



# **Benchlearning Initiative External Assessment**

Summary report - Italy



*Written by ICON Institut Public Sector GmbH*

*2015*



## **EUROPEAN COMMISSION**

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This publication has received financial support from the European Union programme for Employment and Social Innovation "EaSI" (2014-2020). For further information please consult:  
<http://ec.europa.eu/social/easi>

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### **PES of Italy**

### **Summary Report**

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# **Benchlearning Initiative External Assessment**

## **Italy**

### **Summary Report-Draft**

#### **1. Introduction**

This report outlines the results of the Benchlearning (BL) external assessment of the Italian Public Employment Service (PES) conducted between 8<sup>th</sup> and 10<sup>th</sup> July 2015. The team of six external assessors comprised two peer PES staff (Hungary and Wallonie PES), two from the European Commission and two experts from ICON-Institute (the supporting contractor). The programme of the three days visit included meetings with senior management/directorates in the Ministry of Labour and Social Policy in Rome (as Italian representative in the PES network) on the first day. For the second and the third day the external assessment group split into two groups with one of them concentrating on the Lazio Region, and the second on the Lombardy Region in order to adequately take into account the significant devolved responsibility of Italian regions for implementation and delivery of public employment services to citizens.

The Ministry of Labour and Social Policy, as well as the Regional administrations of Lazio and Lombardy provided their own self-assessment findings prior to the visit. Furthermore, external assessors received more detailed and specific information – referring to the national, the regional and the local level – during and after the assessment visit. This was especially helpful for understanding the background for implementing and administering public employment services in Italy which has been characterized in the last decade by

- a) overlapping responsibilities of State, regions and provinces,
- b) strong focus on the regional and local context,
- c) high number of lay-offs resulting from the economic and financial crisis of recent years, and
- d) a set of institutional reforms at national level, which started with a decentralization and regionalization of PES functions more than a decade ago, shifting back recently with the attempt to re-centralize at least some PES functions on State level.

#### ***PES governance***

At the national level the Italian PES is represented by the Ministry of Labour and Social Policy. The State, according to the existing legal regulations, is responsible for the design of the general labour market strategy for the entire country, definition of appropriate labour market policies, implementation of national schemes of active labour market policies and guaranteeing their coordination. It is also responsible for authorizing private employment agencies (after accreditation procedures run differently by and in the regions) as well as for monitoring labour market services on a yearly basis. However, in terms of PES service provision regions and provinces have a lot of flexibility to design and implement the operational processes.

The 20 Italian regions define how local PES, as defined by national law, are established. Up to now, PES services are operated at the provincial level, both within and outside of the public administration. Regions may also (and most do) run their own active labour market activities, mostly financed from the European Social Fund.<sup>1</sup> Provinces may create independent public bodies, which can make their own significant changes to management and staff structures. Quality standards for core processes of PES delivery and concrete targets of labour market policy are defined on a regional level but regions cannot impose control mechanisms on PES, which are operated by the provinces. Therefore, quality standards vary considerably not only among regions but also within one region.

As a result of this configuration the Ministry has extremely limited competence in enforcing any specific common approach for service delivery of PES and consequently has very little, if any, influence on operational processes. A wide variety of approaches to employment services provision can be found across the country, with no common core delivery framework and a lack of basic minimum standards.

### ***PES performance measurement***

The considerable diversity of supporting structures and their lack of alignment makes the monitoring of services throughout the regions and the country particularly problematic. Moreover, due to the absence of a common methodology for data collection on jobseekers and vacancies and the lack of a central database, there is a long-term shortage of the national data, which would reflect PES performance. The reporting of the PES performance outcomes is not systematic and is fragmented. Even when data is available – as in the yearly monitoring reports on PES activities – there is no mechanism as to how the information on performance results may influence future targets and the target setting process itself.

As an example, according to national guidelines, PES are obliged to offer a series of services to certain categories of jobseekers within a given time. However, the Ministry of Labour has no tools to monitor whether this timeframe is respected. This in effect means that the Ministry of Labour sets guidelines but has no instruments to monitor whether they are implemented. Furthermore, the central level does not have financial instruments to encourage regions and/or local PES to meet the targets and it cannot apply sanctions on regions and/or local PES if they fail to offer the legally established services within the given timeframe.

### ***Services for jobseekers***

Registration of jobseekers at an Italian (local) PES is possible for anyone searching for a job, including dismissed persons and other unemployed, non-employed and job-changers. Registration is

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<sup>1</sup> Within the current institutional reform process, the role and function of provinces will radically change in the next years. On basis of Law 56/2014 some provinces will be replaced by metropolitan cities within a short period of time. The rest of provinces in 17 regions will continuously transfer duties and responsibilities to other public bodies on basis of State and/or regional laws. On local level, unions of cities may be created taking over functions of the former provinces. For the autonomous regions of Sardinia, Sicily and Trentino Alto-Adige similar regional laws are likely to be put in force in near future. The abolishment of provinces that will take place in the next years will of course affect structure and organization of local PES offices. But it will be regional laws with which the transfer of responsibility for local PES from the provincial level to another administrative level is organized.

mandatory for, but not restricted to, those claiming unemployment benefits. All persons who register at a (local) PES must be immediately available for work. However a legal provision requiring ongoing availability and jobsearch, with the potential for sanctions, is never enforced in practice.

Services foreseen by law and that therefore are offered to all jobseekers, range from job orientation, training and coaching to placement, independently from the real needs of a particular jobseeker. Participation in training is for example legally imposed (and offered in almost all cases), but there is evidence to suggest that proper assessment of the necessity or usefulness of the jobseeker's participation in training actually takes place.

Those entitled to unemployment benefits must apply directly themselves to the National Insurance Institute (INPS – Istituto nazionale per la previdenza sociale). The PES only certifies that the unemployed person has registered at the PES, which is a condition of claiming and receiving unemployment benefits. Calculation and disbursement of unemployment benefits is made by the INPS. When unemployment benefits expire, the person may apply for social assistance at the municipality where he/she is registered. The entitlement to social welfare benefits is strictly means-tested and does not primarily depend upon the person's registration at a PES.

In Italy, in the context of services to jobseekers, all institutions that do not belong to the regional/provincial public administration can be accredited as private employment services. This includes – besides private companies – public bodies such as schools, universities, social and economic partners or municipalities.

### ***The current reform***

A fundamental organizational change of the PES system is expected to start in 2016 based on the reform of the Constitutional Chart regarding competences of State and Regions and the "Jobs Act" reform. The Legislative Decree n. 150 on the reorganization of employment services and active labour market policies (*Decreto legislativo n. 150 del 14 settembre 2015 - Disposizioni per il riordino della normativa in materia di servizi per il lavoro e di politiche attive*) has been published on September 14th, 2015.<sup>2</sup> The main element of this change process is a partial centralisation of the PES-system, with the following elements:

- National network of labour market services;
- National Agency for ALMPs (ANPAL);
- National registers for accredited bodies in the field of labour market services and vocational training, following the registration procedures established by the regions;

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<sup>2</sup> The decree foresees the establishment of a national network of labour market policy services, which will be coordinated by the new National Agency for Active Labour Market Policies (ANPAL - Agenzia Nazionale per le Politiche Attive del Lavoro). The latter will integrate regional bodies responsible for ALMP, the INPS, the INAIL, the local employment agencies and all other relevant stakeholders such as training centers, Italia Lavoro, ISFOL, Chambers, Universities and secondary schools. The necessary resources for the functioning of ANPAL will be allocated by the Ministry of Labour and ISFOL. The Ministry of Labour will set ALMP-objectives for a three years reference period and break them down into annual plans. The Ministry will also define minimum levels of services which have to be guaranteed on the entire territory. ANPAL will elaborate a suggestion of repartition of tasks within ALMP among the relevant institutions. Agreements between State, regions and provinces will in addition define the roles and responsibilities of the local PES. ANPAL will also be responsible for implementing and constantly updating a list of accredited services for ALMP (included private employment agencies), an information system related to employment policies and a record for each employee.

- National system of labour market policies;
- Application of sanctions for all recipients of unemployment benefits who fail to actively participate in the integration process as established in the individual action planning agreement signed between the local PES and the registered unemployed;
- Strengthening of monitoring and evaluation, under the management and control of ANPAL.

## 2. Strengths

There is a widespread political recognition of the necessity to strengthen, harmonise and standardise employment services provision throughout the country. This has led to efforts at different levels to transform PES from merely administrative bodies basically focused on certifying unemployment status and monitoring labour contracts, to service-oriented organizations.

During the reform process, regionalization helped to take into consideration regional characteristics relating to the institutional set up and the regional strategies for labour market policy as well as the specificities of the regional labour market.

In theory a regionalised system has the potential to provide evidence about "what does work" and "what does not", if supported by solid monitoring and evaluation. This could be enabled by the introduction of robust assessment systems allowing for comparative study.

## 3. Contextual influences

The performance of the current PES system outlined above is to a large extent influenced by the institutional context in which this system operates. This context includes the following essential facts:

- i) The system is decentralised and the PES operational processes and supporting systems are under the responsibility of provinces, and not standardised. The ICT systems and databases of jobseekers and job vacancies are not compatible throughout the country.
- ii) The State generally has no influence in planning and implementing PES. Despite all the efforts at the national level to define minimum standards for service provision in recent years, some regions have started to create their own standards. Service quality therefore varies considerably throughout the country, not only because regions may have set up different standards but also because provinces determine the service model and the organizational structure of "their" PES. Since minimum quality standards have not been defined on national level, it is not possible to monitor and compare service provision quality throughout the country.
- iii) According to evidence from interviews at central and regional levels, cooperation across all three administrative levels – State, regions and provinces – seems to be clearly regulated solely in relation to the Youth Guarantee (YG) where State, regions and provinces work together to implement measures combating youth unemployment in Italy. In the specific contexts analysed, this co-operation may have been facilitated also by the presence of an (extra) budget which is not governed according to constitutional and legal rules normally applied to PES funding.



The YG is implemented under the overall supervision and support of the Ministry of Labour and Social Affairs, and follows a unified set of rules. The YG Programme has in some regions supported the unification of work approaches and has contributed to the establishment of supporting systems at the national level:

- Profiling methodology has been designed and introduced nationally in order to assure a standard service level, reflecting the distance of a young person from the labour market.
- Regional guidelines on ICT platforms have been established and a common ICT system was launched to support monitoring (standardised data collection and data processing) of implementation of the YG Program nationally.
- A website dedicated to the YG Program<sup>3</sup>, provides young people with an opportunity to register on-line independently of their location, to get comprehensive information about various ALMP measures and to access the Program.

The economic background context in Italy presents significant challenges to the whole PES-system in its endeavours to improve the functioning of the labour market and getting jobseekers back to work, particularly the young and the long-term unemployed.

The economic background in which the Italian PES generally operates has substantially declined since 2009. Only in the recent months, moderate signs of economic recovery emerged, though social tension remains high. According to EUROSTAT, the unemployment rate rose from 7.7% in 2009 to 10.7% in 2012 and up to 12.7% in 2014. The long-term unemployed comprise 61.4% of all unemployed. Crisis aftermaths had the most negative effect on youth and transformed into the crisis of self-confidence. Youth remains the most vulnerable sub-group of population: unemployment rate of the 15-29 year old in Italy reached 32.4 % in 2014 compared to 17.3% in the EU-28. The NEET rate in Italy in 2014 was 26.2 %, the highest in Europe after Greece (26.7%), compared to EU-28 average of 15.3%.

The EU2020 targets are not retranslated into the clear targets of the PES system as a whole or its regional/local components.

#### **4. Current and potential Good Practices identified during the assessment**

A range of good practices – i.e. practical examples that have helped to increase effectiveness of PES service provision – potentially transferable to other provinces and other regions within Italy were identified in Lazio and Lombardy regions visited by two external assessors groups, and are briefly described below. It is worth noting that the examples described are considered good practice within the Italian context, since PES have been for many years mere administrative and not service-oriented bodies.

From the visit in Lazio region these include:

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<sup>3</sup> <http://www.garanziaiovani.gov.it/>

- **Modern model for effective provision of client-oriented employment services as a one-stop-shop for both jobseekers and employers (Porta Futuro):** This centre is equipped with up-to-date technologies and software, which facilitate registration, profiling, search for information, and job-brokering. Career guidance, group and individual counselling, as well as vocational training are arranged in-house. Open space and personalized welcome, dynamic and prolonged working hours, evening events, modular classrooms and spaces all promote a new relationship between PES and a client.
- **Focus on the cooperation with businesses (Porta Futuro):** Your first EURES job 4.0 programme hosted by Porta Futuro promotes an innovative approach to job placement and recruitment that relies heavily on proactive employer and jobseekers outreach and assistance and creates a more substantial portfolio to offer employers. The automated matching of clients' profiles with occupational profiles takes into account not just hard skills, formal education and other ordinary criteria, but also soft skills and competences. It provides ranking according to suitability, and gives suggestions for a better fit. So-called Recruitment days, Career days and Testimonial days strengthen cooperation of the PES with local companies, establish a long-term relationship with employers and deepen the PES staff understanding on companies' needs.

The following may be considered as transferable good practices following observations taken from the visit in Lombardy:

- **Transparency of results (e.g. PES Cesano Maderno):** The integration performance of the PES is continuously monitored and reported. This transparency increases competitiveness among the (private and public) service providers. It also allows jobseekers (and enterprises) to see which service provider has implemented more convincing integration strategies than others.
- **Clear result orientation related to sustainable labour market integration (e.g. PES Cesano Maderno):** The functioning and performance of the PES strictly depends on its ability to successfully place registered persons on the labour market into sustainable employment. The "dote"-system implemented by Lombardy region has helped (some) local PES to increase result orientation. With the regional dote-system the participating PES (and also the private employment services) only receives a financial award – the so-called "dote" – if the registered jobseeker could be successfully placed on the labour market (for a minimum period of six months). The amount of the financial award is dependent on the employability of the jobseeker.

The "dote"-system which has been introduced in Lombardy may also be regarded as good practice on European level because of (a) the competitiveness between public and private employment services, (b) the strict dependency of financing on performance results and (c) the clear orientation towards sustainable integration of jobseekers into the labour market.

## 5. Areas where improvements may further enhance PES operations and outcomes

One central area for improvement is in the context of **strategic performance management** where it is crucial to undertake the following:

1. Develop an ICT system including a central database that gathers reliable labour market statistics, including a harmonised PES administrative data on jobseekers, inputs and outputs of the

ALMP measures, job vacancies and etc. In this context, the preparation to the assessment visit made clear that relevant data for strategic management of ALMP and PES performance is not available.

A central database would significantly improve the quality of data analysis and clarity of the reporting on PES performance at all the administrative levels.

2. Strengthen the national job portal to become a countrywide vacancy database.

A new national vacancy portal has been operating but it is still not totally comprehensive and does not systematically collect job vacancies at national level. It also means that the PES still have difficulties to expose the Italian open vacancies on the EU level through the EURES database. This in turn impinges on EU labour market mobility and the inflow of European job seekers into the Italian labour market.

Furthermore, a functioning national job portal is essential to enable the PES to match labour supply and demand throughout the entire country, thus widening choice of jobseekers and employers and supporting job mobility between provinces and regions. This implies that PES must in the first instance collect more job vacancies. Furthermore, all job offers available at regional level must be integrated into the national system.

3. Translate the politically set qualitative objectives into operational quantitative targets of PES on the country, region and province levels, and which can be monitored using key performance result-oriented indicators.

A transparent process of target setting and monitoring is a basic pre-requisite for the PES system to demonstrate that its work “makes a difference” and thus will strengthen its position in the community, gradually building up a positive image of PES as a system serving the population rather than a bureaucratic institution. In order to be effective, financing of the PES should be strongly linked to performance results related to the achievements of set targets.

The second area of improvement is related to **harmonisation of the PES operational processes** across the regions by:

- i) defining a standard set of PES management, core operational services and supporting processes to be applied by all local PES over the country in order to facilitate a comparable service provision for jobseekers and employers,
- ii) introducing a standard job profile for PES staff,
- iii) establishing a “national” benchmark and targets for local PES performance assessment and to conduct a regular comparison linked to the individual progress achieved,
- iv) implementing a standardized process with which benchmarked results on PES performance are used to optimize organizational, management and service related processes in the PES, and
- v) establishing a mutual learning system between PES for sharing evidence-based good practices.

The third area for improvement is related to **PES services for employers**. Currently there is no long-term strategy to develop a systematic relationship with this group of PES clients. The current focus is to rely on private and public entities which are accredited for the provision of employment services, which create their own employers' networks and deal with vacancies' hunting and job brokering. This approach greatly restricts and limits the scope of employer engagement and leads to a lack of local employment service contact with the vacancy market. It further weakens PES image and reputation from the perspective of businesses, and puts PES in a vulnerable position by being dependent on a narrow range of accredited service providers.

The fourth area of improvement is the reduction of the dependency on European funds of Italian ALMP and of PES service provision. YEI and ESF build the main financial sources and a strategy on how to guarantee sustainability of services and policies with a reduced financial contribution from European sources is not visible, either on national or regional levels.

## 6. Recommendations

The main general recommendation for the Ministry of Labour and Social Policy must be to accelerate the planned legislative and institutional reforms, and make clear and transparent the approach to the management of change.

Specific recommendations are as follows:

- In relation to strategic performance management, establish a process of target setting between state, regions and provinces/local PES. The process of target setting should include top-down- and bottom-up-procedures in order to facilitate ownership at all levels.
- In order to continuously analyse the achievement of targets, key PES performance indicators that are based on labour market analysis should be developed. These should be cascaded down through the PES to provincial and local levels. In line with that, a benchmarking-based performance assessment system for local PES should be set up. Staff incentive systems in order to increase performance both on a team and individual basis and to encourage ambition should be strengthened.
- Furthermore, financing of local PES should be linked to the achievement of the set targets in order to increase effectiveness and efficiency of the entire national system.
- Sustainability of financial resources for PES and ALMP should be guaranteed by national means since continued eligibility for European sources and funds is not certain.
- Consistent data collection from all provinces according to agreed standards is a must. This central database should reflect the development of unemployment and the effectiveness of ALMP rather than the focusing on the development of different contractual forms. It would store not only data that mirror the implementation of ALMP measures (number of participants, expenses, etc.) but also performance outcomes reflecting the achieved effect of these measures (such as transitions into employment within a certain period, number of previously inactive persons involved in ALMPs, clients' satisfaction, etc.). Based on this it will be possible to provide policy-makers on national and regional level as well as managers of local PES with sound

and plausible results of the data analysis so as to establish a firm basis for further reforms of PES operations, including ALMP delivery.

- In the area of operational processes, develop a package of minimum standards for PES management (incl. target setting, standardised data collection, monitoring and quality management), core operational processes and supporting processes (incl. corporate ICT system, a marketing strategy for multi-channelling, etc.), as well as PES staff competences (qualification requirements) to assure the provision of quality employment services throughout the regions.
- With regard to activation processes, expand the application of skills-based profiling to all sub-groups of jobseekers and link profiling results to required ALMP measures.
- Involvement of employers in the PES management is lacking throughout the whole vertical institutional arrangements of PES in Italy (Ministry of labour-> Region-> province-> local PES). The development of a comprehensive and ambitious employer strategy is recommended. Intermittent contacts with Chambers of Commerce, Industry and Handicrafts, and other employers' associations are not enough to obtain employers as strategic PES partners, in order to match labour supply and demand and to create jobs aimed at combating the social exclusion of specific target groups. A much more active employer engagement policy to attract vacancies should be developed. Rather than offering elaborate support packages to support a few companies' recruitment programmes a more open matching system, encouraging clients to search widely for vacancies themselves should be developed. A functioning national job-portal containing job-vacancies from the entire territory, constantly updated, comprehensive and easy to handle by PES-staff, employers and employees should be therefore implemented. PES strategy towards employers should also contain a clearly defined target for employer services, with follow-up aspects such as employer satisfaction surveys and tracking of placement into jobs.
- A range of new approaches has been tried in a number of local PES. There is merit in exploring their effectiveness and efficiency prior to rolling them out to other PES. In that regard regular evaluations of innovative approaches and the exchange of information and experience among local PES are recommended. The latter should not necessarily be organized within one region but across the entire country for PES with similar organizational and/or labour market characteristics.
- In order to increase effectiveness and efficiency of PES services all measures and services offered should be based on a strong commitment from jobseekers. Effective sanctions related to payment of unemployment benefits are recommended in order to increase the active involvement of jobseekers and their ownership of the integration process.