

## Draft Programming Document 2019-2021

48<sup>th</sup> Meeting of the Management Board 14-15 December 2017

### Proposal

The Secretariat invites the Management Board to adopt ECHA's Draft Programming Document (PD) for the years 2019-2021.

The draft PD includes the:

- Multi-annual programming for 2019-2021 that has been developed based on ECHA's draft strategic plan that is subject to further discussion;
- Annual work programme 2019 with an update of the structure for activities in line with the new priorities;
- Preliminary Draft Budget (PDB) for the year 2019 totalling EUR 117 million, representing an increase of 1% and requesting a total subsidy of EUR 74.2 million and 464 establishment plan posts which is in line with the Commission's MFF planning except for the BPR subsidy;
- Budget and staffing evolution for the years 2019-2021.

### Background

ECHA has prepared the Programming Document in line with the requirements of ECHA's Financial Regulation. The document contains planning of mid-term objectives, annual activities, human resources and the budget. ECHA will send the document together with the budget request to the European Commission in January 2018 for its opinion and as ECHA's input into the budgetary procedure for 2019. During 2018, the Agency will revise the document further in consultation with the Management Board. The Management Board is expected to adopt the document in the September 2018 meeting.

Based on the outcome of the EU budget process, the Management Board will adopt ECHA's final budget for 2019, together with a detailed procurement plan, in December 2018.

The Working Group Planning and Reporting reviewed the proposal at its meeting of 23 November 2017.

### Rationale

#### General aspects

The multi-annual section of the Programming Document has a number of new elements compared to previous programming documents:

- Elements of ECHA's draft strategic plan 2019-2023 that is under further discussion become part of the Programming Document providing guidance and direction to the Agency on a time horizon even beyond the three-year planning cycle. It is now planned to submit the 5-year strategic plan for public consultation in the March Management Board meeting.
- Three strategic priorities and the enabling components of the Agency replace the strategic objectives of ECHA Secretariat used since 2014.

- After ten years in operation and with the last REACH registration deadline in 2018 having passed, the Programming Document for 2019 is expected to be the first to start the implementation of the (draft) strategic plan. It balances between the necessity to carry out existing tasks under REACH, CLP, BPR and PIC (Strategic Priority 1) and to invest into novel areas of work (Strategic Priorities 2 & 3) all supported by enabling components.
- Integrating new areas of work into the current structure results in evolutionary changes to the annual activity structure. This allows to make the new tasks and new ways of working more visible in the planning document.

The annual programming for 2019 reflects on these changes through the following elements:

- Strategic Priority 1 implements and further refines ECHA's existing integrated regulatory strategy as principal area of work consuming most of the Agency's resources. It can be seen to cover most of the principle 'core business' of the Agency.
- Strategic Priority 2 focuses on safe and sustainable use of chemicals by improving the communication of risk management in the supply chain and activities related to the chemical safety assessment, substances in articles, substitution and safe use.
- Strategic Priority 3 aims to promote the use of ECHA's data and competences to analyse and process the data in regulatory areas related to chemicals regulation. The support to other legislation with inter alia the 'legislation finder' and on occupational exposure limits belongs to this area of work.

The workload driver estimates and performance indicators in the draft Programming Document reflect what can be anticipated at this point in time. The Secretariat undertakes to improve the estimates and indicators resulting them to change prior to adoption of the Programming Document in September 2018. With regard to applied efficiency indicators, the Secretariat will assess the intended improvements for 2019 after having obtained the 2017 data and the level of efficiency being achieved in that year. This allows to adjust the indicators to a more realistic level before the Commission consultation in January 2018. Furthermore, the Secretariat undertakes to revise its activity structure in 2018 for reflecting in a more concise and harmonised approach the processes and work items of the Agency for the next SPD.

### **Uncertainties / possible amendments of the PD**

There are ongoing discussions on the potential establishment of new tasks for the Agency, in particular concerning Poison Centres and the EU Chemicals Legislation Finder (EUCLEF). For the latter, the Programming Document has been updated to the current status referring to a delegation agreement that should be established still in 2017. The financial aspects for new tasks are addressed in the next section.

### **Budget**

#### REACH/CLP

ECHA's REACH/CLP income is comprised of fees and charges and an EU subsidy. In 2019, the fee income is expected to level off after the 2018 deadline to a more standard level, although it is difficult to estimate the registration fee income in the post-deadline era. The fees and charges are currently estimated to total c. EUR 33 million per year during the planning period and the annual REACH/CLP subsidy needs have been based on the current ceilings of the EU's Multi-annual Financial Framework (MFF). There remains, however, a degree of uncertainty related to the fee income estimates, as they are based on the estimated volume of incoming dossiers. For 2021, the estimated balancing subsidy for 2021 totals EUR 70.8 million and is estimated based on the resource needs and expected fee income.

For 2019, staff-related expenditure (Title 1) decreases slightly (-1%) from 2018. The Title 2 expenditure is 6% higher than in 2018, primarily due to a temporary increase related to the future building project of the Agency. The operational expenditure in Title 3 decreases by c. 11% as, after the final registration deadline, ECHA has reduced its 2019 expenditure in the operational title to the more established level, reflecting the new Work Programme strategic priorities. The

Title 3 also contains the funds delegated by the Commission for the implementation of the European Union Observatory for Nanomaterials and for the EU Chemical Legislation Finder.

Revenues	2018	2019
	Revenues estimated by the agency	As requested by the agency
<b>EU contribution</b>	30 517 000	67 224 000
<b>Other revenue</b>	73 098 781	34 807 200
<b>Total revenues</b>	<b>103 615 781</b>	<b>102 031 200</b>

### Biocides

Similar to REACH/CLP, the Biocides activities are financed with both fee income and EU subsidy. The high degree of uncertainty continues with respect to the budgeted revenue from fees and charges. Originally, the MFF for the years 2019-2020 did not foresee a subsidy. However, as the estimated fees will not be sufficient to finance the operations after 2018, a subsidy of € 5.8 million for 2019 and EUR 7.0 million for 2020 is requested. For 2021, the subsidy request is € 1 million higher than in 2020, totalling EUR 8 million, reflecting the actual financing needs of the Agency. Should the Commission wish to allow SMEs to pay fees in instalments, the subsidy amounts for 2019 and 2020 would be around € 1 million higher.

In 2019, staff-related expenditure under BPR in 2019 is estimated at c. EUR 8.9 million, representing an increase of 14% in comparison with 2018. This increase stems primarily from the additional posts allocated for 2019. The Title 2 expenditure increases by 17% in 2019, compared to 2018, as the drivers used to allocate the related indirect costs also increase. The overall operational expenditure reduces by 2% and the main expenditure item relates to the maintenance and development of the IT tools.

Revenues	2018	2019
	Revenues estimated by the agency	As requested by the agency
<b>EU contribution</b>	2 226 000	5 760 000
<b>Other revenue</b>	9 673 055	7 524 660
<b>Total revenues</b>	<b>11 899 055</b>	<b>13 284 660</b>

### PIC

ECHA's PIC activities continue to be funded by the EU subsidy over the planning period. As indicated in the Programming Document 2018-2020, the increase in the number of export notifications (originally estimated at c. 10% per year) has actually been on average 17% per year. The resources needed for processing notifications, related tasks and stakeholder support are, therefore, higher than foreseen and require additional support from operational interim placements. The PIC IT submission system (ePIC) also continues to require further development. Therefore, the EU subsidy requested for 2019 and 2020 is higher than foreseen in the MFF. The requested subsidy for 2019 totals EUR 1.242 million, which exceeds the MFF by EUR 0.1 million and the requested subsidy for 2020 totals EUR 1.212 million, which exceeds the MFF by EUR 0.07 million.

In 2019, the overall expenditure increases by 13% compared to 2018. The staff-related expenditure in PIC is estimated at EUR 0.7 million, while the largest element of the operational PIC budget is allocated for the maintenance of the IT tools related to the support of the export notifications and the import consents.

Revenues	2018	2019
	Revenues estimated by the agency	As requested by the agency
<b>EU contribution</b>	1 096 320	1 242 000
<b>Other revenue</b>	0	0
<b>Total revenues</b>	<b>1 096 320</b>	<b>1 242 000</b>

Please note:

All budget estimates for 2018, as indicated in the Programming Document, will be finalised upon adoption of ECHA final budget 2018.

### New tasks

The present Programming Document foresees a number of new tasks for ECHA that have been agreed, or are under discussion, with the Commission services. They will require additional financial and human resources in the period 2019-2021, subject to final agreement. For 2019 and 2020, ECHA will continue to adapt to the overall reduction in financial and staff resources, in line with the Commission Communication on the resourcing of EU Agencies<sup>1</sup>. It should be noted, however, that the present practice whereby ECHA undertakes its agreed Work Programme and, in addition, is required to redeploy internal resources (which are consequently replaced by operational interim placements) to conduct preliminary/scoping work on potential new tasks, or undertake feasibility studies on such potential new tasks, is unsustainable and risks negatively impacting ECHA's ability to deliver on its main activities and outputs in its Work Programme. This situation needs to be addressed in the context of the future MFF where, for 2021, ECHA considers that the resource requirements of the new tasks presently under discussion with the Commission, together with the need to address the structural issue related to the recurring engagement of operational interims, clearly indicate the need for additional resources than presently pertains.

### **Drawbacks**

The timeline when the Programming Document is prepared reduces the certainty for operational and resources planning. The estimates used are subject to a number of uncertainties, most notably related to the revenues from fees and charges under REACH/CLP and BPR. Compared to many other EU agencies, ECHA is unable to prepare its multiannual financial programming based on guaranteed income assumptions.

In the event that the possible adjustments to the EU subsidy levels during the planning period are not supported, the resulting reductions in expenditure could have an impact on ECHA's ability to implement the work programme.

### **Attachment:**

- Annex 1: ECHA's Draft Programming Document for years 2019-2021

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<sup>1</sup> COM(2013)519