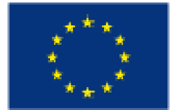

European Commission

THE FIFTH FRAMEWORK PROGRAMME 1998-2002

QUALITY OF LIFE AND MANAGEMENT OF LIVING RESOURCES

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

SUS-CHAIN

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THE CORNWALL FOOD PROGRAMME

Case study report

By
Carolyn Foster
James Kirwan
Bill Slee

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UNIVERSITY OF GLOUCESTERSHIRE
Countryside and Community Research Unit

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SUSTAINABLE FOOD PROCUREMENT IN THE NATIONAL HEALTH SERVICE

Case study report

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ABBREVIATIONS

AONB	Area of Outstanding Natural Beauty
CACDT	Cornwall Agricultural Council Development Team
CA	Countryside Agency
CFP	Cornwall Food Programme
CHESS	Cornwall Healthcare Estates and Support Services
CPT	Cornwall Partnership Trust
CPU	Central Production Unit
Defra	Department of Environment, Food and Rural Affairs
DoH	Department of Health
FS	Feasibility Study
GDP	Gross Domestic Product
GOSW	Government Office for the South West
NDHT	Northern Devon Healthcare Trust
NFSC	New Food Supply Chains
NGO	Non-governmental organisation
NHS	National Health Service
OSW	Organic South West
PASA	NHS Purchasing and Supply Agency
PSP	Public sector procurement (of food)
RCH	Royal Cornwall Hospital
RCHT	Royal Cornwall Hospitals Trust
RD&E	Royal Devon and Exeter NHS Foundation Trust
SRD	Sustainable rural development
SHA	Strategic Health Authority
SME	Small and medium sized enterprise
SSFF	Strategy for Sustainable Food and Farming
SWFD	South West Food and Drink
SWLFP	South West Local Food Partnership
SWPSHA	South West Peninsular Strategic Health Authority
SWPSPSG	South West Public Sector Procurement Strategy Group
SWRDA	South West Regional Development Agency
UBWPC	United Bristol & Western NHS Purchasing Consortium

1 INTRODUCTION

1.1 OBJECTIVE

The objective of Workpackage 5 in the SUS-CHAIN project is to carry out a number of diverse case studies across the partner countries that represent innovative and dynamic approaches to enhancing sustainability in European FSCs. Following a state of the art investigation of sustainability in UK food supply chains and a national seminar to which a variety of food chain actors contributed, public sector procurement of food (PSP) was selected as the focus for one of the UK case studies. The public sector covers a range of institutions including local government authorities (schools and social services), hospitals and healthcare facilities, prisons, and central government departments.

This case study concerns the realignment of food procurement practices in the public sector to incorporate the notion of sustainability. Specifically, the case study investigates the procurement of local food in the National Health Service (NHS) in the South West of England. The main unit of analysis is the Cornwall Food Programme, an initiative to develop local and sustainable food sourcing across the NHS in the county of Cornwall. The definition of 'local' varies subtly from stakeholder to stakeholder. Based on definitions given by the Project Director, Mike Pearson, and the Project Manager, Nathan Harrow, we are defining local in this case as preferably from Cornwall or Devon, but also from the nearby counties of Somerset and Dorset, and the wider South West region: "*as local as we can get it*" (Harrow 2004b). At the same time, the priority is on ensuring that food procurement is as sustainable as possible rather than exclusively local: "*Cornwall's quite important to us but we can't buy everything from Cornwall. There are national companies out there that we're more than happy to use*".

The satellite initiative concerns two other NHS trusts in the region, the Royal Devon & Exeter NHS Foundation Trust (RD&E) and Northern Devon Healthcare Trust (NDHT), and one purchasing group, United Bristol & Weston NHS Purchasing Consortium, which procures on behalf of three NHS Trusts in the city of Bristol. The satellite initiatives, whose food procurement practices reflect the general, 'conventional' pattern which exists in the UK as a whole, will act as a point of comparison for the main initiative.

1.2 METHODS AND APPROACH

Work began with an exploration of existing research and other background data on the subject, and preliminary discussions with relevant actors in the field of public sector food procurement. Following this, semi-structured interview guides were developed for external, internal and intermediary stakeholders, and for suppliers. The internal questionnaire was piloted at Bedford NHS Trust in August 2004, following which all the interview guides were revised. Interviewing began in September 2004 and was concluded in January 2005[1].

[1] Details of the interview guides used are given in appendices 1, 2 and 3.

The guidelines for the in-depth qualitative interviews provided for a semi-structured format to establish how the various stakeholders involved in the procurement process relate to it, and to identify the problems and opportunities it affords them. It uses elements of Actor Network Theory as a framework to explore the formation of the network around the Cornwall Food Programme, seeking to establish the strength and stability of the network, as well as identifying any weak points or limitations that could potentially destabilise it.

Interviews were conducted with stakeholders drawn from a range of backgrounds; from those who are integral to the initiative (internal stakeholders), those who are acting in a facilitatory role (intermediary stakeholders), to those who are acting on the periphery but who are nevertheless key to the functioning of the network in its present form (external stakeholders), and the suppliers of food to the RCHT. Interviewees were selected according to their level of involvement in the network (e.g. internal actors) and also with a view to their particular articulation of sustainable rural development in order that all three pillars of sustainability (economic, environmental and social) would be represented in relation to the CFP. The interviews started within the initiative itself, and then worked outwards through stakeholders with successively less direct interests, from suppliers, NHS procurement representatives, regional development authorities to environmental and food NGOs.

Each interview was normally conducted by two researchers. As more respondents were interviewed, relevant issues emerging from previous interviews were also discussed and recorded before each subsequent interview. A total of 26 in-depth interviews were completed with stakeholders involved with the Cornwall Food Programme and 6 interviews for the satellite cases.

Following a qualitative approach, respondents were encouraged to speak freely on issues raised in suggested questions and also any other relevant topics emerging from their own perspective. Hence the interviewer determined the wording and order of the questions posed to the interviewees, based on the specific context of each interview, the stakeholder group represented, and the nature and scope of their responses. The ultimate aim was to engage the respondents in the identification and understanding of the internal and external actors and entities that have shaped and re-shaped the initiative, and how the initiative, in turn, acts as an agent of change in the network within which it is situated and a part of. To explore the complex nature of the initiative and its multidimensional relatedness with the rural development process, the network provides a unifying concept, underpinning relations amongst various actors, agencies, technical and biophysical elements.

2 THE REGION

The CFP initiative is located in the county of Cornwall which is part of the South West region of England. The nature of the region and people's identity with it are core themes which run throughout this case study and have significantly informed the development of the initiative. This section, therefore, seeks to give a flavour of the area in which the case study is set by briefly describing its main features – geography, climate, socio-economic profile – its history, its assets, and the problems and opportunities it is now facing.

2.1 THE SOUTH WEST

The South West is the largest region in England with over 18% of England's land area (23,837 sq. km). It includes the predominantly rural counties of Cornwall and the Isles of Scilly, Devon, Dorset, Gloucestershire, Somerset and Wiltshire with some major urban centres such as Bournemouth & Poole, Plymouth, Swindon, and the region's largest city, Bristol, with a population of over 400,000 (Figure 1). In 2003, the region had almost five million inhabitants (around 8.4% of the UK population) with a population density of 208 people per km^2, lower than the UK average of 244 (ONS, 2003). The predominantly rural counties of Devon, Wiltshire and Cornwall experience the lowest population density with 108, 134 and 143 people per km^2 respectively.

The region's economy is dominated by the service sector, with around 65% of GDP from this sector, 20% from manufacturing, 10% from tourism and 3% from agriculture in 1999 (Cornwall County Council 1999). In terms of economic performance it is one of the fastest growing regions in the UK, although GDP per person remains below the national average.

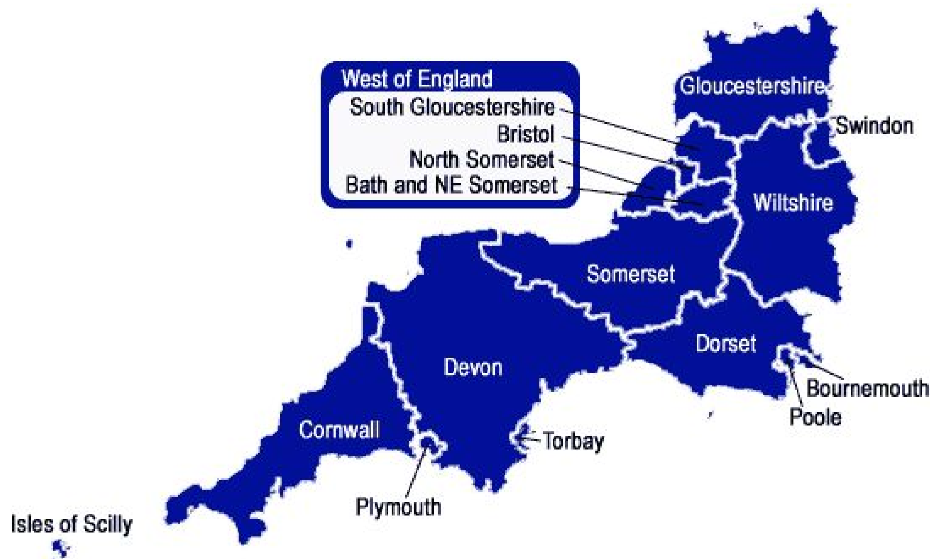

Figure 1: Counties and Unitary Authorities in the South West of England

The region contains a diverse range of landscapes, from uplands in the west, through a variety of hills, woodland, and river valleys, to the wet grassland of the Somerset Levels, Avon Valley and fertile plains in the east. The region is predominantly a peninsula and has a long coastline running from Dorset up to the Severn Estuary at Bristol and South

Gloucestershire, producing a climate which is predominantly mild and wet, with warm winters, cool summers, and high rainfall in exposed upland areas. A third of the region is classified as AONB (Area of Outstanding Natural Beauty), there are two National Parks and Britain's longest national trail, the South West Coast Path, which includes the Dorset and East Devon World Heritage Site known as the Jurassic Coast. The region is noted for its natural beauty as well as its built, cultural and historical heritage and attracts 15 million tourists annually.

As a predominantly rural region (more than 80% of the land is classified as agricultural, the highest percentage of any English region), land-based industries, in particular agriculture, have greatly influenced and shaped the landscape and rural economy of the South West. However, in terms of employment and GDP, dependency on agriculture is relatively low. Only 3.3% of the regional workforce is presently directly employed in agriculture, although this rises to 5.33% in Cornwall, and agriculture accounts for just 2.5% of the region's GDP (Defra 2000; South West Observatory Core Unit 2003). Primary agricultural production is dominated by livestock (beef and sheep) farming followed by dairy farming and arable farming. In the eastern part of the region, arable farming is relatively more important than in the west.

Tourism and agriculture are particularly important to the economies of the more remote rural areas in the west of the region such as Cornwall and Devon; areas which were particularly badly affected by the outbreak of Foot and Mouth disease in 2001.

2.2 CORNWALL

"The region's most distinguishing feature –exacerbating many of the rural development issues it is facing– is its peninsular character and, in places extreme peripherality" (Defra 2000).

In the previous section a picture of the South West was drawn. It is a relatively prosperous region with net in-migration and a healthy GDP contribution. However, there are wide variations across the region in terms of factors such as economic activity, access, and population.

Cornwall is the most westerly of the region's counties, bordered on three sides by the sea, and although it is the second largest county in the South West in terms of area (354,920 hectares), it has the second lowest population density (1.4 people per hectare) and is the region's most peripheral

county in terms of geographical situation, economic activity and prosperity. With a GDP of just 67% of the EU average, it is a designated Objective One area.

The county's isolated geographical position has shaped its development and character considerably. Its remoteness, along with its Celtic origins (up until relatively recently Cornish was still spoken among some of the older inhabitants), has contributed to a strong sense of local identity among Cornish residents. Outside Cornwall, it is recognised for its natural beauty with an image of an unspoilt, pristine and natural rural landscape, and Cornish food has a reputation for quality. These associations are similarly reinforced by its peripherality.

Tourism and food processing and distribution are, consequently, important industries; both accounting for approximately 25% of the county's GDP. Reed *et al.* (2003) estimate that the total food economy is worth over £1 billion per annum. Of this, they estimate that food processing and manufacturing is economically the most important (worth ca. £500 million), followed by agricultural production (worth at least £192 million) and the retail and hospitality sector. Despite (and perhaps because of) the importance of these sectors, Cornwall has a low wage economy linked to the low skilled, part-time and seasonal nature of employment that is associated with tourism, agriculture and the food and drink sector.

3 PUBLIC SECTOR FOOD PROCUREMENT: CONTEXT

The first part of this section describes public sector food procurement and catering in the UK, including the size and structure of the sector. It outlines the rules governing procurement in the UK and describes the emergence of PSP as a 'sustainability issue' and the current trend towards incorporating such considerations in food procurement policy. The second part gives an outline of food procurement practices in other European countries and beyond, focussing in particular on the situation in the SUSCHAIN partner countries. This is followed by a short outline of current food procurement and provision in the National Health Service in Cornwall.

3.1 PUBLIC PROCUREMENT IN THE UK

Catering (public and private) represents ca. 30% of total expenditure on food consumed in the UK and is a growing sector. Public sector catering, which includes schools, hospitals, care homes, prisons and government departments, accounts for ca. 7% of this. The public sector in England spends £1.8 billion (approx. €2.6 billion) on food and catering services p.a. (Sustain 2002). Each year 780 million meals are consumed in school canteens, 128 million meals in the armed forces, and over 9 million 'meals on wheels' are provided. The NHS serves over 300 million meals annually.

3.1.1 Procurement rules and procedures[2]

The procurement of goods and services by the public sector in the EU is governed by a public procurement regime which derives from a number of European Commission Directives, informed by the Treaty of Rome and the WTO. EC Procurement Directives are implemented in the UK by various Public Procurement Regulations. The directives require that the fundamental rules of non-discrimination and transparency are applied to allow equal access for all suppliers and the free movement of goods. Public sector contracts over a certain threshold (ca. £104,000) must be advertised in the Official Journal of the European Union, for which suppliers then submit tenders. Contracts below this threshold can be advertised on-line, or in local or national newspapers etc..

Tender evaluation and the award of contracts for goods and services is driven by the notion of 'best value'. EC Directives require contracts to be evaluated and awarded on the basis of 'lowest cost' or 'most economically advantageous tender' (MEAT), which allows for criteria other than price to be included in the tender. The Government's public procurement rules recommend that contracts are awarded according to the latter, as this is seen to best fulfil its requirement for value for money (VfM) defined as "*the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer's requirement*" (i.e. not necessarily lowest cost). However, up to now, there has been limited scope for institutions to take environmental and social considerations into account in the tender evaluation process, and the system has been much criticised for restricting access for SMEs and locally based producers and suppliers (see e.g. Morgan and Morley 2002; Sustain 2002).

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[2] For a more detailed discussion of procurement regulations and their implications see *Morgan and Morley (2002)*.

3.1.2 Procurement structures

Public sector food procurement in the UK is dominated by large, multi-national catering companies providing pre-prepared, frozen food (cook-freeze products), which, if required, will manage the catering service on behalf of an organisation. This distribution system is highly concentrated (there are only a handful of major players) and standardised, and it is characterised by highly processed products produced from a high degree of imported raw material. The advantages of this system are that it is highly competitive in an area where budgets are limited, and it caters for institutions which have no in-house capacity to prepare and cook food (many schools and hospitals have lost their kitchens as they have expanded). It is also argued that centralised distribution systems tend to lead to fewer drop offs, thereby reducing the volume of traffic near the (hospital) site involved (Harrow 2002).

3.1.3 Towards sustainable food procurement

In the UK, agriculture has been in crisis since the mid-1990s, when there was a steep fall in agricultural incomes due to a combination of the high value of sterling relative to the Euro, low commodity prices in international markets, and the effects of various food scares. This was brought to the fore in a very public way in 2001, when the agricultural economy was badly hit by an outbreak of Foot and Mouth Disease (FMD). This resulted in livestock culling and severe restrictions on the movement of animals. Counties dependent on the livestock sector, such as Cornwall, were particularly affected and suffered losses in terms of both agriculture and tourism, as large parts of the countryside became no-go areas.

A rethink of the agricultural situation in the UK was called for, and partly in response to this the Policy Commission on the Future of Farming and Food was set up in August 2001 to "*advise the Government on how we can create a sustainable, competitive and diverse farming and food sector which contributes to a thriving and sustainable rural economy, advances environmental, economic, health and animal welfare goals, and is consistent with the Government's aims for Common Agricultural Policy (CAP) reform, enlargement of the EU and increased trade liberalisation*". The Commission reported in January 2002 (Defra 2002a). Its central theme concerns the reconnection of the supply chain "… *to reconnect farming with its market and the rest of the food chain; to reconnect the food chain and the countryside; and to reconnect consumers with what they eat and how it is produced*", by taking into account the principle of sustainable development.

Rapidly growing interest in sustainable food presents an ideal opportunity to strengthen the sector, and moves are already underway at national and local government level to supply sustainable and healthy food in schools, for example. As far as public sector procurement is concerned, Curry recommends that sustainable development issues be considered within existing procurement rules and recommends the development of local food distribution networks (see Box 1). The report asserts that PSP could have a significant impact because of the large volumes involved and the size of the market it serves.

Box 1: Extract from the report of the Policy Commission on the Future of Farming and Food

"The public sector provides food for many people. Schoolchildren, prisoners, servicemen, people in hospitals: all are affected by the Government's policies on food procurement.

Some public bodies do set purchasing objectives which encourage the use of healthier food. But we have seen such initiatives in action and they have many potential benefits, both to the purchasing body, the end consumer and to the local economy, if the food is locally produced, cutting down transport times (and thereby minimising nutrient loss). The development of local food distribution networks is encouraged by the 'critical mass' purchasing that public bodies can deliver, thereby allowing cost effective distribution into other local outlets as well. Such purchasing objectives can work within the current Best Value requirements and therefore meet cost concerns as well as health, energy minimisation and other local food goals. Local authorities can also specify organic supplies if they wish to.

We encourage all public bodies to try and promote healthy eating through their procurement policies. We note that current interpretation of Best Value may be too narrow to allow public bodies to take into account wider sustainable development issues when setting supplier requirements. We are particularly concerned that public procurement policy takes the impacts of food transportation into account and supports where it can the Government's commitment to tackling climate change".

In response to the Curry report, the Government published its Strategy for Sustainable Farming and Food (SSFF) in December 2002 (Defra 2002b). This document builds on the recommendations of the Curry report and sets out a new direction for the farming and food industry based on better connections with the market place, the environment and consumers. The report identifies significant opportunities for developing public sector procurement of local food and drink.

3.1.4 The Public Sector Food Procurement Initiative

As part of the delivery of the principal aims of SSFF in England, the Government launched the Public Sector Food Procurement Initiative (PSFPI)[3] in August 2003. The objective of the PSFPI is "to encourage the public sector to procure food in a manner that promotes sustainable development and provides greater opportunities for small and local suppliers to compete for public sector business". This was strongly endorsed by the Prime Minister and other Ministers who have agreed that public sector bodies should use fully the flexibility provided in the public procurement rules to pursue objectives for sustainable development in contracts for food and catering services.

> *"The aim…is to encourage sustainability. This means taking into account the overall environmental and social impacts of the foods we buy…considering issues such as the amount of waste produced, the energy intensity of the production processes, and animal welfare and nutrition standards. It also means trying to ensure that small and local producers are given a fair chance of winning contracts. I am committed to the review's success" (Tony Blair, letter to conference, 2003).*

[3] The PSFPI was launched at the Royal Cornwall Hospital, Truro in 2003. For more details of the initiative see http://www.defra.gov.uk/farm/sustain/procurement. See also, http://www.pasa.nhs.uk/sustainabledevelopment/food/.

Defra acknowledges that small scale and local suppliers have difficulties accessing public sector contracts and the launch of this initiative is an attempt to go some way to redress the balance. The initiative is also working with the larger food service companies to encourage them to develop opportunities to include local producers in their supply chains.

The PSFPI has five priority objectives:

1) To raise production & processing standards;
2) To increase tenders from small & local producers;
3) To increase consumption of healthy & nutritious food;
4) To reduce adverse environmental impacts of production & supply;
5) To increase capacity of small and local suppliers to meet demand.

According to the initiative, the benefits include: more sustainable UK rural local economies; more competitive small and medium sized suppliers; improved animal welfare; healthier and better performing students and workforce; a more sustainable environment; savings from minimising waste; reduced hospital stays; and greater choice for ethnic and religious groups.

Increasing the amount of locally produced food purchased by public sector bodies has to be seen to be a fair and transparent process, and procurement rules do not allow public sector bodies to restrict their purchasing to specific locations or suppliers. However, public sector bodies can increase opportunities for small and local suppliers and producers by specifying more fresh and seasonal produce, for example, in their tender requirements. Other opportunities for more sustainable food procurement practices include breaking up tenders into geographical lots, changing the weighting of price vs quality in the tender evaluation, and writing sustainability criteria into the definition of quality.

3.1.5 Barriers and constraints

Specific obstacles to buying local food include local government regulations that prohibit the issuing of contracts on ‘non-economic’ grounds, and EU law that does not allow territorial preferences being specified in public purchasing contracts. Other obstacles include the shortage of suitable suppliers (e.g. vegetables), lack of school/hospital catering facilities, lack of time for facilitating and administering more local, and possibly more numerous contractors, and the lack of suitable processed and semi-processed products for catering.

Although not able to make ‘territorial discriminations’ in public sector food and catering contract specifications, there is much that public purchasers can do to encourage the provision of more sustainable local food. These include technical specifications of ‘seasonality’, fresh to the point of delivery, quality and nutritional criteria, and sustainable production and processing methods such as organic. There are also ways in which public sector caterers can ensure local producers have the opportunity to meet their needs. These include basing the recipes and menus on what is available locally throughout the seasons, and introducing foods which are identified with the region’s landscape and cultural characteristics.

Purchasing authorities can also ensure that their purchasing department, or agent, advertises contracts locally and does not exclude suppliers just because they are small, but encourages small, local firms to come up with features which can be weighed against price, including such things as quick delivery, organic, recyclable, and immediate maintenance call-out. Purchasing departments and agents normally retain a range of suppliers under their contracts, and local authorities could stipulate where it felt it essential to have a local service because of operational needs.

Small, local firms are unlikely to be able to afford advertising and marketing which can compare with larger suppliers. One of the ways in which small, local suppliers can help themselves is by working together to advertise and market collectively. But they must not join together to fix prices, as this falls foul of the Competition Act, which forbids cartels.

The following bullet points summarise the principal barriers and constraints, from a range of perspectives, encountered in attempting to increase the sourcing of local produce from local suppliers in the fulfilment of public procurement contracts.

Suppliers:

- Not geared up to provide comparable service to larger networks;
- Some may be unreliable in terms of both quality and delivery;
- Lack of availability of products locally;
- Lack of support within some authorities for those suppliers who are willing and enthusiastic to engage with new marketing opportunities;
- Difficulties experienced by suppliers in getting into existing supply networks;
- Producer resistance to change (lack of trust);
- Lack of will to engage in a new process;
- Lack of awareness of benefits (both actual and potential);
- Lack of local processing facilities;
- Inadequate local distribution structures.

Local Authorities:

- Difficulties experienced by single procurers seeking help and advice on setting up own service arrangements;
- Lack of generic models of good purchasing practice to support suppliers and public procurers trying to start up a business relationship;
- Where contracts already exist through authority let contracts, unwillingness of the authority and contractor to negotiate changes to technical areas of specification;
- Lack of facilities to deliver meals;
- Lack of investment in training;
- Lack of transparency of contracts, nutrition standards, purchasing policies and traceability;
- Large-scale contract caterers feel threatened, and are unwilling to discuss their practices;
- Terminology and jargon;
- Fragmenting purchasing markets will have cost and logistical impacts.

Catering skills:

- Lack of basic cookery skills to prepare dishes made up of a higher percentage of raw ingredients;
- Access to appropriate refresher training courses to update catering staff on traditional catering practice is often not available.

Government, agencies, voluntary sector, consultants:

- No-one perceived as responsible for implementing the idea of local purchasing;
- Lack of good commercial models showing cost implications;
- 'Vocabulary' used is ambiguous and needs to be more explicit;
- Funding tends not to be invested in sound operationally-based projects;
- Low nutritional standards mean no incentive to use good quality ingredients;
- Lack of transparency in contracts, nutrition standards and purchasing policies;
- There are often conflicting policies;
- There is a need to define local and regional food - no counties are self-sufficient.

3.2 PUBLIC SECTOR FOOD PROCUREMENT IN THE SOUTH WEST

Government Offices, as well as the Regional Development Agencies, are responsible for implementing the national SSFF through their regional Delivery Plans which determine needs and priorities for their areas and how best to meet them. Food procurement features in a number of these Delivery Plans, which encourage local authorities and other public sector bodies to adopt sustainable purchasing polices and incorporate sustainable development into their food and catering contracts and provision.

In the South West, PSP is part of the region's Delivery Plan which outlines the following objectives (South West SSFF Steering Group 2004):

- To ensure sustainable procurement of food, farming and forestry products by the region's public sector.
- Complementary development of sustainable supply chains.
- Healthier eating within the public sector.
- Increased viability of local and regional food and farming businesses.

Government Office South West (GOSW) and the South West Regional Development Agency (SWRDA) are responsible for taking these objectives forward and are making use of the South West Public Sector Procurement Strategy Group (SWPSPSG) to achieve this. The South West Public Procurement Strategy Group emerged in 2002 as a result of increased interest among regional organisations in the potential of public procurement to link in with agendas on local and regional food. Up to that point, there had been little or no coordination of their ideas, plans and activities. Hence, the Countryside Agency and GOSW called for a strategy to integrate the involvement of different organisations, out of which SWPSPSG was born (see Box 2). The group is currently trying to extend involvement to include a wider range of practitioners (e.g. more local authorities).

Box 2: South West Public Procurement Strategy Group

DESCRIPTION: A strategic group whose terms of reference are "*to co-ordinate the strategy, research and funding needed to increase the procurement of South West local and regional food and drink into the South West public sector*".

ORGANISATION: Government Office for the South West (GOSW) and the Countryside Agency. Plus: SWRDA, South West Food and Drink (SWFD), SW Local Food Partnership (SWLFP), Public Health Observatory, Five-A-Day, National Farmers' Union (NFU), South Gloucestershire District Council, Somerset County Council, Sustain, Independent Consultant.

EXPECTED BENEFITS:

- Region-wide partnership of key agencies and organisations;
- An integrated part of the SW Delivery plan for the Sustainable Farming and Food Strategy.
- Provides a South West link to the national Food Procurement Implementation Group.
- Continuity across all relevant groups and departments.
- Shared knowledge.
- Prevents duplication of research and work carried out.
- Ensure all groups have an equal voice.

3.3 PROCUREMENT OF FOOD AND DRINK IN CORNWALL NHS

The NHS is the largest single purchaser of foodstuffs in the UK and serves over 300 million meals annually at a cost of approximately £500 million (NHS Plan 2000). 71% of NHS Trusts have in-house catering facilities, the remainder contract outside catering services (Harrow 2002)[4]. Each Trust has its own budget and they typically purchase in one or more of the following four ways:

1. National framework contracts negotiated by the NHS Purchasing and Supply Agency (PASA);
2. Through the NHS's national storage, distribution and wholesaling service run by the NHS Logistics Authority;
3. Local contracts negotiated and awarded directly by individual Trusts;
4. Consortium contracts, where a group of Trusts negotiate contracts together.

PASA is an executive agency of the Department of Health set up in 2000 to modernise NHS procurement. PASA sets up national contracts (usually a direct contract with just one supplier) and national Framework Agreements (FAs) (multiple suppliers from which an NHS Trust can select their preferred supplier). Most of the food contracts are FAs. The suppliers are selected through standard EU tendering procedures. By acting on behalf of all of the Trusts, economies of scale are achieved and there is the added advantage that PASA handles all quality assurance issues. Food contracts are some of the best used of all the PASA contracts - about 80% uptake. The majority of the food and drink needs of Cornwall NHS are served by PASA. Nevertheless, Trusts can opt out.

Within Cornwall there are five NHS Trusts: Royal Cornwall Hospitals Trust (RCHT), Cornwall Partnership Trust (CPT) and three Primary Care Trusts covering a total of 24

[4] For a detailed description of NHS food procurement see Towers *et al.* (2002).

hospitals. Catering services are coordinated across these five NHS trusts in the county by Cornwall Healthcare Estates and Support Services (CHESS), hosted by CPT.

Catering arrangements for Cornwall NHS involve conventional cook-serve systems, whereby the food is prepared and cooked in on-site kitchens, and cook-freeze systems, whereby pre-prepared, pre-cooked, frozen meals are bought in by a hospital and regenerated on site. Cook-freeze meals are provided predominantly through a contract with an out-of county food service company, but the RCHT also has its own cook-freeze facility situated on the RCH site which supplies St Michael's hospital with meals.

Royal Cornwall Hospitals Trust

The Cornwall Food Programme originated at the RCHT which operates three hospitals; the Royal Cornwall Hospital (RCH), West Cornwall Hospital (WCH) and St Michael's covering a total of 1035 beds.

Within the RCHT, the RCH and WCH operate cook-serve systems from their on-site kitchens, whereby the food is prepared and cooked on site and served directly to patients on the wards, or in the staff and visitor canteens. This accounts for approximately 61% of meal provision in the county.

As mentioned above, the RCHT also operates its own cook-freeze facility situated on the RCH site which supplies St Michael's hospital with meals. The RCHT took over St. Michael's in 1999. As the hospital had no kitchen facilities it was decided that RCH catering department would build its own cook-freeze unit to provide meals for St Michael's (approx. 100-120 meals a day). This system involves preparing and cooking the food in the RCH kitchens, blast freezing them and delivering them to St Michaels's where they are regenerated and served to patients. This system also supplies the RCH Maternity Unit and accounts for approximately 6% of the county's catering provision.

Cornwall Partnership Trust

Cornwall Partnership Trust provides for a total of 659 beds. Catering arrangements are predominantly contracted out to a national food service company which supplies cook-freeze ready meals (approximately 1500 a day) to 17 hospital sites accounting for 33% of catering provision. Five CPT hospitals provide approximately 400 patient meals a day using a cook-serve system.

3.4 PUBLIC SECTOR FOOD PROCUREMENT: EUROPEAN EXAMPLES

The final section of this chapter contains information about activities in the area of sustainability and public sector food procurement in selected European countries, based on information received from the SUS-CHAIN partners in The Netherlands and Switzerland.

3.4.1 The Netherlands

Pubic sector catering accounts for approximately 17% of the total food service sector. This includes both contract catering and in-house catering provision provided by

hospitals, prisons and social services. Contract catering has a total turnover of approximately €1.4b in the Netherlands, around 13% of which involves public sector institutions. The sector is dominated by four multinational companies which together have an 80% share of the market.

PSP involves educational institutions, hospitals, prisons and residential care homes. Many of the latter three institutions still have their own kitchen facilities. Only since 1990 has contract catering featured in schools and universities, which now account for 4% of the total contract catering sector. 28% of schools and universities are run by contract caterers (9% by local or regional catering companies and 19% by large nationally operating companies) and the remaining 72% have their own catering facilities.

In the Netherlands, sustainable procurement is mostly understood to mean organic food. There is no policy at national level to incorporate sustainability criteria in the PSP of food. However, an Action Plan is in place which aims to increase the area under organic production to 10%. The Government is aware that supply chains will need to adapt in order to achieve this target and is putting mechanisms in place to encourage this. As a means of leading the way, the Ministry of Agriculture has made a commitment to sell 100% organic food in its canteen by 2007 (see Box 3). In 2004, other ministries gave assurances that they would also introduce more organic food into their canteens.

Box 3: Dutch ministry 50% organic!

The Dutch ministry of agriculture is planning to spend nearly €61 million on promoting organic farming in the next three years. The government aims to increase the organic share of the country's agricultural area from 2.1% at present to 10% by 2010. About half the budget is to be spent on research and information campaigns, the ministry of agriculture says. Regional initiatives and rewards for organic farmers' contribution to the environment will also be funded. As a symbolic gesture to show its commitment to growing the organic sector, the ministry of agriculture has promised to offer only organic food in its canteens from 2007 onwards. At present, 50% of canteen food is organic!

AgraEurope 26.11.2004

Price is seen as the main barrier to the introduction of more sustainable procurement polices and practices. This is especially so in the case of organic food and drink.

3.4.2 Switzerland

Public sector catering in Switzerland represents around 15% of the food consumer market. It involves hospitals, companies, higher education institutions and prisons. Primary and secondary schools do not offer in-school meals. In Switzerland, PSP is more or less exclusively dominated by the large food and catering service providers and there are few exceptions to this.

There is currently no national policy to incorporate sustainability criteria into procurement decisions, although individual cantons may choose to go down this, or a similar route, by developing local food supply chains for selected fresh products in a bid to reduce 'food

miles'. 'Origin' features as a tender evaluation criterion, but only if it has a legally recognised label. In the future, criteria other than origin may feature more prominently in procurement decisions, for example, the initiative *La fourchette verte* (see Box 4) focuses on providing a varied and balanced menu, and on waste reduction, but has no recommendations relating to food origin or production method.

Box 4: Public sector food procurement in Switzerland – Examples

La Fourchette verte

This is a cross-regional initiative involving seven cantons, started by the regional Ministries of Health.

This labelling initiative was launched in 1993 by the Ministry of Health of the Geneva region to promote healthy food and to tackle food related health problems (cardio-vascular diseases, some types of cancer, obesity related diseases).

To acquire the label, restaurants must offer an option of low fat products, one or two food products rich in fibre, one carb food product and wholemeal bread, and one high protein product.

The main driving forces are the restaurant managers, who ask for the label. The ability of the initiative to enrol new restaurants is crucial and the main barrier to development.

Impact on sustainable rural development: the initiative promotes some food products such as vegetables, wholemeal breads. The spirit of the initiative spirit probably promotes high quality food products but there are no recommendations concerning food supply.

www.fourchetteverte.ch

The Orb valley prison

The Orb valley (Vaud region) runs a large farm, where prisoners may work. The institution tries to be self-sufficient in numerous food products such as dairy products, bread, eggs and pork. The farm adheres to certain environmental requirements and has an impact on the Orb valley agriculture in general.

4 OBJECTIVES AND STATE-OF-THE-ART

Set within this emerging practical and policy context, the case study concerns the Cornwall Food Programme (CFP). The essence of the CFP is to increase the amount of locally and organically produced food procured by Cornwall NHS for patient, staff and visitor meals. It is envisaged that this can be achieved by channelling more local/organic produce through existing and future local suppliers, and secondly by establishing a Central Production Unit (CPU) which will act as a local processing, storage and distribution hub for the county.

The CFP was initiated in 2001 by Mike Pearson, then Catering Services Manager for the RCHT with responsibility for organising all food procurement and catering services for the Trust. It evolved out of a fundamental re-think of catering provision at the RCH site in the late 1990s, which had reached full capacity and could no longer accommodate further growth. Prior to this the RCHT, under the direction of Mike Pearson, had been developing its sourcing practices to enable it to tender supply contracts which are more accessible to local suppliers. At that time, nearly all hospital food was transported into the county in the form of raw materials to be cooked in the on-site kitchens, or as frozen ready-meals which were then reheated on-site.

The CFP now supplies 24 hospitals (grouped in 5 separate NHS Trusts) with sandwiches, cheese, ice cream, milk, yoghurt, fish, meat, and fruit and vegetables, all of which are at least partially sourced through local producers or suppliers.

Beyond addressing the practical needs of the catering department, the development of the CFP has been informed throughout by the concept of sustainability, and a desire "*to enhance the economic, environmental and social well-being of Cornwall*" (Harrow 2004b).

4.1 OBJECTIVES OF THE CORNWALL FOOD PROGRAMME

The purpose of the CFP is threefold:

1) To scale up the RCHT's cook-freeze operation in order to accommodate the food supply needs of all five NHS Trusts in Cornwall.
2) To increase the amount of locally and sustainably sourced food in Cornwall NHS.
3) To address the food supply needs of all 5 Cornwall NHS Trusts by scaling up and relocating the RCHT's cook-freeze operation to accommodate the increased capacity.

The CFP has two distinct, but interdependent strands, the first of which primarily addresses the first objective. This involves the development of a central food production unit (CPU) to be located on an external site, which will act as a central hub for food procurement, preparation and distribution for Cornwall NHS. A site has been chosen for the unit which (when and if built) will have the capacity to cater for 3000 meals a day. In addition, there will be scope to expand the unit to bring other local food businesses on board to use the equipment and facilities.

The second strand of the CFP addresses supply side issues, aiming to increase the amount of locally produced, and to a lesser extent, organic food in the system. To achieve this, a Sustainable Food Development Manager has been appointed whose job it is to facilitate links among existing food supply chain actors in Cornwall and the South West to enable them to supply the existing structures, and in due course the CPU, with the required volumes.

The initiative is responding to a range of concerns about prevailing public sector food procurement practices, including:

- Restricted access to NHS contracts for SMEs and local producers;
- Lack of sustainability criteria in the procurement process;
- Dominance of multi-national companies which cannot always meet the needs of small community hospitals;
- Lack of flexibility in the contracts. When dealing direct with local suppliers the Trust is able to negotiate their food requirements and the company is better able to respond flexibly to changes in those requirements;
- High percentage of imports in a county with a broad production base;
- Local value added leaving the county;
- Highly processed and nutritionally dubious meals;
- Reduced traceability and quality control in terms of freshness and nutritional value;
- High transportation costs (environmentally and financially);
- A strong sense of Cornish identity and the desire to contribute to the economic, environmental and social well-being of the county.

4.2 ORGANISATION AND FUNDING OF THE CFP

The origins of the CFP are at one hospital, the Royal Cornwall Hospital which is part of the Royal Cornwall Hospital Trust (RCHT). The project has evolved over time to include the catering needs of all five hospital Trusts in Cornwall covering 24 hospitals.

The CFP has the support of all five Trusts, and is hosted by Cornwall Partnership Trust. It is managed by a Project Manager under the direction of a Project Director. The project also employs a Sustainable Food Development Manager whose remit is to explore opportunities for local food producers and suppliers to supply the CFP.

A project board has been set up to oversee progress on the Central Production Unit and it is responsible for delivering via Cornwall Healthcare Estates and Support Services (CHESS) which represents the interests of Cornwall NHS. The board includes representatives from the executive level of all five Trusts.

Whilst all food purchases are made from the Trusts' standard catering budgets, the costs of setting up and progressing the project have been 100% publicly funded through a combination of Objective One, Defra and CHESS. The post of Sustainable Food Development Manager is funded by the Soil Association's Objective One funded project,

Organic South West. The CFP has recently negotiated an NHS Local Improvement Finance Trust (LIFT) agreement that will provide 96% public funding for the building of the Central Production Unit.

4.3 STAKEHOLDER INVOLVEMENT

In outlining the methods and approach used within this case study, Section 1.2 set out how stakeholders from a range of backgrounds were interviewed, including internal, intermediary and external stakeholders, as well as existing local food suppliers. The close involvement of these individuals and organisations throughout the evolution of the initiative has been a key feature of its success to date.

4.3.1 Internal stakeholders

For the purposes of this piece of research, internal stakeholders are defined as the people who are integral to the initiative, and without whom the initiative would not exist. They are all employed by the Royal Cornwall Hospital Trust and include the founder (now Project Director), the Project Manager and the Sustainable Food Development Manager. These interviewees acted as the start point for the investigation, from where we were able to build up a picture of other relevant stakeholders who have had either direct or indirect involvement with the initiative at some stage. Other internal stakeholders who were not interviewed, but who nevertheless played a greater or lesser role in the project's development, include the hospital management without whose endorsement the project would not have got off the ground), the finance department, catering staff and nutritionists.

The core stakeholders in this group, i.e. those responsible for its inception and implementation – the Project Director, Project Manager and Sustainable Food Development Manager, have exhibited a strong ideological approach to the initiative which has greatly informed the direction it has taken. The need to reconsider catering provision at the RCHT presented the Project Director with the opportunity to rethink sourcing practices in the hospital in line with his ideas for a system that would be embedded in Cornwall. He did so in the belief that this would have a positive impact on the local economy, community and environment. His passion, enthusiasm and imagination have played a large part in the success of the CFP, and he has communicated his vision to all the internal stakeholders who were subsequently required to implement and/or endorse it. The two staff members employed to implement the project, namely the Project Manager and latterly the Sustainable Food Development Manager, are very much of one mind about the aims of the project and concur wholeheartedly with its vision, to the extent that they have been able to seamlessly advance it and successfully communicate it to new stakeholders and, where necessary, bring them on board.

4.3.2 Intermediary and external stakeholders

Intermediary stakeholders can be described as those who are acting in a facilitatory role, whereas external stakeholders include those actors who are acting on the periphery but are nevertheless key to the functioning of the network.

The role of the intermediary stakeholders has been to act as a link between the hospital, the project, other key actors and stakeholders. For example, the Cornwall Agricultural Council Development Team (CACDT) facilitated access to Objective 1 funding; Organic South West has recently funded the post of Sustainable Food Development Manager; and CHESS has served as a conduit between the project and Cornwall Healthcare Community (comprised of five NHS Trusts) in order to extend the initiative to cover the whole county. Also, included in this grouping is the NHS Purchasing and Supply Agency (PASA), through which the NHS across the country sources the majority of its food and drink needs.

External stakeholders cover a wide range of groups and organisations who are, or were in some way, connected to the project. We sought to interview people from a range of professional backgrounds, representing different groups and articulating different viewpoints or agendas. For example, regional government representatives responsible for policy implementation; semi-governmental and non-governmental organisations with an interest in local souring in public procurement in the South West; farmers' unions and organic organisations. The degree of involvement of external stakeholders varies.

4.3.3 Local Suppliers

As described above, increasing the amount of NHS-procured food in Cornwall that is locally and sustainably sourced, is a central goal of the CFP. It is inevitable, therefore, that in considering the development of networks that seek to achieve this purpose, the perspective of local suppliers as core stakeholders is critical to this process. At the time of interviewing, 10 local suppliers were supplying the RCHT, all of whom were interviewed; some face-to-face and some by telephone. The combined RCHT budget for these 10 suppliers was £620,000, out of a total food budget of £1 million. Of these suppliers, two were national/international companies, and the people interviewed were essentially working in a depot that happens to be serving the South West. There was no real sense of connection with the geographical environment in which they were selling their produce, and little meaningful engagement with the network that was being formed as part of the CFP. Another of the suppliers was only providing cooking oil to the RCHT, all of which was sourced on the European spot market, and again there was minimal engagement with the CFP. Where relevant, their comments will be included in the analysis, but in most cases the supplier comments relate to 7 suppliers rather than 10.

4.4 CASE STUDY HYPOTHESES

The main issues addressed by this case study concern scaling up and the impact on sustainable rural development. Although the initiative has to operate within certain budgetary constraints, it is not a commercial operation and therefore it is possible to consider only certain elements of the scaling up hypotheses. In this case study, scaling up focuses less on commercial performance and more on issues of public support and network strength, although when the CPU is up and running it is possible that commercial considerations will become increasingly important. In this case study, consideration of the scaling up issue includes both the growth of the existing initiative in terms of volume of supply, employment, suppliers etc., but also the potential for rolling out (elements of) the initiative to other institutions in other regions. In other words, we are considering the extent to which this initiative can serve as a model for others.

While not strictly part of the commercial performance of the initiative, the direct and indirect commercial performance of suppliers associated with (and affected by) the initiative is considered to be of relevance to an assessment of the overall network development, and potential to scale-up. Normally, marketing competence is related to end-consumer engagement and satisfaction, but in this case there is minimal direct involvement with the end consumers of the produce concerned. Nevertheless, simply through their association with the RCHT it is clear that a number of suppliers consider their own individual commercial prospects have improved. This can be thought of in either scaling-up or rural developmental terms, and indeed is relevant to both.

However, the main focus of the initiative in this case study relates to its potential to positively contribute to sustainable rural development. As such, it becomes relevant to examine a number of indicators that can help provide an assessment of the extent to which this is happening. These will be explored in more depth within Section 7, but include such elements as; does the initiative support the rural economy, and has it created or increased local employment and income?

5 THE CORNWALL FOOD PROGRAMME

"*In recognising the importance of efficiency in terms of getting best value for money, the Trust is mindful, also, of its position in the local health economy. The Trust is keen to encourage local suppliers to 'bid' to supply goods and services, promoting the use of local business where this proves cost effective*" (RCHT supply strategy).

5.1 INTRODUCTION

The case study is concerned with an initiative (the Cornwall Food Programme) which aims to improve the sustainability of food procurement within the NHS in Cornwall. The ultimate aim is to increase the amount of locally and organically produced food procured by Cornwall NHS for patient, staff and visitor meals.

This chapter tells the story of the CFP from its early beginnings, up to the latest data collection in January 2005. Firstly, it provides an overview of the initiative and introduces its founder, before subsequent sections chart the development of the CFP, conceptualised in network developmental terms. The narrative reveals how the network has coalesced around unifying concepts such as the uniqueness of Cornwall and a desire to valorise its local assets, support the local economy and community, and address concerns around the sustainability of food procurement. These networks embrace different aspects including the mobilisation of widespread support, attracting public funding, constructing an innovative model to solve the problem of hospital catering capacity in the county, and establishing strategic alliances among supply chain actors.

The development of concurrent networks is described in terms of developmental stages (or translation cycles), each of which is marked by the achievement of a milestone or outcome. In the case of the CFP, at least five developmental stages can be distinguished as depicted in Figure 2.

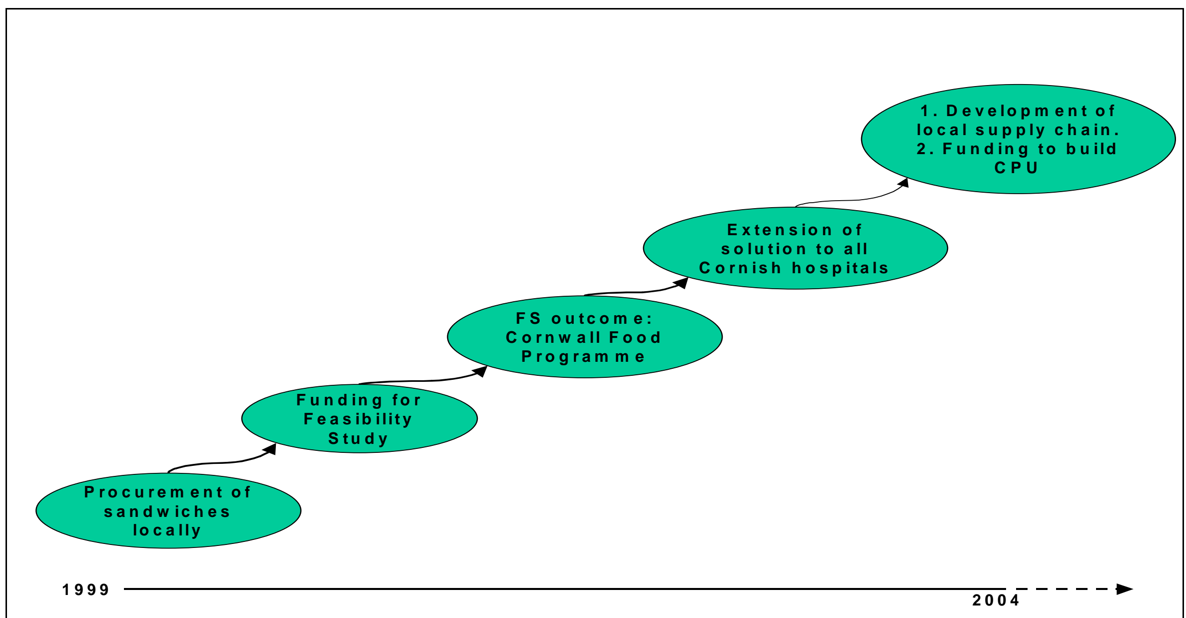

Figure 2: Major milestones in the evolution of the CFP 1999-2005

However, it is important at this stage to make clear that the overall CFP initiative is as yet incomplete, and as a network is still in the process of construction (or in actor-network terms, translation).

The metaphor of an actor-network (AN) is used throughout the narrative as a means of understanding how the CFP has been constructed and may develop over time. The CFP can be seen as one overarching network that must go through four processes of translation: namely; problematisation (setting out what the problem to be addressed is), interessement (actors become interested in the proposed solution to the problem identified), enrolment (actors make the commitment to enrol in the network that offers a solution to the identified problem) and mobilisation (the network stabilises and actively mobilises its constituent actors to address the problem).

While this approach may provide a useful tool with which to examine the totality of a completed network, the CFP as a network is as yet incomplete and not fully mobilised. As such, it is necessary to examine how within this overall macro-network translation process there are concurrent micro-networks, each of which will similarly go through a four stage translation process. Again, some of these may be incomplete at this stage, whereas others will have stabilised as a network and can be envisaged as milestones within the development of the overarching CFP network.

By conceptualising the development of the CFP in this way, the research conducted as part of this case study can (potentially) inform the development of similar initiatives in other regions. In addition, should the overall initiative (or network) fail for any reason, there is still a value in understanding the various processes (or networks) that have been stabilised along the way. Ultimately, due to the ongoing nature of the CFP (or its translation as a network), this report can only set out how it has developed to date and project how it might develop in the future.

5.2 BACKGROUND

As described in Section 3.3, catering in Cornwall NHS involves a combination of conventional cook-serve (food is prepared and cooked in on-site kitchens), bought in cook-freeze (pre-prepared, pre-cooked, frozen meals are bought in and regenerated on site) and in-house cook-freeze (meals are cooked on site, blast frozen in the RCHT's own cook-freeze facility for subsequent regeneration). These different systems account for approximately 61%, 33% and 6% of NHS meal provision in the county.

Currently around 65% of the RCHT's food needs (in terms of turnover) is purchased from local suppliers. Essentially, this involves nine suppliers in Cornwall and one in Devon. The remaining 35% comprises 5 or 6 national PASA suppliers situated outside this area. The hospital has contracts with local suppliers for frozen food, dried food, sandwiches, ice cream (from milk produced locally), cheese (from milk produced locally), fruit & vegetables (some of which is sourced in-county), milk and fish. Beef and lamb are also sourced 100% within the South West.

Opportunities to realise the localisation of procurement have been taken in a number of ways. Contracts are re-examined with local suppliers in mind when they come up for renewal, and are advertised in local newspapers. Local contractors compete with national suppliers through the NHS PASA system of postcode tendering, whereby tenders are broken up into geographical lots and suppliers can specify the area they are able to supply. This makes access to NHS contracts easier for SMEs with small distribution networks. One supplier is actually a national contract supplier to the NHS PASA who happens to be based in Cornwall. Local 'Meet the Buyer' days are also held regularly, in partnership with other public bodies in Cornwall, including the county council.

As a result, the NHS is emerging as an interesting opportunity for local companies because of its ability to:

- Increase the length of contracts - contracts of three to five years are offered, as opposed to the usual twelve months;
- Accommodate outgrades or products of low retail market value;
- Create a critical demand that allows for upscaling of supply;
- Overcome seasonal peaks and troughs in demand.

5.3 ARCHITECT OF THE INITIATIVE

Mike Pearson has been the inspiration behind the CFP. His vision, embodied by the phrase "*local food for local people*", centres around a belief in the high quality of Cornish food and the wish to retain the potential benefits associated with 'localising' hospital food purchasing within the local community.

> *"Mike was the key person responsible and it's just grown from there. And it's just his passion and enthusiasm"* (Harrow 2004a).

Mike Pearson is not a native of Cornwall, but since moving there in the 1990s he has developed a strong affinity to the county and an understanding of the problems that stem from its peripherality and economic marginalisation: "*Living in a rural community, stuck out on a peninsula has made a difference*" (Pearson 2004). At the same time, he is alive to the potential of Cornwall and believes that its natural resources can be better used to the benefit of the local community. He considers health services to be an integral part of any community and, as such, feels that they have an important role to play in supporting and benefiting that community over and above their obvious healthcare role. As Catering Manager for the largest hospital Trust in Cornwall, Mike Pearson saw food as the vehicle for realising a mutually beneficial arrangement for the hospital, local producers and the wider community alike.

Cornish food has a reputation for quality, yet established NHS procurement practices have meant that much of it is not accessible to Cornwall NHS, where traditionally the majority of food has been supplied through national contracts and comes from producers and suppliers outside Cornwall and the South West. Much of it is imported from overseas. Mike Pearson became increasingly concerned about this and critical of the fact that the food, some of which was readily available "*on the doorstep*", was travelling such long distances. He saw an opportunity to promote his vision through a reorientation of the hospital's food procurement to increase the amount of locally *supplied* and *produced* food, and making hospital contracts more accessible to SMEs in the county.

5.4 ORIGINS OF THE INITIATIVE

Although it was not then known as the Cornwall Food Programme, the start point of the network that was to develop into the CFP can be traced back to 1999, at which time the catering manager (CM) of the RCH (Mike Pearson) began to problematise the issue of hospital food provision within Cornwall, based on the mantra of 'local food for local people'.

5.4.1 Procurement of sandwiches locally

The catalyst for the RCHT to move towards increasing their local sourcing of food occurred in 1999 when in-house sandwich production at the RCH was curtailed in order to accommodate the new cook-freeze facility to serve St Michael's hospital. At that time, the sandwich contract was outsourced to a national food and catering service company which bought its sandwiches from a company in the north of England. A patient questioned the logic of this which brought the issue of local sourcing to the attention of the hospital management as well as the local media. Coincidentally, a local bakery and sandwich supplier had already approached the hospital as a possible outlet, and developed a relationship with the CM. The CM successfully negotiated a contract with this local, non-PASA sandwich supplier.

What was unique about this arrangement was that the contract was set up directly between the hospital and supplier, rather than being negotiated through PASA[5]. Up to this point, the RCHT's food catering needs had been provided wholly through PASA-approved suppliers. Some of these suppliers were based locally in Cornwall, e.g. frozen foods and dried foods, but most of them were large, out-of-county companies. None of this food was locally produced. The sandwich contract served as a model on which Mike Pearson built his ideas for realising a more localised pattern of hospital food procurement. Figure 3 shows the pattern of supply that existed at this point.

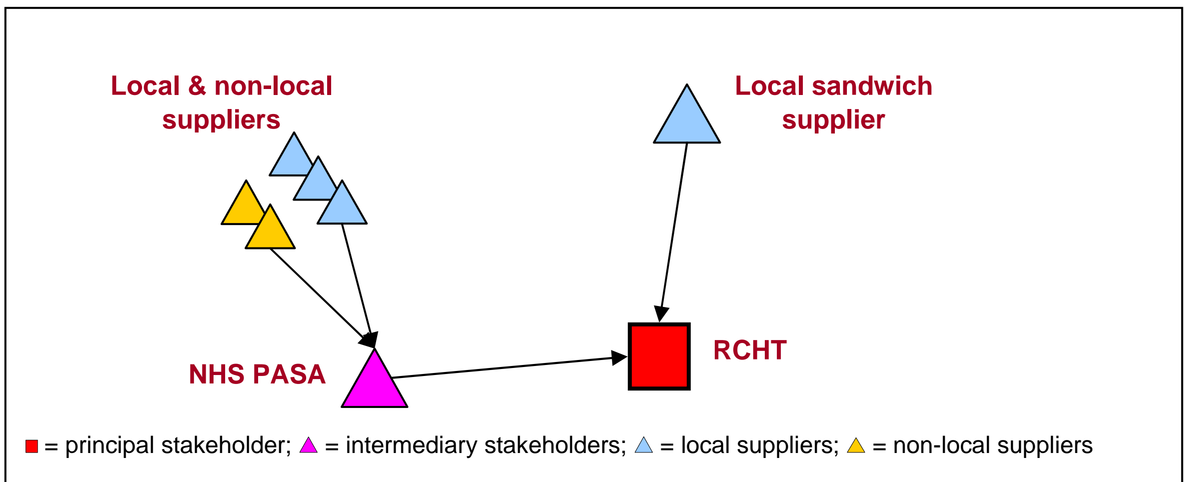

Figure 3: Original network of supply (ca. 2000/01)

[5] The role of PASA in hospital food procurement is described in detail in Section 0.

As the main catalyst for change, the sandwich contract can be seen as the first milestone in the development of the network although, as the next section describes, this was just one of a number of factors which converged to bring about change.

5.4.2 Agents of change

As architect of the CFP, Mike Pearson was the stakeholder (or actor) who provided the initial impetus for problematising the issues to be addressed, and setting in motion a process of interesting and engaging a network of actors that would be able to achieve its aims[6]. Although he can be identified as providing the agency for this process to begin, there were a number of other elements, involving a range of actors, that can also be identified at the problematisation stage. These revolve around six main themes: seasonality of demand; the valorisation of local food assets; Cornwall's economic and geographic peripherality; the RCH catering department's capacity issues; and, last but not least, sandwiches.

1. Seasonality of demand: Tourism is an important component of the Cornish economy, but at the same time it creates substantial peaks and troughs in terms of the demand for local produce, and in this context food. This means that many businesses have to cope with enormous fluctuations in demand, which in turn has implications for maintaining employment levels throughout the year. For example, the turnover of one of the suppliers interviewed increases by between three and fourfold between January and August.

2. The valorisation of local food assets: It is apparent that there is a widespread desire to see an improvement in the development of food assets that Cornwall is seen to possess, and frustration that there is a lack of suitable infrastructure to facilitate this process. Also that in many cases the local producers are involved in making products that are unable to compete solely on the basis of price, and are disadvantaged in terms of access to wider markets.

3. Economic peripherality: Cornwall has a relatively small economy, which in itself may not matter, but it becomes a problem due to the lack of suitable infrastructure and poor communication networks to other parts of the country. This has implications for local food suppliers wanting to ensure that their businesses can grow and remain as vibrant contributors to the Cornish economy, which in turn has implications for Cornish food producers.

4. Geographic peripherality: Because of its geographic isolation, some national contracts have not covered the whole area of Cornwall adequately. For example, it is not always cost effective for the larger out-of-county suppliers to deliver small quantities of milk to community hospitals in rural areas: "*local suppliers can be more flexible and better able to accommodate the needs of smaller hospitals and thereby fulfil tender requirements more successfully*" (Harrow 2004a). The priority for Cornwall NHS is to ensure continuity of supply, and simply buying on the basis of lowest price will not always guarantee this.

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[6] It is also important to understand this initial problematisation within the policy context described earlier.

5. Catering capacity: In the late 1990s early 2000s, it became clear that there was a need to 'de-stress' the main catering site at the RCH in order to accommodate further hospital growth. The acquisition of St Michael's hospital in 1999, and the decision to meet its catering needs through a cook-freeze unit based on the RCH site, had considerably reduced the space available. There was no longer enough capacity to continue the cook-serve model for the whole hospital, so the RCH began to use its cook-freeze facility for its Maternity Unit.

6. Sandwich contract: As described above, this proved to be an important catalyst for change, as the local supplier got their opportunity to supply the RCHT. While the initial impetus may have been in terms of localness, the supplier also felt it involved the freshness of the produce they can supply to the hospital, which in turn is facilitated by their localness:

> "*The hospital had a couple of cheaper quotes, but I don't think the quality was quite the same for what they were looking for. We have the freshness. We make our own bread. Everything is made and delivered the same day. We are not a big plant that is making up in Bristol or Swindon, using two day-old bread and trucking it down overnight. So we have sold it on the freshness aspect of it*" (Supplier 10).

A partnership was developed in order to build the capacity of the local company so that it could competitively supply sandwiches to the hospital, a strategy that has since been adopted with other suppliers.

All of the above, together with the changing policy environment, can be identified as elements of the problematisation of the nascent network that was to become the CFP (see Figure 4). Most particularly, however, it was the latter three elements that converged to create what Mike Pearson described as his "*mind change*", prompting him to find a solution to both the RCHT-specific issues, and to those relating to Cornwall more generally.

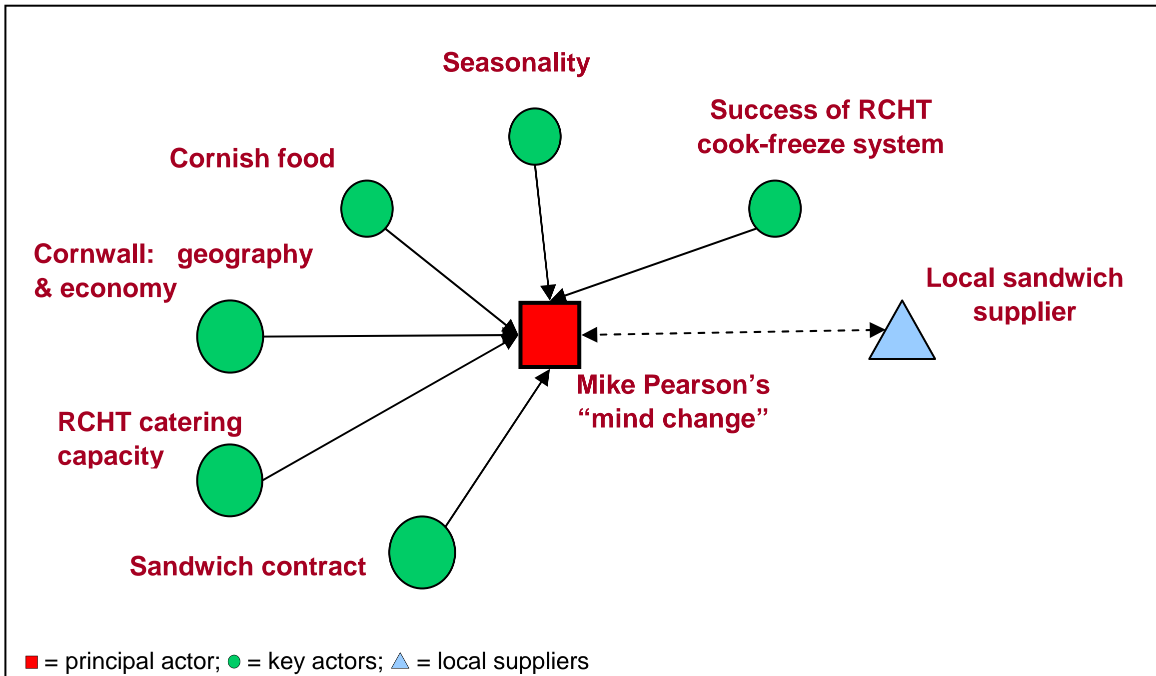


Figure 4: Initial agents of change

5.4.3 Initiating change

The CM's 'mind change' can be understood as the point at which he, as the 'originating entity', actively starts to create what will become the network of the CFP. At the same time, other actors such as the press, a local supplier and the hospital management have already become interested in the issue, although not as yet in response to a specific problematisation.

The localisation of the sandwich contract can be seen as a significant milestone, principally because it generated interest amongst a range of other actors within the emerging CFP. In terms of the development of the overarching CFP initiative, it is clear that a range of problems needed addressing within the Cornish regional food economy, and that the RCHT as a large public procurement body potentially had a role to play in addressing these issues. However, it required the action (or agency) of an individual (actor) to instigate a network that could start to achieve this potential. This actor was Mike Pearson, who was eventually prompted to 'problematise' the issue to be addressed as a result of a patient's observation about the sandwiches they were eating.

His problematisation was to result in a substantial rethink of procurement practices which not only addressed the needs of the catering department, but also the RCHT's procurement policy within the wider Cornish context. The issues were apparent and familiar to a broad range of actors, but addressing them required an actor to actively set out the problem and to propose a solution.

The achievement of this milestone can also, in itself, be conceptualised as the completed translation of a network. The local company which now supplies the sandwiches wanted to increase their local outlets (in other words, they agreed with the problematisation). In discussion with the RCHT about what the latter were trying to achieve, they became

interested (interessement). Given the opportunity to engage with the RCHT they were prepared to make a commitment to supply sandwiches (engagement), before then finally supplying them in the format required (mobilisation).

It will become clear later that, in many cases, although suppliers have become part of the CFP network their engagement is often partial. Yet, in this context the successful translation of the local sandwich contract network was less significant in itself, than in terms of the impact it had on the translation process of the overall CFP network.

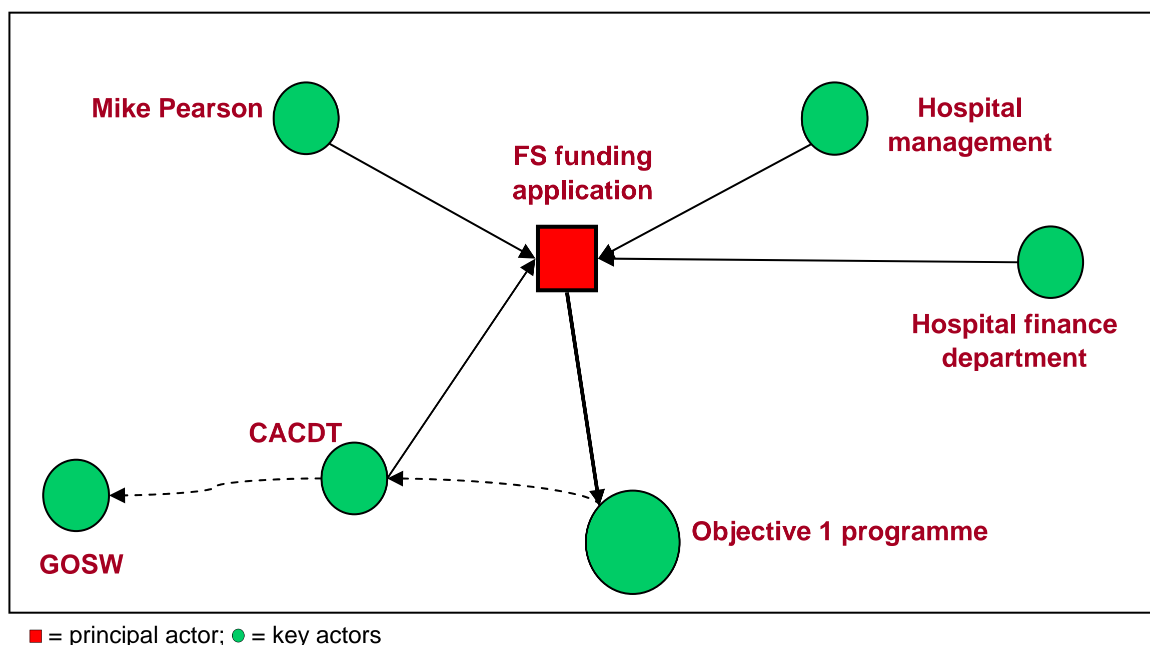
5.5 THE FEASIBILITY STUDY

As a means of taking these ideas forward in a way which simultaneously addressed the Trust's catering capacity issues, a proposed solution emerged: to commission a feasibility study (FS) to explore the options for future catering needs at the Trust with the possibility of extending this to all five Cornish NHS Trusts. In 2001, the CM set about applying for a grant to fund the FS.

5.5.1 Funding the feasibility study: key actors

Applying for funding for the FS can be understood as the next milestone within the development of the CFP network. This involved interesting and enrolling a number of key actors (as described above) in relation to the identified problem, who were then mobilised to ensure that funding was made available to conduct the FS. In other words, it can be seen as an important point within the CFP network translation process.

At this point, there was a clear problematisation of the issues and some actors had been enrolled within the network (that was to become the CFP). However, in order to progress the fledgling network it was necessary to interest and gain support from a number of key actors, without whose support the network would never be more than very small-scale. Figure 2 represents how the relevant actors coalesced in the emerging network, to enable the Feasibility Study to go ahead.



= principal actor; = key actors

Figure 2: Process of applying for Objective 1 funding

Internally, the backing of the hospital management was crucial. The RCHT's success with its cook-freeze unit, and its partnership with the local sandwich company, established a precedent/model from which the preferred option ultimately emerged. This gave Mike Pearson a persuasive case to present to management as a solution to effectively resolve the hospital's catering capacity problem.

It is at this stage that the Objective One status of Cornwall emerges as one of the core actors of the case study. An actor-facilitator whose role was vital in obtaining the necessary funding was the Cornwall Agricultural Council Development Team (CACDT)[7]. The CACDT was pivotal in getting the FS off the ground by facilitating access to Objective 1 money. The FS attempts to demonstrate the economic benefits that would accrue should Cornwall NHS move to a centralised system of local food sourcing and distribution, which engaged the interest of the CACDT. As Objective 1 is an economic regeneration programme, the CACDT's incentive to get involved was primarily economic; they were particularly interested in exploring the potential to add value to locally produced products, especially the ability of the project to accommodate outgrades.

The CACDT were approached by the Trust's Grants Officer in 2001, and subsequently provided funding application advice and facilitated the link with GOSW who administer the Cornwall Objective 1 programme. Following an appraisal by GOSW, a grant of £17,700 was awarded to carry out a feasibility study. This was match funded by Defra (Department for Environment, Food and Rural Affairs) and Cornwall NHS (through

[7] The CACDT is an Objective 1 funded project set up in November 2000, sponsored by Cornwall Enterprise, an organisation responsible for the economic development of Cornwall. Its function is to create a team of dedicated personnel tasked with assisting the agricultural, horticultural, food and land-based industries to access Objective 1 funds. Operating under the steer of the Agricultural Task Force, the team ensures that the industries' strategic objectives are met and that the allocation of funds is fully committed.

CHESS) to a total project cost £35,000. Nathan Harrow was appointed Project Manager, with responsibility for carrying out the FS.

5.5.2 Interest in the feasibility study

The FS was commissioned in order to strengthen the CM's problematisation. It provided the framework for the CM to take his ideas forward in a structured way. This was instrumental in getting the above players on board, without whose support the idea would not go anywhere. The Objective 1 programme served to underwrite this support: "*If it had ended up more expensive they probably wouldn't want it*" (Rodda 2004). In this sense, the FS can be understood as an important intermediary in the overall translation process of the CFP network, as it succeeds in drawing other actors into the nascent network.

What this process demonstrates is that within with the construction of the CFP network there are a number of other networks, each of which is formed through a similar process of translation. For example, the FS grant can be understood as an actor within the CFP network, which resulted from garnering support from other actors. In other words, the grant is in itself a network, even though as a successful grant application the complexity of its formation is hidden. Within ANT this simplification is known as 'punctualisation', and in this case the grant can be envisaged as a 'punctualised node' within the CFP network (Callon 1991; Law 1992). Critically, as with any network, these punctualised nodes are prone to destabilisation, should any of their components (whether human or non-human, actor or intermediary) dissent from the aims of the network, which may then in turn impact on the stability of the network of the CFP itself. This highlights the contingent nature of network construction, as well as the burgeoning complexity of the CFP.

The function of the FS as an important intermediary can be further witnessed once the FS research is underway. A by-product of this research was to engage the interest of a wide range of stakeholders, as shown in Figure 6. The FS research took about 12-18 months and involved linking up with organisations, individuals and initiatives in the South West, UK and other European countries to explore different models and ideas for sustainable food procurement. At this stage, the other large NHS Trust in the county, the Cornwall Partnership Trust (CPT), became more heavily involved and contributed extensively to the FS. The CPT would later officially head the CFP project.

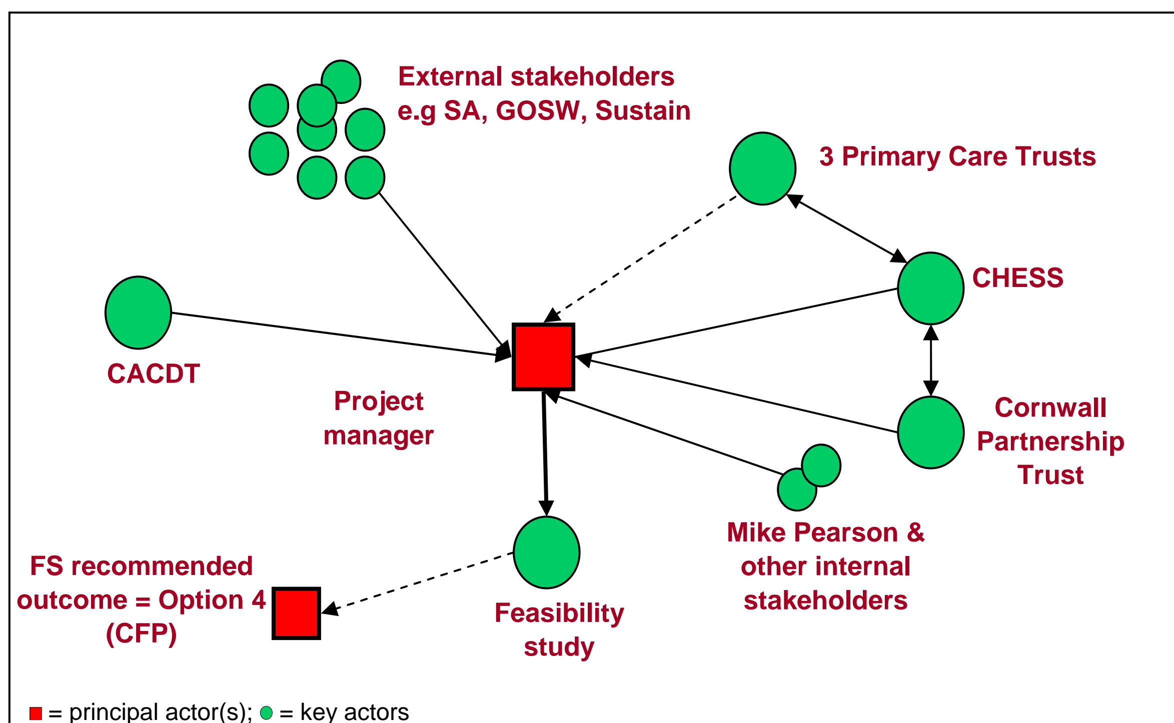


Figure 3: Stakeholder engagement with the Feasibility Study

5.5.3 Supplier interest

In terms of engaging the interest of suppliers in the proposed network of the CFP, it is significant that there was such a strong sense of identifying with Cornwall amongst those interviewed, and a desire to contribute to its overall well-being. In this respect many of the suppliers were already actively engaged in trying to increase the percentage of their inputs that they source from Cornwall, and to support other Cornish businesses and producers where possible:

> "*If Cornwall is to expand and create a wealth base we have got to invest in our own county. That's been my intention for 10 years now*" (Supplier 4).

Although the local suppliers were very supportive of the local Cornish economy, there was also a widespread recognition that Cornwall is a restricted marketplace, necessitating looking at markets beyond its borders. Nevertheless, even where suppliers were marketing their produce beyond Cornwall, their Cornish roots were seen as having clear commercial advantages. Cornwall is seen to have a strong identity and to be associated with quality products, giving businesses that successfully promote this a competitive edge in the wider marketplace. For example, the following supplier makes between 10-15% of its wholesale sales within Cornwall, with the remainder being sold to national outlets such as Tesco:

> "*Cornish is the backbone of the business, it's what our strengths are, it's what we sell. Our regionality is what we sell to the supermarkets*" (Supplier 10).

The maintenance and development of a local food supply chain is then something of value and significance to local food suppliers. Certainly, as will become clear later, the CFP was seen potentially to have an important role to play in developing the local food supply chain, as well as providing them with an additional outlet for their food produce. In

other words, they were interested in what the CFP might deliver, but in some cases needed more convincing to be enrolled and subsequently mobilised.

5.6 OUTCOME OF THE FEASIBILITY STUDY

Four options were considered in the FS: 1) business as usual – to purchase from national suppliers with no significant changes to the infrastructure; 2) to expand the existing kitchen to take account of growth; 3) to abandon the in-house cook-serve facility and outsource catering provision to an outside company; 4) to develop a central food production unit for the whole of Cornwall NHS. The study concentrates on the potential for positive impacts on the local community and economy, and seeks to establish the most cost effective option in the long term whilst allowing for the increased local procurement of food.

Box 5: Feasibility study recommendation (Option 4)

"It is this report's recommendation that a brown field site is developed for the design and implementation of a Central Production Unit (CPU) that has the capacity to provide high quality meals for the County's beds… This design will be modular and allow for further expansion, being based on "sustainable building design practice". It will include all that modern technology has available and be based on HACCP principles with local Environmental Health Department approval. The Central Production Unit will be "big enough to cope and small enough to care"… and will provide for the personal demands of the patient including specialist dietary items. It will provide a career infrastructure and career development path for NHS staff, unlocking Cornish potential, and is likely to mirror, in a small way, the 'Eden effect'[8] that has given massive support for the rural economy" (Harrow 2002).

The feasibility study was completed at the end of 2002 and recommended Option 4: to build a Central Production Unit (CPU) on a dedicated site which would provide for the needs of Cornwall NHS through a cook-freeze facility, whereby the food would be delivered to, prepared and cooked in a central, on-site kitchen, and be distributed throughout Cornwall NHS.

5.6.1 Convergence of the network

Having problematised the issue, the next stage of the network translation process involved interesting relevant actors in the proposed solution (interessement). The process of conducting the FS had brought the idea to the attention of several interested parties and, by the time of its completion, some of the less peripheral actors among them already had a stake in making the project succeed. Having identified with the problem and become interested in the solution offered, they were actively doing so by having variously enrolled in the emerging network, with the CM as the main agent of change.

The FS acted as a motivating factor which secured the involvement of several key actors. The idea of the project at the time of its inception was unique and timely; this, together

[8] The Eden project is a botanical garden housed in two giant biomes or 'eco bubbles'. It has become one of Cornwall's major tourist attractions. Much of the food served in the restaurants is either locally sourced and produced, or grown on site. http://www.edenproject.com/.

with the enormous drive and enthusiasm of its main proponents, Mike Pearson and Nathan Harrow, meant that it developed a "*head of steam*" during the FS phase and a profile which brought it to the attention of some key and influential figures, including the higher tiers of NHS management, PASA, regional development agencies, local government and subsequently central government. The proposed solution appeals to a range of external stakeholders, in that it engages with the emerging policy discourse around the issue of sustainable public sector food procurement.

The result of this process was that a stable network was emerging whose actors were fully engaged with the proposed solution. As the FS takes shape, it is possible to identify objectives and themes around which the stakeholders were aligning (see Figure 4):

1) The idea of "*local food for local people*";
2) The desire to improve the quality of hospital food in terms of nutrition and taste (link between quality and value for money);
3) The importance of Cornwall (its geography, economy and identity), and the prospect of realising socio-economic and environmental gains;
4) Convergent sustainability discourses which centre on the issue of food miles, adding value to the local economy, and improving the health of the local community.

It is this convergence of interests which leads the actors to actively enrol in the CFP network. In other words, the actors have become interested in the project, are convinced by the values of the proposed network, and agree to adhere to them.

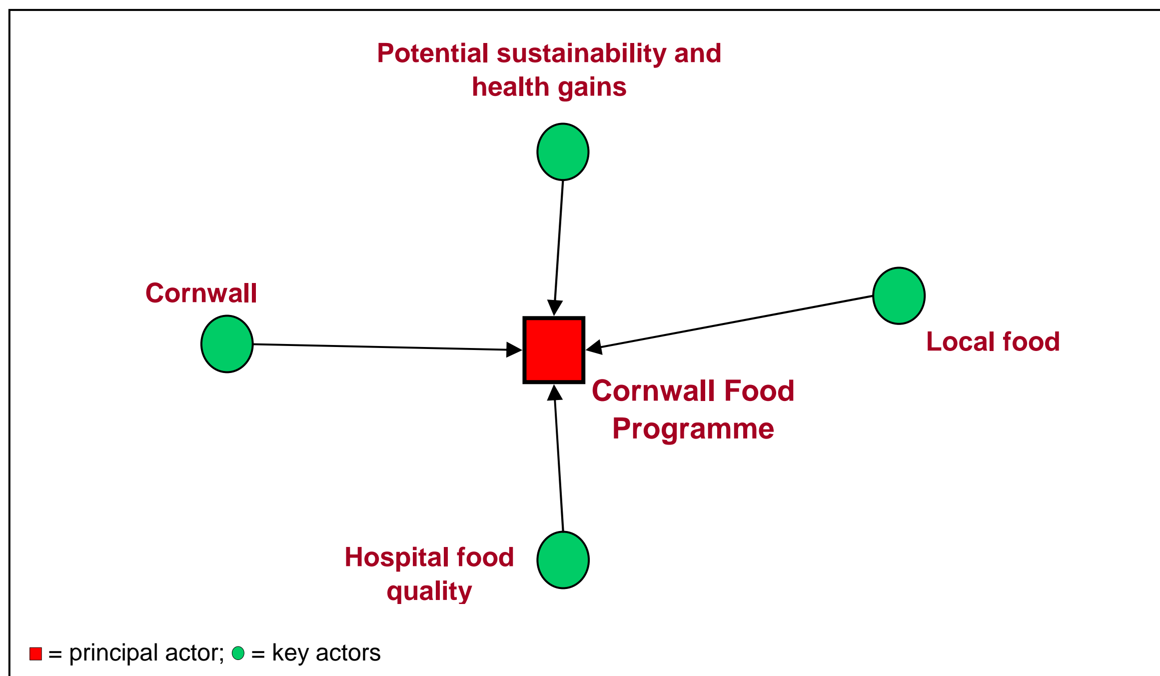


Figure 4: Convergence of stakeholder interests

The stability of the emerging network is affirmed by the fact that the preferred outcome of the FS can be viewed as mutually beneficial to all the actors involved. The project places 'Cornwall' and how to benefit Cornwall at its centre. It proposes to meet in part the goals

set by the Objective 1 programme, while at the same time enabling the CACDT to fulfil its role as facilitator. The needs of the hospital management and the catering department are met through the prospect of resolving the requirements for hospital growth. The suppliers' also view it as a positive development, in that it increases the demand for local supplies of food:

> "*I think it's pivotal. I think it's crucially important because they can create what we term critical mass... you need that critical mass to make things happen. This then allows unit prices to come down; and rather than ordering say 10 yoghurts, you are ordering 500*" (Supplier 4).

The outcome of the FS is a further milestone within the overall CFP network, in which the problematisation has been refined as a result of research into how actors in similar networks have approached their problems. The decision to choose option 4, necessarily, has a pivotal impact on the future direction of the network, as well as on how actors will be enrolled and subsequently mobilised. Each of the individual suppliers concurrently engaged during this time can also be seen as becoming part of stabilised networks, in themselves, as well as contributing to the overall translation process of the CFP.

By the time the FS was completed, a range of actors had a stake in making the project succeed (having identified with the problem and become interested in the solution offered), and were actively doing so by having variously enrolled in the emerging network with Mike Pearson as the main agent of change. "*They have been successfully mobilised into a relatively new set of relations*" (Pearson 2004). The result of this process was that a stable network emerged whose actors were fully engaged with the proposed solution. At this point, the main actors now entered a new problematisation and interessement phase which revolved around the question of how to take the outcome of the FS forward. During this phase they needed to engage further actors in the CFP network, as well as ensuring the continued involvement of existing actors.

5.6.2 Expansion of the local supply network

Simultaneously, Mike Pearson and Nathan Harrow were continuing to extend the network of local suppliers (see Figure 8). It was apparent that many of them might concur with the problematisation, but for the network to function they needed to be actively interested, engaged and then mobilised into the network. In 2002, they approached a local, family-run ice cream company which was producing a high quality, premium product. The national PASA contract did not meet the Trust's needs because the composition of the ice cream did not suit their system of delivery to the wards, in that it had melted by the time it reached the patients. In addition, the high fat content of this local ice cream meant that it was better suited to their needs, through providing the high levels of energy recuperating patients require. Together with hospital nutritionists, they worked with the company to adapt the product to meet the hospital's specifications: the portion size was adjusted to make it affordable to the hospital, and the packaging was minimised to reduce costs and waste:

> *"They had to make the case I think to public purchasing that they were getting good value for what we supply, in nutritional terms. So it may have been more expensive, but they say the nutritional value is much better, so that compensates and they are able to spend a little bit more. So it is better value rather than best price"* (Supplier 3).

The Trust met this company through one of their ‘Meet the Buyer’ days, organised jointly with Cornwall County Council, where potential suppliers can discuss opportunities for supplying the local public sector. As such, it was a mutually beneficial coincidence that the RCHT was actively looking for local suppliers, and the local supplier was actively looking to access the public sector. The ice cream company used Objective 1 funding to develop the infrastructure within their business, in order to produce what the Trust required.

Following this, they met an award-winning cheese supplier through the Cornwall Food and Drink group as a result of Nathan Harrow giving a presentation to the latter. This cheese supplier, as it happened, had recently been in hospital as a patient and was appalled by "*the rubber they call food*", and was interested in improving the food that goes into hospitals:

> "*In the main, we go for upmarket products. The huge dairies do the commodity products, we are usually the higher end… But when you do fixed weights, and you get under-weights, what do you do with them... they are perfectly good cheese?*" (Supplier 5).

The hospital arranged to buy the company’s out-of-spec cheeses (the ‘under weights’) thus creating a win-win situation whereby the hospital could afford a relatively expensive, premium product and the supplier received a realistic price for a product that otherwise has limited or no market value: “*The key* [to this type of arrangement] *is partnership, and crucial to this whole project is trust. We need to be able to trust our suppliers and vice versa. We have fantastic working relationships with them*” (Harrow 2004a).

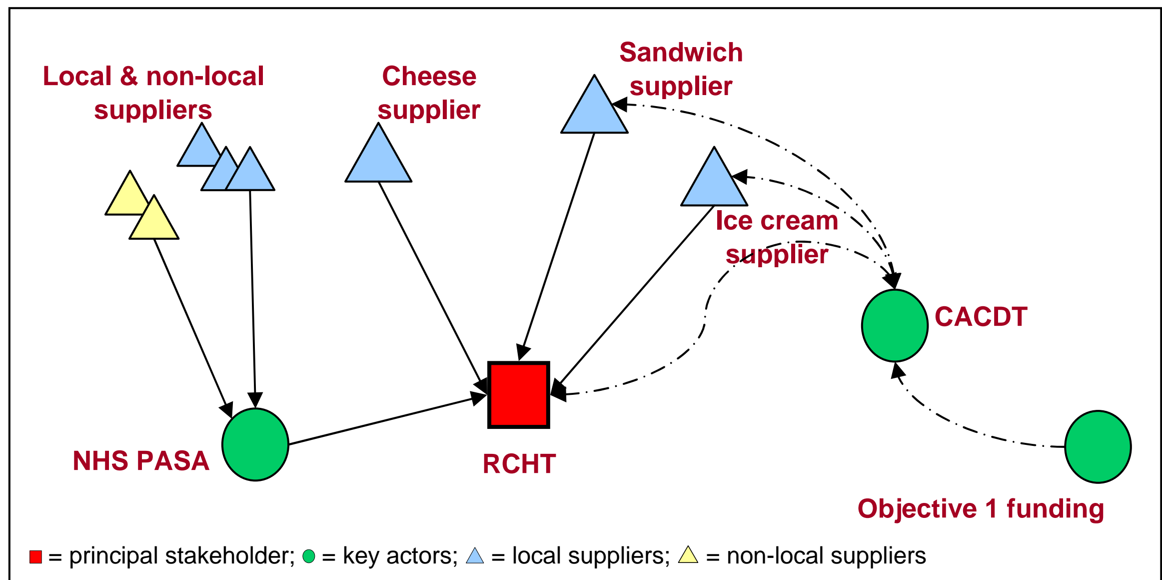


Figure 8: Network of supply (2002/03)

Figure 8 also gives an impression of how the Objective 1 programme is working to connect supply chain actors in Cornwall through the intermediary of the CACDT, which is acting as a channel not just for funds but also information (indicated by the dotted lines). Synergistic relations exist between CACDT, Objective 1 and the local food

producers/processors with whom Mike Pearson and Nathan Harrow were building working relationships:

> "*Whilst we* [the CACDT] *are predominantly out to deliver Objective 1, we are also finding that we are fulfilling a function of joining up the supply chain, because we are in contact with so many businesses in the county and can put them in touch with one another*" (Rodda 2004).

In this way, they were able to connect the RCHT with potential local suppliers. For example, the ice cream company approached the CACDT about applying for an expansion grant from Objective 1. The CACDT, aware that the RCHT was looking for local suppliers, then put the two in touch.

5.7 BRINGING THE CFP TO FRUITION

This phase in the CFP's development concerns how Option 4 of the feasibility study was taken forward. The new CPU facility will supply 1.2 million meals a year to hospitals throughout Cornwall to patients, staff and visitors, as well as to students at the new Peninsula Medical School in Truro. This option implied a massive and systemic transformation of activities. How to bring this about was the immediate concern of all involved in the CFP. Top of the list was how to finance the CPU, and how to ensure an effective local supply chain that could supply the increased volumes required.

It is at this stage that activities, or rather planning, is 'scaled up' to fully include all five hospital Trusts that comprise Cornwall Healthcare Community, rather than just the RCHT. Part of the conclusion of the FS was that Option 4 would cover the whole of Cornwall NHS, therefore it became necessary to interest and engage the involvement of the other four Trusts in Cornwall. Up to this point, the practicalities of the local sourcing strategy related only to the RCHT (i.e. the RCHT was the only Cornish NHS Trust to have increased its local sourcing by intentionally encouraging local suppliers to bid for contracts), although individual employees of Cornwall Partnership Trust (CPT) had actively contributed to the FS.

The immediate concern was a continuation of funding in order to keep Nathan Harrow in post, in that on completion of the feasibility study the funding for his post came to an end. The CACDT and GOSW decided that the CFP was such a "*strategically good fit*" with the goals of the Objective 1 programme that his expertise should not be lost. The project was, therefore, allocated interim Objective 1 funding to keep him in post for a further 3-4 months. However, in order to secure long term funding for his post, match-funders were required, with the 5 NHS Trusts the most likely source. The FS provided ammunition to present a persuasive case to the management of the remaining four Trusts, at the same time as consolidating support from the RCHT's Chief Executive. CHESS played a key role in facilitating links and negotiating support (ultimately successfully) from the Trusts' management. This was not a trouble free process; the implications for the CEs were potentially huge, and possibly even risky, especially in terms of the financial commitment involved.

From March 2003, Nathan Harrow's post was extended under Objective 1, with match funding provided by the Cornwall Healthcare Community (through CHESS) and Defra.

His main remit was to draft an Outline Business Case for the CPU, which is essentially a costed proposal, including a cost-benefit analysis and risk assessment to form the basis of a funding application to build the CPU. At this point a Project Board was set up to oversee progress on the CPU and it is responsible for delivering via CHESS. The board includes representatives from the executive level of all five Trusts as well as the Chief Executive of PASA.

Among other interested stakeholders, this phase sees the CFP gaining widespread recognition and support. It had generated considerable interest locally (e.g. local producers and suppliers, patients, Cornwall County Council), regionally (e.g. GOSW, SWRDA, OSW, SHA) and nationally (e.g. PASA, Central Government and national NGOs). It had also come to the attention of high level government officials, including the Prime Minister and Lord Whitty from Defra, who chose the RCHT to launch the Government's Public Sector Food Procurement Initiative in August 2003.

5.7.1 Connecting local production and supply

Simultaneously, efforts were being stepped up to develop the local supply chain. Currently the capacity, logistics and supply structures do not exist for local producers to supply Cornwall NHS. In order to meet the needs of any future CPU, as well as the existing needs of the Cornwall NHS, a strategy to connect downstream supply chain actors to enable local production to feed into the system, had to be developed.

Preliminary work during this period (which examined the quantities of product used by the NHS and the future food requirements of the CPU with reference to Cornish production capacity), estimated that the purchasing of the CPU would be approximately £1m of ingredients, some of which could not be sourced locally:

> "*What we've got to do is get a bigger chunk of that million pounds. It's about enabling producers and the NHS to take a risk and what we can do is try to reduce that risk. If Objective 1 hadn't put the investment in they probably wouldn't have done it because the risk, the cost is too high. We've reduced that cost enabling them to take that risk*" (Rodda 2004).

A prerequisite for the purchase of more locally produced food was a corresponding development of the supply chain in terms of existing infrastructure and the established modus operandi. PASA has long been aware of the difficulties that Cornwall faces due to its geographical isolation and, based on its knowledge of suppliers, has helped the CFP identify opportunities to link up with local suppliers, as has the CACDT. However, the current production base is very fragmented and the supply chain structures do not exist for the local and organic sectors to meet the potential of this new market. As such, supply chain collaboration is identified as being crucial to achieving the goals of the programme:

> "*The missing or weak link in the chain is distribution*" (OSW, 2004).

In order to tackle this and try and "*bridge the gap*", Roy Heath was appointed in April 2004 as Sustainable Food Development Manager. The brief of this post was to identify sources of local and organic produce and to investigate ways of introducing it into patient meals and staff/visitor restaurants. By collaborating with, and linking up, existing supply chain actors in the region, he is exploring opportunities for local producers to supply the

CFP through their local suppliers. Specific objectives are for 10% of catering provision to be organic within the first year, and in terms of the whole course of the project to meet the Soil Association's Food for Life targets (i.e. 30% organic, 70% local). Roy Heath has a proven track record in this area, having successfully reorganised the food supply for the nearby Eden Project[9], increasing the amount of local food used in their catering provision.

His post is 100% funded by Organic South West (OSW), a Soil Association managed project, joint funded by Defra and Objective 1. OSW was set up in 2000, funded originally under the Objective 5b programme, which at that time covered Devon and Cornwall. From 2002, OSW's funding was delivered through Objective 1 and accordingly its remit is now limited to Cornwall. The objective of OSW is to grow the organic market in Cornwall and the Isles of Scilly providing technical and market support to the whole supply chain. One area of interest is the development of new sustainable markets and it is focussing its attention particularly on the food service sector which is seen to have huge potential in Cornwall. As the CFP corresponds with this objective, OSW (with approval from GOSW which administers OSW) has committed funding initially for 12 months (from April 2004) with the likelihood of an extension to October 2005 (which it duly received).

The post involves identifying a commonality of interest between the NHS and local producers. For example, local fisherman do not have a ready market for some of the more unknown and consequently less popular species of white fish that they catch, so the SFDM is in the process of working out how the hospital could take this product on (which he successfully did in 2005):

> *"We're talking about perfectly good quality fish which doesn't sell because it's not known to people. We can take this and put it into fishpie, for example, with the added benefit for the patients that it is really fresh. And the fisherman gets a decent return*" (Heath 2004).

The SFDM's ultimate goal is to form a "*local purchasing alliance*" in order to provide the volumes required. He envisages this as a non-contractual group of procurement areas (public and private sector catering in Cornwall) with a commonality of product. This would involve, for example, organisations sharing information on demand and supply, and helping to coordinate transport and purchase, thereby achieving economies of scale:

> "*Initially food supplied by local firms will be targeted and the ultimate aim is to supply food actually produced in Cornwall*" (Heath 2004).

This approach seems to resonate with the suppliers themselves. For instance, the supplier of fruit and vegetables would like to source more produce from within Cornwall, but does not have the time to explore what is available. He was therefore delighted that Roy Heath found him a local organic potato supplier, who they were currently talking to with a view to supply commencing shortly. As a result of Roy's efforts most, although not all, of his potato supplies will now be both Cornish and organic:

> *"I can sit in my own goldfish bowl and wait for things to come to me, but if Roy can go out there and find products within Cornwall that we can firstly serve to*

[9] The Eden project is a botanical garden housed in two giant biomes or 'eco bubbles'. It has become one of Cornwall's major tourist attractions. Much of the food served in the restaurants is either locally sourced and produced, or grown on site. See http://www.edenproject.com/ for details.

> *him, but also serve to the outside trade…Often I haven't got the time to go out and source these things, but if Roy comes to me and says look I've found this, it'd be great if it can be worked around the price frame… If someone can come along to supply the hospital, via me, that's fine*" (Supplier 8).

There was also a recognition amongst the suppliers that there has been a change of mindset at the RCHT, whereby they are making it easier for smaller local producers to tender for their contracts. For example, where a single supplier is unable to cope with the whole contract, they are quite willing to discuss splitting it into smaller segments:

> "*They make it possible for people to supply them - they are not putting up brick walls any more - they are taking them down…Up until now it has always been like combat dealing with the NHS. Now it's partnership. You still need to give the right price. If the price isn't there they will still walk away from it, because they have got a budget...but now it is different*" (Supplier 4).

From October 2005, Roy Heath's post was extended until March 2008, again funded by OSW with joint funding from DEFRA. However, following this extension his role has changed whereby his time is now evenly split: 2.5 days a week looking at how to introduce local and organic produce into the NHS (i.e. much the same as for the first period of funding); and 2.5 days a week on getting organic produce into other sectors of the industry (outside the NHS), including local hotelier groups, restaurant groups, and other public and private sector organisations. This reflects the primary focus of OSW, which has always been to grow the organic market within Cornwall and the Isles of Scilly. Although the NHS (and in particular the CFP) is still recognised as being able to contribute to this aim, their catering budget is recognised as being relatively limited in terms of the quantity of organic produce that they will be able to purchase. This is not to suggest that the OSW are no longer supportive of the CFP, simply that its relative limitations have been recognised in relation to their primary aim:

> *"Certainly, budget wise, the NHS can't go totally organic. It just wouldn't be able to fund it... But my role with NHS is still very much organic if we can afford it, if not, then at least local" (Heath 2005).*

5.7.2 Consolidation of the network

As mentioned earlier, this phase sees the CFP gaining widespread recognition locally, regionally, nationally and even internationally. The stakeholders who contributed to the FS research seem to have taken the idea on board and news of the project "*spread like wildfire*" among different groups of people, who were receptive to the ideas proposed. This is due in part to the efforts of the main protagonists, but also because the policy climate was receptive to change; particularly where innovations sought to address issues of sustainability in procurement practices.

Closer to home, the need for management support was extended to include all five of Cornwall's NHS Trust's Chief Executives, who appear to have embraced the goals of the CFP and its rationale of sustainability and local procurement. Their commitment to it was demonstrated by the funding provided through CHESS at a time when the NHS was financially stretched: "*All 5 Trusts had difficulties contributing to the match funding*" (Summers 2004). Executive level endorsement of the FS outcome from all five Trusts was critical for the recommendations to be implemented: indeed, without their full

compliance, the solution could not be implemented. PASA have been similarly proactively involved, and their Chief Executive now sits on the Project Board:

> "*There is clear and unequivocal support from all 5 Trusts. This is demonstrated by the financial commitment already made, and the Joint Chief Executives directive that a Project Board be formed to take this initiative forward*" (Harrow 2004a).

Objective 1 emerges again as a key driving force: "*we'd have never been able to afford to develop the expertise without it*" (Summers 2004).

Following the feasibility study, the CFP network began to draw in what up until now had been more peripheral stakeholders, that had perhaps been consulted during the FS phase and shown an interest, or shared information etc. (e.g. CHESS, PASA, NFU, CA and Central Government in the form of the Department of Health and Defra). In other words, they had identified with the problematisation of the food supply chain in Cornwall, and were interested in the solution offered by the CFP. But it was only now that many of these key actors became actively enrolled in the CFP network. Engaging the support of all the Cornish NHS Trusts, as well as securing a further round of Objective 1 funding, was a major milestone in the evolution of the network. It enrolled a new set of stakeholders, such as CHESS and the hospital management who, through their financial commitment, now had a considerable stake in the success of the project. In addition to contributing their expertise to the development of the CFP, the role of many of the so-called external stakeholders has been to bring the project to a wider audience, which could have a considerable impact on the ability to scale up the initiative in terms of replicating it, or elements of it, in other contexts.

As far as the suppliers are concerned, many of them see the CPU as having the potential to act as a supply hub for local producers within Cornwall, as well as providing the opportunity to create clusters of suppliers. It is apparent that a number of suppliers have already made the decision to relocate to the site of the CPU once (and if) it is built. The Project Manager describes relations with their local suppliers as "*second to none*" (Harrow 2004a). Underpinning these relationships appears to be the notion of partnership, based on mutual trust, and adaptability and flexibility to better meet each other's needs. The way in which local dealings with local suppliers have become established illustrates the nature and significance of these relationships. However, whether 'new' producers and suppliers currently outside the network will "*respond to the challenge*", is not yet a foregone conclusion.

5.8 THE FUTURE

5.8.1 The next steps

Building a CPU to supply the needs of the whole of Cornwall NHS implies changes to the operations of all five Trusts. The inclusion of the county's four other hospital Trusts will entail catering for relatively few additional patients (500 extra beds = approx. 1500 extra meals per day), as most of the hospitals in question are small community outfits. The project will require the Royal Cornwall Hospital and West Cornwall Hospital to change to a 100% cook-freeze meal production system. As the four other hospital Trusts are

already served by cook-freeze systems, it is anticipated that adjusting to the change in operations will be fairly unproblematic for catering staff.

Infrastructure development is a major cost, and in particular the capital cost of building the CPU. Originally projected to cost £4.5 million, this has since been revised downwards to £3.65 million. Capital builds up to £3 million can be authorised as an internal NHS Trust decision. However, projects over £3 million require SHA approval, in that they are the body responsible for creating a coherent and strategic NHS in the region and are accountable to the Secretary of State for Health for the performance of services delivered (SWPSHA 2005). Within Cornwall, the relevant SHA is the South West Peninsula Strategic Health Authority (SWPSHA). In particular, it is necessary to get the approval of the SWPSHA's Capital Investment Group (CIG), which is composed of the regional SWPSHA plus the Chief Executives of all the NHS Trusts in Devon and Cornwall. In this respect, the Outline Business Case (OBC) proved vital in terms of convincing the SWPSHACIG that the CFP's vision of the CPU was sound in economic terms, and worthy of financial support. However, as a public body, the NHS is ineligible for match funding for capital costs from Objective 1.

Ordinarily, for a capital builds of this nature, if agreed, Objective 1 would contribute 20% of the total cost, match-funded with 20% from DEFRA, and the remaining 60% from the NHS. However, because the NHS is a public body, it cannot be match-funded with further public money from DEFRA. So in this scenario, 20% would be EU money, and 80% NHS money. Therefore, in order to maximise the funding opportunity afforded by being an Objective 1 area, and to reduce the burden on the NHS, an alternative approach needed to be found that could draw private money into the scheme. This entailed involving the NHS Local Improvement Finance Trusts (LIFT) in the CFP network, through convincing them that it was in their interests to be involved[10]. The local LIFT company in Cornwall is Community First Cornwall, whose management structure is 60% private and 40% PCTs (West Cornwall PCT, Central Cornwall PCT, and North and East Cornwall PCT). The ensuing solution was that 90% of the £3.65 million will be borrowed by Community First Cornwall, with 10% being provided up front. 60% of this 10% will be private money (i.e. 6% of the total cost), and 40% of the 10%, public money (i.e. 4% of the total cost), supplied by the Department of Health from strategic capital via the PCTs. In other words, 96% of the total build cost will effectively be provided through private funding. This means that the CFP is now able to maximise the potential of Objective 1 funding by obtaining 20% of 96% of the total build cost from EU money, match funded by DEFRA (making a total of £1.40 million): whereas, in the absence of this arrangement, only 20% of £3.65 million (£0.73 million) would have been available (Harrow 2005).

The CFP team is currently in the process of submitting its planning application to build the CPU (due 12th December 2005), in that planning permission is required before submitting

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[10] NHS LIFT aim to develop a new market for investment in primary care and community-based facilities and services in order to improve the quality of service delivered within the community they serve. The NHS LIFT approach involves developing a joint venture between local health bodies and a private sector partner, which at a local level will involve a local LIFT company. A local LIFT will be a public-private partnership, set up as a limited company which will own and lease premises (DoH 2005) - in the case of the CPU, over a 25 year timeframe. The lessee will be the RCHT and, at the end of the 25 years, they will have the option of either buying the building, or continuing the lease (Harrow 2005).

an Objective 1 Business Case. The projected timeframe for the CPU is that planning permission, and subsequently the Objective 1 Business Case, will be approved by March 2006, with the building phase starting in April 2006. The intention is for the CPU to be fully operational in April 2007.

5.8.2 Mobilisation of the local supply network

"*In the last three years we have worked closely with local suppliers and growers to purchase the high quality ingredients they produce at a price the NHS can afford*".

The evidence so far, suggests that local producers and suppliers are prepared to commit to making the CFP a success because it can offer them a secure future that they can invest in. It is hoped that the CFP will afford local producers and suppliers new opportunities in that collectively and individually they will be able to take advantage of the new infrastructure, supply systems and relationships that will be a by-product of the CFP:

> "*Ultimately the thinking is that if long-term contracts can be issued then the producers themselves will be able to invest in building their own packing facilities, for example. Keeping supply and demand matched is key to the success of this. Organic South West believes that focussing on supply chain collaboration and marketing support will be a key role in future*" (OSW).

One supplier is looking in the summer months to produce a Cornish bagged salad that he can sell to the multiple retailers. He feels that the transport infrastructure is in place, in that the large supermarkets currently come down to Cornwall for cauliflowers etc. In addition, he already has a good working relationship with four local salad growers, and has talked to the biggest of these who feels that he can provide the continuity of supply required. "*I can't do it at the moment because I do not have the space to do it, but this is another thing we are hoping to put into Redruth",* which is where the proposed CPU will be sighted. Supermarkets are looking for locally identifiable produce, and he feels there is a niche opportunity which the CPU, through increasing the availability of local produce, should be able to contribute towards.

There is a degree of confidence amongst the suppliers that provided they are given the opportunity to supply large contracts, they have a number of supply chain advantages, most particularly in terms of the level of service they can offer:

> "*At the end of the day, we can be there in minutes. Plus, because we haven't got the vast turnovers of the nationals, each contract is more important to us and we certainly don't want to lose it.*" (Supplier No 7).

There is evidence that some of the suppliers are keen to engage with the CFP, simply because it is seen as something of value to be associated with. For example, one supplier felt that his business might benefit through the:

> *"Kudos of being associated with being able to say that they are involved".* Financially he did not feel that it would ever have much impact on their business. *"But, personally I would like to be involved in it. It isn't all about money, even though that is of course very important, there is still some room left in our lives for things that matter*" (Supplier 5).

The above supplier is interested in being associated with the CFP for largely philosophical reasons, but others have a more commercial reason for wanting to be identified with it. In one case it has prompted them to re-evaluate their quality control protocols, and they are now independently audited via the CFP which allows them to claim "*that we have been audited by this company that does it for the NHS*". They like to think that they can compete with the best and having this system in place enables them to demonstrate that. This helps with their caterer contracts, all of whom are having to fall in line with legislation and are looking to companies who have the necessary systems in place "*so that they don't feel they are dealing with white van man*" (Supplier 8).

Many of the suppliers see the CPU as having the potential to act as a supply hub for local producers within Cornwall, as well as providing the opportunity to create clusters of suppliers. It is apparent that a number of suppliers have already made the decision to relocate to the site of the CPU once (and if) it is built. The benefits of doing this are seen in terms of creating a location that has a relatively higher volumetric throughput of food goods, which in turn can allow for joint investments in processing equipment, thereby increasing the processing capacity for local products. Some of the suppliers then hope that they will be able to source more of their produce locally, and very much see their involvement as a partnership wherein each of the suppliers concerned can benefit, but so too local producers, the local Cornish economy and the RCHT:

> *"If we're on the doorstep we can put more product in because of the sheer convenience in terms of transport, but hopefully they will share our storage capacity and we'll do some distribution for them. It'll be quite a close relationship*" (Supplier 1).

5.8.3 The future of the network

We suggest that the full mobilisation of the CFP network will only occur once the CPU is fully functional: setting up the CPU is therefore crucial to the survival of the network. The two strands of the CFP are completely interdependent; one cannot work without the other, or at least not on the scale proposed. If they had failed to get the necessary funding for the CPU, the CFP would have been unable to extend the RCHT model to include the whole NHS in Cornwall. Similarly, if they are unable to get producers and suppliers to cooperate and participate in the network, then they will not achieve the required volumes and will have to continue sourcing the majority of their supplies from outside the county.

Convergence of the network has occurred around the outcome of the FS, and around the rationale of sustainability and local procurement. This includes benefiting the local economy and community, reducing 'food miles', and improving the health of the local community. The level of enthusiasm for the project is self-evident, and the words 'partnership', 'collaboration' and 'trust' have been recurring themes across the interviews.

But what about the future? Expansion on this scale involves a major change in culture amongst the NHS and producers/suppliers, as well as a huge financial commitment. So far the project has encountered very few problems and those that have arisen have, with time and effort, been overcome without causing any serious setbacks: "*When we come up against a brick wall, we knock it down*" (Heath 2004).

However, the CFP still needs to gain planning permission, gain approval for its Objective 1 Business Case, and then ensure that the CPU building process itself proceeds smoothly. Even at that stage, the CPU is still not guaranteed to be successful, in that even once the CPU is operational it will still have to tender for hospital contracts (in order to not fall foul of EU tendering rules), meaning that it will need to be price competitive.

A second area of concern centres around the discrepancy between local supply and local production. In this respect, local suppliers' comments suggest that the CFP is being taken seriously as a network, even though as yet its prime component (the CPU) is not in place. However, there are some concerns amongst them that locally sourced food goods are often more expensive than products sourced from outside the region, meaning that the CPU could be using relatively more expensive products, which might become an issue. Nevertheless, that the economies of scale that can be achieved by the CPU should, to some extent, be able to offset this concern:

> "*The idea is excellent, but they have got to deliver it really, and we wish them every success. Making it happen, getting the funds together will be the big test for Nathan [Harrow]*" (Supplier 10).

A third area involves the potential friction between local and organic supplies of food to the CFP. For example, under the terms of the funding received by OSW, the project is required to reach quite demanding targets for sourcing local organic food. There is a question mark as to whether or not these targets are achievable in the relatively short time frame available. At the same time, the parties concerned are fully aware of this and there is some scope for flexibility and (re)negotiation: "*We need to thrash out how realistic these targets are*" (OSW). The second tranche of funding received for the SFDM's post, described under section 5.7.1, appears to be a workable compromise in this respect. Nevertheless, it will be important to ensure that the CFP continues to address as many agendas as possible amongst its constituent actors, in order to maintain their support for the ongoing development and stabilisation of the network.

Fourthly, *personnel change.* The success of this project so far has to a notable extent been down to the enthusiasm and commitment of the individuals involved: "*Where there are impressive projects in the NHS, it's because there are individuals who are really committed to doing something about it*". So far there has been a continuity of staffing which has contributed to the strength of the project, but there is a chance that the network could be vulnerable to a change in the personnel involved.

Fifthly, *policy change.* One concern was that to a certain extent the change in purchasing emphasis engendered by (and inherent within) the CFP is politically charged, and it is not impossible that a change in government could have a dramatic effect in terms of the support available:

> "*You have to remember that at the end of the day these are public bodies and they have political masters. I think the biggest danger to this is that the political master changes his mind. For example, if a new government came in and we returned to competitive tendering, which was the biggest disaster for small companies that ever happened*" (Supplier 4).

Despite these potential problems, communication is strong among the participants involved. Coupled with the identified strength of existing relationships amongst participants, and a commitment by stakeholders to the long-term success of the project, there are grounds for optimism that the CFP team/network is well placed to overcome any future problems that may arise.

6 THE SATELLITE CASE STUDIES

6.1 INTRODUCTION

The purpose of the satellite case studies within the context of this research is to provide a 'conventional' point of comparison with the main case study, thereby facilitating an understanding of the replicability of the Cornwall Food Programme. Consideration was given to conducting an in-depth evaluation of a single 'conventional' hospital procurement programme within the South West, but it was felt preferable to gain a variety of perspectives that might then highlight a number of key areas for consideration. As such, interviews were conducted with three stakeholders involved in the procurement of food in a variety of hospital trusts in the South West, none of which has a specific initiative in place to increase the sustainability of their food procurement practices. Firstly, the catering manager at the Royal Devon and Exeter NHS Foundation Trust (RD&E). Secondly, the Senior Purchasing Specialist for the United Bristol & Western NHS Purchasing Consortium (UBWPC), which procures food for three hospital trusts (North Bristol NHS Trust, United Bristol Healthcare NHS Trust, Weston Area Health Trust) and four Primary Care Trusts (South Gloucestershire, Bristol North, Bristol South & West, North Somerset). Thirdly, the Head of Facilities at the Northern Devon Healthcare Trust (NDHT). In addition, two suppliers to a number of these hospital trusts were interviewed, one of which supplies a range of bought-in frozen foods, dried goods and fresh fish; and another who predominantly supplies bakery goods that they have produced themselves. The following section looks at the significance of 'best value' in the procurement process[11]. Section 6.3 then examines the advantages of 'going off-contract', before Section 6.4 looks at how local suppliers are engaged. Section 6.5 then concludes this chapter by highlighting some points for consideration in relation to the operation of the RCHT and the CFP.

6.2 TENDER EVALUATION AND SELECTION CRITERIA

The concept of 'best value' is the underlying driver of procurement processes in all three cases, and yet strict financial budgets also need to be adhered to. At the NDHC, the separation of the Supply Department from the Finance Department has meant a change in focus from the lowest price towards an increasing focus on 'reasonable price' coupled with high-quality: "*there is an understanding that quality has to increase*". In the case of the RD&E, the catering manager has an annual budget that he must work to, however there is a degree of flexibility in how he does this. This flexibility extends to what menus they produce, but if they go over budget they must make up the deficit through, for example, making a larger profit on the restaurant side of their catering activity. They are proud of the quality of the food they produce within the hospital, and believe they have always been better than the norm. Nonetheless, they are conscious of always ensuring that they keep to their budget which means being strict on what they provide to individual patients. E.g. they cannot afford to provide all patients with a full cooked breakfast, only those that require it nutritionally. Similarly, the UBWPC's main purchasing criteria are based on price and quality (in terms of nutritional value): "*the best quality food that you*

[11] The concept of best value, or 'most economically advantageous tender', was discussed in greater detail in Section 3.1.1.

can afford", although there is evidently considerable pressure to drive down the costs of food procurement to the lowest acceptable levels.

The bakery supplier's sole experience of tendering for a large PASA contract would seem to corroborate the enduring importance of price: "*We had the craziest document you've ever seen sent down to us…most of it based on the cost price that you could offer*". She was intensely frustrated by this process, in that as a relatively small (£2.5 million turnover) craft bakery they are unable to compete solely on price with the large national bakery companies, but they do provide high-quality products and a personalised service. Yet, the tender process did not appear to differentiate between a national supplier, offering a high-volume business, and a local/regional craft supplier like themselves: there was no opportunity to delineate the particular qualities and service levels they would be able to provide. As such, she felt that although the tender process talked about service, delivery, and quality etc, in reality it was solely about price, and she argued strongly that there should be a tender document for the larger national suppliers and another one specifically for smaller regional or local suppliers. She also pointed out that there is always likely to be a tension within large companies between what head office are demanding, and the more particular needs of users at a local level:

> "*When you look at the big suppliers there is always going to be a mix between the person at head office with a spreadsheet looking at the figures and how much things are costing, and the person at a local level wanting a service that they can rely on and a product that is going to sell…[or that patients at a hospital will eat]*".

6.3 GOING OFF-CONTRACT

In the case of all three procurers, there was a normal assumption that food provision would be supplied through national PASA contracts, although its practical implementation varied between the three. The main benefit of using PASA nominated suppliers was seen in terms of ensuring food safety throughout the food supply chain, because they must conform to stringent SDS-audit control procedures. If a decision is taken to go 'off-contract', it then becomes the procurers' responsibility to ensure that each of the suppliers they use is suitably accredited, most usually through an SDS-audit system, or equivalent. In those cases where there is no audit system in place, the procurement manager must arrange for the premises and production processes of the suppliers they use to be inspected individually, which is inevitably expensive and time consuming. In other words, the national PASA contracts are much less work to negotiate in comparison with the smaller local suppliers who "*need supporting if they are to continue providing at the prices and volumes required*", as well as the requisite quality.

From their perspective, the frozen food supplier also identified quality control amongst their smaller local suppliers as being a problem. As a company, they are accredited to ISO 9002 and are part of the British Frozen Food Federation Accreditation scheme, but often their smaller local suppliers do not do a sufficient volume of business with them to make it worth their while becoming accredited. He felt that the government should bring down the charges for these accreditation processes in order to facilitate smaller local suppliers achieving them, thereby facilitating access to the whole public procurement process. The supplier of bakery goods interviewed broadly endorsed this view. While acknowledging that they are accredited through a BRC audit process (which is

comparable to the SDS audit), she felt that it was not an easy process for smaller regional suppliers and seemed to be geared towards large national suppliers.

Notwithstanding these problems, going 'off-contract' is clearly an area in which public sector procurers have considerable flexibility in terms of sourcing their food supply needs. In the case of the UBWPC, despite the notable price pressure, there is also a requirement for service and logistics whereby they can get what they want when they want it, which requires: "*a responsive and reliable service*". In these situations, local suppliers are sometimes preferable in that they can offer a greater degree of flexibility and immediacy:

> *"If the national contract doesn't work for us, and we can demonstrate why it doesn't and they can't put anything in place that will help us, either at a service level or a cost level, then we will tell them why we're going away from it. We don't do it lightly because it means extra work for us".*

Similarly, the RD&E catering manager sources approximately 20% of his requirements 'off-contract'. As above, he must justify his decision, which is usually in terms of flexibility and convenience. He cited the example of a shortfall in a delivery order, which is difficult to rectify with a national supplier but much more immediate with a local supplier. Likewise, the hospital's requirements for sandwiches, for example, varies from day-to-day dependent on how patients have responded to the menu options. It is important therefore to have a supplier who can respond quickly and flexibly to changing orders, rather than supplying a fixed level of products:

> "*I can't have sandwiches being transported for two days in a lorry, which then gives me a one-day usage by date. I want someone who is local, can get it in, and I can deal with [as and when I need them]*".

It is also clear that the suppliers recognised this need for flexibility and convenience, and that it provides a clear opportunity/market advantage for them as local/regional suppliers who are not too large:

> "*Service in that we are local, and the company's reputation is very much based on service... If there are mistakes or errors in our delivery, then we will make it and run it up to them. Or if they suddenly ring up and say we have a meeting tomorrow, we need to do buffet sandwiches... we can provide that service…[Or] at Bristol Airport, if they get a mad rush, such as flights being detoured to Bristol, and they haven't got enough sandwiches, they can phone us up and we will make another hundred sandwiches and run them up to them*" (Bakery Goods supplier).

Indeed, this bakery supplier had recently won a contract with a Bristol hospital (whose food supplies are procured by the UBWPC), because the latter were having major problems with their national suppliers - date problems, delivery problems, and various quality issues. The bakery supplier had expressed an interest in supplying the hospital, and eventually the UBWPC decided to dispense with their national supplier and asked the local supplier what price they could supply the bakery goods for. They replied that:

> "*Obviously we cannot offer the same price that [the national supplier] can, but we worked with them and agreed a price and it was contracted over to us. So we actually won the business from the national supplier*".

The UBWPC were able to justify doing this because they were having major problems with their nominated supplier's service quality, which the local supplier was able to address, even though it may not have been the cheapest option in terms of price.

6.4 LOCAL SUPPLIERS

As many as 95% of the RD&E suppliers are local to Exeter, however the catering manager had no idea how many of the suppliers' suppliers were local, although he suspected that in most instances they would not be in that the produce was sourced on the basis of where it was cheapest. He suggested, for example, that the lamb supplied through their 'local' meat supplier was in fact sourced from New Zealand. When asked if he would like to utilise more locally produced food, he said that he would, but that in reality it was down to the hospital's procurement office rather than to him as catering manager:

> "*There is a difference between my policy and the procurement people's policy. My policy is that at the end of the day I have a certain number of patients to feed. Yes, whilst I would like to ensure that in order to feed them I was ploughing the money into products that had been produced locally, that met my quality standards, I would love that. But that is beyond my remit. At the end of the day we only have a certain amount of money to spend. If a locally produced product is going to cost twice as much as something that was produced in Scotland, which is of equal quality, then for financial reasons you are going to go with the one that is produced in Scotland… Their policy, and rightly so, is to get for the NHS, best value. Whether that means at the end of the day they have to buy from Europe, or anywhere else*".

Not dissimilar sentiments were expressed by the UBWPC respondent, who suggested that mainstream companies cannot source the volume of product that they need locally, at the right price, in order to keep costs to a reasonable level. There was a definite sense of frustration that they as a procurement consortium might like to source more local produce, but they are constrained by having to reduce their costs as much as possible due to the level of debt amongst the various trusts, which they do through tight purchasing procedures and dealing with large companies on large contracts. She asserted that it requires considerably more effort to ensure reliable supplies from smaller local suppliers and producers, and that as a procurement team they simply do not have the resources to do this, nor is it considered a priority: *"We do not have the time to look at these kinds of things…[for us it is] a luxury"*. However, she felt that for smaller 'cottage' hospitals this approach might be more feasible because the large, national suppliers do not always want to service such small demand, but for them: *"It's much more difficult because of the volumes required"*.

It is also interesting to consider the perspective of the supplier of bought-in frozen foods within this context. They are a company with a turnover of approximately £7 million and they distribute within a 50 mile radius of Bristol. Most of their products are not sourced locally and come through the major manufacturers. For example, their turkey product range comes from Bernard Matthews; potato chips are from McCain's; the frozen fish is from 5 Star Findus; and the fresh fish comes from a variety of ports throughout the country. However, more recently they have won a contract with Bristol City Council who

are strongly encouraging their local food suppliers to buy more of their supplies locally/regionally. The respondent said that they were happy to do this, but that occasionally it is not always possible to get the products being requested by the customer, and there may not be the same range of products available. Pricing can also sometimes be an issue with locally-sourced produce. One way to help overcome this latter problem, he felt, was to move towards a whole, or extended, product range, rather than simply purchasing on an ad hoc basis from all over the country, just to save a few pennies per unit. In other words all the vegetables will come from one supplier, rather than peas coming from here, and beans coming from there etc. He also stressed that although they only source 25% of their products from suppliers within the region, they employ local people and very much associate themselves with Bristol and the Bristol area. As a relatively small local/regional company, they are also able to work very closely with the people they hold contracts with, and are very responsive to any needs they may have:

> "*Unlike the national companies, that can't do things at the drop of a hat, we are able to bail them out on occasions when there is an emergency, when they are short. The national contract is set up on the behalf of all the NHS, but it may not work so well in particular areas. They need a local supplier who can bail them out when a product is not available on the national contract…We are a local company that is there to assist them. We tend to fall over backwards, rather than the national companies that get the large contracts set up and then walk away and have got no backup…it is purely down to price [for the national companies]*'.

As described above, the bakery supplier generally found it difficult to access the large PASA contracts, even though it values large accounts such as the hospital trusts that it does supply, because they are high-volume accounts. It is also significant that, like the frozen-goods supplier above, they very much associate themselves with the local/regional area in which they trade:

> "*Our raw materials, we try very much to source on a local and regional basis. So we use local suppliers as much as we possibly can...That makes sense to us because we are a small supplier in the South-West and we like to use South-West ingredients, and some of our product range is very much a regional product range…It is just putting back into the community*".

There is also a recognition that it is in their commercial interests to be associated with the South-West (which she identified as being Devon, Cornwall and Somerset), in that this is seen to be linked with quality produce. Similarly, that local consumers often appreciate buying produce that has clear local origins. E.g.:

> "*I will say on the packet, made with oak-smoked cheddar sourced from Quicks Farm in Credition, Devon...It is a selling point because people like it and many people come to us and say it is really nice... People do pick up on it and they do like the fact that we are a local supplier, so the bread is made locally in a craft bakery and we are using local/regional ingredients*".

Nevertheless, there was a caveat in their purchasing policy, related to the premium quality of the produce they sell. As their business has grown, so they are increasingly having to source ingredients from non-local suppliers because ultimately 'quality' is their

most important ingredient parameter, and there is a limited local supply of certain products/ingredients.

6.5 POINTS FOR CONSIDERATION IN RELATION TO THE RCHT AND THE CFP

Although involving only a small number of cases, it is apparent that many of the issues highlighted within the satellite case studies mirror those found within the Cornwall Food Programme and the RCHT. This is not surprising, considering that all four procurement operations involve the sourcing of reliable (in terms of both service and quality) food supplies to public hospitals. Areas of similarity between the procurers include:

- that all operate within tight financial budgets and value for money is an overriding concern;
- the majority of supplies are sourced through national PASA contracts. These contracts will be based on using PASA-nominated suppliers who, although they may be geographically local to the hospitals concerned, very often utilise non-local supplies in order to minimise their costs;
- all procurers go off-contract for certain supplies, where this can be justified in terms of convenience, service, quality or price;
- there is concern about the consistency, price and volume of locally-sourced produce.

Likewise, it is possible to identify areas of similarity between the suppliers in the satellite cases and those involved with the RCHT/CFP:

- both of the suppliers interviewed in the case studies strongly identified with their local/regional area, in much the same way as the Cornish suppliers;
- in most cases, suppliers to the hospitals source a high percentage of their supplies and/or ingredients from outside the area concerned. I.e. the suppliers might be local, but not the goods they supply;
- where suppliers also produce goods, there was a widespread recognition that it was in their commercial interests to be associated with the local region, whether that be Cornwall, Bristol, or the South-West;
- large-scale contracts with hospital trusts were generally seen as something suppliers wanted to have, in that they give weight and consistency to their client portfolio; and yet
- smaller suppliers and producers in both Cornwall and the other areas found it problematic trying to engage with the PASA process, which was widely identified as being more suited to larger companies.

Nevertheless, there are also notable differences between the RCHT/CFP and the satellite case studies.

Sustainability is central to the RCHT/CFP procurement approach, whereas this is not apparent in the satellite examples. Within the NDHT supply strategy, there is no discussion concerning the issue of sustainable food, and only ‘glib’ references to sustainability, mainly because issues surrounding the notion of sustainable food is very new to the NHS compared, for example, to broader environmental issues such as energy use. This is partly because it is difficult to quantify the benefits of sustainable food in

terms of its effect on a patient's well-being, which in turn makes it difficult to prioritise in the procurement strategy. The respondent felt that in order to drive forward the sustainable development agenda you need to: "*rely very heavily on the champions within the organisation…If you've got champions, people will 'cover up' the small things that aren't so nice, but if you haven't got champions, everything's hard work and every excuse to drop it gets used*".

Within the RCHT/CFP initiative there is a very strong focus on increasing the numbers of local suppliers and producers. However, the NDHT respondent felt that the Cornish situation is somewhat unique in being able to do this; partly because of the critical need to address local employment issues, but also because they have "*lots of champions*" pushing this agenda forward. He also expressed concerns about the reliability of supply and consistency of quality over the long term, in relation to smaller local suppliers. For example, if there is a problem with a local (and he suggested by implication, small) contract, then it may be difficult to find another source of supply at short notice: "*You can force people to source from North Devon, but can you force the people of North Devon to supply the quality? In somewhere like North Devon where there are so few producers, how do you do that?*"

However, the principal barrier identified by the hospital respondents in the case studies was a lack of time and personnel resources to explore local possibilities and opportunities for more sustainable procurement policies within their areas. In this respect, Cornwall (and the RCHT/CFP) was seen as being an unusual case - "*what they are doing is not practical for the rest of us*" (NDHT): whereas the UBWPC respondent suggested that unless "*you have a mandate like Cornwall to be looking at sustainable procurement… increasing tenders for small and local producers [would involve an] amount of work that… is quite disproportionate to the savings we would get out of it*", principally because of the need to guarantee the supply and quality of the produce involved.

While the frozen food supplier is being encouraged by Bristol City Council to source more of their produce locally, this is an isolated example within the satellite case studies. It seems likely that in some cases local suppliers may be doing this on an ad hoc basis, but what is significant about the RCHT/CFP approach is the coordinated and deliberate attempt to engage with local producers, enabling them to access local suppliers, who in turn are encouraged and enabled to access the public procurement process. An important element of this has been the appointment of Roy Heath (the Sustainable Food Development Manager), with the specific aim of increasing the numbers of local producers able to supply the CFP. This highlights how resources, in the form of both money and time, can potentially make a difference to the procurement process. The CFP has also had money invested in Nathan Harrow (Project Manager), as well as large sums of money (potentially) in the proposed CPU. From the satellite case studies conducted, this decision to proactively invest in change is what primarily differentiates the CFP initiative, which in turn suggests that there is no reason why other areas could not do the same. However, none of the case studies were in large metropolitan areas, and it needs to be acknowledged that where this is the case there is unlikely to be such a sense of identity with local food producers, compared to both the satellite studies chosen here, or the CFP.

7 DISCUSSION, CONCLUSIONS, RECOMMENDATIONS

> ***Scaling up an initiative in the field of New Food Supply Chains changes the nature of the organisation and its sustainability performance.***
>
> (SUS-CHAIN Central hypothesis).

In this final section, we revisit the hypotheses posed by the SUS-CHAIN project which provide the framework for the report's final discussion. As referred to in Section 4.4, the central hypothesis revolves around the issue of scaling up and sustainable rural development. It suggests that the process of scaling up changes the nature of the organisation (e.g. structure, procedures, values, goals) and the extent to which it impacts on sustainable rural development (SRD). This central hypothesis has been broken down further into three sub hypotheses, all of which are discussed in detail in the subsequent sections:

1. Scaling up depends on commercial performance and appropriate public support.
2. The nature of the organisation changes with scaling up as an effect of growth in market power and of the increased pressure of economic constraints.
3. New food supply chains have a positive effect on sustainable rural development.

In this case study, scaling up is defined in two ways: firstly, expansion/growth of the initiative itself to include more procurers and suppliers in order to provide for the catering needs of more hospitals in Cornwall; and secondly, the extent to which the project has been rolled out or replicated in other regions/contexts.

As far as the former interpretation is concerned, the initiative is attempting to scale up by trying to increase the volume of product sourced from, or produced in, the local area. The next phase in the CFP involves 'scaling up' its activities to cover the whole of Cornwall NHS, rather than just one hospital Trust. The inclusion of these other hospitals will entail catering for relatively few additional patients as most of the 'new' hospitals are small community outfits. This implies a relatively modest increase in the total volume of supply. At the same time, however, the CPU will create the capacity to source a larger proportion of that supply from local, as opposed to out-of-county suppliers. What is perhaps more important, however, is the attempt to increase the amount of local *production* over supply, in that many products currently, although supplied by local companies, are not necessarily produced locally.

In order to encourage this process, the project is intent on providing as secure a market as possible for producers by offering long term contacts (4-5 years), enabling them to develop and plan for the production of new crops, thereby potentially increasing the range available locally. The CFP is also able to offer a market for high intrinsic quality out-of-spec produce, or produce of low retail market value, thus securing a return to producers on products that might otherwise go to waste, or be sold at a lower (and non-economically viable) price in 'conventional' markets.

Of the local suppliers that have been mobilised during the course of the initiative, none have appreciably increased their employment as a result of supplying the RCHT. However, there are a number of exceptions. Supplier 4 said that as a result of supplying more to the RCHT and the County Council, they now employ 5 more people whose jobs are to deal specifically with local businesses (although this is not exclusively the RCHT). Likewise, another supplier felt that if they were able to win the contract to supply the RCHT (worth £300,000 over three years in relation to a £2 million annual turnover), they would need to increase their staffing levels by between 1-2 people (Supplier 7). So although the CFP has not as yet resulted in noticeable increased local employment amongst its food suppliers, it could do so in the future.

As with employment above, supplying the RCHT represents a relatively small percentage of most suppliers' overall turnover. In one case, it was as high as 10%, but more usually it was in the region of 1-2%, with a number saying that it was miniscule (although still of value to them). In two other cases, despite the relatively small percentages, the actual figures of £100,000 and £370,000 represent quite significant accounts for the businesses concerned. To them, as well as to the other smaller account holders, supplying the RCHT was also seen as having a very definite commercial value over and above its direct impact on their turnovers. In some cases this value was in terms of a seasonal continuity of demand, something that is important in Cornwall where visitor numbers can swell the population of some towns by as much as five fold in the summer months. This can help even out their cash flow, but also maintain even employment levels throughout the year:

> *"The RCHT is quite important to us because it keeps things ticking along quite nicely in the winter months. The trade is the same 52 weeks a year and that is a good thing for us"* (Supplier 8).

To others, such as the cheese supplier, the advantage is that they have an outlet for their under- and over-weight products, which are technically of a high quality but do not meet supermarket buying strictures. All the local suppliers interviewed valued the opportunity to be able to engage as much as possible with the local Cornish economy through supplying the CFP.

In 2001/02, around 40% of annual expenditure on food provision in Cornwall NHS was purchased from suppliers within Cornwall (Harrow 2002). This figure has now risen to about 65%, and since the beginning of the initiative five additional local suppliers have been brought on board (cheese, ice cream, sandwiches, milk and fish); two of which are producer-processors. What is also significant is that a much higher percentage of the locally *supplied* produce is now locally *produced*. This process is ongoing, and an important part of the SFDM's remit:

> *"The critical thing is that probably about 30-35% [of the locally supplied produce] is now Cornish produce that hasn't left Cornwall. I think the key areas are milk and fish. It is Cornish produce direct from the supplier, within Cornwall. It has not been trucked up to Birmingham to be processed, and come back down" (Harrow 2005).*

Where the suppliers purchase the inputs for their businesses varies considerably, although most suggested that they buy locally wherever they can, provided that they are still able to make a profit. 'Local' to the suppliers was understood to be Cornwall in the

first instance, but extended to the southwest region generally, which includes Cornwall, Devon, Somerset and Dorset. However, there are naturalistic local supply issues that the CPU will be unable to overcome. For example, of the fruit required by the ice cream supplier, it is only strawberries that are grown in sufficient quantities in Cornwall. The other fruits (such as blackcurrants, gooseberries, cherries, and bananas) will necessarily need to be sourced through a national wholesaler, because there is no local wholesaler who can supply them. Similarly, for the bakery supplier, key products such as fats and flours cannot be sourced from Cornwall and are sourced mainly from Europe.

Continuity of supply is another critical issue that local suppliers encounter when seeking to source from local producers. This was particularly highlighted by the fresh fruit and vegetables supplier to the RCHT, who said that often local producers only have produce available for a limited period of time, creating complications for users such as restaurants and pubs:

> "*Many of the caterers have a set menu and wouldn't it be lovely to put Cornish products all the way down that set menu, but they can't because we can't always guarantee that it will be. We can virtually guarantee an English one, but not a Cornish one*" (Supplier No 8).

The CFP is also heralded as being able to contribute towards the fulfilment of carbon emissions targets for the NHS by reducing 'food miles'. Preliminary calculations suggest that a shift to more local suppliers has already resulted in a reduction of up to 250,000 'food miles'. However, this does not take into account where the local suppliers source their produce from, which underlines the impetus to shift to locally *produced*, rather than simply locally *supplied* food.

Similarly, the NHS has waste reduction targets to which it believes the CFP can contribute:

> "*By engaging with local suppliers, the flexibility allows us to influence the supply chain, so we can reduce the packaging. And if we can be more adaptable about how and what we purchase then again we can have a direct effect on that… So again it's another carrot to the 5 NHS Trust Chief Execs*" (Harrow 2002).

The latter interpretation of 'scaling up' within the context of this initiative is understood to mean 'rolling out', i.e. replicating the initiative in its current form, or in an adapted from. This has not yet occurred on any major scale, although considerable interest has been shown in the initiative and it has certainly influenced thinking on public procurement in the UK. One of its biggest impacts so far in terms of serving as a model for sustainable food procurement in the UK, is its influence on the development of the Government's PSFPI. In the words of one of the CFP's main protagonists:

> "*I don't mean to sound big headed but we drove it quite a lot. We challenged tradition and culture in terms of procurement and how PASA worked*" (Harrow 2004a).

7.1 COMMERCIAL PERFORMANCE & PUBLIC SUPPORT

Scaling up depends on commercial performance & appropriate public support (Sub hypothesis 1)

As far as this case study is concerned, the CFP is not a commercial operation as such. Nevertheless, whilst it is not profit driven, it is cost driven and has to operate within budgetary constraints. Once the CPU is established, commercial performance could become more important, but at this stage we are not in a position to consider this in our analysis of this sub-hypothesis. For this reason, this section focuses on the role of public support in the scaling up process, which has been crucial to this initiative.

7.1.1 Financial public support

Objective 1 is the highest priority designation for European aid and is targeted at areas where prosperity, measured in Gross Domestic Product (GDP) per head of population, is 75% or less of the European average. The region of Cornwall and the Isles of Scilly was designated an Objective 1 region in March 1999 because its average GDP is only around 67% of the EU average.

The initiative has received several rounds of Objective 1 funding over the course of its development, most notably funding to conduct the initial Feasibility Study (£17,700 Objective 1, match funded by Defra £17,700 and the NHS £15,000); ongoing funding for the Project Manager (20% funded by Objective 1 and match-funded by Defra and the NHS); second phase funding from May 2004-April 2007 (the time of the CPU build) £340,000 (50% funded by Objective 1); funding for the SFDM's post, £63,000 from June 2004-October 2005 and £107,000 from October 2005-March 2008 (funded via OSW [an Objective 1 project] and match funded by Defra); and most significantly, proposed funding for the development of the CPU (amounting to £700,000, match-funded by Defra to a total of £1.4 million, with the remainder funded through LIFT). In addition, although not strictly part of the CFP, Objective 1 money has also been instrumental in allowing small businesses in Cornwall to grow and develop. Several of the RCHT's suppliers have been the recipients of Objective 1 money, which has given them the opportunity to engage more effectively with the CFP.

7.1.2 Other forms of support

In addition to financial support, a range of public bodies (local, regional and central government institutions) have backed the initiative at different stages of its lifecycle. Figure 9 represents the type, or nature, of relationship that the CFP has (or has had) with key governmental groups in terms of flows – financial, information sharing, advice and advocacy. In this context, 'advocacy' refers to the wide-ranging levels of support and encouragement that the initiative has received from many quarters, for example, letters of support from the Government. This type of advocacy has played a vital role in bringing the CFP to the attention of a wider community and has greatly contributed to its high profile in NHS and government circles. Although not represented in Figure 9, non-governmental organisations, for example, Sustain and Food Links UK, as well as the research community, have also played an important role. Initially, such groups and individuals were important contributors to the shaping of the project, and latterly their

ability to promote and publicise the work of the initiative among a wider audience, has been crucial.

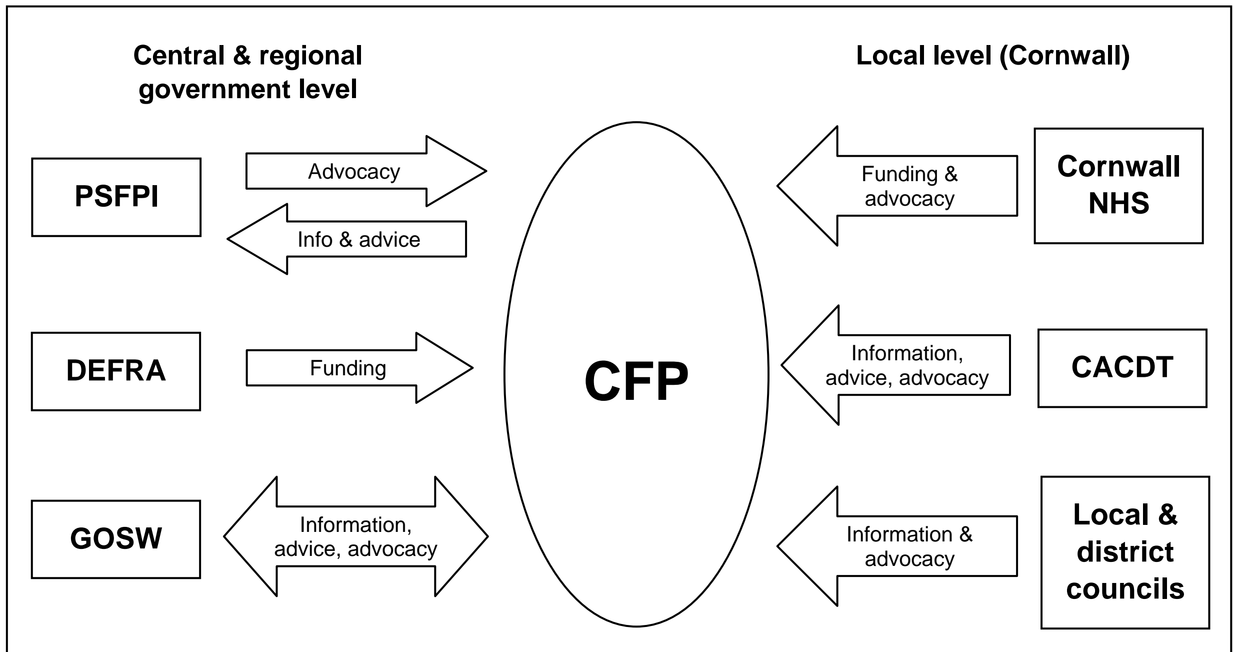

Figure 9: Public institutional involvement in the Cornwall Food Programme

In the case of Defra and Cornwall NHS (CHESS), there has been a huge financial flow as they have provided the match funding for the Objective 1 grants. For its part, the CACDT, as an advisory body for Objective 1 in Cornwall, has provided significant support to help the RCHT access funds. Many of the relationships are mutually supportive, and as the project has progressed and matured a greater reciprocity is evident. GOSW, for example, initially served as a source of advice and information through its role in approving funding applications. Latterly, however, GOSW, which oversees delivery of SSFF in the South West and coordinates the SWPSPSG, now draws on the expertise of the key drivers of the CFP, seeing them as an example of best practice in sustainable food procurement.

Perhaps one of the most influential relationships, from the point of view of rolling out (scaling up) the initiative, is the project's contribution to the Government's PSFPI. The CFP, which is seen by central government as a model of best practice in sustainable food procurement, greatly informed the development of the PSFPI. In doing so it has influenced a much wider audience:

> *"I firmly believe that we changed the attitude of the Government and PASA, once they became interested in sustainability"* (Pearson 2004).

7.1.3 Preliminary conclusions

Public support in general, and Objective 1 funding in particular, emerge as key driving forces in this case study and the CFP would not have existed in its present form without it: "*we'd have never been able to afford to develop the expertise without it*" (CHESS). Ultimately, access to financial public support is likely to determine whether or not this initiative, or similar ones, are able to scale up. Thanks to the funding that the initiative has received it has been able to take the time to develop expertise, do the necessary

groundwork and build a solid basis from which to develop. This process necessarily has cost implications, for example the Project Manager and SFDM (both of whom have invested considerable time in the FS, OBC and developing links with local suppliers), both of whose posts have to a large extent been externally funded. In addition, it is apparent that in many cases people's time on the CFP has been internalised, *"sewn up into people's day jobs"*:

> *"I had the time to do research and raise the profile of it quite a lot, whereas probably Mike was always nibbling away at it, but he had a full time job to do and couldn't shout about it too much, whereas I came in and also I didn't have a job in the NHS"* (Harrow 2004a).

Indeed, the satellite cases have revealed that the 'time factor' is an important concern which deters them from investing in the considerable groundwork that is needed at the outset. Although the main protagonists at the RCHT have shown an extraordinary commitment, to the extent that they have worked over and above their day jobs to make the project a success, the initial investment required to make such fundamental changes to the way they operate is huge and may well deter others from doing something on a similar scale:

> *"Without this [Objective 1 funding] I don't see how it could have happened, unless you've got very dedicated staff and one very motivated person"* (GOSW).

Changes not only to hospitals' practices and procedures is required, but attention also needs to be paid to building up local supply chain structures and helping smaller producers and suppliers gain access to the public sector. With the help of Objective 1 funding through OSW, the CFP has been able to provide a full time post for this purpose: "*There's a need for a lot of assistance and brokering to get producers get over those hurdles*" (GOSW). Groups such as the Food Links organisations could possibly play such a 'brokering' role in facilitating this in other contexts. It is also important to bear in mind that the CFP has laid some of the groundwork which others can take advantage of:

> *"It can be replicated elsewhere, although a CPU is not necessarily feasible. The project has paved the way for other regions to do something like this and has done a lot of the groundwork and shown what can be done. But the project has proven that it is possible to buy local within NHS procurement structures"* (CACDT).
>
> *"The economics may not be replicable. But, Objective 1 can be said to be funding the development costs of a structure/system – these are one-off costs from which everyone will benefit"* (NFU).
>
> *"Other areas of the country need to identify own opportunities, understand own requirements and where they want to get to. Possibly carry out a feasibility study. Needs careful thought and cannot use the Cornish example as a [strict] model. It's quite complex and what they're doing is very ambitious but there are some simpler routes, e.g. to contract out sandwich contract locally. Having grant money available in the area is helpful. If it's just going to benefit the NHS then arguably they should pay for it. But the wider the agenda, the more people benefit, then the better the opportunities to find funding"* (CHESS).

To summarise:

- The need to invest in human capital to start the initiative at farm/local level.
- The importance of conducting a FS in order to lay the groundwork, and to help disseminate knowledge.
- Convergence of objectives between public authorities and initiators, and awareness of policy objectives on the part of initiatives.
- The need for enthusiastic individuals, funding (e.g. feasibility study), and an overarching driving force (e.g. strong strategic vision).
- The powerful role that 'advocacy' has played in advancing the project and contributing to its success cannot be underestimated, and should not be overlooked. NGOs have an important role to play in this respect, as do various tiers of government.
- The initiative has not yet scaled up, although it is extending the network to include more local suppliers/producers.
- It is not a commercial operation as such, although it has to operate within budgetary constraints. When the CPU is established, commercial performance could become more important.
- Other NHS Trusts in the South West region are enthusiastic in theory, but sceptical in practice.
- In terms of start up costs, the CFP has laid a lot of the groundwork and is happy to disseminate its findings/experiences.

7.2 THE NATURE OF THE ORGANISATION

***The nature of organisation changes with scaling up* (Sub hypothesis 2)**

Of all the sub-hypotheses, this is considered to be least relevant to this case study and will not therefore be discussed in any detail. However, as the focus of the initiative moves away from the RCHT to the CPU there will inevitably be changes in the organisation of the CFP, and the focus of power in the network. As mentioned under section 5.8.1, funding for the CPU will be provided through a local LIFT Company (Community First Cornwall), which involves developing a joint venture between local health bodies and a private sector partner. It is then a public-private partnership, set up as a limited company, which will own and lease the CPU over a 25 year time frame. The lessee will be the RCHT and, at the end of the 25 years, they will have the option of either buying the building, or continuing the lease. Key to ensuring that the Cornwall NHS continues to have control over the CPU is an NHS steering group, which will be set up to manage it:

> *"The key thing really with LIFT, it's retaining an operational control. The RCHT will obviously own the building, and the staff will remain RCHT. It comes back to this management group, steering group, committee, whatever kind of entity we call it. There will be individual members from all 5 Trusts... It will be a little bit like our project board... But I think the key thing is that control will be retained within the NHS, within Cornwall. So it is a bit unlike a PFI in that respect. A PFI, they come in and build the hospital, and then ultimately look at taking the top services as part of the contract because they can make cash out of that. LIFT is purely a landlord, and quite frankly they don't want to run the CPU, and we don't want them to run the CPU" (Harrow 2005).*

The potential danger of losing control of the CPU is lessened if there is a strong strategic vision for the overall CFP, and the place of the CPU within it. Currently, those actors responsible for driving the development of the CFP do have a strong vision, but should this alter, perhaps due to personnel changes, then there is a danger that control and direction within the network could change. There may also be commercial pressures arising from the need to compete with other hospital suppliers (under EU tendering rules), which could lead to pressures for change in the way the CPU is managed. However, at this stage it is not pertinent to consider this issue further.

7.3 IMPACT ON SUSTAINABLE RURAL DEVELOPMENT

New Food Supply Chains have a positive effect on sustainable rural development (Sub hypothesis 3)

Assessing the rural development impacts of sustainable, 'alternative' or 'new' food supply chains is central to the SUS-CHAIN project. The new or alternative FSC under consideration in this case study concerns the switch from a system of predominantly centrally sourced hospital food, to one where a greater proportion of the food provided to staff, patients and visitors is sourced directly from local and local-organic producers.

This sub-hypothesis is central to this case study and the convergence of the network has occurred around this theme. There is a broad consensus that the project has, and will increasingly have a positive impact on a range of aspects of sustainable rural development (SRD) in the local area, although the level of impact is contingent upon issues such as the amount of local *production*, versus local *supply*. However, some caution was expressed about overestimating the benefits that can be achieved by moving from out-of-county to local suppliers, with one respondent feeling that efforts to bring more local production into the system would ultimately determine how 'sustainable' the system becomes:

> *"Local food is not always sustainable, but it could be more. And it is usually fresher. It needs to be broadened out to look at if the local suppliers are producing sustainably. It may be Cornish food for a Cornish hospital but it may have been sent up to Scotland and back. Transportation; production methods; efficient use of resources; environmental management; packaging; waste need to be considered and there is a need to encourage producers to pay attention to that. I think there's enormous potential for local food to be better and more sustainable but we mustn't sit on our laurels and assume that just because it's local it is better"* (AL).

In a similar vein, Mike Pearson (the CFP's Project Director) commented on how crucial the CPU is in terms of the CFP's impact on SRD:

> *"In terms of sustainability, the CPU is critical. If it doesn't happen they will still pursue the development of local producers/suppliers, but it won't be so spectacular in impact"* (Pearson 2004).

7.3.1 Impact of local food on Sustainable Rural Development

The principal reason for interest in sustainable, alternative or new food supply chains is that they are perceived to have the potential to contribute to sustainable rural development. This section draws on secondary sources to illustrate the extent to which there is a general consensus among policy makers and practitioners that locally and sustainably produced food has a positive contribution to make to SRD.

For example, Defra highlights the following as some of the positives of local food sourcing[12]:

- **Economic:** *"Local food producers create jobs and prosperity for the local (predominantly rural) workforce and provide income less dependent on exchange rates, decisions on CAP policies or commodity price fluctuations; local food production helps keep money in the local economy. The Sustainable Development Commission estimates that for every £10 spent locally generates £25 for the local economy – the local multiplier effect."*
- **Social:** *"Local food marketing makes consumers more aware of and interested in the origin of food, helping to improve their links with and understanding of the rural economy, food production, land management and rural community issues. Furthermore, the local multiplier effect can help improve the standard of living in poorer communities allowing people to afford more nutritious food that's better for their health."*
- **Environmental:** "*Local foods can provide an important added value outlet for the products of traditional (and more extensive) farming systems that conserve landscape and biodiversity."*

Likewise, according to PASA[13]:

- *"Sustainable food involves considering a range of impacts associated with what we eat. Bearing in mind the seasonality of what we eat, how the farmers grow food and how they can sell to the public services can have an influence on local, regional and global economies. There are environmental impacts associated with what we grow, how we transport it and how we dispose of it which should be taken into account when making a purchasing decision. Sustainable food also considers the impact of what we eat - looking at whether the food is healthy, fresh and nutritious and contributing to the government's overall objective of achieving a better quality of life."*

7.3.2 Impact of the CFP on Sustainable Rural Development

> *"Good physical and mental health is reliant upon lots of factors, which include good diet but there is also much evidence linking health with the environment and the economy. This project scores on all counts - as well as providing the fresh food it will also reduce pollution from long haul transport, increase local employment and the incomes for growers and producers locally. We are delighted that so many, especially Defra and Objective 1, have had the*

[12] www.defra.gov.uk/farm/sustain/procurement/
[13] http://www.pasa.nhs.uk

> *foresight to support us"* (Tony Gardner, Chief Executive, Cornwall Partnership Trust[14]).

Although some useful exploratory work has been done on trying to assess the quantitative impact of the CFP (see Thatcher 2004), the results are partial: partly due to difficulties in obtaining the necessary information, but also because in quantitative terms the CFP is still awaiting the development of the CPU. As such, this project has focussed on following a comprehensive and structured approach to what is often highly qualitative and often anecdotal data concerning the impacts of the CFP (both actual and potential). This section presents these data in order to help assess the CFP's contribution to SRD in the county of Cornwall, by flagging the effects of a particular food supply chain initiative on a range of selected rural development indicators. This appraisal is based, firstly, on stakeholder views (which are reported in Box 6), and then subsequently on a set of sustainable development indicators. Sustainable rural development is recognised as having multiple dimensions. For convenience (and operating within the widely accepted sustainable development paradigm), these are normally seen as falling into three major groupings: economic, social and environmental. As the CFP has a strong health-promotional component, a health dimension has also been included. The indicators used have been identified as of particular interest in relation to the SUS-CHAIN project.

The four tables following Box 6 represent a composite of the research team's responses in relation to the impact of the CFP on the development of Cornwall, based against a number of indicators. A seven point evaluation has been used, ranging from --- = Negative impact; 0 = No/minimal impact; to +++ = Positive impact. The letters after a number of the elements (e.g. b1) indicate that notes are available to help clarify what is meant by the terminology, and are included within Appendix 4. These responses were then put to the participants at a workshop of interested stakeholders on 21st October 2005[15]: partly to corroborate the research team's ideas, but also to incorporate a wider range of perspectives. Each main group of indicators is discussed in turn, relating them to both the key factors that are seen to determine the impact of the CFP with respect to a particular variable, as well as the likely changes to that impact should the CFP scale up (principally as a result of the CFPU). Critically, it is important to consider that people have different values, and that all of these may be valid in their own context, helping to clarify the wider role of the CFP within Cornwall. Therefore, the main comments to come out of the workshop discussion are also included within each table's narrative. It will become clear that it is impossible (or perhaps meaningless) to isolate the notion of rural development from the wider functioning of the individual businesses/organisations involved, and the supply of food to Cornish hospitals: rather it needs to be understood within a wider framework or notion, such as 'holistic sustainability' or 'sustainable communities'.

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[14] http://www.objectiveone.com: Press Release 03/2004
[15] Appendix 5 lists the participants at this workshop, as well as the programme for the day.

Box 6: Stakeholder Views

Impact on the local economy

"Producer/supplier power – some of the suppliers can now compete at a national level if they want to."

"It will certainly create jobs".

"GDP in the county is below 75% of the EU average. Encouraging new business to the county or adding value can raise this. The project will potentially help because: it will be adding value to local product locally; giving a commercial return to product that's normally left in the field or dumped (joining up the supply chain)."

"It will increase employment."

"Encouraging the local economy and more money circulating. If the market creates the demand then there will be a greater diversity of crops to supply that demand in the local area."

"A new market has been created for Cornish food thereby stimulating economic activity."

"There are several impacts at different levels: increased market opportunities for local suppliers, creation of a stable market (long term contracts), job creation."

"The CPU would be a huge input to the local economy".

"There are many opportunities for producers and processors in the county. The CPU could fulfil some capacity, or at least can help to develop it."

Impact on the local environment

"Food miles – currently much of their (frozen) product is shipped from Wales. They have done some modelling on this and it seems like there will be quite a considerable benefit."

"Transport and food miles are difficult to measure, but it's probably better than importing from Kenya. But this issue can be oversimplified in that perhaps very streamlined distribution may not necessarily be worse than many smaller vans."

"It's greatest environmental impact is reducing food miles and considering the way food is produced. Public sector bodies need sustainability policies which span all their thinking and practices. Local authorities are perhaps more aware. Some institutions have vague environmental policies, especially centring around waste and recycling, but…"

"There will be reduced food miles."

"Reduced food miles almost certainly."

"Local and organic food and associated environmental benefits, food miles. The more organic food that is sourced, the greater the impact."

Box 6: Stakeholder Views (continued)

Impact on the local community

"If we went to another contractor now, people would get laid off in Cornwall. We will do that if it's a financial necessity, but if it's a question of pence then we will think about the local community."

"It will contribute to the re-skilling of Cornwall's workforce."

"Sustainability is crucial in all its senses. E.g. deskilling isn't sustainable or humane. The CPU will offer prospects to people. It also has prestige."

"I suspect that they are having wider knock on benefits to the community than just food. They're making a lot of connections with the local community, they've had a lot of publicity which hopefully has positive benefits."

"Creating strong links with the local community."

"There are indirect health and social benefits. If there's more money circulating in the community then the mental and physical well-being of the community should improve."

"It is changing the food culture and reconnecting people with the landscape."

"There are plenty of impacts on the local community: employment, re-skilling, empowering staff."

Impact on the health of the local community[16]

"Encouraging healthier eating and better nutritional quality of food (e.g. green box scheme). Leading by example. More employment influences positively mental and physical health."

"It is raising awareness about food and nutrition."

"Health and RD go hand in hand: rural livelihoods, succession etc."

"The project highlights the nutritional quality of the food which may influence the wider health of the community. This cannot be assumed and should be monitored."

"Improved health and nutrition."

Wider impacts of the CFP

"The project is extremely helpful in that it is setting an example for what can be done and raising the profile of local food."

"It's having some influence within the NHS in that it's well known."

"I think the whole mentality within the county has changed for the better. We have noticed it with some of our local customers, they are actively looking for local suppliers...Hotels, that used to buy the cheapest produce, are now more actively talking to us and prepared to pay an extra penny or so for a bread roll". *Why is this?* "I think people have finally woken up and realised that the county needs money ploughing back into it. There is no fishing industry as such, no mining industry. What money comes in, as much as possible, needs to be regenerated within the economy."

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[16] An additional pertinent quote from the PSFPI: "*The food we eat, and the way it is produced and manufactured, significantly effects health. Cancer and cardiovascular diseases including heart disease and stroke are the major causes of death in England, together accounting for almost 60% of all premature deaths. The types of diet people eat and, therefore, the food they buy and the way it is processed and prepared can influence the risk of developing these diseases. The Parliamentary Health Select Committee puts the cost of obesity in England alone at £7.4 billion a year and rising with a substantial cost falling on the NHS. The guiding principle is to make it easier for consumers to choose a healthy diet and to remove the barriers that can make it difficult to do so*" (PSFPI, 2003).

Table 1: Impact of the CFP on the local economy

Indicator group: Economic	Conventional equivalent	Existing alternative	Scaled up alternative[17]
	--- -- - o + ++ +++	--- -- - o + ++ +++	--- -- - o + ++ +++
NVA in region (b1)[18]	--	+	++
Direct, indirect and induced employment in region (b2)	--	0	++
Farmer's share in retail £ (b3)	--	+	++
Transaction costs of establishment	0	---	--
Transaction costs of maintenance (b4)	+	-	-
Dependence on public sector support (b5)	0	---	-
Displacement effects within region (which must be clearly specified) (b6)	0	0	+
Halo effect (b7)	0	0	0

The conventional equivalent is seen to suck value out of the region, and the CFP is perceived to have already helped to increase the NVA in the region; a tendency which the CPU will accentuate. All the respondents agreed that this was the case, primarily because the programme has engaged with local producers and suppliers, encouraging them to develop their product range. *Discussion.* On the one hand there is the direct spend that the CFP generates through supplying the hospitals, but on the other producers/suppliers have been encouraged/enabled to access other markets as a result of developing the necessary infrastructure to supply the initial CFP contract. I.e. the CFP has been an important catalyst. The development of a new size of yoghurt pot to supply bed and breakfast outlets was given as an example. The idea of 'critical mass', and that by providing a local producer with a 'core contract' you are providing them with the opportunity to further develop their business.

Currently, the research team felt that the CFP has had only a marginal effect on employment in the region, although this should increase once the CPU is functioning. *Discussion.* There was a strong feeling that the CFP has created jobs, even though in some cases it might only be a quarter, or half a FTE: also that it has moved some jobs from being simply seasonal, to part-time. Another perspective was that it has helped protect existing jobs. In other words, the CFP contribution to employment may be difficult to quantify, and indeed quite subtle, but is nevertheless important to the overall employment picture within Cornwall.

[17] N.b. the CFP initiative has not yet scaled up to any appreciable extent and our assessment in this respect is therefore speculative. All the indicators in the 'scaled up alternative' columns (of all the four tables following) are contingent on the development of the CPU.
[18] The letters and numbers in the indicator column of all four tables following are elaborated on in appendix 4.

The CFP can enable farmers to retain a larger share of the retail £, in that although it still demands competitive prices, it is shortening the supply chain as well as providing producers with a market for products of low, or no retail market value. The development of the CPU seems likely to increase this tendency.

In terms of transaction costs, the research team identified that these were high in terms of getting the CFP up and running, although they were likely to reduce once the CPU was fully functioning (the importance of Objective 1 funding was identified within this context). However, there were different interpretations amongst the workshop participants. *Discussion.* One respondent felt that through facilitating the tendering process, the CFP had helped suppliers/producers reduce their tendering costs, thereby reducing the transaction costs of accessing hospital contracts. Similarly, another argued that through offering longer term contracts (typically 3, 4, or 5 years), the CFP was seen more as a partner in the process, enabling the build-up of trust and stability and providing an important building block for investment within Cornwall. The CFP has deliberately sought to access and support potential local suppliers, and Roy Heath was identified as having made a significant difference in allowing suppliers to understand the mechanisms required for winning contracts with the NHS. In other words, the initiative itself has involved considerable transaction costs, but other actors involved in the process have actually reduced their own transaction costs.

The research team identified that the displacement effects, certainly at present, are likely to be minimal in that much of the local produce currently used would otherwise be a by-product, or even waste. In due course, once the CPU is fully functional, it is possible that produce could be 'pinched' from neighbouring counties. This aspect needs to be recognised in order to more fully recognise the net benefits of the CFP on rural development more generally. *Discussion.* This idea of 'pinching' was recognised within the discussion, but overall the feeling was that in most instances the displacement was likely to be local (Cornish) produce displacing produce from global food systems. For example, that Spanish cauliflowers would be displaced in favour of Cornish cauliflowers. The ability of the CFP, and subsequently the CPU, to take over and under weight produce (such as cheese) was also heralded. I.e., at this stage of its development, the displacement of local Devon produce (for example) by local Cornish produce within the CFP was not seen to be a significant issue.

In terms of judging the 'Halo' effect of the CFP, the research team felt that it was too soon to judge, although in the longer term the CPU could create a sufficient critical mass that makes Cornwall a centre for local food processing excellence, benefiting the whole image of the county. The specific idea of a Halo effect was not directly addressed in the discussion at the workshop, except in so far that the CFP can help contribute to the overall morale of Cornwall and its people, thereby having a positive spin-off (or halo effect): similarly, in terms of creating a 'sustainable community'.

Overall, the development of the CPU was seen as having the potential to extend the positive aspects that the CFP has already started to put in place. Nevertheless, there were a number of caveats discussed within the workshop. Principally, this involved companies that might become over dependent on the CPU, and subsequently through

mismanagement (and perhaps complacency) lose their contract, thereby jeopardising their business. In general, the CFP sets up long term contracts with its suppliers (which are reviewed on a 3-6 month basis, at which time the suppliers are made fully aware of anything that may need adjusting), and as long as the supplier maintains the efficiency and quality of the contract they know they have the business. However, it is up to the supplier to manage their own business efficiently and effectively, and they need to be careful where they are highly reliant on the CFP contracts to maintain or grow their business. *'We've got a case in point with a sandwich supplier who became complacent, cut corners on quality, delivery and supply. 75% of his business was with us, and he was very very surprised when we re-tendered and he didn't win the business. You can not be complacent in any form of business'.* I.e. even though they may be local, businesses must maintain their quality and price competitiveness.

Communication between the CFP and individual suppliers was seen as being crucial to the project, and generally very good. Quality, delivery and efficiency are key, with price perhaps the third factor. The hospitals have to have confidence that their deliveries are going to be on time, accurate and of the required quality in that they function on the basis of stock in and stock out on the same day. Drop off charges at small outlets was raised as a problematic issue. Local suppliers were argued as being more flexible in this respect, and highly competitive in terms of smaller outlets because they don't have the large overheads that national companies do.

Table 2: Impact of the CFP on the social fabric of Cornwall

Indicator group: Social	Conventional equivalent	Existing alternative	Scaled up alternative
	--- -- - o + ++ +++	--- -- - o + ++ +++	--- -- - o + ++ +++
Self organisational capacity increased (b8)	-	+	++
Bridging capital increased (b9)	-	+	+++
Learning & knowledge enhanced (b10)	-	+	+++
Enhanced trust/faith in food system (b11)	--	+	++
Enhances social inclusion (b12)	--	+	++
Yields job satisfaction (b13)	-	+	++
Encourages succession (b14)	--	0	++
Discourages out-migration of skilled labour	--	0	++

The self organisational capacity of Cornwall is something that the CFP has benefited, principally in terms of improving the communication and relations between local actors, facilitating the development of trust. The CFP Feasibility Study started to draw a range of actors in, and the CPU is likely to increase the number of people engaging with the process. A net result is that there are likely to be better communication structures and understanding within the local FSC. *Discussion.* Even where a supplier only has a contract with the CFP (or other public procurer) for a limited period of time, this process is

likely to have been invaluable to them both in economic terms, but also in enabling them to develop partnerships and networks; notwithstanding the earlier comments about over-reliance.

The CFP is seeking actively to create linkages between supply chain actors, thereby creating bridging capital. The appointment of a Sustainable Food Development Manager (Roy Heath) has been crucial to this process. *Discussion.* There was a recognition that this might have happened over time anyway, but that Roy's position has considerably accelerated and extended this process. Originally, his role was for 12 months, but has since been extended for a further three years until 2008, by which time it is hoped that there will be a sufficient momentum for the process to be self-generating. Another comment was that the CFP has gone beyond simply food, linking up with a waste reduction agenda and the need to reduce pressure on waste streams and landfill sites. By constantly presenting what the CFP is about at various fora within Cornwall (for example at the Cornwall Agricultural Council), the role (both actual and potential) that it can play within the wider socio-economic agenda of the region is now more widely understood.

Within the discussion, it was strongly articulated that the CFP is very much part of the wider community and more than simply an NHS project. *'The work Roy's doing is bridging between the public sector catering industry and the food and drink industry'*. The hospitals within Cornwall employ 6000 people and are seen to have a crucial role in creating jobs and contributing to the overall health of Cornwall and its people. Four years ago there was considerable scepticism about its benefits within the hospital hierarchy, but no longer. It is now widely acknowledged to tick a lot of boxes, and *'the trusts are saying we have an active role in the community because of this project'*.

A further practical example of the way in which the RCHT can benefit the wider community, that was discussed, is through the publication of a patients' menu in the form of a glossy bedside booklet costing about £5000 to produce for each edition. The RCHT has no funding available for this, so in order to finance its publication local suppliers have been offered advertising 'banners' at £250 each (in addition, paper tray covers are also being sponsored by local suppliers). The suppliers' brand names are then being seen by 800 patients every day. Patients may then subsequently remember the brand names when they are next doing their grocery shopping. Through this initiative, the RCHT is able to publicise why, how and to what extent it is purchasing local Cornish food, and the individual producers involved are able to get their message across to the patients (and potential future consumers). For their part, consumers, who might not otherwise engage with locally produced food, are given a direct (and identifiable) experience of Cornish food.

Learning and knowledge opportunities within the food industry have benefited through the CFP and are likely to benefit further with the development of the CPU, which specifically intends to link up with a local college to provide catering skills training for (potential) staff. *Discussion.* Roy is actively seeking to improve the opportunities for young people to get commercial production qualifications. This is seen as crucial to ensure that the relevant skills are available. There is an intention to link up with schools. Again, this was highlighted as indicative that the CFP is a community project.

Through better communication within the FSC, it seems likely that there will have been an increase in trust about the food patients eat. It also allows some of the most vulnerable members of society to eat premium quality food products while in hospital. *Discussion.* The availability of organic box schemes is also promoted at the hospitals. *'That's all we can do, promote that this is what is on your doorstep'.*

There is a sense that through the greater use of local produce, local people will start to develop a greater sense of ownership of the food they are working with and consequently derive job satisfaction, particularly as local food is increasingly recognised to have a distinctive value. The development of the CPU will potentially increase the likelihood of job satisfaction through its staff training programme.

As yet it is difficult to evaluate whether the CFP has made any demonstrable contribution towards encouraging intergenerational succession. However, there is already evidence that the CFP has allowed a number of local businesses (both suppliers and producers) to increase their chances of succeeding. A continued political will to give local companies the opportunity to secure contracts is crucial to the future significance of the CFP in this respect. Similar comments apply to the retention of skilled labour. As already discussed, it is likely that the CFP has already created a certain number of jobs, and through the development of the CPU there is an intention to re-skill some of the workforce associated with hospital food provision. Taken together, these opportunities have the potential to retain/develop skilled labour within Cornwall.

Table 3: Impact of the CFP on the local environment

Indicator group: Environmental	**Conventional equivalent**	**Existing alternative**	**Scaled up alternative**
	--- -- - o + ++ +++	--- -- - o + ++ +++	--- -- - o + ++ +++
Increases biodiversity (b15)	---	0	0/+
Reduces negative external effects (b16)	--	+	++
Increases positive external effects (b17)	--	0	+
Enriches cultural landscape (b18)	---	0	+
Reduces road miles (b19)	---	+	++
Encourages maintenance of/ conversion to organic farming	---	0	++
Reduces waste	--	+	++

The CFP's contribution to biodiversity is too small at present to identify, although it seems likely that once the CPU comes on stream it will encourage a greater variety of crops to be grown. *Discussion.* The hospital menus specify where the produce has come from. For example, farm ice cream, Cornish soft cheese and St Ives fishcakes. The patients' menu is in the form of a bedside booklet which demonstrates the local purchasing of food in Cornwall. It is seen to be constantly allowing people to make more direct connections and associations with the food they are eating in the hospital. At present, there is no

specific mention of biodiversity etc. on these menus, but resulting from this workshop discussion it was suggested that perhaps it would be a good opportunity to include a level of detail that incorporates barn owl welfare, for example.

There is already evidence that the CFP has considerably reduced the number of food miles involved in supplying the Cornish hospitals. The CPU is likely to reduce food miles further. The increased use of Cornish-grown seasonal produce may also reduce the amount of packaging used. In terms of increasing positive external effects, a demand for variety may lead to less monoculture, and the CFP aim to increase organic produce provision to Cornish hospitals may lead to an increase in organically produced food in Cornwall. In addition, by enabling more viable local food businesses, including suppliers, it is possible that there may be more money available for environmental protection purposes. In terms of reducing waste, the CFP makes a positive contribution in two ways: firstly, if patients find the food more palatable, less will be left on the plate to be disposed of; secondly, produce that does not meet supermarket specifications for size etc. can still find a consumer market, rather than simply being ploughed back into the ground, or otherwise disposed of as a waste product.

Table 4 Impact of the CFP on the health of the local community

Indicator group: Health	Conventional equivalent	Existing alternative	Scaled up alternative
	--- -- - o + ++ +++	--- -- - o + ++ +++	--- -- - o + ++ +++
Improved physical health of patients	-	+	++
Improved mental health and well-being of patients	-	+	++
Improved mental health and well-being of employees	--	+	++
Increased awareness of food and nutrition	-	+	++

While small-scale, it seems likely that food of a higher nutritional quality will improve the physical health of patients. For example, the sourcing of local ice cream which retains its integrity and is eaten by the patients, rather than melting before they get a chance to eat it. In addition, it may be that a positive food culture with an emphasis on quality and a sense of identity and traceability with local produce, may improve the mental health and well-being of patients. However this requires good communication to the patients. *Discussion.* There was a degree of frustration that the evidence linking the quality of food fed to patients is difficult to correlate with the length of time they stay in hospital. It was felt important to invest resources in order to make these more specific linkages, thereby enabling a broader conception of best value. The NHS, it was argued, should look 20-30 years ahead and acknowledge the massive impact of diabetes, cancer, cardiovascular disease etc. in terms of cost, and to acknowledge the role that a good diet could play in reducing these costs: and in turn, the role that the CFP (and other similar initiatives) might have to play in promoting a better diet.

Similarly, if there is better quality food available within the hospital canteens, this will contribute to both the physical and mental well-being of NHS employees. Likewise, preparing local food that they can relate to is likely to improve job satisfaction, and hence the mental well-being, of hospital catering employees.

There is certainly an increased awareness of food and nutrition amongst the population in general, although it is not possible to determine the extent to which this is down to the CFP. *Discussion.* However, it is certainly one of the aims of the project to improve patient awareness about food and nutrition while they are in hospital, and this is something they want to pursue further in the future.

Discussion. It was discussed that raising awareness amongst the general public was very important. Getting the message across about different food qualities, rather than *'just shoving a banana down someone's throat and saying eat this, it's good for you'*. The idea of contributing towards a cultural change in people's diets. Although not greatly used at present, the CFP provides a recipe service for patients. The recipes are nutritionally balanced, and do not use expensive ingredients because the hospitals themselves couldn't afford to do that. *'It's a small part of the whole education isn't it? It's got to hit every target at the same time. It's not just about what they get while in hospital, but what they do when they leave'.*

7.4 CONCLUSIONS, POLICY RECOMMENDATIONS AND PRACTICAL PROTOCOLS

7.4.1 Introduction

Four key issues stand out as key success factors from conducting this case study:

- A shared strategic vision.
- Advocacy and communication.
- A broad convergence of objectives.
- Adequate funding and support, both in terms of time and money.
- Enthusiastic and dedicated individuals determined to drive the initiative forward.

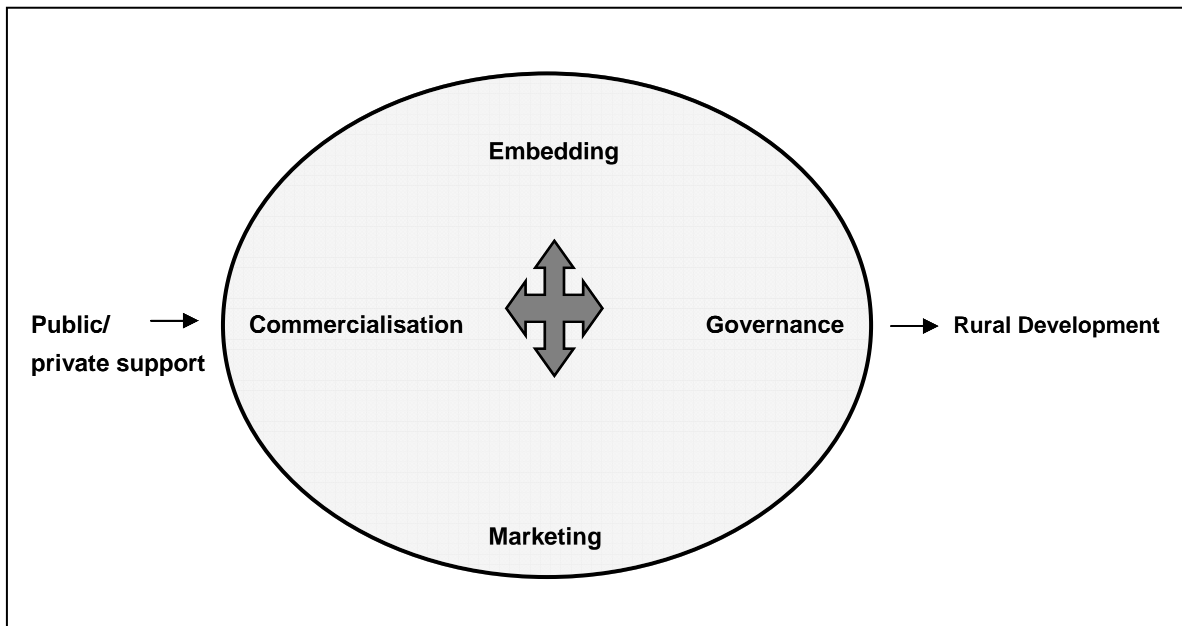
There is a common recognition that a venture such as the CFP cannot be cost neutral and, therefore, for a large publicly funded organisation like the NHS, some sort of injection of funding is necessary. Certainly, as far as the CFP is concerned, it would not have followed the trajectory outlined in this report without Objective 1 funds. Furthermore, the situation in Cornwall in general, and the RCHT in particular, may be considered atypical in that the combination of factors that have influenced the direction of its food procurement practices appear in many instances to be specific rather than generic. For example, one enthusiastic individual driving the initial changes; the very strong geographical identity of Cornwall; and access to Objective One funding.

It seems likely that the CFP cannot be replicated in its existing form, but then nor is this necessarily desirable. Any changes to hospital food procurement procedures and practices intent on introducing greater sustainability into the system need to be tailored to

the specific circumstances of the hospital trust in question. These will inevitably differ from those faced by Cornwall NHS. This is where a feasibility study can be invaluable, setting out the range of options and possibilities within particular contexts.

Within the broader context of the Suschain project, six broad themes have emerged as important when considering the development of 'alternative' food supply chains such as the CFP. These include: commercial performance; marketing and communication; public, private and NGO support; the nature of organisation, governance and changes during scaling up; the impact on rural development; social embeddedness and local networks. These different themes of evaluation have been variously discussed within this report, where relevant to an understanding of the issues involved. In essence, these themes arose from a need to focus on the trajectories of emerging FSCs. How did they come about? How might they be made more efficient? Why has a particular strategy/initiative worked, or not, as the case may be? Ultimately, the question is, how can public and private support for particular food supply chain initiatives contribute towards rural development. However in the process, it is important to bear in mind the interaction between commercialisation, governance, marketing, and the embeddedness of the initiative concerned (as illustrated in the Figure 10), when developing policy recommendations and practical protocols.

Figure 10: Understanding food supply chain trajectories of development



An important aspect of the workshop described in the previous section, was to discuss and corroborate the findings of this research project, and in the process review and fine-tune its final policy recommendations and practical protocols. The following section reports the discussion around these issues, before the final two sections conclude with the policy recommendations and practical protocols resulting from this case study.

7.4.2 Workshop discussion

The idea of holistic sustainability, and the need to link different policy agendas was discussed: *'You've got the DoH doing one thing, the DoE doing something else, Defra too, and they're not necessarily linking up'*. Similarly, that there needs to be a common message to the general public, or else there will be confusion. How might this convergence of agendas be achieved? Through the CFP/CPU demonstrating that it is a great success: showing that patient care is improved, the local economy benefits, cost savings are made, community morale increases, etc. These benefits then need to be widely disseminated and understood in order to engage a range of actors who might have quite different agendas, because they can see aspects of their own particular agendas being fulfilled. Concomitantly, if they feel that it is in their interests to engage they are more likely to be supportive of the initiative, which might be in terms of providing finance, information, advocacy etc. In more general terms, it was strongly argued that initiatives such as the CFP help clarify the type of long-term goals that public sector food procurement should be pursuing. However, there was a concern that in isolation these initiatives can founder, and that there is a need for *'one clear strategy, controlled by one body if needs be'*, setting out an holistic vision for future public procurement options based on examples such as the CFP.

In addition, there is a need to have better research data that unravel the hidden costs and benefits of 'sustainability' in financial terms, thereby utilising the language understood by actors such as NHS Trust chief executives and the Government: *'It is a political and PR exercise that has to be done. You have to have the supporting evidence to put the case'*. *'We need to look at the reduction in bed days, as nutrition improves'*, which might include involving clinicians in the discussion. It is vital to be able to demonstrate the benefits of initiatives (the CFP in this instance) in financial terms. At the same time as making the case in economic terms at a hospital level, it is apparent that NHS Trust Chief Executives etc. must be convinced to look at the *'wider picture'* in terms of sustainability, and the role that NHS Trusts (and the CFP in this case) can play as key actors within *'sustainable communities'* to align a range of issues. This includes, for example, supporting local suppliers and producers, minimising environmental damage (through reducing food miles and packaging), helping to achieve the Kyoto Treaty goals of reducing CO^2 emissions, reducing our dependence on fossil fuels, improving the physical and mental health of the community, etc.. Coming back again to the notion of the CFP as being part of an attempt to contribute towards an holistically sustainable community. Again, it was argued that all organisations *'need to have a sustainable food policy'* and that *'people would be more likely to buy into it, if there was a push in this direction from the top'*.

There was some discussion that hospitals should follow the example of new schools, which now have to be built with a kitchen, whereas previously they didn't. This change in schools policy was seen to be an important statement, and something that should be considered with hospitals as well. Again, the idea that a clear policy statement outlining a vision for NHS public food procurement over the next 20-30 years would be an important step forward. In this respect, *'we want an NHS person equivalent to Jamie Oliver'* to force a change in public policy. Bringing sustainable and nutritional food procurement to the top of the policy agenda, and that this policy should consider a 20-30 year timeframe, rather than simply operating from one financial year to the next. It was also noted that if those responsible for setting up the CFP were starting now, the whole process would be much

easier than it was six years ago, because public and policy opinion has changed and there is now a greater momentum to develop sustainable local/regional food networks.

Initiatives, such as the CFP, that seek to break the norm need to have 'charismatic' actors who are dynamic, focused and 'bullish' in the manner in which they constantly push their vision for change and the creation of a viable alternative. It would seem that there is little space for equivocation. The CFP started from small beginnings, highlighting small-scale successes as a means of gaining recognition and attention, most notably amongst their Chief Executives. The recommendation to other areas seeking to set up similar initiatives was to *'go for the hits that can show a real effect -- your milk is local isn't it, then shout about it!'*. An important part of this process is to get out into the local area and see what is available, and then to try and facilitate getting this produce into the hospital procurement system. This may simply involve a particular catalyst; perhaps a patient writing a letter to the chief executive asking why local produce is not being used in the hospital (as happened at the Royal Cornwall Hospital, Trelisk). This can then have a snowball effect whereby other actors within the food supply chain pick up on this opportunity and try to develop it.

It was acknowledged that it makes no sense to be unnecessarily defensive about localism, and that there is always going to be a need for national contracts: *'It doesn't make sense to spend loads on heating to grow tomatoes locally'*, for example. However, it was suggested that there should be a policy that local and national contracts should complement each other, rather than fight against each other: *'If we've got fish on our doorstep, why buy from northern Europe? It's about maximising what comes from your particular area'*. In this respect, there was seen to be considerable scope for working within EU procurement legislation by, for example, specifying food that is in season and matching hospital menus to suit local produce that is available at that time. Certainly, the CFP hospitals have now gone over to seasonal menus. The CFP (principally through Roy Heath) have consciously set up communication channels with producers that include making suggestions for the development of new products that would suit hospital catering needs. However, although the CFP can provide opportunities and guidance, ultimately the producer must take responsibility for producing/supplying what is required, both in terms of reliability and quality. Just because they are local is not on its own sufficient to win them the contracts.

It is important to change attitudes within the NHS food procurement system. This includes the NHS themselves, but also producers and suppliers: *'In the past, producers did not want to be associated with hospital food'*. Hospital food had a very negative image, but as a result of the CFP this is changing: *'A fish supplier in St Ives has a poster up showing he's supplying the NHS, and he's proud of that: what a turnaround in the thought process'*. This turnaround in attitudes needs to be applied to the catering industry as a whole, in that the future ability to attract good quality catering staff was identified as a critical problem by some. Over the last 10-15 years, the NHS was perceived to have been pursuing a de-skilling policy which, it was argued, works against the idea of sustainable development: not least in de-motivating employees. The Cornwall Catering 2000 Group (composed of local family-owned companies involved in the hospitality industry) are trying to start a project which is supported by the Learning and Skills Council, which involves going into schools and putting across the message that catering is not a last resort career, and is in fact a well-paid job worthy of respect. An agri-food centre is also being

developed with Duchy College. It is hoped that it will provide up to a degree level qualification in food processing and agri-food generally. It is also intended that the CFPU will be used as a training environment for food production, which includes 'a plough to plate NVQ'.

> *'When we started looking into this we could see that we might end up with a perfect CFPU, with wonderful produce, but no one to cook it. The workforce is ageing and only a small percentage of existing food processing trainees are staying in the industry. If we can encourage them to stay in food production, make it much more attractive to them, then we won't lose them'.*

The development of both demand and supply need to be addressed in tandem. In the case of the CFP, it is critical that there is a sufficient network of local producers to supply the forthcoming demands of the CFPU. It was recognised that the UK is not a country used to the idea of cooperatives, but that producers should at least co-operate. This was partly in order to streamline the delivery process to hospitals, who do not want to be dealing with a large number of small-scale individual accounts. Rather than producer cooperatives, the role of locally-owned wholesalers was suggested as having an important role to play, not least because they are likely to identify strongly with the local community and be intent on supporting it wherever they can: not least because the viability of the local community will have a direct impact on their own viability. Certainly, the CFP accessed local produce through local wholesalers in the first instance. This can be seen as an interim stage, wherein a certain percentage of the benefits go directly into the local economy, even though this is not to the same extent as when local producers are directly engaged with. Nevertheless, local wholesalers may already have functioning networks with local suppliers, are likely to employ local people, and the majority of their profits will remain locally (certainly in comparison to national wholesalers).

Objective 1 funding has clearly been of critical importance to the whole process of setting up the CFP, and there was concern that it would be difficult to replicate the CFP in other areas, such as North Devon: *'The thing for me, from this day, is that it's all very frightening, and a mammoth task'*. The response was that those involved in developing the CFP are happy to share whatever information they have. Lack of time as a resource was also discussed. Clearly this is a problem, but the suggestion was made that the local DEFRA office might provide some finance to do initial exploratory work. Nevertheless, funding for Roy Heath's post was acknowledged as having greatly accelerated the process of engaging with local suppliers and producers, and has been key to developing a robust local network.

The CFP have developed their own STS auditing system, which would otherwise cost small companies £500 to conduct. They also support and help them with their HACCP, as well as ensuring that due diligence can be demonstrated. The CFP covers the cost of this, which is part of demonstrating its commitment to local suppliers and developing their trust. It also facilitates local suppliers accessing the hospital procurement process: *'We'd share that auditing tool with anyone who wanted to do it….We're quite happy to support the NHS in its development. We're not Cornwall, we're NHS'*. I.e. the development costs of the CFP need not be replicated in other NHS trusts who may be endeavouring to localise their procurement process.

There was concern that a change in the Westminster Government, or of the hospital trusts' Chief Executives, or privatisation of the CPU could all have a significant influence on the CFP's development. The latter was seen as a potential danger in that the CPU must function in the real commercial world and inevitably will be influenced and buffeted by it. This could include that it is taken over by a large commercial operator who simply uses it as a local or regional distribution centre. One response in the discussion was to make sure that the networks are sufficiently robust that it is not a realistic option to simply use it as a distribution centre within a larger network. There was also a recognition that it is essential to make the Chief Executives aware of the crucial role that the CFP plays in the overall development of the local/regional community, and that their responsibility should extend beyond simply looking for a return on capital investment in the hospitals themselves: again indicating the importance of *'holistic and community-oriented sustainable development'*.

7.4.3 Conclusions: policy recommendations

These policy recommendation conclusions are based in part on the workshop discussions described above, but also result from the wider research conducted as part of this case study.

- There is a need to link the policy agendas of various government departments, such as the DoH and 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 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 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) in 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 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 interrelationships 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; or CO^2 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 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 CACDT, GOSW and 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 an 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, communicating to their patients what is a suitable diet. 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 in this respect, 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).

7.4.4 Conclusions: practical protocols

These practical protocol conclusions are based in part on the workshop discussions described above, but also result from the wider research conducted as part of this case study.

- 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, 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 attitudes in the NHS to food procurement. 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).
- 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 Roy Heath has done for the CFP). The initiative needs to be positively viewed as a partner, rather than an adversary.

- The distribution and coordination 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 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; celebrate it, and try and draw in wider support (which is how the CFP started).
- There needs to be a political will at 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.

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9 APPENDICES

9.1 APPENDIX 1: STAKEHOLDER QUESTIONNAIRES - CORNWALL

The stakeholder questionnaire given here shows the type of questions used. The exact format varied slightly dependent on whether it was for internal, interface or external stakeholders. The stakeholder questionnaire used for the satellite case studies is given in Appendix 2.

Introduction:

The initiative: RCHT Local food sourcing and the Cornwall Food Programme
Standpoint: Answer questions from their organisation's point of view

The development of the initiative: background:

Establish the nature, extent and significance of involvement with the initiative

- How would you succinctly describe the initiative?
- When and why did you first become involved?
- What is the nature of your role/input?
- Has your role changed over time, and if so, how?
- In what way does the initiative contribute to the fulfilment of your organisation's mission/goals?
- Who has funded the time you have spent on the initiative?
- What is your definition of local?
- How would you describe the main objectives of the initiative?
- To what extent do you think have these objectives been fulfilled?
- Can you describe the key milestones/critical events in your involvement with the initiative?
- What, if any, support has there been from government and/or other organisations or individuals *(e.g. NGOs/unions)*?

The development of the initiative: key actors/drivers:

- What initially prompted the development of the initiative?
- Who was originally involved?
- Are you aware if the nature of their involvement shifted?
- Who would you identify as being the key actors involved in its development *(human and non human, e.g. consumers/producers/nutritionists/policy/Objective 1/regional identity)*
- How have these actors been encouraged to participate?
- Other main factors that have driven the development of the initiative?
- How would you describe your relations with the initiative?
- What linkages, if any, are there with other initiatives/organisations in the region?

Practicalities of the initiative:

- Which hospitals does the initiative supply?
- What products are supplied?
- What % of hospital food requirements are covered by this initiative?
- What is the total financial budget of the RCHT, and what % of this is locally sourced?
- What kind of relationship do you have with the suppliers of local foods? (e.g. use of contracts, long term and/or fixed term agreements)?

<u>Obstacles encountered (or barriers and constraints):</u>

Are you aware of any obstacles/problems that the initiative has encountered?

- CCT procedures/EU legislation?
- Conflict with other actors/agendas?
- Products – availability; consistent quality; regular deliveries; climate; seasonality?
- Price?
- Distribution?
- Local processing facilities?
- Management time/cost?
- Any others?

- What strategies have been developed as a means of overcoming these obstacles?

<u>Changes resulting from the initiative:</u>

- What do you see as the most significant environmental, social and economic problems of the local area and region? Are there any ways in which the initiative has improved these aspects?
- What has been the direct impact on sustainable rural development in Cornwall and the South West?
- What other, perhaps less direct impacts, has the initiative had on sustainable rural development in the region? *(e.g. local employment, value added, reduced food miles)*?
- In your opinion, to what extent does the initiative meet the 5 objectives of the government's PSFPI strategy to implement sustainable development into public procurement of food?
    - raise production & process standards;
    - increase tenders from small & local producers;
    - increase consumption of healthy & nutritious food;
    - reduce adverse environmental impacts of production & supply;
    - increase capacity of small and local suppliers to meet demand.

<u>The future development of the initiative:</u>

- What are the major lessons learned to date in terms of how to develop sustainable (local/regional) food procurement?
- How can producers as opposed to suppliers be engaged? Is this realistic?
- What is the future for this initiative?
- How will you be involved, if at all, in the future?
- Which other actors may become involved/more involved?
- Is the initiative replicable elsewhere? If so, what aspects?

9.2 APPENDIX 2: STAKEHOLDER QUESTIONNAIRES – SATELLITES

1. Catering provision in the hospital

Which hospitals does the Trust supply with food and drink?

How many meal are provided for patients? How many meals are provided for staff and visitors? What is the cost per meal?

How is the overall provision of food and drink in the Trust organised?

Do you have your own kitchens and catering staff? Where is food for patients, staff and visitors prepared and how? (on site from raw materials, pre-cooked off site..?)

Who is responsible for food purchasing and catering provision?

2. Food procurement policies

Does the Trust have a supply strategy (in writing)?

Who determines or has input into the Trust's procurement policies?

Trustees; Finance; Senior management

Patients

Nutritionists; dieticians; medical staff; catering staff

Producers, suppliers, contractors

National/local government

Local community stakeholders

What/who are the major influences on procurement policies and practices in the Trust?

Please list the main policy criteria that affect purchasing decisions (most important first).

Have procurement practices changed in recent years.

In what way?

What prompted the change?

Which actors/stakeholders influenced this change?

Does the Trust have any specific policies relating to sustainability in the procurement process?

If yes, who/what is the driving force behind attempts to incorporate sustainability into the purchasing process?

If no, are there any plans to introduce sustainability into policies?

3. Supply contracts

How many suppliers do you have? Are they producers/processors/wholesale?

What percentage of your suppliers are situated a) in Devon and b) in the South West?

What kind of contracts do you have with suppliers? (e.g. long term &/or fixed term)?

Do the suppliers supply through PASA, and if so, are they supplying on the basis of PASA's postcode tendering?

Do any of your suppliers supply off-contract (i.e. directly to the Trust by 'opting out' of PASA contracts)? If so, what percentage? Are there any benefits of contracting in this way? How do you assure quality when you opt out of PASA contracts?

Are direct/local contracts more likely to involve local suppliers than national contracts?

Do direct/local contracts increase the use of locally grown/produced produce?

Local and organic products:

Do you feel local or organic sourcing is a relevant issue to your sourcing policy? If so, do you have any targets for sourcing local or organic food?

Are there any other 'facets of sustainability' that are relevant to your sourcing of food and drink (e.g. fair trade, animal welfare, PDO, waste management)?

What percentage of food or drink, if any, is currently sourced from local or organic producers and/or processors? How would you define local in this context?

Is there any discussion within the Trust about increasing the quantity of locally produced/processed food?

Do you have any ideas as to how the amount of local or organic food and drink purchased by the Trust could be increased?

Are there any issues which make it difficult to purchase food and drink from local or organic producers or processors?

Legislation; Administration;

Availability of supply – variations across categories?

Price; Coordination

Communication structures (and/or perhaps knowledge structures)

Any other bottlenecks?

4. Public sector food procurement and sustainability

Has the Public Sector Food Procurement Initiative to implement sustainable development into public procurement of food launched by the government in August 2003 influenced the Trust's procurement policies or practices and in what way?

To what extent does the Trust meet the 5 objectives of the PSFPI strategy?

Raise production & process standards;

Increase tenders from small & local producers;

Increase consumption of healthy & nutritious food;

Reduce adverse environmental impacts of production & supply;

Increase capacity of small and local suppliers to meet demand.

9.3 APPENDIX 3: SUPPLIER QUESTIONNAIRE

The supplier questionnaire given here is the one used for the Cornwall suppliers. It was varied slightly when used for the satellite suppliers.

Background to the business/current business operation:

- Business type; founders; set up date; financial support
- What are the business objectives/mission? (economic/social/environmental). Have these changed over time?
- Total number of employees (number in full time employment/number in senior management)
- Total turnover (£ or % of which sold in the county/region)?
- Main changes over last 3 years (employee numbers, turnover etc.)

Marketing strategy: - *Please list the main products you supply/produce*

Main products				
What is the relative importance of the main products?				
Share of turnover				
Volume				
Most profitable				
Least profitable				
Competitors				
Where do you sell your products?				
Markets?				
% in Cornwall				
% in South West				
Relative importance				
Where do you source your products (include producers, processors, wholesale)?				
Sources?				
% from Cornwall				
% from South West				

- Do you see any *advantages* to be gained by using (probe both business and sustainability):
  - a) Cornish products
  - b) Products from the South West?
- *Disadvantages*?
- Have you received any support (financial or otherwise) either to source more local products, or to sell more to local outlets?
- What barriers do you perceive to sourcing more local produce?
- What, if anything, would encourage you to change your sourcing practices to include more local/regional products (e.g. access to markets; financial support; marketing partners)?

Supplier interface with the RCHT/CFP Initiative:

Establish the nature, extent and significance of involvement with the Initiative

- How would you succinctly describe the **Initiative**, including its objectives?
- To what extent do you think these objectives have been fulfilled?
- When and why did you first become involved with supplying the **Initiative**?
- Can you describe the key milestones/ events in your involvement with the **Initiative**?
- Has the business received any support (financial or otherwise) specifically to assist with supplying the **Initiative**?
- What problems/difficulties, if any, have you encountered in supplying the **Initiative**? Have these been overcome, if so how?
- What do you see as the major benefits of supplying the **Initiative** (turnover, employee numbers, recognition, other…)?
- Does supplying the **Initiative** help fulfil your business objectives?

- What do you see as the disadvantages of supplying the **Initiative**?
- In your opinion, to what extent does the **Initiative** meet the 5 objectives of the government's PSFPI strategy to implement sustainable development into the public procurement of food? **[Show card]**
    - raise production & process standards;
    - increase tenders from small & local producers;
    - increase consumption of healthy & nutritious food;
    - reduce adverse environmental impacts of production & supply;
    - increase capacity of small and local suppliers to meet demand.

Supplier relations:

- How would you describe your relations with the Initiative?
- Has the relationship changed over time, and if so, how and why?

The future:

- How do you think your involvement with the **Initiative** might develop in the future?
- What are the potential obstacles (probe for the issues around scaling up)?
    - Product –making it; consistent quality; sourcing ingredients etc.
    - Price – not getting enough, not knowing what to charge.
    - Promotion/advertising – not knowing what to do or how to do it, lack of awareness, lack of interest amongst potential target groups
    - Distribution – lack of adequate transport, difficulty getting market access, not knowing where to sell, small loads/high cost
    - Suggestions for overcoming these difficulties.
- What is the overall future for this **Initiative**?
- How critical is the development of the CPU, both to you, but also to the future of the **Initiative**? In what ways?
- Is the **Initiative** replicable elsewhere? If so, what aspects and how?

Economic data:

- What types of products (and quantities) do you supply to the **Trust/Initiative**?
- What % of your overall turnover is the result of supplying the **Trust/Initiative**?
- Are you supplying the **Trust/Initiative** as part of a local contract arranged directly with the Trust, or as part of a national/PASA contract, or both? Please indicate what % is on which contract.
- If supplying through a PASA contract, do you deliver nationwide or to a particular region only?
- What is the impact of supplying the **Trust/Initiative** on a local contract (off-contract) rather than through PASA?
- Would you be supplying the **Trust/Initiative** if this particular product was on a PASA contract, rather than a direct contract with the Trust?
- In what ways (if any) has the **Trust/Initiative** helped expand your business, or expand your use of local producers/processors.
- What % of the food **by value** that you supply to the **Trust/Initiative** comes from local producers or processors (indicate what is meant by local).
- What are the benefits to your business of sourcing/supplying local/regional produce?
- Have you increased your staffing levels as a result of supplying the **Trust/Initiative**? If so, by how much in terms of FTE jobs?
- Does it make any difference to staffing levels if the produce supplied is of a local origin, or sourced externally?

9.4 APPENDIX 4: RURAL DEVELOPMENT INDICATORS - NOTES

Economic Indicators:

(b1) Net Value Added represents the value added within the region net of costs. It is regarded as a suitable indicator because it reflects the difference between the costs of production and the prices received for the product within the region, recognising value added, but also recognising that value is added at a cost. It is a good measure of the efficiency of the economic transformation of inputs into outputs either at form or regional level.

(b2) The measurement of Direct, Indirect and Induced employment (or income) creation is a standard procedure in regional input output analysis which exposes the regional connectedness of firms and the resultant employment output and income effects. The indirect effect is that resulting from purchases from connected firms and the induced effect is the increased regional output, income or employment. In this case we are only interested in the employment effect

(b3)The farmers share of the retail £ spent on food is a widely used indicator of the farm sector's capacity to derive benefit from food consumption. Its long term decline reflects the weak bargaining position of farmers and the efforts of processors to add value by processing

(C.J.4) See comment 4. High maintenance costs are likely to be a more profound challenge to AFSCs than high establishment costs. They may be very variable in that direct sales from the farm may have very low transaction costs, whereas seeking out food service outlets for speciality products may be very costly in terms of time and resource.

(b5) There has been a change of culture (albeit incomplete) but which argues that there is a need to ensure that injections of public support are best used where they induce step changes in the system which allow the situation after the injection of support to lose its dependency on support and be self-sustaining. Any reduction in dependency of public support should be seen as desirable.

(b6) Displacement is important because 'new' activity can actually displace existing intra-regional activity and reduce the net benefits of the project/initiative. Displacement can take a variety of forms: resources used in the new development are not available for the old system. We should only be concerned with the net gain not the gross gain.

(b7) The halo effect is an indirect effect arising from a project. Typically it arises because other firms who are not immediate project partners move in and benefit from the project activity. A good example of this might be where hotels and tourism firms develop 'on the back of' the Slow Food Movement in parts of Italy. The new hotels or B&B or farm tourism establishments are not formally connected to the Slow Food Movement in contractual terms and do not use the movement as suppliers but benefit from its efforts. This creates jobs and income to the region. However, it is essential to be cautious about the effects of one project. The benefits in other sectors may come because of other factors and it is dangerous to exaggerate the claims for one project, or one sector. The island of Skye in the Western Isles of Scotland has developed a reputation for quality food production and catering. It is likely that a proportion of people who come to Skye on holiday or to live are influenced by such a reputation.

Social Indicators:

(C.J.8) Social capital is often seen as a combination of bridging and bonding capital. Bonding capital is associated with the building of trust amongst similar actors. Increases in self-organisational capacity can be seen as a type of bonding capital.

(C.J.9) Bridging capital connects one group with another group through building trust and/or networks. It can be seen as a contributory factor to chain development.

(b10)Many people argue that a well-educated and well-trained workforce is a vital contributor to economic growth. The idea of the knowledge-based economy has received much attention as it is argued that a skilled workforce is more adaptable and capable.

(b11) The loss of faith in the food system is a characteristic of many mainstream food sectors. The enhanced trust in alternative food systems can be seen as part of a development process of alternative food systems.

(C.J.12) Social inclusion has become a major policy priority in the UK and amongst development agencies operating in disadvantaged areas and developing countries. Some types of food system can be seen to address social exclusion. Some areas (such as working class areas of inner cities) have been described as 'food deserts'. Combating social exclusion and the poor diet poor health that often goes with it can be seen as socially inclusive.

(b13) The contemporary food sector is often seen as a place where job satisfaction rates are low. Where alternative food systems create greater levels of work satisfaction this should be viewed positively.

(b14) One of the characteristics of sustainable business is intergenerational succession. Any food system which encourages intergenerational succession of the often small family businesses that comprise many parts of the food chain, can be seen in a positive light.

Environmental Indicators:

(b15) The biodiversity of natural or managed ecosystems is widely regarded as a good indicator of the robustness of that system. Where particular food systems encourage greater biodiversity this should be seen in a positive light

(b16) Negative externalities are the unpriced negative economic effects inflicted on one economic agent (Producer or consumer) by another. They include pollution, loss of biodiversity etc.

(b17) Positive external effects arise from unpriced positive economic effects inflicted on one economic agent by another. They include landscape and biodiversity.

(b18) The cultural landscape of rural areas is largely configured by food production (and fibre production) systems. The cultural landscape is created and sustained by the actions of land managers and those same land managers are often carriers of regionally or locally specific cultural traditions

(b19) Road miles are a widely cited concern about modern food systems. In fact the notion of road miles should really embrace all travel miles associated with production and distribution of food, including air and boat transport. Food systems with low travel miles contribute much less to global warming, congestion etc. Although they are a specific negative externality, their high profile merits singling them out for attention.

9.5 APPENDIX 5: WORKSHOP PARTICIPANTS AND PROGRAMME

21st October 2005

Participants

James Kirwan (CCRU)

James Taylor (CCRU)

Roger Metcalf (CACDT)

Tricia Hawson (Facilities Manager, Northern Devon Healthcare Trust)

Denise Blackmore (Food & Drink Adviser, SWRDA)

Christine Brannigan (Food & Drink Team, SWRDA)

Andy Berry (Rural Development Adviser, Food, Farming & Rural Development Team, GOSW)

Mark Summers (Cornwall Healthcare Estates and Support Services (CHESS))

Mike Pearson (Project Director, Cornwall Partnership Trust)

Ian Doble (Managing Director, Doble Quality Foods)

Roy Heath (Sustainable Food Procurement Manager, Cornwall Partnership Trust)

Nathan Harrow (Project Manager, Cornwall Partnership Trust)

Christine Goodall (Countryside Agency)

Workshop Programme

9:30 Arrival, tea & coffee

10:00 Welcome, introductions, aims and objectives of the workshop

10:15 Presentations of research findings + points of clarification

- Local sourcing by the NHS in Cornwall and the South West: Perspectives from Cornish producers/suppliers; local/regional government; civil society; hospital staff/management; project leaders
- Policy recommendations and practical protocols for procurement of local/organic food in the NHS
- Discussion of sustainable development indicators for the Cornwall Food Programme

11:15 Tea/coffee break

11:30 Discussion practical protocols/strategies - working groups

12:10 Discussion policy recommendations – working groups

12:50 Review and fine-tuning of final results

13:20 Lunch