

Draft Programming Document 2018-2020

44th meeting of the Management Board 13-14 December 2016

Proposal

The Management Board is invited to adopt ECHA's Draft Programming Document for the years 2018-2020, as annexed to this note, comprising the draft multiannual and annual work programme, draft establishment plan and preliminary draft budget for year 2018. The key elements of the proposal include:

- Extending ECHA's multi-annual strategic objectives and their respective areas of operation until 2020, providing relevant milestones and baseline figures estimates, in line with WSSD 2020 goals and keeping the focus on further improvement of regulatory processes at ECHA, especially as regards successful management of the last registration deadline in 2018
- Providing a detailed outline of ECHA's activities and outputs in 2018, with a preliminary allocation of resources per activity, following the same structure as in Programming Document for years 2017-2019
- Providing ECHA's Preliminary Draft Budget (PDB) for the year 2018, totalling € 117.7 million
- Providing ECHA's Establishment Plan for 2018 and the staffing evolution for the years 2018-2020

The main purpose of adoption of the Draft Programming Document 2018-2020 at this stage is to support ECHA's budget request for 2018 and to launch the budgetary procedure with the European Commission in January 2017. Before becoming final, it will be further revised in consultation with the Management Board as described below.

Background

Based on the Framework Financial Regulation, EU agencies have to prepare, each year, a programming document, covering three financial years, and submit it together with their budget request, to the European Commission by the end of January of the preceding year.

The provisions, which started to apply in 2015 when the first ECHA programming document for 2017-2019 was prepared, continue to require the approval by the Management Board before the next programming document, covering years 2018-2020, is submitted to the European Commission in January 2017.

The version of the document to be submitted to the Commission in January 2017 will undergo a technical update to reflect the actual figures as of 31 December 2016 regarding the outputs, performance indicators, financial and human resources.

The Working Group on Planning and Reporting reviewed the attached Draft Programming Document 2018-2020 in its meeting of 23 November and expressed support for its adoption by the Management Board, although it could not express itself on the details, given the limited time for scrutiny provided by the Secretariat.

The Commission will consider the submitted estimates and issue an opinion on the Agency's staff programming. It will also consider the submitted estimates when putting forward its draft budget proposal to the European Parliament and the Council in mid-2017.

During that time, ECHA's Draft Programming Document 2018-2020 will be further refined. It will be put forward to the Management Board Members for written consultation in July/August 2017 and for its final adoption in September 2017.

Based on the outcome of the EU budget process, the Management Board will be expected to adopt ECHA's final budget for 2018, together with detailed Procurement Plan, in December 2017.

In accordance with the European Commission's guidelines, the different elements of the programming document (multiannual and annual work programmes, multiannual staff policy plan, establishment plan and preliminary draft budget) are no longer presented separately.

Due to this integration within the Programming Document, the Secretariat does not propose any further updates of the multi-annual work programme or its annexes itself (they are replaced by the Programming Document).

Rationale

General overview

The format of the programming document requires simultaneous planning of mid-term objectives, annual activities, human resources and the budget. Moreover, due to the document's rolling nature, the years 2018 and 2019 are already covered by the previous programming document, adopted by the Management Board in September 2016. Therefore, the milestones and baseline figures defined previously for these years were kept mostly unchanged, with only the necessary updates. At the same time the strategic areas of operation, which follow the four strategic objectives, are projected until 2020, taking into account the commitment to achieve the WSSD 2020 goals, and bridging the transition period before the new strategy is fully defined for ECHA.

In order to be able to measure whether ECHA and its regulatory partners achieved the WSSD 2020 goals ECHA prepared a document with success factors and measures to be undertaken for each of them. This document was reviewed with the ASOs, the MSCA Directors and the Commission. The success factors are listed among the ECHA's drivers and the measures are reflected in the multiannual milestones, where relevant. These measures will be further refined and brought to the attention of the Management Board in March or June 2017.

It is important to note that the preparation of a new strategic plan to shape the post-2018 future of ECHA has already started, involving the Members of the Management Board, and will continue throughout 2017. Its effects will be visible for the first time in the 2019-2021 Programming Document.

The drafting of the annual section for 2018 was done according to activity structure introduced in 2016. The main driver and risk is the uncertain volume of registrations that will be submitted for the third and last REACH registration deadline. The current baseline is approximately 60 000 registration dossiers. Should this volume be exceeded significantly, the Agency will prepare for adjustments in priorities and staff deployment.

Content-wise ECHA-Secretariat proposes, after considering the existing vision and discussions on the future of REACH, to focus the activities planned for 2018 on the following areas:

- Processing around 60k registration dossiers for the last REACH Registration deadline, with emphasis on the IT and the support offered to the SMEs by ECHA and national helpdesks
- Continued implementation of Integrated Regulatory Strategy to gradually map the universe of registered substances, by 2020, through the common screening approach, continuous work under compliance check, cooperative sectoral approach and risk management measures, in line with the approach to achieve the WSSD 2020 goals
- Biocidal Products review programme and approval of EU applications
- Re-evaluation of approved biocidal active substances against the endocrine disruption criteria

- Setting up a central platform for notifications to the poison centres under CLP regulation
- Potential extension of the dissemination platform to include the EU Chemicals Legislation Finder

The current programming document is required to be updated each year providing for a rolling outlook of the Agency's work, objectives and resources.

The efficiency of ECHA operations measured with a set of newly defined performance indicators introduced in the Programming Document 2017-2019 will be monitored closely throughout the year. The estimation of 2018 targets for these indicators will be further refined based on this observation later in 2017, before the programming document 2018-2020 is finalised.

For REACH/CLP, the input for the income part is based on the subsidy amounts contained in the Multi-annual Financial Framework (MFF), while for the Biocides and PIC tasks additional subsidy would be required. The staffing figure for REACH/CLP deviates for one year (2018) from the Commission's Communication COM(2013)519. For BPR, preliminary staffing figures are put forward while still awaiting the review of the financial statement, more detailed estimations of the fee income for 2018, and, potentially, the way of implementation of the adopted criteria on endocrine disrupting properties. For PIC, the staffing figure is in line with the Commission's Communication COM(2013)519.

Budget

REACH / CLP

The REACH/CLP income is comprised of collected fees and charges and an EU subsidy. The forecasted fee income and, consequently, the required subsidy levels are foreseen to vary significantly over the years covered by the planning period. The most significant reason is the final registration deadline under the REACH regulation in 2018, which is expected to generate a significant peak in the revenues. The annual subsidy requests for the period 2018-2020 have been aligned with the MFF planning, as revised in 2015.

Revenues	2017	2018
	Revenues estimated by the agency	As requested by the agency
EU contribution	69 489 500	30 517 000
Other revenue	28 792 890	73 693 760
Total revenues	98 282 390	104 210 760

On the expenditure side, staff expenditure increases by 7% due to annual salary adjustment and higher pension contributions. Title 2 increases by 10% from 2017 as there is a temporary increase related to the selection of new premises and consequent fitting-out and relocation costs. The staff expenditure over 2017-2019 is based on the MFF staffing levels, except for 2018 (as above).

The final registration deadline in 2018 requires additional resources to cope with the significant number of expected dossiers. The increase in registration-related expenditure has, however, been compensated by reductions on other lines. In addition, Title 3 also contains the funds delegated by the Commission for the implementation of the European Union Observatory for Nanomaterials.

BPR

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. The number of applications is increasing, and consequently, additional staff is needed to handle these. At the same time, the estimated fees are not sufficient to finance the operations after 2018, as originally foreseen by the Commission. Therefore, the annual subsidy required for

the years 2018 - 2020 exceeds the amount foreseen in the MFF by c. € 0.3, € 5.5 and € 4.1 million, respectively.

Revenues	2017	2018
	Revenues estimated by the agency	As requested by the agency
EU contribution	4 500 000	2 544 532
Other revenue	5 858 000	9 703 058
Total revenues	10 358 000	12 247 590

The total amount for staff-related expenditure in Biocides in 2018 is estimated at € 8.0 million, representing an increase of 15%. This increase stems from the additional six posts for 2018 and indexation of salaries. Of the total staff-related expenditure, direct salary costs are € 7.2 million (90%) and other staff costs € 0.7 million (10%).

Overall, at ECHA level, the Title 2 (infrastructure and operating) expenditure increases by 10% in 2018 compared to 2017. The increase stems from the change in the drivers used to allocate the indirect costs.

PIC

ECHA's PIC activities are fully funded from an EU subsidy over the planning period. As indicated in the programming document 2017-19, ECHA has examined whether the higher than anticipated increase in the number of substances on the Annex I would require a higher subsidy for the years 2018-2020. Based on the review and, given that ECHA will receive an additional post in 2018, the EU subsidy request for each year is € 100 000 higher than that foreseen in the MFF.

Revenues	2017	2018
	Revenues estimated by the agency	As requested by the agency
EU contribution	1 183 000	1 242 000
Other revenue	0	0
Total revenues	1 183 000	1 242 000

The total amount for staff-related expenditure in PIC is estimated at € 0.767 million. Of this amount, direct salaries represent € 0.632 million (82%) and other staff-related costs € 0.135 million (18%). The expenditure side increases slightly from 2017. The largest element of the PIC budget for 2018 is foreseen for the maintenance of the IT tools related to the support of the export notifications and the import consents.

Please note:

All budget estimates for 2017, as referenced in the programming document, will be finalised upon adoption of ECHA final budget 2017.

Human resources outlook and evolution

For ECHA's REACH/CLP activities, it is proposed to deviate for one year from the Commission's Communication COM(2013)519, where an additional six posts are requested for 2018 or, in other words, the final reduction of six posts would better be postponed until 2019. It should be noted that ECHA's registration activity will undergo significant growth until end-2018 as a result of the REACH registration deadline in 2018. This will require significant additional resources which, in addition to the six TA staff redeployed from other activities, will be staffed by interims and short-term Contract Agents, which will be employed mainly for tasks that only statutory staff can perform (for example, invoicing). ECHA has also committed to DG GROW to prepare, by January 2017, a scenario planning exercise on the volume of registrations, to demonstrate the implications if its forecasts were inaccurate. The final number of posts and the amount of subsidy

could still evolve based on the discussions with DG GROW.

For ECHA's Biocides tasks, it is also proposed to deviate in 2018 from the legislative financial statement and the Commission's Communication COM(2013)519. Assuming that the present trend of an increasing number of applications continues, ECHA will require a higher number of staff, including additional needs arising from the recently requested endocrine disruptors activities. The final number of posts should be agreed with DG SANTE in January 2017.

For ECHA's PIC activities, it is proposed to follow the legislative financial statement and the Commission's Communication COM(2013)519.

For ECHA's delegated tasks, it is proposed to follow the agreed staff numbers, based on the budget allocation.

Alternative options

The scope of ECHA's work will be heavily dependent on the volume of dossiers arriving in the year of the last registration deadline, for which the average estimation is the working assumption and defines the size of extra temporary manpower needed. If considerably more dossiers arrive, ECHA will need to redeploy high numbers of staff from other processes which would affect the work programme for the year and the achievement of pre-determined goals.

It could be possible to accept the MFF planning numbers for 2018 for REACH/CLP and BPR. However, the work volume under these regulations is so much higher in 2018 compared with 2017 that ECHA could simply not undertake all the activity which would be expected from it and would, thus, underperform.

Drawbacks

The change in the programming approach, as described above, greatly affects the timeline when the document is prepared. The initial planning phase is effectively advanced by 6 months which means ECHA has less certainty when planning its operations and resources over the three-year span. 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 most other agencies, ECHA is unable to prepare its multiannual financial programming based on guaranteed income assumptions. This requires continual updates of the fee forecasts and close monitoring of the industry behaviour and the budget consumption throughout the years and close collaboration with partner DGs. Furthermore, in the event that the foreseen 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 timely process the dossiers expected for the final registrations deadline, and to deliver on the BPR outputs especially for applicants who have paid in previous years for an authorisation scheduled for 2018.

The estimates provided in terms of budget, staff and main actions and outputs planned for 2018, are interdependent and based on a baseline scenario regarding the volumes of incoming dossiers for the final registration deadline. The inherent uncertainty will be mitigated through further revisions of the programming document during 2017, as explained in the background and rationale sections above.

Attachment:

- Annex 1 - ECHA's Draft Programming Document for years 2018-2020

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