

HM Government

Review into the Integrity and Assurance of Food Supply Networks

Note of meeting British Retail Consortium

Location: British Retail Consortium HQ

Date: 17th February 2014

Attendees:

Chris Elliott (CE), Reviewer

Sarah Appleby (SA), Secretariat

Rebecca Kenner (RK), Secretariat

Andrew Opie, Food Policy Director, BRC

Elizabeth Andoh-Kesson, Food Policy Adviser, BRC

Dawn Welham, Asda

Sarah Wood, Aldi

Ashleigh Moore, Greggs

Peter Wight, M&S

Stuart Challenor, Tesco

Jon Roe, Morrisons

Ian Burgess, Co-op

Trish Twohig, Iceland

David Brackston, BRC Global Standards

1. Introduction

CE gave an overview of the progress of the Review and publication of interim report. CE explained that the interim report was probably more detailed than some were expecting, but wanted to set out the issues in detail so that there was an opportunity to consider any issues that may have been missed, or mistakes that may have been made, ahead of the publication of the final report. This method has been effective; CE has received a lot of feedback of on the interim report, mostly positive, but also from some organisations that didn't engage in the first phase, particularly in terms of the integrity of supply chains e.g. brokers, traders and related to the use of animal by-products.

CE explained that he has met with these industries (e.g. brokers), that now understand the importance of introducing consistent standards not only to prevent fraudulent businesses operating, but also to make compliant businesses more competitive. However, generally feedback from food industry has been very positive, and thanks were given to BRC who were the first to respond. CE has also engaged in a number of discussions with the various Government departments and agencies that have been involved, with a view to developing the recommendations made in the interim report.

CE plans to end this final phase of consultation and engagement by the end of March. The publication of the final report will be affected by purdah (the period pre-elections where Government announcements are limited), so the final report is likely to be published after the European and local elections. CE is not planning to undertake implementation of the final report, so has asked the House of Commons Environment, Food and Rural Affairs Select Committee to take on oversight of the implementation of the final report. Whilst it is for the Committee to decide their work programme, they have indicated that they would be keen to take on this role.

2. What areas do the industry we need to work on and publish externally e.g. concordat?

CE explained that he didn't envisage the industry concordat as a pledge "to promise not to be fraudulent", instead is seeking for it to be a more positive affirmation of what the industry is doing to source more locally and improve authenticity. In his view, consumers are disconnected about how food is produced and where it comes from. This was evident during the horsemeat incident, when consumers were surprised by the length of some supply chains and had the realisation that they don't know where their food comes from. CE feels that a concordat is needed to set out that the industry understands what it needs to do to support "UK plc."; so increasing local sourcing, seeking a less complex supply network and looking to be more open and transparent in their operations.

Points raised in the discussion included:

- The issue of "re-connecting consumers with farmers" was raised in the Curry Report in 2002; this report pointed out consumers have lost track of where their food comes from. Many retailers have sought to take up aspects of that, but the Curry report lacked a focal point to drive it forward; many are looking to Professor Elliott to drive forward implementation of the report, so there needs to be a discussion about how we overcome this;
- Industry are keen to 'do the right thing', but it's not tangible at the moment. Most would be hesitant about making any commitments until the content of the concordat are more tangible, so it is clearer how it will address the areas of weakness that have allowed food fraud to happen.

CE envisages that the concordat could follow the format of the nutrition pledge – but does industry think that is an appropriate model to follow?

- The nutrition pledge provided direction, but the key thing is to make sure that any concordat has general provisions, but is flexible enough to allow each individual company to connect and communicate with their own consumers in their own way. For example, a concordat could state that a business signs up to the principles of

transparency and offering information to those who want it, but allows each company to do it in the way they want to.

- Some weren't keen on Responsibility Deal model, which focuses too much on the big retailers. On issues like traceability and authenticity, you need stronger buy-in than that, as reporting of it can be relatively onerous. The Responsibility Deal may not be the right model, as industry wants to go further than that.

CE explained that any concordat must be about the whole industry, not just the big retailers, and must be about the whole supply chain, from farm to fork. The whole industry must understand where they source their goods and think about the integrity of their supply chain; trying to source locally and when not local, using the most direct route possible. Over the course of this second phase of engagement, it has been pointed out to CE that 'food integrity' covers more than just authenticity, so any concordat would also need to consider additional aspects like ethical working practices etc.

Points covered in the discussion:

- Although there was an understanding of the benefits to consumers of such a concordat, there is the historic issue associated with voluntary initiatives, which is that only compliant businesses will sign up;
- Any concordat must be SMART (Specific, Measurable, Achievable, Realistic Time-related) and cover issues or criteria that aren't already in legislation; it won't provide any benefit if it is duplicating measures that are already covered in legislation;
- It would need to be quite clear how the concordat would demonstrate the value for customers; it is not clear how signing up to pledges will make businesses more likely to be compliant than the actions they are already taking;
- The concordat needs to demonstrate a tangible step-change for the business – how could a concordat demonstrate a commitment to traceability more than a QR code which shows customers where each individual item has come from (which some retailers are working towards)?
- It may be quite hard to 'sell' the concordat whilst it remains such a loose concept, particularly since it would need to differ from business to business;
- Could an alternative be to set out a re-establishment of what has been achieved to improve traceability in the last 12 months; that may be more powerful in terms of improving and earning the trust of consumers;
- If the purpose of the concordat is to make a commitment that retailers will try to shorten and simplify their supply chains, most retailers have already begun that journey. Retailers have recognised that not only is it more robust, but there are also cost advantages in doing so, so it's not necessary for industry to sign up to a commitment to do something they are already doing.

CE reiterated that the concordat should be about food security; industry should seek to source locally wherever possible and where not possible, to source in a traceable and ethical way. CE agreed that it is difficult to consider how these principles could be set out in a measurable way, although it is not an initiative that would be 'policed'. Instead, it will

provide a commitment that businesses and consumers can refer back to next time there is an issue around traceability and authenticity within their supply chains.

There was some discussion of who would 'own' the industry concordat; would it be Defra? Some were concerned that Government does not necessarily have the level of consumer trust in order to own such a document – in polls of consumer trust, Government tends to score lower than the retailers. CE explained that he thinks it would be more appropriate for FSA to 'own' the concordat; the FSA has a higher level of consumer trust than most Government agencies and whilst they don't do it so much now, the FSA has previously been able to connect with consumers very effectively, particularly in relation to nutrition issues.

It was pointed out that the FSA used to have a 'food' section of their website, which offered general advice and guidance on various issues e.g. food labelling, where there was an example label and each part of the label's contents was explained. This was felt to have worked well, so it could be an option to have something similar for this concordat. CE agreed; he had envisaged a part of the FSA website, called 'Consumers First', which set out the work they were doing to assist and benefit consumers.

The issue of more clarity between FSA/Defra/DH was also raised; it was felt that at the moment it is quite a muddled response and it seems that they are 'treading on each other toes'. For example, some businesses have recently been sent notifications about an isotope survey, which have been sent out by FSA, but it is Defra's policy responsibility;

It was agreed that the format and content of the concordat should be re-visited by CE and attendees in order to develop a clearer concept and vision for what it is seeking to achieve. Most felt that they would need it to be more tangible before they felt confident presenting it to their Boards.

3. What work can industry do, internally, to identify fraud?

Representatives from the BRC explained the work they have done on the broker standard, along with beginning to rewrite the food standard. BRC are looking to bolster the requirements of the standard, to allow sites to protect themselves from fraud, including sourcing, testing regimes and other measures. BRC feel that they have a clear mandate to be including these measures within their work on the new food standard.

BRC are also looking to introduce a second element to the standard that is much more focused on identifying fraud within businesses; they recognise that the mind-set required to detect fraud is completely different, so a second element, alongside the food standard is required. This would have a more forensic approach, seeking to investigate in much more detail for those businesses that want an additional level of assurance.

CE felt this work sounded very positive. However, in terms of traders and brokers, a number have contacted CE since the publication of the interim report, expressing the view that a trader standard would not prevent businesses from acting illegally in their sector and could create additional burdens for businesses that are already compliant.

BRC suggested that whilst standards won't prevent rogue traders, they do create an opportunity for businesses to demonstrate professionalism in the way they operate. Standards set out strict parameters which allow better, more professional traders to set themselves apart from others, so enabling the better ones to show they have the right controls to protect themselves.

CE agreed, and pointed out that the interim report recommended that standards should be introduced for traders and brokers, which has been done, which is excellent. The next step is for the market to force implementation of this requirement – do they think this pressure will develop?

Although agents and brokers fit in at various points down the supply chain, most retailers explained that they are trying to remove them from own brand products. However, that still leaves the next tier of suppliers e.g. raw materials etc. so increasing the level of traceability and responsibility in the trader and broker sector; is still a big opportunity.

It was asked whether CE had considered making recommendations to amend legislation so that traders and brokers were included within the definition of “food business”, so therefore have to register with Local Authorities. CE explained that although he has made it clear within the report that traders and brokers ought to register themselves as food businesses, he does not feel that amending legislation to force them to do so is the answer.

Other points raised in the discussion included:

- Concerns were raised that although Environmental Health Officers will give businesses a risk rating on food safety, this does not cover authenticity. Where food standards work is done by Trading Standards Officers, there may be issues in relation to access to the list of registered food business operators.
- CE agreed that generally, EHOs are not fraud aware, as it is not something they are required to look for. CE has had discussions with the Chartered Institute of Environmental Health about the qualifications that are currently available for environmental health. At the moment 14 universities offer a degree in Environmental Health and it has been agreed to introduce a module on food fraud into the syllabus, to familiarise students with the issues surrounding food crime from the outset. It was suggested that food businesses could help to shape the module on food fraud e.g. setting up inspections of the supply chains etc.
- The main concern in relation to EHOs, TSOs and enforcement was the lack of resources available to them; often, they just don't have time to undertake what they would need to do in order to undertake a fraud audit. An alternative would be to give enforcement bodies the training and expertise so they are confident to look “beyond the audit form” and are more familiar with the legal requirements in relation to authenticity. However, even if this were possible, there would still be the issue of lack of resources within Local Authorities.

CE also explained that he had had discussions with Scott Steedman from the British Standards Institute in relation to creating a European standard in relation to food crime. However, the Review team are keen not to duplicate work that is already being undertaken by the review of the Publicly Available Specification (PAS) 96 on food defence, which will be seeking to include elements related to counterfeit products. PAS 96 takes the “TACCP” approach that is advocated in the interim report, and will encourage businesses to take a systematic approach in identifying threats to their supply chain being infiltrated. The Review team will continue to monitor the progress of the review of PAS 96, with a view to only begin separate activity on a “food crime” standard if PAS 96 lessens its focus on counterfeit materials.

CE also explained about the FDF's guidance on food authenticity, which was published on the same day as the interim report. At the moment this guidance is fairly basic, but it covers the key points and FDF will be expanding it over the coming months. CE agreed that if industry could support the "food fraud" module that is suggested to be included in Environmental Health degree courses, that would be very helpful; if BRC and CIEH could work together on developing these sort of modules, that would show a joined up approach.

ACTION: BRC and members agreed to keep CE informed of development of a food fraud module for inclusion in the syllabus of Environmental Health degree courses.

ACTION: Retailers to consider how they can work with other parts of the food sector to increase practical knowledge of EHOs of enforcing authenticity as part of their training and CPD

4. How would a "safe haven"/intelligence hub work in practice?

CE explained that there are 600,000 food business operators in the UK, and the BRC and FDF covers a very small number of those. What can a small business do that isn't a member of these groups? CE gave the Dublin fish fraud survey example; most people, including those intent on committing food fraud, know that retailers have good measures in place to protect their supply chains, so the location of fraud is moving to smaller businesses and the catering sector.

CE envisages that there will be central repository for information; this will come from testing results, but also 'hearsay' e.g. anecdotal information that people hear but can't substantiate, e.g. goats milk example. This will result in two tiers of information: proper evidence and anecdotal 'background noise'. That information will then be analysed to create intelligence, applying the appropriate filters to ensure it is accessible to whoever needs it. CE feels that having too much information can be more difficult than not having enough, so it's vital to have an effective way of filtering the information so it is effective. Retailers will then have to pay for that intelligence, which can be based on groups of commodities and level of information.

Points covered in the discussion included:

- Where does this information come from? If larger retailers provide more information from testing, does that put their competitors that undertake less testing, at an advantage?
- It will be very difficult to generate a comprehensive picture of the risks and threats to the industry until all businesses share information properly; considering competitive advantage will result in a false economy, as by having better, risk-based intelligence, there is then an argument for spending less on testing, so will save businesses money;
- Larger companies will be, to an extent, supporting smaller companies, as you cannot expect SMEs to do the same level of testing. However, there has to be a pragmatic way of dealing with it; through sharing testing programmes, you could develop a 'surveillance club' which would allow individual businesses to benefit from the whole;
- The BRC have already done something similar to this within its Food surveillance working group, which undertakes pooled testing surveys an example of a project is

a survey looking at mineral oils in packaging. However, concerns were raised as to whether the benefits for larger retailers would be proportionate to the resources they put in (particularly in the context of smaller businesses deriving more benefit for proportionally less resource input). However, some felt that any issue of food safety and authenticity is not competitive, it affects the whole industry;

- There is a danger that if you are sharing testing regimes that criminals will then be able to get hold of them, so will be able to circumvent them; if that is a concern, the alternative would be to not share exact testing programmes, instead a general approach to the surveillance you will be undertaking.

CE felt that the most important issue in relation to intelligence sharing is to approach it with a “fortress mentality”, so considering that the more difficult you make it for crime to be perpetrated in the UK, the more likely that criminals will focus their attentions somewhere else.

The role of the regulator was also mentioned; the FSA share information with their opposite numbers outside of the UK, but there is a cultural barrier of a two-way sharing of information with industry. Some felt that the FSA required stronger leadership in this area.

CE explained his vision for the FSA Intelligence hub. There is already a network of 28 food safety authorities in EU member states that are now beginning to share information, which is co-ordinated by DG Sanco. FSA have also agreed to share their quarterly “Food Protect” newsletter with industry. However, CE accepts that in order for this newsletter to be useful for industry, it would need to be more frequent and with up-to-date information.

CE feels that this intelligence gathering system will only work once you have two information hubs that are both sharing effective, useful intelligence. The FSA will need to prioritise and communicate with industry what they think the big topics are. The key issue is to deal with those threats that are most serious (like allergens), so that both the FSA and industry are able to say they have prioritised those areas that are most damaging to the consumer.

Other points raised in the discussion:

- BRC explained that they felt that they have the structure to deliver this for retailers, and already anonymise testing data and share intelligence amongst members, the challenge is obtaining more generic information? That is where there are tensions between other agencies, but if you were to put all of that through FSA intelligence hub, then get BRC, FDF, AIC, NFU working together, would that fit the model?
- CE explained that a single hub, which the FSA feeds into, would not be able to offer those contributing confidentiality; FSA cannot guarantee anonymity (due to FOI requests), so a single information hub will not work; there needs to be two information hubs, that can share information between the two of them.
- CE agreed that BRC are more trusted with sensitive information within the sector, but there is a question of whether other trade associations have the same level of trust from their members? Attendees agreed – if groups don’t meet to talk about common issues, it is difficult to develop that level of trust, as much is based on personal relationships have developed.

- CE explained that Leatherhead is keen to develop the Horizon Scan tool, and CE is keen that it is developed it to become the industry hub.
- BRC asked if it would be possible, to get to the point where the safe haven depends on which sector you are in e.g. if BRC are happy to act as conduit etc. but if there are other sectors, may have to go to Leatherhead to offer that service? There is also the issue of how you deal with information gathering for SMEs and micro-businesses.
- It was also asked if there were alternatives way of generating information, for example, could information come from the labs, rather than the retailers? This may be difficult, as labs do not own the results (although could it work in the way BRC audit results do), but this would be a simpler way of extending the information gathering service to the catering sector.

CE explained that he wants a single information hub for all industry; in his view, lots of separate trade associations is not helpful. The industry needs a tool where everyone can share information in a consistent way, at a national level. In CE's view, there aren't that many organisations that would be capable of delivering what industry needs – Campden, Leatherhead – so it would be more effective, as industry, to set criteria of what you want and ask those businesses whether they can provide it for you. It is for industry to decide the tool they want to use and what is most effective for them, as you have a far better knowledge of what information you need and how you can do it in such a way that does not damage those involved.

Attendees agreed it is the industry's responsibility to take the lead on this. The key was developing the vision of what an effective model will look like. This is something to discuss between BRC and FDF on how we develop a specification.

There is also the question about SMEs – it is not so much of a concern about what they might add in terms of intelligence, but how do you disseminate information back to them?

CE agreed. It is difficult to come up with any large scale solutions, but CE is trying to approach this at a local level. The Review team are currently organising a workshop in Birmingham that will seek to create a locally-led Food Crime Prevention Strategy. This workshop will bring together a wide range of food businesses including SMEs, councillors, religious leaders etc. and are hoping that this is a way of working out how we engage with SMEs. Once this workshop has been completed and a local strategy has been developed, we are hoping this process can be rolled out, independently, to other cities.

BRC pointed out that the Police also have a lot to add in this area, as they have a different way of looking at auditing and investigation, so bring a different perspective and skillset into these issues.

5. Next steps

CE requested that the BRC feed any further views back to the Review team by the end of March. CE agreed to have consider the concordat further and come back to BRC. BRC also agreed to keep the Review team updated of standards development.

4 March 2014