



Department  
for Education

# **Meeting skills needs:**

**Guidance on annual Accountability  
Agreements 2024/25 and the Local Needs  
Duty**

**December 2023**

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## Summary

1. This guidance is to support providers in the creation and submission of their annual Accountability Statement for 2024 to 2025 and incorporates and replaces the 'Review of education or training in relation to local needs' guidance published in July 2022.
2. The guidance aligns and simplifies the requirements for annual Accountability Agreements and the statutory duty to review how well the education and training they 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 Further and Higher Education Act 1992, as amended by the Skills and Post 16 Education Act 2022 which came into force 28 June 2022.
3. We have removed the need for colleges to publish two separate documents and enable them to fulfil both requirements for annual Accountability Agreements and the Local Needs Duty in a single annual return.
4. Providers in scope are:

<b>Institution Type:</b>	<b>annual Accountability Agreements</b>	<b>statutory Local Needs Duty</b>
all further education colleges	√	√
all sixth-form colleges	√	√
designated institutions	√	√
local authorities delivering post-16 provision in excess of £1m from ESFA	√	x

5. This guidance may also be of interest to other provider types and stakeholders such as Mayoral Combined Authorities and designated Employer Representative Bodies leading on Local Skills Improvement Plans (LSIPs), alongside all those that have an interest in education and training in an area.
6. Providers must submit their next annual Accountability Statement by 30 June 2024. For colleges and designated institutions in scope for the Local Needs Duty, this return should also 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.

## Expiry date

7. This guidance will be reviewed annually.

## What's changed since the last guidance was published?

8. This guidance has been updated to incorporate and replace the 'Review how well the education or training provided meets local needs' guidance (published in July 2022) and Accountability Agreements guidance (updated in April 2023).
9. As part of the department's simplification agenda, we have decided to remove the requirement for colleges and designated institutions to report separately every three years on the outcomes of the Local Needs Duty. Colleges will now be able to demonstrate they are fulfilling their statutory duty by completing their annual Accountability Statement.
10. There is no intention or expectation to extend the Local Needs Duty to local authority providers and as such specific references to the Local Needs Duty are intended only for those institutions within scope (as defined in the Further and Higher Education Act 1992)<sup>1</sup> (see table in paragraph 4 above). However, institutions should engage with providers not subject to the duty, including with their local authorities with regards to their contribution to meeting local needs.

## Background and policy overview

11. Both the Local Needs Duty and annual Accountability Agreements form part of the wider set of reforms set out in the Skills for Jobs White Paper to transform the skills system, so it better supports young people and adults to develop the skills they need to get a good job and ensuring a clearer focus on the delivery of outcomes.
12. The Local Needs Duty is a statutory requirement for all governing bodies in scope. Governing bodies are required to periodically review 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 institutions). 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.
13. 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 and outcomes from the Local Needs Duty.
14. Several early adopted colleges have supported us in designing the approach described in this guidance that fulfils the requirements for the Local Needs Duty and the Accountability Statement in a single document. This approach helps

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<sup>1</sup> Section S91(3)

colleges to demonstrate the alignment between strategic and shorter-term aims, priorities, and targets. It is recommended that all colleges and designated institutions follow this approach from the 2024 to 2025 academic year in accordance with this guidance.

## **Statutory guidance for the Local Needs Duty**

15. This section of the guidance is statutory and governing bodies of institutions within 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.
16. The legislation requires governing bodies to consider, in light of the review, what actions might be taken (including actions 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.
17. 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.
18. 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, including as part of annual strategic conversations.
19. We have set out some guidance on what you can include in your Local Needs Duty at paragraph 39.

## **Annual Accountability Agreements**

20. 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.
21. 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.

22. Part 2, the 'annual Accountability Statement' is a provider<sup>2</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 change 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. Local authority learning organisations within scope should make reference to their tailored learning provision, particularly where this meets local skills needs.
23. 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 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.
24. 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 plan 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 of your key aims, targets, and outcomes for the year ahead. 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 paragraph 39.

## National Skills Priorities

25. As you prepare your Accountability Agreement for the 2024 to 2025 academic year, we would like you to consider how you are contributing to National Skills Priorities. These National Skills Priorities have been agreed across Government 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 green jobs<sup>3</sup>, creative industries and science and technology (including AI and quantum computing).

These sectors are:

- Construction
- Manufacturing
- Digital and Technology
- Health and Social Care
- Haulage and Logistics

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<sup>2</sup> By provider we mean college/local authority learning organisation/institutes for adult learning (SDI)

<sup>3</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."

"Green jobs" update, current and upcoming work - Office for National Statistics (ons.gov.uk)

- Engineering
  - Science and Mathematics
26. We would like you to prioritise delivery, where practical, through a small number of high-quality programmes that have been co-designed 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).
  27. While you retain autonomy to deliver provision that meets the needs of your context, when setting out your objectives and targets we would like you give a clear indication of the scale of provision in subjects and programmes linked to National Skills Priorities in 2024 to 2025 academic year and the extent of growth compared with the current year (2023 to 2024).
  28. We recognise that some providers, such as many 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).
  29. 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 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.
  30. 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 and institutes for adult learning, 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.
  31. We will review this list annually, but these priorities reflect a long-term focus and making frequent changes will limit impact.

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

32. 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. 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.
33. We do not intend to assess or amend your annual Accountability Statement on receipt and the plans will have no direct bearing on the level of individual



providers' funding allocations. Those small number of providers that are in Intervention, however, will be expected to share their draft annual Accountability Statement with the Further Education Commissioner's team for advice and comment, as part of their support to you.

## Deadline for submission

34. You must return your annual Accountability Statement by 30 June 2024, so it is received and available to link to Part 1 (the accountability framework) which will be issued for signing in June/July 2024 for the 2024 to 2025 academic and funding year.
35. Submission of your annual Accountability Statement is an essential stage to release funding for you.
36. Where plans are not submitted on time, and an extension has not previously been agreed, you should expect to be contacted by us to negotiate a short extension. Non-compliance with this extension could lead to further conversations with the Further Education Commissioner's team and/or your DfE place-based team.

## Producing your annual Accountability Statement

37. The annual Accountability Statement is owned by you and can include all types of further education provision at any learning level.
38. Your annual Accountability Statement must be signed off by your Governing Body or equivalent prior to submission. You may want to set a date in advance for that consideration into your corporation's (or equivalent's) meeting schedule.

## Guide to drafting your annual Accountability Statement

39. 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.
40. Where appropriate colleges should draw on actions and priorities drawn from their quality improvement processes and documents.

Section	Guidance on what it should contain
<b>Purpose</b>	<p>You should set out a very brief statement of your key purpose with reference 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</p>



	<p>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>
<p><b>Context and place</b></p>	<p>This part of the statement should set out:</p> <ul style="list-style-type: none"> <li>• The characteristics of your organisation (this may be especially important for large college groups, sixth-form colleges, specialist providers and local authority learning organisations)</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>
<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 engaged 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> </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>
<p><b>Contribution to national, regional, local priorities</b></p>	<p>Set out a limited number of aims and target outcomes for the year ahead that reflect:</p> <ul style="list-style-type: none"> <li>• National Skills Priorities (page 6) 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</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 2024 to 2025 and demonstrate your ambition for growth by comparing planned volumes with baseline numbers for the current year (2023 to 2024).</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 key conclusions and outcomes from their 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>

<b>Supporting documentation</b>	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.
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41. 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.
42. Large or geographically spread college groups may consider it appropriate to submit plans for each of the colleges in your structures. This may require a longer overall submission than for smaller colleges.
43. Should you require any help and support in drafting your plan, please speak to your DfE place-based team contact or email [FE.Commissioner@education.gov.uk](mailto:FE.Commissioner@education.gov.uk) to discuss requirements. In addition, we will liaise with AoC, SFCA and HOLEX and where appropriate offer some further learning and development opportunities during this 2023 to 2024 academic year.

## How do I submit my annual Accountability Statement

44. 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.
45. 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, please speak to one of the DfE Sign-in Approvers within your organisation. If you are unsure who this is, please speak to the head of your organisation.
46. If you experience any issues accessing DfE Sign-in, please 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, please contact us using our [online enquiry form](#).

## Publication

47. You are required to publish your submitted annual Accountability Statement including the outcomes of the Local Needs Duty (for those in scope) on your college website. This should be published within 3 months of the start of the 2024 to 2025 academic year (so by 1 December 2024). Please ensure the hyperlink to the annual Accountability Statement's location is included on the front page of your document.
48. 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

- [The Unit for Future Skills – GOV.UK](#)

## Links to Local Skills Improvement Plans

49. 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.
50. 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 the duties should be undertaken in conjunction with these fiduciary duties.
51. 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 – GOV.UK \(www.gov.uk\)](#): 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 please contact your local DfE place-based team lead.
- To contact the Office of the Further Education Commissioner please send an email to the following address: [FE.Commissioner@education.gov.uk](mailto:FE.Commissioner@education.gov.uk).



Department  
for Education

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