push growers towards better environmental practice in a number of ways, although, as Appendix 8 shows, in most cases good environmental practice is not actually enforced.
- Organic practices involve a high level of environmental protection.
- IPM and ICM schemes offer meaningful environmental benefits, and some (eg the LEAF Marque) go well beyond IPM and consider other environmental impacts of the farming business.

The law regarding public procurement allows some environmental criteria to be specified, while others may not be (see Appendix 3). The advantage of encouraging suppliers to join a scheme like AP is that, while the justification is in terms of food safety, the likelihood is that additional benefits will accrue in terms of the supplier’s environmental practice. However, this potential benefit does need to be set against the need not to exclude smaller, more local producers. In our survey some 30% of respondents were not certified for AP and this corresponded very closely to size of business.

### ***Labour standards and worker safety***

As noted in Appendix 3, there is no room within a public procurement tender specification to require suppliers to meet even minimum legal standards in terms of paying their staff (or their subcontractors’ staff). Similarly, health and safety

considerations apparently have no place in a supply contract (although they could have in a service contract such as for building works).

The wages issues is a particularly current one in relation to fresh fruit and vegetables, as there has been much media coverage recently of abuses by gangmasters. Retailers have begun to respond to this through such schemes as the *FPC Guide to the Control of Packhouse Packhouse Labour* (see Appendix 8), the “strong recommendation” in AP that staff should be paid a legal wage and that any accommodation provided for them should be decent, and a new scheme currently being trialled by DEFRA in Lincolnshire. Ironically governments, who ought to care more about labour standards than retailers do, are prevented by the EU from taking them into account.

One way to seek a degree of assurance in relation to labour standards and worker safety is to prefer suppliers with AP (or other standards conforming to Eurep-GAP). These schemes can be justified on food safety grounds, but may bring additional benefits in terms of these social issues. However, as noted in Appendix 8, AP seems weak on the wages issue, since it only *recommends* paying legal wages. It is stronger on health and safety.

Another route which may tend towards better labour standards is simply to specify that suppliers must source fruit and vegetables from named suppliers. We have already argued above that this should be a minimum requirement to ensure food safety, as it is important for a supplier to be able to check that all of its suppliers have taken adequate food-safety measures. But it may also tend to have social benefits. It will tend to favour those marketing organisations, for example, who have built up a portfolio of growers around the world who they monitor under the Ethical Trading Initiative or similar. It will also favour co-operatives and farming companies who have set up reciprocal trading arrangements with co-operatives or companies in other countries, who again are likely to visit those partner organisations to check on technical standards and might therefore take note of any serious abuses, particularly of health and safety. And it will certainly exclude fruit bought on the spot market with no knowledge of the grower.

Recommendation 8.8
<b>Supply specifications should include a preference that suppliers source fruit and vegetables from named producers with whom the supplier can demonstrate a strong relationship.</b>
Action: NSFS purchasers

## Fair Trade

One of the best ways to ensure good labour standards for bananas in particular would be to specify Fair Trade produce. Unfortunately, for the same reasons as above, the public procurement rules do not allow public-sector bodies to choose Fair Trade on social grounds (although Government guidelines do encourage caterers to *offer* Fair Trade produce as an *option* in retail situations (eg staff canteens) where it is the *customer* who is choosing to buy Fair Trade).]

We have argued in Appendix 5 that Fair Trade certification (for bananas in particular) includes fairly stringent *environmental* requirements on the grower, including a

requirement for ICM and further stipulations regarding herbicides, pesticides and fungicides. For this reason we have argued that Fair Trade produce *can* be preferred on the grounds of a “production method” which affects the quality of the fruit provided, including food safety aspects. We accept however that Fair Trade produce carries a price premium which the NSFS may be reluctant to pay.

### ***Other social benefits***

It is not allowable under EU regulations to favour producers who are active on other aspects of social sustainability, such as rural regeneration or training immigrant workers. Appendix 10 gives examples of some such schemes which have arisen in the course of our research.

## Chapter 9: Proposed changes to NSFS structure

Previous chapters have explored opportunities to build on the success of the NSFS by exploiting opportunities to enhance sustainability, in relation to particular aspects such as supply contracts and distribution contracts. This chapter considers adjustments which could be made to the operation of the NSFS itself.

### ***Best value versus lowest cost***

At a launch event for the Sustainable Food Procurement Initiative in London on November 26<sup>th</sup> 2003, Lord Whitty made clear that no new money would be available for meeting the objectives of sustainable food procurement.

This report suggests that there are considerable benefits to be gained from focussing on the opportunities to source the NSFS in a more sustainable way. These benefits include benefits to the “wider determinants of health” such as rural employment and community, as well as opportunities to improve children’s diets by increasing their understanding of food, where it comes from and why it is important to our health.

However, achieving these benefits will require some additional expenditure, although the amount is small in relation to the overall NSFS budget. The additional expenditure relates to additional deliverables (eg educational services and health and environmental benefits) and also to facilitation to put new contracts and supply arrangements in place. These improvements will only be possible if the NSFS is able to take a *best value* rather than a *lowest-cost* approach, and if the additional resources can be made available to enable this.

#### Recommendation 9.1

**The NSFS should build on the established policy of seeking “best value” from Government procurement contracts, by identifying exemplar community/social, environmental and economic development outputs that individual contracts might seek to deliver.**

Action: NSFS policy-makers

### ***Integration at the local level***

Chapter 10 describes a number of possible local arrangements whose aim is to integrate the operation of the NSFS with other local activity, such as the school meals service or experimental, very-local distribution systems. These arrangements need to be piloted, but could offer a higher degree of sustainability than the NSFS as a whole.

Some of these local pilots could be achieved through the existing NSFS tendering process, ie by local distribution projects and/or local suppliers tendering for NSFS distribution and supply contracts. The existing tender process does provide for potential contractors to specify that they only wish to supply a particular, small geographical area, or that they wish both to supply and distribute.

In other examples, however, some very small pilots will more readily be achieved outside of the mainstream NSFS, and alternative sources of funding should be made available for these. For instance, some individual schools are currently buying *organic* fruit for their school meals and/or a fruit tuck shop. Such schools would want to buy organic fruit from the same supplier for the NSFS.

## Recommendation 9.2

**Options should be explored that allow individual schools, clusters of schools and entire LEAs to develop innovative ways of extracting best value by integrating with linked aims and activities to achieve the optimum combination of whole life costs and fitness for purpose to meet customer requirements.**

Action: NSFS policy-makers

### ***Decentralisation of purchasing generally***

DH announced on 8 January that the NSFS will continue to be funded, in future by the DH itself. We understand that the current proposals for the continuation of the NSFS include a continuation of national purchasing, and even an to consolidate the supply contracts for each type of fruit into a single tendering opportunity. Options would remain open for a number of suppliers of various sizes to bid for “lots” within a contract, but equally it is possible that a single supplier could win the whole of the contract to supply one or more types of fruit nationwide.

In terms of sustainability, the positive aspects of this centralised approach to purchasing relate mainly to the ability to impose some fairly complicated food-safety standards. However, we have argued in Chapter 8 that much simpler standards should be used, and this would make local management more practical. (Sustainability apart, it may also enable the NSFS to achieve better prices for *supply* by bidding for larger quantities – but this may be at the expense of the producer, and may also be offset by lost opportunities in relation to *distribution*).

The negative aspects are simply problems of scale and distance. It is difficult for small, local producers to negotiate with a single national purchaser. The purchaser will understandably be drawn to a smaller number of larger suppliers as this will reduce his workload. Similarly, large marketing organisations will do well out of the ability to win one large, national contract, whereas it might be overly arduous for them to have to negotiate with, say, 100 different purchasers around the country. In many ways the purchasing arrangements for the NSFS are similar to those for supermarkets, and similar impacts on sustainability should be expected.

By organising both supply and distribution of fruit closer to the LEA, it is possible to be more creative and more integrated in the way that schools fruit contracts are integrated into the wider school meals contracts and other supplies of fruit to the school (eg for fruit tuckshops and other “5-a-day” initiatives in schools). Not only could this deliver fruit more seamlessly, more cost-effectively and more environmentally-efficiently<sup>7</sup> for the schools fruit scheme, it could also provide an opportunity to review the sustainability and quality of fruit going into the wider school meals system – a much bigger win. Local authorities have access to some support to help with this, nationally from organisations like IDEA, and in some places in a more in-depth way from local food links organisations (and AlimenTerra on

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<sup>7</sup> i.e. where the contracts are separate there is the risk that different suppliers will supply them, thus doubling up on carbon emissions and congestion from deliveries. There is evidence that this is happening widely where the NSFS has already been implemented. There are also risks for distributors who bid for an NSFS distribution contract “on the back of” an existing contract to supply schools, but then lost the latter.

European/global sourcing and support) (although this report also points to the need for this support to be funded).

Local purchasing provides more opportunities to take account of local conditions (eg the type, size and season of fruit grown locally), to specify traditional local varieties, and to bend the fruit calendar towards produce grown in the region.

Lastly, by organising the supply of fruit closer to the LEA, opportunities can be found to integrate this with educational activities, such as apple days or orchard visits, thus potentially enhancing the impact of the schools fruit scheme on children's dietary habits.

We have used the expression "closer to" LEAs because we appreciate that the NSFS is a DH budget and that it might be difficult to delegate it in its entirety to LEAs (which belong to a different Government department). DH will want to continue to ensure that the money is not diverted to other LEA priorities, and that a good quality schools fruit scheme is delivered nationally. Nevertheless there could be ways of achieving this, either by DH holding the budget but contracting LEAs to make local arrangements, or by transferring the budget to LEAs but requiring them to provide the NSFS to a defined standard.

### Recommendation 9.3

**Options should be explored for more intensive supplier support and development at a local level. Consideration should be given to delegating supplier management if not purchasing of NSFS to LEAs, or to organisations more proximate to LEAs (to be integrated with local supplier development activities across a range of Local Authority purchasing requirements). Alternatively, PASA may be able to pursue this in parallel with NHS supplier development programmes – in which case links to school meal provision would warrant particular attention.**

Action: NSFS policy-makers

### ***Trialling of joint contracts for supply and distribution***

The current practice of the NSFS is that separate contracts are let for the supply and the distribution of produce. Often the distributor is a local fruit and vegetable wholesaler, but in the case of the NSFS s/he is not selling the produce but merely delivering it.

In many cases this arrangement may well be helpful in not excluding local producers, who would struggle to undertake the distribution as well as the supply. On the other hand, it is equally conducive to a supplier from the other side of the world who has no local presence.

Some of the most sustainable supply systems may well be those which integrate well with existing supplies to schools, in cases where a local wholesaler is making genuine efforts to supply sustainably-sourced produce. This would be the case in particular where a school was sourcing school meals from a local organic producer co-op. But more generally local wholesalers are probably more likely to buy from local growers than are national marketing organisations, and many of them will be capable of meeting the quality/food-safety criteria we have proposed in this report. Provided that such quality criteria could be achieved, letting a supply-and-delivery contract to a local wholesaler might make for a system which is not only administratively simpler, but also reduces additional freight movements both from supplier to wholesaler (ie

these could be integrated with other supplies from the same supplier to the same wholesaler) and from wholesaler to school.

We are not claiming that there is a clear-cut argument for letting supply-and-distribution contracts to local wholesalers, but we are suggesting that it would be instructive to try this in a small number of pilot studies, particularly where an LEA has exercised an “opt-out” as proposed above. Evaluation of such pilots could include an analysis of the provenance and quality of the fruit provided, compared to that provided by the NSFS as a whole.

<b>Recommendation 9.4</b>
<b>The option of letting combined supply-and-distribution contracts should be piloted.</b>
Action: NSFS purchasers, regional government offices.

### ***Inclusion of educational goods in the supply contract***

Educational and curriculum support for the NSFS is currently being considered by DH, who recently employed a part-time member of staff (with whom we have had a number of conversations) to make recommendations on this.

Our own recommendations focus on integrating educational provision into the supply of fruit:

- There is a genuine potential for synergy between the supply of fruit and vegetables and support for educational activities including providing study materials about the actual farms and orchards where the produce was grown; visits by the grower to the school and vice versa; and support by the grower for school-grounds growing of fruit trees or vegetables.
- If the tender selection criteria could include favouring producers who could arrange visits or help at the school, this would greatly favour local producers. However for exactly that reason such as criterion might be seen as “discriminatory” in the terms of EU regulations and therefore illegal.
- Suppliers should also be favoured (albeit to a lesser extent) who can provide study materials about the actual farms and orchards where the produce was grown. Although this will not be difficult for larger suppliers (indeed some of them may find it very easy), it does reinforce the need for those suppliers to have long-term relationships with their growers (as opposed to buying on the spot market). Some of the sustainable overseas suppliers we have identified in this study have extensive experience of educational work, and educational materials which could be translated and re-used.
- These synergies between supply and education will be more difficult to achieve when purchasers are at the current remove from teachers. This is a further argument for decentralising purchasing.

<b>Recommendation 9.5</b>
<b>Educational services should be included in supply contracts, with an emphasis on materials and activities relating to specific orchards and farms.</b>
Action: NSFS purchasers, regional five-a-day co-ordinators

### **Support for local producers and support organisations**

One way to increase the chances of local producers (and distributors) securing NSFS contracts is to cultivate particular companies, ensure that they are well informed about the opportunities, and help them to overcome any obstacles and anxieties which might prevent them from tendering (or from being successful).

In the South-West region the Regional Government Office, working with the Food Links organisations as well as the Regional Food Group and others, has organised a one-day conference on 28 January, aimed at local fruit and vegetable suppliers and distributors. Speakers including Mike Tiddy from PASA will explain the requirements of the scheme. A number of workshops are offered on specific issues such as training needs and producer co-operatives.

Workshops for producers, purchasers and wholesalers should include a presentation on direct sourcing from sustainable producers outside the UK. Some wholesalers and producer co-ops will already have forged such links but others have not.

Workshops should also explore with producers the options for collaboration to bid for larger contracts (particularly if the NSFS remains orientated around larger contracts). They could also explore the opportunities for producer groups to co-operate (again including with overseas producers) to supply a range of produce into schools, for the NSFS and also for school meals, as in the case of the US producers of leafy green vegetables cited in Chapter 6.

#### Recommendation 9.6

**Producer and supply chain events should be organised in the SE and EE regions, as part of the wider agenda of sustainable public sector food procurement. These should have a clear target audience and pursue agreed outcomes, including improving producer/supplier collaboration both locally and internationally.**

Action: Regional government offices, Food Links organisations, NSFS purchasers

#### Recommendation 9.7

**Financial support should be provided develop innovative approaches to sustainable sourcing and distribution.**

Action: NSFS policy-makers, regional government offices, county councils

## Chapter 10: Possible local pilot studies

### ***Reasons to encourage local pilot studies***

As noted in Chapter 9, there are a number of reasons to expect that more local solutions to delivering the NSFS have the potential to deliver more sustainable and more local sourcing. Some of these more local solutions should be piloted in particular areas where an LEA, school or cluster of schools is allowed to “opt out” of national arrangements for the NSFS.

### ***Costs of these proposals***

It has been difficult to compare the costs of these proposals to those of the national arrangements for the NSFS, as the latter are understandably confidential. In general, though, we would expect costs to be similar. The prices paid to farmers for fruit may be higher than under the national arrangements: this reflects the more equal power of the purchaser and supplier in more local systems, and is an intended outcome of them! However, in many cases we would expect distribution costs to be lower, due to the ability to integrate distribution of the NSFS with other supplies (eg school meals and even village shops). There is also a potential reduction in administration in those proposed pilots where the distributor is also the supplier of the fruit, and where the need for specific labelling to distinguish NSFS from other fruit can be obviated.

Organic fruit is likely to cost significantly more than non-organic. A school which wanted to supply organic fruit within the NSFS might have to pay the difference in price itself, or ask parents to do so. The same would be the case for Fair Trade fruit (if this were to be offered as an option within a school).

It will be recognised that the cost of *distribution* of fruit will vary from one area to another, and in general will be higher in more rural areas. Any school or group of schools opting out of national contracts should receive an amount of money from the NSFS which reflects the rurality of the area and thus the cost of operating the NSFS in that area.

### ***Development support***

There will however be a need for short-term funding to get these pilot projects off the ground. Local purchasers (wherever these are located) may need assistance on shaping and advertising the contracts in order to allow local producers to tender for the contract. Producers and distributors will need help in putting together tenders etc., for instance from local food links organisations. If supply-and-distribution contracts were let to wholesalers (see below), this might be on condition that the wholesaler works with a food links organisation and AlimenTerra to audit the sustainability of UK and overseas sources and to improve these where possible (for instance by introducing the wholesaler to new, more local suppliers and new overseas producer co-ops etc), but again this audit work would need to be funded.

Looking at international sourcing, work will be needed to help to forge relationships between UK producer SMEs and overseas producer SMEs who can complement their range (eg producing tomatoes and carrots in Spain to complement the UK season). Within Europe grants are available to help SMEs to forge links in this way, and AlimenTerra is well-placed to support them. Outside Europe the Fair Trade Foundation has offered some staff resources to undertake work relating to the NSFS.

## Recommendation 10.1

**Financial support should be provided to support local pilots of different ways of delivering the NSFS.**

Action: NSFS policy-makers, regional government offices, county councils

We have left open the question of who should let the contracts for these “opted out” pilot studies, but we do argue for it being somebody who is physically proximate to the pilot area. In some cases individual schools will want to make their own arrangements. At the LEA level the LEA themselves are best placed to make arrangements which fit with their other purchasing arrangements (eg for school meals), but there are other possible, more proximate purchasers within the DH, for instance hospital trusts.

### ***Examples where opting out may occur***

We looked at some cases where in the South East and East of England there may be opportunities for a more local level contract. This meant looking at where there is interest from schools or LEAs and where there is the infrastructure for delivering local and/or sustainable produce. Listed below is a description of some of the case studies and the particular capacity and problems that may be encountered.

#### **Norfolk**

In Norfolk pilot studies could be envisaged to test a number of related ideas:

- As noted in Chapter 7, the in-house caterer of the LEA has expressed an interest in undertaking the “final leg distribution” of fruit to those schools which do not prepare their own meals, and which therefore are not currently visited by the fruit and vegetable wholesalers.
- Also as noted in Chapter 7, the county’s schools are currently served by 3 different fruit and vegetable wholesalers. It is important (environmentally as well as economically) that each should be able to bid to deliver for the NSFS to the same schools which they already serve.
- To take this a step further, at least the main two of these wholesalers have a relatively good record in sourcing from local producers. We propose a pilot involving one or more wholesalers as supplier as well as distributor of fruit and vegetables. East Anglia Food Link would be keen to work with the wholesaler(s) to measure the amount being sourced locally, to evaluate the sustainability criteria of those supplies, and to seek ways to improve on both. We have identified some of the appropriate local suppliers in (see Appendix 5) and have had early conversations with some of them. Through AlimenTerra we can also help to set up direct supply lines from overseas producer groups practising sustainable methods (direct trading is realistic for volumes of 2 pallets per week or more). In the case of Spanish citrus producers who prefer to export by the bin, we would arrange with a local fruit producer to undertake the final packing into units of 10 etc. Such a project could have a spin-off in sourcing more locally for school meals, fruit tuckshops etc as well as the NSFS. Proposals could also be developed for some of the suppliers to deliver educational goods such as study materials, visits to orchards and help with school-grounds growing.

- More radical still are proposals (currently awaiting funding from Leader+) to create market-town-based distribution systems which would favour very local (and sustainably-produced) produce while supporting rural services and minimising transport emissions etc. Provided that this project is successful in attracting funding we would expect it to be able to supply the NSFS from 2005.
- We would also expect to find schools in Norfolk seeking the organic option discussed under “Hackney” below.

## Cambridgeshire

Here we would like to pilot the use of the LEA caterer’s own distribution system to distribute fruit for the NSFS.

## Hackney and Organics

One school in Hackney is currently sourcing fruit from Eostre Organics, the East Anglian organic producers’ co-operative. There are hopes to extend this to a larger number of schools in the near future. We would like to examine the option of asking Eostre to supply these schools with organic fruit for the NSFS. In terms of overseas supplies, increasing demand to say 2 pallets per week of items like citrus fruits would present opportunities to broaden Eostre’s direct trading relationship with overseas organic producer SMEs. This would assist greatly in being able to offer these imported citrus fruits at a reasonable price.

## Hampshire

Hampshire County Council have in-house catering for primary schools. They currently have a policy for local sourcing for their procurement and meet regularly with suppliers so that they are aware of the council policy and can address any issues. Money is also committed towards events that are aimed at bringing together producers and suppliers. An informal discussion with Hampshire County Council has indicated that they would be interested in an LEA-level contract for the NSFS. The details have not been discussed and they are not aware of what specifications they would have to meet and what level of local, regional or UK sourcing they could achieve. We believe that their suppliers have the capacity to meet the requirements of the NSFS regarding Assured Produce and HACCP. Assuming that the sourcing that they currently achieve is good enough then they do not feel that there would be any logistical or organisational problems or big changes to make. A project in Hampshire would probably be along similar lines to one of those proposed for Norfolk above, ie granting a supply-and-distribution contract to a wholesaler and then working with that wholesaler to optimise the sustainability of its suppliers both locally and overseas.

## East Sussex

There are various small scale possibilities in East Sussex, all of which are only possibilities and need more work to ensure that capacity meets interest.

- In the Hastings area of East Sussex there is a lot of community development and health work projects eg: 5-A-Day, Sure Start, Global Action Plan, Neighbourhood Renewal, East Sussex Food and Health Partnership. As such a lot of work has been going on to establish increased consumption of fresh fruit and vegetables by children, parents etc. There is a community enterprise, Veg4U that delivers fresh fruit and vegetables to some nurseries who in theory have the capacity and interest to deliver to primary schools in Hastings and Bexhill area. They are a new organisation that need future funding and their long term capacity is unclear, but the NSFS may address this. At present their priority is not quality assurance, local or sustainable, but consumer access to fruit and vegetables. Work would need to be done to help them, or other organisation, contact the right places and source local, assured produce. On the positive side there are a lot of projects in the area interested in supporting this kind of delivery so it is possible that one of the agencies would be able to take on the contract as a part of their remit to increase consumption of fresh fruit and vegetables in the area. The schools in the Hastings area are likely to support a localised and more sustainable sourcing of fruit for the National School Fruit Scheme.
- South Malling School in Lewes East Sussex are very interested in sourcing organic fruit and vegetables if possible. They are initiating a lot of work and activity to increase the healthy eating in the school and as a part of this are setting up a fruit tuck shop that would sell fruit. It is possible that they could cover some increased costs of sourcing organic fruit this way. Again the interest is from the school and parents as a whole but is at this stage informal and they would need to look at the implications of a localised contract. The problem with such a small delivery is that none of the fruit and vegetable wholesalers that they had contacted were interested in it. During the writing of this report they have secured funds to source fruit for the pupils for two months until the end of March 2004. A local greengrocer that currently delivers to two nurseries in the town has agreed to deliver the fruit at a very reasonable price. A second greengrocer may have expressed an interest but would rather have a larger contract of say 50 schools across the county to make the contract a viable option. This greengrocer used to operate a wholesale business and has many direct supplier contacts, including overseas, and we believe they would be interested in making connections with those overseas suppliers that meet the sustainability criteria if the contract was cost effective. Therefore while this is a greengrocer located in Lewes on one side of East Sussex, it is a successful business with experience and a dynamic manager who could bid for a countywide tender and be open to making new contacts.

## Notes

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- <sup>i</sup> Source: project proposal as presented to GOSE and SEEDA.
- <sup>ii</sup> British Independent Fruit Growers' Association
- <sup>iii</sup> Source: DEFRA Basic Horticultural Statistics 2002, table 13
- <sup>iv</sup> European Commission 2002 statistics of European fruit and vegetable production
- <sup>v</sup> European Commission 2002 statistics of European fruit and vegetable production
- <sup>vi</sup> [Hhttp://www.defra.gov.uk/farm/sustain/procurement/foodprocure.pdf](http://www.defra.gov.uk/farm/sustain/procurement/foodprocure.pdf)H paragraph 3
- <sup>vii</sup> [Hhttp://www.defra.gov.uk/farm/sustain/procurement/foodprocure.pdf](http://www.defra.gov.uk/farm/sustain/procurement/foodprocure.pdf)H paragraph 15
- <sup>viii</sup> [Hhttp://www.defra.gov.uk/farm/sustain/procurement/](http://www.defra.gov.uk/farm/sustain/procurement/)H
- <sup>ix</sup> [Hhttp://www.defra.gov.uk/farm/sustain/procurement/foodprocure.pdf](http://www.defra.gov.uk/farm/sustain/procurement/foodprocure.pdf)H
- <sup>x</sup> [Hhttp://www.ogc.gov.uk/embedded\\_object.asp?docid=2077](http://www.ogc.gov.uk/embedded_object.asp?docid=2077)H
- <sup>xi</sup> Source: paragraphs 7, 8 and 9 of each of the various appendices to the "NSFS Operating Standards for the supply of fresh produce"
- <sup>xii</sup> Source: paragraph 14 of each of the various appendices to the NSFS Operating Standards
- <sup>xiii</sup> Source: the various appendices to the NSFS Operating Standards
- <sup>xiv</sup> See eg Transport 2000, *Wise Moves Report*, 2003.
- <sup>xv</sup> A Europe-wide quality standard – see Chapter 8 / Appendix 8 for more details.
- <sup>xvi</sup> CIVAM: Centres for Agricultural Initiatives and Development of Rural Areas
- <sup>xvii</sup> SMEs: small and medium-sized enterprises
- <sup>xviii</sup> 'Good Food on the Public Plate - A manual for sustainability in Public Sector catering' (Sept. 2003)
- <sup>xix</sup> Essex: this describes the current situation. Very shortly there will be no school meals service in Essex.
- <sup>xx</sup> There is also an opportunity for schools to provide *free* milk for under-5's, although many do not.
- <sup>xxi</sup> see eg World Health Organisation Regional Office for Europe, *Urban Food and Nutrition Plan*, 1999
- <sup>xxii</sup> See eg the work of Eostre Organics at the Stibbington Environmental Education Centre, Cambs.
- <sup>xxiii</sup> Eg specifications for suppliers to the NSFS in the North-West of England, 2003
- <sup>xxiv</sup> See eg [Hhttp://europa.eu.int/comm/food/fs/inspections/fnaoi/reports/annual\\_eu/index\\_en.html](http://europa.eu.int/comm/food/fs/inspections/fnaoi/reports/annual_eu/index_en.html)H as well as smaller studies by Friends of the Earth.