

Neighbourhood Services & Community
Involvement Scrutiny Commission

Briefing Report

**QUALITY ASSURANCE ARRANGEMENTS FOR THE
COUNCIL'S FOOD PROCUREMENT**

Lead director: **Alison Greenhill**

Useful information

- Ward(s) affected: **All**
- Report author: **Neil Bayliss**
- Author contact details: **Tel: 37 4021 Email: neil.bayliss@leicester.gov.uk**
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1. Summary

- 1.1 The Council spends over £2.5m per annum procuring food from suppliers. Most of this food is used as part of service provision to Council service users in schools and other establishment, or sold in venues such as De Montfort Hall. A small amount is used for staff.
- 1.2 Given issues over the past few years in the food industry connected with the quality and integrity of food products, which were well-documented in the local and national media, the Council reviewed its quality assurance procedures during procurement and contract management to ensure these are robust and offer adequate protection to the Council and its services users. This reports sets out those procedures.

2. Recommendations

- 2.1 The Commission is asked to:
 - a) Note the processes and procedures undertaken by ESPO and the Council as part of the evaluation of food tenders and post-award during contract management.

3. Supporting Information

Background

- 3.1 The Council spends approximately £2.5 million per annum on food from suppliers. This food is mostly used in the production of school meals by Education Catering¹, although smaller amounts of food are purchased notably by Culture & Leisure Services (e.g. for resale at De Montfort Hall), Adult Social Care and Education and Children's Services at various establishments.

Service Area	Invoices	Spend
City Catering	311	£2,051,000
Arts and Museums	239	£160,000
Residential Care (In House)	1,601	£107,000
Sports & Recreation	409	£42,000
Hostels, Shelters and Help Centres	371	£39,000
Early Help Targeted Services	3,567	£36,000
Looked After Children	406	£33,000
Community Services	261	£22,000
Independent Living	312	£16,000
Day Opportunities	208	£12,000
<i>Other Service Areas</i>	<i>506</i>	<i>£18,000</i>

- 3.2 The great majority of food procurement is done via contracts and framework agreements put in place by the Eastern Shires Purchasing Organisation (ESPO).

ESPO Framework	Total Spend
General Provisions (Multi-Temperature)	£1,734,000
Fruits & Vegetables	£308,000
Beers, Wines & Spirits (<i>for resale</i>)	£120,000
Milk and Dairy Products	£116,000
Sandwiches	£56,000
Soft Drinks & Bottled Water	£48,000
Meat & Poultry ²	£42,000
Ready Meals	£26,000
Bread & Pastries	£3,000
<i>Non-ESPO Framework Spend</i>	<i>£81,000</i>
Grand Total	£2,534,000

¹ Academies and Schools who have separate contracts for their catering, not with the City Council, are not included in this spend report, and are not covered by the rest of the report.

² Note: meat and poultry is also purchased through the General Provisions framework agreement.

- 3.3 It is recognised that in some cases there are benefits of procuring direct from local outlets for small/specialist requirements where more general ESPO frameworks are not suitable. In such cases the procuring service should always conduct a risk assessment and assure themselves of the suitability of the suppliers they use.
- 3.4 The Council works collaboratively with ESPO to conduct its food procurement. ESPO has expertise and resources in this area which can be implemented on a consortium wide basis to bring greater efficiency and knowledge to the process.
- 3.5 There is a standard approach to the procedures utilised by ESPO during the supplier evaluation processes and briefly these are as follows. As part of their normal food procurement procedures, ESPO have in place the following quality assurance procedures which are risk based, and rely on a number of separate elements:
- 3.5.1 Procurement Phase –suppliers are required to have a HACCP³ based food safety management system in place and third party accreditation to an industry recognised and auditable quality assurance scheme or standard. The supplier base is therefore subject to independent audits of their internal processes and procedures, including food hygiene, health & safety, sourcing, traceability and production/processing by the appropriate certification body. The ability to satisfy standard levels of quality assurance are assessed at the qualification stage of the tender process to ensure only reputable companies with adequate procedures are considered for the selection stage of the tender process. ESPO recognises the following standards (and equivalents): STS, BRC and SALSA.
- 3.5.2 Contract Terms – ESPO’s standard framework agreement terms and conditions include a Monitoring and Reporting clause which is a mandatory requirement for the supplier to monitor the supply chain for safety, legality quality and integrity and a range of KPIs. Similar terms and conditions apply to contracts awarded following further competitions under the framework agreements and bespoke authority contracts procured by ESPO. Throughout the term of the contract/framework ESPO and the Council both evaluate the performance of the Supplier’s ability to consistently meet quality performance standards. The terms and conditions of the contract/framework agreement determine the process to be followed in the event the Supplier fails to comply with the requirements of the terms.
- 3.5.3 Third party audits – as verified at procurement stage, most suppliers are subject to third party audits on a regular basis. Suppliers are responsible for their own certification and are required to notify ESPO of any change in their certification status.
- 3.5.4 Second-party audits – ESPO additionally carry out their own second party audits on a risk basis in accordance with a schedule, and suppliers also share the results of other audits carried out in-house or by other customers as evidence of ongoing good practice. The audit serves to establish

³ Hazard Analysis Critical Control Point

compliance with the terms and conditions of the contract. The audits typically take place at the Supplier's premises and address specific areas of quality assurance and not the entire function of the company. In advance of the audit, information will be requested from the supplier by ESPO, for example: product specifications, customer complaints, details of internal audit, foreign body controls. A general level of performance will be and details of audits carried out by ESPO are shared with the Council; any concerns are discussed and appropriate action agreed.

- 3.5.5 Traceability – on a risk basis and to a schedule ESPO will initiate the traceability or source of products, particularly meat and meat products, periodically throughout the period of the framework agreement. Information is provided by suppliers in a timely manner, in relation to specific batch numbers requested by ESPO or Leicester City Council.
- 3.5.6 Product Sampling – on a risk basis and to a schedule ESPO will select a number of products for sampling and testing against a range of criteria inherent to the product, for example - fat content of beef mince, speciation of meat products. Other appropriate tests are conducted when non-meat products are selected. Sampling is on a non-regulatory basis.
- 3.6 The selection of products and suppliers for audit, sampling, inspection etc. is done on a risk basis rather than random or fixed regularity. This allows ESPO to track market trends/concerns, focus on high risk products and respond to an ever-changing portfolio of products being bought the Council and ESPO's other customers – so, for example, as the universal free school meals initiative for infants is implemented, sampling of ingredients used in products for these meals may increase. In the event of a food scare, ESPO and the Council will define the process, responsibilities and authority to be adopted.
- 3.7 Supplier review meetings are facilitated by ESPO with the Council to an agreed schedule. The contracts between the Council and suppliers include provision for joint meetings with ESPO on a planned basis to effect good contract management including quality assurance reports containing details of complaints, audits, etc.
- 3.8 Evidence of the above processes has been supplied to the Council by ESPO. It must also be noted that it was ESPO's routine testing, as set out above, that has identified issues in the past and, whilst this is clearly not desirable, it does serve as proof that these processes are working. ESPO is also working closely with the Council, and commissioned the Council's Head of Internal Audit & Risk Management to undertake informal training with the food procurement team to ensure they are able to interpret risk analysis data applicable to the Council's procurement process.
- 3.9 ESPO's costs are primarily funded via the contractual retrospective rebate paid to ESPO by the suppliers, which the suppliers include in their charges to the Council as per the contract. The fact that ESPO carry out these quality assurance processes across their collaborative frameworks for their entire customer base reduces the cost per authority.
- 3.10 The Council has in the past identified two products used in schools which were not compliant as referred to in paragraph 3.6 above. Issues with these products

were investigated by Food Safety colleagues and consideration was made as to the appropriateness of legal action. Both of these products were halal meat products; as a result of this, engagement between the Council (Education Catering and Procurement Services) and local Muslim faith groups (FMO⁴ and MPAL⁵) took place in 2013-14 to develop a new specification for halal meat, including the requirement for accreditation with an external halal accreditation body. The existing supplier is accredited to and audited by the Halal Monitoring Committee (HMC) and meets the specification drawn up in consultation with the faith groups. This is in addition to the requirements set out above of all contracts.

3.11 Education Catering have the following procedures/arrangements in place in addition to the external procurement controls:

3.11.1 All catering staff are trained up to Level 2 Food Hygiene with ongoing refresher training taking place every three years, this is recorded. During training, staff are made aware of the acceptable condition food products should be delivered in and in the event of a product being sub-standard trained how to deal with it.

3.11.2 Staff can only order from approved suppliers on a restricted buying list as per suppliers' price file.

3.11.3 City Catering has just been awarded the Soil Association Food for Life bronze catering mark (FFL) and have therefore met all the necessary standards for food quality. All suppliers meet the FFL standards & have provided evidence and declarations. As part of the FFL process City Catering had to outline the method of food purchasing which is annually reviewed, an overview is outlined below.

3.11.4 City Catering has a list of approved Suppliers which have been through a successful tender process in conjunction with Procurement Services/ESPO.

3.11.5 When preparing all menus any new food products are checked to ensure they meet all standards – FFL, School Food Standard, Food Safety etc. Menus are prepared centrally in line with School Food Standards to ensure only approved products are used.

3.11.6 The approved product list is circulated to catering staff using a restrictive order form method. Unit Catering Managers (UCM) are only able to order from this product list. Any additional items can only be used with authorisation. HACCP documents states only ESPO approved suppliers are used.

3.11.7 UCMs are trained in the correct ordering procedures to ensure only permitted products are used.

3.11.8 Staff are regularly informed about not buying and bringing in unauthorised products. A recent reminder was during the allergen training. However, staff will receive regular reminders as part of the FFL process.

⁴ Federation of Muslim Organisations

⁵ Muslim Parents Association of Leicester

3.11.9 Managers regularly undertake kitchen audits where checks for unauthorised products would be identified.

4. Details of Scrutiny

4.1 This report has been requested by the Neighbourhood Services & Community Involvement Scrutiny Commission.

5. Financial, Legal and Other implications

Financial implications

5.1 Robust quality control procedures help to minimise the potential for claims being made against the Council.

Colin Sharpe
Head of Finance
Ext 37 4081

Legal implications

5.2 The ESPO framework agreement and call-off conditions must be robust and meet the Council's requirements. It is essential the Council has appropriate contract management and performance arrangements in place.

5.3 The supplier should be required to submit accurate management information in line with the agreed KPIs. KPIs should include client satisfaction and milestones. In the event the supplier does not meet targets set by the Council, appropriate action can be taken.

Seema Patel
Lawyer
Ext 37 1406

Climate Change and Carbon Reduction implications

5.4 There are no climate change implications resulting from the recommendations in this report.

Louise Buckley
Senior Environmental Consultant
Ext. 37 2293

6. Background information and other papers:

6.1 None.

7. Summary of appendices:

7.1 None

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

8.1 No.