



Environment, Food and Rural Affairs Committee

Oral evidence: [The Elliott Review](#), HC 953 Wednesday 8 January 2014

Ordered by the House of Commons to be published on 8 January 2014

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Members present: Miss Anne McIntosh (Chair); Jim Fitzpatrick; Mrs Mary Glendon; Mrs Emma Lewell-Buck; Iain McKenzie; Sheryll Murray; Neil Parish; Ms Margaret Ritchie; Mr Mark Spencer

Questions 1-61

Witnesses: **Professor Chris Elliott**, Head of the Food Supply Integrity Review, **Professor Pat Troop**, Expert to the Review, and **Gary Copson**, Expert to the Review, gave evidence.

Chair: Good afternoon and welcome. Can I take this opportunity, Professor Elliott, to thank you, Professor Troop and Mr Copson for being with us as part of our evidence session on your report? For the record, Professor Elliott, could I ask you to introduce yourself and your colleagues—just your positions?

Professor Elliott: Chris Elliott, Professor of Food Safety, Director of the Institute for Global Food Security at Queen's University, Belfast.

Professor Troop: I am Pat Troop, currently Vice Chair of Cambridge University Hospitals Foundation Trust, and formerly the Chief Executive of the Health Protection Agency.

Gary Copson: Gary Copson. I was a Metropolitan Police Officer for 42 years, the last eight as a Chief Officer, and most as a Detective Officer. I was engaged to advise Chris on organised crime and criminal intelligence.

Q1 Chair: First I congratulate you on your interim report. We have a number of questions we would like to put to you. Professor Elliott and the team, were you familiar with the work that we have undertaken in this field, starting with our report in March 2012 looking at the discontinuation of desinewed meat?

Professor Elliott: Yes, absolutely. I have read a lot of the material from this Committee. Also, there have been a lot of other reports produced in relation to the horsemeat scandal.

Q2 Chair: Indeed, including Professor Troop's. In that report, we made a recommendation, on the basis of the evidence that we had heard, that there was a potential—a possibility—of contamination from the loss of one cheap infill, desinewed meat, being substituted by a form of adulteration. Were you aware of that?

Professor Elliott: Yes.

Q3 Chair: Do you think there is a direct correlation between the moratorium on desinewed meat and subsequent events?

Professor Elliott: Where you will get a price differential between food qualities and one can be substituted for another, there is the possibility that that will happen. Unless there are good measures in place to stop it happening, there is every likelihood that it will.

Chair: Are you surprised by the level of potential criminality from the process that you have seen?

Professor Elliott: Whenever, as a team, we looked at what happened in relation to the horsemeat scandal, it was very clear that it was organised, it was international, and that there were criminals involved in the activities. Many people who had been working on the case had described it as serious criminal input.

Q4 Chair: Mr Copson, why do you think there have been no prosecutions and formal charges being brought to date in this country successfully?

Gary Copson: I have spoken to the senior investigator of the relevant operation in the City of London Police, and it is clear that it is a highly complex international investigation. They are bounded by the UK elements of that case and are looking for opportunities to investigate and to bring prosecutions in the UK; they are not an international investigator. They started at a disadvantage, because it was a number of months with these cases being investigated by trading standards officers, co-ordinated by the Food Standards Agency, before the case came to the City of London Police. It took quite some time for them to go back over the ground and establish the evidence, and to seize other evidence that had initially been disregarded. It was never going to be anything other than a long-term, complex, major investigation. In addition to which, they do not have limitless resources; they had to carve out a specialist team from their existing resources. I am assured by them that they are doing the best they can with the hand they have. I am looking forward to seeing them again in the next month or so to discover what further progress they might have made.

Q5 Chair: The evidence we heard from Catherine Brown, Chief Executive of the FSA was that the crimes and the whole scenario had been going on probably from March, April, or earlier in 2012. From what you are saying, the criminals had long since gone by the time any investigation in this country took place.

Gary Copson: Quite probably, but the paper trails are still going to be in place. All manner of evidence will still be available, but when you are investigating back after the event, it is never as easy.

Q6 Chair: Professor Elliott, we were told that supermarkets literally took on trust their supply chain. In one case, the supply chain had been in effect for months or years and no one from the supermarket went across—in this instance to Ireland—to check the integrity of the supply chain. Are you surprised by that?

Professor Elliott: The systems that are in place in the UK and elsewhere are very much about auditing your direct supplier. Those audits are about compliance—making sure the hygiene standards are to the correct, appropriate standards, and what is being delivered is safe. One of the great feelings, I think, not just in the UK but much further afield, is that

nobody has really looked at the potential for fraud in supply chains. It is obvious that if you are not looking for something, it is very likely that it will happen.

Q7 Chair: From what you have heard and seen, where do you think the criminal act is most likely to take place? Where is the vulnerability in the supply chain?

Professor Elliott: The more complex the supply chain, the more points of vulnerability you will have. The presence of traders has been highlighted by many people to me as a vulnerability in supply chains—people who buy and sell things but are never in physical possession. Where things are stored for prolonged periods of time, there are ample opportunities there for swapping and substituting materials.

Q8 Chair: I notice that in your recommendation 33 you seem to think that frozen blocks of meat are particularly vulnerable. Presumably that would go for frozen foods, and possibly for processed foods as well.

Professor Elliott: Wherever it becomes difficult to distinguish between the output of a farm—fresh meat, eggs, milk—and the more the processing, so that the material comes into large blocks, which are very difficult to distinguish from one another, there are more opportunities for substitution.

Q9 Chair: Do you share my surprise, Mr Copson, that it was City of London Police that were asked to look at this?

Gary Copson: City of London Police stepped forward and took responsibility with the investigation. It was, as I understand it, rooted in a number of different places around the country. It ended up with the City of London Police because they have the intelligence lead. They have the National Fraud Intelligence Bureau and this was being treated as a misrepresentation fraud—it is a misrepresentation fraud. It was not strictly in the jurisdiction of any particular police force. It was a decision by the Commissioner of the City, when it came to them to take an intelligence view, that they should step up and investigate.

Q10 Chair: Have you put a figure on the estimate of the profit that might be made in such a transaction?

Professor Elliott: When we looked at the price differential from trading beef and trading horse, it was massive—hundreds and hundreds of euros per tonne. When you are dealing with an industry that deals with millions of tonnes of material each year, the potential for gaining financially out of fraud is substantial.

Q11 Chair: If you'll pardon the pun, if this particular horse has bolted, is there anything to suggest that this type of crime is on the increase?

Professor Elliott: Talking specifically about substitution in the red meat supply chain, because of what happened in January 2013 the industry and Government have been taking a huge number of steps to put in place much more robust tracing and much more stringent testing programmes. My joke is everything that now looks like a beef burger is DNA tested.

Q12 Neil Parish: When the supermarkets were buying these particular burgers—these cheap burgers that had horsemeat in them—they were basically buying them below the cost of production. If they had beef in them, it is highly unlikely that they could have been produced for that price and sold to the supermarket or the retailer. Isn't there an onus very much on those big retailers to actually analyse what they are paying for a processed product?

If there is, as you quite rightly say, this huge differential in the price of the meat, then surely that is where it should show up quite quickly. We can test as much as we like but in some respects it may still get through. However, if you are actually purchasing something for below the cost of production, surely that is when the alarm bells should be rung.

Professor Elliott: If you take red meat as the example, the price increased over 30% over a five-year period for prime meat, yet the low quality meat did not change in price at all. That should have flagged up something to the industry. One of my recommendations is that they really have to start to track commodity prices. I have looked at the graphs for low quality red meat since the horsemeat scandal and I can see that it has increased in price by about 50%. That tells us something.

Q13 Iain McKenzie: Does the panel feel, like myself, that this could have all been avoided if these large companies who are purchasing had put in pretty basic quality assurance techniques like, for instance, sampling? You would not just buy on the word of it; if you were purchasing such large amounts, or even smaller amounts, you would sample to make sure you were getting what you were requiring from these suppliers. The terms and conditions of contracts must have stipulated something, you would think—some sort of integration of the supply chain in respect of sampling for these products.

Professor Elliott: What has surprised a lot of people is that complex supply chains were based on trust. There were lots of exchanges of pieces of paper with, yes, very nice specifications for contracts, but very little rigour and very little verification that people were meeting those specifications.

Q14 Iain McKenzie: So what you are painting is a picture where a contract went out on trust, there had been no monitoring of that contract whatsoever for the duration of that contract or even beyond, and you had large organisations who are household names putting their name on the line, quite literally.

Professor Elliott: It was very much about checking supply chains in relation to the safety of the products, not the quality. That was the real missing link.

Iain McKenzie: That does paint the picture of obvious, large loopholes to make quite a bit of money from.

Chair: I think we will come on to that in a minute.

Q15 Mrs Glendon: Who do you think should be collecting the data on food fraud and food crime, and then to whom should it be reported once collected?

Professor Elliott: What became very apparent is that nobody has really been tracking this. It is not something that happens at local level; it is not something that happens at national level; it happens at international level. In my discussions with the European Commission, they are now very keen to see that each of the member states starts to collect national data, but all of that national data will be fed into a single database, and all the member states will have access to that. That is a major step forward. However, there is also an onus on industry to collect their own data as well. Pat, could I refer you to some of your suggestions to the Food Standards Agency?

Professor Troop: Yes. One of my recommendations was that they needed to develop their intelligence service, where they would collect information on all aspects of food, including obviously authenticity and food fraud, and that they should collect it from multiple sources. There is not one source of information. There is industry, but there are issues

about how they would get that information from industry, which Professor Elliott has put in his report; but there are other agencies within the UK and food standards agencies in Europe and wider, looking at horizon-scanning and looking to see where there is the potential for fraud—there are multiple ways in which they could pull together information and analyse it, and then use that direct sampling to feed back to industry and to feed in to other agencies.

It needs that kind of hub where things come in and somebody does intelligent things with it. It is no good just collecting it. It has got to then be analysed. That was one of my recommendations, and they had started to do that. I have seen them since I wrote my report and they have been developing their process for how they might develop such a hub.

Q16 Mrs Glindon: If this goes through and it does follow through in that way, at what point or at what stage should the information be opened up to the public?

Professor Troop: I personally believe that things should be in the public domain. There are certain types of information—commercial in confidence—that cannot always go directly into the public domain, but the public have a right to know about what is happening within the food system through broad, regular reports, whether they are quarterly or annual reports. Obviously you cannot put out things that might compromise something that might go into a prosecution or something like that. However, the more the consumer is informed about general trends and what is happening within the industry, the more they are likely to be feeding that back to when they go and purchase food.

Q17 Mr Spencer: Clearly, City of London Police have no jurisdiction in Spain, so how would you know that Spanish organic tomatoes are organic, and whose job is it to ensure that that is the case?

Professor Troop: There is a Spanish food standards agency. There are food standards agencies around Europe and wider, and the UK one does have links with them. There is a network that is much wider than Europe; they are in contact and they do inform each other. It is driving this across Europe. I have spoken to agencies in a number of countries now, and they are also setting up food fraud units themselves. They have begun to recognise this. The European Commission is pushing all of the countries to do something similar, so that hopefully that network, feeding into Europe but also out and just directly across, will help to build up that intelligence base.

Q18 Mr Spencer: It is a global market. Would it make life easier, or traceability better, if those ingredients were not coming from all over the world and they were closer to home?

Professor Elliott: The example you give of organic food is a really good one, because there is far more organic food sold in the world than is produced. There is a huge amount of fraud goes on in it. How do you try to stop you becoming a victim of that particular type of fraud? One thing is knowing where the primary material comes from. It is about a company developing a relationship with that supplier, and not relying on traders and middlemen, because that is where the fraud is likely to happen. It is about de-complicating food supply systems, making them less complicated and less complex.

In relation to tomatoes, there is a particular period of the year where those should be home-produced, but there will be a particular period of the year when they will not be UK-produced and will have to be sourced from somewhere. The direct sourcing of that

material, and the relationship between the retailer and the farmers themselves, becomes very important.

Q19 Mr Spencer: That depends on the food type, does it? Is it easier to trace some food types than others? Does it make a difference?

Professor Elliott: The further you are away geographically, the more difficult it gets to trace. For instance, if you are buying chillies from India, you will have a very complex supply system there. However, if you are buying strawberries from Holland that should be relatively straightforward, and you do not need so many intermediaries in the process.

Q20 Mr Spencer: So it is geography rather than the product.

Professor Elliott: Yes. One of the major retailers that I talked to, who purchases lots of materials from South East Asia, have decided that they will actually go direct and buy the materials themselves now, because they see that the cost involved in that is less than their exposure to fraud in the supply chain.

Q21 Mr Spencer: Of course supermarkets, and retailers in general, have been on this drive to keep prices as low as possible. How much impact does that drive for economy and price have on the integrity of the food chain?

Professor Elliott: All the producers of food have told me that the pressure is enormous. Every time they deliver a price, the next time there is a contract on the market they find the price has been reduced. They tell me there is a huge temptation there to cut corners. This is exactly what we saw in the horsemeat scandal. It was a company, or a few companies, thinking they were cutting a few corners. What they did was to expose themselves to criminals to come in and penetrate their supply system.

Q22 Ms Ritchie: Professor Elliott, can you set out for us why you think McDonald's beef patties, Morrisons beef, and Young's seafood are good examples of supply chain integrity? We understand that you indicated in your report that they were good examples of such good supply chains.

Professor Elliott: I will take those one by one. McDonald's invited our team to go and look at their supply chain. I went to the farms, I visited the abattoirs, I looked to see the production facilities for the patties themselves—the burgers—and then the burgers actually going to a McDonald's restaurant. I had the great pleasure of cooking one myself. It was a very, very simple supply chain. There were not multiple steps. The other thing that I was very impressed about was the length of the contracts that McDonald's had with their suppliers. Quite often I hear about six-week contracts or 12-week contracts. The contracts that McDonald's had were for years. I asked them how often they changed suppliers, and they told me they had changed one red-meat supplier in the previous three years. That is about partnerships, trust, and short supply chains.

The next example that you talked about, Margaret, was Morrisons. Morrisons operate a totally integrated system. They do not own the farms, but they have very strong relationships and contracts with farms. Those farmers know that Morrisons will buy a minimum amount of beef from them over a specified time period—the levels may fluctuate up and down a little bit. Morrisons inspect all of those farms. They own their own abattoirs, they own their own haulage systems, and that is delivered to the supermarkets. It is very simple. They source local material when local material is present.

Then the third example, Young's seafood, is a converse, because Young's operate in very, very complex supply systems. Fish is probably one of the most complex supply chains I have ever looked at. You can have something that is caught in the North Sea ending up being passed to China to be filleted there, then those fillets will go to a cold store, perhaps in Vietnam, then that fish will be traded there. What Young's did was to look at all of the steps of their supply chain; they looked at the particular vulnerabilities. Young's do an awful lot of testing of their products to make sure it is authentic. When you deal with complex supply chains, you have to put in checks and countermeasures to fraud. That is exactly what they have done.

Q23 Ms Ritchie: Do you believe that those three examples can be replicated, or are these models only suitable for specific types of products?

Professor Elliott: We are all very eager for food companies to source locally, but there is a finite supply there. It is no shock to anybody to say that the amount of food that is produced in the UK is falling continually. One of the reasons for that is because the major retailers have, to reduce costs, gone internationally to source materials. It is only if we get to the point where multiple retailers, and the big catering industries of the UK, enter into much longer-term contracts with the UK farming industry, that that model can be replicated to any great extent. However, although I am a great believer in climate change, they are not going to grow bananas in County Down just yet. There still will be complex supply chains, and it is about how you manage those.

Q24 Ms Ritchie: What, if any, are the additional costs associated with this level of traceability?

Professor Elliott: Cost has been a very big issue. I have been very aware, in relation to coming up with lots of recommendations that are going to put extra costs into the supply chain, of who ends up paying for that. It is us, the consumer. However, when I have talked with the food industry, it is not about doing a huge amount of testing or a huge amount of sampling. It is about doing it in a very smart way. For example, I met with one major retailer and looked at their current testing programme. Within one week I was able to save them £360,000 in their testing, because they had not been doing it smart. What I was really pleased about is that that multiple retailer told me they have invested that £360,000 into more food authenticity testing. It is about getting smarter with what you are doing.

Q25 Sheryll Murray: In your report, you mention the grey market for meat. Could you tell us what the grey market for meat is, and how it differs from other markets? Could you perhaps also expand a little bit and tell us whether you think this market should be better regulated, and if so, who should regulate it?

Professor Elliott: When you think about a cow going for slaughter, that is a multitude of different commodities. Whenever the processors are killing and selling animals, they will only make a profit when they decide where the last 5% of that animal goes to. It is called carcass-balancing. It is really extremely difficult. You might have one retailer who wants to buy all of your topside, one who wants to buy the sirloins, but nobody in particular wants to buy the front quarters of the animals. Or you might get a contract that is very front-quarter-oriented—somebody wants a lot of minced beef. If you have a contract to supply this amount of material, and you are short of a particular commodity from the animal, then you will go to a market and buy that in. That is that type of trading. It is absolutely fine, and it is an important part of the meat industry.

The second part of your question was about whether they should be better regulated. I think absolutely yes, because you can get traders who can operate from a phone box or with a mobile phone. They will buy and sell materials and never be in possession of them. The vast majority of traders, not only in the UK but right across the EU, are bone fide people, but there are people who can perpetrate crime on that spot market. My recommendations are that there should be particular standards in relation to how traders operate. They should be registered as food business operators and they should be regularly inspected. If you are somebody that wants to buy from a trader, the first questions I would ask are, ‘Are you registered as a food business?’ and, ‘Are you regularly audited?’ If they are not, why would you buy from them?

Q26 Iain McKenzie: What you are outlining here is basically procurement techniques, and, in essence, buyers’ procedures in how they go about purchasing. It depends on the direction that these buyers are getting from their internal higher management. For example, to assure them that they are getting the best possible price for what they are purchasing, they may encourage them to source from direct and from traders, to do that comparison. Have you seen any evidence of that at all?

Professor Elliott: What I have been told is that dealing with buyers is a difficult occupation. They will always be pushing you on price. It is very difficult to develop a relationship with a buyer, because the main companies who buy meat and other produce tend to move their buyers about regularly. That is actually to stop relationships developing, which I think is a very bad thing. My recommendations would be to keep buyers working with the same companies to develop these relationships.

Q27 Iain McKenzie: But there is a problem in that. We would see the company having a problem with that relationship building up between a buyer and a certain supplier. Companies deal with it by segregating their duties. The person who sources is not the person who places the order.

Professor Elliott: Yes, but if I go back and look at the McDonald’s supply chain, the same buyers had operated with the same meat companies for an awfully long period of time. Whenever there were problems with production, there was excellent communication between the two. Whenever there were price fluctuations in the market, the meat company was able to discuss that with the buyer. That is an important part of the supply chain.

Q28 Neil Parish: Professor, earlier you said we need a new and more vigorous measure of auditing and testing supply networks, and a robust system of investigating and prosecuting wrongdoers. What would be the key features of a food crime prevention strategy?

Professor Elliott: Gary, could I refer that to you?

Gary Copson: Of course. What we have set out in the report is the building blocks for a unit that would investigate any kind of crime. At the moment there is no unit in this country that focuses those kinds of resources on food. I would add to the discussion we had earlier about what I would call industry intelligence—the kinds of stuff that the FSA would pick up. As a detective I am much more interested in criminal intelligence, and there is not currently a unit that has the confidence of the law enforcement system to be the collection point for that criminal intelligence—for covert sources rather than open sources. *[Interruption.]*

Chair: We have to go and vote. We will reconvene at quarter past. If you can bear with us, thank you.

Sitting suspended for a Division in the House.
On resuming—

Chair: Thank you very much for your forbearance. I think we caught you mid-sentence, Mr Copson. Thank you for your patience.

Gary Copson: We had a short discussion during the break, and we think that possibly the question was not focused on the food crime unit—that that is to follow in the proceedings—and that what the question was really getting towards was our target-hardening strategy, which is more for Chris to answer. Perhaps we should go to that.

Chair: Is there anything else you wanted to add or should we go straight to that?

Gary Copson: I think on the food crime unit later there will be, but for now I think Chris is better placed to answer the question as it was asked.

Chair: Alright; thank you. Professor Elliott?

Professor Elliott: What we are really trying to bring across in our report is that what is required is a complete change of culture: culture in the food industry, but also culture in the Government to take it as being a serious issue. How do you go about changing culture? If we take the industry to start with, you have really got to think about how you undertake audits, how you instruct your buyers, buying on quality—not only price—and making it so that in company risk registers food fraud becomes a topic, so that any particular incidences of fraud or suspected fraud that are happening in large companies get reported to the board. What we do not want are chief executives saying, “I knew nothing about this.” There have to be systems put in place, and that is a complete change in mindset of industry.

Q29 Neil Parish: That is within companies themselves that you are referring?

Professor Elliott: Yes.

Q30 Neil Parish: How does Government, for instance, influence that?

Professor Elliott: That has to be something that industry has to take on board themselves. A lot of my report is about working in partnership, and industry has to take responsibility, but Government also has to take responsibility. It is not really pointing the finger to say, “This is your ball to play with now.” Different parts of UK society have to take their own role in this. There are important roles, leadership and companies have to change in relation to saying, “We recognise what happened in 2013 was a disaster for the UK food industry; now we have got to do something about it.” I have given a number of measures that I would recommend the industry take.

In relation to Government, food authenticity had actually been taken very seriously in the UK, and the Food Standards Agency were thought of worldwide as being leaders in this, but that had been eroded over quite a number of years. Suddenly we reached a point where the amount of testing that was going on—the governmental testing—was at an all-time low. The authenticity work had been thought of as being third or fourth division compared with food safety—food safety was everything. The change in mindset in Government, particularly with the Food Standards Agency, is to think about two pillars: safety and

authenticity. Until you can prove something is authentic, you have to be worried about the safety aspect of it as well. That, again, is about change in culture.

Q31 Neil Parish: That is right, because when you talk about a food audit, audit in itself is very often paperwork, and the paper will say that it is beef even if it is horse or whatever it might be. Therefore, what you are now talking about is the authenticity and the testing. What is your solution, because there is not an argument that we can test as much as we have been doing recently, because we have probably gone over the top. Before that we were probably not testing anywhere near enough, so where is the balance on all this?

Professor Elliott: Testing is a small part of having a robust supply chain. Testing is about verification of your supply chain; it is not how you control your supply chain. You mentioned auditing, and auditing of paper is not really that worthwhile. When companies are being audited, what I want is the auditors to walk round and look at companies and say, “Why is that wrapper undone? There is something not right there.” It is much more about visual inspection of what they see. That will flag up; if they see something there that does not look right, that is where you take a sample and that is where you get your testing done.

It is not about trying to invest millions and millions of pounds into a testing programme. Each day in the UK, I am told, 25,000 different food products are sold; where do you base your testing? What you do is you do a little bit of random testing, some targeting, but what you do not do is tell your supply chain when you are coming to take your samples, and you do not tell them what you are testing for. That makes it much more difficult to penetrate.

Q32 Neil Parish: I have one last question: how do you make sure that the system does not let those companies know somewhere within the FSA or whoever is making it—be it the councils, or whoever is doing the testing? How do you make sure that that companies do not get warned?

Professor Elliott: There is a great incentive to keep that information confidential. It is one of the reasons why I did not particularly want the FSA to come up with a national authenticity testing programme, because the first thing they will do is they will publish that, and everybody will see what you are testing, and when you are testing for. If I was a criminal, the first thing I would do would be to look at that and see what supply chains I can penetrate at any given time. The confidentiality of that information is paramount.

Q33 Mrs Lewell-Buck: Professor Elliott, you have just been speaking about the culture of the industry and how there needs to be accountability and more partnership working. Just with that in mind, how would you describe the current relationship between the FSA, the industry, meat producers, traders, and supermarkets? Is there any one thing that needs to fundamentally be different in that relationship?

Professor Elliott: Maybe I will just start off, and I am going to pass it on to Pat, but the FSA has been around for 12 or 13 years now, and there have been periods when the relationship with the industry has been good, and there have been periods when the relationship with the industry has not been good. A lot of that is about trust, a lot of that is about exchange of information, and in my report I have tried to deal with that, because I think industry have found it extremely difficult to pass on intelligence to the FSA. If they pass on intelligence to the FSA, what can happen is that can rebound on them very quickly.

Q34 Mrs Lewell-Buck: So you are saying that it is difficult for them to share intelligence, so at what point would they normally share intelligence? Would it be before or after there had been concerns raised?

Professor Elliott: The current level of intelligence sharing is if a company has a major breach in relation to what they think is an issue of fraud, they will let the authorities know about that.

Q35 Mrs Lewell-Buck: So no information-sharing goes on prior to that between—

Professor Elliott: It is not none; it is at a very low level. What I am trying to do is make recommendations about how that can increase without companies feeling themselves being vulnerable, but so that information gets passed to the authorities at a quick and early stage. I do not know if you want to add to that, Pat?

Professor Troop: Yes. There are two parts to this: one is the general relationship, and as Professor Elliott says that comes and goes. Certainly, when I met with representatives of the industry just after the horsemeat problem, the relationships were strained, but a lot of work has gone on since then, and there was willingness, I felt, from both the industry and from the FSA to build those bridges. I know that they have been working to do that. The industry looked to the FSA for a lot of interpretation of the regulations and so on, so there is an interchange that goes on all the time.

The problem with some of the sharing of information is that one of the Food Standards Agency's values right from the beginning was about openness and putting things in the public domain. If the industry shares something, they are concerned about something that might affect commercial confidentiality, or even if they report something about where they found a problem, if their name is associated with it, they are worried that their name therefore might become a bit tarnished because of that. There are some genuine issues about how they share and about sharing on an open basis. It is not that they are not willing to share, but they want to do it in a way that protects themselves.

Q36 Mrs Lewell-Buck: Can I just ask, bearing in mind how fierce supermarkets are in protecting themselves and not taking any hit to their profits, are they the most reluctant at sharing any information?

Professor Troop: I think in the past it has not been a culture of sharing a lot of information—some more than others; some were willing to share, and others were less willing to share. There are two parts to this: one is they want to be able to share information in a way that is safe, which is why in the report it talks about a “safe haven” where they can put information, so that the general trend of that information will go to the FSA, but the commercial issues and the detail issues will not go in a way that is harmful to them; the second part is they want to get information back, and so I picked up sometimes they did not always feel they were receiving information back. It has got to become a two-way process, albeit for the industry in a way that it does not compromise them, because they do have commercial interests that are perfectly legitimate.

Q37 Mrs Lewell-Buck: Are you confident that that is now working better than it was previously?

Professor Troop: Some of this is still to be put in place, the issue about the safe haven for the industry, but they have been working to build relationships since the horsemeat scandal.

Q38 Mrs Lewell-Buck: I think I was more coming to the cultural point, because I know you said things were strained straight after the scandals. Have things improved?

Professor Troop: My feedback is that they have started to improve, yes.

Professor Elliott: In relation to matters pertaining to food safety and food authenticity, they do not see it as having a competitive advantage if one of your rivals is caught having a problem. That, again, is part of the change in culture. During my six or seven months in the review, I can see food companies and retailers sharing much more information between them, which is a very positive thing.

Q39 Neil Parish: How would a food intelligence service help restore integrity to the food supply chain?

Professor Elliott: In relation to the intelligence, is this the food fraud unit that we have recommended?

Neil Parish: Yes, and you talk about an intelligence hub as well, don't you?

Professor Elliott: Yes. The intelligence hub Professor Troop has talked about is gathering this information from as many different sources as possible, and what you do is you bring in information and you convert that to intelligence. You convert a lot of noise into something that says there is a signal there; that is the intelligence. In relation to dealing with the next possible breach of the food system in the UK, that is about how the food crime unit would operate. Now maybe is the appropriate time, Gary?

Gary Copson: Yes, most certainly. We talked about trying to create a climate of target-hardening of zero tolerance of food crime, and one of the things that would appear to be absent at the moment is any kind of deterrence. Criminals operate on the principle of least effort, least risk, most profit, and at the moment the risks for criminals operating in this field are low; they are not routinely coming up against trained and organised professional investigators. Not to denigrate for a moment the work of the people who are dealing with these things—there is some excellent work being done in trading standards—but it is generally focused at a lower level, they do not have the capacity, and they have a limited capability to work at the much higher level that we have seen and suspect is actually in the background.

The risk is generally low. Some of these cases might reach a Crown court. Many of them will be dealt with at a lower court for regulatory offences. You can expect to operate in this field, and we have seen a case that broke the surface in Northern Ireland a few years ago, where it is clear that the criminal profits ran into millions each year, and the risk of being caught and the risk of being punished proportionate to drug dealing was extremely low—the risk of being caught minimal; the risk of being punished even more minimal.

A food crime unit backed by an intelligence unit that operates both at the open level and the covert level is going to create some kind of deterrence and is going to create some kind of risk, which would keep people more honest.

Q40 Neil Parish: Going to the question that the Chairman brought in at the beginning of the meeting, also what deters the criminal element is seeing people being prosecuted. We have seen very little sign of that. You talk about the need to make the punishment commensurate to the crime; do we have to change the law, or do we have to

advise the courts to take these matters more seriously? Otherwise you can have millions of pounds of fraud and perhaps get a minimum fine of £10,000, £20,000, or £50,000, and if you have defrauded several million pounds or more then it is well worth doing, isn't it?

Gary Copson: The laws we have are perfectly adequate; the question is more around capability, focus, and capacity. The police—and I will speak on their behalf having been a Chief Officer for some years—are fully stretched; they deploy the resources they have. There are requirements put on them by Government to focus on key issues, and in my 32 years of policing no one ever mentioned food crime to me. It is something that was right off our radar. One of the reasons I was brought into the review was to make contact with the senior law enforcement people to gauge the level of operations.

Chair: I am so sorry to interrupt, but we really have a lot to get through and I am anxious to do it while colleagues are still available, so slightly shorter answers and shorter questions.

Gary Copson: I will speed up, certainly. The issue is one of focus, essentially, and of having enough capability and enough capacity available to manage these kinds of offences. We have set out in the report that we think the way is through the Government agency intelligence network, but what it requires is for a capable unit to bring cases to that table in a sufficiently well-developed state for the other agencies, including the police, to join in those prosecutions. No more law is required, but certainly a new focus.

Q41 Neil Parish: One last question: this is not to do with individual companies, but this is to do with the fact that during the horsemeat scandal there was no doubt that there were more horses being slaughtered, especially in the Republic of Ireland, and there was not that amount of horsemeat being exported; it was obviously going somewhere. Are you confident that there is a system in place now that would flag that up? There is a very basic argument, if you slaughter a number of horses that horsemeat must be somewhere?

Chair: A very brief answer.

Professor Elliott: That is about mass balance, is it not?

Neil Parish: Yes, exactly. It is bald figures really.

Professor Elliott: What I believe is there must be quite a substantial amount of horsemeat sitting somewhere in Europe.

Neil Parish: And frozen, I suspect.

Q42 Ms Ritchie: You have argued for a stronger Food Standards Agency, but the status quo in terms of reporting arrangements and independence from Government. Can you explain your reasons for this, Professor Elliott?

Professor Elliott: The FSA was set up as an independent organisation, and for very good reasons: that it was an organisation built on scientific reasoning and scientific evidence. What became apparent in the horsemeat scandal was that nobody was quite sure who to take the lead, and it was a problem. What we have proposed is that the Food Standards Agency, Defra, and the Department of Health meet regularly and together at the same time. One of the surprises was that that does not happen at the moment. There are a lot of one-to-one meetings, but nobody sits around the table at the same time. It is very

important that the major Government Ministries that are involved in this know about those issues that are on the radar screen.

I also think it is important that if there is another national emergency, as there was in relation to the horsemeat scandal, that a Minister from Defra or from the Department of Health can trigger that group to come together quickly and immediately. I would describe it as a COBRA-like committee that can act quickly and take the actions necessary.

Q43 Ms Ritchie: How do you perceive the relationship between FSA and FSA Ireland, and how could that be strengthened?

Professor Elliott: There is a strong relationship between FSA and FSAI, but, again, it has been strained in 2013. The relationship is not only with FSAI; the relationship is with all of their counterparts right across Europe and all the member states. It is extremely important that it becomes a single cohesive group looking at food crime.

Q44 Ms Ritchie: Do you know why it is taking so long to find a replacement for Lord Rooker?

Professor Elliott: That is the first question today to which I will say I have no idea.

Q45 Chair: Were you expecting Lord Rooker to be more visible?

Professor Elliott: There is the second question. In relation to visibility, at the start of the crisis there was nobody really wanted to step up and take leadership. I give a lot of credit to Owen Paterson, because he did, and as soon as he stepped up and started to get things organised—what I really want to do is to stop that happening again, so they have these cohesive inter-departmental relationships.

Q46 Mrs Glendon: Mr Copson, you described how a new crime unit might work, but how do you think that should be funded? Would it require extra funds for the police or the FSA? Are there any proposals for that?

Gary Copson: That is a question above my pay grade, I am afraid. There are a number of very simple and relatively cheap options, but I do not see any free ones, unless it is about redeployment of existing resources and changing of existing priorities. Those are given to the police as much as set by the police.

Q47 Mrs Glendon: Would the FSA have any need for funding to support this either?

Gary Copson: What is your sense, Pat? I cannot answer that.

Professor Troop: Firstly, there are some changes recommended between what is based in Defra and moving into the Food Standards Agency, which will strengthen some of the work that we are talking about. For the food crime, that is something that needs quite a lot of thought about whether or not that is by redeployment; they do not have all the skills at the moment, so there would need to be some enhancement of skills there. The other thing that we put in here is a lot of this is around partnership, and for a lot of the work that we are talking about—you are talking about the intelligence, for example—there are universities, there are other agencies, and there are many other groups who can provide things.

I think what came out when I looked at them was they needed to work much more in a whole range of partnerships, and then the kind of resources you need for some of the

things you need to do are less if you draw on everybody else and they draw on you. The food crime unit is slightly different, because that needs to be thought about how that might work, who might be in it, and so on, but for the other aspects of the work that we are talking about, by the collaborative working they could deliver what we have put in the report.

Q48 Mrs Lewell-Buck: What key changes have you proposed to the remit of the FSA, and why is it that you have proposed those changes?

Professor Troop: The FSA used to have three key pillars: it used to have food safety, advice on healthy eating, and authenticity. When the changes came in in 2010, the advice on nutrition went to the Department of Health—and really to Public Health England now—and authenticity went to Defra. What came out quite clearly was that the break between food safety and authenticity was a false one, and really that needed to be brought back together.

One of the reasons there was some hesitancy at the beginning of this, with that particular issue, was about who was in charge, and it needs to be very clear that if you are going to manage an incident that needs to be the Food Standards Agency, so they have to have authenticity as well as food safety. That should be their remit. We are not commenting on the other aspects of nutrition, which is a completely different picture.

Q49 Mrs Lewell-Buck: Why, then, is it that you have not recommended that the FSA are given powers to compel local authorities and the industry to carry out testing?

Professor Elliott: In relation to industry doing testing, they are doing a huge amount of testing at the moment. The trust of consumers was lost, was greatly knocked back for many of the major suppliers, and the industry does not need to be told to do testing. What they need to do is have guidance on how to test, how many samples to test, how to do it on a random basis, and how to do it on a targeted basis. They do not need to be told to do it anymore; that lesson has been learned.

Q50 Mrs Lewell-Buck: What about local authorities?

Professor Elliott: In relation to local authorities, some local authorities do quite a high level of testing, and some do much lower levels.

Mrs Lewell-Buck: None at all.

Professor Elliott: Yes, some do not do any, and what they will tell us is it is about budgets, and it is because they have been cut so hard that they have had to prioritise themselves. I do think in relation to deterring food crime now, local authorities do realise that it is a major part of their remit.

Q51 Mrs Lewell-Buck: Do you think if local authorities do not take on that role, because of the austerity measures that they have to deal with, there are enough safeguards in place without the local authorities having to step up?

Professor Elliott: Local authorities are a major part of the partnership. They are at the coalface, and they will see things happening, through their inspectors and their auditors. They will see things even if they do not have the capability or the budget to do their own testing. That is the sort of information that has to be flagged up to the FSA.

Q52 Mrs Lewell-Buck: I think what you are saying is you are confident that local authorities will do that?.

Professor Elliott: I have a high level of confidence that they are taking it very seriously.

Mrs Lewell-Buck: Okay. Time will tell.

Q53 Chair: Just before we move on to funding for testing, you did not comment, I do not think, on the status of the FSA as a non-ministerial Department; you did comment on changes to its reporting arrangements. Are you confident that the actual status of the FSA should remain as a non-ministerial Department in its own right?

Professor Elliott: We looked at various models, and we consulted with the Cabinet Office about the various models that exist, and we looked at those. We could not see anything better than having a non-ministerial Department. It still is independent; it is driven by science and evidence, and we do not want to change that. What we need is, if something goes wrong, that all Government agencies who are involved in dealing with that can deal with it quickly and efficiently.

Q54 Jim Fitzpatrick: Good afternoon. Just following on from Emma's question on the cost of increased sampling, from your last answer, Professor, you seem to have complete confidence that the private sector has got the message, they have been chastened by the experience, and they do not need to be told about testing; it is about the advice they give. Should that be statutory or is the FSA going to give the appropriate guidance to them? Given that cost does not seem to be an issue for the private sector, the increased funding to the FSA from local authorities to carry out testing—is that an adequate increase in the fund for local authorities?

Professor Elliott: In relation to the FSA having a statutory obligation to do testing, I do not think that is a good idea. I do not think it is a good idea, because, as I said, that would have to be a programme that would be put together by the FSA, it would have to be published, it would be an annual programme, and, from my experience, because I worked in this arena, you have absolutely no scope for moving left or moving right; you have to deliver your programme, because you have a contractual obligation and a statutory obligation. In relation to food fraud, you need flexibility. The testing that goes on—you do not particularly want anybody to know what testing you are doing for any commodity at any given time. The information about how that testing should be done will come from these information hubs. You will get a list of those things that have been flagged up as being issues in different parts of the world; that is where you put your resources into testing.

In relation to the Food Standards Agency funding local authorities to do testing, they did put a tranche of money in there—absolutely essential. Not only is it essential that they give the money, but that the testing is delivered for that budget that is provided, and that it does not get put into other things that local authorities will want to spend it on.

Q55 Chair: Just on the labs, you have made a number of recommendations and we have commented on the reduction of labs, and we heard from the public analysts. You are strongly in favour, I believe; you might just want to take this opportunity to talk about the status of labs remaining public?

Professor Elliott: It was in your report I picked up the decline first of all. Then when I started to look at the numbers of public analysts that were in the UK, I was really quite

shocked about how few were left, and they are still declining. They tell me the numbers of samples being sent to them each year is declining also. Also, when we start to think about the types of analytical tests that are needed to detect food fraud, they are complicated and they are expensive. You need the expertise, you need skilled scientists, and you need very sophisticated scientific equipment. It is only sensible to think about bringing that together, so that we have centres of excellence that can do that level of testing.

Q56 Chair: Do you believe that it should be a particular professional institute that oversees the use of the labs and who does the lab-testing? My understanding is that the FSA commissions testing, but does not do any testing of its own, but you would prefer that it was public labs rather than a merger of local authority labs. Could you just comment on my understanding, or if it should be determined by open competition or some other means?

Professor Elliott: In many areas of food testing—be it food safety for pathogens, for drugs, or for other things—in Europe there is a very nice system established, where we have a very high-level laboratory called a EURL; that is a European Union Reference Laboratory. At the national level we have a National Reference Laboratory. The idea is the EURL will monitor the activities of the National Reference Laboratories, and the National Reference Laboratories monitor the activities of all those laboratories that do the testing. It has been my recommendation to Owen Paterson that we set up that level of network; we get a centre of excellence in the UK, a National Reference Laboratory. We have also written to the European Commission to recommend the setting up of an EURL.

Q57 Chair: Obviously we are very proud of the work that this Committee has done on this subject matter. We were wondering why you had recommended that the House of Lords Science Committee was the best place to monitor these issues going forward.

Professor Elliott: Yes. That is the second difficult question of today.

Chair: If there are only two, I would quit while you are ahead.

Professor Elliott: In all honesty, we were looking for somebody who would sit and be impartial, and would look at science and testing in its totality, because it is a very complex subject.

Q58 Chair: It is just we wondered why a House of Lords Committee and why that particular Committee.

Professor Elliott: Just because they oversee so many different types of scientific work that they could look at it in a much wider arena.

Q59 Chair: How confident are you that the country and the supply chain network throughout the European Union is more capable of withstanding a similar episode of adulteration going forward?

Professor Elliott: There was a massive wakeup call right across Europe about what happened in 2013; industry regulators have been working very hard to put measures in place to make fraud more difficult. I personally think it is a long journey they are on, and to say something like this will not happen again in 2014, I certainly could not guarantee.

Q60 Jim Fitzpatrick: Sorry, setting aside self-interest to a certain extent, if I may, as somebody who does not eat meat or poultry—my wife is a doctor and describes me as a lacto-pescatarian, which I assume, given that she loves me, is not an insult, but an accurate description of my diet. There was a scandal a few years ago about vegetarian products, which

is a growing market, being contaminated by meat getting into their system. Is that something that has cropped up at all during the course of your examination, because it is completely leftfield, and nothing to do with what you were set to examine, but is there anything that arose at any time?

Professor Elliott: I have not found any evidence of it happening in the UK; it happens frequently in the United States and is one of their biggest problems at the minute. In fact, of food contamination in the US—we are really off track now—20% of it is only down to meat now, and 50% is down to fruit and vegetables, so do not relax.

Chair: On that note, we hope you will not either, Professor Elliott. Can I just thank you, Professor Elliott, Professor Troop, and Mr Copson very much indeed for being with us this afternoon, and we do look forward to your final report in due course. Thank you very much indeed.