Deloitte.

Together makes progress

Future of Social Protection Systems 2035

Social protection Systems in 2035
“Balancing tradition and transformation”
Exploring four future scenarios from a European perspective*

*11 western and northern European countries: Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Portugal, Spain, Sweden, UK.

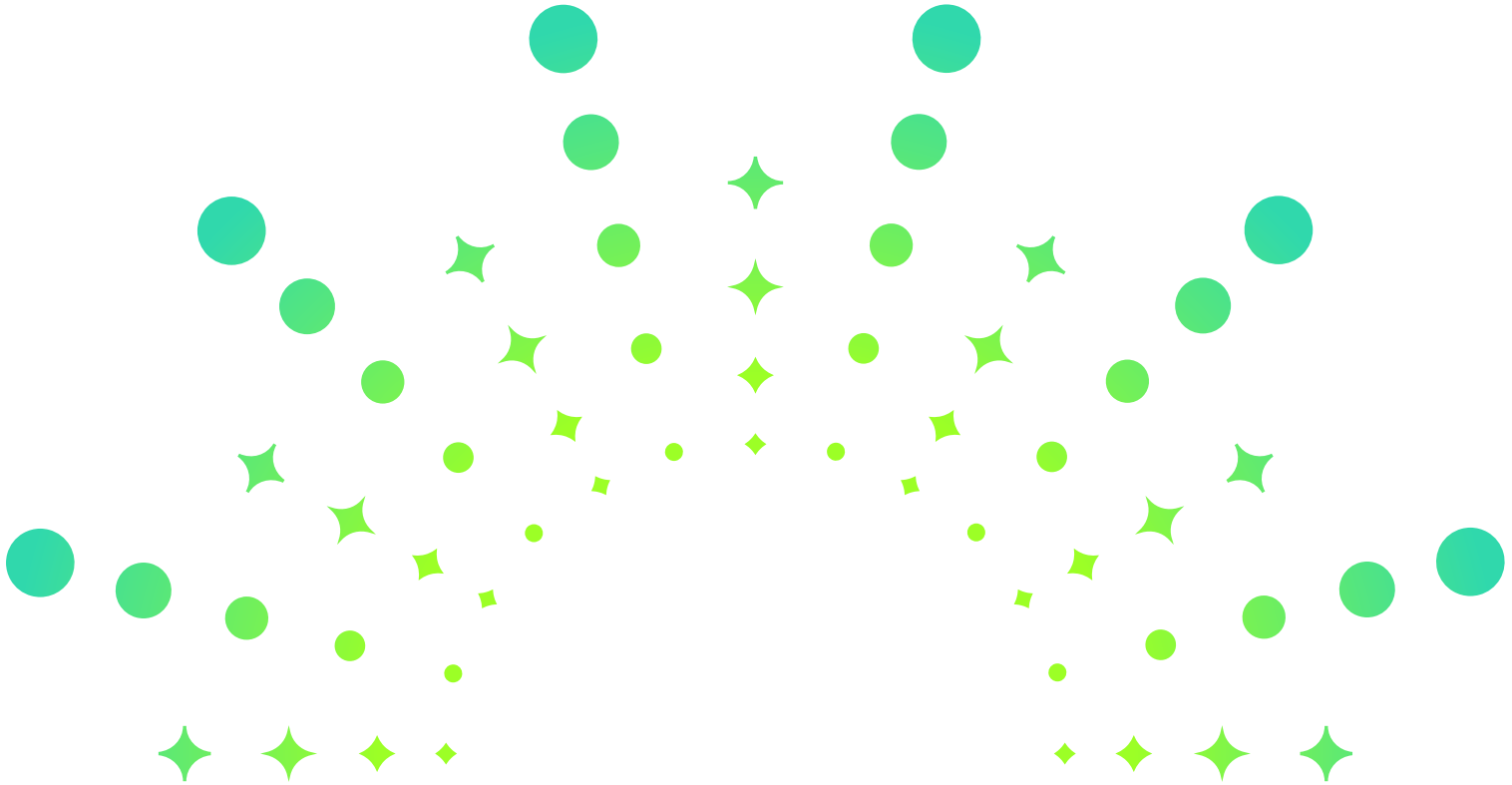
Contents

Preface: Four futures

Social protection systems across Europe are entering a period of profound transformation. Demographic pressures, fiscal constraints, and rapid technological advancements are challenging the traditional models of social protection that have underpinned welfare states for decades. Against this backdrop, the question is not whether change will occur, but how it will redefine the architecture and accessibility of social benefits by 2035, not only in Europe, but also in other geographies with mature social protection systems.

This study applies a structured strategic foresight methodology to examine critical trends and uncertainties shaping the future of social protection. Drawing on data and specialist insights from 11 Western and Northern European countries, we present four plausible scenarios that illustrate alternative trajectories for social protections systems. These scenarios are not forecasts; rather, they are analytical constructs designed to stimulate dialogue, inform policy choices, and support long-term preparedness in an environment characterized by complexity and uncertainty.

By exploring these futures, the aim is to provide governments, policymakers, the private sector and stakeholders with a framework for anticipating challenges, identifying opportunities, and designing resilient, inclusive systems that uphold social solidarity in the decades ahead.



Executive summary

Social protection represents a massive investment
European countries allocate extraordinary resources to social protection—over US$ 5 trillion annually, accounting for more than 19% of the region's GDP.[1, 2] This level of spending underscores the central role of social protection systems in maintaining social stability and economic resilience. Yet, the sheer size of this investment also amplifies the urgency for modernization and sustainability in the face of demographic and fiscal pressures.

Social protection must be reimagined
Europe's mature social protection systems are under mounting pressure from demographic shifts, fiscal constraints, and declining trust. Traditional contribution-based models are increasingly misaligned with today's labor markets and societal expectations.

Two uncertainties will shape the future
The accessibility of services and the long-term viability of benefits systems are decisive factors. Their trajectory will determine whether welfare states remain inclusive and trusted or become fragmented and fragile.

Four plausible future scenarios
The study outlines four alternative futures for 2035:

1. A re-engineered social contract built on trust and transparency
2. A highly efficient but socially exclusive digital system
3. A deteriorating system reliant on informal networks
4. A patchwork of localized solutions with uneven access

Robust resilience strategies are essential
Governments must prepare for uncertainty by introducing resilience as a design principle for future strategies. Driven by different dimension institutions should adopt federated infrastructure, hybrid service channels, life event-driven entitlements, participatory governance, and adaptive legal frameworks to ensure resilience and inclusivity.

Three guiding questions for policymakers

- How can national coherence be balanced with local adaptability?
- How can modernization enhance human dignity and accountability?
- How can legal frameworks evolve to remain relevant in a changing society?

01

Context and objective

Current situation and definition of social protection systems

Social protection systems at a crossroads: Navigating toward 2035

Western Europe's social protection systems have evolved into one of the most ambitious and complex public architectures in the world. Encompassing pensions, unemployment insurance and family support, these systems are delivered through public and private institutions.

In 2022 alone, EU countries spent over US$ 5 trillion on social protection benefits, representing more than 19% of the region's GDP.[1, 2] Finland represents the highest allocation in the bloc with over 25.7% of its GDP designated for social protection[1] (according to the Classification of the Functions of Government – COFOG). This level of investment across Europe reflects a societal commitment to inclusion and solidarity.

Definition

Social protection refers to a broad suite of public interventions and programs designed to reduce poverty and promote economic inclusion. These programs typically fall into three main categories:

1. **Social insurance**
   Contributory schemes that protect individuals against life-course risks such as old age, poverty, unemployment or disability.
   Examples: pensions, unemployment insurance, disability insurance
2. **Social assistance**
   Non-contributory support aimed at vulnerable populations, often means-tested.
   Examples: Cash and in-kind transfers, care services, fee waivers
3. **Labor and economic inclusion programs**
   Active measures to promote employment and self-sufficiency.
   Examples: training, public employment services, integrated economic inclusion programs

These programs are supported by **social protection systems and implementation mechanisms** that determine how benefits are managed.

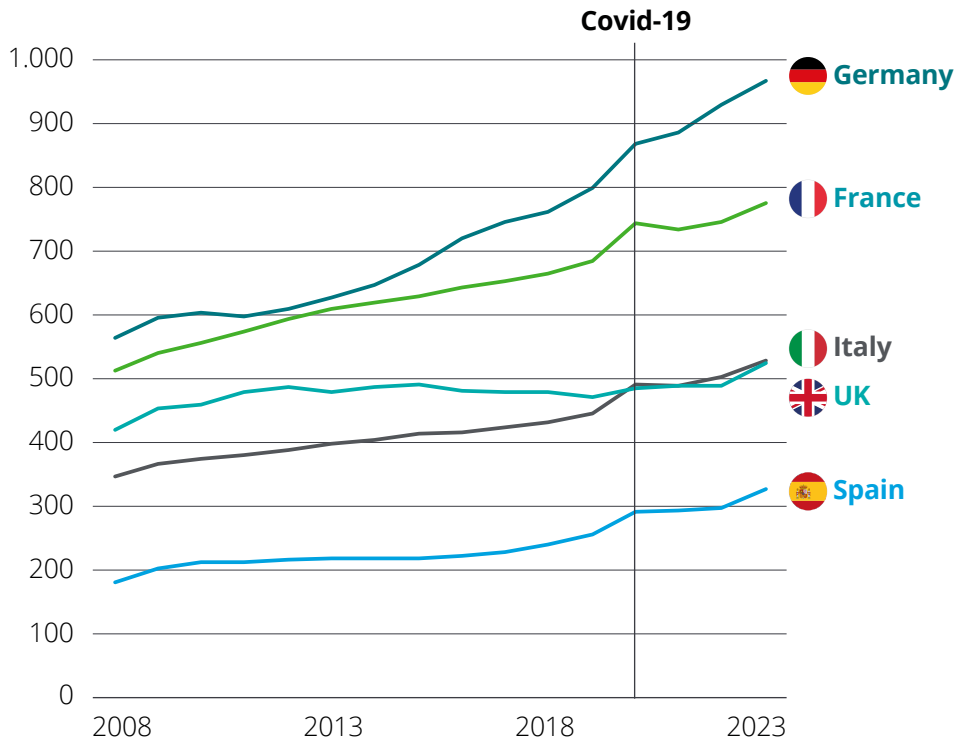
Cost remained consistently high or increased

Over the past two decades, government spending (nominal cost and real cost per head) on social protection has remained consistently high or even increased across most mature European countries. As shown in Figure 2, countries like France, Italy and Germany have maintained some of the highest levels of expenditure, underscoring both the scale of public ambition and the mounting fiscal pressure. To safeguard sustainability, benefits delivery systems should modernize streamlining processes, leveraging digital infrastructure, and adopting proactive models that balance inclusion with efficiency.

Fig. 1[1, 2] – Social Protection Expenditure, Selected European Countries — 2023 Per-capita spending, 10-year growth (2013–2023), total outlays, and share of GDP

Country	Per-capita expenditure, 2023 (US$)	10-year change in per-capita expenditure, 2013–2023 (%)	Total expenditure, 2023 (US$ mio)	Share of GDP, 2023 (%)
NO	22,805	+ 13.6%	91,858	17.5%
DK	17,834	+ 2.4%	86,371	19.5%
SE	14,344	+ 5.1%	118,944	18.7%
FI	13,796	+ 12.7%	82,578	25.7%
NL	13,731	+ 1.2%	203,967	16.2%
FR	13,414	+ 9.3%	775,422	23.4%
DE	13,347	+ 18.8%	967,618	19.7%
BE	12,436	+ 6.6%	140,696	20.1%
IE	11,151	+ 5.8%	48,426	8.1%
IT	9,832	+ 12.6%	528,938	21.1%
ES	7,471	+ 15.5%	326,005	18.5%
UK	7,232	+ 9.2%	523,841	13.3%
PT	5,572	+ 13.9%	52,215	16.6%

Fig. 2[1, 2] – Social Protection Spending, 2008–2023 — Selected EU-5
Total outlays, US$ billion (nominal); reference line at 2020 (COVID-19)



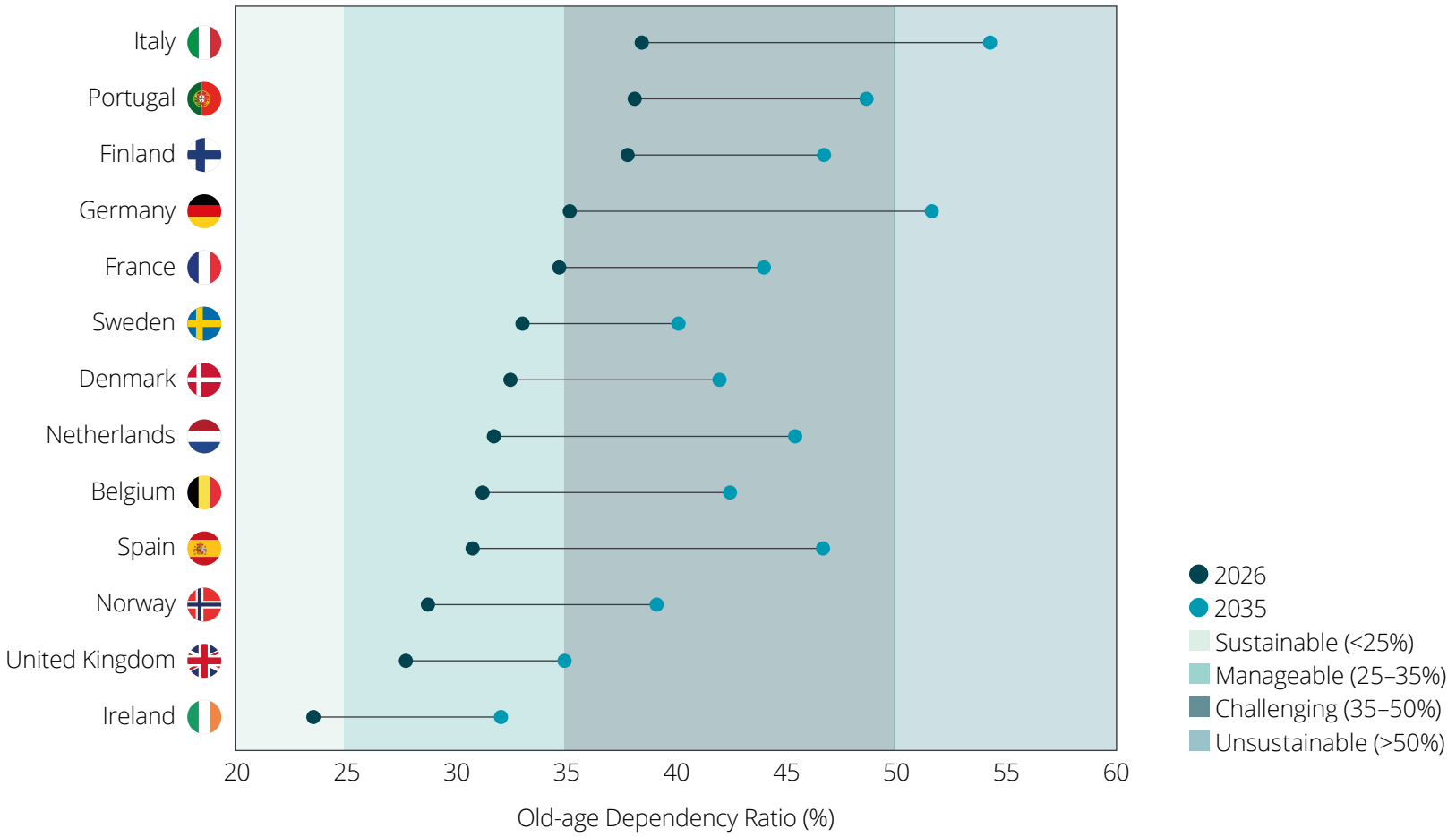
Demographic realities are shifting rapidly

Demographic realities are shifting rapidly. Aging populations and shrinking workforces are driving up costs while eroding the contribution base. The traditional model, where benefits are funded by payroll taxes from long-term employment, is increasingly misaligned with today's more flexible yet fragmented labor markets.

This demographic pressure is vividly illustrated by the future projections of the old-age dependency ratio (population 65 years or over to population 15 to 64 years). By 2035, countries such as Germany and Italy are expected to see their ratios rise above 50%. This places them in the unsustainable category, if major reforms are not undertaken (Figure 3).

Even countries with lower ratios, such as Ireland, are on a steep upward trajectory. These trends signal a challenge to the long-term viability of pay-as-you-go systems and intergenerational contracts.

Fig. 3[3, 4] – Old-age dependency ratios in selected European countries (2026 vs projected 2035)



Structural reforms and resilience capabilities may be needed

Both the OECD[5] and the European Commission[6] have stated that without structural reforms, such as increasing retirement ages, boosting labor force participation and rethinking benefit design, the sustainability of Europe's social protection systems could be at risk. These concerns go beyond fiscal sustainability and reflect the resilience and inclusiveness of social protection systems in the face of accelerating demographic and economic change. At the same time, governments are facing a delivery landscape that is rapidly evolving. As highlighted in Deloitte's Government Trends 2025[7], delivery excellence has re-emerged as a top priority for political leaders[8], but the environment in which governments operate today is evolving at a rapid pace. Diminishing trust in institutions and the complexity of cross-boundary challenges are reshaping what effective service delivery looks like.

Public confidence in government institutions is waning, and this erosion of trust can stifle innovation and delay the reforms needed to help address pressing societal matters[9]. Governments now have an opportunity and a responsibility to rebuild trust through transparent, accountable, efficient and empathetic benefits service delivery.

Digital expectations are also accelerating[10]. Citizens want benefits that are not only reliable and accessible but also personalized and digitally delivered. Advances in digital identity, interoperable data systems and artificial intelligence (AI)-powered eligibility scoring offer the potential for a paradigm shift, from reactive support to anticipatory, citizen-centric services. But these innovations also raise important questions about privacy, inclusion and control. The digital divide remains a persistent barrier, threatening to exclude those who may need it most.

Leveraging AI marks a transformative moment.[11] AI has the potential to revolutionize how benefits are delivered, from streamlining eligibility processes to enabling predictive support and improving operational efficiency. Agencies that invest in scaling AI capabilities and ensure trustworthy AI governance will be better positioned to thrive in this new landscape.

These dynamics underscore why a forward-looking perspective is essential. Traditional reform levers such as incremental legal adjustments or isolated digital projects are no longer sufficient in an environment defined by demographic shifts, fiscal pressure, and trust erosion.[12] Addressing these challenges requires collaborative whole-of-government solutions that transcend traditional boundaries. Governments that forge collaborations across sectors and leverage diverse capabilities can be more effective in delivering inclusive and adaptive social protection.

Why structural reforms? Build system resilience across five dimensions

- **Fiscal resilience** – Absorb demographic & economic shocks without abrupt benefit erosion.
- **Operational resilience** – Ensure continuity of service during crises (cyber, pandemics, surges).
- **Social resilience** – Strengthen inclusion, trust, legitimacy and perceived fairness.
- **Institutional resilience** – Increase reform capacity, execution speed and learning loops.
- **Technological resilience** – Secure interoperability, redundancy, sovereignty and graceful degradation.

02

Foresight Methodology

Strategic foresight introduction

This study applies a strategic foresight approach to explore how social protection might evolve by 2035.[13] Rather than predicting a single future, we developed four plausible scenarios to challenge assumptions and prepare for uncertainty beyond electoral cycles and budget horizons. The methodology, based on Deloitte Germany's scenario planning framework, combined qualitative and quantitative research:

- **Specialist engagement:** 29 in-depth interviews and an online survey with social protection practitioners and policy specialists.
- **Geographic scope:** Insights drawn from 11 Western and Northern European countries, ensuring a diverse perspective on social protection systems.
- **Structured process:** Identification of key drivers, assessment of trends and uncertainties, and development of a two-axis scenario matrix leading to four distinct narratives.

These scenarios are designed to help policymakers stress-test strategies, anticipate systemic shifts, and build resilient, inclusive social protection systems for the long term.

What will social protection look like in 2035?

Strategic foresight approach

The scenario development process combined qualitative and quantitative research methods.

Insights were gathered from desk research, interviews with specialists, an online questionnaire and collaborative workshops involving Deloitte social protection practitioners and specialists from across Europe.

1. Developing the focal question
The scenario development process began with formulation of the focal question that served as the guiding thread throughout the study. It defined the scope of the scenarios and aligned with some of the key challenges facing social protection (see social protection definition).

2. Identifying (and prioritizing) key drivers
The next step was to identify key driving forces that could shape the future of social protection. This was accomplished through a review of relevant literature and contextual analyses, complemented by 29 explorative interviews with social protection practitioners and Deloitte practitioners from 11 European jurisdictions.

3. Deriving critical trends and critical uncertainties
An online survey was conducted with specialists. They evaluated each key driver based on its level of uncertainty and its potential impact on the future of social protection. This process enabled the identification of both critical trends, i.e., drivers with high impact and low uncertainty, and critical uncertainties, i.e., drivers with both high impact and high uncertainty.

4. Creating the scenario framework
The critical uncertainties were then clustered into thematic groups and used to construct two independent and intersecting axes: viability of the benefits system and service accessibility. Together, these axes defined a two-by-two matrix, generating four distinct scenario spaces.

5. Formulating scenario narratives
With the two-by-two matrix established, detailed scenario narratives were developed for each of the four scenarios. These narratives were shaped by insights gathered during a dedicated workshop held at the Deloitte Global Social protection Modernization Summit in May 2025 and with targeted specialist discussions.

6. Defining strategic fields of action
This study, given its multi-jurisdictional scope, focused on fostering a shared understanding of potential futures. The robust strategic options derived from the scenarios are intended to inform subsequent jurisdiction-specific studies, where tailored recommendations and policy implications can be explored in greater depth.

03

Critical trends and uncertainties in social protection systems

Areas of interest

1. Critical uncertainties – Critical field of analysis:
High impact, high uncertainty. These have the potential to steer the future of social protection in one direction or another. For strategy development, they can be interpreted differently and therefore require the development of different scenarios to account for uncertainty.

4. Critical trends – Critical specialists' observations:
High impact, low uncertainty. These have a high influence on the focal question and enable stable planning, as most specialists agree that they will develop in a certain direction.

3. Secondary trends:
Low impact, low uncertainty. These have minimal impact on the focal question and are unlikely to significantly shape the future or alter the scenarios, as the social protection specialists are confident in how they will develop.

2. Secondary uncertainty:
Low impact, high uncertainty. These are also important. While their future development is uncertain, their limited impact places them on a secondary watch list for monitoring rather than making them central to scenario development.

Fig. 4 – Impact & Uncertainty Matrix

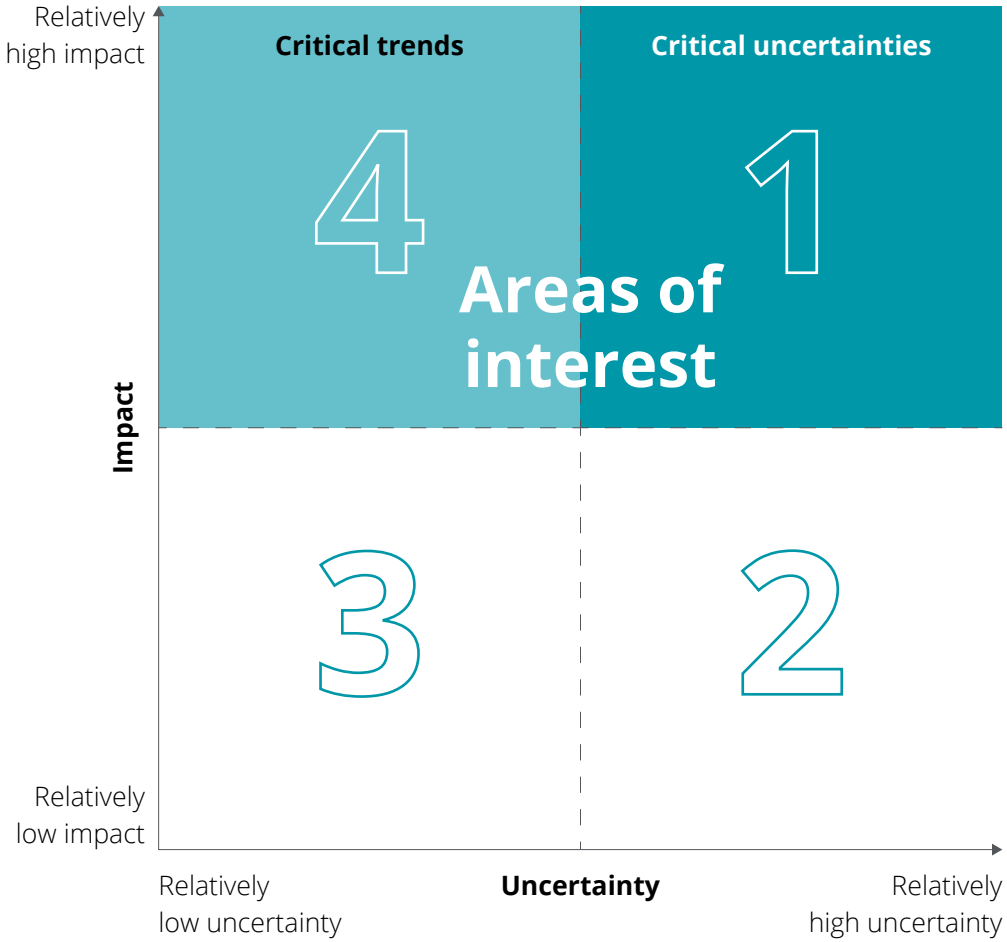
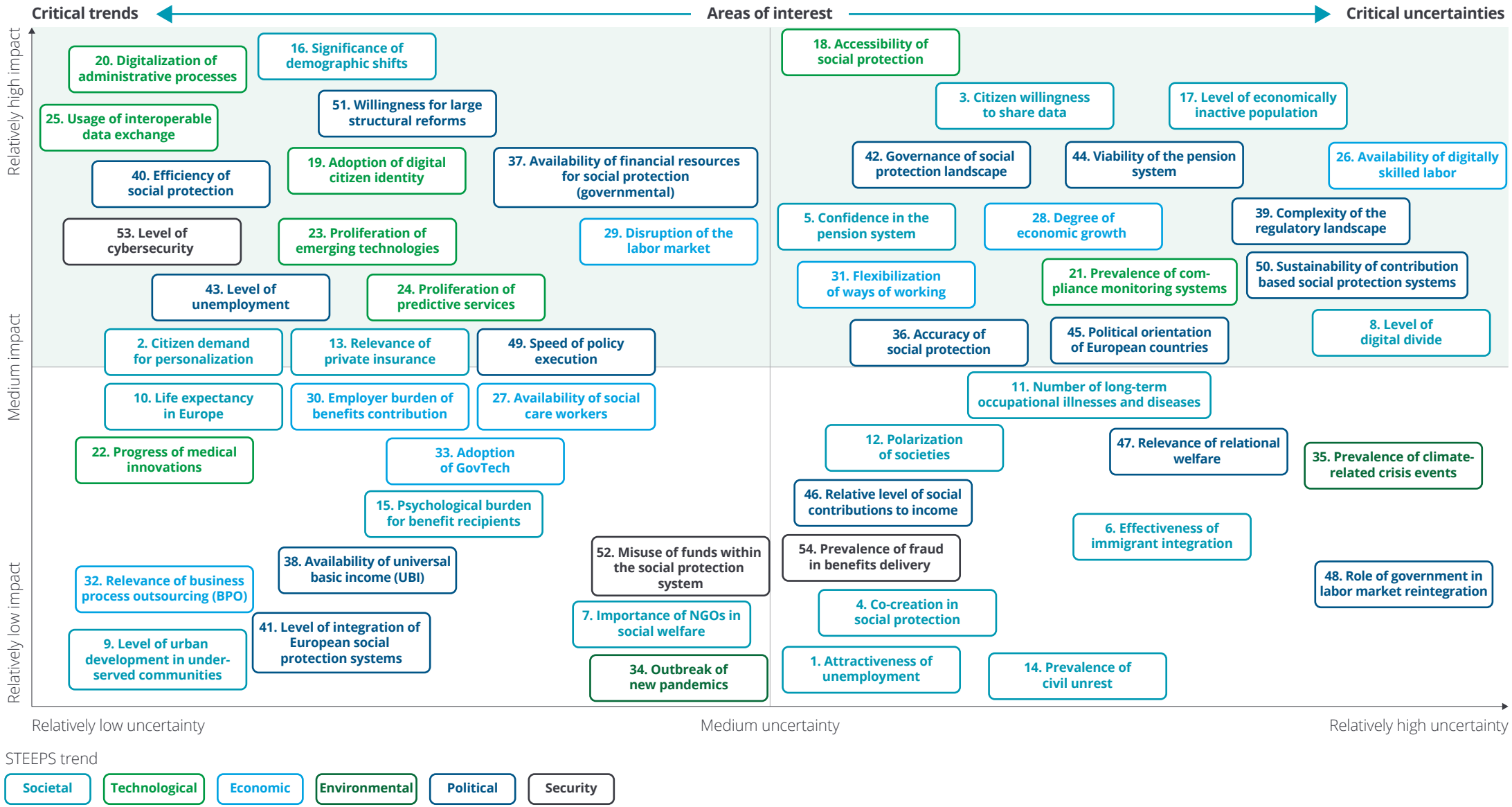


Fig. 5 – Two-by-two matrix: Evaluation by degree of impact and uncertainty[14]

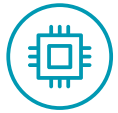


Signs of certainty – what critical trends are already shaping the future?

Among our engaged Deloitte specialists and social program leaders, there is strong alignment around a set of critical trends that are already reshaping the future of social protection.

These are active dynamics unfolding in real time, which appear to be following a discernible and steady trajectory and not speculative developments.

While diverse in their manifestations, these trends reflect structural shifts in how individuals engage with services, how technology can redefine delivery and how institutions can respond to evolving societal expectations.



Digital infrastructure as the backbone of service delivery
Digital infrastructure may no longer be a lever for innovation. It could be the baseline for operational excellence. Governments that fail to modernize their legacy administrative systems, which are often built on aging mainframes and custom applications, could risk systemic failures in the delivery of benefits. The future of resilient social protection systems will likely rely on secure digital platforms and real-time data interoperability as their invisible but important infrastructure.

Personalized and predictive benefits become standard
Benefits systems could evolve from bureaucratic processes to intelligent, user-centric services. Citizens may demand services that are anticipatory and seamlessly integrated into their life trajectories. Enabled by digital identities, social protection could become increasingly benchmarked against private-sector standards.

Digital sovereignty will shape cloud and AI infrastructure
As social protection digitizes, governments are expected to prioritize digital sovereignty to maintain control over data and platforms. This trend will drive adoption of sovereign or UK/EU-compliant cloud and AI solutions, strengthening security, compliance, and resilience. While foreign technologies may remain in use, movement toward trusted sovereignty-aligned infrastructure is set to accelerate.

Labor shifts and aging populations reshape eligibility rules
Modern social protection systems rely on predictable contributions from stable employment, but this model is under strain. Aging populations, rising gig or platform work and fractured labor markets are exposing cracks in contribution-based systems. These dynamics increase pressure on who pays in and who qualifies for benefits, making a rethink of eligibility and funding models increasingly necessary.

Reform capacity becomes the key to system resilience
In an era of fiscal constraint and rising complexity, reform capacity could be the important differentiator. Political will and resource reallocation could converge to modernize systems under pressure. Lagging in execution could erode public trust faster than any single policy failure.

Diverging paths – critical uncertainties in social protection systems

The future of social protection in Europe is shaped not only by important trends but also by important uncertainties, which are factors whose direction and impact remain unpredictable. These uncertainties could define the boundaries of what is possible and plausible in the evolution of social protection systems.

We analyzed 15 critical uncertainties in terms of their relevance and interdependencies, grouped them and distilled two key questions that will shape the future of social protection:

How will governments shape service accessibility for citizens?

How will the viability of the social protection system shift?

These two questions form the axes of the matrix along which our four scenarios are structured – service accessibility and viability of the benefits system. These alternative worlds can offer different perspectives on what social protection in Europe could look like by 2035.

These scenarios do not predict the future. Instead, they help ask better questions about how benefits systems might adapt, fragment or transform in response to shifting societal, technological, environmental, economic and security dynamics.

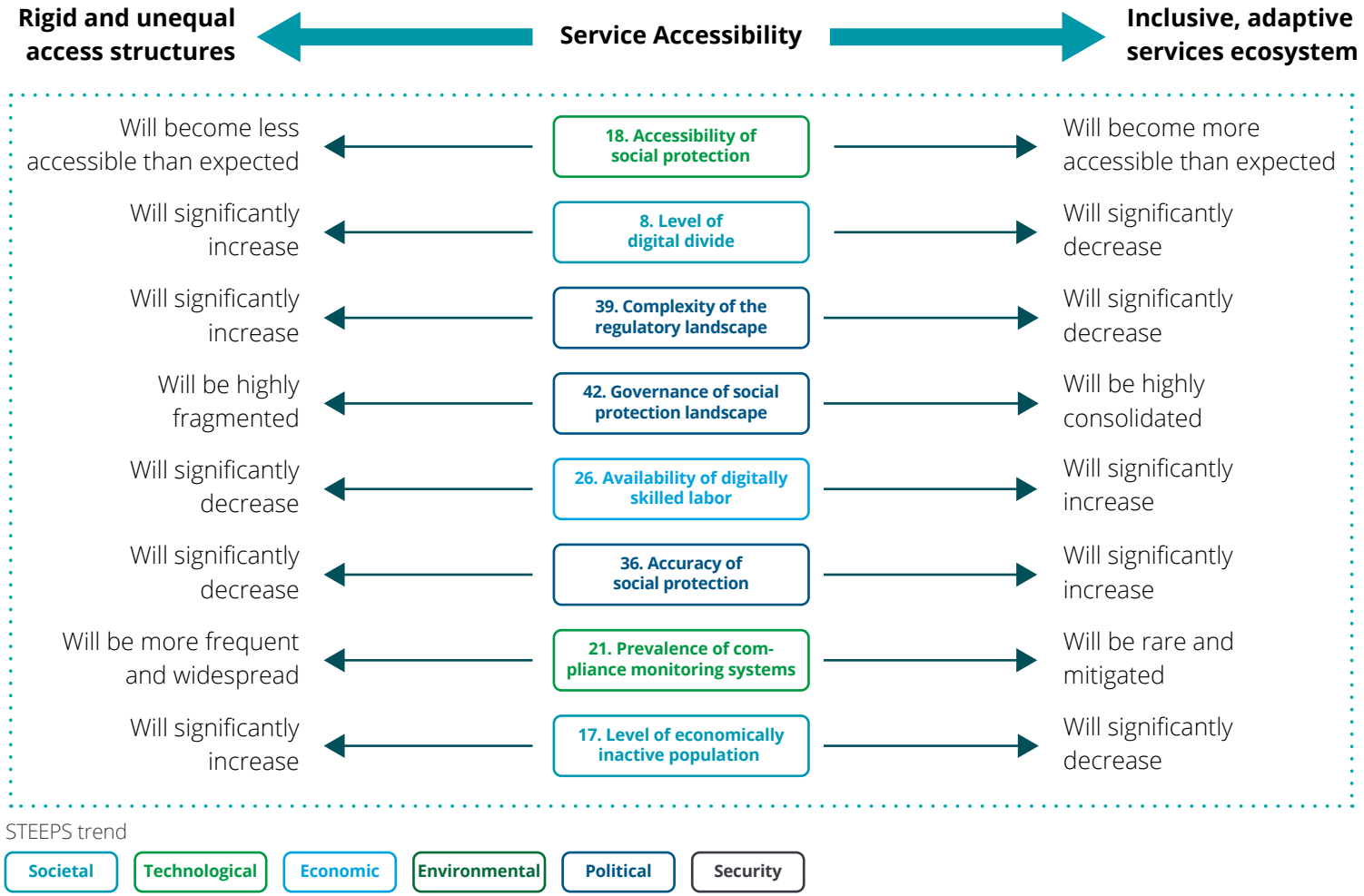
How will governments shape service accessibility for citizens?

Service accessibility in social protection faces a fundamental choice between rigid, unequal structures and inclusive, adaptive service models. On one end of the spectrum lies a future where services become increasingly unequal and digitally exclusive. This could result from a widening digital divide and growing regulatory complexity. In this case, economically inactive populations and vulnerable groups may face systemic exclusion, while compliance mechanisms become more punitive than protective.

On the other end lies a future where services are inclusive and user-centered. This would require coordinated governance, simplified regulatory frameworks as well as investments in digital literacy and infrastructure.

The trajectory could depend on how governments manage the interplay between technology, regulation and human capacity in the delivery landscape.

Fig. 6 – Critical uncertainty axis 1: Service accessibility[15]



How will the viability of the social protection system shift?

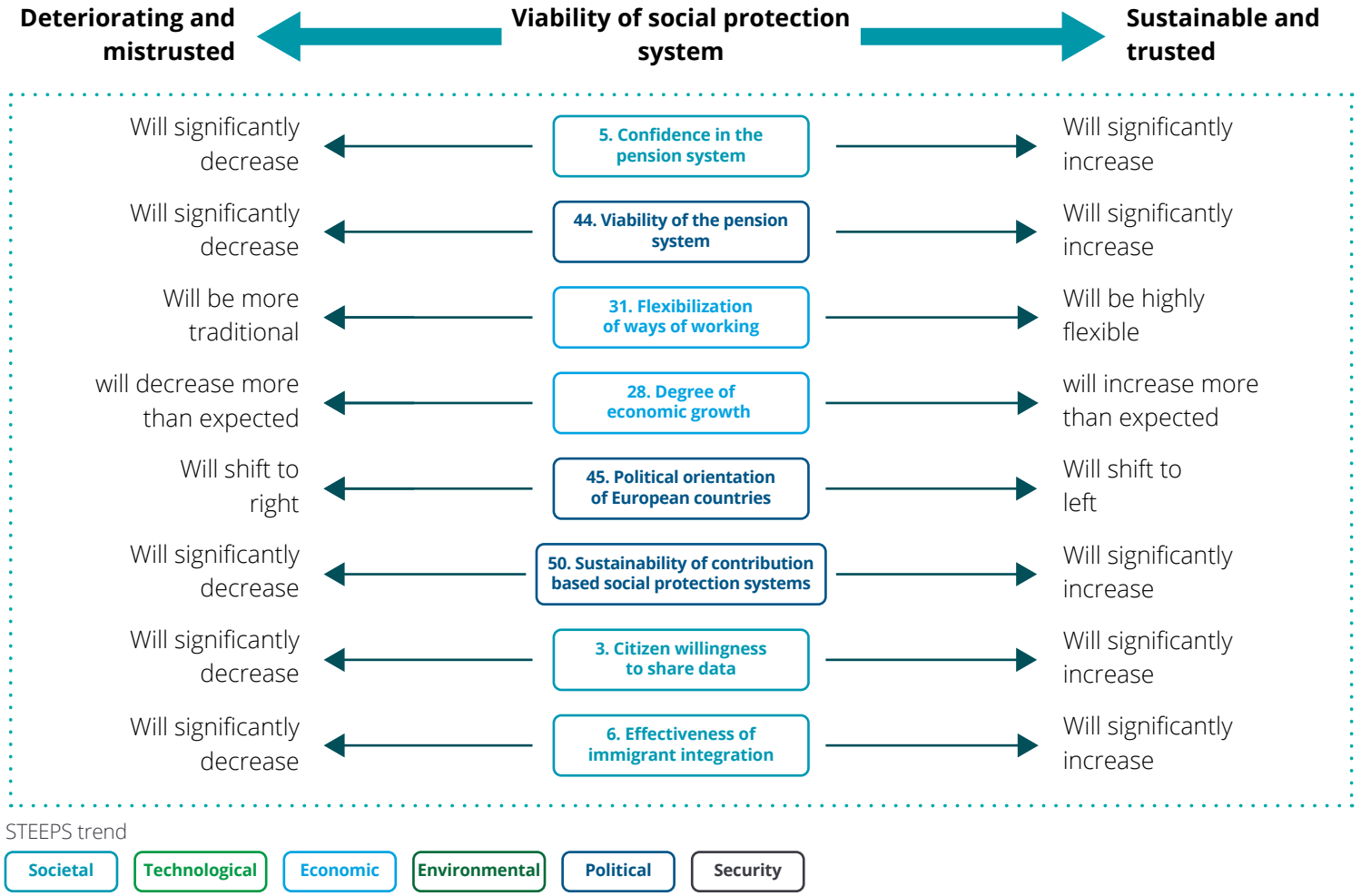
Demographic pressure, economic growth, and political orientation will determine whether benefits systems deteriorate into rigid, mistrusted structures or evolve into sustainable and trusted foundations of social protection.

A deteriorating future could emerge if confidence in pension systems continues to erode and contribution-based models become unsustainable. In this case, systems may revert to traditional, rigid structures, with limited flexibility in how people work and contribute.

Conversely, a more sustainable and trusted future is possible. One where data sharing is embraced by citizens, and political will supports structural reforms.

The direction of this uncertainty could shape whether benefits systems are perceived as resilient social contracts or fragile relics of the past.

Fig. 7 – Critical uncertainty axis 2: Viability of social protection system[16]



04

Future scenarios

Four plausible future scenario narratives

Fig. 8 – Scenario Narratives

Inclusive and adaptive services ecosystem

"Patchwork Nation"
Social protection becomes accessible but uneven across regions. Digital platforms coexist with local hubs and civil society solutions. Strong regions offer seamless experiences while weaker ones depend on partnerships, and a pluralistic ecosystem thrives on community ingenuity yet risks fragmentation.

"Social Contract Re-Engineered"
Europe rebuilds trust through a new social contract. Public services are digital-first, proactive and human-centered. AI and blockchain automate social protection and institutional reform makes systems inclusive and resilient.

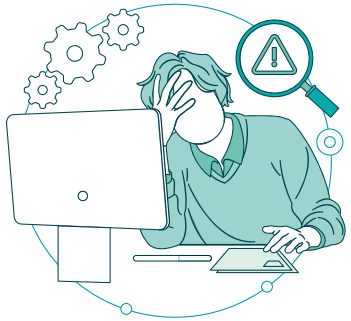
Deteriorating and mistrusted

Viability of social protection

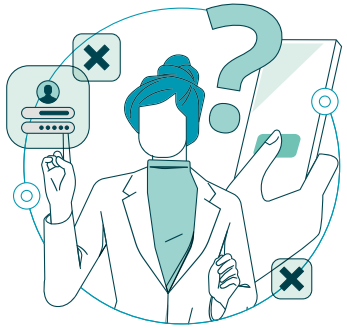
Sustainable and trusted

Service Accessibility

"Dead System Walking"
Institutional credibility collapses under cyberattacks and passivity. Legacy IT and manual processes leave systems fragmented and non-transparent. Citizens rely on informal networks as governments default to crisis mode and social protection erodes, deepening inequity and distrust.



"Logged in, logged out"
Social protection systems achieve peak efficiency but fail on inclusion. Centralized AI platforms deliver speed and control, not flexibility. Older adults and vulnerable groups face systemic digital barriers, and a welfare state that is advanced yet socially fragile emerges.



Rigid and unequal access structures

Scenario comparisons of system architecture and design[17]

Scenario	Social contract re-engineered	Logged in, locked out	Dead system walking	Patchwork nation
Characteristics	Adaptive and inclusive service ecosystem with high service accessibility under a sustainable and trusted benefits system with high viability	Rigid and unequal access structures with low service accessibility under a sustainable and trusted benefits system with high viability	Rigid and unequal access structures with low service accessibility under an unsustainable and mistrusted benefits system with low viability	Adaptive and inclusive service ecosystem with high service accessibility under an unsustainable and mistrusted benefits system with low viability
Institutional setup	• Polycentric governance with strong central infrastructure and empowered local hubs • Whole-of-government integration • Systems and data models are interoperable-by-design	• Hyper-centralized national platform • Minimal local discretion • Efficiency prioritized over inclusion	• Collapsed central systems • Fragmented local operations • Limited coordination or institutional memory	• Decentralized and adaptive • Regional and civil society actors lead delivery • Minimal national coherence
Service logic	• Life-event-triggered, anticipatory services • Dynamic inclusion in real time • Minimal need for citizen-initiated applications	• Digital-only, on-demand access • Static eligibility • No proactive outreach or support for complex cases	• Manual, reactive access • Exclusion is common • Informal networks create systemic workarounds	• Mixed access models • Semi-dynamic inclusion varies by geography and provider • Hybrid digital and paper-based systems
Social benefits design	• Bundled, modular, and personalized • Universal base benefits with AI-calculated supplements • Predictive eligibility and integrated pathways	• Standardized and rules-based • Strict thresholds enforced by AI • Minimal bundling or personalization	• Unstructured, unreliable, and politicized • Manual eligibility checks • No bundling or integration	• Improvised and regionally bundled • Public-private innovation (e.g., community credits) • Flexible but fragile
Demographic resilience	• Flexible service models for aging populations • Predictive planning using demographic simulations • Intergenerational equity mechanisms in pension design	• Higher retirement age to reduce beneficiaries • AI-enforced thresholds to limit access • Focus on cost control, not resilience	• No explicit long-term demographic strategy • Increased pressure under aging demographic • Limited institutional capacity for anticipation	• Private-public pilots for flexible retirement • Civil society fills gaps, but unsustainably
Technology and innovation	• Agentic AI assists case workers and citizens • Blockchain registries are used for trust and transparency • Digital twins of households build simulations in policy designs • Embedded human-centered design	• AI-driven eligibility enforcement streamlines access decisions • Facial recognition supports identity verification in service delivery • Predictive analytics flag potential fraud before it occurs	• Legacy systems persist • Cybersecurity breaches and data loss are frequent • Modernization efforts have failed	• Uneven adoption of AI and digital tools • Regional innovation labs • Peer-to-peer platforms drive experimentation
Key resilience failures to watch out for	• Platform monoculture, cascading failures • Perceived surveillance, trust backlash	• Digital-only gates exclude vulnerable • Opaque denials, weak redress	• Legacy outages disrupt payments • Citizens shift to informal networks	• Inconsistent standards, postcode lottery • NGO burnout, weak coordination

Scenario 1: Social contract re-engineered

Adaptive and inclusive service ecosystem with high service accessibility under a sustainable and trusted benefits system with high viability

2035 marks a decade of social renewal and a new social contract. Trust and transparency create a new foundation for the relationship between citizens and the state. Existing fragmented bureaucracies give way to a human-centred approach that promotes shared prosperity. Proactive assessments align with life events or relevant "signals" (e.g. accident, job loss, relocation, etc.). Key levers are fluid data interoperability, AI-supported deterministic rule/policy engines, and sovereign secured registries for integrity and traceability.

Citizens interact with a single digital access point for all services (via eID and eWallet). Digital twins enable hyperpersonalised offers and local service hubs allow for personal consultations on complex matters or needs.

The viability of implementation is ensured by political and institutional reform capacity and a robust digital infrastructure. The services of the welfare state thus aim at inclusiveness and resilience by design.

Resilience profile

Fiscal	Operational	Social	Institutional	Technological
Stable revenue mix; moderate exposure to inclusion-driven tax fluctuations	Strong digital back-bone with organizational agility	Data-rich services increase reach; privacy expectations require strong governance	High reform capacity with flexible and resilient institutional setup	Interoperable-by-design but vendor/stack concentration creates cascade potential

High = robust under stress Medium = mixed/conditional Low = fragile

Social protection delivery systems value chain

Periodic reassessment

Outreach to Citizen	Intake & registration	Assessment	Enrollment	Provision	Case management
Hyper-personalized nudges via favored channels, agentic agents or community ambassadors	Seamless, biometric-enabled, and event-triggered processes	Continuous, data-driven assessments based on digital twins of households with human override options	Instant enrollment with bundled benefits and services.	Multichannel delivery (digital, mobile, in-person) with AI-matched services	Real-time updates, multichannel (digital and in-person) grievance redress, and AI-assisted case management

Human impact

Sofia – government caseworker, 45

Then – 2026

Sofia worked in a local welfare office in Berlin. Her days were consumed by paperwork, legacy systems, and frustrated citizens. She often felt like a gatekeeper rather than a helper. Each case was a maze of forms, eligibility rules, and siloed databases. Despite her dedication, she left work feeling drained and disconnected from the impact of her efforts.

"I wanted to help people, but the system made it hard to see them."

Björn – citizen, 38

Björn lost his job at a logistics company. Navigating the welfare system was a second job – confusing forms, long lines, and repeated visits to different offices. He felt invisible, like the system didn't trust him or understand his needs.

"I didn't need charity. I needed a bridge. But the system gave me walls."

Now – 2035

Sofia is now part of the Mission-Driven Public Service Network, a digitally skilled, civic-minded task force. Her AI copilot, "Ada," helps her simulate household needs using digital twins, flagging potential risks before they escalate. She no longer waits for citizens to come to her – she reaches out proactively, guided by real-time data and community signals.

She works from a local civic hub that blends digital tools with human support. The space feels more like a community studio than a government office. Sofia collaborates with housing advisors, mental health coaches, and job mentors – who are connected through interoperable systems.

"I'm no longer a gatekeeper. I'm a guide. And I can see the ripple effects of my work – in real time."

Sofia feels empowered, connected, and proud. Her work is anticipatory, not reactive. She's part of a system that sees people not as cases, but as whole lives.

When Björn's contract ended, the system recognized the life event instantly. Within hours, he received a personalized support bundle: income assistance, job retraining in sustainability logistics, and subsidized childcare – accessible through a single app, with a human support option just a tap away.

His AI assistant, "Navi," checks in weekly, offering nudges and updates. When Björn's daughter started school, the system adjusted his benefits automatically. He visits the local service hub occasionally – not for help, but to co-design his next steps.

"The system didn't just catch me. It walked with me."

Björn feels seen, supported, and in control. He trusts the system because it trusts him first.

Scenario 2: Logged in, locked out

Rigid and unequal access structures with low service accessibility under a sustainable and trusted benefits system with high viability

By 2035, social protection systems across Europe will be highly digitized and efficient. The implementation of an AI-First, driven, centralized platform will enable the administration to process social welfare cases faster and manage public financial resources more effectively. The high degree of digitization means that citizens with impairments and those with limited online access are confronted with increased risks of exclusion and obstacles. While universalization of benefits, standardization and increased full automation have increased the efficiency of the system, they have simultaneously reduced human interaction and empathy between citizens and the state in providing services. The new system ensures fewer cases of fraud and leaves little room for flexibility or personalized support for citizens. The focus of welfare state reform is primarily on technological advancement, missing out on relevant norms of inclusion. The efficiency of the system contrasts with its increasing discrepancy with the different realities and needs of citizens.

Resilience profile

Fiscal	Operational	Social	Institutional	Technological
Tight eligibility/control curb spend, while hidden cost migrate to other systems	Excellent uptime for simple cases, however brittle for exceptions/ complex needs	Exclusion by design lead to opaque denials and weak human override erode legitimacy	Centralization speeds execution but resists local adaptation/learning	Single platform performant but limited graceful degradation/ assisted channels

High = robust under stress Medium = mixed/conditional Low = fragile

Social protection delivery systems value chain

Periodic reassessment

Outreach to Citizen	Intake & registration	Assessment	Enrollment	Provision	Case management
Passive and relies on citizens' digital literacy and ability to self navigate	Online-only: No support for complex or vulnerable cases	Automated and purely rule-based: No room for nuance or contextual judgment	Fast for those who qualify; no tailoring or personalization	Instant digital payments; no bundling of services or human support	Self-service portals; limited grievance redress; no caseworker involvement

Human impact

Ramon – government IT administrator, 45

Then – 2026

Ramon worked in Madrid managing legacy protection systems. He coordinated with local offices and caseworkers, balancing system efficiency with responsiveness. He often felt like a quiet enabler – keeping the backend running while frontline staff made the human connections.

"I wasn't on the frontlines, but I knew the people who were. We shared the same mission."

Elena – citizen, 69

Elena relied on a modest pension and housing support. She visited local offices for help navigating the system and built relationships with staff who knew her situation. The process was slow, but human.

"They didn't just process my papers. They listened."

Now – 2035

Ramon now oversees Spain's node in the Once-Only Technical System (OOTS). His role is highly technical: maintaining uptime, enforcing AI-driven eligibility rules, and monitoring fraud alerts. The system is stable, fast, and secure – but Ramon no longer interacts with local offices or citizens. He works in a sealed-off control room, surrounded by dashboards and predictive analytics.

"We've built a system of efficiency. But I worry about who's left outside."

He's proud of the system's performance, but increasingly uneasy. He sees the data – spikes in failed biometric logins, rising appeal rates – but has no mandate to intervene. The system flags anomalies, but not stories.

Ramon feels disconnected and morally conflicted. He's begun pushing internally for "human override protocols" – a way to reintroduce discretion and empathy into a system that could have forgotten its users.

Elena is now locked out of the digital-only welfare portal. Her outdated phone fails facial recognition, and her eligibility was quietly reassessed and reduced by an AI model. She doesn't understand why – and there's no caseworker to ask. The system offers no redress, only a chatbot that loops her back to the login screen.

She turns to her granddaughter and local church for help but feels increasingly alienated. The system is fast for others, but for Elena, it's a wall.

"I'm not against technology. I'm against being forgotten."

Elena feels excluded, confused, and invisible. Her story is emblematic of the "gray digital divide" – where speed and control have replaced care and connection.

Scenario 3: Dead system walking

Rigid and unequal access structures with low service accessibility under an unsustainable and mistrusted benefits system with low viability

By 2035, the credibility of the welfare state in Europe has significantly deteriorated. Increasing cyber-attacks and stalled reform efforts have undermined citizens' trust in the state's delivery capacity. The social systems are fragmented and access for citizens is becoming unequal. Outdated IT infrastructures and manual processes remain in place, which cannot be adapted to modern requirements.

Government reform efforts are poorly coordinated due to political instability and administrative inertia. Citizens face exclusion and frustration, which are further exacerbated by slow and inefficient procedures. As a result, citizens rely on private sector offers, informal networks and community support rather than state systems. The weakened social system reveals social inequalities and widens social divides.

Resilience profile

Fiscal	Operational	Social	Institutional	Technological
Leakage, arrears, and crisis fixes inflate cost while audit findings continue to rise	Legacy cores, cyber breaches, paper reversion lead to chronic outages	Opaque, unreliable access pushes citizens to informal networks	Fragmented mandates, talent drain, stalled reforms	Unpatched legacy, weak IAM, poor backups

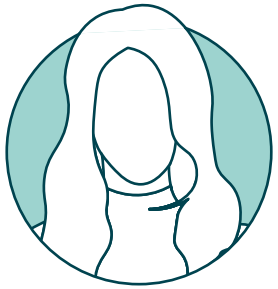
High = robust under stress Medium = mixed/conditional Low = fragile

Social protection delivery systems value chain

Periodic reassessment

Outreach to Citizen	Intake & registration	Assessment	Enrollment	Provision	Case management
Sporadic and crisis-driven. Misinformation is widespread	Paper-based; long queues and inconsistent processes dominate	Manual and error-prone; no data integration or standardization	Delayed or denied; political interference is common	Cash-in-hand or delayed checks; no digital infrastructure or service bundling	No updates; grievances ignored; exits unmanaged

Human impact



Marta – municipal social worker, 52

Then – 2026

Marta, 52, worked in a small municipal office in Naples. Despite outdated systems and limited resources, she had autonomy to support complex cases. She knew her community well and often bent rigid rules to help families in crisis. Her work was slow, but meaningful.

"I didn't just process forms. I helped people find their footing."

Now – 2035

Marta's office closed in 2031 after repeated cyberattacks and budget cuts. She now volunteers with a local NGO, coordinating food distribution and emergency shelter. The state's systems are broken – paper-based, error-prone, and politically manipulated. Digital portals are unusable, and eligibility rules change without notice.

She spends her days translating bureaucratic chaos into survival strategies, helping families navigate misinformation and delays. Her work is reactive, exhausting, and emotionally draining.

"We used to have systems. Now we have rumors and hope."

Marta feels abandoned by the institutions she once served. She's become a frontline responder in a system that no longer functions, relying on community resilience to fill the void left by the state.

Ahmed – citizen, 29

Ahmed lived in Marseille and received unemployment benefits and housing support while searching for work. He used online portals and occasionally visited local offices. The system was slow, but it worked most of the time.

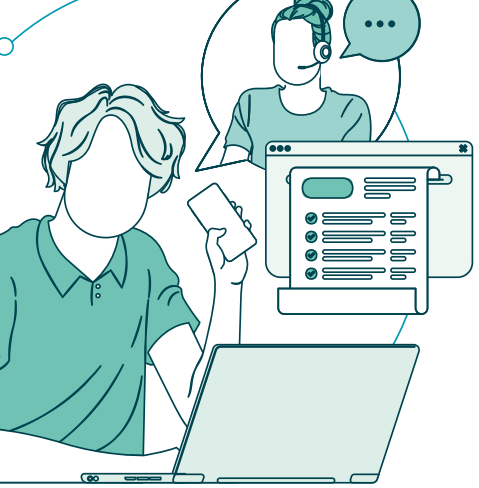
"It wasn't perfect, but I knew where to go when I needed help."

Ahmed lost access to benefits after a system error flagged his residency status. With no appeal process and no one to contact, he turned to a local mutual aid group. He now survives on community donations and informal jobs. The welfare system still exists – on paper – but feels like a ghost.

He's stopped trying to engage with official channels. The portals crash, the rules change, and no one answers. He's learned to rely on messaging groups and neighborhood networks instead.

"The system is there, but it's not for me. It's just a name now."

Ahmed feels disillusioned and resigned. The state has become a distant, unreliable entity. His story reflects a broader shift from institutional reliance to informal survivalism.



Scenario 4: Patchwork nation

Adaptive and inclusive service ecosystem with high service accessibility under an unsustainable and mistrusted benefits system with low viability

By 2035, the system is user-friendly and more accessible, however it shows signs of fragility and uneven distribution across regions. Citizens apply multiple channels for interaction, while proactive and personalized notifications significantly simplify applications. Urban modernization is more successful than in rural areas, exposing a brittle infrastructure.

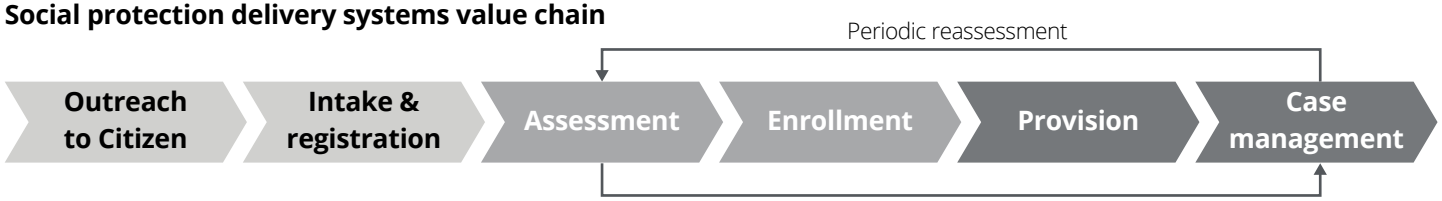
National coordination has eroded under the fiscal pressure and political instability leading to a patchwork of programs. Consequently, communities, civil society organizations and private sector actors step in to address gaps and develop innovative ideas, providing a substitution for a failing state. Overall the pluralistic ecosystem is resilient, however volatile and remains vulnerable to fragmentation and varying standards across the nation.

Resilience profile

Fiscal	Operational	Social	Institutional	Technological
Duplication and uneven capacity reduce efficiency; limited pooling power	Many access channels, but crisis coordination and handoffs are weak	Inclusion is better locally, but equity varies ("postcode lottery")	Innovation pockets, unclear accountability; disputes across tiers	Mixed stacks, interoperability gaps; uneven adoption of shared layers

High = robust under stress Medium = mixed/conditional Low = fragile

Social protection delivery systems value chain



Outreach to Citizen	Intake & registration	Assessment	Enrollment	Provision	Case management
Some use digital tools, others use community mobilizers	Hybrid: Digital kiosks in some areas, paper forms in others	Region-specific: Some use predictive analytics, others rely on manual casework	Fragmented: Some bundle services, others offer minimal support	Multichannel: Mobile money, vouchers, in-kind support depending on region	Managed by local caseworkers or NGOs; grievance systems vary in quality and accessibility

Human impact

Annika – regional innovation officer, 39

Then – 2026

Anika worked in a regional government office in Brussels. She piloted small-scale digital inclusion projects, often struggling to align with national strategies or secure consistent funding. Her work was creative but constrained.

"We had ideas, but no scaffolding. Every step forward felt like a workaround."

Now – 2035

Anika now leads a regional innovation lab that co-designs welfare services with citizens, NGOs, and local tech startups. Her team uses AI tools, multilingual interfaces, and community credit systems to deliver tailored support. In her region, services are accessible, hybrid, and human-centered – a local success story.

But the cracks are visible. Funding is patchy, national coordination is absent, and every new crisis threatens to unravel progress. Anika spends as much time patching gaps as she does innovating.

"We've built something beautiful – but it's held together with duct tape and goodwill."

Anika feels proud but precarious. She sees the potential of localized, participatory systems, but worries about burnout, inequality, and the lack of a stable national system.

Emily – citizen, 34

Emily, 34, a single mother in Newcastle, relied on national child benefits and local housing support. Navigating the system meant juggling multiple offices, inconsistent information, and long waits. She often felt like she was falling through the cracks.

"Every form felt like a test. Every answer felt like a guess."

Emily now receives support from a local NGO that collaborates with a regional tech platform. She accesses childcare credits and food vouchers through a mobile app and occasionally visits a community center for help. The services are more responsive than before but also more unpredictable.

Eligibility rules change frequently, and delays are common. Some weeks, the app works seamlessly. Other times, she's left waiting with no explanation. She appreciates the community support but misses the sense of stability and rights-based entitlement.

"I'm grateful. But I never know if next month will look the same."

Emily feels supported but uncertain. She's part of a system that works until it doesn't. Her story reflects the emotional toll of living in a welfare state that is inclusive by design, but unstable in practice.

05

No-regret resilience strategies across all futures

Five strategic options and resilience anchors for government agencies

1. Design for federated resilience, not centralized perfection

Build shared digital infrastructure that is centrally governed yet locally adaptable to ensure interoperability and resilience. Guarantee minimum service standards nationwide to secure inclusive access. Clarify institutional roles and financing through renewed multi-level governance agreements with shared performance indicators.

2. Institutionalize hybrid human-digital service channels designed for triage

Adopt tiered service models where simple cases are handled digitally and complex cases receive human support. Embed AI governance through ethics boards, transparency rules and bias safeguards. Strengthen inclusion by funding community-based digital navigators and service hubs.

3. Shift to life-event-driven, bundled and modular entitlements

Pilot integrated data solutions around key life events to enable bundled benefits and real-time eligibility. Harmonize core definitions across programs to reduce the administrative burden. Introduce legal frameworks for modular entitlements that allow dynamic assembly without full legislative overhaul.

4. Embed participatory governance and real-time accountability

Establish citizen panels and intergenerational dialogue groups that include people who are not represented in traditional social partner structures. Their role is to provide regular input on service quality, emerging needs, and user experience – complementing existing formats. Mandate real-time transparency through public dashboards tracking delivery and responsiveness.

5. Future-proof legal and institutional frameworks

Establish multi-stakeholder regulatory labs to co-design and test legal innovations (law as code approach). Implement adaptive legal instruments with review cycles and inclusion audits. Harmonize data protection rights, terms and portability standards to enable secure, citizen-controlled data sharing and continuity.

Five strategic options and actions for private sector entities

1. Support the sovereign digital trust backbone
Provide certified trust components (identity, consent, secure data exchange) that integrate into the government's unified portal and standards. Deliver privacy-preserving technologies that strengthen citizen control — without creating parallel eligibility systems.

2. Enhance inclusive access through co-designed service channels
Create multi-channel engagement ecosystems blending digital-first convenience with human support for complex cases. Collaborate with retailers, telcos, and NGOs to embed social services into everyday touchpoints, reducing exclusion and improving citizen experience.

3. Monetize life-event ecosystems beyond public benefits
Create interoperable life-event modules (e.g., financial planning, training, insurance add-ons) that plug into public digital pathways via open APIs. Ensure strict separation from eligibility logic and full transparency, supporting the simplified, unified rules that the government is building.

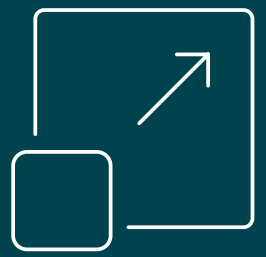
4. Provide independent assurance for algorithmic social protection systems
Lead in AI ethics and compliance-as-a-service for social protection. Offer certification, bias audits, and real-time monitoring for eligibility engines and fraud detection systems, positioning as the trusted guardian of fairness and accountability in digital welfare.

5. Build outcome-based finance and impact marketplaces
Create platforms that convert social outcomes into investable (ESG-aligned) assets, enabling governments, insurers, and impact investors to fund measurable improvements (reemployment, housing stability). Standardize metrics, verification, and risk-sharing to scale performance-based models.

06

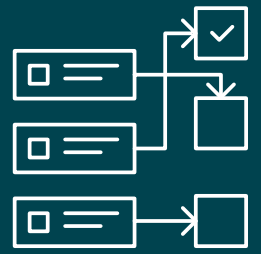
Conclusion and outlook

Three overarching questions could guide governments in their thinking:



How can benefits systems be defined that are both **nationally coherent** and **locally adaptive**, capable of **scaling innovation** without sacrificing inclusion?

What institutional capacities should be built today to help ensure that **digital transformation enhances** rather than erodes human dignity and democratic accountability?



Are legal and policy frameworks **flexible** enough to **evolve with society** or are they locking jurisdictions into outdated assumptions about eligibility?

Waiting for clarity before taking action can lead to missed opportunities. In environments defined by uncertainty, it is precisely this uncertainty that can demand informed and strategic decision-making.

Contacts

Contacts

Sara Siegel
Deloitte Global Health and
Human Services Leader
sarasiegel@deloitte.co.uk

Josh Hjartarson
Global Human Services Leader
Deloitte Canada
jhjartarson@deloitte.ca

Steven Janiec
Partner
Deloitte Germany
sjaniec@deloitte.de

Authors

Felix Dinnessen
Partner
fdinnessen@deloitte.de

Steven Janiec
Partner
sjaniec@deloitte.de

Jeff Kwarteng Jacobsen
Manager
jefjacobsen@deloitte.de

Eleanor O'Brien
Senior Consultant
elobrien@deloitte.de

Rebecca Gaab
Senior Consultant
rgaab@deloitte.de

Endnotes

1. Eurostat 2025: General government expenditure (COFOG) on Social Protection in % of GDP, per capita, growth and absolute from 2000-2023, accessed on the 13 of February 2026
2. HM Treasury 2023: Public Expenditure Statistical Analyses 2023 (UK) https://assets.publishing.service.gov.uk/media/64b69e320ea2cb001315e4f6/E02929310_HMT_PESA_2023_Accessible.pdf, accessed on the 13 of February 2026
3. Eurostat 2025: Old-age dependency ratio 1st variant (population 65 years or over to population 15 to 64 years) https://ec.europa.eu/eurostat/databrowser/view/tps00198/default/table?lang=en, accessed on the 13 of February 2026
4. Office for National Statistics (ONS) 2025: Comparison of old age dependency ratio estimates and projections, UK and constituent countries https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/comparisonofoldagedependencyratioestimatesandprojectionsukandconstituentcountries, accessed on the 13 of February 2026
5. OECD (2025): Government at a Glance 2025, OECD Publishing, Paris https://doi.org/10.1787/0efd0bcd-en, accessed on the 13 of February 2026
6. Europäische Kommission 2024: Ageing Report – Economic & Budgetary Projections for the EU Member States (2022–2070). https://economy-finance.ec.europa.eu/document/download/971dd209-41c2-425d-94f8-e3c3c3459af9_en?filename=ip279_en.pdf, accessed on the 13 of February 2026
7. Deloitte Insights 2025: Government Trends 2025. https://www.deloitte.com/content/dam/assets-zone1/au/en/docs/industries/government-public-services/2025/govt-trends-2025-report.pdf, accessed on the 13 of February 2026
8. UK Government 2024: Civil Service People Plan 2024–2027. https://www.gov.uk/government/publications/civil-service-people-plan-2024-2027/civil-service-people-plan-2024-2027-html, accessed on the 13 of February 2026
9. Edelman Trust Institute, 2025. 2025 Edelman Trust Barometer Global Report Trust and the Crisis of Grievance. https://www.edelman.com/trust/2025/trust-barometer, accessed on the 13 of February 2026
10. Deloitte Insights 2023: The digital citizen. https://www.deloitte.com/content/dam/insights/articles/2024/in176014_cgi_digital-citizen-survey/DI_Digital-citizen-global.pdf, accessed on the 13 of February 2026
11. Deloitte Insights 2025: Government Trends 2025. https://www.deloitte.com/content/dam/assets-zone1/au/en/docs/industries/government-public-services/2025/govt-trends-2025-report.pdf, accessed on the 13 of February 2026
12. Ibid
13. Deloitte Foresight Methodology. https://www.deloitte.com/de/de/services/consulting/collections/center-for-the-long-view.html. Used to develop this report, 2025.
14. Ibid
15. Ibid
16. Ibid
17. Ibid

Deloitte.