

## Budget and Establishment Plan for 2013

Meeting of the Management Board 13-14 December 2012

<b>Item</b>	6.1
<b>Action</b>	For adoption
<b>Status</b>	Final

### Summary

The Management Board is invited to adopt the budget of the Agency for 2013 including the staff establishment plan.

### Matters for consideration

#### Introduction

The budget of the Agency shall be adopted by the Management Board and shall become final following the adoption of the general budget of the European Union. If appropriate, it shall be adjusted accordingly<sup>1</sup>. The Agency's establishment plan, an integral part of the budget, is adopted by the Budgetary Authority (European Parliament and Council)<sup>2</sup>.

Under the budgetary procedure provided for by the Lisbon Treaty, the Council and the European Parliament stand on an equal footing for the adoption of all parts of the EU budget. Following the end of the conciliation period provided by the Lisbon Treaty on 13 November 2012, the two bodies could not conclude with an agreement on the 2013 budget and the Commission has proposed a new budget. ECHA is self-financed for the REACH/CLP part of its budget but is depending on the EU funding for the parts related to the implementation of the Biocide and PIC regulations. It is to be noted that the Council's proposal thus far was to reduce budget and staff for Biocides and PIC. The present proposal is based on the new Commission draft budget of 26 November 2012. There remains uncertainty if a final budget will be adopted still in 2012 and if the final budget will be at the level of subsidy and staff for Biocides and PIC as proposed by the Commission.

The total expenditure budget of the Agency for 2013 amounts to €106.6 million. This budget proposal is significantly lower compared to the preliminary draft budget (PDB) that amounted to €117.4 million.

#### Recapitulation of income and expenditure

##### a) Income

The tasks under REACH and CLP will be fully funded from own resources: from the new fee income expected to be collected as a result of the upcoming 2<sup>nd</sup> registration deadline of 31 May 2013 as well as from the accumulated reserve of fee income. The fresh revenue from fees and charges of €38.4 million is expected to cover approximately 40% of the total REACH and CLP expenditure. The reserve is expected to generate interest income that will finance 3.4% of the REACH and CLP expenditure. The remainder of the total REACH and CLP expenditure budget of €98.8 million will be financed from the reserve which is expected to

<sup>1</sup> Article 96 of the REACH Regulation

<sup>2</sup> Article 96(8) of the REACH Regulation

decrease from €164.7 million to €107.8 million by the end of the year.

Concerning the tasks under the Biocide regulation, the funding is foreseen to derive almost entirely from the EU subsidy. In addition, €150k is expected as revenue from fees paid before the end of the year. The total revenue for Biocides amounts to €6.22 million. For PIC, the total revenue results from a subsidy of €1.56 million. The subsidy amounts are subject to the adoption of the EU budget by the Council and the European Parliament.

The operational consequences and proposed counteractions of the considerably lower than initially planned funding available for the implementation of the Biocides Regulation are further elaborated in a separate document submitted to the Management Board in the context of this agenda item (MB/55/2012 part 2).

## **b) Expenditure**

### **Title 1 - Staff**

REACH and CLP: Title 1 includes staff related costs, covering mainly salaries, recruitment, training, work related travel and external services, and amounts to a total of €63.9 million (increase by 6.8% compared to 2012). One year ago, the Commission proposed salary increases of 2.7% for the year 2011, but as the Council did not agree to this, the dispute was brought to the Court of the Justice and the outcome is still pending. In addition to the said increase, a further indexation of salaries of 2% per year is foreseen. The disputed amount of €2.8 million for paying the salary increase retroactively, for the years 2011 and 2012, has thus exceptionally been included in the 2013 budget. On the other hand, the Agency has adjusted its earlier draft budget by excluding the employer's part of the pension contribution. The number of temporary agents (TA) is envisaged to decrease from 456 to 451 as demanded by the Commission.

Biocides and PIC: Due to the start-up phase of these activities, there is a significant growth in the staffing levels and staff budget figures. Whereas the 2012 budgets covered only less than half of the year, the 2013 budgets will encompass the whole year. The first full year of activity of these two regulations will entail an increase in the staffing expenditure from €0.9 million to €3.7 million under Biocides and from €73k to €505k under PIC. As provided for in the legislative financial statements, the number of posts in the establishment plan increases from 11 to 47 TAs under Biocides and from 3 to 5 TAs under PIC. It is to be noted that the available revenue from subsidies and fees will not allow to recruit all staff listed in the establishment plan for the Biocides.

### **Title 2 – Building, equipment and miscellaneous operating expenditure**

Title 2 includes the rental cost for the building as well as other basic infrastructure and information technology expenditure and amounts to €15.9 million (increase by 15.8% compared to 2012). The budgeted amount primarily reflects the rental and other operating cost of the office space area in use (€7.8 million) which is practically unchanged from the year before. A sizable part of the increased Title 2 costs stems from the high-value outsourced hosting services for the Agency's ICT infrastructure and from the IT maintenance and licence costs (€5.4 million). Finally, a significant amount is foreseen for the renovation works of the electricity infrastructure and for the setup of day care facilities in the rented office building (€1.7 million). These infrastructure costs are divided between the regulations using the expected average staffing numbers as a driver.

### **Titles 3-5 – Operating expenditure**

The operational Title 3 budget directly supports the implementation of the Agency's Work Programme for the REACH/CLP activities and amounts to €24 million (increase by 12% from 2012). The main increase is for the Activity 6, IT support to the operations, by €1.6 million, representing mainly the maintenance and licence costs postponed from 2012 in respect of the principle of annuality.

The major part of the operational Title 4 expenditure for the Biocides will be used for the further development of IT tools, for the first meeting of the Biocidal products committee and, to the extent possible, for translations of website and documents to EU languages.

Concerning the operational Title 5 for PIC, the main part of the expenditure is intended to cover the IT development costs. A smaller part will be used for scientific studies and consultancy.

### **Action requested**

The Management Board is invited to adopt the Agency's budget and establishment plan for the year 2013, with the understanding that they shall become final following the final adoption of the general budget of the European Union.

**Attachments:** ECHA Budget and establishment plan for the financial year 2013