

Member States' experience with simplification: Italy

Cristina Colombo, ESF Managing Authority
in Lombardy Region

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Lombardy Region – Facts & Figures [1/2]



Data source:

Regional Statistical Yearbook 2013

- **Fourth-largest Region** in Italy, with capital **Milan**
- **First-populated Region**, with **10 million residents**
(*1/6 of the Italian population, 2% of the EU-28 population*)
- **There are 821.819 registered companies** (33,9 active companies per km² and 84,7 companies per 1.000 population)
- **The university system comprises 13 universities** and more than 250.000 students
- **Lombardy Region** represents:
 - ❑ **21 % of national GDP**
 - ❑ **30 % of national imports – 28 % of national exports**
 - ❑ **22 % of the total R&D expenditures**

Lombardy Region – Facts & Figures [2/2]



Data source:

Regional Statistical Yearbook 2013

ISTAT 2013

- Among the Italian regions with the **highest participation in the labour market**:
 - ❑ **active population rate at 70%**, higher than the national one (63,7%)
 - ❑ **employment rate at 65%**, higher than the national one (55%)
 - ❑ **unemployment rate at 7,5%**, lower than the national one (10,7%)
 - ❑ **female employment rate is 11 percentage point higher** than the national average (57% VS 46%)
 - ❑ **youth unemployment rate (15-24) is 9 percentage point lower** than the national average (26,6% VS 35,3%)

ESF Lombardy Regional Operational Programmes

Lombardy Region is one of the **most efficient** Regions in Italy and it is one of the promoter of **ESF best practices** since the 2000-2006 programming period.

ESF ROP 2000/2006

- The **total budget for the 2000-2006** programming period amounted to **€ 1.566 million**
- At the closure of the 2000-2006 programming period the **total expenditure** amounted to **€ 1.576 million**

ESF ROP 2007/2013

- The **total budget for the 2007-2013** programming period amounts to **€ 796 million**
- At December 2013 the total commitments amounted to **€ 720 million**
- Lombardy Region has certified **66%** of spending commitments

The Dote Model

In the 2007-2013 programming period Lombardy introduced a model of governance based on the main tool of intervention so-called **Dote**: a mix of financial resources and services assigned to individual persons to allow them to benefit from training and employment services.

Objective

- **Effectiveness** of welfare regional policies (training and employment)

Policy pillars

- **Person's centrality**
- **Individual freedom of choice**
- **Competition between public and private operators**
- **Focus on results**

The Dote system is based on the following policy tools:

- Rules and requirements for accredited agencies
- Regulation of training and employment services, in terms of:
 - ❑ **Contents / max hours / foreseen output**
 - ❑ **Standard scales of unit costs / calculation methods** (Lombardy was the first Italian region implementing unit costs in 2008; a first test, in fact, was carried out before the approval of Reg. 396/09).

Examples of interventions

The main examples of intervention in the field of employment and training, regulated by specific rules within the Dote model, have been:

Training Dote

Aimed at favouring the persons' employability, by reinforcing their competences and skills. It is addressed to jobless persons and to some kinds of autonomous workers

Employment Dote

Aimed at favouring employment and at accompanying persons in the job insertion and reinsertion or in the professional requalification paths

Re-employment Dote

Is destined to beneficiaries of Short time work Scheme that are going to become redundant because their firm is going to cease its activities, entirely or partially

The evolution of the Dote model (“Dote Unica”)

The “Dote Unica” model is now the model of employment and training policies in Lombardy Region, designed to accompany every person throughout his/her whole active life.

The **innovative declination** of such principles in the new Dote model:

Administrative simplification

Definition of **uniform rules** applicable to all kinds of “Dote”. Confirmation of the use of **standard costs** to simplify reporting activities and enhance quality and results

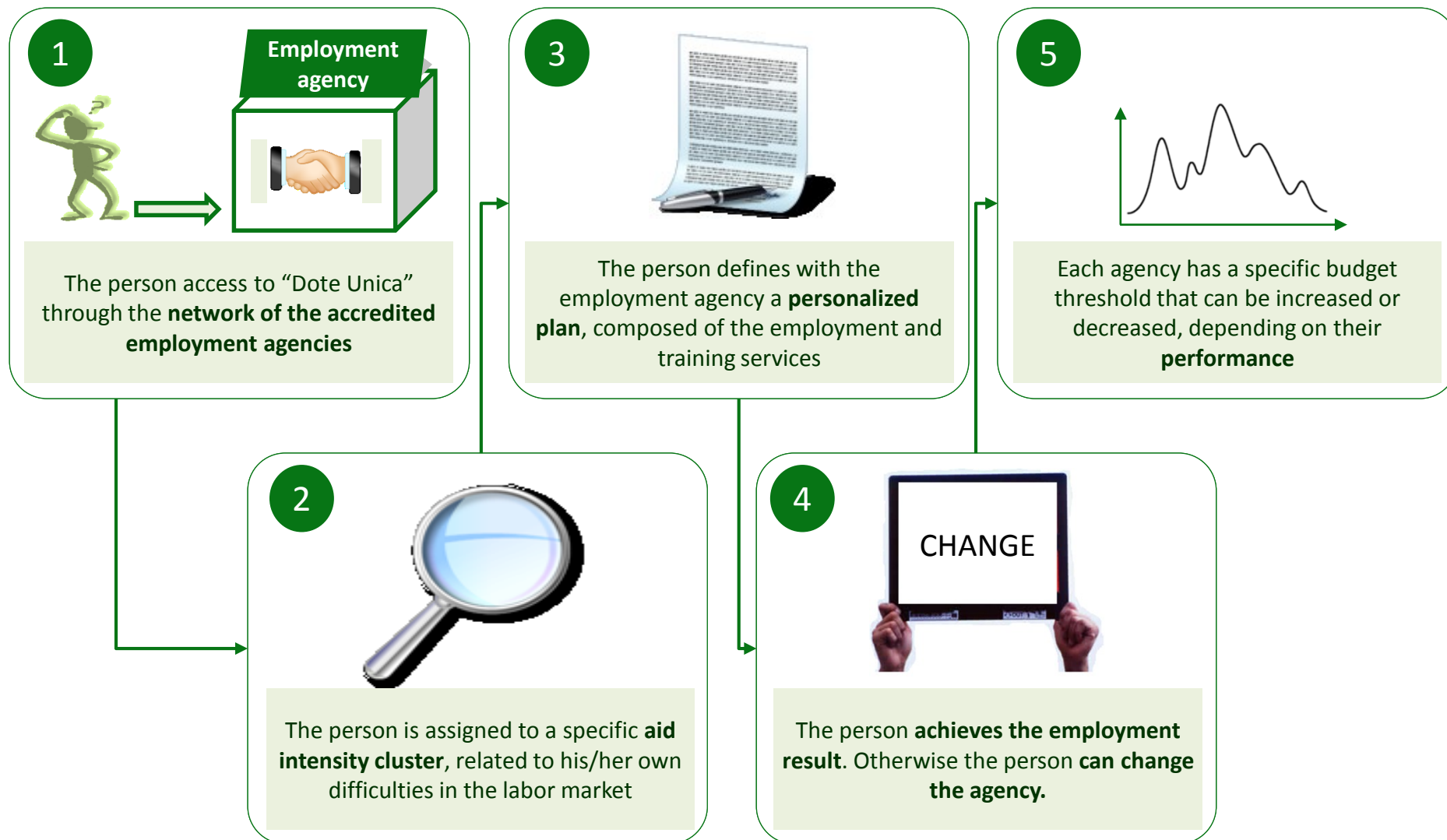
Organizational freedom and responsibility

Each agency has a **budget threshold**, which will increase or decrease **according to its performance in terms of efficiency and effectiveness**

Orientation to results

Some services **are reimbursed upon the successful result of the service**: for example, the “**Job placement**” service

How “Dote Unica” works



“Dote Unica”: Target clusters

A personal “budget” accompanies persons throughout their whole active life, according to different individual conditions and specific needs expressed by each person. Each person is assigned to a specific aid intensity cluster, related to his/her own difficulties in the labor market.

SOCIAL - DEMOGRAPHIC VARIABLES

EMPLOYMENT STATUS

AGE

QUALIFICATION

GENDER



AID INTENSITY CLUSTERS

CLUSTER 1 “LOW AID INTENSITY” (1-49 POINTS):

People able to reposition themselves in the job market independently or requiring minimal support

CLUSTER 2 “MEDIUM AID INTENSITY” (50-74 POINTS):

People in need of intensive services for the placement or re-placement in the job market

CLUSTER 3 “HIGH AID INTENSITY” (75-100 POINTS):

People in need of intensive services for a medium/long period for the placement or re-placement in the job market

CLUSTER 4 “OTHER AID” (0 POINTS):

People in need of services for the maintenance of their position in the job market

“Dote Unica”: Baskets of services

Within “Dote Unica” the person may activate a number of services from a defined set of baskets of services, based on the minimum standards (costs, terms and conditions of delivery, repeatability of services) framework approved by Lombardy Region.



“Dote Unica”: terms and condition of payment

The person defines with the employment agency a personalized plan. The terms and conditions of payment defined are focused on their common interest in achieving the employment result in the shortest term.

1. Basic services	2. Welcome and orientation	3. Consolidating skills	4. Other measures
Basic services essential for taking in charge the recipients. <u>Free of charge.</u>	Services paid upon implementation of activities. <u>From € 210 to € 665</u> depending on the target cluster.	Services paid upon implementation of activities , but only in connection with the activation of internships or the achievement of employment results (training, tutoring) and / or for cluster 3 recipients. <u>From € 1.000 to € 2.000</u> depending on the target cluster.	Services paid upon implementation of activities or on the basis of the costs incurred in implementing such activities.

5. Job placement services / self-employment support services (result-based services)

Services **paid upon achievement of the employment result**, thus only after:

- the **successful job placement of the recipient** (from € 740 to € 1.835 depending on the target cluster);
- the **inscription of the new company at the Chamber of Commerce and / or the opening of a new VAT position** (from € 2.510 to € 3.860 depending on the target cluster).

Simplified cost options: Lombardy experience

In the current programming period 2007/2013, Lombardy Region applied all the three simplified cost options foreseen by regulations.

- **Flat rate** for indirect cost (applied from 2009)
- **Lump sums** for collective action aimed at re-employing people dropped out of the job market (applied from 2012)
- **Unit costs** for training and employment services
 - ❑ Lombardy is the first region applying unit costs from 2008 within the Dote model, carrying out a first test before the approval of Reg. 396/09
 - ❑ More than 40% of total ROP expenditure is realized on calls which foreseen the application of the unit costs
 - ❑ Unit costs were applied to different kinds of interventions such as initial training, continuous training for workers requalification, employment services and other support services for disadvantaged targets

Simplified cost options: Lombardy experience

FLAT RATE

Operations involved

- Real cost projects: the flat rate is 15% of direct costs, except for continuous training projects (9%) and research projects (4%)

Methodology

- Data source: Analysis of the historical data of ESF projects 2000-2006, separating the total indirect costs from the total direct costs
- Calculation: total indirect costs divided by total direct costs
- Agreement: dialogue with the EC for the *ex ante* agreement and final approbation in 2011

Verifications

- Verification on direct costs (invoices/payments)
- Indirect cost are not verified

Simplified cost options: Lombardy experience

LUMPS SUMS

Operations involved

- Collective action aimed at re-employing people dropped out of the job market

Methodology

- Data source: questionnaire on historical and market cost to selected significant agencies on similar projects
- Calculation: average cost per project

Verifications

- Verification on results: at last 10 signed contracts

Simplified cost options: Lombardy experience

UNIT COSTS

Operations involved

- Individual projects (“dote”) including training and employment services. More than 40% of total ROP expenditure is realized on calls which foreseen the application of the unit costs.

Methodology

- Data source:
 - Training: historical costs (ESF 2000-2006 and 2007-2013 specifically for continuous training)
 - Employment: questionnaire on historical and market cost to selected significant agencies
- Calculation: average unit cost per person (hourly if process-based, overall if outcome-based)

Verifications

- **Process-based - Verification on activities:**
 - Training: training hours provided, class registers
 - Employment: timesheets, outputs (e.g. CV, balance of competences, job applications)
- **Outcome-based - Verification on results:**
 - Employment: signed contract, established company

Unit costs: Process vs. Outcome

In Lombardy Region the standard scale of unit cost has been used both for process based and outcome based services.

Process

Outcome

Focus

Hours of services provided

Achieved results

Calculation of the cost

Standard unit cost * n. hours

Standard unit cost

Supporting documents

- Logbook
- Accounting documents
- Documents proving the provision of the service

Documents proving the achievement of results

Unit costs: Calculation methods

Training services

1. Identification of the data base of significant operations financed by the ESF ROP
 - For instance, in 2009 the analysis performed involved more than 8000 projects concerning vocational training, drop out and LLL services
2. Definition of a data base of completed operations, including physical and financial data
3. Calculation of the hourly cost per student for each operation:

Cost of the operation / No. Hours / No. students

- *Cost of the operation: certified spending*
 - *No. hours: number of hours worked on the project*
 - *No. students: number of students who participated in the project*
4. Application of the inflation rate to costs (if necessary)
 5. Calculation of the average hourly cost per student

Unit costs: Calculation methods

Employment services Process based

1. Selection of a sample of significant accredited agencies for Labour:
 - *For its research Lombardy Region can rely on a network of more than 150 accredited agencies*
2. Collection of questionnaires concerning historical and market cost of:
 - *Human resources directly involved in the service (front office - FO)*
 - *Human resources indirectly involved in the service (back office - BO)*
 - *Other direct costs (ie. material, documentation)*
 - *Other indirect costs (ie. rents, depreciation, maintenance, etc)*
3. Definition of a data base (including some technical adjustments)
4. Calculation of the average hourly cost per person on both historical and market costs:
$$\frac{(FO\ HRs'\ cost * no.\ FO\ hours + BO\ HRs'\ cost * no.\ BO\ hours)}{no.\ FO\ hours * (1 + \% incidence\ of\ other\ direct + indirect\ cost)}$$

5. Weighted average:




$$\Sigma [(Historical\ hourly\ cost + Market\ hourly\ cost)/2] \\ * agency's\ representativeness$$

Unit costs: Calculation methods

Employment services Outcome based

1. Construction of an integrated mix of employment process based services and definition of the outcome to be achieved
2. Definition of a hypothetical standard duration for each service (with specific reference to aid intensity clusters, a greater intensity of aid entails a greater duration of services)
3. Discussion of the structure of the new employment outcome based service with selected accredited agencies (through questionnaires, focus groups, etc.)
4. Definition of the outcome based service cost as the sum of all process based services costs, given by the service unit cost multiplied by the defined standard duration




Unit costs: “Dote Unica” services’ offer

BASIC SERVICES		 OUTPUT	 DURATION	 COST
	First access to services	Anagraphical form	1 hour	Free of charge*
	Specific interview	<ul style="list-style-type: none"> Individual form on development areas CV Europass 	1 - 2 hours	Free of charge*
	Personal plan	Personal Plan	1 - 2 hours	Free of charge*




* In accordance with L. n. 181/2000, d.Lgs. n. 297/2002

Unit costs: “Dote Unica” services’ offer

WELCOME AND ORIENTATION




	 OUTPUT	 DURATION	 COST
Competency mapping	Competency form	1 - 6 hours	33 €/hour
Analysis of entrepreneurial attitudes	Individual form on entrepreneurial attitudes	3 - 6 hours	44 €/hour
Creation of a support network	Meeting report	1 - 10 hours	32 €/hour
Orientation and training to job search	<ul style="list-style-type: none"> Guidance counseling report Final report of laboratory results 	3 - 6 hours	35 €/hour 15 €/hour (group service)
Continuous accompaniment	Activities report	1 - max 2 hours per month	31 €/hour

Unit costs: “Dote Unica” services’ offer

CONSOLIDATING SKILLS			
		 OUTPUT	 DURATION
			 COST
	Coaching	Results evaluation	9 - max 13 hours per month
	Tutoring and training on-the- job	Activities report	35 €/hour 15 €/hour (group service)
	Skills certification	Evaluation report Skills certification	1 - 15 hours 32 €/hour
	Promotion of business management	Activities report	5 - 9 hours 69,75 €/hour
	Specialized and permanent training	Registers	9 - 12 hours 15 €/hour (group service)
			Depending on the course 13,34 €/hour (group service)

Unit costs: “Dote Unica” services’ offer

JOB PLACEMENT / SELF-EMPLOYMENT SUPPORT

	 OUTPUT	 DURATION	 COST
Job placement service	Successful job placement of the recipient	3 - 6 month	Cluster 1: € 740 Cluster 2: € 1.300 Cluster 3: € 1.835
Self-employment support service	<ul style="list-style-type: none"> ▪ Inscription of the new company at the Chamber of Commerce ▪ Opening of a new VAT position 	3 - 6 month	Cluster 1: € 2.510 Cluster 2: € 3.250 Cluster 3: € 3.860

Lombardy experience: pros & cons

ADVANTAGES

➤ Decrease

- ☐ Administrative effort on verifications
- ☐ documentation received
- ☐ beneficiaries' administrative effort
- ☐ error rate

➤ Increase

- ☐ transparency
- ☐ spending capacity and speed

DISADVANTAGES

➤ Setting-up effort

- ✓ Importance of:
 - ☐ information sharing
 - ☐ solid knowledge and methodology

➤ Difficulties in cultural change management

- ✓ Importance of:
 - ☐ internal and external training
 - ☐ involvement in the process

Presentation on the transnational project

Since the beginning of planning ESF 2007-2013, the Italian regions have shown interested to experience these simplifications overcoming the principle of real cost

PARTICIPANTS

21 Regional ESF OPs

15 MAs members of the Trans. Proj.

14 using the simplification options


11 using the standard scale of unit costs

Tuscany: Lead Region

Basilicata	Piedmont
Bolzano	Puglia
Emilia Romagna	Sardinia
Friuli Venezia Giulia	Sicily
Liguria	Trento
Lombardy	Umbria
Marche	Veneto

AIM OF THE PROJECT

Tuscany Region has proposed at the end of October 2011 the interregional/transnational project on simplifications aimed at:

- ☐ a technical comparison among the MAs of the ESF OP 2007-2013 on the use of the simplification options according to the Regulation (EC) n. 396/09
 - ☐ a facilitation of the exchange of good practices and of experiences among the MAs of the ESF OPs 2007-2013
 - ☐ a common interpretation on the draft Regulation for the future 2014-2020 programming period with regard at the simplification of the costs
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- ☐ **THE POSITIVE ASPECTS** (i.e. advantages in the management, reporting and monitoring)
 - ☐ **THE MORE CRITICAL ELEMENTS** that still require a comparison for the identification (even and especially in 2014-2020 perspective programming period)

Simplified cost options: ESF 2014 – 2020

- For the 2014- 2020 programming period, in the field of simplification cost options and in terms of better focus on results, Lombardy Region expects to:
- ☐ Maintain the acquis
 - ☐ Extend the use
 - ☐ Harmonize the options while taking account of the acquis
 - ☐ Improve the quality of intervention

Thank you for your attention!

Cristina Colombo

cristina_colombo@regione.lombardia.it

Valeria Ratti

valeria_ratti@regione.lombardia.it