

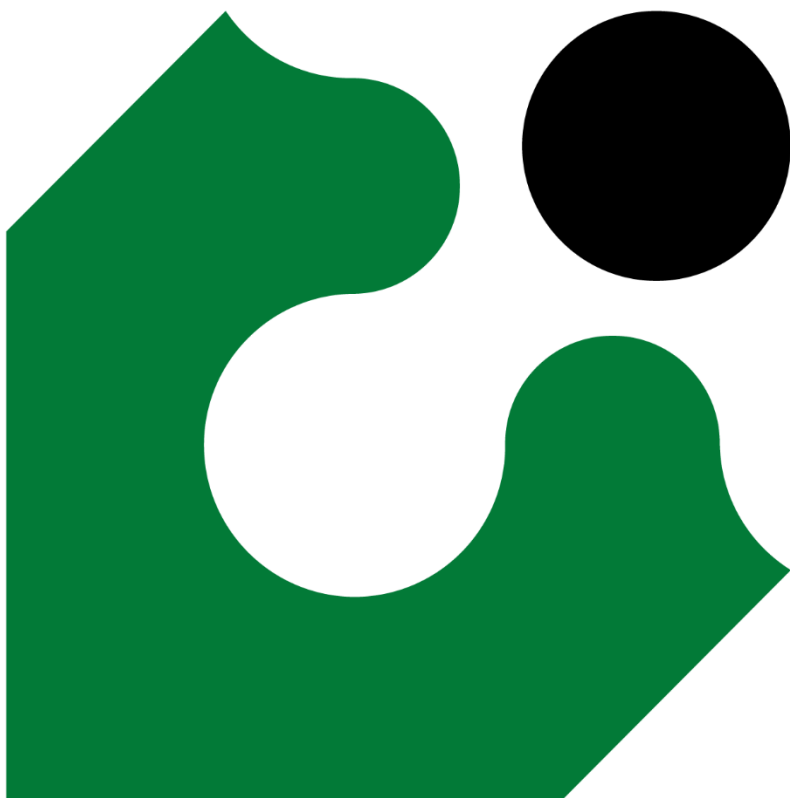


Labour market and education and training policies in the Lombardy Region - 2020

Executive Summary

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The Report illustrates the recent evolution of labour and education and training policies in the Lombardy region, which inevitably suffered from the measures adopted in 2020 to deal with the Covid-19 emergency.

The assessment is based on a desk analysis of available regional and national administrative and monitoring data, of the latest update compatible with the report.

Monitoring data show a good performance of regional policies supporting employment and investment in human capital, and able to outreach the target population and support employment placement, although there is still the need to guarantee greater support to some specific targets and to intercept the emerging needs of the regional socio-economic system in the face of the medium-long term challenges related to the negative effects of the Covid-19 pandemic. In fact, there are still gaps with respect to the European average and the EU objectives that are likely to worsen with the Covid crisis, especially as regards the labour market participation and employment of young people, women, and those with a low level of education, as well as the still low level of tertiary education, especially in STEM, and of participation in lifelong learning.

Recent evolution of labour market policies

The Dowry system (*Dote Unica Lavoro - DUL*) is the main regional active labour measure. The main strength of DUL is its flexibility and constant monitoring that allows it to periodically adapt to changing labour market conditions. The Framework Agreement between the Government and Lombardy Region (D.R.G. n. 3372/2020) has reprogrammed resources ROP ERDP and ESF 2014-2020 due to the sanitary, economic, and social emergency caused by the pandemic. The agreement has also entailed that the DUL – III Phase resources were repurposed on the Development and Cohesion Fund (*Fondo Sviluppo e Coesione – FSC*) (it is, in fact, expected that planned ROP ERDP and ESF resources get reassigned to Lombardy Region on the FSC). Before the adoption of this agreement, DUL has been always co-financed by the ESF. Under the Framework Agreement, Lombardy Region has initiated the fourth phase of DUL (Executive Resolution “*DDUO*” n. 13254/2020) to ensure greater support for professional relocation and retraining of workers involved in the crisis and to guarantee a higher correspondence among people needs of support and the provided services. This was done by strengthening orientation, training, and career support activities. The total allocation of funds for the IV Phase amounts to € 46,250,000.00, of which € 45 million rely on the FSC, while € 1,250,000.00 on the Regional Law Fund 13/2003.

From January 2019 until April 21, 2021, almost all (99.2%) of the applications submitted have been financed, for a total amount of € 63,633,732.32 and an average amount per dowry of € 2,486.96. The 57% of the dowries financed are concentrated on targets needing High (38.8%) and Very High (18.2%) intensity of support.

A total of 191 accredited labour market operators managed the financed dowries, each operator managing just over 134 dowries for an average amount of just over 333 thousand euros, with ten operators concentrating 42.3% of the dowries and 45.4% of the financial endowment. Of these, 6 are private operators (concentrating 23% of the total dowries financed in the considered period), 3 are third sector operators (14.3%), and 1 is a public operator (5%). Most of the dowries (1,745), amounting to a total value of € 4,047,508.34 were claimed by an operator of the third sector.

Among the unemployed involved in the DUL measures, there was an increase in unemployed or inactive women, who become the majority of DUL recipients (61.1% in April 2021 compared to 47.5% and 45.1% in the two DUL previous phases), and in the long term unemployed (57% of total recipients compared to 38.8% in Phase II, and 48.5% in Phase I).

From January 22, 2019, to April 21, 2021, 1,903 dowry recipients have been placed at work, mainly women (59.2%), between 35 and 54 years (71.4%). In almost all cases, they have been placed at work either on new permanent contracts (open-ended contracts, apprenticeship contracts, or permanent temporary work) (26.7%) or with new contracts as well as extensions of previous contracts, both with a duration equal to or greater than 180 days (73.3%). Only 2 new contracts had a duration of fewer than 180 days (0.2%). The rate of insertion, calculated on the dowry recipients, is however very low (9.9%) and remains on average higher among men (11.4% against 9.1% of women) and those aged 30-44

(about 10%). The insertion rate is even lower (4.3%) for recipients of dowries for "Internships and start-up services".

These low achievement rates are largely attributable to the lockdown measures adopted in 2020, and it is expected that the severity of the crisis produced by the pandemic in Lombardy will make it difficult for DUL in phases III and IV to achieve the good employment results of the previous phases when job placements reached 80% (at the end of Phase I) and 90% (in Phase II).

The network actions for employment (*Azioni di rete per il lavoro*) are implemented in territories affected by corporate crisis situations. The measure supports the creation of networks of local stakeholders to provide employment and training services for workers involved in corporate crises, with the aim of reducing the impact of the crises on the territories and maintaining employment levels. In the period from June 2017 to June 2020, € 8,900,000 were allocated to these measures.

Monitoring data show that, overall, during the two announcements of 2017 (Announcement 2022) and 2018 (Announcement 5944) 53 projects have been presented. 25 were submitted during the 2022 Announcement while 28 during the 5944 Announcement. Of the 25 projects proposed in 2017, 24 were admitted while 1 was revoked. All admitted projects were completed in 2019. Regarding the 2018 announcement, 23 projects were admitted, 1 was not admitted, and 4 were revoked. The first admitted projects began in March 2019 but were then suspended and extended due to the Covid emergency. The labour services accredited operators, acting as leaders and partnered with other actors of the socio-economic system involved with firm management crisis, have presented the admitted projects based on the two analysed announcements. 23 of the cases were corporations (12 during the 2022 Announcement and 11 during the 5944 Announcement), while 18 were public entities (11 during the 2022 Announcement and 7 during the 5944 Announcement). The admitted projects have covered six Lombardy provinces. 32 cases represent operators of the Milan province, while 5 operators of the Monza and Brianza province.

The **Youth Guarantee Programme** (YG) is another important employment measure in Lombardy, where the dramatic crisis triggered by the pandemic risks to further increase the already high share of young NEETs (the NEET rate reached 17.4% in 2020 compared to 13.4% in the EU27). The effects of emergency and lockdown measures to contrast the pandemic have indeed produced particularly negative effects on young people, both in the labour market (as young people are largely employed with temporary contracts and are not protected by the ban on layoffs covering permanent workers), and in education and training (as the closure of schools and distance learning are penalising those most at risk of dropping out of school). The YG can contrast these risks depending on its ability to intercept and involve young NEETs with low levels of education and at greater risk of early school leaving and poverty in the long term.

In its first phase of implementation, YG in Lombardy showed a good intervention capacity, taking in charge a significant share of young NEETs (over 40%), and good results in terms of recruitments and internships activated. Among the main critical issues, however, was the relatively low degree of involvement of young women and the difficulty of outreaching the less educated NEETs, despite their high share among NEETs. These weaknesses are also present in the current YG Phase. The 31,593 young people involved in the programme as of 15 April 2021 represent 18.5% of the young NEETs between 15 and 29 present in Lombardy, young women are about 44%, and only 15.1% are low educated (with at most a lower secondary education). In addition, only 20,880 have been placed in employment so far, equal to 54% of those taken in charge, although with a higher share of those hired with apprenticeship contracts compared to the previous phase (about 40% vs 13.0%) and a lower share of placements in permanent jobs (12.1% vs 13.0%).

Again, the worse average employment outcomes compared to the previous phase are mainly attributable to the COVID-19 pandemic crisis that has particularly hit the service sectors where many young people tend to be employed.

Concerning the national measures **Re-Employment Voucher and Citizenship Income**, the need to integrate regional and national policies at the territorial level has encouraged accredited operators to

network with PES, which play a central role in the management of the Relocation Voucher and of the Citizenship Income. This process should not present particular problems in Lombardy. Furthermore, the ROP FSE of the Lombardy Region has launched a couple of training measures to strengthen the skills of the operators of Employment Centers in Lombardy, in collaboration with FORMEZ, and of the POC SPAO.

The monitoring data of Lombardy Region highlight that between March 2020 and June 2021, 12 recipients submitted an application for the Relocation Allowance. The age of the recipients varies between 20 to 57 years with an average of 38.5 years. 6 of the cases were foreign applicants. Earners of the Citizenship Income, called to sign an agreement for work, were 5. In 3 other cases the recipients were waiting to receive the Citizenship Income. The recipients of the Extraordinary Redundancy Fund, were 3, while 1 was expecting to receive the fund.

Applications for the **Citizenship Income** (RdC) also increased significantly in 2020. INPS data record 127,065 households in Lombardy that benefited from the Citizenship Income compared to 79,640 in 2019, and equivalent to 4.6% of Lombard households.

Almost four out of ten (35.5%) Lombard families benefiting from RdC includes at least one minor (lower than the national average of 39.1%), while 15.3% include a disabled person (in line with 15.8% nationally), although between 2019 and 2020 there was a reduction in the incidence of both families with minor children and those with people with disabilities among recipients.

Monitoring regional data on the Citizenship Income show that between January 2019 and March 2021 there were a total of 224.230 applications (100,237 in 2019, 100,221 in 2020, and 23,772 in the first 3 months of 2021). Between 2019 and 2020 the amount of application has thus remained stable, reducing only marginally. In all considered years, more than half of the applicants were women (a little more than 53% both in 2019 and 2020, while 54.3% in the first three months of 2021). The average age of the Citizenship Income recipients was 38.8 years in 2019, while it reduced to 36.7 years in 2020. In the first three months of 2021 the average age increases again to 38.2 years. In Lombardy over half of the applicants for the Citizenship Income were Italian (52.2%) while 41.6% were non-EU citizens. In 2020, the share of Italian and non-EU citizens diminishes, while it increases that of EU citizens (excluding Italians) that rises from 6.2% in 2019 to 11.8% in 2020. Overall, foreigners (EU and non-EU considered) make up more than half of the applications for the Citizenship Income in 2020 (51.2%). In the first three months of 2021, the distribution of applicants for the Citizenship Income becomes similar to that of 2019 with 52.2% of recipients being Italians.

With regard to income support measures, available data show that the Covid-19 emergency has dramatically increased the use of the **Redundancy Fund** (*Cassa Integrazione Guadagni- CIG*), which compensates workers for reduced working hours due to crises. In 2020, compensation was authorised for over 386 million hours (compared to approximately 19 million between January and June 2019), of which 716 million. The estimate number of workers equivalent to zero hours, calculated on the basis of the authorized hours, reached over 189 thousand in 2020 compared to about 10 thousand in 2019. The incidence on employment in Lombardy reaches 5.4%, with an increase of 5.1 percentage points compared to 2019 (0.3%). The provinces with the highest incidence on total employment are Varese (6%), Bergamo (5.9%), Como and Milano (Monza-Brianza included) (both 5.8%), Lecco (5.7%) and Brescia (5.3%).

In addition to anticipating the Redundancy Funds, the Lombardy Region supported with regional resources solidarity contracts, which, however, have so far been little used because of the succession of many fragmented interventions which put a strain on the system.

Despite the ban on layoffs, applications for Unemployment Benefits (NASpl) in Lombardy have grown by 4.3% in 2019 and by 3% in 2020, amounting to a total number of 263,631 applications. The pandemic crisis, which has mainly impacted the 2020 year, has increased the applications for NASpl in Lombardy by 8000 in comparison to 2019. However, at a national level NASpl applications have decreased by 3.6% going from 2,040,213 in 2019 to 1,966,021 in 2020. Regarding the first semester of 2021, Lombardy received 95,409 applications (14.9% of those requested nationally).

Recent evolution of education and training policies

The **Education and Professional Training system (IEFP)** is a very important training channel for the Lombardy Region, which annually finances leFP courses within a dowry system ("*sistema dotale*"), a similar approach to that used for labour policies with DUL.

For the academic year 2020/2021, there have been almost 49,500 enrolments in Lombardy to the leFP courses carried out by the 109 accredited operators receiving a budget for training.

The leFP system in Lombardy is characterised by a concentration of economic resources, both in terms of territories - the provinces of Milan, Bergamo and Brescia manage 54% of the overall regional resources - and in terms of training operators. Indeed, 30% of the overall resources is intended for only 6 operators (out of 109), with a possible impact on the diversification and quality of the offer. A wider territorial distribution of the leFP channel could make this opportunity accessible to an increasing audience of students.

As for occupational outcomes, the percentage of leFP qualified in 2020 who are employed within 12 months stands at 43% (48% in 2019), while that of leFP graduates is around 42% (49% in 2019). From a comparison with the previous annuality, the decrease in the employment rate is probably connected to the Covid-19 medical emergency, which affected some of the key sectors for the leFP occupational outlets, such as catering, retail and services. The gender gap on employment is quite high and is accentuated by the phenomenon of horizontal segregation that characterizes the paths of the leFP channel.

Also for the 2020/2021 annuality, the Lombardy Region confirms its commitment in the **realisation of ITS (Istruzione Tecnica Superiore) - Higher Technical Education - and IFTS (Istruzione e Formazione Tecnica Superiore) - Higher Technical Education and Training - courses** based on the need for technical skills expressed by the economic system.

What emerges from the latest monitoring carried out by INDIRE (2021) confirms the effectiveness of ITS courses, which continue to ensure a privileged entry into the world of work, in the face of persistent difficulties in accessing the labour market, exacerbated by the Covid-19 pandemic. In Lombardy, with regard to the courses completed in 2019, 80.3% of Lombard ITS graduates are employed twelve months after the end of their studies. The placement figure indicates a good occupational resilience of ITS pathways following the first phase of the health emergency. ITS training offer remains strategic. On the one hand, it addresses the need for tertiary professional training - which is absent in Italy. On the other one, it increases the interest of companies, which increasingly enter into partnerships with foundations and find in these courses - to which they can directly contribute with the offer of internships and lectures - a valid response to their need for technical expertise.

The planning of ITS courses is accompanied by that of IFTS annual courses, mainly aimed at facilitating the job placement of young people in relation to the needs of the production system in Lombardy. The occupational outcomes analysis of those who graduated from the courses completed in 2020 highlights a one-year employment rate of 60%, a value slightly higher than the previous year, but which still does not fully recover the levels reached in 2018 and 2017. The analysis also shows an overlap of a double gender gap, the first in terms of employment (the female employment rate is 10 percentage points lower than the male rate), and the second in terms of access to these courses, given that, in 2020, two out of three graduates are male.

Lombardy also stands out for being one of the regions with the largest number of **apprenticeship contracts for qualification and professional diploma, upper secondary education diploma, certificate of higher technical education (level 1 apprenticeship) and apprenticeship of higher education and research (or level 3 apprenticeship)**, regulated by Legislative Decree 81/2015 (former Articles 43 and 45). For the academic year 2019/2020, 16 million euros were made available for level 1 apprenticeship, in addition to 2 million euros allocated by Decree no. 10693 of 23/07/2018 to the apprenticeship of higher education and research.

The policies aimed at encouraging the use of apprenticeships implemented over the years have undoubtedly contributed to the progressive increase in both level I and level III apprenticeship contracts, testifying to a growing interest on the part of companies. However, as is well known, the health emergency has profoundly marked 2020 in terms of employment and new hires, so much so as to reverse the growth trend observed for both types of apprenticeship contracts in recent years.

The young people involved in level 1 and level 3 apprenticeship in Lombardy are mainly men (70% of level 1 and 67% of level 3 apprentices), while the age varies according to the type of apprenticeship. On the one hand, the age group 15-19 is the most represented among level 1 apprentices, consistently with its greater use for the acquisition of a diploma or qualification. On the other one, among level 3 apprentices, young graduates between 25 and 29 are prevalent, as a consequence of the difficulty in using this apprenticeship for more structured and less flexible paths - and therefore the choice to select it mainly for courses leading to the acquisition of master's and doctorates.

The analysis of the transitions of apprentices - i.e. contacts signed by young people following the end of their apprenticeship contracts - highlighted positive results, especially before the pandemic of Covid-19. In particular, for boys and girls who completed a level 3 apprenticeship course in recent years, the most frequent contractual transition (with the only exception for 2020) is to a permanent contract. Similar data - although altogether less positive - is registered for those who concluded a level 1 apprenticeship contract.

Besides training policies addressed to young people, the Lombardy Region also stands out for its important role of guidance for developing **continuous training in the workplace, lifelong learning and vocational retraining**. These are essential policies because, although higher than the national average, the number of adults involved in lifelong learning courses in Lombardy is still lower than the European average and far from the EU goals.

In the Lombardy Region, **continuous training** is now a consolidated intervention tool on the labour market, to which important funding has been allocated over time, also thanks to the integration of resources from different sources. In particular, 5 notices on continuous training have been approved in the X Legislature until 2019 (phases 1-5), with an overall investment of more than 86 million euros, in addition to 26.6 million euros allocated to continuous training with the notice of phase 5 in July 2020 - which also intervenes in response to the Covid-19 pandemic.

The Covid-19 pandemic and its heavy consequences on Lombardy brought to the introduction of some changes to the previous system of continuous training. This was carried out with a 2020 call that introduced for the first time remote training as the regular approach to continuous training during the health emergency, and devoted specific attention to the need to adapt the recipients' skills to foster the relaunch and reconversion of working activities, as well as the revision of management processes and organisational models in order to allow working activities to be performed safely, also through the acquisition of skills for introducing and/or consolidating smart working in working organisations.

In 2020, a total of 1,344 continuous training courses were recorded, more than double the previous year. The number of subscribers, equal to 7,685 in 2020, also increased significantly compared to 2019.

The regional training offer for adults is completed by:

- **Permanent training courses:** in 2020, 4,457 courses were activated, with a total of 32,225 enrolments - in decrease compared to the previous year, in which 6,000 courses were activated, with the participation of 50,632 students;
- **Specialisation courses:** in 2020, 540 courses were activated, seeing the participation of 4,795 students - compared to the 680 courses and 5,848 enrolments in 2019;
- **Regulated offer and enabling offer:** in 2020, despite the health emergency situation, about 350 more courses were completed compared to the previous year, with an increase of about 3,700 subscribers. Furthermore, the educational offer of regulated and regulated courses of the Lombardy Region is once again expanding, which in 2019 had focused exclusively on some specific courses.

It is finally pivotal, in a perspective of lifelong learning, the course initiated by Regione Lombardia for the **certification of skills** in non-formal and informal contexts at regional level (D.D.U.O. no. 9380 of 22/10/2012 and subsequent update of the models to be used with the recent D.D.U.O. no. 17885 of 06/12/2019) and in addition the activation of a confront at national level through the active participation to the interinstitutional work for the implementation of Law 92/2012 on labour market and Legislative Decree 13/2013 on the certification system of skills acquired in any field, with the purpose of defining the guidelines on the certification system provided for by Legislative Decree no. 13/2013.