

Annex 2: Summary of costs identified in the De Minimis Assessment

1. **Familiarisation costs** are calculated per business. This cost comprises of 9 hours of a production manager's equivalent time to familiarise themselves with the majority of the changes related to sustainable food sources and menu changes; 2 hours for the reporting requirements; and Food Waste Prevention for which WRAP estimates the costs to be £147.32 per business. These estimates are made based on an assessment of the time spent to understand the requirements and processes that need to be undertaken by staff per business. We have limited evidence on these familiarisation costs and welcome responses in the consultation to improve our evidence base.
2. **Set-up costs** are comprised of staff time and IT systems investment to set up the data reporting infrastructure. These costs also include staff training, communications (internal and external) and possibly some consultant time to set up the appropriate infrastructures. We have combined the set-up costs related to the requirement to implement the **Target, Measure, Act (TMA)** approach which required businesses to measure and report food wastes under Food Waste Prevention, with that of wider Data Reporting requirements as both make use of the same IT infrastructures. WRAP estimated these costs to be at £15,000 per large business, and £1,600 as a one-off set up cost per medium-sized business. Again, we do not have robust evidence on these costs.
3. **Ongoing costs** will be incurred yearly. We have differentiated between costs to businesses and those to exchequer/consumer. Costs to businesses are comprised of costs related to acquiring the necessary data across a range of areas. We expect this to take up 3.5 hours of a retail assistant's equivalent time. We also expect there to be costs arising from the price premium from replacing **Single use plastic (SUP)** items with alternative recyclable options. We also identify costs associated with procuring food with higher price premium which vary across food types, but these are expected to be passed onto the exchequer or consumers. We do not have evidence on the make-up of these costs and invite responses in the consultation to improve our evidence base.

We have also identified costs associated with procuring food locally or to a higher environmental standard, though we expect these costs to be passed onto the exchequer and/or consumers. This relates to higher price premium across the affected food types including: meat and meat products at 10%; fruits and vegetables at 20%; eggs produced in a barn system at 7% and free-range at 14%; and fair-trade cocoa, banana, tea and coffee at 15%. However, we do not have evidence on the price premia associated with sustainably sourced soy products and palm oil or the make-up of these costs and invite responses in the consultation to improve our evidence base.