

Pigmeat Supply Chain Task Force – Public Sector Procurement Sub-Group

Note of Inaugural Meeting held on Monday 1 June 2009

Present:

Ian Platt, Baxter Storey (Chair)
Tony Goodger, BPEX
Rob McFarlane, Prime Meats/Brakes
Chris Ling, Compass
[REDACTED], Defra
[REDACTED], Defra
[REDACTED], Office of Government Commerce
Gareth Jones, NHS Supply Chain
Sylvie Baybout, Local Authorities Caterers Association

Apologies for Absence:

Barry Lock, Vion

Duncan Prior, Task Force Secretary

1. Introductions and Background

1.1 The Chair welcomed those present to the first meeting of the Sub-Group. Sub-Group members introduced themselves; Barry Lock had sent apologies for absence.

1.2 The Chair briefly explained the background to the main Task Force and its four sub-groups. Jane Kennedy had set up the Task Force with an initial life-span of 12 months, and was giving the initiative personal commitment. The philosophy behind the initiative was to bring together all the main components in the pigmeat supply chain, and work towards tangible and lasting benefits. For the work of the Sub-Group, the Chair emphasised the importance of being focused on delivering solutions to the principal challenges in driving up public sector procurement of pork and pork products sourced to UK standards. The Task Force timetable was demanding, which meant that effort had to be efficient and business-like.

1.3 Although the meeting was the formal inaugural meeting of the Sub-Group, the Chair explained that he had had a preparatory discussion with Messrs [REDACTED] Goodger, Jones and Prior in order to assist the initial scoping of the Sub-Group's work. That was reflected in the papers that had been distributed in advance of the meeting.

2. The British Pig Industry

2.1 Tony Goodger gave a scene-setting account (full presentation attached) of the pig industry. It had contracted from 8 million breeding sows to 4 million in recent years: due largely to economic factors (eg significant increases in feed and energy costs) and health and welfare impacts (eg animal disease outbreaks and domestic welfare legislation). Current exchange rates between Sterling and the Euro gave the UK an advantage, but that was not sustainable – a change in exchange rates could easily cause the opposite effect on trade, as was seen earlier. The number of pig farmers had decreased (reflecting the fall in the size of the national sow herd), but it was noted that re-entry into full production was relatively simple and quickly. 40% of pigs were outdoors. Indoor pigs were mostly barn-reared on loose bedding, but capable of displaying the core 'freedoms'.

2.2 The pig industry was vertically integrated with a small number of large producers (employing many contract growers). There were four principal abattoirs/processors in the UK: Vion, Tulip, Cranswick and Gill. Industry regarded pork and pork products as their primary domestic market focus; with bacon as a secondary product due to the UK industry not having

the production capacity to satisfy domestic demand. Industry felt that public sector procurement was a good opportunity to redress the balance in carcase utilisation; and noted that Parliament and Ministers had expressed disquiet over the apparent and significant importation of pig products that fell below the UK minimum welfare standards (namely the stalls and tether ban, that would not be implemented across the EU until 2013, and even then without complete parity with the UK standard).

3. Aim of the Sub-Group

3.1 The Chair introduced the draft Sub-Group workplan and invited comments on the overarching aim. In discussion, the following points were made:

- *'best value'* was a paramount consideration in public sector procurement;
- care was required to avoid allegations of national protectionism, it was important to focus on non-geographical differentials that offered added value (such as higher animal welfare standards, non-meat and bone meal animal feed, boar castration);
- importance of defining differentials as methods of production, not cost of production;
- it was right to focus on the procurement specifications (ie required specific standards/features of the product), and not confuse them with methods of satisfying compliance (eg assurance schemes). **Action: Tony Goodger** to provide written criteria to determine "UK minimum welfare standard" more specifically (eg no stalls/tethers, no animal by-product in feed, quarterly visits by vets, etc);
- assurance schemes were helpful to procurers in satisfying compliance with product specifications, but it was equally important to permit equivalence outside formal assurance schemes;
- there should be more communications between public sector procurers and suppliers before and at the time of inviting tenders, to ensure both parties shared a common understanding of what was required;
- it would be necessary to define "pork", as well as have robust auditing of reporting/monitoring of performance against the aim;
- it was important to identify volume as well as percentages in procurement performance to avoid producing a distorted performance assessment. **Action:** [REDACTED] to provide figures (obtained via the Food Strategy Team) to enable the Sub-Group to quantify volume and the additional cost to the public purse of purchasing to higher production standards;
- clearer product labelling was important not only for retail but also for and within the food service sector (the meeting noted that that topic was being taken forward by the separate Food Labelling Sub-Group).

3.2 Those points would need to be addressed further as the Sub-Group developed and executed its workplan objectives. The meeting agreed to adopt the aim, amended to require Government Departments, hospitals and prisons to source either 50% in absolute terms of their bacon needs or an increase of 50% on their 2008 PSFPI Report performance, whichever was the greater.

4. Objectives of the Sub-Group

4.1 The meeting considered each of the three draft workplan objectives, and made the following main points in discussion:

4.1(a) Objective (i) – revise public sector procurement guidance

- draft objective amended to reflect need for recognised UK assured food standards or equivalent;
- it was right to focus on central Government initially (not least because of the time constraints set on the Task Force), but the guidance should also be helpful to local government, universities, and other public sector procurers – and should be promulgated accordingly;
- the definitions to be used for pork and pork products should as far as possible be consistent with those used in the 2008 PSFPI survey/report. The meeting anticipated the definition of pork being along the lines of “fresh, chilled or frozen pork meat (excluding processed products, ready meals and sausages)”. **Action:** [REDACTED] to circulate relevant texts from PSFPI to SG members for consideration of fitness for purpose.

4.1(b) Objective (ii) – promulgation of policy goal and reporting of implementation failures

- objective amended to narrow the immediate focus on central Government, consistent with principal aim;
- Defra reported that the target dates for achieving the milestones of the objective were challenging, but were achievable (the 2009 PSFPI survey was expected to be launched in June or July);
- OGC’s upcoming Food Category Board meeting was an opportunity to raise awareness of Ministerial expectations, paving the way for the revised guidance. **Action:** [REDACTED] and [REDACTED] to raise issue at next meeting of FCB.

4.1(c) Objective (iii) – identifying barriers and constraints

- objective agreed;
- Sub-Group anticipated two fundamental challenges to success:
 - cost (whereby absolute budgets may simply not be capable of procuring product to higher production standards);
 - proportionality (ie the selection weighting given to product characteristics – eg where no discernable extra consumer nutritional value is gained from the higher cost of different production/farming methods).

5. Key Issues for Task Force

5.1 The meeting considered it necessary that the Chair should report to the Task Force meeting on 10 June that they anticipated cost and proportionality to be significant barriers or constraints to the success of this part of the Task Force agenda. Assuming that the Sub-Group met its objective to provide robust guidance to help procurers specify high product production methods/standards, that may only serve to highlight (i) inadequate local budget capacity; and/or

(ii) a conflict between national strategic policy (ie animal welfare) and local procurement criteria (eg the need to focus on nutritional value to the virtual exclusion of all other non-nutritional factors). **Action: Ian Platt** to raise at TF2 on 10 June.

6. Risks to Success

6.1 The meeting felt that the predominant risk revolved around the ability of public sector procurers being able to implement the broader policy within the legal constraints of EU procurement rules. Nevertheless, the Sub-Group noted optimistically that c95% of EU procurement was awarded to local contractors. The meeting concluded that the initiative was worth pursuing, not least because of the moral dimension of the issue – ie it was immoral for the UK Parliament to outlaw certain pig production methods domestically, only to have the Executive and wider public sector using taxpayers' money to fund 'sub-standard imports. The imperative was to provide a level playing field where all suppliers from across the EU and beyond had the opportunity to compete to supply product produced to the standards required by public sector procurers in meeting wider public policy goals.

7. Next Steps and Date of Next Meeting

7.1 The Chair concluded by thanking everyone for attending and for their contributions towards a positive meeting, and asked everyone to play their part in driving forward the adopted workplan. He asked the Task Force Secretary to distribute a formal note of the meeting to Sub-Group members, together with a revised workplan, risk register, and issues log reflecting decisions/key points made. **Action: Task Force Secretary.**

7.2 The second meeting of the Sub-Group would be held on 7 September 2009 (at 10.00hrs, at Defra, Nobel House, Smith Square, London). **Action:** [REDACTED] to book meeting room; **Duncan Prior** to notify Sub-Group members of confirmed meeting arrangements.

Secretary to the Pigmeat Supply Chain Task Force
June 2009