

# CHOOSING BEST VALUE IN CONTRACTING FOOD SERVICES

A guide for private and  
public client organisations



WITH FINANCIAL  
SUPPORT OF





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## EXECUTIVE SUMMARY

The following guide is the result of consultations between representatives of the industry and social partners across EU Member States on how to ensure that the best price/quality ratio is valued in the procurement of services in the contract catering sector. This guide has been established with the support of the European Commission.

While quality is always a key consideration, client organisations usually rely on price as a more objective award criteria which is less likely to be challenged. Client organisations are also often faced with strict economic constraints which leads to the almost exclusive application of the lowest price criteria. Competing on price alone can lead to a race to the bottom in terms of the actual service provided and the working conditions in practice – with huge potential losses for the clients, workers, users and the industry as a whole.

The contract catering sector is highly competitive, and tendering companies along with client organisations should promote a competition that is not based on prices alone but also on the quality of the service offering. The contract catering sector is also characterised by its end users who are captive – covering consumer groups such as patients in hospitals or schoolchildren, the end users generally have little to no choice over the service which they receive.

At the same time, being a labour-intensive sector, contract catering companies depend on their workforce to provide quality services. Making sure a proper investment is made in the human resources required is fundamental, for instance providing adequate training of staff so that skills can better match the client organisation's specific needs. The social dimension is reflected throughout the guide, particularly the need to respect the sectoral collective agreements in place. The guide also provides an overview of EU legislation which is applicable to public procurement and explains its relevance for the contract catering sector.

Although there is widespread agreement across the sector that selecting best value means valuing quality over price, quality remains difficult to measure. To shed light on how quality can be defined and weighted, we look at several different categories in which quality is of prime importance – from working conditions to nutritional criteria, hygiene and sustainability – and provide insights into how to build these quality considerations into the different stages of the tendering process. To illustrate this the guide draws on best case practices across different EU Member States.

Six main recommendations are made in this guide to support client organisations in carrying out a tendering process:

**1. Choose on the basis of the best quality / price ratio:** In defining the quality criteria which matter to them and which will form the basis of the call for tenders, client organisations should leave space for quality to be taken into account when choosing the best offer and should not set overly restrictive quality criteria. In defining quality criteria clients must also take account of guides and rules already in place, particularly existing collective sectoral agreements. Following such pre-established standards not only avoids client organisations having to draw up new standards for each tender, but also ensures that companies have a uniform way of providing a service, thereby creating a level-playing field. Competition can then be based more on quality and creativity.



**2. Reject abnormally low tenders** that drive down the quality of the contract catering services provided, often at the expense of adequate working conditions.



**3. Define a clear division of responsibilities:** While the service itself will almost exclusively be delivered by the service provider, the client organisation also has responsibilities to assume regarding the premises on which the service provider will operate. It is up to the client organisation to enable quality services by providing the adequate infrastructure (e.g. for service providers to meet sustainability criteria, the premises must have appropriate infrastructure for food preservation and dealing with waste).



**4. Engage all parties at the beginning of the process:** It is in the client organisation's interest to ensure that tenderers have as much information as possible on the premises, users and quality of service required. This guide recommends that the client organisation organise site visits and Q&A sessions at the very beginning of the tendering process to enable tenderers to devise better tailored offers.



**5. Respect clearly established timelines:** While most tenders have clear indications on timing and deadlines for tenderers to respect, the client organisation should also commit to deadlines on assessing offers and taking a decision. If the assessment of offers takes too long to complete, the offers may no longer reflect the financial reality (e.g. inflation, salary indexation).



**6. Ensure compliance with the contract:** Once a decision has been made and a service provider has been awarded the contract, the client organisation should monitor regularly whether the contract's provisions are being fully respected. This is very important to ensure sound competition on the market that is based on compliance with agreed quality standards. Contracts should also include an annual revision clause to reflect changing circumstances (e.g. inflation, salary indexation).



Of course, quality is also subjective and depends a great deal on the specific requirements of the client organisation, which is why this guide offers a pallet of quality considerations which client organisations may consider. In annex, we suggest a basic methodology to score and weight the different criteria as well as a basic step-by-step guide to carrying out a tendering procedure.



## GLOSSARY

**Abnormally low tender:** tenders where the price or costs proposed appear to be abnormally low in relation to the works, supplies or **services**. To assess this it is useful to reflect on the labour cost and the total costs of the contract. The Public Procurement Directive foresees that tenderers shall be excluded if the abnormally low price is due to lack of respect for the sectoral collective agreements or social or labour laws.

**Best value:** this concept seeks to establish a system according to which various elements relating to the quality of service are scaled and weighted to the price, in order to assess the offer that best suits the specific needs and preferences of the client and thereby presents the economically most advantageous offer, whilst respecting sectoral collective agreements in place.

**Call for tenders:** procedures applied to generate offers from companies competing for work, supply or service contracts in the framework of procurement.

**Client organisation:** tendering organisation or contracting authority looking to buy food services. In this guide, client means tendering companies and contracting authorities in and outside of the European Union, preparing to or currently buying food services.

**Contract:** this is the set of terms binding the client organisation to the food services company in the context of the provision of services. The **contract** refers to a public invitation to tender, or to the relationship between the client and the service provider (the food services company).

**HACCP:** HAZARD ANALYSIS CONTROL CRITICAL POINT (set of principles to analyse risks and control critical points). HACCP allows to ensure food is protected from biological, chemical, and physical hazards in production processes that can cause the finished product to be unsafe. The HACCP system is relevant at all stages of the food service, from reception and storage of goods to food production and preparation processes including packaging and distribution.

**Service provider:** in this guide, this is the food services or contract catering company.

**Successful tenderer:** the undertaking to which the contract is awarded.

**Tenderer:** the undertaking applying as a candidate to take part in the tendering procedure organised by the client.

**Tender:** the **offer** which is submitted by the service provider in response to the call for tenders.

**Tender** may also refer to the **system** by which the realisation of a construction or a service, usually of a public nature, is awarded to the person or company that offers the best conditions.

**Tendering procedure:** competition between various providers to perform a contract. The concept of invitation to tender refers specifically to the awarding of a contract in the public or private sector. Invitations to tender are by nature more regulated in the public than in the private sector, with legal deadlines for advertising (the announcement of the tender and the announcement of the award).

**Transfer of undertakings:** A transfer of undertakings occurs when a business or part of a business is taken over by another employer as a result of a merger or transfer of the management, in application of the relevant national provisions implementing EU Directive 2001/23/EC on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses.

**User:** "final consumer", the consumer (e.g. students/pupils, workers, seniors or patients) using the service provider's service. In the contract catering sector users are defined by their captive nature – i.e. they often have no or few opportunities to choose what they eat or where; this is defined by the client organisation on their behalf.



## INTRODUCTION

This guide aims to assist public bodies and private enterprises in selecting high quality service providers in tenders for contracting food services. It was developed by the social partners in the contract catering sector, FoodServiceEurope (the federation representing the contract catering industry at EU level) and EFFAT (European Federation of Food, Agriculture and Tourism Trade Unions, the federation representing workers in the contract catering sector), in close cooperation with social partners and industry representatives from across EU Member States and with the support of the European Commission. This guide seeks to encourage client organisations to give due consideration to quality criteria in awarding contracts, and not to limit selection to the lowest price offer.

Setting strong guidelines is all the more important in a sector where quality has a genuine impact on user experience, and where the risks resulting from low quality services are high. Dealing with vulnerable users such as patients in hospitals, seniors living in retirement homes or school children, the sector needs to guarantee exceptionally high hygiene standards; dealing with perishable goods, the sector needs to guarantee quality produce and conservation. These prerequisites are matched by a number of quality considerations which are inherent to the contract catering sector, such as nutritional values, choice, sustainability or ethical considerations.

This guide results from a strong commitment from all sides of the sector to bring these considerations to the forefront in decisions on awarding contracts in food service tendering procedures. As such, this guide aims to offer guidance on how to define quality in the sector, what to consider in drawing up quality criteria, and how to value quality over price in selecting service providers. It is structured as follows:

**Chapter I** offers an overview of the contract catering sector and lays out the rationale for having such a guide in place. It looks at the specificities of the user groups, and draws some necessary distinctions among the various segments.

**Chapter II** lays out the EU regulatory framework within which these guidelines have been established. Although the contract catering sector falls within the special treatment regime for EU Regulation on public procurement, EU legislation still offers valuable insights as to how to strike an appropriate balance between price and quality. A more detailed breakdown of EU legislation pertaining to public procurement is then provided in Annex III.

**Chapter III** delves into the definition of quality and offers a wide pallet of criteria for client organisations to consider in the selection procedure. To better illustrate how quality can be measured, this section also provides best practices from across Europe.

**Chapter IV** looks at how quality considerations can be applied in practice throughout the tendering and selection procedure. It highlights the need to consider the users' expectations and offers guidelines as to how to give higher consideration to higher quality offers. It also highlights the need to put in place adequate mechanisms for monitoring and evaluation in order to ensure a proper execution of the contract.

Based on the criteria established above, the annex of this guide provides a tool box for client organisations to draw up quality criteria, carry out tendering procedures and award contracts and details how EU legislation on public procurement can be applied to the sector (even where it is not mandatory).

### WHAT THIS GUIDE PROVIDES

- An overview of the sector & its specificities
- A practical digest of EU legislation and initiatives in this field
- Guidelines for organisations contracting food services on how to define quality
- Best practices from across Europe
- A toolbox for organisations contracting food services to select best value in tendering procedures

## How to use the guide

<p><b>Understanding the contract catering sector</b> p. 13-20</p> 	<p><b>Defining quality</b> p. 23-28 Annex II p. 41-44</p> 	<p><b>Drawing up criteria</b> p. 30-32 Annex II p. 41-44 Annex III p. 59-63</p> 
<p><b>Tendering procedure</b> p. 33-37 Annex I p. 38-46</p> 	<p><b>Examples &amp; tools</b> Annex I p. 38-40 Annex II p. 41-53 Annex III p. 59-66</p> 	<p><b>Tips &amp; recommendations</b> p. 23-37</p> 

Users of the guide should:

1. Assess what quality criteria to value in the service to be provided, taking inspiration from criteria defined in Chapter III and further laid out in Annex II;
2. Set their tendering specifications, respecting sectoral collective agreements in place and taking inspiration from EU legislation (Chapter II and Annex III) or national best practices (Chapter III);
3. Carry out a clear & time bound tendering procedure, taking inspiration from steps laid out in Chapter IV and further exemplified in Annexes I, II & III.



# CHAPTER I - UNDERSTANDING THE NEED FOR QUALITY FOOD SERVICES

## I. 1. Why a guide for contracting food services?

The contract catering sector is an important contributor to the European economy, but also faces some important challenges. With a high number of companies operating in a relatively limited commercial space, competition can be fierce. But the major challenges arise from the specificities of this sector that is governed by a three-party relationship between the contract catering operator, the client organisation and the user. Contract catering companies often rely on contracts with clients of limited duration, requiring flexibility to which operators and their workforce need to adapt. Client organisations are also generally not the users of the service, which can result in a tendency to opt for cheaper offers at the expense of quality of the meals and service provided.

Competing on price alone can drive companies which offer more tailored or qualitative services out of the market and, even worse, to a race to the bottom in terms of the quality of service provided and the working conditions – with huge potential losses for the clients, workers, users and the industry as a whole.

This guide aims to fight this trend by putting quality at the core of tenders for food services and avoiding any risks of distorted and unfair competition. By offering guidance on how quality can be valued by client organisations, we aim to facilitate the awarding of contracts based on the best quality/price ratio, to increase transparency in the process and to create greater synergies between the client organisations and the tenderers.

The food services sector needs to meet, but also strive to surpass, user expectations. European users expect **quality**; a **wide choice** of food that is varied regularly; **comfort** and an aesthetically pleasing setting (acoustics, decoration, furniture, etc.); **attractive, varied methods of distribution**; a focus on **nutrition**; impeccable **hygiene and safety** of foodstuffs and information regarding the meals served. Meeting all these criteria whilst staying mindful of price can be a challenge, particularly in a sector which faces increased competition from commercial services.

In a sector highly dependent on its workforce, quality also means ensuring adequate working conditions and remuneration levels, in full respect of sectoral collective agreements in place, appropriate training, health and safety provisions, constructive employer-employee relations, and acknowledging value where service providers go beyond legal or contractual obligations.

Client organisations contracting food services do not have an easy job. They must choose the best solution that takes into account their needs and constraints, in particular financial constraints, while complying with professional practices and the many regulatory provisions inherent to food services. While quality is always a key consideration, client organisations usually rely on price as a more objective award criteria which is less likely to be challenged. As they are often also faced with strict economic constraints this can lead to the almost exclusive application of the lowest price criteria.

This guide will **assist client organisations contracting food services** in their efforts to organise a tendering procedure that will result in the selection of the offer which best matches the needs of all groups involved: client organisations, service providers and users.

This guide is also intended to raise awareness among client organisations contracting food services of the importance of ensuring that quality is thoroughly controlled throughout the contract period. Indeed, a lack of proper controls leads to distortion of competition.

Putting quality at the heart of the award decision together with price is also expected to foster those food services companies that are eager to promote **respect for social values** within their undertakings beyond the sectoral collective agreements in place, or that have a stronger focus on **quality** in their service offering.

In brief, and building on a previous and first guide published in 2006, this guide aims to promote more transparency in the selection and award process, to assist in quantifying quality to ensure a better reflection of the needs of all parties involved and to strive for the highest quality standards in the contract catering sector.

## I. 2. The contract catering sector at a glance

Contract catering is a unique sector and significantly different to other forms of restaurant services – services in contract catering are outsourced by a third-party organisation to a specialised company on a contractual base.

The contract catering sector in the EU comprises the services needed to prepare and provide meals to people working and/or living in communities: administrations, crèches, schools, hospitals, retirement homes, prisons, barracks, etc. When these activities are entrusted to a service provider, this is called contract catering.

Contract catering has the following characteristics:

- the existence of a written contract between the client organisation and the service provider;
- an obligation to comply with existing agreements in place, e.g. sectoral collective agreements in force in the relevant country or other conditions applicable to a transfer of management under the EU rules on transfers of undertakings;
- a well-defined group of users which often is not able to choose the service which it enjoys (so-called 'captive consumers');
- special constraints arising from the fact that the service is provided on the premises of the client organisation, in line with a method of organisation specific to that organisation;
- a social price that is usually significantly lower than the price of a meal in commercial food services.

### I. 2. a. In numbers

A survey conducted by Gira Food Service across 15 EU countries found that in 2013, contract caterers produced **6,1 billion meals with a total turnover of 25,4 billion euros.**

The 15 analysed countries represented:

- **88%** of the total **EU 28 members' total social food service market** evaluated at **€ 82 billion (when including in-house provision of services);**
- **93%** of the total **EU 28 members' contracted turnover (€ 27,3 billion).**

**FOOD SERVICES IN EUROPE AT A GLANCE**

**600,000 +**  
people employed  
in the sector  
across Europe



**6 billions +**  
meals prepared  
each year



**67 million**  
consumers  
served every day



Total **turnover**  
of **24,4 billion +**  
**euros** each year

**Continued growth**

Despite unprecedented progress over the past decade in online developments and telecommunications, work commuting distances continue to grow for many people, as does the trend of both parents working outside of the home.

The outsourcing of services has amplified across all sectors due to businesses and other organisations - both in the private and public sector - increasingly realising that outsourcing food services allows for a greater focus of attention, time and resources on their core business, as well as provides better value for the client organisation and the final user.

In parallel, contract catering companies have also become more professional in their service provision, for instance offering nutrition specialists to design tailor-made menus for specific groups of clients e.g. children in schools.

**1. 2. b. Stakeholders****Who are the client organisations?**

The clients in the contract catering sector are organisations which subcontract the preparation and provision of meals to a service provider. These can be both private and public bodies and cover enterprises as well as public administrations, kindergartens, schools, hospitals, retirement homes, prisons, barracks, etc.

**Who are the service providers?**

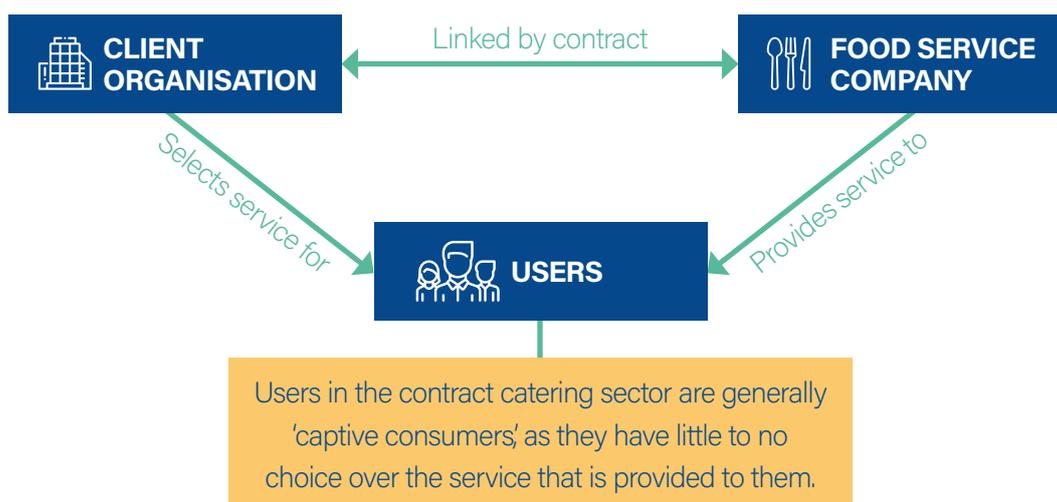
The service providers range from pan-European or global companies to local companies, and their role may range from simple technical assistance, to provision of prepared meals, to full management of the food services in the client facilities. 'Service providers' includes the staff which is providing the service under the company's contract. Companies are obliged to comply with the obligations deriving from the Council Directive on safeguarding of employees' rights in the event of transfers of undertakings, as implemented in national frameworks.

## Who are the users?

The contract catering sector is somewhat unique in that it needs to be tailored to the specific needs of different types of users that define to a large extent the type of services which will be required. This is because the users in the sector are often vulnerable, with a very specific set of requirements when it comes to food:

- In schools, the users are **schoolchildren**: dietary requirements such as nutritional values, varied and balanced meals are crucial, as well the presentation of food and kindness of staff. Schools may in particular contract staff to take care of schoolchildren during the food service, who have to comply with the general rules and instructions received from the school's management as well as the requirements established by the educational authority, health authority or other authority with competence in the matter. They are in charge of maintenance of order and reporting incidents to their superior and the director of the school. They may also be required to assist schoolchildren in some tasks such as peeling food. They therefore have to have basic knowledge of first aid, sanitary technical regulations and hygienic sanitary conditions of food, beverages and their conservation. In schools, many service providers give menus adapted to schoolchildren with food allergies and food intolerances.
- In hospitals, the users are **patients**: meals must be tailored to individual needs, and hygiene is paramount to avoid any risk of cross-contamination. Single-use plastic and dealing with disposal of waste are also key elements which distinguish food services in hospitals from those in other segments, as well as the need to deliver meals at specific times.
- In care homes, users are the **elderly**: this may imply special dietary requirements as well as more assistance in the provision of the meals.
- In private companies or in public administration, the users are **employees**: this may imply a greater demand of choice and variation, and increasingly more value given to extended quality criteria such as food being responsibly sourced, of biological origin, or from local producers.

Other users include army and State Security forces, local security forces in barracks; prisoners in prisons; students in universities, etc.



### DEFINING QUALITY FOR SCHOOLCHILDREN - FOODSERVICEEUROPE

FoodServiceEurope has developed a **Model School Food Standard**, with the aim of improving the quality of food in schools and the ability of European children to learn and maintain healthy dietary practices.

The Model School Food Standard provides guidance on food and drinks provided by the school during and outside lunchtime, including both food-based and nutrient-based recommendations for the main age groups represented in school settings in Europe.

In line with the most fundamental principle of a healthy diet, variety is at the core of this standard, recommending that schools provide a wide range of foods across the week, offering diversity in fruit, vegetables, grains, starch, meat, fish and dairy products served.

In addition to food-based guidance, i.e. recommendations for the variety of foods to be provided and related frequency, the standard provides nutrient-based recommendations, to ensure that the foods provided are of high nutritional quality and that the composition of school meals with these foods contributes to nutritional balance.

It also recommends that schools make reasonable adjustments for pupils with particular requirements, for example to reflect medical, dietary and cultural needs, and includes guidelines for structuring a school environment that is conducive to healthy eating.

These recommendations are not meant to replace existing national standards but to provide an industry reference standard in Europe and supplement existing guidance wherever useful. [View the guide online.](#)

### I. 3. Why quality matters

A number of intrinsic characteristics of the contract catering sector require client organisations to be particularly attentive to quality in their selection procedures:

- Food services need to deal with **fresh produce and goods that perish quickly**, and thus there is a high risk to health if quality is not duly ensured. The overall **health and safety of foods needs to be fully guaranteed**, to avoid any risks of food poisoning or longer-term dietary issues.
- Contract catering is a sector often **targeting vulnerable segments of the population** and the quality of the service and food provided can be fundamental to the users' wellbeing; e.g. in schools, care homes and hospitals. The contract catering sector has adapted to these specificities, with specialised staff, comprising e.g. nutritionists designing menus, monitoring and carrying out risk analyses required by the client organisations.
- Users are subject to the choices made by the client organisations and have **little to no control over the quality of the food that they are consuming**, therefore making sure the sector's reputation remains positive by projecting an image of a quality-conscious sector to users is crucial.
- Being a **labour-intensive sector**, contract catering companies depend on their workforce to provide quality services. Making sure that workers are fairly treated and granted all their rights, and that a proper investment is made in the human resources required, including through training, is thus fundamental.

Decisions that are based exclusively on price tend to **encourage a decline in the quality** of the:

- **meals** (e.g. by a reduction of the cost of food supplies, reduction in hygiene and food safety levels);
- **service** (e.g. by a reduction of staff, recourse to less skilled staff, etc.);
- **working conditions** (e.g. by a proliferation of grey-black employment or undeclared work; reduction of labour costs by wrongly applying other collective agreements which may be cheaper and enable the service provider to price the offer lower).

Selecting the lowest price can also have a serious impact on competition, making it impossible for higher quality (and higher price) offers to enter the market. It is crucial to maintain a healthy competition in the procurement process to give space for quality and creativity, and to avoid unfair competition driven by unrealistically low prices. Conversely if a client organisation sets a price cap for a tender which does not realistically reflect the tender specifications, there is a risk of the tender receiving no offers at all. Client organisations **must** carefully assess price caps to be consistent with specifications.

Generally speaking, awarding food service contracts on the basis of price alone is damaging to the sector and to the European economy as a whole. This practice can incentivise companies to reduce costs as much as possible, sometimes to the detriment of the quality of the meals and services provided. It can be detrimental to the promotion of healthy and sustainable diets, a vital consideration which should serve as the basis for meals provided, particularly to vulnerable consumer groups.



## CHAPTER II - EU LEGISLATIVE CONTEXT

### II. 1. EU Directive on Public Procurement

The European Union has developed an extensive legislative framework to cover public procurement. The main legal tool is the Directive 2014/24 on Public Procurement<sup>1</sup>.

The Directive on Public Procurement sets out **rules for public tendering in the European Union**, including types of procedures, exclusion, selection and awarding criteria which public client organisations (“contracting authorities”) should adhere to. However, the EU legal framework does not govern tenders for private buyers; the latter have freedom in choosing criteria they see fit for the contract purpose. Nevertheless, the social partners encourage private buyers to draw inspiration from EU legislation and to keep it in mind for their tendering processes.

As a general principle, the EU rules oblige companies or organisations entering a tender to comply with applicable obligations in the fields of environmental, social and labour standards as established by European Union law, national law, and sectoral collective agreements or with certain international environmental, social and labour law provisions<sup>2</sup>.

The contract catering sector is excluded from the full scope of the Directive and is covered by the more limited regime for social and other specific services provided in articles 74 and following of the Directive when contracts are above a certain threshold – 750 000 EUR. Member States are thus not bound by most of the rules laid down in the Directive. They are nevertheless required to put in place national rules for the award of these services that ensure contracting authorities comply with the principles of transparency and equal treatment of economic operators. The procedural rules to be adopted at national level should also allow contracting authorities to take into account the specificities of the services in question.

Irrespective of its scope of application, EU legislation still offers valuable insights as to how to strike an appropriate balance between price and quality. More details on the legislation as well as EU rules on exclusion, selection, and award criteria and on contract notices are provided in Annex III as general guidance for client organisations (these are not mandatory but provide useful frameworks).

<sup>1</sup> Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC, OJEU L 94 of 28.3.2014, p. 65

<sup>2</sup> Listed exhaustively in Annex X to Directive 2014/24/EU.

## II. 2. EU public procurement strategy

The new public procurement directive provides a framework for procuring in a more flexible way. It has marked the start of a shift from a “purely administrative approach” to a “strategically and needs-driven approach”. The 2014 Directive on Public Procurement has not been implemented consistently across EU Member States and procurers in practice have not taken full advantage of the new possibilities of using public procurement as a strategic tool to support sustainable, social policy objectives and innovation. To address these shortcomings in national transposition the European Commission in October 2017 published a Communication on “Making Public Procurement work in and for Europe”<sup>3</sup>.

The Communication sets out a series of initiatives to improve public procurement practice in the EU, including updating the existing Buying Social Guide (see below) and providing guidance on innovation procurement. The Commission also aims to increase exchange of best practices regarding strategic procurement in different sectors, and is thus keen on promoting the development of sectoral guides on selecting best value in tendering procedures. Another section of the strategy deals with professionalising public client organisations, by offering guidance documents to teach clients what to keep in mind when carrying out a tendering procedure.

In parallel Member States are encouraged to commit to voluntary, yet concrete actions in the field to supplement the Commission's efforts.

Client organisations are also encouraged to consult the [EU's Buying Social Guide](#) which provides useful recommendations on how to take account of social considerations in public procurement. The guide is currently under revision.

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<sup>3</sup> European Commission Communication COM(2017)572, Making Public Procurement work in and for Europe, accessible at <http://ec.europa.eu/docsroom/documents/25612>



## CHAPTER III - DEFINING QUALITY

This chapter offers guidance to client organisations on which quality criteria can be considered in drawing up tendering specifications, comparing offers and selecting service providers. The rationale for such a strong focus on quality, as elaborated in the introduction, is the need to ensure that the sector strives to value the quality which offers can bring and not to make decisions solely based on price criteria. The list of criteria below should be carefully assessed by client organisations to understand which quality considerations matter the most to their users, and where they feel higher quality will bring the highest value. This will likely change on a case-by-case basis.

This is not a restrictive list, but rather a comprehensive overview which can guide reflection in approaching tendering procedures. This list is reflective of the pallet of quality considerations which are considered of value to all sections of the sector, and which should consequently help determine the approximate price that client organisations are willing to pay for their outsourced services.

Any qualitative criteria under consideration in a tender should be related to the subject matter of the contract, not the tendering company, and should cover what is expected in terms of actual provision of services.

This chapter only deals with what can be considered as quality and does not prescribe any methodology for weighing out different qualitative criteria (a methodology for weighing and ranking criteria is offered in Annex I). In the following section, the guide also offers guidance on how to include these criteria in each stage of the tendering process.

It is important to note that specialised guides on several of the criteria below have already been established. Member States are encouraged to refer to existing guides when setting out qualitative criteria<sup>4</sup>.



### RECOMMENDATION

Client organisations should be fully aware of quality guides or conventions already in place in their Member State before drafting the tender documents. It is important that these guides are fully respected.

<sup>4</sup> These include e.g. the EU's Buying Social Guide listed in the previous chapter, or the EU's Public Procurement of Food for Health Technical Report on the School Setting (European Commission & Maltese Presidency of the EU, 2017), among others.

### III. 1. Qualitative criteria to consider

While examples of qualitative criteria are offered below, client organisations need to consider that criteria related to compliance with legal requirements should be mandatory, i.e. tenderers should be excluded from the process if their offer does not meet these criteria. Mandatory criteria include for instance respect of all provisions on labour law, or providing evidence of adequate liability insurance. More detail on these criteria can be found in Annex II.

Similarly, Annex III provides a list of what the EU considers as mandatory exclusion, selection and award criteria, as defined in EU legislation on public procurement. These criteria do not govern tenders for private buyers, however we encourage all client organisations to take them into account.

#### III. 1. a. Recruitment & Working conditions of staff

Well-regulated working conditions and information and consultation among employers and employees reduce not only potential disputes, but more importantly health and safety risks. Furthermore, fair and transparent remuneration structures have a positive impact on the retention of experienced staff, their motivation and job satisfaction, and therefore the quality of their performance. In order to choose good quality providers, client organisations should request tenderers for evidence that they fulfil the legally binding employment conditions and whether they have in place any further favourable systems for their personnel.

Companies entering a tendering procedure need to demonstrate that they fully respect sectoral collective agreements in place in their jurisdiction as well as the local labour rules of employment (particularly, any indication of black or grey employment should be excluded from the outset). The qualifications and treatment of the staff as well as company policies guaranteeing equal opportunities should also be carefully considered. Since contract catering is a labour-intensive activity, the quality of the management and the skills of the staff assigned to fulfilling the contract can make an every-day **difference**.

- The client organisation should ensure that the **organisation of human resources foreseen by the tenderers corresponds to the service required** and is in keeping with the proposals made in their offers. For instance, a tenderer who states in his offer that he will opt for fresh supplies cannot claim at the same time that it is possible to work with a team of cooks and assistants that is very small or low-skilled.
- **The respect of contributions** such as payment of social security contributions and taxes, as well as appropriate insurances for the staff, should be carefully verified and be a cause for exclusion if it cannot be proven.
- The respect of **workers' rights needs to be ensured**, in line with national and European legislation for workers' representation, information and consultation, and particularly in case of a transfer of undertakings, in line **with the requirements of national rules implementing** Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses lays down rules for this.

- Client organisations should ensure that **staff is properly and regularly trained to handle foodstuffs** in a way that guarantees high hygiene and food safety standards. This is particularly important in the contract catering sector as there are high risks if food is not handled properly, e.g. risks of food poisoning, or of cross-contamination in hospitals. The hours and content of training by internal and external trainers could also be considered.
- The **overall qualifications of the staff** may also come into consideration, e.g. number of staff, level of experience, what level of professional training they have received, the training plan during the term of the service or broader criteria such as staff valuation and motivation practices. As part of an agreement signed in 1999, EFFAT and FoodServiceEurope have committed to promoting specialised training in the food services sector.

In addition, **other elements that can be taken into account** are: the recruitment of socially underprivileged or disabled persons where compatible with the nature of the service to be provided; the promotion of equal opportunities for men and women and non-discrimination on the basis of race; the opportunities the company gives to people outside of the usually targeted labour force – e.g. over 50 or having been unemployed for a long time.

#### ENSURING PROPER TRAINING OF STAFF - BELGIUM

Belgium currently provides one training centre per region, subsidised by a percentage (around 0.6%) of the payroll paid by employers. These training centres enable workers from the contract catering sector to follow specialised training to further develop their skillsets.

The social partners in Belgium note however that it is important that employers respect the right of employees to participate in such training programmes, and encourage them to do so by providing time for employees to undergo trainings.



#### RECOMMENDATION

Client organisations should consider what specific specialised training the staff working in their organisation would need to deliver optimal services, e.g. working with nutritionists for schools, special trainings on handling foodstuffs for hospitals, etc.

### III. 1. b. Hygiene & Food Safety

The respect of clear hygiene and food safety guidelines is of paramount importance to the contract catering sector, as the risks of consuming unsafe products can be very high. Hygiene & food safety criteria which should be considered include:

- **control of food supplies**, in particular the traceability and identification of the origin of the foodstuffs;
- **the processes and methods for monitoring and evaluating quality** (quality of the food, quality of the service, reception, information, etc.);
- **compliance with relevant EU and national legislation:** European Regulation (EC) No 852/2004 on the hygiene of foodstuffs and national regulations on food hygiene and safety. The tenderers must be asked to provide evidence of their ability to comply with legal provisions in this area and their perfect knowledge of procedures based on the UN's Food and Agriculture Organisation's Hazard Analysis and Critical Control Point (HACCP) System.

Additionally, relating to safety criteria more broadly, the client organisation must define safety requirements to be respected on the premises where the service is to be provided:

- **risk prevention** (introduction of a risk prevention plan, training of a safety team, compliance by the team with the prevention plan, etc.);
- **protection of employees and users:** both collective and individual protection;
- **emergency** intervention procedures.

### III. 1. c. Nutritional criteria & quality of the food

The nutritional quality of foodstuffs is a growing priority in the sector with the advent of stronger user interest in adopting healthy lifestyles. This is particularly important in schools, where parents are keen to teach their children to adopt healthy eating habits as early as possible to thwart any risks of obesity. It is also increasingly important for the private sector, where employees demand more healthy options in canteens and are generally willing to pay a higher price for food which they consider healthier.

Nutritional criteria which may be considered in tenders include:

- **the nature of the food service to be provided** (choice / diversity of daily supply, frequency of each type of food, etc.) N.b. in cases where consumers have specific dietary requirements choice will not be a factor to consider, e.g. in schools, hospitals, or retirement homes. Client organisations contracting food services should also keep in mind that the service will be provided to captive consumers;
- **nutritional requirements**, for instance compliance with existing national or international nutritional standards (non-compliance may be a cause for exclusion);
- **how food supplies are preserved and transported**, whilst staying mindful of any existing national legislation in place on this matter;
- the **production methods of the foodstuffs**, particularly how fruits & vegetables are produced, what sort of conservatives have been used, etc.

#### NATIONAL TARGETS FOR ORGANIC FOOD - FINLAND

The Finnish Government has defined national targets for the development of organic products. The objective is that, by 2020, one fifth of Finland's farmland will be organic, the volume of organic production will correspond to domestic consumption, organic food sales will have tripled within the retail trade and in the professional kitchen sector, and one-fifth of the food served in schools and child care centres will be organic.

See more [here](#).

### III. 1. d. Sustainability considerations

In parallel with nutrition, demonstrating commitment to preserving the environment has become an increasingly valued quality and can thus be considered as an additional criteria demonstrating the quality of an offer. However, requesting service providers to meet certain sustainability standards – for instance procurement of organic products, in certain quantities – can be unrealistic price-wise and in terms of availability in the market (especially when this is coupled with requirements for local sourcing). A life-cycle analysis should thus be undertaken before any requirements are made by client organisations, in order to ensure that sustainability criteria can realistically be met by service providers. Some qualitative elements which can bring value to an offer include:

- **environmental protection**, e.g. demonstrated efforts to improve processes by decreasing carbon footprint (beyond what is required by the law) or using recycled materials;
- **ethical considerations** such as how the company sources its food, and whether e.g. poultry, meat and fish sourced is free range or products are sourced from a fair trade company;
- whether the company has any particular **guidelines on dealing with waste**, e.g. using less plastic, recycling, measuring food waste or policies on ensuring leftover food is not thrown away.

For further reference client organisations may refer to the Commission's Green Public Procurement (GPP) or green purchasing guidelines, which require the inclusion of clear and verifiable environmental criteria for products and services in the public procurement process.

It is also important to consider that increasing the sustainability of the food and services provided needs to involve all the relevant actors to reap full environmental benefits – sustainability is a joint responsibility of both client organisations and service providers, which needs to be applied throughout the value chain. Client organisations also have an important role to play given that they are usually in control of the premises where the service will be provided. Service providers, client organisations and users should work together. There are examples of such collaborations that should be encouraged.



#### RECOMMENDATION

##### **Client Organisations have a key role to play to enhance the benefits of more sustainable procurement by:**

- Providing for energy-efficient kitchen equipment. This can lead to significant reduction in energy consumption;
- Requiring a more limited food selection during non-peak hours – at the beginning and end of the service. This has been proven to reduce significantly the amount of food waste;
- Encouraging and enabling the training of staff on adequate portion sizes to better match the users' needs and avoid food waste.



## CHAPTER IV - BUILDING QUALITY CONSIDERATIONS INTO TENDERS

The previous chapter demonstrates that quality is a relatively subjective value which will change depending on the user group and client objectives. Each criteria should be weighted on a case-by-case basis, as their relative importance can change substantially from one contract to another. A number of national or sectoral initiatives have been developed to better harmonise the way the sector adapts quality considerations into procurement, ensuring a level-playing field; the guide in this section looks at where each criteria may come into play at each stage of the selection process. For examples of putting quality criteria into practice, refer to Annex II.

### IV. 1. Before the tender

Before launching a procurement procedure, client organisations may conduct market consultations with a view to preparing the procurement and informing economic operators of their procurement plans and requirements.

#### IV. 1. a. Pre-site visits

To receive high quality tenders which respond to the clients' needs and are tailored to the specific services which will be required, the tenderers need to gain a solid understanding of the premises and context in which they will operate.

This can be achieved through organising pre-site visits, where the tenderers will have the opportunity to:

- **Gauge the investments which will be necessary** in order to provide the services required. Given that service providers will be working from the premises of the client, which they do not control, it is of key importance that they are aware in what conditions those premises are, whether investment in equipment will be required and the type of commitments they can put forward on the basis of the real situation on the ground.
- **Get a better sense of the style, atmosphere and image** which the client aims to project to its final users: this will be fundamental to ensuring that the offers set the right tone and put emphasis on the right quality criteria. This also creates more of a level-playing field among tenderers and encourages creativity and innovation.
- **Be aware of the quality standards already in place**, to ensure that offers dedicate sufficient resources to maintaining or improving these standards.

The client organisations also have every interest in ensuring transparency and in **providing tenderers with precise information concerning the food service team in place** and the average number of users at the time of the tendering procedure. This information will contribute to continued employment and the protection of the employees' rights in line with the procedure and rules foreseen in the relevant national collective agreement, as well as the success of the future partnership between the client organisation and the contract catering company.



#### RECOMMENDATION

Client organisations should organise pre-site visits and Q&A sessions to enable service providers to come up with a better tailored offer, with the right quality considerations for the user group.

## IV. 1. b. Drawing up the specifications and criteria

### Establishing roles and responsibilities

The client organisation has responsibilities to assume regarding the premises on which the service provider will operate, i.e. the client organisation must provide adequate infrastructure (e.g. for service providers to meet sustainability criteria, the premises must have appropriate infrastructure for food preservation and dealing with waste). It is recommended, therefore, that the respective responsibilities of the client organisation and service provider be clearly defined before the client organisation establishes a set of quality criteria. This approach guarantees that offers are in line with the expectations of the client organisation and can be compared. An example of a list of division of responsibilities between the client organisation and service provider is provided in Annex I.



#### RECOMMENDATION

Client organisations should draw up a list dividing roles & responsibilities between the client organisation (as owner of the premises and some equipment) and the service provider (as user of the premises and equipment).

The list of criteria in Chapter III is non-exhaustive, but provides a snapshot of what client organisations may consider as important factors in selecting among tenders. An example of how to use these criteria is provided in Annex II, while Annex III lays out the technical specifications required by EU law for public procurement.

As mentioned above, building quality into tendering procedures is delicate as quality is very subjective – which means there cannot be one-size-fits-all guidelines on what client organisations should look for. In order to better understand which quality criteria matter to individual cases:

- The client organisation should **begin by drawing up a comprehensive list of quality criteria which are of value to the final users**. As the contract catering sector is unique in that the body selecting the service offering is not the one using the service, it is crucially important to always begin with the users' perspective to ensure the service is properly adapted. For instance, having a clear understanding of the nutritional and health requirements of the final user (allergies, intolerances, age group or other specificities) can help ensure that the service is well-tailored to the service user's needs.
- A second step will be to **weigh how important the selected criteria are relative to each other**. This should include two different dimensions:
  - How much each criteria is **valued by the users** – are there certain quality aspects that they cannot do without?
  - How much each criteria is **valued by the client organisation** – would aiming for a specific quality objective require a significant change in the way the organisation operates?

### **The importance of keeping criteria simple**

Too much detail in tendering criteria can be counter-productive. While it is important to ensure that the requirements are clear, being overspecific risks stifling competition and preventing companies from offering more innovative or creative services. **The criteria should be as simple as possible**, encouraging offers which can drive the client's quality standards up without significantly affecting the price.

The pre-site visits will enable tenderers to gain a better understanding of which quality criteria are most valued by the client organisation and its users, and where the focal points of their service offering should lie. Another important aspect to ensure offers are well-suited to the clients' values is to **maintain open dialogue throughout the tendering process**, to ensure all tenderers are given an equal opportunity and are fully conscious of what truly matters to the client and users.

An **important distinction should therefore be made between technical specifications and award criteria** – client organisations are encouraged to use functional (and not descriptive) technical specifications and to use award criteria to promote competition between operators for innovative/creative services.

It is also important to keep in mind that **requirements must be such that offers can easily be compared.**



#### RECOMMENDATION

Client organisations should not set overly restrictive quality criteria. We recommend that the tender specifies clearly that qualitative criteria will be ranked separately, to give space for creativity.

The specifications should therefore detail e.g. the nature of the food service to be provided (choice / diversity of daily supply, classification of prices, frequency of each type of food, etc.), some general qualitative requirements such as nutritional requirements (e.g. compliance with existing national nutritional standards), but not be overly specific on the services the provider should offer to meet those requirements.

The **specifications should also include a description of the monitoring system envisaged** by the client organisation (or, at a minimum, its main characteristics: type and frequency of checks, etc.).

#### DATA COLLECTION AND TRANSFER: RESPECTING GDPR

In drawing up the specifications and preparing the foreseen contract, client organisations must be mindful of the EU's [General Data Protection Regulation](#) as well as any national legislation in force on data protection. Specific rules concerning the handling and transfer of data must be abided by. Data which these rules will apply to include for instance data on employees of the service providers (particularly in cases of transfer of undertakings) and data relating to the service users (school children, hospital clients, etc.).

It is important to note additionally that:

- The quality criteria must be clear and unambiguous, and the justification for the score of each offer must be clearly stated;
- All requested documents must be attached to the offer/tender;
- Oral presentations do not need to be mandatory; in some countries, such as Finland, offers are not always presented orally;
- In some cases, the price may change during the contract period.

## IV. 2. During the tender

### IV. 2. a. Comparing & selecting tenders

Once the specifications have been finalised and the call for tenders has been launched, the client organisation is tasked with comparing and selecting tenders based on the quality of their offering relative to price. Annex II provides guidelines on how the offers can be scored and ranked against pre-established criteria.

Beyond the practical ranking of offers, however, this section aims to provide guidance on how to value items which are more difficult to measure, such as creativity, innovation, or overall quality of service. There is no hard rule on how to balance price and quality, nor on what weight to prescribe to different factors.

A number of different solutions can be considered:

- Companies and social partners can develop a **code of good conduct** to commit service providers and client organisations to achieving the highest quality possible in the contract catering sector. This means that all signatories commit to put quality ahead of price – with the assumption that if all parties to a tender procedure have signed the code, the overall quality will improve and competition will be increased on other criteria than price. Such a code of conduct has been signed in the Netherlands, across all procurement sectors (see box below).
- Rules can be developed at national level to **oblige client organisations to give much higher importance in ranking offers to quality over price**. Italy, for instance, has been a pioneer in making it a legal requirement that the awarding of contracts for food services in the public sector needs to be based more on quality (at least 70%) and less on price (maximum 30%).
- **Client organisations can include in the scoring system a margin for 'bonus' points** which would be awarded for more subjective elements such as innovation, creativity, sustainable practices, use of local produce, etc.



#### RECOMMENDATION

Client organisations should consider how they intend to measure/ value quality before launching the call for tenders. This will enable the scoring of offers to be the most transparent possible.

### THE CODE OF RESPONSIBLE MARKET CONDUCT - NETHERLANDS

In the Netherlands, buyers and the social partners in various sectors, including contract catering, have signed a **code of conduct for responsible behaviour in tenders**. As wrongful market practices led in the past to negative pressure on services providers, jeopardising quality, the code seeks to emphasise that quality must come before price in tendering procedures.

The code has been drawn up by relevant client organisations, service providers, trade unions, and agents across sectors using public procurement, based on the joint conviction that a change in market conduct is necessary and desirable. It points the way towards commercial transactions based on trust and good price-quality ratios, without losing sight of social interests.

The code uses a yellow and red card system, as well as a best practice award, to incentivise companies to promote fair working practices. It is applied by the Government in its own procurement processes. Although the code is not legally binding, in the food service sector it is compulsory to be a signatory in order to become part of the employers' association.

The code is open to every organisation in the Netherlands. In 2018, over 1300 parties had signed the code of conduct. Price degradation has been greatly reduced as a result.

See more [here](#).

## IV. 2. b. Identifying abnormally low tenders

An 'abnormally low' tender is defined as a tender that is priced at such a level that the authority considers itself, in all the circumstances, unable to rely upon the contract being properly performed. Abnormally low tenders lead to unfair competition amongst food service companies, bad working conditions for employees and possibly social dumping, and as such, should be automatically excluded from the selection process.

Several methods exist to identify abnormally low tenders:

- **Enumerating the types of costs** an operator will normally have to support in order to provide the service might be a good indicator of what the minimum price of an offer could be. Any offer which is significantly lower than the expected costs incurred should be carefully evaluated to ensure that basic labour laws are fully respected.
- An abnormally low tender can be defined as a **price which is significantly below the median of offers**. In Portugal, this is defined as a % deviation to the average price of the offers presented.
- Since abnormally low tenders generally disguise bad working conditions, an abnormally low tender can also be defined as **a price which is below the cost of the salary mass**. This is done for instance in Belgium.

## IV. 2. c. Considerations for awarding the contract

It is important that the **client organisation commits to certain deadlines in taking a final decision** and awarding the contract. While the scoring and ranking process may be lengthy, if it drags on too long the offer no longer reflects the company's reality. Particularly, the price initially proposed for given services may no longer be cost-reflective due to inflation.

It is thus recommended that the entire tendering process (publication of specifications, review & selection of offers, award of contract) take place **within a pre-defined amount of time**. Most tenders already request the service providers to carry out all their activities within a certain deadline (pre-site visits, Q&A, submission of the tender) but there are often no obligations upon client organisations to make a selection within a certain timeframe. The client organisation should thus set a timeline for the entire process with clear milestones, both for the client organisation and for the tenderers, when the call for tenders is issued.



### RECOMMENDATION

Client organisations should set a timeline covering the entire tendering process, with clear milestones for both parties (client organisation & tenderers) when issuing the call for tenders.

## IV. 3. After the tender

### IV. 3. a. Ensuring proper execution of the contract

Once the contract has been awarded, the client organisation should ensure proper follow-up with the successful tenderer **through monitoring and checking of the contractual commitments of each party**, as defined in the system suggested in the tender's specifications.

This is to ensure that the contracted company provides the services it has committed to, but more importantly, to the standard that it has committed to. This is all the more important in tendering procedures which aim to give higher value to quality over price. If companies do not actually comply with all the requirements when executing the contract, this is at the detriment of the final user, but also of the other organisations that lost the tender unfairly.

An assessment of the execution of the contract can be done for example by asking the service provider's main interlocutor within the client organisation to comment on their experience with the team which the service provider has assigned to the client. This exercise should be undertaken on a regular basis – e.g. every 6 months – and aim to confront the quality of the service provided against the client's initially established criteria.

Client organisations may also request offers to include a structure for monitoring & evaluation by the service provider's parent company, e.g. through regular inspections. These offer a structured mechanism to guarantee the agreed quality level and to prevent any shortcomings. It is advisable that the call for proposals includes the following:

- The frequency of internal and external inspections;
- The allocation of responsibility for conducting the inspections among the management team;
- That inspection methods, for example internal inspections are generally carried out with the use of specially prepared charts, which should in turn tie in with the requirements of the contract;
- Systems to rectify any downward deviation in quality standards as quickly as possible and to promote quality improvement;
- The frequency and methods to evaluate the inspection results, to assess whether purchases or investments are necessary to achieve the required quality standards;
- Documentation of quality, for example through the use of proof of the inspection results;
- The instructions that the management team should have for conducting the quality assurance inspections.

In light of the fact that the clients are generally not the ones benefiting from the service, client organisations can also **consider giving end users the possibility of commenting** on the service provided where appropriate. N.b. this is not applicable to cases where users are required to follow specific diets for health reasons or are otherwise not in a position to judge,

e.g. in hospitals or schools. It should also be noted that users have no visibility over what has been agreed, therefore their comments can only be used to complement a wider review.



#### RECOMMENDATION

The agreed contract should define clearly the quality standards and establish a system to regularly monitor and check the contractual commitments of each party.

### IV. 3. b. Adapting contracts to reflect changing circumstances

A final key consideration to maintain a high-quality service is that **contracts need to be regularly updated to reflect changing circumstances**. Commitment to quality must come from both sides: the service provider, who continues to consistently deliver agreed services to the highest standard possible, and the client organisation, who commits to keeping a living contract which accounts for changes in e.g. costs of labour or produce.

Items which can be part of an annual contract review include:

- **Reflecting inflation** (keep contracts dynamic, especially for multiyear contracts), inclusion of an automatic provision related to inflation (reflecting cost changes);
- **Considering the impact of unexpected high increases in the cost** of raw materials or labour costs;
- Considering a **compensation mechanism for non-served meals** – when many meals are missed, this changes the overall price substantially;
- Considering a compensation mechanism for exceptional circumstances such as strikes, which may affect the ability of the service provider to operate;
- Similarly for hospitals, foreseeing situations when not all beds are occupied by patients (contracts generally are based on the number beds in the hospital, but if there are not patients in every bed this can also change the overall price substantially).



## ANNEX I - DEFINING THE CONTENT OF THE SERVICE

The content of the service may change considerably depending on the functioning, constraints and wishes of the client organisation. It is recommended, therefore, that the respective responsibilities of the client organisation and service provider be clearly defined (for instance, does the service include equipment maintenance?) before the client organisation establishes a set of quality criteria. This approach guarantees that offers are in line with the expectations of the client organisation and can be compared.

The following list covers almost all areas for which responsibility must be assumed by either the client organisation or the service provider. This division of responsibility must be set down in the specifications.

Division of responsibilities between the client organisation and the service provider		
Restaurant premises	Client	Service provider
Heavy maintenance		
Compliance		
Everyday maintenance		
Safety/fire fighting equipment		
Heavy kitchen equipment	Client	Service provider
Supply		
Renewal		
Maintenance		
Repair		
Compliance		
Payment equipment and software	Client	Service provider
Equipment (server and cash registers)		
Software		
Supplies		
Computerised payment orders		
System maintenance		

<b>Light service equipment</b>	<b>Client</b>	<b>Service provider</b>
Supply (basic equipment)		
Renewal		
<b>Light kitchen equipment</b>	<b>Client</b>	<b>Service provider</b>
Supply (basic equipment)		
Renewal		
<b>Flexible costs</b>	<b>Client</b>	<b>Service provider</b>
Telephone (Subscription/ Communications)		
Water		
Gas		
Electricity		
Heating, air conditioning		
<b>Potential cleaning and occasional work contracts</b>	<b>Client</b>	<b>Service provider</b>
Floors		
Walls over 2 metres, ceilings, windows, domes		
Piping		
Extraction fans and ventilation shafts		
Hoods		
Grease filters		
Recycling of used oil		
Extermination of rats and elimination of insects		
Decoration and signs		
Emptying of grease bin		
Waste removal		
Plants		
<b>Everyday cleaning</b>	<b>Client</b>	<b>Service provider</b>
Tables and chairs		
Light and heavy kitchen equipment		
Kitchen and storage areas		
Floors and walls under 2 metres		
Floors of eating areas		
<b>Miscellaneous supplies</b>	<b>Client</b>	<b>Service provider</b>
Office supplies and postage		
Single use products		
Maintenance products		

Washing products		
Softening salts		
Paper serviettes		
Payment orders		
Sanitary supplies (customers and staff)		
<b>Salaries and social charges</b>	<b>Client</b>	<b>Service provider</b>
Income tax on salaries		
Transport costs		
Medical check-ups		
Supply of professional clothing		
<b>Miscellaneous</b>	<b>Client</b>	<b>Service provider</b>
Civil liability insurance		
Tenant's risk insurance		
Bacteriological checks		
Costs relating to service vehicles		
Miscellaneous costs for theme days		
Office maintenance costs		
Bank charges		
Postal costs		
Administrative documents		
Accountant's fees		
Visits/ receptions		



## ANNEX II - EVALUATION GUIDELINES: AN EXAMPLE OF HOW TO AWARD CONTRACTS BASED ON QUALITY CRITERIA

This annex aims to provide client organisations contracting food services with a practical example of how to award contracts based on quality criteria. This example is purely fictive and aims to put into practice the criteria and processes explained in the core of the guide. In Annex III, the guide lays out the legal provisions set by the EU for public procurement. These can also provide useful guidelines for private buyers and as such, all users are encouraged to take them into account in tendering procedures.

### Awarding contracts based on quality

Three important steps have to be followed.

- **STEP 1**- To fix the relative importance of quality over price.
- **STEP 2** – To establish the importance attributed to different categories of quality and the relative importance of specific quality criteria under each category. N.b. Some criteria proposed are mandatory and are marked as such. Not meeting these criteria automatically entails exclusion from the selection process.
- **STEP 3** – To score the different criteria in order to determine the “best value” provider, once the contract has been published and offers from the different contract catering companies have been made in accordance with steps 1 and 2.

These three steps are further detailed and exemplified below.

### Step 1 – Measuring the importance of quality over price

To determine the proposal which represents the best value according to the quality and price criteria, the following formula can be used to arrive at the overall proposal score:

$$\text{Bid score} = \text{Quality score} + \text{Price score}$$

It is up to the client organisation to determine the importance which it wishes to give to the quality score in comparison to the price score. The higher the score, the higher importance is awarded to quality criteria.

In order to stimulate creativity and achieve the highest quality standards possible, it is recommended that the client organisation gives as high weight as possible to the quality score.

## Step 2- Defining the importance of different categories and specific quality criteria

This step allows client organisations contracting food services to define which categories of quality criteria are most important to them in their quality evaluation, by allocating differing proportion of the points allowed for the quality score:

Category	Attribution of importance
Contract catering personnel	<p>A high number of points attributed indicates that the service provider has a strong commitment to ensuring the quality of the personnel, for instance guaranteeing appropriate and regular training of staff or favourable employment conditions (e.g. with regard to remuneration, social protection, health &amp; safety, workers' rights). The Directive on the transfer of undertakings safeguards the employment of existing staff, with due flexibility for the service provider to ensure staff meets the needs of the new contract (additional staff may be hired or existing staff may need to be trained).</p> <p>In this category clients can also consider the level of specialised training for specific sectors such as nutritionists for schools, trainings in handling foodstuffs for hospitals, etc. The offer can include for instance a synthetic training plan for the duration of the contract.</p>
Contract management	<p>The number given here reflects the importance attributed to the skills of the contract management, their experience and the support services within the contract catering company.</p> <p>Companies may also include a proposal for a coordination plan for the company's staff with the centre management: Synthetic description of the Coordination Plan; Enumeration of the types of indicators that are described; Enumeration of the strategies and general criteria described.</p>
Contract operations	<p>Should the quality of the on-site contract manager, of the operational plan including aspects such as the set-up of the company's team be of primary importance to the client, most points should be attributed to this quality category.</p>

Content of service/ meal plan	Client organisations who attribute most importance to aspects related to the proposed meal plan, such as diversity of foodstuffs, nutritional values, availability of choice (where applicable), should attribute a high number of points to this category. Companies may include technical sheets of their meal plans according to dietary requirements.
The Company	The number attributed to the general quality of the food service company, including aspects such as ethics, philosophy, Compliance Management Systems or internal code of conducts are reflected here.
Quality controls and standards	<p>Procedures based on the principles of the hazard analysis system and points of critical control (HACCP), e.g. internal control checks of the HACCP system carried out in the last two years; official controls on food safety made in the last two years; certifiable quality systems recognised by international organisations (ISO 9001: 2000, ISO 22,000).</p> <p>Specification of the measures adopted by the company in its activity related to the following measurable environmental conditions:</p> <ul style="list-style-type: none"> <li>• Saving and efficient use of water, energy and materials;</li> <li>• Environmental cost of the life cycle;</li> <li>• Ecological production methods and procedures;</li> <li>• Generation and waste management;</li> <li>• Use of ecological materials.</li> </ul>

Client organisations can then choose the importance of specific quality criteria under each category. The client must attribute points on specific aspects which add up to the total amount of points allocated to each category.

For instance, if we award 60 points to quality and 40 points to price (step 1), we have to distribute these 60 points among the different quality criteria. For instance, you could attribute 17 points to food service personnel, 5 to contract management, 20 to contract operations, 10 to content of service and 8 to the food service company. Points should also be related to the additional costs driven by enhanced quality.

You could then choose from those possible criteria identified under each category those corresponding with your priorities. For instance, in relation with the category contract management, you can attribute the 5 points identified to:

- qualification of management team (3 points)
- experience of management team (2 points)

The same operation would be needed in relation with the possible criteria related to the remaining quality categories.

Once you have decided on the importance awarded to quality criteria and relative importance of the quality criteria identified, a tendering procedure must be launched. Procedural criteria, depending on the nature of the contract, should be respected.

Before awarding a contract, especially in those contracts subject to public procurement rules (see Annex III – legislative context) you should first examine:

- Are there any companies that are deemed unsuitable to perform the tasks at hand? Indications can be failure to pay tax or social security, a criminal record or other offences. Public authorities contracting food services within the European Union are obliged to exclude certain bids automatically (see Annex II). Private companies must also exclude service providers which do not meet the minimum mandatory requirements for the sector such as respect for labour law provisions or sectoral agreements in place (see table below).
- Are there any companies that do not meet the basic selection criteria in terms of experience and capacities? These companies should not be included in the awarding stages.

Once you have excluded some of the unsuitable companies and selected those companies meeting the selection criteria, the best value is obtained by evaluating the criteria previously chosen.

## Step 3 – Quality evaluation

After the tenders have been put forward, the client organisation carries out an evaluation of the offers. Those offers which have not met exclusion criteria or specifications required, as laid down in IV.1. b. and further elaborated in Annex III are not considered. The evaluation of the remaining offers is based on the number of points which have been allocated to quality and price.

### 3.1. Price evaluation

The service provider offering the lowest price is awarded the full number of points available for price. All higher price offers are assessed against the lowest price tender. Points for price are deduced in relation to the percentage that the price offer is above that of the lowest tender. In the example below, where a total of 40 points are available for the price score, a 10% increase in price leads to a deduction in points of 10% off 40 points and so on.

Company	Price	Points
A	100.000 Euro	40
B	110.000 Euro	36
C	120.000 Euro	32

### 3.2. Quality Evaluation

After the client organisation has defined its priorities in quality by awarding points to categories as set out in STEP 2 it is crucial that an objective assessment is made to evaluate which bids meet these requirements. In order to ensure this objectivity, the following scoring parameters can be used:

- Not applicable
- Non-compliant
- Supposed compliant
- Compliant
- Excellent

The following table provides definitions for each of the scoring parameters. Not applicable is used in the scoring tables for criteria which are not deemed relevant to the contract. Clearly, a company which scores “excellent” in relation to one of the quality criteria should be awarded a higher proportion of the points available than a company which only “supposed compliant”. Different weightings are therefore applied to the points awarded to each criterion.

## Weighting

Parameter	Weighting
Not applicable	0%
Non-compliant	0%
Supposed compliant	50%
Compliant	80%
Excellent	100%

The tenderer with the highest number of “excellent” scores for key criteria (those criteria allocated the highest number of points by the client) will therefore obtain the highest score in the quality criteria. The quality criteria evaluation is added to the points awarded in the price evaluation to establish the “best value” tender.

### 3. 3. Definition of Scoring Criteria

<b>Non Applicable</b>	This takes account the fact that not every item is applicable to every client organisation. The criterion is not applicable to the award of this tender and is therefore not scored. The assessment “not applicable” should not be used randomly, but needs to be justified in relation to the requirements of the tender. For example, the criterion “specialist training for supporting food intake” is not applicable if the contract applies to a private company or a public authority (as opposed to a school).
<b>Non-compliant</b>	This assessment applies if the information provided totally fails to meet with the client’s requirements. It is not to be used if no information is provided on a certain item.
<b>Supposed compliant</b>	Compliance is not specifically demonstrated but can be inferred from other information given.
<b>Compliant</b>	Information provided fully meets the requirements outlined in the tender notice and meets the client’s expectation.
<b>Excellent</b>	Item meets the requirements and expectations and demonstrates an exceptionally high quality service based on successful performance in operation.

### 3. 4. Example

N.B.: In drawing out the tendering specifications we encourage the client organisation to specify how the scores will be attributed. The categories listed in the examples below are intentionally broad, however the tender material should declare what the client organisation judges is “not applicable” or “non-compliant” and what has to be achieved to arrive at 50%, 80% or 100% scores.

In the example outlined, the client organisation decided to award the 100 points as following:

<b>Price</b>	40 points
<b>Quality</b>	60 points
<b>Allocation:</b>	
1. Food Service Personnel	16
2. Contract Management	7
3. Contract Operations	13
4. Content of service	11
5. Food Services Company	13

## Food Service Personnel

Mandatory criteria (non-compliance leads to exclusion)

	Compliant	Non-compliant
<b>1.1 Employment conditions</b>		
Working conditions in compliance with sectoral collective agreements, national social/ labour law		
Clear and transparent salary structure		
Workers representation structures		
Channel of complaints, feedback and suggestions		
Civil liability insurances		
Health & safety provisions		

	Points available	Not applicable	Non-compliant 0%	Supposed compliant 50%	Compliant 80%	Excellent 100%	Weighted points allocated
<b>1.2 Skills and Capabilities</b>							
Recruitment with social considerations	3			✓			1,5
Basic (safety) Training	3					✓	3
Additional Training	1					✓	1
Specialised Training	1			✓			0,5
Refresher Training	0	✓					0
Dedicated training staff	3					✓	3
Training modules/ curricula	3					✓	3

Other skills supported	0	✓					0
<b>1.3 Experience</b>							
Proof of sufficient level of experience	2					✓	2
Cooperation with other organisations/ authorities	0	✓					0
<b>TOTAL</b>	<b>16</b>						<b>14</b>

<b>Contract Management</b>							
	Points available	Not applicable	Non-compliant 0%	Supposed compliant 50%	Compliant 80%	Excellent 100%	Weighted points allocated
<b>2.1 The Management Team</b>							
Clear Financial Records	0	✓					0
Qualifications of Management Team	3				✓		2,4
Experience of Management Team	4				✓		3,2
Responsibilities and Standards	0	✓					0
<b>2.2 Support Services</b>							
Support Services	0	✓					0
<b>TOTAL</b>	<b>7</b>						<b>5.6</b>

Contract Operations							
	Points available	Not applicable	Non-compliant 0%	Supposed compliant 50%	Compliant 80%	Excellent 100%	Weighted points allocated
<b>3.1 The on- site contract manager</b>							
Proof of qualification	5					✓	5
Knowledge contract provision	2					✓	2
Chain of responsibility	1			✓			0,5
<b>3.2 Operational Plan</b>							
Completeness operational plan	0	✓					0
Team set-up	0	✓					0
Performance monitoring	3			✓			1,5
Use of mandatory reporting	0	✓					0
<b>3.3 Quality Control</b>							
Internal or third party control mechanism (& regularity)	1				✓		0,8
Objective quality control	1				✓		0,8
<b>TOTAL</b>	<b>13</b>						<b>10,6</b>

### Content of service

Mandatory criteria (non-compliance leads to exclusion)

	Compliant	Non-compliant
Compliance with national law relating to nutritional values (if applicable)		

	Points available	Not applicable	Non-compliant 0%	Supposed compliant 50%	Compliant 80%	Excellent 100%	Weighted points allocated
<b>4.1 Product use</b>							
Variation of foodstuffs and ingredients	3					✓	3
Availability of choice	0	✓					0
Ethical sourcing of products used	0	✓					0
Nutritionist input into designing the meal plan	4					✓	4
Liability arrangements for handling of cooking equipment	1				✓		0,8
Special training for staff handling foodstuffs	1			✓			0,5
<b>4.2 Technical Support</b>							
Preparedness of staff to support with food intake (specialised training)	0	✓					0
Support with monitoring, reporting of incidents	2					✓	2
<b>TOTAL</b>	<b>11</b>						<b>10,3</b>

Food Service Company							
	Points available	Not applicable	Non-compliant 0%	Supposed compliant 50%	Compliant 80%	Excellent 100%	Weighted points allocated
<b>5.1 Experience and track record</b>							
Range of services provided	0	✓					0
Duration in the market	0	✓					0
Ongoing/ previous cooperation with authorities	3					✓	3
Good occupational health and safety track record	2				✓		1,6
Reconciliation scheme for working and private time	0	✓					0
Assessment of health and safety risks	0	✓					0
Track record of working with respective user group	2					✓	2
<b>5.2 Ethics, Company Philosophy and Code of Conduct</b>							
Corporate Social Responsibility Commitment	4			✓			2
Documentation of ethical approach to business	0	✓					0
Business continuity programme	1		✓				0
Internal compliance/ quality programme	1			✓			0,5
<b>TOTAL</b>	<b>13</b>						<b>9,1</b>

### 3.5. Result

As a result of the evaluation of the tender form provided in the example above, the client has an overview to compare the performance of the various tenderers on the separate quality criteria. In this example the tenderer performs as following on the quality criteria.

Quality Criteria	Points available	Points Awarded
Food Services Personnel	16	14
Contract Management	7	5,6
Contract Operations	13	10,6
Content of Service	11	10,3
Food Service Company	13	9,1
<b>Total</b>	<b>60</b>	<b>49,6</b>



## ANNEX III - LEGAL PROVISIONS

This annex takes an in-depth look at EU legislation on procurement and lays out the mandatory exclusion, selection and award criteria as defined in the EU Directive on Public Procurement. While these criteria do not govern tenders for private buyers, we encourage all parties to take inspiration from them when carrying out tendering procedures.

### 1. EU legislative context in detail

#### 1.1. EU Directive on Public Procurement

The European Union has developed an extensive legislative framework to cover public procurement. The main legal tool is the DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Public Procurement<sup>5</sup>.

The Directive on Public Procurement sets out **rules for public tendering in the European Union**. The rules include types of procedures, exclusion, selection and awarding criteria which public buyers ("contracting authorities") should adhere to. However, the EU legal framework does not govern tenders for private buyers; the latter have freedom in choosing criteria they see fit for the contract purpose. Nevertheless, the social partners encourage private buyers to inspire themselves from EU legislation and to keep it in mind for their tendering processes.

As a general principle, the EU rules oblige in Article 18.2 bidders (e.g. companies or organisations) to comply with applicable obligations in the fields of environmental, social and labour standards as established by European Union law, national law, and sectorial collective agreements or by certain international environmental, social and labour law provisions<sup>6</sup>. This is an obligatory requirement also for sub-contracting, where the bidder subcontracting services has to ensure compliance with the above-mentioned legislation and sectorial collective agreements by the sub-contractor.

<sup>5</sup> Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC, OJEU L 94 of 28.3.2014, p. 65

<sup>6</sup> Listed exhaustively in Annex X to Directive 2014/24/EU.

## **Food services contracts equal to or above a value net of value-added tax (VAT) of EUR 750 000**

For food services listed in Annex XIV for amounts equal to or above a value net of value-added tax (VAT) of EUR 750 000, the European Union lays down only conditions for award criteria<sup>7</sup> in Article 76. This threshold includes all lots if contracts are separated into lots and is estimated for the whole period of contract duration specified in the tender<sup>8</sup>.

The following hotel and restaurant services are listed in Annex XIV:

- 55100000-1 to 55410000-7
- 55521000-8 Catering services for private households
- 55521100-9 Meals-on-wheels services
- 55521200-0 Meal delivery service
- 55520000-1 Catering services
- 55522000-5 Catering services for transport enterprises
- 55523000-2 Catering services for other enterprises or other institutions,
- 55524000-9 School catering services
- 55510000-8 Canteen services
- 55511000-5 Canteen and other restricted clientele cafeteria services
- 55512000-2 Canteen management services
- 55523100-3 School-meal services

For other food services not listed in Annex XIV, the general provisions of EU legislation apply e.g. not the award criteria specified in Article 76 but criteria on exclusion (Article 57), selection (Article 58) and award of contracts (Article 67) (see more information below).

As mentioned above, for food services listed in Annex XIV for amounts equal to or above a value net of value-added tax (VAT) of EUR 750 000, the European Union lays down only conditions for award criteria in Article 76.

Article 76 states that EU Member States have to put in place national rules for the award of contracts, ensuring that the buyer complies with the principle of transparency and equal treatment of bidders. Member States have the flexibility to define the procedural rules which will apply in the national law, as long as these rules allow buyers to take the specificities of the services which are procured into account.

<sup>7</sup> Award criteria assess the merit of the individual tender on the basis of how well it meets the tender specifications.

<sup>8</sup> Unless the contract does not indicate a total price, in which case the value is estimated on the basis of the sum of all monthly amounts if the duration is under 4 years or else on the monthly amount multiplied by 48 (Art. 5.14).

The EU law also indicates in Article 76 that Member States should make sure that buyers have i.e. the possibility to outline quality criteria, continuity, accessibility, affordability, availability and comprehensiveness of the services as well as innovation in national law. Member States may also provide that the choice of the bidder shall be made on the basis of the tender presenting the best price-quality ratio, taking into account quality and sustainability criteria for food services. All of the above-mentioned elements defining the quality of bidders and choosing for the best price-quality ratio are optional according to EU legislation.

Furthermore, EU Member States in Article 76 have the flexibility to define the procedural rules which will apply in the national law for food services for amounts equal to or above EUR 750 000, as long as these rules allow buyers to take the specificities of the services which are procured into account and the principles of transparency and equal treatment are observed.

In addition, as outlined in Recital 114, EU Member States should also pursue the objectives of simplification and of alleviating the administrative burden for buyers and bidders. In doing so, they may apply the general rules applicable to services contracts not subject to the specific regime outlined in Articles 74-77.

This in practice means that EU Member States may decide to include in national law for food services the exclusion and selection criteria stated in the EU Public Procurement rules.

Exclusion criteria define the type of companies which are to be automatically excluded from the tender. Article 57 of the EU Public Procurement rules provides an exhaustive list of exclusion criteria which are divided into mandatory and optional ones.

- **Mandatory exclusion criteria:** participation in a criminal organisation; corruption, fraud, terrorist offences or offences linked to terrorist activities, money laundering or terrorist financing, child labour and other forms of trafficking in human beings, breach of payment obligations of taxes or social security contributions<sup>9</sup>
- **Optional exclusion criteria:** EU, international and national environmental, social and labour law as well as sectorial collective agreements are not respected; bankruptcy or insolvency or winding-up proceedings; grave professional misconduct, which renders integrity questionable; agreements with other economic operators aimed at distorting competition; conflict of interest; significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract are known; unduly influence of decision-making process of the buyer.

<sup>9</sup> Where these have been established by a decision having final and binding effect. Breach of payment obligations of taxes or social security contributions, which have not (yet) been established may be used as an optional exclusion ground.

Selection criteria define the minimum capacities (the “type”) of bidders which will be invited to tender for the work. Article 58 of the EU Public Procurement rules describes main selection criteria for tenders which are divided in three main areas:

- 1. Suitability to pursue the professional activity:** This may include a requirement for bidders to be enrolled in one of the professional or trade registers kept in their Member State of establishment. In procurement procedures for services, in so far as bidders have to possess a particular authorisation or to be members of a particular organisation in order to be able to perform in their country of origin the service concerned, this may be required.
- 2. Economic and financial standing:** Buyers may require that bidders have a certain minimum yearly turnover, including a certain minimum turnover in the area covered by the contract<sup>10</sup>. In addition, bidders may have to provide information on their annual accounts showing the ratios, for instance, between assets and liabilities. They may also require an appropriate level of professional risk indemnity insurance.
- 3. Technical and professional ability:** With regard to technical and professional ability, buyers may impose requirements ensuring that bidders possess the necessary human and technical resources and experience to perform the contract to an appropriate quality standard. This may include:
  - Sufficient level of experience demonstrated by suitable references from contracts performed in the past. Another way to demonstrate the technical and professional ability is to provide the educational and professional qualifications of the bidder or contractor or those of the undertaking’s managerial staff, provided that they are not evaluated as an award criterion;
  - In procurement procedures for supplies requiring siting or installation work, services or works, the professional ability of bidders to provide the service or to execute the installation or the work may be evaluated with regard to their skills, efficiency, experience and reliability.

<sup>10</sup> For contracts which are subject to the full set of rules, the minimum turnovers may not, as a general rule, exceed two times the estimated contract value.

In addition, in view of simplification and removing administrative burdens, EU Member States may apply the general award criteria listed in Article 67. Article 67 states that public authorities shall base the award of public contracts on the most economically advantageous tender. The most economically advantageous tender shall be identified on the basis of: a) the price or b) the cost using a life-cycle costing approach outlined in Article 68 and may c) include the best price-quality ratio which shall be assessed on the basis of criteria including qualitative, environmental and/or social aspects. Such criteria may comprise of for instance quality, including technical merit; qualification and experience of staff assigned to perform the contract, where the quality of staff assigned can have a significant impact on the level of performance of the contract. The cost element may also take the form of a fixed price on the basis of which bidders will compete on quality criteria only. Member States may provide that buyers may not use price only as the sole award criterion.

Finally, the EU Public Procurement Rules also provide procedural guidance with regard to abnormally low tenders in Article 69. Should there be an abnormally low tender submitted, buyers shall require bidders to explain the price or costs proposed in the tender. The explanations that would be required may in particular relate to compliance with obligations referred to in Article 18.2 e.g. compliance with labour law and/or social agreements or sectorial collective agreements.

#### **Food services contracts below value net of value-added tax (VAT) EUR 750 000**

For contracts below the threshold of a value net of value-added tax (VAT) of EUR 750 000, Member States are at liberty to voluntarily apply procedural rules they see fit to food services. Hence, EU Member States may apply the exclusion (Article 57), selection (Article 58) and general award (Article 67) criteria to all food service contracts, irrespective of whether they are listed in Annex XIV or not, below the threshold of value net of value-added tax (VAT) EUR 750 000.

For more information on the procedural rules, including exclusion (Article 57), selection (Article 58) and general award (Article 67) criteria, please refer to the section above.

## 2. Exclusion, selection and award criteria

This section provides an overview of the exclusion, selection and award criteria which are included in the EU Public Procurement legislation. These criteria are applicable only to public authorities contracting food services, covered by the scope of the relevant legislation. Other client organisations not covered by these obligations, be it public or private, are encouraged to inspire themselves from these criteria as well. Where used, the client organisation should also list the type of documents required for verification.

### 2.1. Exclusion criteria

MANDATORY			
Public buyers shall exclude bidders from tenders when they have been subject of a conviction by final judgement for one of the following reasons <sup>11</sup> :	No	Yes	Remarks
Participation in a criminal organisation			
Corruption			
Fraud			
Terrorist offences or offences linked to terrorist activities			
Money laundering or terrorist financing			
Child labour and other forms of trafficking in human beings			
Breach of payment obligations of taxes or social security contributions			

<sup>11</sup> N.B.: Client organisations should refer to national laws implementing the EU Directive on Public Procurement as provisions on exclusion, selection and award criteria may be adapted to national contexts.

<b>OPTIONAL- If allowed by national legislation</b> <b>Contracting authorities may exclude or may be required by Member States to exclude bidders from participation in tenders in the following situations:</b>	<b>No</b>	<b>Yes</b>	<b>Remarks</b>
EU, international and national environmental, social and labour law as well as sectorial collective agreements are not respected			
Bidder is subject to bankruptcy or insolvency or winding-up proceedings			
Grave professional misconduct, which renders integrity of bidder questionable			
Bidder has entered into agreements with other economic operators aimed at distorting competition			
Conflict of interest			
Significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract are known			
Bidder has undertaken undue influence of decision-making process of the contracting authority			
Crimes committed against the Treasury or against the Social Security, relating to the payment of taxes and Social Security contributions.			

If any of these mandatory categories is scored as “yes”, this leads to immediate disqualification from the tender process.

The client organisation may refer companies to the European Single Procurement Document (ESPD) to simplify this process. The ESPD is a self-declaration of the businesses’ financial status, abilities and suitability for a public procurement procedure. It is available in all EU languages and used as a preliminary evidence of fulfilment of the conditions required in public procurement procedures across the EU. Since October 2018 the ESPD is only provided in electronic form.<sup>12</sup>

## 2. 2. Selection criteria (specifications required)

### 2. 1. Suitability to pursue the professional activity

Tenderers may be required to comply with the following requirements:	Non Compliant	Compliant	Remarks
Enrolment in one of the professional or trade registers kept in their Member State of establishment			
In procurement procedures for services, in so far as bidders have to possess a particular authorisation or to be members of a particular organisation in order to be able to perform in their country of origin the service concerned			
Good practices on structure and nature of industrial relations between the company and Unions (management-labour practices)			
Obligation to comply with the current provisions on labour, safety, and social integration of people with disabilities and prevention of labour risks, as well as respect of working conditions foreseen in the sectorial collective agreements that apply to them			

<sup>12</sup> See the European Single Procurement Document on the European Commission website <https://ec.europa.eu/tools/espdc/filter?lang=en>

## 2. 2. Economic and financial standing

Bidders may be required to comply with the following requirements:	Non Compliant	Compliant	Remarks
Have a certain minimum yearly turnover, including a certain minimum turnover in the area covered by the contract			
Bidders may have to provide information on their annual accounts showing the ratio, for instance, between assets and liabilities			
An appropriate level of professional risk indemnity insurance			

## 2. 3. Technical and professional ability

Bidders may be required to comply with the following requirements:	Non Compliant	Compliant	Remarks
Sufficient level of experience demonstrated by suitable references from contracts performed in the past, for example, a list of the works carried out over at the most the past five years, accompanied by certificates of satisfactory execution and outcome for the most important works			
Educational and professional qualifications of the bidder or contractor or those of the undertaking's managerial staff, provided that they are not evaluated as an award criterion			
In procurement procedures for supplies requiring siting or installation work, services or works, the professional ability of bidders to provide the service or to execute the installation or the work may be evaluated with regard to their skills, efficiency, experience and reliability			

A non-compliant score in any of the categories may lead to the exclusion of the buyer from the further selection/awarding process.

### 2. 3. Award criteria

The contract will be awarded to the organisation presenting the economically most advantageous tender, assessed on the following criteria (further elaborated in Annex I):

- a)** price or cost using a life-cycle costing approach;
- b)** best price-quality ratio which shall be assessed on the basis of criteria including qualitative, environmental and/or social aspects;
- c)** quality, including technical merit;
- d)** qualification and experience of staff assigned to perform the contract, where the quality of staff assigned can have a significant impact on the level of performance of the contract;
- e)** the cost element may also take the form of a fixed price on the basis of which bidders will compete on quality criteria only;
- f)** Member States may provide that buyers may not use price only as the sole award criterion.

### 3. Contract Notices

The Contract Notice is an important document which should lay out all the necessary information for a specific tender. Whilst not mandatory for client organisations not covered by the scope the relevant legislation, buyers should also take inspiration from the example below, set out in the EU Public Procurement Directive 2014/24/EU, Annex V Part C.

## INFORMATION TO BE INCLUDED IN CONTRACT NOTICES

- Name, identification number (where provided for in national legislation), address including NUTS code, telephone, fax number, email and internet address of the contracting authority and, where different, of the service from which additional information may be obtained;
- Email or internet address at which the procurement documents will be available for unrestricted and full direct access, free of charge;
- Where unrestricted and full direct access, free of charge, is not available for the reasons set out in the second and third subparagraphs of Article 53(1), an indication of how the procurement documents can be accessed;
- Type of contracting authority and main activity exercised;
- Where appropriate, indication that the contracting authority is a central purchasing body or that any other form of joint procurement is involved;
- CPV codes; where the contract is divided into lots, this information shall be provided for each lot;
- NUTS code for the main location of works in case of works contracts or NUTS code for the main place of delivery or performance in supply and service contracts; where the contract is divided into lots, this information shall be provided for each lot;
- Description of the procurement: nature and extent of works, nature and quantity or value of supplies, nature and extent of services. Where the contract is divided into lots, this information shall be provided for each lot. Where appropriate, description of any options;
- Estimated total order of magnitude of contract(s); where the contract is divided into lots, this information shall be provided for each lot;
- Admission or prohibition of variants;
- Time-frame for delivery or provision of supplies, works or services and, as far as possible, duration of the contract:
  - In the case of a framework agreement, indication of the planned duration of the framework agreement, stating, where appropriate, the reasons for any duration exceeding four years; as far as possible, indication of value or order of magnitude and frequency of contracts to be awarded, number and, where appropriate, proposed maximum number of economic operators to participate;
  - In the case of a dynamic purchasing system, indication of the planned duration of that system; as far as possible, indication of value or order of magnitude and frequency of contracts to be awarded.

- Conditions for participation, including:
- Where appropriate, indication whether the public contract is restricted to sheltered workshops, or whether its execution is restricted to the framework of protected job programmes;
- Where appropriate, indication whether the provision of the service is reserved by law, regulation or administrative provision to a particular profession; reference to the relevant law, regulation or administrative provision;
- A list and brief description of criteria regarding the personal situation of economic operators that may lead to their exclusion and of selection criteria; minimum level(s) of standards possibly required; indication of required information (self-declarations, documentation);
- Type of award procedure; where appropriate, reasons for use of an accelerated procedure (in open and restricted procedures and competitive procedures with negotiation);
- Where appropriate, indication whether:
  - A framework agreement is involved;
  - A dynamic purchasing system is involved;
  - An electronic auction is involved (in the event of open or restricted procedures or competitive procedures with negotiation).
- Where the contract is to be subdivided into lots, indication of the possibility of tendering for one, for several or for all of the lots; indication of any possible limitation of the number of lots that may be awarded to any one tenderer;
- Where the contract is not subdivided into lots, indication of the reasons therefor, unless this information is provided in the individual report;
- In the case of a restricted procedure, a competitive procedure with negotiation, a competitive dialogue or an innovation partnership, where recourse is made to the option of reducing the number of candidates to be invited to submit tenders, to negotiate or to engage in dialogue: minimum and, where appropriate, proposed maximum number of candidates and objective criteria to be used to choose the candidates in question;
- In the case of a competitive procedure with negotiation, a competitive dialogue or an innovation partnership, indication, where appropriate, of recourse to a staged procedure in order gradually to reduce the number of tenders to be negotiated or solutions to be discussed;
- Where appropriate, particular conditions to which performance of the contract is subject;

- Criteria to be used for award of the contract or contracts. Except where the most economically advantageous offer is identified on the basis of price alone, criteria representing the most economically advantageous tender as well as their weighting shall be indicated where they do not appear in the specifications or, in the event of a competitive dialogue, in the descriptive document;
- Time limit for receipt of tenders (open procedures) or requests to participate (restricted procedures, competitive procedures with negotiation, dynamic purchasing systems, competitive dialogues, innovation partnerships);
- Address to which tenders or requests to participate shall be transmitted;
- In the case of open procedures:
  - time frame during which the tenderer must maintain its tender;
  - date, time and place for the opening of tenders, (c) persons authorised to be present at such opening.
- Language or languages in which tenders or requests to participate must be drawn up;
- Where appropriate, indication whether:
  - electronic submission of tenders or requests to participate will be accepted;
  - electronic ordering will be used;
  - electronic invoicing will be accepted;
  - electronic payment will be used.
- Information whether the contract is related to a project and/or programme financed by Union funds;
- Name and address of the body responsible for review and, where appropriate, mediation procedures. Precise information concerning deadlines for review procedures, or if need be, the name, address, telephone number, fax number and email address of the service from which this information may be obtained;
- In the case of recurrent procurement, estimated timing for further notices to be published;
- Date of dispatch of the notice;
- Indication whether the contract is covered by the GPA;
- Any other relevant information.





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