Benchlearning Initiative External Assessment

Summary report 3rd cycle – Italy

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1. INTRODUCTION

This report presents the results of the last external assessment of the 3rd Bench-learning (BL) cycle which referred to the Italian system of Public Employment Services and took place between 17 and 20 January 2023. The Italian system is made up of ANPAL (Agenzia Nazionale Politiche Attive del Lavoro), the co-ordinator of the Italian PES system at a national level and the PES of 19 regions and 2 autonomous provinces (Bolzano and Trento). The team of nine external assessors consisted of five peer PES staff (from the Danish, German, Greek, French and Hungarian PES), two representatives from the European Commission (EC) and two experts from ICON-Institut (the supporting contractor).

Due to continuing COVID-19 travel restrictions, the external assessment was conducted virtually in accordance with the revised assessment concept developed for the 3rd assessment cycle. This revised concept introduced a new section on Crisis Management (Section I) and reflected the impact of the pandemic on the "single enablers". The programme included meetings with senior management represent-atives from ANPAL (involving also representatives from the Ministry of Labour and Social Policy [MLSP] and Anpal Servizi), senior management from the regional PES of Apulia (Regional office and ARPAL) and Veneto (Veneto Lavoro Agency) and vir-tual tours of the local PES offices (Centri per l'Impiego/CPI in Bari and Padova).

The time and resources invested by ANPAL in close co-operation with the Apulia Region and Veneto Lavoro in preparation for the BL visit were critical to its success. This was particularly in terms of the self-assessment and additional background papers and information such as organisational charts of ANPAL and its PES partners in the regions, papers describing the Italian PES system and important programmes of ALMPs,[1] and context data on labour market developments at both a national and regional level, presentations and videos.

The provision of employment services in Italy is characterised by decentralised responsibilities and a large number of players. According to the Italian Constitution, the subject matter of labour market policies is covered by concurrent legislation, as the Government establishes fundamental principles; the Regions are vested of legislative powers, are responsible for programming policies and delivering services through PES local offices as well as being fully responsible for vocational training policies.

Since 1 January 2017, national responsibility for the co-ordination of the national network of employment services (made up by PES and other public and private actors) has been located within and supervised by the National Agency for Active Labour Market Policies (ANPAL), which receives policy guidelines from the MLSP. The Director General of ANPAL is the Head of the PES. Since June 2021, and until a new Statute of the Agency has been approved, the Agency is under the admin-istration of a Special Commissioner.

ANPAL is supported by the inhouse body ANPAL Servizi in performing its duties, and it plays an important additional role in providing technical assistance to the PES local offices.

The main objectives of the PES are:

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[1] Such as the Gol-programme (Programma Garanzia di occupabilità dei lavoratori/Programme for the guarantee of employability of workers), see: https://www.anpal.gov.it/programma-gol for further information in Italian language

- Designing employment services policies to improve labour market matching and social inclusion;

- Enhancing the efficiency and effectiveness of the PES;

- Monitoring activities to identify areas for improvement.

Providing employment services through local offices (Centri per l'impiego) falls under the responsibility of the 19 regions and the 2 autonomous provinces. Each region and autonomous province operate according to the guidelines set out by specific (regional) labour market legislation. For this reason, the organisation of local offices, processes, services to customers, support to jobseekers and employers, etc. varies considerably from one region to another. Consequently, the governance structure is comparatively complex and the mandate of ANPAL mainly refers to the coordination of the labour market policy in Italy and the definition of common and comparable standards of nationwide employment services.

Relevant national legislation requires the provision of essential levels of service provision which must be put in place nationwide. In this context, the legislation refers to (1) the role of the local offices, (2) the application of the conditionality principle (which ensures that customers fulfil specific conditions related to labour search activities and which are necessary to be eligible for receiving benefits and support), (3) the Individualised Action Plan (Personalised Service Pact), (4) the profiling of customers, (5) the services to be offered and (6) standard measures to be taken for facilitating the jobseekers' return to employment.

At a national level, the MLSP designs labour market policies and ANPAL oversees the co-ordination of PES actions. At a regional level, the 19 regions and the 2 Autonomous Provinces of Bolzano and Trento co-operate with the MLSP in designing labour market policies at a national level and designing their own regional policies. They are also responsible for implementing support measures and services for customers. According to a survey carried out by ANPAL in 2022, the total number of local offices was 750, of which 540 were main offices and 210 branch offices. These offices support jobseekers and income support recipients in their search for employment, and staff carry out matching and other administrative procedures in line with legislation at a local level. Jobseekers can also opt for services supplied by accredited private employment services (PRES) through a voucher system.

2. SHORT SUMMARY OF MAJOR CHANGES BETWEEN THE 2ND AND THE 3RD ASSESSMENT VISIT

Following the external assessment of the 2nd BL cycle in April 2017 and up to the beginning of the COVID-19 pandemic in early spring 2020, the Italian labour market had performed relatively well. According to Eurostat, the number of employed people aged 15 to 64 increased by 1.1% from 22.4 million in 2017 to 22.7 in 2019 and the employment rate rose from 58.0% (2017) to 59.0% (2019), remaining, however, significantly below the EU-average of 68.4% in 2019 with one of the lowest employment rates in Europe. The numbers of employed women rose with an increase of 1.6% between 2017 and 2019, while the number of employed men only increased by 0.7%.

During the same period, the total unemployment rate decreased from 11.4% (2017) to 10.2% (2019). While youth unemployment decreased in terms of absolute numbers (535 700 in 2017 falling to 447 000 in 2019), the rate (age 15 to 24) remained considerably higher than the average (2017: 34.7%; 2019: 29.2%).

A number of groups of disadvantaged people present on the labour market are highlighted below:

- *Long-term unemployed:* although the positive economic development helped to decrease long-term unemployment, total numbers of long-term unemployed (12 months or more of unemployment) across all groups remained significantly high with values of 59.3% in 2017 and 57.5% in 2019. These values are above the EU average (2017: 46.8%; 2019: 42.0%).

- *Persons having completed studies lower than secondary vocational education:* here, the unemployment rate was consistently higher than the total unemployment rate, reaching 15.8% in 2017 and 14.1% in 2019.

- *Non-nationals:* the unemployment rate was again higher than the total unemployment rate. In 2017, the unemployment rate of persons without Italian citizenship was 14.4% (vs. 11.4% on average). This decreased to 13.9% in 2019 but still remained higher than the total unemployment rate (10.2%).

In addition to the increasing importance of efficiently guiding jobseekers back to the labour market, especially those from vulnerable groups, another challenge faced by the Italian PES was the increasing number of mismatching problems: the job vacancy rate[2] measuring the ratio between the number of posts filled and number of vacancies increased slightly from 1.2% (2017) to 1.4% (2019). This statistic demonstrates that, similar to many other PES in Europe, matching notified vacancies with the profiles of registered unemployed became increasingly difficult. Another figure indicating persisting problems of the effectiveness of PES in Italy is the decreasing percentage of jobseekers confirming they have found a job with the support of a PES office: while in 2017 only 2.3% of formerly unemployed stated that the PES office had been involved to some degree in finding their current job, this percentage went down to 1.6% in 2019.

In addition to these labour market related trends, the Italian PES system has been characterised in recent years by extremely important structural and organisational changes affecting both the ANPAL and its regional PES partners. The constitutional referendum of 2016 hoped to recentralise PES functions and shift competences from a regional to a national level. The referendum was rejected and it subsequently became clear that ANPAL would have to implement other mechanisms for ensuring the delivery of comparable PES services to customers in the decentralised Italian system.

Extensive changes in the Italian PES system were initiated by the implementation of two huge nationwide programmes: the Citizen's income scheme ("Reddito di cittadinanza"/RdC)[3] which guaranteed a minimum income for all citizens in Italy and is closely linked to activation measures, and the Guaranteed employability scheme ("Garanzia di occupabilità dei lavoratori"/Gol)[4] which is used to support all

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[2] According to Eurostat, the job vacancies rate (JVR) is measured as the share between the number of job vacancies divided by the sum of the number of occupied posts and number of job vacancies. The figure is expressed in per cent.

[3] The Rdc is a means-tested cash benefit targeted at poor and socially excluded households and strictly conditional on participation in job-search activities or social inclusion paths.

[4] The Gol programme was developed and implemented within the National Recovery and Resilience Plan (NRRP).

jobseekers in terms of counselling, training, coaching and other forms of assistance depending on the level of support needed.

One important element in this context was an agreement with the PES from the regions and the autonomous provinces on commonly accepted and shared (minimum) standards for customers' service. Monitoring of the effective implementation of these standards is carried out according to pre-defined indicators. To date, the most important outcome has been the introduction of a new combined quantitative-qualitative profiling system that is available for all jobseekers registering at any local Employment Centre in Italy. Another important step was the further development of the Integrated Information System which could be used by all local Employment Centres and which collects, stores and processes all customer and service-related information. As a result of this agreement, Italy will have an Integrated Information System with data that can be used for analytical purposes. In addition, it will allow a full picture of service and ALMP provision in the country independently of the financing source (European, national, regional).

One other important element aimed at improving the efficiency of the local Employment Centres was the government's decision to substantially increase the number of staff working in the local Employment Centres. There is a plan to recruit 11 600 new staff in addition to the 7 000 people currently employed in the local Employment Centres. This will allow the local Employment Centres to offer jobseekers and employers additional individualised and targeted services of a higher quality and to intensify co-operation with other relevant stakeholders at a local level. In addition, local Employment Centres are able to apply for funding for improving technical and other infrastructures.

3. IMPACT OF THE COVID-19 PANDEMIC ON THE PES

Unlike the majority of other countries in Europe, the COVID-19 pandemic did not have a significant effect on the Italian labour market. The fall in the number of unemployed up to 2019 (see above), continued until 2021 with a further decrease of 218 300 unemployed (-8,5%) registering between 2019 and 2021. At the same time the unemployment rate fell from 10.2% (2019) to 9.7% (2021). The unemployment rate for men decreased by 0.4% (2019: 9.3%; 2021: 8.9%). This development was slightly less pronounced in comparison to the decrease in the women's unemployment rate of 0.5% (2019: 11.3%; 2021: 10.8%). The general positive dynamic of the labour market described above did not touch all unemployed equally: as an example, the unemployment rates of youth (2019: 29.2%; 2021: 29.7%) and of non-nationals (2019: 13.9%; 2021: 14.5%) increased.

The general dynamic labour market trends described above did not lead to an increase in employment. The employment rate decreased (for the population aged 15 to 64 years) with a reduction of 0.8 percentage points from 59.0% in 2019 to 58.2% in 2021. The female employment rate fell from 50.1% (2019) to 49.4% (2021), and the male employment rate from 68.0% (2019) to 67.1% (2021).

To mitigate the negative impact of the COVID-19 pandemic on employers and their employees and to help maintain employment during the crisis, the Italian Government issued a decree in March 2020 detailing a package of measures. The most important was the layoffs and dismissals freeze, accompanied by the financial support to companies and households, including tax deferrals, relief and state-backed guarantees for certain borrowers, and broader access to temporary layoff schemes for employees in most business sectors.

In addition to these financial measures, at the level of jobseekers' support, regional PES substantially increased their virtual services, online training and other digital support for their customers. Because of the imposed lockdowns, members of staff were equipped with mobile devices and secure access to customer data and information in order to be able to continue supporting them, albeit remotely. Establishing digital contacts and meetings both within local Employment Centres' employees and between local Employment Centres and regional PES as well as online matching activities became standard practices which remain widespread even after the COVID-19 pandemic.

Around 43% of registered jobseekers only have a low educational attainment (up to ISCED 2). In order to support this target group, "navigators" were employed by ANPAL Servizi (the inhouse service agency of ANPAL), before the outbreak of the COVID-19 pandemic, on a temporary basis, to support beneficiaries of the Citizen's income scheme (RdC), especially the low-skilled jobseekers. Physical contact had to be avoided during the COVID-19 pandemic, so navigators were trained to perform online counselling for customers, and online-based recruitment activities for employers asking for support in filling vacancies.

4. OUTCOMES OF THE PARTICIPATION IN THEMATIC LEARNING DIALOGUES

Representatives from ANPAL participated in a Thematic Learning Dialogue (TLD) on "Evidence-based services/decisions" between 17-18 September 2019 in Copenhagen at the Danish PES (STAR). Following recommendations from the second external assessment visit, ANPAL needed to make the Integrated Information System (Sistema informativo unitario/SIU) the principal tool for collecting, processing and analysing data, for monitoring the implementation results of ALMPs and for systematically passing on information about the decision-making process at a political level. In 2019, the Integrated Information System only contained individual information and information on ALMPs financed by the State and not by the regional PES. Another objective was to systematically use the information stored in the Integrated Information System for research purposes.

As a result of the work in the TLD, completing the Integrated Information System including all the regional ALMP information in co-operation with the regions was made a priority for the ANPAL. Achieving this objective would enable ANPAL to effectively manage the network of services and ALMPs in Italy and guarantee the implementation of common and comparable standards of ALMP services in local PES across the country, as described in ANPAL's mandate.

Following the participation of ANPAL representatives in the TLD, the Integrated Information System has continued to be developed. Nowadays, participation in any kind of ALMP can be traced in the information system whether or not it is financed from European, national or regional sources.

5. AREAS WHERE IMPROVEMENT COULD FURTHER ENHANCE PES OPERATIONS AND OUTCOMES

The external assessment team documented a number of positive developments in the Italian PES system which they consider have had a positive effect on other performance improvements and for the continued modernisation of PES services in the future.

The first element concerned the PES staff: The external assessors found the PES staff motivated and resilient at each level of the Italian PES system. This was especially true at a local level, where staff reacted quickly and effectively to the challenges imposed by the COVID-19 pandemic. The general openness of staff to sharing ideas, to change and innovation were also thought to be elements worth mentioning since this offers huge potential for further development and modernisation of the Italian PES system. One important factor contributing to the high engagement and motivation of staff can be explained by the financial incentives which are highly appreciated by staff. Another element which should be mentioned is the comprehensive initial training organised nationwide by ANPAL for newly recruited staff and which is a crucial element for achieving similar standards of service provision to customers throughout the country.

Amongst many other positive elements which deserve recognition, the external assessment team would like to include the following:

- *Improved co-operation between national and regional PES:* external assessors found solid evidence of an improved and intensified relationship between ANPAL and the regions and autonomous provinces. Collaborations had already been initiated with the implementation of the Youth Guarantee but these were strengthened by the Citizen's income scheme (RdC) and the Guaranteed employability scheme (Gol).

- *Procedures, standards and monitoring:* there was evidence of notable progress observed by the external assessors concerning procedures, standards and monitoring. One example is the new profiling system which has become an accepted standard applied in all local Employment Centres. Depending on which category a customer falls into, different pathways are defined, clearly indicating which ALMPs are suitable. All the information on customers, together with interventions, services and ALMPs is stored, using the same criteria, in the Integrated Information System.

Alongside these positive elements within the Italian PES system, external assessors observed some areas where there was room for improvement. Of particular note, were ownership, use of evidence and the role of the PES in creating transparency of the labour market and facilitating labour mobility:

- Some challenges were identified regarding *ownership* of the Italian PES system which was unclear. It is still organised in a way that is lacking a comprehensive approach across the different layers of the PES system. This leads, amongst other things, to a lack of a quality culture, different degrees of customer centricity in the regional PES, employers' strategies at varying levels of development and objectives in the regions and autonomous provinces, as well as a missing comprehensive partnership strategy.

  There is still considerable scope for further developing ownership due to a complex distribution of roles and responsibilities between ANPAL and the regional PES with a multilevel system of governance. A branding of the Italian PES system which consists of ANPAL, the regional PES and the private employment agencies is still needed.

- The external assessors' team made two points regarding the *use of evidence:* they were able to confirm that the Integrated Information System generally offers an excellent information base for generating data about what produces the best results within the Italian PES system. However, the

quality of information is only partially linked to the performance management system which itself is not yet focused on outcomes (but more on inputs and outputs).

The external assessors were unable to see a clear link between the evidence gathered from the Integrated Information System and the decision-making process, e.g. on new ALMPs and services at a national and/or regional level. In addition, the potential for using the generated evidence for a systematic exchange between the regional PES and for a systematic transfer of results of pilot projects, ALMPS and good practices between regional PES and local Employment Centres has not yet been fully exploited.

- Finally, the external assessors identified an urgent need for improving the transparency of the labour market by making vacancies available to all jobseekers via a vacancies' database at a national level. At this time, vacancies are generally only handled at a local level, resulting in suboptimal matching results and a reduced service for employers as the range of search for suitable candidates is restricted to a relatively small area. A nationwide vacancies' database with equal contributions from all regional PES could achieve substantial improvements in facilitating labour mobility across the Italian regions and contribute to alleviating the increased recruitment tensions on the post COVID-19 labour market.

6. SUGGESTIONS AND RECOMMENDATIONS

The findings of the external assessors discussed in the previous chapter are strongly linked to the following suggestions. These are intended to support the Italian PES system in their path to modernise and improve performance.

- As described above, some room for improvement remains in the area of *performance management*. Notable progress has been made by ANPAL and the regional PES in setting common objectives and achieving them via national programmes such as the Youth Guarantee or the Gol-scheme in recent years. Along with the stakeholders who have helped to create and develop common standards of service provision on a national scale, this improved collaboration was seen as an excellent basis for promoting continuous improvements and harmonisation in the Italian PES system throughout the country.

However, a convincing strategic vision valid for the entire Italian PES system and supported by all its stakeholders remains incomplete. In this context, comprehensive approaches shared by ANPAL and regional PES on key elements of the PES system still need to be developed, discussed, finalised and implemented. Areas concerned include a quality culture, internal and external customers' centricity, an employers' strategy and a partnership strategy. These need to be in place to achieve a fully operational and effective PES system. Within this strategic vision, roles and responsibilities of ANPAL and of the regional PES must be more clearly defined to avoid interface problems and inefficiencies. What is more, the image of the Italian PES system could be significantly improved by a unified branding of ANPAL and the regional PES.

Against this background, the external assessors made the following recommendations:

o The development of collective and commonly shared strategies between ANPAL and all regional PES in the fields of quality management, customer centricity, employers' services and partnerships for promoting a clearer ownership of the Italian PES network. There also remains a need for the role of ANPAL and the regional PES to be clearly defined to avoid interface problems (for resulting in different counselling approaches, different monitoring systems, different strategies to reach out to employers etc.) and for a coherent and effective management across the different organisational and regional levels of the Italian PES system.

o A stronger co-ordinating role for ANPAL, focusing on continuous improvements and acting as a facilitator of change processes within a more stringent performance management based on commonly accepted strategies.

o The assessors recommend that the regional PES actively share their expectations with ANPAL and support ANPAL in its facilitating, moderating and coordinating role.

The external assessment team pointed out that the European PES Network could be taken as a potential blueprint to improve the performance management of the Italian PES system.

- A second group of suggestions refers to *evidence-based design*. As indicated above, external assessors observed that a large amount of a wide range of data had been collected and made available to decision-makers and for analytical purposes. Monitoring procedures at both national and regional levels have been developed and have proved successful. The Integrated Information System offers a stable IT-infrastructure for data management. Scientific research is carried out based on what works best for different jobseekers' groups, but this work is not done systematically and its results are not routinely used for planning new initiatives, services, ALMPs etc.

The implementation of a common national framework for analysis and research for collecting evidence could increase and improve qualitatively the basis for decision-making and for (further) developing policies. Furthermore, external assessors were convinced that a systematic collection and transparency of information on outcomes (results, effects, impact and efficiency) could substantially help to improve performance management. Until now, input and output related indicators have been the principal criteria for the allocation of national funds and ALMPs to the regions and autonomous provinces. In addition, a more systematic exchange of experience across all levels of the Italian PES system (ANPAL, regional PES, local Employment Centres) could help to accelerate innovations, reduce investment costs, improve overall efficiency and quality of services delivered. Finally, comparable information of customers' and employees' satisfaction could help to improve quality and relevance of services throughout Italy.

To improve structures for evidence-based design and policy-making, the external assessment team suggested the following for ANPAL in close cooperation with its partners:

o To develop and implement a framework for gathering evidence, for communicating actively at all levels of the Italian PES system and for using it (incl. impact evaluation) in the decision-making processes.

o To fully exploit existing datasets, especially within scientific research.

- o To set up a repository of research results which could be used by all decision-makers at all regional levels.

- o To co-ordinate the setting up of a system for Benchlearning between regions/autonomous provinces in Italy in line with the European PES Benchlearning approach.

- o To implement systematic and regular satisfaction surveys with employers, jobseekers and employees in the local Employment Centres on a national scale.

- o To set up a nation-wide system of pilot projects with a systematic evaluation of their implementation and results.

- o To increase the analytical capacity at a regional level by, for example, the support of regional PES by ANPAL and/or an intensified cooperation between the regional PES and universities, research institutions etc.

The Danish and the French PES are both excellent examples of a successful collaboration between PES and research institutes, the communication of evaluation results and the implementation of an internal Benchlearning system for sharing best practices, while the Estonian PES has extensive experience of organising Benchlearning with local offices. Furthermore, the Swedish PES serves as a good example of basing political decisions on empirical evidence and research results, while Germany has a long tradition and a wealth of experience of carrying out satisfaction surveys.

- Another important recommendation of the external assessment team concerns *employers' services*. Positive elements include the existence of plentiful data sets on employers and on the regional employment structure, as well as different models of service provision to employers run by the different regional PES.

External assessors reported that the lack of transparency in the existing system leads to poor matching of open vacancies with current jobseekers. The simple reason for this is the absence of a national vacancy database which restricts a jobseeker's search to the area covered by their local Employment Centre. On a more general scale, regional mismatch problems of labour supply and demand increase as jobseekers are not aware of vacancies fitting their experiences and competences in a neighbouring area which falls under the responsibility of a different local Employment Centre.

Consequently, the external assessment team made the following recommendations:

- o To create a national database of vacancies (using information from all local Employment Centres) improving access for jobseekers to all vacancies and for employers to all jobseekers, contributing to increased mobility.

- o To systematically integrate job offers and vacancies from other sources into the national database of vacancies by searching for available jobs from other employment platforms.

- o To create a formalised horizontal dialogue for cross-regional exchange on employers' services between the regional PES to promote the transfer of ideas around commonly shared challenges and good working practices tested across the regions.

Good examples of comprehensive, proven and well-functioning nation-wide vacancy databases can be seen within the German, the French and the Danish PES.