

Update of Budget 2016

38th meeting of the Management Board 17-18 June 2015

Item	7.2
Action	For information
Status	Final - Public

Key messages

The Management Board is invited to take note of the following recent developments with respect to the 2016 budgetary procedure;

- The Commission adopted the EU Draft Budget for 2016 on 27/05/2015.
- For REACH/CLP and PIC, the proposed budget appropriations and staff figures are in line with ECHA's Preliminary Draft Budget (PDB) 2016 proposal, as adopted by the Management Board in March 2015.
- For Biocides, the proposed number of Temporary Agent (TA) posts in ECHA's establishment plan has been reduced to 36 and the EU balancing subsidy has been reduced to EUR 5m.
- While ECHA is prepared to continue implementing a 2% annual staff reduction, it wishes to retain sufficient Biocides posts on its 2016 establishment plan to be in a position to respond effectively to the increased market demands and undertake the associated increased workload fully and effectively.

Background

ECHA's budget request for 2016 was adopted by the Management Board in its meeting in March 2015, while the Commission adopted the EU Draft Budget for 2016, containing the Financial Statement for ECHA, on 27/05/2015. This note explains the impact of the Commission's Draft Budget on ECHA's Biocides-related activities.

In 2015, ECHA's Biocides establishment plan foresees 48 TA posts. However, ECHA is only making use of the posts insofar as the workload requires and the fee income allows. Currently, 38 posts are filled¹. In March 2015, the MB requested 42 TA posts for Biocides in 2016 to facilitate sufficient flexibility in the event that the fee income/workload would increase. The number of CA posts would remain at 10.

Rationale

For REACH/CLP and PIC, the proposed budget appropriations and staff figures are in line with the Agency's budget request for 2016, as adopted by the Management Board in March 2015. In terms of staffing, this implies a 2% reduction in posts.

For Biocides, the overall expenditure level has not been amended, however the appropriations

¹ Due to maternity leave of three staff members, ECHA will temporarily move three staff members from REACH/CLP to Biocides, thereby increasing the number of posts occupied to 41.

for salaries and operational expenditure have each been reduced by approx. EUR 90 000. On the revenue side, the Commission increased the fee revenue from EUR 1.5 m to EUR 1.8 m (thereby departing from its original conservative estimate) and reduced the EU balancing subsidy amount from EUR 5.4 m to EUR 5 m.

Overall, the 2016 Commission's Draft Budget foresees staffing allocations for ECHA's Biocides activities of 36 TAs, 9 Contract Agent (CA) positions and 1 Seconded National Expert (SNE) position. The Commission (DG BUDG) agreed that the number of CA positions could be further increased during 2016 provided that this cost would be covered by an increase in fee income. The proposal of DG BUDG, therefore, represents a reduction in ECHA's Biocides TA staff by 25%.

The 2016 establishment plan for Biocides proposed by the Commission deviates from the 42 TA posts requested by ECHA (which was already less than the 47 TA posts indicated in the Commission communication of July 2013). The proposal by the Commission is (with 36 posts) lower than the 37 expert TA staff (in full-time equivalent) that ECHA considers is the absolute minimum to carry out its tasks and which was used as the most conservative estimate to calculate its staff expenditure for 2016. Compared to the posts available in 2015, this post allocation means a reduction of 12 posts (25%). When the budget proposal for 2016 was presented to the Management Board in March 2015, ECHA maintained that, since the estimated number of Biocides applications may be higher than the Commission's conservative estimate, it would be important to maintain at least 42 TA posts in its 2016 establishment plan to be in a position to cater for the potentially higher staffing requirements. The Commission did not agree with ECHA's request, notwithstanding the fact that ECHA is committed to using Biocides posts only to the extent that this is required to handle industry applications and financially permissible.

The nature of the Biocides business model is that, in general terms, income invoiced in 2015 will generate work in 2016. The present fee revenue trend indicates that the income will be higher in 2015, resulting in an increase in workload in 2016. The increased workload includes processing the expected applications for active substances and for Union authorisations of Biocidal Products. The upscaling of the central IT tool (R4BP) to meet the needs of Member States and industry (instead of maintaining it) also requires at least two more expert posts. Overall, the workload in the Biocides area is, in a number of areas, higher than foreseen - for example, helpdesk questions are consistently higher than expected (due to the complexity of existing and new parts in the legislation) – and requests related to the EU list of active substances and suppliers – which is maintained by ECHA - will continue in 2016 and beyond to cover in-situ generated substances and biocides which were not in the scope of the former EU legislation (for this, a legal deadline of 01 September 2016 applies). In addition, the national competent authorities are continuously requesting more support from ECHA in operating the Biocides Review Programme.

It is the ECHA Secretariat's view that the proposal to reduce the EU subsidy, while increasing fee revenue, without providing sufficient staff to handle this potential increase in workload, represents a risk to ECHA in fulfilling its statutory mandates fully and effectively.

Drawbacks

It should be noted that ECHA wishes to retain sufficient Biocides posts on its 2016 establishment plan to be in a position to respond effectively to the increased market demands and undertake the associated increased workload (particularly when it appears that the fee revenues will now facilitate this approach). ECHA is in agreement with the Commission's stated position to increase the number of staff working on its Biocides activities only if this can be justified by a corresponding increase in fee income. The key point of difference in assessment between ECHA and the Commission is, however, the type of contract that ECHA may offer, where the Commission maintains that the additional staff should be CAs, while ECHA's view is that TAs have been and will be required to carry out the necessary scientific tasks as they require sufficiently competent and experienced staff. ECHA's experience, however, is that it is

exceptionally challenging to attract and retain such staff in CA positions, thereby risking a loss of knowledge and recurrent recruitment costs. Therefore, ECHA has stopped organising selections at CA FG IV for scientific officers.

As the Inter-Institutional Working Group 2 (IIWG2) has now resumed its work (which includes the mandate to evaluate the establishment plans of Agencies on a case-by-case basis and also the specificities of fee receiving agencies), there would be an opportunity for ECHA to contribute to this Group and, particularly, to the Parliament which has previously highlighted that Agencies should be assessed individually with respect to their staffing requirements and called for the appropriate treatment of fee-receiving agencies.

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