

2023 REPORT BY THE “WELFARE, ITALIA” THINK TANK

WELFARE SPENDING STILL RISING; 2023 ESTIMATE €632.4BN (+3.7% COMPARED TO 2022)

- Strong imbalance towards **amount spent on pensions** which absorbs 50.3% of total resources. Pension spending is followed by **healthcare spending** (21.5%), then **social policies** (16.9%) and **education** (11.3%).
- **Birth rates continue to slide under the 400,000 threshold:** in 2022, the number of births that have been decreasing since 2014 continued, falling to a new record low: 393,000 new births.
- **Welfare Italia Index 2023: Autonomous Province of Bolzano** (83.3 points), **Autonomous Province of Trento** (81.4 points) and **Emilia Romagna** (76.3 points) are the first for responsiveness in terms of welfare.
- The “Welfare Italia” Think Tank tracks 4 priority actions to support development of the welfare system:
 - ✓ define a comprehensive plan to **reverse demographic trends** through policies that bring Italy into line with European best practices;
 - ✓ support the role of the **national healthcare system**, increasing investments and taking full advantage of the supplementary component;
 - ✓ increase the instruments and flexibility of the **supplementary pension system**;
 - ✓ launch a plan to **develop skills** and boost the role of **job centres**.

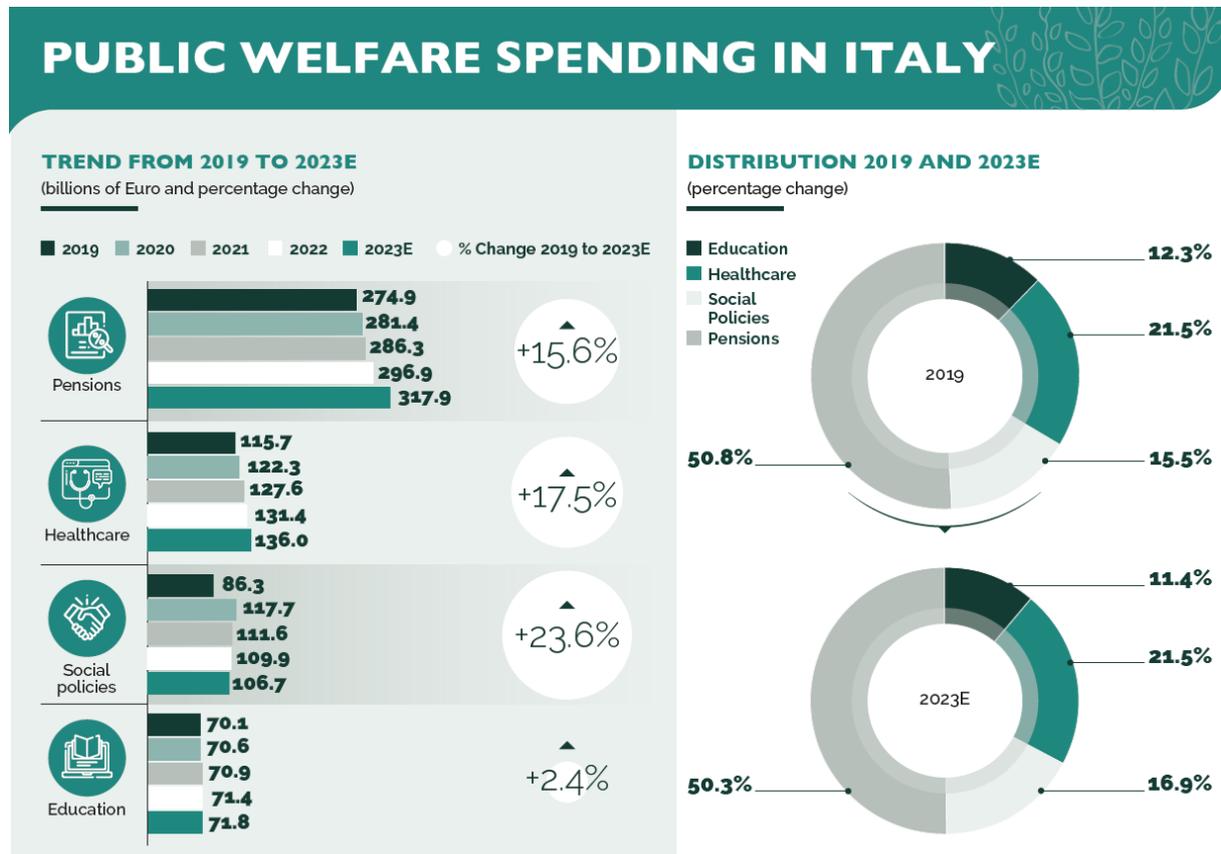
Rome, 24 October 2023

With a message from the **President of the Republic, Sergio Mattarella**, and the **support of the Italian Prime Minister**, the **Welfare Italia Forum 2023** opened today in Rome, at the today at the Corsie Sistine di Santo Spirito in Sassia.

The 2023 edition of the “**Welfare, Italia**” Think Tank Report was presented at the Forum, supported by **Unipol Gruppo** with the cooperation of **The European House - Ambrosetti**.

Welfare spending trends, ongoing demographic and wage trends, the impact of inflation on the demand for social protection, the medium-long term sustainability of the welfare system and the role of private parties and social investments are just some of the issues debated during the Forum presided over and chaired by **Antonio Polito** (*Columnist and Deputy editor, Corriere della Sera*).

For over ten years, the Think Tank has functioned as a place for the analysis, examination and reflection of welfare matters, open to discussion among the main public and private stakeholders: decision-makers, national and local government representatives, social partners, banks and pension and aid funds and representatives of companies, workers, universities and the voluntary sector.



Welfare spending expected to increase in Italy in 2023

According to the “Welfare, Italia” Think Tank estimates, **welfare spending in Italy** will rise to **€632.4bn** in 2023 **(+3.7% compared to 2022)** including the 3 traditional pillars of this sector (Health, Social Policies and Pensions) along with education. **Spending on pensions** will absorb over half of the resources, i.e. 50.3% of the total social spend. This figure is followed by healthcare spending (21.5%), social policies (16.9%) and spending on education (11.3%).

If we look at the figure with respect to 2022, **spending on pensions** is up by **7.1%**, increasing from €296.9bn to **€317.9bn**.

Healthcare spending increased by **3.8%** in 2023 over the previous year. This change takes account of the 4.5% increase in income of national healthcare service employees (influenced by the renewal of staff contracts) and an increase in intermediate consumption expenditure of 3.8%.

On the other hand, spending for **social policies**, according to the estimates contained in the Economic and Finance Document is down by **2.9%** compared to 2022 even though those figures are still higher

than the pre-Covid period. These forecasts take account of the measures introduced with the 2023 Budget Law such as a **review of the ‘Citizen’s Income’ duration and spending limits.**

Spending on education is expected to increase by **0.6%** over the previous year.

With respect to the pre-pandemic situation, all welfare spending components increased between 2019 and 2023: **social policies (+23.6%), healthcare (+17.5%), pensions (+15.6%) and education (+2.4%).**

Demographic trends are penalising the future of the country: 2022 was the year that registered the lowest number of new births since the Unification of Italy

The decrease in population - falling since 2014 - was even more marked in 2022. As at 31 December 2022, the resident population amounted to **58,850,717** in Italy, down by **179,416** people, i.e. **-0.3%** compared to the same period of 2021. As noted by Istat, 2022 was marked by a new **negative record in the number of births** in Italy: **393,000.**

Confirming the picture sketched, the **birth rate** (i.e. the number born for every 1,000 inhabitants) in Italy amounted to **6.7 births** in 2022, a figure which has been progressively declining over the past ten years: there has been a drop of **-2.3 births** for every 1,000 inhabitants from 2012 (when the birth rate amounted to 9.0) to 2022, in Italy. The Italian situation is even starker if put into the broader European context: Italy had the **lowest birth rate figure in the context of the European Union** in 2022.

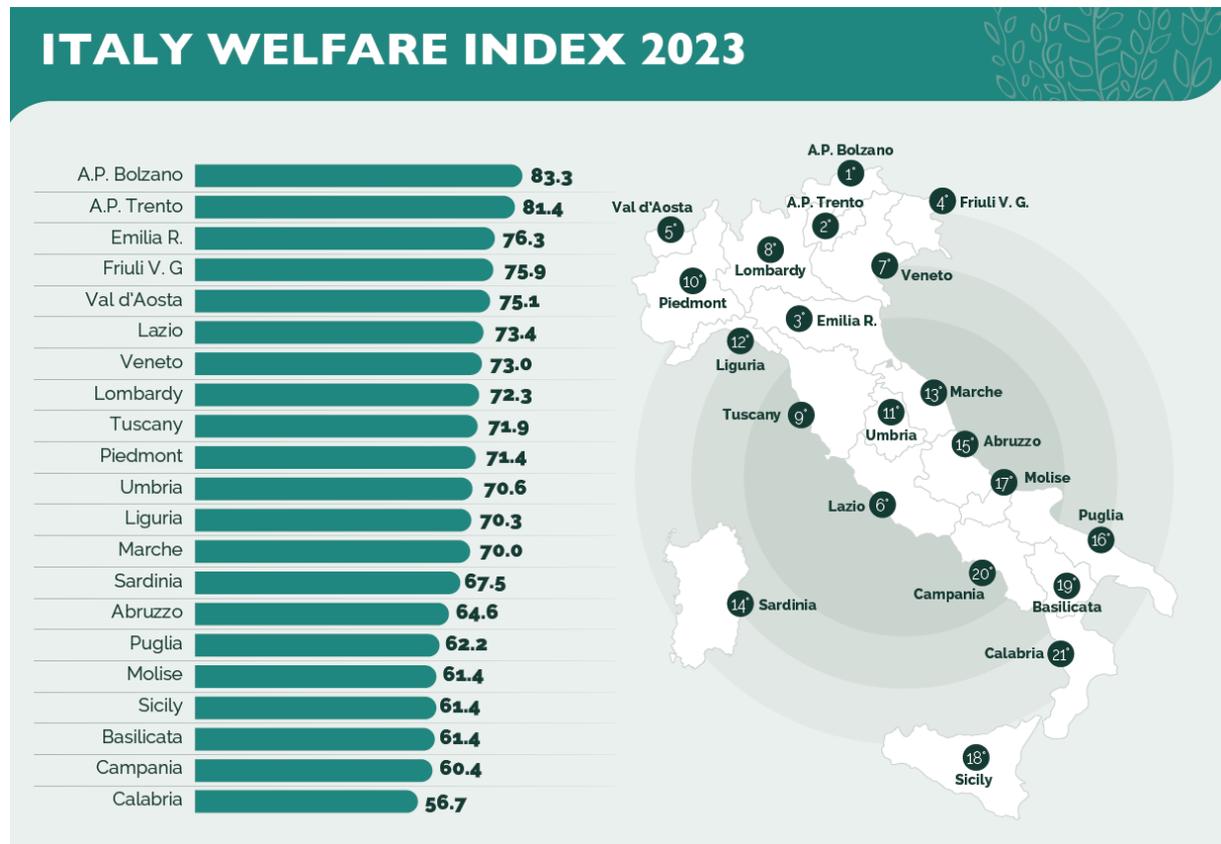
Welfare Italia Index 2023: there is a difference between the North, Centre and South of the country in the responsiveness of the regional welfare systems

The “Welfare, Italia” Think Tank developed a synthetic rating¹ that evaluates **aspects linked to both welfare spending and the results produced by this spending.**

The territorial administration with the highest Welfare Italia 2023 Index is the **Autonomous Province of Bolzano (83.3 points) followed by the Autonomous Province of Trento (81.4 points) and Emilia-Romagna (76.3 points).** On the other end of the ranking, we have Basilicata (61.4 points), Campania (60.4 points) and Calabria (56.7 points). Compared to the 2022 figures, the 2023 edition shows a steady polarisation in the **responsiveness** of the welfare system in the Italian Regions: the **gap** between the first and the last Region is **still equal to 26.6 points.**

¹ Monitoring instrument developed by Welfare Italia for the first time in 2020 and based on 22 KPI (Key Performance Indicators) that considers social policies, healthcare, pensions and education, and can identify, at regional level, the strong points and the areas of weakness where intervention is necessary.

The complete ranking of the 2023 Welfare Italia Index:



The 4 priority actions for the Italian welfare system

Considering the well-known demographic, inflation and wage trends in Italy, the “Welfare, Italia” Think Tank identified **4 areas of action** that the country should act on to support development of the welfare system in terms of a **new generational pact**.

1. Define a comprehensive plan to reverse demographic trends through policies that bring Italy into line with European best practices

- Increase the amount granted by the Universal Benefit Cheque and introduce tax policies based on the number of children
- Transform maternal and paternal leave into gender neutral leave
- Introduce incentive systems for non-EU foreigners to enter that encourages the possession of qualifications, experience and skills

2. Support the role of the national healthcare system, increasing investments and taking full advantage of the supplementary component

- Increase investments aimed at the National Healthcare System, directing resources towards boosting the territorial healthcare network and human capital

- Capitalise on the contribution of the supplementary component, recognising it as an ally of the national healthcare service, defining the scope of the supplementary services, increasing the range of potential beneficiaries, and introducing laws on long-term care

3. Increase the instruments and flexibility of the supplementary pension system

- Introduce incentive-based savings systems like the Children's Saving Accounts (CSA) model to encourage supplementary pension savings
- Introduce instruments to ensure more flexibility in supplementary pensions, including portability from one year to the next, the option to obtain one-off advances and the transfer of positions to children

4. Launch a plan to develop skills and boost the role of job centres

- Define a strategic training plan for skills based on emerging company requirements
- Create national databases and job centre performance monitoring systems
- Digitise the services offered by job centres through a "Citizen File"
- Create specific digital platforms with job offers and the training and refresher courses available.

More details on the 4 priorities of action in the attached reference sheet.

The following took part: **Valerio De Molli** (*Managing Partner and CEO, The European House Ambrosetti*), **Orazio Schillaci** (*Minister of Health*), **Marco Bosio** (*Managing Director, ASST (local healthcare area) Grande Ospedale Metropolitano Niguarda*), **Walter Ricciardi** (*President Mission Board for Cancer of the European Commission; Member of the Scientific Committee of the "Welfare, Italia" Think Tank*), **Chiara Gibertoni** (*Managing Director, Azienda USL (local health unit) of Bologna and Sant'Orsola General Hospital*), **Andrea Urbani** (*Regional Health and Social Integration Director for the Lazio Region*), **Francesco Vaia** (*Managing Director Preventive Health, Ministry of Health*), **Lorenzo Tavazzi** (*Partner and Scenarios and Intelligence Area Manager, The European House - Ambrosetti*), **Veronica de Romanis** (*Professor of European Economic Policy, Stanford University, Florence and LUISS Guido Carli, Rome; Member of the Advisory Board, "Welfare, Italia" Think Tank*), **Stefano Scarpetta** (*Department Director of Employment, Labour and Social Affairs, OECD; Member of the Advisory Board, "Welfare, Italia" Think Tank*), **Alberto Brambilla** (*President, Centro Studi e Ricerche Itinerari Previdenziali (pension study and research)*), **Fabio Pammolli** (*Professor of Economy and Management, Polytechnic University of Milan and Advisor of the Ministry of Economic Affairs and Finance*), **Marina Elvira Calderone** (*Minister of Labour and Social Policies*), **Carlo Cimbri** (*President, Unipol Gruppo*), **Matteo Del Fante** (*CEO and Managing Director, Poste Italiane*) and **Giuseppe Guzzetti** (*Member of the Advisory Board, "Welfare, Italia" Think Tank; previously President, Cariplo Foundation*).



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Unipol Gruppo

Unipol is one of the biggest insurance groups in Europe and the leading company in Italy in the non-life insurance sector, (especially in the MV and health businesses), with total premiums of €13.6bn, of which €8.3bn in non-life and €5.3bn in life (2022 figures). Unipol adopts an integrated offer strategy and covers the entire range of insurance products, operating primarily through the subsidiary UnipolSai Assicurazioni. The Group is also active in direct MV insurance (Linear Assicurazioni), transport and aviation insurance (Siat), health insurance (UniSalute) and supplementary pensions and covers the bancassurance channel (Arca Vita and Arca Assicurazioni). It also manages significant diversified assets in the real estate, hotel (Gruppo UNA), medical-healthcare and agricultural (Tenute del Cerro) sectors. Unipol Gruppo S.p.A. is listed on the Italian Stock Exchange.

The European House - Ambrosetti

The European House - Ambrosetti is a professional group of about 300 professionals established in 1965. It has grown significantly since then thanks to the contribution of many partners and has numerous operations in Europe and throughout the rest of the world.

The Group has three offices in Italy and several foreign offices in addition to other partnerships all over the world. Its strength lies in its ability to support companies in the integrated management of the four critical aspects in the creation of value: Seeing, Planning, Creating and Enhancing Value.

We have provided Italian companies with consultation services for over 50 years, including about 1,300 customers, producing more than 250 studies and strategic scenarios aimed at Italian and European institutions and companies, and about 120 projects for family-run businesses. About 3,000 national and international experts are also involved in 550 events held every year to assist over 17,000 managers on their growth paths.

The Group has an invaluable asset consisting of very high-level international contacts in the various business sectors, including heads of leading international institutions and individual countries.

The European House - Ambrosetti has been ranked as the leading “Best Private Think Tanks” in Italy and 4th in the European Union since 2013, and one of the most highly appreciated independent think tanks in the world out of 11,175 at global level (source: “Global Go To Think Tanks Report” by the University of Pennsylvania). The European House - Ambrosetti was recognised by the Top Employers Institute as one of the 141 Top Employer companies in Italy in 2023. For further information, please visit www.ambrosetti.eu