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Education & Training Sector

Regulatory Reform: Reshaping Value in the sector

Introduction

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Regulatory Reform is Redefining Value and Driving Consolidation in Education & Training

The UK Education & Training sector is entering a period of accelerated regulatory change, with reforms spanning apprenticeships delivery, funding structures, qualification frameworks and lifelong learning pathways. These changes are redefining how providers generate revenue, demonstrate outcomes and align with employer demand.

Against this evolving backdrop, providers that can adapt delivery models, diversify funding exposure and demonstrate measurable workforce impact are expected to outperform peers and attract sustained strategic and financial acquiror appetite.

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Key Themes

Apprenticeship Reform

- Reduced programme durations and increased flexibility
- Removal of legacy requirements
- Shift towards modular, outcome-based delivery frameworks

Growth & Skills Levy

- Evolution of levy funding into broader workforce training
- Increased employer discretion over training budgets
- Growth in demand for short-form, modular training

Qualification Reform

- Defunding of overlapping and low-demand qualifications
- Consolidation of provision into fewer, higher quality pathways
- Rollout of technical and employer-aligned qualifications

Lifelong Learning Entitlement

- Introduction of flexible funding for modular learning
- Shift towards continuous, career-long upskilling
- Increased accessibility of higher and technical education

Employer-Led Skills System

- Increased alignment of funding with priority sectors
- Greater employer involvement in curriculum design
- Focus on job-relevant, outcome-driven training

Inclusion & Targeted Funding

- Increased funding directed towards SEND learners
- Policy focus on widening participation and employability
- Growth in specialist and impact-driven training provisions

"We are seeing a fundamental shift in how Education & Training businesses operate as regulatory reform accelerates consolidation and places greater emphasis on scalability, outcomes and employer alignment as key characteristics driving acquiror appetite".

Trends & Opportunities

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Apprenticeship Reform: From Complexity to Flexibility

- The UK apprenticeship model is being reformed, with shorter durations, removal of functional skill requirements and a transition towards flexible, modular frameworks.
- Providers should focus on delivery design to align with shorter programme durations and embed continuous assessment capability to remain competitive in a more employer led system.
- **Providers that successfully transition to scalable, modular apprenticeship delivery with strong employer alignment will enhance revenue visibility and margin resilience, positioning themselves as attractive acquisition targets as acquirors seek exposure to a more commercially driven apprenticeship market.**

11.9%

YoY Increase in apprenticeship starts from Aug-25 to Jan-26

(Department for Education, April 26)

Growth & Skills Levy: Expansion of Addressable Market

- The evolution of the Apprenticeship Levy into a broader Growth & Skills Levy is expanding funding access beyond traditional apprenticeships into shorter modular training.
- Providers are diversifying provisions into professional upskilling and modular training soutions, enabling access to a wider pool of levy funding and reducing reliance on apprenticeship delivery.
- **Education & Training providers that successfully capture diversified funding streams and demonstrate exposure to a broader corporate training market will benefit from enhanced income diversification, driving enhanced strategic and financial acquiror appetite targeting platform expansion.**

£4.5bn

Employer levy contributions forecast (2026 -27)

(FE Week, March 26)

Qualification Reform: Market Rationalisation

- Level 3 qualification reform, the rollout of T Levels and the removal of funding for Level 7 apprenticeships for learners aged 22+ is consolidating delivery into fewer, higher quality pathways.
- Providers should actively rationalise course portfolios, prioritising high-demand and government-aligned qualifications to support outcome delivery requirements and maintain funding relevance.
- **Market consolidation driven by qualification defunding is expected to accelerate, with high-quality, approved providers benefiting from reduced competition and enhanced market positioning, attracting premium valuation multiples as acquirors pursue scaled, defensible platforms.**

68.8%

Of apprenticeship starts funded via levy accounts

(Department for Education, January 26)

Trends & Opportunities

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Lifelong Learning Entitlement: Education Modularisation

- The Lifelong Learning Entitlement is driving a shift towards modular, flexible learning, enabling access to funding for shorter, stackable courses throughout learners' careers.
- Providers should invest in modular course design, digital delivery platforms and flexible learning pathways to capture demand from individuals and employers seeking continuous upskilling.
- **Education & Training businesses with scalable, modular and tech-enabled delivery models will benefit from increased addressable market and recurring revenue opportunities, positioning themselves as attractive targets for acquirors seeking access to the long-term structural growth of lifelong learning.**

5.0%

YoY increase in total apprenticeship participation from Aug-25 to Jan-26

(Department for Education, April 26)

Employer-Led Skills System: Alignment With Demand

- Government policy is increasingly aligning funding and qualification frameworks with labour demand, prioritising sector specific skills and employer-led curriculum design.
- Providers should align with priority sectors such as healthcare and digital, whilst embedding deeper employer partnerships, ensuring direct workforce relevance and funding alignment.
- **Providers with strong employer integration and sector specialisation are becoming increasingly vital to workforce development and are positioned as strategically important assets in the evolving skills market, driving stronger acquiror appetite towards those aligned with high-demand sectors.**

73%

Of UK employers report difficulty finding skilled talent

(ManpowerGroup, March 2026)

Inclusion & Targeted Funding: New Growth Niches

- Policy focus on widening participation, including SEND learners and care leavers, is directing funding towards more specialised and impact-driven provisions.
- Providers should develop targeted delivery models and specialist capabilities to access these funding streams, whilst embedding support services that improves learner outcomes.
- **Specialist providers operating in high-impact government-supported niches will benefit from strong demand visibility and differentiated market positioning, attracting strategic acquirors seeking entry into resilient, high-priority sub sectors.**

16.1%

Youth unemployment rate (16 – 24 year olds), the highest figure in 11 years

(Office for National Statistics, March 26)

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Conclusion: Adaptation to Regulation is Paramount to Value

- Regulatory reform is reshaping delivery models, funding access and competitive dynamics across the Education & Training sector. Providers that align with policy direction, employer demand and outcome-based delivery will be best positioned to capture growth.
- Companies demonstrating scalable, flexible and technology-enabled platforms, alongside diversified funding exposure and strong employer integration, will increasingly differentiate themselves.
- These characteristics are key drivers of value, with acquirors prioritising high-quality, defensible platforms with demonstrable revenue visibility, scalability and resilience.
- Providers that can successfully and effectively adapt to changing sector regulations are well-positioned to capitalise on increasing levels of appetite from strategic and financial consolidators as competition for leading platforms accelerates.

Gambit's Added Value Approach

Gambit's Education & Training expertise enables us to identify off-market acquisition targets and assess acquiror appetite, whilst our close-knit relationships with the Private Equity market provides our client base with targeted and unparalleled access to financial investors.

Gambit's detailed knowledge and insight into the Education & Training market enables us to advise on appropriate valuation metrics and present opportunities with maximum impact to appropriate acquirors, targets and/or funders.

Part of an integrated sector team within Corporate Finance International, sharing cross-border opportunities, sector trends and insights, underpinning leading transaction credentials in the sector and optimising client outcomes.

Gambit acts as an extension to senior management teams, with a genuine partner-led service by like-minded business owners, available 24/7 to discuss commercial issues or provide a sounding board, priding ourselves on strong, long-lasting and collaborative relationships.

In an increasingly active M&A market, Education & Training business owners should look to utilise experienced corporate finance advisors to support strategic decision making and maximise value realisation, leveraging the strong level of acquiror appetite and unprecedented funding availability.

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Gambit Corporate Finance

Established in 1992, Gambit is an independent corporate finance advisory firm specialising in advising private and public companies on mid-market transactions in the UK and overseas. With offices in London and Cardiff, Gambit is widely recognised as a market leader in M&A advice in the Education & Training sector having built up detailed industry knowledge and an enviable track record in deal origination and execution.

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Corporate Finance International

Gambit is the exclusive UK shareholder of CFI, a global partnership of middle-market investment banks and corporate finance advisory firms. With 300 professionals located in 28 offices throughout the world, CFI members specialise in cross-border acquisitions, disposals, capital raising, and related services. CFI has advised on a significant number of Education & Training sector deals and is ranked number 22 in Europe and 26 globally by Thomson Reuters for transactions valued up to €200 million.

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