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Committee of Public Accounts

Smarter Food Procurement in the Public Sector

Thirteenth Report of Session 2006–07

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written evidence*

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The Committee of Public Accounts

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Committee staff

The current staff of the Committee is Mark Etherton (Clerk), Philip Jones (Committee Assistant), Emma Sawyer (Committee Assistant), Anna Browning (Secretary), and Luke Robinson (Media Officer).

Contacts

All correspondence should be addressed to the Clerk, Committee of Public Accounts, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5708; the Committee’s email address is pubaccom@parliament.uk.

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Summary

The public sector in England spends some £2 billion annually on food and catering, mainly in schools, hospitals, armed services bases and prisons. The quality and value for money of food are of concern to the millions of adults and children who consume it. Healthy and appetising food also has an important role to play in the long term health of school children (including the need to reduce levels of obesity), improved NHS patient recovery rates and maintaining the operational effectiveness of the armed services.

In recent years there have been a range of initiatives to improve standards in public food and catering services. In particular, the Department for Education and Skills has established new standards (mandatory from September 2006) specifying the types of food to be served for school lunches. To help implement these new standards the Department has committed additional funding to local authorities and schools (£220 million over three years from September 2005, and a further £240 million over three years from 2008–09).

Public bodies can significantly improve the efficiency of their food procurement freeing up resources for reinvestment in higher quality food and catering services. Over £220 million in savings are achievable by 2010–11 through a range of actions including obtaining more competitive prices for the same food items, increasing levels of joint purchasing, developing frontline procurement and catering expertise, and increasing levels of take-up (particularly in the school meals sector). It is also possible to improve standards and efficiency, while also sourcing ethically and enhancing sustainability.

On 1 October 2006 the Ministry of Defence awarded its main £300 million five year food contract to Purple Foodservice Solutions. The Ministry expects to generate savings of £19.4 million over the life of the contract. Also on 1 October 2006, the Department of Health outsourced to the logistics company, DHL, the procurement and delivery of some £3.7 billion of healthcare products (including food) to NHS Trusts. The deal is expected to deliver over £1 billion in savings over the ten year contract.

On the basis of a report by the Comptroller and Auditor General¹, we took evidence from the organisations responsible for the three largest areas of public food expenditure—the Department for Education and Skills, the Ministry of Defence and the NHS Purchasing and Supply Agency—on how the public sector can deliver healthier food at better value.

Conclusions and recommendations

- 1. Child obesity and the general health of children is now a major public issue with heightened concern, in particular, about the poor quality and nutrition of school food.** To improve school food the Department for Education and Skills has committed a total of £220 million of additional funding over three years from September 2005, and a further, more targeted, £240 million for the three years from 2008–09. A key test of its effectiveness will be whether the new Nutritional Standards (mandatory from September 2006) are being met, such as the number of times that healthier food including fruit, fresh vegetables and oily fish are available over a given period; and whether take-up and pupil and parent satisfaction are rising.
- 2. The School Food Trust faces a considerable challenge in influencing and changing the eating habits of the 7.6 million pupils in 21,000 schools across England.** The Department needs to agree with the Trust an inspection and performance reporting regime to assess whether it is on track to achieve its four published goals, including for all school meals to meet the food and nutritional standards for school food by September 2009. The Department and Trust will need to build on the developing school meal inspection regime instituted in 2005 by Ofsted.
- 3. The School Food Trust also faces uncertainty about the availability of additional funding from the Big Lottery Fund over and above its £15 million core funding over three years.** Additional funding could have been as much as £45 million as announced by the Department in March 2005, but now will be £20 million or less, with the actual amount to be confirmed by the summer of 2007. The Department will need to support the Trust in coping with this funding uncertainty particularly if, in addition, the Trust receives less than the maximum £20 million that now remains available.
- 4. The average level of school meal take up is 45%, and as low as 26% in some local authorities.** To meet its targets of increasing take-up by 4% by March 2008 and 10% by autumn 2009, the School Food Trust needs to help local authorities and schools to develop strategies to tackle the barriers to take-up, particularly in the worst performing areas. Good practice at some schools already includes providing a healthy and appetising range of dishes linked to education programmes, and more children-friendly dining environments with reduced queues (for example, by staggering lunch breaks over longer periods or introducing cafeteria-style catering services).
- 5. For many children and adults, publicly provided meals form a key element in their daily diet, but not all public bodies make the most of the opportunity to promote healthier eating.** They and their contractors should assess regularly the dietary requirements of all their existing and potential customers, including the elderly and those from ethnic and religious minority communities, canvassing customer views as part of regular quality audits of catering services. Frontline organisations should work with contract caterers to introduce healthier food

combined with educational events that encourage healthy eating, and introduce ‘traffic light’ systems to highlight the nutritional value of each menu option.

6. **There are wide disparities in the prices paid by public bodies for the same food items, ranging from between 32 pence and £1.10 for a standard 800g loaf of wholemeal bread, and between 17 and 44 pence for a pint of milk.** Following the example of the Ministry of Defence, Departments should conduct regular benchmarking surveys or draw upon publicly available or commercially generated pricing information, and secure explanations from frontline organisations where significant price variations exist. They should also encourage greater use of e-procurement methods to stimulate increased competition and greater transparency of prices through, for example, e-auctions.
7. **A lack of commercial skills and knowledge about the specialist food and catering market undermines the ability of frontline procurers to strike good deals with the major national wholesale food or multi-national contract catering companies.** The three Departments² and the Prison Service, working with the Office of Government Commerce, should use their collective purchasing power to negotiate with the major food and catering firms for a larger share of the £95 million earned annually by contract catering firms from their suppliers by way of volume discounts and rebates.
8. **Just over half of public bodies do not engage in any joint purchasing activity, particularly in the health and schools sectors, despite the fact that 44% of those organisations use at least two of the same food and catering suppliers.** The Department for Education and Skills and the NHS Purchasing and Supply Agency should encourage more examples like the four Essex primary schools which have achieved better deals, reduced overheads and obtained higher quality food by standardising and aggregating their food requirements. They should also promote greater use of nationally negotiated framework contracts.
9. **Frontline catering staff often lack the skills to receive and store food efficiently, or prepare meals that get the most from the ingredients, and a quarter of local authorities do not have enough cooks with sufficient skills to use fresh ingredients in preparing school meals.** A commercially experienced on-site chef or manager can realise significant savings by, for example, instituting rigorous goods receivable checks, and redesigning menus to increase nutritional quality and balance more with less expensive dishes to minimise the risk of loss and reduce waste.
10. **A fifth of schools have kitchen facilities that are more than 30 years old.** The Department for Education and Skills has made investment in new kitchen facilities a priority within a wider £8 billion capital investment by 2010–11 to refurbish and reconstruct the school estate. It needs to hold education authorities to account for meeting this priority, and challenge any failure to bring about the planned modernisation of facilities.

2 Department for Education and Skills, the Ministry of Defence and the NHS Purchasing and Supply Agency

11. **If the above recommendations are implemented across the public sector as a whole there is scope, without affecting quality, to realise £220 million annual efficiency savings in food procurement by 2010-11, for re-investment in better facilities, training and food.** For the three Departments, the Committee expects to see measurable progress within two years (by 2008–09) towards:
 - The annual savings target of around £100 million estimated by the National Audit Office to be achievable in the education and health sectors by 2010–11, including a contribution from the wider £1 billion financial benefits promised by the Department of Health’s recent deal with DHL; and
 - savings of some £20 million promised by the Ministry of Defence over the five year life of its new main food contract.
12. **The National Audit Office has demonstrated that it is possible for public bodies to increase the proportion of food purchased competitively from local or regional producers while complying with EU requirements.** Following the lead of the Ministry of Defence in working with the UK meat industry, the three departments together with the Department of Environment, Food and Rural Affairs, should explore with UK food producers ways to increase the amount of UK produce purchased by the public sector. Public bodies should also be able to demonstrate that the animal welfare and food production practices of their suppliers adhere to the standards under which UK producers operate and satisfy themselves that enough independent spot checks and inspections are taking place.
13. **The Department of Environment, Food and Rural Affairs has produced overarching guidance and toolkits on sustainable food procurement, but turning these into practical and effective contracting arrangements at the local level has proved less successful.** The Department, together with the Office of Government Commerce and the three main food procuring departments, should work with the major food and catering firms to develop and promote improved contract management practices. These should, for example, encourage smaller, locally based, producers by breaking contracts into smaller lots, and focus on outcomes such as reducing waste or increasing healthy eating.
14. **Public sector procurers should seek to increase the proportion of food purchased from ‘Fair Trade’ sources that offer the same standard at a competitive price.** In some cases fair trade products will be more expensive but departments should work with the supply chain to improve competitiveness while still securing a fair price for producers.

1 Serving healthy and appetising meals

1. The public sector in England spends around £2 billion annually on food and catering. The four largest areas of expenditure are schools, hospitals, Armed Forces bases—and prisons which the Committee examined separately in June 2006 (**Figure 1**).³ Public food procurement encompasses not only the immediate purchasing of food but also how public bodies receive, store, prepare and serve it.

Figure 1: The four main areas of public sector expenditure on food and catering

Sector	Annual expenditure
Schools	£1 billion on food and catering
NHS Trusts	£500 million (of which £300 million is on food)
Armed Forces	£135 million on food
Prison Service	£94 million (of which £43 million is on food)

Source: National Audit Office

2. The quality, safety and value for money of food are of prime interest to the millions of adults and children who consume it (**Figure 2**). Healthy food also has an important role to play in the long term health of school children, including the need to reduce levels of childhood obesity⁴, and can be an important factor in helping NHS patients to recover, and for maintaining the morale and operational effectiveness of the armed forces.

Figure 2: Key statistics on public food

- 617 million school meals are served each year (at an average daily cost of £1.50 of which between 37 and 85 pence is spent on ingredients)
- 300 million meals are served in the NHS each year (at an average daily cost for three meals of £2.60)
- 117 million meals were served by the MoD in 2004-05 (at an average daily cost for three meals of £2.10)
- 69 million meals are served each year to the inmates of public sector prisons (at an average daily cost for three meals of £1.87)

3. The quality of school food has received increased public and media attention in recent years with concern, in particular, about the unhealthy nature of many of the meals provided. The Department for Education and Skills has established new food-based standards that specify the types of food to be served for school lunches. For example, the standards include an outright ban on confectionery and savoury snacks, high in salt and fat, restrictions on deep fried food and manufactured meat products, and stipulation about the number of times that healthier food such as fruit, fresh vegetables and oily fish should

3 Committee of Public Accounts Fifty-sixth Report of Session 2005–06, *Serving time: prisoner diet and exercise*, HC 1063

4 Committee of Public Accounts, Eighth Report of Session 2006–07, *Tackling Child Obesity—First Steps*, HC 157

be available over a given period. The standards became mandatory from September 2006, and will be extended to cover all food provided in schools (for example in vending machines and breakfast clubs) in September 2007. Additional nutrient-based standards will become mandatory for primary schools in September 2008 and secondary schools in September 2009.⁵

4. To support the drive for improved school food the Department for Education and Skills committed £220 million of transitional funding over three years (from September 2005 to October 2007) to all local authorities and schools, along with guidance on the types of items and activities the funding might be used to support.⁶ The Department set minimum thresholds for expenditure on school meal ingredients of 50p for primary schools and 60p for secondary schools.⁷ The Department's latest information on performance shows that spending in primary and secondary schools currently runs at 52p and 67p respectively.⁸ Distribution of funding is on the simple basis of total numbers of pupils in each area and the numbers of those eligible for free school lunches.⁹

5. The Department for Education and Skills has only limited arrangements to assess how well this transitional money is being used by schools and local authorities to raise standards.¹⁰ The Department recognises that balancing the need to secure value from the additional funding with a policy commitment to greater autonomy at the local level represents a significant challenge.¹¹ For example, schools and local authorities are able to exert discretion over how they procure food and catering, what they provide and what they charge parents.¹²

6. In September 2006, the Department announced an additional £240 million of transitional funding to further subsidise the costs of healthier ingredients in school lunches over the three years from 2008–09.¹³ One of the aims of this funding is to help schools and local authorities keep down the prices charged for school meals, helping to maintain or increase levels of take-up.¹⁴ The funding will be skewed towards the areas of greatest social need, although the department has not yet finally decided what criteria will be used to that end.¹⁵

7. The School Food Trust was established in May 2006 and became operational in September 2006. It has a £15 million core budget for three years to work with 7.6 million

5 Ev 18

6 C&AG's Report, *Smarter Food Procurement in the Public Sector; Case Studies*, HC (Session 2005–2006), 963-II, Para 4, page 4 and Figure 4, page 6; Letter from the Department for Education and Skills to all Directors of Children's services/Directors of Education in Local Authorities in England (8 August 2005)

7 Q 7

8 *ibid*

9 *ibid*

10 Qq 5, 7, 64; C&AG's Report, *Smarter food procurement in the public sector: Case Studies*, HC (Session 2005–06), 963-II, Figure 4, page 6

11 Q 55

12 Qq 66, 67

13 Q 70; Ev 17

14 Q 68

15 Qq 70, 71

pupils (and their parents) to implement the Department for Education and Skills new food and nutritional standards in all in 21,000 schools in England, and promote the education and health of children by improving the quality of food consumed and supplied in schools.¹⁶ The Trust has four published goals including one to ensure that all schools meet the food and nutritional standards for school food by September 2009. The Trust has 11 published targets including one to produce guidance for school staff, parents and children on the new Nutritional Standards for school food, and another to increase demand for school lunches by 4% by March 2008 and 10% by autumn 2009.¹⁷ Since September 2005 the remit of Ofsted has been extended to cover the inspection of the quality of school meals services.

8. In March 2005 the Department announced that the School Food Trust would receive funding of £60 million, comprised of the £15 million of Departmental core funding plus a further £45 million from the Big Lottery Fund.¹⁸ A further announcement from the Department in May 2005 stated that the Big Lottery Fund had decided to allocate up to £45 million to support healthy eating projects and initiatives for children, parents and their wider communities.¹⁹ Organisations, including the Trust, were invited to bid for this funding. The Fund advised in December 2006 that the Trust had qualified for the second (and final) stage of the bid evaluation process in which they could bid for up to £20 million.²⁰ A final decision will be made in the summer of 2007.

9. The average level of school meal take up is 45%, and as low as 26% in some local authorities, putting the financial viability of school meals services at risk, and potentially reducing the number of children who eat at least one healthy meal per day.²¹ One school, however, has been able to treble take up (from 30 to 90%), and quadruple revenue for reinvestment.²² The Department for Education and Skills recognises that it needs to address low levels of take up by working closely with local authorities and schools in the worst performing areas to develop strategies to persuade children and their parents of the benefits of healthy eating and provide appetising and healthy meals. It also needs to tackle barriers to take up such as unattractive dining environments, restrictive opening hours and the potential stigma associated with free school meals.²³

10. The Better Hospital Food Programme (established in 2001) was, until its closure in April 2006, the main Department of Health programme for improving the quality of meals served in hospitals. The Department planned to replace this with a new initiative, the “Eating Well in Hospital” programme, but has decided instead to distribute funding for improving hospital food direct to NHS trusts which it considers are better placed to decide

16 Qq 39, 40, 81, 82; Ev 18

17 The School Food Trust Strategic Plan 2006–2009

18 *ibid*

19 DfES Press Notice 2005/0052 (16 May 2005); C&AG’s Report, *Smarter Food Procurement in the Public Sector: Case Studies*, HC (2005–06) 963-II, second bullet, para 4, page 5

20 Available at www.biglotteryfund.org.uk

21 C&AG’s Report, *Smarter Food Procurement in the Public Sector*, HC (2005–06) 963-I, para 2.13, page 37

22 Q 10; C&AG’s Report, *Smarter Food Procurement in the Public Sector: Case Studies*, HC (2005–06) 963-II, Case Example E, page 13

23 Qq 10, 69

how this funding should be spent. The Patient Environment Action Team (under the management of the National Patient Safety Agency) is responsible for assessing the quality of the meals provided. In 2005, 84% of hospitals were rated 'excellent' or 'good', compared to 58% in 2004.²⁴

11. Alongside the drive for improved quality in public food and catering, whether health, education or the armed services, there is the need to encourage customers to eat better food as part of adopting a healthier lifestyle.²⁵ There are a range of good practices in marketing and education, as well as practical steps that can be used to influence eating habits, such as working closely with contract caterers to introduce healthier food combined with promotional and educational events that encourage healthy eating.²⁶ Departments recognise that they have to address the needs of all customers in their standards, guidance and promotional work on healthy eating, including those with special dietary requirements or taste preferences such as the elderly or ethnic and minority communities, and to raise awareness amongst food procurers, catering staff and contractors about what is expected of them.²⁷ Regular canvassing of customer feedback is needed as part of regular meal service quality audits (as used by Sheffield Teaching Hospitals NHS Foundation Trust).²⁸

24 C&AG's Report, *Smarter Food Procurement in the Public Sector: Case Studies*, HC (2005–06) 963-II, Figure 10, page 20

25 Q 118

26 C&AG's Report, *Smarter Food Procurement in the Public Sector*, HC (2005–06) 963-I, para 2.28, page 42

27 Qq 43, 44

28 C&AG's Report, *Smarter Food Procurement in the Public Sector: A good practice guide*, HC (2005–06) 963-III, para 34, page 16

2 Procuring healthy and appetising food at better value

12. Besides raising standards, public bodies need to improve the efficiency of their food procurement and reinvest the resources in the provision of higher quality food and catering services to customers.²⁹ Annual savings across the entire public sector in the order of £220 million (11% of the total currently spent by the public sector on food and catering) are achievable by 2010–11.³⁰ This figure includes £66 million and £43 million in the schools and health sectors respectively, where the Department for Education and Skills and the NHS Purchasing and Supply Agency accept that substantial progress towards better value can be made within the next two years.³¹

13. On 1 October 2006 the Ministry of Defence awarded a five year main food contract to Purple Foodservice Solutions (a three-company consortium).³² The contract is worth £300 million over five years. The Ministry expects the value of the contract to reduce each year as the Pay-As-You-Dine contract catering initiative is rolled out (replacing the traditional canteens operated by Defence Catering Group with a contract caterer). The Ministry expects to generate savings of £19.4 million from the new contract by 2010 based on its analysis of the key factors impacting on costs and prices of food procurement, and the use of the insights gained in the establishment of gain-share arrangements as part of the contract letting negotiations.³³

14. Also, from 1 October 2006 NHS Logistics and part of the NHS Purchasing and Supply Agency (including the purchasing of food and kitchen supplies) were outsourced to the German company DHL and its main sub-contractor, the American firm Novation, under a ten year £3.7 billion deal negotiated by the Department of Health's Commercial Directorate.³⁴ The deal is expected to deliver in excess of £1 billion net savings to NHS Trusts over the life of the contract, mainly through increased use of centrally negotiated contracts and achieving greater price competitiveness.³⁵ The NHS Purchasing and Supply Agency recognise that the benefits are dependent on NHS Trusts using the DHL service, and the firm achieving rapid and sustained growth in centralised purchasing (NHS Trusts are not mandated to use the services), and will take at least two years to start to be realised.³⁶

29 Q 63

30 C&AG's Report, *Smarter Food Procurement in the Public Sector*, HC (2005-06) 963-I, para 2.14, page 38

31 Qq 28, 32, 35, 63

32 Ministry of Defence Press Notice 180/2006 (27 June 2006)

33 C&AG's Report, *Smarter Food Procurement in the Public Sector: Case Studies*, HC (2005-06) 963-II, para 11, page 36

34 Memorandum from NHS Purchasing and Supply Agency, October 2006 (not printed).

35 *ibid*

36 Qq 15, 16, 34, 35

15. There are wide disparities in the prices paid by public bodies for the same food items. For example, the price paid for a standard 800g loaf of wholemeal bread varies between 32–84 pence for NHS Trusts, between 55–97 pence for local authorities and between 45–110 pence for Higher Education Institutions (**Figure 3**).³⁷ While there are reasons in some cases for the variations, many organisations are paying high prices reflecting differences in the professionalism of their food purchasing.³⁸ The Ministry of Defence has used price benchmarking services to gauge the competitiveness of the prices they are paying for food.³⁹ E-procurement methods can also be used to stimulate greater transparency of prices and increased competition through, for example, e-auctions.⁴⁰

Figure 3: Variations in the prices obtained by public sector procurers		
Sector	Milk (1 pint whole milk) Pence	Bread (800g wholemeal) Pence
NHS Trust (range)	18–27	32–84
NHS Trust (average)	21	55
Local Authority (range)	25–44	55–97
Local Authority (average)	31	69
University (range)	20–38	45–£1.10
University (average)	28	72
Central Government (range)	17–39	57–93
Central Government (average)	31	75
Very competitive market price	22	48

Source: National Audit Office

16. Aggregating demand and joining up purchasing activity can generate better value in food procurement. Four primary schools in Essex have demonstrated the benefits by standardising and aggregating their food requirements to achieve better deals, reduced overheads and higher quality food.⁴¹ Despite the fact that food procurement is common to many public bodies and that in almost every location there will be other public bodies

37 Q 1; C&AG's report, *Smarter Food Procurement in the Public Sector*, HC (2005–06) 963-I, Figure 10, page 33

38 Qq 1, 2; C&AG's Report, *Smarter Food Procurement in the Public Sector*, HC (2005–06) 963-I, para 2.5, page 33

39 C&AG's Report, *Smarter Food Procurement in the Public Sector: Case Studies*, HC (2005–06) 963-II, para 8, page 35

40 C&AG's Report, *Smarter Food Procurement in the Public Sector: A good practice guide*, HC (2005–06) 963-III, Case example 15, page 13

41 C&AG's Report, *Smarter Food Procurement in the Public Sector: Case Studies*, HC (2005–06) 963-II, Case example C, page 9

nearby, the potential for public food procurers to join together and increase their purchasing power is significantly under-realised, particularly in Health Trusts and the schools sector.⁴²

17. The NHS Purchasing and Supply Agency (NHS PASA) has established national frameworks for food and catering services for use by NHS Trusts, should they choose to use them.⁴³ The Department for Education and Skills recognises that it could learn from NHS PASA about securing improved value from framework arrangements for schools, and the two bodies are in discussion about securing access for schools and local authorities to the NHS PASA frameworks now being operated by DHL under the NHS outsourcing

18. As at 31 March 2006 there were 3,042 Chartered Institute of Purchasing and Supply qualified staff in the public sector.⁴⁴ Frontline procurers need professional and commercial skills and knowledge of the specialist food and catering market to strike good deals with wholesale food and contract catering companies effectively.⁴⁵ Departments accept that more can be done to make use of commercial expertise across sector boundaries and share good practice, as well as exploring innovative approaches such as how they might work with the national supermarket chains to supply food to frontline organisations.⁴⁶

19. Contract catering firms could be earning as much as £95 million from volume discount and year end rebate payments from their suppliers based on the volume of their public sector business, but there is limited awareness of this issue amongst public procurers.⁴⁷ While full transparency about such payments will be difficult to achieve, frontline organisations can legitimately request and obtain a share of these payments. (Shell, for example, requests 100% return of discounts and rebates earned as a result of any catering contract with them.)⁴⁸

20. The Department for Education and Skills and NHS PASA acknowledge that significant deficiencies exist in frontline catering skills and kitchen facilities in the health and schools sectors, considerably reducing their ability to increase the use of fresh ingredients in preparing healthier meals.⁴⁹ For example, a quarter of local authorities do not have enough trained cooks able to prepare fresh food in all school kitchens, and a fifth of schools have kitchen facilities that are more than 30 years old.⁵⁰

21. The Department for Education and Skills is providing £2 million in funding in 2007–08 to establish a network of training kitchens to act as centres of excellence and raise catering skills.⁵¹ It has also introduced new catering qualifications from September 2006 as part of

42 Qq 3, 112; C&AG's Report, *Smarter Food Procurement in the Public Sector*, HC (2005–06) 963-I, Para 2.8, page 34

43 Qq 4; C&AG's Report, *Smarter Food Procurement in the Public Sector*, HC (2005–06) 963-I, Figure 14, page 49

44 Ev 20

45 Qq 59, 60, 91, 97

46 Qq 24, 25, 57, 111

47 Q 5; C&AG's report, *Smarter Food Procurement in the Public Sector*, HC (2005–06) 963-I, Para 2.6, page 33

48 C&AG's Report, *Smarter Food Procurement in the Public Sector: A good practice guide*, HC (2005–06) 963-III, Case example 11, page 11

49 Q 10

50 C&AG's report, *Smarter Food Procurement in the Public Sector*, HC (2005–06) 963-I, Para 2.25, page 41

51 Q 9; Ev 17

the Support Work in School qualification.⁵² Frontline organisations have obtained considerable benefit where they have appointed a commercially experienced on-site chef or manager (or by drawing on similar existing expertise in other peer bodies) so that they can receive and store food efficiently, and design menus and prepare meals that get the most from the ingredients and reduce waste.⁵³

22. Many schools and hospitals have in recent years been constructed or refurbished without fully equipped kitchens.⁵⁴ The Department for Education and Skills is investing £8 billion by 2010–11 in renewing and refurbishing the school estate. While it is ultimately for schools and local authorities to determine how best to spend this capital investment, the Department has made improvement of school meals services a priority in its guidance.⁵⁵ It will also target capital support (from 2008 onwards) specifically for local authorities who cannot otherwise afford to introduce kitchens in schools from existing capital resources.⁵⁶

23. Some 77% of public sector catering operations do not have separate metering in the kitchens to allow them to measure electricity, gas and water consumption.⁵⁷ Where they have outsourced their catering there is also little evidence of public bodies passing on responsibility for the payment of kitchen utility costs to their contract caterers thereby incentivising them to use kitchen facilities more efficiently.⁵⁸

52 Qq 9, 10; DfES Press Release (4 September 2006)

53 C&AG's Report, *Smarter Food Procurement in the Public Sector: Case Studies*, HC (2005–06) 963-II, Case example D, page 11

54 C&AG's Report, *Smarter Food Procurement in the Public Sector*, HC (2005–06) 963-I, para 2.25, page 41

55 Q 10

56 Ev 17

57 C&AG's Report, *Smarter Food Procurement in the Public Sector*, HC (2005–06) 963-I, para 2.12, page 36

58 *ibid*

3 Sustainable and ethical food sourcing

24. The Government's objectives for sustainable food procurement include increasing the capacity and opportunities for smaller and local producers to meet public sector demand.⁵⁹ In practice there is widespread confusion among public bodies and suppliers of food and catering services about what sustainable food procurement means, and as a result they often provide incoherent and inconsistent specifications to their food and catering suppliers.⁶⁰

25. Aggregation of demand should not necessarily mean aggregation of supply; departments recognise the need to strike the right balance between the use of centralised contracts to get better deals, and encouraging public bodies to work more closely with local markets.⁶¹ The Department for Education and Skills, working jointly with the Department of Environment, Food and Rural Affairs, is encouraging local authorities and schools to look for local, smaller and sustainable sources so far as possible which offer value for money. The MoD has worked with the UK meat industry, to increase the amount of UK produce that can be supplied competitively.⁶² The NHS Purchasing and Supply Agency has achieved such an increase in some of its frameworks by breaking them into lots and encouraging bids from local and regional suppliers.⁶³

26. It is possible to increase the proportion of food purchased competitively from local or regional producers while complying with EU competition rules. For example, Shropshire County Council has brought together local producers for the provision of school food by simplifying their procurement processes and breaking up the contracts so that smaller more geographically isolated suppliers can bid to supply clusters of local schools in their immediate area.⁶⁴

27. Frontline procurers can increase the proportion of food purchased from 'Fair Trade' sources particularly where these offer the same standard and competitive prices.⁶⁵ For example, the Ministry of Defence has used food selection panels to identify fair trade coffee of the same quality as a lower cost replacement for its existing brand.⁶⁶

28. Frontline procurers need to satisfy themselves that the animal welfare and food production practices of their supply chains adhere to UK standards.⁶⁷ The NHS Purchasing and Supply Agency conducts unannounced external audit spot checks of its supply chains,

59 C&AG's report, *Smarter Food Procurement in the Public Sector*, HC (Session 2005–06), 963-I, para 1.12, page 25; *The Public Sector Food Procurement Initiative* (details available at www.defra.gov.uk)

60 C&AG's Report, *Smarter Food Procurement in the Public Sector*, HC (Session 2005–06), 963-I, para 2.18, page 39

61 Qq 20, 108, 109

62 Qq 11, 110

63 C&AG's Report, *Smarter Food Procurement in the Public Sector*, HC (2005–06) 963-I, para 2.9, page 35

64 C&AG's Report, *Smarter Food Procurement in the Public Sector: Case Studies*, HC (2005–06) 963-II, Case example A, page 8

65 Qq 45, 46, 47

66 Q 48

67 Qq 108, 122, 123

and overseas audits where appropriate.⁶⁸ The Ministry of Defence inspects, for example, its suppliers of meat to check the standards under which animals are kept and slaughtered.⁶⁹ In the schools sector the responsibility for inspection and spot checks rests with local authorities and schools or their catering contractors.⁷⁰

68 Qq 108, 110

69 Q 123

70 Q 109

Formal Minutes

TUESDAY 27 FEBRUARY 2007

Mr Edward Leigh, in the Chair

Mr Richard Bacon

Annette Brooke

Mr David Curry

Mr Philip Dunne

Helen Goodman

Mr Sadiq Khan

Mr Austin Mitchell

Dr John Pugh

Mr Don Touhig

Mr Alan Williams

Draft Report

A draft Report (Smarter Food Procurement in the Public Sector), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 28 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Thirteenth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned until Wednesday 28 February at 3.30 pm.]

List of witnesses

Wednesday 11 October 2006

Mr Ralph Tabberer, Director-General, Schools, and **Mrs Helen Williams CB**, Director, School Curriculum and Pupil Well-Being, Department for Education and Skills; **Mr Rob Knott**, Accounting Officer, NHS Purchasing and Supply Agency, and **Colonel Duncan Robertson**, Defence Logistics Organisation, Ministry of Defence

Ev 1

List of written evidence

- 1 Department for Education and Skills
- 2 National Audit Office

Ev 17, Ev 18

Ev 20

List of Reports from the Committee of Public Accounts Session 2006–07

First Report	Tsunami: Provision of support for humanitarian assistance	HC 25
Second Report	Improving literacy and numeracy in schools (Northern Ireland)	HC 108
Third Report	Collections management in the National museums and galleries of Northern Ireland	HC 109
Fourth Report	Gas distribution networks: Ofgem's role in their sale, restructuring and future regulation	HC 110
Fifth Report	Postcomm and the quality of mail services	HC 111
Sixth Report	Gaining and retaining a job: the Department for Work and Pensions support for disabled people into work	HC 112
Seventh Report	Department for Work and Pensions: Using leaflets to communicate with the public about services and entitlements	HC 133
Eighth Report	Tackling Child Obesity—First Steps	HC 157
Ninth Report	The Paddington Health Campus Scheme	HC 244
Tenth Report	Fines Collection	HC 245
Eleventh Report	Supporting Small Business	HC 262
Twelfth Report	Excess Votes 2005-06	HC 346
Thirteenth Report	Smarter Food Procurement in the Public Sector	HC 357

Oral evidence

Taken before the Committee of Public Accounts

on Wednesday 11 October 2006

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon
Mr David Curry
Mr Ian Davidson
Mr Philip Dunne
Helen Goodman

Mr Sadiq Khan
Sarah McCarthy-Fry
Mr Austin Mitchell
Mr Don Touhig
Mr Alan Williams

Sir John Bourn KCB, Comptroller and Auditor General, National Audit Office, was in attendance and gave oral evidence.

Mr Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, gave evidence.

REPORTS BY THE COMPTROLLER AND AUDITOR GENERAL

SMARTER FOOD PROCUREMENT IN THE PUBLIC SECTOR (HC 963-I)

SMARTER FOOD PROCUREMENT IN THE PUBLIC SECTOR CASE STUDIES (HC 963-II)

SMARTER FOOD PROCUREMENT IN THE PUBLIC SECTOR: A GOOD PRACTICE GUIDE (HC 963-III)

Witnesses: **Mr Ralph Tabberer**, Director-General, Schools and **Mrs Helen Williams CB**, Director, School Curriculum and Pupil Well-Being, Department for Education and Skills, **Mr Rob Knott**, Accounting Officer, NHS Purchasing and Supply Agency and **Colonel Duncan Robertson**, Defence Logistics Organisation, Ministry of Defence, gave evidence.

Q1 Chairman: Good afternoon, welcome to the Committee of Public Accounts where today we are considering the Comptroller and Auditor General's Report *Smarter Food Procurement in the Public Sector*. We welcome Rob Knott who is Chief Operating Officer at the NHS Purchasing and Supply Agency, Ralph Tabberer who is Director-General Schools, Helen Williams who is Director of the School Standards Group, both at the Department for Education and Skills, and Colonel Duncan Robertson who is Assistant Director of the Defence Catering Group at the Defence Logistics Organisation within the Ministry of Defence. With the exception of Mr Tabberer, this is the first occasion on this Committee for all of you so you are very welcome. Could I also welcome the members of the Albanian Finance and PAC Committee who are witnessing our hearing today and they are meeting with a couple of our Members afterwards so they are very welcome to our proceedings? Mr Knott, perhaps I could start with you. Could you please look at the main Report and look at page 33, figure 10? If you look at the first line there, you will see that the price of a loaf of bread paid by hospitals varies between 32 pence and 84 pence. Why such a disparity?

Mr Knott: There is a number of reasons. Firstly, we have rolled out a series of framework contracts across the NHS which cover a broad range of food

products and what we are looking at there is the full spectrum of the food that has been purchased in that particular commodity. The good news about this particular price is that our own analysis has demonstrated that the vast majority of the spend that comes through our framework contract is at the bottom end of the spectrum, around the 32 pence to 35 pence mark. Even so I am quite pleased to say that the average is well below other averages across the public sector. It is quite an encouraging story that our own analysis demonstrates—

Q2 Chairman: So who is paying 84 pence then for a loaf of bread?

Mr Knott: It could be a number of factors: it could be a one-off; it could be somebody has literally nipped out from a trust to pop out to a store; it could be relative to a contract catering price where they built in the cost of service as well as the actual price of the loaf; it could be a whole range of factors which takes the price of a loaf so high.

Q3 Chairman: Could you look now at figure 14 which you can find on page 49? If you go down to the third row there, this is about joined-up food purchasing by the NHS. It says "Our survey indicated that Trusts currently do much less joined-up purchasing than other public sector

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organisations”. Why is that? Why is there apparently so little joined-up purchasing amongst NHS trusts compared with the rest of the public sector?

Mr Knott: Firstly, may I just very briefly outline the role of the NHS PASA? We are there to roll out a series of enabling solutions, one of which is framework contracts for high volume, high spend commodities.

Q4 Chairman: Yes, but surely your purpose is to try to encourage these trusts to do more? It is 17% in the NHS, 48% across the rest of the public sector, for instance universities manage 84%. So if you are performing so badly, what are you doing? What is the point of your organisation?

Mr Knott: Firstly, I do not think we are performing that badly. Where we have framework contracts in place, we have a very, very high level of compliance in those framework contracts. We must remember that 33% of trusts have contracted-out catering services and that is largely because they have taken a local decision on the type of service provision they want to apply to their customers.

Q5 Chairman: May I now turn to the great school meals debate? Mr Tabberer, this is where you come in. We could look at the previous page, page 48 of the Report, figure 14, which tells us about the £220 million provided by the Government. Can you give us an assurance that a large part of this has not simply ended up in greater profits for contract caterers?

Mr Tabberer: We certainly are ensuring that the spend is monitored and properly audited as it goes down into local authorities and schools. We have various ways of doing that including through the work of the School Food Trust working with Healthy Schools advisers and we also have the spend audited through district arrangements in each local authority.

Q6 Chairman: So the answer is that you can give that assurance.

Mr Tabberer: Yes.

Q7 Chairman: I think the minimum is 50 pence spending in primary schools, 60 pence in secondary schools. You can give me that assurance can you?

Mr Tabberer: Yes. Currently the averages which are being shown in our surveys of spend in schools run out at 52 pence and 67 pence respectively.

Q8 Chairman: Where do you stand in the great Jamie Oliver/Boris Johnson debate by the way?

Mr Tabberer: I watch with great interest. I, in fact, enjoy the publicity they are giving us because it is saving us a great deal of money on marketing and promotion of healthy food.

Q9 Chairman: Then let us look please at page 41 of the main Report, paragraph 2.25, which gives some alarming information about the kitchens “For example, a survey in 2005 covering nearly 10,000 schools, found that in more than a quarter of local

authority services, there were not enough trained cooks able to prepare fresh food in all the school kitchens in the area; and that in a fifth, the majority (between 75% and 100%) of school kitchens had facilities that were more than 30 years old”. So why do you think this is?

Mr Tabberer: Certainly the position in school food preparation had deteriorated considerably before we started to introduce a number of measures from really 1997–2000, that sort of period and on. We are in the business of re-injecting funding. We have taken previous steps to introduce again, after 20 years, nutritional standards but the infrastructure has got very weak, it is very variable in different parts of the country and it has required a new injection of funds with a good element of devolution in that funding in order to allow local authorities, with their schools, to repair the service.

Q10 Chairman: Talking of variation, if you look at page 37 now, low take-up of meals, at paragraph 2.13 we read “There are, however, significant variations in school meal take-up—from 26% to 90%”. That is an enormous difference in take-up is it not? How can you encourage greater take-up? Mrs Williams if you want to comment on the previous two questions as well, you can do as you are involved in this on a day-to-day basis. In particular give us some idea of the history of why so many kitchens in schools apparently do not have the facilities to do a good job.

Mrs Williams: On take-up, the range and variation in take-up between authorities, we agree with you that it is far too wide. In those authorities where take-up is as low as 26%, it is not good enough and we agree with the analysis in the NAO Report that we do need to increase take-up both for the viability of the service, but also to ensure that more children are eating a healthy meal at lunch time. Do we think it is possible to increase take-up? Yes we do, because the NAO Report itself pointed up the effective practice that has been implemented by some authorities and some of the schools. There is the school in Harrogate, St Aidan’s, which by implementing a number of changes has seen take-up rise from 30% to 90%. If we can get that effective practice adopted more widely, then more authorities and more schools can see take-up rise. The School Food Trust, which is our delivery arm, has a target to increase take-up by four percentage points by March 2008 and by 10 percentage points by September 2009. We are optimistic we can increase take-up. On the infrastructure and the state of kitchens, yes, we agree there is a problem reflecting the fact that for many years school building resources were scarce and the school meals service was not a priority but we are now, as you know, putting a huge amount of investment into school building generally—it will be £8 billion a year by 2010–11 and while a lot of this money is distributed by formula and it is down to local authorities and schools how to prioritise, where to prioritise, we have flagged up in our guidance that it is a national priority for schools to have facilities to enable them to serve at least one hot meal a day.

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Q11 Chairman: Thank you for that. Last question from me to you Colonel. Could you please look at the case studies report and turn to page 34, figure 13? Why does 65% of the meat that you give to our armed forces come from abroad?

Colonel Robertson: It does vary. That is 65% across the board. At the moment we actually buy virtually all our pork from the UK.

Q12 Chairman: Yes, but look at the poultry.

Colonel Robertson: Indeed.

Q13 Chairman: Virtually no poultry coming from the UK.

Colonel Robertson: No poultry. It is simply that the price difference between UK poultry and poultry from abroad is too wide. We would be paying an extra 30% higher at least to buy poultry from the UK.

Q14 Chairman: No plans to change any of this then?

Colonel Robertson: Well avian flu might change that for us to be honest. We expect over the next year or so the supply of chicken from abroad to become more expensive. As the price rises, then I am sure British producers will reap the benefit.

Q15 Mr Mitchell: May I just start with this memorandum we have about the outsourcing of the NHS supply services and it promises enormous benefits and spin-offs from giving the contract to DHL. These are all of course totally hypothetical and look as though they were conjured up after the agreement in order to justify the agreement. Why could the existing arrangements, particularly NHS Logistics, not realise the same economies of scale and the same benefits if it had stayed in house? Why did it have to be outsourced to get these benefits? Why could the existing structures not do it?

Mr Knott: My understanding is that this has been built on a very robust business case. A tremendous amount of analysis went into the existing operations, both in terms of PASA and its savings targets and what it hoped to achieve and also the operations of NHS Logistics in terms of its capacity, in terms of its operations, its systems, its processes and its general application in the NHS. In terms of how it will move forward, you have to appreciate that in the public sector, as many of you have seen, some procurements have taken two or three years to come to fruition where they finally sign the contract and a number of months later they finally get it into a catalogue. It is only when people start to consume from that catalogue that you can actually secure the benefits of what you proposed several years beforehand. The very nature of this contract is that everything, all the upfront risk associated with the hundred procurement staff dedicated to this level of resource and the 1,500 logistic staff, is actually modelled up on the basis that prices in the catalogue reflect the entire cost of ownership of that model. So if trusts are not happy with the product, with the pricing, then they are not mandated to use this service at all.

Q16 Mr Mitchell: It is our experience that many of the promised benefits of these kinds of contracts never in fact materialise. They are trumpeted up, they do not somehow appear and then there is a series of excuses as to why it has not happened. In this contract a growth in sales to the NHS is projected from £0.8 billion to £3.7 billion in 10 years. Big growth. Now why could the existing organisations not achieve that? Were they bidders for the contract?

Mr Knott: No, there was no in-house bidder.

Q17 Mr Mitchell: So they were not even considered. They were not given the opportunity to take part in this outsourcing and put in a competitive bid.

Mr Knott: A detailed analysis was undertaken of the savings that both NHS PASA and NHS Logistics would accrue over that period of time and I understand the business case that went up to the Secretary of State demonstrated that the savings generated by this particular model would be three times that potentially generated internally.

Q18 Mr Mitchell: But this is mythical, is it not? This is a mythical belief that private enterprise can do what the public sector cannot?

Mr Knott: Most contracts are only likely to be tested when you actually see consumers bringing product through the catalogue and on a price and product basis you actually measure savings at that level; that, I am afraid to say, is the same in every single contract.

Q19 Mr Mitchell: But NHS Logistics was paying its profit back to the Health Service and its people have the right to feel aggrieved when they were not even considered fit to compete with these private sector giants.

Mr Knott: The other broad question mark was over NHS Logistics, given its capacity and given the level of investment that could be made in the operation. For example, DHL were bringing to the table world-class supply-chain management systems, an end-to-end approach from the point where somebody raises a requisition and that triggers an order down at the manufacturing level. This is world-class supply-chain management and the existing operations, I am afraid to say, were a mixture of in-house built systems and bought-in systems which did not even talk to each other. The core business of DHL is to provide a system.

Q20 Mr Mitchell: Yes, but I do not see how flying my dirty washing from New Zealand to the House of Commons, which DHL have kindly just done for me, compares with supplying particularly food to the NHS. With food you are working on a local market. Presumably you want hospitals to buy food locally so it is not being transported enormous distances with an enormous cost in energy. How is DHL qualified to do that in a way that local hospitals and local services are not?

Mr Knott: In many ways what they are going to be adopting is what we do already, but enhancing it through end-to-end integrated supply-chain

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management processes. DHL have many examples of where they take product from factory gate and deliver to point of need far more efficiently than a van turning up somewhere else, dropping it off, then another van picking it up and dropping it off and so on and so on, which is a very inefficient supply chain. You touched on the subject of food and I agree with you that in fact we are quite proud in PASA that many of our framework contracts have embedded sustainable development in many of the suppliers. For example, in our meat contracts—

Q21 Mr Mitchell: Those local purchasing hubs will remain will they?

Mr Knott: We must remember that DHL is operating as our agent, they must follow EU procurement directives, EU procurement rules, they must follow the processes, the practices, the policies that we have set out, they must follow any changes to that. Instead of employing 1,600 people on our books, the dynamics are that we only pay for that investment when we pull a product out of the catalogue.

Q22 Mr Mitchell: The proof of the pudding will be in whatever patients are eating in a few years' time.

Mr Knott: It is definitely “proof of the pudding”.

Q23 Mr Mitchell: Let me move on to Helen Williams and the schools. The problem with the schools is that there seems to be no pattern to it. Is it the situation that buying of food is left up to each local authority in its own area or is it each school?

Mrs Williams: It is a mixed pattern. Local authorities were required to delegate responsibility for the school meals service to their secondary schools a few years ago. Quite a lot of secondary schools decided that they would opt into sticking with the local authority meals service but some decided to go it alone. The figures are that for 85% of secondary schools the local authority is providing a meals service, either directly or through a contractor, so 15% of secondary schools are their own procurers. So you have 15% of secondary schools and 150 local authorities. As far as primary schools are concerned, there are only a very few primary schools which are responsible for their own school meals.

Q24 Mr Mitchell: Why would it not be cheaper for schools just to come to some deal with the local supermarket? Tesco's and Sainsbury's always go on about the services they want to provide for education. I am sure they would come up with a good deal for supplying food to individual schools. Why is it not done on that basis? The supermarkets have very good supply chains and are very cheap.

Mrs Williams: Individual secondary schools, and some primary schools if they are responsible for the meals service, would have the option of looking for some sort of deal for food supply from their supermarket. The Department has produced guidance for schools on procuring school food catering and that guidance takes them through all the steps that they need to consider, whether to go

with the local authority or to go with a contractor and if they are going with a contractor to look at the overall value for money that the contractor offers. We think that those decisions are best made at school or at the local authority level.

Q25 Mr Mitchell: I've spent too much time on DHL. One question for Colonel Robertson. I found the Ministry of Defence food supply system extremely efficient when I was doing my parliamentary naval service. It is pie in the sky to think that a centralised organisation like yours could be merged with the varied localised purchasing systems in the schools and in the Health Service, is it not? They cannot really be merged into one government purchasing?

Colonel Robertson: Well I have had long conversations with the OGC on this matter. It is not entirely pie in the sky but one has to be clear about the motive that lies behind why you want to do it. We have a central food supply contract and we have had one since 1993. The other government departments do have quite large contracts in their own turn, perhaps not in a singular manner as large as ours, and there is some evidence to say that obviously in increasing size you do lower costs. The difficulty I have today and the reason why I raised it with the OGC is that we are on a cusp of two decisions. One of them is value for money and large contracts will deliver you value for money, but the second is sustainability. If you are talking about engaging local markets and you are talking about encouraging local suppliers, you have to form a bridge between that ideal—and I would support that—and the ideal of getting the best value for money. That is the problem. We have a central food supply contract and we abide by the Treaty of Rome. We have gone out into the market and we have had good competition and it has driven down the price. However, on the question that the Chairman asked me earlier on, about why we are not sourcing poultry from the UK, for example, where the price difference is too high, we cannot ask or demand that our contractor does that. Yet inside the British agricultural system, if we were to approach it, I believe we could engage suppliers given the right system from bottom to top so that they could deliver products at a competitive price.

Q26 Mr Khan: We understand the reasons why it is sensible to buy locally. Austin touched upon the environmental impact and we know it makes sense. But bearing in mind that public bodies are required to comply with the EU procurement directives which state explicitly that buyers must not discriminate against suppliers from outside the UK with buy-local policies, how does that square with our aspiration to buy local? Is that not a hindrance to doing that?

Mr Knott: There are many ways you can engage local suppliers. The most important and obvious step is to make sure that when you issue an OJEU notice, which you post in the office of the Official Journal of the European Union, there is nothing to stop you printing it off and putting it in the post to those suppliers you have already identified that you

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would like to tender. As long as you treat them all the same and you send relevant posts to the list of suppliers, then you are not breaking any EU procurement rules at all. The most important thing about EU procurement rules is that every supplier is treated fairly and consistently in an open competition, but you can inform any group of suppliers you wish. In NHS PASA we proactively engage with government regions through the regional catering networks to make sure that we give every opportunity for a supplier to bid for a particular piece of work. As I have already mentioned, we have framework contracts at a high level of SMEs largely because of that process.

Q27 Mr Khan: None of your trusts or anybody in the past has ever complained.

Mr Knott: Absolutely not, because they are all treated exactly the same way.

Q28 Mr Khan: The Report prepared by the NAO, all three volumes, makes a number of recommendations. Do you accept the recommendations that are made? The Report concludes that the public sector can secure annual savings of £224 million on food and catering services by 2010–11; annual savings. Do you accept that figure?

Mr Knott: Yes.

Mr Tabberer: Yes, we do.

Colonel Robertson: Yes.

Q29 Mr Khan: How soon before we call you back to ask you whether you are meeting that?

Mr Tabberer: It would be extremely challenging to meet that level but we accept that those value for money efficiencies are there.

Q30 Mr Khan: Presumably they are not evenly spread out over the next five years are they?

Mr Tabberer: Indeed. At this stage, quite right, they are theoretical and we are dealing with different approaches to our different delivery channels. In our area we have a lot of devolution of decision making which allows us to deal with some issues extremely well. Food is a parental choice and choice is important to us. Local connections are important to us but there are things we can learn from our colleagues about how to aggregate demand. Just saying that aggregated demand will realise certain savings does not mean that we can just deliver them. We have to work very carefully with, in our case, the School Food Trust and local authorities to try to achieve as many of those as we can. We certainly accept the challenge to pursue those.

Q31 Mr Khan: So when shall we invite you back for work in progress?

Mr Tabberer: At your discretion.

Q32 Mr Khan: When is a fair time to call you back to see whether you are making progress on the savings that have been identified by the NAO?

Mrs Williams: I would say a couple of years.

Q33 Mr Khan: Two years. What sort of savings could we expect to see in two years' time?

Mrs Williams: There you are perhaps pressing me a bit too far, but at the moment we have a lot of things in play and we should be seeing results and progress within two years. Hopefully we shall be on trajectory to making the £66 million savings for school meals by 2010–11.

Q34 Mr Khan: When can we expect to see the benefits that you have illuminated from DHL?

Mr Knott: The contract has only recently gone into transition and at this stage, I really cannot comment on when we start to see those.

Q35 Mr Khan: Is it unfair to have you back in two years' time?

Mr Knott: In two years' time is ample time. The other suggestion I could make is that you could add this to the OGC procurement efficiency portfolio and therefore at least you have an independent body tracking, reporting and driving this particular efficiency target. There is no harm in that at all.

Q36 Mr Khan: We know that the Government in 2004 reckoned that they could save £7.17 billion due to efficiencies in procurement which included food procurement. Do you have any idea what percentage of that procurement would be food procurement as far as savings are concerned?

Mr Knott: Is that a target for 2007–08?

Q37 Mr Khan: Yes, it is 2007–08.

Mr Knott: It would be a difficult guess without actually having the analyses in front of me I am afraid.

Q38 Mr Khan: Sir John, do you have an idea of what the figure should be for the food element of that?

Sir John Bourn: We do not have that figure but we do have it in the work we are doing on the efficiency programme so we shall be able to let the Committee have it.¹

Q39 Mr Khan: Thank you. One of you mentioned the School Food Trust. How do you respond to the criticism that £15 million over three years, when you are talking potentially of over 200,000 schools, potentially seven million pupils, is inadequate to make any impact?

Mrs Williams: You need to understand that the School Food Trust is a small body but it can exert quite a lot of influence and leverage over the system in a variety of ways. First of all it can work with the 150 local authorities to identify good practice, good strategies and get them adopted more widely. It has started on that already. It can issue guidance, which it has already done in terms of the new standards, what they mean. It has a helpline to answer queries on standards. It is working regionally, organising conferences in the nine government regions for

¹ Ev 20

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school cooks, it is producing promotional marketing material that schools and local authorities can use with parents.

Q40 Mr Khan: So you do not think the funding is a problem, the £15 million?

Mrs Williams: The budget, which is about £5 million a year over three years, is certainly adequate for the task that we have asked the School Food Trust to do.

Q41 Mr Khan: Do you think the schools which are delegated down their budgets to spend on food are properly utilising their delegation? We know that certainly most primary schools and a large number of secondary schools rely upon the local authority negotiated contract. That clearly was not the purpose behind delegation down of budgets. What are you doing to encourage more schools to think outside the loops, some of the case studies that are mentioned in volume two, and not to be so reliant upon the local authority?

Mrs Williams: The point about the delegation was to give schools a choice of whether they wanted to run their own school meals service or whether they wanted to opt into the local authority service if they thought that could offer them a better deal than going it alone. That was the purpose of delegation.

Q42 Mr Khan: But you will know that most governing bodies, when it comes to savings to be made, will opt for the cheapest option which inevitably will be the LEA as opposed to who provides the best food.

Mrs Williams: Perhaps, but you asked about what we are actually doing to support and to guide schools where they are not on school meal service. I referred earlier to the procurement guidance that we have produced: it has just been finalised, it is on our website, we shall be sending it out to schools. This is guidance for schools on everything they should take into account when they are procuring school meals but it actually starts further back than that and it goes through all the options: you can either go with the local authority or you can appoint a contractor, or you can do it in-house. It sets out all the pros and cons.

Q43 Mr Khan: The three volumes that we have been given dedicate one paragraph to ethnic and religious groups and how their needs are met and it is a paragraph devoted to the NHS. May I ask you what you are doing to meet the dietary needs of ethnic and religious pupils in our schools?

Mrs Williams: It is a matter for local authorities and schools because they run the school meals service.

Q44 Mr Khan: What are you doing?

Mrs Williams: The guidance we give them sets out our expectations that they will consult their communities and parents about the meals to be provided and that they will take account of the needs of particular religious and cultural groups and that they should ensure that those needs are reflected in contract specifications.

Q45 Sarah McCarthy-Fry: One of my passions is corporate social responsibility and how we encourage that across businesses within the UK. I have always thought there is a huge advantage in the massive purchasing power of government departments. I shall ask the question of all three, the NHS, schools and the Armed Forces. How much does ethical sourcing form part of your criteria with procurement of food?

Colonel Robertson: We demand of our supplier that he will source food in accordance with the standards that would apply in the UK and therefore we would be unwilling to accept any product where we found that it was grown or nurtured to age in conditions that were not according to the UK standards. Obviously our supplier does have a remit to source worldwide as our operations are worldwide, there is a connection there. We have some inspectors who work directly in our department and whenever food is sourced abroad, they will go to that point of source to check the conditions upon which the food is procured, stored and then onwardly transmitted to us to ensure that it meets not only the ordinary hygiene standards but the standards we expect of the care as well.

Q46 Sarah McCarthy-Fry: Do you make any effort to try deliberately to source Fairtrade products?

Colonel Robertson: Yes we do. We do have Fairtrade products on our listings for military units to purchase, so they are available. I cannot say that the take-up is particularly high. It would be, I guess, if we cut out the alternatives entirely. That might be a step too far for us but they have been on there for the last two years.

Q47 Sarah McCarthy-Fry: Obviously in schools it is very different, because it is not a centralised procurement requirement, but is it part of your guidelines that schools should look to source ethically?

Mr Tabberer: Certainly in the school sector; there is anecdotal evidence that the school sector itself is quite sensitive to this at school level and there is considerable interest. They tend to approach procurement with that orientation. We certainly encourage consistency and sustainability and we have sustainable development programmes which we promote with schools and we do promote an approach whereby they think about what is the right approach on snacks, what is the right approach on packed lunches, how it plays with their community, whether they have won hearts and minds. This is an existing strength in schools.

Q48 Sarah McCarthy-Fry: We obviously have the issue at the moment that Fairtrade products are more expensive. If there were a drive among public purchasing to source more of these products, which might start to bring the price down, do you think you would be more inclined? Is price a factor?

Mr Tabberer: Price is certainly a factor and will be in local decisions. I have to say again, with a very devolved system in schools, then people will be

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factoring in local relationships, local partnerships, in quite a different way from that which happens within the other sectors.

Q49 Sarah McCarthy-Fry: Mr Knott, in the contract with DHL was any provision made in there for ethical sourcing or Fairtrade products?

Mr Knott: One thing I alluded to earlier was that they have to adhere to our government and departmental policies. We have a sustainable procurement policy now and we have a sustainable procurement strategy which I alluded to earlier. They have to follow the previous policies and processes that we had in place when they were in NHS PASA and, notably, we do have some Fairtrade contracts already in place as part of the public sector food procurement initiative. There are 14 key KPIs as part of that and so we have actually driven that pretty much into everything we do. We have that sitting on our external web site open to all suppliers and everybody can see how we are faring up against that on a quarterly basis. There is a tremendous amount of effort to put into place to drive it right through the supply chain, right down to trust level, but it is something that we are very passionate about taking forward for all sorts of reasons because of the size of our spend and the opportunities that it provides to specific suppliers.

Q50 Sarah McCarthy-Fry: Can I move on to Colonel Robertson and the move to pay-as-you-dine which, when I visited troops earlier this year, was an issue that was very much on their minds; they were very much concerned about pay-as-you-dine. When I was a child at school practically everybody had school meals; you did not have the option to take a packed lunch. With the option not to have the centrally provided food but to bring your own we have seen a rapid decline in the take-up of school meals. Do you think that is going to happen with pay-as-you-dine and is that going to affect your ability to make procurement savings in food?

Colonel Robertson: I shall start from the back, if I may? Our procurement of food is for those military units that require it. When we outsource the pay-as-you-dine programme, part of the much wider catering, retail and leisure programme, the contractors who take that on board are supplying their own food. They do so under various guarantees, if I may put it that way, which we put into the contract. As an example, in our own contract we have some 1,700 items on it. Each one of those has a quality standard, and if a contractor takes on board one of our pay-as-you-dine contracts, if he is going to use any of the 1,700 products, not from us, but a product exactly the same, then we expect the standards that he uses to adhere to ours. They are industry standards, they are a good quality standard and we have not found any contractor has had any problems with meeting that. But do I expect the take-up of meals when we go to pay-as-you-dine to be different? Well the evidence is that it is. We have found that where people are paying for the meal at the point of consumption and they are exercising the choice now which they did not

have before, the money was taken out of their salary before, *en pension* rate as it were, whether they turned up for the meal or not was indifferent, they had already paid for it, the take-up in various meals does alter. Breakfast has gone down; I suspect people prefer to spend a little longer in bed or they are just having cereal and milk in their rooms. We are finding the lunch figure stays pretty much constant and we are finding the evening dining figure is moving from the traditional tea-time meal and people are taking what we would term the retail offer later in the evening. So there is a change.

Q51 Sarah McCarthy-Fry: Given that all the advice is that you should eat breakfast because that gives you energy for the rest of the day, is that not going to have an effect on operational efficiency?

Colonel Robertson: You are right, if that were the only source. I have to bear in mind that most soldiers, sailors and airmen manage to feed themselves quite comfortably, but we are in a unique position in the public sector that all of our service personnel have to undergo fitness training and they have to show that they can pass it, so if there is any effect on their nutrition and their health, we very rapidly come to see it and so do they.

Q52 Sarah McCarthy-Fry: May I just come onto something that absolutely astounded me in the NAO case study Report? It said that if you changed your preferred brand of tomato ketchup it resulted in savings of £60,000 per annum, which sounds to me as though you must spend an extraordinary amount on tomato ketchup, presumably for these fried breakfasts that you are no longer going to be offering. If you are changing the brand, presumably to a cheaper brand and the take-up goes down, you are not going to make the same amount of savings are you? When you change brands do you do tastings or is it purely done on price?

Colonel Robertson: We have a system. On the 1,700 items, obviously that covers a vast range, we have a system called the food selection panel and we put into that panel about 15 people, that is servicemen as well as us technical people, who vote as to whether it is good quality and all the other good cries. We follow pretty much Pareto's 80:20 rule. We will go through 80% of value items every year and in that discussion, we have to take into account not just price, we take into account sustainability, we take into account packaging, value for money and other factors that are important. We have found that, out of the core range of some 1,700 items, we have to provide about 50 of those as branded items. People want to see Kellogg's cornflakes and we cannot get away with putting on others because they complain and we have that, oddly enough, with tomato ketchup. It has been tried because the brand leader is somewhat expensive. Unfortunately our servicemen can pretty well tell when it is not and they complain. Will it affect the savings? No, it will not. We are confident from the re-let of our own food supply contract that we are going to achieve the savings that the NAO study is looking for. All other things being equal, and I would have to add that proviso as the

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contract runs for five years and who knows what will happen to world food prices, but they have been in steady decline for 20-odd years so I do not expect it to change too radically, we are going to meet those savings targets.

Q53 Sarah McCarthy-Fry: Unless of course everybody switched to Fairtrade products and we paid people a fair price for producing the food that they do, but that is another issue.

Colonel Robertson: Indeed.

Q54 Chairman: What happens when they are in action, say in Afghanistan? There is something rather unpleasant about pay-as-you-dine when you are fighting for your country.

Colonel Robertson: May I say straightaway to all the Committee that pay-as-you-dine will have no role to play in an operational theatre ever?

Q55 Mr Touhig: Local management of schools of course has given schools the independence to purchase where they wish to purchase. There is a clear conflict between that choice and of course the ability to buy more cost effectively from the central suppliers and so on. How much work are you doing studying that? Whereas no-one wishes to stop schools using this choice, do you think it really is having a serious and adverse impact upon your ability to buy more cheaply?

Mrs Williams: Where a school has decided to go it alone, one presumes they will have, in the governing body, considered all the factors including value for money and cost and they will have decided they could get a reasonable deal, the sort of school meals they wanted at a price the school could afford. Now of course that does not mean that every school procurement operation is efficient. We in our guidance steer schools towards considering joining up with other schools so they get the benefits of some aggregation and there is a number of examples of that happening. So we are encouraging schools to link up with others. We also have agreed with my colleague Rob Knott to explore the possibility of opening up for schools and local authorities the benefits of the NHS, the PASA framework contracts for food that we were hearing about earlier. Schools and local authorities would not be required to order food off those contracts but the idea is that they would have the option and if they could get better prices that way, then it would obviously make sense. We are not yet committed to that, it is something that we are going to look at and see whether it would make sense from a value for money point of view.

Q56 Mr Touhig: Many local authorities of course have a policy of trying to source materials locally. Does that always have the best price impact on what they are seeking to do? It is all very well to say that in Gwent we are going to buy beef from Gwent farmers, but if that does not give us the best price . . . How much work do you think is being done in terms of auditing those sorts of decisions?

Mr Tabberer: These are the difficult decisions that have to be weighed in the balance. If you run a devolved system, you have certain risks. There are two very clear areas in this Report where we can get greater efficiency through our devolved approach and we must pursue those. One is on the greater aggregation of demand, whether it is school level or local authority level, and in that area we have now put resources into a centre for procurement performance which is working with colleagues in other sectors and carrying this debate into the regions and into local areas. The other thing we have to do which is picked out in the Report is to improve information and the professionalism of buying. When I read the Report, looking across the boundary at some of the benchmarking and open-book contracting arrangements that go on in other sectors, those are just the sorts of approaches we have to carry into our devolved setting. I do believe these will always end up balanced decisions in each locality, but it would be wrong of us now not to press on some of the value for money measures.

Q57 Mr Touhig: The Report indicates that very often best practice is not shared terribly widely. What steps within health and education are you taking to try to make sure hospital trusts and LEAs and others are actually making sure they do share best practice?

Mr Tabberer: This is where it is important that we run monitoring approaches, involving people like Ofsted and the School Food Trust, and we also have to evaluate impact on the outcomes. At the end of the day are we actually driving up the amount that is invested in ingredients and are children healthier at the end?

Mrs Williams: Just one or two bits of important detail. Our centre for procurement performance in the Department has agreed with the School Food Trust to set up a panel of local authority school food buyers so that they can work together on identifying good practice and also on how to get that good practice adopted more widely among local authorities. There is also work afoot under the work that local government is doing on collaborative procurement to develop collaborative buying between authorities in a particular region and they have looked at things like energy and transport, but they are going to move on to looking at the scope for collaboration on food and school food and we shall be supporting that work.

Q58 Mr Touhig: Within health?

Mr Knott: There is a number of levels to this. As Helen indicated, we have opened up dialogue with education in a number of ways. Firstly, this is how we have done it for the last six years, these are the lessons learned, these are the sort of pitfalls you need to look out for and these are the sorts of ways that you need to approach both regional and local markets and set up framework contracts which, within the NAO Report were identified as a best practice framework, lots within them with specific suppliers and so on. We have opened up that dialogue. We recognise, certainly within the NAO

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Report, that there were potential best practices out there in trusts that we were being a little bit slow to pick up on and share with other trusts in terms at least of them being exposed to what are potential best practices or delivery of particular outcomes and so on. So the two steps we have taken within NHS PASA are that we have rolled out what is called a category knowledge management programme and this is where we really need to pick up best practices, end-to-end processes, outcomes, what is actually being delivered, write that into case studies and put them in to knowledge bases. The other is that we have actually identified a relevant individual within the PASA organisation and created the role of a knowledge officer. This is somebody absolutely dedicated to identifying best practice, making sure that best practice is shared, making sure they pick up best practices from other government departments and making sure that it is deployed effectively across the NHS trusts and particularly across one of our much bigger developments which is implementation of our 10 collaborative procurement programmes across the NHS where obviously we want to make sure that consistency is driven region by region.

Q59 Mr Touhig: In a previous incarnation, I was responsible for a county council's county supplies department, buying everything from police cars to baked beans and knew nothing about buying either, but then it did not matter that much, I was the elected representative. Are you confident that the people you employ actually have the skills to negotiate some of the best deals? As I look through the Report, it just makes me wonder a little bit that you are really not on a par yet with many in the private sector who are much sharper in getting better deals, using their purchasing power much more effectively than the public sector. Too often in the public sector a vacancy occurs and somebody is appointed to a particular post who has no particular skills or background to achieve success that they would want to get in terms of purchasing.

Mr Knott: I completely agree. What is really very important is that when you analyse or compare yourselves to any other organisation, you both understand the dynamics of that organisation you are comparing yourself against and also the processes that are being deployed that actually result in those prices. For example, I know from my investment banking days that in Lehman Brothers it was a very centralised global procurement organisation and nobody could spend anything unless it went through that procurement organisation. The specifications were challenged. If they did not have the appropriate budget, the programme was stopped in its tracks and so on. In the NHS we have a highly devolved organisation which is becoming more and more devolved as time goes by and the best we can do is ensure the best practices we deploy from the corporate centre are really enablers which ensure that they understand where the best deals are and what the best pricing is, what the best processes are and a range of

framework contracts that they can use to procure much more efficiently than if they tried it on their own.

Q60 Mr Touhig: The education sector?

Mrs Williams: I absolutely agree and the new guidance we put out urges local authorities and schools to get access to professional procurement expertise and food procurement expertise when they are re-letting or re-negotiating contracts.

Mr Tabberer: I strongly endorse that. In your opening to your question you mentioned the introduction of LMS, local management in schools, the framework we have had set up for 15 years in schools. It is more than in food that we need to look at the procurement expertise. We have had a very good history of head teachers using their resources very prudently but there are definitely areas where we need to improve the professionalism.

Q61 Mr Touhig: One final question to all of you. There seems to be an underlying theme in the Report that you could perhaps do better if you knew a bit more about your businesses. Have you had many cases of having to prosecute people for cheating you? It just seems to me that there is a lack of transparency in some of the ways you operate. Do you actually know what you are doing?

Mr Tabberer: I know of no specific case. There may be at local authority level but we do not hold that information.

Mr Knott: Turning that coin over slightly, I have certainly found that it has been my experience over the last three or four years in the public sector that health is probably one of the most litigious sectors in the public sector for suppliers desperate to take the NHS to court if we do not comply with EU procurement rules; that is a constant challenge. It does keep us on our toes, but it is a constant challenge and therefore we do tend to hold the procurement manual a little bit closer to our chest than one might expect.

Q62 Helen Goodman: Mr Knott, figure 10 on page 33 sets out these price ranges for various different basic goods, milk, bread. The bottom of the NHS trust range is 18 pence for a pint of whole milk. Now the farmers in my constituency tell me that they cannot really feed a cow adequately if they are paid less than 17 pence. Somewhere else in the Report, and I could not find it just now, it says that you are also supposed to take account of Defra's sustainability objectives. How do these things square up? That does look as though it would not meet Defra's sustainability objectives.

Mr Knott: We endeavour, every time we take out a framework contract of any sort—in fact we have the milk, meat and bread framework contract out now as we speak and the NAO Report picked up the fact that only the sandwich contract was open to other departments, this one is going to be open to other sectors—to make every effort to engage local suppliers in every way possible but we do have, in many instances, to ensure that we have a fair and open competition and we have to make sure our

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criteria are developed in a way which is both qualitative and price based. It is very difficult, once a trust is presented with a very low price for exactly the same product, to then steer them away from that product onto something else. You have raised a very important point and we need to think very carefully about how we can ensure that other types of criteria are perhaps built into the processes. It still will not ensure open and fair competition, but it will take those considerations into play.

Q63 Helen Goodman: Mrs Williams, if there are significant savings in the school food area, how do you imagine that they will be realised? Will they be realised in terms of cash savings or better quality or more food? I ask this because my nine-year-old comes home quite often and says she has not had enough to eat.

Mrs Williams: We see the savings being ploughed back into the service to the extent that there is net additional revenue from increased take-up or savings from getting better prices. We would see those savings being used to enable local authorities and schools and their contractors to deliver on the new standards for school meals and to enable them to spend a bit more on ingredients.

Mr Tabberer: This is the strength of our position. The nutrient standards set a high standard for the food and we are putting those in play and they are demanding. There are some consultants looking at this, experts in the field, who have said that we really need an investment of about 70 to 80 pence for primary and secondary schools in ingredients to get to that sort of level. We shall certainly be checking that it is ploughed back in.

Q64 Helen Goodman: Good; that is exactly where I wanted to take my next question. We had your colleagues here a few months ago to talk about obesity and we discussed the problem that when schools were now taking responsibility themselves, they had to begin by investing in a lot of kitchen equipment. Of the £220 million which has been spent so far in the last academic year, do you know how much of it went into improving equipment and how much of it you were able to spend on better nutritional standards in schools?

Mrs Williams: We cannot say precisely how much money was spent on different things. We do have survey evidence which gives us a broad indication of the kinds of things that local authorities and schools have spent the money on, so we know that 76 local authorities spent the money on training catering staff. Other local authorities and schools spent the money on refurbishing kitchens or buying additional equipment. We have that kind of breakdown but it is not a precise and quantitative breakdown.

Q65 Helen Goodman: So when you announced the extra £260 million for the following three years, it looks there as though all that money is going to be spent on food and that the strand of money for kitchens and equipment is a separate strand. Is that the right interpretation?

Mrs Williams: Yes it is. The £220 million in the three years 2005–08 is intended to be used mainly on infrastructural stuff of the sort I have mentioned, whereas the £240 million, £80 million a year from 2008–11, is to support the cost of ingredients of food on the plate and it is specifically to help local authorities and schools spend more on ingredients in order to meet the tougher nutrient standards that are coming in from 2008. May I just make the point that in terms of kitchen facilities there is also all the capital money going in?

Q66 Helen Goodman: Yes, through the best schools initiative. I understand that. You have talked a lot about the problem that you have in ensuring standards across the board because of the amount of devolution, which has its upsides as well of course. One thing that I am not quite clear about is whether or not schools and local authorities have discretion over what they charge parents?

Mrs Williams: Yes.

Q67 Helen Goodman: They do have discretion over that as well.

Mrs Williams: Yes. There is no set national guide on the price of a meal.

Q68 Helen Goodman: So what evidence do you have about the impact of prices on the quality of school meals and on take-up?

Mrs Williams: Over the last year, between 2004–05 and 2005–06, there was an increase in price of about 4% or 5% on average for school meals and there was also, at the same time, a fall in take-up of about the same order. Two points to make on that fall in take-up. It preceded the introduction of the new standards from this September and we think a large part of the reason for the fall in take-up was parents being concerned about what they had heard about the poor quality of school meals which we are now fixing. The other point to make is that part of the rationale for the £240 million which is going in over the next few years is to support the increased cost of ingredients so that local authorities and schools can keep the price down, so that that will keep take-up up. That is the rationale.

Q69 Helen Goodman: Take-up is also tricky to manage is it not? I had assumed that once the school meals were better, take-up would rise, but recent experience, particularly in Doncaster, suggests that might not be the case. Do you have any numbers on what is happening with take-up as you change school meals?

Mrs Williams: We do not have any data on what is happening this term. The School Food Trust is going to be collecting data every year annually on take-up, so sometime next spring it will be collecting data on what has been happening in this school year. We shall obviously want to monitor very carefully the trends in take-up.

Q70 Helen Goodman: Another aspect of this which is important and which comes out of the Report is whether or not the extra money that you are putting

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in is going to those areas of greatest need and that was defined in terms of where the greatest need for investment was. Is there any overlap between that and the entitlement to free school meals?

Mrs Williams: May I just clarify? Are you talking about the £240 million?

Q71 Helen Goodman: Yes.

Mrs Williams: What ministers have said is that they want the allocation of that to be skewed in favour of areas of greatest social need which we usually measure in terms of the number of pupils eligible for free school meals.

Q72 Mr Bacon: May I ask you about the School Food Trust? It is getting £15 million of money from the DfES over three years, is it not? Is that money being spent evenly over the three years or is it front-loaded or when do you expect to spend most of this money?

Mrs Williams: The money started in the financial year 2005–06, but we are not expecting to spend the full £5 million in 2005–06.

Q73 Mr Bacon: Do you mean the year which finished last March?

Mrs Williams: Yes.

Q74 Mr Bacon: So most of it is to be spent in the coming three years.

Mrs Williams: The coming two years, yes.

Q75 Mr Bacon: Do you mean that there are only two of the three years left?

Mrs Williams: Sorry, I am getting a bit confused.

Q76 Mr Bacon: You are spending £15 million over three years, 2005–06, 2006–07 and 2007–08 that is what it says on page 48. How much has been spent so far?

Mrs Williams: It became operational this spring, so in its first year—

Q77 Mr Bacon: When in spring did it get operational?

Mrs Williams: The split between financial years is £1 million in the first financial year, then £14 million in the next two years.

Q78 Mr Bacon: So basically you have £14 million over two years.

Mrs Williams: Yes.

Q79 Mr Bacon: Mr Tabberer, you are nodding furiously. I am not familiar with who runs the School Food Trust inside the DfES or who is responsible for it. Is it actually Mr Tabberer?

Mr Tabberer: Well it falls in my Directorate but Helen Williams is the contact.

Q80 Mr Bacon: It is slotted within your directorate.

Mr Tabberer: Yes; indeed.

Q81 Mr Bacon: In that case, you are obviously the person to ask the questions of. You have £7 million a year for two years roughly. What is that going to be spent on?

Mrs Williams: Partly it is going to be spent on the staff of the organisation, the people who will actually do the work: communications and marketing experts to work on communication campaigns, get the message across to parents about healthy eating; obviously as an organisation it has an accountant in the top tier to manage the books; it will employ some staff who are expert nutritionists who will be able to advise on the standards and questions on the actual standards. In terms of the actual activities: collecting information from the field; I mentioned they are doing a annual survey of take-up and spend on ingredients; other sorts of factual as well as statistical stuff about the school meals service; they are doing work with local authorities to identify issues, barriers, good practice; they are running training events for school cooks and conferences in the regions.

Q82 Mr Bacon: Are you up to your complement of staff? Are you up to the establishment level that you are expecting to be of the number of people you are going to employ?

Mrs Williams: I am afraid I am not absolutely sure.

Q83 Mr Bacon: How many people does the School Food Trust employ?

Mrs Williams: About 20 or 30; 30 is the ceiling on the complement.

Q84 Mr Bacon: And you are not expecting to go above that.

Mrs Williams: No.²

Q85 Mr Bacon: So 30 people. What proportion of the remaining £14 million over the next two years will be spent on staffing costs?

Mrs Williams: I am afraid I do not know that off the top of my head. With permission Chairman I would be able to provide a note to the Committee.³

Q86 Mr Bacon: I am sure that somewhere there is a big fat strategic plan for what the School Food Trust is going to do and I am sure we should be most grateful to get a redacted version of it.

Mrs Williams: It does indeed have a strategic plan.

Q87 Mr Bacon: Is it possible you could send us a note summarising the aims and objectives of the School Food Trust, the expenditure and where that expenditure is going and how much of it is on staff and what those staff are doing and how much of it is on other things?

² *Note by witness:* It was originally envisaged that the School Food Trust would employ up to 35 staff. This number are currently in post. Additional commissions from DfES may result in additional staff being taken on by the Trust.

³ Ev 18–19

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Mrs Williams: I can indeed and I can also send you the corporate plan of the School Food Trust which is in the public domain.⁴

Q88 Mr Bacon: Thank you. You mentioned that the centre for procurement performance has encouraged local authorities to set up panels consisting of local authority food procurers to cooperate and share best practice. The centre for procurement performance sits inside the DfES does it? That is separate from the School Food Trust?

Mrs Williams: It does and it is because it has a remit to advise on procurement across the whole of the education in schools sector. It is not just food.

Q89 Mr Bacon: I should declare an interest Chairman. My constituency contains the nation's sixth largest school furniture manufacturer and I do recommend you to go to look at Lyndale Compact should you get the chance. A very good firm. They built my office in my constituency. Having got that commercial out of the way may I move on to Mr Knott? You have only been in the post since April, is that not right? I remember two or three years ago meeting some supply management professionals here just for an update and a chat and the NHS Purchasing and Supply Agency was then talked of as a classic case of how not to do it. Now I notice from your CV that your experience is mostly in the private sector and one hopes you are bringing in a lot of expertise. What was the organisation like when you found it?

Mr Knott: I guess I was lucky to come in to the organisation at the end of a 12-month transformation of the NHS PASA. If you read on the note, there were four projects which sat under the Supply Chain Excellence Programme and there was recognition two or three years ago that PASA could do a much better job in certain areas. One of those areas, forgive the nomenclature, was to develop or implement a strategic, market-facing, category-management organisation, which you will have read in the DLO, the likes of which has been built in the Department for Work and Pensions, Home Office and so on, but reflected the best practice in the private sector and you will see this in GlaxoSmithKline, Ford and so on. We are very big spenders in certain markets and we should enjoy having world-class commercial organisations.

Q90 Mr Bacon: When you say "we are very big spenders", you do not mean NHS PASA, do you, you mean the NHS?

Mr Knott: I mean the NHS, I mean education, I mean the Home Office in terms of the police service and so on. We have some very big buyers out there, buying in similar markets. I remember the statistic about EDS having 54% of government contracts and they are constantly giving us very different specifications for very similar things and we need to clean up our processes right across government and those processes are under way.

Q91 Mr Bacon: You identified earlier one of your chief problems which was that all you can do is enable but that the NHS is a de-centralised organisation. How confident are you that there is the same degree of skill and expertise and qualified procurement expertise with people with the right qualifications from the Chartered Institute of Purchasing and Supply out there in the NHS in the field across trusts up and down the country as you have at the centre?

Mr Knott: Again, because it is a highly devolved organisation, all we can do is run, as we have been doing, courses from PASA which are there to improve skills, put people through training programmes.

Q92 Mr Bacon: Do you accredit people to become Chartered Institute qualified?

Mr Knott: CIPS accredit people, but we put them through the requisite courses to gain the qualification.

Q93 Mr Bacon: NHS PASA does?

Mr Knott: Absolutely.

Q94 Mr Bacon: And what proportion of the procurement profession out there inside the NHS is qualified?

Mr Knott: I am afraid I do not know that statistic.⁵

Q95 Mr Bacon: Is it possible you could send us a note? I remember some years ago discovering that only 23% of what were then called principal finance officers, now called finance directors, inside government departments and agencies had a financial qualification. The figure now is 60% or 70% and rising. It would be interesting to know where things stand now. I appreciate that you can only do it for the Health Service but would it be possible Sir John, without going completely overboard, to get some information across the public sector? Maybe the Chartered Institute itself would be able to help in this, but is it possible to get some information on what it was like across the public sector.

Sir John Bourn: I shall certainly seek to do that.

Q96 Mr Bacon: That would be very helpful.

Mr Knott: I can confirm that statistics in the major buying departments actually exist and they are corralled by the OGC so it is not that difficult to get your hands on it.

Q97 Mr Bacon: You mentioned that two or three years ago it was recognised there were quite a few things that could be done to improve NHS PASA's operation. Hopefully there have been some improvements. Where would you say remained the biggest challenges in the NHS as a whole?

Mr Knott: One of the things that we have recognised is, just as an example, that we have both a commercial directorate and an NHS PASA organisation, which is an Executive Agency of the Department of Health, basically attached to the

⁴ Ev 18-19

⁵ Ev 20

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same Department. So we are actually working on an initiative as we speak to merge the two organisations together and create a single commercial agency. That will allow that agency to align itself to the DH policy programmes, acting as strategic commercial adviser way up stream, helping shape those programmes, but also that agency will continue the aggressive roll-out of the collaborative procurement hubs in the NHS itself and in two or three years' time, you will see a very different organisation which is more aligned to a strategic adviser on all commercial matters in health and actually the hubs playing a much more pivotal role at a regional level in being able to source major contracts strategically in those regions, but also have a responsibility in those hubs to drive through supply chain efficiencies right down to ward level and even theatre level across a number of categories that they will be pursuing. That is where we see one of the biggest opportunities. It is actually pushing skills and capability out there into the NHS where it is needed, at least at a regional level.

Q98 Mr Bacon: Is the biggest challenge.

Mr Knott: Is the biggest challenge.

Q99 Mr Dunne: I should like to pick up on the discussion we have just been having on the NHS and look at this issue of accountability and corporate governance. In my area, Shropshire and Staffordshire Strategic Health Authority, until recently there were three separate food procurement entities. First of all, as you develop collaborative hubs, how do you ensure that the personnel formerly in different organisations are transferred into the new organisation in the appropriate way?

Mr Knott: Each of the hubs is being set up in a consistent way. That is to say that we, quite some time ago, two or three years ago, developed the definitive best practice model upon which they should be formed, for example, a corporate services capability that would process, share best practices, build a skills agenda around the people capability and have these systems and management information repositories, then a procurement director dedicated to sourcing large contracts and a supply chain director looking to drive out the efficiencies through the integrated supply chains in those regions. We have left it to a degree to their own economies to drive transformation programmes. We brought people in at chief executive level to bring those organisations together with trust involvement sitting on those boards.

Q100 Mr Dunne: Who is the employer?

Mr Knott: The employer of each individual collaborative procurement hub is a host trust currently.

Q101 Mr Dunne: If I am a trust and I am just getting services from one of the procurement hubs and I am dissatisfied, what is the nature of the contract that I would have with the collaborative hub and how can I monitor it and get out of it if I am unhappy?

Mr Knott: Each has a charter and a specified SLA with each of the trusts. What we have asked each trust to do is fund the collaborative procurement hub so the collaborative procurement hub's performance is predicated on delivering savings and efficiencies to each of those individual trusts. They can issue notice but notice is provided on the basis of a year's notice because obviously it is an upfront investment, there is a tremendous amount of change management involved and we really only want to do these things once. The idea is that each of the trusts in that region supports and underpins the delivery of the actual hub and likewise the hub has to deliver savings and efficiencies to each of those trusts for them to stay on board.

Q102 Mr Dunne: To whom does the hub report?

Mr Knott: The hub is owned by a trust and each chief executive has a reporting line. For example, the Greater Manchester collaborative procurement hub reports actually into an ambulance trust and the chief executive has a hard line into the finance director.

Q103 Mr Dunne: What line responsibility is there between your agency and any of these hubs?

Mr Knott: It is very arm's length.

Q104 Mr Dunne: So none.

Mr Knott: There is no accountability, apart from the fact that they have to report savings to us, they are part of the Gershon efficiency review and they have to meet savings targets.

Q105 Mr Dunne: So you are not able to influence the conduct of any of these hubs?

Mr Knott: Not through direct line management, no.

Q106 Mr Dunne: How does it work in the schools sector? How does accountability work?

Mr Tabberer: Accountability for achieving the nutrient standards for children, which we now have in place and are developing through to 2009, the accountability will be at school level and if a school does not comply then it will fall to parents to be able to complain to the Secretary of State. In that situation we would try to rectify through brokerage and probably deploying the School Food Trust, but the formal arrangements are that there is the accountability for the outcomes at school level.

Q107 Mr Dunne: Within the local education authority.

Mr Tabberer: At school level and the accountability for spend that is devolved to local authorities will be held by local authorities.

Q108 Mr Dunne: May I turn to sustainability which has been touched on by others? We have heard from the Armed Forces how you are seeking to introduce sustainability. I am concerned about how the NHS are going to do this as you centralise procurement. Are you able to establish, in the same way as the

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MoD claim to be able to do, that the meat, for example, is produced to the same welfare standards overseas as it is in the UK?

Mr Knott: We do actually undertake spot checks of suppliers in the supply chains. We have a relationship with an external auditor for the framework contract. Where previously we used to inform suppliers that we were turning up, now we do not, we just turn up and start undertaking an audit of their particular processes, but we do not go overseas to check out suppliers.

Q109 Mr Dunne: As such a diversified source of supply, presumably you cannot do this.

Mrs Williams: It is up to local authorities and local authority school food contractors to ensure that they are complying with national food safety regulations from the Food Standards Agency and they are accountable rather than us. On sustainability, we are encouraging local authorities and schools to look for local and smaller sources and sustainable sources of supply as far as possible and as far as affordable. We are also working with Defra who, as part of their general drive to promote local and sustainable food procurement, have a specific strand of activity which is encouraging local small food suppliers in regions and sub-regions to club together to bid for school food contracts.

Q110 Mr Dunne: I was very interested in table 13 on page 34 of the case studies which shows the success you have had in your pork initiative. What are you doing to seek improvements in UK sourcing of major UK produce such as lamb and poultry? You touched on poultry earlier.

Colonel Robertson: I did. What are we doing about it? We are constricted within the terms of our contract with our supplier. We do have frequent meetings with the Meat and Livestock Commission. We have had numerous attempts with them to try to come up with products which can be sourced from within the UK which we could use, in order that we can, at the very least, bring this product to the debating table and say that it is the same price, it is a good price, why can we not get it. If I say this it is a back-handed compliment in a way, but British agriculture produces extremely good products and they are generally more expensive than we can afford. Having said that, there is also a systemic problem. The New Zealand lamb industry has put itself in a format where it can sell lamb around the world for extremely low prices. There is not the incentive within the UK nor the need for anyone to have done that I guess, so we do not find UK lamb being produced in freezer-type quantities, all identical, as we find from New Zealand. Well done New Zealand, but UK farmers have not seen the need to do that. If they did, then I am certain the public sector and ourselves would buy it. But the constraint I would have to come back to, is all together the difference in price. Where the difference is close, we will indicate to our supplier that we want it, and that is the case with UK pork for example, where it is a very competitive price, although

marginally more expensive but we say we want it. We cannot say that where the price difference becomes too wide.

Mr Knott: Apologies, but we do indeed take audits overseas of certain suppliers.

Q111 Mr Mitchell: I have listened to the answers on school dinners and if you do not mind me saying so I get the impression it is all a mess. It is a kind of dog's dinner. You have a patchwork quilt of arrangements and there is no common purchasing or no use of muscle in the market. It is no wonder that Jamie Oliver is beginning to despair of you as he did in that very first programme with a terrific tirade telling us that nothing much has been done. It is no wonder that mothers in South Yorkshire are shoving illicit hamburgers through the railings. Have you any proposals for imposing a common pattern, standard purchasing procedures over an area, a common requirement to have kitchens or not to have kitchens as the mood takes you and training for the staff and national suggestions for the kind of nutritious dinner that is going to be attractive to kids? Is this even being considered and can you make progress in the field without some kind of national scheme like that?

Mr Tabberer: What we need to concentrate on are the nutrient standards and we need in a devolved system to encourage people to hit those standards so children get healthy meals.

Q112 Mr Mitchell: Not if they do not have a kitchen to provide them.

Mr Tabberer: We indeed are encouraging kitchens to be re-established, we have programmes in place, we have incentives and we have schemes to provide the capital to get there. You are right in challenging us that we can do more to aggregate demand and be more effective in procurement in this sector. That is what has come out clearly from the NAO Report, but we would not move from a system of devolved decision making into centralised arrangements because it would not be the local solution that many areas want and we would do it badly.

Q113 Mr Mitchell: Do you expect, when we get the next series of Jamie Oliver, that you are going to get a tirade like the one that started this series or is he going to be cooing like a dove in your hands?

Mr Tabberer: We are finding the involvement of celebrities in promoting healthy food an immense help. It is carrying into the public sector debate about this which is ensuring everybody is thinking about what is going into lunch boxes, thinking about the provision. It is very helpful and in fact we do not even mind the argument because it increases the coverage.

Q114 Mr Mitchell: You cannot eat any of that; you cannot eat a debate.

Mr Tabberer: No, but it is causing us to make a shift into the type of food that is going into schools and it will, over time, help us to make sure that we deliver the increased take-up that we require.

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Q115 Mr Curry: We are now trying to encourage our children to eat healthy foods but if you look at what is happening in the food market, that is moving quite sharply towards functional foods, foods to deliver particular nutritional and health outcomes and indeed some schools have experimented with adding Omega 3 fish oils to food products in order to try to help concentration and actual exam outcomes. This has been done in areas where there are relatively poor outcomes in terms of school academic performance. Do you see that becoming a more general policy eventually? Are we going to evolve in that direction and what are the implications of that for cost, because on the whole these products tend to be quite highly branded products closer to the top end of the range?

Mrs Williams: On Omega 3 my understanding is that there is not clear-cut evidence that adding it to children's diets will have an impact on cognition and on attainment in exams. I know some people firmly believe that it does and it is the right of schools—

Q116 Mr Curry: Experiments are taking place to try to answer that question are they not?

Mrs Williams: They are indeed, but at the moment, the expert evidence that we have had from the school meal review panel is that children's dietary needs can be met by the kind of balanced diet which our new standards reflect.

Q117 Mr Curry: If that investigation, if that experiment were to demonstrate that perhaps it did assist with outcomes and given the concerns we have had about the levels of outcomes, particularly in disadvantaged areas, that might be a route that any government might want to go down.

Mr Tabberer: It might, but our policy advice in this area would be to get the main piece in place, which is the nutrient standards. Regulating those sorts of standards and supporting the improvement of healthy food against those standards is far more important. To move into an area where we are actually, as a state, recommending particular additives does bring a number of enhanced risks and at the moment our policy advice would be, by all means publish research, encourage people to take this into account, maybe even share good practice but do not get into a position early without sustained evidence. There are too many risks.

Q118 Mr Curry: Let us look at the other side of the coin and look at those food products which are deemed not to contribute to your outcomes. As you know, the Food Standards Agency is very committed to its so-called traffic-light system. A lot of the major food manufacturers, including Kellogg's which are so beloved of your troops, do not believe in traffic lights, they believe in guideline daily amounts. It is a bit of an argument over whether the food is good or the diet is good. Do you give any advice relating to purchases, relating to FSA standards of nutrition, nutritional information?

Mrs Williams: No. The advice we give is directly related to the new standards that have come in, the food-based standards that are coming in from this September and then the nutrient standards that are progressively going to raise the bar over the next few years.

Q119 Mr Curry: In answer to my question about Omega 3, you said that the jury was out on whether or not that would happen. Would you also agree that there is no scientific evidence that organic produce has any greater nutritional value than non-organic produce in terms of recommendations you make?

Mr Tabberer: We could not show you a correlation between healthy children, performance in learning and that quality of food.

Q120 Mr Curry: I ask the question because organic consumption has risen quite sharply and that is driving some of the advance in supermarket sales. In the past, if economic times have turned down then the consumption of organic food has tended to turn down with it, but it may be that the culture of eating has changed as well and I just wondered whether that was something you would reflect?

Mrs Williams: No, our standards do not require our schools to buy organic. Separately, outside the standards, we are encouraging schools to procure local and fresh sustainable food but that is not organic.

Q121 Mr Curry: Colonel Robertson, this is not based on scientific enquiry but it so happens that my son used to be a supply officer in one of Her Majesty's nuclear submarines so he was in charge of feeding the crew. If he wanted a happy crew, he gave them chips. He did make the point that you cannot go to war on broccoli. That may not be right. In a sense, you are trying to deliver nutritional outcomes in schools and the Health Service. In the Armed Forces, you really want to have happy troops, do you not? Your objective is to make sure they want to continue what they are doing. If you do send them into battle you want to send them into battle feeling at least they have a full tummy.

Colonel Robertson: I suspect your son's view is based upon very hard evidence of the sailors on board his submarine. There is an issue of course; food has a particular psychological place to play for the servicemen on operations. In that instance one should look for foods which not only satisfy nutritionally, but also satisfy psychologically. To a large extent we do that. Do we go further? Are we looking for ergogenic foods as you are suggesting might be done for children? We are doing some research on it and clearly it would be advantageous if soldiers could remain alert for long periods of time if you could give them the right foodstuffs. My own research in this area indicates a very simple answer to being awake and that is to get yourself out of your seat or your slit trench and run around for 10 minutes and that gets you quite alert. A lot of work has been done on sleep deprivation and the rest and

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diet can be useful, but it is not the key determinant. May I suggest it is a psychological point that your son was seeing not a nutritional one?

Q122 Mr Curry: A number of colleagues have raised the issue of the procurement of British food for the Armed Forces and you can give us the assurance that the food, where it is acquired, is of the highest quality. It is a fact that more than 50% of the chicken eaten in Britain is actually imported in any case, probably from Brazil, and is of very high quality. The pork industry has been in a rather bad way over the last few years and it really is up to UK agriculture PLC to deliver the products in the form you want which is presumably in cuts which are readily transformed into meals on board submarines serving off the South Pole. You are not going to buy whole birds.

Colonel Robertson: Yes, and it is that last consideration which weighs heavily upon us. If we are going to source food, if there is any suspicion in our mind's eye that it is not fit for purpose, if we are going to store it for a period of time and use it under conditions where you have no alternative, then we are going to have some very unhappy people. Ultimately we maintain to our supplier, whether our previous one or our current one, that he has to look for the highest standards; compatible with price I have to say. We cannot run away from that. We are not content if we have any suspicion and we look to them to advise us if they have a suspicion that products which are coming into the food chain are from areas which they themselves would raise a question mark on because we certainly do not want it.

Q123 Mr Bacon: I was delighted to hear what you said about British pork since I also represent an area which is a great big pig producer. May I draw the attention of the Committee to an Early Day Motion on the use of British pork? You mentioned that you could justify it even though it is at a higher cost. You may know that one of the reasons it often has a high cost is because it is produced under better conditions, in fact many of the imports with which it competes are produced under conditions which would be unlawful here, something which any rural MP with farmers will be aggrieved about, as are the farmers. Can you take into account the animal welfare conditions under which meat is produced in deciding whether to buy it or not? If it does not meet the animal welfare conditions under which farmers are obliged to operate here, if it is produced under conditions which would be unlawful here, are you able to use that as the reason for not buying it?

Colonel Robertson: We cannot do that within the EU, no. Where we have bought Danish bacon before, which suffers a different regime than ours, we have to accept that if the price is more competitive. Outside of the EU is a different matter entirely. Where we have been looking at sourcing meat in particular we do take very careful consideration. On occasions in my own career, where I have been involved in it, the answer has been no. We neither

particularly like the methods by which the animals are kept and more importantly probably the slaughter and therefore the eventual packaging of the meat.

Q124 Mr Bacon: You do not take that into account?
Colonel Robertson: We do take it into account, yes, we do.

Q125 Mr Bacon: I visited the Falkland Islands four years ago and I visited an abattoir there as well as visiting Mount Pleasant airport. It was unlawful for the abattoir to supply meat to Mount Pleasant airport where there were 1,200 servicemen or more, as I am sure you will know, because it had not been EU approved. I take it that it probably has been EU approved now. Can you tell me what proportion of meat supplied to British forces and ancillary personnel in the Falkland Islands, in that huge complex there, is Falkland Islands' meat and how much of it is imported?

Colonel Robertson: I cannot give you those figures, but I was one of the first people to look at the abattoir on the Falkland Islands with a view to sourcing Falkland Islands' mutton. We had to say no at that time because the sheep population on the Falklands suffered from a particular organism, a parasite, which they had to get rid of. They worked night and day over many years to eradicate it from the flocks, which I understand they did. They still have a little way to go and you evidenced it there. I do not know whether we are actually sourcing it now.

Q126 Mr Bacon: Could you write to us?

Colonel Robertson: I shall indeed.⁶

Q127 Chairman: Thank you for that. I think the French used to call British soldiers *les rosbifs*, so we expect you to ensure our soldiers go to war on our own roast beef, not on any French rubbish. Can we rely on you?

Colonel Robertson: You can say that sir, I cannot.

Chairman: Thank you. That is the end of our hearing.

⁶ *Note by witness:* In the early 1990's the MoD inspected the abattoir in the Falkland Islands to determine whether the facility and its products would meet the required specifications. At that time neither the abattoir nor the product, mutton, was approved. The Falkland Islands now have an EC approved abattoir and a special cross breed of sheep that meets the required quality standards. At present the forces personnel in the Falkland Islands are provisioned solely through the Armed Services food supply contract and therefore all food products are imported into the country. Angliss UK one of the meat suppliers to the new Armed Forces food supply contract, which commenced on 1 October 2006, have procured lamb products from the Falkland Islands as well as many other countries from around the world. It is therefore entirely conceivable that lamb products procured from the Falkland Islands return through the Armed Forces food supply contract. Due to the combination of the suppliers purchasing pattern and the delivery timescales to the Falkland Islands, we would need to conduct a survey over a period of at least four months to determine exactly what proportion of Falkland Island lamb returns to source.

Memorandum submitted by the Department for Education and Skills

SCHOOL FOOD

I thought it would be helpful to the Committee if I sent a note about the major new package of measures and additional funding which the Secretary of State announced on 4 September to complement the beginning of the new school food standards. The full package includes:

- £240 million from 2008 until 2011 to subsidise ingredients;
- a set of measures around kitchens, including targeted capital support for school kitchens from 2008;
- a non-statutory pupil entitlement to learn to cook;
- an expectation that all school cooks will have access to training, which will be supported by new qualifications and the development of a network of regional training kitchens;
- activity supporting small and local food producers, led by the Department for Food and Rural Affairs (Defra), to create regional or sub-regional groups that would be invited to bid to supply school food; securing greater commitment to the Government's Public Sector Food Procurement Initiative from leaders in the education sector (and other public sectors); and
- a programme of activity to reconnect young people with the food chain, farming and the countryside.

THE SUBSIDY

A further £240 million will be available between 2008–09 and 2010–11 for improving school food which will be to support the costs of school lunch ingredients and weighted towards areas of greatest social need.

It should be treated as additional to current levels of expenditure on ingredients and viewed as transitional funding to help manage, in the medium term, the increased costs of introducing healthier school lunches that meet the new nutritional standards and, in so doing, help keep down the price charged to parents for a school lunch.

We will be consulting stakeholders later on the details of how it will be distributed.

A SPECIFIC FUND FOR BUILDING KITCHENS

There will be a set of measures around kitchens. These include:

- The availability of targeted capital support from 2008 for local authorities who cannot otherwise afford to introduce kitchens in schools from existing capital resources.
- New Design Guidance on kitchens and dining areas to be published in early 2007.
- Reinforced messages about building kitchens in other existing guidance.
- A planned review of the School Premises Regulations with a view to reflecting better our school food policy including greater specification on the standards that kitchens should reach.

AN ENTITLEMENT TO LEARN TO COOK

There will be a new entitlement from 2008, for all pupils starting secondary school from that year onwards to learn to cook. By the time they are 16 (ie by 2013 for the first 11–16 year old cohort), they will have learned to cook, as well as about diet and nutrition, hygiene and safety, and wise food shopping. There will be a new food curriculum as part of the review of Key Stage 3, and schools will be able to choose whether to teach cookery in normal lesson time, or during clubs and activity weeks. Support for schools to deliver the entitlement is under consideration. We envisage a national network of cooking centres so every school has advice and support on teaching cookery.

TRAINING KITCHENS

There will be a network of training kitchens for school catering staff established to act as centres of excellence. Further work on developing this proposal is currently underway including looking at how this network would fit into existing provision in schools, colleges and by private providers. There will be funding of £2 million in 2007–08 to support the establishment of this network.

New catering qualifications will be available from this September. Catering staff will be able to take units at levels 2 and 3 in food safety, preparing and cooking healthier meals and the development and introduction of recipes by taking units which we have added to the Support Work in School qualification (SWiS).

These formal qualifications will be supported by training materials from People 1st (the Sector Skills Council for the catering industry) including a DVD with recipe demonstrations which will be available later in the autumn. The School Food Trust is also developing Teachers' TV programme and holding a series of Cooks' Conferences to help motivate and support the development of a network of school cooks.

INCREASING TENDERING OPPORTUNITIES FOR SMALL AND LOCAL PRODUCERS

This Defra-led package of activity will consist of:

- supporting small and local food producers to create regional or sub-regional groups that would be invited to bid to supply school food;
- increasing demand for more sustainable food through a range of activities designed to secure greater engagement with the Government's Public Sector Food Procurement Initiative (which includes encouraging more small and local producers to supply public sector bodies as one of its aims);
- securing greater commitment to the Government's Public Sector Food Procurement Initiative from leaders in the education sector (and other public sectors); and
- a programme of activity to reconnect young people with the food chain, farming and the countryside. This includes having a Year of Food and Farming in the education sector.

Mrs Helen Williams CB

Director, School Curriculum and Pupil Well-Being
Department for Education and Skills

Supplementary memorandum submitted by the Department for Education and Skills

Questions 85–87 (Mr Richard Bacon): *Information on the School Food Trust*

The School Food Trust was set up in 2005 with £15 million of funding from the Department for Education and Skills to promote the education and health of children and young people by improving the quality of food supplied and consumed in schools.

Following the Government's response to the report "Turning the Tables: Transforming School Food" published by the School Meals Review Panel in October 2005, the Trust is now charged with taking forward the transformation of school food and food skills to improve health and education for school age children and young people. The Trust's Strategic Plan sets out, at a high-level, how the Trust plans to do so during the current Spending Review period and beyond.

This transformation of school food and food skills is critical to the health of a generation of children and will have a significant impact on our economy. Obesity in children is rapidly increasing, children's knowledge of where food comes from has diminished and cooking skills across communities are declining. The Government believes that unless we act now, the next generation faces a bleak future of ill-health.

Key goals for the Trust to achieve are to:

- ensure all schools meet the food based and nutrient-based standards for lunch and non-lunch food;
- increase the uptake of school meals;
- reduce diet-related inequalities in childhood through food education and school based initiatives; and
- improve food skills through food education, and school and community initiatives.

The high-level activities of the Trust can be broadly divided into the following areas; DfES has set targets under each heading as follows:

Facilitating change

1. Deliver advice on the standards for school food other than school lunch by February 2006.
2. Produce guidance on the implementation of the new food-based standards for (i) school catering staff and (ii) head teachers and governors by June 2006 and for (iii) parents and (iv) children and young people in the autumn 2006.
3. Produce guidance on the implementation of the new nutrient-based standards for (i) school catering staff (ii) head teachers and governors and (iii) parents, children and young people during 2007.
4. Identify and promote high impact changes for delivery of improved nutrition to school children by September 2007.

5. Work with Department for Rural Affairs (Defra), the Government Office for the Regions and DfES's Centre for Procurement Performance in taking forward the Public Sector Food Procurement Initiative including, for example, looking for efficiencies on the supply side.

6. Work with schools, local authorities and others to understand and, where possible, overcome the barriers to transforming school food and develop a strategy to increase demand for school lunches by at least 4% by March 2008 and 10% by autumn 2009.

Championing the workforce

7. Contribute to the development of qualifications for school catering staff, including helping DfES steer the work of People 1st (the Sector Skills Council for the Hospitality, Leisure, Travel and Tourism industries) is doing to develop qualifications for school catering staff, and promote the take-up of qualifications.

Building coalitions for improvement

8. Develop a communications programme with other relevant bodies such as schools, local authorities and voluntary bodies to engage parents on the wider issue of healthier food, by December 2006.

Making the case for change

9. Deliver authoritative academic study of the health, educational, behavioural and economic costs and benefits of investing in good school food by July 2007.

10. Work with the Office for Standards in Education (OFSTED) to develop a means of measuring progress in the dietary health of children and young people in school by the end of 2006.

Food skills for the wider school community

11. Research and develop a programme of activity to improve the cooking skills and food knowledge of children and the wider community outside the school day by spring 2007.

Under their Chief Executive, the Trust employs the following teams:

Delivery Team—delivering all activities that fall under “Facilitating Change”, “Championing the Workforce”, “Building Coalitions for Improvement” and “Food Skills for the Wider Community”;

Research Team—carrying out the research and activities that fall under “Making the Case for Change” section of the work programme;

Communications Team—campaigns and external communications with the media, Government and the public; publications, events and website creation and maintenance; and

Corporate Services Team—corporate support functions and day-to-day operations eg HR, Finance, IT and Training.

The Trust has been granted £15 million for its work in the current Spending Review period. £1 million was granted in 2005–06 during the start up period, £7 million in the current financial year and £7 million for 2007–08. In the present year (2006–07), the Trust plans to use its resources as follows:

	£	%
Salaries	1,229,380	18
Programme Costs	3,856,546	55
Admin costs	1,549,028	22
Fundraising	300,000	4
Capital	65,046	1
Total	7,000,000	100

The above information is an updated version of information set out in the Strategic Plan of the School Food Trust, which can be viewed in full (28 pages) on its web site at <http://www.schoolfoodtrust.org.uk/UploadDocs/Contents/Documents/SFT%20Strategic%20Plan%2029032006.pdf>

Mrs Helen Williams CB
Director (Curriculum and Pupil Well-being),
Department for Education and Skills

Supplementary memorandum submitted by the National Audit Office

Question 36 (Mr Sadiq Khan): *Contribution of improved food procurement to wider procurement savings as part of the Government's efficiency programme.*

The target of £7.17 billion by 2007–08 of efficiency savings in public sector procurement, one of the efficiency streams under the Government's Efficiency Programme¹, is based on target gains from 84 individual projects:

- 52 projects have no connection with food or catering services (for example the largest project by value relates to the procurement of pharmaceuticals for the NHS).
- A further 30 projects are unlikely to encompass efficiencies relating to food or catering services. (In some cases the target saving is expressed as a percentage of an administrative or procurement budget where it is possible that food and catering efficiencies in these areas will make a small contribution to the total gain).
- The remaining two projects encompass a number of separate initiatives, and form part of the Efficiency Programmes for the Department of Health and the Ministry of Defence. Within these projects two initiatives (the letting of national food contracts by NHS PASA and the re-letting of the main MoD food contract) have savings directly related to efficiencies in food and catering totalling £26.4 million.

Questions 94 & 95 (Mr Richard Bacon): *Number of CIPS qualified personnel across the public sector.*

The number of designated procurement officials who hold Chartered Institute of Purchasing and Supply (CIPS) qualifications in the public sector as at 31 March 2006 was²:

<i>Central government</i>	
Central civil	855
Defence	417
Justice and judicial activities	53
Regulation	4
Total	1,329
<i>Wider public sector</i>	
Local government	675
Health*	547
Higher Education	290
Public security, law and order activities	142
Fire Service	32
Other Education	22
Other (not specified)	5
Total	1,713
Overall Total	3,042

* The figure of 547 for health includes staff within NHS PASA and a small number of personnel with CIPS qualifications based in the Department of Health or its other Executive Agencies.

In addition, 2,837 people from public bodies are currently studying for the CIPS qualification.

OGC advise that there is no readily available data on the number of designated procurement officials in the public sector. This is because, for example, many spend only part of their time on procurement and are therefore difficult to classify. It is not possible therefore to calculate with any certainty the proportion holding CIPS qualifications.

However, a survey conducted as part of the NAO study on "Improving Procurement" (published in March 2004) found that 23% of designated central government procurement staff were CIPS qualified.³ The survey covered 86 central civil government bodies employing 2,944 staff involved in procurement and accounting for more than £15 billion of central government expenditure on goods and services.

¹ C&AGs Report, *Smarter Food Procurement in the Public Sector* (HC963-I, Session 2005–06), 1st bullet, paragraph 1.4, page 21.

² Data supplied by the Chartered Institute of Purchasing and Supply via the Office of Government Commerce.

³ C&AGs Report, *Improving Procurement* (HC361-I, Session 2003–04).