

EBA BS 2020 782

15 December 2020

EBA staff

Request for adoption of the 2021 EBA budget and establishment plan

Summary

On 10 December 2020, Council and Parliament agreed on the multi-annual financial framework (MFF) for 2021-2027, which is to be ratified by the European Parliament in plenary session on 16 December. The 2021 general budget of the EU is scheduled to be adopted by the Parliament in plenary session on 18 December. This budget translates to a total EBA 2021 budget of EUR 49 193 495 and 162 temporary agents (TA). The table below shows the evolution of the 2020 and 2021 budgets and establishment plans.

	2020 Initial	2020 Amended	2021 SPD	2021 proposed
Budget	50 381 822	46 715 822	51 892 256	49 193 495
Establishment plan	154	154	167	162

In accordance with the EBA's constituent act, the BoS must adopt this EBA 2021 budget and establishment plan for it to come into force.

Question to BoS members:

Do BoS members agree to adopt the EBA 2021 budget and establishment plan as set out in this document and its annexes?

Introduction

Article 33 of the EBA's financial regulation 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, and that it shall become final after the final adoption of the General Budget of the European Union. On 10 December, Council and Parliament reached agreements on the multi-annual financial framework for 2021-2027, which paves the way for the Parliament's plenary vote on the 2021 general budget on 14 December.

Evolution of the 2021 budget

In January 2020, the Board of Supervisors approved the EBA's 2021 single programming document (SPD) with a budget request of EUR 51 892 256 and an establishment plan of 167 temporary agents (TA). This budget request was submitted to the European Commission, which then presented in June 2020 a Draft Budget showing an EU subsidy of EUR 18 506 940 and 162 TA. 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 2021 budget of **EUR 49 193 495** (forty nine million, one hundred and ninety three thousand, four hundred and ninety five euros), as set out in Figure 1 overleaf. The annexes provide detail on these figures.

Figure 1: Summary of 2021 budget

Revenue	EUR	Expenditure	EUR	Staff	#
EU subsidy	18 506 940	Title 1 Staff	32 189 044	TA	162
EU NCA	29 765 036	Title 2 Admin	8 876 243	CA	50
EFTA NCA	921 518	Title 3 Operations	8 128 208	SNE	19
Total	49 193 495	Total	49 193 495	Total	231
2020 total	46 715 822	2020 total	46 715 822	2020 total	218
Increase	2 477 673	Increase	2 477 673	Increase	13

The reasons for the increases compared to 2020 are set out below, along with an explanation of other matters of significance to the 2021 budget.

The UK is no longer contributing to the budget

This reduces the total voting weight from 362 votes to 333 votes, with a corresponding change in the distribution of the NCA contributions. The contribution calculation method is shown in Annex 2.

The increase in staff numbers is as set out in the MFF

The multi-annual financial framework (MFF) 2021 – 2027 sets 162 temporary agents as the steady state for the EBA for the coming seven years.

	<p>In 2020, the Commission informed the EBA of an increase in the pension contribution %, from 9.7 % to 10.1 %, and we have assumed that the higher rate will apply for the whole of 2021.</p>
<p>Average staff costs are increased by two external factors</p>	<p>The salary correction coefficient also increased in 2020, from 117.7 in the first semester to 120.5 in the second semester. The 120.5 rate will apply to the first semester in 2021 and will be updated for the second semester (with the update communicated in November and applied retroactively). We have assumed 120.5 for the second semester.</p>
<p>There will be in-person missions and meetings albeit at a lower level</p>	<p>During the budgetary process in autumn, Commission and agencies assumed that staff and visitors would gradually start travelling again to meetings in 2021, thus driving cost for missions and meetings, but at a lower rate than in 2019 (approximately 20 % lower than “normal” rate). This might be revised by EBA in the course of 2021, in line with the SPD 2022-24 discussions.</p>
<p>Building costs will run lower in 2021 than in previous years</p>	<p>Including the contribution from the French government, building costs (3.3 million euros), we project these costs to be lower in 2021 than they have been since 2013. There will be no further costs for the London premises.</p>
<p>Title 2 IT costs increase driven by development costs of horizontal systems</p>	<p>We are budgeting for a 20 % increase, driven mostly by the costs of the cloudification project, collaboration platform, SYSPER (Commission HR system), and by increased data centre costs required to accommodate new Euclid infrastructure, Colleges EMS, security operations centre.</p>
<p>We foresee increased costs for operational consulting</p>	<p>This is driven by work on the following subjects:</p> <ul style="list-style-type: none"> ▪ Cost of compliance ▪ Mystery shopping ▪ IFRS9 benchmarking ▪ ICT risk management framework ▪ SAS/Credit risk support for Euclid ▪ Retail risk indicators ▪ 2021 stress test exercise
<p>Title 3 IT costs include 1.3 million euros for AML database development</p>	<p>The AML legislative financial statement (LFS) included 1.3 million euros in 2021 for development of information systems to support AML work, which we have included in the budget.</p>

Financing decision 2021

Article 72 of the EBA financial regulation¹ 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, the SPD is equivalent to a financing decision.

Annexes:

1. Contributions detail
2. Contributions calculation method
3. Detailed 2021 budget
4. Staffing plan 2021

¹ EBA FR 2019 (europa.eu)

Annex 1: EBA budgetary contributions 2021

All budgetary amounts in EUR, rounded to nearest whole number

National competent authority	Status	QMV	%	2021 Budget contribution
A	B	C	D	E
Austria	Member	10	3.00%	921 518
Belgium	Member	12	3.60%	1 105 822
Bulgaria	Member	10	3.00%	921 518
Croatia	Member	7	2.10%	645 063
Cyprus	Member	4	1.20%	368 607
Czech Republic	Member	12	3.60%	1 105 822
Denmark	Member	7	2.10%	645 063
Estonia	Member	4	1.20%	368 607
Finland	Member	7	2.10%	645 063
France	Member	29	8.71%	2 672 403
Germany	Member	29	8.71%	2 672 403
Greece	Member	12	3.60%	1 105 822
Hungary	Member	12	3.60%	1 105 822
Ireland	Member	7	2.10%	645 063
Italy	Member	29	8.71%	2 672 403
Latvia	Member	4	1.20%	368 607
Lithuania	Member	7	2.10%	645 063
Luxembourg	Member	4	1.20%	368 607
Malta	Member	3	0.90%	276 455
Netherlands	Member	13	3.90%	1 197 974
Poland	Member	27	8.11%	2 488 099
Portugal	Member	12	3.60%	1 105 822
Romania	Member	14	4.20%	1 290 125
Slovakia	Member	7	2.10%	645 063
Slovenia	Member	4	1.20%	368 607
Spain	Member	27	8.11%	2 488 099
Sweden	Member	10	3.00%	921 518
Norway	Non-voting member (EFTA)	7	2.10%	645 063
Iceland	Non-voting member (EFTA)	2	0.60%	184 304
Liechtenstein	Non-voting member (EFTA)	1	0.30%	92 151
Total NCA		333	100.00%	30 686 555
EU subsidy				18 506 940
National competent authorities of EU Member States				30 686 555
of EFTA Member States				921 518
Total budgetary contributions				49 193 495

Annex 2: Contributions calculation method

There are five inputs to the calculation:

	Inputs	2021 value	Source
A	The amount of the EU subsidy	18 506 940	Set by the budgetary authority
B	Ratio of EU subsidy to Member State contributions	40:60	EBA founding regulation - recital
C	The budgeted amount of the employer's pension contribution (NCA-funded only)	2 066 689	Calculated by the EBA
D	The total EU NCA voting weight	323	Article 3(3) of Protocol (No 36) on transitional provisions
E	The total EFTA NCA voting weight	10	Article 62(1)(a) of Annex IX (Financial services) to the EEA agreement ²

The calculation formulae are:

$$EU\ NCA\ contribution = \left(EU\ subsidy * \frac{60}{40} \right) + \left(Pension * \frac{EU\ NCA\ voting\ weights}{Total\ NCA\ voting\ weights} \right)$$

$$EFTA\ NCA\ contribution = EU\ NCA\ contribution * \frac{EFTA\ NCA\ voting\ weight}{EU\ NCA\ voting\ weight}$$

² <https://www.efta.int/media/documents/legal-texts/eea/the-eea-agreement/Annexes%20to%20the%20Agreement/annex9.pdf>