Title: Leading the way in Sustainable Food Procurement

Date: January 2012

Summary
Durham University’s (DU) Procurement Service and Catering Department have worked in unison to provide a range of services to its 10 fully catered colleges and other catering outlets. The aim has been to maximise buying power (£2.7m annual food spend) whilst taking into account environmental, social and economic values and responsibilities. DU heavily considers the sustainability of supply chains in relation to food and as a result sustainability is now embedded within DU’s food procurement and production.

SPCE comment
This is a brilliant example of how universities can work closely with suppliers to achieve sustainable food procurement, without increasing their costs. DU have a adopted a unique and innovative system to work closely with their suppliers in providing local and seasonal food in their catering outlets, increasing student uptake by 20% and customer satisfaction levels by 25%. This case study will be of benefit to any HE institutions or public sector organisations wanting to learn more about how to implement a more sustainable food procurement system.

Project Partners
Durham University

The Problem
Sustainable food procurement in the sector has previously been difficult to implement due to EU Procurement Regulations and the perceived increase in the price of food products. DU students have an interest in food and sustainability and have placed pressure on DU to meet their needs. DU feels that this is the right thing to do, and through DU’s corporate policy the university takes sustainability seriously and has a senior advisory group to address such issues. For more information refer to http://www.dur.ac.uk/greenspace/.

DU has the desire to add value to the local and regional economy through implementing a new food procurement system. The Vice Chancellor is keen to keep money local, but DU has to also be mindful of EU Procurement Regulations. Further to this, DU’s Carbon Management Plan – preparation for phase 3 of the plan, which addresses the supply chain, is underway and addresses several aspects of this project. For more information refer to http://www.dur.ac.uk/greenspace/policies/

The Approach
The work has been as the result of a successful collaboration between DU’s Procurement Service and Catering Department, with investment and support from suppliers. The majority of the improvements have been undertaken over the past 18 months and through regular meetings continuous improvement will be identified.

DU has taken a unique approach to the management of its food contracts to cover all aspects of the University’s Corporate Social Responsibility (CSR) Policy in Procurement. By facilitating collaboration amongst DU departments and suppliers this initiative has addressed a number of goals the University aimed to achieve.
Our Goals

- To improve social wellbeing and inclusion through healthy eating and the support of local charities
- To reduce carbon by significantly reducing deliveries, sourcing local products and banning air freight
- To support local suppliers, small and medium enterprises and the local community
- To achieve significant financial savings to help manage food price rises

Obstacles and Solutions

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<tr>
<th>Obstacle</th>
<th>Solution</th>
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<tr>
<td>Ensuring the price of products didn’t rise too quickly</td>
<td>With procuring more sustainably and encouraging local produce, it was important to ensure that the price of food didn’t rise too much or too quickly. This was achieved through working closely with suppliers, particularly on the DU supplier engagement programme.</td>
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<td>It was important to establish supplier buy-in</td>
<td>Working with suppliers to implement these changes was important; to not only ensure the price was right but also that the suppliers were willing and able to supply the new products to the university. Through guaranteeing the level of business with suppliers, DU saved just under £270,000 in the first year of new contracts.</td>
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<td>Changing staff mentality</td>
<td>It was important right from the outset to have staff and students on board with the project. This was achieved through effective communication. Since the new food procurement system has been in place, customer satisfaction levels have increased by 25% which highlights the support achieved from staff on campus.</td>
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<td>Meeting student expectations and requirements with tight budget constraints</td>
<td>Ensuring that student’s expectations were met whilst trying to remain within tight budgets was an initial challenge. However, having managed to work with suppliers in achieving more local/seasonal food, student uptake has increased by 20%</td>
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Performance and Results

The results from the project found that catering staff were happier at work, there is a reduced amount of administration, staff can concentrate on cooking and sickness absence has reduced as a result. Set menus also mean staff can easily work within any of the colleges giving greater workforce flexibility and improved job satisfaction.

Following the streamlining of menus and products tender exercises were undertaken to establish new contracts. Historically food contracts were awarded as framework agreements to multiple suppliers, as the suppliers had to compete for business it helped drive prices down. However, DU decided to move away from the standard industry/sector practice and looked to appoint a sole-supplier for each contract. The guaranteed level of business has enabled suppliers to make an investment and commit to helping DU achieve its goals. Through rigorous contract management and open book pricing with an agreed profit margin it has ensured value for money is achieved. Suppliers whilst dubious at first now appreciate this way of working as it saves them time, minimises risk and creates trust. By reducing the contracts to single source DU have saved 42,000kg (41.3 tonnes) CO₂ per annum from cutting the number of deliveries. The reduction in the number of suppliers has also saved DU £34,000 per annum in transaction costs.¹

¹ Saving calculated on the number of blanket orders raised per annum against the processing cost of £100 per order to the University.
To ensure that value for money is being achieved DU constantly benchmark the performance of its food contracts. It has found that by guaranteeing the level of business to suppliers agreeing the profit-margin DU saved £267,879.87 in the first year of the new contracts in comparison to the previous multi-supplier frameworks. As food prices fluctuate daily DU decided to fix prices on a monthly basis and this has led to significant savings in comparison to that of larger regional/national deals who despite the economies of scale fail to achieve best value as suppliers have to predict the market trends for a long period of time (usually six months) and therefore will err on the side of caution. DU has benchmarked its fresh produce contracts against that of TUCO Purchasing Ltd (TPL) and based on DU's product range TPL were found to be £576,613.68 per annum more expensive.

Suppliers now assist DU in the creation of menus to ensure seasonal and local produce is maximised, benefiting the environment and the local economy. As a result the use of local food has increased significantly; local/regional products now used include the following (note products change in line with menu cycle):

- Milk 100%  
- Yoghurt 100%  
- Vegetables 50%  
- Cheese (commercial menus) 80%  
- Pork 60%  
- Beef 20%  
- Artisan Bakery 100%

DU has a supplier engagement programme and time and effort is invested in sourcing local suppliers and encouraging them to take part in the tender process. Whilst it is important to identify and appoint the most suitable supplier, it is through the management of the contracts that DU has made the most gains. By closely managing the contracts and developing a partnership with the suppliers the following are just some of the highlights:

- Made a commitment to local growers so they are able to provide volumes to aid production.
- Sourced a local supplier of free-range eggs and put them in contact with the Fruit and Vegetable supplier so they could act as a hub and reduce the amount of deliveries.
- Seek provenance on all products and actively supports local and rare breads.
- Reduced bovine products on menus to reduce the impact on the environment.
- Banned all air freight products and sourced alternatives.
- Slow cooking was introduced as a means by which lower cost cuts of meat could be introduced into the menu thereby making it economic to use local/regional food. Trials were undertaken to establish whether the lower ingredient costs might be offset by higher energy costs however these trials demonstrated that slow cooking used 12.5% less energy than a conventionally produced meal equivalent.
- Arranged for the Meat and Poultry and Fish and Seafood suppliers to provide training to chefs to ensure DU is maximising the yield from products and to discover/invent new ways of cooking local products to prevent menu fatigue.
- Used cooking oil is collected by a local supplier for conversion into bio-diesel. The supplier provides a rebate to the University based on the value of the oil they are able to recycle and they use it to power their fleet.
- Packaging is minimised and reusable trays are used where possible. Where there is no alternative to cardboard the packaging is recycled. As the fish and seafood trays cannot be reused for health and safety reasons the polystyrene containers are compacted by the supplier and used as installation in buildings to avoid going to landfill.
- Ensure that suppliers support local charities by donating food waste (where it is safe to do so). Fruit and vegetables with a use-by of less than 3 days are sent to local homeless and children's charities. If the food it is not fit for human consumption the produce is sent to a local animal shelter and failing that it is composted.

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2 Percentage relates to amount locally sourced.
Case study outline

- DU has been working with its Fish and Seafood supplier and the MSC and has become the first MSC accredited University.\(^3\)
- DU has recently awarded a Frozen and Grocery contract and is working with the supplier on a joint sustainability project to off-set emissions generated from the contract. Initial suggestion was to plant trees on DU grounds or in the Durham area, however, discussions are taking place to see if an orchard can be created on DU grounds. Fruit will then be grown for students to ‘scrump’ and enjoy.

Durham Universities supplier engagement example: Embleton

DU is extremely proud of and would like to draw attention to the work it has done with a local dairy, Embleton Hall Dairies (Embleton), who are located just 16 miles from Durham City centre. The Fruit, Vegetable, Dairy and Sliced Bread contract was awarded to a supplier called JR Holland and they use Embleton for the supply of milk. Following award of the contract DU arranged to meet with Embleton to discuss whether there might be opportunities to use other products in their range. DU was particularly interested in Embleton’s yoghurts but the price of the product proved to be an initial stumbling block. Working with Embleton DU was able to identify several ways through which the price could be reduced, whilst also improving the sustainability of the product. This included:
- Carried out product tasting and provided valuable feedback on the products;
- Recommended use of seasonal fruit;
- The pot size was reduced;
- Large/bulk pots were introduced for breakfast bars;
- A standardised pot was introduced in place of flavour specific pots, the type of yoghurt is now identified only through the lid;
- The type of plastic used in the pot was changed to grade 5 to allow for recycling (in line with DU Policy).

Subsequently DU has worked with Embleton to identify opportunities to improve the sustainability of the ingredients used in the yoghurts, for example by moving to the use of Red Tractor assured sugar and increasing the use of UK sourced fruit. Through helping Embleton they have been able to grow their business, however, with increasing food costs and poor crops Embleton of late have found it difficult dealing with increasing production costs. As DU actively manages the supply chain and meet with tier two suppliers it ensures DU are aware of such issues and can react. By operating monthly pricing and reviewing rigorously during meetings DU were able to offer an increased price for the yogurts to assist Embleton during this difficult period.

Lessons Learned

DU has established and adopted a new and unique approach to managing food contracts which has been a phenomenal success. DU has achieved significant savings, and introduced better quality products as they are fresher, seasonal and where possible locally produced. By changing the mindset of catering staff and suppliers and achieving buy-in through demonstrated results there is the scope for the sector to make a considerable difference. Colleagues within other institutions, consortium, other sectors and government bodies i.e. DEFRA have commented on the success and are trying to emulate the work of DU as they see the institution leading the way.

Further information

To find out more about this project you can contact Liam Glasper by email: liam.glasper@durham.ac.uk or by phone: 0191 334 4528.

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\(^3\) Not aware of any other University having the MSC accreditation.