

**Economy, Energy and Fair Work Committee
Dublin visit
26 November 2018**

Department of Business, Enterprise and Innovation

Meeting hosted by: Declan Hughes, Assistant Secretary General

Members in attendance: Jackie Baillie, Gordon MacDonald and Andy Wightman

Background

DBEI

The [Department of Business, Enterprise and Innovation](#) (DBEI) is 1 of 17 Irish Government departments. DEBI plays a key role in implementing the Irish Government's policies to stimulate the productive capacity of the economy and create an environment which supports job creation and maintenance. The Department also has a remit to promote fair competition in the marketplace, protect consumers and safeguard workers.

The [Indigenous Enterprise, Digital and Finance Division](#) within DBEI operates a suite of policies and supports designed to assist and facilitate businesses at all stages of development and growth, from nascent and early stage entrepreneurs to companies of scale trading internationally.

This includes direct interventions such as the provision of Microfinance and Loan Guarantees, as well as working with the Division's Agencies ([Enterprise Ireland](#), the [Local Enterprise Offices](#), and the [National Standards Authority of Ireland](#)) to ensure their supports are relevant and aligned to the evolving needs of business.

Local Enterprise Office (LEO)

In April 2014 the existing 35 County Enterprise Boards were dissolved under primary legislation and the functions, assets and liabilities were transferred to Enterprise Ireland (EI) with the Local Authority structure agreeing to carry out these functions on EI's behalf in Local Enterprise Offices (LEOs). With 31 dedicated teams set up as offices within each Local Authority in Ireland, LEOs offer a wide range of experience, skills and services. LEOs also aim to promote enterprise and entrepreneurship and foster a culture of enterprise.

Department of Business, Enterprise and Innovation

Meeting hosted by: Declan Hughes, Assistant Secretary General and Phyllis Kelly, Head of Local Enterprise, Digital and Finance for Growth Division

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DEBI has a [Statement of Strategy](#) (2018-21), which has been developed, taking account of Brexit and other significant current global challenges and opportunities. It sets out seven high level goals aimed at delivering the commitments assigned to DEBI in the Programme for Partnership Government 2016. Preparation for Brexit has led to a focus on training and mentoring. Businesses are being supported to look at their supply chains and the sourcing of materials as well as external markets and

alternative products for those markets. DBEI have found that companies are wary of investing until they know the outcome of Brexit.

In terms of the relationship between local authorities and Enterprise Ireland, members asked how much autonomy the LEOs have. Declan explained that local authorities take on a leadership role and employ staff. They are the principle deliverer of business support services, but work closely with Enterprise Ireland who have an oversight role. Each LEO has targets and these are monitored by EI, who will meet with the county managers regularly to discuss progress. Any issues with the targets are quickly addressed under this continual monitoring. Metrics allow benchmarking across counties.

The DEBI allocates budget to EI which is then distributed to the local authorities. The LEO budget is ring-fenced within the local authority budget. This budget varies depending on the performance and scale of the county. It has increased significantly with a 20% budget increase 2 years ago and further 40% increase for next year. The budget doubled during the transition period and transparency also increased.

Declan explained that there is a desire by LEOs to give support to all sectors. There are greater caveats on EI support, particularly if a business is seeking financial assistance. A business can only receive EI support if it is internationalising and has more than 10 employees.

DBEI are currently working on the creation of a single digital platform for all engagement to work as a dashboard. Around 7,000 businesses currently receive direct engagement and 30,000 receive more scattered business support.

The LEOs conduct an annual employment survey, which monitors indicators like employment statistics, female entrepreneurship and capability in different sectors. There is now data from the annual employment survey for 2016 and 2017 which means that they can start tracking results in relation to policy priorities.

Branding is important for engagement and there is a proactive effort to promote local enterprise offices in each county. When LEOs were introduced there was a big rebranding exercise. They wanted to let all entrepreneurs know that the LEOs are for people in all sectors to gain mentoring and signposting. Campaigns are also important tools to raise awareness. Local Enterprise Week is, for example, a national campaign that is linked to local advertising and local enterprise engagement. Some events are run in conjunction with Chambers of Commerce. This attendance is also monitored.

16 events are run nationally, including Women's Enterprise Day. The DBEI feels that highlighting a particular topic and giving it national exposure has been really successful. For example, the number of women-led businesses has increased from 8% to 25% since the introduction of Woman's Enterprise Day.

LEO National Programmes in 2018 included:

- Student Enterprise Awards
- National Enterprise Awards (competition celebrated its 20th anniversary in May)

- National Women's Enterprise Day
- Local Enterprise Week
- Craft and Design Showcase
- Food Academy
- Local Enterprise Village @Ploughing
- Ireland's Best Young Entrepreneur

DBEI has a strategic focus to address challenges facing microenterprises. This is:

- Sustain and grow regional employment
- Embed innovation
- Support and drive future orientated start-ups (HPSU)
- Increase competitiveness (LEAN)
- Champion diversification (exports)
- Fostering entrepreneurship
- Management and skills capability

When LEOs were established, staff working in the County Enterprise Boards were given the opportunity to work for EI or a LEO. It was seen as important that the LEOs shared an office with the local authority and that this was centrally located to have an integrated high street presence. The relationship between the County Enterprise Boards was inconsistent, the service level agreement and monitoring of the LEOs by EI has been an improvement.

Having central accountability by EI has improved networking and sharing of best practice between local authorities. Benchmarking is national and problems are tackled. They have introduced mystery shoppers as an additional way to monitor performance.

The Centre of Excellence is employed by EI and is accountable to the DBEI. It manages the relationship between EI and the LEOs and is the fulcrum of the hub and spoke model. It has taken time, but the alignment between EI and the LEOs has improved. EI now sees LEOs as an integral part of the business support landscape, which was not always the case. This year there will be more businesses being generated by the LEOs and passed to EI than EI are generating on their own.

Each LEO has an annual action plan with a broad range of indicators.

Enterprise Ireland

Meeting hosted by: Kevin Davoren, Eoghan O'Brian, Mark Christal, Gearoid Mooney, Helen McMahan

Members in attendance: Jackie Baillie, Gordon MacDonald and Andy Wightman

Overview of EI and EI's role in governance of LEOs

EI generally support manufacturing and internationally trading companies who employ more than 10 people. They currently support 5,000 companies which is a relatively small proportion of SMEs. EI aim to attract foreign direct investment and promote Ireland overseas to students as a study abroad destination. Most export products don't remain popular for longer than 3 years, so continual innovation is crucial.

The 'missing middle' is still a factor in the Irish support system as it is in Scotland. Domestically focused companies with more than 10 employees receive little support.

EI has a strong regional impact, supporting 210,000 jobs. The majority of these are outside Dublin.

Businesses are encouraged to export very early in their life cycle. 50% of Irish businesses export and it is hugely important to the businesses ability to scale. Diversification of sectors exporting builds resilience in the economy. 34% of current Irish exports are to the UK, worth approximately €7.62 billion to the economy. EI run a lot of events to meet overseas buyers and connect with market intelligence opportunities.

The [Irish Advantage](#) website includes case studies and a client directory.

The service level agreements define the business support governance roles and are renewed every 3 years. The LEO coordination unit looks at monitoring, evaluation and budget. It employs 11 people. Annual metrics are reviewed every quarter on indicators such as jobs, financial assistance, training, LEAN initiatives and transfers to EI.

Retaining staff knowledge and expertise is critical for the success of the LEOs. The national turnover of local authority staff is a challenge. EI feel that staff knowledge should be revisited in the next service level agreement. This wasn't an issue initially as the majority of staff had transferred to LEOs from County Enterprise Boards. That original retention of knowledge has since diluted.

LEO staff are generalists. Expert advice is obtained through mentors and consultants.

The introduction of a new CRM system is strategically important. It is hoped that the standardisation of systems and processes will place less emphasis on individuals and bring greater consistency.

EI's role in supporting in-house innovation and collaborative innovation with HEIs

EI supports 5,000 companies, but around 20 are large (with a turnover of more than 250k). Constant innovation is crucial in maintaining market position. Innovation is key to building resilience through market upset. Research and development is therefore a big focus.

Start-up incubators have been introduced in all educational institutions. Peer to peer promotion is important.

Skills

EI facilitate skills needs workshops as it's often difficult for businesses to identify and articulate skills gaps. Workshops help to clarify the asks from businesses and look at successes. Many skills programmes look at immediate gaps rather than identifying a longer-term strategy. There is no point in identifying a strategy unless you have the resource for implementation.

Fingal LEO

Meeting hosted by: Oisín Geoghegan

Clients can be confused about whether to seek support from EI or the LEO. When services transferred from County Boards there was concern about lack of autonomy and flexibility, but this hasn't been the reality. Targets are set nationally, but there is still flexibility to do things differently depending on local needs. The economic development budget is allocated by the local authority and is separate.

There has been a big emphasis on promoting the "first stop shop" message.

LEO metrics are determined by the Centre of Excellence. LEOs consent to these targets which aim to be fair, achievable and ambitious. The relationship between EI and the LEOs is not seen as competitive since they have a different client base.

The LEOs felt that local programmes are often more effective than nationally run programmes.

Cult drinks

Members spoke to Sarah-Jane who set-up Cult drinks, a Dublin-based drink company, specialising in brand innovation. Sarah-Jane talked about EIs [Be Prepared Grant](#). The Be Prepared Grant offers up to €5,000 to assist in the cost of developing a strategic response to Brexit. The grant is intended to provide support to clients to use external resources to undertake a short assignment to determine how the company could respond to the threats and opportunities of Brexit. To be eligible for the Grant you must be an Enterprise Ireland client who is directly or indirectly exposed to the UK market.