

Proposed increase in INAB Fee Schedule: SME TEST

August 2024

1. Introduction

The INAB fee schedule specifies the charges applied by the Health and Safety Authority/INAB to all applicant and accredited organisations and all assessment types and GLP facilities. All fees are exclusive of VAT which is charged at 23%. The fees paid by Conformity Assessment Bodies (CABs) have remained unchanged since 2018.

In line with **Objective 21** of the Accreditation Strategy, a review undertaken by an external third party considered the direct and indirect costs associated with providing the national accreditation service. Analysing estimated fee volumes and activity levels for the period 2024 to 2027, the report concluded that existing fees would not suffice to finance the service during this time. Consequently, the review recommended a 12% increase in income from 2025 to 2027.

The HSA Board has proposed to the Minister that an increase of 5% be applied to fees charged from 2025 to all applicant and accredited organisations and all assessment types and GLP facilities. This approach allows additional time for stakeholder engagement to assess future impacts, while also providing an opportunity for discussions with officials from the Department of Enterprise, Trade, and Employment regarding potential Exchequer funding through the 2025 estimates process or state-backed incentives for accreditation in specific sectors.

The purpose of this paper is to consider the potential impacts, or additional regulatory burden which the above decision may place on SMEs.

2. SME Test

The SME (Micro, Small and Medium Enterprises) Test is an integral part of the European Commission's Better Regulation guidelines since 2009. It asks each Member State to include an assessment of the burden on SMEs for relevant regulations and legislation. The purpose of the SME test is to request policymakers to think about the negative impact of any new legislation or regulation which may create a burden on SMEs. The main thrust of the Test is to propose possible exemptions or less stringent requirements for smaller companies.

SMEs are defined as enterprises with fewer than 250 persons engaged. SMEs are further split into micro enterprises with fewer than 10 persons engaged, other small enterprises with between 10 and 49 persons engaged and medium sized enterprises with between 50 and 249 persons engaged.

The Authority recognises that SMEs often lack information, time, or expertise to deal with administrative or compliance rules, and therefore regulation can have a disproportionate effect in terms of compliance cost and administrative burden on SMEs.

3. Consideration of the SME Test in the context of the proposed change.

Proposed change

- The HSA Board has proposed to the Minister that an increase of 5% be applied to fees charged from 2025 to all applicant and accredited organisations and all assessment types and GLP facilities.
- No change has been proposed to the manner in which accreditation services are currently provided.
- No policy changes have been proposed.
- No regulatory changes have been proposed.

The fee increase will have a financial impact across the full range of Conformity Assessment Bodies (CABs) accredited by INAB. CABs vary in size, from SMEs to large multinational corporations and public institutions like hospitals.

The proposed change will now be considered in relation to the areas of competitiveness, cost to industry, and stakeholder consultation. Furthermore, a number of specific questions required under a SME test will also be considered.

Competitiveness

Accredited organisations enjoy a return on investment in accreditation, with enhanced reputation and credibility and increased productivity all contributing to providing competitive advantage. Accreditation provided by INAB offers Irish enterprises a competitive advantage as the quality and efficiency of Irish products or services produced is improved across sectors within the economy. Accreditation also plays an essential role in augmenting access to European and international markets, offering a competitive advantage for Irish products and services. While recognising the financial impact of the proposed change, it is not considered sufficient to impact an SMEs ability to compete with the market.

Cost to Industry

Approximately €3.2M of income is generated by INAB each year. A 5% increase equates to €160,000. The proposed fee increase will affect CABs proportionally based on the scope of their accreditation.

The table below sets out the average cost per conformity assessment body (CAB) under each of the primary assessment types, and highlights the financial impact of a 5% increase on each category.

Table 1: Impact of 5% increase per average CAB in each assessment category

Conformity Assessment	Standard	Accreditations Awarded	Average Invoice per CAB (€)	Impact of 5% Increase
Testing	ISO 17025 (T)	110	€ 10,228	€ 10,739
Calibration	ISO 17025 (C)	17	€ 8,877	€ 9,320
Medical Testing	ISO 15189	62	€ 16,753	€ 17,590
Inspection	ISO 17020	16	€ 11,823	€ 12,414
Management Systems Certification	ISO 17021-1	9	€ 19,014	€ 19,965
Product Certification	ISO 17065	23	€ 12,133	€ 12,739
Reference Material Producer	ISO 17034	1	€ 7,179	€ 7,538
Personnel Certification	ISO 17024	5	€ 7,009	€ 7,359
GLP facility	OECD Principles	1	€ 6,332	€ 6,649

Stakeholder Consultation

An external review undertaken by a third party considered the direct and indirect costs associated with providing the national accreditation service, in the context of estimated fee volumes and activity levels for the period 2024 to 2027. The report concluded that existing fees would not suffice to finance the service during this time. Consequently, the review recommended a 12% increase in income from 2025 to 2027.

The HSA Board has proposed a **5% increase** in fees charged from 2025 to all applicant and accredited organizations, as opposed to the initially considered 12% increase. This more moderate approach allows for additional time to engage stakeholders and assess future impacts. The timelines proposed allow for CABs to receive three months' notice of fee changes.

Recognising that a larger increase is likely in future, plans are in train to commence the appropriate stakeholder engagement. Such stakeholder engagement would include:

- Consultation of SME stakeholders;
- Identification of affected businesses;
- Measurement of the impact on SMEs;
- Assessment of potential alternative mechanisms and mitigating measures

Further considerations required under SME test

The following specific questions have also been considered:

- Will the legislation have a negative impact on SME's?
 - N/A as there is no legislative or policy change proposed.
- Would it be possible to exempt some or all of the cohort from its requirements?
 - N/A as there is no legislative or policy change proposed. Fees charged relate to all applicant and accredited organisations and all assessment types and GLP facilities.
- Is your legislation one of a number that is due for upcoming implementation?
 - N/A as there is no legislative or policy change proposed.
- Could these be grouped together as part of a common commencement date?
 - N/A as there is no legislative or policy change proposed.
- Alternatively, could temporal derogations be given to SMEs?
 - N/A as there is no legislative or policy change proposed.
- If your legislation is technical in nature or highly complex, could it be simplified for SMEs to ensure understanding and compliance?
 - N/A as there is no legislative or policy change proposed.

4. Conclusion

Having considered the impact of the proposed change to those CABs who are SMEs, the impact is considered to be purely financial, as no further regulatory requirements, or changes to policy or current regime are proposed. For that reason, mitigants such as exemptions or simplification of the implementation of regulations do not apply.

Provisions in relation to payment terms are already in place to favour SMEs in terms of deadline variation. Further flexibility can be considered on a case-by-case basis.