

Job retention schemes in Europe

Italy

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Note on ETUI classification of job retention schemes (JRSs)²: All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

(1) Short-time Work Scheme (STW): The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

(2) Furlough Scheme (FS): FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

(3) Wage Subsidy (WS): The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

Key characteristics of the job retention scheme

ETUI classification of the job retention scheme (JRS)	Short-time work scheme (STW)
Name of the scheme	<p>Short-time working (STW) measures were introduced for the first time in 1941 in the middle of the Second World War in order to cope with temporary economic difficulties caused by external events, such as natural disasters, administrative decisions, events that cannot be ascribed to the company, unfavourable market conditions and so on.</p> <p>There are currently three kinds of STW regimes, regulated by Legislative Decree 148/2015. They are all based on the assumption that the relevant crisis is temporary and that in due course business operations will be resumed. The aim of all these measures is to protect workers' wages when an employer/company reduces or temporarily suspends their activities:</p> <ul style="list-style-type: none"> (i) normal STW or CIGO (<i>Cassa integrazione guadagni ordinaria</i>); (ii) special STW or CIGS (<i>Cassa integrazione guadagni straordinaria</i>); (iii) paritarian institutions (that means institutions with equal representation of employees and employers in their governing bodies) concerned with STW or FSB (<i>Fondi di solidarietà bilaterali</i>). <p>CIGO functions in the industrial sector and has a maximum length of 52 weeks. Before submitting a request for CIGO to the National Social Security Institute (INPS), employers must inform and consult trade unions; they may jointly evaluate the company's situation and the programme the company intends to adopt.</p> <p>CIGS is applicable to industrial companies with at least 15 workers employed during the six months prior to the request, and to commercial enterprises with at least 50 employees. Its length cannot exceed 24 months in case of company reorganisation, and 12 months in case of company crisis.</p>

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2. The following ETUI classification has been developed by Drahokoupil and Müller in the context of the comparative report *Job retention schemes in Europe: a lifeline during the Covid-19 pandemic*.

	<p>CIGO/CIGS schemes are financed by employers and employees and are created within the INPS's institutional machinery, with separate accounts (see below for more details).</p> <p>For companies not covered by CIGO or CIGS, and with more than 5 workers, under Legislative Decree 148/2015 FSB (<i>Fondi di solidarietà bilaterali</i>) may grant benefits. FSB are set up by joint decree of the Ministries of Labour and the Economy on the collective bargaining initiative of the most representative unions and employers' organizations. All funds are financed by employers (two-thirds) and employees (one-third), and are created within the INPS's institutional machinery, with separate accounts.</p> <p>CIGO, CIGS and FSB will henceforth also be referred to as 'normal STW'.</p>
Start date of the implementation of the special Covid-19 JRS rules	<p>In the context of the crisis, since March 2020, several legislative measures have been adopted regarding STW, which have adapted the features of normal STW: in particular, it is possible to apply for Covid-19 CIGO, CIGS or FSB on the grounds of the pandemic emergency (hereinafter, also 'Covid-19 STW'). Administrative proceedings are simplified. Weeks of Covid-19 STW are not included in normal STW.</p> <p>For employers that cannot apply for Covid-19 STW because usually they are not subject to the normal STW regime, the legislature has introduced temporary Covid-19 STW (CIGD – Cassa integrazione guadagni in deroga): to benefit from the scheme, a company agreement is requested for companies with more than 5 employees.</p>
Eligibility	<p>The scope of the Covid-19 STW scheme was extended to all workers, all sectors and all regions and it also includes companies with fewer than five employees.</p> <p>The requirements for informing and consulting unions/workplace representatives for normal STW also apply to the Covid-19 STW scheme. A more simplified process was specifically introduced for Covid-19 STW.</p>
Exceptions (category of workers or companies excluded from support)	No exceptions.
Duration of support (maximum duration for which JRS support is paid)	Covid-19 STW has been extended until 31 March 2021. If we consider the total amount of weeks of Covid-19 STW granted between March 2020 and March 2021, clearly support has lasted around one year.
Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)	The Covid-19 STW allowance corresponds to 80% of the original gross wage for hours not worked, ranging from zero hours to the maximum working time. The amount of the allowance is subject to ceilings that are re-evaluated every year and related to usual wages (see below).
Cap on support (maximum amount of JRS support payable)	Normally, for monthly gross wages below €2,159.48 the maximum amount paid is €939.99; for monthly gross wages above €2,159.48 the cap is €1,129.66.
What share of the support is covered by the state and by the employer?	<p>In relation to normal STW, it is based on employers' contributions (as for CIGO, calculated on the basis of the degree of threat to company operations), or on contributions mainly paid by employers and in part by employees and the state (as for CIGS).</p> <p>Covid-19 STW is wholly funded by the state (indirectly by the European SURE programme).</p> <p>For the period between 14 August 2020 and December 2020 employers had to contribute to the funding of Covid-19 STW if they registered a loss of revenues of at most least 20% compared with the previous year (or even if they had not registered any loss of revenues at all). For companies with a loss of revenue below 20%, the additional contribution corresponded to 9% of the workers' total wages for the hours not worked during the reduction or suspension of operations; for companies with no loss of revenue, the additional contribution of employers corresponded to 18% of workers' total wages for the hours not worked during the reduction or suspension of operations. In any case, companies commencing activities after 1 January 2019 were exempted from such contributions.</p> <p>Concerning the period January–March 2021, the legislature resumed the original approach and cancelled additional contributions.</p>

Dismissal protection	<p>Several legislative measures enacted since March 2020 have suspended individual and collective dismissals on economic grounds until 31 March 2021. In particular, see Art. 46 Law Decree No. 18 of 17 March 2020 (converted into Law No. 27 of 24 April 2020), introducing a ban on dismissals for the sixty days following the entry into force of the decree; Art. 80 Law Decree No. 34 of 19 May 2020, (converted into Law No. 77 of 17 July 2020), extending suspension until 14 August; Art. 14 Law Decree No. 104 of 14 August 2020 (converted into Law No. 126 Of 13 October 2020), which extended the ban until the end of 2020; Art. 12 Law Decree No. 137 of 28 October 2020 (converted into Law No. 176 of 18 December 2020), extending the ban until 31 January 2021; Art. 1, paras 309–311 of the Budget Bill for 2021 (Act No. 178 of 30 December 2020) extending the ban until 31 March 2021.</p> <p>Since 14 August 2020 the ban on dismissals has not been absolute and does not apply, for example, in the case of: cessation of company activities for winding-up; insolvency without continuation of company activities; signature of a company agreement by the most representative trade unions at company level, aimed at stimulating the consensual termination of the contract of employment – in this case the worker automatically benefits from the temporary unemployment scheme (NASPI, or <i>Nuova Assicurazione Sociale per l'Impiego</i>), normally granted only in case of dismissal).</p> <p>At the time of writing (13 March 2021), negotiations were ongoing between the government and the social partners on the possibility of extending the Covid-19 STW and the related 'ban' on economic dismissals over the next few months. The government proposal aims to extend the 'ban' until 30 June 2021 and Covid-19 STW until the end of the year, but details have not yet been published: see https://www.ilsole24ore.com/art/bozza-dl-sostegno-2-miliardi-vaccini-prorogato-30-giugno-blocco-licenziamenti-ADGhrWNB?refresh_ce=1 (last accessed on 4 March 2021).</p>
Role of collective bargaining in the adoption and implementation of JRS support	<p>Negotiations on a firm-level agreement are requested in order to access the temporary Covid-19 STW (<i>cassa integrazione in deroga</i>) for employers with more than five employees. The agreement, which may be negotiated online, must contain: the workers involved in STW and the period of suspension of operations, and specify the impact of Covid-19 on the company's economic activity.</p> <p>In some cases, management and trade unions have concluded agreements that provide improved conditions, for instance the company pays workers the STW allowance in advance in view of the possibility of delayed payment by the INPS. Furthermore, in a small number of cases such agreements provide for an additional daily supplement paid by the company.</p>
Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)	<p>There are no special conditions. The INPS and the National Tax Agency have been asked to step up supervision and carry out special investigations.</p>
Special provisions as regards training/requalification/reorientation of employees on JRS	<p>There are no special legislative provisions linking Covid-19 STW benefits to training, requalification or reorientation. For standard STW allowances there are specific provisions introducing conditionality mechanisms (<i>patto di servizio personalizzato</i>), never fully implemented by the administrative machinery of the state and the regions.</p>

Quantitative data

How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS)	March 2020	–
	April 2020	–
	May 2020	4,233,051
	June 2020	3,232,789
	July 2020	2,211,252
	August 2020	1,641,848
	September 2020	1,467,929
	October 2020	1,235,545
	November 2020	1,140,152
	December 2020	1,175,047

Source: Data, updated on 8 February 2021, are freely available on the INPS website and are related to STW directly paid by the INPS (and not to advance STW payments by the employer and afterwards reimbursed by the INPS). For further details see <https://www.inps.it/nuovoportaleinps/default.aspx?itemdir=54934> (last accessed on 18 February 2021).

Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS)

According to a study carried out by Il sole24ore and published on 8 February 2021, the sectors most affected by STW in 2020 were: manufacturing, air transport and automotive industry, in terms of hours of STW authorised by the INPS: data are calculated on the basis of hours and working days, not as a percentage of overall number of workers on STW. See il Sole24ore study based on data provided by INPS (see https://www.ilsole24ore.com/art/cig-2020-top-manifattura-aerei-e-auto-AD1OTqHB?refresh_ce=1).

Is there any data on how much money the state spent on JRS and over time? (in absolute figures and as a percentage of GDP)

According to INPS data published in October 2020, since the beginning of the pandemic the State has paid out €26 billion for STW benefits.: See https://www.repubblica.it/economia/2020/10/20/news/inps_da_inizio_pandemia_sostegni_a_14_3_milioni_di_italiani_per_26_2_miliardi_di_spesa-271199874/

According to Eurostat, GDP at current prices in 2020 was €1,652 billion and thus expenditure on STW benefits between March and October 2020 amounts to 1.57% of GDP.

Information on non-standard workers and JRS³

Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?⁴	<p>Temporary agency workers are subject to an ad hoc FSB set up by Legislative Decree 148/2015 (<i>fondo di solidarietà alternativo</i>). In particular, if there is a suspension or reduction of working time, they receive the TIS (<i>trattamento di integrazione salariale</i>). It must be pointed out that such funds were operating before the entry into force of the 2015 Decree, which justifies their specific regulation from standard bilateral funds (please see above FSB/regime paragraph for more information).</p> <p>For economically dependent workers Legislative Decree 23/2015 introduced a specific benefit known as 'DIS-COLL' (<i>indennità di disoccupazione destinata ai lavoratori con rapporto di collaborazione coordinata e continuativa</i>): it is a structural measure but not universal, as it is granted to economically dependent workers with at least three months of social security contributions the year before the end of their job.</p> <p>Concerning the self-employed, at the beginning of the pandemic special, ad hoc and temporary benefits (<i>una tantum</i> indemnity) were introduced: €600 per month for all self-employed workers in March and April; €1,000 in May; no specific conditions were applied to applicants (except for a valid VAT number on the measure's entry into force). For specific sectors additional forms of monetary compensation have been introduced (for tour guides and tour leaders at the end of 2020, granted not by the INPS but by the Ministry for Cultural Affairs and Tourism).</p> <p>Since 1 January 2021 self-employed workers have been entitled to an STW allowance (ISCRO, <i>indennità straordinaria di continuità reddituale e operativa</i>), which is without a doubt the most significant measure introduced during the pandemic for non-standard workers. ISCRO has been introduced experimentally for 2021–2023. It may be applied for only once during the three-year period.</p> <p>To sum up, the Italian system of social security is still based on the twentieth century model of subordinated workers when it comes to unemployment benefits. In any case, Covid-related social security measures for the self-employed offer only basic forms of protection.</p>
What are the eligibility criteria?	<p>Ad hoc benefits/<i>una tantum</i> indemnities for the self-employed: only a VAT number is required for March and April indemnities; VAT number and a 33% or over fall in sales in March and April of 2020 compared to the same period in 2019, for a May indemnity.</p> <p>ISCRO STW: the benefit is available to all self-employed workers in case of a loss of turnover of 50% compared with the previous three years. Workers with an income of more than €8,145 are excluded from the benefit. In addition, ISCRO cannot be granted to workers receiving a pension from the social security system, beneficiaries of minimum income guarantees (<i>reddito di cittadinanza</i>), or without a valid VAT number over the past four years.</p> <p>ISCRO will be available for the six months following the submission of the application.</p> <p>To sum up, the range of ISCRO beneficiaries is very restricted.</p>
How is the financial support for non-standard workers calculated?	<p>TIS granted corresponds to 80% of the last salary of the temporary agency worker and it cannot exceed the maximum amounts established for STW (for monthly gross wages below €2,159.48 the maximum amount paid is €939.99; for monthly gross wages above €2,159.48 the cap is €1,129.66).</p> <p>ISCRO support ranges between €250 and €800 per month, and corresponds to 25% of the applicant's sales the previous year.</p> <p>DIS-COLL cannot be granted for more than six months.</p>
Which sectors were most affected in terms of providing support to non-standard workers?	<p>Data on ISCRO are not yet available as the measure entered into force on 1 January 2021.</p>
Are there any measures for training/requalification/reorientation for non-standard workers?	<p>In general, the current Covid-19 strategy of the social security system is only to protect people from material deprivation, not a long-term approach.</p> <p>Only in the case of ISCRO is the granting of support conditional on the beneficiary's participation in further training. Funding mechanisms and training contents will be determined by a joint decree of the Ministries of Labour and Economic Affairs.</p>

3. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
4. The following questions refer to any existing schemes for non-standard workers.