



STATISTICHE

number and graphs to understand Veneto

Flash

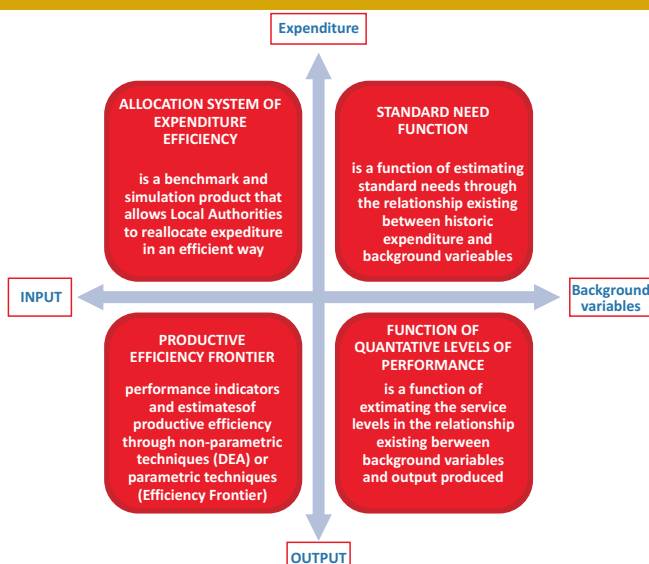
The reform process regarding fiscal federalism (Law 42/2009 and Italian Legislative Decree 216/2010) will allocate equalisation funds to local authorities based on their standard needs, abandoning the historical expenditure criterion which is at the root of the inefficiencies in the distribution of intergovernmental transfers and the mismanagement of expenditure by local governments. This issue of 'Statistiche Flash' provides a brief overview of the work coordinated by Damilo Ballanti from 'SOSE S.p.A.' over the two year period 2011-2012 and summarises the results obtained in relation to the Veneto region. More in-depth and methodological notes can be found in chapter

STANDARD NEEDS: EFFICIENCY AND EQUITY IN LOCAL AUTHORITIES' EXPENDITURE

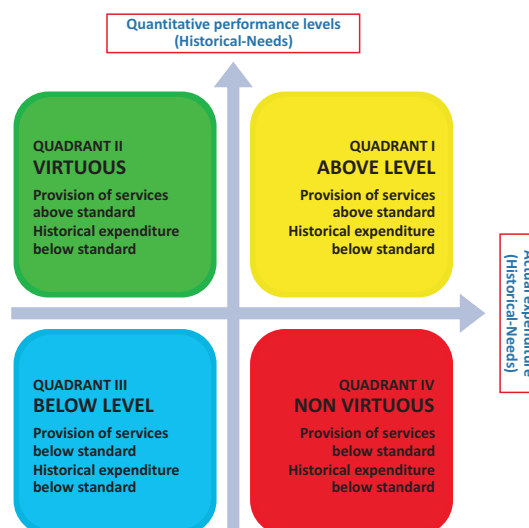
14 of the 2013 Statistical Report. To ensure efficiency and equity in expenditure, SOSE has put together a database from scratch, regarding the activities of Local Authorities through the processing and sending of questionnaires, used to collect accounting information, quantitative information on inputs and outputs of each service and information relative to the local territorial, social and economic context. The following are calculated using this data: standard needs, through the ratio existing between

historical expenditure and background variables; quantitative levels of performance, the levels of service through the relationship between background variables and the produced output; the productive efficiency frontier, a system of performance indicators and estimated productive efficiency and a system of efficient expenditure allocation, a simulation and benchmarking product that allows the Local Authority to allocate expenditure in an efficient manner. The joint analysis of the differences between historical expenditure and standard needs, and between actual output (historical output) and quantitative performance levels (output standard) gives rise to a positioning map of the Local Authorities. Within such map, the Authorities placed in quadrant II are called 'virtuous', as their historical expenditure is lower than their standard needs and they meet an actual demand higher than potential demand; Authorities regarded as 'below level' are placed in quadrant III, because when faced with standard needs higher than historical expenditure, they should meet a potential demand (standard output) higher than the current supply capacity (historical output); the authorities positioned in quadrant IV are called 'non virtuous' as they have a historical expenditure higher than their standard needs and their supply capacity is lower than the potential demand. The authorities positioned in quadrant I are called 'above level' as their historical expenditure is higher than standard needs, but they also cover a level of service higher than potential demand.

SUMMARY OF THE SOSE METHODOLOGY



POSITIONING MAP IN RELATION TO THE DIFFERENCES BETWEEN HISTORICAL EXPENDITURE AND THEORETICAL STANDARD NEEDS AND HISTORICAL OUTPUT AND QUANTITATIVE PERFORMANCE LEVELS



Fonte: SOSE – Banca Dati dei Fabbisogni Standard

¹Productive output means the result or set of results produced by the Local Authority when performing its duties, in other words the goods and services produced by the Local Authority (tangible and intangible) seen from the perspective of the productive system, whereas the inputs are the productive factors (generally the labour factor and the capital factor). Finally, the background variables are the tangible or intangible factors that favour production or not, understood as the transformation of inputs and outputs. They are the specific elements of the territory relative to the demand/supply; type of service; number of inhabitants; number of productive units; surface area, etc.

The 2013 Statistical Report will be presented at
Villa Contarini, Galleria delle Conchiglie, Piazzola sul Brenta (PD)
on Monday 15th July at 9.30 am.

<http://www.regione.veneto.it/web/statistica>

The basic duties subject to standardisation of needs set out in article 3 of Italian Legislative Decree 216/10, are 'General Administration, Management and Control (only 70%)', 'Local Police', 'Public Education', 'Traffic and Transport', 'Territory and the Environment' and the 'Welfare Sector'.

THE POSITIONING OF MUNICIPALITIES IN VENETO Standard Needs

For the time being, the standard needs and the quantitative performance levels have only been identified for the general duties of administration and the local police.

Overall, with regards to such duties, Municipalities in the Veneto region show standard needs higher than historical expenditure by 5.65%; in simple terms, this can be deemed as a sign of overall 'good'

administration. In general, it appears that the small Municipalities of Veneto, with populations up to 2000 inhabitants, have lower needs on average than historical expenditure, whereas Veneto Municipalities that have a population exceeding 3000 inhabitants have greater needs on average than historical expenditure. It should be noted that the small Municipalities have significant diseconomies of scale.

ACTUAL EXPENDITURE OF CERTAIN DUTIES EMPLOYED BY MUNICIPALITIES CERTIFIED BY ACCOUNTS (EUROS). YEAR 2009

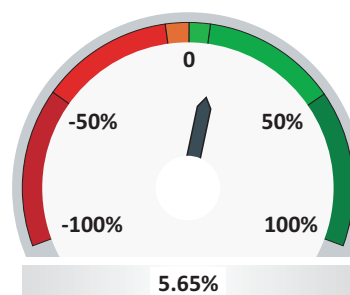
	Veneto	Italy	% Share of Veneto with respect to Italy
Total basic duties of the Municipalities (a)	2,567,990,563	32,173,362,898	8.0
General duties of administration and local police (a)	928,480,760	11,361,503,790	8.2

(a) in compliance with article 3, paragraph 1 of Italian Legislative Decree 216/210 the expenditure for General Duties was considered at 70%

POSITIONING OF VENETO MUNICIPALITIES IN RELATION TO THE DIFFERENCES BETWEEN HISTORICAL EXPENDITURE (A) AND THEORETIC STANDARD NEEDS (B) OF CERTAIN DUTIES(*)

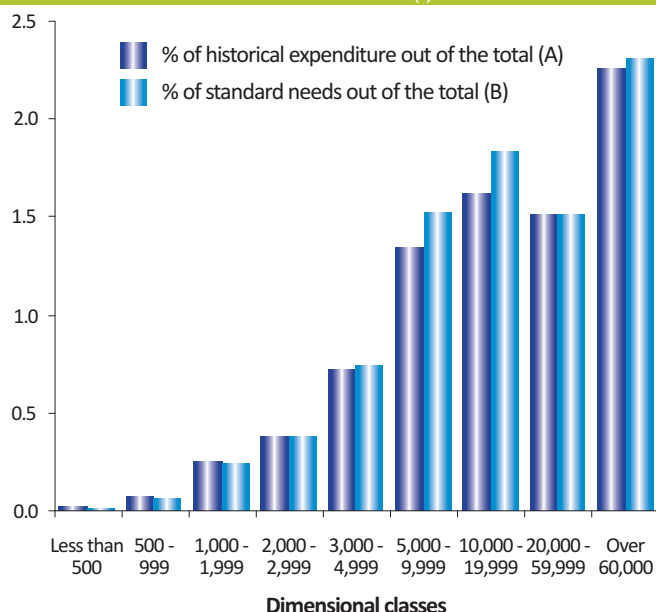
Lower than -50%	Between -5% and -50%
Between 0 and -5%	Between 0 and 5%
Between 5% and 50%	Over 50%

% Difference (B-A)/A



5.65%

VENETO MUNICIPALITIES: COMPARISON BETWEEN HISTORICAL EXPENDITURE AND STANDARD NEEDS OF CERTAIN DUTIES BY DIMENSIONAL CLASS OF THE MUNICIPALITY (*)



THE STANDARD NEEDS AND HISTORICAL EXPENDITURE OF THE GENERAL DUTIES OF ADMINISTRATION AND THE LOCAL POLICE – VENETO MUNICIPALITIES. YEAR 2009

	Historical expenditure (A)	Standard Needs (B)	% Difference (B-A)/A
Allocation coefficient	8.17%	8.63%	5.65%
Amount in Euros (2009 values) (a)	928,480,760	980,931,740	

(a) It should be noted that the main aim of determining standard needs is to identify an allocation criterion of a predetermined amount of resources: therefore the standard needs are expressed as an allocation coefficient. To make standard needs more readable, the cash values relative to 2009 are also shown in the table, obtained using actual expenditure as the overall amount of resources for determining the overall standard needs.

(*) General duties of administration, management and control and local policing duties
Source: SOSE – Standard Needs Data Base

The joint analysis of the differences between historical expenditure and standard needs, and between actual output (historical output) and quantitative performance levels (standard output) enables mapping of this information. This positioning map of Veneto Municipalities with regards to standard needs and quantitative performance levels shows that a large percentage of Municipalities are

THE POSITIONING OF MUNICIPALITIES IN VENETO

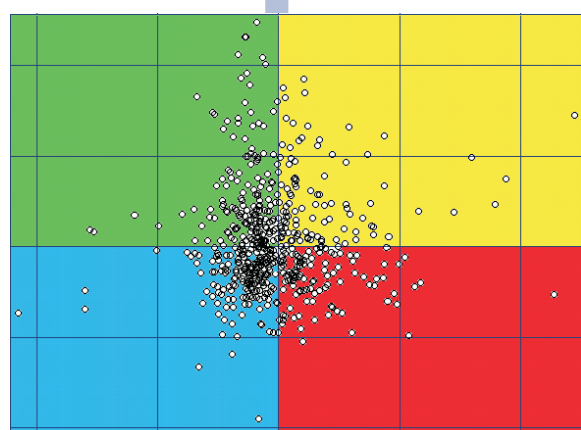
Analysis of quantitative performance levels

'above level', 'below level' or 'non-virtuous', highlighting the fact that there is large scope for improvement. Around 11% of Veneto Municipalities are 'virtuous' and can be considered as 'benchmark' for identifying the 'best-practices' for the level of services supplied, which is higher than the demand estimated using the analysis of quantitative performance levels, and for the level of expenditure efficiency –

historical expenditure is in fact lower than standard needs. Another 10% of Municipalities are 'above level' as the quantity of services they supply is higher than the standard. However, they have a historical expenditure higher than standard needs; 60% of municipalities are 'below level' because when faced with needs higher than historical expenditure, they currently provide fewer services than their reference standard; finally, the remaining 20% are 'non virtuous'.

POSITIONING MAP OF THE VENETO MUNICIPALITIES IN RELATION TO THE DIFFERENCES BETWEEN HISTORICAL EXPENDITURE AND THEORETIC STANDARD NEEDS (HORIZONTAL AXIS) AND BETWEEN HISTORICAL OUTPUT AND QUANTITATIVE PERFORMANCE LEVELS (VERTICAL AXIS) OF CERTAIN DUTIES (*)

Quantitative performance levels of certain duties
(Historical – Needs)

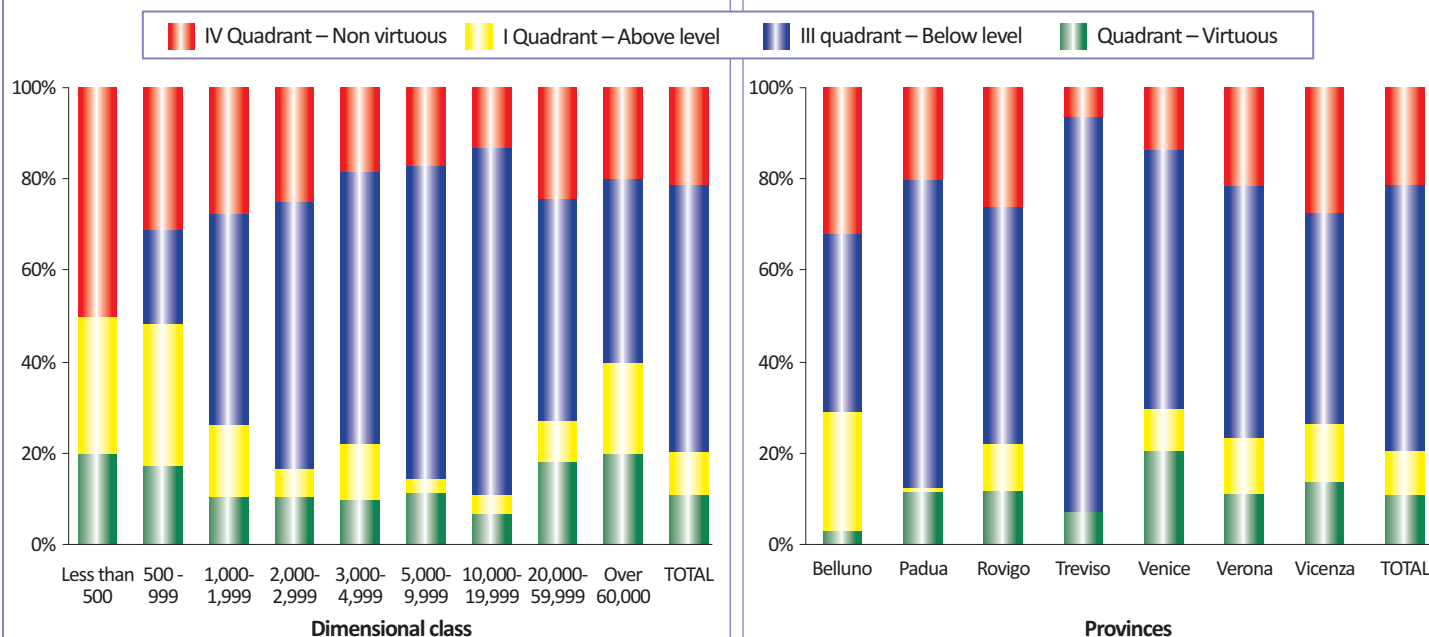


Actual expenditure of certain duties
(Historical - Needs)

% OF 'VIRTUOUS' MUNICIPALITIES WITH REGARDS TO STANDARD NEEDS AND THE QUANTITATIVE PERFORMANCE LEVELS OF CERTAIN DUTIES (*).
VENETO AND ITALY – YEAR 2009

	Veneto	Italy
Less than 500 inhabitants	20.0	22.0
Between 500 and 999 inhabitants	17.2	15.3
Between 1,000 and 1,999 inhabitants	10.5	13.5
Between 2,000 and 2,999 inhabitants	10.7	10.5
Between 3,000 and 4,999 inhabitants	9.6	11.5
Between 5,000 and 9,999 inhabitants	11.4	12.0
Between 10,000 and 19,999 inhabitants	6.7	12.2
Between 20,000 and 59,999 inhabitants	18.2	12.4
Over 60,000 inhabitants	20.0	14.0

VENETO MUNICIPALITIES: POSITIONING COMPARED TO STANDARD NEEDS AND QUANTITATIVE PERFORMANCE LEVELS OF CERTAIN DUTIES PER DIMENSIONAL CLASS AND PROVINCE OF ORIGIN (*)



(*) General duties of administration, management and control and local policing duties
Source: SOSE – Standard Needs Data Base

STATISTICHE *Flash*

As an example, the first results of the estimation of the productive efficiency of Veneto Municipalities is reported for Registry services, Vital records, Electoral duties, Draft duties and Statistical Service duties.

The technical efficiency analysis was developed for each individual macro output category by parameterising the amount of inputs based on the information regarding the percentage of time dedicated to carrying out the activity in question by each Municipality.

PRODUCTIVE EFFICIENCY: FIRST ESTIMATE RESULTS

Having been able to analyse each macro service individually in relation to their inputs, six efficiency scores were obtained for each Municipality. It is interesting to assess such scores within a broader assessment scheme such as that suggested by the positioning map.

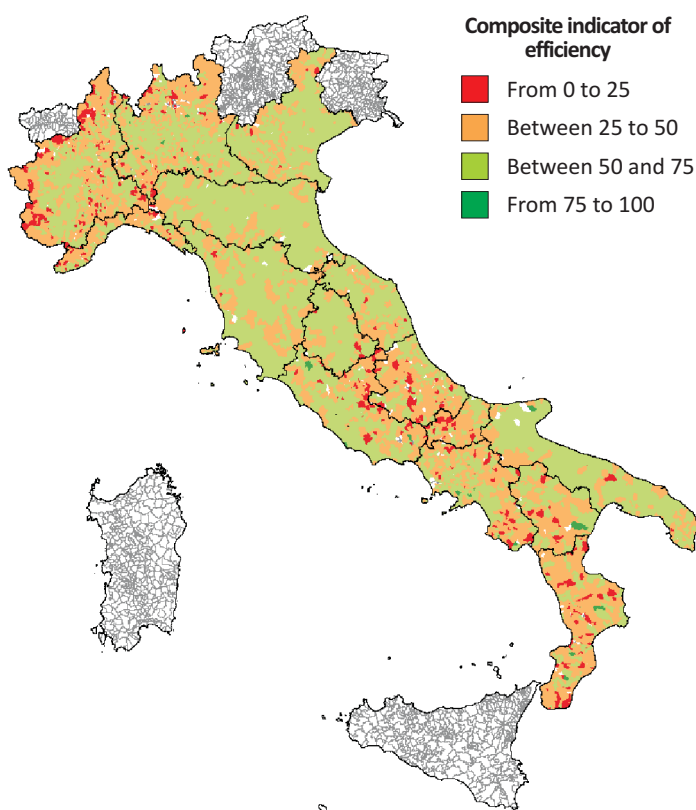
On initial analysis, we can see that the results relative to technical efficiency are consistent with the allocation reported in the positioning

map, showing that the 'virtuous' Municipalities have an optimal ratio between output and input and that the input used is also optimal in terms of cost. This result is important because, in a sector such as registry where the output is not expandable as in the choice of Municipality, the optimal levels for the local authority must be sought in terms of input, in terms of cost, price and in terms of economies of scale.

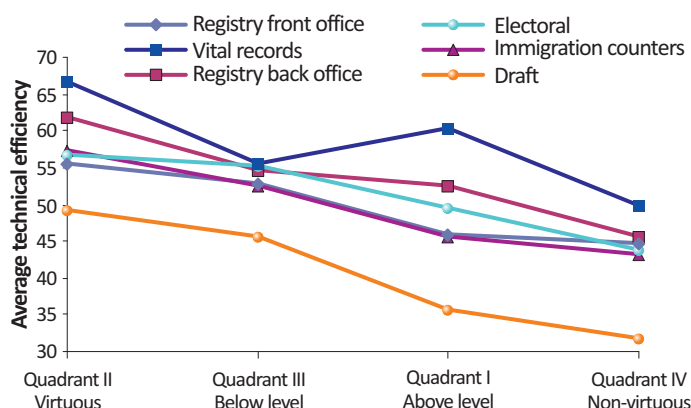
Once the efficiency estimates for individual output are obtained, a composite indicator is built in order to sum up the efficiency assessments (from 0 to 100).

The indicator obtained confirms the greater inefficiency of the small Municipalities, which have significant diseconomies of scale within their registry services.

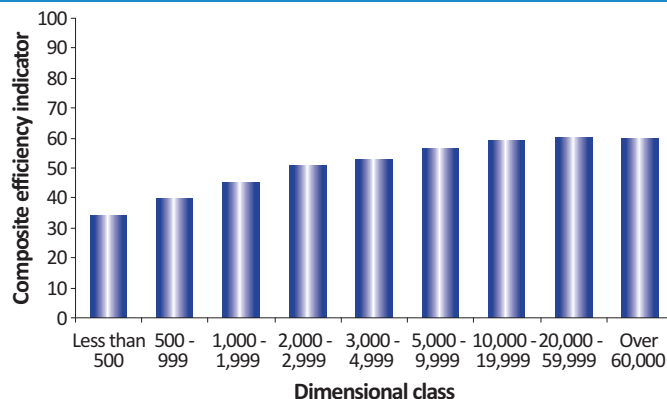
SCORES OF THE COMPOSITE EFFICIENCY INDICATOR OF THE MUNICIPALITIES IN ORDINARY STATUTE REGIONS



AVERAGE EFFICIENCY SCORES PER QUADRANT OF VENETO MUNICIPALITIES



COMPOSITE EFFICIENCY INDICATOR SCORES OF THE VENETO MUNICIPALITIES PER INHABITANT CLASS



Source: SOSE – Standard Needs Data Base



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