

# Leading with a purpose.

Finance professionals steering the public sector through difficult times



## About ACCA.

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over **252,500** members and **526,000** future members in **180** countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

Find out more at **accaglobal.com**

## About this report.

This report highlights the major challenges facing finance leaders in the public sector. It explores the ways in which they can **lead with purpose** to build public trust and support the delivery of effective public services.

The conclusions are based on interviews with senior finance leaders across different types of public sector organisations around the world. A focus on purpose emphasises the **importance of integrity** and builds a culture that motivates leaders and staff to face the future with optimism and vision.

### Leading with a purpose

[Watch](#) ACCA's Virtual Public sector Conference launching this guide:



A panel discussion with finance professionals in leadership roles working in and with the public sector explores how they can lead with purpose.

Panellists explore the report's key findings drawing on their expertise and experience.



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# Introduction.

Public services, by definition, exist to serve the public. But the public’s expectations of what governments should do, and how the public sector delivers services, is rapidly evolving as society changes. Public finances are under increasing pressure – and effective leadership is vital if the public sector is to respond to this new landscape.

In the public sector – where organisations often have multiple objectives and functions – leaders can bring clarity and vision. Finance professionals are integral to the leadership of public sector organisations.

Although public sector organisations can take many different forms, all share the common challenge: employing public money to make best use of available

resources and deliver the most effective services possible. In other words, the three 'Es' – economy, efficiency and effectiveness – which underpin value for money, continue to be central considerations for the delivery of public services.

Without well-managed finances, the fundamentals for effective and efficient public sector organisations are not in place. That’s why good finance leadership matters so much. This report sets out the critical elements of effective leadership for finance professionals in the public sector.

We spoke to senior finance leaders in a variety of public sector organisations to identify both the challenges and opportunities they face in their roles.

## About our approach

This report is based on interviews with senior finance leaders working in the public sector. In September and October 2025, ACCA spoke to eight finance leaders working in different parts of central and local government, as well as delivery bodies.

Our interviewees were based in seven different countries. We are very grateful to the following participants, who gave their time and insights – with thanks to Vincent Lim, Owen Davies, Stavri Ttota, Asif Khan, Ayesha Javed, Gary Kent, Adefisayo Adefarakan and Gülşah Günay.





# 6 Leadership is a process whereby an individual influences a group of individuals to achieve a common goal.

Peter Northouse

From these conversations, we identified five key principles for finance professionals in leadership roles:

- Understand the changed landscape
- Act with integrity
- Use data better
- Champion sustainability
- Collaborate boldly.

The following sections explore each of these principles in more detail. However, before assessing the attributes for successful finance leadership in the public sector, it's important to ask what leadership means.

Defining leadership is not straightforward; indeed, as Ralph Stogdill highlighted half a century ago: *'There are almost as many different definitions of leadership as there are persons who have attempted to define the concept'*.<sup>1</sup>

This report adopts a commonly used definition of leadership from Peter Northouse<sup>2</sup>:

*'A process whereby an individual influences a group of individuals to achieve a common goal.'*

This definition is based on a distillation of many different meanings and emphasises the term as a social influence process. Of course, leaders in organisations generally have formal management responsibilities – but the leaders who are most successful in achieving effective outcomes are those who have the ability to motivate and inspire those they lead.

<sup>1</sup> R Stogdill, *Handbook of Leadership: A Survey of Theory and Research* (Free Press, 1974), p.7.

<sup>2</sup> P. Northouse, *Leadership: Theory and Practice* (Sage, 2016), p.6.

## ACCA believes professional accountants are integral to effective leadership in the public sector. Our three global policy priorities reflect the change we want to see and serve as a clear call to action for governments and policy makers around the world.

**Bridging the accountancy skills gap** in the public sector is vital to ensure organisations are able to access the skills and expertise required to serve the public effectively. Finance professionals as leaders can work to ensure that the sector continues to attract and develop professional accountants – enabling their expertise, skills and insight to drive better decision-making.

Finance leaders in the public sector can also **drive sustainable business** through a focus on championing sustainability in their organisations. The increasingly widespread adoption of strategic budgeting and sustainability reporting across the sector enables

a better understanding of organisations' sustainability priorities and impacts. There is a real opportunity for finance professionals to demonstrate leadership and drive this agenda forward in the public sector.

Finance professionals in leadership positions in the public sector emphasise the value that finance teams bring to organisations. Leaders can **champion the professional accountant** in the public sector by building a strong ethical culture and improving transparency, through their commitment to integrity. By leading with purpose, professional accountants help to build public trust and support the delivery of effective public services.

BRIDGE THE ACCOUNTANCY SKILLS GAP	DRIVE SUSTAINABLE BUSINESS	CHAMPION THE PROFESSIONAL ACCOUNTANT
Build accountancy capacity so that businesses, the public sector and economies have access to skills and expertise to thrive.	Drive policies, regulations and standards that deliver prosperous, ethical, sustainable organisations and economies.	Champion a refreshed understanding of the vital contribution of professional accountants in a changed world.
<b>Call to action for policy makers:</b> <ul style="list-style-type: none"><li>■ Widen access to the accountancy profession through inclusive educational, vocational and workplace policies that allow anyone to develop the accountancy skills needed.</li><li>■ Develop and grow the accountancy profession across all sectors, championing sustainability and technology skills to ensure the profession meets market needs.</li></ul>	<b>Call to action to policy makers:</b> <ul style="list-style-type: none"><li>■ Drive the adoption of policies and regulations related to sustainable practices and ethical decision-making which reinforce corporate responsibility and enable the transition to net zero while fostering diverse and inclusive workforces.</li><li>■ Drive the adoption of international standards, which draw on global best practice, enable harmonisation across jurisdictions, facilitate international trade and maintain accountability and trust.</li></ul>	<b>Call to action to policy makers:</b> <ul style="list-style-type: none"><li>■ Champion and draw on the insights of professional accountants to influence policy linked to audit, tax, public sector reform, and easing the SME regulatory burden, as well as sustainability and technology risks and opportunities.</li><li>■ Champion the role of professional accountants in creating and delivering value in the public interest – from entrepreneurship to organisations of all sizes and sectors – through their ethical, sustainable and innovative contribution to business and society.</li></ul>



# 1. Understanding the changed landscape.

Understanding the context in which an organisation operates is vital for successful leadership. While the circumstances that each public sector organisation operates in are unique – there are common challenges faced by the sector across the globe.

For finance leaders, the financial challenge is likely to be foremost. But the changing demands and expectations of citizens are another significant factor that cannot be ignored. Lastly, the issue of public trust is critical if the public sector is to be effective. Each of these factors are explored briefly in this section.

## Fiscal and demographic challenges

Budget constraints for government are ever present, but there is no doubt these have intensified in recent years. The International Monetary Fund (IMF) has noted global public debt could rise to 100% of global GDP by the end of the 2020s, if current trends are maintained.<sup>3</sup>

Looking ahead, the economic outlook is more difficult than usual to predict, given trade tensions and policy uncertainty. However, pressures on public spending are multiplying – with many countries increasing spending on defence and an ageing population, which is rising globally.

<sup>3</sup> [IMF Blog, Debt is Higher and Rising Faster in 80 percent of Global Economy](#)



In this context, it's evident that for most countries – substantial above-inflation increases in overall spending on public services are unlikely for the foreseeable future. For most governments, only significant tax increases or marked improvements in economic prospects would generate sufficient additional resources for public services. For finance leaders, this fiscal landscape is, of course, a challenge – but the imperative for organisations to maximise the use of their available resources means **finance professionals are in a pivotal position to make an impact and provide leadership.**

Citizens’ expectations

Citizens’ expectations of government have always evolved, but the last decade or so has seen a rapid shift in how the public expect to engage with the public sector. Understanding and responding to changing needs and expectations was recognised by the leaders we spoke to – whether working in organisations delivering services directly to the public, or in the centre of government. In particular, the need for public services that are responsive and reliable, was emphasised:

*‘We’re definitely seeing our customers’ behaviours are changing and their expectations are changing. Everything is on demand... everybody’s life is a lot more reactive than it used to be and it’s a lot more agile and flexible.’*

Finance leader in delivery organisation

It’s clear that the public increasingly expect services to be tailored and personalised, just as they are in many other areas of life. Already public services are often delivered



online – particularly transactional services like applications for documents, such as passport or driving licences – replacing manual processes involving paperwork. But there is still huge potential for digital technologies to be deployed in public service delivery, as well as of course in the ‘back office’ supporting public-facing services.

Public trust

The third challenge for those working in the public sector is the continuing decline in public trust. Where there’s a difference between what the public expect governments to deliver, and the services the public sector actually delivers – trust is eroded.

A recent survey of Organisation for Economic Co-operation and Development (OECD) countries shows **39%** of people expressed moderate or high trust in national

government – but this was exceeded by **44%** reporting no or low trust.<sup>4</sup>

A low trust environment makes it more difficult for governments to deliver their objectives and engage effectively with the public. In contrast, fostering trust enables services to bring the public with them as they respond to challenges, as a senior leader highlighted:

*‘With trust, we can move faster ... it’s always a criticism of governments that you don’t move fast enough. But if somebody trusts you, you can move faster.’*

Public sector leader in local government

Strengthening the public’s trust in governments and the services they deliver requires the public sector to be

transparent – demonstrating accountability for public money. As discussed, it also requires public services that meet the diverse needs of the population. **Finance leaders must be at the forefront of ensuring their organisations have these fundamentals in place,** to enable public trust to be rebuilt.

Summary: Understand the changed landscape

- Finance leaders are in a pivotal position to respond to the twin challenges of tightening public finance and population change.
- Public sector organisations need to adapt to citizens’ expectations of responsive and reliable public services that utilise technology.
- Strengthening public trust is essential if the public sector is to continue to be able to deliver services effectively.

<sup>4</sup> [OECD Survey on Drivers of Trust in Public Institutions – 2024 Results](#)





## 2. Acting with integrity.

As public services evolve, building and retaining the public's trust is essential if they are to succeed in delivering their objectives.

**Finance professionals are at the heart of ensuring the foundations are in place for public trust.**

Underpinning everything that finance professionals do should be **integrity**; the first of the five principles of ethics, included within the Code of Ethics for Professional Accountants ([see box](#)) from the International Ethics Standards Board for Accountants (IESBA) and adopted by ACCA as the [Code of Ethics and Conduct](#) (the Code).

This section explores the importance of finance leaders' personal commitment to integrity – as well as their critical role in developing a strong ethical culture and ensuring high levels of transparency in public sector organisations.

### Personal integrity

We focus on integrity in this report as it forms the basis of good leadership. As the Code sets out, the principle of integrity requires an accountant ***'to be straightforward and honest in all professional and business relationships'***.<sup>5</sup>

The Code further defines integrity as involving ***'fair dealing, truthfulness and having the strength of character to act appropriately, even when facing pressure to do otherwise or when doing so might create potential adverse consequences'***.<sup>6</sup>

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<sup>5</sup> [IESBA, Handbook of International Code of Ethics for Professional Accountants \(IESBA, 2025\) Paragraph R1111](#)

<sup>6</sup> [IESBA, Handbook Paragraph R1111 A1](#)



The IESBA fundamental principles

ACCA has adopted the International Code of Ethics for Professional Accountants (including International Independence Standards), issued by the International Ethics Standards Board for Accountants (IESBA Code).



It was clear from our conversations, that a commitment to integrity should underpin finance professionals’ behaviour, as one finance leader stressed:

*‘Ethics is a time-tested concept...finance does not exist if we don’t have ethics and integrity.’*

Finance leader in central government agency

As the definition above highlights, individuals will always be faced with challenges to maintaining integrity. It’s important to be aware of and recognise these pressures – some of which will be obvious, but many may be more subtle.

This reflects the nature of much of the public sector and requires complex trade-offs in decision-making – with an understandable demand for decisions to be made quickly; factors which increase pressure on finance leaders. In addition, the rapid evolution of technology – especially artificial intelligence (AI) – presents ethical threats that leaders need to understand and respond to (see box).

Our Code is binding on all our members, affiliates and registered students – as well as any partner (or director) in an ACCA firm, and regulated non-members.

The fundamental ethical principles establish the standards of behaviour expected of a professional accountant. They remain fully applicable as technology evolves, including the integration of AI into accounting practices.

Building a strong culture

Leaders also recognised that integrity must extend beyond a personal commitment. As well as upholding

Shining a light on AI’s ethical threats for finance professionals

ACCA’s report, part of the [AI Monitor](#) series, highlights the urgency of understanding the ethical implications of using AI, identifying the key ethical threats and the competencies needed to mitigate them as far as possible. The four messages from the report are:

- AI is already embedded across work and life, making its ethical implications unavoidable.
- AI poses specific risks for finance professionals, reinforcing the importance of applying fundamental principles.
- AI literacy is essential to combine technical understanding with ethical judgement.
- Alignment is needed across individuals, organisations, and policymakers, as no single group can manage these challenges in isolation.

high standards of individual integrity – **finance leaders are in a strong position to advocate for both a culture of integrity and appropriate structures**, to safeguard accountability throughout an organisation.

Setting ‘the tone from the top’ is a familiar expression when discussing board leadership, but it can equally apply to the role of finance leaders throughout the organisation. Their role in embedding integrity within organisational culture was emphasised in our conversations with leaders:

*‘Particularly [for] those of us who are finance leaders, because accounting is based on the concept of integrity itself, it therefore means it must feature in everything that we do.’*

Finance leader in central government

## How individuals can build organisational risk culture

ACCA's [Risk culture: Building resilience and seizing opportunities](#) underlines the importance of individual values, beliefs and attitudes to risk in building an effective culture in an organisation. The report highlights the behaviours associated with a strong risk culture in an organisation:

- Demonstrating a positive attitude towards the management of risk.
- Considering risk in every business decision that is made, before the decision is made.
- A good risk 'nervous system': strong and open communication channels where bad news travels faster than good news and escalation happens as soon as a problem or issue arises.
- Taking responsibility for risks and controls, honesty, and clear ownership of risk.

Building on their personal commitment to integrity, **finance leaders can work with other leaders to develop, communicate and uphold the ethical standards** that apply to staff in the organisation. Many public sector organisations have their own codes of ethics, in addition to legal frameworks and government-wide principles.

The finance leaders we spoke to were confident that their teams had a good understanding of ethics – but recognised that it was important to keep emphasising this culture and not take it for granted:

*‘The culture is there, [we are] very lucky; but, if we take it for granted, then we will not be very lucky very soon. I think the ability to continue the culture – reinforcing it regularly is very crucial.’*

Finance leader in government agency

**Finance leaders must therefore demonstrate ethical leadership by championing the implementation of these codes** – not only within finance teams but across the organisation. This means ensuring robust systems are in place for upholding standards, and demonstrating that action will be taken if ethical concerns are raised by staff. An important element of this is taking a lead in developing and maintaining an appropriate risk culture (see box).

Crucially, it also includes recognising and responding to the valuable insight that both internal and external audit can bring. While ensuring compliance with codes and rules is a vital element of leadership, building an ethical culture requires more. By consistently and rigorously applying ethical values across an organisation's policies and practices – leaders can strengthen their organisation's effectiveness and resilience.

## Improving transparency

Organisations can also demonstrate a commitment to integrity at an external level through greater transparency and openness. Providing transparency for public spending is an important way in which citizens' trust can be strengthened. So, as well as a focus on building a strong internal culture – **finance leaders can drive the agenda to increase transparency in the public sector**.

Financial reporting is a cornerstone of transparency and the annual financial statements and reports produced by public sector organisations have a potentially broad base of users. Strengthening links between the financial reports and wider information on organisations' performance would help to build transparency, as one finance leader highlighted:

*‘Transparency is [something] that's changed, in that people demand to see results faster, [asking] “what are you doing with these funds you are receiving? What results are you achieving?”’*

Central government leader in finance

Both the annual budget and the annual reports and accounts that public sector bodies are generally required to produce offer an opportunity for organisations to communicate with the public. For understandable reasons, budgets and annual reports are usually structured in tightly defined ways – but these are not always focused on what the public is likely to find most useful.

Aligning the presentation of the budget and financial reporting information to the organisation's strategic priorities provides greater clarity for the public and builds trust. It doesn't mean wholesale changes to processes, but it will require new ways of presenting information. Finance leaders need to drive these changes to ensure the public have access to coherent and clear financial and performance information.

## Summary: Act with integrity

- Finance leaders in the public sector face ethical challenges, but their personal commitment to integrity should underpin everything they do.
- Ethical leadership involves embedding integrity and accountability in public sector organisations' culture, policies and practice.
- By championing transparency internally and externally – finance leaders can help strengthen public trust, demonstrating how public money is spent.





### 3. Using data better.

Governments and the wider public sector possess extraordinary amounts of data. This data is vital for delivering services and internal processes, but there's much greater scope for it to be used more effectively in a range of different ways. As one finance leader highlighted, the failure to make the most of data leads to poor decision-making and inefficiencies:

*'Within the public sector...there's a lot of information that, if it was held centrally, could be really powerful to make decisions for the best to help people's lives. But I think probably what's happening is people [using] it in silos.'*

Finance leader in delivery body

Finance leaders' familiarity and experience in working with large volumes of data puts them in a strong position to adapt to the changes needed. In this section, we explore the actions finance leaders can take to make the most of data – setting clear expectations on principles and quality of data, and developing robust and adaptable systems for managing data. Finally, we consider how leaders can implement these changes in their organisations.







### Focusing on data standards and quality

Building a culture where data is used to inform all aspects of decision-making is dependent on timely and accurate data. **Finance leaders must champion the importance of ensuring high quality data.** This is especially important as more organisations consider how AI can be applied to support the delivery of public services. One finance leader highlighted how sound data was integral to their organisation’s new policy for AI:

*‘Our policy [focuses on] key things like your data being clean, because if your data isn’t clean, then it’s going to be garbage coming out.’*

Public sector leader in local government

Drawing on the value of integrity, highlighted above, finance professionals have a personal responsibility to ensure the data they provide – and are accountable for – is as accurate as possible.

Given the large amount of data managed by finance teams, however, the limitations of individual datasets must be understood and reviewed on a regular basis. **Leaders’ focus must be on improving quality, while clearly communicating the trade-offs between the comprehensiveness and reliability of data on the one hand, and its availability to inform decisions at the right time.**

### Building strong systems

To be able to make the most of the data, organisations need to ensure that they can integrate and interrogate it from different sources. Often, we hear from finance professionals in the public sector who have spent

too much time viewing data on different systems or transferring information from one system to another.

Consequently, **leaders must champion building robust systems which either bring together data from multiple systems or enable interoperability.** One finance leader we spoke to summed up the difficulty:

*‘First of all, we need to develop...systems that actually speak to each other and communicate and get the results and get the visibility there.’*

Finance leader in central government

The challenge for finance leaders is making the case for funding data projects when resources are constrained. The inefficiencies that are created from cleaning, matching and integrating data are one of the bottlenecks that hamper productivity in public services (for more on public sector productivity see ACCA’s report: [A productive approach: Finance professionals improving public sector productivity](#)). However, these costs are often not properly understood and quantified. **Leaders must ensure that the costs of failing to address these issues are compared against the cost of improvements.**

### Implementing change

Implementing significant changes to public sector organisations’ use of data is a difficult task, even when the need for reform is widely recognised and funding is made available. Consequently, **finance leaders need to play an integral role in the planning and delivery of reforms as they are designed and built.** A finance leader highlighted that leaders need forward-thinking and boldness:

*‘For digital transformation... leaders need to go out of their way to think in advance [and] need to have very strong courage to try out new things.’*

Finance leader in government agency

As our [A productive approach: Finance professionals improving public sector productivity](#) report highlighted – focusing on incremental changes at first can provide a platform for more transformative change. **Finance leaders should concentrate on those changes that will make the most difference to freeing up time for finance teams.** This will help to generate support and openness for future changes and create a culture of improvement. Smaller scale changes such as these can be seen as less of a priority for leaders – so perseverance is important – to ensure that changes are seen through to completion.

### Summary: Use data better

- Finance leaders can promote better use of data in public sector organisations by establishing high standards for data quality.
- Ensuring systems can integrate data to provide a comprehensive picture should be a priority for finance leaders to enable improved decision-making.
- Delivering successful projects to improve data can be challenging and finance leaders’ focus must be on the changes that will make the most difference.





## 4.Championing sustainability.

All public services have a responsibility for meeting present needs without compromising future generations’ ability to meet their own. The urgency of this challenge requires leadership – so organisations can join up initiatives and drive concerted efforts.

Finance leaders’ ability to see the bigger picture and bring together different parts of an organisation is critically important as the public sector begins to address the challenge of climate change and, more broadly, sustainable development.

Based on our conversations with leaders and ACCA’s previous research in this area, we identify **three priorities for finance leaders**:

1. Work with others to understand what actions have the most significant effect on sustainability.
2. Evolve budgeting and planning processes to support a sustainability strategy.
3. Adopt sustainability reporting for greater transparency.

### Understand what actions have the most impact

**Finance leaders first need to work with other leaders and staff to gain a solid understanding of where their organisation can make the most difference to sustainable development.** The first step is to build awareness among finance staff of these issues and the role they can play.

In our conversations, finance leaders indicated that this awareness was not always widespread, so it’s important that this is specifically addressed. One leader highlighted the approach their organisation takes:

*‘We’ve made mandatory climate change and adaption training, so we’ve got a module that every single employee has to go through, [so] people [understand] “what’s our role?”’.*

**Public sector leader in local government**

Developing staff knowledge and encouraging them to reflect on the part they can play enables organisations to systematically consider their impact on sustainable development. For some organisations, eg government ministries, their remit will be very broad – while for smaller bodies the focus will be narrower.

The key here is for leaders to build a comprehensive understanding of the sustainability impacts of an organisation’s core objectives and the largest areas of spending. This involves accessing the right expertise, drawing on the skills and knowledge from a wide range of staff and, where necessary, external experts. Developing this baseline position enables an organisation to start using the budget process, as well as the risk management process, as strategic tools to drive sustainability.



### Evolve budgeting

A public sector organisation’s budget is a statement of intent that reflects its priorities. However, as previously highlighted, the way budgets are constructed and presented tends to be based on formats that change little from one year to the next.

Public sector organisations are increasingly beginning to adopt other strategic approaches – such as climate or green budgeting and gender budgeting tools – often alongside more established budgeting methodologies. One finance leader highlighted how interest from the public is helping to drive these changes:

*‘Citizens really expect the public financial manager to be playing a strategic role by aligning the strategic objectives [to the budget]. That’s why these concepts of strategic budgeting are getting a lot of appreciation... climate budgeting, gender budgeting and Sustainable Development Goals (SDGs) budgeting.’*

Central government finance leader

For these budgeting approaches to succeed, **finance leaders need to take ownership of implementation.** This means being clear about the objectives for adopting an alternative approach and gaining support from staff and, where relevant, the backing of political leadership. Of course, alongside the budget process, the use of modelling and scenario analysis will enable organisations to assess outcomes and financial implications.

ACCA has published two reports: [Green budgeting: A toolkit for public sector finance professionals](#) and [Gender responsive budgeting: Unlocking the potential](#), which provide a useful starting point for leaders considering the implementation of these different forms of budgeting. It’s important to emphasise these approaches can operate alongside existing budget arrangements and do not require extensive new systems. But organisations do need to consider how they can invest in people, processes and systems progressively to ensure sustainability considerations are properly integrated.

### Strengthen reporting

Sustainability reporting in the public sector is gaining momentum and organisations are increasingly producing public information about their impact on sustainable development, often alongside financial reports. Financial reporting is of course a core skillset of finance leaders, and this expertise and knowledge will be vital for embedding sustainability reporting.

#### Public sector sustainability reporting standards

The International Public Sector Accounting Standards Board (IPSASB) has been [developing new sustainability reporting standards \(SRS\)](#) specifically for the public sector.

The first standard, expected to be approved by IPSASB in December 2025, will be on climate-related disclosures. The initial phase focuses on requirements for public sector organisations to report on the climate-related risks and opportunities to their day-to-day activities, known as ‘own operations’. The second phase, expected to be finalised in 2026, will develop a separate standard for public sector entities with specific responsibilities for climate-related public policy programmes and their outcomes.



To build public trust, the information that the public sector reports on should emphasise compliance with established standards. One finance leader highlighted how the [International Sustainability Standards Boards \(ISSB\) sustainability standards](#) (IFRS S1 and S2) enable finance professionals to take the lead:

*‘ISSB....is a game changer for accountants. This is the first time in the history of sustainability reporting where accountants are on the main stage. We can be in the driving seat to prepare sustainability reports.’*

Finance leader, [central government] agency

Like the strategic budgeting initiatives, highlighted above, **the sustainability reporting agenda needs finance leaders to drive it forward, if it is to be successful.** Implementing sustainability reporting processes will be a new challenge for the public sector – requiring finance

professionals to develop new skills, building on their existing expertise.

It will also require existing systems and processes to be improved, to capture new types of relevant information. However, given many organisations are at the start of their sustainability reporting journeys – there’s a real opportunity with forthcoming public sector specific standards (see box) for finance leaders to shape this.

#### Summary: Champion sustainability

- Finance leaders should build awareness of sustainability issues among staff and support the wider organisation to pursue sustainable development.
- Implementing strategic budgeting approaches – such as gender and climate budgeting – and sustainability reporting helps to improve accountability, transparency and build trust.
- Develop new skills among staff and enhance processes and systems to implement sustainability reporting.





## 5. Collaborating boldly.

Finance leaders can make the most impact when they collaborate effectively. Bringing services together and coordinating action in policy areas can also generate financial savings. Individual public sector organisations do not operate in a vacuum and collaboration between different parts of the public sector – at national, regional and local levels – is vital for the delivery of successful public services.

We identified three different types of collaboration:

- 1.** Internal collaboration with departments and colleagues across an organisation
- 2.** Collaboration with other public sector bodies
- 3.** Collaboration with the private and voluntary sectors.

Each approach is explored in this section:



Collaborate internally

The fiscal and budget challenges for governments, highlighted before, are undoubtedly increasing the prominence of finance leaders and teams internally within organisations. We have seen how changes to the way public services are delivered cannot be achieved by one part of the organisation acting alone.

The importance of strong communication skills was stressed by many of the leaders we spoke to. In particular, **leaders need to prioritise communicating financial information clearly to non-finance staff**, as one leader emphasised:

*‘You have to simplify...and that’s where the art of communication becomes very important, and you have to be experienced in doing that.’*

Finance leader working with central government

The ability to communicate clearly enables a shared understanding of organisational challenges to be built. As ACCA’s [A productive approach](#) report highlighted, this in turn facilitates more active engagement between finance teams and the rest of the organisation. As a result, problems can be tackled as they arise – reducing the need for costlier interventions further along the line.

**Leaders can also encourage an open environment where different options and scenarios are discussed and tested collaboratively.** By building a culture of transparency, projects and services which are not meeting their objectives can be discussed honestly.

Collaborate across the public sector

There is huge potential for public sector organisations to work better with each other to reduce costs and provide

more effective services. Already many public sector organisations work in partnership with other public sector bodies – but there was recognition among the leaders we spoke to that there’s scope to collaborate even further.

**For collaboration to succeed, however, leaders need to adopt a targeted approach at the outset.** This means identifying the purpose and objectives of joint working and agreeing how decisions will be taken. As one finance leader highlighted, ensuring decision-making is streamlined is important:

*‘If you don’t collaborate, you’re going to fail in our sector, but you have to be clear about what collaboration means. It doesn’t necessarily mean that everyone decides...I talk a lot about effective collaboration...it doesn’t mean you get thirty people in the room every time you have to make a decision.’*

Public sector leader in local government

Finance leaders we spoke to suggested focusing on a specific area for collaboration with one or more other public sector bodies. This involves understanding each other’s priorities and areas of mutual interest, as well as the specific strengths respective organisations bring.

Financial savings are not of course the only driver for collaboration, but if **finance leaders can demonstrate how working together will reduce costs while maintaining or improving services** – this will sharpen the case for change.

By building on the success of smaller collaborative projects, organisations can develop mutual trust and understanding – building a platform for deeper and broader collaboration.

Collaborate externally

Finally, finance leaders also need to consider ways in which their organisations can collaborate more broadly. This includes working with the private sector and other organisations, such as charities and non-profit organisations in the third sector.

Again, **finance leaders need to be clear about the contribution a partner can bring** – ensuring they can provide expertise or resources that would not otherwise be readily available. As one finance leader highlighted, establishing specific partnership agreements or vehicles helps to focus activity and identify how information will be shared:

*‘We’re looking...to [set up] strategic alliances or strategic partnerships. And that’s about common objectives and ways of working, and shared data and planning with the private sector, and also with other public sector bodies, [so] we can plan around our joint objectives.’*

Finance leader in delivery body

These partnerships can be an important way of bringing in financing from other sources, enabling projects to proceed that would otherwise be challenging to fund solely from public sources.

Finance leaders also highlighted strengths in delivery that partners could bring, as well as the ability to share risk and rewards, particularly for infrastructure and housing development. But, **finance leaders must ensure that these arrangements have robust governance to protect public money and assets and build public trust.** Learning from other public sector bodies and being open to share what has worked well, alongside the challenges experienced, will enable finance leaders to build collaborations that work.



Summary: Collaborate boldly

- Working with colleagues across the organisation, finance leaders can strengthen collaboration by creating an open culture and communicating clearly.
- Leaders are also in a strong position to identify areas where public sector bodies can work together to improve services and reduce costs.
- Collaboration with private and voluntary sector partners can deliver coordinated results – but finance leaders must ensure strong governance.



# Conclusion.

Finance leadership in the public sector involves navigating a complex and high stakes environment. Many public sector organisations serve a wide and diverse population, deliver a range of services, and are shaped by political leadership and oversight.

The triple challenges of fiscal and demographic pressures, changing citizens' expectations, and declining trust present a markedly different landscape compared to a decade ago. Reflecting on and recognising a **sense of purpose** for finance leadership provides motivation for leaders – shaping their organisation's response to the trends facing the public sector.

Ultimately, the purpose of working in the public sector should be to make a positive difference to people's lives. Indeed, this is a key motivating factor for many employees in choosing a career in the public sector. **Finance leaders are in a position to put this purpose into action and inspire others to seek this objective as well.**

The leaders we spoke to emphasised **the importance of integrity** – a core ethical principle of all professional accountants – as a foundational commitment for leaders. A personal commitment to integrity must

be accompanied by showing leadership across the organisation as a whole in embedding ethical conduct and responding to any threats to this which emerge.

The principle of integrity also underpins leaders' ambitions to improve transparency and make better use of the data that public sector organisations hold. **Finance leaders must seek to improve the way in which financial information is presented to the public** to help build greater trust in the sector. Alongside this, they need to drive efforts to enhance the way data is handled and used – drawing on their experience of working with data on a daily basis.

High quality reliable data enables powerful insights to be drawn – leading to faster and better-informed decision-making. Many governments used data in this way during the COVID-19 pandemic to design and adjust policies in response to the effects of the pandemic.

Ensuring the public sector responds to increasing public engagement with the sustainability agenda is an important way in which finance leaders can make a difference. Sustainable development is at the core of the public sector's purpose – so increasing staff awareness about these issues is a crucial first step.

**‘Ultimately, the purpose of working in the public sector should be to make a positive difference to people's lives.’**



Building on this, **finance leaders can begin to implement budgeting and reporting processes that enable organisations to better understand their impact on sustainability.** Finance leaders we spoke to recognised that there is more concrete action needed in this area across the public sector. The IPSASB's new Sustainability Reporting Standards provide, for the first time, public sector-specific standards that can drive the impetus for change.

Finally, collaborative leadership is more effective than leaders 'going it alone', especially in the public sector – where resources and responsibilities for addressing issues are often spread across several organisations. **Focusing on the purpose of leadership should lead to collaboration being the default approach for finance leaders.**

This means leaders' communication skills are critical not only for explaining complex financial information to others but in building relationships. Of course, collaboration internally is vital, but leaders must also

identify opportunities to collaborate more widely with other public sector organisations and partners in the private and voluntary sectors. **Finance leaders can bring rigour to these collaborative initiatives and identify how they can be most effective.**

The contributors we spoke to for this research recognised their dual responsibilities as leaders of the finance function and 'heads of profession' for finance staff – as well as their wider role in shaping the direction of the organisation.

This report has shown five of the principal actions finance leaders can take to ensure their leadership is effective in the public sector of the future. By **leading with purpose**, finance leaders can deliver the priorities of political leaders and the wider public. But, to achieve these goals, they must communicate and inspire staff to deliver. When attracting and retaining staff is a challenge for many public sector organisations – motivating staff and reminding them of the underlying purpose of the public sector is more important than ever.



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