Italy

Working time flexibility

Phase	Legislative Decree 14 September 2015, no. 148, Provisions to recast rules on social safety nets for workers in employment; 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 25 May 2021, n. 73 Urgent measures related to the COVID-19 emergency, for businesses, work, young people, health and local services.
Native name	D.Lgs. 14 settembre 2015, n. 148, Disposizioni per il riordino della normativa in materia di ammortizzatori sociali in costanza di rapporto di lavoro; 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 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.
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Article

Legislative decree n.148/2015, whole law; Decree Law 109/2018, article 44; Law Decree No. 73 of 25 May 2021

Description

Legislative Decree no. 148/2015 reformed the whole set of rules concerning income support measures for people in employment (temporary unemployment benefits schemes in the form of short-time allowances). It abolished all previous norms and set up a consolidated text envisaging the possibility for companies to have access to the following tools:

- the Ordinary Wage Guarantee Fund ('Cassa integrazione guadagni ordinaria', CIGO);
- the Extraordinary Wage Guarantee Fund ('Cassa integrazione guadagni straordinaria', CIGS);
- solidarity contracts;
- solidarity funds.

The main characteristics of the tools are described below:

- the Ordinary Wage Guarantee Fund (CIGO) is 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) is activated for those companies staffed with more than 15 employees (or 50 employees in case of commercial businesses). The reasons for CIGS to be activated are:
  - 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;
  - 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 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 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. Four main types of solidarity funds exist:
  - bilateral solidarity funds: they protect workers in employment in case of suspension of, or reduction in, work activities;
  - alternative bilateral solidarity funds: they apply to the craft and temporary agency work sectors;

- residual solidarity funds: they cover employers staffed with more than five employees in those cases where alternative solidarity funds are not activated. They are managed by the National Institute of Social Security (INPS) through the Wage Subsidy Fund (as of 1 January 2016);
- Territorial Cross-sectoral Fund of the Autonomous Provinces of Trento and Bolzano, covering specifically these provinces.

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.

In detail, it is possible to note other particularities, including:

- Share of contribution on wage (amount)
- Benefit (type and duration)
- Union/administrative procedure
- Reindustrialisation plan assessed along with union associations, company works councils (Rappresentanze sindacali aziendali, RSAs), and works councils (Rappresentanze sindacali unitarie, RSUs)
- Ordinary Wage Guarantee Fund (CIGO)
- Ordinary contribution: to be paid by the company, from 1.70% to 4.70% according to the sector and staff head count

Additional contribution: to be paid by the employer only for non worked hours, i.e. hours covered by CIGO:

- 9% up to 52 weeks over a five-year period (to be counted from the date when payment begins);
- 12% between 53 and 104 weeks;
- 15% beyond 104 weeks.

For all the reasons: 13 weeks, which can be extended up to a maximum of 52. The company informs RSAs/RSUs (company works councils/works councils) or union associations of the reasons for the suspension of, or reduction in, working hours, of its extent and expected duration, as well as of the number of workers concerned. This communication can be followed by a joint assessment of the situation, aimed at protecting workers' interests. The procedure shall be finalised within 25 days (10 days for company staffed with up to 50 employees). The application shall be submitted to the National Institute of Social Security (INPS) within 15 days from the beginning of the suspension of, or reduction in, working activities.

Extraordinary Wage Guarantee Fund (CIGS) ordinary contribution: 0.90%, of which 0.60% to be paid by the company and 0.30% to be paid by the worker. Additional contribution: borne by the worker:

- 9% up to 52 weeks over a five-year period (to be counted from the date when payment begins);
- 12% between 53 and 104 weeks;
- 15% beyond 104 weeks.

Business restructuring: 24 months   Business crisis: 12 months   Industrial and craft businesses belonging to the construction sector, and businesses belonging to the stone-cutting sector: 30 months. The company informs RSAs/RSUs or union associations of the reasons for the suspension of, or reduction in, working hours, of its extent and expected duration, as well as of the number of workers concerned. The application for the joint assessment of the company situation shall be submitted within three days. The application shall be forwarded to either the relevant territorial/regional office or the Ministry of Labour and Social Policies with a view to giving notice to the parties. The procedure shall be finalised within 25 days (10 days for companies staffed with up to 50 employees).   The benefit shall be approved by ministerial decree, to be adopted within 90 days from the submission of the application. In case of business crisis or business restructuring, the company shall submit to RSAs/RSUs or union associations a recovery plan or a programme outlining production, financial, or management problems due to external factors. The plan sets out the goals aimed at carrying on business activities and at maintaining employment.

Solidarity contracts for 24 months, which can be extended up to 36 months. Solidarity contracts can be entered into by all the companies falling within the scope of the applicable legislation on CIGS. Solidarity funds. Bilateral solidarity funds: ordinary contribution to be paid by the employer (two thirds) and by workers (one third) Alternative bilateral solidarity funds: the contribution cannot be lower than 0.45% of the amount of pay considered for the calculation of social security contributions   Wage Subsidy Fund: companies staffed with more than 15 employees: 0.65% (two thirds to be paid by the employer and one third to be paid by workers); companies staffed with 5–15 employees: 0.45% (two thirds to be paid by the employer and one third to be paid by workers)   Territorial Cross-sectoral Fund of the Autonomous Provinces of Trento and Bolzano: covered by the legislation on bilateral solidarity funds. Bilateral solidarity funds provide two types of allowances: the solidarity allowance (aimed at avoiding collective redundancies or several individual dismissals based on justified objective reasons) and the ordinary allowance (in case of suspension of, or reduction in, working activities for the reasons provided for by the applicable legislation on CIGO and CIGS). The duration of the allowance varies upon the reason behind its activation.

Workers whose working hours are expected to be suspended or reduced by more than 50% (calculated over a 12-month period) are contacted by the local employment centre with a view to drafting the so-called ‘customised service pact’, which outlines the personal employability profile pursuant to the standards set out by the National Agency for Active Labour Market Policies (ANPAL). In case workers fail to report to the employment centre, the latter adopts sanctions by giving notice – through the dedicated information system – to ANPAL and INPS. These sanctions range from a reduction in the amount of the allowance up to its complete elimination. Moreover, in case of a working activity carried out during the provision of the allowance, the worker shall give prior notice to the local INPS office.

Response to COVID-19

Wage guarantee funds were a key part of the Italian response to the COVID-19 pandemic, as companies could accede these funds for reductions in work activities related to the pandemic. COVID-19 pandemic was added as reason justifying access to these funds first by Decree Law No. 18 of 17 March 2020 and subsequently updated to follow the evolution of the pandemic. This provision has been suspended for most companies, and renewed exclusively 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 up to 1,000 employees, which can accede 13 additional weeks of wage guarantee funds 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 2020. 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 this ban.

Commentary

During the period from 1 April 2020 to 31 August 2021, 6,293.2 million hours of CIGO and CIGS were licensed due to the COVID-19 health emergency.

In order to understand the magnitude of it, this value could be compared to the amount of licensed hours of CIGO and CIGS after the economic and financial crisis of 2008: 1,198.5 million hours (in 2010). Since then, they progressively declined until 2018, accounting for around 216 million.

Additional metadata

Cost covered by	Companies Employee Employer National government
Involved actors other than national government	Employer organisation Public employment service Regional/local government Trade union Other
Involvement (others)	National Institute of Social Security (INPS)
Thresholds	Affected employees: No, applicable in all circumstances Company size: 5 Additional information: No, applicable in all circumstances

Sources

- Legislative Decree 14 September 2015, no. 148~~~ Decree law 28 settembre 2018, n. 109 ~~~ INPS observatory on the use of the Wage Guarantee Fund~~~ Law Decree No. 73 of 25 May 2021~~~ Law Decree No. 18 of 17 March 2020~~~

Citation

Eurofound (2015), Italy: Working time flexibility, Restructuring legislation database, Dublin