

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3483

2026-27 ASF Funding Rules: Strengthening London's Inclusive Talent System through Adult Skills Funding Simplification

Programme: Supporting Londoners to Benefit from Growth

Executive Summary:

The proposed ASF funding changes will support the delivery of the London Growth Plan, the Inclusive Talent Strategy (ITS) and the Supporting Londoners to Benefit from Growth (SLBG) programme by boosting employment in the most productive sectors and breaking down barriers to opportunity.

The proposals in this decision form are designed to ensure that the GLA's Adult Skills Fund (ASF) works harder for Londoners by making funding simpler, more targeted and more closely linked to London's growth needs.

Decision:

That the Mayor approves:

1. the proposed approach to introduce new London non-regulated essential skills learning aims as part of the Adult Skills Fund (ASF) core offer, including the re-categorisation of essential skills learning aims with less than 25 guided learning hours as Tailored Learning
2. the introduction of a 25 per cent cap on subcontracting for ASF grant providers, with an exemption for local authorities
3. the introduction of a London Level Three offer aligned with the GLA integrated settlement as outlined in paragraphs 2.13 – 2.20 of this decision form
4. the 2026-27 GLA ASF Draft Funding Rules table of Changes at Appendix A.

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:

31/3/20

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

Decision required – supporting report

1. Introduction and background

- 1.1. The London's future growth depends on whether more Londoners can access the skills they need to move into good work, and whether employers can find the talent required to drive productivity in priority sectors. Yet too many Londoners remain trapped in low-paid work without clear routes to progression, while employers continue to report skills shortages that constrain growth.
- 1.2. London's Inclusive Talent Strategy (ITS), published jointly by the Mayor and London Councils in (insert year), sets out a clear response to this challenge: a shift towards a more employer-led skills and employment system, with a stronger focus on progression into good work, closer alignment with labour market demand, and a renewed emphasis on tackling inequality alongside economic growth.
- 1.3. The Adult Skills Fund (ASF), alongside Free Courses for Jobs (FCfJ), is a central mechanism for delivering this ambition. Together, they play a critical role in supporting Londoners to move from essential skills into higher-level learning and sustained employment, and in ensuring that public investment in adult education directly supports London's growth priorities.
- 1.4. However, this ambition is now being pursued in a significantly more constrained funding environment. Following confirmed reductions to the ASF and FCfJ budgets, the Mayor approved a reduced 102 per cent over-delivery commitment under Mayoral Decision (MD)3451¹. This decision reflects the increasing importance of ensuring that every pound of adult skills funding is targeted, controlled and aligned with clear outcomes.
- 1.5. At the same time, national reforms to further education funding and accountability have reshaped the operating context for adult skills. From 2024-25, the Department for Education renamed the Adult Education Budget as the ASF and restructured funding streams, transferring community learning, non-regulated formula-funded learning and employer-facing innovative provision into a new 'Tailored Learning' funding pot. These reforms changed not only the labels attached to funding, but the underlying assumptions about how adult skills provision should be planned, commissioned and monitored.
- 1.6. In response, and under [MD3195](#), the GLA took a deliberate decision to diverge from the DfE approach by retaining non-regulated, formula-funded essential skills qualifications within the core ASF using the Single Activity Matrix (SAM) as a funding formula. This allowed the GLA to maintain greater oversight of delivery in London and build a clearer evidence base on how providers use these qualifications to support learners' progression.
- 1.7. The proposals set out in this decision form build on this evolving context. They are designed to ensure that London's adult skills funding system is simpler to operate, stronger in accountability, and better targeted towards progression and priority sectors, while continuing to protect access to learning for disadvantaged Londoners.
- 1.8. Subject to approval, the changes intended to be implemented in the draft 2026-27 GLA ASF Funding and Performance Management Rules are set out in **Appendix A**. The above rules will be amended also in line with the Prospectus and all associated supporting commissioning documents relating to the delivery of the competitively commissioned London Talent Pathways programme.

¹ MD3451 is deferred from publication at the time of writing as it contains commercially sensitive information.

2. Objectives and expected outcomes

Simplifying funding and supporting essential skills delivery

- 2.1. Early in 2025, the GLA undertook a 'deep-dive' review into non-regulated learning to better understand the role of Tailored Learning and non-regulated formula-funded essential skills provision.
- 2.2. The review found that non-regulated learning aims (specialised training that does not result in a formal qualification but provides essential skills or knowledge to support progression) are an important enabling factor for Londoners to access learning, particularly English for Speakers of Other Languages (ESOL) and digital skills provision where the entry level regulated provision is considered inaccessible for many. At Levels One and Two, providers used non-regulated learning aims to provide a 'stepping stone' for learners not ready to progress to the next level.
- 2.3. By maintaining non-regulated learning aims within the formula-funded ASF core offer, providers were able to offer accessible learning for hard-to-reach Londoners including asylum seekers, disabled learners and those with no prior experience of learning.
- 2.4. In view of these findings, GLA officers propose to maintain non-regulated essential skills provision within the formula-funded provision through a streamlined approach to funding by setting new GLA specific funding rates and associated recommended Guided Learning Hours (GLH). Under this approach, non-regulated provision would be funded at defined GLH durations of 25, 35, 55 and 75 hours which align to GLH for regulated essential skills learning aims, thereby enabling continuity of current delivery models. All 'taster' courses under 25 hours (currently funded through SAM bands 0-20 hours) would be fundable exclusively through Tailored Learning. Based on historic delivery of 'taster' courses under 25 hours, GLA officers recommend to re-categorise circa £588K of ASF core delivery as Tailored Learning and adjust 2026-27 allocations for 36 providers to reflect this change which will not result in changes to overall allocations.
- 2.5. The funding rates for the new non-regulated essential skills learning aims will be set in line with the current funding approach adopted for regulated formula-funded learning aims, based on the associated guided learning hours multiplied by the base funding rate of £6.
- 2.6. The proposed approach is cost-neutral for grant providers and designed to be implemented within existing allocations. Data shows that in the 2024-25 academic year, some 60,682 enrolments in non-regulated formula-funded essential skills aims were funded at £30.3m. The new approach will continue to support similar scale of delivery while providing greater simplicity and accountability.
- 2.7. Providers will have until August 2027-28 to transition fully to the new learning aims. For the 2026-27 academic year, providers are encouraged to early adopt the new learning aims and the GLA will provide a transition arrangement to ensure that no provider is adversely impacted by this funding change when delivering like-for-like delivery, as reviewed at reconciliation in October 2027.
- 2.8. The recommended approach supports the ITS focus on progression and ensures funding uplifts are targeted where they are most likely to support movement into 'good work'. Building on earlier consultation, the proposed changes were presented to external stakeholders by GLA officers in early 2026 who were positive about the reform and the simplification of the current system.

Strengthening accountability and value for money

- 2.9. Since delegation of the ASF to the Mayor, the GLA has taken steps to strengthen quality, accountability and value for money in adult skills delivery. This approach has included re-focusing of funding back to London-based organisations, while still funding certain training

providers located within the 'London Fringe' who deliver to Londoners living on the outskirts of the capital. While GLA had not imposed subcontracting restrictions to training providers since ASF delegation, London-based grant providers (apart from Local Authorities) have naturally reduced their subcontracted provision, while some fringe providers still maintain significant levels of subcontracting to London-based training providers.

- 2.10. In attempt to strengthen value for money, GLA officers recommend that ASF sub-contracting is restricted to the maximum of 25 per cent of each grant provider's allocation. This approach aligns with current DfE arrangements and commissioning caps on sub-contracting and reflects best practice in managing delivery risk.
- 2.11. Local authorities will be exempt from this restriction, as they may act as local commissioning bodies in addition to direct deliverers in order to meet local skills priorities. This exemption recognises their strategic role in co-ordinating local provision for residents.
- 2.12. GLA officers expect no significant negative impact on grant-funded providers with the exception of three fringe providers currently delivering more than 25 per cent of their allocation through sub-contracting. The total value of sub-contracted delivery for these three providers totalled some £1.1m based on 2024-25 actual delivery. The GLA will discuss the impact of the change with these providers to ensure that provision is adapted for the upcoming 2026-27 academic year.

Better aligning higher level skills funding with London's growth priorities

- 2.13. The London Level Three (advanced level technical or academic qualifications equivalent to A-Levels, T-Levels or BTEC) offer is a key provision to support Londoners access to 'good work' in line with the vision set out by the London Growth Plan and the ITS. The ITS places particular emphasis on progression into higher-level skills that support sustained employment, productivity and economic growth, in key sectors for London. Furthermore, the 2023-24 London Learner Survey provides convincing evidence that learners taking Level Three courses achieve increased economic outcomes with more than half (54 per cent) of learners experiencing a positive economic outcome.
- 2.14. There has been a notable increase in Level Three participation and qualifications through the Mayor's Level Three flexibility and FCfJ offer with enrolments increasing from 4,990 to 16,300 over the last five academic years. However, the incremental introduction of Level Three national initiatives nationally over several years, have led to confusing differences in learner eligibility and funding uplifts across Level Three provision.
- 2.15. The introduction of the Integrated Settlement and the removal of the FCfJ ringfence provides an opportunity to simplify and consolidate the GLA Level Three offer to London residents and employers. The existing complexity has created barriers for learners and employers, increased administrative burden for providers, and limited GLA ability to steer provision strategically in line with employer demand.
- 2.16. The removal of the FCfJ ringfence is welcomed by training providers as it offers greater flexibility and a simpler and more consistent approach to Level Three delivery. GLA officers will closely monitor Level Three delivery via providers' delivery plans in 2026-27 to ensure current performance trends are sustained and will strengthen the 2026-27 ASF GLA Funding Rules as necessary.
- 2.17. An introduction of a single, unified framework for ASF-funded Level Three delivery with consistent eligibility and funding arrangements is hereby proposed. The London Level Three offer will bring together the existing FCfJ and GLA Level Three flexibility offers, remove the current FCFJ ringfence and extend full-funding eligibility for all learners studying a first full Level Three regardless of income or labour market status.

- 2.18. This proposal will create a clearer and more navigable higher-level skills offer for learners, providers and employers. There is no restriction on learners who already hold a Level Three qualification and are unemployed or earning below the London Living Wage from undertaking further Level Three qualifications on a fully funded basis.
- 2.19. Alongside simplification of Level Three provision, officers propose to reform the use of funding uplifts by replacing the current FCfJ uplifts set by national government with a more targeted London Priority Uplift. GLA officers recommend a 10 per cent uplift to be applied to all Level Three courses (including Level Two construction courses on the [national list qualifications for construction expansion](#)) aligned with priority sectors and occupations, as identified through the London Growth Plan and the employer-led system set out in the ITS. No uplift would apply to Access to Higher Education courses, reflecting their role as a preparatory route into Higher Education rather than direct progression into priority jobs. This approach will preserve the current rates for Access to Higher Education courses which were part of the regional FCfJ flexibility and did not attract uplifts.
- 2.20. This targeted approach would allow funding incentives to be focused more clearly on provision that supports progression into 'good work' and addresses London's growth needs. Based on 2024-25 academic year delivery data, applying a 10 per cent uplift to Level Three provision across priority sectors would result in a total rate value of approximately £56.1 million, representing a marginal increase in delivery value (circa £700,000) within the overall ASF budget compared to 2024-25 academic year.
- 2.21. For 2026-27 academic year, the GLA will introduce a transition arrangement to ensure that no provider is adversely impacted by this funding change when delivering like-for-like delivery, as reviewed at reconciliation in October 2027.
- 2.22. This approach is intended to support the Supporting Londoners to Benefit from Growth programme by providing London's economy with the skilled workforce it needs and enhancing Londoners' skills so they can progress in life and work, whilst improving the efficiency of limited funding and strengthening incentives for delivery in sectors critical to London's growth.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, as a public authority, the GLA (including the Mayor of London) must comply with the Public Sector Equality Duty (PSED) when exercising its functions. The PSED is a duty to have due regard to:
- the need to eliminate unlawful discrimination, harassment and victimisation, and any conduct that is prohibited by or under the Equality Act 2010
 - advance equality of opportunity, and foster good relations, between people who share a 'protected characteristic' as defined in the Equality Act 2010 and those who do not.
- 3.2. The protected characteristics under section 149 of the Equality Act are: age, disability, gender reassignment, pregnancy and maternity, marital or civil partnership status, race, religion or belief, sex, and sexual orientation. Compliance with the duty may involve ensuring people with a protected characteristic are provided with all the opportunities that those without the characteristic would have.
- 3.3. This involves having due regard to the need to remove or minimise any disadvantage suffered by those who share a relevant protected characteristic that is connected to that characteristic; taking steps to meet the different needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low.
- 3.4. The changes outlined in this decision form would not negatively impact any group of Londoners that share any protected characteristic.

- 3.5. Furthermore, the changes proposed in this decision form have been informed by provider feedback which indicates that the proposed reforms will help to remove structural and practical barriers to participation, supporting wider access to learning opportunities. The changes are intended to better support engagement from individuals who may otherwise face challenges in accessing learning, and to enable progression into further learning, skills development, or employment.

4. Other considerations

Key Risks/Mitigation

- 4.1. There is a risk of reduction of potential 2026-27 ASF Level Three enrolments following the removal of FCfJ ringfence. GLA officers will set clear expectations for Level Three delivery through provider delivery plans, performance management and strengthening of the GLA ASF funding rules.
- 4.2. There is a risk of reduced attractiveness to deliver some non-priority Level Three provision / Access to Higher Education courses. There will be a timely communication with affected providers and advice on delivery planning. GLA officers will monitor and assess the impact on learner progression and consider transitional arrangements or alternative progression routes where evidence of adverse impact emerges.
- 4.3. There is a risk that specific training providers are negatively impacted by the reform to the non-regulated formula-funded provision or the London Level Three priority uplift. GLA will introduce transition arrangements so that no training provider is negatively impacted by the 2026-27 funding changes when delivering like-for-like delivery at 2026-27 reconciliation in October 2027.

Links to Mayoral strategies and priorities

- 4.4. The GLA's ASF programme aligns to the [ITS](#) and Get London Working Plan, approved under cover of [MD3440](#), and Mayor's SLBG programme, approved under cover of [MD3395](#), by ensuring Londoners have the skills they need to improve their lives and move into employment that meets the Mayor's definition of 'good work'. Furthermore, the ASF helps develop the skills required to make London's economy grow as set out by the [London Growth Plan](#).
- 4.5. The ASF funding will help deliver the Supporting Londoners to Benefit from Growth programme and the integrated settlement outcomes framework by strengthening progression routes, improving how participation is maximised within fixed budgets, and sharpening the link between adult skills investment and London's priority jobs.
- 4.6. In his [Equality Objectives](#) published in 2022, the Mayor set out how all his policies and programmes will help to create a fairer and more inclusive city where all people feel welcome and able to achieve their full potential. Delivery of the ASF takes this into consideration and seeks assurances from providers that they will support this ambition.
- 4.7. The interventions proposed in this decision will be incorporated in the 2026-27 GLA ASF Funding Rules which will be incorporated within each of the agreements with grant-funded providers, subject to Mayoral approval.

Conflict of interest

- 4.8. There are no conflicts of interest for any officers involved in the drafting, review or approval of this decision.

5. Financial comments

5.1. Approval is being sought for proposals to make funding simpler, more targeted and more closely linked to London's growth needs. These proposals aim to provide better value for money.

6. Legal comments

6.1. Section 39A of the Greater London Authority Act 1999 permits the delegation of ministerial functions to the Mayor, subject to certain limitations and conditions. This forms the basis of the delegation to the Mayor of ASF functions from the Secretary of State for Education. A particular limitation of the delegation is that the usual power of delegation by the Mayor is not available in respect of section 39A delegated functions.

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, gender, 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 three (above) of this report.

6.3. If the Mayor makes the decisions sought officers must ensure that:

- they are content that the new approach and funding rules do not give rise to any failure by the GLA to meet its obligations to DfE and/or government more widely as funder
- the new approach and funding rules are communicated clearly to current and potential future funding recipients and included expressly in all prospectuses, application and guidance materials and funding agreements and related materials.

7. Planned delivery approach and next steps

7.1. The next steps are set out below:

Activity	Timeline
Publication of the draft 2026-27 GLA ASF Funding Rules	April 2026

Appendices and supporting papers:

Appendix A – Amendments to draft 2026-27 GLA ASF Grant Funding Rules

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.

Strategic Programmes

Does this decision seek approval for activity falling within the remit of a programme delivery plan? YES/NO

If YES, which programme/s does this fall within: Supporting Londoners to Benefit from Growth

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? NO

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 30 March 2026

CHIEF FINANCE OFFICER:

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

Date 30 March 2026

Signature

CHIEF OF STAFF:

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

Date 30 March 2026

Signature

pp on behalf of David Bellamy