

EBA BS 2019 582

13 December 2019

EBA staff

Request for adoption of the 2020 EBA budget and establishment plan

Introduction

Article 33 of the EBA's financial regulation (revised in 2019) states that the budget of the EBA shall be established in accordance with the provisions of the constituent act. Article 63.5 of the EBA's constituent act states that the budget of the EBA shall be adopted by the Board of Supervisors, after the final adoption of the General Budget of the European Union. The European Parliament adopted the General Budget in plenary session on 27 November 2019.

Evolution of the 2020 budget

In January 2019, the Board of Supervisors approved the EBA's 2020 single programming document (SPD) with a budget request of EUR 53 618 000 and an establishment plan of 168 temporary agents (TA). This had been prepared on the basis of the ESAs review legislation being adopted in early 2019. This budget request was submitted to the European Commission, which then presented in June 2019 a Draft Budget showing an EU subsidy of EUR 19 076 140 and 154 TA. In August 2019, the BoS approved an EBA request for an amendment to the 2020 Draft Budget, requesting five extra staff for AML work (3 TA and 2 contract agents (CA)). This amendment was not adopted by the European Parliament. During the budgetary conciliation process, the Council and the European Parliament agreed to the Commission's proposed subsidy amount and establishment plan as per the figures proposed by the Commission in the Draft Budget.

The adopted EU subsidy translates to a total **EBA 2020 budget of EUR 50 381 822** (fifty million, three hundred and eighty one thousand, eight hundred and twenty two euros), as set out in Figure 1. The annexes provide detail on the figures in EBA figure 1.

Figure 1: Summary of 2020 budget

Revenue	EUR	Expenditure	EUR	Staff	#
EU subsidy	19 076 140	Title 1 Staff	29 647 145	TA	154
EU NCA	30 440 884	Title 2 Admin	13 573 768	CA	47
EFTA NCA	864 798	Title 3 Operations	7 160 909	SNE	17
Total	50 381 822	Total	50 381 822	Total	218
2019 total	45 326 900	2019 total	45 326 900	2019 total	203
Increase	5 054 922	Increase	5 054 922	Increase	15

The ESAs review legislation did not change the EBA funding arrangement so this reverts to the usual funding split in 2020.

The reasons for the increases compared to 2019 are set out below, along with an explanation of other matters of significance to the 2020 budget.

The increase in staff numbers arises from the ESAs review, AML and sustainable finance

The legislative financial statements (LFS) supporting these acts provided the EBA with the following resources:

- ESA review: +7 TA, +2 CA, +1 SNE
- AML: +2 TA, +2 CA
- Sustainable finance: +1 CA

The cost of the increase in staff is partially offset by a reduction in the salary weighting cost

The London salary correction coefficient in London was 134.7. We are estimating the France 2020 correction coefficient at 117.7

Some staff costs arising from relocation continue into 2020

Although the bulk of the allowances (installation and daily subsistence) and removal costs were taken on the 2019 budget, some staff have yet to relocate their households to Paris and as such, some staff relocation costs will continue to impact the budget in 2020.

Trainee costs will double in 2020

We intend to have more trainees in 2020, both in technical and for administrative areas, and these trainees will be in position for longer periods overall.

Inflation of 2%	We have used an inflation rate of 2 %, which is in line with the latest salary indexation communicated by the Commission.
Lease costs of Paris premises will continue to be covered from the French government contribution	This applies up until the end of the London premises lease on 7 December 2020. It means that the EBA budget will only be impacted by rent, building charges and taxes for one building i.e. London premises until the end of the lease and Paris premises thereafter.
Breaking the lease on the London premises will cost six million euros	<p>The EBA expects to have to break the lease on the London premises in March 2020. This triggers two costs:</p> <ul style="list-style-type: none"> ▪ Repayment of half of the 32-month rent-free period received from the landlord at the beginning of the lease. This amounts to GBP 2 382 560, which converts to EUR 2 654 426 using the budget exchange rate of 0.8878. This cost is not open to negotiation. ▪ Dilapidations costs: the EBA is required to return the London premises to the state that it was in prior to the EBA taking up the lease. The dilapidations cost was assessed by two independent firms in 2016 and has been escalated for inflation to GBP 2 950 000, which converts to EUR 3 322 895. The EBA is taking steps to minimise this cost.
Title 3 includes EUR 707 000 for development of the AML information system	The AML LFS include two million euros for development of information systems to support AML work. This amount is split between 2020 and 2021, with 35 % of the cost in 2020.
We foresee increased costs for operational consulting	<p>This is driven by work on the following subjects:</p> <ul style="list-style-type: none"> ▪ FinTech Knowledge Hub ▪ cost of compliance ▪ IFRS9 benchmarking ▪ SAS/Credit risk support for Euclid ▪ 2020 stress test exercise

Financing decision 2020

Article 72 of the EBA financial regulation states that every budgetary commitment of non-administrative expenditure by the EBA shall be preceded by a financing decision. It goes on to state that the annual and multi-annual work programmes (AWP) included in the single programming document shall be equivalent to a financing decision where the SPD. contains the elements set out in Article 32(3) of the financial regulation. It is the view of the EBA that AWP does contain these elements and that, as such, it is equivalent to a financing decision.

Changes to the budget line structure

In Annex 1, you will see that we have reduced the total number of budget lines by nine. We have done this in order to reduce the number of budget lines that we have to manage, which should slightly reduce the workload of those staff involved in the financial circuit. The criteria for choosing the lines to eliminate were a combination of:

- Low value of appropriations (i.e. less than EUR 100 000) e.g. the staff committee budget line 1702 had only EUR 2 200 of appropriations in 2019;
- Low number of commitments on the line. Some of those eliminated had only one commitment each year;
- Similarity to other budget lines e.g. the BoS and BSG reimbursement lines.

Question to BoS members:

Do BoS members agree to adopt the EBA 2020 budget and establishment plan as set out in this document and its annexes?

Annexes:

1. Detailed 2020 budget
2. Contributions detail
3. Staffing and establishment plan