



National Audit Office

Guide to smarter food procurement

INTRODUCTION

In March 2006 the National Audit Office published a report on *Smarter food procurement in the public sector* aimed at improving the procurement of food and catering services in the public sector. The report identifies annual efficiency gains of £224 million in public expenditure on food and catering services achievable by 2010-11. This is not about sacrificing quality or nutritional standards, indeed the opposite. By taking some relatively simple steps, savings can be achieved while maintaining or improving the quality of the meals provided.

Drawing on the report this leaflet provides a summary of the main lessons in an accessible and quick to read format. It is designed in particular to help staff in frontline organisations assess the opportunities for improving the efficiency, sustainability and nutritional quality of the food and catering services they procure.

This leaflet is intended for use by staff in organisations of all sizes, for example from the catering manager responsible for providing a service at multiple sites to staff working in a kitchen at a small primary school. For this reason most staff will find some of the material more relevant to their work than others.

The main National Audit Office report, Good Practice Guide and Case Study Volume are available at <http://www.nao.org.uk/publications>

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This booklet contains seven areas of good practice, and a selection of useful reference sources.

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PART A

Manage demand and choose the appropriate way of providing a catering service

1 Does your organisation regularly review its catering requirements or has the service provided remained little changed for some time because 'it's always been that way'?

For example is it necessary to continue with the level of catering service you provide?

By challenging catering requirements it is possible to:

- Reduce or phase out subsidies where they are not justified
- Make better use of space
- Reduce expenditure by removing unnecessary provision or scaling back excessive specifications, for

example removing the requirement for class 1 fruit and vegetables where class 2 will do.

2 Has your organisation rationalised the range of food products purchased or the number of suppliers that they are bought from?

By buying the same sizes and brands of the same product from fewer suppliers organisations can:

- simplify administrative processes and deliveries, and reduce overheads;
- secure lower prices by buying in bulk.

Example: By reducing the numbers of suppliers and food contracts let, HM Prison Service saved £5.6 million over two years through reduced administration (for example, removing the need for catering managers to be involved in procurement), fewer deliveries, and the better deals available from aggregating internal demand and purchasing in bulk.

Example: Southampton University NHS Trust now buy all of their food items from one supplier which has led to a ten per cent saving in food costs.

However, these benefits should be balanced against the need to encourage competition and innovation and to enable Small and Medium-sized Enterprises to compete for contracts.

3 Does the approach taken to delivering the catering service suit the circumstances and capacity of your organisation?

Does your organisation regularly reassess how it provides its catering service including:

- whether it should be provided in-house or contracted out **(Figure 1 overleaf)**;

- a full comparison of the value for money offered by cooking from scratch or by reheating chilled (or frozen) meals, taking into account the inherent risks and opportunities and the sustainability issues **(Figure 2 on page 8)**?

4 Does your organisation actively manage the risks to delivering a successful catering service?

Does your organisation conduct a regular risk assessment of its catering service including:

- The risk of interruptions to the supply of ingredients or services
- Food safety issues
- Changes in demand for the service (for example due to changes in the size of your organisation or the degree of local competition)
- Changes to legal requirements or other factors from the wider environment (for example the introduction of nutritional standards)?

Does your organisation have a contingency plan to overcome identified risks?

1 Contracting out and in-house provision

Contracting out

Points in favour

- Contractors are primarily responsible for service delivery, cash handling and compliance with nutritional standards, Health and Safety regulations etc.
- Contractors should be able to negotiate better prices for ingredients.
- Contractors are likely to have better technical knowledge and catering expertise.
- The cost of a contracted-out service may be less than an in-house service and/or provide greater profits.
- Contractors may be able to provide other options for managing and developing new facilities for catering services.

Points against

- Smaller organisations may have no realistic choice but to contract out which may weaken their negotiating position.
- May require expenditure on consultancy to run a suitable tendering exercise.
- Significant resource may be required to procure and monitor the service.
- May be difficult to establish how much contractors spend on ingredients or how costs are calculated.
- May be difficult or costly to get contractors to be responsive to specialist needs.
- Where contract terms are inflexible changing requirements (such as nutritional standards) can leave organisations vulnerable to price increases.

In-house provision

Points in favour

- Your organisation has full control of the service and can thus ensure that it matches its needs.
- Greater scope to purchase in a way that minimises environmental impact.
- Some organisations that have taken their service in-house have improved the quality of the meals they provide.

Points against

- Significant resource is needed to meet legal requirements (such as health and safety).
- Your organisation may not currently employ staff with the necessary skills.
- Your organisation is solely responsible for all risks to delivery (for example, covering for sick leave).
- Your organisation is responsible for any losses suffered.

Example: Following a review of their catering operation Southampton University Hospitals Trust contracted out the management of its catering operation while directly employing its own kitchen staff. The service is now operated by expert catering managers but because in-house catering staff have been retained the catering firm are not able to cut costs by reducing the numbers or skill levels of the workforce.

2 Conventional and cook chill/cook freeze catering

Conventional Cooking

Advantages:-

- Increased flexibility in menu and recipe design.
- Can take advantage of spot purchasing.
- Meals are prepared on the day of consumption.
- Ability to amend recipes/dishes as and when required.

Disadvantages:-

- Requires skilled staff to be available for longer periods throughout the day.
- Production time/opening time of the kitchen is extended due to fresh cooking.
- Staff shortages may affect production capability.
- Where it is necessary to transfer hot food across a site, the quality of the meals served may deteriorate en route.
- Variable quality in dishes due to differing skill levels of production staff.

Cook Chill (or Cook Freeze) Catering

Advantages:-

- Centralised purchasing can result in reduced ingredient costs.
- Maximising the use of skilled staff and production equipment at the Central Production Unit.
- Less unsociable hours for staff due to constant production throughout the day. Reduction in labour costs due to less weekend working by skilled staff.
- Fewer staff are required in both the Central Production Unit and the satellite kitchens.
- Less production equipment is required in receiving kitchens.
- Greater consistency of food produced due to standard production methods.
- Ability to reheat meals at point of service.
- Due to centralised control and temperature requirements, greater food safety control can be exercised.

Disadvantages:-

- Potential that some foods may not chill and reheat as well as those produced via cook serve.
- Need for high standards of training and supervision as a breach of hygiene regulations could affect large volumes of food.
- Storage of food for longer periods can lead to a loss of some vitamins (such as Vitamin C).
- Removes local flexibility for recipe amendment.
- Breakdown of holding refrigerator etc could lead to loss of large amounts of food.

5 Are your organisation's catering objectives reflected in its wider strategic objectives?

Do plans for future catering provision match your organisation's stated goals and are these consistent with the Government's objectives to raise standards of production, reduce environmental impacts, increase tendering opportunities for small suppliers, promote food safety and improve nutrition?

Do plans for future expenditure on kitchens and dining facilities reflect anticipated changes to service provision, demand or legal requirements (for example, relating to nutritional quality, health and safety or sustainable development)?

Example: The NHS Purchasing and Supply Agency (PASA) let the contracts for the School Fruit and Vegetable Scheme to primary producers who could supply the quantity of fruit and vegetables required. Separate agreements were reached with distributors who took responsibility for quality control. This enabled PASA to meet its objectives for food safety and nutritional quality and was also in accordance with the Government's Sustainable Food and Farming Strategy.

Example: The Department for Transport bundle their facilities services (including catering) into a single contract leading to annual savings of around £400,000.

6 Has your organisation been able to appropriately balance the need to improve the quality of the meals provided, while both reducing the environmental impact of their service and maintaining or improving overall value for money?

Does your organisation successfully manage the crucial trade-offs between cost, quality and reduction of environmental impact? Does it have sufficient, timely information on which to base those decisions?

7 Has your organisation fully assessed the pros and cons of 'bundling' contracts for catering services with those for other 'soft' FM services (for instance reception or security)?

'Bundling' contracts can in this way often leads to savings in respect of both the costs of procuring the services and the overall contract value provided that the successful bidder has sufficient specialist catering expertise to deliver the expected quality of service. Where bidders do not have this specialist expertise, procuring organisations may achieve better value for money by letting separate contracts for each facilities management service or even 'unbundling' catering from existing bundled contracts in order to drive up standards.

PART B

Develop skills and infrastructure

1 What steps have your organisation taken to share good practice and to learn from others?

Are employees aware of existing published guidance? (See Part H on reference sources).

Has your organisation engaged with peer-to-peer organisations such as the Local Authority Caterers Association, the Hospital Caterers Association and the University Caterers Organisation?

Where services are contracted out, has your organisation contacted others using the same supplier to compare performance?

Has your organisation used external expertise (for example from peer organisations or from consultants) to review catering provision and identify ways of increasing efficiency?

Example: Following advice from a professionally trained catering manager from another school, a secondary school in London reduced the cost of its ingredients by 65 per cent and significantly improved the quality of the meals provided.

2 Does your organisation regularly assess the training and development needs of employees who negotiate contracts, prepare meals or manage catering provision?

It is important that the skills of staff engaged on procurement are updated regularly to keep them abreast of new developments (for example e-procurement).

Better training of kitchen staff can equip them to prepare a wider range of dishes, to use different food items (for instance cheaper cuts of meat) and to make better use of raw ingredients. Enhanced skills often lead to increased job satisfaction, reducing staff turnover and the associated recruitment costs.

3 Would investment in new equipment or other infrastructure lead to future savings and improve the quality of the meals provided in a cost effective way?

Some older kitchen equipment is not sufficiently flexible to produce alternative dishes of better nutritional quality. It is also likely to be less energy and water efficient and require more maintenance.

4 Has your organisation worked with its peers to address gaps in skills and infrastructure or to pool expertise?

Example: The Cornwall Food Programme supports the food procurement of five Cornish NHS Trusts. On behalf of the trusts they have worked with potential suppliers to find new sources of high quality products at cost effective prices.

PART C

Get the best price

1 Is your organisation sufficiently aware of how the prices it pays for food items or services compare to those paid by comparable organisations or to the going market rate?

Organisations often pay significantly different prices for the same food items, sometimes without good reason. By increasing awareness of the prices typically paid for particular items or services (for example by sharing information or by using a price benchmarking service) organisations greatly enhance their ability to act as intelligent customers and to negotiate better deals.

Example: The Defence Catering Group receives benchmarking data from their main supplier on a monthly basis. They compare this to data received from an independent price monitoring service to verify any proposed price changes.

The extent to which prices for common food items can vary

The following table indicates the degree of variance in prices paid for individual food items, based on data collected by the National Audit Office from a wide range of public sector organisations.

Product (Specification)	Highest [Price]	Average [Price]	Potential saving
Mince (MBG 149, 1lb)	£2.99	£1.24	Up to 58.5%
Pork Sausages (Catering Pork 8s, 1lb)	£2.92	£0.93	Up to 68.1%
Frozen Peas (Grade A, 1lb)	£1.57	£0.38	Up to 75.7%
Butter (UK, 250g)	£1.15	£0.67	Up to 41.7%
Baked Beans (well known brand, A10)	£2.65	£1.42	Up to 46.4%
Sugar (Granulated, 1kg)	£2.26	£0.82	Up to 63.7%
Bread (800g wholemeal loaf)	£1.10	£0.67	Up to 39.0%

Source: National Audit Office survey conducted as part of its study on Smarter Food Procurement in the public sector

2 Does your organisation avoid false economies?

When comparing alternatives it is essential to bear in mind the 'whole life' cost of the goods or services. For example, using the cheapest ingredients can lead to high amounts of wastage and offer less value for money than using higher grade ingredients.

Example: Some organisations have found that through opting for higher quality produce they do not need to buy as much, as less of the product is wasted; for instance, unfrozen lean mince will yield a higher proportion of meat than cheaper, frozen mince, which contains more fat and water.

3 Has your organisation assessed the potential benefits of greater use of innovations such as e-procurement systems or reverse auctions in reducing both item prices and procurement costs?

Many organisations have successfully used new technology to enable them to more easily compare prices across a wide range of potential suppliers leading to greater competition, lower prices and reduced procurement costs.

Example: The Defence Catering Group has used reverse auctions (whereby potential suppliers place bids of lower prices over the internet until nobody places a lower bid) to achieve significant cash savings across a wide range of products.

Example: An Australian hotel group use an e-procurement system to speed up invoice processing, enabling them to offer prompter payment from time to time in exchange for greater discounts. This is based on a sliding scale which can be adjusted to suit the current financial circumstances of both parties.

4 Does your organisation meet regularly with its main supplier(s) to reassess the range of products purchased?

By having an ongoing dialogue with their suppliers, procurers can ensure that their requirements are clearly understood and discuss ways in which they can be amended to the mutual benefit of both parties.

Example: The Defence Catering Group arranges regular food selection panels which bring together representatives of the Armed Services and the main food supplier to reassess the products supplied. This enables the requirements to be challenged and for suppliers to use their enhanced understanding of the requirements to source alternative, more suitable products. This approach has led to improvements in the quality of the goods purchased and costs savings.

PART D

Purchase jointly and increase competition to get better deals

1 Has your organisation realised the opportunities to aggregate demand with other organisations (both in the same sector and in others)?

Many organisations fail to purchase jointly, despite using the same suppliers. By purchasing jointly savings can be achieved from:

- Lower food prices generated by increased purchasing power
- Higher discounts due to increased volumes
- Reduced procurement and administrative costs (for example on processing and receiving orders)
- Reduced transport costs.

Ways of instigating joint purchasing include joining a purchasing consortium or making use of existing framework agreements (often negotiated by national or regional bodies), but also simply linking up with other local agencies who buy similar products.

Example: Four Essex schools pooled their expertise and, working together with East Anglia Food Link, secured a new source for their meat products. Their new supplier tailored their products to the schools requirements (for example by making the sausages longer to fit the baguettes used by the schools) and the schools benefited from lower unit costs when compared to the likely prices had they procured separately.

2 Has your organisation considered using a contract negotiated by another organisation (often known as a ‘framework agreement’)? Do you make your contract available to others?

Many organisations negotiate prices with large suppliers which are then open to others to use (for example the NHS Purchasing and Supply Agency negotiates on behalf of NHS Trusts). This approach makes use of the combined purchasing power to secure better prices and minimises procurement costs for the organisations taking advantage of the agreements.

3 Has your organisation identified and addressed the barriers to smaller organisations bidding for its contracts?

Has your organisation brought together potential suppliers with procurers to identify and overcome barriers to them joining the supply chain?

Have you simplified your bidding process to encourage smaller organisations to apply for contracts? Procuring organisations can often simplify their processes with no material effect on the quality of the decisions made. Do you

advertise your contracts in places where smaller organisations are most likely to see them (for example in a prominent spot on your website or on www.supply2.gov.uk)?

Have you considered breaking larger contracts into smaller lots (where this does not compromise value for money) enabling smaller enterprises to compete more equally.

Example: Shire Services (the Direct Services Organisation of Shropshire County Council) brought together wholesalers and small and medium-sized producers to identify and overcome the barriers to them competing to supply ingredients used in school meals. As a result the procurement process was reduced from two stages to one in order to encourage more bids from smaller producers, driving up competition.

Example: The NHS Purchasing and Supply Agency supplies fruit and vegetables to primary schools under the School Fruit and Vegetable Scheme. The food is supplied using a network of distributors who each deliver to a specific local authority, resulting in lot sizes that enable smaller producers to enter the market.

4 Do you have a good understanding of the Government's public procurement policy?

Many organisations are uncertain of what they need to do to comply with the requirements of the UK government and EU legislation.

The Government's public procurement policy is based on value for money, having due regard to propriety and regularity. Value for money is defined as "the optimum combination of whole life cost and quality (or fitness for purpose) to meet the user's requirement". Public bodies are also required to comply with the EC Treaty and the EU Procurement Directives (the 'EU rules') which ensure that public procurement is fair, transparent and non-discriminatory. Buyers can take account of a variety of factors when assessing whole-life costs and quality, including running and disposal costs and quality aspects of the product or service. Buyers must not, however, discriminate against suppliers from outside the UK, with 'buy local' or 'buy British' policies. This includes, for example, requirements about the distance travelled to deliver food, or the locality in which it is produced.

Within this context, public bodies are free to set their own requirements, provided they are non-discriminatory and meet public expenditure tests of need, affordability and cost-effectiveness.

PART E

Engage intelligently with the market

1 Does your organisation work with suppliers to make better quality food more affordable?

Many organisations discuss with their suppliers alternative products or ways in which the catering service can be provided in order to promote joint savings ('gain-share') or other mutual benefits.

Organisations can source high quality produce at reduced rates from suppliers who are unable to sell particular products to their usual market, for example because they are of the wrong size or quantity.

Example: Cornwall Food Services secured a knock-down price for blocks of high quality cheese from a small cheese maker. The cheese had been rejected by supermarkets for being the wrong size. This arrangement benefited the hospitals (who received high quality cheese which facilitated patient recovery better than the existing supply at an advantageous price), the patients (who preferred the better quality cheese) and the producer (who had entered a market which he had not previously considered open to him).

2 Does your organisation have a good understanding of the food and catering market?

Does your organisation have a detailed understanding of the charges made by contract caterers? For example does your contract operate on the basis of 'open book' accounting (where clients can inspect suppliers' records relating to costs and income in respect of their contract)? Do you require detailed itemisation of revenue and expenditure?

Has your organisation negotiated a fair share of the volume discounts, annual rebates and other similar payments received by contract caterers or food wholesalers as a result of the business generated by the contract?

Example: When re-letting their catering contract, Shell stipulated that their contractor should return 100 per cent of the rebates and discounts earned as a result of the contract.

3 Has your organisation identified where the largest savings can be made without compromising the quality of the meals or increasing the environmental impact of the catering service?

Logistics (transport and storage) are often the areas that add the greatest cost to suppliers and in turn increase the price. Transport costs can be reduced, for example, by consolidating deliveries. Storage costs can be reduced by careful examination of the specification to reduce the period for which you require suppliers to hold food items on your behalf.

4 Does your organisation work with its suppliers to communicate its requirements clearly and to identify and share opportunities for cost savings?

Does your organisation do enough to increase competition ahead of the re-letting of contracts?

By letting contracts for a suitable duration – not too short so that the costs of the procurement wipe out potential savings and not too long to encourage innovation, flexibility and competition – organisations can maximise the benefit gained from a tendering exercise.

By engaging with prospective suppliers in advance of a tendering exercise organisations are better able to draft a specification that incentivises suppliers to work towards its objectives on cost, nutritional quality and sustainability and to avoid specifying goods or services that are punitively expensive.

The criteria used for awarding and then monitoring the contract should not be based solely on costs but should also incorporate outcome measures such as food safety, nutritional quality and environmental impacts.

Example: The Defence Catering Group and representatives of the three armed forces meet regularly with its largest supplier to continually assess the products supplied. This has enabled the supplier to better understand the Group's requirements and to seek new sources for (often lower cost) products that better meet them.

5 Are you using the appropriate contract?

Organisations should be aware of the different types of contracts and use the type most suited to their circumstances. The contract should also balance the need to control inputs (costs) with the need to focus on the outcomes desired such as driving up service standards (for example relating to the nutritional quality of the meals and food provided or the number/breadth of menu choices).

The principal types of catering contracts

- **Cost-Plus (or Management Fee):** The difference between the total costs and the total takings are re-charged by the contractor to the client. The contractor also charges a management fee, representing their earnings from the contract. *Until around ten years ago this was the most common type of contract. However this type of contract offers less incentive for caterers to control their costs, since clients are automatically billed for them, whatever the case.*
- **Performance Guarantee:** Similar to cost-plus, but the contractor's management fee is linked to their performance across an agreed range of criteria (for example the level of gross profit on sales, employment costs and other overheads). The client can also require an "open book" policy, which means that all revenues generated through the service and costs incurred as a result of providing those services are open to inspection by the client. *In recent years, as clients have become more aware of how catering contracts work, this model has become increasingly popular.*
- **Fixed Cost:** A single agreed annual cost, with no allowance made for variables such as meal numbers or hospitality. The advantage for clients is that they are able to remain within a definite budget. However, there can be many complications when circumstances change, such as changes to the number of personnel on site. *The catering firm will often make more profit than the client had originally foreseen, and which the client is unable to benefit from; alternatively, if it becomes less profitable than the catering firm envisaged, they may attempt to reduce the quality of their service in order to break even.*
- **Semi-Fixed Cost:** Catering services are supplied to the client at an agreed inclusive cost, ultimately at the contractor's risk. Hospitality or "free issues" are charged as additions. *This style of contract became popular after cost-plus became less fashionable, especially in the public sector with bodies imposing strict budgets that they could not exceed. However there is potential for charges for hospitality and "free issues" to be inflated by the catering firm.*
- **Nil Subsidy:** The contractor provides the catering services at no cost to the client organisation. This is often associated with high selling prices to staff and/or high volumes of hospitality. *Where a client organisation provides the catering space and utilities free of charge it is often overlooked that this represents a hidden subsidy.*
- **Concession/Franchise:** The caterer pays a fixed rental, or gives a percentage of turnover to the client, in return for the use of the client's premises. *Comparatively rare, this is most often used where the location is open to the public, (such as leisure centres, visitor attractions, museums).*

Source: Research conducted by Merritt-Harrison Catering Consultancy on behalf of the National Audit Office

6 Does your organisation monitor the performance of its suppliers adequately?

Does the management information currently obtained enable sufficient monitoring of the performance of suppliers and contractors (and identify areas of weakness)? For example, high quality management information allows organisations to identify unpopular dishes or variations in demand on particular days, enabling fine-tuning of provision and to make informed decisions about the financial viability of potential changes to the service (such as contracting out, switching suppliers or service expansion or diversification). The contract should incorporate performance criteria and, where appropriate, suitable incentives for suppliers.

7 Are there adequate channels of communication between the staff responsible for purchasing and those responsible for carrying out or overseeing front-line catering provision?

For example it is essential that front-line managers are aware of the standards of catering provision to which they are entitled in their contract and know how to take remedial action if these standards are not met?

Example: Lambeth Council issued a simplified guide to the schools meals contract to staff in schools. This explained what schools were entitled to expect and what steps to take if the service provided did not meet expectations.

PART F

Make good use of the food purchased

1 Can your organisation establish that it has exercised 'due diligence' in procuring its food?

The defence of due diligence was introduced by the Food Safety Act 1990). This requires organisations to demonstrate that they have taken 'all reasonable precautions and exercised due diligence'. In general this includes ensuring that

- Your premises comply with the Food Safety (General Food Hygiene) regulations, 1995
- You buy from reputable suppliers
- You keep food at the correct temperature (as laid out in the Food Safety (Temperature Control) Regulations, 1995)
- Your staff are properly trained on food safety issues

2 What steps has your organisation taken to improve its checking of deliveries checking and stock control procedures?

Does your organisation routinely check deliveries to ensure that the quality and quantity matches the order?

Example: Northern General Hospital details all delivery problems in a quarterly report which is then used in future negotiations with suppliers.

3 What steps has your organisation taken to improve its stock control procedures?

By holding stock at an optimal level organisations are better able to preserve taste and nutrition, avoid food wastage and prevent unnecessary use of space. For example, does your organisation routinely compare sell-by dates on the goods delivered to its expected stock usage?

A regular programme of stock reconciliation should be conducted on a frequency that reflects the size of the operation and the amount of risk perceived

Example: Since 1998 prisons have reduced their average food stocks from 27 days to 11. This has led to a one-off saving of £2 million.

Example: One solution used by many schools to remove the stigma of free school meals is the use of a plastic smartcard to replace cash for in-school purchases by pupils and staff. Such systems can reduce bullying, enable anonymity for pupils entitled to free school meals and promote healthier eating.

4 Is the menu designed to improve both efficiency and sustainability?

Does the menu:

- Consist of long-running cycles of dishes (enabling bulk purchasing)?
- Take advantage of seasonally available produce (and avoid items that are out of season and therefore expensive to buy)?
- Offer flexibility so that catering staff can take advantage of special offers?
- Adhere to costed recipes?

5 Has your organisation done enough to improve take-up of its meals?

Has your organisation identified and addressed barriers to take-up such as

- Perceptions of poor nutritional quality
- Unattractive dining environments
- Lengthy queues
- Reluctance to take up free entitlement (for example, school meals) due to stigma factors

Where meals are ordered in advance, what steps are taken to ensure that they are still required and therefore not wasted?

6 Is the menu attractive to users?

Does the menu:

- Contain sufficient variety within its cycles of dishes?
- Offer genuine choice (for example by not containing very similar dishes on the same day)?
- Have special promotions or events to attract custom (for example an organic food day or dishes linked to current festivals or events)?

Example: St Aidan's Church of England High School communicated with parents and children for several months prior to the introduction of improvements to the nutritional quality of the meals served. This helped to promote greater acceptance of the proposed changes and achieve a three-fold increase in take-up of the meals.

7 Does your organisation reinvest revenues received in improvements in order to attract further use of the service and raise standards?

Where appropriate, has your organisation assessed its potential to increase revenue from catering provision to staff and visitors? Are the prices charged, subsidies and the range of outlets (for example coffee shops, vending machines) regularly reviewed?

By reinvesting surpluses (for example in improved dining environments, better crockery or extended opening hours) and meeting customers' preferences (for example for farm assurance, organic and fair trade) organisations can attract further custom.

8 Does the catering service address the dietary needs of specific groups of users such as religious, ethnic or those with medical requirements?

For example, are vegetarian and halal dishes available (and can you assure users of their authenticity, if required)? Are the correct grade of texture modified foods available for patients with swallowing difficulties?

9 Does your organisation know what users think of the service?

Does your organisation assess the quality of the service and the level of value for money it offers to its users (for example by surveying users of the service or sampling the food served)?

Does your organisation understand the preferences of its users and has it tailored its service, where appropriate, to meet them? Does your organisation encourage users to choose healthy options through marketing and education?

PART G

Reduce environmental impacts while keeping costs down

1 What steps has your organisation taken to reduce its energy and water costs

Does your organisation

- have separate metering for energy and water use by their catering service?
- pass on the energy and water costs to their contract caterers to incentivise them to make more efficient use of these resources?
- avoid practices that waste energy, for example, leaving ovens on while not in use or placing hot counters near cold counters?

- assess the viability of investing in newer, more energy and water efficient equipment?

2 What steps has your organisation taken to recycle waste products?

Does your organisation recycle used cooking oil, bottles, cans, plastics, aluminium foil and other waste or take other steps to reduce its environmental impact such as composting waste food?

Example: Aramark switched the supplier of their cooking oil to a company who collect the used oil for recycling into biodiesel.

3 Has your organisation worked with its suppliers to reduce the packaging used on the items purchased to reduce environmental impact and the overall product cost?

Many organisations have been able to afford better quality ingredients by working with their suppliers to reduce the packaging used on them.

Example: The Cornish Food Consortium worked with a small dairy to reduce the cost of its packaging leading to a reduction in the overall price for its luxury ice cream. This has enabled them to buy a better quality product at no extra cost.

PART H

Useful reference sources

Other National Audit Office reports on associated issues

National Audit Office: Serving Time: Prisoner Diet and Exercise, HC 939, Session 2005-06 (available at www.nao.org.uk)

National Audit Office: Improving Procurement: Progress by the Office of Government Commerce in improving departments' capability to procure cost effectively, HC 361-1, (available at www.nao.gsi.gov.uk)

Guidance on efficient procurement

Office of Government Commerce: Procurement Policy and EU rules, available at <http://www.ogc.gov.uk/index.asp?id=1000084>

Office of Government Commerce: Guidance on e-auctions, available at <http://www.ogc.gov.uk/index.asp?id=1003090>

Office of Government Commerce: A range of guidance available on issues such as aggregation, partnership and over-reliance on one supplier is available at <http://www.ogc.gov.uk/index.asp?id=1002172>

Guidance on issues concerning sustainability

Department for Environment, Food and Rural Affairs: Public Sector Food Procurement Initiative: Guidance for buyers and their internal customers, available at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/foodprocure.pdf>

Department for Environment, Food and Rural Affairs: Public Sector Food Procurement Initiative: Frequently Asked Questions, available at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/psfpi-faqs.pdf>

Department for Environment, Food and Rural Affairs: The Catering Services and Food Procurement Toolkit, available at <http://www.defra.gov.uk/farm/sustain/procurement/pdf/toolkit-procurement.pdf>

Department for Environment, Food and Rural Affairs: Public Sector Food Procurement Initiative: case studies, available at <http://www.defra.gov.uk/farm/policy/sustain/procurement/casestudies/index.htm>

Higher Education Partnership for Sustainability: Accounting for Sustainability – Guidance for Higher Education Institutions, available at http://www.forumforthefuture.org.uk/publications/accountingforsustainability_page185.aspx

Guidance on issues concerning nutritional quality

The New Nutritional Standards for School Lunches and Other School Food, available at: <http://www.teachernet.gov.uk/wholeschool/healthyliving>

Food Standards Agency: Voluntary Target Nutrient Specifications, available at <http://www.food.gov.uk/news/newsarchive/2006/may/nutrientspecs>

Food Standards Agency: Catering for Health, available (in a simplified form) at <http://www.food.gov.uk>

Department for Education and Skills: (Draft) Guidance for Procuring School meals and Guidance on Contract Variations, available at <http://www.teachernet.gov.uk/wholeschool/healthyliving/foodanddrink/procuringmeals/>

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