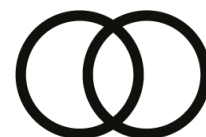


Carmarthenshire anchors – food procurement

February 2021



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the national organisation
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Centre for Local Economic Strategies (CLES)

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Contents

1. Introduction	4
2. Strategy review	8
3. Evidence review and analysis	14
4. Action Plan	26
Appendix 1 – Specific contracts to review.....	29

1. Introduction

This report for Carmarthenshire Council, Hywel Dda University Health Board and the University of Wales Trinity Saint David is a supplementary report to our *'Advancing Progressive Procurement in Carmarthenshire'* report of October 2020.

It focusses on food-related procurement, across the County Council, Hywel Dda University Health Board and the University of Wales Trinity Saint David and explores the opportunities to advance progressive procurement approaches in relation to food, collaboratively across these three significant anchor organisations.

The report is split into the following sections:

- Section one places the report within the local strategic and wider UK contexts and gives an overview of the methodology employed.
- Section two provides a strategy review, contextualised to the issue of food procurement.
- Section three contains the evidence review and analysis that CLES has undertaken along with findings and recommendations relevant to progressive procurement.
- Section four is an Action Plan for how to advance and apply the recommendations.
- This is followed by an Appendix, noting specific contract opportunities for review.

Why this work is important

Economic and community regeneration will be at the core of COVID-19 recovery in Carmarthenshire. It is recognised that the business sector is set to face a challenging and uncertain future and public bodies in Carmarthenshire are keen to do all they can to support the regeneration and growth of their local communities and economy. This will require a shift in focus and approach across a number of areas. The community wealth building model with its focus on enabling wealth to stay within a local community and be recirculated as much as possible will provide a firm foundation for regeneration.

Anchor institutions can exert sizable influence by using their commissioning and procurement processes, their workforce and employment capacity, and their assets such as facilities and land, to affect the economic, social, and environmental wellbeing of the localities they operate within.

What is an inclusive economy?

An inclusive economy is an economy which is focussed on social goals, social justice, environmental sustainability, and prosperity for all. From an inclusive growth perspective, inclusion is about what happens after the fact of growth. Whilst helpful, this aim is limited (and limiting), given the scale of the social issues and economic challenges facing our society. An inclusive economy is a deeper concept, considering how social benefits flow from, or feed into, economic activity.

An inclusive economy is an economy which is intrinsically married to social goals, social justice, environmental sustainability, and prosperity for all. This is not inclusion after the fact of growth. Instead, an inclusive economy seeks to develop inclusion with or without growth, whilst seeking to address the fundamental social flaws of market liberalism more generally. An inclusive economy is not merely about the poor social effects of economic growth outcomes, it is about addressing the causes of this socially damaging approach to growth. This agenda is aligned to a belief in heterodox economics and new forms of economic democracy and urban development such as new municipalism¹.

What is community wealth building?

As a fundamental driver of an inclusive economy, community wealth building aims to reorganise and control the local economy so that wealth is not extracted but broadly held and generative, with local roots, so that income is recirculated, communities are put first, and people are provided with opportunity, dignity, and well-being. Through community wealth building we are seeing a democratic, social, and economic movement, which seeks to provide resilience where there is risk and local economic security where there is precarity.

Community wealth building has a particular focus on the activities of anchor institutions. Anchor institutions are large established organisations, rooted in local communities, which can improve local economic and social wellbeing through their spend, employment practices, and use of land and assets.

At the heart of the community wealth building approach are five strategies for harnessing existing resources to enable local economies to grow and develop from within.

- 1) **Progressive procurement of goods and services** - progressive procurement is a means through which greater economic, social, and environmental benefits can be achieved for local places and people. CLES have pioneered and been at the forefront of work around progressive procurement in the UK, helping to develop a dense local supply chain of local enterprises, SMEs, employee-owned businesses, social enterprises, cooperatives, and other forms of community ownership. Increased local spend creates jobs, contributing to a multiplier effect which in turn creates additional jobs via increased demand for local goods and services.
- 2) **Fair employment and just labour markets** – often the biggest employers in a place, the approach anchors take to employment can have a defining effect on the employment

¹ <https://cles.org.uk/blog/local-government-the-commons-the-time-has-come/>

prospects, incomes of local people and local communities. Commitment by anchors to pay the living wage, have inclusive employment practices, recruit from lower income areas, build progression routes for workers and comprehensive union recognition are some of the examples where actions by anchors can stimulate the local economy and bring social improvements to local communities.

- 3) **Making financial power work for local places**- community wealth building seeks to increase flows of investment within local economies by harnessing the wealth that exists locally, rather than by seeking to merely attract national or international capital. For example, local authority pension funds can be encouraged to redirect investment from global markets to local schemes. Mutually owned banks are supported to grow, and regional banks charged with enabling local economic development are established. All of these are ideally placed to channel investment to local communities while still delivering a steady financial return for investors.
- 4) **Socially productive use of land and assets** - anchors are often major land, property, and asset holders. These represent an asset base from which local wealth can be accrued. In community wealth building the function and ownership of these assets is deepened to ensure any financial gain from these assets is harnessed by citizens. Furthermore, there is a desire to develop local economic uses, and extend local social/community use of those assets. Indeed, much public sector land and facilities are the commons, and should be used to develop greater citizen ownership of the built, open space and natural environment.
- 5) **Plural ownership of the economy** - community wealth building seeks to develop a more diverse blend of ownership models: returning more economic power to local people and institutions. In this, community wealth building asserts that small enterprises, community organisations, cooperatives and forms of municipal ownership are more economically generative within the local economy, than large companies or public limited companies.

CLES has worked with dozens of local authorities across the UK to develop the community wealth building movement, with each locality taking on a different blend of activities based on the five elements outlined above. 14 million people now live in community wealth building neighbourhoods, which is 21% of the UK's population.

Community wealth building

Five principles



Fair employment and just labour markets

Anchor institutions have a defining impact on the prospects of local people. Recruitment from lower incomes areas, paying the living wage and building progression routes all improve local economies.

Progressive procurement of goods and services

Developing dense local supply chains of businesses likely to support local employment and retain wealth locally: SMEs; employee-owned businesses; social enterprises; cooperatives and community business.

Plural ownership of the economy

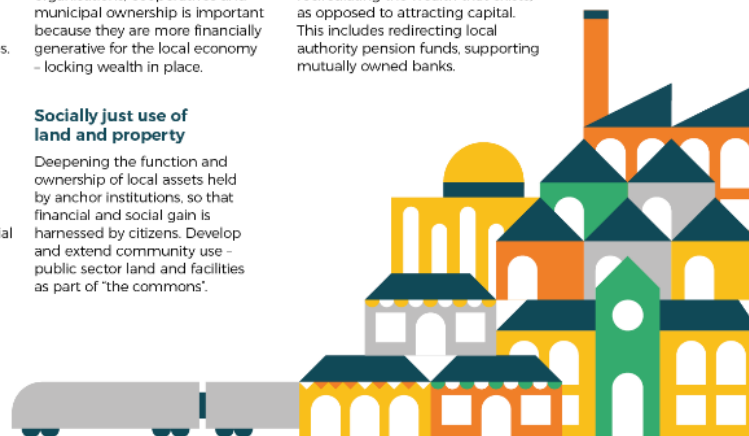
Developing and growing small enterprises, community organisations, cooperatives and municipal ownership is important because they are more financially generative for the local economy – locking wealth in place.

Socially just use of land and property

Deepening the function and ownership of local assets held by anchor institutions, so that financial and social gain is harnessed by citizens. Develop and extend community use – public sector land and facilities as part of 'the commons'.

Making financial power work for local places

Increase flows of investment within local economies by harnessing and recirculating the wealth that exists, as opposed to attracting capital. This includes redirecting local authority pension funds, supporting mutually owned banks.



Methodology

The methodology encompassed the following core activities:

- Strategy review – building on the previous strategy review for Carmarthenshire County Council to also consider the **procurement approaches** of the two additional anchors – Hywel Dda University Health Board and the University of Wales Trinity Saint David and highlight elements of **overarching strategy relevant specifically to food procurement**.
- Evidence review – building on the previous **market analysis** conducted for Carmarthenshire County Council to look specifically at the local business base with regard to food, a **spend analysis review** of food-related procurement across Carmarthenshire County Council, Hywel Dda University Health Board and the University of Wales Trinity Saint David, and a **gap analysis** to identify potential opportunities for development in terms of local service/product availability.
- Action Plan – providing a summary of **CLES's high level observations and recommendations** to advance a progressive, collaborative approach to food procurement.

2. Strategy review

National Policy Context

The Welsh Government's 'Food for Wales, Food from Wales' strategy², published in 2010, set an agenda for "A sustainable and resilient food system that encompasses a food sector composed of competitive and profitable businesses". The strategy was founded on principles of sustainable development, which include economic, social, and environmental aspects of the production and consumption of food. It emphasised the relevance of food across several crosscutting policy areas including health, food culture and education, food security, environmental sustainability, and community development – underscoring the need for an integrated approach to food policy in Wales. Such an integrated approach is also intended to build resilience in the food system, to encourage a stronger food economy in Wales and, hence, to enhance the capabilities and capacities of food businesses to compete effectively both at home and abroad.

The 2014 'Towards Sustainable Growth: An Action Plan for the Food and Drink Industry'³ included one action related to public sector procurement of food - "Enable public sector market opportunities to be developed for the food industry and in particular SME and micro food businesses". The main emphasis was the policy goal of increasing turnover in Welsh food and farming sectors. More recently, however, policy goals have broadened beyond turnover, with Welsh Government embracing the concept of the foundational economy – which provides many of the basic products and services we all need in our everyday lives – as a core strategic priority.

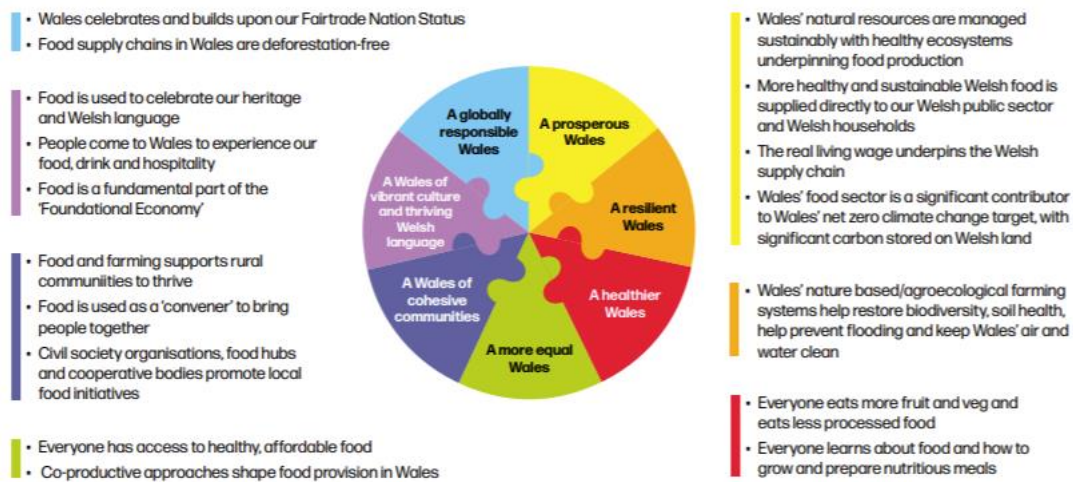
The 2015 Well-being of Future Generations Act places duties for sustainable development on all Welsh public bodies, including local authorities. The Act identifies seven overarching wellbeing goals, which policy and practice are expected to work towards. A recent report⁴ by the Sustainable Places Research Institute at Cardiff University, commissioned by WWF Cymru, outlines how the seven wellbeing goals could be applied to a sustainable food system in Wales.

² <https://gov.wales/sites/default/files/publications/2018-05/food-strategy-for-wales-2010-to-2020.pdf>

³ <https://businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/Action%20Plan%20-%20English.pdf>

⁴ https://www.wwf.org.uk/sites/default/files/2020-03/WWF_Full%20Report_Food_Final_3.pdf

Figure 1 – Outcomes of a Food System Fit for Future Generations



The 2017 'Prosperity for All: Economic Action Plan'⁵ identified food as one of four key foundational sectors in Wales. Meanwhile, the Welsh Government are developing plans to support farmers after the EU Common Agricultural Policy (CAP) is withdrawn.

The 2019 'Sustainable Farming and Our Land' consultation⁶ set out a proposed framework to underpin farm support - designed around sustainable land management for economic, environmental, and social benefits. More recently, the 'White Paper on Agriculture in Wales'⁷, published on 16 December 2020, set out proposals towards an Agriculture (Wales) Bill, which will be introduced in the next Senedd term. The paper sets out a '15-20-year vision to create a sustainable agricultural sector', detailing how farmers will be supported to 'produce food in a sustainable way'. This would see the replacement of the current Basic Payment Scheme (BPS) and agri-environment schemes with a new Sustainable Farming Scheme (SFS). The Welsh government's intention is to continue with BPS until 2022, subject to confirmation of funding from the UK government. The SFS will place a value on the environmental outcomes farmers deliver, such as improved soils, clean air, clean water and improved biodiversity, alongside sustainable food production.

The current context of the Covid-19 pandemic and the post-Brexit landscape provide an opportunity for a fundamental re-consideration of the food agenda both at the national and local level.

Food and the foundational economy

The Covid-19 pandemic has demonstrated the importance of the "foundational economy", those goods and services needed for everyday life. Food is perhaps the most basic and important component of the foundational economy. The food system spans primary production, manufacturing, processing, retail, hospitality, and wholesale. It is important to both the national

⁵ <https://gov.wales/sites/default/files/publications/2019-02/prosperity-for-all-economic-action-plan.pdf>

⁶ <https://gov.wales/sites/default/files/consultations/2019-07/brexit-consultation-document.pdf>

⁷ <https://gov.wales/agriculture-wales-bill>

economy of Wales and to local economies and contributes significantly to wider policy goals in relation to culture, environmental sustainability, climate change, and health and wellbeing.

The Covid-19 pandemic has exposed the lack of resilience in the UK food system, which is overly reliant on imported food, fossil fuels and large corporations.

Local policy context

Adding to the previous review of Carmarthenshire County Councils overarching strategic documentation, we have drawn out elements of overarching strategy relevant specifically to food procurement and provide a summary of the procurement approaches of the two additional anchors – Hywel Dda University Health Board and the University of Wales Trinity Saint David.

Carmarthenshire PSB's Wellbeing Plan⁸ includes the objective, under the Prosperous People and Places theme, which seeks to *"maximise opportunities for people and places in both urban and rural parts of our county"*: ***"The PSB will seek opportunities to restructure public sector procurement protocols and requirements to support and enhance potential local enterprise"***

Carmarthenshire County Council's Local Development Plan (LDP) Sustainability Appraisal⁹ states that food is responsible for a sizeable proportion of Carmarthenshire's ecological footprint (27%), more than housing (21%), and Transport (21%).

Moving Rural Carmarthenshire Forward¹⁰ contains strong commitments to local procurement, particularly in relation to the foundational economy; and a recognition of the strategic impact that that increasing levels of direct spend locally can have on the strength and resilience of the local economy.

This report notes the current diversity of the agriculture and food production sectors in Carmarthenshire. This sector in Carmarthenshire is dominated by dairy, but with a mixture of sheep, beef, and a growing poultry sector. There are over 470 dairy producers in the county accounting for 28% of all Wales producers, however there are frustrations that no local facility exists for processing:

"... the vast majority of milk produced in Carmarthenshire is transported out of the county, and indeed out of Wales for processing. A Welsh Government commissioned study into the feasibility of establishing additional dairy processing capacity in South West Wales in November 2015 came to the conclusion that a new processing facility is unlikely to be affordable in the short term due to the high capital costs and would therefore not be commercially viable. With this in mind, the Task Group would recommend looking into the feasibility of developing a micro/macro milk processing facility which could work to a co-operative model and could build on the already strong foundations for local cheese processing by further developing other markets such as liquid milk/cream, yoghurt and ice cream".

⁸ <https://www.thecarmarthenshirewewant.wales/media/8331/carmarthenshire-well-being-plan-final-may-2018.pdf>

⁹ <https://www.carmarthenshire.gov.wales/media/1223350/3-week-fc-sa-addendum.pdf>

¹⁰ <https://www.carmarthenshire.gov.wales/media/1219667/moving-rural-carms-forward-report-final.pdf>

In relation to the food production sector, the report notes that there are a number of local producers and suppliers catering for local, regional, national and international markets, with opportunities to further develop the sector by bringing together the individual food producers to develop a network and brand for foods from Carmarthenshire.

There has been significant regeneration and business support activity in relation to the food production sector, including the development of the Food Zone within the Cross Hands Growth Zone. The Food Zone site employs over 1,500 people in the food industry. The Cross Hands Food Park, a joint venture between Carmarthenshire County Council and the Welsh Assembly Government, is the first designated centre of excellence for food technology in the whole of Wales. The catalyst for the park was the completion, 10 years ago, of an anchor development of 200,000 square feet by Dawn Meats Group. This was followed by further significant employers such as Castell Howell Foods, Wales' largest independent wholesaler. Castle Howell have recently further expanded their operations at the park with a partnership to develop the Celtica facility. Castle Howell are wholesale suppliers to the majority of health boards and numerous local authorities across Wales.

The school meals service in Carmarthenshire is provided in-house by the County Council's Catering Division. According to the Council's website¹¹:

"Our meals are freshly prepared on site from predominately unprocessed ingredients using fresh food you can trust. We champion local food producers and source environmentally sustainable and ethical food. Our aim is to make healthy eating easier".

"We continuously strive to:

- provide nutritious meals and promote health and well-being whilst using quality, fresh ingredients in line with school meals legislation namely Healthy Eating in Schools Nutritional Standards and Requirements (Wales) Regulations 2013*
- develop positive relationships with all suppliers*
- look after the environment and natural resources whilst minimising waste*
- adopt sustainable and ethical procurement policies in food procurement including Organic and Fair Trade produce where appropriate*
- work closely with our first and second tier supply chain to source as much local and regional produce as possible and to also monitor the quality and nutritional content of their ingredients used in our recipes*
- not knowingly use food containing Genetically Modified Ingredients*
- purchase Free Range Eggs*
- adapt our menus to allow for seasonal fruit and vegetables as well as fresh Welsh meat products.*
- Food safety is also high on our agenda and it is our responsibility to provide due diligence for the food that we buy; all of our suppliers have to meet certain standards of quality before being considered as suitable providers to ensure full traceability for all products supplied".*

¹¹ <https://www.carmarthenshire.gov.wales/home/council-services/education-schools/school-meals/how-we-source-our-produce/#.X8Zlxs37Q2w>

Hywel Dda University Health Board is responsible for all NHS healthcare services across Pembrokeshire, Carmarthenshire and Ceredigion. The UHB's health and care strategy¹² (approved in November 2018) set out a strategic vision for services that are safe, sustainable, accessible, and kind for current and future generations across Hywel Dda. The strategy is based on the implementation of an integrated social model of health. It signalled a shift from a previous focus on hospital-based care and treatment toward a focus on prevention and building the resilience of people and communities.

The UHB's three-year vision for Carmarthenshire¹³ also focuses on the development of a more social model for health, and recognises the role of wider socio-economic factors as determinants of health:

"We know that the contribution of health and care services to overall health and wellbeing is small compared to factors such as education, housing and employment. We must therefore work with partners in an integrated and collaborative way to deliver a more social model for health. The adoption of this social model for health requires us all to think differently and to play our individual part in preventing ill health, living healthier lives and contributing to our communities".

The UHB's procurement function has, since April 2011, been undertaken through a partnership arrangement by the procurement services arm of the NHS Wales Shared Services Partnership (NWSSP). Most of the food procured by HDUHB is currently under formal contracting arrangements managed by NHS Wales Shared Services Partnership.

The UHB's procurement approach is governed by these national arrangements, with no local bespoke, local procurement strategy in place– hence, there is currently no specific policy in place in relation to food procurement in terms of the potential to maximise wider socio-economic impact through food procurement activity.

NWSSP Procurement Services have a stated aim to *"strive to deliver the goals of the Well-being of Future Generations (Wales) Act 2015 through a holistic approach to its procurement process"*. The published strategy to ensure the organisation is addressing the Act's goals includes the following:

- Reference to the WFGA within processes, particularly briefing papers.
- Generic reference with tenders to ask suppliers how they will support NWSSP to fulfil the duties of the act.
- A measure of procurement performance within PSMT reporting

Specific procurement practice to address the goals of the act is outlined as follows:

¹²

<http://www.wales.nhs.uk/sitesplus/documents/862/A%20Healthier%20Mid%20and%20West%20Wales%20FINAL%20amended%20-%2028.11.18.pdf>

¹³ <https://drive.google.com/file/d/1CNRNZw1fHVWCwjG39U-kpzwqStvSU3v/view>

NWSSP-PS support to become a more Prosperous Wales

- Create lotting and zoning strategies which support the local economy and SME bidding. Breakdown product baskets and consider an alternative to All Wales zoning.
- Explore innovative solutions to reduce carbon use.
- Reduce, reuse and recycle where safe and possible.
- Consider guaranteeing a percentage of volume for supplier security.
- Scope dynamic purchasing agreements as a means of opening up the contract within its duration.
- Review duration of framework to encourage innovation.

NWSSP-PS support to become a more Resilient Wales

- Strive for collaboration across HBs and Trusts and other procurement organisations in Wales to drive economies of scale and secure value for money.
- Increase the opportunities for local, domestic sourcing to mitigate the impact of currency fluctuations and changes to the political environment e.g. Brexit.
- Encourage collaborative tendering to support SME participation
- Hold regular supplier engagement events.
- Advertise all opportunities on Sell2Wales.

NWSSP-PS support to become a Healthier Wales

- Take a holistic approach to sourcing to consider prevention and treatment.
- Through tender evaluation methodology ensure products are of optimum quality to aid treatment.
- Set minimum healthcare standards or product specification to guarantee quality. Fail suppliers who do not conform.

NWSSP-PS support to become a more equal Wales

- Standardise products and services across Wales to create equity of healthcare treatment and service.
- Implement community benefits within all contracts.
- Seek opportunities for withholding contracts for disadvantaged groups.
- Use sourcing practices to tackle health inequalities through increasing access to, and quality of treatment for all persons.

NWSSP-PS support to become a Wales of Cohesive Communities

- Engage with voluntary and community groups to support services within the community where appropriate.
- Include community health council members within tender processes
- Reflect diversity within communities when necessary.

NWSSP-PS support to become a Wales of Vibrant Culture and Thriving Welsh Language

- Include reference to the Welsh Language Act within tender documentation. Set requirements within contracts to deliver services in the medium of Welsh where necessary.

- Enlist support from suppliers to celebrate Welsh culture e.g. traditional foods on St Davids day.

NWSSP-PS support to become a Globally Responsible Wales

- Use whole life costing methodology to mitigate environmental impact
- Implement requirements of Ethical Employment Code of Conduct and Modern Slavery Act within tenders
- Purchase products with ethical (environmental & social) certification including fairly traded products
- Ensure suppliers within tiered system of supply are regulated throughout full supply chain
- Encourage HBs and Trusts to limit the purchase of products known to damage the environment.

The Procurement department for the University of Wales Trinity Saint David is a member of the Higher Education Purchasing Consortium, Wales (HEPCW). The department provides information, advice, and support to all the universities functions covering all elements of procurement activity. The purpose of the Procurement Department is to provide an efficient and effective purchasing function across the University of Wales Trinity Saint David Group, and to combine resources in a bid to secure value for money for goods and services. The Group adopts a co-ordinated approach to purchasing to ensure that correct resources are employed to match specific needs and ensure best value for money.

3. Evidence review and analysis

Local economy mapping and sectoral analysis

To carry out an economic review which captures the specificities of the local economies in Carmarthenshire, whilst also reflecting the broader national changes arising from the Covid-19 crisis, we have utilised several datasets.

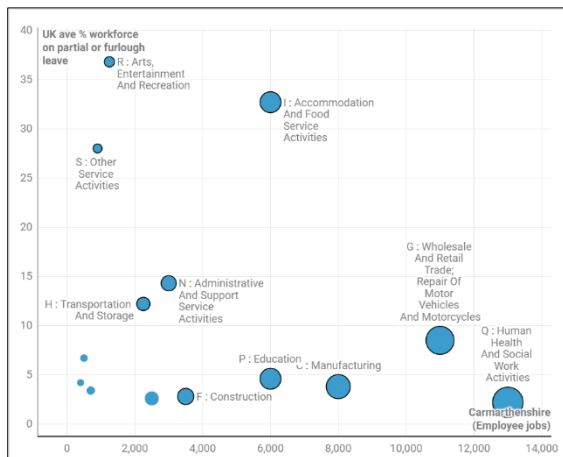
To understand the employment and labour market picture, CLES has utilised the most recent Business Register and Employment Survey dataset, which details the number and proportion of employees within a local area working within specific high-level sectors of the economy.

A current proxy indicator for sector vulnerability due to the Covid-19 pandemic is HMRC Coronavirus Job Retention scheme data. Whilst sectoral data for local authority areas is not provided in this dataset, it is possible to create a proxy for Carmarthenshire by using UK-wide sectoral data, which shows the percentage of employees on partial or full furlough leave¹⁴.

¹⁴ Data for Wave 20 (30 November to 13 December 2020) has been used in this analysis.

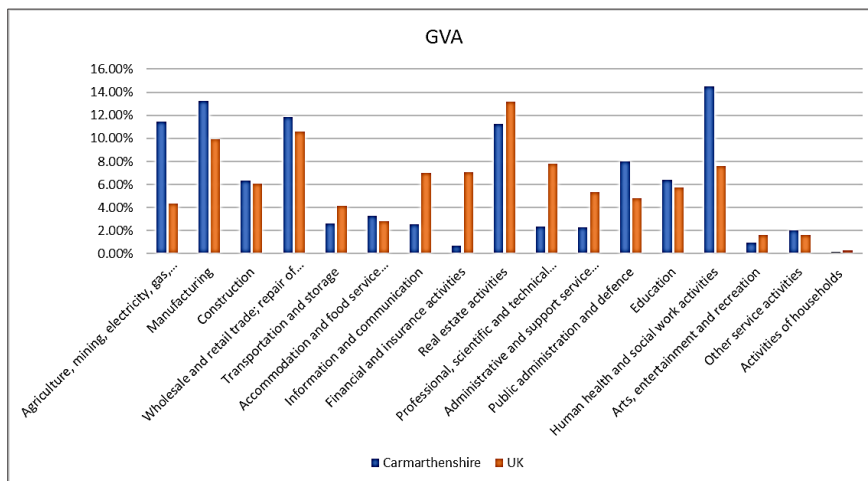
The figures below show the size (total employee numbers) and relative vulnerability of different sectors in the three relevant local authority areas covered by the UHB's geographic footprint. The accommodation and food services sector remains a sector of significant current concern, as it represents a significant jobs base (6,000 employees) and a third of the workforce in this sector are on partial or full furlough leave.

Figure 2 - Sector employment and vulnerability: Carmarthenshire



Agriculture is a significantly important sector in Carmarthenshire. As the data below shows, the agriculture sector has a local GVA more than double that proportionally of the wider UK economy.

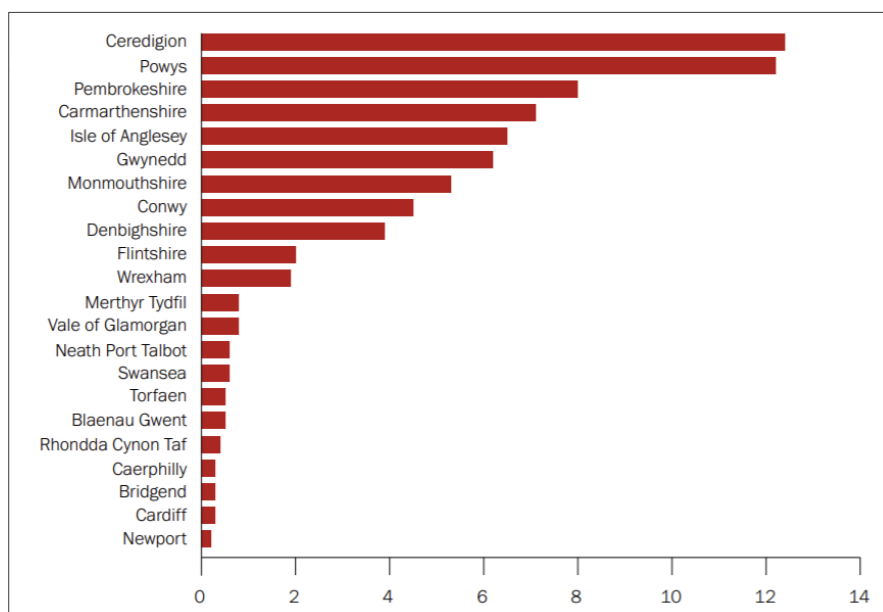
Figure 3 – GVA by sector: Carmarthenshire compared to UK average



In addition, as can be seen from Figure 4, below, the geographical footprint of the three anchor organisations contain a significant percentage of workplace jobs in the 'Agriculture, forestry, and fishing' sector¹⁵.

¹⁵ <https://gov.wales/sites/default/files/publications/2019-06/agriculture-in-wales-evidence.pdf>

Figure 4 - Workplace jobs in agriculture, forestry and fishing by Welsh local authority, 2017 (%)



Spend analysis

As can be seen from Table 1 and Figure 5, below, total food-related spend across all three anchors for the 2019/20 financial year was £5.9m. Most of the expenditure (£4.6m) was in the 'wholesale and retail' sector.

Table 1 - Food-related spend by sector and spending organisation

Sector	Spend			Total
	Hywel Dda University Health Board	Carmarthenshire County Council	University of Wales Trinity Saint David	
C - Manufacturing	64,342	33,813	42,594	140,749
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,201,767	2,983,648	444,411	4,629,826
I - Accommodation and food service activities	298,895	116,643	39,507	455,045
J - Information and communication	0	0	192	192
N - Administrative and support service activities	0	2,667	1,923	4,590
N/A	106,507	413,027	4,471	524,005
S - Other service activities	84,900		67,813	67,813
U - Activities of extraterritorial organisations and	0	27,013	202	27,215
TOTAL	1,756,411	3,576,811	601,112	5,849,435

Figure 5 – Food-related spend by sector and spending organisation

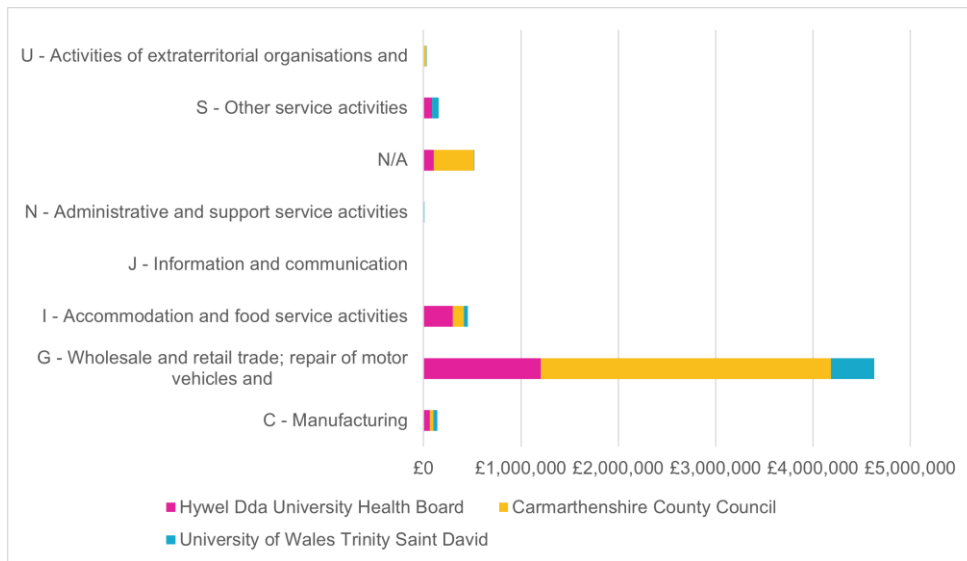
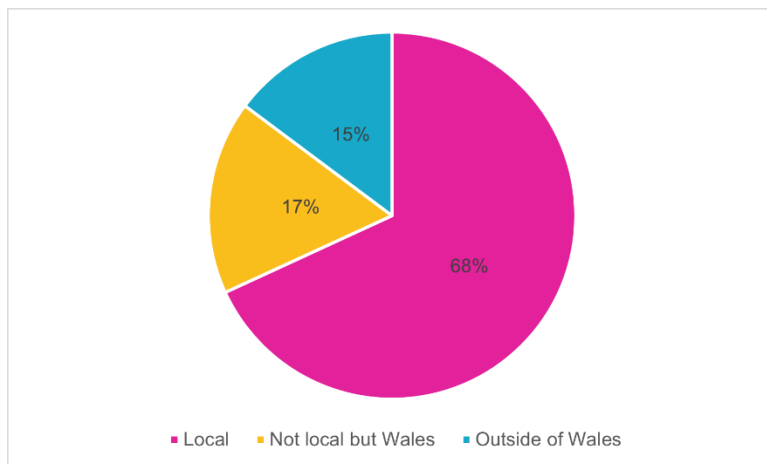


Figure 6 – Percentage spend by geography

68% of food spend is with suppliers which are 'local' (i.e., within the geographical footprint¹⁶ of the spending organisation), 17% is with suppliers which are not local, but are within Wales, and 15% with suppliers whose registered office is outside of Wales.



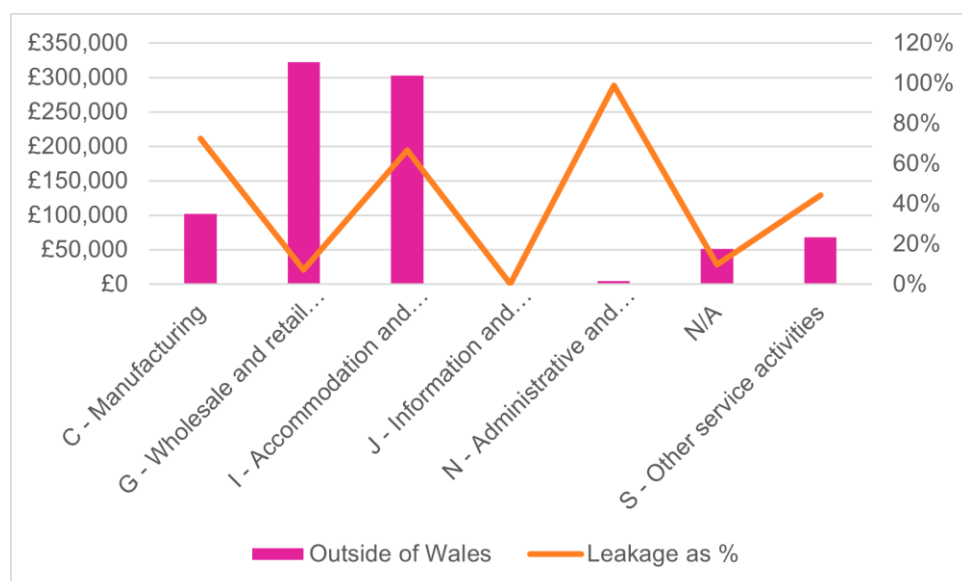
As can be seen from Table 2 and Figure 7 below, the sectors in which there is more significant spend (above £100k) where the highest proportion of spend was with suppliers from outside of Wales are: 'manufacturing', 'accommodation and food service activities' and 'other service activities'.

¹⁶ The geographical footprint of the anchors varies. For the University of Wales Trinity Saint David and Carmarthenshire County Council this has been defined as the Carmarthenshire local authority boundary. For Hywel Dda University Health Board this has been defined as the Carmarthenshire, Ceredigion and Pembrokeshire local authority boundaries.

Table 2 – Spend by sector and geography

	Local	Not local but Wales	Outside of Wales	Total	Leakage as %
C - Manufacturing	£31,167	£7,565	£102,016	£140,748	72%
G - Wholesale and retail trade; repair of motor vehicles and	£3,864,426	£443,417	£321,982	£4,629,825	7%
I - Accommodation and food service activities	£5,975	£146,030	£303,041	£455,045	67%
J - Information and communication	£0	£192	£0	£192	0%
N - Administrative and support service activities	£0	£48	£4,542	£4,590	99%
N/A	£141,463	£331,695	£50,847	£524,005	10%
S - Other service activities	£0	£84,900	£67,813	£152,713	44%
U - Activities of extraterritorial organisations and	£0	£0	£27,215	£27,215	100%
Grand Total	£4,043,031	£1,013,847	£877,456	£5,934,334	
As a percentage	68%	17%	15%	100%	

Figure 7 - Leakage (£) and as a percentage of all food-related spend by sector



CLES has provided, at Appendix 1, a list of the individual suppliers and spend totals with each supplier that constitute the leakage in these three sectors. Table 4, below, shows the potential local supplier base in Carmarthenshire in respect of each subsector. We would recommend that the procurement teams explore each contract which constitutes leakage, to determine its potential for localisation.

Table 4 – Leakage and potential local supplier base

	Spend Outside of Wales	Potential suppliers (Wales)	Potential suppliers (local)
C - Manufacturing	£102,016		
10850 - Manufacture of prepared meals and dishes	£48,083	34	0
10832 - Production of coffee and coffee substitutes	£23,001	32	5
11070 - Manufacture of soft drinks; production of mineral waters and other bottled waters	£20,302	40	5
11050 - Manufacture of beer	£3,747	131	8
33190 - Repair of other equipment	£936	354	15
28990 - Manufacture of other special-purpose machinery	£5,948	159	22
I - Accommodation and food service activities	£303,041		
56290 - Other food service activities	£267,532	660	32
56102 - Unlicensed restaurants and cafes	£35,508	1149	68
S - Other service activities	£67,813		
96090 - Other personal service activities n.e.c.	£67,813	4396	193

Towards progressive procurement of food

Covid and beyond – implications for anchor procurement

The work of anchors to respond to community needs arising from the initial phase of the pandemic, in relation to food illustrate the power of procurement as a force for social and economic good. Carmarthenshire Council's approach to supporting vulnerable residents with food parcels was to develop a local, bespoke approach, using existing relationships with wholesalers to ensure that food was of a high quality, met the needs of residents and was substantively of local and Welsh origin. The powerfully demonstrated the advantages of relational procurement and the ability to repurpose and reconfigure activity where there is a will to do so.

More generally, the Covid pandemic has affected many aspects of the food system in Wales and across the UK. On one hand, many existing supply chains linked to large-scale retail have continued and thrived. Sales volumes for supermarkets have increased substantially, because of a shift to online buying and because more food is being consumed at home as the hospitality sector has been subjected to various closures and restrictions. Conversely, a third of Welsh businesses in the accommodation and food services sector do not think that they will survive.¹⁷ The pressures on businesses in this sector also have upstream impacts on producers, processors, and wholesalers.

On the other hand, there have been marked behavioural shifts with many consumers making a concentrated effort to support local businesses and buy local products¹⁸. Whether these behavioural shifts will sustain post-pandemic is uncertain. It is for policymakers at all levels to act to ensure the protection of the existing diversity in the business base and to maximise opportunities

¹⁷ <https://www.bbc.co.uk/news/business-55002079>

¹⁸ <https://yougov.co.uk/topics/consumer/articles-reports/2020/06/15/how-covid-19-impacting-grocery-retail>

to transition to a more locally generative model for the future. There is perhaps a unique opportunity currently to take bold decisions towards a different model of food procurement in order to maximise the opportunities post Covid and post-Brexit.

Aside from the impact of the Covid pandemic, there is a need to be cognisant of longer-term trends in food, what this means for the local economy in Carmarthenshire, for anchor food procurement, and to see anchor food procurement as one lever for change in this context. The shift towards an increased emphasis on plant-based diets, in part driven by awareness of the carbon and wider ecological impacts of dairy and meat production, as well as changing patterns of import and export post-Brexit, are both relevant in this regard.

For a local economy where the agricultural sector is important in both productivity and employment terms and where this sector is currently dominated by dairy, there is a need for long term scenario planning and support for this sector to transition to meet changing demands. Whilst this is primarily an economic development and a business support concern, procurement and its relationship with economic development does nonetheless have an important role to play in supporting this transition.

What would a generative local food system look like?

From a Community wealth building perspective, we need re-localised food systems which increase the capacity for local food production, processing, and distribution with dense local supply chains, that support existing and future local businesses within the social economy. The food system would support multiple policy objectives linked to the wellbeing goals (as described in Figure 1, above).

Business form and ownership are crucial determinants of the extent to which activity across food supply chain benefits socio-economic wellbeing. Generative business forms such as worker cooperatives or municipal enterprises and smaller scale businesses help deliver improved employment and ensure that wealth recirculates in local areas for the benefit of communities rather than being extracted for the benefit of distant shareholders. Dense local supply chains can help build reciprocity and mutual benefit and deliver greater resilience.

Public sector procurement of food has an important role to play in this regard, particularly if a co-ordinated approach to food and food service procurement can be established across all the major anchor organisations in a particular geography. A co-ordinated approach, with a shared vision and outcomes focus, could seek to provide a baseline of stable demand for more local, generative businesses, and begin to stimulate change in the wider commercial food economy.

However, there are many known barriers to shorter local supply chains in the public sector food procurement system:

- The fragmented nature of small-scale growers and food producers
- Complications and risks for large public procurers when dealing with multiple small businesses
- Seasonality

- Lack of a dependable market
- The cost and time commitment associated with necessary quality and safety assurance processes

The procurement approaches of anchors, together with business development and support activity, need therefore to be designed in ways which overcome or minimise these barriers.

The approach to public sector procurement of food in Wales has evolved over time from a more local focus to national agreements, and sector-led purchasing consortia, and subsequently a more devolved approach – e.g., the new regional food buying approach across the local authority sector being led by Caerphilly County Borough Council. This direction of travel could result in local government, NHS Wales and the further and higher education sectors collaborating within, but not across, sectors.

There is, therefore, an important strategic decision for Carmarthenshire anchor organisations to make – whether to continue with the prevailing direction of travel, or to develop an intentionally joined-up approach to procurement at the local level, to generate sufficient demand and stimulate opportunities to develop and sustain high quality local food production, processing, and distribution. Such an approach creates an opportunity to think boldly and creatively about the potential to maximise outcomes across economic, environmental, social and health policy domains.

Limits of procurement as a strategic driver

Whilst public sector procurement of food is significant, it only represents a relatively small proportion of overall food demand. To put this in some context, total household expenditure on food in Carmarthenshire is estimated at approximately £190m per annum¹⁹, whereas the combined food spend of the three anchor organisations is under £6m. So, while procurement has a role and can be an effective lever for change, this needs to be in the context of a whole systems approach to transforming the food landscape in Carmarthenshire.

This suggests the approach should be ***food policy-led with procurement approaches supporting agreed policy objectives***, and not solely procurement-led.

This could be via the development of an overarching policy and strategy for food in Carmarthenshire – an outcomes-focused, strategic approach to food – that could galvanise coordinated action and practical interventions by all the partners on the PSB and other local stakeholders. Such an approach would seek clarity on desired outcomes across the domains of social, economic, environmental and health and link to Welsh Government food strategy.

The approach being developed in Monmouthshire on creating a collaborative data model encompassing all aspects of the food system – production, supply dynamics, demand (public plate, hospitality, citizens), land use etc. could be explored. The intent of the Monmouthshire approach

¹⁹ Based on average UK weekly household expenditure on food: <https://www.gov.uk/government/publications/family-food-201718/family-food-201718>

is to establish a national model which may be applied across Wales and beyond. It is hoped that the application of this model will create major positive impacts on both short- and longer-term strategic objectives for the reshaping of food production, influencing changes in market demand and the supply and distribution of food. Such an approach to shared use of data could reveal and support the delivery of both strategic and project-based collaborative approaches to food procurement as well as developments in other areas of the food system in Carmarthenshire, under the auspices of the PSB.

Economic development and procurement need to work together

The role of economic development and business support functions will be critical, so there will be a need for the procurement functions across the 3 anchors to work closely with the economic development functions in the respective local authority areas and within Welsh Government to maximise the local economic impact of food procurement work. There is a need to focus on supply as well as demand, including:

- Supporting local producers on value-added (e.g., the majority of the value-add, except for some cheese production, in the current dairy supply chain occurs outside of Wales) and diversification (e.g., from dairy/meat to plant-based)
- Supporting producer and supplier cooperatives and consortia to achieve the scale necessary to service public sector demand and to ensure that the cost and time commitments associated with quality assurance processes are not prohibitive.
- Exploring opportunities for new, local food processing capacity to service areas of shared demand across anchors (e.g., meals for hospital patients, residential social care, meals-on-wheels, education settings etc.) – as worker-or stakeholder-owned cooperative businesses, municipally led enterprises or in-house provision.
- More generative forms of supply to meet shared areas of demand (e.g., site-based restaurants and coffee shops)
- Exploring opportunities for new models of primary production, including for food produce that has not traditionally been grown at scale in Carmarthenshire – again, creating opportunities for new worker-or-stakeholder-owned cooperative businesses.

In terms of the latter point, there are relatively low levels of horticultural production in this area. The soil quality, climate and geography of Wales mean that most of the agricultural land (81%) is under grass, with arable accounting for 13%. As can be seen from [Table 5²⁰](#), below, these ratios hold true for the geographical footprint of the three anchors, except for Pembrokeshire which has a higher (25%) proportion of arable.

²⁰ Welsh Agricultural Statistics 2016

Table 5 - Regional Distribution of Agricultural Land in Wales (thousand hectares)

	Arable	Permanent grass	Rough grazing (sole rights)	Rough grazing (commons)	All other land on agricultural holdings	Total
North West Wales	28.3	150.0	82.6	21.2	15.7	297.7
North East Wales	42.5	147.6	39.5	21.8	10.8	262.1
Powys	50.4	272.7	69.0	70.4	25.3	487.8
Ceredigion	20.4	102.9	26.2	12.0	9.5	173.4
Pembrokeshire	42.3	96.9	8.5	5.8	17.5	162.9
Carmarthenshire	23.9	159.6	11.0	15.1	13.7	227.0
South Wales	39.3	136.0	23.4	34.0	104.2	246.5
TOTAL Wales	247.1	1,065.6	260.2	180.3	154.2	1,857.4

New technologies and farming methods do, however, provide an opportunity to transform the mix of produce that can be grown locally. Vertical or container farming, for example, provides a potential model which could be progressively scaled to achieve new employment opportunities for creating fresh produce close to the point of consumption. Container farms can produce the same output of leafy green and salad produce from a 1-acre farm in a facility the size of a shipping container, with much reduced needs for a range of inputs (water, fertiliser, pesticides etc).

The main barrier to entry for this type of provision is in the initial capital cost of purchasing the production units. However, a proactive approach from anchors and business support could seek to stimulate this type of market, either via loans, shares investment, or anchors purchasing the capital equipment and making this available to new cooperative businesses (a modern equivalent of tenant farming practices). There is also potential for anchor land assets to be utilised to site these types of facilities close to the point of demand (schools, hospital grounds, university campuses, care settings etc.).

Localising supply chains

The analysis of food procurement spend across the three anchor organisations indicates that most of the current 'leakage' (spend with suppliers based outside of Wales) was with suppliers in the ('manufacturing', 'accommodation and food services', and 'other service activities' sectors). We recommend that the specific contracts that constitute this leakage are reviewed and opportunities to localise some of that supply explored (see: Appendix 1, for a list of the individual suppliers and spend totals with each supplier that constitute the leakage in these three sectors).

However, focusing on the geography of supplier, in terms of tier 1 spend, has its limitations. Most of the food spend is with suppliers in the 'wholesale' sector – so there is a need to:

- a) Seek to influence the wholesale supply chain to increase the percentage of food produce purchased from wholesalers which is produced and/or processed locally.
- b) Explore opportunities for more direct routes to market.

To do this, there is a need to go beyond a spend analysis approach which looks at the sector and geography of suppliers, to understand in more granular detail what specific food products and commodities are being procured. We recommend that the three anchor organisations pool their produce lists to develop this more granular understanding of what volumes of product are being procured for what purpose/setting – and the supply chains relevant to each product category.

This will enable a more detailed understanding of opportunities to extend the provision of local supply in terms of both primary production and processing – and business support activities that might further unlock future opportunities – including, for example, supporting local producers to achieve the required scale by forming consortia or via an umbrella cooperative approach, support with accreditation, the inclusion of dedicated lines in contracts with wholesalers etc. and any opportunities to connect local producers to individual settings in terms of more hyper-local, direct supply.

Local is not the only consideration

Whilst the location and business type of suppliers is important, locality is not the only factor to consider in terms of the wider socio-economic impacts of food procurement. From a carbon perspective, for example, where food is sourced from is of less importance than what type of food is sourced. For most food types, transportation accounts for a relatively small proportion of the overall amount of CO₂ emissions from food²¹.

Establishing an overarching food policy and strategy, with clarity on desired goals and outcomes, as recommended above, will assist in ensuring purchasing decisions can be made by goal, not (only) geography.

Opportunities to develop food procurement approaches

This section highlights specific opportunities to develop food procurement approaches in Hywel Dda University Health Board and the University of Wales Trinity Saint David / Coleg Sir Gar. These are summarised in the Action Plan later in this report, together with actions that could be progressed collaboratively across all three anchors.

Hywel Dda University Health Board

The planned development of a bespoke procurement policy and social value framework for the UHB will support a strengthened focus on wider social value and ability to balance cost, quality, and wider socio-economic benefit across all categories of procurement, including food – in a way that is compliant with procurement law and guidance, and is aligned with the wellbeing goals, local PSB priorities, and the UHB's own strategic priorities.

There are specific opportunities to reconfigure the food model for the general hospital sites – aligned to Hywel Dda UHB's Strategic Plan and the planned new hospital development. Shifting to

²¹ Poore, J., & Nemecek, T. (2018). Reducing food's environmental impacts through producers and consumers. *Science*, 360(6392), 987-992.

a consistent approach to meal production to supply all the hospital sites could unlock new local supply chain opportunities – with opportunities to explore areas of shared demand, primarily with Carmarthenshire County Council in terms of demand in social care settings. The UHB is responsible for producing in the order of 3,000 meals per day for hospital patients (and similar volumes for visitors to the restaurant facilities). This, combined with the demand from care and other settings cross Carmarthenshire represents a significant local economic potential if the production facilities could be centralised locally, linked to greater access to local supply of produce. Stimulating the local supply side for this type of development will require close partnership working with and the support of the economic development function in the County Council.

Developing a more generative alternative to the current Costa Coffee shops which are based in hospital settings would ensure that more economic benefit is kept locally. This transition could be pursued as and when the current lease arrangements expire or potentially earlier, by negotiation. Alternative delivery could be via in-house provision (similar to the Aroma brand in Scotland) or through a new co-operative provider partnership. Where there is similar provision hosted in other anchor organisations' sites (e.g., the University and College sites) – the scope for a shared model could be explored. There is an opportunity to use the planned re-branding and modernisation of the UHB's current dining room facilities to test out aspects of the model.

University of Wales Trinity Saint David / Coleg Sir Gar

The value of food spend for the University is small (c. £600k) compared with the other two anchor organisations. However, that does not preclude joint or collaborative working on this agenda. Additionally, the University is a key source of expertise more generally in relation to the food and agriculture sectors beyond its own purchasing activities and so would be a critical stakeholder in any future strategic partnership approach to food.

In terms of the University's food spend, a significant proportion of the spend in the wholesale sector is with providers based outside of Wales. An analysis of the specific produce and commodities being purchased, and how that aligns to the purchasing by the other anchors, could reveal opportunities to taking a different approach to sourcing more of those products from local suppliers and engaging an increased proportion of local producers in those supply chains.

CLES did not analyse the food spend of Coleg Sir Gar. The Colleges current arrangements for catering provision are via a commercial arrangement with a third-party supplier, based outside of Wales. It is understood that previous attempts to engage local suppliers did not result in the same cost-benefit for the College as the current arrangements. However, we would recommend that when the existing commercial arrangements become due for renegotiation, consideration is given to exploring more local, economically generative models of provision.

4. Action Plan

FOR ALL ANCHOR ORGANISATIONS		
Recommendation	Time Horizon	Next Steps
Develop a shared, strategic approach to food strategy and policy	Medium	<ul style="list-style-type: none"> ○ Development of an overarching food policy and strategy at PSB level with clarity and shared ownership of desired goals and outcomes across a range of policy domains. ○ Strategic commitment to a place-based, cross-anchor-organisation, collaborative approach to food procurement with a focus more towards horizontal alignment across anchors as opposed to vertical alignment by sector. ○ Explore the potential to develop a collaborative approach to data analytics – e.g., by connecting the Monmouthshire food data project methodology.
Develop collaborative approaches to food procurement	Medium	<ul style="list-style-type: none"> ○ Explore the potential to re-localise spend in those sectors which constitute higher proportions of leakage (spend with suppliers based outside of Wales) ○ Pool produce lists to develop this more granular understanding of what volumes of product are being procured for what purpose/setting – to develop a better understanding of where the anchors are purchasing similar products. ○ Explore the potential to develop a collaborative and streamlined approach to food standards and accreditation requirements.

FOR ALL ANCHOR ORGANISATIONS

Recommendation	Time Horizon	Next Steps
		<ul style="list-style-type: none"> ○ Work collectively, with the economic development function in Carmarthenshire County Council and Welsh Government, to continue dialogue with key wholesalers to support and encourage opportunities for local supply.

FOR CARMARTHESHIRE COUNTY COUNCIL

Recommendation	Time Horizon	Next Steps
Ensure effective links between the procurement teams of all three anchor organisations and the economic development and business support functions in the local authority.	Medium - Long	<ul style="list-style-type: none"> ○ Target economic development support to address supply side issues relevant to food procurement, including: <ul style="list-style-type: none"> - Supporting local producers on value-added and diversification - Supporting produce and supplier cooperatives and consortia - Opportunities to develop new local food processing capacity for prepared meals - Supporting the development of more generative forms of supply to meet areas of shared need (e.g., anchor site-based coffee shops and restaurants) - Support for new models of primary production – e.g., vertical or container farming
Align procurement with other anchors in areas of similar demand	Medium	<ul style="list-style-type: none"> ○ Explore opportunities to collaborate with Hywel Dda UHB on alternative models for prepared meals to meet demand in hospital sites and care settings.

FOR THE UNIVERSITY OF WALES TRINITY SAINT DAVID / COLEG SIR GAR

Recommendation	Time Horizon	Next Steps
Further interrogation of spend analysis	Short	<ul style="list-style-type: none"> Review spend in the wholesale sector and scope to source more of that produce locally.
Consideration of existing commercial arrangements for catering provision	Medium	<ul style="list-style-type: none"> Continue to review alternative, more generative options for catering provision and consider alternative models of provision as and when the current commercial arrangements expire.

FOR HYWEL DDA UNIVERSITY HEALTH BOARD

Recommendation	Time Horizon	Next Steps
Develop local procurement policy and social value framework	Short	<ul style="list-style-type: none"> Implement the planned development of a bespoke local procurement policy and social value framework – this will provide the context for food procurement activity going forward (and all other categories of spend).
Review of key food systems in line with strategic reconfiguration of hospital sites	Medium	<ul style="list-style-type: none"> Develop options and business cases for the provision of prepared meals, and restaurant and coffee shop facilities.

Appendix 1 – Specific contracts to review

Carmarthenshire County Council

Manufacturing

EDEN SPRINGS UK LTD	
11070 - Manufacture of soft drinks; production of mineral waters and other bottled waters	£2,821
LUCOZADE RIBENA SUNTORY	
11070 - Manufacture of soft drinks; production of mineral waters and other bottled waters	£8,263
Scobie Vending Services Ltd	
33190 - Repair of other equipment	£936

Food and accommodation services

Midshire Catering Services	
56290 - Other food service activities	£107,642

Hywel Dda University Health Board

Manufacturing

APETITO LTD	£48,082
FULFIL UK LLP	£4,617
QUATTRO FOODS LTD	£1,320

Food and accommodation services

THE REAL WRAP CO LTD	£158,594
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Wholesale

NH CASE LTD	£133,575.66
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University of Wales Trinity Saint David

Manufacturing

CALDER	
28990 - Manufacture of other special-purpose machinery n.e.c.	£10
CARLSBERG-TETLEY BREWING LTD	
11050 - Manufacture of beer	£161
COCA COLA ENTERPRISES LTD	
11070 - Manufacture of soft drinks; production of mineral waters and other bottled waters	£8,326
COSTA LIMITED	
10832 - Production of coffee and coffee substitutes	£23,001
EDEN SPRINGS UK LTD	
11070 - Manufacture of soft drinks; production of mineral waters and other bottled waters	£892
MOLSON COORS BREWING COMPANY	
11050 - Manufacture of beer	£3,586

Food and accommodation services

SELECTA UK LTD (PREVIOUSLY PELICAN ROUGE)	£1,297
56290 - Other food service activities	
STARBUCKS COFFEE COMPANY	
56102 - Unlicensed restaurants and cafes	£35,508

Wholesale and retail

BRAKE BROS FOODSERVICE LTD	
46390 - Non-specialised wholesale of food, beverages and tobacco	£169,677



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