



**gk** strategy

# Apprenticeships and Skills

April 2026

## Foreword

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By GK Strategic Adviser and former Minister for Skills, Apprenticeships and Higher Education, the Rt. Hon Rob Halfon

Since 2024, apprenticeship policy in England has been through one of its most turbulent periods for some years. The Institute for Apprenticeships and Technical Education (IfATE) abolished, and Skills England established in its place. Responsibility for apprenticeships has moved from the Department for Education (DfE) to the Department for Work and Pensions (DWP). Level 7s have been largely defunded; a swathe of management and leadership standards axed; new modular apprenticeship units introduced; and Foundation Apprenticeships created for young people which the government believes will support that critical first step into the labour market.

Some of this has been painful. Employers who built real programmes around the Team Leadership standards found them removed with little notice. There is a particular contradiction that still requires an answer: the government is rightly pushing SMEs to hire young people yet simultaneously cut the funded leadership training those managers need to supervise them. But the direction of travel is unmistakable, and the skills sector must work with it rather than against it.

The government has set two clear strategic objectives.

The first is the eradication of youth economic inactivity. With approaching a million young people classified as not in education, employment or training (NEET) — roughly one in eight of those aged 16 to 24 — this is a macroeconomic priority, not a peripheral programme. The £1 billion youth employment package, the £2,000 SME incentive for every new apprentice aged 16 to 24, the £3,000 Youth Jobs Grant, and the expansion of Foundation Apprenticeships are structural commitments. Pat McFadden has been explicit: this is a transition from a welfare state to a working state, and the skills system is the primary delivery mechanism. Whether that ambition is realised depends on employers engaging not as passive recipients of policy, but as the active infrastructure through which it becomes reality.

The second is the Industrial Strategy. Eight growth-driving sectors have been identified — advanced manufacturing, clean energy, digital and technologies, life sciences, defence, financial services, creative industries, and professional and business services — and Skills England will direct resources toward them.

The modular apprenticeship units launched in April 2026 are close to those priorities. As McFadden has made clear, apprenticeships are aligned to the industrial strategy to give employers greater flexibility in how they upskill their employees. Public funding is no longer a broad employer entitlement. It is a strategic lever, directed at the sectors the government has chosen.

A QS and University of York study found that 80% of roles critical to those eight sectors require higher-level qualifications. That places traditional Degrees AND Degree Apprenticeships at the apex — not a luxury to be trimmed, but the indispensable pipeline for the engineering, digital, and scientific talent the UK needs globally. The Lifelong Learning Entitlement, opening for applications in September 2026, will add new modular routes for adult upskilling through a personal £38,140 lifetime loan.

The disruption of the past eighteen months was considerable. The strategy is now set. Will it bring a lost generation back into work while giving the Industrial Strategy the workforce it needs? Or will the upheaval have weakened the employer-led foundation that made apprenticeships genuinely valuable — a return to quantity over quality? The ladder of opportunity must have strong rungs at every level. The next few years will tell us whether this government has built it to last.

## The growing political focus on young NEETs

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By Adviser, Noureen Ahmed

Since entering government, Labour has signalled its clear commitment to significantly boost youth employment to help drive economic growth and reduce youth economic inactivity. In its 2024 election manifesto, Labour acknowledged that too many young people are out of work and outlined its ambition to reform employment support so it drives growth and opportunity. This includes the introduction of a new youth guarantee, which is backed by £1 billion of funding over the next three years, that will ensure every young person can:

- Access support to find a job, training or an apprenticeship;
- Get two weeks' worth of work experience to gain valuable workplace experience;
- Benefit from improved careers advice in schools and colleges.

There has been growing political focus on addressing the high rate of young people who are NEET. Latest figures published by the Office for National Statistics (ONS) in February 2026 estimate that 957,000 people aged 16 to 24 in the UK were NEET between October and December 2025. The government sees improving access to apprenticeship and training provision as a key lever in helping to address the rising number of economically inactive young people.

There is undoubtedly appetite within government to urgently review and resolve this policy challenge. This is evident through the transfer of the apprenticeships and skills briefs from the DfE to DWP and the appointment of Pat McFadden, a close ally of the Prime Minister, as the Secretary of State for Work and Pensions in September 2025.

Shifting skills policy across government departments is nothing new, with the skills brief having moved six times between different government departments over the last thirty years. However, with the government now having moved this policy area under the remit of DWP, it sends a clear message to the apprenticeships sector that its skills agenda will be much more closely aligned with its wider efforts to support those returning to or making that first step into the workforce. Ultimately, the move will help to ensure that the department is not only providing support with job searches but also creating clear pathways to training and employment. This is also evident through the government's pledge to 'reprioritise investment' what will help bolster opportunities for young people and meet the country's skills priorities.

Separately, former health secretary Alan Milburn has been appointed to lead an independent review into NEETs – a situation he has described the crisis as a 'national outrage' and an 'economic catastrophe'. We can expect the findings of the Milburn review to both examine the barriers preventing young people from accessing work and outline policy responses to ensure that the government can maximise opportunities for young people. Milburn's interim report is expected to be published in the spring ahead of his final report this summer.

Recent economic and political commentary has centred on the challenges young people face accessing employment opportunities. Figures published by the ONS show that the unemployment rate for those aged 16 to 24 rose to 16.1% - its highest rate in more than a decade - in the final quarter of 2025. Prioritising getting more young people into education, employment or training is therefore an economic necessity. As the government works to implement its policy measures to drive youth employment over the course of this parliamentary term, providers and employers will need to fully embrace the government's focus on young NEETs and demonstrate that they are working to alleviate the barriers to participation in education and training.

## Reforming the apprenticeships and skills system

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By Adviser, Mariella Turley

Since April 2026, the government has been in the process of rolling out its new short courses known as 'apprenticeship units'. These represent the modular component of the government's growth and skills levy offer and were confirmed as part of the DfE's post-16 education and skills white paper, which was published in October 2025. Each unit will last between one and 16 weeks and can be undertaken by employed individuals aged 19 and over. Candidates will be required to take an assessment ahead of enrolling on an apprenticeship unit to ensure they meet the eligibility criteria for that unit.

The units will initially be available in seven areas: artificial intelligence; electric vehicle charging point installation and maintenance; electrical fitting; mechanical fitting; permanent modular building assembly; solar PV installation and maintenance; and welding. The government has said that these areas have been chosen to address 'critical' skills gaps and will be focused on existing apprenticeship providers that already have experience in these sectors.

Skills minister Jacqui Smith has confirmed that there is no fixed limit on the proportion of levy funds that employers can spend on the new units. However, the government has said that this should not be interpreted as unlimited spending and signalled that officials will be looking closely at how the apprenticeships budget is deployed. The government will fully fund non-levy paying employers wanting to utilise apprenticeship units, whilst levy payers can use their notional levy funds. Apprenticeship providers will be paid in two parts: they will receive their first payment when the learner has completed 30% of planned delivery hours and their second once the learner has completed 100% of the planned delivery hours.

Foundation apprenticeships, introduced in August 2025, sit alongside apprenticeship units as part of the government's more flexible growth and skills levy offer. They are level 2 apprenticeships that last for a minimum of eight months and are designed to bridge the gap between formal learning in school or college and the world of work. The courses are only available for young people aged 16 to 21 and focus on providing a mix of employability skills and behaviours, as well as technical knowledge.

The government introduced seven foundation apprenticeships when they were first launched in August last year. These seven apprenticeships were guided by the growth areas identified in the government's industrial strategy and were available in: construction, digital, social care, engineering and manufacturing. The government has announced that it will expand foundation apprenticeships into hospitality and retail from 2026. It is likely that we'll see further expansions into the sectors that were set out as priorities in the government's industrial strategy - including clean energy and defence - to match the UK's skills needs.

## **Streamlining apprenticeship standards**

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By Head of Policy, Hugo Tuckett

One of the major political themes dominating the apprenticeships sector in recent months is the government's ongoing efforts to reduce the number of apprenticeship standards that are available. In the 2025 Autumn Budget, Chancellor of the Exchequer Rachel Reeves announced a series of reforms aimed at simplifying the apprenticeships system and improving its efficiency to support the rollout of apprenticeship units from April this year. Alongside these reforms, which included changes to the co-investment rate and the expiry window for levy-paying employers' notional levy funds, the Chancellor committed to work with employers to 'streamline the suite of apprenticeship standards available.'

The government's desire to 'streamline' apprenticeship standards, which now number more than 700, represents a continuation of its wider objective of rebalancing the apprenticeships system in favour of younger learners. In May 2025, the government confirmed that public funding for level 7 apprenticeships would be removed for most individuals aged 22 and older, with some exemptions for existing apprentices, care leavers or those with an education, health and care plan (EHCP). This change came into effect on 1 January 2026.

Ministers in the DfE had previously expressed their concerns that spending through the apprenticeships budget was increasingly being utilised by older learners undertaking level 7 courses who already held degree-level qualifications. Between 2017-18 and 2023-24, the share of the apprenticeships budget spent on level 7 courses rose from 0.8% to 9.5%. In the same period, the share of the budget spent on courses at level 2 fell from 40.1% to 15.8%. This has coincided with a large rise in the number of young people who are NEET.

The streamlining process is specifically targeting apprenticeship standards that are rarely undertaken by younger learners, or which do not align with the sectors identified as priority growth areas in the government's industrial strategy. In March 2026, DWP, the department now responsible for apprenticeships policy, confirmed that the government would remove funding for 16 standards. These standards include Team Leader, Improvement Leader and Improvement Practitioner. The Minister for Transformation, Andrew Western, has argued that some of the standards being removed are 'generic leadership and management apprenticeships, which have grown significantly but are predominantly used as continuing professional development for established staff aged 25 and over.'

As the government's efforts to streamline the current crop of apprenticeship standards continues, ministers are likely to face growing scrutiny from business leaders who will be keen to ensure the apprenticeships system remains employer led. When the Apprenticeship Levy was introduced in 2017, one of its key objectives was to ensure that the apprenticeships system was more responsive to the needs of employers. The fact that funding has been increasingly deployed on apprenticeships at levels 6 and 7 shows that this is where skills gaps in the workforce - at least amongst large levy-paying employers - lie. The government will need to tread carefully as its streamlining agenda continues to avoid accusations that the Apprenticeship Levy has become simply another tax on businesses at a time when growth in the economy remains sluggish.

The wider challenge for the government will be to reposition employers' Apprenticeship Levy contributions as a tool to drive social mobility and to support young people into work through discrete occupations, rather than as a means of upskilling existing staff. With ministers increasingly critical of employers using their levy contributions for courses they deem to be a substitute for continuing professional development, apprenticeship providers will need to ensure their programmes are clearly aligned with specific roles and occupations to minimise any risk associated with the government's ongoing streamlining agenda.

## Regulating apprenticeship quality

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By Associate, Sophie Duley

Ofsted plays a crucial role in overseeing the quality of apprenticeships in England. Its inspections help ensure that apprenticeships meet the expectations of both employers and learners and align with broader education policy goals. In recent years, Ofsted's role has evolved alongside changes in the apprenticeships landscape, reflecting broader reforms to inspections and accountability across the sector.

The most notable development is the introduction of a new inspection framework, which replaces the traditional single overall effectiveness grade with a more detailed 'report card' system. Under this model, apprenticeship providers are assessed across multiple areas – including quality of education, leadership and inclusion – with each area receiving its own rating on a five-point scale. This approach is intended to give a more nuanced and transparent picture of provider performance, particularly for complex provision like apprenticeships.

Alongside this shift in inspection methodology and the presentation of inspection results, there has been a change in how inspection outcomes are used for accountability. Previously, poor Ofsted grades could lead directly to intervention, including the termination of contracts. In 2026, the DfE moved away from this model, instead taking a more contextual, case-by-case approach when responding to inspection findings. While Ofsted judgements remain highly influential, they are no longer the sole determinant of a provider's fate. Irrespective of this, providers receiving the lowest ratings may still be categorised as 'at risk', triggering closer monitoring or intervention, particularly where concerns relate to leadership, safeguarding, or the quality of apprenticeship delivery.

This is closely linked to updates to the apprenticeship accountability framework (AAF) earlier this year. The DfE confirmed changes to align with the new inspection system, including the suspension of three 'supplementary indicators' for assessment – breaks in learning, end-point assessment organisation data and off-the-job training. The framework now places less emphasis on rigid performance metrics and more on identifying risk across a provider's provision. This signals a shift away from purely data-driven accountability toward a more holistic assessment of provider performance, incorporating professional judgement and contextual factors.

Wider reforms to the apprenticeships system are also undoubtedly influencing the context in which Ofsted operates. The evolving role of Skills England and a stronger political focus on those who are NEET, for example, are also impacting what inspectors prioritise during visits. There has been a stronger focus on how colleges are helping to reduce local skills shortages and ensuring that their students are able to find a job after graduating. Since 2022, Ofsted has judged colleges on their contributions to local skills demands. This inspection power has been heightened under the renewed inspection framework. Inspectors can now place a college into intervention if it is seen to need 'urgent improvement' when contributing to local skills needs. Under intervention, the FE Commissioner has the power to enforce changes to governance or leadership as well as funding restrictions.

The 2026 changes represent a move toward a more flexible and nuanced system in which Ofsted continues to play a central role but operates within a broader, more context-sensitive accountability landscape. For apprenticeship providers, this means adapting not only to a new inspection format but also to a system that places greater emphasis on continuous improvement, professional judgement, and the specific circumstances of their provision.

## Contact Information

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