



Annual report on the labour market and
the education and training system
in the Lombardy Region

Executive Summary

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The first and second chapters focus on the demographic and economic context of Lombardy in 2021, as compared to 2020, and describe in detail the evolution of labour supply and demand.

Chapter 1 first describes the demographic characteristics of the regional population, with a focus on population ageing. It then reports regional trends in production, in comparison with national (Piedmont, Veneto, Emilia-Romagna) and European (Baden-Württemberg, Bayern and Cataluña) benchmarks. It also offers some insights on the impact of the conflict between Russia and Ukraine on regional imports and exports.

Chapter 2 analyses the regional labour market and its evolution, as compared to 2020, using different sources of survey and administrative data. Section 1 describes recent employment dynamics, highlighting heterogeneous effects over the territory. Section 2 focuses on regional labour supply, with a focus on women and young adults not in education, employment, or training (NEET). Sections 3 and 4 describe labour demand and skill mismatches. Section 5 provides an overview of apprenticeships in the Lombardy labour market.

The resident population in 2021 shows a smaller decrease than in 2020, equal to 0.02%. In 2021, the birth rate at the regional level is in line with the national one, with 6.9 births per 1000 inhabitants; the fertility rate is 1.27 children per woman. Although not returning yet to pre-pandemic levels, life expectancy at birth is starting to grow again, reaching 80.8 years for men and 85.4 years for women. The drop in the birth rate, together with a progressive increase in the age of the resident population, leads to an increase in the old age dependency ratio. In Lombardy there are approximately 2.8 people of working age for every older person; however, there is an important heterogeneity within the territory, with provinces, such as Pavia and Cremona, in which there are only 2.5 people of working age for every older person.

Considering the over-12s, around 90% of the population residing in Lombardy has completed the anti-Covid-19 vaccination cycle. Thanks to the success of the vaccination campaign, in 2021 the regional economy started its recovery: the GDP marked a +7.6% compared to 2020. In general, compared in the pre-pandemic period, Lombardy's production stands at +11.3%, a growth rate higher than the Italian one (+2.4%). Exports also show significant growth. In the first half of 2022, Lombard exports grew by 22.1% compared to the same period of 2021, showing better results than benchmark regions.

The economic recovery is reflected in the performance of the labour market, even if the interpretation of employment dynamics is more complex. The employment rate at the end of 2021 reached 66.5%, higher than all the large Northern Italian regions, with the exception of Emilia-Romagna (68.5%), but almost 2 percentage points lower than the European average. Compared to 2019, the region lost 1.4 percentage points of employment, with very strong differences between provinces. While in Bergamo the employment level of 2019 has substantially recovered, in Lecco, Sondrio and Cremona the employment rate is still 3 percentage points lower than the levels prior to the pandemic, and Como also records a drop of more than 2 percentage points compared to 2019.

The dynamics of the activity rate follow those of the employment rate, suggesting that, during the health emergency, restrictions to freedom of movement induced flows of workers mainly towards non-participation rather than towards unemployment. Even for the activity rate, however, in March 2022 there was a significant difference, of almost 1.5 percentage points, compared to the levels prior to the pandemic (71.1% compared to 72.4% in the first quarter of 2019). In 2021, the unemployment rate drops to 9.2%, a statistics very similar to that of 2019, driven, however, by an increase in inactivity rather than by growth in employment.

The small increase in employment in 2021 is entirely attributable to full-time employees. On the other hand, the number of self-employed workers declined, in particular self-employed full-time workers. The trend in employment by sector of economic activity shows that the growth in the number of employed was driven by the construction sector, which recorded an increase of 18.5% compared to 2020. As regards hours worked,

throughout 2020 and for the first part of 2021, the number of hours remains close to the levels of 2015, then accelerates sharply. In the second quarter of 2021, hours worked exceeded 2015 levels by approximately 5%, while in the following three quarters by 10%. The recovery of hours worked coincides with a substantial decrease in the use of the redundancy fund. An important part of the recovery of employment relationships in Lombardy concerns young workers, among those most affected by the pandemic crisis, and fixed-term contracts.

As regards labour supply, at the end of 2021, the workforce in Lombardy numbered 4,602,000 people, an increase of 1.1% compared to 2020. Despite the recovery in participation in the labour market, the comparison with 2019 still accounts for a 2.4% decline. The gender gap in labour market participation is declining, but this decline is due to a larger reduction in male participation rather than to an increase in female participation. After both genders recorded a 3.5% contraction in workforce participation between 2019 and 2020, the partial recovery among women in 2021 (+1.7% on 2020) exceeded that among men (+0.7%). Compared to pre-pandemic levels, therefore, the male workforce fell by 2.8% while the female one by 1.8%. At the end of 2021, NEETs in Lombardy are 17.2%, in line with 2020, and show a sharp increase compared to the pre-pandemic period.

As regards labour demand, 2021 is characterized by a marked recovery in the overall number of hires expected by Lombard companies, recording a +40% compared to 2020. Difficulties in finding personnel remain, mainly due to lack of candidates and the inadequacy of their preparation. Finally, 2021 marks an important recovery in the use of apprenticeship contracts, with a positive balance of +35% compared to 2020 and +3.5% compared to 2019.

The third chapter provides an up-to-date overview of the Lombardy education and training system through the analysis of the main context data and reconstructs the supply of secondary education and Vocational Education and Training (IeFP) pathways, in a logic of complementarity.

The year 2021 was characterised by a strong economic recovery, favoured by the results of the vaccination campaign and the gradual removal of restrictions on economic activities, which in the first part of the year had been among the most severe nationwide. In the educational context, however, despite some signs of recovery on the front of lifelong learning and participation in tertiary education, the negative effects of the Covid-19 pandemic are proving slower to heal, especially because they have hit the most disadvantaged situations the hardest, exacerbating old and new inequalities. In particular, the Invalsi data show a strong learning loss phenomenon, which if not countered risks translating into a major loss of human capital in the coming years.

However, analysing the trend over the last decade, in Lombardy there have been overall improvements in the levels of education of the adult population, in the participation of young people in the education and training system and in tertiary education. The values achieved are generally better than the national average, but not all come close to the European Union 2020 targets: in particular, the share of university graduates is still very low.

In recent years, Lombardy has developed a well-established system of Vocational Education and Training (IeFP), through a preference for the dual training modality.

In the 2021/2022 training year, there are 44,935 students enrolled in three-year IeFP courses, a decrease of about 2,880 units (-6%) compared to the previous year. There are 7,538 students enrolled in the fourth year of IeFP courses, a decrease of 16.3% compared to the previous year.

In recent years there has been an increase in the proportion of students choosing the IeFP system as their first choice; in fact, 61.5% of Lombardy's students enter this channel by the age of 14 (it was 51% last year), not coming to this type of pathway as a secondary option following school failure. On the other hand, just under 40% of those enrolled in the first year of the IeFP pathways are over 14 years of age, a figure that remains

considerably higher than the 15% of over-14s enrolled in the first year of the second cycle of secondary education. The leFP system also continues to be characterised by a strong inclusiveness, by virtue of a consistent presence of students of foreign origin (23%, compared with 14% of the secondary education system in the same year).

There seems to be a reduction in the gender imbalance in the leFP system: the composition by gender of those enrolled in leFP courses remains strongly unbalanced, but less so than in the previous year, a trend that should be encouraged in the coming years in order to prevent the well-known phenomena of horizontal segregation that start from training and then worsen in the labour market.

At the start of the 2021/2022 school year, there are a total of 394,174 pupils enrolled in the state secondary school, with a percentage increase in the last year of 1.9% and an absolute increase of 7,312, data that show a sign of recovery compared to the drop in enrolments seen last year. Compared to ten years ago, the number of pupils increased by 15.8%.

The fourth chapter focuses on the evolution of the post-secondary and tertiary system of technical and vocational training, which sees the Lombardy Region involved in the creation of ITS (Higher Technical Education) and IFTS (Higher Technical Education and Training) pathways, confirming its desire to offer Lombardy students a complete vocational training chain which allows young people to acquire all the Professional Education and Training qualifications, from the Professional Qualification (leFP) to the tertiary Higher Technical Education qualification (ITS), passing through the Higher Technical Education and Training (IFTS), along the same professionalising chain.

In the 2021/2022 training year, the post-secondary and tertiary technical and vocational education and training system shows a significant expansion in terms of pathways and enrolments. The main contribution to the growth of the system is made by the ITS segment, in line with the priority objectives of the regional strategy for the growth of the ITS system and in implementation connection with the PNRR.

At the financial level, there has been a significant increase in public resources allocated to the ITS system, with the dual aim of consolidating the present training offer and expanding it with the launch of new courses.

The number of Foundations that have activated ITS courses in Lombardy in the 2021/2022 training year remains unchanged from last year (21 Foundations), but, as mentioned above, there has been a sharp increase in the number of courses activated (84 more) and in the number of enrolled students, which is 3,588, an increase of 95% compared to the previous training year.

In contrast to the ITS system, the public resources available for the 2021/2022 training year for the provision of IFTS courses remain unchanged compared to the previous year, as do the number of courses activated (78 courses) and the number of pupils enrolled (1,724).