

HM Government

Review into the Integrity and Assurance of Food Supply Networks

Note of Industry Roundtable

Location: MWB Victoria

Date: 17 July 2013

Attendees: See Annex 1

NB: All comments are unattributed except in the case of Chris Elliott (CE) and Mary Newman (MN)

1. Chris Elliott (CE) introduction

Chris Elliott opened the meeting by stressing that intention for the Review is to look forward to how the integrity of the food supply chain can be improved rather than dwell on the failings exposed by the horsemeat incident.

The system, as it is, is damaged not broken: statistics for basic food safety (impacts on human health) show UK food as some of the safest food in the world.

Global sourcing of foods has brought numerous benefits to consumers but also new challenges. The common aim should be not to get levels of consumer trust in the food supply chain back to pre-horsemeat levels but to take it to new levels.

We need to make the UK a harder place to commit food fraud. There are two stages to achieving this: the first is to make it more difficult to commit fraud; the second is to be better prepared to deal with fraud.

2. Discussion: what are the best systems for gathering and sharing intelligence on food fraud/adulteration? How is risk currently monitored and how is that information used?

It was agreed that the key to gathering intelligence is to understand the value drivers of fraud. Historically, fraud has only taken place where there's a value to be gained. Even the lowest value item has the potential for fraud where a substitute is available more cheaply.

CE suggested that risk categorisation is important when prioritising action against fraud. He described a risk matrix which distinguishes between fraud with a direct effect on health; fraud with indirect effect on health (eg through poorer than expected nutritional value);

fraud which presents material as food when it is not usually recognised as such; fraud which breaks specific religious or cultural taboos for the consumer; and fraud that would have no direct impact on the consumer other than the fact they would be buying something of less financial value than intended.

One decision for the review is who could or should do the work of assessing industry and consumer exposure to risk? Could, for example, a risk assessment body co-ordinate it?

It was pointed out that some adulterations are not so clear cut as to be ranked easily on a scale. Professional perceptions of melamine, for example, changed in a matter of days when it was found to pose a serious public health risk.

There was also discussion of how viewing some issues of authenticity as low priority should be presented or perceived. It was generally agreed that authenticity has not recently received sufficient attention as a risk. Food businesses have focused their energies on ensuring food safety. But recent media coverage illustrated the fact that horsemeat was probably higher up the consumer agenda than a traditional risk assessment would have considered it, because of the 'yuk' factor.

It was noted that although a particular food fraud might not be a mass food safety issue there could be allergen and intolerance issues of acute concern to individual consumers. CE agreed and said you can't separate food safety from food fraud when dealing with supply chain integrity.

CE asked how and when red flags are raised? He suggested that where there are big price differentials between similar commodities, or where a commodity suffers a known shortage in supply without its price increasing significantly, there is clearly cause for suspicion and investigation

One supplier pointed out that EFSA publishes a monitoring programme as does the FSA. Suppliers might take these as the basis for their own monitoring, but there is also nothing to stop criminals monitoring the same information. This might be valuable in driving criminality out of those products, but might also displace efforts rather than deterring them. How do we get inside the criminal's head? Intelligence is key but blanket testing is not the answer.

It was agreed that it would be useful if someone could collate all the intelligence and information available and give their interpretation of it. That interpretation would have value because otherwise numerous different, inconsistent interpretations are likely.

It was noted that knowledge is currently held around the system. The current model for sharing intelligence is mixed. It is within the industry's grasp to develop a suitable model for intelligence sharing and communication about risk. One option would be to pass information to an honest broker who then distributes that information (in a way similar to

the EU rapid alert system) so that the whole industry is made aware of the problem yet the source of the information remains confidential.

Comments included:

- There's a need to identify and use experts who know where the weak spots lie in the supply chain and to pool and share that information.
- In a global food supply chain hot spots occur at different points in different places. A focus on the UK is too narrow because there's the potential to miss some of those hot spots.
- While the industry is very good at risk management, it is not so good at risk communication.
- Currently, businesses only have an obligation to share information where there's a food safety risk. As an industry it would be useful to share intelligence on a supplier looking to undercut the market and information gleaned from audits and inspections.
- Strict competition rules could prevent businesses from sharing information and careful scrutiny of the laws would be required to determine whether this was possible.
- The current system didn't fail in the case of horsemeat because it's designed to pick up food safety issues rather than fraud.
- Horizon scanning enables us to predict fraud but not always with accuracy about where it's going to happen. We're in a place where maybe we need to do something completely different.

3. How do food businesses interact with the FSA, government departments and local authorities and how might that improve?

MN noted that the FSA is investing in developing its horizon scanning services to industry. Is that a waste of time?

In response the following comments were made:

- The FSA is improving but its reactions tend to be rather slow.
- The FSA's instincts are to be transparent which can make the industry nervous about sharing information.
- If you take an epidemiological incident, as information is being fed into the FSA they're generally happy to hold on to this data until they've established a genuine need to make it public. However, Public Health England (previously HPA) will often take it upon themselves to publish this information instead.
- There is a fear that it's the businesses willing to share information that are the ones who will suffer reputational damage while others who keep information to themselves benefit. You have to provide a level playing field. If you're feeding in information and know that someone else is benefiting but not feeding in information themselves you won't want to keep doing so.

- Businesses may be unwilling to share information in the name of transparency on, for example, which farms they're sourcing from as they spend a lot of time building and nurturing these relationships.
- Very little information comes to the industry from official sources and this needs to be addressed. In the horsemeat incident, this might have enabled businesses to get a handle on the incident earlier.
- Information from local authorities and their inspectors can take a long time to reach the FSA.
- The sharing of information between national bodies could also be better. In an ideal world the FSAI would have shared its information with the FSA a lot sooner.
- Most of the intelligence businesses do collect they get from each other.
- There also doesn't seem to be much sharing of information between public analysts.
- During the horsemeat incident businesses expected the FSA to cross reference supply chains and identify common sources of supply but this didn't happen. Businesses could have sent supply chain maps into a central repository and then received advice on potential weak spots.
- There is still confusion about the lines of responsibility between Defra, FSA and DH.
- The FSA is still the right, independent source for dealing with incidents such as horsemeat but its role and process has to be scrutinised.
- There also needs to be clarification of PHE's role in relation to food scares.
- There needs to be one agency communicating the risk to consumers. Currently there are two or sometimes more.

4. Is there sufficient testing of food products for authenticity and are testing methods robust enough?

CE said there needs to be two types of testing for authenticity – targeted and untargeted. Businesses should put resources into untargeted testing but how can that be organised at an industry-wide level? Any programme needs to be industry led. Northern Ireland has a system whereby the workload is spread out evenly between businesses with each company testing for a different undesirable and then pooling that data anonymously with the result being that a 'food fortress' was being built in NI. Could a system like that work in the UK?

Comments comprised:

- One concern is that in a system where individual retailers are testing for different things there is a risk of reputational damage if you're the retailer found to be testing for horsemeat even if it's not found in your product.
- There's an inherent problem with sharing data because the context and interpretation of that data is so important. Sharing insight is much better.
- If you look at RASFF data there's so much of it, it can be difficult to extract insight.

- CE said we have technology that allows us to test composites of 40/50 samples in one test which results in a huge cost saving. If you can do that for one company you can do a vast amount of testing on an industry-wide basis.
- Verification is the end point but prevention is the key. We're running the risk of focusing too much on testing and not on the back end of the supply chain.
- It is important to have robust and accredited testing facilities and methods of testing in place in order to achieve confidence in the reliability of results.
- Is there potential for the creation of centres of excellence for certain tests?

5. What is an acceptable level of adulteration?

It was agreed that it was important to consider what is an acceptable limit of adulteration or contamination? What is the difference between natural contamination and fraud?

- The 1% level used during horsemeat testing was convenient for industry and regulators to have a level where positive results could be disregarded.
- It is possible to get parts/trillion. In relation to fraud there aren't any legal limits. We need agreement on what constitutes deliberate substitution.
- 1% has started to look much greyer since labs are offering less than 1% testing. How far do you go to find more and when you find more what do you do?
- One retailer said that to its customers any contamination of horsemeat is unacceptable. He expressed surprise that there had been little public discussion about setting arbitrary limits.
- A supplier agreed that consumer expectation is zero. That implies the acceptable limit should be zero, but absolute zero is a tricky issue to communicate and manage.
- Different businesses were likely to have different ideas of what constitutes fraud and what constitutes acceptable de minimis contamination.
- There was less concern expressed about misleading nutritional claims. It was argued that fraud rarely creates nutritional issues.

6. Other areas of discussion

One supplier felt the issue of supply chains had not received sufficient attention. Important questions such as how do we have better visibility of our supply chain and who's supplying the suppliers needed addressing. It's not the number of suppliers that can present problems it's the number of tiers of suppliers. You can try to prevent fraud in one place and it pops out somewhere else. Is the consensus that supply chains need to be more transparent, shorter and easily explained and if so how do we go about making that transparency work?

There is a significant proportion of the food supply chain that is not under the control of well resourced and professional grocery distributors (e.g. small suppliers/caterers etc); this sector must also be engaged with in trying to stop fraudulent activities.

With regards to Commissioner Borg's 5-point plan for the EU it was thought that UK thinking/action on supply chain integrity was currently ahead of European thinking/action. CE was urged to try to influence the EU position as the worst case scenario for businesses would be for the UK to go one way and Europe to go another.

Actions:

- CE asked whether there was potential for another meeting of the group early next year once he has made his draft recommendations. There was general agreement that this would be useful.

Annex 1: Attendees

Jon Roe – Head of Trading Standards and Compliance –Wm Morrison Supermarkets

Peter Wright – Regulatory Affairs Manager- M&S

Tim Smith – Technical Director – Tesco

Chris Brown - Sustainable Business Director – Asda Stores Ltd

Ian Burgess - Food Technical Manager – The Co-operative

Alec Kyriakides - Head of Product Quality, Safety & Supplier Performance - Sainsbury's

James Williams (SVA) – representing Aldi

Lucinda Cobb, Head of Quality Assurance, Lidl

Cheryl White - Head of Quality- Waitrose

Ann Savage – Group Technical Director – Bakkavor

Helen Sisson – Group Technical Director – Greencore Group plc

Paul Dobson - Central Technical Director - Premier Foods plc

Dr Clare Hazel - Head of Science - Premier Foods plc

Mark Johnson - Head of Quality - Nestle UK & Ireland

Cathy Harris - Food Safety and Quality Manager, UK and Ireland - H J Heinz & Co

Ron Colwell, European Science & Regulatory Affairs Manager – H J Heinz & Co

Neil Khandke – Technical Director – 2 Sisters Food Group

Stephen Parry – Technical Advisor – Youngs Seafood

David Webster – Head of Communications – The Jordans & Ryvita Company – part of ABF

Gerry Thomas - Technical Director – Brakes

Ken Glauch – Head of Quality Assurance – Booker Group Plc

Joanne Denney-Finch OBE – Chief Executive – IGD

Dr James Northen – Director of Industry Programmes – IGD

Professor Chris Elliott – Independent Reviewer – Review into the Integrity and Assurance of Food Supply Networks

Mary Newman – Secretary - Review into the Integrity and Assurance of Food Supply Networks

David Foot – Assistant Secretary - Review into the Integrity and Assurance of Food Supply Networks

Nick Hughes - Review into the Integrity and Assurance of Food Supply Networks

11 September 2013