

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3451

Title: 2025-26 Adjustments to Adult Skills Fund grant allocations and 2026-27 Adult Skills Fund indicative grant allocations

Programme: Supporting Londoners to Benefit from Growth

Executive summary:

This decision seeks the Mayor's approval for the revised 2025-26 Adult Skills Fund (ASF) grant allocations for four ASF grant providers, fully funding learners undertaking Trade Union qualifications/units, introducing an ASF grant over-performance threshold of 102 per cent for the 2025-26 academic year and the 2026-27 ASF indicative grant allocations (including Free Courses for Jobs (FCfJ)).

Providing indicative ASF allocations at this time follows the established business cycle for the sector. In doing so, it allows grant providers sufficient time to plan their future curriculum offer and co-design it with employers in line with the aims of the Inclusive Talent Strategy for an employer-led skills, employment support and careers system. Though the final ASF budget is now confirmed through the Integrated Settlement process, the indicative allocations will be issued to providers with the caveat that allocations are subject to the final confirmation in March 2026.

Once final allocations are issued in March 2026, ASF grant providers will be required to submit their updated delivery plans in line with the priorities of the Inclusive Talent Strategy and the Supporting Londoners to Benefit from Growth programme.

Decision:

That the Mayor approves:

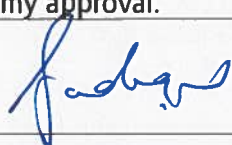
- 1) the revised 2025-26 ASF grant allocations for four ASF grant providers and fully funding learners undertaking Trade Union qualifications/units set out in Appendix A
- 2) an amendment to the 2025-26 GLA ASF Funding and Performance and Management Rules to fund delivery by ASF grant providers for up to 102 per cent of their respective ASF allocations at 2025-26 reconciliation stage
- 3) the 2026-27 indicative ASF (including FCfJ) grant allocations set out in Appendix B.

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:

13/1/24

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

Decision required – supporting report

1. Introduction and background

- 1.1 The Adult Skills Fund (ASF) (formally Adult Education Budget (AEB)) in London was delegated to the Mayor in 2019. Since then, over 1.3 million Londoners have participated in learning as part of the programme. In February 2025, the GLA was notified by the Department for Education (DfE) of reductions in the ASF budget of circa £11.4m for the academic year 2025-26. This resulted in the GLA adopting a transition approach over two academic years by establishing a new baseline to allocations and planning to reduce ASF grant allocations by 1.65 per cent for the 2025-26 academic year, followed by a further 1.65 per cent decrease in 2026-27.
- 1.2 Final ASF (including Free Courses for Jobs (FCfJ)) allocations for 2025-26 were agreed by the Mayor under Mayoral Decision (MD)3356 and these were sent out to ASF grant providers in March 2025. Subsequently, 2025-26 grant agreements were signed by providers in July 2025 ahead of the commencement of the academic year.

2. Objectives and expected outcomes

The Integrated Settlement

- 2.1 The Integrated Settlement is the Government's framework for devolving funding and accountability to Mayoral Strategic Authorities. The GLA will receive an Integrated Settlement from April 2026 for the Spending Review period (until April 2029). Under the joint skills and employment pillar, we will receive consolidated funding for adult skills and employment support delivery. While the funding for the delivery of ASF per financial year is expected to not change compared to the 2025-26 financial year, the GLA has been allocated additional funding of around £4.8m for ASF construction skills per financial year similar in value to the construction skills uplift received for the 2025-26 academic year as approved by the Mayor under cover of Mayoral Decision (MD)3409.
- 2.2 The construction skills package allocation approach for the 2026-27 academic year is initially planned to be similar to the approach applied in the 2025-26 academic year with the majority of funding allocated across ASF grant providers who delivered training in construction based on their 2025-26 RO6 Individualised Learner Record (ILR) return and outcomes for learners. However, to allow time for understanding current performance and any further insights from the developing Construction Talent Board, these additional allocations will be presented to the Mayor for approval in March 2026.
- 2.3 Following a multi-year Integrated Settlement being received, the GLA will explore multi-year agreements and allocations with providers, as set out in the Inclusive Talent Strategy (ITS), and the Mayor's Supporting Londoners to Benefit from Growth (SLBG) programme's delivery plan, with stronger focus on progression outcomes.

2025-26 Adult Skills Fund allocations and performance threshold changes

- 2.4 *Trade Union learning* – Trade Union Representatives are key to creating a healthy and safe workplace, workplace equality, and ensuring worker's rights are protected. The recent cuts to the ASF budget have restricted further the delivery of Trade Union qualifications/units due to the lack of full funding for the large majority of learners on those courses.

- 2.5 Following recent conversations with unions, it is proposed for all Trade Union learning aims/units set out in Appendix A to become fully funded for employed learners who earn above the London Living Wage earnings threshold. Those learning aims/units have been consulted on with Trade Union representatives. However, if there are additional Trade Union learning aims not on the list but deemed essential by Trade Union representatives in the future, the list will be updated to include these.
- 2.6 Based on analysis of Trade Union learning provision in the 2024-25 academic year across all grant providers, the 2025-26 academic year ASF grant allocations for four grant providers delivering Union Learn qualifications will be increased by the total amount of £285,772 to accommodate the extra cost of provision. This amount is the estimate of the extra cost that providers would incur when learners move from being co-funded (50 per cent GLA funding) to being fully funded by the GLA. The flexibility to fully-fund any eligible learners who enrol on these Trade Union aims will strengthen further the Mayor's London Union Learn Programme and recognise the importance of this niche provision.
- 2.7 *Performance Threshold* – Preliminary ASF data for the 2025-26 academic year shows that the number of Londoners participating in ASF courses has decreased substantially by circa 10,000 learners compared to 2023-24 due to pressures in the sector which include higher funding rates following the ASF funding and accountability reform. Due to budget constraints, for 2025-26, the over-delivery threshold of 103 per cent was initially removed and providers will be paid their full allocation if they deliver within a tolerance of 97 to 100 per cent.
- 2.8 For the 2025-26 reconciliation stage, it is proposed to re-introduce and fund over-performance of up to 102 per cent for all ASF and FcJ grant providers. This is planned to incentivise providers to deliver their ASF and FcJ allocation in full and improve participation and economic outcomes of Londoners in line with goals set out in the Inclusive Talent Strategy and the Mayor's SLBG mandate.
- 2.9 The approach encourages providers to be ambitious in their response to employer skills needs by providing the additional scope for resourcing to meet skills demand and progress Londoners into work. Implementing this incentive encourages providers to deliver above their allocation with the benefit of enrolling additional learners and progressing more Londoners into jobs, within work or further learning.
- 2.10 As a result, the Mayor is invited to approve updates to the 2025-26 GLA ASF Funding and Performance Management Rules accordingly in relation to the above proposals. Provision for this over delivery will be ring fenced from the ASF reserves.

2026-27 indicative Adult Skills Fund and Free Courses for Jobs grant

- 2.11 The ASF grant allocations approach agreed by the Mayor in March 2025 under MD3356 entailed two consecutive years of reduction to grant allocations which grantees were informed about in March this year. Following the 1.65 per cent decrease to providers' allocations in the 2025-26 academic year, GLA officers, in line with the approved approach, suggest a further 1.65 per cent reduction to 2026-27 allocations. While the reduction in funding may have a negative impact on ASF providers and the overall skills and training provision in London, the transition approach has provided grant providers with sufficient time to make the necessary adjustments to their curriculum offer and incorporate the reductions.
- 2.12 In June 2026, ASF grant providers will be required to submit their 2026-27 academic year (including forecast for 2027-28) delivery plan identifying how they will adapt their training provision to the priorities set out in the Inclusive Talent Strategy and the London Growth Plan. ASF grant providers will also outline their engagement with London businesses to support learners to progress into employment or within work. This will ensure Londoners are equipped

with the skills needed to secure 'good' jobs and create diverse talent pipelines for employers as outlined in the SLBG programme delivery plan.

- 2.13 The proposed 2026-27 allocation approach is as follows:
- subject to approval by the Mayor, the GLA will write to providers in December 2025 to set out the allocation process and give an indication of allocations
 - providers will be given the opportunity to submit any exceptional business cases to the GLA with respect to funding by mid-January 2026 subject to budget availability
 - final allocations including recommendations on exceptional cases will be considered at the ASF Mayoral Board meeting in March 2026
 - subject to the Mayor's approval of the 2026-27 final allocations these will be issued to providers in March 2026
 - indicative ASF grant allocations for the academic year 2026-27 are based on 2025-26 final allocations with a further 1.65 per cent reduction. The Tailored Learning allocations will be reduced proportionately to providers' ASF allocations
 - reduction to 2026-27 grant-funded providers' ASF allocations was based on underperformance for two consecutive academic years 2023-24 and 2024-25 in line with the 2024-25 GLA ASF grant funding rules. The reduced allocations are based on the higher performing academic year
 - the minimum allocation per grant provider is set to £100,000
 - the total value of the ASF and FCfJ grant allocations, as per the proposed indicative allocations approach, amounts to £288,962,875 for the 2026-27 and the final amount will be recommended to the ASF Mayoral Board in March 2026, prior to issuing of ASF final allocations to providers.
- 2.14 Three grant-funded providers' allocations will be impacted by under-performance for two consecutive academic years. It is proposed that two providers will not be offered 2026-27 indicative allocations as they would be below the minimum grant allocation of £100,000. Engagement is ongoing with these two providers to confirm the withdrawal of their allocations from the 2026-27 academic year onward. It is proposed to decrease the ASF allocation for the third provider based on the value of their actual delivery in the higher performing academic year.
- 2.15 This decision form also invites the Mayor's approval of the indicative FCfJ grant allocations. Following the approach adopted for last academic year, GLA officers propose no change to FCfJ allocations for the 2026-27 academic year. As with ASF, providers will be notified of their indicative FCfJ allocations for 2026-27 academic year.
- 2.16 Indicative 2026-27 FCfJ allocations are based on 2025-26 FCfJ final allocations excluding any in-year growth awarded to some providers as part of the additional FCfJ allocation for construction skills in June 2025.
- 2.17 The total value of FCfJ-funded grant programme, as per the proposed indicative allocations amounts to £15,076,029 and the final amount will be recommended to the ASF Mayoral Board in March 2026, prior to issuing of FCfJ final allocations to providers.
- 2.18 Sixty-eight ASF grant providers will be funded in the 2026-27 academic year. The proposed provider allocations are presented in Appendix B.

- 2.19 The indicative delivery plan data for 2026-27 from ASF grant providers indicates that the allocations will support 190,670 participants studying 416,000 learning aims, with 28,670 Londoners supported into work, 15,000 supported to progress in work and a further 72,830 progressing to higher levels of study or apprenticeships. Some 132,000 learning aims will be delivered in London Growth Plan sector priority areas and 226,020 to support essential skills needed to break down barriers for those furthest from work.
- 2.20 The establishment of the Sector Talent Boards provides the opportunity for employers to set out the demand occupations and skills requirements for each sector, and this will inform the guidance on the development of plans prior to 2026-27 teaching year, alongside the London Local Skills Improvement Plan. Providers will be convened through the Sector Talent Board and subregional hub activity to collaborate on responding skills needs as they emerge.

Adult Skills Fund policy direction for 2026-27 academic year

- 2.21 GLA officers propose to consult with skills sector representatives on potential ASF funding changes to simplify the essential skills non-regulated provision, the London Factor, and the funding arrangements for Level Three provision in line with the goals set out in the Inclusive Talent Strategy and the SLBG mandate. In addition, officers suggest exploring further changes to the current ASF subcontracting and reconciliation approaches in order to optimise ASF delivery and quality of provision.
- 2.22 Following an engagement with FE sector representative bodies and the interim Sector Talent Boards, GLA officers will propose funding changes to the draft 2026-27 GLA ASF Funding Rules at the March 2026 ASF Mayoral Board prior to seeking a Mayoral decision for final approval.

3. Equality comments

- 3.1 Under section 149 of the Equality Act 2010, as a public authority, the Mayor must comply with the Public Sector Equality Duty (PSED) when exercising his functions. The PSED is a duty to have due regard to:
- the need to eliminate discrimination, harassment and victimisation, and any other 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 (for the purposes of the first limb of the duty in relation to employment), 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 in particular 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 ASF grant providers will be held accountable against what they set out in their three-year delivery plans, including targets for engaging learners from groups with protected characteristics.
- 3.5 In determining the GLA's indicative grant allocations approach for 2026-27, it's the impact on learners with protected characteristics has been taken into account. The proposed approach to use 2025-26 allocations as the basis for 2026-27 grant funded 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 disproportionately disadvantaged due to the decrease in ASF funding.
- 3.6 The London Union Learning Programme (LULP) primarily engages with sectors and workplaces which are characterised by having generally long-standing staff members, who are mainly from ethnic minority backgrounds with low skills levels. LULP has recently created a survey for learners engaging with the programme to capture key equalities data to further understand how the programme can support learners. This helps to ensure LULP are meeting the diverse needs of the learners they are already engaging with, and to identify any trends or gaps in their workplace engagement going forward. The data collected is currently being processed.
- 3.7 LULP are already working with several groups who face significant barriers within London's labour market, namely migrant workers and refugees. LULP are supporting these groups to help them understand their employment rights and working with training providers to ensure they can access ESOL provision. In many cases LULP will work during evenings and weekends to engage these groups who usually work unsociable hours, and in partnership with volunteers to help translate employment advice and guidance into other languages to help support migrant workers and refugees. The amended 2024 to 2025 allocations to four ASF grantees with respect to fully funding Londoners earning above the LLW enrolled on Trade Union qualifications will still be subject to the proposed decrease to funding for 2026 to 2027 academic year in line with all other grantees.
- 3.8 The aim of ASF is to improve opportunities for people who are disadvantaged in the labour market. Many potential ASF participants have protected characteristics. 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 education, employment, or training; people without basic skills; and people who are workless. It will also support Londoners in low-paid/low-skilled jobs.

4. Other considerations

Links to Mayoral strategies and priorities

- 4.1 The proposals in this MD align with the approach outlined in the [GLA ASF Funding Rules](#) (which are incorporated within each of the agreements with grant-funded providers), approved by the Mayor through MD3356. Ensuring that reconciliation processes align to published rules provide stability to the ASF provider base.
- 4.2 The GLA's ASF programme aligns to the [Inclusive Talent Strategy](#) and Get London Working Plan, approved under cover of [MD3440](#). The programme will enable the delivery of the 'Talent Pipelines for London's Key Sectors' project, support the success of the 'Upskilling for Resilience' project, and is strategically linked to all other projects under the 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](#).

- 4.3 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.

Risks arising/mitigation

- 4.4 The cost-of-living crisis has impacted provider ability to respond to local skills needs. There has been no real-terms increase to ASF funding since its delegation to the Mayor in 2019. This is despite an increase in training delivery costs in the same period. The GLA continues to communicate the impact of the real-terms decrease in funding to the Department for Work and Pensions.
- 4.5 Suggested further cuts to the ASF and FCfJ budgets may lead to financial instability of FE colleges and independent training providers, leading to strain on staffing costs and inability to adjust provision accordingly. By adopting a two-academic year transition approach to allocations, the GLA has signalled the value of the continuing partnership between the Mayor and skills providers, and has allowed providers the time to plan their curriculum and amend their provision in line with the Mayoral strategic priorities.
- 4.6 Despite notifying providers of their indicative allocations, the GLA will reserve the right to reduce or increase the value of funding dependant on performance. The GLA currently receives its ASF budget on a yearly basis, therefore actual grant agreements and final allocations will continue to be awarded on a single academic year basis. This will be subject to change following the introduction of the Integrated Settlement. The indicative allocation letters to all providers will specify clearly that those allocations are subject to change and subject to the final ASF budget being confirmed in the Integrated Settlement.
- 4.7 There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.
- 4.8 This decision was considered by the ASF Mayoral Board on 10 December 2025.

5. Financial comments

- 5.1 Approval is sought for:
- the revised 2025-26 ASF grant allocations for four ASF grant providers and fully funding learners undertaking Trade Union qualifications/units set out in Appendix A
 - an amendment to the 2025-26 GLA ASF Funding and Performance and Management Rules to fund delivery by ASF grant providers for up to 102 per cent of their respective ASF allocations at 2025-26 reconciliation stage
 - the 2026-27 indicative ASF (including FCfJ) grant allocations set out in Appendix B.
- 5.2 Based on analysis of Trade Union learning provision in the 2024-25 academic year across all grant providers, the 2025-26 academic year ASF grant allocations for four grant providers delivering Union Learn qualifications will be increased by the total amount of £285,772 to accommodate the extra cost of provision.
- 5.3 In line with the proposed indicative allocation approach set out in paragraph 2.11, the total value of the ASF and FCfJ grant allocations amounts to £288,962,875 for the 2026-27 and the final amount will be recommended to the ASF Mayoral Board in March 2026, prior to issuing of ASF final allocations to providers.

- 5.4 As funding for the ASF programme is external and multi-year, it is subject to available funding and the GLA's annual budget-setting process and there should be appropriate break clauses included in the funding agreements.
- 5.5 All expenditure is contained within the ASF budget, held within the SLBG programme.

6. Legal comments

- 6.1 Section 39A (1) of the Greater London Authority Act 1999 ("the GLA Act 1999") permits the delegation of Ministerial functions to the Mayor, to such extent and subject to such conditions as that Minister thinks fit. The Secretary of State for Education (SSE) exercised the powers under section 39A of the GLA Act 1999 to delegate certain functions of the SSE under the Apprenticeships, Skills, Children and Learning Act 2009 (the 2009 Act). The Mayor approved the delegation of certain functions, and the terms of and conditions attached in MD2410 and MD3349.
- 6.2 The functions delegated under the 2009 Act are:
- sections 86 to 88 (which are to be exercised by the Mayor instead of by the SSE), except any functions relating to apprenticeship training or persons subject to adult detention
 - sections 90 and 100(1) (which are to be exercised concurrently with the SSE) except any functions relating to apprenticeship training or persons subject to adult detention.
 - section 100(1B) (which is to be exercised concurrently with the SSE) except any functions relating to persons subject to adult detention, or any function relating to a person who, at the time of starting a course of study for an approved technical education qualification or starting to take approved steps towards occupational competence is: (i) aged under 10, or (ii) aged under 25 and for whom an EHC Plan is maintained.
- 6.3 In taking the decisions requested, the Mayor must comply with the Public Sector Equality Duty – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under 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 of this report.
- 6.4 Should the Mayor be minded to make the decisions sought officers must ensure that they:
- do not commit to any expenditure which relies upon delegated ASF before the grant of the same has been made to the GLA
 - liaise with the Department of Education/ESFA to ensure that the funding may be used in respect of expenditure proposed
 - communicate clearly the proposed change to the Funding and Performance and Management Rules to all recipients (and prospective recipients) before seeking to place any reliance upon those updated rules
 - make clear (in express terms) to proposed recipients that:
 - the sums are indicative only and not confirmed

- they should not place or in act in reliance upon any ASF for the periods concerned until and unless those sums are reflected in the relevant agreements entered into and executed by the GLA and the recipients
- any earlier activity undertaken in in reliance of indicative allocations it entirely at their risk.
- (subject always to the confirmation from DfE of the available budget) incorporate the allocations within the relevant agreements in accordance with their variation provisions before any commitment is made to the award the funding proposed.

7. Planned delivery approach and next steps

7.1 Next steps are set out below:

Activity	Timeline
2026-27 indicative ASF grant allocations sent to providers	December 2025
2026-27 exceptional business cases	January 2026
2026 -27 final ASF grant allocations Mayoral approval	March 2026
2026-27 ASF grant delivery plan submission	June 2026
Start of 2026-27 academic year	August 2026

Appendices and supporting papers:

- Appendix A – List of Trade Union approved qualifications and impact on organisations’ 2025-2026 allocations
- Appendix B – Indicative GLA ASF (including FCfJ) grant allocations 2026-27

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

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? YES

If YES, for what reason: Deferring publication will allow for distribution of provider reconciliation statements and consideration of any queries raised by providers.

Until what date: 31 March 2026.

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the 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 confirm 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 15 December 2025.

CHIEF FINANCE OFFICER:

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

Signature

Fay Hurrend

Date

22 December 2025

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

22 December 2025