Bringing the Marches Dynamic Food Procurement System (DFPS) to life

Project executive Summary
March 2023
2-minute briefing

National procurement policies are changing. There will be new opportunities (and challenges) for procuring food for the public plate, especially school meals.

Food champions in Marches local authorities aim to align procurement with strategic goals for: reducing carbon; valuing local economies; fostering more sustainable production; a healthy, high quality public plate; and reducing food waste. Changing from existing frameworks and individual school contracts to a regional Dynamic Food Procurement System (DFPS) has been proposed as a way forward. This scoping project investigated the potential for a Marches DFPS.

We found:

- Some long-term potential but insufficient robust evidence to determine likely benefits and justify a business case for a DFPS.
- Valuable shared learning among Marches authorities but challenges and trade-offs for procuring collectively.

We recommend:

- An evolutionary approach – neither ‘all change’ nor ‘no change’ are prudent.
- Establishing better baseline data to inform procurement decisions and track progress.
- Building a future roadmap to identify specific objectives and tailor practical solutions and supply-side requirements.
About the project

A team from the CCRI and Gloucestershire Food and Farming Partnership were commissioned by local authority and food network partners to assess the viability of a Dynamic Food Procurement System (DFPS) for supplying the public plate in the Marches region.

A DFPS is a legally permissible alternative to typical framework contracts, which:

- Enables multiple SME producers to pre-qualify for supply at any time.
- Allows on-site catering staff to select from available produce through an intermediary online platform.

We examined the three key research questions shown at right.

Fostering an enterprising countryside
Drivers for change

National procurement policies are changing

There are clear drivers for innovation and change in the national procurement landscape. These include new post-Brexit UK procurement rules (expected 2024) and current Welsh bills for socially responsible procurement. Future procurement decisions will also be impacted by ambitious carbon reduction plans.

The Welsh Universal Primary Free School Meals roll-out (to 2024) will significantly increase demand and requires new resources and on-site investment.

Food systems are a target for change

Momentum for changing food systems is gathering pace in response to climate, health, and local supply concerns. The independent National Food Strategy recently observed that public food procurement is currently “dominated by a small number of larger suppliers” creating “little incentive for innovation and improvement”.

Marches partners have committed to Sustainable Food Places network membership. This includes a commitment to “transforming catering and procurement and revitalising local and sustainable food supply chains”.

Fostering an enterprising countryside
Policy goals and project guiding principles

We identified **five key policy goals** among the Marches partners. These priorities were not shared equally by all stakeholders.

- **Reducing carbon**
- **Valuing local economies**
- **Fostering sustainable production**
- **A healthy, high quality public plate**
- **Tackling food waste**

In reaching recommendations, we applied the following **guiding principles** to the project.

- **Public value**
  - Procurement decisions must represent value for public funds.

- **Social value**
  - Procurement decisions should consider social value.

- **Duty of care**
  - Many public plate consumers (e.g. children, patients) are vulnerable.

- **Legal compliance**
  - Procurement decisions must comply with relevant regulation.

- **Accountability**
  - Local government is accountable to voters. Decisions need an evidence base that stands scrutiny.
<table>
<thead>
<tr>
<th>Headline findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>323 local authority maintained schools</strong></td>
</tr>
<tr>
<td>c.42,000 primary students</td>
</tr>
<tr>
<td>c.17,000 secondary students</td>
</tr>
<tr>
<td>c.36,000 free school meals per day (2024)</td>
</tr>
<tr>
<td>Est. £5.6m annual food-only spend (free meals)</td>
</tr>
</tbody>
</table>

| **12,475 farm holdings** |
| 79.4% of land area farmed |
| 31.2 million commercial livestock |
| 500+ fruit and vegetable growers |
| Over 2-hour travel time across the Marches |

| **c.1,250 road transport firms** |
| c.120 small freight & warehouse firms |
| No single hub could efficiently serve the region |
| Potential for north and south hubs |

Fostering an **enterprising** countryside
## SCOC analysis

### Internal strengths
- Enthusiastic champions.
- Long-term engagement with food issues.
- Ambitions for joined-up ways of working within authorities.
- Structures for working together.
- Some strong producer counties.
- Strong political priorities and will to act.
- Learning from pilot initiatives and previous research.
- Potential for regional demand agglomeration.

### Internal challenges
- Varying procurement models between counties.
- Varying policy goals.
- Lack of data detail and transparency.
- On-site kitchen availability and catering staff retention.
- Political risk of price increases.
- De-centralised and disparate provision.
- Food initiatives reliant on short-term funding.
- Champions and decision-makers may be different.
- Missing supply channels and processing capacity.
- Differing meanings of 'local'.
- Task magnitude.
- Capacity for extensive market engagement.

### External opportunities
- Good relationships with existing trusted suppliers.
- Strengthening collaboration.
- Improving supply chain flexibility and resilience.
- Tools for data transparency and category management.
- Potentially enabling new national policy landscape.
- Sectoral drivers for change.
- Potential for future funding.
- New technology platforms and providers.
- DPUK support and advice.

### External challenges
- Risk to relationships with other procurement partners and opportunity costs.
- Food is a ‘touchy’ public issue.
- Limitations on what is farmed locally.
- External contracts (e.g. milk producers) limit local supply.
- Differing governance in Wales and England.
- Complex issues requiring systemic changes.
- Dense regulation and compliance requirements.
- Exposure to re-localisation by other regions.
- Policy landscape undergoing review.
Conclusions

RQ1: Is a DFPS likely to be an effective mechanism for delivering policy goals?

Our research indicates:

- A DFPS may offer long-term potential for shortening supply chains, distributing power across supply chains, and enabling new entrants and current stakeholders to optimise opportunity at the speed of the market.

- Current procurement data has quantity and quality gaps that restrict local authorities’ ability to defend value and demonstrate achievement. DFPS software solutions do have potential to improve transparency and track progress against policy goals across the supply chain and provide real-time data to support informed decision-making.

- Partners should be cautious in expecting a DFPS to deliver a broader range of goals, especially where the system has not been designed for those goals.

- New opportunities (and challenges) are emerging from changing procurement policy drivers. Taking no action in the face of this changing landscape also presents risk. Local authorities can demonstrate prudent leadership that lays foundations for future change.
Conclusions

RQ2: Is the Marches regional scale appropriate for achieving these goals?

We consider:

- While some goals (such as carbon reduction) could be celebrated at regional scale, local economic goals are typically county-first. Differences between counties make it unlikely that benefits will be equally shared and introduce potential new trade-offs.

- Realising a Marches-scale approach in practice will require aligning goals towards a clear set of agreed requirements that can be specifically designed, costed, and evaluated and at that point the most suitable solutions found.

- Our exploratory research cannot with confidence offer evidence that a Marches scale for action is optimal in contrast to other existing procurement partnerships or single authority strategies.

- The Marches scale does offer a community of practice for sharing learning between authorities.

Fostering an enterprising countryside
Conclusions

RQ3: Is a Marches regional scale likely to be viable for implementing a DFPS?

Our findings suggest:

- There is **insufficient evidence** to conclude that positive results from the B&NES trial could be replicated by implementing a DFPS in a Marches context at an unprecedented regional scale.
  - Potential software vendor Equilibrium Markets would be scaling its own business operation.

- Public plate procurement is **complex with multiple dependencies**. The scale and impact of a Marches DFPS implementation will be substantial, disruptive, and costly. There remain many **unknowns** about whether the achievable outcomes will merit the required endeavour.
  - Procurement professionals are understandably reluctant to change systems without compelling evidence and a practical roadmap.

- There remains significant potential for stakeholders over the duration of current framework contracts to **co-design focused action research** in line with our recommendations, to embrace innovative solutions and develop a roadmap for delivering procurement priorities into the future.
Recommendation: Evolutionary Approach

A step-change in informed decision-making

Establishing robust, comparable baseline data across all five key policy goals remains vital for identifying actionable gaps in current procurement practices, designing optimum solutions, and effectively tracking future progress.

Siloed and opaque procurement and supply chain data should be tackled. We recommend exploring opportunities to integrate real-time, actionable data for category management that can substantiate strategic benefits.

Co-creating value with suppliers

Existing positive supplier relationships are an asset. Further work could assess suppliers’ willingness to integrate local SMEs and the practical constraints. We recommend identifying responsibilities and resources for tackling those constraints.

Suppliers will also need to respond to new policy drivers. This is an opportunity to encourage mutually beneficial change, including through improved data transparency and developing realistic stretch targets for future supply competitions.

Fostering an enterprising countryside
Recommendation: Evolutionary Approach

Tailoring technology to drive solutions

Technological innovations have real potential to transform procurement. Technology alone cannot deliver policy goals – although tailored options can support and enable progress. We recommend that Marches partners determine specific requirements that can lead to optimum market solutions (rather than vice versa).

This can be linked to more demanding targets that drive solutions from contractors.

Allowing uncertainties to resolve

Regulatory changes will become clearer and embed over time. Proactivity is prudent, but drastic anticipatory action poses risks. We recommend combining a watchful approach in the short-term with building an adaptive future roadmap.

We also encourage Marches partners to maintain a watching brief on supply-side developments. Notable emerging changes include how the farming community adjusts to a more environmentally-oriented post-Brexit payment landscape, and efforts to establish robust regenerative agricultural standards and certification schemes.

Fostering an enterprising countryside
Pathway to future funding

- Our research reiterates the potential for Marches partners to **strengthen collaboration and work towards shared policy goals.**

- We have identified specific research areas required to **develop the evidence base** to inform robust decision-making and future evaluation.

- Evolutionary transitions to shorter, more transparent supply chains offer **opportunities for innovation and experimentation** and could lead towards (elements of) a DFPS in future.

- Dixon Foundation Level 2 funding offers one £100K **match-funded loan** to the first region showing evidence of commitment to implementing a DFPS and short supply chain infrastructure.
  - It is realistic to view the call as an invitation to develop a roadmap for next-stage evidence gathering towards delivering shared policy goals.
  - The call itself should not direct decision-making.

- A clear roadmap will help **identify future funding** sources that can enable tailored action.
**Project outcomes**

Having considered the findings, the Marches partners have agreed to:

- Take a pause and reflect on the next steps.
- In the interim to undertake additional stakeholder mapping of current strategies and operating models with a view to aligning practices on a Marches level, working with the evolving Marches Strategic Partnership.
- Improve the collective understanding of differing procurement mechanisms, demands and contracting with wholesalers across the region.
- Identify opportunities to help make supplying produce to the public sector, more attractive to local producers and suppliers by improving support.
- Work more closely with wholesalers to identify and encourage more local sourcing.

Fostering an enterprising countryside
Project delivery team: Bryonny Goodwin-Hawkins, Lucy Barkley, Robert Berry (CCRI); Gill Reindl, Ben Dent (Gloucestershire Food & Farming Partnership)

Contact: bgoodwinhawkins@glos.ac.uk

www.nicre.co.uk  
@NICRErural  
National Innovation Centre for Rural Enterprise