

First Amending Budget 2017, amendment to the Procurement plan and transfers within the budget

47th meeting of the Management Board 28-29 September 2017

Proposal

The Management Board is invited to:

- adopt the first amending budget for 2017;
- adopt the amended procurement plan;
- adopt the amended Establishment Plan for 2017; and
- take note of the budget transfers carried out under the responsibility of the Executive Director.

ECHA has reviewed its income estimates and expenditure needs and the main elements that require a budget amendment are as follows:

REACH/CLP

- Revenues from fees and charges are increased by € 5.2 million to € 31.7 million, reflecting ECHA's latest best estimates.
- The total expenditure is reduced by € 0.1 million to € 97.6 million, which includes additional spending of € 1.25 million for the Poison Centre Portal.
- The required EU subsidy is reduced by € 5.2 million to € 64.3 million, and the EFTA contribution is reduced by c. € 0.1 million to € 1.6 million, that is € 5.3 million in total.

BPR

- Revenues from fees and charges are increased by € 1.7 million to € 7.5 million, reflecting ECHA's latest best estimates.
- The total expenditure is increased by € 1.1 million to € 11.4 million, which includes additional spending of € 1.2 million for further IT development.
- The required EU subsidy is reduced by € 560 000 to € 890 000, and the EFTA contribution is reduced by € 14 000 to c. € 22 000 (that is, € 574 000 in total).

PIC

The overall expenditure and fee income levels are not amended.

Background

In the context of the Commission's 2017 global transfer exercise, the Agency was requested to re-assess the subsidy needs for the current year. Therefore, a budget revision exercise was carried out to identify and release any funds that were deemed not to be required and to consider any additional priority needs.

Rationale

Income

Further explanations on the changes in income are provided in the following sections and a detailed breakdown is presented in Annex 2.

REACH/CLP income

ECHA's latest best estimate (LBE) for REACH/CLP fee income, which takes account of the revenues already received or invoiced and contains a 5% safety margin, indicates that the revenues from fees and charges will exceed the amount originally budgeted for the year. Therefore, it is proposed to include an additional amount of € 5.2 million for REACH/CLP fee income in this amending budget.

As a result of the increased income and amendments to the expenditure, the required EU subsidy for 2017 is reduced by € 5.2 million, to € 64.3 million, and the EFTA contribution is reduced by c. € 0.1 million, to € 1.6 million.

BPR income

ECHA's LBE for BPR fee income, which takes account of the revenues already received or invoiced and contains a 10% safety margin, indicates that the revenues from fees and charges will exceed the amount originally budgeted for the year and, therefore, it is proposed to include an additional amount of € 1.7 million for BPR fee income in this amending budget.

As a result of the increased income and amendments to the expenditure, the required EU subsidy for 2017 is reduced by € 560 000, to € 890 000, and the EFTA contribution is reduced by c. € 13 820, to € 21 980. In addition, the Swiss contribution and the contribution from the General Budget of the European Union designated as assigned revenue are reduced by € 91 882 in total.

PIC income

The overall income level for PIC, which is fully dependent on the EU subsidy, is not changed.

Expenditure

A detailed explanation of expenditure is provided in the following sections and a detailed breakdown is presented in Annex 2.

REACH/CLP expenditure

The overall payment appropriations are reduced by c. € 0.1 million, to € 97.5 million. In addition, re-allocations between certain titles and budget lines are proposed (Annex 2).

Title 1 – Staff

The total for title 1 is increased by c. € 0.4 million, mainly to cover the estimated increase in the basic salaries.

Title 2 – Building, equipment and miscellaneous operating expenditure

In title 2, the overall reduction amounts to c. € 0.1 million.

Title 3 – Operational expenditure – REACH/CLP

In title 3, the overall reduction is c. € 0.4 million. The identified reductions total c. € 1.5 million in a number of areas, most notably in the areas of Risk Management (Budget Line (BL) 3005), Scientific and technical advice to EU institutions and bodies (BL 3009) and Communications, including Translations (BL 3013).

In addition, additional funds are budgeted for the development of the Poison Centre portal. Out of the total of € 1.25 million, € 1.1 million is allocated for the IT development (BL 3008) and 0.05 million for translations (BL 2013), while the remaining € 0.1 million is budgeted for the staff costs in Title 1.

BPR expenditure

The overall appropriations are increased by c. € 1.1 million, to € 11.4 million. In addition, re-allocations between certain titles and budget lines are proposed (Annex 2).

Title 1 – Staff

In title 1, the overall reduction amounts to c. € 0.1 million and arises from several releases across the title.

Title 2 – Building, equipment and miscellaneous operating expenditure

The total for title 2 is increased by c. € 0.05 million, mainly to cover the estimated increase in the building-related consultancy costs.

Title 4 – Operational expenditure – Biocides

The total for title 4 is increased by c. 1.1 million. These additional funds, together with releases from other budget lines, are allocated to finance IT projects for the further development of R4BP3, Biocides Dissemination and the targeted maintenance improvements of European Union System for the Evaluation of Substances (EUSES) (BL 4008) to ensure that it can continue to be used for biocides exposure assessments, while awaiting the development of a longer-term evolution plan.

PIC expenditure

There is no change to the overall level of appropriations. The identified releases, totalling c. € 54 000, are re-allocated to finance further IT development (on budget line 5008).

Summary of the budget amendments

The table below presents an overview of the budget amendments, per Regulation and per Title, for the commitment (CA) and payment appropriations (PA).

Regulation	Title		Adopted Budget CA	Adopted Budget PA	First Amendment CA	First Amendment PA	Amending Budget 1 CA	Amending Budget 1 PA
REACH	TITLE 1	STAFF	61 505 966	61 505 966	364 257	364 257	61 870 223	61 870 223
	TITLE 2	BUILDING EQUIPMENT AND MISCELL. OPER EXPEND	13 448 639	13 448 639	-133 485	-133 485	13 315 154	13 315 154
	TITLE 3	OPERATIONAL EXPENDITURE	22 780 002	22 727 785	-626 823	-371 423	22 153 179	22 356 362
	TOTAL		97 734 607	97 682 390	-396 051	-140 651	97 338 556	97 541 739
BIOCIDES	TITLE 1	STAFF	6 931 428	6 931 428	-116 508	-116 508	6 814 920	6 814 920
	TITLE 2	BUILDING EQUIPMENT AND MISCELL. OPER EXPEND	1 459 364	1 459 364	49 112	49 112	1 508 476	1 508 476
	TITLE 4	OPERATIONAL EXPENDITURE	1 967 208	1 967 208	1 118 394	1 118 394	3 085 602	3 085 602
	TOTAL		10 358 000	10 358 000	1 050 998	1 050 998	11 408 998	11 408 998
PIC	TITLE 1	STAFF	667 896	667 896	-54 433	-54 433	613 463	613 463
	TITLE 2	BUILDING EQUIPMENT AND MISCELL. OPER EXPEND	177 828	177 828	50	50	177 878	177 878
	TITLE 5	OPERATIONAL EXPENDITURE	337 276	337 276	54 383	54 383	391 659	391 659
	TOTAL		1 183 000	1 183 000	0	0	1 183 000	1 183 000
ECHA	TITLE 1	STAFF	69 105 290	69 105 290	193 316	193 316	69 298 606	69 298 606
	TITLE 2	BUILDING EQUIPMENT AND MISCELL. OPER EXPEND	15 085 831	15 085 831	-84 323	-84 323	15 001 508	15 001 508
	TITLES 3-5	OPERATIONAL EXPENDITURE	25 084 486	25 032 269	545 954	801 354	25 630 440	25 833 623
	TOTAL		109 275 607	109 223 390	654 947	910 347	109 930 554	110 133 737

Amendment to establishment plan

It is proposed to convert three (3) AST posts (AST7, AST8 and AST9) into AD posts (AD7, AD8 and AD9) to better align the establishment plan with actual staff in place. The proposed conversion has no impact on the overall level of the establishment plan or the budget.

Updated procurement plan

As the procurement plan of ECHA's Work Programme serves as the financing decision for the activities that it covers, an updated procurement plan is provided (Annex 3). The main changes are the new projects for IT development for all the regulations, including most notably the Poison Centre portal, R4BP3 and EUSES.

Alternative options

An alternative option is to not propose this budget amendment, however, this would not permit the Commission to adjust the EU balancing subsidy level for the REACH/CLP budget and would not, therefore, be in line with the principle of sound financial management. This option is, therefore, not recommended.

Drawbacks

The proposed amendments to the budget align the budget with the expenditure needs and income situation based on the latest best estimates. As previously stated, however, the fee income estimates continue to be the subject of uncertainty that requires ongoing close monitoring and has a significant impact on ECHA's financial planning and budgeting. (For example, at end-August 2017 the cashed revenue from fees and charges for REACH/CLP was c. € 19 million, compared to the revised year-end estimated total of c. € 32.2 million and, for BPR, c. € 5 million, compared to the revised year-end estimated total of c. € 7.5 million). While the risk has been partially mitigated by applying a prudency margin of 5 and 10% respectively to the amounts still to be cashed, the drawback to this approach is the risk that the updated forecasts for revenues from fees and charges will not materialise in 2017 to the extent forecasted.

Attachments:

- Annex 1 - Transfers within the budget since last notification
- Annex 2 - 1st amending budget 2017, including the amendment to the Establishment Plan
- Annex 3 - Procurement plan

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

Annex 1 - Transfers within the budget since last notification

The budget transfers carried out (by 01 September 2017) under the responsibility of the Executive Director since the last notification to the Management Board are listed hereunder;

- a) On 21 August 2017, transfer within PIC Title 2 - Building, Equipment and miscellaneous operating expenditure - to cover the unforeseen costs related to ECHA's future building project. The amount was transferred from budget lines 2103 and 2210, which have surplus funds based on the currently estimated needs.

A/A	Budget item	Description	Initial Budget	Previous Transfers / amendments	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	2060	Preliminary expenditure to construction, acquisition or rental of immovable property	1 250.00	0.00	1 250.00	2 700.00	2 700.00	216.00%	3 950.00
2	2103	Analysis, programming, technical assistance and other external services for the administration of the Agency	66 373.00	0.00	6 831.09	-1 260.00	-1 260.00	1.90%	5 571.09
3	2210	Furniture	1 536.00	0.00	1 536.00	-1 440.00	-1 440.00	93.75%	96.00
	Sum		69 159.00		9 617.09	0.00			9 617.09

- b) On 21 August 2017, transfer within Biocide Title 2 - Building, Equipment and miscellaneous operating expenditure - to cover the unforeseen costs related to ECHA's future building project. The amount was transferred from budget lines 2200, 2210 and 2300, which have surplus funds based on the currently estimated needs.

A/A	Budget item	Description	Initial Budget	Previous Transfers / amendments	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	2060	Preliminary expenditure to construction, acquisition or rental of immovable property	7 500.00	0.00	7 500.00	22 950.00	22 950.00	306.00%	30 450.00
2	2210	Furniture	13 056.00	0.00	13 026.83	-12 240.00	-12 240.00	93.75%	786.83
3	2200	Technical equipment and installations	20 400.00	0.00	10 698.86	-7 830.00	-7 830.00	38.38%	2 868.86
4	2300	Stationary and office supplies	10 302.00	0.00	3 085.50	-2 880.00	-2 880.00	27.96%	205.50
	Sum		51 258.00		34 311.19	0.00			34 311.19

- c) On 21 August 2017, transfer within REACH/CLP Title 2 - Building, Equipment and miscellaneous operating expenditure - to cover the unforeseen costs related to ECHA's future building project. The amount was transferred from budget lines 2103 and 2200, which have surplus funds based on the currently estimated needs.

A/A	Budget item	Description	Initial Budget	Previous Transfers / amendments	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	2060	Preliminary expenditure to construction, acquisition or rental of immovable property	116 250.00	0.00	77.00	199 350.00	199 350.00	171.48%	199 427.00
2	2103	Analysis, programming, technical assistance and other external services for the administration of the Agency	4 900 240.00	0.00	504 104.11	-132 784.00	-132 784.00	2.71%	371 320.11
3	2200	Technical equipment and installations	177 200.00	0.00	92 933.29	-66 566.00	-66 566.00	37.57%	26 367.29
	Sum		5 193 690.00		597 114.40	0.00			597 114.40

- d) On 03 July 2017, transfer within REACH/CLP Title 2 - Building, Equipment and miscellaneous operating expenditure - to cover unforeseen costs related to a settlement of an administrative legal dispute. The amount was transferred from budget line 2020, which has surplus funds based on the currently estimated needs.

A/A	Budget item	Description	Initial Budget	Previous Transfers / amendments	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	2330	Legal expenses	25 000.00	0.00	9 402.84	50 000.00	50 000.00	200.00%	59 402.84
2	2020	Water, gas, electricity, heating	267 840.00	0.00	202 718.59	-50 000.00	-50 000.00	18.67%	152 718.59
	Sum		292 840.00		212 121.43	0.00			212 121.43