

Food and Catering

Purchase of high quality, organic agricultural produce through joint procurement



Purchasing body:	Department of Vendée (Departmental Council)
Contract:	Supply of various foodstuffs Awarded: 23 February 2017 and 8 September 2017.
Savings:	<ul style="list-style-type: none"> • 281.59 tCO₂/year saved • 1.03 GWh/year primary energy savings

SUMMARY

- Procurement aiming to supply, at lower cost, sustainable and quality products, and facilitating access to local producers.
- To supply **part of** more than 1,800,000 meals per year to 31 high schools
- Local consolidation centre established to reduce transportation costs and allow local producers to be more competitive in the market
- Contract value estimated at €350,000 per year for the 5 lots

Procurement Approach

In 2017 five contracts were awarded for the supply of different foodstuffs to a buyers group consisting of a number of public institutions in the Department of Vendée (31 public colleges¹, the municipality of Olonne sur mer, and a public high school in Luçon) .

Minimum estimated annual volumes were:

- Fresh, organic vegetables: 49 tons
- Fresh, organic fruit: 10 tons
- Fresh, organic dairy products: 25 tons
- Organic dried vegetables and groceries: 7 tons
- Fresh and chilled beef and lamb: 26 tons
- Total: 117 tons

The tenders form phase 3 of a longer term political initiative in the Department launched in 2009/2010 to promote the use of high-quality, local and preferably organic produce in schools and colleges. This initiative was been organised in three phases:

Phase 1 – Consolidation centre

In 2011 a contract was awarded for the operation of a consolidation centre for the storage, processing (cleaning, peeling, cutting, etc.), packaging and delivery of organic agricultural products received raw to a number of public sites within the Department.

This contract was designated as a reserved tender for social enterprises. The tender was awarded to the organization [ADAPEI-ARIA 85](#), located in La Roche sur Yon, and working with people with disabilities. The contract was renewed in 2015.

Phase 2 – Consolidating demand

At the end of 2012 a buyers group was established, co-ordinated by the Department, and involving various public bodies with self-catering restaurants in the Vendée (public colleges , high schools, EHPAD², municipalities). The buyers group was renewed in 2015.

¹ There are now 34 colleges, as three new ones have been built. However the full 34 are only included in the contract for meat, not for the other contracts

² An elderly care facility

This group jointly tendered for foodstuffs, encouraging the use of the consolidation centre.

Phases 1 and 2 were designed to achieve a number of benefits:

- Making it easier for local farmers and producers to supply the public sector, and compete with larger wholesalers, by reducing delivery costs and providing long term stability
- Optimising the functioning of catering in colleges (time spent in dish preparation, use of quality products already prepared)
- Procurement and contract management cost reduction for interested public authorities
- Carbon footprint savings through combining storage and delivery services (thanks to the use of a shared facility)

Phase 3 – Quality and sustainability

The tenders covered in this document, published in 2016 and awarded in 2017 – introducing strong sustainability and quality criteria, particularly regarding organic content, into the joint tenders published by the buyers group.

The following five tenders were awarded between February and September 2017:

1. Organic fresh vegetables
2. Organic fruit
3. Organic dairy products
4. Organic grocery and pulses
5. Fresh and chilled beef and lamb (organic not required)

Multi-year framework agreements with purchase orders (maximum duration of 4 years) with minimum order quantities were signed. Each lot was awarded to a single supplier. Prices for contracts 1, 2 and 5 are reviewed monthly; for contracts 3 and 4 they are reviewed quarterly. Minimum quantities have been established in each contract, as listed above.

Needs analysis

In advance of tendering, a thorough needs analysis was carried out by the Department of Vendée to determine:

- **Anticipated needs and volumes** – through analysis carried out by a technical catering expert of both the food requirements of schools and colleges (in collaboration with chefs, managers

etc.) and existing supply on the market (in collaboration with producers, breeders, suppliers, processors

- **Formal arrangements** – developing a formal arrangement for the buyers group, and the definition of precise food lots to be procured
- **Global needs** – establishing a link between the supply contracts and the consolidation centre, and setting quality and environmental criteria for the foodstuffs themselves

The Department was supported in this activity through its membership of the Local Network "eating local is not common ". This network was formed in 2014, and comprises the association of municipalities and communities of Vendée and the Chamber of Agriculture. Through the network the Department meets regularly with both food purchasers (e.g. municipalities, colleges, high schools, EHPAD, hospitals) and suppliers (farmers, breeders, processors, other food service providers, etc.).

One highly interesting outcome from the consultation rounds before tendering, was to include an innovative specific sub-criterion for the meat tenders relating to the performance (quality and quantity) of samples of the offered meat (beef, merguez or veal) after cooking.

An analysis demonstrated during the tendering process that 1 kg of veal from a wholesaler costing €8.86 reduced in volume by 46.06% after cooking, whereas the same amount from a regional or co-operative farmer costing €9.90 reduced by only 23.98%.

By analysing both sets of data in combination, 1kg of cooked meat from the wholesaler will cost €16.42, compared to €13.02 from the co-operative or regional farmers – a saving of 26%.

Tender specifications and Verification

TECHNICAL SPECIFICATION

FOR FRUITS, VEGETABLES, DAIRY PRODUCTS, GROCERIES AND DRIED VEGETABLES FROM ORGANIC FARMING

- Express, but not exclusive, reference to the use of the consolidation centre for the products' storage and delivery.
- The two options thus suggested were:
 1. Delivery of the commodities using the consolidation centre, reducing this way, through shared services, the use of the service's transportation carbon footprint;
 2. Direct delivery of commodities, by the holder of each framework agreement, to the colleges or on the sites of the Department, with no use of shared consolidation centre, resulting in a less efficient carbon footprint.
- Compliance with Ecolabel "AB", Agriculture Biologique, France's national logo for organic

products since 1985.

FOR FRESH AND CHILLED BEEF AND LAMB

- Maximum 15% fat in the meat
- The beef meat will be from class R or U from the “E.U.R.O.P.” meat classification catalogue³

AWARD CRITERIA

- **Organisational arrangements:** 30% – evaluated against a hypothetical delivery scenario for each lot
- **Price:** 25% – Based on an assessment of total cost according to the estimated volumes under each lot, and a sample of prices for individual items
- **Technical quality:** 25% – this included an assessment of the quantity and quality of the produce *after cooking* (for meat), and awareness raising activities targeted towards catering professionals and students on the knowledge of agricultural products and the principles of sustainable development
- **Direct supply of produce:** 10% (Meat)/20% (other lots) – Assessed on the number of intermediaries between the farmer and the final distribution of the produce
- **Environmental performance:** 10% (meat)/0% (other lots) - Compliance with the Charter of Good Breeding Practices (*Charte de Bonnes Pratiques d’Elevage*⁴) designed to preserve the environment and promote animal welfare

VERIFICATION

The criteria were evaluated based on the technical information provided by bidders.

Bidders were requested to provide details of the accredited certifying body (**only for organic products**), date and validity of the certification. The contracting authority included in the specifications their right to conduct an analysis of the produce supplied, by an official laboratory authorized to carry out such analyses (e.g. LEAV - Laboratory of Environment and Food of Vendée). The tender outlined the sanctions implied in case of non-compliance.

The meat offer must include [environmental certifications](#) and/or respect the “[Charter of Good Breeding Practices](#)”.

³ www.lesviandesetoiles.com/concept/conformation-europ

⁴ www.charte-elevage.fr

Results

A review in September 2017, 7 months following the start of the contract showed that:

- More than 79 tons of organic food has been ordered (including 46 tons of fresh vegetables). This would mean a projected annual consumption of 135 tonnes, considerably higher than the minimum 91 tonnes
- This would represent approximately **15% of the annual consumption** of 900 tonnes for the 1,800,000 annual meals prepared (500g per meal)
- The **picture varies considerably** from college to college. About one third of the 31 public colleges purchase significant quantities of organic foodstuffs – 25% of total tonnage in Jean Rostand aux Herbiers, Saint Exupery in Belleville sur Vie, Coentin Riou in Moutiers les Mauxfaits; 40% of cooked food (Jules Ferry – Montaigu)
- **Effective usage of the consolidation centre** and order pooling for the storage / processing and delivery of organic foodstuff for the 4 lots with a provider centralising these services on behalf of 31 public colleges

Environmental impacts

An anticipated **281.59 tons of CO₂ emissions will be saved** per year through the contract. The savings calculated relate to both the increased share of organic produce and to the reduction in distance travelled through the consolidation of deliveries. The reduction in transportation will also lead to an expected **primary energy saving of 1.03 GWh/year**.

The consolidation of deliveries under the new contracts, based on figures for 2017, will allow for a substantial reduction in both the number of vehicles required for delivery (from 8 to 4), and the distance each vehicle travels per year (from 66,700 km to 46,000 km), resulting in an overall reduction in distance travelled of 348,000 km – a 65% reduction.

Table 1: Environmental savings – green tender compared to current solution

Tender	Fuel consumption (l diesel/year)	Embedded emissions in food production (CO ₂)	Total CO ₂ emissions (tonnes tCO ₂ /year)	Primary Energy consumption (GWh/year)
Benchmark (Previous contract)	149,640 (412.19 tCO ₂ /a)	1,094.79	1,506.98	1.5
Green tender (Consolidated)	46,400 (127.81 tCO ₂ /a)	1,087.58	1,215.39	0.46

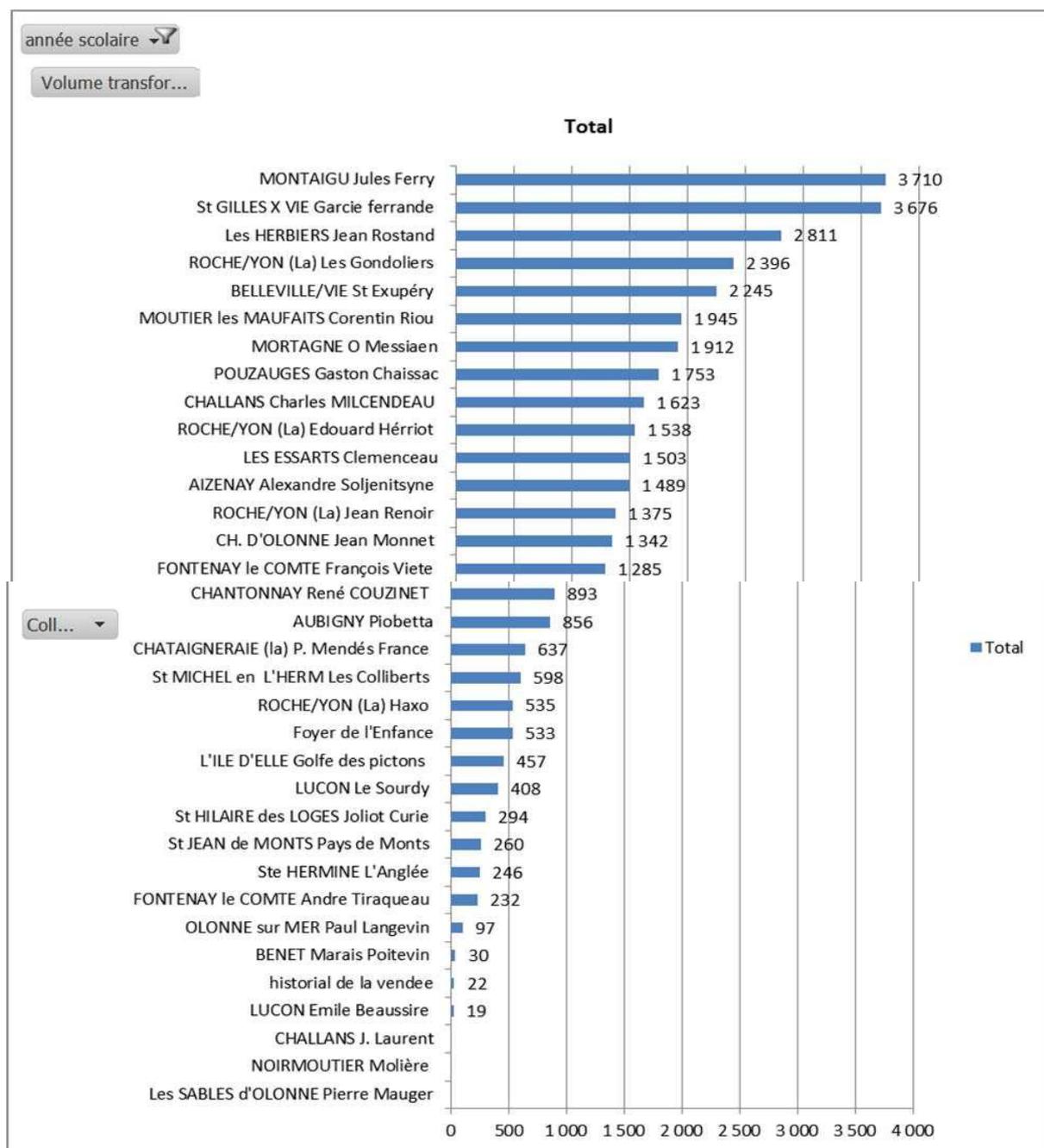
delivery & organic produce)				
Savings	103,240 (284.38 tCO ₂ /a) (68.99%)	7.21 (0.66%)	291.59 (19.35%)	1.03 (68.99%)

CALCULATION BASIS - DELIVERIES

- Annual number of shared deliveries estimated at 700, based on 344 registered in the first 6 months
- Without consolidation it is estimated that 2,232 individual deliveries would have taken place annually (based on 2 deliveries per school week for all 31 schools)
- The emission factor for diesel is 2.755 kgCO₂/l, and includes direct and indirect emissions
- Calculation made using the tool developed within the GPP 2020 project (www.gpp2020.eu), and refined within the SPP Regions project. Available on the SPP Regions website.

CALCULATION BASIS – ORGANIC PRODUCE

- Embedded CO₂ emissions for conventional and organic individual foodstuffs provided by the report: *Greenhouse-Gas Emissions from the Production and Processing of Food* (Öko-Institut, 2009)
- Calculation made using a tool developed within the SPP Regions project. Available on the SPP Regions website.



Volumes (in kg) of processed organic foods (mainly fresh vegetables) purchased by public colleges during the first half of 2017

Financial impacts

The foodstuff ordered (purchased) under the five public tenders covered by this report are estimated at €350,000 per year, or €1,400,000 excluding taxes, estimated over four years:

- Fresh organic vegetables: €80,000 (excl. tax) per year, or €320,000 (excl. tax) over 4 years
- Organic Fruit: €25,000 (excl. tax) per year, or €100,000 (excl. tax) over 4 years,
- Organic dairy products: €45,000 (excl. tax) per year, or €180,000 (excl. tax) over 4 years,
- Organic grocery and pulses (dried vegetables): €20,000 (excl. tax) per year, or €80,000 (excl. tax) over 4 years,
- Fresh and chilled beef and lamb: €180,000 (excl. tax) per year, or €720,000 (excl. tax) over 4 years,

The additional cost (approximately 5 to 15%) related to the use of better quality food is offset by the optimisation of the working time of the cooks (removal / reduction of the cleaning services / peeling of fruits and vegetables), the use of products with better yields during their preparation (see the Needs Analysis section on the yield achieved after cooking meat) and the increase in the volume of homemade "on-site" production whose cost is less expensive than the cost of industrial dishes (food).

The consolidation platform established in Phase 1, operated by a social enterprise, costs the Department approximately €105,000 (excl. tax) per year, or €630,000 (excl. tax) over the 6 years of the contract.

Market response

For the 4 lots of organic foodstuff: 2 bids submitted, one from a wholesaler and the other from a Vendée organic producers group, involving 30 farmers (see map). The producers group won the 4 lots.



For the lot of fresh and refrigerated sheepmeat and of beef: 2 bids submitted, one from a wholesaler and the other from a cooperative of about 300 regional farmers in the Loire region (see map). The cooperative won the public tender.



Lessons learned and future challenges

- Although there was no requirement relating to quality or geographical location in the specifications, the contracts were won by local co-operatives offering high quality produce, due to the evaluation criteria set
- This has been a highly successful model in establishing a shared and global purchasing approach to the food and catering sector, covering the three pillars of sustainable development – environmental, social and economic. The approach has effectively linked the needs of agri-food service suppliers to the supply needs of various buyers, through the awarding of a reserved contract to a social enterprise and searching for short supply chains (social approach), by promoting the use of menus and quality food to optimize the "overall cost" of cooked meals (economic approach) and seeking to increase the use of organic food and products that respect animal welfare (environmental approach)
- This exercise has also led to the publication of a guide, by the Department of Vendée, to promote agricultural products of quality and proximity from the point of view of "public tender": www.mangerlocal.vendee.fr/ressources-documentaires
- The Department is now considering broadening the programme to include other buyers (retirement homes, schools, municipalities), and potentially to take a similar approach to fish, with market engagement activities currently underway.

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About SPP Regions

SPP Regions is promoting the creation and expansion of 7 European regional networks of municipalities working together on sustainable public procurement (SPP) and public procurement of innovation (PPI).

The regional networks are collaborating directly on tendering for eco-innovative solutions, whilst building capacities and transferring skills and knowledge through their SPP and PPI activities. The 42 tenders within the project will achieve 54.3 GWh/year primary energy savings and trigger 45 GWh/year renewable energy.

SPP REGIONS PARTNERS



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