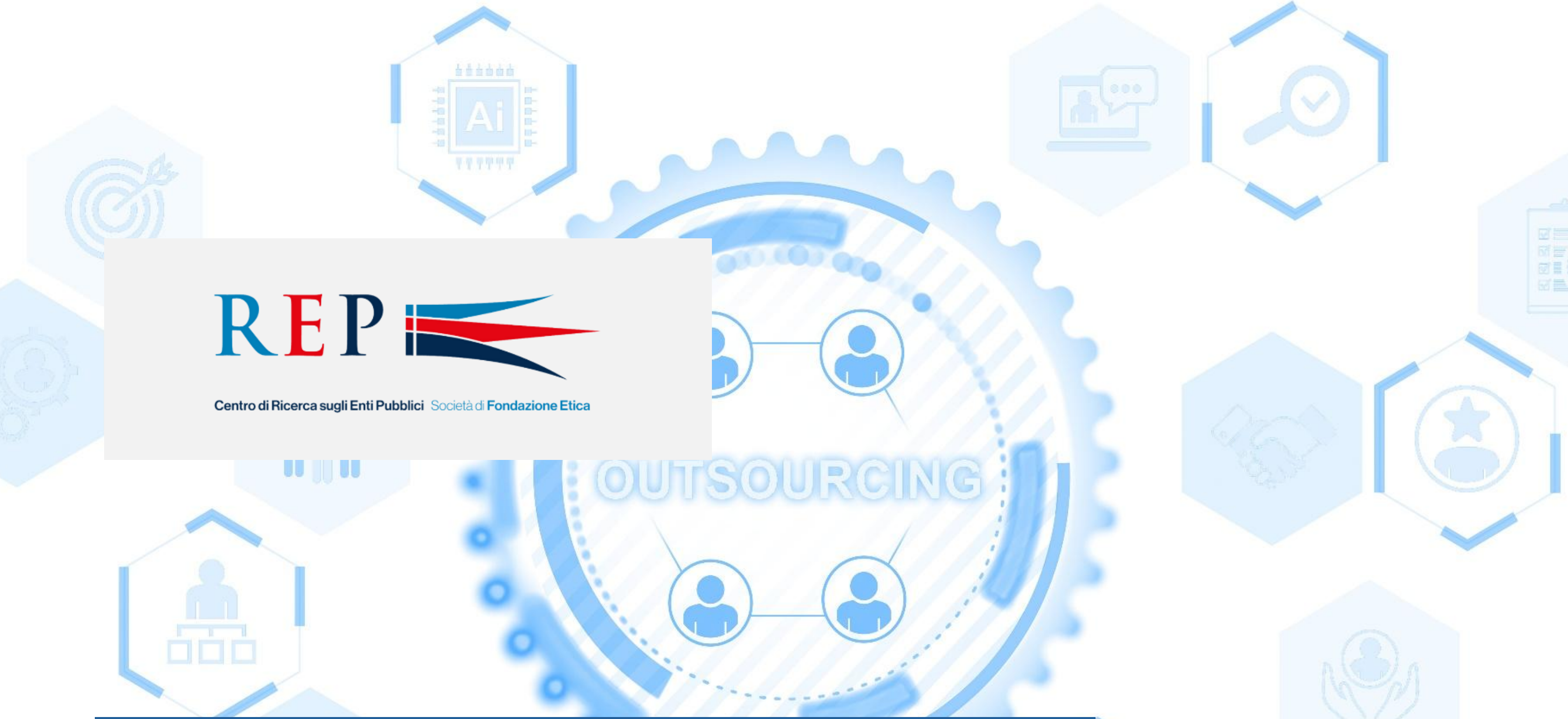

OUTSOURCING SERVICES IN REGIONAL GOVERNMENTS :

Is it always better for citizens?

Who monitors spending and quality?

INTRODUCTION

Public opinion seems to pay little attention to the way Public Administrations operate at the various territorial levels, and also to the concrete methods through which they deliver public services. Yet it is precisely in these methods, and particularly in the choices concerning the internal and external organization of services, that a significant part of the administrative capacity of Regions, as well as other public entities, is determined. Outsourcing, in fact, represents a strategic lever through which Public Administrations can balance needs for efficiency, specialization, and flexibility, while at the same time entailing significant implications in terms of governance, oversight, and the quality of the services provided.

The issue of administrative capacity is increasingly being linked to the ability of Public Administrations to govern complex networks of public and private actors, rather than merely to the direct management of internal resources. In this context, understanding to what extent and through which methods Regions rely on the outsourcing of services becomes essential for assessing the overall functioning of the administrative system and its ability to guarantee effective services to citizens.

Strengthening this capacity requires, first and foremost, the availability of analytical tools capable of systematically examining the organizational choices made by public entities. It is within this perspective that the activities of the Research Center on Public Entities (REP) are situated. Each year, the Center analyzes the performance of Public Administrations through the processing of data that these administrations are legally required to publish on their official websites. This approach makes it possible to identify recurring patterns, territorial differences, and structural criticalities, thereby providing a solid informational basis for guiding improvement initiatives.

Within this framework, the outsourcing of services emerges as a particularly significant indicator, as it reflects both the strategic choices made by public entities and their degree of administrative maturity. The following analysis therefore focuses on this phenomenon, with the aim of providing a comparative interpretation of regional dynamics and of the main implications in terms of administrative capacity.

THE OUTSOURCING OF SERVICES IN REGIONAL GOVERNMENTS

Outsourcing services has by now become a structural component of the organizational models adopted by regional administrations and, more broadly, by the entire public sector. Over the past decades, Italian Regions have progressively complemented the direct management of public functions with a variety of external delivery arrangements, ranging from service provision and procurement management to ICT investments, including the use of publicly owned companies and in-house entities.

As IFEL notes in its January 2026 report "Outsourcing Models in Small Municipalities": Outsourcing has involved a wide range of sectors: from waste management to the maintenance of public green areas, from IT services to tax collection, and even certain educational and cultural services. In many cases, operational activities were entrusted to specialized public or private entities capable of ensuring technical expertise, economies of scale, and greater organizational flexibility. So-called 'machine functions' — that is, functions traditionally carried out internally, such as financial management services, tax and revenue administration, and the management of IT and digital infrastructures — have also been outsourced."

Is this development ultimately beneficial or detrimental?

In itself, outsourcing is simply a tool and, as such, a neutral one, carrying both opportunities and risks: it should not be demonized, but it certainly requires careful management and constant oversight.

On the one hand, outsourcing — and not only in small municipalities — is often driven by both necessity and opportunity: by staff shortages and the lack of specialized expertise, but also by the intention to streamline regional activities and by the presumed reduction in costs. Presumed, because such savings cannot be verified on the basis of the data currently available.

On the other hand, alongside these needs and potential advantages, there are also critical issues that should not be underestimated, particularly with regard to administrative capacity. Among the most significant are the difficulty of effectively monitoring the performance of contractors, the potential lack of transparency in procurement and contract management processes, the gradual erosion of in-house expertise within public administrations, and the risk of dependency on external providers.

Within this conceptual framework, the data analyzed for the Italian Regions portray the outsourcing of services as a complex and non-uniform phenomenon, influenced by factors such as the size of the authority and its geographical location.

Added to this is the diversity of institutional arrangements that characterizes the Italian regional system: the different degrees of legislative and financial autonomy governing ordinary-statute Regions and special-statute Regions inevitably influence organizational choices and the recourse to outsourcing.

I RESULTS OF ANALYSIS

The indicator relating to service outsourcing is calculated as the sum of public service contracts, current transfers to controlled companies, and current transfers to other partially owned companies, divided by total current expenditure. What are the outcomes for the Regions?

The figure below highlights a marked territorial heterogeneity in the degree of service outsourcing among the entities examined, with values distributed across a rather wide range, from very low levels to incidences nearly twice the national average (4.0%).

Figure 1. Service Outsourcing (%) – Regions

N.B.: The graph does not include the four Regions for which data were not available at the time of the analysis: Basilicata, Calabria, Marche, and Molise.
Source: REP Administrative Capacity Index – reprocessing of OpenBDAP data (2024).

Statutory variable

The special autonomous regions are distributed across almost the entire range of observed values.

On the one hand, Valle d'Aosta and the Autonomous Province of Bolzano rank among the areas with the highest levels of service outsourcing; on the other hand, the Autonomous Province of Trento, Sardinia, and Sicily remain below or close to the average, while Friuli-Venezia Giulia exceeds it only slightly.

This suggests that greater institutional autonomy does not automatically translate into either a higher or lower reliance on service outsourcing.

Geographic variable

The lowest positions in the ranking are predominantly occupied by Northern and Central Italian regions, such as Piedmont (0.3%), Umbria (1.2%), Veneto (1.6%), and Emilia-Romagna (1.9%), all characterized by limited reliance on outsourcing, with values below 2%.

Liguria (2.5%) and Lombardy (2.8%) also remain below the national average, confirming this trend, albeit with varying degrees of intensity.

The upper end of the distribution includes Regions with a more pronounced reliance on external providers, spread across all three major Italian geographical areas: Abruzzo (5.7%), the Autonomous Province of Bolzano (5.8%), and Tuscany (6.6%), up to the highest values recorded in Campania (7.3%) and Valle d'Aosta (7.4%).

In these cases, the higher degree of outsourcing may be interpreted, for example, as a response to flexibility needs and internal structural shortcomings, as well as the outcome of specific policy choices.

Demographic variable

Table 1 reports the population size of the Italian Regions:

Table 1. Regions by Population Size

Region	*Population*	Region	*Population*
Lombardia	10.035.481	Liguria	1.509.908
Lazio	5.710.272	Marche	1.481.252
Campania	5.575.025	Abruzzo	1.268.430
Veneto	4.851.851	Friuli-Venezia Giulia	1.194.095
Sicilia	4.779.371	Umbria	851.954
Emilia-Romagna	4.465.678	P.A. Trento	546.709
Piemonte	4.255.702	P.A. Bolzano	539.386
Puglia	3.874.166	Basilicata	529.897
Toscana	3.660.834	Molise	287.966
Calabria	1.832.147	Valle d'Aosta	122.714
Sardegna	1.561.339		

Source: ISTAT (1.1.2025)

By dividing the Regions into three clusters based on population size, Table 2 concisely confirms what had already emerged from the detailed analysis of regional data, highlighting a relationship between demographic size and the degree of service outsourcing. In fact, small and medium-sized Regions show substantially similar levels of outsourcing (4.5%), which are higher than those observed in large Regions, where the figure is lower (3.2%).

Table 2. Service Outsourcing by Population Size (average values %) – Regions

Demographic size	Average value
Small (≤ 1,000,000 inhabitants)	4,5
Medium (1,000,000 < x ≤ 4,000,000 inhabitants)	4,5
Large (> 4,000,000 inhabitants)	3,2

Source: REP Administrative Capacity Index – reprocessing of OpenBDAP data (2024)

The data suggests that size may represent a significant structural factor in the organizational choices of regional administrations.

Time trend

From 2023 to 2024, the outsourcing services indicator shows an overall stable trend, although with differing patterns across the Regions. In fact, slight increases, decreases, and unchanged values coexist, all of limited magnitude: the largest decrease was recorded in Campania (-0.7%), while the largest increase was observed in Toscana (+0.5%).

Table 2. Trend in Service Outsourcing (%) – Regions

Entity	2023	2024	*Delta*
Valle d'Aosta	7,0	7,4	*0,4*
Campania	8,0	7,3	***-0,7***
Toscana	6,1	6,6	***0,5***
P.A. Bolzano	5,7	5,8	*0,1*
Abruzzo	5,5	5,7	*0,2*
Lazio	n.d.	4,9	=
Friuli-Venezia Giulia	4,4	4,2	*-0,2*
Puglia	4,0	4,1	*0,1*
Sicilia	3,7	3,9	*0,2*
Sardegna	4,0	3,9	*-0,1*
P.A. Trento	3,6	3,6	*0*
Lombardia	2,7	2,8	*0,1*
Liguria	2,5	2,5	*0*
Emilia-Romagna	1,6	1,9	*0,3*
Veneto	1,7	1,6	*-0,1*
Umbria	1,2	1,2	*0*
Piemonte	0,3	0,3	*0*
Basilicata	n.d.	n.d.	=
Marche	2,3	n.d.	=
Calabria	4,4	n.d.	=
Molise	n.d.	n.d.	=

* Entities with n.a. at the time of the analysis had not yet published the data.
Source: REP Administrative Capacity Index – reprocessing of OpenBDAP data (2022–2023–2024)

More outsourcing and fewer employees?

Is it a plausible question: does the Region that outsources more services have fewer employees than the Region that outsources less?

IFEL leaves little room for doubt. In the above-mentioned report, it states: "*The research highlights a relevant issue: the decision to outsource was not based on a classic make or buy comparative* *assessment grounded in effectiveness and efficiency, but was mainly driven by the lack of adequate internal staff and expertise within administrative technical structures." The staffing issue is also confirmed by the data contained in ANCI's recent dossier, "Personnel in Small Municipalities."*

Indeed, for the Regions as well, the answer would appear to be affirmative in the cases of Emilia-Romagna and Lombardy: the former has more permanent employees per thousand inhabitants than Lombardy and, in fact, relies less on outsourcing; conversely, Lombardy outsources more extensively and has fewer staff members.

	Outsourcing of services (%)	Permanent staff per 1,000 inhabitants
Emilia-Romagna	1,9	0,8
Lombardia	2,8	0,3

However, there are also cases in which this linear relationship does not hold. A small special-statute Region such as Valle d'Aosta records the highest percentage of outsourcing, which is also associated with the highest number of permanent employees per thousand inhabitants among the Regions. The case of Campania is the opposite: it shows a similar outsourcing rate despite having one of the lowest numbers of employees. Nevertheless, in order to interpret these figures correctly, it is necessary to take into account economies of scale and the fact that every Region, whether small or large, is responsible for managing the same functions and therefore requires a minimum number of employees[1].

	Outsourcing of services (%)	Permanent staff per 1,000 inhabitants (n.)
Valle d'Aosta	7,4	20,5
Campania	7,3	0,8

A further relevant case is that of the two Autonomous Provinces: they have a similar number of employees, yet Trento relies on outsourcing to a lesser extent than the regional average, while Bolzano shows a higher-than-average percentage of external service provision.

	Outsourcing of services (%)	Permanent staff per 1,000 inhabitants (n.)
P.A. Trento	3,6	8,9
P.A. Bolzano	5,8	7,9

[1] As in the case of Valle d'Aosta, where the additional dimension of special statute status must also be considered, as it entails further functions and responsibilities beyond those of ordinary Regions.

From a statistical perspective, the result raises more questions than answers, as the relationship between the two variables—outsourcing and staffing levels—may be influenced by additional factors not accounted for in the analysis[2].

In conclusion, the issue of outsourcing appears to be both complex and sensitive, given its implications for citizens. The key question today is not so much whether to outsource, but how much and, above all, how to do it. The "how" implies enabling citizens to understand essential aspects of outsourced services, such as whether costs have increased or decreased, and whether service quality has improved or worsened. These answers should be provided at least on an annual basis; without them, outsourcing risks becoming a black box. The problem lies here: at present, such information is not available in a usable form, and therefore effective monitoring is not feasible, as no homogeneous datasets are published that allow for comparisons before and after outsourcing, nor across different public administrations. Public value should start from this point.

[2] By calculating the correlation between service outsourcing and the number of permanent employees per 1,000 inhabitants, a positive coefficient ($r > 0$) emerges, which contradicts the expectation of a standard inverse relationship. Indeed, one would expect that as outsourcing increases, the number of staff would decrease.
However, this positive correlation is strongly influenced by the three special-statute Regions (Valle d'Aosta, Autonomous Province of Bolzano, Autonomous Province of Trento), which are characterised by organisational structures, degrees of autonomy, and staffing levels that differ significantly from those of ordinary-statute Regions.