



EBA BS 2016 452

13 December 2016

Finance & Procurement Unit

Request for approval of the 2017 EBA budget, establishment plan and financing decision

Whereas in previous years the Management Board was required to approve the budget request prior to the Board of Supervisors, from January 1st 2016 the EBA's Financial Regulation Article 33 states that the Board of Supervisors adopts the EBA budget and establishment plan after it has been adopted by the budgetary authority (European Parliament and Council).

Budget 2017

In January 2016 the Board of Supervisors approved the EBA's 2017 preliminary draft budget (PDB) of EUR 47 954 000, with an establishment plan of 155 temporary agents (TA). This was submitted to the European Commission which then presented in June 2016 a draft budget showing an EU subsidy of EUR 15 043 000 and 134 TA. During the conciliation process between the Council and the European Parliament the EU subsidy was reduced to EUR 14 543 000 with no change to the proposed 134 TA. These figures were approved by the European Parliament in plenary session on December 1st 2016, with no other change to the Draft Budget documents.

Annex 1 shows the detailed budget to budget line level, compared to the 2015 outturn and 2016 adopted budget (assuming adoption of the amending budget).

EFTA subsidy and NCA contributions

The Commission draft budget included a pro memoriam entry for EFTA states' subsidy to the EBA, based on the assumption that the three ESAs would be incorporated into the EEA agreement in the second semester of 2016. On September 30th 2016, the EEA Joint Committee adopted Decision no 199/2016¹ of the EEA Joint Committee, amending Annex IX (Financial services) to the EEA Agreement and incorporating the EBA founding regulation into the EEA Agreement.

In accordance with Protocol 32 on the financial modalities for the implementation of Article 82 of the EEA agreement, the EFTA subsidy is calculated as a percentage of the EU subsidy (after deduction of surplus). This percentage varies from year to year. For 2016 the percentage has been

¹ <http://www.efta.int/sites/default/files/documents/legal-texts/eea/other-legal-documents/adopted-joint-committee-decisions/2016%20-%20English/199-2016.pdf>

set at 2.47% in the Commission Draft Budget documents². This subsidy is paid in to the European Commission by the EFTA states and will be available for recovery by the EBA from mid-2017.

Decision no. 199/2016 amends Article 62(1)(a) of the EBA founding regulation, adding the following text:

“The EFTA national public authorities shall contribute financially to the budget of the Authority in accordance with this point.

For the purpose of determining the obligatory contributions from the EFTA national public authorities competent for the supervision of financial institutions under this point, the weighting of each EFTA State shall be the following:

Iceland: 2

Liechtenstein: 1

Norway: 7”

In order to maintain the 40:60 ratio of EU subsidy to Member State contributions, and to ensure that National Competent Authorities’ (NCA) contributions follow the NCA voting weights, thus also ensuring consistency from one year to the next, EU Member State NCA contributions are calculated as 1.5 times the EU subsidy (i.e. following the 40:60 ratio). EFTA NCA contributions are then calculated as EU NCA contributions divided by EU MS NCA voting weights and multiplied by EFTA NCA voting weights:

$$EFTA\ NCA\ contribution = \frac{EU\ NCA\ contributions \times 10}{352}$$

As in 2016, the NCA contribute to cover the full amount of the employer’s pension contribution that is paid by the EBA. The EU element of the employer’s pension contribution does not go through the EBA budget but is covered by the EU budget.

Annex 2 shows the contribution detail.

Figure 1: Summary of 2017 budget by title, and comparison to 2016 amended budget.

| Expenditure | Budget 2017 | Budget 2016 | Change | % change |
|--------------------------|-------------------|-------------------|------------------|-------------|
| 1 – Staff costs | 26 436 000 | 25 675 656 | 760 344 | 3% |
| 2 – Administrative costs | 5 954 000 | 5 598 666 | 355 334 | 6% |
| 3 – Operational costs | 6 385 000 | 5 217 056 | 1 167 944 | 22% |
| Total expenditure | 38 775 000 | 36 491 378 | 2 283 622 | 6% |

² See page 1353 of <http://eur-lex.europa.eu/budget/data/DB/2017/en/SEC03.pdf>

Figure 2: Summary of 2017 budget by funding source, with comparison to 2016 amended budget.

| Revenue | Budget 2017 | Budget 2016 | Change | % change |
|------------------------------|-------------------|-------------------|------------------|-------------|
| EU + EFTA subsidy | 14 898 445 | 14 071 959 | 826 486 | 6% |
| <i>of which EU subsidy</i> | <i>14 543 000</i> | <i>14 071 959</i> | <i>471 041</i> | <i>3%</i> |
| <i>of which EFTA subsidy</i> | <i>355 445</i> | <i>-</i> | <i>355 445</i> | <i>n/a</i> |
| NCA contribution | 23 876 555 | 22 419 419 | 1 457 136 | 6% |
| <i>of which EU NCA</i> | <i>23 216 982</i> | <i>21 800 098</i> | <i>1 416 884</i> | <i>6%</i> |
| <i>of which EFTA NCA</i> | <i>659 573</i> | <i>619 321</i> | <i>40 252</i> | <i>6%</i> |
| Total revenue | 38 775 000 | 36 491 378 | 2 283 622 | 6% |

Establishment plan 2017 - proposal for modification

The EBA establishment plan (EP) as authorized under the EU budget for 2016 foresaw 127 temporary agent posts. This EP was modified in view of the recruitment and potential reclassification needs in 2016.

- a) The new EBA EP for 2017 foresees seven (7) new TA posts allocated to the following grades:

| Grade | Number of new posts 2017 |
|--------------|-----------------------------|
| AD 11 | +1 |
| AD 9 | +1 |
| AD 8 | +1 |
| AD 7 | +1 |
| AD 6 | +2 |
| AD 5 | +1 |
| Total | +7 |

b) Structure of temporary agent posts in the EP 2017 reflecting the above allocation in grades:

| | 2016 | 2017 |
|------------------|-------------------------|------------------------------|
| | EBA modification | Including 7 new posts |
| AD 16 | 1 | 1 |
| AD 15 | 1 | 1 |
| AD 14 | 2 | 2 |
| AD 13 | 2 | 2 |
| AD 12 | 6 | 6 |
| AD 11 | 10 | 11 |
| AD 10 | 10 | 10 |
| AD 9 | 14 | 15 |
| AD 8 | 20 | 21 |
| AD 7 | 26 | 27 |
| AD 6 | 19 | 21 |
| AD 5 | 7 | 8 |
| AD TOTAL | 118 | 125 |
| AST 11 | - | - |
| AST 10 | - | - |
| AST 9 | - | - |
| AST 8 | - | - |
| AST 7 | - | - |
| AST 6 | 1 | 1 |
| AST 5 | 3 | 3 |
| AST 4 | 2 | 2 |
| AST 3 | 2 | 2 |
| AST 2 | 1 | 1 |
| AST 1 | - | - |
| AST TOTAL | 9 | 9 |
| TA TOTAL | 127 | 134 |

The allocation of new posts will enable recruitment for junior as well as senior positions at any grade starting from AD 5, requiring from zero to 9 years of experience. This structure of the posts should also satisfy the needs of the reclassification exercise in 2017.

Annex 3 gives further detail on the 2017 staffing.

Financing decision 2017

Article 68.2 of the EBA financial regulation requires that every commitment of non-administrative expenditure by the EBA be preceded by a financing decision. Annex 4 contains the financing decision for 2017 operational expenditure (Title 3).

The Board of Supervisors is kindly requested to adopt the EBA 2017 Budget, Establishment Plan and Financing Decision.

Annexes:

- 1) Detailed 2017 budget
- 2) Contributions detail
- 3) Staffing
- 4) Financing Decision