

REP

Centro di Ricerca sugli Enti Pubblici Società di Fondazione Etica

COLLECTION CAPACITY OF ITALIAN 8,000 MUNICIPALITIES

WHY IT IS IMPORTANT FOR CITIZENS

Better services start here

Introduction

Public opinion is usually interested in the **public policies** of a municipality, and only rarely in the **operational capacity of the municipal administrative system**. Yet without this capacity, no public policy can actually be implemented. For this reason, the European Commission devotes many of its interventions and recommendations to what it defines as **"administrative capacity."** Without an efficient administration, even the most well-designed policies risk failure, particularly at the local level.

Strengthening the administrative system first requires an understanding of its overall condition. This is precisely the task carried out by the **Research Centre on Public Entities (REP)**: each year we map the overall performance of Public Administrations, including provincial capital municipalities, by collecting and analysing the data that these administrations are legally required to publish on their institutional websites. This process makes it possible to identify the strengths and weaknesses of each individual authority and to intervene in a targeted manner to strengthen it.

One of the pillars of the performance of a local administration is its **ability to collect revenues**, and it is to this set of indicators that the following analysis is devoted. The financial management of a municipality is not merely a matter for technicians and experts; rather, it constitutes the enabling condition that allows the authority to fulfil its responsibilities towards citizens. If an authority is unable to collect the revenues it has assessed, it will not be able to spend and, therefore, will not be able to function. For this reason, it is essential to address this issue.

The Relevance of the indicator for citizens

Collection capacity (hereafter "CC") is a fundamental indicator for assessing the soundness of a municipality's economic and financial management. Specifically, it measures how efficiently a municipality converts expected revenues (e.g., TARI, IMU, urbanisation charges, fines) into actual cash collections during the year. In practice, it compares the amount effectively collected with the amount that the authority has formally assessed as due[1].

In other words, when the indicator equals 100%, it means that the authority has collected, within the same year, the entire amount it had assessed as revenue—an indication of an administrative system that functions effectively from a financial management perspective.

Conversely, **a low value of the indicator signals a weakness in the municipality's performance**[2], as it implies that uncollected amounts are carried forward in the following year's budget as active residuals, that is, receivables formally owed to the authority but not yet collected in cash. This should not be regarded as a mere technical matter, because **the implications are straightforward for citizens: their municipality may lack sufficient liquidity to cover expenditures related, for example, to the provision of one or more public services.**

For this reason, **awareness of this indicator should also extend to the broader public**. It is precisely with this aim that the Italian legislature adopted, in 2013, the so-called "Transparency Decree." The mandatory publication of data concerning the functioning of the administrative system is intended "to enable widespread monitoring in order to safeguard citizens' rights, promote stakeholder participation in administrative activity, and foster forms of diffuse oversight over the pursuit of institutional functions and the use of public resources" (Art. 1, Legislative Decree No. 33/2013).

Results from the 2023–24 Analysis

Municipalities by cluster

An examination of 2024 financial statements[3] **reveals two reassuring findings.** First, regardless of demographic size, **Italian municipalities collect on average between 72% and 75% of the revenues formally assessed**. Second, **there is a widespread improvement compared with 2023**: across all demographic clusters, the median value[4] of the revenue collection rate **increases by between 2 and 4 percentage points** (see Figure 1). This is a significant result because, when considering revenue collection rates, even variations of just a few percentage points can have tangible effects on financial balances.

A generalized increase in the median suggests that the improvement is not limited to a few particularly well-performing cases but rather affects the entire system of local governments. In substantive terms,

[1] For example, if a municipality records revenues of €10 million during the year but is able to actually collect only €8 million, its collection capacity will be equal to 80%. The remaining 20% will flow into outstanding receivables (*residui attivi*), that is, claims that the authority will need to attempt to recover in subsequent fiscal years.

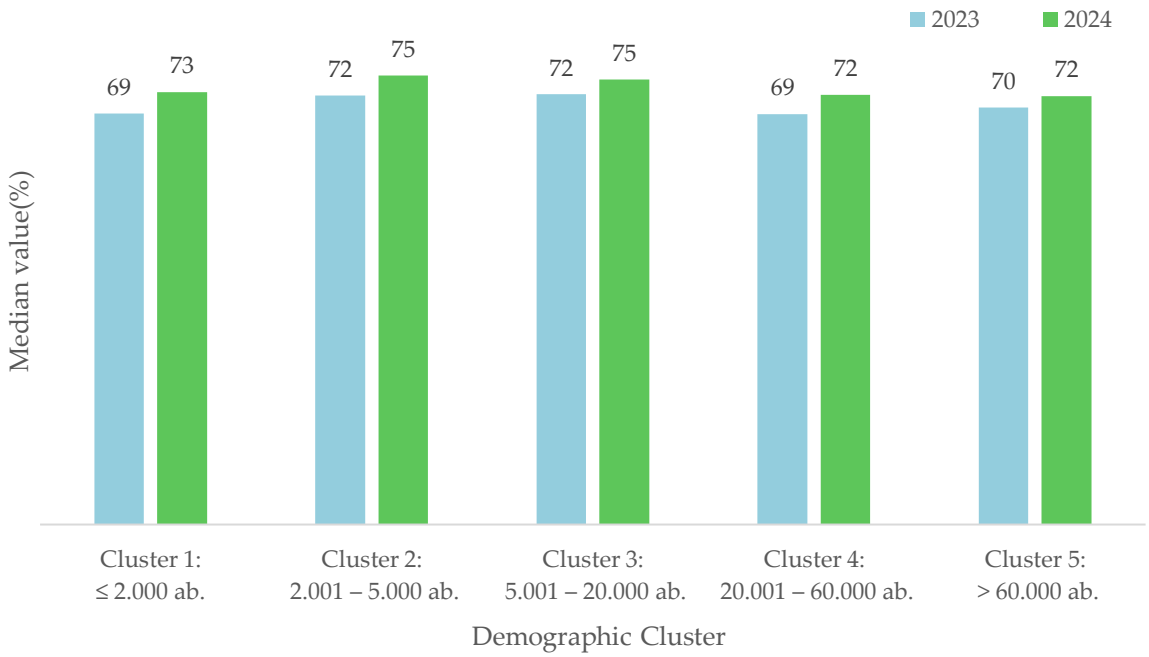
[2] The criticality is not automatically attributable to the municipality itself, as explained below.

[3] 2024 is the most recent year for which local government financial statements were available at the time this analysis was prepared (March 2026).

[4] When referring to the median value, we do not mean the arithmetic mean but rather the *central value* of the distribution: half of the entities record a collection capacity above that value and half below it. This indicator is particularly useful because it is not distorted by extreme cases (for example, municipalities with exceptionally high or very low performance).

this translates into greater liquidity availability, lower cash-flow pressure and, consequently, a stronger capacity for planning and expenditure. The trend observed in 2024 therefore appears to suggest not merely the stability of the revenue collection system, but rather a structural strengthening that directly affects the financial sustainability of local authorities.

Figure 1 – Collection Capacity (%) by demographic cluster



Source: REP Administrative Capacity Index – Processed from OpenBDAP Data (2023–2024)

It is important to note the risk of a potentially misleading interpretation of this result arising from a highly significant fact: as of autumn 2025[5], 340 municipalities had not yet transmitted their 2024 financial statements to the Ministry of Economy and Finance database (OpenBDAP), compared with 78 in the previous year (see the final paragraph for further details). For this reason, it was verified that such several missing observations did not alter the overall picture of the results by comparing only the municipalities present in both years. The values remain very similar, thereby ruling out any potential distortion.

Finally, the results highlight a widespread and relatively homogeneous increase across all demographic clusters[6], with differences between classes remaining limited and broadly stable compared with the previous year. It is therefore useful to examine the individual clusters in greater detail, starting with the first: municipalities with fewer than 2,000 inhabitants.

[5] Pursuant to Article 227 of the TUEL (Consolidated Law on Local Authorities), the management report (rendiconto di gestione) of municipalities must be approved by the municipal council by 30 April of the year following the reference year and transmitted to BDAP (Public Administration Database) within 30 days of approval—therefore by the end of May—according to the applicable legislation. The same submission deadline also applies to the budget forecast (bilancio di previsione). Therefore, as of September 2025, approximately five months had already elapsed since the maximum deadline set for submission.

[6] See Table 2 for the demographic size of the five clusters into which the nearly 8,000 Italian municipalities were divided.

Small municipalities

The most interesting case concerns small municipalities (fewer than 2,000 inhabitants), **where the median value remains broadly in line with that of the other size classes**. In other words, most small local authorities collect revenues in a manner comparable to larger municipalities, as shown in Figure 1, although some fluctuations emerge.

Of the 3,552 municipalities that make up Cluster 1:

- **2,074 municipalities (58.4%)** show a **positive change** in the revenue collection rate compared with the previous year (Group A);
- **1,331 municipalities (37.5%)** record a **negative change** compared with the previous year (Group B);
- **147 municipalities (4.1%)** have **unavailable data (NA)** and are therefore not comparable across the two years (Group C).

A differentiated trend can therefore be observed, with substantial variations both in terms of percentage points and overall proportions, as illustrated by the examples in Table 1. Group A includes small municipalities that improved their revenue collection rate between 2023 and 2024, while Group B comprises those that experienced a decline over the same period.

Table 1 – Example of small municipalities with positive (Group A) and negative (Group B) changes in collection capacity

Group	Entity	Province	CC 2024 (%)	CC 2023 (%)	Variation (points %)	Variation (%)
Group A	Abbadia Cerreto	Lodi	64.32	60.14	4.18	7.00%
	Bomba	Chieti	75.31	64.82	10.49	16.20%
	Conca dei Marini	Salerno	84.14	77.5	6.64	8.60%
	Fontegreca	Caserta	82.63	62.93	19.7	31.30%
	Viola	Cuneo	89.45	85.37	4.08	4.80%
Group B	Ailoche	Biella	24.83	74.31	−49.48	−66.6%
	Bellosguardo	Salerno	25.39	69.7	−44.31	−63.6%
	Castel di Ieri	L'Aquila	7.43	54.63	−47.20	−86.4%
	Cirigliano	Matera	23.12	66.02	−42.90	−65.0%
	Cortino	Teramo	58.37	85.16	−26.79	−31.5%

Source: REP Administrative Capacity Index – Processed from OpenBDAP Data (2023–2024)

It is important to clarify that the decline observed in Group B **does not automatically indicate increased inefficiencies in the respective municipalities**. When substantial decreases are observed, it is crucial not to draw premature conclusions. In small municipalities, the registration of a large grant for a public project — such as those financed through the National Recovery and Resilience Plan (NRRP) — can dramatically increase assessed revenues in single year, while actual collections are realized gradually

over subsequent years. In such cases, the indicator declines, not because the municipality is unable to collect revenues, but simply because the funds have not yet been physically received.

A striking example is the municipality of Chianche (AV) in Campania, which has fewer than 500 inhabitants. After several years of high values (86.8% in 2023), the revenue collection rate fell to 3.2% in 2024. Such a figure could, in theory, suggest an impending fiscal distress; however, the municipality had recorded over €23 million in capital transfers for public works, while actual collections remained very limited during the same year due to the timing of the transfer flows.

A declining percentage should never be interpreted in isolation: it is always necessary to examine the composition of revenues and their evolution over time**, to distinguish between a genuine collection difficulty and a mere accounting effect related to extraordinary resources.**

Medium and large municipalities

Medium-sized municipalities (Clusters 2 and 3, with between 2,000 and 20,000 inhabitants) **show a steady and solid growth, reaching a median revenue collection rate of 75%,** among the highest in the entire sample (see Figure 1). These municipalities **combine the operational capacity of a more structured administrative apparatus with the flexibility typical of intermediate-sized entities**. The 3-percentage-point increase confirms more efficient revenue management and an improved ability to collect funds.
In large municipalities (Clusters 4 and 5, with more than 20,000 inhabitants), **the increase in the revenue collection rate is more modest** (+3 and +2 percentage points), but the values remain stable at relatively high levels. In these cases, the smaller change should not be interpreted as a negative signal: **large municipalities manage very high financial volumes and often include extraordinary or multi-year assessments related to investment projects or complex fund transfers,** which tend to dilute the collection rate within the fiscal year. This reflects the greater administrative complexity of these entities, where cash dynamics are often influenced by longer collection periods and more elaborate reporting procedures.

Overall, **the data confirm a general positive trend**: all clusters show improvement over the observed two-year period, and the gap between small and large municipalities tends to decrease. This result may indicate a strengthening of administrative capacity across the municipal system.

Top three Municipalities by dempgraphic cluster and geographic area

Table 2 presents the municipalities with the highest revenue collection rates, broken down by demographic class: within each cluster, the three municipalities with the highest values of the indicator are reported.

Overall, there is a clear predominance of **municipalities from Northern Italy**, which occupy the top positions in almost all clusters. **Veneto**, in particular, stands out as the region most frequently represented among the best performers, ranking first in three clusters (2, 3, and 5), thereby confirming its status as one of the territories with the most efficient financial management. Lombardy also shows high performance, with several medium-sized municipalities (Crema, Romano di Lombardia, Suzzara) achieving collection rates above 90%.

Table 2 – Top 3 Municipalities by 2024 collection capacity, distinguished by demographic cluster

Demographic Cluster	Municipality	Region	Macro-area	Indicator (%)
Cluster 1 (≤ 2,000 ab.)	Valsolda (CO)	Lombardia	North	**99.2**
	Summonte (AV)	Campania	South	**98.5**
	Boroneddu (OR)	Sardegna	South	**97.7**
Cluster 2 (2,001–5,000 ab.)	Gorgo al Monticano (TV)	Veneto	North	**99.2**
	Anguillara Veneta (PD)	Veneto	North	**98.1**
	Viguzzolo (AL)	Piemonte	North	**97.8**
Cluster 3 (5,001–20,000 ab.)	Trissino (VI)	Veneto	North	**98.9**
	Costabissara (VI)	Veneto	North	**98.3**
	Porto Tolle (RO)	Veneto	North	**98.2**
Cluster 4 (20,001–60,000 ab.)	Crema (CR)	Lombardia	North	**94.7**
	Romano di Lombardia (BG)	Lombardia	North	**92.1**
	Suzzara (MN)	Lombardia	North	**90.7**
Cluster 5 (> 60,000 ab.)	Terni (TR)	Umbria	Centre	**84.3**
	Trieste (TS)	Friuli-Venezia Giulia	North	**83.6**
	Treviso (TV)	Veneto	North	**82.9**

Source: REP Administrative Capacity Index – Processed from OpenBDAP Data (2023–2024)

Among small municipalities, Valsolda (in Lombardia) and Summonte (in Campania) stand out, both with values approaching 99%, demonstrating that even small local authorities can achieve extremely positive results.
The case of Boroneddu, in Sardegna, is also notable: another small municipality in the South ranking among the top performers with a revenue collection rate of 97.7%.

The cases of Summonte and Boroneddu illustrate that **the predominance of Northern municipalities among the top performers is not uniform, just as the absence of Southern municipalities is not absolute**, since a few Southern municipalities also appear among the best.

In the more populous classes (Cluster 5, over 60,000 inhabitants), values are naturally lower, with the provincial capitals Terni, Trieste, and Treviso reaching between 82% and 84%. This reflects the greater administrative complexity of large urban centres, where administrative size and revenue volumes can make it more difficult to maintain high collection rates.
Overall, **the data provide a picture of widespread revenue collection capacity, with peaks of excellence across different territorial contexts**, regardless of municipal size.

Non-evaluable entities

As noted above, when examining the availability of data required for the calculation of the indicator, a non-negligible share of municipalities presents unavailable values (NA), as shown in Table 3. The phenomenon exhibits different characteristics across the two years analysed.

Table 3 – Data availability for collection capacity indicator by demographic cluster

Demographic Cluster	Data for 2023			Data for 2024		
	No. total Entities	No. Entities with CC data	No. of Entities with NA	No. total Entities	No. Entities with CC data	No. of Entities with NA
Cluster 1	3.546	3.523	23	3.552	3.405	147
Cluster 2	1.978	1.964	14	1.971	1.899	72
Cluster 3	1.864	1.835	29	1.863	1.777	86
Cluster 4	414	403	11	412	380	32
Cluster 5	98	97	1	98	95	3
Total	**7.900**	**7.822**	**78**	**7.896** [7]	**7.556**	**340**

Source: REP Administrative Capacity Index – Processed from OpenBDAP Data (2023–2024)

In 2024, most municipalities with missing data are concentrated in Cluster 1, whereas in 2023 they were predominantly in Cluster 3. This shift indicates a deterioration in data coverage specifically among the smallest municipalities, which in 2024 appear more exposed to delays or incompleteness in the submission of accounting data to OpenBDAP.

From a territorial perspective, as shown in Table 4, municipalities with unavailable data are heavily concentrated in Sicily and Calabria, both in 2023 and 2024. In the case of 2024, it is important to emphasize that the missing data cannot be attributed to the non-approval of the budget—which was in fact approved—but rather to delays or incompleteness in the publication of information on the OpenBDAP database, considering that the data were extracted in September 2025.

Specifically, for Cluster 1, a continuity element emerges across the two years: municipalities that do not report the indicator, or report it incompletely, belong almost exclusively to the aforementioned Southern regions, Sicilia and Calabria. This suggests that the issue is not episodic but rather reflects structural difficulties in the processes of data submission and updating, rather than specific anomalies in individual fiscal years.

[7]The difference in the total number of local authorities between 2024 and 2023 is mainly due to several municipal mergers that occurred during this period. For example, the municipality of Ronago merged with Uggiate-Trevano, giving rise to the new municipality of Uggiate con Ronago, which became operational on 1 January 2024.

Table 4 – Regional distribution of the smallest municipalities (Cluster 1) without financial data (n.a.).

Region	Financial data not available as of 2024		Financial data not available as of 2023	
	n.	%	n.	%
Sicilia	41	28%	11	48%
Calabria	21	14%	4	17%
Piemonte	16	11%	0	0%
Sardegna	15	10%	1	4%
Lazio	11	7%	1	4%
Campania	10	7%	1	4%
Abruzzo	8	5%	1	4%
Veneto	6	4%	0	0%
Liguria	6	4%	0	0%
Friuli-Venezia Giulia	3	2%	0	0%
Lombardia	3	2%	2	9%
Puglia	2	1%	1	4%
Emilia-Romagna	2	1%	0	0%
Trentino-Alto Adige	1	1%	0	0%
Molise	1	1%	1	4%
Toscana	1	1%	0	0%
TOTAL	**147**	**100%**	**23**	**100%**

Source: *REP Administrative Capacity Index – Processed from OpenBDAP Data (2023–2024)*