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Apprenticeship funding rule changes

2026-2027

Contracting, price and payments

There have been a number of changes which will enable us to simplify our contractual arrangements with yourself, which will mean that fewer updates and amendments are required, as follows:

- We are no longer required to break down the price in the contract for services into the eligible cost areas. Instead, we can just include a new statement confirming that funding will only be used on eligible costs.
- There is no longer a requirement to agree a split between training and end point assessment costs. Instead we can just record the price based on the programme cost for each standard, meaning we will not need to update the price schedules in contracts each time end point assessment costs change.
- We no longer need to agree an individual price for each apprentice manually. Instead, we will record the price within the ILR. Your approval of that price will be confirmed via the Apprenticeship Service.

Given the above, it is important that you manage your own Apprenticeship Service Account. You must not allow any third party (including us as your provider) to access, operate or approve payments through your Apprenticeship Service account.

Contracting, price and payments continued

It's important that you keep your PAYE information in the apprenticeship service account up to date.

PAYE returns are now being matched against ILR data by DfE to check apprentices' employment status.

Where they are unable to match an Apprentice's NI numbers to your PAYE information, they will flag this to us and ask us to work with you to resolve this.

Any learners that we are unable to resolve will be deemed as ineligible for funding.

Funding and Co-Investment

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The Apprenticeship Levy is now referred to as the Growth and Skills Levy in line with government ambitions to transform this and provide greater flexibility for employers, more opportunities for young people and support the industrial strategy.

From 1st August 2026, new funds added to the Growth and Skills Levy will expire after 12 months instead of the current 24 months.

From 1st August 2026, any new funds being added to an employers levy account will no longer attract the 10% government top up.

For new 16-24 year old starts from 1st August 2026, where a levy payer has insufficient funds in their Apprenticeship Service account, training will now be fully funded by DfE.

For new starts from 1st August 2026, the government will fund all the apprenticeship training and assessment costs for those apprentices who are aged between 16 and 24 years old at the start of their apprenticeship training (previously only applied to 16-21 years olds).

For apprentices aged 25 or above (at the start of their apprenticeship training), the employer co-investment rate will remain as 5%.

For non-levy employers, new employer incentive payments are available for recruiting apprentices under the age of 25. The main criteria is that the apprentices are aged under 25 when starting an apprenticeship, that you started their employment within the 90 days prior to starting their apprenticeship, and the apprentice is included within the PAYE scheme attached to your apprenticeship service account.

Changes to the Training Plan

Training Plans must be re-signed by employers when:

a) new content is added or removed
b) the planned learning end date changes (i.e. the learner goes past their planned end date)
c) if they fall behind and we have to replan learning.

If any of the above happens, we'll resend the updated Training Plan to you to sign and will be happy to discuss any necessary changes.

At the end of the programme, the employer, provider and learner must all confirm that the content of the Training Plan has been delivered. This will be added to our gateway process and you will be required to sign and confirm that all of the agreed training has been delivered.

Maths and English

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Learners aged 19+ can now access the legal entitlement to maths and English through Adult Skills Funding in their own time if they have opted out of maths and English within the apprenticeship. This means if they opt out, they can still study maths and English through a local college or similar in their own time without this affecting their apprenticeship.

If learners aged 19+ at start opted into maths and English, they can now decide to withdraw at any point. These changes will need to be agreed in advance by you as the employer and updated within the training plan.

Maths and English cannot be delivered solely by self-directed distance learning, so it's important that learners undertaking maths and English book onto and attend relevant webinars.

Maths and English must be delivered in line with the training plan. For each month it is planned it must be delivered. If maths or English is not delivered in any months where it was planned, the Training Plan will need to be updated and signed to confirm when it will be delivered in future.

Other points to note for Employers

(not part of the rule changes)

Employer incentives reminder

Employers can now access the strongest apprenticeship funding and incentive package in years.

KEY EMPLOYER INCENTIVES

Reminder: Save up to 15% on employment costs through NIC relief for apprentices under 25 and workplace pension exemptions for employees under 21.

Young Apprentice Incentive

£1000

Available NOW

A £1,000 incentive is available to employers who recruit apprentices aged 16–18, including those aged under 25 with an Education, Health and Care Plan (EHCP).

The Youth Jobs Grant

£3000

Available NOW

A £3,000 grant for employers across Great Britain who recruit a person aged 18–24 who has been claiming Universal Credit and actively seeking work for 6+ months.

New for Non-Levy Employers

Fully Funded Learners

Zero Co-Investment

Available August 2026

Learners aged 16-24 are now fully funded (no Co-Investment). This previously only applied to learners aged 16-21.

New Hire Incentive For Under 25's

£2000

Available from Oct 2026

For employers of eligible under-25 new hires starting an apprenticeship from 1st October 2026 within 90 days of joining the business.

! These incentives are not mutually exclusive, you could be eligible to claim multiple incentives for the same young person where eligibility rules are met.

Help with management of your Growth and Skills Levy Funding

With the various changes to the Growth and Skills Levy, such as removal of the government top up, funds expiring after 12 months and the changes in the level of co-investment, it's increasingly important that you're able to manage and forecast your Growth and Skills Levy funding balance.

To support you with this, we've created a calculator that is designed to help you stay on top of this, and forecast.

Click here to access the calculator