

HM Government

Review into the Integrity and Assurance of Food Supply Networks

Note of meeting with Marks & Spencer

Venue: Defra, Nobel House

Date: 16 September 2013

Attendees:

Paul Willgoss, Director of Food Technology, M&S

Peter Wight, Regulatory Affairs Manager, M&S

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

Mike Steel – Subject Matter Expert - Review into the Integrity and Assurance of Food Supply Networks

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

Rebecca Kenner – Review into the Integrity and Assurance of Food Supply Networks

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

NB – comments belong to M&S unless stated

1. Chris Elliott (CE) introduction

CE began by providing an update on the progress of the Review to date. He noted that there has been a lot of useful engagement with stakeholders, and some key themes are beginning to emerge. He expressed his desire that the final report contains practicable recommendations both for industry and regulators and that it does not end up 'stuck on a shelf'.

CE also recognised that M&S was unique amongst retailers in having been 'untouched' by the incident, and that he had also heard positive feedback about M&S governance systems – hence the meeting was looking for a further insight and perspective from M&S.

2. Structure of M&S's supply chain

The management of M&S's raw materials is based around food safety and quality. The consistency of the final product is of fundamental importance. Historically, a guiding principle of the business has been to know exactly what the raw materials are (and what processes they go through).

One of the reasons M&S was unaffected by the horsemeat incident was due to its raw material control. Moreover, they generally only use fresh meat - one of the main areas of risk in this incident was around frozen meat trimmings. (There is less opportunity to adulterate fresh meat because of the limited time it takes to pass through the supply chain).

If one of M&S's suppliers wants to take a new primary processor on board they (the processor) have to sponsor it, and M&S will then audit them themselves. Every one of M&S's abattoirs, processing plants and manufacturing sites has been audited over the past 12 months.

3. Information sharing and intelligence

A culture change is required by both industry and Government to improve sharing intelligence on emerging issues. The FSA does not habitually share information contained on its Food Fraud Database with industry, however, under current legislation businesses have to share information with the FSA where there is a food safety risk.

The FSA rightly has a commitment to being open and transparent – but this can create nervousness amongst food businesses. Nevertheless, M&S continues to directly engage with the FSA to provide an insight on emerging risks. M&S also welcomed the growing pragmatism and risk approach by the FSA in handling food incidents, but highlighted the importance of having experienced staff in such key roles (particularly following recent staff changes at the Agency).

Retailers have shown they are able to work together in the common interest. Potential safety or fraud issues can either be brought up for discussion in BRC meetings with their counterparts, or where urgent, they will organise a conference call between one another. Moreover, there is further collaboration with the manufacturing sector with engagement of the FDF.

The FSA faces a particular challenge as a regulator to 'collaborate' with industry. As a way forward, M&S therefore suggests sharing anonymised information on potential fraud/adulteration and food safety through the BRC. This will enable the Agency to have a greater insight on trends and emerging issues – but is not an alternative to legal notification by food businesses.

5. Effectiveness of regulators

As an organisation, the FSA is much more approachable and open than, for example, Defra or DH. It is very good at consumer engagement. However, communication between industry, FSA and central and local government is often not as good as it could be. One of the KPI's of the FSA emerging risks unit needs to be the output and quality of the information it shares with industry. There is lots of good information out there (particularly among environmental health and trading standards officers) - but there's a need to pull all of that information together and use it effectively.

It is vital to have trust between the regulator and the industry. M&S has an excellent relationship with FSAI, partly because it has been dealing with the same people for a long period of time. Mike Steel (MS) noted that it is useful if personnel are in place for long periods as you can build trust over time, however budgetary constraints mean that headcounts, particularly in local government, are falling while central government tends to

encourage people to move on after two years in a role to apply their experience to other areas. This prevents the development of relationships between industry and Government and an effective corporate memory.

The Curry report, which was published post-FMD, had a number of good recommendations, a number of which M&S implemented (such as Country of Origin labelling of protein in their products), but elsewhere these recommendations haven't always been taken up or acted upon by industry or Government. M&S shares concern that the Elliott review should not 'sit on the shelf' - there needs to be a supporting culture change by regulators and industry to drive forward the report's recommendations.

6. Management of risk – audits, testing, mass balance

Audits, testing, intelligence and mass balance all have a role to play in managing risk - but there is no single silver bullet.

M&S does not follow the BRC audit standard.

M&S has its own audit programme that all of its suppliers are regularly assessed against. Whilst there is a strict protocol for the M&S audit, there is ample scope for auditors to "follow their noses"

The quality of auditors is of paramount importance and M&S only uses professional auditors. Sites are given a score for how they perform on the day and another score for how much they have improved since the previous audit. Auditors are also circulated so they will only audit the same business twice. M&S says it is a tough audit. The vast majority of audits are announced, but occasionally they will do an unannounced audit – particularly where they suspect there may be an issue with compliance.

M&S was previously testing Aberdeen Angus to validate the breed, but remains concerned that there can be an over-emphasis placed on testing. Testing will not give you a secure supply chain. It will validate what you think is going on, but it is only one part of the picture. It was also suggested that testing needs to be focused upstream (rather than on finished products) because as soon as you start adding seasoning and other ingredients to meat products you potentially obscure the fingerprint. Brine in bacon, for example, can mask true country of origin, or other factors, of the meat.

7. Other comments

It was pointed out that changes to the rules on country of origin (COO) labelling are currently being negotiated at EU level. M&S supports the extension of COO labelling to products where meat is an ingredient, something the company itself has been doing for over a decade. Providing such information is primarily for consumers, but also encourages the right 'mind-set' for improved traceability and supply chain control.

There is also a need for the Review to consider the European context of food fraud – however, this could be a formidable challenge. The UK is in a position to take the lead and establish best practice with the rest of Europe. M&S currently chairs the Food Policy committee of its European trade association (EuroCommerce), and is encouraging sharing best practice amongst the European retailers.

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