

Update on the Budget 2018 preparations

46th Meeting of the Management Board 21-22 June 2017

Key messages

This note presents the status of ECHA's request for financial and human resources in the 2018 budget in relation to the four regulations and new tasks under preparation.

Background

ECHA's draft budget 2018 was submitted to the Commission in January 2017 after the Management Board had adopted the Single Programming Document (SPD) 2018-2020 in its December 2016 meeting. In addition to the tasks known at that time, it was indicated that a revision of the planned 2018 human and financial resources associated with a number of potential new tasks (that is, endocrine disruptors, poison centers, occupational exposure limits, EU chemicals legislation finder and persistent organic pollutants) would be required. Several subsequent discussions have taken place between ECHA and the relevant Commission services to establish these additional resource requirements for 2018.

Rationale

The Commission's 2018 draft budget was adopted on 30 May 2017. Based on the information received from ECHA's partner DGs, ECHA's request for additional resources in excess of the Multiannual Financial Framework (MFF) ceilings for REACH/CLP, BPR and PIC was rejected. Therefore, in accordance with the MFF, the number of Temporary Agent (TA) posts for REACH/CLP will reduce by six, while the TA posts for BPR will increase by three and by one TA post for PIC. However, the funds to pay for the latter was also rejected and, in addition, ECHA received a penalty of c. €46.000 for reaching less than 95% commitment rate in 2016. The Commission also rejected ECHA's requested exception to allocate the unused subsidy amounts from 2016 under REACH/CLP and BPR to finance any shortfall in fee revenue and the unplanned tasks in 2018. As a result of this outcome, ECHA will not be able to take up the proposed new tasks under REACH/CLP to the extent foreseen and, in effect, their take-up will be conditional on the 2018 registration deadline generating higher-than-budgeted fee income.

Registration deadline 2018

The year 2018 is the year for the third REACH registration deadline, which will impact a large number of companies in Europe and the highest number of Small and Medium Sized Enterprises (SMEs) to date. The current estimated volume of workload (60,000 dossiers) is significant and ECHA will require additional staff (beyond the 'core' REACH/CLP staff in registration and helpdesk units) to undertake this additional work. In order to effectively implement the workload related to the final registration deadline and to reduce the impact of the planned redeployment on the rest of ECHA's Work Programme 2018, ECHA requested the Commission to refrain from the planned reduction of six Temporary Agent posts in 2018 and postpone this reduction until 2019.

ECHA also proposed that the additional staff could be financed by ECHA's REACH/CLP budget outturn of 2016. However, these requests were rejected by the Commission. As a result, the 2018 deadline work will require internal redeployment to differing degrees, depending on the volume of registrations, and any significant shortfall in fee revenue will also require an additional funding request during 2018 which DG GROW is willing to put forward.

BPR

ECHA's budget request for its BPR activities in 2018 was higher than the MFF ceiling due to the workload associated with the increase in Union Authorisations applications. This request was rejected by the Commission, however DG SANTE has confirmed that additional CAs could be recruited by ECHA if the revenues from fees are higher than planned in 2018.

PIC

With respect to ECHA's implementation of the Prior Informed Consent (PIC) Regulation, the Commission's rejection of ECHA's request for additional financial resources and the imposed penalty means that ECHA will now carefully assess which activities to deprioritise in the areas of IT development and stakeholder support, while aiming to minimise disruption to planned activities.

Endocrine Disruptors

In the area of BPR activities, a new task for ECHA that would commence in 2018 - following the planned adoption of the criteria by the Commission - is the categorisation of the approved active substances regarding potential endocrine disruptors properties. This represents a significant scientific workload due to the high number of dossiers to be considered for the 150 approved active substances. It is foreseen to use both internal resources and outsourced activities to limit the need for additional expert scientific internal resources. DG SANTE proposed that, following agreement on the endocrine disruptors criteria, a Commission Communication would be developed, including the related resource implications for both ECHA and EFSA covering the period 2018-2020. This work is still in progress.

Poison Centres

The recently published Annex VIII to the CLP Regulation gives ECHA a number of tasks related to the provision of harmonised formats for the obligation to notify hazardous mixtures placed on the market. For 2017, ECHA has absorbed the new tasks with its current resources. However, stakeholders, including the Commission, have expressed their support for ECHA to develop a central notification platform to receive, and make available, industry notifications on emergency health responses of all hazardous mixtures placed on the market in the European Economic Area. The development and operation running of such a portal brings interesting opportunities for ECHA, particularly the potential of having information on actual products composition and use and, in cooperation with the appointed bodies, harvest the information to assess whether a risk management measure (for example, restriction) should be taken at EU level. However, it is a new system to be developed and operated that can only be achieved with additional resources. A feasibility study is ongoing to fully understand the concrete implications of this new system.

The initial estimates indicated that c. 6 new FTEs are required to develop this portal (as outlined in ECHA's SPD 2018-2020), after which there will be a continuous need to support industry and the Member States, as well as maintaining the system in view of three subsequent deadlines until 2024. An additional EU contribution of €3 million for the development of the portal was also estimated. During the ongoing consultations with stakeholders, it is clear that Member States (MS) and industry's expectations on such a portal are growing, including the possibility for ECHA to actually host the notifications on behalf of national appointed bodies. This would mean substantial savings for the MS in IT development costs and, for industry, in terms of efficiency. While awaiting the confirmation of resource needs from the feasibility study, ECHA estimates that the portal is similar, in terms of size and development, to R4BP which means that the

originally-estimated 6 FTEs are required, particularly in the area of IT as the level of expertise required for project management, architecture work, infrastructure, etc. cannot be provided by interims. The Commission has rejected ECHA's request for additional HR and financial resources and it is, thus, highly unlikely that this ambitious project will be properly sourced and implemented in 2018.

EU Chemical Legislation Finder

A feasibility study on the proposed EU Chemical Legislation Finder is currently taking place in order to achieve a 'go/no go' decision by Q4 2017, while a parallel architectural study is still under consideration for addition to the delegation in 2017. If it is decided to proceed with the task, which has been considered not in the remit of ECHA's mandate, the indicative timeframe is that either a delegation¹ or ad hoc grant from the Commission to ECHA could be in place by Q4 2018 (with project implementation starting in Q1 2019). The indicated amount to be allocated (from the COSME funds) for the first version of a portal is currently set at €1 million, however this may be adjusted. The additional staff and budget requirements for running costs are also within the scope of the feasibility study. Again, the 2018 budget proposal of the Commission does not provide for adequate staffing and finance and it is, therefore, proposed to address this in the SPD 2019-2021.

Further tasks under Occupational Exposure Limits (OEL)

In March 2017, ECHA received a first request from the Commission for its Risk Assessment Committee (RAC) to assess the scientific relevance of Occupational Exposure Limits for five carcinogenic chemical substances. While this present request will be handled with a re-allocation of ECHA's current resources (cf. previous agenda point), further requests in this area are still in the pipeline for work in 2018 or later and will require 0.5 FTE per substance. The Commission is invited to prepare - before trialogues on the 2018 budget commence - a Communication on the resourcing of such work, especially in the event that a structural decision is taken to allocate this work systematically to ECHA.

Persistent Organic Pollutants (POPs)

In the context of a recast of Regulation (EC) No 850/2004 on Persistent Organic Pollutants, the Commission will request ECHA to undertake tasks related to providing assistance and technical guidance to the Commission and Member States. A specific financial statement has been developed by the Commission for this purpose, incorporating 2 FTEs and a budget of approximately €0.5 million per year. As the new legislative proposal has not yet been adopted, it is currently expected that this activity will only start in 2019. Therefore, these staff and budget proposals will not be introduced in the SPD 2018-2020 at this stage.

Circular Economy

The Commission is conducting a targeted stakeholder consultation with respect to the interface between chemicals, products and waste legislation, in support of its commitment under the Circular Economy Action Plan to analyse this interface and deliver a recommendation on policy options by the end of 2017. This work is closely linked to ECHA's (limited) activities in the area of substances in articles, for which it is currently developing a longer-term strategy. While the outcome of the Commission recommendation may indicate the need for future involvement of the Agency in implementing the policy options, the Commission should urgently indicate (SPD 2018-2020) if ECHA will be required to support the Commission. In any case, ECHA expects that it can only devote a limited number of staff, on a part-time basis, to this work.

¹ Delegation in accordance with Article 8 of the ECHA Financial regulation.

Next steps

After the adoption by the College, the Commission will submit its 2018 draft budget, including the financial and human resources for ECHA, to the budgetary authority (that is, the European Parliament and the Council) for its consideration. It is expected that the coordination of the EU Agencies Network will approach the Parliament and Council with a common position for those Agencies that have already implemented a cut of 5% of their posts. The budgetary authority is expected to adopt the final EU budget by end-November 2017.

Attachment:

N/A

For questions: shay.omalley@echa.europa.eu with copy to mb-secretariat@echa.europa.eu