

Regional Economic Partnership and Joint Committee

13 SEPTEMBER 2021

Report by the Lead of the Food and Drink Sector Group

FOOD PROCUREMENT CONTRACTS – SUPPLY AND DELIVERY OF FRESH/ORGANIC FOOD STUFFS

PURPOSE OF REPORT

1. The purpose of this report is to set out to Members the results of the recent procurement exercise undertaken by East Ayrshire Council in relation to its fresh and organic foodstuff contracts and to highlight the successful bidders. North and South Ayrshire have been fully involved in the process and have access to the contract framework. There now exists a significant opportunity to continue to develop the scope of public sector procurement of food and drink to drive investment, innovation and community wealth building through three distinct areas: via new business opportunities, via new jobs and via good food for all.

RECOMMENDATIONS

2. It is recommended that the Regional Economic Partnership and Joint Committee agrees to:
 - (i) Note the outcome of the recent tendering exercise undertaken in respect of its fresh and organic foodstuffs contracts;
 - (ii) Note that the majority of successful tenderers are Ayrshire-based suppliers, demonstrating the Council's commitment to the principles of Community Wealth Building as set out in the Anchor Charter;
 - (iii) Otherwise, note the contents of this report.

BACKGROUND

3. East Ayrshire Council required to re-tender the contract for the supply and delivery of fresh and/or organic foodstuffs to over 40 schools in the area. The contract is a call off contract for supplies as required and is also open for use by North and South Ayrshire Councils. It will be for a period of 2 years with two separate one-year extension options at the sole discretion of the Council.
4. The Council have over a number of years developed a more sustainable approach to the use of food in schools and it has worked with the Soil Association in the development of their Food For Life standard. East Ayrshire Council was the first

Authority in the UK to achieve the Food For Life Served Here, Gold Standard and also the first to successfully retain this.

5. The contract was broken down into Lots to encourage smaller and local businesses to tender and Service Providers were permitted to bid for one or several Lots, as follows:

Lot 1: Fresh Meat/Cooked Meat
Lot 2: Fresh Poultry
Lot 3: Fresh Fish
Lot 4: Fresh Fruit & Vegetables
Lot 5: Fresh Cows Milk/Milk Products
Lot 6: Fresh Hens Eggs
Lot 7: Dry, Bottled & Tinned Food Stuffs

6. Each lot would have no more than one provider awarded, rather than multiple providers. The Procurement Team considers this to be a more sustainable model for both the Council and our providers, being reliant on committed volumes and driving efficiencies via economies of scale.

THE TENDERING PROCESS

7. A UK Contract Notice was placed via the Public Contracts Scotland Website to comply with the procurement legislation; there was also a link on the Council's webpage to the Notice. The tendering process used was the 'Open' procedure in which all firms expressing an interest were able to download the tender documentation electronically. In total, 27 companies expressed an interest.
8. Tendering was conducted using an e-Tendering system, via the Public Contracts Scotland-Tender website, with 11 firms returning an electronic tender across all Lots via the system.
9. A Tender Evaluation Panel was appointed to appraise each bid in accordance with the Council's award criteria (financial, quality of food and sourcing, health promotion and social responsibility and system & operating arrangements). Following consideration by the Panel, the following companies have been confirmed as successful bidders for each contract as follows:

Lot 1 Fresh Meat/Cooked Meat	We Hae Meat, Girvan
Lot 2 Fresh Poultry	J Pieroni & Sons Ltd, Ayr
Lot 3 Fresh Fish	J Pieroni & Sons Ltd, Ayr
Lot 4 Fresh Fruit & Vegetables	A&A Spittal Ltd, Auchinleck
Lot 5 Fresh Cows Milk/Milk Products	Bryce Cunningham, Mauchline
Lot 6 Fresh Hens Eggs	Corrie Mains Ltd, Mauchline
Lot 7 Dry, Bottled & Tinned Food Stuffs	Locavore, Glasgow.

10. Award letters were issued to the successful tenderers in the week commencing 2 August 2021. Most of these companies have stated that the costs will be the same for North and South Ayrshire Councils should they wish to utilise the contract. One

company has offered a discount of 5% if North and South Ayrshire Councils were to order from them.

FINANCIAL IMPLICATIONS

11. A comparison to the rates previously tendered in 2016 for each lot demonstrates that most contracts have increased since that time (with the exception of poultry and dry, bottled & tinned foodstuffs). These increases are reasonable and expected, taking into account increases in the consumer price index (CPI) during the last five years and the market disruption resulting from Covid-19 and Brexit.

HUMAN RESOURCE IMPLICATIONS

12. There are no human resource implications arising from this paper.

LEGAL IMPLICATIONS

13. There are no legal implications arising from this paper. Steps have been taken within each of the three Councils to ensure appropriate governance of the issues arising from this paper.

CONCLUSION

14. The food and drink sector has been significantly impacted by the Covid-19 pandemic, and will face further challenges as a result of Brexit. Each local authority in Ayrshire, via its purchasing power, has the ability to encourage local suppliers to tender for food and drink contracts, and in so doing, ensure that wealth generated is retained in local communities.

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PROGRESS REPORT TO EXECUTIVE OVERSIGHT GROUP

Reporting Period:	Sector-Based Support Group: Food and Drink
	Group Lead: Alastair Dobson

Group Objective	Guidelines	Milestone RAG Status
Support the economic recovery and renewal of the above sector, with Community Wealth Building at the heart, in response to the profound and unprecedented impact of Covid-19 Pandemic on the economy.	Milestone completed	
	On target	
	Minor delays up to one month	
	Delays greater than one month	

Key Milestones/Deliverables (e.g. establish group membership, communications plan agreed & by whom, strategic resources plan agreed & by whom)	Due Date	RAG Status
Development of a Strategic Action Plan (at final draft)	Aug 2021	

Key Actions - update on activity:
<p>1. Since the last reporting period, what development has taken place in terms of a recovery and renewal plan for the above sector?</p> <p>A Strategic Action Plan is currently under development. The existing version, which is based on the National Recovery Plan, requires to be updated and enhanced with the addition of agreed actions, owners, measurements and timescales.</p> <p>The Strategic Action Plan sets out 4 ambitions as follows:</p> <p><i>Ambition 1 Facilitate Business Resilience and Growth</i> <i>Ambition 2 Support Sector Growth and Build Routes to Market</i> <i>Ambition 3 Promote the Ayrshire Food and Drink Sector as a great career with many varied opportunities and pathways</i> <i>Ambition 4 Encourage Sustainability</i></p> <p>The finalised version will be completed by the end of August and taken to the Regional Partnership for consideration and approval in the second half of 2021.</p>
<p>2. Since the last reporting period, what quantitative and qualitative information has the group identified, collated & interpreted with regard to the impact of Covid-19 on the sector?</p> <p>Our Virtual Team has shared access to an Ayrshire-wide business database, which is under review and once completed will be the definitive source of information and an easily accessible directory of local producers, retailers and farms. The</p>

directory will also provide a call to action by identifying routes to market and product purchase opportunities. The farming and growing aspect of the database is the least populated and will be challenging but is required as an integral part of the sector. National Farmers Union Scotland have been approached to assist in this area.

We also have range to a range of official datasets, such as Scottish Business Statistics, GVA data and Regional Skills Assessments.

3. Since the last reporting period, what support has been provided to the sector in terms of a response to the pandemic?

A mapping exercise has been undertaken by the Team to better understand the supports available to food and drink businesses. This has looked at four specific areas: commercial, marketing and business support, new product development and innovation, technical support and training and development. Gaps have been identified in the last two areas, and work is ongoing to identify what further supports can be provided.

Companies are being signposted to and continue to take advantage of free assistance available from a range of organisations, including Scottish Manufacturing Advisory Service, My Hospitality Partners, Productivity Club Scotland and the Ayrshire Chamber of Commerce. There have also been many discussions with Scotland Food and Drink, Food and Drink Federation Scotland and other critical partners to ensure the best possible advice and guidance is being delivered at business level.

Alignment with the work of the Visitor Economy work stream should embed food and drink and food tourism at the heart of a quality visitor experience in Ayrshire and deliver the first stages of community and business recovery.

4. Since the last reporting period, what actions have been identified and/or implemented to support recovery and renewal within the sector, including financial implications of measures proposed?

The Scottish Government has allocated discretionary funding to local authorities to allow them to use their knowledge of local economies to direct funding towards businesses experiencing financial challenges as a result of Covid-19. The most recent focus of this funding has been on the relatively small number of businesses who – for a variety of reasons – have not applied in previous funding rounds. Transition funding has been well received across the region and the sector.

Moving forward, the focus of business support efforts is gradually shifting towards an emphasis on longer-term planning and capital investment, acknowledging that many businesses will have delayed investment decisions due to the fragility of the economy, the changing marketplace and disruption to supply chains.

5. Since the last reporting period, what collaborative work has taken place with the other sector-based recovery and renewal groups to ensure a joined-up approach?

AMIC Project: a number of engagement sessions have taken place during the last quarter, including with the NFU, Food & Drink Forum (South of England), HIE and a number of businesses.

The last quarter also saw the delivery of the SAC Consulting report which sets out the findings of their workshops with Ayrshire businesses and food and drink sectoral representatives. The report found that a physical site based at AMIC would be a huge asset to micro/ start-up businesses and would provide a centre for knowledge, skills, equipment, and

facilities that they may not be able to afford on their own. Colleagues are taking forward the key recommendations from the report, particularly those that can be taken forward in the short term ahead of any development of a physical building.

Tourism: Following the launch of the new tourism strategic group (the Ayrshire and Arran Destination Alliance), links have been established with the Alliance to ensure consistency and collaboration. Support is also being provided to the Coig, who are undertaking research into visitor management issues across Ayrshire and the Clyde islands. This important research will help to inform future plans for the development of tourism and hospitality infrastructure across Ayrshire.

Work is also taking place to progress a single website or app for hospitality and visitor attractions in Ayrshire. This will take place in collaboration with the Tourism Group.

Team members have also been collaborating to submit a funding application to the VisitScotland Destination Marketing Fund to champion Ayrshire's Food Story.

The Food Tourism co-ordinators have also submitted a funding application in collaboration with the Ayrshire Chamber of Commerce and Industry and the sector development officer for food, drink and tourism, to the Tourism Leadership Recovery Fund to build a directory of food and drink businesses in Ayrshire and identify where produce would be available to buy.

A successful application was made to the Regional Food Fund for Arrans' Food to Market project, supporting the creation of a farmers' market and routes to market for producers and the project is now progressing positively.

Clean Growth: The group is developing working relationships with the Clean Growth work stream, as that group develops its own Recovery Plan. Our work in areas such as sustainable packaging will make an important contribution to this agenda.

The Team has been liaising with the AGD Skills Project to identify areas of commonality and ensure that overlap and duplication is eliminated. We also have been engaging with the development of the Regional Skills Investment Plan (RSIP)

6. What engagement has taken place since the last reporting period with local businesses and the wider community, and what support has been realised from this?

Food Tourism: monthly newsletters continue to be issued by the Food Tourism Co-ordinators and a regional Facebook group is helping to facilitate collaboration and support. They also continue to liaise with both Ayrshire and Argyll Colleges to identify skills shortages and identify opportunities.

Across the three Councils, business support teams continue to engage with the business base on an ongoing basis, providing information and guidance in a wide range of areas.

7. Since the last reporting period, what work has been identified or undertaken that has linkage with / impact on the Ayrshire Growth Deal?

The Team has been liaising with the AGD Skills Project to identify areas of commonality and to prevent overlap and duplication.

AMIC is one of the keynote projects within the AGD, and our Virtual Team includes members of the AMIC project team, who are leading on the development of the Food and Drink Centre of Excellence.

All activity will consider and ensure linkages across all appropriate Ayrshire Growth Deal projects.

The AGD Food and Drink Lead and Ayrshire Food Tourism Co-ordinators have been working with the three unitary authorities to highlight and promote local procurement.

8. What work has been identified or undertaken since the last reporting period that has an impact on climate change?

The procurement work taking place in support of our CWB objectives will also have a significant impact on our carbon footprint. Making greater use of local suppliers and sustainable, organic produce will result in much shorter journeys taking place to fulfil the needs of the supply chain.

'Fork to Farm' dialogues are taking place across Scotland in the lead up to the 26th UN Climate COP, which will take place this November in Glasgow. These dialogues are part of an initiative led by Nourish Scotland, a food policy charity that works for a fair, healthy and sustainable food system. Consideration is being given by the Group to the establishment of a local version of this (Nourish Ayrshire).

9. What work has been identified or undertaken since the last reporting period that has an impact on skills and training within the sector?

The Food Tourism Co-ordinators are developing a questionnaire to find out what skills are needed within the hospitality sector, as well as a pilot programme to encourage people to consider careers within the agricultural sector.

Funding has been secured for 6 placements in South Ayrshire and Dumfries & Galloway for a pilot industry placement programme in the food and farming sector. This 12-month programme will commence in October 2021. This programme provides individuals with the experience of four roles of real responsibility in four different businesses over a one-year period as well as an agreed qualification, accredited by SQA and developed with the industry in mind.

Following the launch of the Scotland Food & Drink Partnership's 'The Academy' in February 2021, the first courses were launched in May. The Academy is a market-focused and commercially orientated training programme that aims to help Scottish food and drink producers build their brands and thrive in their market places. Depending on demand, the Team will investigate possibilities to establish courses locally within Ayrshire.

10. What work has been identified or undertaken since the last reporting period that has an impact on digital infrastructure within the sector?

Consideration is being given to the development of a single website and app for the hospitality/tourism sector within Ayrshire. This will allow visitors to access a wide range of attractions and hospitality venues from a single source and will be designed to be as user-friendly as possible for maximum impact on the local economy. This group will work with the Visitor Economy Group in the development of this project.

A successful application was submitted to the Regional Food Fund by the Ayrshire Chamber and the Food Tourism Coordinators to add food and drink businesses to Ayrshire Connect.

The ongoing discussions between AMIC colleagues and the Scottish Manufacturing Advisory Service (SMAS) will identify digital and advanced manufacturing opportunities across the sector and supply chains.

11. What work has been identified or undertaken since the last reporting period that has an impact on business support for the sector?

The re-opening of the hospitality sector at the end of April has allowed many businesses within the sector to commence trading again. For many of them, the boom in the 'staycation' market has resulted in high levels of demand; at the same time, these businesses have had to ensure they work within the ongoing Covid-19 restrictions set out by the Scottish Government which has restricted numbers. Most of the remaining restrictions will be further relaxed from August 9, resulting in a return to more normalised trading conditions.

The continuing provision of additional funding streams for businesses from the Scottish Government via its Discretionary Fund, has allowed many businesses within the sector to continue trading. Without this funding, it is clear that many of our food and drink businesses would have faced major cash flow difficulties.

It has also been identified that there are significant staff shortages throughout the food, drink and hospitality sector which is having a large impact on trading.

As part of Ayrshire Business Week, a Food and Drink Business Engagement Day is taking place on 7 October 2021 at the Park Hotel, Kilmarnock

12. What work has been identified or undertaken since the last reporting period that has linkage with / impact on Community Wealth Building?

Regular monthly meetings are now taking place between the procurement leads across each of the three Councils, the main focus of which is on the procurement pillar of Community Wealth Building (specifically, the Group is looking to maximise opportunities for local suppliers to secure public sector food and drink contracts).

The re-tendering process for the supply and delivery of fresh foodstuffs to over 40 schools in the area has been completed. The 2-year contract, which is divided into 7 separate lots, is also open for use by East, North and South Ayrshire Councils. Contracts were officially awarded in August 2021, and a number of local, Ayrshire-based suppliers were among the successful bidders. These contracts represent significant opportunities for food and drink producers in terms of large-scale catering contracts.

Recruitment of new CWB Locality Officers has now commenced, and across the 3 authorities, some officers have taken up post. These officers will work closely with local businesses, and their remit will include linking those businesses to new business opportunities.

What issues have been identified since the last reporting period?	What mitigating actions have been taken/considered to overcome these issues?
N/A	N/A

What actions/support/resources/decisions are required by the Executive Oversight Group or the Ayrshire Economic Partnership Board?
Simplification of communication between and within partner organisations, identifying and developing key actions and their cross cutting opportunities across the region and work streams, would be greatly aided by the adoption of the regional strategy and an aligned, simplified and focussed governance model.