

An Empowered EU Contract Catering Sector

FoodServiceEurope Manifesto for the Contract Catering Sector in the 2024-2029 EU Mandate

Introduction

Every day across the EU some 67 million consumers are served meals by contract catering operators. Crucially, many of these meals are delivered to vulnerable consumers at a social price. From schools and hospitals, retirement homes and prisons, to airports and stadiums, the contract catering sector is an indispensable provider of nutritious, healthy and sustainable meals directly to EU citizens on a daily basis.

However, the relentless succession of crises that we have recently witnessed is threatening the ability of the sector to operate. Recognised as an 'essential sector' during the peak of the COVID-19 crisis, contract catering operators ensured the continued provision of millions of nutritious meals, especially for front-line workers, workers in essential industries and patients. Just as the impacts of the COVID-19 crisis appeared to be lessening, the Russian invasion of Ukraine sparked unprecedented increases in energy prices swiftly followed by soaring inflation rates. This was accompanied by acute labour shortages across the EU. These major difficulties have been compounded by a major additional challenge: despite the rising costs, from raw materials inflation to energy and labour costs, contract catering operators are often forced to operate within fixed-price contracts.

Looking forward, the 2024 – 2029 EU mandate provides policymakers with an opportunity to build a better, more resilient and more sustainable European society. In this context, we call for a vision that recognises the important role of the contract catering sector and helps alleviate some of the challenges it has faced in recent years. We call on policymakers and legislators in the next EU mandate to empower the contract catering sector to thrive so that it can continue to provide billions of meals a year to workers, civil servants, pupils, students, hospital patients and care home residents across the EU.

2024 - 2029 EU Mandate: An Empowered EU Contract Catering Sector

There are three key areas where we believe the EU should take action to empower the EU Contract Catering Sector.

1. Mandate Best Value and Flexible Public Procurement

The fundamental obstacle for contract catering operators is that public sector procurement contracts are still predominantly awarded based on the lowest offer. Competing on price alone can lead to a race to the bottom both in terms of services provided and working conditions – with huge potential losses for the clients, workers, users and the sector as a whole. A recent study conducted by the EU Joint Action Best-reMaP project on EU and national public procurement legislation identified the requirement to choose the cheapest offer as the main issue for food procurement, as it is an obstacle to providing the highest quality and healthiest food.¹

As the EU pivots towards creating a more sustainable EU food system, now more than ever the contract catering sector needs to be supported in its efforts to raise the bar in terms of sustainability and nutrition. The most effective way to do this is by ensuring that contracts are awarded based on quality criteria, a ‘best value approach’, rather than the lowest price.

FoodServiceEurope has been calling for a best value approach to public procurement for many years, as outlined in our [Best Value Guide](#) – ‘Choosing Best Value in Contracting Food Services’, developed with our social dialogue partners EFFAT. We also call for a best-value approach to public procurement in our 2023 [Joint Declaration on Public Procurement and Collective Bargaining](#) with EFFAT. It is high time that the EU took decisive action in this regard, for without it, the important objectives of the Farm to Fork Strategy will remain elusive for our sector.

Furthermore, public procurement contracts must allow for more flexibility. The contract sector has been battling unprecedented cost increases in the past few years while trying to operate within the confines of fixed-price contracts. Provisions must be provided that allow for a review of contracts in the face of such price increases.

Recommendations

- **Revise the EU Public Procurement Directive to:**
 - **Ban the awarding of contracts solely on price**, and mandate instead the use of quality criteria, encapsulated in the notion of the “economically most advantageous offer”, as outlined in the EFFAT-FoodServiceEurope [Best Value Guide](#).²
 - **Allow for the review of contracts** if there are significant increases in the cost of raw materials and labour, together with a general prohibition of clauses that set an obligation to fulfil the contract in case of a negative margin for the contractor.

2. Leverage the social function of the contract catering sector by strategically deploying public procurement

Contract catering plays a crucial social function. Meals are regularly delivered to vulnerable consumers (e.g., children, patients), at a subsidised “social” price. Contract catering thereby guarantees access to nutrition to individuals that may not otherwise have it.

¹ Best-ReMaP, [‘D7.1 Overview/applicative situation analyses of the existing EU and national legislation’](#), 30 April 2021

² In 2021, Hungary introduced a new government decree (Government Decree No. 676/2020) that establishes that price should not be the only value criterion in public contracts. This could serve as inspiration for the EU.

The cost-of-living crisis that has emerged in the last year has resulted in increased levels of poverty in the EU. According to a 2023 report from Save the Children³, over 200,000 more children were driven to the brink of poverty in EU countries in 2021, bringing the total number of children at risk of poverty to over 19.6 million, or one in four. Overall, in the EU, in 2021, 95.4 million people, representing 21.7% of the population, or one in five, were at risk of poverty or social exclusion⁴.

To address the increasing needs of those at risk of poverty, the 2024 – 2029 EU Mandate should further leverage the social function of contract catering through the strategic deployment of public procurement. Critical to this is the need to level the playing field between the public and private sectors.

Recommendations

- **Revise the EU Public Procurement Directive to:**
 - **Level the playing field between public and private sector entities by revisiting the broad exemptions that public sector operators enjoy under public procurement rules.** In-house and public-public cooperation exemptions should be narrowly defined and not allow for public bodies to offer services outside their organizations without opening the public contracts to competition.
 - **Eliminate the many sizeable VAT exemptions that in-house public sector service providers benefit from and that distort competition with private sector operators.** Enabling private sector operators to compete with in-house service providers on the same basis will unlock major efficiencies, to the benefit of the taxpayer.
- **Mandate the universal provision of free school meals, with a focus on primary schools.** While the 2021 Council Recommendation on the European Child Guarantee took a step in the right direction by recommending that Member States provide at least one healthy meal each school day, we call on policymakers in the next EU mandate to go a step further and require Member States to include the provision of free school meals in their national Child Guarantee Action Plans. As a first step, Member States should be required to provide free school meals to all children below the poverty threshold, with a view to extending the provision of school meals to all children. Finland and Sweden, which currently provide free meals for all school-goers up until secondary school, can be used as models.⁵

3. Empower the contract catering sector to drive the EU towards a more sustainable food system

The poly-crisis environment of recent years has given the EU a renewed impetus to build a resilient and sustainable food system to help mitigate these challenges, ensure food security and protect the planet for generations to come.

The contract catering sector is committed to contributing to improving the sector's performance and providing clients and consumers with healthy and increasingly sustainable meals. We understand the important role that our sector can play in providing healthy and sustainable

³ Save the Children, [‘Guaranteeing Children’s Future: How COVID-19, cost-of-living and climate crises affect children in poverty and what governments in Europe need to do’](#), 7 March 2023

⁴ Eurostat, [Over 1 in 5 at risk of poverty or social exclusion](#), 15 September 2022

⁵ Save the Children, [‘Guaranteeing Children’s Future: How COVID-19, cost-of-living and climate crises affect children in poverty and what governments in Europe need to do’](#), 7 March 2023

meals to EU citizens. For instance, according to estimates, school food may deliver more than half the daily energy requirement for many children in the EU.⁶

However, implementing the necessary measures to transition to a more sustainable food system involves costs. By creating new financing opportunities, the EU could empower local authorities with adequate resources so that they can offer fair prices in their tenders that enable contract catering companies to provide a service that meets their sustainability aspirations.

Recommendations

- **Include sustainable food procurement as a priority in the next round of funding for the European Regional Development Fund, starting in 2028, and any other relevant EU funding mechanisms.**
- **Include training and capacity building for public authorities in Sustainable Public Procurement in the priorities for the next European Social Fund period, starting in 2028.**
- In the **Framework for Sustainable Food Systems (SFSF) proposal**, establish general provisions and requirements aimed to raise awareness of sustainable public procurement, capacity building and most importantly, supporting local authorities in deploying public procurement strategically. This should include the introduction of practical and user-friendly guidelines for sustainable public procurement that integrates environmental, social and economic sustainability. We urge legislators not to pursue the approach of setting minimum mandatory criteria for sustainable food procurement, as these would stifle competition for sustainability and exacerbate the current challenges our sector faces, particularly those linked to the awarding of contracts solely on the lowest price and fixed-price contracts.
- **Leverage the EU Code of Conduct for Responsible Food Business and Marketing Practices as a catalyst for change in the EU food system.** The Commission should continue to play an active role in the Code in and support its signatories in their efforts to meet the aspirational objectives of the Code. More details on our members' numerous sustainable initiatives can be found in our [annual reports](#) for the Code.
- **Improve the enforcement of existing sustainability legislation** and ensure that Member States and companies are provided sufficient time to implement and see the results of sustainability legislation adopted under the 2019-2024 mandate before introducing new proposals.

About FoodServiceEurope

FoodServiceEurope represents the European contract catering sector at the EU level. It brings together 10 National Member Associations, as well as four Associate Member companies, which together represent a significant share of the EU market.

Contract catering encompasses food and ancillary services provided to people working or living in communities – private and public undertakings, schools, universities, hospitals, retirement homes and prisons – under the terms of a contract with the client communities. It is a unique part of the food system and differs significantly from other forms of food service, as services are provided on the premises of the contracting party, which awards contracts through procurement tenders.

With an annual turnover of around €25 billion, the sector's 600,000-strong workforce delivers approximately 6 billion meals each year to workers, civil servants, pupils, students, hospital patients and care home residents in the EU.

⁶ Calderia et al (2017), '[Public Procurement of Food for Health: technical report on the school setting](#)', European Commission Joint Research Centre