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Italy: Redundant employees entitlement to public support

Go to list page

Italy

Phase: Management

Type: Redundant employees entitlement to public support

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Native name:	Decreto Legislativo 4 marzo 2015, n. 22, Disposizioni per il riordino della normativa in materia di ammortizzatori sociali in caso di disoccupazione involontaria e di ricollocazione dei lavoratori disoccupati; Decreto legislativo 14 settembre 2015, n. 148, Disposizioni per il riordino della normativa in materia di ammortizzatori sociali in costanza di rapporto di lavoro; Decreto legislativo 14 settembre 2015, n. 150, Disposizioni per il riordino della normativa in materia di servizi per il lavoro e di politiche attive; Decreto legge 28 settembre 2018, n. 109, Disposizioni urgenti per la citta' di Genova, la sicurezza della rete nazionale delle infrastrutture e dei trasporti, gli eventi sismici del 2016 e 2017, il lavoro e le altre emergenze; Decreto legge 28 gennaio 2019, n. 4, Disposizioni urgenti in materia di reddito di cittadinanza e di pensioni; Legge 30 dicembre 2020, n. 178 Bilancio di previsione dello Stato per l'anno finanziario 2021 e bilancio pluriennale per il triennio 2021-2023; Decreto Legge 25 maggio 2021, n. 73 Misure urgenti connesse all'emergenza da COVID-19, per le imprese, il lavoro, i giovani, la salute e i servizi territoriali.
English name:	Legislative Decree 4 March 2015, n. 22, Provisions for the reorganisation of the legislation on social safety nets in the event of involuntary unemployment and relocation of unemployed workers; Legislative Decree 14 September 2015, n. 148, Provisions for the reorganisation of the legislation on social safety nets in constance of employment; Legislative Decree 14 September 2015, no. 150, Provisions for the reorganisation of rules on employment services and active labour market policies; Decree Law 28 September 2018, n. 109, Urgent provisions for the city of Genoa, the security of the national infrastructure and transport network, the 2016 and 2017 seismic events, work and other emergencies; Decree law 28 January 2019, n. 4, Urgent provisions concerning citizenship income and pensions; Law 30 December 2020, n. 178; State budget for the financial year 2021 and multi-year budget for the three-year period 2021-2023; Law Decree Law 25 May 2021, n. 73 Urgent measures related to the COVID-19 emergency, for businesses, work, young people, health and local services.

Article

Legislative Decree n. 22/2015, article 8; Legislative Decree n. 148/2015; Legislative Decree n. 150/2015; Decree law n. 109/2018, article 44; Decree law n. 4/2019 articles 1-13; Law Decree No. 73 of 25 May 2021; Law No. 178 of 30 December 2020

Description

In Italy, there are different forms of intervention to support workers involved in corporate reorganisation processes.

Some of these interventions relate to the protection of income and can be referred to with the broad label of 'social shock absorbers'. Some of them protect workers' income within a still existing employment relationship and aim at guaranteeing income in the event of a temporary suspension of work. These are:

- the Ordinary Wage Guarantee Fund (CIGO) which can be activated in case of suspension of, or reduction in, work activities due to temporary events that cannot be ascribed to the company. The maximum duration of benefits is 13 weeks, which can be extended up to 52 weeks;

- the Extraordinary Wage Guarantee Fund (CIGS) which can be activated for one of the following reasons:
  - business restructuring for a maximum period of 24 months (not necessarily consecutive) over a five-year period (to be counted from the date when such payment begins),
  - business crisis for a maximum of 12 months, and
  - solidarity contracts for a maximum time span of 24 months (not necessarily consecutive), which can be extended up to 36 months (see below);
- solidarity contracts which are agreements concluded with the unions, mainly aimed at avoiding, in whole or in part, staff reductions through a shared reduction of working time (cut in average by up to 60%, and no more than 70% for each involved worker). The solidarity contracts can also be entered in a view to increase the staff, by accompanying the reduction of working time with the hiring of new employees on an open-ended basis (the so-called 'expansive solidarity contracts');
- solidarity funds which are set up through collective bargaining agreements concluded between union associations and employer organisations, with the view to protect workers who are not covered by either CIGO or CIGS and to support employers averagely employing more than five employees.

Wage Guarantee Funds were largely reformed by legislative decree 148/2015, one of the decrees implementing the so-called Jobs Act which has, among other things, eliminated the possibility of using the CIGS in cases of cessation of the company's production activity or of a branch of it, then reintroduced in 2018 by Decree law 109/2018.

A second programme of interventions, which can be defined as protection within the labour market, is aimed at guaranteeing income in the event of unemployment. These instruments are:

- the New Social Insurance for Employment (NASPI)
- the Dis-Coll, intended for pare-subordinate workers
- the citizenship income

As part of the reforms implemented by the Jobs Act and the reorganisation of the social shock absorber instruments, the legislator has strongly emphasised the so-called active labour market policies, i.e. all those measures aimed at fostering the reintegration of the unemployed into the labour market, also by introducing a series of conditionality mechanisms aimed at subordinating the recognition and maintenance of subsidies to a specific active behaviour of the worker. For example, the new system establishes that the unemployed worker agrees with the public employment centres a series of commitments aimed at strengthening his/her professional skills and facilitating the search for a new job. In the event that the beneficiary does not comply with these commitments, the benefit is reduced or even suspended.

Legislative Decree n. 150/2015 reformed the overall organisation of public labour services and active labour market policies, setting up the National Agency for Active Labour Market Policies (ANPAL) and a national network of employment services in order to facilitate faster reintegration of inactive subjects in the labour market. The national network of employment services includes:

- regional structures for active labour market policies;
- National institute of Social security (Istituto Nazionale della Previdenza Sociale - INPS);
- National Institute for Insurance against Accidents at Work (Istituto Nazionale Assicurazione contro gli Infortuni sul Lavoro - INAIL);
- employment agencies and other authorised intermediaries;
- inter-professional funds for continuous training and bilateral funds;
- National Agency for Active Labor Policies (Agenzia Nazionale per le Politiche Attive del Lavoro - ANPAL);
- National Institute for the Analysis of Public Policies (Istituto Nazionale per l’Analisi delle Politiche Pubbliche - INAPP);
- chambers of commerce;
- universities and secondary schools of the second grade.

Legislative Decree n. 150/2015 rationalised the organisation of active labour market policies both at regional and central level, identifying exactly the tasks assigned to the state and those of regional competence.

It is up to the Ministry of Labour and Social Policies to determine the three-year guidelines and the annual objectives of action in the field of active labour market policies and to set the essential levels of the services which must then be implemented in practice at the regional level. Regions provide the services related to active labour market policies through the public employment centres or through specific private accredited subjects.

Among the main active policy tools is the outplacement cheque. This tool is governed by article 23 of Legislative Decree no. 150/2015, which sets forth that the beneficiary can turn to an accredited employment service and complete the procedure aimed at defining his/her employability profile. Based on such profile, the unemployed person who has already benefited from the New Social Insurance Provision for Employment (Nuova prestazione di Assicurazione Sociale per l’Impiego, NASPI) and who is still unemployed after four months is given an ‘outplacement voucher’. The worker can choose whether to turn to a public employment agency or to an accredited private one, which will receive the voucher amount only upon the successful completion of the outplacement procedure. In case the unemployed person is hired under a fixed-term contract with a duration longer than six months, the voucher amount is halved.

In addition, employees who are at risk of unemployment, those who are covered by the Extraordinary Wage Guarantee Fund (Cassa integrazione guadagni straordinaria, CIGS), and those who are working under solidarity contracts are entitled to the above-mentioned active policy tools (such as orientation interviews and the organisation of a training action).

Since active labour market policies fall under the competence of the regions, similar outplacement voucher schemes have been already introduced in some areas of the country.

Finally, workers receiving unemployment benefits might opt for the payment of a lump sum instead of the monthly allowance if they want to start up a new business or cooperative.

Response to COVID-19

Income support instruments constitute a significant part of the Italian response to the COVID-19 pandemic. Below, the measures still in force.

Law Decree No. 73 of 25 May 2021 suspended the automatic reduction mechanism of the Naspi unemployment benefit until 31 December 2021, in order to better support unemployed people to face the economic emergency connected to the COVID-19 pandemic, According to Decree Law No. 22 of 4 March 2015, in fact, the amount of the Naspi unemployment benefit is automatically reduced by 3% every month starting from the first day of the fourth month of reception. This mechanism will resume effect on 1 January 2022.

Budget law of 2021 (Law No. 178/2020) introduced a new support scheme – Extraordinary allowance to guarantee income and operational continuity ('Indennità Straordinaria di Continuità Reddituale e Operativa', ISCRO) on an experimental basis for the period 2021-2023 – in order to protect some categories of self-employed suffering from a serious reduction in labour income. The scheme addresses professionals enrolled in a special INPS fund ('gestione separata') and having an annual income not exceeding €8,145. They are entitled to ISCRO if their labour income dropped by at least 50% compared with the average income of the three previous years. The benefit is paid for six months, corresponding to 25% of the average income in the three-year period, and can range from a minimum of €250 and a maximum of €800 per month. ISCRO can only be claimed once in a three-year period. In order to finance the new instrument, an additional contribution equal to 0.26% of the professionals' labour income in 2021 – 0.51% from 2022 – is paid by professionals.

Wage guarantee funds were also a key part of the Italian response to the COVID-19 pandemic, as companies were granted access to these funds also for decrease in work activities related to the pandemic. This condition related to COVID-19 has been now suspended for most companies, and renewed only for:

- Textile companies, which can accede 17 additional weeks of wage guarantee funds in the period from 1 July to 31 October 2021.
- Companies of national strategic relevance employing up to 1,000 employees, which can accede 13 additional weeks until 31 December 2021.

The access to these support instruments is connected to the ban to economic dismissals, which was introduced by Decree Law No. 18 of 17 March 2021. The ban prohibited the economic dismissal of employees and suspended collective dismissal procedures in order to foster labour hording and to avoid mass layoffs due to COVID related reasons. The ban was initially set for 60 days, but subsequently extended up to 1 July 2021 for most companies, and to 31 December 2021 for some specific sectors (Ifor example those defined as of "national strategic interest"). The free access (i.e. without any economic contribution from the company) to wage guarantee funds was the instrument through which companies were supported in economically managing this ban.

Comments

The primary aim of the last labour market reform was to create a link and an adequate balancing between active and passive labour policies.

Nonetheless, some criticism has been raised as regards the outplacement voucher which is still in its testing phase, involving a very low share of the potential claimants.

Moreover, following the abolition of the mobility allowance (a specific unemployment benefits applicable in case of collective dismissals) as of 1 January 2017, workers dismissed pursuant to a collective dismissal procedure are likely to have weaker social protection than in the past.

In fact, the newly introduced unemployment benefit, applicable to all employees losing their job, the New Social Insurance Provision for Employment (NASpI), ensures a lower amount and duration: prior to the approval of Law no. 92/2012, the mobility allowance had a maximum duration of 36 months (or 48 months for employees working in southern Italy), as against the 24-month maximum NASpI period.

At the same time, the Jobs Act significantly reduced protection against dismissals for workers hired from March 2015 onwards, who are more exposed to this risk than in the past. Specifically, the reform narrowed the field of application of the reinstatement rule in case of unfair dismissal, generally replaced by a seniority based financial compensation.

Cost covered by

Companies
National government

Involved actors other than national government

Public employment service
Regional/local government

Thresholds

No, applicable in all circumstances

Sources

- Legislative Decree no. 22/2015
- Legislative Decree no. 148/2015
- Legislative Decree no. 150/2015
- Decree law no. 109/2018

- Decree law no. 4/2019
- Zilio Grandi, G. and Biasi, M. (2016), Commentario breve alla riforma 'Jobs Act', CEDAM, Padova
- Law No. 178 of 30 December 2020
- Law Decree No. 73 of 25 May 2021

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