



# Constraints and Opportunities to Supply Local Fresh Vegetables to the Public Sector in Powys, 2008



# Introduction – background

- Recent projects undertaken by ADAS for Glasu have identified the demand for locally grown vegetables to supply both the public and private sectors in Powys. However there is a need to understand in more detail the barriers to producing, processing and supplying vegetables in the region.
- The Public Sector has a number of requirements that have to be met in order to provide a suitable service for customers. These include the ability to meet product demand, variety, quality and quantity, ability to deliver the product, health and safety and labelling.

# Introduction - objectives

To identify:

- What is produced in terms of fruit and vegetables in Powys
- How it is processed, distributed and marketed
- How current Public Sector Food Procurement works
- Barriers to supplying local produce for Powys public procurement, and how they might be overcome
- What influences do national policies, The Rural Development Plan, etc have on these issues

# Methodology:

- Telephone survey conducted by ADAS March 2008
- It addressed issues such as production, marketing, constraints, future development and supplying local authorities
- List of Powys growers created by contacting a number of wholesalers and institutes working with growers in Wales (OCW, HNW, CALU and GLASU)
- In total 40 replies were received out of 55 growers

## Methodology 2

- Semi structured interviews with Powys County Council (PCC) procurement officers and first tier suppliers
- Consultation of key stakeholders such as Organic Centre Wales, Centre of Alternative Land Use, Horticultural Network Wales and others

# Land use in Powys and Wales

- In 2006, 390,506 hectares were farmed in Powys
- The majority of land is grassland (93%)
- It is estimated that 159-359 hectares are under potatoes and 106 hectares under horticulture (it is suggested that this large acreage of potatoes is produced by a few large potato producers).
- The majority of holdings are less than 5 hectares

# Powys land use

Year	2002	2003	2004	2005	2006	% of total agricultural land
<b>Grassland</b>	<b>350,699</b>	<b>352,859</b>	<b>347,489</b>	<b>350,235</b>	<b>364,164</b>	<b>93.3</b>
Permanent pasture	256,926	280,236	280,090	269,309	284,091	72.7
Rough grazing	65,619	47,407	44,584	57,039	58,782	15.1
New grassland	28,154	25,216	22,815	23,887	21,291	5.5
<b>Crops &amp; horticulture</b>	<b>10,647</b>	<b>10,260</b>	<b>11,019</b>	<b>10,270</b>	<b>9,945</b>	<b>2.5</b>
Barley	3,204	2,918	2,847	2,540	2,199	0.6
Wheat	3,372	3,284	3,496	3,361	3,725	1.0
Maize	942	886	844	942	917	0.2
Stockfeed	878	1,003	1,249	1,021	687	0.2
Other cereals	1,052	947	1,006	1,093	1,148	0.3
Potatoes	417	386	307	345	359	0.1
Horticulture <sup>2</sup>	167	121	120	121	106	0.0
Other crops	614	714	1,150	848	803	0.2
<b>Farm woodland</b>	<b>10,183</b>	<b>8,882</b>	<b>10,225</b>	<b>11,386</b>	<b>12,836</b>	<b>3.3</b>
<b>Other land</b>	<b>3,526</b>	<b>4,585</b>	<b>7,354</b>	<b>3,803</b>	<b>3,561</b>	<b>0.9</b>
<b>Total area farmed</b>	<b>375,116</b>	<b>376,587</b>	<b>376,087</b>	<b>375,694</b>	<b>390,506</b>	<b>100.0</b>

Source: Small area statistics 2006

# Powys land use – holding size

Holding size	Holdings	land area (ha)
0-4.9	2,110	3,032
5-9.9	565	4,057
10-19.9	693	10,164
20-29.9	464	11,391
30-49.9	820	32,346
50-99.9	1,304	94,180
100-199.9	847	116,226
> 200	307	106,573
Total	7,110	377,968

Source: Welsh Agricultural Statistics 2006

# Land use in Powys and Wales - 2

- Land in Powys is mainly grade 3\*
- Land best used for grassland, early potatoes, cabbages, beetroot, rhubarb, leeks, broad beans, etc
- Powys has the lowest % of land under horticulture within Wales (0.03%)
- However, there is some very good horticultural land in Powys, particularly in areas bordering England
- The majority of Powys horticultural producers are small scale businesses (<5ha)

\*This land is generally used for extensive arable cropping, rotational grassland eg cereals, but can be used for use of some field vegetables

# Seasonality – availability of fruit and vegetables from Powys' growers

Vegetables	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Carrots</b>			Cold stored									
<b>Potatoes</b>			Cold stored									
<b>Leeks</b>			Cold stored									
<b>Swedes</b>			Cold stored									
<b>Onions</b>			Cold stored									
<b>Parsnips</b>	Field or cold stored								Field or cold stored			
<b>Cabbage</b>			spring greens/hearted cabbage									
<b>Cauliflower</b>												
<b>Calabrese</b>												
<b>Salads</b>			Only if protected cropping									

# Survey results

- Return of 40 responses from 55 (73%)
- 7 stopped producing fruit or vegetables in recent years; main reasons were the low price and low demand for fruit and vegetables and/or have decided to change to a more profitable ornamental or amenity (including nursery stock) production
- 5 not growing commercially
- The acreage under vegetables amongst those interviewed was 131 acres

# Survey - Profile of respondents

- Minimum commercial holding size 1 acre and maximum 25 acres
- 0% part of Assured Produce Scheme
- 27% certified Organic
- Majority of horticultural farms are situated near to English border, some growers have some land in both Wales and England.
- A few of the interviewed growers work together with English producers

# Survey - Land use by interviewed growers

Crop	Area (acres)
Carrots	1-5
Potatoes	5-10
Leeks	0-2
Swedes	40+
Onions	<1
Parsnips	7+
Cabbage	10+
Cauliflower	0-2
Salads	0-2

# Survey - Current market outlets

Producers were asked what their current market outlets were:

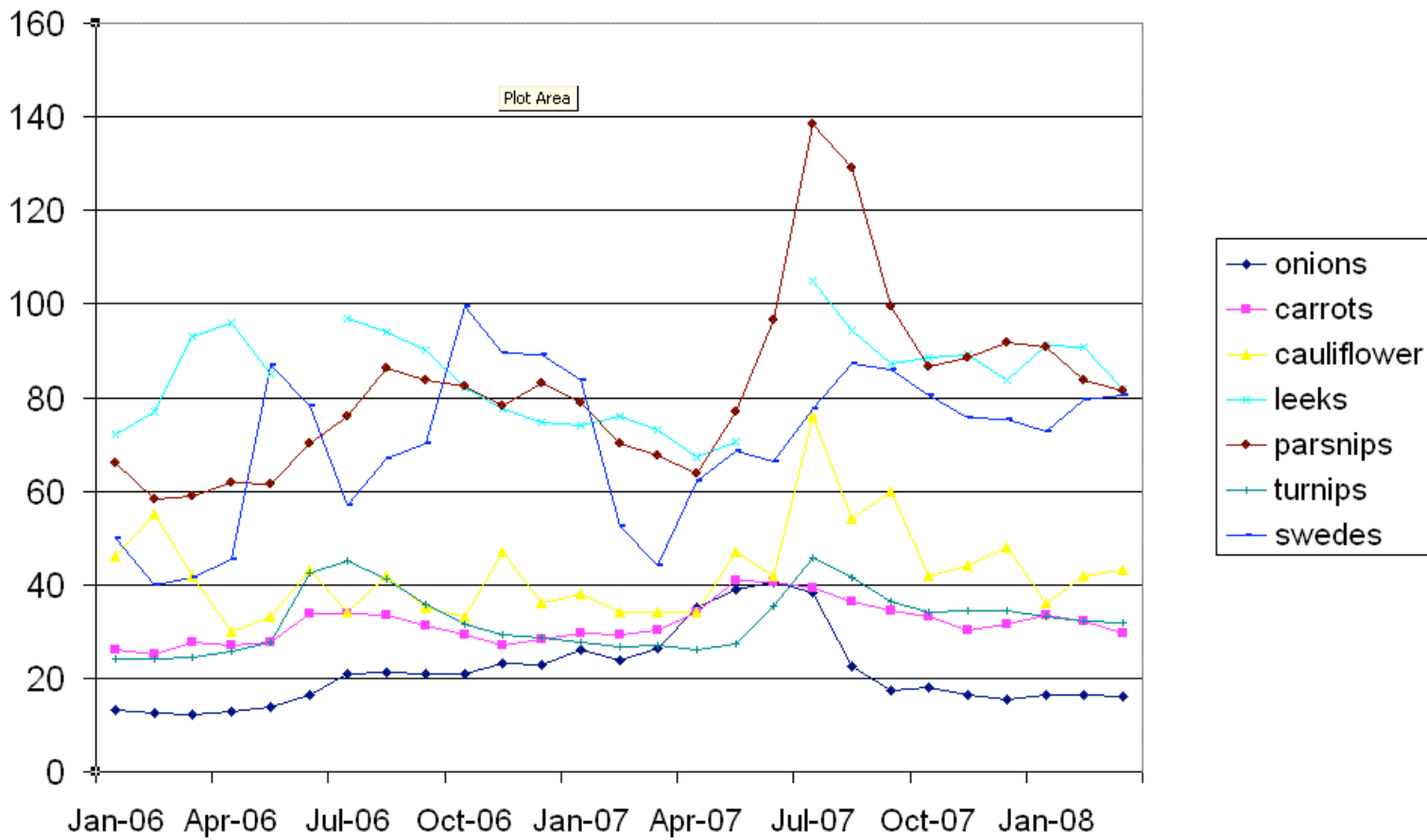
- 90% of growers interviewed sell all or part of their produce direct to the consumer, retailers or local restaurants
- 20% of growers interviewed sell all or part of their produce to a wholesaler
- Wholesalers include Really Welsh, Organic Fresh Food company, Fenmarc, Calon Wen and others

# Survey - General constraints to businesses

Producers were asked what the main challenges were facing their businesses. Their responses were, in order of importance:

- Market demand
- Price remaining stable while costs increase (see next slide)
- Lack of investment
- Lack of labour

# Market prices - wholesale



# Survey - Supplying Powys County Council

- 17% of growers interviewed have shown interest in supplying Powys County Council. 2 of these growers are certified organic.

Barriers to supplying local authorities are:

- Growers already have market established
- Growers are not aware of opportunities for supplying public sector
- Expected price received
- Small-scale production

# Survey - Supplying Powys County Council

Barriers contd.

- Quality requirements; large proportion of producers lack on farm processing facilities
- Over 90% of interviewed growers were not part of any quality assurance scheme (such as Assured Produce)

# Powys County Council – tenders

- Powys County Council has divided their food procurement into 3 tenders;
  - Frozen and dried goods (also includes vegetables, meat and poultry)
  - Milk and bread
  - Fresh fruit and vegetables
- It is very important to PCC to provide similar opportunities to all clients (including pupils of schools with low number of pupils)

# Powys County Council – tenders 2

- Therefore, PCC uses first tier suppliers rather than farmers. It helps them to get the right quantity, quality and distribution of produce to all institutes.
- The fruit and vegetable tender published in 2005 included produce for County Council establishments and hospitals.
- The new 4-year fruit and vegetable contract is up for renewal in October 2008.
- When requesting suppliers to tender for the last new contract, only 7 tenders were received for fruit and vegetables compared to 9 for bread and 20 for dairy

# Powys County Council – procurement

- Powys County Council's public sector institutes include 123 schools, 2 staff restaurants and a number of public restaurants
- There are schools with a low number of pupils (eg. 5-9); this results in high distribution costs per meal
- 90 of the 123 schools have a production kitchen
- There are 2 first tier suppliers supplying fruit and vegetables into PCC

# Powys County Council – school meal service

- School meals are based on a 4 week menu cycle
- All menus are decided in September (start of the school year)
- School meals are in line with the Appetite for Life Standards (30% organic, 50% local and 75% unprocessed ingredients by weight)
- School meals in secondary schools are to be traditional; pupils can choose daily from a number of options. Salad bars have been introduced recently.
- The uptake of school meals in Powys is currently approximately 60% in both primary and high schools

# Powys County Council – finances

- The annual spend on fruit and vegetables is approximately £310k
- The cost of ingredients per primary school meal in Powys in 2005 was 69p, and is currently 72p (this is the highest in Wales). The price of the secondary school meal was not calculated.
- The price that parents pay per meal is expected to increase this year to £1.90
- The price of ingredients is high\* because of the high distribution costs.
- Powys County has the lowest % of free meals in Wales

\*as perceived by Value Wales inspectors



## Average price per ingredient 2007/08 (in pounds)

Crops	Average price received 2007/08
Broccoli	2.39
Cabbage	0.70
Carrots	0.81
Cauliflower	0.84
Leeks	1.70
Onions	1.02
Parsnips	2.24
Potatoes	0.36
Salads	0.71
Swedes	0.96

# Powys County Council – requirements

Powys County Council has a number of requirements suppliers need to meet:

- Sufficient volume
- Good quality produce (HACCP); suppliers need to meet certain criteria as part of a HACCP set up by PCC. Vegetables do not need to be chopped or frozen as the majority of schools have equipment
- Delivery frequency needs to be 2-3 deliveries per week to all establishments
- Reasonable price/ mark up (on-costs)

# Powys County Council – requirements

Crop	Requirements (kg)
Broccoli	3,000
Cabbage	3,650 heads
Carrots	16,500
Cauliflower	3,886 heads
Leeks	972
Onions	8,675
Parsnips	525
Potatoes	94,000
Salads	20,000 each
Swedes	1,500

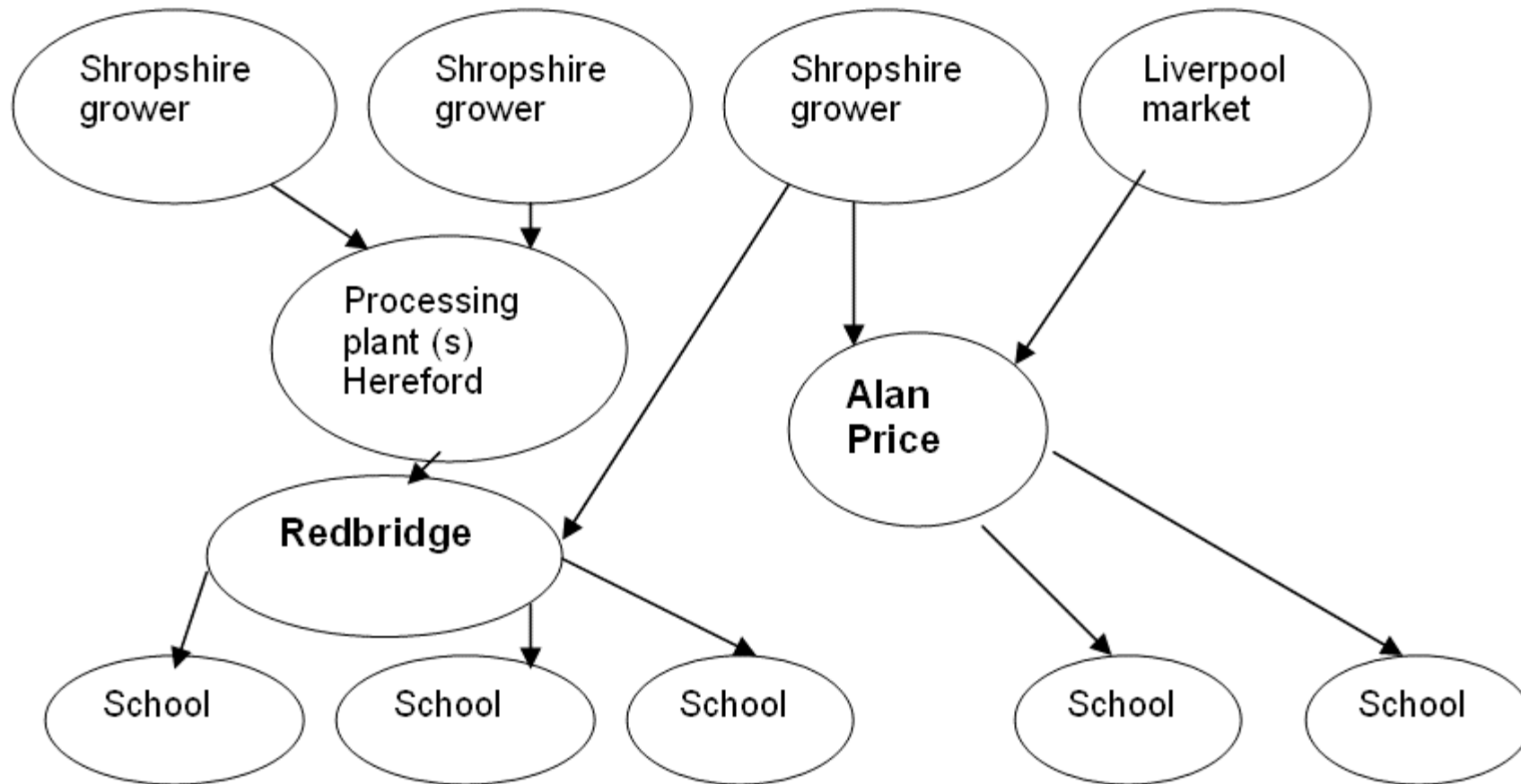
# Powys County Council – annual requirements

Crop	Requirements (kg)	Yield per acre (ton)	Area needed to match requirements (acres)
Broccoli	3,000	4.5	0.7 acre
Cabbage	3,650 heads	6.0-16.4 <sup>3</sup>	<1 acre
Carrots	16,500	20.0	0.8 acre
Cauliflower	3,886 heads	20,000 each	0.2 acre
Leeks	972	11.4	0.1 acre
Onions	8,675	18.0	0.5 acre
Parsnips	525	8.0	0.1 acre
Potatoes	94,000	7.2-17.0 <sup>4</sup>	Approx 9 acres
Salads	20,000 each	20,000 each	1 acre
Swedes	1,500	14.0	0.1 acre

<sup>3</sup> Please note that the lowest value refers to spring cabbage and the higher one to summer cabbage

<sup>4</sup> Please note that the lowest value refers to early potatoes and the higher one to main crop potato.

# Powys County Council - distribution



# Powys County Council – distribution 2

- Redbridge supplies the Southern 2/3 of the County with fresh fruit and vegetables and milk. They supply in total 74 institutes. Redbridge source the majority of its produce from within 50 miles of the depot in Herefordshire; this includes produce from Herefordshire, Worcestershire and Shropshire. Some produce is imported
- Alan Price supplies 33 primary schools in North Powys. They source the majority of the produce from Liverpool wholesale market and some directly from Shropshire growers (potatoes, swedes and carrots); it is estimated that 60% is UK sourced

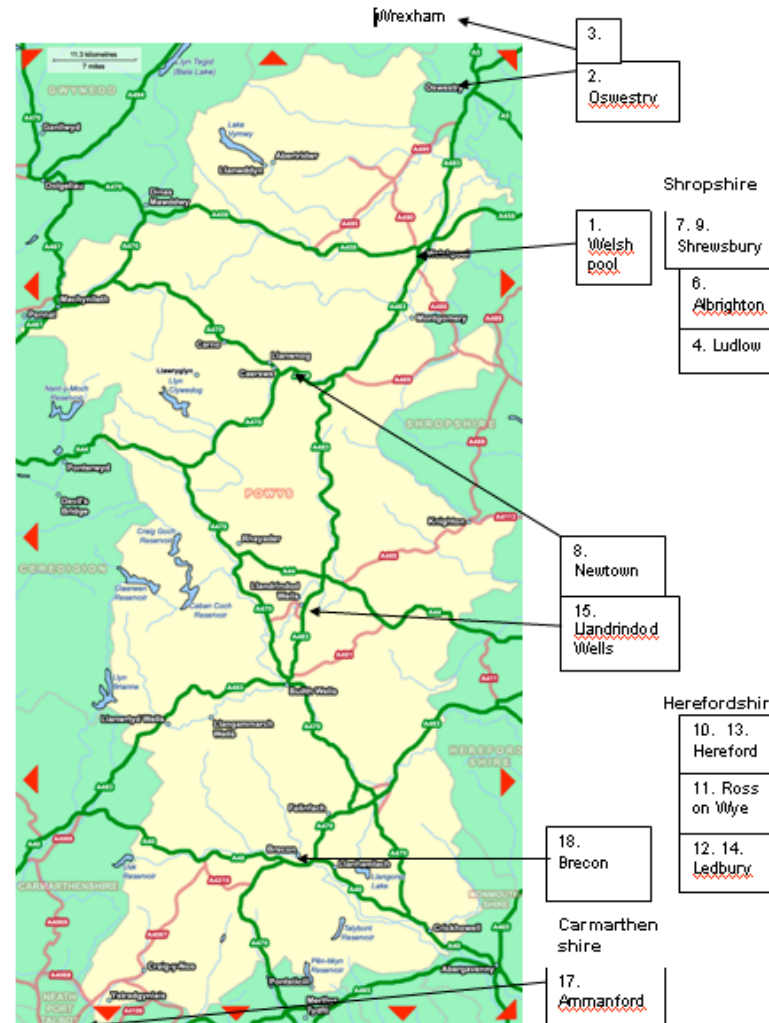
# Powys County Council – distribution 3

- Schools are supplied a number of times per week with fresh produce; the frequency depends on the size of the school and the storage facilities available
- It is estimated that smaller schools are supplied once a week, large schools are supplied 3 times per week and Council offices can be supplied up to 4 times per week depending on the demand
- None of the current suppliers can identify the % of produce sourced from Powys

# Powys County Council – procurement main issues

- Few suppliers (7) submitted tenders to supply the Council with fresh fruit and vegetables in 2004
- PCC is under pressure to reduce its costs of ingredients as they are perceived to be very high by Value Wales inspectors
- If first tier suppliers cannot provide ingredients to schools at least twice per week, Powys County Council might increase use of frozen fruit and vegetables.

# Opportunities of using processors, wholesalers and packers in neighbouring counties



# Identified wholesalers, processors, washing facilities and packers

- Currently infrastructure, processing capacity, vegetable washing and preparation plants within Powys are lacking
- A number of wholesalers and processors (cutting and cooking) have been identified in neighbouring counties
- Processors merely providing washing facilities are more difficult to find
- A number of the identified businesses are willing to provide services to Powys growers.

## Processors, wholesalers, washing facilities and packers 2

- Only one of the businesses identified currently buys produce from Powys growers. None provide services to Powys growers
- Current first tier supplier to PCC Redbridge uses some of these businesses
- The list with wholesalers, washing plants and processors is available from spreadsheet

## Best practice case studies

- In Northern Ireland, to help local producers apply to supply the public sector, supply contracts have been divided into small lots (fruit and vegetables have been separated)
- Carmarthenshire County Council's (CCC) main problem with sourcing local produce was quantity and quality of produce. To address these issues CCC is looking to source fruit and vegetables via a producers' cooperative.
- Carmarthenshire has a high uptake of school meals (70%). It is suggested that this is partly due to the large proportion of fresh fruit and vegetables used

## Best practice case studies 2

- East Ayrshire County Council uses two suppliers to supply them with fruit and vegetables. One of them, Stair Organics, is able to supply fruit and vegetables the whole year round
- Stair Organics produce vegetables themselves and buy the rest from other growers in Scotland and England, as well as from growers in other countries at times when produce is not available locally
- Stair Organics was already distributing vegetable boxes and distribution of fruit and vegetables to schools is no extra effort

# Conclusion

- It is difficult to know how much Powys fresh produce is used by the Council. Survey and interviews however suggest that the quantities are very low
- This means that the environmental footprint of the school meal service is very high
- Kitchen facilities are adequate in the majority of schools
- Delivery frequency is not as high as it should be to have quality fresh produce available in schools throughout the week.

## Conclusion 2

- The main barriers for sourcing local produce are the volume required, lack of membership to a quality assurance scheme, processing and washing facilities, distribution and budget
- Currently it would be difficult to source all produce required from Powys growers as volume is lacking
- However, there are opportunities as there is interest amongst a number of producers to increase the area grown and develop new crops
- There are also a number of new entrants who could supply fruit and vegetables in future

## Conclusion 3

- Some work has been done to source more locally produced fruit and vegetables, but a number of issues such as seasonality, quality of produce available need to be addressed
- The increase in cost price of ingredients and distribution costs impacts on the budget for food procurement
- It is feared that in future 50% of schools will not be able to make the school meal services viable as quantities required are too low to justify distribution costs

# Recommendations – Increasing production

- As over 10 growers have stopped producing fruit and vegetables in recent years, and only few producers have entered, there is a need to provide all the help possible to current growers and new entrants
- Post single farm payment, livestock producers are no longer penalized for growing crops on their (set aside) land. This offers huge potential for livestock producers to diversify into vegetable production.
- Seeing that the majority of producers in Powys are livestock producers this does offer opportunities to increase production. CALU has done some work on this.




# Recommendations – Increasing knowledge and information provision

- There are a number of institutes in Wales which can help growers acquire technical and marketing information and knowledge. Farm visits have been organized as well and these are good tools to allow growers to share information and encourage them to co-operate.
- Institutes include the Centre of Alternative Land Use (CALU), Organic Centre Wales (OCW), Horticultural Network Wales
- Publications and information available include horticultural production guides, training modules and gross margin data.


## Recommendations – Increasing knowledge and information provision 2

- There is a need for signposting new entrants and those interested to the right institutes and websites for information. WAG, Farming Connect, Powys Growers' Group, Powys County Council and/or Glasu can play a role in this.
- WAG should ensure that Farming Connect advice is of use to Powys farmers and growers. Farming Connect runs a series of demonstration farms. We expect and hope that in future this will include horticultural training units and a number of demonstration farms.

# Examples of information available to growers and new entrants

**DRAFT**







**INCREASING THE PRODUCT RANGE OF WELSH GROWN VEGETABLES**

D. Frost, C. Creed, S. Turner and P. van Diepen  
ADAS Wales

Henstaffe Court Business Centre  
Groesfaen  
Cardiff  
CF 72 8NG  
Tel 02920 899100



March, 2007

**Market Review of the Welsh Organic Horticulture Sector, 2007**

Roger Hitchings, Organic Research Centre  
with contributions from Phil Sumption, HDRA,  
and Pauline van Diepen & David Frost, ADAS Wales

**Organic Centre Wales  
Aberystwyth  
June 2007**

Agri-Food Development Fund

## Recommendations – resources/ investment

- There are opportunities for growers to share machinery and labour via e.g. machinery rings
- Under the Rural Development Plan 2008-2013, WAG's Processing and Marketing Grant and the Supply Chain Efficiency Scheme might offer opportunities for Powys County Council, Powys growers and growers' groups to develop markets and address issues related to development of the public food procurement supply chain.

## Recommendations – developing supply chain

- There are opportunities to use more local produce; however it would be good to introduce local produce in phases.
- It is suggested that the introduction of local food should start in secondary schools as a higher volume of produce is required per school.
- There are opportunities to define prices paid to wholesalers at the beginning of the year. This provides security for both the grower and PCC. This system has shown that building trust with producers, and trust between producer and local authority is essential when working together.

## Recommendations – developing supply chain 2

- Menus should reflect the seasonal fresh produce available. It is suggested that a list of what vegetables are needed in which months is produced. This will provide a better overview of how supply can match demand, and will help determine what can be done to better balance supply and demand. First tier suppliers mentioned that broccoli and cauliflower in particular are difficult to source during certain months of the year.
- In a number of counties and regions in the UK the use of fresh produce is related to good health and is sometimes used to combat obesity.

## Recommendations – developing supply chain 3

- Local processors might be used by growers who do not have on farm washing facilities, but are interested in supplying PCC
- Another opportunity exists to develop links between large and small producers whereby large producers can provide facilities such as washing and packing
- Invest in increasing uptake of school meals by using local produce and marketing the benefits of using local produce for the school meal service.
- There are a number of market players which have shown interest in sourcing Welsh produce, including that produced by Powys growers.

## Recommendations – developing supply chain 4

- There is a need to explain to growers the benefits of supplying the public sector and tendering procedures. Long term contracts will attract growers
- There is a need to increase transparency in the supply chain. School staff, children and parents should know where the food used in school meals is sourced.
- Powys County Council should be able to identify what proportion of the food they buy is local. They need to monitor what is happening

## Recommendations – developing supply chain 5

- Communication needs to improve so that all stakeholders know where produce is produced
- Distribution is a major issue. It is suggested that local box schemes (distributors) are identified, and look at opportunities to work with them

**Cooperation and enthusiasm is very important for developing local supply chains which can benefit all**





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- [www.glasu.org.uk](http://www.glasu.org.uk)

