



## **SME Test – Social Enterprise policy 2024**

As part of the development of the new social enterprise policy in 2024, consideration was given to any potential impacts on small and medium enterprises. As part of this process an SME test was completed as required, which considered any such impacts. The SME test can be viewed below.



## Screening question

Is the new policy, primary or secondary legislation, or regulatory compliance requirement relevant for SMEs<sup>1</sup>?

The following questions must be answered :

- Are SMEs within the scope of the initiative? Yes  No
- Does the initiative specifically target SMEs? Yes  No
- Will or could SMEs be impacted directly or indirectly by the initiative? 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 initiative?

- |  |                                     |
|--|-------------------------------------|
| Public consultation  | <input checked="" type="checkbox"/> |
| Online consultation  | <input type="checkbox"/>            |
| Consultation with SME representative bodies<br>(Social Enterprise Representative Bodies) | <input checked="" type="checkbox"/> |
| Notifications of consultation to database of interested stakeholders                     | <input checked="" type="checkbox"/> |
| Interviews and panels with experts   | <input type="checkbox"/>            |
| Webinars   | <input type="checkbox"/>            |
| Roundtables  | <input checked="" type="checkbox"/> |
| Public meetings  | <input checked="" type="checkbox"/> |
| Other  | <input checked="" type="checkbox"/> |

If Other, please provide details:

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<sup>1</sup> 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](https://single-market-economy.ec.europa.eu/smes/sme-definition_en)



Significant consultations took place with key social enterprise representative and support organisations such as SERI (Social Enterprise Republic of Ireland), ISEN (Irish Social Enterprise Network), The Wheel, Social Entrepreneurs Ireland and Rethink Ireland.

## 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<sup>2</sup>

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

Yes  No  [no legislation proposed]

**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

If Yes, please specify.

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<sup>2</sup> In almost all cases Social Enterprise SME's are either Micro or Small Businesses.



## 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 policy will further develop the social enterprise sector by increasing awareness, helping the sector to operate and to grow, increase the contribution of the sector to the green transition, improved impact measurement, and increase national and international engagement.

### 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 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

## SME Test - Think Small First



## 4. Assessment of alternative options and mitigating measures

**4. 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  N/A

Please provide details.

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## 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  [memo predated enhanced SME test requirements]

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

Yes  No

If not, please give reason why<sup>3</sup>.

This will be done post completion of the MFG process and approval for publication of the new policy.

For further information please contact: [ESBPU@enterprise.gov.ie](mailto:ESBPU@enterprise.gov.ie)

**Entrepreneurship and Small Business Unit**

**Department of Enterprise, Trade and Employment**

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<sup>3</sup> 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.