

Apprenticeship Changes - What's Coming



2026 brings changes to apprenticeships that will impact Training Providers and Employers accessing training.

The budget has introduced one of the biggest changes to apprenticeship funding for SMEs, with apprenticeship training for anyone under 25 in SMEs will be 100% funded by the government. This major shift designed to support employers struggling with skills shortages as well as boosting youth employment. We expect to see this take affect from the start of the 2026/27 academic year.

SMEs will no longer be required to pay the 5% co-investment fee for learners between 16-24 with this now completely covered by the government, now aligning with existing rules that had removed this cost for apprentices under 22. This is backed by the allocation of £725 million in the budget to support the removal of the co-investment fee.

This does mean that SMEs will pay apprentices wages, but the removal of the upfront financial barrier will help drive junior talent into the pipeline to grow, all whilst tackling skills shortages.

The £820 Million Youth Guarantee will aim to reduce long-term unemployment by providing a guaranteed place in college, an apprenticeship or job search support for any young person aged between 18-24. It will ensure that apprenticeships remain central to national youth employment strategy and provide a structured route into work or training, all coming together to provide employers with a more prepared pool of candidates for entry level roles. This is part of phased introduction across country, with Norfolk and Suffolk likely to benefit later this year.

The Apprenticeship Levy is changing, and will transition into a “Growth and Skills Levy” designed to be easier to navigate with more flexibility on how employers use these funds, and with the introduction of short courses (apprenticeship units) faster upskilling will be supported by the use and allocation of these funds.

These changes aim to increase the number of new apprenticeships starts, enable reskilling of existing apprenticeships and the development of long-term pipelines. There is also the expectation that there will be more entry-level opportunities which will help SMEs to futureproof their workforce.

Apprenticeship Incentives

Employers are being offered incentives with SMEs (non-levy) able to claim £2000 for taking on 16-24 year old apprentices. These start in October 2026, but an apprentice could have been employed for 3 months already. To build on that from June 2026 the Youth Jobs Grant (part of the Youth Guarantee) offers employers £3000 for hiring eligible 18-24 year olds which have been on Universal Credit for 6 months.

There are additional benefits for employers taking on a Young Person such as no employer national insurance contributions for apprentices under 25, 100% training costs covered for eligible under-25s (non-levy), and a £3000 bursary available to care leavers under 25 starting an apprenticeship. This is further supported by the ability to stack financial incentives, e.g. an SME hiring a foundation apprentice aged 18 to 24, who has been unemployed at least 6 months could claim grants totalling £7000.

Payment	Age eligibility	Schedule
£1,000 additional payment for hiring apprentices	16 to 18 (19 to 24 with EHCP or care leavers)	We pay this in two equal instalments, at day 90 and one year after apprenticeship started (or day 242 if apprenticeship under 12 months).
£2,000 foundation apprenticeship incentive	16 to 21 (22 to 24 for apprentices with an EHCP, care leavers, or prisoners and prison leavers)	We pay this in three equal instalments, at day 90, day 242 (8 months) and the final payment when an apprentice progresses onto their next apprenticeship.
£2,000 new SME hiring incentive (from October 2026)	16 to 24	We pay this in two equal instalments at day 90 and day 365 (or day 242 if apprenticeship under 12 months).
£3,000 new Universal Credit hiring incentive (June 2026)	18 to 24, if apprentice has been on universal credit for over 6 months	We pay this into two instalments of roughly equal amounts at month 1 and month 3 (to be confirmed)
<p>The Universal Credit hiring incentive is paid directly to employers by the Department for Work and Pensions. For the other incentives and payments above, the apprenticeship training provider claims them on behalf of the employer and then passes them on. .</p>		

<https://help.apprenticeships.education.gov.uk/hc/en-gb/articles/34063554413202-Non-levy-incentive-for-hiring-a-young-apprentice>

“The latest announcements around national reforms to apprenticeships mark a significant shift in terms of policy and funding – but this also brings new opportunity for people and businesses in Norfolk. With changes to the levy, the introduction of new incentives, and a renewed focus on young people, we have a real chance to reshape how local employers attract, train, and grow talent. If businesses would like to know more about how they could benefit from these recent announcements – please feel free to contact our friendly team at Apprenticeships Norfolk for free and impartial advice!”

Katy Dorman, Apprenticeship Strategy Manager, Apprenticeships Norfolk

apprenticeships@norfolk.gov.uk