

## First amending budget 2015 and transfers within the budget since last notification

38<sup>th</sup> meeting of the Management Board 17-18 June 2015

<b>Item</b>	7.1
<b>Action</b>	For adoption
<b>Status</b>	Final - Public

### Proposal

The Management Board is invited to adopt the first amending budget for 2015 and the consequent changes to the procurement plan, as well as to take note of the annexed budget transfers carried out under the responsibility of the Executive Director.

The overall Agency income and expenditure, following the amendments, totals EUR 117.7 million. The amendments to the REACH/CLP budget bring the total expenditure within the PDB ceiling.

The main reasons for the proposed amendments are as follows:

#### REACH/CLP

- ECHA has finalised its 2014 accounts and the remaining balance of the budgetary outturn is entered into the budget as revenue, which increases the opening reserve for REACH/CLP by EUR 4.3 million.
- Revenues from fees and charges for REACH/CLP have been amended to EUR 20.2 million, reflecting the present updated forecasts that are based on the Agency's latest best estimates. Considering the uncertainty of the registration fee income, these budget estimates have been reduced by 5% for prudence.
- The expenditure budgeted for REACH/CLP, excluding the reserve, is reduced by EUR 4.9 million.
- Following the updated forecasts of REACH/CLP revenues from fees and charges, it is estimated that there is no need for the EU balancing subsidy (EUR 7.8 million) in 2015.

#### BIOCIDES

- The fee income is not amended at this time, however the amending budget incorporates the Switzerland contribution and a correction to the European Free Trade Association (EFTA) contribution, that result in an increase in revenue of EUR 142 000. The overall expenditure is increased by EUR 142 000, corresponding to the above-mentioned increase in income.

#### PIC

- A small transfer in operational title is proposed that does not affect the overall income and expenditure levels.

## Background

While the budget revision is usually carried out later during the year, this budget revision exercise was launched following a request from the Commission, after the adoption of the 2015 budget, to reinstate the total expenditure for REACH/CLP for 2015 to the agreed PDB 2015 levels. In addition, the Commission indicated its desire to receive an early indication/confirmation on the status of ECHA's requested EU balancing subsidy for REACH/CLP.

## Rationale

### Income

#### REACH/CLP income

According to the latest best estimates (LBEs) for REACH/CLP, there are indications that the revenues from fees and charges will exceed the original budgeted amount and, therefore, it is proposed to include the amount of EUR 20.2 million for REACH/CLP fee income in this first amending budget. It is important to note that accurate forecasting of the REACH/CLP fee income is extremely challenging due to the uncertainty and fluctuations in the number of incoming dossiers.

Following the finalisation of the 2014 accounts, the remaining balance of the budgetary outturn is also entered into the budget as revenue which increases the opening reserve for REACH/CLP by EUR 4.3 million. The entry for an EU balancing subsidy for REACH/CLP is cancelled, while a new entry for the new Instrument of Pre-Accession Assistance (IPA) programme is inserted for EUR 0.3m.

The changes in REACH/CLP income are summarised in the table below.

#### REACH/CLP income

Title	Heading	Adopted Budget	Revision	1st Amending Budget
1	REVENUE FROM FEES AND CHARGES	14 417 060.75	5 840 008.25	20 257 069.00
199	Reserve	82 869 889.25	4 319 803.36	87 189 692.61
2	EUROPEAN COMMUNITY SUBSIDY	7 800 000.00	-7 800 000.00	0.00
3	THIRD COUNTRY CONTRIBUTION	236 340.00	-236 340.00	0.00
4	OTHER CONTRIBUTIONS	0.00	0.00	0.00
5	ADMINISTRATIVE OPERATIONS	425 000.00	-55 000.00	370 000.00
6	CONTRIBUTIONS UNDER SPECIFIC AGREEMENTS	0.00	300 000.00	300 000.00
9	ADMINISTRATIVE OPERATIONS	0.00	0.00	0.00
	<b>Total Income</b>	<b>105 748 290.00</b>	<b>2 368 471.61</b>	<b>108 116 761.61</b>

#### Biocides and PIC income

The overall income levels for Biocides and PIC are not changed. For Biocides, while there are indications that the budgeted fee income will be exceeded, confirmation of this trend is awaited before proceeding to budget amendment (possibly in September 2015).

The table below presents the income per regulation following the revision, for which the details are available in the annexed amending budget document (Annex 2).

**Income per regulation**

Title	Heading	REACH	BIOCIDES	PIC	Total 2015
1	REVENUE FROM FEES AND CHARGES	20 257 069.00	2 243 574.00	0	22 500 643.00
199	Reserve	87 189 692.61	0	0	87 189 692.61
2	EUROPEAN COMMUNITY SUBSIDY	0.00	5 789 000.00	1 222 000.00	7 011 000.00
3	THIRD COUNTRY CONTRIBUTION	0.00	307 791.20	0	307 791.20
4	OTHER CONTRIBUTIONS	0	0	0	0.00
5	ADMINISTRATIVE OPERATIONS	370 000.00	0	0	370 000.00
6	CONTRIBUTIONS UNDER SPECIFIC AGREEMENTS	300 000.00	0	0	300 000.00
9	ADMINISTRATIVE OPERATIONS	0	0	0	0.00
	<b>Total Income</b>	<b>108 116 761.61</b>	<b>8 340 365.20</b>	<b>1 222 000.00</b>	<b>117 679 126.81</b>

**Expenditure****REACH/CLP expenditure**

As stated above, the objective of the revision was to re-assess the 2015 budget needs and re-instate the PDB 2015 levels for REACH/CLP-related expenditure, where possible. Following this re-assessment, the REACH/CLP expenditure, excluding the reserve, totals EUR 100.8 million, which is within the PDB 2015 ceiling, taking account of the additional expenditure related to the new IPA programme and the SME administrative charge refunds, which could not have been foreseen when the PDB was adopted.

**Title 1 - Staff**

The overall reduction in Title 1 amounts to EUR 751 000. The largest individual reduction stems from the updated estimates for the salary weightings, related to the correction coefficient for Finland, that is not expected to increase to the extent originally foreseen.

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

The overall reduction in Title 2 amounts to EUR 913 000, related to a revision in the building's maintenance and ICT programmes.

**Title 3 – Operational expenditure – REACH/CLP**

In Title 3, budget reductions have been identified in a number of areas totalling EUR 3.2 million and the most significant are outlined below:

**3011 - Committees and Forum**

Following the noted decrease in the number of Applications for Authorisation, the number of rapporteur contracts needed with the MSCAs is reduced and the overall reduction in expenditure is approx. EUR 650 000.

**3004 – Evaluation**

The level of service requests for MSCAs in support of Evaluation tasks are lower than originally foreseen and the total reduction in this line amounts to EUR 480 000.

**3090 - Refunds REACH/CLP**

In the adopted budget 2015, an amount of EUR 2 million was included to cover the potential refunds of the collected administrative charges from ECHA's SME verification activity. The Commission has now indicated that the budgeted amount should be limited to the Spraylat case and the cases that ECHA is aware of and, therefore, the amount is reduced to EUR 292 000 (refer to AP6).

The table below summarises the changes in the REACH/CLP payment appropriations.

### REACH/CLP payment appropriations

Title	Heading	Adopted Budget	Revision	1st Amending Budget
1	Staff	61 438 640.00	-751 000.00	60 687 640.00
2	Building, equipment and miscellaneous operating expenditure	15 831 950.00	-913 000.00	14 918 950.00
3	Operating expenditure REACH	28 477 700.00	-3 232 500.00	25 245 200.00
4	Operating expenditure Biocides	0.00	0.00	0.00
5	Operating expenditure PIC	0.00	0.00	0.00
9	Other - Reserve	0.00	7 264 971.61	7 264 971.61
	<b>Total</b>	<b>105 748 290.00</b>	<b>2 368 471.61</b>	<b>108 116 761.61</b>

### Biocides and PIC expenditure

The Biocides and PIC-related expenditure was also assessed. The resulting changes for Biocides and PIC are at this stage limited and can be implemented through re-allocations between budget lines. These are included in the annexed amending budget.

The table below summarises the revised figures for all the regulations.

### Appropriations Amending Budget 1 / 2015

Title	Heading	Commitment Appropriations REACH	Payment Appropriations REACH	Commitment and Payment Appropriations Biocides	Commitment and Payment Appropriations PIC	Total Payment Appropriations
1	Staff	60 687 640.00	60 687 640.00	5 985 330.00	601 810.00	67 274 780.00
2	Building, equipment and miscellaneous operating expenditure	14 918 950.00	14 918 950.00	1 094 040.00	171 060.00	16 184 050.00
3	Operating expenditure REACH	25 006 300.00	25 245 200.00			25 245 200.00
4	Operating expenditure Biocides			1 260 995.20		1 260 995.20
5	Operating expenditure PIC				449 130.00	449 130.00
9	Other - Reserve	7 264 971.61	7 264 971.61			7 264 971.61
	<b>Total</b>	<b>107 877 861.61</b>	<b>108 116 761.61</b>	<b>8 340 365.20</b>	<b>1 222 000.00</b>	<b>117 679 126.81</b>

### Updated procurement plan

Since the procurement plan annexed to the Work Programme serves as the financing decision for the activities that it covers, an updated procurement plan is annexed to this document (Annex 3).

### Alternative options

The proposed amendments to the budget comply with the Commission's request to reinstate the total expenditure for REACH/CLP for 2015. Alternatively, this first budget revision could have been made later during 2015, when more accurate fee income estimates would be available. However, this approach would not permit the Commission to adjust the EU balancing subsidy level and would, therefore, not be in line with the principle of sound financial management.

### Drawbacks

The proposed amendments to the budget align the budget with the expenditure needs and income situation based on the latest best estimates. As stated above, however, the fee income estimates continue to be the subject of uncertainty and volatility that requires ongoing close monitoring and that has a significant impact on ECHA's financial planning and budgeting. The drawback to this approach, therefore, is the risk that the updated forecasts for revenues from fees and charges and will not materialise in 2015 to the extent forecasted. For that reason, a 5% prudency margin was deducted from the new forecasted REACH revenues.

**Attachments:**

Annex 1 - Transfers within the budget since last notification

Annex 2 - 1<sup>st</sup> amending budget 2015

Annex 3 – Procurement plan

For questions: [shay.omalley@echa.europa.eu](mailto:shay.omalley@echa.europa.eu) with copy to [mb-secretariat@echa.europa.eu](mailto:mb-secretariat@echa.europa.eu)

## Annex 1 - Transfers within the budget since last notification

The budget transfers carried out (by 01 June 2015) under the responsibility of the Executive Director since the last notification to the Management Board are listed hereunder;

- a) On 22 May 2015, transfer within PIC Title 2 – Building, Equipment and Miscellaneous Operating Expenditure, to cover the expenses related to the new contract for unassisted audio-conferences as well as for AdobeConnect web-conferencing services.

The amount was transferred from budget line 2300 (Stationary and office supplies) which has a surplus due to the re-evaluation of the ordering and selection of the stationary and office supplies.

A/A	Budget item	Description	Initial Budget	Previous Transfers	Available (non committed) Budget	Current Transfer	Total Transfers	% of the source Budget Item	Total available appropriations
			A	B	C	D	E	F=E/A	G=C+D
1	2300	Stationary and office supplies	2 280.00	0.00	408.00	-300.00	-300.00	13.16%	108.00
2	2107	Telecommunication charges	336.00	0.00	0.00	300.00	300.00	89.29%	300.00
	Sum		2 616.00		408.00	0.00			408.00

- b) On 22 May 2015, transfer within BIOCIDES Title 2 – Building, Equipment and Miscellaneous Operating Expenditure, to cover the expenses related to the new contract for unassisted audio-conferences, as well as for AdobeConnect web-conferencing services.

The amount was transferred from budget line 2300 (Stationary and office supplies) which has a surplus due to the re-evaluation of the selection of the stationary and office supplies.

A/A	Budget item	Description	Initial Budget	Previous Transfers	Available (non committed) Budget	Current Transfer	Total Transfers	% of the source Budget Item	Total available appropriations
			A	B	C	D	E	F=E/A	G=C+D
1	2300	Stationary and office supplies	19 000.00	0.00	3 400.00	-2 317.00	-2 317.00	12.19%	1 083.00
2	2107	Telecommunication charges	3 000.00	0.00	183.00	2 317.00	2 317.00	77.23%	2 500.00
	Sum		22 000.00		3 583.00	0.00			3 583.00

- c) On 22 May 2015, transfer within REACH Title 2 – Building, Equipment and Miscellaneous Operating Expenditure, to cover the expenses related to the new contract for unassisted audio-conferences, as well as for AdobeConnect web-conferencing services.

The amount was transferred from budget line 2300 (Stationary and office supplies) which has a surplus due to the re-evaluation of the ordering and selection of the stationary and office supplies.

A/A	Budget item	Description	Initial Budget	Previous Transfers	Available (non committed) Budget	Current Transfer	Total Transfers	% of the source Budget Item	Total available appropriations
			A	B	C	D	E	F=E/A	G=C+D
1	2300	Stationary and office supplies	168 720.00	0.00	30 192.00	-20 540.00	-20 540.00	12.17%	9 652.00
2	2107	Telecommunication charges	26 664.00	0.00	1 660.00	20 540.00	20 540.00	77.03%	22 200.00
	Sum		195 384.00		31 852.00	0.00			31 852.00

- d) On 24 April 2015, transfer within PIC Title 1 – Staff, to cover the additional expenses resulting from the price increases in the new Service Level Agreement signed with the Commission's Paymaster Office (PMO) in late December 2014.

A/A	Budget item	Description	Initial Budget	Previous Transfers	Available (non committed) Budget	Current Transfer	Total Transfers	% of the source Budget Item	Total available appropriations
			A	B	C	D	E	F=E/A	G=C+D
1	1500	Training and languages	22 100.00	0.00	9 643.89	-299.31	-299.31	1.35%	9 344.58
2	1601	Adm. assistance from Community institutions	7 100.00	0.00	4 952.00	299.31	299.31	4.22%	5 251.31
	Sum		29 200.00		14 595.89	0.00			14 595.89

- e) On 24 April 2015, transfer within BIOCIDES Title 1 – Staff, to cover the additional expenses resulting from the price increases in the new Service Level Agreement signed with the Commission's Paymaster Office (PMO) in late December 2014.

A/A	Budget item	Description	Initial Budget	Previous Transfers	Available (non committed) Budget	Current Transfer	Total Transfers	% of the source Budget Item	Total available appropriations
			A	B	C	D	E	F=E/A	G=C+D
1	1500	Training and languages	129 100.00	0.00	65 299.17	-2 360.95	-2 360.95	1.83%	62 938.22
2	1601	Adm. assistance from Community institutions	59 300.00	0.00	41 400.00	2 360.95	2 360.95	3.98%	43 760.95
	Sum		188 400.00		106 699.17	0.00			106 699.17

- f) On 24 April 2015, transfer within REACH Title 1 – Staff, to cover the additional expenses related to the fees of European Schooling Helsinki for the school year 2015-2016, following the updated information regarding the number of pupils enrolled.

At the same time, the allocation between the Regulations (FMCs) is updated to correspond to that of the parents financed from REACH/Biocides/PIC.

A/A	Budget item	Description	Initial Budget	Previous Transfers	Available (non committed) Budget	Current Transfer	Total Transfers	% of the source Budget Item	Total available appropriations
			A	B	C	D	E	F=E/A	G=C+D
1	1500	Training and languages	1 248 800.00	0.00	537 026.93	-38 500.00	-38 500.00	3.08%	498 526.93
2	1441	Childhood centers and schooling	1 134 100.00	0.00	1 058 620.00	38 500.00	38 500.00	3.39%	1 097 120.00
	Sum		2 382 900.00		1 595 646.93	0.00			1 595 646.93

- g) On 2 April 2015, transfer within REACH Title 2 – Building, Equipment and Miscellaneous Operating Expenditure, to cover the additional expenses related to the need to replace telecommunication equipment.

A/A	Budget item	Description	Initial Budget	Previous Transfers	Available (non committed) Budget	Current Transfer	Total Transfers	% of the source Budget Item	Total available appropriations
			A	B	C	D	E	F=E/A	G=C+D
1	2100	ICT Equipment, Hardware and software	656 500.00	0.00	587 595.47	-23 087.86	-23 087.86	3.52%	564 507.61
2	2106	Telecommunication equipment	15 800.00	0.00	15 800.00	23 087.86	23 087.86	146.13%	38 887.86
	Sum		672 300.00		603 395.47	0.00			603 395.47

### Transfers within the Financial year 2014

- h) On 11 December 2014, transfer within BIOCIDES Titles 1 – Staff and 4 – Operational expenditure, to cover the expenses needed to extend the terminology in the ECHA-term database with 40 new concepts (multilingual entries) relevant for the biocides domain.

The ECHA-term database was launched in 2009 to improve of the quality of translations and to facilitate communication in the supply chain. The database is constantly updated with the new REACH, CLP and biocide terms in 23 EU languages.

A/A	Budget item	Description	Initial Budget	Previous Transfers	Available (non committed) Budget	Current Transfer	Total Transfers	% of the source Budget Item	Total available appropriations
			A	B	C	D	E	F=E/A	G=C+D
1	1101	Family allowances	327 000.00	-50 345.00	31 655.00	-18 052.49	-68 397.49	20.92%	13 602.51
2	4007	Advice assistance through guidance and helpdesk	83 690.00	0.00	296.00	-296.00	-296.00	0.35%	0.00
3	4008	Scientific IT tools	369 740.00	0.00	545.47	-545.00	-545.00	0.15%	0.47
4	4011	Biocidal products Committee and Rapporteurs	560 735.00	0.00	3 212.94	-3 212.00	-3 212.00	0.57%	0.94
5	4022	Management Board and management of the Agency	144 885.00	0.00	5 910.57	-5 910.00	-5 910.00	4.08%	0.57
6	4030	Missions	89 900.00	0.00	500.00	-500.00	-500.00	0.56%	0.00
7	4013	Communication and translation	192 605.00	0.00	12 791.10	28 515.49	28 515.49	14.81%	41 306.59
	Sum		1 768 555.00		54 911.08	0.00			54 911.08

- i) On 02 December 2014, transfer within REACH Title 1 – Staff, to cover the expenses related to salaries (Chapter 11), and for recruitment (Chapter 12), following the latest estimates of the recruitment rate, the grades of entering into service, the turnover and the family allowances of newcomers.

A/A	Budget item	Description	Initial Budget	Previous Transfers	Available (non committed) Budget	Current Transfer	Total Transfers	% of the source Budget Item	Total available appropriations
			A	B	C	D	E	F=E/A	G=C+D
1	1100	Basic salaries	31 442 999.00	-420 000.00	22 999.00	-14 400.00	-434 400.00	1.38%	8 599.00
2	1142	Other allowances and grants	600.00	0.00	300.00	8 400.00	8 400.00	1400.00%	8 700.00
3	1201	Installation, resettlement and daily subsistence allowances	513 750.00	45 000.00	45 000.00	6 000.00	51 000.00	9.93%	51 000.00
	Sum		31 957 349.00		68 299.00	0.00			68 299.00