GREATER**LONDON**AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3407

Title: Adult Skills Fund Commissioning - 2026-29 London Talent Pathways Fund and 2025-26 GLA ASF Grant Funding and Performance Management Rules

Executive Summary:

This decision seeks the Mayor's approval of the policy intent and the expenditure of up to £97.5m (£32.5m per academic year) on an employer-led London Talent Pathways programme funded by the Adult Skills Fund (ASF) and the associated grant competitive process to identify successful organisations to upskill Londoners.

The London Talent Pathways Fund (the Fund) has been designed to align with the London Growth Plan, London's Local Skills Improvement Plan and the Inclusive Talent Strategy to focus on creating a talent pipeline and work progression pathways for priority occupations in key industries.

The Fund will support approximately 21,000 Londoners per year who are out of work, or in low-paid work to access vocational skills at Level One or above where at least half of them will succeed into good jobs, progress in-work or further training. This decision also seeks approval to changes in the forthcoming 2025-26 ASF Funding and Performance Management Rules.

Decision:

That the Mayor approves:

1. ASF and Free Courses for Jobs (FCFJ) expenditure of up to £97.5m (£32.5m per annum) on the London Talent Pathways Fund. Grant awards will be made for two academic years (2026-27 and 2027-28) with the possibility of extending the funding agreement for an additional academic year (2028-29) subject to endorsement by Employer Boards and successful performance and budget availability
2. the proposed policy and allocation approach for the London Talent Pathways Fund, its launch in October 2025 and the publication of the necessary documentation on the GLA website
3. the amendments to the 2025-26 draft GLA ASF Performance Management Rules regarding changes to residency eligibility and FCFJ definition and eligibility for adult learners.

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:** 20/08/25



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

Decision required – supporting report

1. Introduction and background

1.1 Under the Mayor's Adult Skills Fund (ASF), the majority of funding is distributed to providers as grant funding to Further Education (FE) Colleges and Boroughs, with around £30m per annum awarded competitively to deliver additional Mayoral priorities.

1.2 The ongoing Jobs and Skills for Londoners Fund ends in July 2026 and a new competitive process for a successor programme will be launched in Autumn 2025. This funding opportunity is strategically aligned to the priorities of the London Growth Plan, and vision for a new employer-led Inclusive Talent System.

1.3 The London Growth Plan set a bold ambition to raise productivity growth rates by two per cent per year between 2025 and 2035, raise the real household weekly income (after housing costs) of the lowest earning 20 per cent of Londoners by 20 per cent by 2035 and train enough workers for the green transition. Growing the skilled workforce is critical to meeting these ambitions, but we know that our careers, skills, employment and health systems could be working together more effectively for Londoners and the economy.

1.4 To achieve this increase in productivity growth, London must grow its most productive sectors fastest, grow a skilled and diverse workforce, and help businesses to become more productive. This will be achieved through the creation of a new Inclusive Talent System, that helps more Londoners into good jobs. That means:

- a smarter system where employers regularly share what skills they need—and where training, careers and employment services are shaped around those needs
- stronger, long-term partnerships with employers so they can help design and invest in the training and support they really need
- better routes into work for people who are currently excluded or face barriers
- a clearer system overall—so learners and employers can easily understand what's available and how to get support.

1.5 In May 2025, the draft 2025-26 ASF Grant Funding and Performance Management Rules (as approved under Mayoral Decision (MD)3356[1]) were published. Subsequently, the Department for Education (DfE) published their own ASF rules with some simplifications around the residency eligibility and the Free Courses for Jobs (FCFJ) definitions.

2. Objectives and expected outcomes

<u>London Talent Pathways Fund</u>

2.1 For the London Talent Pathways Fund ("the Fund"), key policy priorities are as follows:

- investing in training that supports progression pathways into key sectors aligned to the London Growth Plan and Local Skills Improvement Plan. This must include sector specific skills provision that supports occupational pathways (to be set out in the prospectus) and job outcomes in the following key sectors:
    - Financial, Professional and Business Services (minimum ringfenced £1m per annum)

[1] MD3356 has been deferred from publication as it contains commercially sensitive information.

- Experience Economy (Hospitality; Retail; Sport) (minimum ringfenced £1m per annum)
- Creative Industries and technologies (minimum ringfenced £2m per annum)
- Digital (minimum ringfenced £3m per annum)
- Construction (including Green Construction) (minimum ringfenced £3m per annum)
- Health and Social Care (minimum ringfenced £3m per annum)
- Frontier Innovation (life sciences) (minimum ringfenced £500,000 per annum)

- the acquisition of essential skills (English, Maths, Digital and English for Speakers of Other Languages (ESOL)) packaged alongside sector specific training to support access and progression if needed

- prioritising low-income or unemployed Londoners and Londoners who are under-represented in key sectors, to meet the objectives of the London Growth Plan to raise living standards, productivity and increase diversity in growth sectors

- embedding transferable skills required by employers across the board, responding to a key priority identified in the London Local Skills Improvement Plan.

2.2 In line with the London Growth Plan, London's Local Skills Improvement Plan and forthcoming Inclusive Talent Strategy, the £32.5m annual Fund will focus on provision of vocational skills at Level One (L1) or above:

- Creating employer-led talent pipelines and establishing work progression pathways in key sectors. To secure provision within each of the key sectors, there will be minimum ringfenced funding for each of the sectors per academic year.

- Once established, the Sector Employer Boards will provide guidance and feedback on priority occupations, skills gaps and suitable qualifications within the key sectors on a regular basis. Informal discussions with the first pilot Sector Employer Boards will start as soon as possible, followed by all other Sector Employer Boards before provision starts in August 2026. The successful bidders will submit employer letters of endorsement at the application stage and will be required to flex their delivery to take on board advice from the Sector Employer Boards and amend their curriculum offer if necessary.

- The programme outcome data will be collected via the Individualised Learner Record (ILR) returns, any necessary supplementary data and the London Learner Survey. The measures of success will be based on the following outcomes and outputs:
  - the funding is expected to support approximately 21,000 Londoners per academic year (based on evidence from the Jobs and Skills for Londoners programme) who are out of work (estimated 75 per cent), or in low-paid work (estimated 25 per cent), to access the industry relevant vocational skills they need to succeed into jobs, progress in-work or move closer to the job market by progressing onto higher level courses
  - successful bidders to deliver at least 90 per cent of their vocational skills provision within a key sector
  - all supported learners to enrol on a vocational qualification (L1 or above)
  - at least 75 per cent of learners to achieve a positive destination (being in employment or further training) within six months of completing their course. Further training means where employers have identified higher skill levels for specific sectors where additional technical or professional learning is required to provide a talented job-ready workforce in key occupations.

In line with the results from the London Learner Survey 2023-24 for commissioned provision, at least 50 per cent of learners to achieve progression onto higher level of learning, entry into employment or in-work progression within six months of completing the course:

- 35 per cent of out of work learners to progress into employment
- 35 per cent of employed learners to progress within work

- Ringfenced job outcome payments (£2.2m ringfenced incentivised funding for additional wraparound support to get learners into jobs) where 'good' job is funded at £500 and any other job is funded at £300.

- Successful training providers will commit to deliver the above outcomes, will be paid on actual delivery, will provide sufficient assurance that they are working with employers and will adjust their provision in line with the advice received from the Sector Employer Boards. They will be monitored closely by GLA delivery officers and in case of significant underperformance may lose their funding which will be re-allocated to successful delivery partners who deliver in line with the recommendations by the Sector Employer Boards.

2.3 Learners who require certain additional skills or wraparound support (essential skills such as Digital, English, Maths or ESOL, literacy, numeracy, or any employability skills such as site cards) to support their progression, will have guaranteed provision of those skills. Training providers will be able to spend up to 35 per cent of their allocation on additional skills and wraparound support to make learners as job ready as required.

2.4 All bidders are expected to demonstrate how they have formed strong relationships with employers to understand their hiring and upskilling needs. Bidders are expected to pursue co-funding opportunities with employers especially around upskilling their existing workforce and progressing them in work. They should commit to be sufficiently flexible to adjust their provision on an annual basis to satisfy evolving employer needs or implement recommendations by the Sector Employer Boards.

2.5 Successful bidders will be awarded grant funding based on their overall ranking, minimum ringfenced sectoral funding and successful due diligence. Subject to Mayoral approval and budget availability at the point of award, grant awards will be made for two academic years (2026-27 and 2027-28) with the option of a break clause after the first year subject to successful overall performance including meeting the needs identified by the Sector Employer Boards. The funding agreements may be extended through local governance arrangements for a third-year dependent on their performance and the maturity of the Sector Employer Boards and their functions. Bidders will be required to bid for the same level of funding for each academic year.

2.6 The London Talent Pathways Fund will allocate up to £97.5m over three academic years (an annual allocation of £32.5m of which £6.8m will be ringfenced level three FCFJ funding) to training providers via a grant award competitive process.

2.7 It is proposed that the Fund will be commissioned in October 2025 and delivery will start in August 2026. A prospectus document, application materials and a funding agreement will be prepared and issued setting out the priority occupations in key sectors. The documents will outline the overall approach to award of funding in line with the prevailing GLA ASF grant funding and performance management rules.

2.8 To enable compliance with DfE requirements, reliable due diligence on and consider accurately the track record of applicants they will need to be registered on the UK Register of Learning Providers (UKLRP) which provides an externally verified source of up-to-date information on providers and their provision (including Ofsted reports which only arise in respect of UKLRP registered providers. They will also need to have an established delivery site located within London so that Londoners can

commute to and from and attend. Bidders will also need to meet specified criteria on quality of provision and other due diligence for their bid to be considered.

2.9 Market warming events will take place after the London Talent Pathways Fund competition has launched. Bidders will complete their applications on the GLA Open Project System (OPS). Evaluation of bids will also take place within the GLA OPS system.

Amendments to the 2025-26 draft GLA ASF Funding and Performance Management rules

2.10 It is proposed that amendments are made to the 2025-26 draft GLA ASF Funding and Performance Management Rules which include changes to the residency eligibility for adult learners and FCFJ to accommodate the additional funding for the delivery of construction learning aims.

2.11 The first recommendation is to remove the requirement for learners to have at least 12-month permission to live in the country upon enrolment. This is in line with the simplified residency eligibility recently introduced by DfE.

2.12 The second recommendation is to amend the definition of the FCFJ learner eligibility and broaden the list of eligible construction qualifications attracting an uplift in line with the changes introduced by DfE, and any other construction learning aims confirmed by the GLA. In addition, providers will be able to use their ASF core funding to deliver FCFJ learning aims if their FCFJ allocation is exhausted but not vice versa.

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 Fund will prioritise low-income or unemployed Londoners and Londoners who are under-represented in key sectors, to meet the objectives of the London Growth Plan to raise living standards, productivity and increase diversity in growth sectors.

3.4 All commissioning documents will be in line with the principles of responsible commissioning which will secure fair and transparent competition for all organisations in scope.

3.5 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.

3.6 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 education, employment or training (NEET), people without basic skills and people who are workless. It will also support Londoners in low paid/low-skilled jobs.

4. Other considerations

Key risks and issues

4.1 Recent cuts to the ASF and FCFJ budgets from DfE may lead to an insufficient budget to deliver the Fund. Annual grant allocations will be conditional on budget availability. The Integrated Settlement, which will secure a single devolved budget for ASF and FCFJ funding, is now expected to be in place ahead of the start of the 2026-27 academic year will allow us to provide assurance with respect to the budget for multiple years subject to endorsement by the Mayor.

4.2 That insufficient bids are received to deliver the proposed budget, leading to under-delivery. This is seen as unlikely, however, market warming events and extensive communication with potential bidders will be used to mitigate against this potential risk.

4.3 There is a risk of ASF Funding and Performance Management rules changing over the three-year period of the agreements of this Fund, however, the agreements and prospectus document will clearly state that these documents are subject to change from time to time and all successful organisations must deliver in accordance with the latest issued documents. The prospectus will have annual break clauses for any funding agreement.

Links to Mayoral strategies and priorities

4.4 The London Talent Pathways Fund is strategically aligned to the priorities of the London Growth Plan, the forthcoming Essential Skills and Progression Pathways strategy and the vision for a new employer-led Inclusive Talent System.

4.5 The London Growth Plan set a bold ambition to raise productivity growth rates by two per cent per year between 2025 and 2035, raise the real household weekly income of the lowest earning 20 per cent of Londoners by 20 per cent by 2035 and train enough workers for the green transition. In line with the Growth Plan, the London Talent Pathways Fund will support approximately 21,000 unemployed and low-paid Londoners per year to progress into further learning, get into work or progress within work by following a vocational pathway within a priority occupation.

4.6 Delivering the ASF supports Londoners to develop the skills needed to move into employment in some of the sectors considered critical to London's economic growth. The ASF directly supports the Mayor's priorities for the Supporting Londoners to Benefit from Growth programme which brings together employment, skills and careers advice providers and employers, in close collaboration with London's local authorities, central government and wider stakeholders to bring together provision, transforming it into a single city-wide Inclusive Talent System.

Conflict of interest

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 endorsed by the ASF Mayoral Board on 23 July 2025.

5. Financial comments

5.1 Approval is sought for:

- ASF and Free Courses for Jobs (FCFJ) expenditure of up to £97.5m (£32.5m per annum) on the London Talent Pathways Fund. Grant awards will be made for two academic years (2026-27 and 2027-28) with the possibility of extending the funding agreement for an additional academic year (2028-29) subject to endorsement by Employer Boards and successful performance and budget availability

- the proposed policy intent and approach to allocating the funding for the London Talent Pathways Fund, its launch in October 2025 and the publication of the necessary documentation on the GLA website

- the amendments to the 2025-26 draft GLA ASF Performance Management Rules regarding changes to residency eligibility and FCFJ definition and eligibility for adult learners.

5.2 The London Talent Pathways Fund (the Fund) has been designed to align with the London Growth Plan, London's Local Skills Improvement Plan and the Inclusive Talent Strategy to focus on creating a talent pipeline and work progression pathways for priority occupations in key industries.

5.3 This will be funded from the ASF budget; it is subject to available funding and the GLA's annual budget setting process and appropriate break clauses should be included in the funding agreements.

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 AEB 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 The decisions requested of the Mayor also concern the exercise of the Authority's general powers under section 30 of the Greater London Authority Act 1999 falling within the Authority'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 and social development in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority'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.

6.3 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 between persons who share a relevant protected characteristic (age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic 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.

6.4 Paragraph 2.6 above indicates that the contribution of up to £97.5m (£32.5m per academic year) amounts to the provision of grant funding and not payment for works, supplies or services. Officers must ensure that the funding be distributed fairly, transparently, in accordance with the GLA's equalities and with the requirements of section 12 of the Authority's Contracts and Funding Code.

6.5 Furthermore, officers must ensure that appropriate funding agreements be put in place between and executed by the GLA and the recipients before any (a) commitment to fund is made; and (b) funding is paid to the recipients.

6.6 Section 30 powers under the Greater London Authority Act 1999 cannot be used in respect of the incurring of expenditure in the provision (where they may be provided by other public bodies) of educational services, however such expenditure may be permissible where it concerns the GLA's cooperation with or facilitation of the activities of public bodies which may provide such services.

6.7 If the Mayor makes the decisions sought officers must also ensure that no reliance is placed on nor commitments made in reliance of future (ASF or GLA) budgets remaining subject to the outcome of the budget setting processes for those years and further, that termination for convenience rights exercisable at the discretion of the GLA clauses are included into funding agreements as necessary.

7. Planned delivery approach and next steps

7.1. The table below outlines a proposed timeline:

Activity	**Timeline**
Employers/Shadow Employer Board engagement	July 2025 – ongoing
Development of relevant grant commissioning documents	July 2025 – September 2025
Launch of grant award competitive process	October 2025
Market warming events	October – November 2025
Deadline for applications	November – December 2025
Application scoring	January – March 2026
Notification of providers and execution of agreements	May – June 2026
Onboarding of providers	July 2026
London Talent Pathways Fund delivery start	August 2026

Appendices and supporting papers:
None.

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: All necessary information regarding the competition will be published on the GLA website in due course. Any preliminary information might confuse potential bidders or distort competition, and give undue advantage to some organisations. The deferral of the decision form will lower the risk of legal challenges during the competition.

Until what date: 1 October 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 11 August 2025.	✓

CHIEF FINANCE OFFICER:

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

Signature: Fay Hammond **Date:** 11/08/2025

CHIEF OF STAFF:

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

Signature: D. Bellamy **Date:** 11/08/2025