



National Audit Office

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## **Report**

by the Comptroller  
and Auditor General

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## **Food Standards Agency**

# Ensuring food safety and standards

## Key facts

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**£1bn**

Food Standards Agency (FSA) 2015 estimate of the total approximate annual cost of food-borne illness including the cost of the impact of illness on individual well-being, loss of earnings and hospital admissions

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**£164m**

FSA estimate of the total cost of delivering official food controls in England in 2016-17

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**516,000**

Approximate number of food businesses in England in 2017-18

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- 90%** food businesses that achieved 'broad compliance' or better with hygiene requirements in 2017-18
- 13%** estimated decline in the number of food hygiene staff (per 1,000 food businesses) between 2012-13 and 2017-18
- 45%** estimated decline in the number of food standards staff (per 1,000 food businesses) between 2012-13 and 2017-18
- 37%** proportion of 'due' food standards interventions undertaken by local authorities in 2017-18 compared with 43% in 2012-13
- 50%** proportion of all food consumed in the UK that is produced outside the UK

# Summary

**1** Failures in food safety can have catastrophic consequences for human life, public confidence and the wider economy. People can fall ill if they eat food that has been contaminated by bacteria because of poor food hygiene, or if they eat food that is not what it says it is. Around 1 million people in the UK suffer a food-borne illness each year. It is estimated that the total cost of food-borne illness could be around £1 billion each year, including the impact of illness on individual well-being, loss of earnings and the cost of hospital admissions. A serious food safety incident can have a severe impact: in the 1990s, the bovine spongiform encephalopathy (BSE) crisis cost the UK an estimated £3.7 billion.

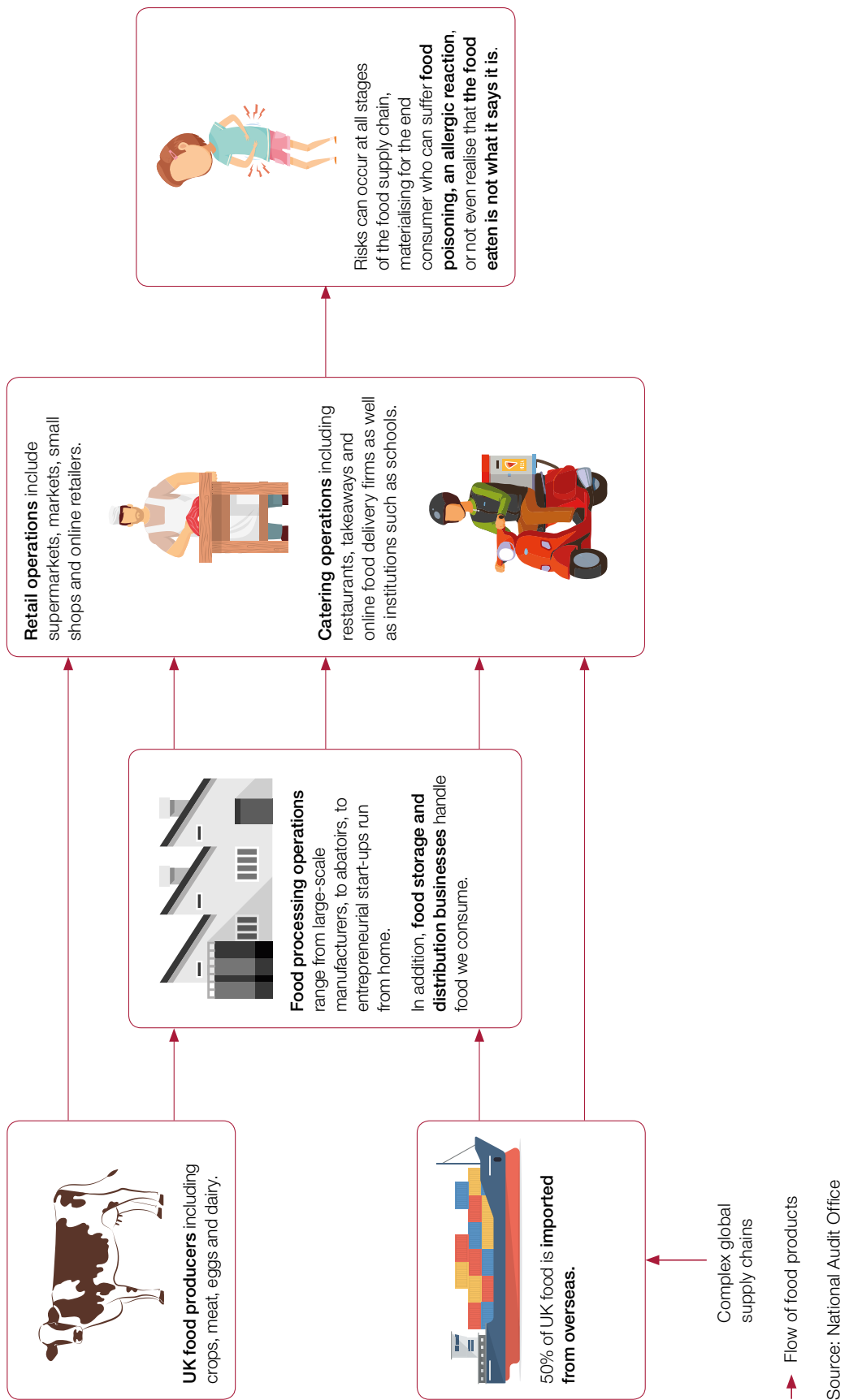
**2** The food supply system is highly complex. It involves around 516,000 food businesses in England, including food producers, processors, retailers and caterers of varying sizes (**Figure 1** overleaf). Around half of our food is imported from the EU and other countries, often through complex global supply systems. Consumers want assurance that food is safe to eat; in 2018, 45% of consumers in England surveyed by the Food Standards Agency (FSA) reported that the safety of food served by UK restaurants and takeaways was a concern to them, and 42% were concerned about the safety of food sold in shops and supermarkets.

**3** Under food regulations, food businesses are responsible for ensuring that their food is safe, that its quality is what consumers would expect, and that it is not labelled in a false or misleading way. Regulation is designed to help protect consumers from unacceptable risk. There are two main types of risk to the consumer from the food supply system: that they will be harmed, or that they will be misled:

- Food safety controls (including hygiene controls) mitigate risks from microbiological, chemical, physical, radiological or allergen contamination that could render the food unsafe for human consumption.
- Food standards controls (including safety, composition and nutrition standards) cover labelling on allergen content, food composition or the nutritional quality of food.

**Figure 1**  
The food supply system

The food supply system is complex, involving multiple operations



**4** Responsibility for food regulation policy in the UK is devolved. In England, the FSA has policy responsibility for food and feed safety controls (including hygiene) and food safety standards (for example, allergen labelling). The FSA is an independent non-ministerial government department that aims to ensure food is safe and what it says it is. The FSA is accountable to Parliament through the Secretary of State for Health and Social Care. Other parts of government have related policy responsibilities. The Department for Environment, Food & Rural Affairs (Defra) has policy responsibility for ensuring food meets composition standards (for example, minimum meat content) and food labelling other than safety and nutrition. The Department of Health & Social Care (DHSC) has policy responsibility for nutrition standards (including health claims and nutritional labelling) (Figure 2 on pages 17 and 18).

**5** The FSA is directly responsible for food safety controls at producers of meat, dairy products and wine. In addition, it is responsible for ensuring that food controls are delivered by environmental health and trading standards officers within local authorities and port health authorities. In 2016-17, the FSA estimated that the total cost of delivering food controls in England was £164 million. Of these costs, 73% (£119 million), are met by local authorities (including county councils, district councils and unitary authorities), which determine how much of their local budgets to spend on delivering food controls.

**6** Since we last reported on the food system in 2013 (*Food safety and authenticity in the processed meat supply chain*), new risks to food safety and standards have emerged.<sup>1</sup> In particular, as an EU member state, the great majority of the UK's food regulation legislation has been driven by EU law. Therefore, the UK's exit from the EU will have a significant impact on the regulatory system and could influence the origin of food consumed in the UK in the future.

<sup>1</sup> Comptroller and Auditor General, *Food safety and authenticity in the processed meat supply chain*, Session 2013-14, HC 685, National Audit Office, October 2013.

## Scope of this report

7 This report focuses on the effectiveness of the current regulatory arrangements to ensure that food is safe to eat and is what it says it is. Specifically, we cover food safety controls and food safety standards (FSA policy responsibility) and food composition and labelling requirements (Defra policy responsibility). Any failure in the food regulatory system can impact on the safety of food, and therefore the ability of the FSA to meet its policy objectives, so we have also examined the coherence of the wider regulatory system, and its ability to respond to both emerging risks and future challenges. Further detail on the scope of the study is set out in Appendix One.

8 We examine:

- the extent to which the FSA and local authorities identify the areas of highest risk to food consumers and make effective use of resources (Part One);
- whether the FSA has evidence that the regulatory system is effective in achieving outcomes and driving performance improvements (Part Two); and
- whether the regulatory arrangements are coherent and sustainable in the context of emerging challenges (Part Three).

9 Further detail on our audit approach and evidence base is in Appendices One and Two.

## Key findings

### Use and prioritisation of resources

10 **The level of funding local authorities allocate to food controls has been declining for a number of years.** Funding for food controls has reduced since we last examined food regulation in 2013. Local authority expenditure data show that their spending on food hygiene fell by an estimated 19% between 2012-13 and 2017-18, from £125 million to £101 million. The reduction has been driven by significant funding pressures faced by local authorities coupled with increased demand for other services. Food hygiene staff numbers declined by an estimated 13% (per 1,000 food businesses) between 2012-13 and 2017-18, and the number of food standards staff fell by an estimated 45%. Our analysis shows that local authorities in England have fewer food officers per 1,000 food businesses than the devolved administrations (paragraphs 1.5–1.7).

**11 Some local authorities are failing to meet statutory objectives to conduct interventions.** Interventions (including inspections) are aimed at ensuring food businesses comply with food law. In each year since 2012-13, English local authorities failed to carry out all the hygiene and standards interventions of food businesses that were 'due' (as set down in the Food Law Code of Practice). The proportion of hygiene interventions due that were carried out rose between 2012-13 and 2017-18, from 82% to 86%. However, the number of food standards interventions due that were undertaken remained below 50% each year, with 37% carried out in 2017-18. Local authorities we spoke to attributed delays to staffing shortages and there is wide variation nationally, with some local authorities struggling significantly to keep on top of their workload (paragraphs 1.21–1.25).

**12 The FSA is attempting to address deficiencies in the information available to assess and manage risks, but its new approach has yet to be tested.** The FSA and local authorities use food sample testing as a source of intelligence, and to enhance their understanding of food risks, as well as the basis for enforcement action. Between 2012-13 and 2017-18, the level of sampling fell by 34%, and in 2017-18, 16 English local authorities did not carry out any sampling. In April 2019 the FSA started to introduce a new approach to assessing food risks, which aims to make better use of a broad range of data. It is also developing a strategy on the role of sampling within this, but has not yet set out detailed plans of its future approach or communicated this to local authorities (paragraphs 1.13–1.20).

**13 The regulatory system lacks the full range of enforcement powers to ensure businesses supply safe food.** An effective regulatory regime is underpinned by appropriate enforcement powers that enable food officers to take effective action when businesses fall short of legislative requirements. The FSA's National Food Crime Unit was given additional resources in 2018 to tackle food fraud. It has agreed arrangements to work with police forces because it currently lacks the full range of investigative powers it needs to operate independently. Legislation is required to provide access to additional powers. Local authorities also identified other areas where they felt their powers were limited (paragraphs 1.26–1.30).

## Evidence of an effective regulatory system

### **14 FSA has gaps in evidence to demonstrate whether it is achieving its high-level objectives but is working to improve overall measures of effectiveness.**

The FSA needs robust data to demonstrate whether the regulatory system is driving compliance by food businesses and to assess whether the FSA is achieving its objectives. It monitors levels of food-borne illnesses and compliance with food hygiene requirements but lacks measures for assessing whether food meets safety and composition standards, limiting its ability to track overall compliance levels and trends over time. The FSA has begun work to develop measures for assessing compliance with food standards. Despite challenges in establishing its impact, the FSA is further ahead in developing some aspects of its performance measurement than the regulators we reviewed in our recent report.<sup>2</sup> For example, it has clearly articulated success criteria for key performance indicators and has evidence that its food hygiene rating scheme is driving food business compliance and lowering the risk to consumers of food-borne illness (paragraphs 2.2–2.9).

**15 Food businesses are meeting hygiene requirements, and levels of major food-borne illnesses have been broadly stable.** Between 2013-14 and 2017-18, the number of food businesses that were at least 'broadly compliant' with food hygiene requirements in England increased (87% in 2013-14 to 90% in 2017-18), and as at March 2019, 70.1% of businesses achieved the top 'very good' compliance rating against a target of 70%. Laboratory-confirmed human cases of key food-borne diseases have been broadly stable since 2013 and are currently below levels that would trigger an FSA investigation (paragraphs 2.4, 2.10 and 2.11).

**16 Consumers play an important role in driving improvements in food safety and standards but need better information to make well-informed choices.** Consumers play a vital part in driving improvements in performance by making choices about what food to buy or services to use. They can only do this if they have good information on the quality and safety of the food they are eating. The FSA recognises the value of publishing information for consumers and has acted to reduce levels of campylobacter contamination in chicken by publishing industry data. However, consumers lack information in other areas. Although food hygiene ratings for all businesses are published online, in England only 52% of businesses display ratings in their premises, compared with 87% and 84% in Wales and Northern Ireland respectively, where display is mandatory. Consumers are also not clear what information food businesses should provide on whether food contains allergens (paragraphs 2.12–2.17).

<sup>2</sup> Comptroller and Auditor General, *Regulating to protect consumers in utilities, communications and financial services markets*, Session 2017–2019, HC 1992, National Audit Office, March 2019.



## Responding to future challenges

### 17 Risks to food safety and standards are changing.

- **The food industry is becoming more diverse**, including the growth of online businesses, food delivery sales and complex global food chains. Indicatively, market analysts estimate that the food delivery market increased by 73% in the decade to 2018 with more growth forecast.
- **Food allergies are an increasing concern.** The FSA estimates that 5%–8% of UK children and 1%–2% of adults have food allergies.
- **Climate change and population growth are longer-term risks.** Commentators have warned that longer-term global challenges such as climate change, population growth or crop disease could lead to changes in where we import our food from, and increased food fraud (paragraph 3.2).

**18 The FSA has recognised that it needs to respond to current and new challenges and has begun reforming the regulatory arrangements.** The existing regulatory system has not kept pace with technological change or the changing environment, and is becoming increasingly unsustainable. In 2017 the FSA launched a change programme and consulted widely about how to create a more resilient system that will enable it to better direct resources according to risk. Proposals include:

- reforming how food businesses are registered and risk assessed;
- developing a data-led surveillance model and increased resources for the National Food Crime Unit to improve intelligence gathering;
- introducing national inspection strategies for multi-site food businesses and groups of businesses; and
- reforming the funding model on the principle that businesses bear the costs of regulation (paragraphs 3.3 and 3.4).

### 19 The FSA has had to re-prioritise its work programme to prepare for EU Exit.

The UK's exit from the EU will have a significant impact on the UK's regulatory system as some 90% of the UK's current food legislation reflect EU regulations. The FSA spent £6.2 million of its budget on EU Exit preparations and received £15 million of additional EU Exit funding across 2017-18 and 2018-19. Alongside its planning for a no-deal scenario it has prioritised aspects of its reform programme to prepare for EU Exit. These cover the use of data for market surveillance, establishing the new online business registration system, expanding the National Food Crime Unit, and updating the criteria used for risk-rating food businesses (paragraphs 3.5 and 3.6).

**20 The FSA has found it difficult to progress the non-EU Exit elements of its reforms.** The FSA informed us that this was primarily due to the need to prioritise EU Exit-related work and because it needed to take into account the impact on local authorities' resources of introducing additional changes at this time. Some local authority food officers and stakeholders we spoke to were concerned that the programme will not be successful in addressing the issues it aims to. Aspects of its reforms requiring legislative change may not be possible in the near term due to the impact of preparations for EU Exit on the Parliamentary programme (paragraph 3.7).

**21 Coordination of the food regulation system remains complex in high-risk areas.** Our 2013 report found that the regulatory arrangements were confused and poorly coordinated. Stakeholders have informed us that cross-departmental committees and regional coordination groups help ensure that there is coordination and consistency across the regulatory regime. However, with policy responsibility split across three government departments, and delivery of controls undertaken by 353 local authorities and the FSA, the complexity of the system remains challenging in some areas. For example, the FSA is responsible for allergen safety controls, Defra has legislative responsibility for allergen labelling and, in some areas of England, district councils are responsible for delivering allergen controls relating to food safety, while a separate county council team operates food standards allergen controls (paragraphs 3.8 and 3.9).

**22 In addition to the existing pressures, new trading relationships after EU Exit could lead to higher volumes of imported food from countries with different regulatory regimes.** The government has announced its intention to develop an independent trade policy after leaving the EU and to forge new trade relationships with partners including the US, Australia, New Zealand and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Trading partners may seek to access opportunities to export food to the UK. For example, in February 2019, the US published a summary of its objectives for a trade deal with the UK, including more open and equitable market access on food and agricultural goods. In 2017, UK imports of food, feed and drink were valued at £46.2 billion, of which 30% was imported from non-EU countries. This figure could rise after the UK leaves the EU (paragraphs 3.10 and 3.11).

**23 New trading patterns could increase the risk of incidents involving food safety and standards, but the FSA has not yet assessed whether the current system has sufficient funding and agility to respond.** In common with other departments, the FSA has stated publicly that UK food safety and standards will be maintained after the UK leaves the EU and has replaced EU processes for analysing food risks with UK mechanisms. The FSA has an important role to play in providing advice on food safety and is working with Defra, DHSC, the Department for International Trade (DIT) and other government departments to ensure that any mandate for negotiating trade agreements is informed by a robust assessment of the impact of trade deals on food safety and the regulatory system. The FSA does not feel there is enough certainty about EU Exit to assess the regulatory regime's capacity to handle longer-term consequences, including rising food imports from untried markets, controls on EU imports and new requirements for UK exporters (paragraphs 3.12 and 3.13).

**24 Government does not have a coherent view on what a financially sustainable food regulation system should look like.** The FSA has consulted on the principle of food businesses bearing the cost of regulation. While some stakeholders consider this a viable approach, others have raised concerns about cost burdens on business and local economies, and how charging for food regulation would fit with other regulatory charges paid by businesses. The FSA is concerned about challenges associated with securing the legislative change required. We have not seen evidence of joined-up strategic thinking about government's appetite for risk, the level of funding needed for a sustainable system that protects UK consumers from future food risks, and the balance between centralised and local funding (paragraphs 1.4–1.7, 1.21–1.25, 3.7–3.9 and 3.14–3.17).

### **Conclusion on value for money**

**25** Food-borne illness is estimated to cost the economy and individuals around £1 billion each year. The FSA has made progress in measuring whether regulation is working to protect consumers, while the majority of food businesses are meeting hygiene standards and levels of major food-borne illnesses are broadly stable. However, the food regulation system is complex, has come under increasing financial pressure and has elements that are outdated.

**26** The FSA has embarked on a change programme to create a more modern regulatory system. While the need to prepare for EU Exit has allowed the FSA to accelerate some important elements of its reforms, such as introducing a new system for registering food businesses, unresolved issues remain including the future financial sustainability of the system. We have concerns about the ability of the current regulatory system to achieve value for money in response to uncertain circumstances ahead, including new trading scenarios following the UK's exit from the EU and other emerging risks to food safety.

## Recommendations

**27** We have identified recommendations for the FSA as it takes forward its plans to design a more flexible and risk-based regulatory system. More widely, there are areas where the FSA will need to work with ministerial departments to reach a government-wide view of how the regulatory system needs to respond to future challenges and inform future policy decisions.

### Recommendations for the FSA

- a The FSA should establish the role that sampling plays in reducing risks to consumers.** As part of its work on developing a sampling strategy, it should assess what level of and approach to sampling is needed to provide assurance that food risks, including food fraud, are being managed effectively by food businesses.
- b The FSA should address gaps in outcome-based measures and targets for assessing compliance with food safety and composition standards.** It should press ahead with developing indicators for assessing the performance of local authorities in providing assurance that food businesses are compliant with food standards and measures of whether the National Food Crime Unit is having an impact in tackling food fraud. It should set a target for when it will establish a suite of indicators to measure whether the FSA is effective in providing assurance to consumers that food is what it says it is.
- c The FSA should press ahead with its ambition to introduce mandatory display of hygiene ratings in food businesses in England.** Recognising the requirement for legislation and current demands on Parliamentary time, the FSA should aim to do this within an achievable time period to improve information available to consumers.
- d The FSA should address gaps in the enforcement powers, including those available to the National Food Crime Unit.** Given the additional funding that has been directed towards the National Food Crime Unit, the FSA should make firm plans to provide the powers the National Food Crime Unit needs to work independently.

Recommendations for a regulatory system that can adapt to future challenges

- e **The organisations in the food regulation system should work together to assess government's appetite for risk and to take decisions on the level of funding required** to ensure that food is safe to eat and what it says it is. They should consider the advantages and risks of a range of funding distribution options to ensure a sustainable regulatory system. These could include recovering costs from businesses, centralised national systems of controls or a range of commissioning models.
  
- f **Within six months of the UK leaving the EU, the FSA should start to work closely with the other departments in the regulatory system to evaluate the medium- and longer-term impacts of EU Exit on the capacity of the food regulation system and potential shortfalls in resources and set a timescale for reporting.** It should identify what needs to be done to mitigate risks and make plans now to avoid food incidents, which could impact on future confidence and may affect trading relationships. This will require scenario-based analysis of potential future controls on imports, additional food safety and standards checks that may be required to support UK exports, and an assessment of the impact of increasing volumes of imports from new trading partners.