



**“Marketing Sustainable
Agriculture:
An analysis of the potential role
of new food supply chains in
sustainable rural development”**

SUS-CHAIN
QLK5-CT-2002-01349

**Policy Recommendations and Practical Protocols
UK National Report**

by

James Kirwan and Bill Vorley

SUS-CHAIN deliverables no. 20 & 21



“Marketing Sustainable Agriculture:
An analysis of the potential role of new food
supply chains in sustainable rural development”

SUS-CHAIN - QLK5-CT-2002-01349

*Policy Recommendations and Practical
Protocols
UK National Report
Deliverables D.20 and D.21*

Prepared by:

James KIRWAN

Countryside and Community Research Unit
University of Gloucestershire

Bill VORLEY

International Institute for Environment and Development

Date:

June 2006

TABLE OF CONTENTS

1	Introduction	5
2	Policy recommendations: the Cornwall Food Programme	5
3	Policy recommendations: supermarket procurement of local food in the South East of England	7
4	Practical protocols: the Cornwall Food Programme	8
5	Practical protocols: supermarket procurement of local food in the South East of England	10

1 Introduction

This report covers two deliverables within the overall SUS-CHAIN project: D.20 - Policy Recommendations, and D.21 - Practical Protocols. In both cases these deliverables have been based upon all previous Workpackages, although most notably Workpackage 5 - the case studies. It is a national level report and is therefore based upon the two UK case studies undertaken: *the Cornwall Food Programme* and *Supermarket Procurement of Local Food in the South East of England*. The resultant recommendations and protocols have been corroborated by actors directly involved in each of the cases studies at a series of both national and regional seminars.

2 Policy recommendations: the Cornwall Food Programme

- There is a need to link the policy agendas of various government departments, such as the Department of Health (DoH) and the Department for the Environment, Food and Rural Affairs (DEFRA), and to develop a joined-up health policy that considers a 20-30 year time frame. This policy then needs to be communicated as a clear and simple message to the potential implementers of this policy, but also to the general public.
- The Cornwall Food Programme (CFP) has been at the vanguard of public procurement policy, directly influencing Central Government policy. However, the CFP needs to be understood as an exemplar that shows how National Health Service (NHS) procurement can become more sustainable, rather than a model that can be directly replicated elsewhere. In response, advocacy of such an approach by Central Government can send the right signals to actors in other areas considering changes to their procurement policy. Similarly, NGOs have an important role in mobilising public opinion and legitimising particular approaches (such as the CFP) within their areas of influence.
- There is a need to facilitate the wider dissemination of 'best practice' as exemplified by the CFP. Key to this process is empowering individual NHS trusts and ensuring that they have both the confidence and competence to develop their own version of sustainable public procurement.
- Policy makers should acknowledge the validity of initiatives promoting values that are not based exclusively on commercial success: i.e. there is a need to consider metrics of evaluation that more broadly consider what 'best value' may mean; incorporating social, health and environmental dimensions in addition to economic ones. In this sense, public procurement should be understood as an holistic approach to sustainable development that has a wide range of potential benefits, even though they may be difficult to quantify in economic terms.

- There is a clear requirement for further research that can more directly quantify the relationship between the food that is served in hospitals and the time taken for patients to get better and leave hospital, and funding should be made available for this purpose.
- NHS hospital procurement (and indeed other public procurement initiatives) should be acknowledged and promoted as key players in the development of sustainable economies, and indeed communities: integral to them, rather than part of a detached monolith.
- It is important to recognise that different actors have different agendas, objectives and targets. For example, actors may be concerned primarily with regional economic development; animal welfare; protecting landscapes; diet and nutrition; 'food miles' or CO² emissions etc. In developing new initiatives, it then becomes crucial to recognise how they might have the potential to address a number of these agendas, allowing a range of public (and indeed private) bodies to converge around the initiative. Policy guidance is needed that encourages public bodies to identify these opportunities, enabling synergy in the pursuit of their individual agendas. The alliances formed must be of strategic importance to all the stakeholders concerned, and good communication and a sense of ownership are important elements of this.
- There is a need to recognise the importance of agriculture and land-based industries within the region concerned, and the role that innovation in the food supply chain can play in their 'sustainable' development (this was clearly very important in Cornwall, engaging the interest of such bodies as the Cornwall Agricultural Council Development Team (CACDT), Government Office South West (GOSW) and the South West Regional Development Agency (SWRDA)).
- NGOs and public support mechanisms should facilitate the building of strategic alliances and strong support networks that can relate to, and feed in to, the ongoing development of an initiative. For example:
 - direct support (e.g. seed money to pay for the salary of a dedicated food supply chain (FSC) manager, or to commission a feasibility study);
 - indirect support (e.g. regulatory, advocacy and training);
 - support for the ongoing development of the initiative (e.g. organisational coordination); and
 - support for individual actors within the network (e.g. producers, processors, suppliers and procurers).
- There is an ongoing need to raise awareness amongst the general public about the relationship between diet and health. Hospitals have an important role to play in this respect through communicating what is a suitable diet to their patients: i.e. they have a role over and above simply providing good food while patients are in hospital. While individual initiatives, such as the CFP, can contribute to raising awareness levels, the Government needs to ensure that they are actively encouraging a cultural change in peoples' diets that more directly acknowledges the linkage between diet and health.

- Food and diet should be given a higher priority in the school curriculum, so that initiatives such as the CFP are part of a wider cultural change in the way in which society views the relationship between food, communities, health and the economy, rather than being an isolated beacon.
- Over the past 10-15 years, the NHS has been engaged in de-skilling its catering workforce, most notably through the closure of hospital kitchens. This process needs to be reversed, or else there is a danger that even where local supplies of food can be sourced, there are no longer the skills available to maximise its benefits. In this respect, it is important to ensure that any new hospitals being built have in-house catering facilities, in much the same way that new schools are now required to do so.
- Likewise, there is a need to proactively advocate (hospital) catering as an interesting and rewarding career. Policy initiatives should encourage the development of training and educational facilities for catering and associated food processing.

3 Policy recommendations: supermarket procurement of local food in the South East of England

- The 'sustainability' of agrifood chains is increasingly measured in terms of the locality of procurement. With the advent of concerns about 'food miles' and carbon constraints, and the disconnection between food production and consumption, there have been growing calls for the localisation of national food procurement and distribution systems. These calls for local sourcing are aimed at both the big institutional markets *and* national grocery chains, and since 2002 have been engrained in UK national policy, through the Government's Strategy for Sustainable Food and Farming; local food was one of seven initiatives identified as important in the process of reconnection for sustainable development
- But it is clear that supermarket sourcing of local food in the South East of England, and in particular from the High Weald, has had minimal impact on the development of the rural economy, let alone the rural environment. At least in the South East of England, they have singularly failed to make any significant economic impact through the development of local foods.
- The rather weak commercial performance of local food in supermarkets, and the inability of supermarkets to scale up sales of local food, has been attributed in part to a lack of state backing. One gap identified by the private sector is a state role in public education, on the connection between consumption decisions and citizenship/sustainability. There is a need for the Strategy for Sustainable Food and Farming to be pushed with serious resources, also to bring the private sector more firmly behind the national strategy.

- The only effective institutions of public policy support in the UK for local food - the regional food groups - are constrained by their scope of operation. There are big problems of disconnect between *political* boundaries of local food and *landscape* boundaries of areas such as the High Weald. Substantial public sector intervention at the regional level – through technical support and laws to develop and promote local, typical and ‘sustainable’ produce – has been an important element of success in Unicoop Firenze in Italy.
- It is important to note that the economic case for local procurement is itself very poorly developed. While there can be no doubt that local sourcing does add value to local businesses, empirical analysis is required on the wider implications of local sourcing and its benefits to local economies. Such analysis could be important evidence in support of corporate backing for more profound engagement in local procurement.
- Furthermore, the environmental or ecological benefits of local sourcing are contested and poorly analysed - this is another research gap that must be filled, if local sourcing is to become a cornerstone of building a food system which can operate in an era of expensive fuel and carbon constraints. It is important to highlight that, beyond the broad corporate objectives relating ethical sourcing and responsible retailing, none of the UK supermarkets have espoused any direct interest in tackling environmental or ecological challenges through local sourcing.

4 Practical protocols: the Cornwall Food Programme

- A clear strategic vision with definite objectives and targets needs to be set, and this needs to be communicated to all of those who are involved, or are likely to become involved in the initiative. There is a need to achieve a common understanding of the aims of the initiative, and to mobilise the support of those who might influence its development. This requires strong leadership, and in the initial phase may be best served by a ‘charismatic’, ‘bullish’ leader: there is little scope for equivocation in driving the agenda forward.
- Communication, alliance building, partnership and cooperation are key to recognising that the initiative concerned can address the agendas of those involved, thereby achieving a commonality of interest and encouraging actors to mobilise and actively engage with/support the initiative to create a robust and stable network.
- Having identified that different actors may have different objectives, it is important to protect against divergence as the initiative develops. When opting for a specific development path, be aware of interlocking or path

dependency that can retain stakeholder interest and ensure that good communication and relations are actively maintained.

- It is important to embed the initiative within the area/region in which it is set. In conjunction with good avenues of communication amongst the actors involved, this can help build a sense of ownership and empowerment, as opposed to the initiative being seen as an external imposition (certainly the CFP has benefited from its sense of identity with Cornwall).
- Within the hospital trust(s) itself/themselves, it is vital to get all of those involved supporting the initiative, ranging from the chief executive, catering manager, catering staff etc.. It is a case of winning over hearts and minds and changing the attitudes of those responsible for food procurement in the NHS. Commitment, enthusiasm and determination are vital ingredients to success.
- Accessing funding to conduct a feasibility study can be important, as a well researched feasibility study can help engender support for the nascent initiative and attract further funding (as was the case with the CFP). It is often a lack of time as a resource, rather than money *per se*, that can hinder the development of a local procurement initiative.
- A large-scale hospital procurement contract can provide a 'critical mass' for local suppliers/producers, providing them with the opportunity to develop the scale and scope of their business. In addition, relatively long-term contracts (3-5 years) can provide a degree of stability. However, it is critical to communicate this opportunity throughout the FSC and to actively engage with the local suppliers/producers (as the Sustainable Food Development Manager has done for the CFP). The initiative needs to be positively viewed as a *partner*, rather than as an adversary.
- The coordination and distribution of local food produce is likely to be a barrier to the development of more sustainable public procurement. Using existing structures more sustainably, most notably locally-oriented wholesalers, is a realistic option. While the use of local producers may increase the potential economic benefits of re-localising procurement, this may often be impractical, at least in the first instance. Local wholesalers are likely to employ local people, as well as spending a relatively high percentage of their profits within the locality and therefore represent a positive compromise.
- Knowing where to start is often a problem for public procurement supply chain managers seeking to re-localise their procurement practices. However, the CFP managers have made it clear that they are quite willing to make any of their findings available to NHS Trusts in other areas, saving them the expense of replicating work. Their advice is also to start with what you have got (in terms of local produce); celebrate it, and try and draw in wider support (which is how the CFP started).
- There needs to be a political will at hospital trust level to give local businesses a chance to supply the hospitals. Nevertheless, whatever public or

private support may be available to local suppliers and producers, they must take responsibility for their own businesses and ensure that they are able to supply what the procurer requires/demands.

- EU contract tendering regulations do not seem to be a major encumbrance to the development of a more localised system of public procurement (for example, seasonal produce can be specified, as well as produce with particular qualities). However, there is a need to ensure that local and national contracts complement each other, rather than fight against each other.
- Seasonal hospital menus can be designed to help favour local suppliers by reflecting what is available locally at particular times of the year.
- It is not enough to simply identify a problem, and to then suggest an alternative. The problem needs to be understandable, refined and articulated in such a way that the necessary actors become interested enough in the proposed alternative to engage with, and support, the emerging network: in this case, the CFP.
- Ultimately, the organisational structure must be such that the strategic vision of the initiative is fulfilled, otherwise there is a danger that the participants will become dissatisfied and the initiative fail.

5 Practical protocols: supermarket procurement of local food in the South East of England

- Centralised buying policies are the biggest constraint to scaling up procurement of local foods. Developing a local and regional food offer by supermarkets which goes beyond a low-level token exercise, and which establishes a national retailer as locally embedded, might involve regionalising parts of procurement, and empowering store managers, through devolving some responsibility to them at regional and store level. This could be done at three levels:
 1. *National* (and international, via buying groups) of branded products, household products etc. conducted centrally by the Cooperative Retail Trading Group.
 2. *Regional* procurement of commodities such as fresh fruit and vegetables in season, milk, meat and seafood. These categories would be selected by a partnership of regional managers and store managers, based on the region's comparative strengths. In order to contain costs, this level can work through regional procurement and distribution hubs such as CPM, managed via an adapted product tracking system.
 3. *Local* store-level procurement of local specialities, such as preserves and wines, selected by store managers, but complying with corporate standards. Local staff are much more likely to have

a feel for which local products stand the greatest chance of succeeding. In operational terms, the simplest way to accommodate this change would be for each store to have some space allocated explicitly for local foods, over which store managers would have discretion. Procurement at even store-level can be rationalised through the use of specialised wholesalers or distribution hubs.

- In order for this arrangement to not add costs, level 2 (regional) procurement can be managed via regional distribution centres and an adapted product tracking system. Even the Level 3 store-level procurement can be rationalised through the use of specialised broker/wholesalers.
- One of the main barriers to expansion of local foods by supermarkets is the mantra that 'local is not enough'. This report questions the tendency to make presumptions about people's reasons to buy local. With a powerful broad message such as local, with multiple motivations such as freshness, food miles, and support for the rural economy, it may be a mistake to narrow its appeal or impose motivation on buyers.
- Modification of procurement systems must be accompanied by changes in management culture, to create a facilitating environment for the flexibility and innovation which a local procurement strategy demands.
- Local procurement is a means for a national supermarket to differentiate itself in the marketplace, though re-embedding itself in the community. But embeddedness is not built easily. It is reliant on a complexity of networks, often a charismatic individual, and a lot of work. If a national retailer tries to short-cut the process of local embeddedness, for instance through arms-length procurement with low-level contacts with local producers and processors, then embeddedness will be shallow and easily reversed once the 'fashion' for local food fades. There is a distinct threat to the credibility of the 'local' brand through scaling up via supermarkets, with retailers accused of co-opting or diluting the brand, and this risk is much greater if supermarkets are perceived to be opportunistic players.