



SME Test - LEO Reforms

Screening question

Is the new policy, primary or secondary legislation, or regulatory compliance requirement relevant for SMEs¹?

The following questions must be answered:

- Are SMEs within the scope of the measure? Yes ☒ No ☐
- Does the measure specifically target SMEs? Yes ☒ No ☐
- Will or could SMEs be impacted directly or indirectly by the measure? Yes ☒ No ☐
- Are SME impacts likely to be more substantial than on other companies, for example, in terms of adverse effects? Yes ☒ No ☐

If you said yes to any of the above, complete Sections 1-5.

1. Consultation

1. What consultation will/has taken place to capture input from the SME community, particularly those most impacted by this measure?

- | | |
|--|-------------------------------------|
| Public consultation | ☐ |
| Online consultation | ☐ |
| Consultation with SME representative bodies | ☐ |
| Notifications of consultation to database of interested stakeholders | ☐ |
| Interviews and panels with experts | ☒ |
| Webinars | ☐ |
| Roundtables | ☒ |
| Public meetings | ☐ |
| Other | ☒ |

If Other, please provide details:

The proposals informed by results and evidence for the external analysis included document and literature reviews, collection of administrative and monitoring data, a survey of LEO clients,

¹ Medium <250 employees, Small < 50 employees, Micro SME <10 employees

As per EU definition of an SME: https://single-market-economy.ec.europa.eu/smes/sme-definition_en

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stakeholder consultations, and case studies of each of the supports. The survey of LEO clients produced 1,817 valid responses, with responses across all LEOs and all supports being evaluated.

Engagement with Enterprise Ireland, the County and City Management Association, the Local Government Management Agency and the LEO Network formed part of the consultation process.

There has also been extensive engagement by Minister Burke and Minister Dillon on the issues raised.

2. Identification of affected businesses

2a: Please identify the type of SMEs that will be directly or indirectly (i.e. SMEs not in scope, but potentially affected indirectly, for instance through impacts on supply chain) affected by proposed policy change -

- | | |
|---------------------------|-------------------------------------|
| Micro (1-9 employees) | ☒ |
| Small (10-49 employees) | ☒ |
| Medium (50-249) employees | ☐ |
| All of the above | ☐ |

LEOs are working with two different categories of clients:

- Locally trading service businesses (0-50 employees), which typically serve local markets, require practical supports to improve competitiveness, and are central to the vibrancy of the local economies.*
- Manufacturing and Internationally Traded Services (ITS) businesses, many of which employ fewer than 10 people and are the primary focus of LEO supports, alongside a cohort of manufacturing and ITS firms with up to 50 employees who have emerging export ambition but are not yet ready for EI engagement.*

2b: Has an estimate been carried out of the numbers of micro, small and medium companies affected directly or indirectly by the measure?

Yes ☐ No ☒

2c: Will the proposed policy change have a greater impact on SMEs in any particular economic sector?

Yes ☐ No ☒

If Yes, please specify.

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2d: Will the proposed policy change have a greater impact on SMEs in any particular region?

Yes ☐ No ☒ *The LEO Reforms will affect all 31 LEO offices throughout the country.*

If Yes, please specify.



3. Assessment of the impacts on SMEs

3a: What are the expected positive impacts of the policy change on SMEs ?

- Improved regulatory framework Yes ☐ No ☒
- Improved working conditions Yes ☐ No ☒
- Cost savings Yes ☐ No ☒

If other, please provide details.

The Department and Enterprise Ireland, in collaboration with the Local Authorities and the LEOs are looking at ways to further improve the LEO services with an emphasis on consistency, reducing burdens on businesses and being more responsive to the changing needs of SMEs.

The enterprise landscape has evolved significantly since LEOs were established in 2014 whereby they now support a broader and more diverse client base and operate across a much wider policy agenda, including digital transformation, sustainability, innovation, productivity, management capability, and business development.

The expansion of eligibility in 2023 for LEO supports, to include firms with up to 50 employees in manufacturing and internationally traded services and to support locally traded services of the same size, called for a reform programme that addresses the changing needs of businesses and the evolving enterprise ecosystem.

The LEO reforms lead to a more impact driven, client centred model that enhances consistency, modernises systems, improves segmentation, while also leveraging the National Enterprise Hub to streamline access and reduce administrative burden on the LEO staff.

3b: Will the proposed changes result in any of the following impacts for SMEs?

- Administrative costs, including the obligation to provide information on the activities or products of the company, including one-off and recurring administrative costs?
Yes ☐ No ☒
- Compliance costs, including the obligation to pay fees or duties; and costs created by the obligation to adapt the nature of the product/service and/or production/service delivery process to meet economic, social or environmental standards. Yes ☐ No ☒
- Other impacts, including on business entry and exit; competition and

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competitiveness?

Yes ☐ No ☒

- Discourage entrepreneurship or innovation? Yes ☐ No ☒
- Impacts of any proposed exemption thresholds on business growth? Yes ☐ No ☒
- Impacts on SME population composition and location? Yes ☐ No ☒
- Additional reporting requirements? Yes ☐ No ☒

4. Assessment of alternative options and mitigating measures

4a. If the analysis above has shown that the proposed policy changes will result in negative impacts on SMEs, has there been consideration of any measures to mitigate against these impacts.

Examples of mitigating measures include

- Exemption for certain SME cohorts (e.g. micros);
- Simplification of administrative procedures and use of plain English;
- Reduction of information requirements;
- Less onerous or less frequent inspection regimes for small businesses;
- Provision of longer transitions periods for SMEs so that they can have more time to allocate resources when dealing with policies;
- Lower administrative fees;
- Access to financing or lower interest rates in order to comply;
- Training and assistance with compliance;
- Requirement for SMEs to have only to register for a certain activity rather than having to be fully licensed;
- One-stop shops.

Yes ☐ No ☒

Please provide details.

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The mitigating measures under the LEO Reform programme aim to:

- *Improve customer service provision through a revised Customer Service Charter that ensures consistency in service delivery throughout the LEO network*
- *Modernise the customer relationship management system (CRMS) through digital improvements to support better data capture, client management, performance reporting, and system-wide oversight across the network*
- *Transition from an input and activity metrics to a more balanced framework that measures LEO performance and outputs*
- *Train LEO advisors to deepen their capability around identifying export potential of businesses and preparing suitable firms for transition to EI.*
- *Elevate the type of direct support to businesses that LEOs provide on a one-to-one basis while maintaining their trusted local presence, by improving the integration of the National Enterprise Hub (NEH) as the central signposting service that guides SMEs to the most relevant supports*
- *Simplify business supports through the once-only principle of data provision which will be advanced through the NEH, reflecting the Government's commitment to simplification and reducing the administrative burden on businesses seeking to access the wide range of supports across Government*



5. Post-completion of SME Test

5a: Have you noted the outcome of the SME Test identifying the impacts and provision for mitigating measures, under the Impacts section of the Memorandum for Government proposing the policy changes?

Yes ☒ No ☐

5b: Have you made this form available publicly on your Department website?

Yes ☒ No ☐

If not, please give reason why².

For further information please contact: SBU@enterprise.gov.ie

Small Business and Retail Unit

Department of Enterprise, Tourism and Employment

² It is expected that all completed Tests will be published. Redactions may be made to sensitive material. Very robust reasons must be provided if not publishing.