



Public and social sector study 2024

Resetting for a new era

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mazars



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Foreword

In May 2024, at the start of the new budget year, we gathered the views of leading public and social sector executives throughout Europe for our annual study. With insights from around 400 executives across seven countries best known for delivering public and social services, this year's study uncovers a significant shift in prioritisation. Our findings suggest a strategic reset is on the cards, influenced by profound challenges, increasing pressure from public perception and transformative opportunities.

Public and social sector organisations are entering a new era. Overall funding is expected to increase, but so is the demand for services. If this is not addressed, we are likely to see a vicious cycle of declining deliverables and increasing responsibilities of roles – something that is not sustainable or attractive to those already in the sector and to those typically attracted to the sector. It puts both the here and now into question, as well as future leadership.

2024 is a landmark year with some of the biggest elections around the world. While C-suite executives in this sector will understandably be motivated by the immediate outcomes impacting the regions in which they work, they cannot take their eye off the ongoing political factors from overseas. Otherwise, we could experience continued firefighting as a result of geopolitical consequences and as the world recovers from the aftermath of the initial waves of Covid-19.

The outlook is not necessarily a negative one in this year's public and social sector study. We are at a critical juncture, but with some of the biggest opportunities for leaders to challenge the norm and shape best practice that can be better built for the emerging change. Strategic planning should centre around renewed reliance on people and the bold structural changes needed to attract and retain talent. Investments in upskilling will support, for example, efficiencies that come with the implementation of new technology. Confidence in creating substantial (not necessarily costly) changes to existing operating models can deliver all ESG aspects of sustainable goals.

It's interesting, and no doubt surprising to some, to see the number of public and social sector organisations already adapting through digital transformation and technology adoption as they strive to enhance efficiency. Although, leaders need to be mindful of the cross-section of generations in their communities. While some will welcome change with an appetite for new technology efficiencies, others could struggle with the knowledge and resources to access those services that used to be delivered directly.

Leaders also need to be more aware of the latest developments and priorities in other communities and markets. There is untapped potential for organisations to achieve more together, and to combat recurring budget constraints. Having the right people with dedicated expertise and focusing specifically on key areas of investment is also a clear way of mastering and improving deliverables.

The competition for this talent is identified as a real challenge and executives are set to face ongoing scarcity unless they prioritise talent strategies. People are looking for a more balanced lifestyle and new ways of working that support this. Yet, the quality of colleagues and opportunities for learning, training and development emerges as the most important factor leaders expect will attract top talent this year, alongside the usual salary and benefits package.

The convergence of economic, environmental and social priorities underlines the necessity for a holistic approach to tackling some of the biggest challenges. Leaders should have the confidence to take more risks in their decisions to achieve the biggest results. In this dynamic landscape, the public and social sector's ability to innovate and adapt priorities in response to a much bigger picture of external trends, and longer-term impacts, is crucial in shaping a resilient and inclusive future.

Time should be taken to reprioritise and new strategies need to be considered – strategies that simultaneously address the immediate needs of the organisation, its workforce and the people it serves. Achieving this will spark confidence and reignite public trust and perception.

We have a cross generation of tough, robust individuals with experience in dealing with significant change and resilience. However, as this generation gets older, their patience in seeing the immediate results and support from this change decreases. The next generation challenge expectations and the entire principles of operating models with greater power to influence long-term progress than we've potentially ever seen. While some countries need to be careful of over-confidence, overall, you can see the seriousness of which the sector and its leaders are taking these challenges through the projected priorities clearly being planned.

Conversations with our clients support these findings. With an innovative focus on funding more value is placed on expertise and human costs, which is needed to maximise efficiencies of transformative technologies adopted. Ethical and regulatory requirements are likely to shift the dial on commitments to more sustainable business operations and increasing expectations on reporting requirements.

Sector leaders are already taking more steps to enhance services with these solutions than even the private sector would traditionally expect. There are bold decisions that can be made for the years ahead. I am confident in the value of working together to achieve this as we enter a new era built for the communities and people we serve.



Peter Cudlip
Partner & Head of Public
and Social Sector,
Forvis Mazars Group



Executive summary

Key findings

Funding changes

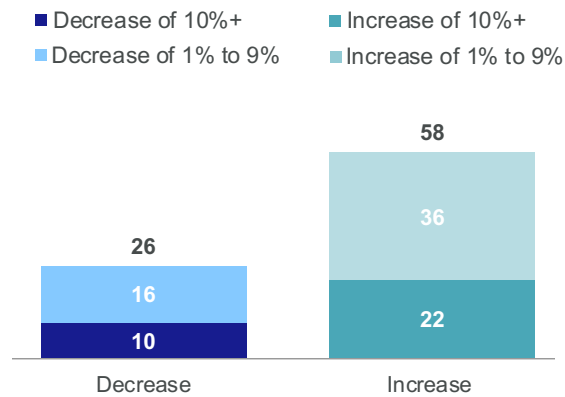
There is a noticeable shift in funding this year. While 58% of executives in the public and social sector are optimistic about increased funding, this is a major drop from [85% in last year's study](#).

Sector executives are still relying on traditional funding sources, with the three largest sources confirmed as central government grants, national/federal taxes and users' service charges.

A quarter of organisations confirm they will likely fail to meet demand for public services. What is most surprising is that the majority of those are larger organisations that have the largest budgets.

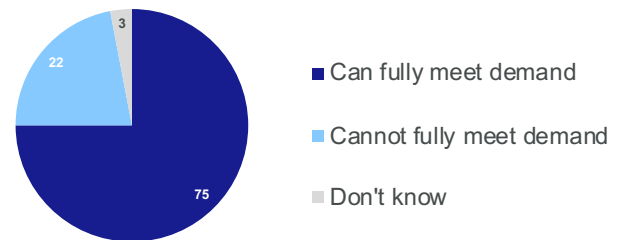
Expected change in 2024 funding

Percent of respondents



Ability to meet 2024 service demand

Percent of respondents



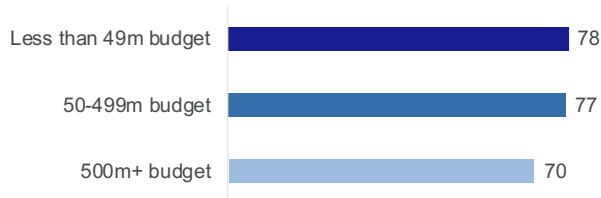
Executive summary

Key findings

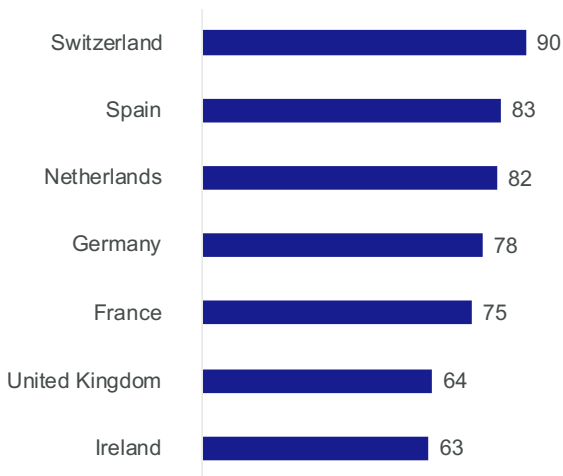
Fully able to meet 2024 service demand

Percent of respondents, by size and jurisdiction

Scale of organisation



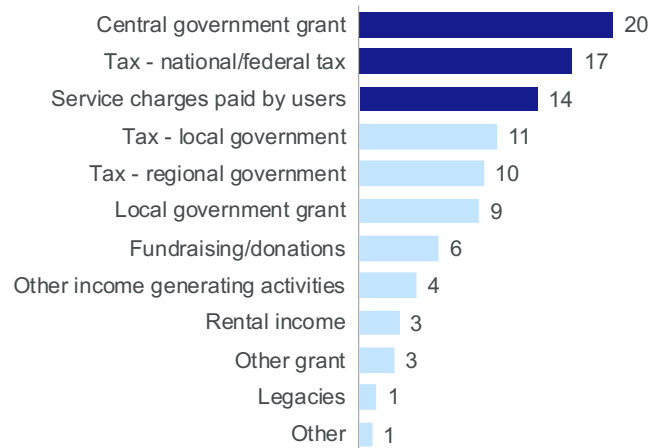
Country



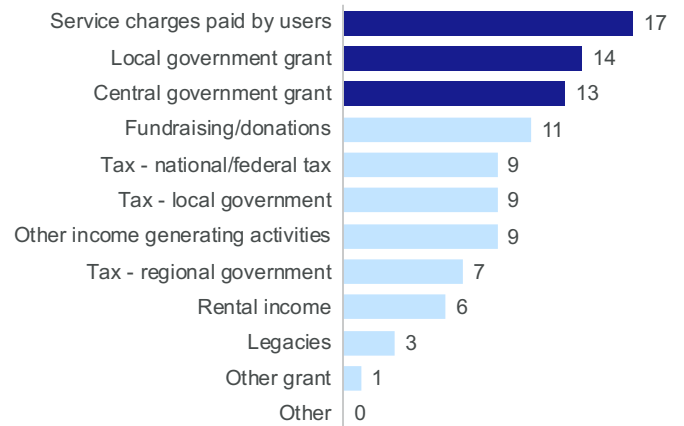
Largest source of funding in the next 12 months

Percent of respondents, by sector

Public sector



Social sector



Executive summary

Key findings

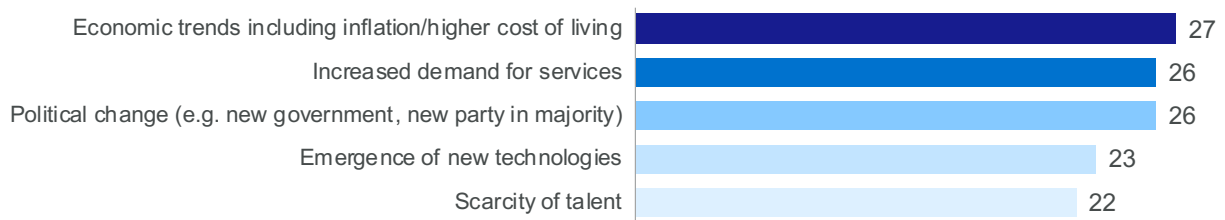
Tackling the key trends

Over the past five years, the sector has been bombarded with distinct geopolitical pressures and unforeseen challenges causing leaders and their teams to continuously firefight. From Brexit to the Covid-19 pandemic, and recurring conflict across borders to the catastrophic consequences of global energy shortages and prices on every organisation. New trends are emerging for leaders to tackle, some of which could provide a solution to all other investment areas if confidently prioritised.

Economic factors including inflation/higher cost of living, and IT/emerging technology, are still in the top five trends influencing the sector. However, increased demand for services, scarcity of talent and political change move to the top of leaders' agendas and confidence of executives in tackling these trends is particularly low (25%). Now is the time to strategise, consider alternative solutions and plan ahead to build more resilience and efficient operations in the future.

Top five trends having the biggest impact on the public and social sector

Percent of respondents



Average percent "very confident" their organisation is prepared across all relevant trends

Confidence index*	Public and social sector	Private sector
2024	25%	44%



Executive summary

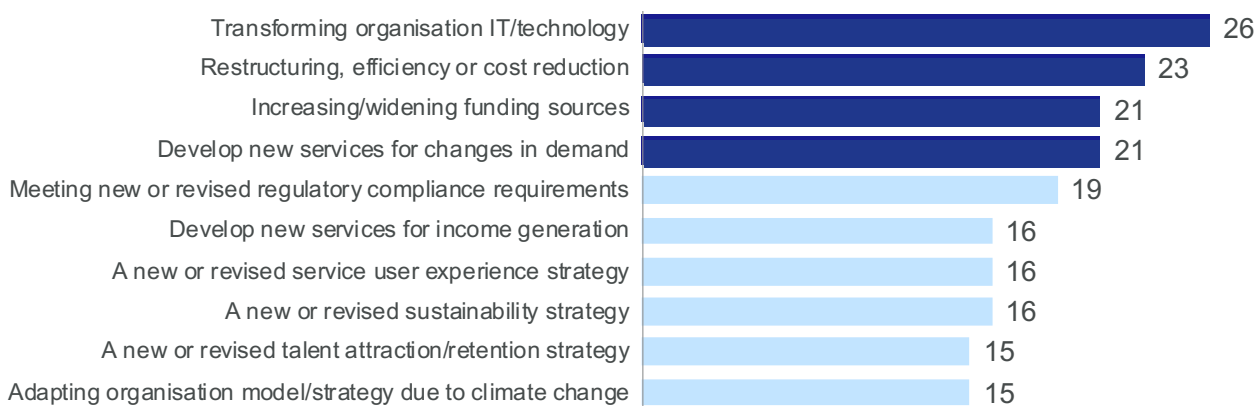
Key findings

Resetting strategic priorities

Looking ahead, leaders are adjusting their priorities. Transforming IT remains at the top of their agendas, but talent strategies and new products or services have given way for restructuring and cost reductions and adapting to demand changes. Although increasing or widening of funding sources is now a clear priority for executives and leadership, less than half will be investing more time or money in this area over the next 12 months.

Top ten strategic priorities in the next 3-5 years

Percent of respondents



Investment index*	Public and social sector	Private sector
2024	50%	66%

*Average % increasing investment across all fields

“This is a sector burdened by increasing pressures. Leaders are realistic and focused on tackling the biggest issues head on, but those issues aren’t always the headline grabbers. We are not out of the water yet in terms of firefighting to reduce the backlog created by the pandemic, and leaders would be well advised to review and reset their strategies to build more long-term resilience against the external trends they have identified.”



Mark Surridge
Partner,
Forvis Mazars, United Kingdom

Top areas of investment
Percent of respondents

61%

- Maintaining, securing IT systems

57%

- Digitising internal operations/processes

56%

- People and team management
- Updating organisation strategy

55%

- Sustainability initiatives
- Improving efficiency

Lowest areas of investment
Percent of respondents

34%

- Reducing headcount

44%

- Funding or financing issues/concerns
- Managing procurement and suppliers
- Climate risk impact
- Reputation or crisis management

45%

- Engaging with government/regulators
- Operational continuity planning

Executive summary

Key findings

Public perception should be at the core of every organisation in this sector. When asked how it will influence their organisation in the next three to five years, there is a resounding consensus from respondents outlining a wide range of impacts.

The digital world has created many opportunities for the sector to operate more efficiently and receive more direct feedback from the communities public and social sector organisations serve. Healthcare, local government and transportation are particularly susceptible to the knock-on effects this can have.

“More and more services will be available online; personal interactions will reduce.”

Sector respondent, Germany

“There will be more focus on the services we provide, as the population gets older.”

Sector respondent, United Kingdom

“It will be a challenge to continue maintaining a 100% public strategy and we will have to face private interference.”

Sector respondent, Spain

“There will be more demand for services. Public perception will ensure that we take a closer look at how we offer our services and what we need to change to improve perceptions.”

Sector respondent, Netherlands

“It [public perception] matters a lot for the visibility of the organisation.”

Sector respondent, France

Executive summary

Key findings

“We’re now seeing a greater need from clients and organisations, particularly NGOs, who are expected to communicate with greater transparency than they have before. This increases the need for more regular audits and more qualitative annual reporting to avoid any misinformation or unnecessary negative perceptions.”



Jean-Philippe Mathorez
Partner,
Forvis Mazars, France

“NGOs are under pressure to be more relevant and more able to measure the quality and impact of their services on society. As a country known for the wealth it attracts, Switzerland has had to address this challenge in the past. It has succeeded by building a credible reputation with absolute transparency and accountability in terms of the value they present and how it’s reported – some might relate this to brand integrity.”



Marcello Stimato
Partner,
Forvis Mazars, Switzerland



Chapter one

The talent revolution



Top three most challenging areas for leaders to recruit

Scarcity of talent appears to be a worldwide issue impacting all sectors, including the public and social sector. Executives identify this as one of the top five trends affecting the sector but, crucially, talent strategy is only positioned at number nine in their priorities.

Where, traditionally, there was pride and security that came with working in the public sector, over half (63%) of leaders confirm a difficulty in hiring talented people. The biggest risk we foresee is that this struggle exists in the areas organisations are in need of the most for investment and change management. This includes IT/technology (34%), legal/governance/risk (24%), and frontline service delivery and human resources (23% equally).

This is a new era of working to live, with renewed focus on workplace culture and work/life balance. Now, standard expectations and requirements of opportunities in the sector go beyond an attractive salary package to secure any talent, let alone the best. This also came through in our annual [C-suite barometer for the private sector](#).

“The only way to solve the scarcity of talent issue is to adapt to new ways of working on a permanent basis. This provides advantages across the whole of society, but in accepting that hybrid working is here to stay, both leaders and staff will need to work even harder to ensure that organisational culture supports the implementation of organisational strategies.”



Laura Magahy
Head of Public Sector,
Forvis Mazars, Ireland

Top three biggest recruitment challenges

44%

attracting the right candidates to apply

39%

offering competitive salaries/compensation

30%

talent shortage in the market

Chapter one

The talent revolution

The potential mismatch

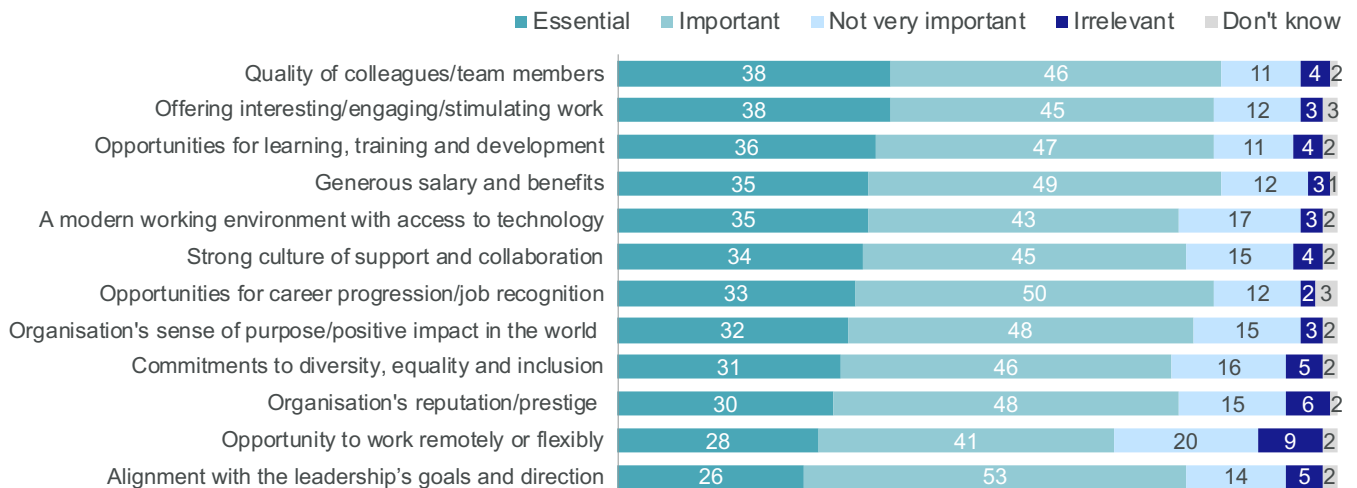
In addition to offering generous salary and benefits packages, executives in the public and social sector believe the most important factors to attract talent are the quality of colleagues and team members, offering interesting and engaging work, and opportunities for learning, development and career progression.

This is a potential mismatch with what employees expect and consider a deal-breaker for career decisions and employer loyalty. Earlier employee studies show that when workers are offered flexibility in a new role, most of them will take the offer.

The Covid-19 pandemic showed that different ways of working are possible and this is likely to continue to present problems for attracting and retaining talent if leaders don't recognise the priority considerations for candidates, and the quickest solution to salary package constraints.

Factors considered most important to attract talent

Percent of respondents

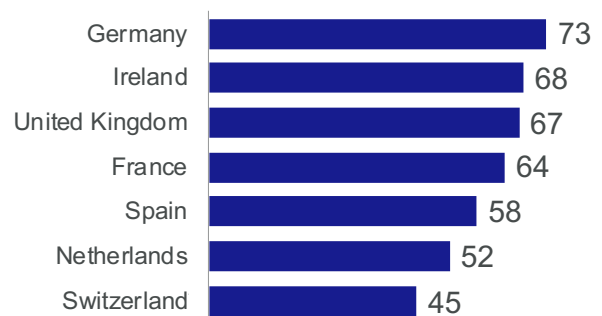


A European trend or a local issue

There is some variation of challenges throughout Europe. Switzerland and the Netherlands continue to benefit from the credibility and reputation for public services they have established over many years. However, the difficulty in hiring talented people into public and social sector organisations is felt strongly in Germany, Ireland and the UK.

Difficulty in hiring talent throughout Europe

Percent of respondents



“The job market in Germany is generally good with a low unemployment rate. Talent retention has impacted the sector due to potential budget limitations. Job security has evolved and changed significantly. In previous years for the sector, security used to be an asset, but times have changed and employees are choosing to move around more.

Employers need to implement different strategies to attract and keep talent. The sector also needs to start working on supporting high performers, being more flexible with salaries and adapting to how the market has changed. They need to adapt to new ways of how people work together.”



Daniel Reisener
Partner,
Forvis Mazars, Germany

“Culturally, in training and in values, Switzerland usually leads in global rankings. It is a dynamic country made up of many citizens from overseas, which is attractive to employees. Renowned for its neutrality, Switzerland also scores very low in the corruption perceptions index. This allows organisations in the region, including the public and social sector, to attract key and high-profile global talent.”



Marcello Stimato
Partner,
Forvis Mazars, Switzerland

Chapter two

Emerging technologies – fad or fundamental?



79%

of public and social sector organisations are already using generative AI in some form

71%

use AI for internal process

55%

use AI for the delivery of services

44%

of those not already using AI, expect it to have significant future use

People skills for public service

We are starting to see the distracted excitement from the emergence of new technologies make way for more pragmatic and responsible approaches. Organisations are no longer focusing on the most progressive options, like creating alternative services and experiences in the metaverse. Instead, leaders are looking at the most effective ways technology can be adopted to support its people with more efficient ways of working. There is a clear consensus with 64% of leaders expecting that generative AI will not replace people, and the human skills are still very much valued within such a people-orientated sector.

This is also apparent from the 87% of leaders who confirm that hiring and training people to enhance working with AI will help fill the skills gap to some extent – proving that the view of the sector is to upskill and have people and technology work in harmony.

“AI is an aid. It cannot take the place of an agent. We still require human skills.”

Sector respondent, France

“Our industry still needs people, but AI can give our staff tools to make their day-to-day work easier.”

Sector respondent, United Kingdom

“It [AI] will be a faster and more dynamic process, saving the organisation time.”

Sector respondent, Spain

“We have a lot of personal contact, which cannot really be replaced by AI. Maybe optimize certain workflows.”

Sector respondent, Germany

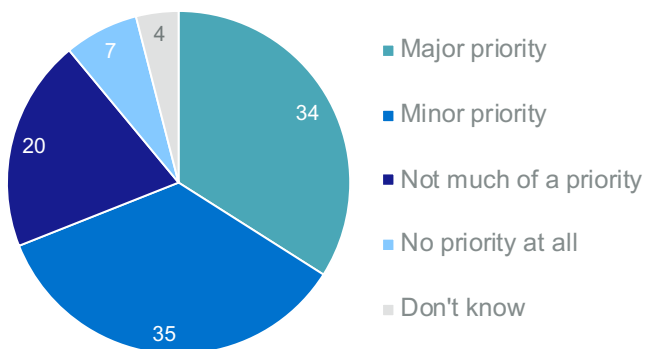
Chapter two

Emerging technologies – fad or fundamental?

The great ethical debate

Similar to the private sector, the staggering ethical concerns expressed by 79% of public sector executives already using AI across their business does not seem to have slowed down interest. In fact, 69% of those executives confirm ethical considerations are a priority when using AI.

Ethical considerations about using generative AI
Percent of respondents

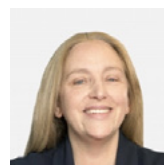


“The Dutch tax authorities’ scandal a few years ago raised awareness about biased data use. Organisations need to be aware that data analysis and AI can be biased because they are created by humans. Continuous training and awareness are essential to mitigate these biases.”



Egon de Prouw
Partner,
Forvis Mazars, Netherlands

“Technology, its use and deployment have historically been unregulated, but this has now changed. We have seen organisations having to deal, for example, with the NIS-D security directive, data and privacy regulation, the new AI Act and all the compliance requirements associated with these. NIS-D 2 is also on the way putting further pressure on scarce security resources. This new technology regulatory environment creates a series of challenges for sector organisations, requires a new set of skills to manage, and creates significant operational and reputational risks for organisations to grapple with. Many organisations are looking for external support to face this new landscape as the skills required are in scarce supply and don’t always fit traditional public sector models.”



Dera McLoughlin
Partner,
Forvis Mazars, Ireland

Chapter three

Sustainability best practices from the policymakers

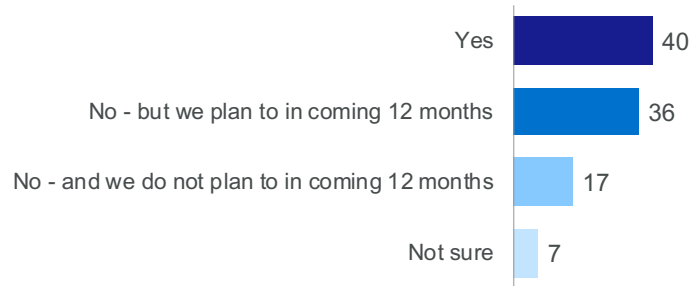


Sustainability responsibilities are rising and becoming a bigger priority for the sector’s executives, some of whom are the very same policymakers setting reporting standards for the private sector. Leaders recognise that reporting now on sustainability will put their organisations in a stronger position for the future, despite no regulatory pressure to do so.

An encouraging 76% of public and social sector executives say they already produce a sustainability report or plan to in the next 12 months. Yet, in terms of sustainability priorities, reporting is relatively low at number seven, with only 29% of leaders focusing on it – possibly because this is already part of operations or future plans. Diversity and inclusion is the top sustainability-related priority with 38% of sector leaders, followed by climate change (36%), and human rights and governance (both 34%).

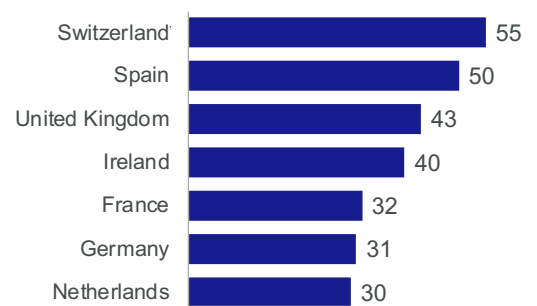
Producing a sustainability report

Percent of respondents



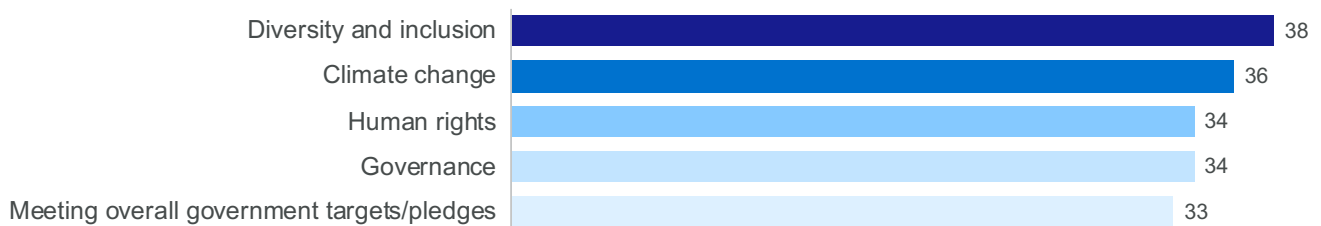
Organisations across Europe producing a report

Percent of respondents



Top five sustainability priorities

Percent of respondents



“ESG really is a priority. It has moved on from being an intangible buzz-word and we are seeing action in the sector. Most local authorities are saying something about ESG, but not everyone is doing something about it. Sustainability reporting standards need to be fast tracked into the public sector so that they can be measured and assessed, contributing to sustainability goals worldwide.”



Mark Surridge
Partner,
Forvis Mazars, United Kingdom



Chapter three

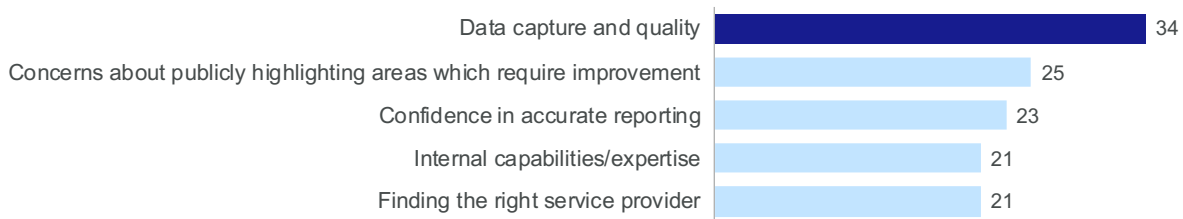
Sustainability best practices from the policymakers

Tackling sustainability challenges

Data capture and quality is the main challenge (34%) leaders face in producing sustainability reports for their organisation. The issue of public perception raises its head again here as 25% of leaders highlight a concern with publicly reporting areas that require improvement.

Top five sustainability reporting challenges

Percent of respondents whose organisation produces a sustainability report



Sustainable responsibilities are increasing in importance for prospective employees. Sector executives now have an opportunity to tackle the issue of attracting talent by prioritising best practices. This is an opportunity to influence public perception with the highest standards of trust and transparency for its communities.

“The social sector in Spain is strongly committed to transparency. With annual reports and commitments made public on the organisation’s website, society now demands more information and participation in their decision-making.

ESG reporting really concerns Corporate Foundations. They want to know the return on investment but they also want to check that the funds are invested responsibly and efficiently, and that they actually promote the changes they are seeking.”



Josefina Piñón
Director,
Forvis Mazars, Spain

Chapter three

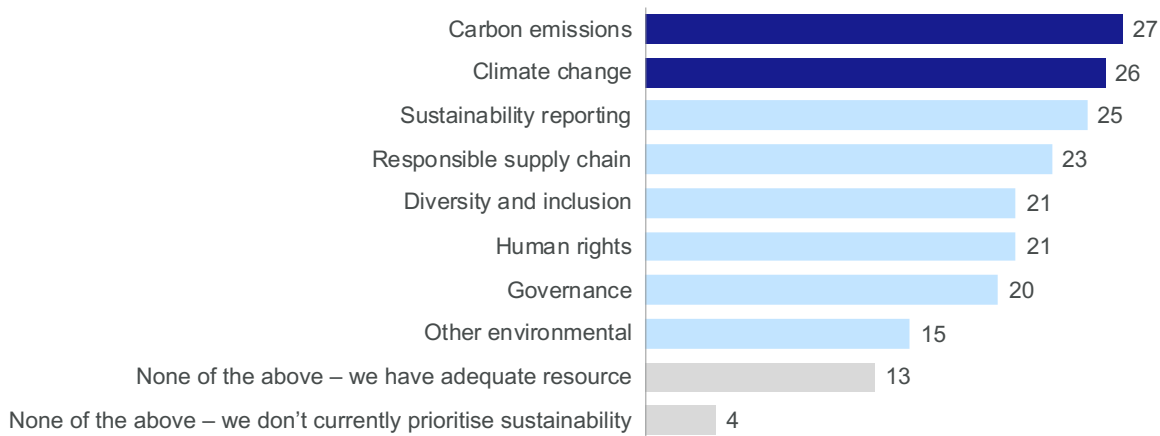
Sustainability best practices from the policymakers

Climate change – the current global pandemic

Carbon emissions and climate change are the most pressing gaps in organisations' ESG expertise at 27% and 26% respectively. Despite support from sector executives for future reporting, they seem to be facing continued challenges with reporting as a quarter say they lack in-house expertise in this area. Public and social sector executives appear most confident in managing human rights, and diversity and inclusion - typically some of the most complex areas of sustainability.

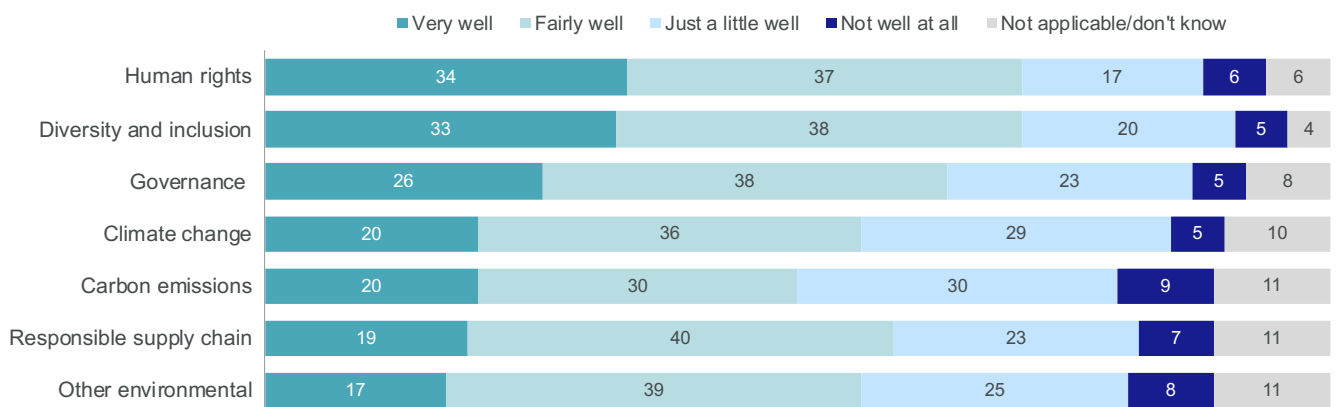
Areas organisation lacks ESG expertise

Percent of respondents



Management of ESG areas

Percent of respondents



“Climate change is the current silent global pandemic. The reality is it is happening now and consequences are much bigger than we even saw with Covid-19. Regulation is coming and boards need to think seriously about how they will invest in sustainability. Many organisations see this as a cost, but they need to look at it as an investment. You are investing in the future and building resilience for your organisation and the communities looking to you to serve.”



William Hughes
Director,
Forvis Mazars, United Kingdom



Methodology

Mazars (Forvis Mazars effective 1 June 2024), in partnership with Peter McLeod AS, surveyed 392 leaders and executives in the public and social sector in Europe for its annual report. The fieldwork was conducted via online panels between May and June 2024. This independent research captures the views of leaders at public sector and not-for-profit organisations with annual budgets of up to €5 million.

Respondents were based in France, Germany, Ireland, the Netherlands, Spain, Switzerland and the UK.

Sector	Sample
Public	289
Social	100

Seniority	Sample
CEO/Chair/Board	146
Other public sector leader	237

Geography	Sample
France	53
Germany	59
Ireland	57
Netherlands	56
Spain	80
Switzerland	20
United Kingdom	67

Annual budget	Sample
EUR/GBP <49	123
1,001-10,000	93
More than 10,000	160

Service users	Sample
Less than 1,001	123
1,001-10,000	93
More than 10,000	160

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