

WELFARE:

AN EXTRA 176 BILLION EURO WILL BE NEEDED TO ENSURE THE SUSTAINABILITY OF THE ITALIAN WELFARE SYSTEM BY 2030

ONE EURO INVESTED IN PREVENTION GENERATES A RETURN OF 14 EUROS IN THE COUNTRY'S SOCIAL-CARE SYSTEM

The 2024 Think Tank Report presented today at the Welfare Italia Forum identified prevention as a key strategy to create value

- Prevention helps pre-empt or reduce a number of illnesses and so help curtail total national healthcare service costs and free up resources to be used for big projects or emergencies. However, **only 8% of public healthcare spending is on prevention.**
- Welfare spending in Italy is thrown off balance by “**managing the present**” which accounts for **78.9%** of total spending (6.1 percentage points higher than the European average). On the other hand, spending to “**build the future**”, i.e. investments in new generations and prevention accounts for only **21.1%** of total welfare spending (6.1 percentage points lower than the European average).
- Italy will have to recruit between **250 thousand and 440 thousand nurses, doctors and teachers**, and a key role will be the development of **adequate skills**, mainly through recourse to continuing professional education models.
- The **Welfare Italia Index**: in 2024, **divisions** in the responsiveness of Regional welfare systems between the **North, Centre and South are increasing**: the territorial administration with the highest score is the **Autonomous Province of Trento (79.7 points)**, followed by **Emilia Romagna (79.5 points)** and the **Autonomous Province of Bolzano (78.5 points)**.
- The “Welfare Italia” Think Tank outlined the **3 priorities for action**:
 - ✓ Introduction of a **law on long-term care** – linked to pension funds – which promotes it as a way to combat the lack of self-sufficiency and demographic dynamics of the country;
 - ✓ definition of a **strategic plan to train for welfare skills** that focuses on the changes triggered by technological and digital developments;
 - ✓ creation of a **single digital access point** for welfare services as a digital transformation goal for the country.

Rome, 15 October 2024

A “Welfare Italia” Forum was held today at the *Corsie Sistine* in the *Santo Spirito in Sassia* in Rome on **“Opportunities available to create value in the welfare system”**. Opening with a message by the President of the Republic **Sergio Mattarella**, the 2024 “Welfare Italia” Think Tank Report was presented at the event, and supported by **Unipol Gruppo**, with the collaboration of **The European House – Ambrosetti (TEHA)** and a scientific committee comprising **Veronica De Romanis**, **Giuseppe Curigliano**, **Giuseppe Guzzetti** and **Stefano Scarpetta**.

The **cross-sector role of prevention** to respond to the ever-changing challenges of the welfare system in an effort to reduce systemic costs, the medium-long term sustainability of the welfare system and the role of private parties and social investments were just some of the issues tackled at the annual meeting of the Welfare Italia Forum. For over ten years, the “Welfare Italia” Think Tank has functioned as a place for the analysis, examination and reflection on welfare matters to enable discussion among the main public and private stakeholders: decision-makers, national and local government representatives, social partners, banks, pension funds and aid funds, and representatives of companies, workers, universities and the voluntary sector.

From a public financing perspective, by 2030 it will be necessary to raise an additional 176 billion euros to ensure the sustainability of the country’s welfare system.

The Italian welfare system will have to respond to increasing **protection requirements** in the economic system with **very little room for manoeuvre from taxes** as it will be conditioned by a **complex public finance framework** and the **new rules** on European economic governance (new provisions of the Stability and Growth Pact). Even though it is gradually improving, the public finance framework is one of the most complex in Europe. The fiscal correction mechanisms for Italy can be quantified as about 13 billion euros/year for the next seven years.

If this correction is added to the spending increases required for the various welfare categories, by 2030 it will be necessary to raise an additional **176 billion euros** to ensure the sustainability of the welfare and the country system. The long term and short-term dynamics of the welfare components show that out of the European big-4 countries, Italy **spends most on pensions with respect to GDP (16.2%** compared to 12.3%). On the other hand, Italy comes last in terms of spending on **education** (which only accounts for **4.1%** of Italian GDP compared to a European average of 4.6%), and on **social policies (5.7%** of Italian GDP compared to an average in the Eurozone of 7.3%), and second-last with reference to **healthcare (7.1%** of Italian GDP compared to a Eurozone average of 7.9%).

According to Think Tank estimates, welfare in Italy (intended as healthcare, social policies, pensions and education) was the main category of public spending in 2023, with **662.7 billion euros** (about 57.9% of public spending). **Spending on pensions** absorbs **half of the resources**, i.e. 50.9% of total social spending, followed by **healthcare spending (20.9%)**, **social policies (16.1%)** and **spending on education (12.1%)**. Additional resources are expected to be required by 2030, broken down as follows: 60.6 billion on **pension expenditure**, 19.8 billion on **healthcare expenditure**, 6.8 billion on **social policy expenditure** and 7.6 billion on **education expenditure**.

Prevention is a tool that can counteract the increasing costs of welfare and stimulate economic growth: every euro invested in prevention generates a return of 14 euros in the country's overall social-care system.

Through an original re-classification of the welfare spending components, TEHA showed how welfare spending in Italy is thrown off balance by **“managing the present”** accounting for **78.9%** of total spending, which is 6.1 percentage points higher than the European average of 72.8% and higher than the French figure (76.4%) and the German figure (75.4%). On the other hand, spending to **“build the future”**, i.e. investments in **new generations and prevention** only accounts for **21.1%** of total welfare spending, which is 6.1 percentage points lower than the European average of 27.2% and lower than the percentage dedicated to these spending components in France (23.6%) and Germany (24.6%). In absolute terms, France spends 150 billion euros more than Italy, while Germany spends 279 billion euros more.

In view of the above, **prevention** is a **key strategy** to invert this tendency, especially in view of the **significant financial returns: every euro** invested in prevention generates a **return of 14 euros** in the country's **overall social-care system**.

For the first time in Italy, The “Welfare Italia” Think Tank quantified the extended Italian welfare system, comprising over 425 thousand entities and over 4.3 million workers for a value of production of over 200 billion euros.

Original research was done in the 2024 Report by the “Welfare Italia” Think Tank that aimed to identify the **“welfare-ecosystem”**, quantifying its structure and the key figures. More specifically, **for the first time in Italy**, the research aimed to identify and map the **“welfare-ecosystem”** of the country, quantifying its structure and the key figures.

To start with, this involved identifying the system underlying each welfare pillar, i.e. the key bodies that provide the services linked to healthcare, social policies, pensions and education. Expanding the perspective in terms of an “extended system”, these entities form part of a system supported by multiple parties: **governing entities** (central and local ministries and public authorities); **entities that manage and provide resources** (represented by insurance and banking institutions, welfare funds, associations and investment funds), **facilities that provide services** (like hospitals, community centres, educational and training institutions and job centres); and **professionals who provide services** (including healthcare professionals, teachers, social workers and employees of public authorities and companies).

The next step following identification of the **public and private entities** belonging to the various levels of the system was to identify the corresponding **economic activities** by association with **97 ATECO 6-figure codes**, **analysis of the public documentation** relating to the main entities and bodies operating in the welfare sectors, and rating of the **key numbers of the “extended system”** in terms of public and private entities and economic and employment results. The analysis showed that the Italian welfare system includes over **425 thousand public and private entities** (profit and non-profit) and these services are provided through the contribution of **4.3 million workers**, in addition to over **4.6 million people** who carry out voluntary work in the voluntary sector. The impact generated by the activities carried out by these entities and professionals can be quantified as **206 billion euros** in terms of value of production of the welfare-linked activities.

Training and placing value on skills to make the “welfare-ecosystem” a factor of socio-economic growth for the country.

A key role within the system is carried out by the **welfare professions**: Italy has to recruit between **250 thousand and 440 thousand** nurses, doctors and teachers to **stay in line with the benchmarks** and who need to be trained in accordance with **demographic dynamics** and **technological and digital developments**. Skills are a crucial factor for the development and sustainability of the welfare system: to that end, there are still numerous gaps to be filled by the country.

For example, with reference to **educational inclusion**, **10.5%** of young Italians of between 18 and 24 did not progress beyond middle school in 2023 (**5th** highest in the European Union and **1 percentage point** higher than the European average)¹. With regard to **availability of the advanced skills** needed to ensure innovation and competitiveness, only **19.2%** of the Italian population in the 15-64 range had a third level educational qualification in 2023, the **2nd** lowest in the European Union and **11.7** percentage points lower than the European average. The impact of skills mismatching must also be tackled (misalignment between the skills held by workers and those required by companies): on average, **it will be difficult to find 45%** of incoming workers forecast by companies, amounting to **2.5 million workers**, with a cost of **43.9 billion euros**² to the country.

The relentless **technological evolution**, **accelerated by the introduction of artificial intelligence** will inevitably result in a **reorganisation of the professions** and a **lack of adequate skills** among workers. In view of the above, **investments in training** are of fundamental **strategic importance** to **prevent the disruptive effects** caused by technological innovations.

The Welfare Italia Index: in 2024, divisions in the responsiveness of Regional welfare systems between the North, Centre and South are increasing.

In 2020, the “Welfare Italia” Think Tank developed a **monitoring instrument** based on 22 KPIs (Key Performance Indicators) that evaluates, within a synthetic index³, **aspects linked to both welfare spending** and the **results produced by this spending**. In these terms, the synthetic index considers the social, healthcare, pension and education policies, and can identify, at regional level, the strong points and the areas of weakness where intervention is necessary.

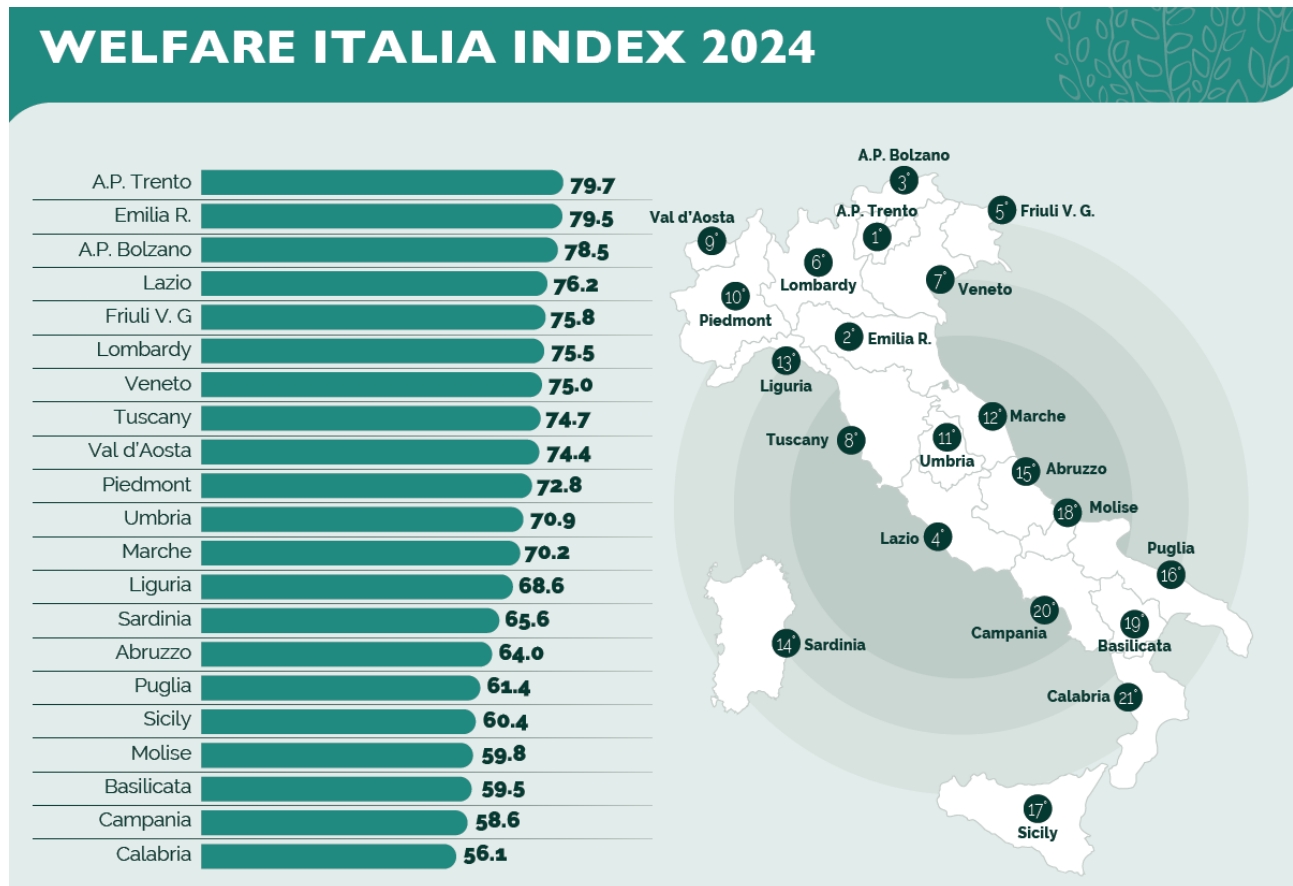
In the 2024 Welfare Italia Index, the **Autonomous Province of Trento (79.7 points)** had the highest score, **followed by Emilia Romagna (79.5 points) and the Autonomous Province of Bolzano (78.5 points)**. On the other end of the ranking, we have Basilicata (59.5 points), Campania (58.6 points) and Calabria (56.1 points). Compared to 2023 figures, the 2024 edition shows continued polarisation in the **responsiveness** of the welfare system in Italian Regions. The **gap** between the best and worst Regions **amounts to 23.6 points** (up 0.7 points on the previous edition).

¹ Compulsory education lasts for 10 years, from 6 to 16 years of age, and includes 8 years in the first educational cycle (primary and middle school) and the first 2 years of the second educational cycle (which can be done in secondary schools – state – or regional secondary professional training institutions).

² The cost of skills mismatching refers to the cost arising from the lower added value produced due to the search for professions that are difficult to find. Source: TEHA Group processing of Excelsior Unioncamera data, 2024.

³ 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 2024 Welfare Italia Index:



The 3 priority actions for the Italian welfare system

The “Welfare Italia” Think Tank identified **three areas of action** which the country should prioritise to support development of the welfare system. Behind these areas of action, the **concept of prevention** plays a **fundamental role in responding to the weaknesses of the welfare system** since it enables **costs to be reduced** on a systemic basis, promotes general **financial sustainability** in the medium-long term and supports innovative approaches that could allow **future challenges to be pre-empted**, reducing the educational gaps and acting positively on the offer of welfare services.

1. Promote the contribution of long-term care

The proposal of the “Welfare Italia” Think Tank is to introduce a **law** in the **area of long-term care**, to make it mutualistic in nature and linked to pension funds or even supplementary health scheme funds through **three specific elements**:

- The introduction of an **obligatory** long-term care **basic policy**;
- The provision of **broader incentives** than those currently recognised for IRPEF (personal income tax) purposes for people who take out long-term care insurance contracts (currently limited to 19% of the premiums incurred up to a limit of **1,291.14 euros/year**);
- The introduction of **incentive schemes for companies** that contribute towards the promotion of the scheme.

2. Launch a plan to develop welfare skills

The “Welfare Italia” Think Tank proposes creating a **strategic plan to develop welfare skills**, involving national and international institutions, in addition to the various stakeholders from the world of work and civil society, that focuses on the change caused by the **demographic and technological evolution**, and includes:

- An **analysis of current and future requirements for the professions** linked to welfare, also due to demographic and technological changes;
- **Identification of training courses needed** for the new skills, involving both public educational institutions (secondary schools, technical schools, universities, etc.) and the services of private training entities (training centres, etc.);
- Introduction of **specific incentive schemes** based on **individual learning accounts** (ILA⁴) that incentivise access by the public to training programmes, with special regard to certified ones, and innovative **financing models** (with the example of SURE debt sharing⁵).

3. Create a single digital point of access for welfare services as a digital transformation goal for the country

With regard to digital transformation, the “Welfare Italia” Think Tank proposes creating a **single digital point of access** for welfare services – to add to the current ecosystem of public digital services and platforms (App IO, It Wallet, etc.) – which allows the public to **actively consult** all the welfare services:

- within the scope of **training** (for example consultation of the “booklet” relating to the various training cycles and skills acquired, access to credits for training, certificates, scholarships and vouchers, etc.);
- in the **healthcare** area (for example booking services and telemedicine services, consultation of the vaccine booklet, integration of illnesses and services provided for on the health records, etc.);
- within the scope of **social policies** (for example requests for welfare support systems, income support, etc.);
- within the scope of **pensions** (for example consultation of public pension positions, consultation and modification of private positions, etc.).

⁴Method of providing individual training entitlements. This is a personal account that allows individuals to accumulate and keep their entitlements over time, to use them for any training courses and validation opportunities that they consider most useful, at the time that suits them best and in line with national laws. This account gives individuals the full ownership of entitlements regardless of the source of financing.

⁵European temporary support mechanism to reduce the risk of unemployment in an emergency, adopted as a response to the Covid-19 emergency.

The Forum opened with a message by the **President of the Republic, Sergio Mattarella** and was presided over by **Antonio Polito** (Columnist and Deputy Editor, Corriere della Sera). This was followed by addresses by: **Valerio De Molli** (*Managing Partner & CEO, The European House – Ambrosetti and TEHA Group*), **Adolfo Urso** (Minister of Enterprise and Made in Italy), **Veronica de Romanis** (*Professor of European Economic Policy, Stanford University, Florence and LUISS Guido Carli, Rome; Member of the Advisory Board, Think Tank “Welfare, Italia”*), **Matteo Laterza** (Chief Executive Officer, UnipolSai), **Riccardo Ercoli** (Head of the Technical Secretariat of the Ministry of Economy and Finance), **Claudio Durigon** (Undersecretary of State of the Ministry of Labour and Social Policies), **Stefano Scarpetta** (*Director of the Department of Employment, Labour and Social Affairs, OECD; Member of the Advisory Board, Think Tank “Welfare, Italia”*), **Giovanni Anastasi** (Chairperson of Formez PA), **Giovanni Azzone** (President of the Cariplo Foundation; previously Dean of the Polytechnic University of Milan), **Anna Maria Bernini** (Minister of Universities and Research), **Giuseppe Guzzetti** (*Member of the Advisory Board, Think Tank “Welfare, Italia”*; previously President of the Cariplo Foundation), **Giuseppe Curigliano** (Director of Development of New Drugs for Innovative Therapies, IEO; Member of the Advisory Board, Think Tank “Welfare, Italia”), **Giovanna Gigliotti** (Chief Executive Officer, UniSalute), **Massimo Di Maio** (President-Elect, Italian Association of Medical Oncology; Director of University Medical Oncology, Molinette Hospital of Turin), **Orazio Schillaci** (Minister of Health), **Carlo Cimbri** (Chairperson, Unipol Gruppo).

For further information:

Press office Unipol Group

Fernando Vacarini - Tel: +39 051 5077705 - pressoffice@unipol.it

Barabino&Partners

Massimiliano Parboni - Tel: 335 8304078 - m.parboni@barabino.it

Giovanni Vantaggi – Tel.: 328 8317379 – g.vantaggi@barabino.it

Giovanni Scognamiglio – Tel.: 340 3161942 – g.scognamiglio@barabino.it

TEHA Group Press Office

Fabiola Gnocchi - Tel. +39 349 7510840

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 €15.1bn, of which €8.7bn in non-life and €6.4bn in life (2023 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 following sectors: property, hotel (Gruppo UNA), medical-healthcare (Centro Medico Santagostino) and agricultural (Tenute del Cerro). Unipol Gruppo S.p.A. is listed on the Italian Stock Exchange.

TEHA Group

TEHA Group, controlled by The European House – Ambrosetti S.p.A., is a company, with 300 people, operating since 1965, which has grown significantly over the years, thanks also to the contributions of many of its Partners, developing numerous activities in Italy, Europe and the rest of the world.

Today the Group has a widespread presence in Italy and many offices abroad, in addition to other partnerships around the world. What distinguishes it is its ability to provide support to companies in the integrated and synergic management of the four critical aspects of value-creating processes: Seeing, Planning, Achieving and Optimizing. Each year we provide consulting to about 1,500 clients, including more than three hundred and fifty strategic scenarios and studies aimed at Italian and European institutions and companies, and around one hundred and twenty governance pacts for family-run businesses. In addition, each year about 3,000 Italian and international experts are involved in more than 750 events we organize for over 18,000 managers whom we follow in their personal and professional paths to growth.

The Group vaunts an invaluable international network of contacts on the highest level in the sectors in which it operates, including top-level decision-makers within multinational institutions and on an individual country level. Since 2013, TEHA Group has been named — in the category Best Private Think Tanks — the no. 1 think tank in Italy, the no. 4 think tank in the European Union and among the most respected independents in the world out of 11,175 on a global level (source: “Global Go To Think Tanks Report” of the University of Pennsylvania). TEHA Group was recognized by Top Employers Institute as one of the 147 Top Employers 2024 in Italy. For further information, please visit www.ambrosetti.eu