

Department for Environment, Food and Rural Affairs

Food supply networks: integrity and assurance review

Note of meeting with Chilled Food Association

Location: Nobel House

Date: 28 November 2013

Attendees:

Sarah Appleby – Review into the Integrity and Assurance of Food Supply Networks

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

Kaarin Goodburn – Director & Secretary General – Chilled Food Association

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

NB – comments attributable to CFA unless stated

1. Chris Elliott (CE) Introduction

CE gave an update on progress on the Review to date. He said that he was looking to achieve a better understanding of the complexities of food supply chains, particularly issues that impact on authenticity. He said the aim of his Review was to make it more difficult for fraudsters to operate in the food sector and welcomed feedback on the recommendations that he would be making in his interim report.

2. Overview of the work of the CFA and importance of the chilled prepared food sector

The chilled prepared food sector has grown rapidly in recent years and is now worth over £10bn and growing at approx. 5% p.a. by value. It is dominated by retailer own brands although branded offerings are becoming more common but represent a small percentage of the market. The CFA was established in 1989 to promote best hygienic practice standards in the production of retailed chilled prepared food. Standards are HACCP-based and require members to adhere to rigorous microbiological management of their supply chain. CFA membership is only granted to businesses committing to CFA's various guidelines, having BRC or IFS certification, submitting the non-compliances and close-outs from the last BRC or IFS audit, providing the CV of the person in the business responsible for food safety together with a supporting reference from an existing member, and being approved by CFA's Board.

The chilled food supply chain is by and large an integrated system with hardly any ingredients purchased on spot markets. Retailers specify from which suppliers their

manufacturing partners can source ingredients and these suppliers are audited regularly both by the retailer and CFA members. CE noted that he had yet to encounter an audit that took account of the risk of fraud. CFA noted that IFS had recently issued an update to its Standard that required businesses to take account of food fraud in their control systems.

Almost all chilled food production is on a just-in-time basis – where the product is ordered, produced and distributed on the same day. This requires accurate demand forecasting in order to be effective. The majority of chilled prepared food sold in the UK is also produced in the UK with very few finished products imported.

CE suggested that a potential weakness in lean management systems, such as those adopted by chilled food suppliers, can be exposed when suppliers need to source ingredients at short notice and are forced to buy on the spot market in order to fulfil an order. In these instances control over quality is lost. However, it was suggested that this would jeopardise chilled prepared food manufacturers' relationships with their retail customers in an environment where sites were often dedicated to one customer and where there were no formal contracts, but only agreed terms and conditions.

It was suggested that the standards of assurance set by the chilled food sector were very high and other sectors should follow its lead by adopting its best practice.

3. Risk management

The CFA said it monitored RASFF alerts and produced a weekly round-up for its members. It was noted that RASFF is by no means the only source of information on food and feed risks and the CFA was just as likely to receive information from fellow European trade associations as it was from RASFF or from the UK Food Standards Agency. CFA also circulated weekly roundups for members on Notifiable Infectious Diseases (NOIDS) and incidents (and research and policy items) in relation to general microbiology, fresh produce, North America and China in addition to tracking other supply chain issues for the sector.

CE said that investment in horizon scanning was one way in which the food industry could better predict emerging risks. He suggested that by monitoring commodity price fluctuations food operators could get an early signal of where fraud may be perpetrated. He gave the example of shrimp for which supply was currently low due to an outbreak of disease in key producer countries but for which demand was at an all time high. He suggested the risk of fraud in shrimp therefore was currently high and businesses should be thinking about how they managed that risk.

It was noted that there was little or no appetite among retailers to accept price increases and as such the incentive for fraud when input costs are increasing could become that much greater as margins are squeezed. However, this had to be juxtaposed with the potential for businesses to lose what may be their only customer.

4. Laboratory standards

The opinion was expressed that there were longstanding issues around laboratory standards and accreditation, many of which were exposed during the horse meat incident. Some of these issues were said to include the validity of testing methods, control of cross-contamination and whether certification of laboratories was fit for purpose, reflecting not only method certification but also whether methods were appropriate for the particular food

material being tested. It was noted that one CFA member had suffered significant financial damage during the horse meat incident as a result of a false positive test on a chilled bolognaise sauce product.

5. Any other business

The opinion was expressed that there was a shortage of graduates qualifying as food scientists and that the content of many food science courses was not as rigorous as it should be. It was noted that manufacturers relied on food scientists who understood the different technologies needed to produce multi-component products and the CFA was doing a lot of work with universities and schools to try to attract high calibre people to the industry.

CE explained the schedule for the remainder of his Review and said he would welcome feedback from the CFA on the recommendations made in his interim report.

2 December 2013