



Department  
for Education

# Meeting skills needs

**Guidance on annual accountability  
agreements 2025 to 2026 and the  
Local Needs Duty**

**January 2025**

# Contents

|  |    |
|--|----|
| Summary  | 3  |
| Who this publication is for                              | 3  |
| Changes since the guidance was previously published      | 4  |
| Background and policy overview                           | 5  |
| Statutory guidance for the Local Needs Duty              | 5  |
| Annual Accountability Agreement                          | 6  |
| National Skills Priorities                               | 7  |
| How the annual Accountability Agreement will be used     | 8  |
| Deadline for submission                                  | 9  |
| Guide to drafting your annual Accountability Statement   | 9  |
| How to submit an annual Accountability Statement         | 13 |
| Publication  | 13 |
| Useful resource  | 13 |
| Links to Local Skills Improvement Plans                  | 14 |
| Other relevant departmental advice or statutory guidance | 14 |
| Other departmental resources                             | 14 |

## Summary

This guidance is to support in the creation and submission of your annual accountability Statement for 2025 to 2026. The guidance aligns to and simplifies the requirements for the annual accountability agreement and the statutory duty to review how well the education and training providers in scope (see table below) provide meets local needs, and to consider what actions may be taken to better meet those needs. The Local Needs Duty is the statutory duty set out in Section 52B of the Further and Higher Education Act 1992, as amended by the Skills and Post-16 Education Act 2022, which came into force 28 June 2022.

Your annual accountability statement should focus on what provision you will deliver in the year ahead to support local, regional, and national needs and (for those institutions within scope) the actions and outcomes from the Local Needs Duty.

For those providers in scope of the Local Needs Duty, the review should be undertaken every three years, sooner if there are substantial changes in circumstances. We expect the annual accountability statement to include a short summative statement outlining the type of provision being offered and the quantity, the key conclusions, and outcomes from your review of how well the education or training provided meets local needs including any specific actions arising.

Colleges and designated institutions in scope of the Local Needs Duty are encouraged to demonstrate how they have collaborated with other local providers in the area when reviewing provision and identify any collective actions planned to better meet local needs. This will ensure they are using the skills funds available in an area effectively.

## Who this publication is for

Providers in scope are:

| Institution Type  | Annual Accountability Agreements | Statutory Local Needs Duty |
|---|----------------------------------|----------------------------|
| All further education colleges  | Yes                              | Yes                        |
| All sixth-form colleges   | Yes                              | Yes                        |
| Designated institutions   | Yes                              | Yes                        |
| Local authorities delivering post-16 provision in excess of £1m from ESFA | Yes                              | No                         |

This guidance may also be of interest to other provider types and stakeholders such as mayoral combined authorities (MCAs) and designated employer representative bodies (ERBs) leading on local skills improvement plans (LSIPs), alongside all those that have an interest in education and training in an area.

Providers must submit their next annual accountability statement by 30 June 2025. For colleges and designated institutions in scope for the Local Needs Duty (every three years, sooner if there are substantial changes in circumstances) this should include details of the full review if undertaken or a short summative statement if still within the three-year period.

## **Changes since the guidance was previously published**

We have updated the national skills priorities taking account of the Skills England report, Industrial Strategy and Plan for Change.

We have made it clearer that the accountability statement will be used by the Department for Education as part of the discussions at Annual Strategic Conversation where applicable.

We have made it clearer that for colleges and designated institutions in scope of the Local Needs Duty you must undertake the review every three years, sooner if there are substantial changes in circumstances. The annual statement must include a short summative statement of the review. If a full review has taken place this return should report on how well the education and training, they provide meets local needs and what actions they and other providers can take to meet those needs better, in particular to better ensure learners have the skills needed to secure suitable employment.

We have removed the suggestion for large or geographically spread college groups to submit plans for each college in their structure.

We have included information on how to use the further education (FE) provider dashboard to support the accountability agreements where applicable, alongside other data sources. The FE provider dashboard brings together published performance data on learner outcomes for colleges and larger local authority FE providers to support planning, reviews, and strategic conversations. It is being piloted this year with providers in scope of this guidance.

## Background and policy overview

Both the Local Needs Duty and annual accountability agreements form part of the wider set of programmes to support young people and adults to develop the skills they need to get a good job and ensuring a clearer focus on the delivery outcomes.

The Local Needs Duty is a statutory requirement for all governing bodies in scope. Governing bodies are required to periodically review (undertaken every three years, sooner if there are substantial changes in circumstances) how well the education and training they provide meets local needs and consider what actions they might take to meet those needs better (whether alone or in conjunction with one or more other educational institution). This is a strategic review that looks further ahead than just the next academic year, with an expectation that individual institutions will consider their role in the wider context of other local providers.

Accountability Agreements were introduced for the first time in the 2023 to 2024 academic year and consist of a 2-part document setting the overall expectations of providers (including local authorities delivering more than £1 million of post-16 provision) in return for funding. The agreement focusses on what colleges, designated institutions and local authorities deliver in the year ahead and how they intend to support local, regional, and national needs. These annual statements should in all cases be informed by providers' longer term strategic plans and ambitions and (for those institutions within scope) the actions from the Local Needs Duty.

## Statutory guidance for the Local Needs Duty

This section of the guidance is statutory and governing bodies of institutions with the further education sector must comply with their duty under section 52B of the Further and Higher Education Act 1992 to review provision in relation to local needs, as introduced in the Skills and Post-16 Education Act 2022. Governing bodies of institutions within the further education sector (as defined under section 91(3) of the Further and Higher Education Act 1992) must have regard to this guidance when discharging the duty to review how well the education or training provided by the institution meets local needs.

The legislation requires governing bodies to consider, in light of the review, what actions might be taken (including action in conjunction with other governing bodies) to better meet local needs. These actions could include, for example, decisions to expand the curriculum offer to respond to emerging needs relating to securing local employment, or to collaborate with other providers to strengthen the quality and resilience of local provision. It is for governing bodies to determine the feasibility of these actions.

We expect the review to be undertaken every three years, sooner if there are substantial changes in circumstances. Where a review has been undertaken, full details of the review must be included in the statement. However, if circumstances have not changed

substantially, we expect the annual statement to include a short summative statement of the existing review.

Governing bodies should engage at an early stage with the DfE place-based team and the Further Education Commissioner if any of the agreed actions following on from the review could lead to significant structural changes such as mergers.

The review conclusions and associated accountability agreements alongside LSIPs will be part of the ongoing DfE place-based team and Further Education Commissioner discussions with governing bodies and will be discussed as part of the annual strategic conversations.

We have set out some guidance on what you can include in your Local Needs Duty in the section 'Guide to drafting your annual Accountability Statement'.

## **Annual Accountability Agreement**

The agreement sets out both the overall expectations, and what colleges, designated institutions and local authorities in scope will deliver, in return for the department's funding.

Part 1 of the agreement the 'accountability framework' replaces the previous, annual, grant funding agreement. We are using it to set out national skills priorities as well as the essential terms and conditions that providers need to meet in return for funds. Part 1 is shorter than the previous funding agreement but retains the required levers to ensure the effective management and assurance of public funds, the protection of learners as well as requiring sound governance.

Part 2, the 'annual accountability statement' is a provider<sup>1</sup> document that is owned by you and should set out a small number of outcome targets for areas of your curriculum that you are planning to grow for the coming year. These targets reflect how you are contributing to priorities outlined in local skills improvement plans (LSIPs), being led by employer representative bodies (ERBs) working with employers, providers and local stakeholders including MCAs, local authorities, and other agencies and to national skills priorities listed below. We also expect you to reflect on the previous year's performance against outcome targets. Providers with a tailored learning allocation should make reference to their tailored learning provision, particularly where this meets local skills needs.

The introduction of annual accountability agreements signals a shift in the relationship between us and those providers in receipt of grant funding. It provides a simpler set of expectations and requirements. Completion and receipt of your annual accountability

---

<sup>1</sup> By provider we mean college/sixth form college/local authority learning organisation and designated institutions

statement is a requirement of funding and (for providers in scope) should be used as the vehicle for reflecting and publishing the outcome of the Local Needs Duty.

We do not expect you to include all your planned changes or all your provision in your annual accountability statement unless you think this is relevant (for example the statement is not intended to duplicate delivery plans that are commonly required by devolved authorities). All further education provision at any level is in scope including apprenticeships and non-qualification bearing provision. The annual accountability statement should be a relatively concise public statement setting out the key aims, targets, and outcomes for the year ahead with a particular focus on the changes you will make. Therefore, it is for you to highlight to us what elements from your offer that you believe constitute your main aims to meet skills needs in the coming year. We have set out some guidance on what you can include in the section 'Guide to drafting your annual Accountability Statement.'

## National Skills Priorities

As you prepare your accountability statement for the 2025 to 2026 academic year, we would like you to set out how you are contributing to national skills priorities. These national skills priorities take into account the Skills England report, Industrial Strategy Priorities and Plan for Change and are areas with high volumes of vacancies which are expected to increase; long-term structural barriers to recruitment, retention and progression issues; and are important in providing opportunities for employment in key growth areas such as green jobs<sup>2</sup> and net zero, creative industries and science and technology (including AI and quantum computing).

These sectors are:

- advanced manufacturing
- creative industries
- defence
- digital and technologies
- financial services
- life sciences
- professional and business services
- clean energy industries
- construction
- health

We would like you to prioritise delivery of these national priorities, where practical, through a small number of high-quality priority programmes that have been co-designed

---

<sup>2</sup> The Office for National Statistics defines a green job as 'Employment in an activity that contributes to protecting or restoring the environment, including those that mitigate or adapt to climate change'

with employers and have a strong track record of delivering good outcomes for learners. These programmes are T Levels, apprenticeships, Free courses for jobs, Skills Bootcamps, and Higher Technical Qualifications (HTQs).

While you retain autonomy to deliver provision that meets the needs of your organisation, when setting out your objectives and targets we would like you to give a clear indication of the scale of provision in subjects and programmes linked to national skills priorities in 2025 to 2026 academic year and the extent of growth compared with the current year (2024 to 2025).

We recognise that some providers, such as sixth-form colleges, are more focused on academic provision, and therefore do not deliver some of these more vocational focused programmes, but we would still like to see how these providers plan to support both local and national skills priorities (that is, providing an offer that enables learners to progress in priority areas).

These priorities are focused on sectors and priority programmes, but we still want providers to offer more essential skills up to and including Level 2 in English and Mathematics and up to and including Level 1 for Digital. These are statutory entitlements to full funding for adults who need them, so they apply even in mayoral combined authorities. Participation has dropped in recent years, and we want to reverse this decline to support improved outcomes and take-up of priority programmes.

We appreciate that not all learners will be able to access these priority programmes immediately, and that some providers, such as local authority learning organisations offer a lot of support to upskill and prepare learners. This work to develop progression routes is important for longer-term uptake and success of national priorities.

We will review this list annually, but these priorities reflect a long-term focus and making frequent changes will limit impact.

## **How the annual Accountability Agreement will be used**

The accountability framework (part 1) will be used by the Department and the Education and Skills Funding Agency to assure the use of public funds and protection of the learner.

The Department will discuss your accountability statement (part 2) at your annual strategic conversation (where applicable) to ensure it meets the requirements in this guidance and review progress against outcomes referenced in the previous year, the impact of the current statement and your plans for future curriculum.

We expect that you will want to use your annual accountability statement (part 2) in a range of discussions with local partners (such as employer representative bodies, mayoral combined authorities, and local authorities) and national bodies (such as Ofsted). It will also form a useful reference point in strategic conversations between you



and us. Your annual accountability statement will need to be reviewed, updated, and returned annually.

## **Deadline for submission**

You must return your annual accountability statement by 30 June 2025, so it is received and available to link to Part 1 (the accountability framework) which will be issued for signing in June/July 2025 for the 2025 to 2026 academic and funding year.

Submission of your annual accountability statement is a contractual requirement. For those providers in scope of the Local Needs Duty, the review of provision and publication of the review is a statutory requirement.

Where statements are not submitted on time, and an extension has not previously been agreed, you should expect to be contacted by us to discuss the reasons for the delay. Non-compliance could lead to further conversations with the Further Education Commissioner's team and/or your DfE place-based team.

## **Guide to drafting your annual Accountability Statement**

The annual accountability statement is owned by you and can include all types of further education provision at any learning level. It should clearly focus on national, regional, and local priorities.

Your annual accountability statement must be signed off by your governing body or equivalent prior to submission.

We recognise that you will want to tailor your annual accountability statement to fit the shape and coverage of your institution. The table below sets out what we expect your annual accountability statement to cover as a minimum. The table below sets out broad headings and content that we expect you to cover.

Where appropriate, colleges should draw on actions and priorities drawn from their quality improvement processes and documents and reflect on the previous year's performance, including data on learner outcomes from the FE provider dashboard if possible and other sources.

| Section                  | Guidance on what it should contain  |
|--------------------------|---|
| <b>Purpose</b>           | <p>You should set out a very brief statement of your key purpose with references as appropriate to your strategic objectives as set out in your existing strategic plan. The statement of purpose should be a concise articulation of why your provision is important and the contribution it makes.</p> <p>The statement should reflect any material developments since your strategic plan was last updated. It may be helpful to outline the relationship between your strategic plan and the annual accountability statement.</p> <p>In order to fulfil the Local Needs Duty, colleges and designated institutions in scope will need to ensure this section reflects and articulates the longer-term strategic outcomes and actions arising from the Local Needs Duty.</p> |
| <b>Context and place</b> | <p>This part of the statement should set out:</p> <ul style="list-style-type: none"> <li>• the characteristics of your organisation</li> <li>• main geographical area with reference to relevant local authority and LSIP boundaries, travel to learn patterns of learners and travel to work patterns and campus/delivery locations</li> <li>• specific economic and social characteristics of the area served that inform skills needs</li> </ul>   |

| Section  | Guidance on what it should contain   |
|--|--|
| <p><b>Approach to developing the annual Accountability Statement</b></p> | <p>Set out the overall approach you have taken to identifying your key priorities and target outcomes. Within this section you should demonstrate how you have engagement with the ERB and the LSIP and how you have engaged with employers, local providers, and other stakeholders.</p> <p>As part of this you should also identify:</p> <ul style="list-style-type: none"> <li>• the range of key external stakeholders you have consulted with in developing your plan</li> <li>• the range of other providers in the local area and how you are working with them to meet skills needs and achieve your priorities</li> <li>• where applicable, the data you have used to inform your key priorities and target outcomes</li> </ul> <p>Colleges and designated institutions in scope of the Local Needs Duty are encouraged to demonstrate how they have collaborated with other local providers in the area when reviewing provision and identify any collective actions planned to better meet local needs. This might include scope for greater curriculum collaboration that:</p> <ul style="list-style-type: none"> <li>• helps to align provision to local needs</li> <li>• addresses barriers to participation</li> <li>• reduces unhelpful duplication</li> <li>• promotes clearer progression pathways</li> </ul> <p>Collaboration should include engagement with relevant education providers outside of the statutory FE sector, such as Independent Training Providers, schools, and/or universities.</p> |

| Section  | Guidance on what it should contain  |
|--|---|
| <p><b>Contribution to national, regional, local priorities</b></p> | <p>Set out focused number of aims and target outcomes for the year ahead that reflect:</p> <ul style="list-style-type: none"> <li>• national Skills Priorities (page 7) and regional/local priorities, such as those you are taking forward as part of an LSIP</li> <li>• your strategic plan and relevant actions arising from the Local Needs Duty (for colleges and designated colleges in scope)</li> <li>• and/or address priority areas for performance improvement, reflecting data/evidence of need</li> </ul> <p>This section forms the core content of the plan and should typically be limited to between 5 and 10 short-term objectives.</p> <p>As part of these aims and targets, we would like you to include SMART objectives with clear timelines and targets that set out the planned scale of priority provision in 2025 to 2026 and demonstrate your ambition for growth by comparing planned volumes with baseline numbers for the current year (2024 to 2025).</p> |
| <p><b>Local Needs Duty</b></p>                                     | <p>For colleges and designated institutions in scope, the statement should include a short summative statement outlining the type of provision being offered and the quantity, the key conclusions, and outcomes from your review of how well the education or training provided meets local needs including any specific actions arising.</p>  |
| <p><b>Corporation / Governing Body statement</b></p>               | <p>Confirmation of governance sign-off.</p> <p>For colleges and designated institutions in scope the statement should explicitly confirm this document as having fulfilled the statutory Local Needs Duty.</p>  |
| <p><b>Hyperlink</b></p>  | <p>A live hyperlink to your website where the annual accountability statement is located.</p>   |
| <p><b>Supporting documentation</b></p>                             | <p>Provide a limited number of links as appropriate to any other key documents that are referred to or directly relevant, such as LSIPs, annual financial statements and Ofsted inspection reports.</p>   |

Whilst there is no set word limit, we encourage you to keep your annual accountability statement concise and set a limited number of key priorities and objectives that focus on the year ahead.

Should you require any help and support in drafting your plan, please speak to your DfE place-based team contact or email the FEC at [FE.commissioner@education.gov.uk](mailto:FE.commissioner@education.gov.uk) to discuss requirements.

## How to submit an annual Accountability Statement

Please return your file via the Document Exchange service. To upload your file, navigate to the 'send a new document' folder, then select document type 'accountability agreement part 2 final' and follow the instructions. Selecting this document type will help us to identify your return.

To access Document Exchange, you will need to log into DfE Sign-in. If you do not have access to DfE Sign-in or the Document Exchange service, speak to one of the DfE Sign-in Approvers within your organisation. If you are unsure who this is, speak to the head of your organisation.

If you experience any issues accessing DfE Sign-in, contact the DfE Sign-in help desk. If you have any questions about the upload or are unable to find the file in Document Exchange, contact us using our [Customer Help Portal](#).

## Publication

You are required to publish your submitted annual accountability statement including the outcomes of the Local Needs Duty (for those in scope) on your website. This should be published within 3 months of the start of the 2025 to 2026 academic year (so by 1 December 2025). Please ensure the hyperlink to the annual accountability statement's location is included on the front page of your document.

We will publish the template for the accountability framework (part 1) on GOV.UK. We will also publish the hyperlinks to all submitted annual accountability statements.

## Useful resource

[Skills England - GOV.UK](#)

[FE Provider Dashboard](#)

## Links to Local Skills Improvement Plans

LSIPs, led by the designated employer representative body (ERB) will set out the key priorities needed to make post-16 technical education and skills provision more responsive to the changing needs of employers and the local economy. The LSIP process enables employers and providers to work together to understand employers' skills needs and how these could be addressed through existing provision and changes to provision locally. The Skills and Post-16 Education Act (Skills Act) places a duty on relevant providers to co-operate with the ERB in the development and review of an LSIP.

The Skills Act also requires relevant providers to have regard to these plans when making decisions on post-16 technical education or training. To do this, providers should have regard to and contribute to meeting local skills priorities alongside other aspects of their provision. Providers will need to set out in their published accountability statement those elements of their activity which contribute to meeting the agreed priorities outlined in the LSIP. In taking account of the LSIP, providers will need to have regard to their other responsibilities. College corporations and designated institutions are charities. Their trustees (governors) have a duty to act in line with their charitable purposes. Compliance with other duties should be undertaken in conjunction with these fiduciary duties.

The department has published statutory guidance for the local skills improvement plans, which all relevant providers have a duty to have regard to.

## Other relevant departmental advice or statutory guidance

[College oversight: support and intervention](#): guidance sets out how the government will support and intervene to improve financial resilience and quality in colleges.

[Further Education Corporations and Sixth Form Corporations: Governance Guide](#): Legal and regulatory requirements and recommended practice that apply to further education (FE) and sixth-form college corporations.

[Local Skills Improvement Plans and designated employer representative bodies](#)

## Other departmental resources

DfE place-based teams are responsible for the oversight of the further education provider base to promote high-quality sustainable provision in each region. To get in touch, contact your local DfE place-based team lead.

To contact the office of the Further Education Commissioner, send an email to: [FE.Commissioner@education.gov.uk](mailto:FE.Commissioner@education.gov.uk)



Department  
for Education

© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0, except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3).

Where we have identified any third-party copyright information, you will need to obtain permission from the copyright holders concerned.

About this publication:

enquiries <https://www.gov.uk/contact-dfe>

download [www.gov.uk/government/publications](https://www.gov.uk/government/publications)

Follow us on X: [@educationgovuk](https://twitter.com/educationgovuk)

Connect with us on Facebook: [facebook.com/educationgovuk](https://facebook.com/educationgovuk)