

ISTAT'S MODERNISATION PROGRAMME

28 January 2016

Executive summary

This document illustrates the modernisation programme of the Italian National Institute of Statistics (Istat), whose main objective is **to enrich the supply and quality of the information produced**, while improving the effectiveness and efficiency of overall activity. This goal means being aware that the statistics released have to meet the needs of an ever-changing society and the new requests for information, bearing in mind that Istat is producer, researcher and guarantor of the quality of official statistics, besides playing a guiding role for a proper and competent use of statistics.

This objective will be achieved in compliance with **a series of constraints and conditions**, some of which may be considered as intermediate objectives. For example, information has to be produced and disseminated without any **additional costs and charges for respondents**. Moreover, at a time of great attention to the use of public resources, it is necessary to avoid that Istat's operational expenses may result in additional burdens for the State budget.

A strategy is therefore needed in order to **optimise the use of productive factors**, especially concerning the **skills and expertise of the men and women working at the Institute**. This also requires taking actions with regard to the organisational plan by harnessing some of the advantages that may derive from the greater centralisation (resulting from a shared coordination among the actors involved) of certain activities, in particular those related to **corporate services supporting production**. In more detail, the new organisation allows processes to be standardised and **the current stovepipe production model to be overcome**.

Greater exploitation of both the information currently released to the public administration by citizens, households, enterprises and institutions, and the innovative sources (the so-called Big Data) may also contribute to this strategy's success. Within this framework, it is necessary to base the Institute's production process on the use of **statistical registers**, that best supplement the various **existing** information sources.

One result of this innovation will be **improving and increasing the value of the surveys already carried out by Istat**, through their integration with one another and with the information collected through administrative archives. This will make it possible to trigger a virtuous process of dynamic improvement of the results that can be derived from the integration of these sources.

In addition, the growing availability of microdata opens new opportunities and challenges for official statistics, in particular concerning the quality of administrative archives and data confidentiality – areas in which Istat boasts established experience that it intends to keep on developing, in line with what is already taking place in many countries of the European Union and elsewhere.

The improved efficiency that the programme aims to pursue will allow to make human and financial resources available to be used in new research and development projects. This will enable the Institute to cope with new challenges, especially by providing more timely and relevant statistics. It is not, then, a matter of spending less, but rather of spending better by giving the highest possible value to public funds.

The **proposal for a new organisational structure of the Institute** in line with the indicated strategy consists of:

- ✓ the **Directorate general (DGEN)**, which comprises all the administrative support services (human resources, legal affairs, asset management, accounting);
- ✓ the **Department for data collection and development of methods and technologies for the production and dissemination of statistical information (DIRM)**, where all the cross-cutting technical and scientific support services are grouped (methodology, information technology, data collection and dissemination);
- ✓ the **Department for statistics production (DIPS)**, marked by its organisational modelling based on the system of statistical registers;
- ✓ the **Central Directorate for strategic planning, guidance of the National Statistical System, institutional relations and international affairs (DCPS)**, which comprises all the functions supporting the governance action.

The main roles in the Institute's new governance system are played by:

1. the **President and the Governing Board**;
2. three Committees:
 - ✓ the **President's Steering Committee (CdP)**, to coordinate the strategic planning and define the *portfolio* of the Institute's initiatives;
 - ✓ the **Committee for operational programming (CPO)**, to coordinate the integrated management of the operational programming;
 - ✓ the **Committee for the management of the system of registers (CGR)**, to coordinate the thematic aspects of the system of registers.

The new governance system planned for the Institute ensures a **higher degree of shared and transparent** decision-making process. At the same time, its increased flexibility together with the limited number of responsibility centres guarantee the best performance.

Moreover, the **integrated planning system** ensures that the decision-making processes are consistent with the **guidelines of the President and the Governing Board**.

On the whole, a **less hierarchical mechanism is outlined for the new organisation**, guided by **clear and transparent rules**, aimed at ensuring the Institute's full alignment with the **decisions taken in a sustainable way**. This guarantees **greater participation** and takes into account the impact of each activity on the entire Institute, and not only on those who implement it.

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1. Reasons for modernisation

1.1 The external context

In recent years, Istat has been carrying out an **in-depth analysis of the cultural, organisational, and technological context** in which it works, like other National Statistical Institutes (NSIs) of the most advanced countries which are experiencing a period of profound transformation and facing relevant challenges due the extremely difficult economic and financial situation, especially in Europe. More specifically, Istat participates – also with a leadership role – in a number of different European and international task forces, including the working group for the implementation of Eurostat’s *Vision 2020 (Vision Implementation Group – VIG)*, which deals with identifying the strategic pilot projects to be developed within the European Statistical System, and the *High-level group for the modernisation of statistical production and services* of the *United Nations Economic Commission for Europe - UNECE*, aimed at setting out a common roadmap for modernising national and international statistical institutes. This roadmap is based on the development of a Business Architecture to ensure the full sharing of information and coordination between the countries taking part in the *Conference of European Statisticians – CES*.

The way in which our society is developing has a direct impact on the supply and demand of official statistical information.

In particular:

- ✓ statistical demand is characterised by an unprecedented variety as regards the issues (economic, social, environmental, etc.), the level of territorial detail (from global events to micro-territorial trends) and the type of information (microdata, frames, macrodata, etc.); the availability of microdata opens new opportunities, but also new challenges for official statistics as for data disclosure control and confidentiality;
- ✓ information timeliness is crucial also for social, environmental and demographic events that are characterised by long-term evolutions;
- ✓ current technology allows new data producers to compete with NSIs, at least in some domains, hence the heterogeneity of users should necessarily lead to an heterogeneity of products and channels for dissemination and communication of statistical information;
- ✓ the private sector is investing a growing quantity of resources in information processing;
- ✓ the NSIs’ human capital is required a great capacity for regenerating, so as to handle available technologies, deal with new issues and orientate suppliers’ market and relationships with users.

New knowledge needs stimulate the development of innovative information, which has to be made quickly available.

Moreover, the changes which are taking place in today's societies and the development and dissemination of the Information and Communication Technology (ICT) have reduced the costs related to the information production, so that other bodies, both public and private, are now capable of gathering, processing and disseminating statistical data as never before.

New external inputs, mostly derived from new technologies, have completely rewritten the rules of production and communication at all levels.

The extraordinary abundance of information, the ease and speed with which it can be collected, processed and disseminated, and the presence on the market of operators capable of performing statistical activities alongside the institutional ones, raise new and demanding challenges for the NSIs. The traditional models based on data collection directly from the sources (citizens and enterprises) through surveys and censuses have been questioned because of the resulting response burden, which influences the lowering of response rates. Within this framework, it becomes necessary to base the production process on the use of **statistical registers**, derived from administrative sources with continuous supplying mechanisms to collect information.

Currently, in the information society, NSIs appear no longer as exclusive data producers, but rather a part of the variety of bodies able to contribute to this process, and statistics have become a *commodity*, whose production, management and dissemination should follow different rules than those governing niche markets.

Something similar applies to data dissemination and its subsequent analyses: in this context, competition is even stronger, because it is linked to the development of *web 2.0*, which revolutionised the relationships between information producers and users by creating the so called *prosumers* (a combination of producers and consumers).

Users of Internet and social networks (above all the youngest generations) still recognise traditional information producers as guarantors of quality and often even interact with them, however, due to the information deluge of present time, sometimes they tend to link some elements in a spurious or anomalous way.

In order to gain and maintain authority, trust, reliability and legitimacy, the producers of official statistics are obliged to rethink how to fulfil their role.

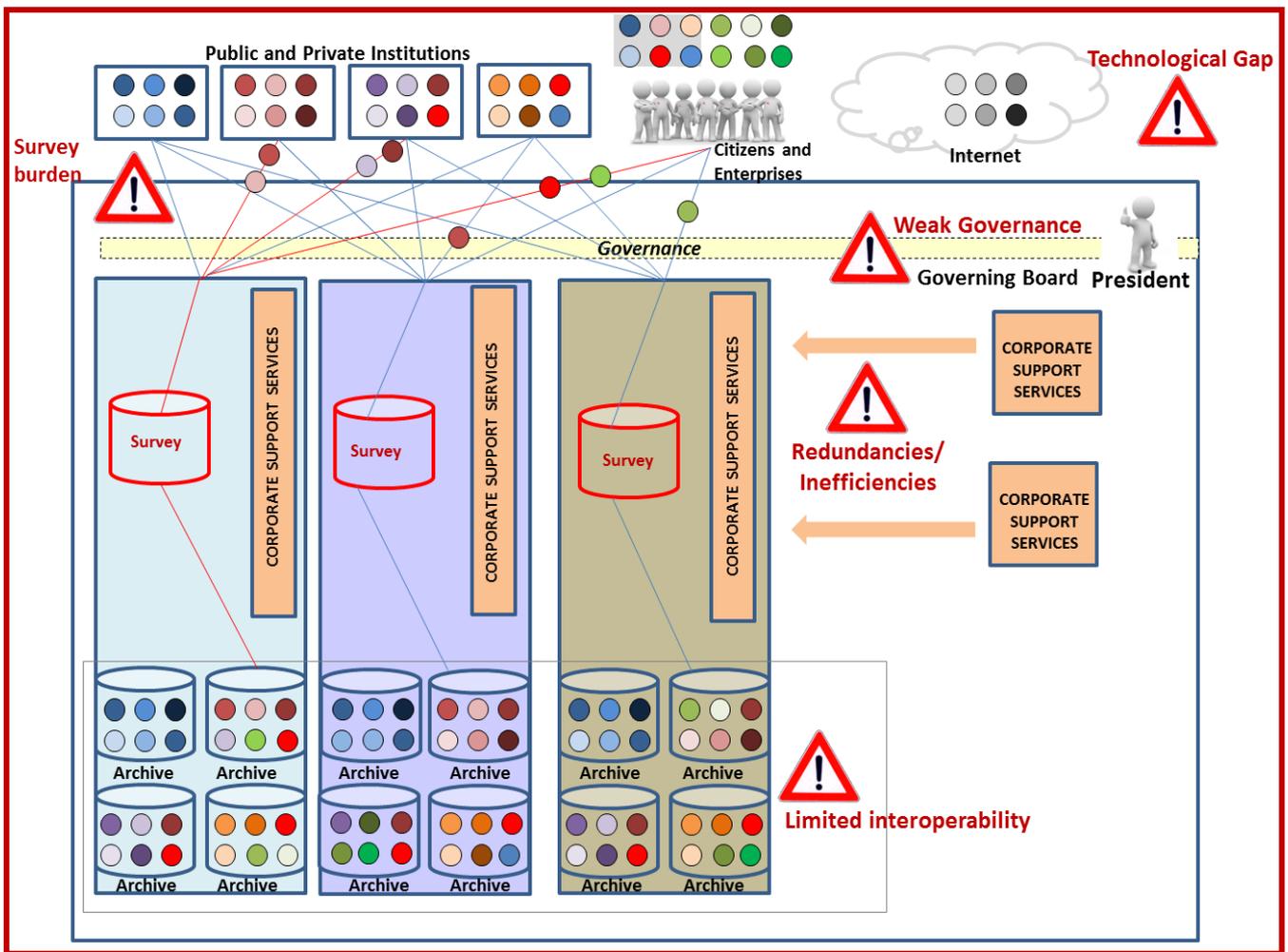
1.2 The internal context

Despite the fact that **Istat's current organisational model** guarantees maximum accuracy of its results, as it is widely recognised in Italy and abroad, it shows also some critical internal areas which deserve a particular attention, since they might jeopardise future developments (see Figure 1; Attachment 1 illustrates the Institute's organisation chart in force until 14th April 2016).

The existence of organisational structures (the current production Departments) almost self-sufficient from the standpoint of resources (*'silos'*, as represented in Figure 1 with the large, different-coloured rectangles) does not seem to be counterbalanced by a governance system capable of ensuring uniform actions, effectively transmitting the strategic lines for development provided by the President and the Governing Board, and pursuing efficiency within the organisation.

Moreover, each production Department is split into several sub-*silos* corresponding to the different statistical surveys, which quite often collect the same information (represented with the coloured circles in Figure 1), processed differently and separated into data base that are not interoperable.

Figure 1 – Istat’s current organisational scheme



Legend: ● = Specific information indicated with different colours; ⚠ = risks and points requiring attention.

Source: our elaborations, 2014

This structure entails **considerable risks** (see the triangles with the symbol of danger reported in Figure 1) concerning consistency, integrity and difficulty of accessing data, with a potential increase of the burden both on the Institute’s management and the respondents, which are required to provide the same information repeatedly¹.

The **current allocation of human resources providing support services within the statistical production processes** leads to a segregation of skills (methodology, information technology, data collection and dissemination, as well as, partially, administrative skills) modelled on single processes, so that in some cases different solutions are adopted for solving common problems. Such solutions are designed and implemented thanks to the skills of small groups, without taking into account the best practices and the expertise available in the Institute.

¹ Figure 1 illustrates the various types of information using different colours: the same information may be located in more than one archive precisely due to the non-integrated supply mechanism, based essentially on the single survey. The representation shows that, because of the limited interoperability of the archives, it may occur that the information of interest is collected externally, even if already available within the Institute. Moreover, in this framework, the information available on the Internet is not yet taken into account for a possible use.

This situation hampers standardisation, leads to the proliferation and duplication of methods and technologies, produces diseconomies of scale which entail redundancies and inefficiencies, **and considerably restricts the professional growth of the employees**, limiting their skills to specific domains and exposing them to the risk of a rapid obsolescence. The strong linkage between the processes and the experts which created and implemented them, hampers staff mobility and, consequently, its enrichment in terms of professional capability. The **inefficiencies** due to the duplication of support services **restricts the opportunities for Istat to invest** in technological and methodological developments.

At present, many of the Institute's projects are already moving in the direction of innovation (in terms of methodology, technology and information structure).

The modernisation process under way is an **evolution** rather than a revolution, because it builds on the successful experiences and enhances the existing stock of knowledge and skills. However, to date, there is not a complete design to review the organisation yet, aimed at centralising the support processes and creating new and more effective governance mechanisms; therefore, it is necessary to accelerate the process of change in order to keep step with the rapid transformations which are taking place in the world.

In this perspective, a dialogue with other successful international actors can be useful to acquire new contributions in terms of good practices.

2. Modernisation strategy

2.1 Objectives and instruments

Decoding the signals from the outside world, mapping out a development path for placing Istat at the centre of the ongoing changes, considering process and product innovation as the core of the institutional activity, identifying new languages to dialogue with users and reaching new user categories: all these are possible actions, as demonstrated by the results that the Institute has achieved over the years.

It is therefore necessary that **Istat remains at the centre of the network of subjects involved in these processes**, overcoming the barriers between statisticians and experts in other fields, thus establishing alliances with new and old partners that can contribute to this process.

The overall action of the Institute should focus on the 'innovative thinking', which constitutes an essential factor for designing and managing changes.

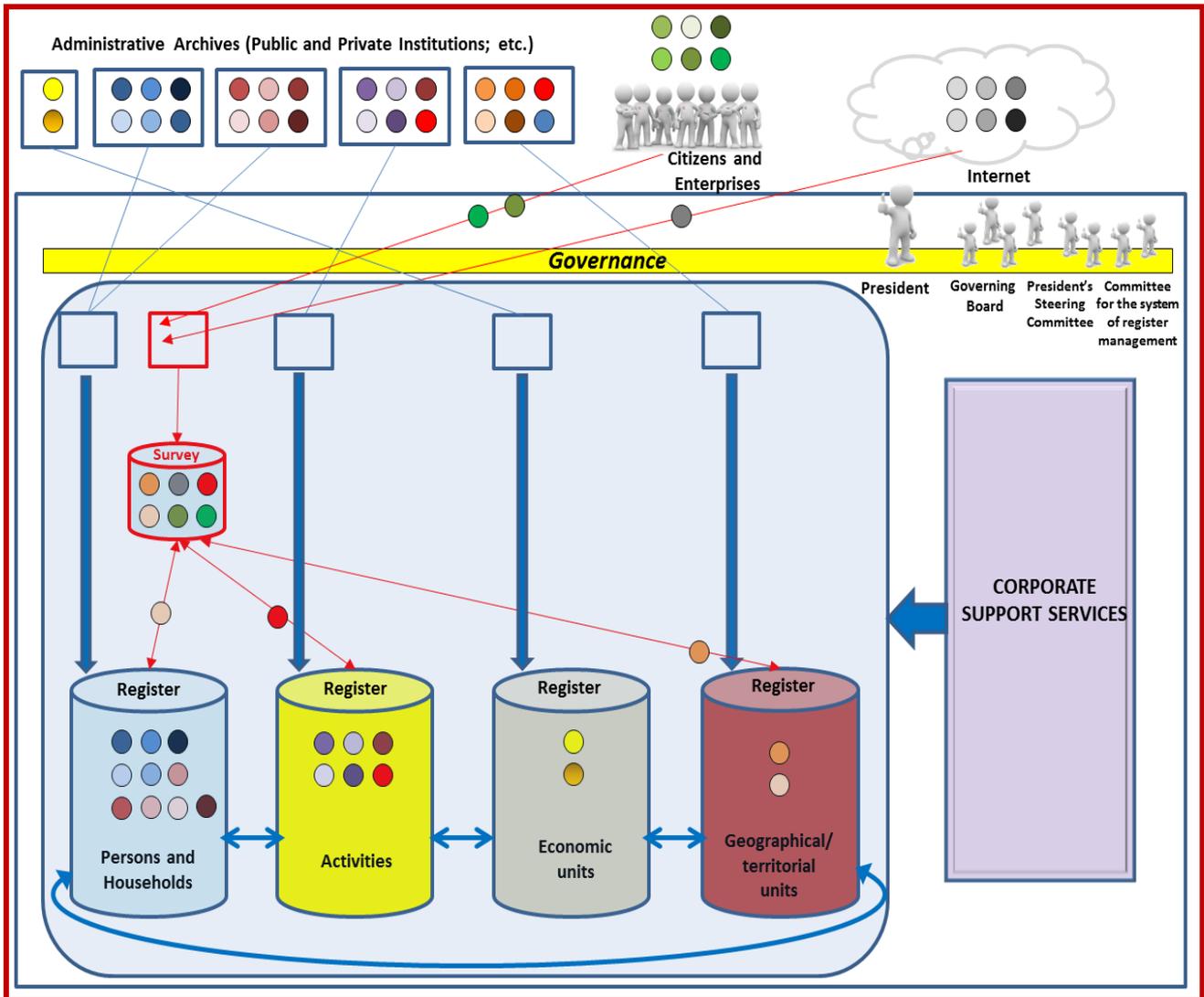
Only an efficient Institute can have enough flexibility to **seize new opportunities**, redirect production according to the evolution of users' demand, which has considerably grown and changed over the last years, start collecting new information in an innovative manner and integrate existing data to respond to information needs that are increasingly detailed and aimed at understanding the behaviour of economic and social subjects.

In this respect, Istat can and must do much, starting from the goal of **developing new and advanced technical and organisational infrastructures to collect, process and disseminate data**.

This is illustrated in Figure 2, whereby the lower number of connections with the outside compared to Figure 1 shows the decreased need to collect information from citizens, institutions

and enterprises. This information can be gathered through the use of the available administrative records and integrated with statistical data survey. Such data, which are reported without duplications in the statistical registers thus defined, are the primary source of the survey (in Figure 2 this concept is highlighted by the arrows starting from the registers, which represent input flows for the surveys). Moreover, registers are characterised by regular supplying mechanisms starting from administrative sources (represented by the blue arrows). The governance is enhanced by integrated planning procedures and envisages well-defined roles for the President and the collective bodies.

Figure 2 – Istat’s future organisational scheme



Legend: ● =Specific information indicated with different colours.

Source: our elaborations, 2014

Istat aims to evolve into an innovative institution capable of:

- ✓ seizing cutting-edge technological opportunities to provide citizens with high-quality services, by enhancing investment in technology and human capital;
- ✓ speeding up the evolution process of the statistical production mechanisms, which should be quickly adapted to the changing contexts and new technologies;

- ✓ adopting a more streamlined organisational structure, oriented towards flexibility, effectiveness and efficiency, capable of dealing with change and taking the place of the current *silos* model;
- ✓ developing a strong governance to quickly implement the new Institute's strategy.

For this purpose, the Modernisation Programme is characterised by two **main objectives**:

1. To enrich the supply and quality of statistical information and services for the country.
2. To develop a specific policy on Corporate Social Responsibility.

The first objective means **maximising the effectiveness**, while the second is related to the **Institute's commitment to strengthen and systematise the initiatives**, partly in progress, concerning environment, working climate, protection of health, safety and well-being of Istat's employees.

Besides these goals, there are some **intermediate objectives** (which represent the framework for the previous ones):

- To encourage the development and exploitation of methodological, technological and organisational innovation.
- To increase and redirect the skills of human resources.
- To reduce the response burden.
- To further improve the efficiency and quality of production processes, while taking into account budgetary constraints.

The reduction of **response burden**, in particular, should be kept under control while increasing the Institute's effectiveness. The other intermediate objectives have a direct impact on efficiency, since they lead **Istat towards a better use of the factors of production**. The subsequent saving of resources can be invested in **research and innovation**, for the benefit of human resources and the effectiveness of the results.

Table 1 shows the possible interrelationships between the various objectives in terms of convergence (+) and divergence (-); empty boxes indicate that the linkage between the objectives is lacking or weak.

The main objectives are independent of each other, while the intermediate ones are always convergent. More specifically, the first two intermediate objectives have a positive convergence with the main ones; the other two show divergences from the first main objective and are independent from the second. Consequently, **implementation constraints** and **conditions** may arise. For example, information has to be produced and disseminated without **additional costs and charges on the respondents**. Moreover, it is necessary to avoid an increase of **Istat's operational expenses to be borne by the Italian State budget**. In order to respect such constraints, it becomes essential to respond to the new information needs by **investing in the system of registers** and promoting the **reuse of the data already owned by the Institute**.

Table 1 – Interrelationships between the Modernisation Programme’s objectives

OBJECTIVES	Intermediate objectives			
	To encourage the development and exploitation of methodological, technological and organisational innovation	To increase and redirect the skills of human resources	To reduce the response burden	To further improve the efficiency and quality of production processes, while taking into account budget constraints
Main objectives				
To enrich the supply and quality of statistical information and services for the country	+	+	-	-
To develop a specific policy on Corporate Social Responsibility	+	+		
Intermediate objectives				
To encourage the development and exploitation of methodological, technological, and organisational innovation		+	+	+
To increase and redirect the skills of human resources			+	+
To reduce the response burden				+
To further improve the efficiency and quality of production processes, while taking into account budget constraints				

Legend: + = Convergence between objectives - = Possible divergence between objectives

Source: our elaborations, 2015

Each objective may be associated with **performance indicators** (a few examples in Attachment 2). Once the new organisational structure is consolidated, some **useful indicators** can be detailed in order to measure the achievement of the modernisation objectives. They are nearly defined at this stage and will be described in the *ad hoc* documents on **strategic planning** and **operational programming**.

The **instruments** identified to achieve Istat’s objectives focus on an integrated model representing the Institute’s processes and activities, called **Business Architecture (BA)**; they are:

- Implementation of the Institute’s Business Architecture model.
- Design of the production processes through the system of registers.
- Centralisation and consolidation of corporate support services.
- Strengthening of governance mechanisms and coordinated management of the Institute’s activities.
- Design and development of an integrated system for managing human resource skills and expertise.
- Redesign of the Institute’s organisation, in order to reduce internal fragmentation.

A specific action line will also be developed to provide organisational solutions supporting the **Institute’s Corporate Social Responsibility** and systematise the numerous ongoing activities.

Lastly, a **special project** will be devoted to the issue of the **construction of one single building for the offices of Istat’s employees**.

Considering **objectives and instruments together**, Table 2 illustrates the relevance of each instrument (high, medium, limited) for the identified objectives and the potential points of attention (**Δ**) to monitor carefully. The grey boxes indicate that the instruments have a very weak impact on the achievement of the objectives.

The Table shows that all the objectives correspond to instruments of most relevance; the cases of unpredictability of the impact are crucial and worthy of attention. For example, the instrument related to the “design of the production processes through the system of registers” may require investments that impact on the intermediate objective “to further improve the efficiency and quality of production processes, while taking into account budget constraints”, because initially there is a raise in the costs, that can be offset by the consequent reduction of the expenses for direct surveys, which will tend to diminish with the development of the system of registers. In general, all the points of attention will have to be kept under control through an appropriate calibration of the instruments used.

Table 2 – Relevance of the instruments for the achievement of the objectives

OBJECTIVES INSTRUMENTS	Main objectives		Intermediate objectives			
	To enrich the supply and quality of statistical information and services for the country	To develop a specific policy on Corporate Social Responsibility	To encourage the development and exploitation of methodological, technological, and organisational innovation	To increase and redirect the skills of human resources	To reduce the response burden	To further improve the efficiency and quality of production processes, while taking into account budget constraints
Implementation of the Institute’s Business Architecture model	●●●	●●●	●●●	●●	●●●	●●●
Design of the production processes through the system of registers	●●●		●●●	●●●	●●●	Δ
Centralisation and consolidation of corporate support services	●●		●●●	●●●	●●	●●●
Strengthening of governance mechanisms and coordinated management of the Institute’s activities	●●●	Δ	●●●	Δ	●●●	●●●
Design and development of an integrated system for managing human resource skills and expertise	●	●●	●●●	●●●		●●●
Redesign of the Institute’s organisation, in order to reduce internal fragmentation	●		●●●	●●		●●●
Specific line of action and special Project						
Creation of a system for the Institute’s Corporate Social Responsibility		●●●		●		Δ
Construction of one single building for the offices of Istat’s employees		●●●	●●●	●		●●●

Legend: ●●●=High relevance; ●●= Medium relevance; ●= Limited relevance.

Δ = Point of attention for unpredictable impact.

Source: our processing, 2015

In short, with particular reference to the production, Istat aims to:

- ✓ reduce response burden and further increase its effectiveness through data reuse, a more systematic use of administrative data, new data sources (Big Data) and advanced statistical methodologies for processing data;
- ✓ disseminate statistical information through user-oriented services and create an added value with regard to data production;
- ✓ increase its efficiency through data integration and the adoption of organisational solutions which overcome the logic of *stovepipe* or by domains.

Moreover, it is necessary to standardise processes, approaches and solutions, to enhance human resources by enriching their professional expertise through a wider range of experiences, **to stimulate the adoption of objective and result-oriented project management models**, to offer more opportunities for growth and to gain a greater overall efficiency by exploiting economies of scale.

2.2 Proposal for the Institute's new organisational structure

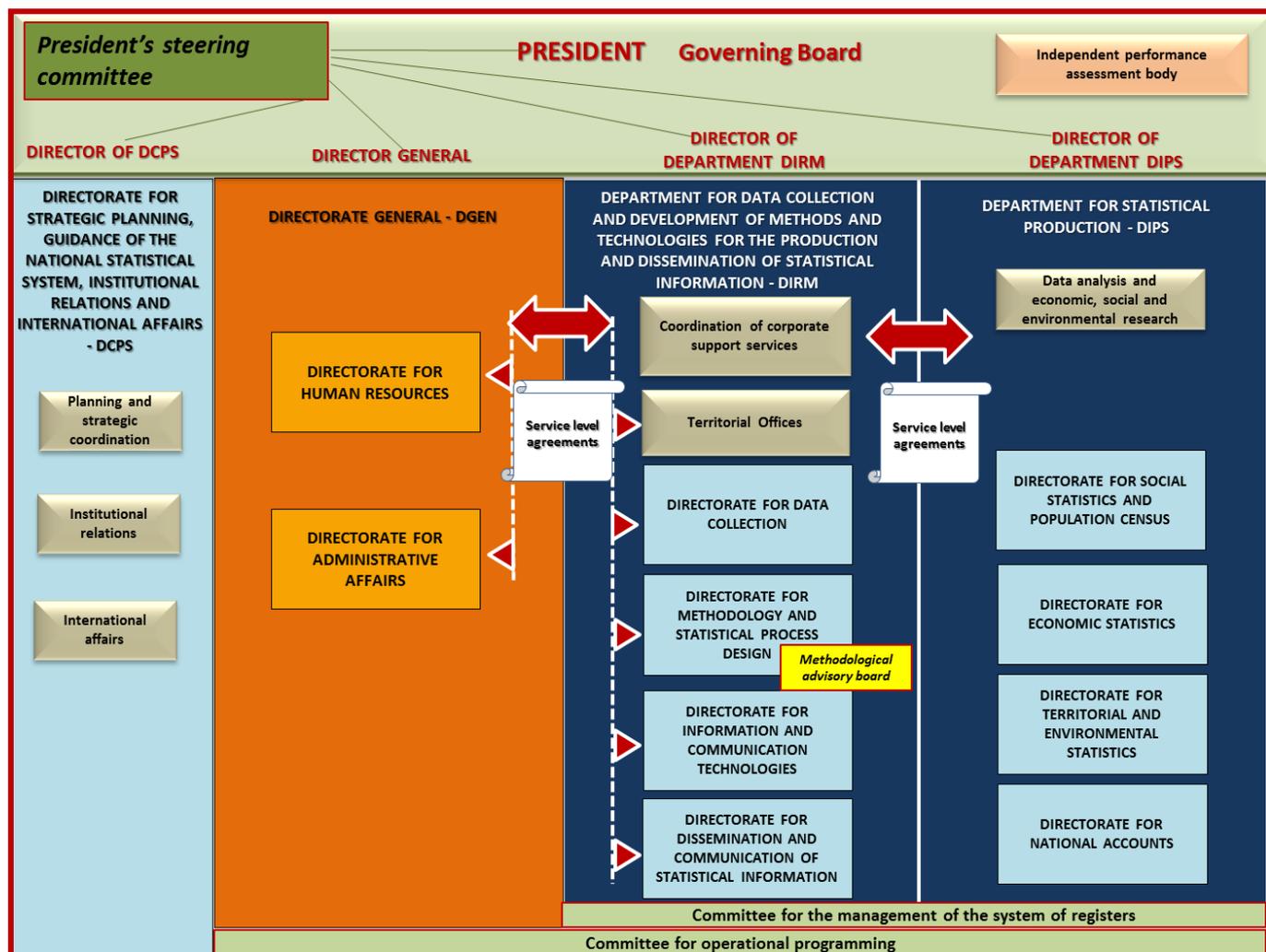
In line with the objectives and instruments illustrated above and in accordance with the **Regulation in force**, a new organisational structure has been designed. It is characterised by the **centralisation of corporate support services**, which are separate from the statistical production in order to **maximise effectiveness and efficiency**.

These corporate support services are divided into two groups: legal-administrative and technical-scientific, the latter being more integrated with the production process (see Figure 3).

The new organisation (see Figure 3 and Attachment 1 for the organisation chart in force from 15th April 2016) is structured as follows:

- ✓ **Directorate general** (whose acronym is **DGEN**), which includes the legal-administrative support services (human resources, logistics, budget and accounting, legal affairs);
- ✓ **Directorate for strategic planning, guidance of the National Statistical System, institutional relations and international affairs (DCPS)**, which carries out function of support to the governance;
- ✓ **Department for data collection and development of methods and technologies for the production and dissemination of statistical information (DIRM)**, where all the cross-cutting technical-scientific support services are grouped (methodology, information technology, data collection and dissemination);
- ✓ **Department for statistical production (DIPS)**, which includes the following thematic areas: social statistics and population census; economic statistics; territorial, environmental and agricultural statistics; national accounts and integrated analyses. This Department is characterised by its organisational structure based on the System of statistical registers.

Figure 3 – Proposed organisational structure for the Institute



Source: our processing, 2015

More specifically, the **Directorate general - DGEN** encompasses the organisational-managerial support service group (human resources, logistics, budget and accounting, administrative affairs, procurement).

DGEN is also responsible for three important lines of action in the modernisation process: (i) the design and development of an integrated system for the management of human resources' skills and expertise, in order to enhance human capital; (ii) the creation of a system of Corporate Social Responsibility; (iii) the construction of one single building for the offices of Istat's employees.

The **Directorate for strategic planning, guidance of the National Statistical System, institutional relations and international affairs - DCPS**, whose Central Director belongs to the **President's Steering Committee**, carries out function of support to the governance. Its main tasks concern: (i) institutional relations with the National Statistical System (Sistan); (ii) international affairs; (iii) strategic planning through the definition of a *portfolio* of initiatives and the corresponding *risk management*.

The **Department for data collection and development of methods and technologies for the production and dissemination of statistical information – DIRM** deals with all the technical-scientific support services directly integrated with the production process, through its Structure

for the coordination of the corporate support services for production and the following Central Directorates:

- ✓ Directorate for data collection (DCRD);
- ✓ Directorate for methodology and statistical process design (DCME);
- ✓ Directorate for information and communication technologies (DCIT);
- ✓ Directorate for dissemination and communication of statistical information (DCDC).

Istat's Territorial Offices belongs to this department too, where their contribution to the data collection processes and local expertise can be better enhanced.

This Department, moreover, contributes to the achievement of the integrated System of registers by taking care of its logical-physical and conceptual integration, also through the register of activities (see paragraph 3.2).

The **structure for the coordination of the corporate support services for production** plays a leading role in managing the interactions between demand (production) and supply (services). It runs the following activities: (i) gathering the demand for services of the production area (demand management); (ii) formulating resource allocation proposals, taking into account the related constraints; (iii) supporting the President's Steering Committee in building the *portfolio*; (iv) carrying out the technical operational programming (by ensuring the linkage between the various levels of support functions, such as methodology, IT, human resources, logistics, etc.); (v) monitoring the activities; (vi) providing information on new methodological and technological opportunities.

Within the Department there is also the **Methodological advisory board**, whose tasks concern the **guidance and assessment of methodological innovations and statistical process design**; it is composed of highly skilled experts from outside the Institute.

Finally, the **Department for statistical production - DIPS** is characterised by its organisational structure based on the System of statistical registers (see paragraph 3.2); in particular, it attributes the responsibility of the thematic management of each basic register - and the connected satellite registers - to a specific structure.

This Department is organised as follows:

- ✓ Directorate for social statistics and population census (DCSS);
- ✓ Directorate for economic statistics (DCSE);
- ✓ Directorate for territorial and environmental statistics (DCAT);
- ✓ Directorate for National Accounts (DCNN).

Moreover, this Department deals with integrated analyses and economic, social and environmental research.

The key actors of the new **governance system** are the President and the three Committees listed below, which propose the decisions to be taken by the Governing Board (or take decisions in the cases provided for by the system of delegation):

- ✓ President's Steering Committee (CdP);
- ✓ Committee for operational programming (CPO);
- ✓ Committee for the management of the system of registers (CGR).

The **President's Steering Committee – CdP** coordinates strategic planning and is chaired by the President. Its members are: the Director General, the Director of the DIRM and the Director of the DIPS. The Director of the DCPS is invited to attend the CdP meetings too.

More particularly, with regard to the strategic planning, the **President's Steering Committee** performs the following functions: (i) defines the Institute's strategy to be submitted to the Governing Board, in accordance with the lines indicated by the President; (ii) presides over strategic planning (collecting demand, prioritizing, allocating resources, managing the *portfolio*), while making sure that the innovation projects are included in the *portfolio*; (iii) monitors the achievement of the goals and adopts the corrective actions whether necessary.

The **Committee for operational programming – CPO** is chaired by the Director General, who cooperates with the Directors of the two Departments. It handles the operational programming with the support of the Structure for the coordination of the corporate support services for production.

The **Committee for the management of the system of registers – CGR** supervises and makes decisions regarding the thematic consistency of the information gathered in the system. The members of the Committee are: the Director of DIPS (who coordinates it), the other Directors belonging to this Department and the Directors of DCRD and DCME. This Committee may also rely on representatives of the National Statistical System.

The consolidation of the corporate support services strongly contributes to the overcoming of the *stovepipe logic (silos)*, thus avoiding redundancies, strengthening the governance and ensuring economies of scale.

The establishment of the DIRM, where all corporate support services are concentrated, makes it possible to standardise processes and approaches by identifying the best solutions for the Institute. This helps flexibility and professional growth for human resources, through a wider range of experiences. Moreover, the adoption of objective and result-oriented project management models engenders a greater overall efficiency through the economies of scale.

The new governance of the Institute ensures a **higher degree of shared and transparent decision-making process**. At the same time, the increased flexibility and the limited number of responsibility centres guarantee the achievement of the **best performance**.

Moreover, the **integrated planning system** ensures that decision-making processes are consistent with the **guidelines of the President and the Governing Board**.

On the whole, a **less hierarchical mechanism is outlined for the new organisation**, guided by **clear and transparent rules**, aimed at ensuring the Institute's full alignment with **decisions taken in a sustainable way**. This guarantees a **greater participation** and takes into account the impact of each activity on the whole Institute and not only on those who implement it.

In addition, the whole organisational structure is governed by specific **agreements on the service levels** (between the user of the corporate support service and the supplier), in which the features of the service, that will be delivered over time on a regular basis, are identified and the acceptable minimum service level is quantified; these agreements are also applicable between service suppliers (see Figure 3). **The agreements on the service levels are aimed at clearly identifying the**

process responsibilities, by means of a Service Catalogue that classifies the set of available standard services.

To finalise Istat's Modernisation Programme, several 'work sites' started (see Attachment 3), organised in different activities carried out by an *ad hoc* internal team and also through working groups involving many Institute's experts.

In this way, **an extensive dialogue was opened within the Institute**, concerning all the lines of the Modernisation Programme, and specific communication and training activities were put in place (see Attachment 5).

Furthermore, a group of Italian and foreign **external experts**² contributed, free of charge, to analyse the framework and determine the objectives; they examined the organisational proposal, verifying its general feasibility and indicating the areas to focus on during the development phases, in order to manage the project risks and guarantee the achievement of the results. The experts highlighted that the implementation of the Modernisation Programme implies operational risks to be minimised through a continuous action of monitoring and mitigation. The areas on which the experts suggested to focus on are: the design of new organisational structures, the definition of decision-making mechanisms (governance) and the management of change.

The contribution of the external experts was illustrated in a document delivered to the Istat's President on 30th July 2015, in which, for each area, were pointed out the main aspects to be supervised and the recommendations on the planning choices to be made.

All the **solutions identified were discussed in various international fora** and with the representatives of other National Statistical Institutes, also through *ad hoc* visits, in order to verify their consistency with what already adopted successfully.

2.3 Alternatives to the proposed organisational model

Along with the organisational proposal illustrated in the previous paragraph, **the following alternatives were assessed**:

- ✓ development of the existing centralised model;
- ✓ intermediate model;
- ✓ completely decentralised model.

Development of the existing centralised organisational model

A possible evolution of the existing organisational model may be the **merging of the two groups of corporate support services** outlined earlier: legal-administrative and technical-scientific.

² The external Italian experts were: Felice Cesana (KPMG Advisory, Milan); Federico Rajola (Università Cattolica del Sacro Cuore, Milan); Dario Russo (Central Bank of Italy); Gianluca Spina (MIP, Politecnico di Milano, until his untimely death on 21st February 2015); Onofrio Strignano (University of Rome Sapienza).

The external foreign experts were: Barteld Braaksma (Statistics Netherlands – CBS); Geert Bruinooge (United Nations consultant, previously at Statistics Netherlands – CBS); Anders Holmberg (Statistics New Zealand); Claude Julien (Statistics Canada); Pierre Lavallée (Statistics Canada); Robert McLellan (Statistics Canada); Robbert Renssen (Statistics Netherlands – CBS); Anders Wallgren (international consultant, previously at Statistics Sweden).

However, it is deemed appropriate to assess their introduction after a period of adjustment, once the organisational innovations related to the governance, the production process (system of registers) and the support mechanisms are established.

The reasons that lead to postpone this phase are essentially related to the **profoundly different nature of these corporate services**, with respect to both the content and the specific capabilities required, and to the legal treatment of the human resources involved. In this initial phase, then, **speeding things up may strongly increase the operational risks of the modernisation process**.

Should it be deemed proper to proceed to additional unification, which also requires a change of the legal system in force, it would be necessary to carefully design a **targeted path towards the integration of processes and resources**, aimed at homogenising the different cultures and clearly defining their interrelationships with the production process.

In general, the **harmonisation process is not possible without a targeted training action**, accompanying its entire execution, aimed at interchanging, communicating, surveying and managing the necessary skills.

Intermediate organisation model

This model **corresponds to the Institute's current organisation**, thoroughly described above. Briefly, it is a **mixed-type setting** that on the one hand still uses separate, non-integrated silos for statistical production, and on the other shows a partial centralisation of some support services. As already stressed before, this situation, although guaranteeing **result effectiveness**, presents serious critical areas and a number of imbalances, with negative consequences in terms of **compressing the Institute's efficiency**.

Completely decentralised organisational model

In this case, **all support services are distributed in the various structures** dedicated to statistical production and are made immediately operational in the context of the different activities carried out, which make a **specific and highly targeted use** thereof. This **organisation based exclusively on silos**, already used by Istat in the past, generates inevitable duplications and redundancies, with a considerable waste of resources. The development of innovation abilities, as well as the integration and standardisation of corporate support services, are virtually non-existent, with consequent **serious limitations in terms of choice of interest fields** to which to commit and in which to invest, in order to strengthen the Institute's growth so as to provide a response to new, emerging needs.

3. Focus on instruments for change

While on the one hand the Business Architecture Model is the prerequisite of modernisation, on the other the System of registers, the establishment of corporate support services and the strengthening of the governance represent the main instruments in the process of change and are described briefly in the following paragraphs.

3.1 Implementation of the Institute's Business Architecture model

The basic tool of the modernisation is the Business Architecture (BA), an integrated model representing activities and processes, which constitutes a **common and essential language for undertaking consistent and shared paths of innovation**.

The BA is part of the more general methodology represented by the Enterprise Architecture (EA), which identifies the different elements that make up the enterprise and how they interact with one another, providing a clear, consistent and feasible framework of what is necessary to achieve the expected results.

At European and international level, Istat actively contributed to the development of a generic BA model, which is considered as a **reference instrument for optimising and making more efficient the working processes within a statistical organisation**, as regards statistical activities, organisational and strategic functions, and capabilities.

The BA guides the cultural change connected to the modernisation process, favouring harmonisation and standardisation, as well as facilitating the overcoming of the heterogeneities of procedural, methodological and technological solutions, as also the adoption of standards and the elimination of redundancies in data and applications.

The BA covers all the activities undertaken by the Institute for the production of statistical outputs, including concepts, design, information resources and applicative activities, and is **characterised by four homogenous areas** with regard to the activities performed and the nature of the information dealt with and/or of the services that impact on this information. These areas, called **Business Lines**, are characterised by specific groups of activities in turn organised into single actions (see Attachment 4) and are well-defined to guarantee both their **independence from the organisational structure** and their **stability concerning future reorganisation processes**: (i) Strategy; (ii) Corporate support; (iii) Capability; (iv) Production.

Istat's BA model is guided by **dedicated principles aligned with the modernisation's objectives and instruments**, which have the function of **unifying the organisational culture** with regard to the decision-making process and the definition of activities³. Some of these principles are particularly relevant.

As a first example, the principle that establishes that the **entire statistical process is driven by output and metadata** is clearly linked to the first of the main objectives of Istat's Modernisation Programme: "To enrich the supply and quality of statistical information and services for the country". All the various aspects characterising the process are therefore defined starting from the required result and going backward. The **metadata** derived from the design, then, **represent the reference for implementing the entire production process**; for this reason, they should be accessible and as much as possible standardised, with regard to: types of unit, definition of concepts, classifications, quality characteristics, process, and so on.

Another key element is the emphasis on the importance of **reusing** data, metadata, methods, instruments and applications, which is in line with the intermediate objective of Istat's

³ See the document "*Il modello di Business Architecture dell'Istat*" available at: http://intranet.istat.it/la_riorganizzazione/allegati/Modello_BA.pdf.

Modernisation Programme of reducing response burden. This concept refers both to what is produced *ex novo* within the Institute and disseminated outside, and to existing and available data, whose reuse is always to be preferred to a new survey. Reuse is fostered by the adoption of modular and interoperable services that may be shared in different contexts and statistical sectors, while developments *ex novo* should be considered an exception.

Finally, the **independence between design and implementation** should always be guaranteed. A modernised process may indeed be carried out by parties other than those that designed it. This fosters the **transparency of the processes**, which should be properly documented, since these are no longer strictly dependent upon the persons that designed them. In the Modernisation Programme this principle is made operational through the centralisation of production corporate support services.

3.2 Design of production processes in accordance with the model of registers

In order to develop and **make prevalent use of statistical registers**, derived from both administrative sources, with continuous supplying mechanisms based essentially on automated flows, and the integration with the statistical surveys carried out by the Institute, reference should be made to an organisational scheme that makes it possible to bring together models, *ad hoc* methodologies and IT structures.

For a long time, in many countries in and out of Europe, the NSIs have used the statistical registers as the main point of reference for the production process. In these situations, the internal organisation has determined a **unitary management of the various themes** (social, environmental, economic statistics, etc.) and has acted as an input for **modernising production processes** to a greater degree than what occurs in a system based on independent production lines.

More specifically, in **Istat's new organisational structure**, the logical-physical and conceptual integration of registers for the construction of the **Integrated system** takes place at DIRM, through the register of activities, while DIPS is responsible for supervising the update/creation of the variables of the System of registers and integrating their data with the information collected through the surveys.

In general, registers collect all the information originating from administrative archives, surveys, or new data sources in a structured way (cf. Figure 4).

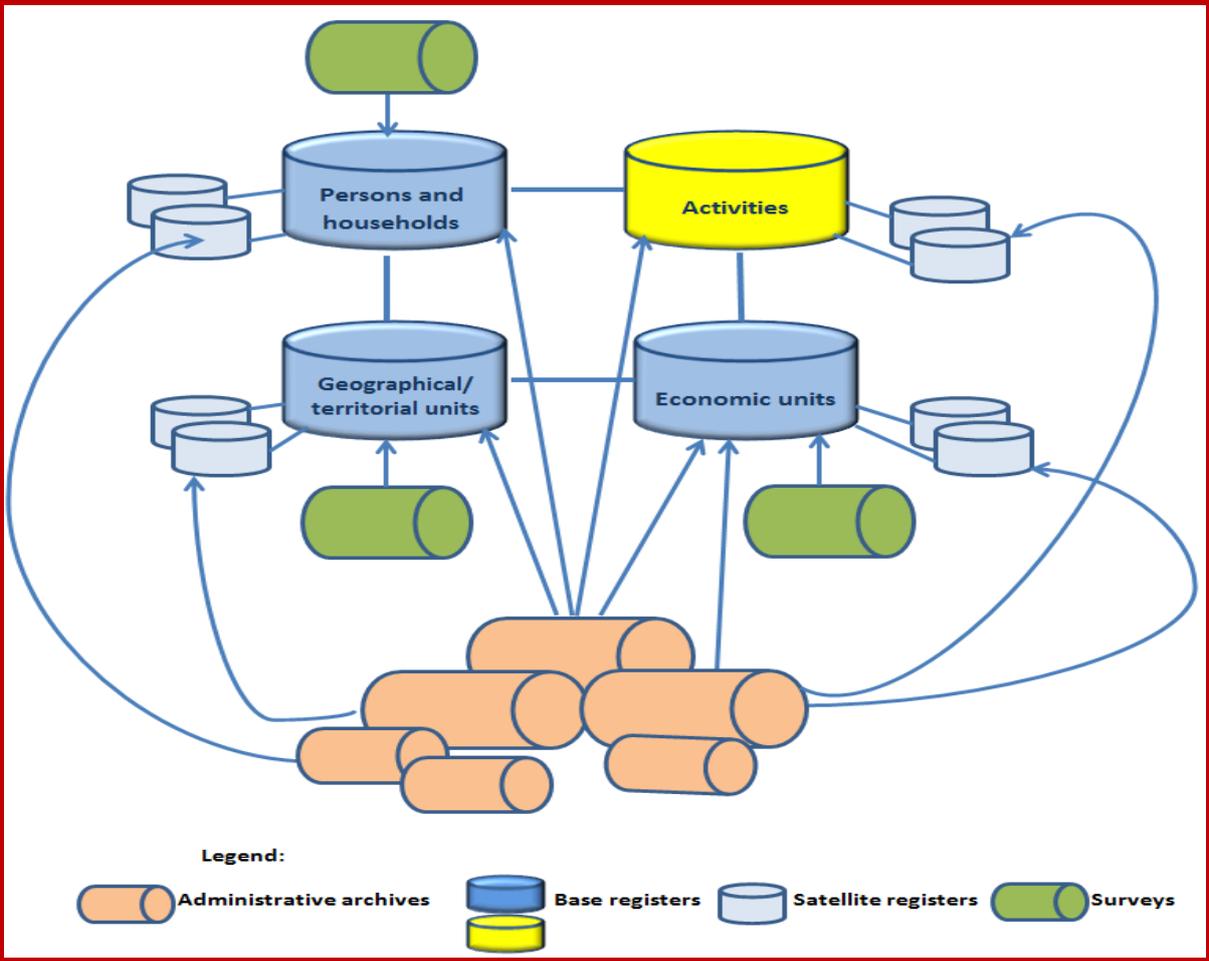
✓ **Basic statistical registers** contain the statistical unit identifiers, created in such a way as to guarantee anonymity, as well as demographic variables characterising each and every unit (for example, gender and date of birth); these registers make it possible to identify the **statistical entities of interest**. It is an integrated, consistent system of three basic statistical registers connected with one another, each referring to a statistical unit category on which the production of official data is based:

- register of persons and households;
- register of economic units (enterprises and institutions);
- register of geographical/territorial units.

This system requires these three basic registers to be fed partly by the surveys and mainly by the administrative archives they interface with. The **fourth basic register**, related to activities and events (for example, work or study), builds the connections to link either people with one another, or people and economic units, for example through the start and conclusion of an employment relationship.

- ✓ **Satellite statistical registers** contain other thematic variables (for example, education, health, safety, income, etc.) derived, where possible, from administrative sources or by correctly integrating information from the surveys. Each variable appears solely in one register, thereby guaranteeing the **non-redundancy of data**.

Figure 4 – Integrated System of registers



Source: our processing from Wallgren and Wallgren, 2015

Statistical processing is carried out by aggregating data originating from different registers. The resulting variables are reported in a single register, thereby ensuring consistency between the different data processing obtained.

Each register is associated with a **quality card** indicating the services it ensures.

Moreover, a **structured governance** of the variables of the System of registers is deemed useful to prevent redundancies and inconsistencies, through the outline of two types of roles:

- ✓ **Managers** of the System variables;

- ✓ **Users** of the variables.

The relationships between managers of the System variables and the users thereof are governed by the **Committee for the management of the system of registers (CGR)**, which:

- ✓ prioritises the implementation of the System of registers, to be achieved through specific projects to be activated within the Institute's planning;
- ✓ supervises and resolves consistency problems within and among the different statistical domains;
- ✓ validates the standards for the quality cards of the registers;
- ✓ defines the process for certifying the variables;
- ✓ monitors the compliance with the requirements established in the quality cards;
- ✓ certifies the variables;
- ✓ decides in case of conflicts regarding the attribution of responsibility on the variables;
- ✓ authorises changes in the procedures for disseminating/managing the variables;
- ✓ authorises the use of the variables for the dissemination of official statistics.

The principles guiding the governance of **creating/modifying/updating** the System variables are the following:

- ✓ each variable in the System of registers is **created/modified/updated** by a single **actor** belonging to the system, who is the **Manager** of this variable;
- ✓ no one can **change the values of the variable** attributed by the Manager;
- ✓ all the structures can **use the system variables** to produce their own statistics;
- ✓ when a Manager generates a **new variable** – derived from the existing ones – for its own specific processing, this variable is **published in the System of registers** and **made available to all the structures** for their subsequent processing;
- ✓ responsibility is ruled by a **governance mechanism** that establishes **authorisation systems**, whether changes of the ongoing procedures are foreseen⁴.

In this way, a **virtuous mechanism** is created, which contributes to enhancing the value of the information collected and allows proposing analyses that rely on data validated without uncertainties as to the meaning to be attributed to the investigated phenomena.

3.3 Centralisation and consolidation of corporate support services

The **centralisation** of the Institute's **corporate support services** has the objective of increasing:

- ✓ effectiveness/quality, as a result of the standardisation of processes and solutions;
- ✓ efficiency, as an effect of overcoming the stovepipes logic in conducting processes carried out for each single survey, which hampered the achievement of economies of scale and the management and proposal of solutions focusing on reuse of data.

⁴ A manager, for example, cannot decide to change the time of release of a certain variable (or its classification of reference) without receiving prior authorisation. It is necessary to consider any impact that the modification has on all the statistics the Institute produces.

The direct benefits of the centralisation also include:

- ✓ a single, controlled and standardised supply of the **integrated System of registers**;
- ✓ the overcoming of the conditions determining an overload of activities in the production process;
- ✓ the possibility of devoting more resources to new innovative activities.

The human and financial resources made available by the increased efficiency can in part be reused in production and help to improve effectiveness/quality and expand the supply of services and information to the country.

The integrated management of supply and demand of all services is facilitated by the **Structure for the coordination of the corporate support services for production**.

The centralisation and consolidation of corporate support services is already applied in many statistical institutes in and out of Europe, where such solution allowed the overcoming of the silos model, and the modernisation of the production processes (see Table 3).

Table 3 – Presence of centralised structures dedicated to corporate support services in some National Statistical Institutes

National Statistical Institutes	Corporate support services				
	Data Collection	Methodology	IT	Analysis	Communication
Australia	X	X	X	X	X
Canada	X	X	X	X	X
Denmark	X	X	X	X	X
Finland	X	X	X	X	X
France		X	X	X	X
Germany		X	X		X
New Zealand	X	X	X	X	X
Norway	X		X		X
Sweden	X	X	X	X	X
The Netherlands	X	X	X		X
United Kingdom	X	X			X

Source: our processing, 2015

3.4 Strengthening of the governance and coordinated management of the Institute's activities

The strengthening of the governance is aimed at ensuring that all the Institute's structures take charge and carry out the strategic objectives defined by the Governing Board. This process requires the **strengthening of the role of the President's Steering Committee**, the **development of the Committee for the management of the System of registers** and the **introduction of the new Directorate for strategic planning, guidance of the National Statistical System, institutional relations and international affairs**, which deals with tasks having a strong impact on the strategic decisions and provides guidance for the operational functions.

The governance mechanisms focus on the strategic coordination of the Institute's action in the framework of the national and European Statistical System, as well as on the support to several important bodies: the President and the Governing Board, the Policy making and Coordinating Committee for Statistical information (Comstat), the Commission of the users of the statistical information (Cuis) and the President's Steering Committee.

Such mechanisms ensure the connection between the technical and administrative structures and the governance bodies. In order to strengthen the governance, the strategic planning has a key role. It is introduced in the Institute in compliance with models and approaches internationally wide-spread to ensure a top-down guidance approach, based on well-defined, disseminated and measurable strategies.

Integrated planning takes concrete shape in the **definition of the *portfolio* of the Institute's initiatives**, a key element which includes the risks, the associated resources and also monitoring and control functions.

The reference model is based upon a *project and portfolio management* approach, that defines a complete and integrated planning process: starting from the definition of the strategy and the objectives at the Institute level, this process builds a balanced *portfolio* of adequate and effective initiatives for the strategic objectives, to be managed through well-defined rules and procedures so as to enhance the potential of each initiative in a unitary vision.

Planning and defining the *portfolio* of initiatives are crucial activities for the Institute, since they respond to the national and international needs for statistical information through a quick understanding of the critical needs of the production and the ability to adjust quickly to context changes (regulatory, technical, methodological, etc.). They also guarantee a continuing alignment between the Institute's production outputs and the current and future needs in the field of statistics.

Innovation is a strategic objective for the Institute; it involves production processes, methodologies, technologies, corporate support services and statistical products. Therefore, the Departments and Central Directorates adopt solutions (concerning organisation, technology, etc.) aimed at encouraging projects, research and the testing of innovative solutions requiring connections and interdisciplinary coordination. **Innovation is safeguarded and coordinated during the strategic planning and *portfolio* definition phases**, by predefining the share of available resources to be allocated to innovation projects and current activities, while reserving a marginal share for the management of the exceptions. In this way, possible pressures due to emergencies or critical issues arising during the management of current activities, do not impact on the resources available and the implementation of innovation initiatives is preserved.

Strategic planning entails, therefore, the choice of the Institute's governance bodies to implement only the most significant innovation projects in the longer term and the initiatives promoting continuous improvements, in line with the strategic guidelines established by the Governing Board. Such projects and initiatives are assessed during the processing of the Strategic Plan, which is the projection of the *portfolio* on a multiannual basis. Corrective or updating measures in the course of the reference year can be taken during the continuous monitoring, which is part of the operational programming.

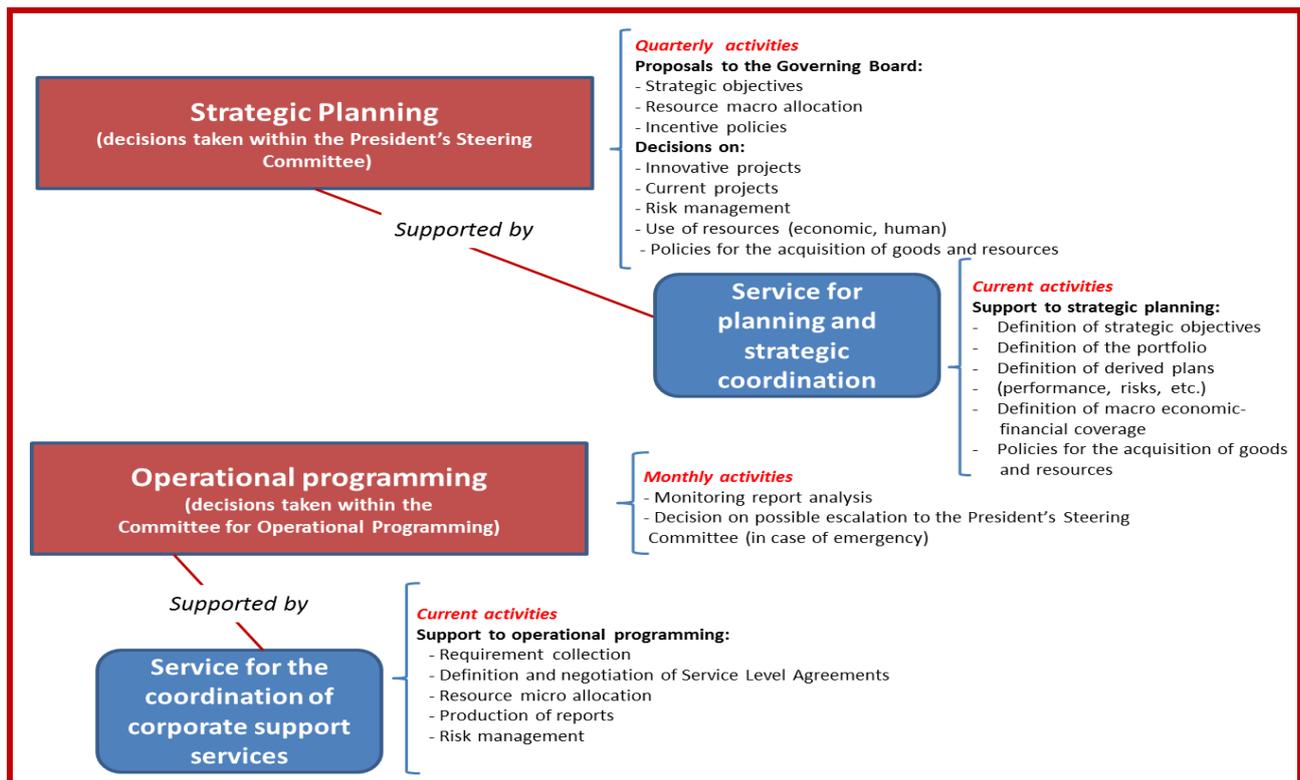
On the basis of the *portfolio*, the Director General prepares the financial and administrative programming and, in particular, the provisional budget for missions and programmes.

During the operational programming and consistently with the strategic planning, the Directorates establish the operating phase and methods for the implementation of the activities and the corresponding result indicators, in compliance with the administrative and financial constraints.

The **Committee for operational programming**, coordinated by the Director General and

comprising the Directors of the two Departments, with the support of the Structure for the coordination of corporate support services for production, is the reference body for operational programming (see Figure 5). More specifically, this programming is aimed above all at coordinating the integrated management of the supply and demand of corporate support services and the process of negotiation between the production structures and those providing services, which leads to the definition of appropriate service level agreements. Critical issues are mostly managed and resolved during the negotiation process; if necessary, a decision impacting on the strategic objectives can be brought to the attention of the President’s Steering Committee (see Figure 5).

Figure 5 – Relationships between strategic planning and operational programming



Source: our processing, 2015

3.5 The other instruments

Design and development of an integrated system for the management of staff competence

As highlighted above, one of the strategic objectives of the Modernisation Programme is increasing and reorienting the skills and expertise of human resources.

The reorganisation of the production processes according to the statistical register model produces indeed a change in the skills required to the statistical researchers, in terms of both thematic enrichment and degree of detail. Also the new operational organisation, based on the criteria of quality and efficiency, requires the presence of human resources with specific professional and managerial skills, especially in the staff of the Directorate General and the DIRM.

Istat’s Modernisation Programme cannot be successful without the **recruitment of fixed-term workers**, which represent a considerable share of the human resources dealing with production and management of processes of service production (about 350 out of a total of approximately

2,300 workers). These persons were recruited over past years through staff selection processes based on the possession of the necessary skills to carry out innovative statistical tasks (such as permanent censuses and other works provided for by European Regulations). The Institute commits itself to obtain by the Government the necessary regulatory and financial coverage to start the recruitment process.

In order to ensure an optimum management of the remarkable change induced by the Modernisation Programme, a new and complete model of competencies (in terms of aptitudes, knowledge, experiences) is needed, with reference to new operational processes and the available resources, for the purpose of:

- ✓ identifying potential gaps;
- ✓ directing the training activities towards targeted professional growth paths;
- ✓ redefine its staff policy, particularly with reference to: recruitment of external resources, mobility and turnover.

Redesign of the Institute's organisation, in order to reduce internal fragmentation

The new organisational structure of the Institute is more streamlined and flexibility- and efficiency-oriented so as to effectively support the ongoing process of change.

It envisages a significant reduction in the number of Departments (shrinking from 5 to 3, in the start-up phase, including the Directorate General) and of Central Directorates (falling from 14 to 12, including the Independent Performance Assessment Body - OIV)⁵.

In general, the managers of Departments, Directorates and Services have the mandate to reduce the fragmentation due to the excessive number of offices.

Within the structures, decision-making processes are speeded up through the review of the procedures and a targeted use of the delegation system.

Such a rationalisation of the structures allows a strong cost reduction (due to the elimination of many executive-level positions) as well as better performance in terms of efficiency, response speed and quality.

On the whole, the **running costs for the Institute are supposed to decline** by approximately 20% in the next three years, as a consequence of specific saving actions regarding the expenditures for logistics, the acquisition of goods and services and the running costs.

The objective of greater efficiency can also be achieved through the internalisation of some outsourced activities, such as IT development and data collection of social surveys. This latter activity can be simplified by the involvement of the Institute Territorial Offices.

Areas to be further investigated

All the instruments described above will be further analysed by the internal team until the start of the new organization.

⁵ The abolition of one administrative Central Directorate falls within the provisions of article 1, paragraph 219, of Law n. 208 of December 28th 2015 (2016 Stability Law).

In particular, the continuation of work (see Attachment 3) and the benchmarking with other National Statistical Institutes are aimed at bringing the centralised organisation of data collection, methodology and information technology to a pre-operational level.

A specific detailed analysis will have to be done by DIRM experts with respect to the **organisational set-up and functions of the Territorial Offices**, especially regarding the synergies with the Central Directorate for data collection and the potential new services to be provided on the territory.

3.6 Specific lines of action and the special project

Creation of a system for the Institute's Corporate Social Responsibility

One of the main objectives of the Modernisation Programme is to increase Istat's commitment to a **Corporate Social Responsibility**.

This includes all the initiatives implemented by the Institute that impact on the environment and society, the actions for the removal of the architectural barriers in the different buildings and to ensure the protection of the workers' health, safety and well-being.

In this sense, the creation of a specific action line within the Directorate General aims at pooling together a number of different initiatives either completed or in progress and presenting in the first months of 2016 a coordinated set of activities to be performed during the following two years, which include the organisational solutions for their monitoring.

In particular, a Report on the Institute's corporate social responsibility is to be drawn up, focusing on planned and implemented initiatives.

With regard to the well-being of Istat's human resources, various social, sporting and cultural activities will be promoted to strengthen the sense of belonging to the Institute. The organisational well-being Survey will be conducted among its workers on a regular basis.

In line with the national and international best environmental practices, Istat has started, for several years already, a systematic pattern aimed to support improvement of the Ecological Footprint. In this respect, Istat intends to draw up a document on the Environmental Policy of the Institute, which defines its strategic objectives: rational use of resources, optimal waste management strategy, sustainable mobility, green purchasing. Following the adoption of this document, a work programme containing concrete initiatives and projects will be prepared and subject to an annual audit.

Special project on the construction of one single building for the offices of Istat's employees

It is well known that a **pleasant working environment** strengthens the sense of belonging, improves the quality of the work and, consequently, has a positive impact on the organisation's effectiveness and efficiency.

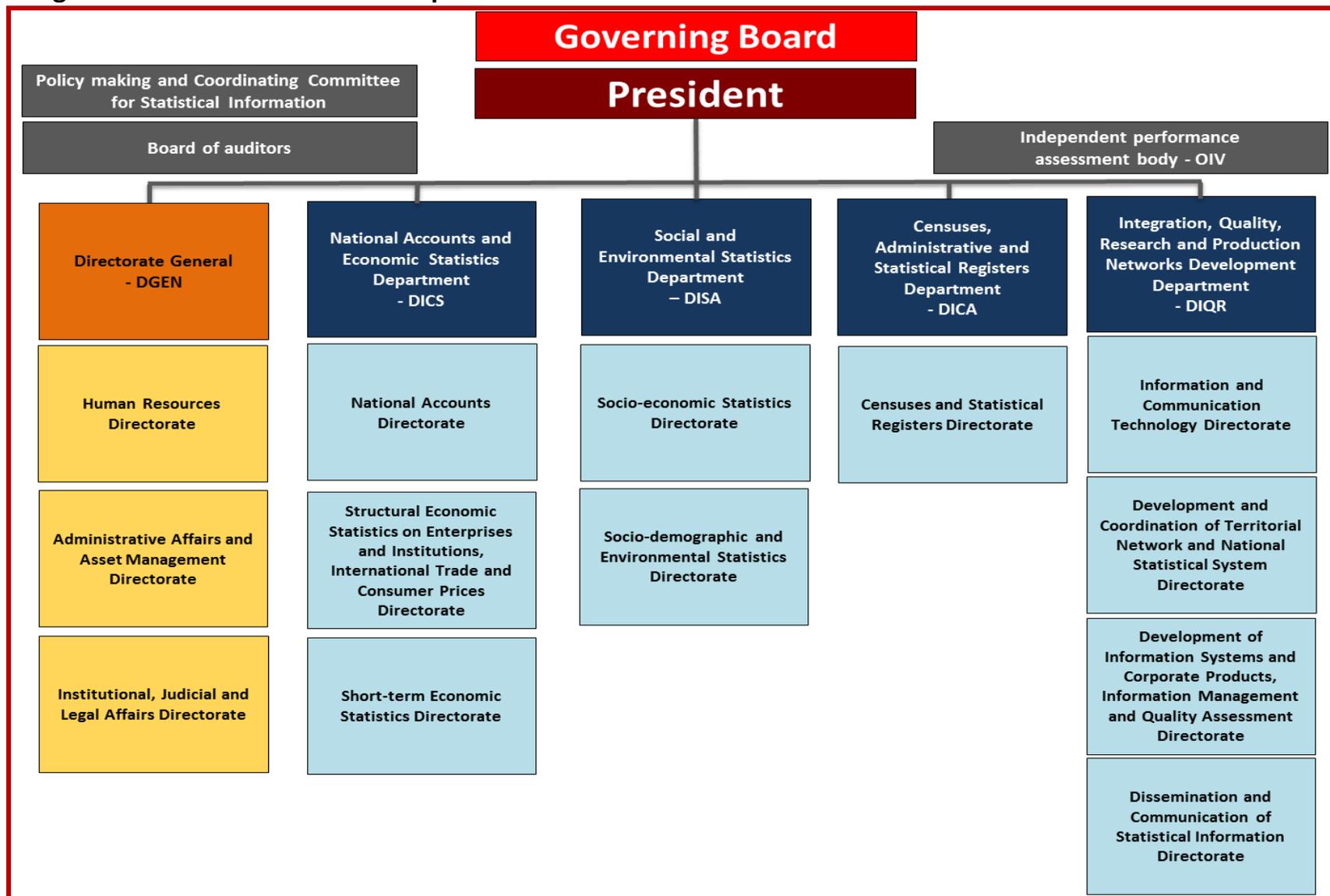
Therefore, the **construction of a single building for the offices of Istat's employees**, realised applying the most advanced technologies for the protection of the environment, and provided with assistance services, will **foster integration at work** while ensuring a strong reduction in maintenance and running costs.

The **rationalization of the spaces** where about 2,300 persons work on a daily basis leads to a strong increase in terms of efficiency, effectiveness and productivity and optimises the mobility of employees in their commuting to work and during work-related trips.

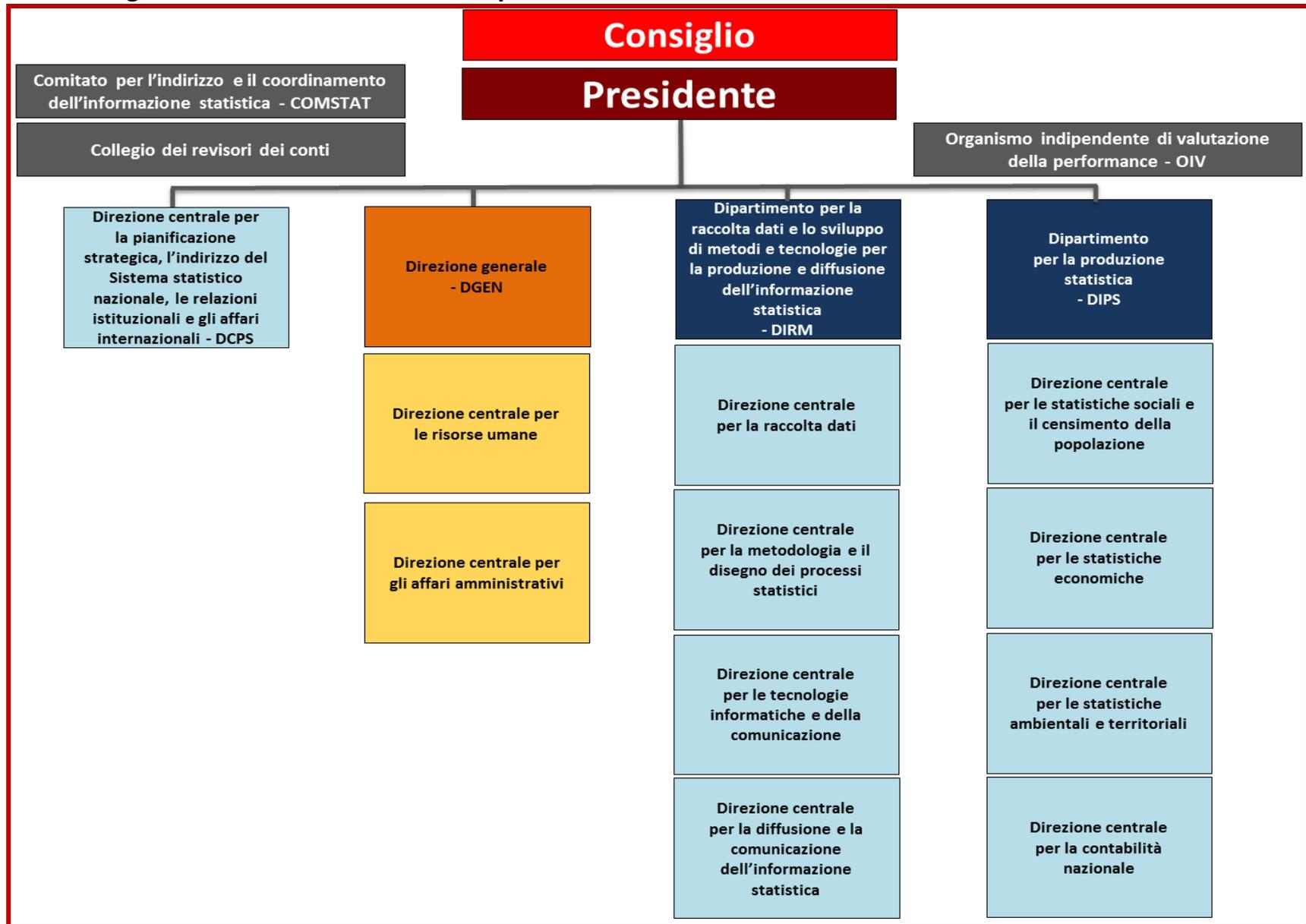
To this end, an *ad hoc* working group within the Directorate General will have the task of preparing a document containing the guidelines for the design of Istat's single office building, the functional and environmental requirements and the installation and operating costs.

ATTACHMENT 1 – Organisation charts of the Italian National Institute of Statistics – Istat

Organisation chart in force until April 14th 2016



Istat's organisation chart in force from April 15th 2016



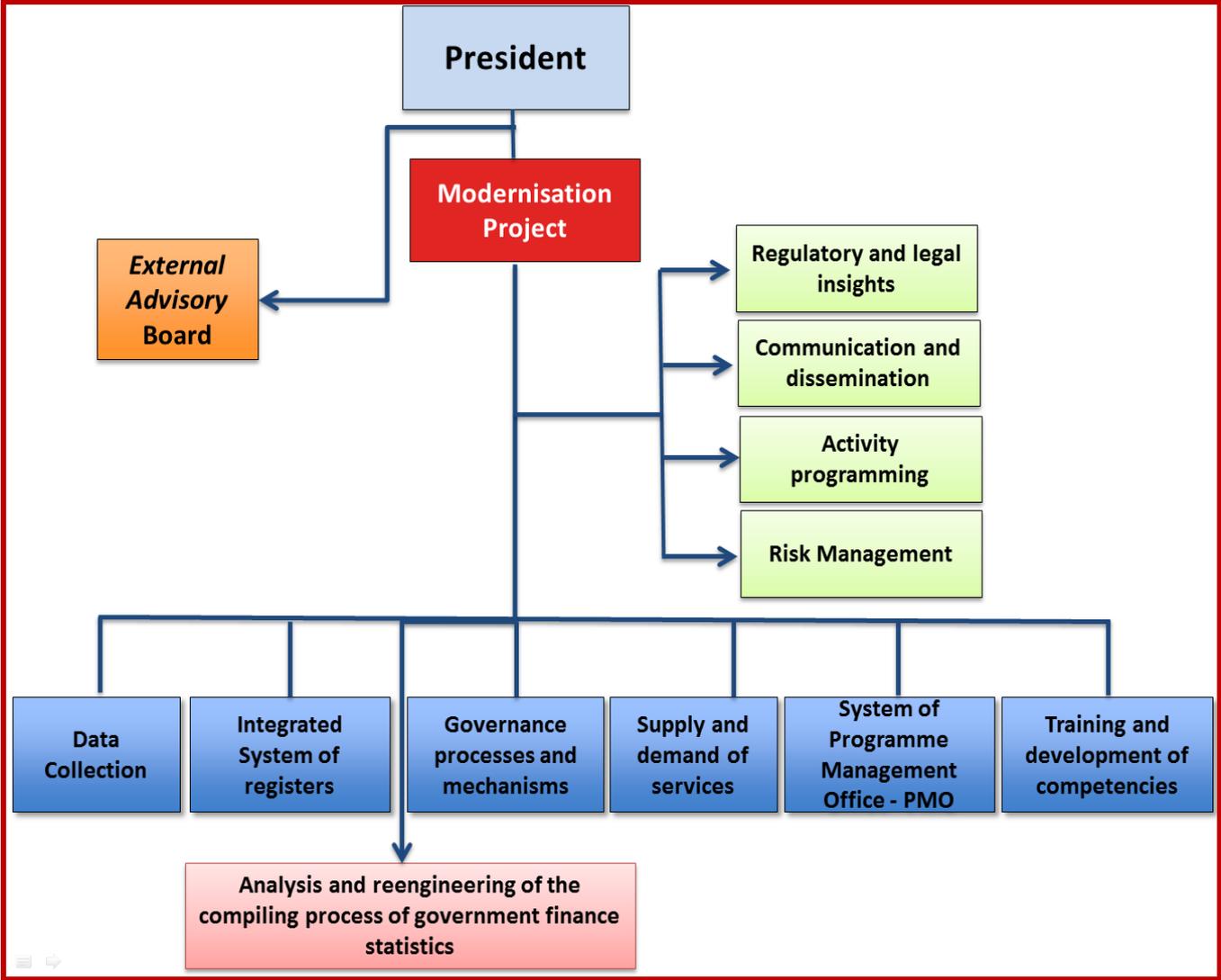
ATTACHMENT 2 – Some examples of performance indicators for the Modernisation Programme

Objectives of the Modernisation Programme	Key indicators	Target	
		2016	2017
Main Objectives			
1. To enrich the supply and quality of statistical information and services for the country	Number of available Microdata File for Research – MFR	+15%	+20%
	Number of available Public Use File - PUF	+15%	+20%
2. To develop a specific policy on Corporate Social Responsibility	Renewable energy sources (use in %)	+10% ¹	+10% ¹
	Separate collection of waste (use in %)	65%	65%
Intermediate Objectives			
<ul style="list-style-type: none"> ▪ To encourage the development and exploitation of methodological, technological and organisational innovation 	Number of processes (production and organisation) reengineered in compliance with the Business Architecture principles	+10% ^{1,2}	+20% ^{1,2}
	Number of corporate support services (IT and methodology) provided in compliance with the modernisation principles	+10% ^{1,2}	+20% ^{1,2}
<ul style="list-style-type: none"> ▪ To increase and reorient the skills of human resources 	Index of the pervasiveness of the training action with regard to Istat's employees (excluding compulsory programmes) (employees who attended at least one course out of the total, %)	70%	85%
<ul style="list-style-type: none"> ▪ To reduce response burden 	Number of complete base registers (not at a prototype stage)	2	3
	Number of complete satellite registers (not at a prototype stage)	6	10
<ul style="list-style-type: none"> ▪ To further improve efficiency and quality of the production processes, while taking into account budget constraints 	Cost of the managerial staff on the basis of the current Regulation (in Euro)	-20% ¹	-20% ¹
	Overall expenses (acquisition of consumer goods, services and logistics)	-18% ¹	-20% ¹

1 Target compared to 2015 final balance.

2 Assessment on conformity is based on the Business Architecture principles.

ATTACHMENT 3 – Work sites started by Istat’s Modernisation Programme



Source: our processing, 2015

ATTACHMENT 4 – Istat’s Business Architecture Model: Business Lines and activities

Strategy						
Position		Govern			Influence and collaborate	
<ul style="list-style-type: none"> • Understand national & international directions & factors • Determine organizational vision & values • Determine organizational value proposition • Determine organizational goals • Communicate values & expectations 		<ul style="list-style-type: none"> • Develop strategies for achieving organizational goals • Prioritize statistical portfolio • Prioritize capability portfolio • Allocate portfolio & programme budgets • Build & maintain internal statistical & professional excellence 			<ul style="list-style-type: none"> • Build & maintain strategic relations, nationally & internationally • Build & maintain external statistical excellence • Advance inter-agency & international collaborations • Secure support for statistical & capability portfolio 	

Capability				Corporate support					
Plan capability improvements	Develop capability improvements	Manage capabilities	Support capability implementation	Manage business and performance	Manage finances	Manage human resources	Manage IT	Manage information and knowledge	Manage consumers and suppliers
<ul style="list-style-type: none"> • Identify 'disruptive' & other capability improvements • Propose capability improvement projects, including shared infrastructure • Manage capability improvement programmes 	<ul style="list-style-type: none"> • Undertake background research • Develop detailed capability requirements • Design capability solution • Build & release capability solution, including shared infrastructure • Manage capability development 	<ul style="list-style-type: none"> • Maintain capabilities, including shared infrastructure • Promote capabilities • Evaluate capabilities 	<ul style="list-style-type: none"> • Support design • Support operations • Support use externally 	<ul style="list-style-type: none"> • Manage business performance • Manage change • Manage legislation & compliance • Manage physical assets, including building facilities 	<ul style="list-style-type: none"> • Accounting (including assets & liabilities) • Procurement & contracts 	<ul style="list-style-type: none"> • Manage employee performance • Manage & develop skills • Manage talent • Manage recruitment • Succession planning 	<ul style="list-style-type: none"> • Manage IT services • Manage IT & information security 	<ul style="list-style-type: none"> • Manage document & records • Manage knowledge • Manage information standards & rights 	<ul style="list-style-type: none"> • Public affairs • Media relations • Stakeholder consultation • Manage user support

Production						
Develop			Implement			
Specify needs	Design	Build	Collect	Process	Analyze	Disseminate
<ul style="list-style-type: none"> • Identify needs • Consult & confirm needs • Establish output objectives • Identify concepts • Check data availability • Prepare business case 	<ul style="list-style-type: none"> • Design outputs • Design variable descriptions • Design collection • Design frame & sample • Design processing & analysis • Design production system & workflows 	<ul style="list-style-type: none"> • Assemble & configure system components • Configure workflows • Test production system • Test statistical business process • Finalize production system 	<ul style="list-style-type: none"> • Create frame & select sample • Set up collection • Run collection • Finalize collection 	<ul style="list-style-type: none"> • Integrate data • Classify & code • Review & validate • Edit & impute • Derive new variables & units • Calculate weights • Calculate aggregates • Finalize data files 	<ul style="list-style-type: none"> • Prepare draft outputs • Validate outputs • Interpret & explain outputs • Apply disclosure control • Finalize outputs 	<ul style="list-style-type: none"> • Update output systems • Produce dissemination products • Manage release of dissemination products • Promote dissemination products

Manage		
Plan	Monitor	Adjust
<ul style="list-style-type: none"> • Secure project approval & funding • Plan project tasks, timetable, budget & resources • Plan quality & performance metrics & targets 	<ul style="list-style-type: none"> • Monitor project quality & performance • Monitor project budgets & timetables • Identify emerging risks & issues • Report on project progress 	<ul style="list-style-type: none"> • Develop corrective actions & strategies • Revise project plan • Communicate corrective actions & revised expectations

Source: Istat within the framework of 2014 Statistical Network

ATTACHMENT 5 – Communication and training activities

Since its inception, Istat's Modernisation Programme was flanked by an integrated communication plan and a training plan.

Communication initiatives

A considerably structured and complex programme needs to be appropriately shared with the staff; in fact, its success depends mainly on the full collaboration of the actors involved and on their sharing of its core principles. Hence, the main goals of the communication tools and actions have been identified and many alignment, information and dissemination initiatives have been implemented.

The main goals of communication are:

- **Building** support and facilitating the understanding of the Modernisation Programme, also in order to simplify its execution.
- **Promoting** the key messages of the change.
- **Ensuring a wide dissemination of information** about contents, next steps and purposes of the Programme.
- **Aligning** executives and the rest of the staff on what is taking place: state of progress of the Programme, intermediate results, critical areas and, later, information concerning the transition phases.
- **Sharing the significance of the change of the official statistics production process and its implications with the staff.**

The activities carried out

Direct meetings

Starting from the start-up phase, the internal team, created specifically to support the Modernisation Programme, initiated a series of meetings with Directors, Division chiefs and colleagues having a key role within the Institute.

These meetings were articulated in individual interviews and group meetings, and involved more than 200 colleagues over 3-4 months; they provided valuable input for drawing up the proposal for a new production process to be submitted to the new Governing Board.

Intranet

A special section dedicated to the modernisation process was created on the **Intranet** of the Institute, in order to make technical documents, communication materials, information and in-depth analysis of the programme available to the staff.

The link 'Istat modernisation' is in the home page of the Intranet; updates are duly signalled through specific news on the home page. A **Summary table** of the published material, which provides also an explanation of any update, is available for consultation.

In addition, this section highlights the training initiatives on modernisation, as these are organised, and provides any related materials (links to webinars, booklets, etc.).

To encourage participation, a **new e-mail** (*modernizzazione@istat.it*) was created and made available to employees wishing to send their comments, suggestions and requests for clarification. A FAQ section was created too.

Other information *Tools*

To gain a broader understanding of the main lines of the programme, a brief presentation, called '**modernisation in 10 clicks**', characterised by the simplicity of messages and contents, was made available.

Employees were informed twice on the current state-of-the art; this happened through a news on the homepage of the Intranet and an **open letter from the President to his personnel**.

Events

The organisation of ad hoc conferences and seminars, attended also by international experts, made it possible to face some crucial aspects of the programme and exchange experience.

Information meetings with personnel and stakeholders

In order to contain the risk of insufficient communication of the programme's purposes and main lines, a powerful initiative was set up: the organisation of information meetings open to the personnel. In each Istat office in Rome (and via videoconference for territorial offices), the team which worked on the draft proposal gave a detailed presentation on the programme, followed by a well attended and constructive debate on the opportunities and risks of the modernisation. The initiative involved a total of more than 900 employees:

- **330** participants in the events of July 9th, 15th, 21st and 23rd at the offices in Rome (Viale Liegi, Via Balbo and Via Tuscolana);
- **863** downloads of the presentations;
- more than **600** visualisations of the videos recorded during the meetings.

Finally, it should be mentioned that a few meetings took place with internal stakeholders (methodological network, internal communication network, former administrative network) and trade union organisations too.

Training initiatives

Such a broad programme, which reconfigures the Institute's production process completely, has a significant impact on the expertise of its staff. The modernisation affects different kind of skills: technical, managerial and those connected with the management of services and resources.

Therefore, the success of the Modernisation Programme requires a significant investment in the professional development of the staff, whose expertise can be enhanced through targeted training actions taking into account the new production process.

The main objectives of the training

- **Strengthening the scientific and technical competencies**
The *business model*, as defined by the modernisation, is centred upon the passage from a management of the activities grounded on organisational silos to a governance system based on common principles for decisions and design and sharing of infrastructures, such as data collection, capable of ensuring the standardisation of production processes. This system requires a remarkable specialisation of skills in relation to the single phases of the process, for example in order to manage satisfactorily the phases of data collection and integration among registers.
The objective is to carry out statistical and IT training initiatives capable of building up special expertise in the field of production.
- **Strengthening managerial skills**
The Institute's reorganisation requires the utmost attention to the overall governance of the activities. It is thus necessary to promote the development of managerial skills, which are essential to run the production processes and the change, so as to ensure the resilience of the system.
The objective is to set up initiatives aimed at developing the skills that the managers need to be able to support the modernisation process and guarantee the homogeneity and governance of the organisation process.

- **Creation of new skills and expertise**

The modernisation process aims to promote a culture of service based on supply and demand. The distinction between the Department responsible for statistical production and the other centred upon supplying corporate support services entails the adoption of 'tools', such as the service agreements, capable of ensuring the efficient functioning of the system.

In this framework, it is necessary to make available to the professional experts which hold strategic positions specific training paths.

Activities performed

- **Organisation of *webinars* on modernisation**

Two webinars were carried out with the objective of providing additional information on crucial aspects of the new productive model. The first webinar focused on the new data collection process designed by the Modernisation Programme; the second described the relationship between supply and demand for corporate support services in the new model of statistical production. About 100 employees attended the webinars.

- **System of competencies**

An survey was conducted on the competences which are necessary for supporting the various lines of the Business Architecture, on which the new production model is based. In particular, after consultation of the relevant experts from the Institute on the appropriate revisions and integrations to be made, it was decided to associate to the business lines, provided for by this model, the skills and expertise underpinning the competencies system already developed from 2000 and maintained over the years.

Hence, the competencies system can be the basis of a new model for the development of staff.

- **Managerial training programme**

In agreement with the successful bidder, programming of the managerial training initiatives began. Such training activities concern:

- ✓ *change management*. A half-day course is planned to support the main actors involved in the process of defining the new data collection process, identified as 'change leaders'.
- ✓ *responsible leadership for executives*, to raise the awareness of Istat's managers on the change process.
- ✓ *service management*, to improve the quality of management of the service relations, by developing and sharing a new model of cross-cutting and cooperative work.
- ✓ *project and portfolio management*.
- ✓ *management and development of human resources*.