

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3356

2025-26 Adult Skills Fund (ASF) Final Allocations and 2025-26 Draft GLA ASF Grant Funding and Performance Management Rules

Executive Summary:

This Mayoral Decision (MD) seeks the Mayor's approval of the final Adult Skills Fund (ASF) and Free Courses for Jobs (FCFJ) Grant allocations for the 2025-26 academic year. The 2025-26 final allocations are based on the 2025-26 indicative allocations (approved by the Mayor under cover of MD3315^{Error!} Bookmark not defined.), and the exceptional cases for growth where cases are recommended. The grant allocations are adjusted further due to a reduction in ASF funding by the Department of Education (DfE) for the 2025-26 academic year.

The decision also seeks approval for the Jobs and Skills for Londoners (JSFL) fund (the procured programme) allocations for the 2025-26 academic year.

The ASF will prioritise skills training provision aligned to key sectors highlighted in the London Growth Plan which will be outlined in the 2025-28 ASF delivery plans submitted by training providers in June 2025. It will also support the development of an employer-led Inclusive Talent System that brings together skills, employment support and career provisions. This will ensure all Londoners are equipped to secure high-quality, well-paid jobs and create diverse talent pipelines for all employers.

Decision:

That the Mayor approves:

1. the adjustments to ASF and FCFJ allocations to ASF Grant providers following the exceptional case for growth process for the 2025-26 academic year (see Annex A)
2. the final ASF and FCFJ Grant allocations for the 2025-26 academic year (see Annex B)
3. the JSFL ASF and FCFJ allocations for the 2025-26 academic year (see Annex C)
4. the amendments to the Draft 2025-26 GLA ASF Grant Funding and Performance Management Rules, including the approach to the over-delivery threshold for grantees and the introduction of a Level 5 Certificate in Teaching English to Speakers of Other Languages (CELTA) flexibility (see Annex D)
5. the changes to the 2025-26 GLA ASF Grant Agreement template (see Annex E).

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

21/4/25

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

ASF Grant allocations

- 1.1. In December 2024, the Mayor approved the indicative Adult Skills Fund (ASF) and Free Courses for Jobs (FCFJ) allocations to Grant providers for a three-year period, covering academic years 2025-26, 2026-27 and 2027-28 (under cover of MD3315^{Error! Bookmark not defined.}). The final ASF and FCFJ allocations for the 2024-25 academic year were used as the basis for the 2025-26 to 2027-28 indicative allocations.
- 1.2. In December 2024, providers were sent letters communicating their indicative Grant allocations for three academic years: 2025-26, 2026-27 and 2027-28. This approach was intended to enable the provider base to adjust curriculum planning over a three-year period to deliver the objectives of the London Growth Plan.
- 1.3. Providers were also invited to submit exceptional cases for adjustment with supporting evidence, where they considered they have identified an error in the calculation of their indicative allocation or any other exceptional circumstances to support a change in allocation.
- 1.4. In February 2025, the GLA received the ASF and FCFJ 2025-26 academic year funding letters from the Department for Education (DfE) indicating a significant reduction to the ASF allocation of 3.3 per cent and a corresponding reduction of 2.8 per cent to the FCFJ allocation compared to the 2024-25 academic year. This amounts to a total reduction of the ASF and FCFJ budgets of circa £11.4m for the academic year 2025-26.

2025-26 ASF and FCFJ JSFL allocations

- 1.5. In December 2024, the Mayor approved the extension of the JSFL fund for the 2025-26 academic year (under cover of MD3315).

2. Objectives and expected outcomes

Final 2025-26 ASF Grant allocations

- 2.1. In June 2025, ASF Grant providers will be required to submit a three-year delivery plan identifying how they will adjust training provision to align to the key sectors identified in the London Growth Plan. ASF Grant providers will also outline their engagement with London businesses and how their provision will meet the London's Local Skills Improvement Plan (LSIP) and local needs to achieve positive economic and social outcomes. ASF provision will also support the development of an employer-led Inclusive Talent System that brings together skills, employment support and career provisions. This will ensure all Londoners are equipped to secure high-quality, well-paid jobs and create diverse talent pipelines for all employers, as outlined in the Supporting Londoners to Benefit from Growth Mayoral mandate.
- 2.2. The GLA received 14 cases for adjustment from providers in response to the 2025-28 indicative allocation letters, requesting an increase to their ASF and/or FCFJ allocations. The total value of additional funding requested for 2025-26 was £3.9m.
- 2.3. Having reviewed exceptional circumstances, including alignment to the Growth Plan's emerging Inclusive Talent Strategy, budget availability, local need and providers' track record, GLA officers recommend endorsement of five exceptional FCFJ cases for adjustment which will result in a total

increase of £407,263 FCFJ allocation for 2025-26 and will be consolidated in their FCFJ allocations going forward.

- 2.4. GLA officers recommend endorsement of one exceptional ASF case for adjustment which will result in an increase of £204,283 ASF allocation for the 2025-26 academic year and will be consolidated in their ASF allocation going forward. Further information on the exceptional requests and officer recommendations is included in Annex A.
- 2.5. As a result of the substantial reduction to the ASF budget (3.3 per cent) and FCFJ (2.8 per cent) budget confirmed by DfE in February 2025, GLA officers recommend a reduction of 1.65 per cent to the indicative ASF Grant allocations for 2025-26 academic year. The Tailored Learning allocations will be reduced proportionately to providers' Adult Skills allocations. The FCFJ Grant allocations are not subject to change. The minimum funding value for an ASF provider will continue to be £100,000 per academic year.
- 2.6. The remaining 1.65 per cent of the ASF reduction will be covered by the GLA's ASF reserves. Since the delegation of the AEB (now ASF) to the Mayor of London in 2019, the GLA has made every effort to support the FE sector by positively adjusting allocations, running a yearly business growth process, and funding provision over-delivery where budget allows. While officers acknowledge that reduction in funding may be associated with negative impact on ASF providers and the overall skills and training provision in London, the Grant providers will not bear the full cost of the budget reduction (3.3 per cent) in 2025-26 academic year and the approach to reduction will give them the opportunity to make the necessary adjustments to future changes in allocations.
- 2.7. Final ASF and FCFJ Grant allocations for the 2025-26 academic year are set out in Annex B. In line with the recommended approach, the total ASF and FCFJ Grant allocation for the academic year 2025-26 amounts to £294,045,260. Final allocation letters will be issued to providers in March 2025.

ASF Grant allocations for academic years 2026-27 and 2027-28

- 2.8. Considering the reduction to the 2025-26 ASF budget and the lack of clarity around the size of the future ASF budget in the forthcoming Multi-year Spending Review, the GLA is no longer able to provide indicative ASF allocations for 2026-27 and 2027-28 academic years in line with those sent out in December 2024. Providers will be advised to apply the planning assumption that the indicative ASF Grant allocations for 2026-27 academic year will be reduced by a further 1.65 per cent as a minimum in comparison to those for 2025-26 which will serve as the new baseline allocation. This is because of the one-off GLA support from the ASF reserves in 2025-26 not being available for subsequent years.
- 2.9. These planning assumptions are subject to budget availability and will be updated by the GLA once the budget position for future years is confirmed. The funding letter to providers will set out that these planning assumptions are trajectories and may be subject to further change in line with future funding confirmation for 2026-27 and 2027-28 from the DfE. Giving this indication of the potential reduction to available funding for future years is intended to support the sector to plan as appropriate. An update to plans will then be requested once there is further clarity.
- 2.10. In June 2025, Grant providers are required to submit a three-year delivery plan which will set out how they intend to adjust their provision in response to the new priority sectors and strategic direction provided by the London Growth Plan and its emerging Inclusive Talent Strategy. The GLA will issue guidance to providers at the end of March 2025 about the completion of plans with a return date of June 2025. Providers will be asked to publish plans on their websites following approval by the GLA. The three-year delivery plan will allow providers to plan the delivery of the strategic intent of the London Growth Plan and the Inclusive Talent Strategy. Officers will be working with grantees to prepare them for the employer-led Inclusive Talent System to ensure that provision (especially higher-level provision) is geared towards meeting the needs of employers, key to London's growth.

2025-26 ASF and FCFJ JSFL allocations

- 2.11. In December 2024, the Mayor approved the extension of the JSFL fund for the 2025-26 academic year (under cover of MD3315). The final ASF and FCFJ JSFL allocations are based on the latest 2024-25 allocations which were slightly adjusted as a result of the 2023-24 academic year reconciliation process.
- 2.12. The JSFL ASF and FCFJ final allocations for the academic year 2025-26 amount to £38,105,306 and are set out in Annex C.

Draft 2025-26 GLA ASF Grant Funding and Performance Management Rules

- 2.13. For the current academic year 2024-25, Grant providers are on track to spend their ASF allocations in full and the GLA has agreed to fund up to 103 per cent ASF over-delivery and up to 110 per cent FCFJ over-delivery in 2024-25 academic year.
- 2.14. Due to the confirmed reduction in the ASF and FCFJ budget for 2025-26 academic year, the GLA can no longer commit to an over-delivery threshold of 103 per cent for grantees or an over-delivery threshold of 110 per cent for FCFJ. The GLA will confirm, subject to budget availability, any payment for ASF and FCFJ Grant over-performance at the 2025-26 reconciliation point. This approach will be kept under review and any further changes will be reflected in the 2025-26 GLA ASF Grant Funding and Performance Management Rules, to be published in July 2025.
- 2.15. In 2023, the GLA received a £200k Grant from the Ministry of Housing, Communities and Local Government's (MHCLG) wider Homes for Ukraine Sponsorship Scheme, to support activity to boost the capacity of the English for Speakers of Other Languages (ESOL) sector. The fund focused on the delivery of Level 5 Cambridge Certificate in Teaching English to Speakers of Other Languages (CELTA), which is the most widely recognised qualification for entry level ESOL teaching positions in London.
- 2.16. This was due to a shortage of qualified ESOL tutors to meet the rising demand for ESOL provision in London. Delivery under the ESOL capacity fund started in September 2023 with the aim of fully funding initial teacher training for around 140 ESOL tutors in London.
- 2.17. Following an Expression of Interest process, seven existing GLA ASF providers were awarded funding under the programme. As of November 2024, 119 learners have enrolled on a CELTA as part of the fund which is due to conclude in March 2025. These learners are predominantly earning below the London Living Wage (LLW), and our research with providers indicates that the cost of the course would have been a barrier to entry in the sector for this cohort. The ESOL capacity fund is due to close in March 2025.
- 2.18. It is therefore proposed that from the start of the 2025-26 academic year, the GLA includes a flexibility in the GLA ASF Funding Rules allowing CELTA to be funded under the ASF in London at an enhanced rate of £1,123. Due to the low ESFA funding rate for CELTA, providers were previously unable to afford to offer this qualification at the ASF funding rate and therefore learners had to pay a full cost amount to make the course delivery viable. Adding this flexibility will mean that more Londoners can continue to benefit from gaining a CELTA qualification and starting a career as an ESOL tutor, helping to support the GLA's aim of boosting the capacity of London's further education workforce and ensuring there are appropriate levels of skilled teaching staff to meet the high demand for ESOL provision in the capital.
- 2.19. This will support the delivery of a key Mayoral manifesto pledge, to give free skills training to any Londoner who is over 19 who is unemployed or on a low income, by improving capacity in the ESOL sector, while simultaneously upskilling Londoners to pursue a career in the further education sector.

- 2.20. Learners would need to meet the existing ASF eligibility criteria (e.g., unemployed or earning under the London Living Wage threshold). Proposed changes to the Draft 2025-26 GLA ASF Grant Funding and Performance Management Rules are reflected in Annex D.

2025-26 Grant Agreement template for ASF Grant providers

- 2.21. A few small clarification changes and a few more significant changes are made to the 2025-26 ASF Grant Agreement. The proposed changes to the ASF Grant Agreement template are in line with the latest ESFA Grant agreements. A table of changes reflecting the amendments are set out in Annex E.

3. Equality comments

- 3.1. Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities, of whom the Mayor is one, must have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.2. Relevant protected characteristics are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 3.3. The Mayor is required to comply with the duty set out above in making the decision set out and any future decisions relating to the ASF made pursuant to those arrangements which will be subject to separate decision forms.
- 3.4. The aim of the ASF is to improve opportunities for people who are disadvantaged in the labour market. Many potential ASF participants have protected characteristics listed above. The GLA's ASF provision will support a range of groups, particularly the most disadvantaged people not currently receiving sufficient support into employment or education. These include young adults who are not in employment, education or training (NEET), people without basic skills and people who are workless. It will also support Londoners in low paid/low-skilled jobs.
- 3.5. The proposed approach to allocations will ensure that funding arrangements will not reduce the existing range and breadth of provision available to London residents. This approach means that no groups of learners should be disadvantaged as funding will continue in line with prior actual delivery.

4. Other considerations

Links to Mayoral Strategies and priorities

- 4.1. The London Growth Plan and the forthcoming Inclusive Talent Strategy set out how the Mayor plans to ensure London's skills offer better serves London's communities and economies. The delivery of ASF and FCFJ provision as set out in the associated delivery plans of the ASF grantees will help meet the Mayoral priorities as set out in the above strategies and boost London priority sectors, including the objective to meet the needs of businesses in London through the skills offer. All ASF providers will also outline their engagement with London businesses and how their provision will meet the London's Local Skills Improvement Plan and local needs in ultimately achieving the Mayoral outcome

areas of progression into employment, in-work progression or further learning, improving health and wellbeing, social integration, learner self-efficacy and volunteering.

- 4.2. The Equality, Diversity and Inclusion Strategy sets out how the Mayor will work to create a fairer, more equal, integrated city where all people feel welcome and able to fulfil their potential. The final ASF and FCFJ allocations supports the strategy by ensuring Londoners from disadvantaged groups continue to have access to employability and skills support to help them move into and progress in London's labour market.

Risks arising/mitigation

- 4.3. There is a risk that ASF or FCFJ funding awarded through the January 2025 exceptional adjustment process is not utilised fully by the ASF Grant providers. Provider performance against their allocation is constantly measured, and where underperformance is identified in-year, ASF/FCFJ funding may be reallocated to other providers.
- 4.4. There is a risk that strong provider performance in 2025-26 academic year takes the GLA over its ASF budget. The GLA has committed to paying ASF Grant providers up to 103 per cent of their allocation in the academic year 2024-25, subject to provider performance. From 2025-26 academic year onwards, the GLA will revise its approach to paying over-performance, confirming with providers at the end of the academic year whether there is budget availability to pay anything above their 2025-26 ASF allocations.
- 4.5. Cuts to the ASF and FCFJ budgets of circa £11.4m per academic year may lead to financial instability of FE colleges and independent training providers, leading to strain on staffing costs and inability to adjust their provision accordingly. By providing gradual reduction to ASF allocations in the next two academic years, the GLA will signal the value of the continuing partnership between the Mayor of London and skills providers by allowing providers the time to plan their curriculum and amend their provision in line with the Mayoral strategic priorities.
- 4.6. There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.
- 4.7. This decision was considered by the ASF Mayoral Board on 24 March 2025.

5. Financial comments

- 5.1. Approval is sought for:
- the adjustments to ASF increase of £204,283 and FCFJ allocations increase of £407,263 to ASF Grant providers following the exceptional case for growth process for the 2025-26 academic year (see Annex A)
 - the final ASF and FCFJ Grant allocations for the 2025-26 academic year (see Annex B)
 - the JSFL ASF and FCFJ allocations for the 2025-26 academic year (see Annex C)
 - the amendments to the Draft 2025-26 GLA ASF Grant Funding and Performance Management Rules, including the approach to the over-delivery threshold for grantees and the introduction of a Level 5 Certificate in Teaching English to Speakers of Other Languages (CELTA) flexibility (see Annex D)
 - the changes to the 2025-26 GLA ASF Grant Agreement template as set out at Annex E.
- 5.2. The Final ASF and FCFJ Grant allocations for the 2025-26 academic year are set out in Annex B. In line with the recommended approach outlined in paragraphs 2.1 to 2.6, the total ASF and FCFJ

Grant allocation for the academic year 2025-26 amounts to £294,045,260. Final allocation letters will be issued to providers in March 2025.

- 5.3. The Jobs and Skills for Londoners (JSFL) ASF and FCFJ final allocations for the academic year 2025-26 amount to £38,105,306 and are set out in Annex C.
- 5.4. As funding for the ASF programme is external and multi-year, it is subject to available funding and the GLAs annual budget setting process and there should be appropriate break clauses included in the funding agreements.
- 5.5. This will be contained within the ASF budget.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions sought from the Mayor concern the exercise of the:
 - GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London and in formulating the proposals in respect of which decisions are sought officers must comply with the GLA's related statutory duties to:
 - pay due regard to the principle that there should be equality of opportunity for all people
 - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom
 - consult with appropriate bodies
 - appropriately conduct ministerial functions delegated, by the Secretary of State for Education, to the Mayor pursuant to section 39A of the Greater London Authority Act 1999.
- 6.2. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty - namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, sex, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3. If the Mayor makes the decisions sought officers must ensure that they:
 - do not commit to any expenditure which relies upon delegated ASF and/or FCFJ before the Grant of the same has been made to the GLA
 - liaise with the DfE/Education and Skills Funding Agency (ESFA) to ensure that the funding may be used in respect of expenditure proposed and that they are content with the changes proposed to the Funding Rules
 - make very clear (in express terms) to proposed recipients that:
 - where applicable, sums are indicative only and not confirmed

- they should not place or act in reliance upon any indicative allocation for the periods concerned until and unless those sums are reflected in funding agreements entered into and executed by the GLA and the recipients
- any activity undertaken earlier by recipients in reliance of indicative allocations is entirely at their risk
- any adjustments of Grant allocations are reflected in the funding agreements to be put in place with the relevant recipients and where funding agreements are already in place that those funding agreements are varied to reflect those adjustments.

7. Planned delivery approach and next steps

- 7.1. The table below outlines future activity related to the ASF Grant allocations process for the 2025-26 academic year:

Activity	Timeline
Final allocations letters sent to providers	March 2025
Draft 2025-26 GLA ASF Grant Funding Rules and Draft Funding Rates and Formula published	April 2025
Submission of 2025-28 ASF delivery plans	June 2025
2025-26 academic year commences	1 August 2025

Appendices and supporting papers:

- Annex A – Adjustments to ASF and FCFJ allocations to ASF Grant providers for the 2025-26 academic year
- Annex B – Final ASF and FCFJ Grant allocations for the 2025-26 academic year
- Annex C – Jobs and Skills for Londoners ASF and FCFJ allocations for the 2025-26 academic year
- Annex D – Amendments to the 2025-26 GLA ASF Grant Funding and Performance Management Rules
- Annex E – Amendments to the 2025-26 GLA ASF Grant Funding Agreement

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason: ASF Grant delivery will commence on 1 August 2025 with publication of allocations data expected in September 2025.

Until what date: 1 September 2025.

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Lubomira Anastassova-Chirmiciu has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Tunde Olayinka has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Howard Dawber has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Mayoral Delivery Board

This decision was agreed by the Mayoral Delivery Board on 24 March 2025.

✓

CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:

Fay Khanmamed

Date:

25/03/2025

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature:

D. Bellamy

Date:

24/03/2025