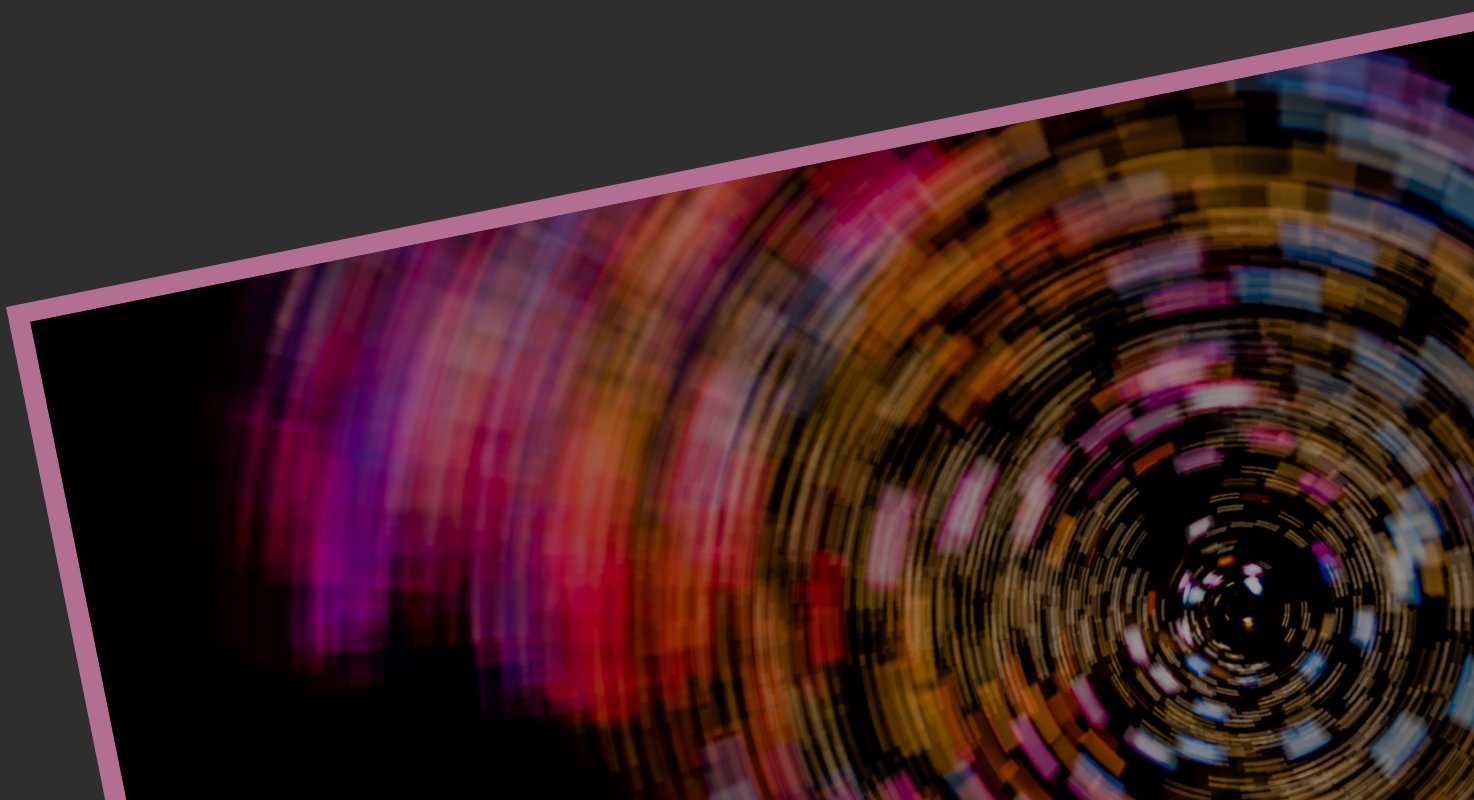
all party parliamentary group on
apprenticeships

The Future of Apprenticeships Policy

This report was researched by Connect and funded by Admiral Group, Babcock, First Intuition, Kaplan, London South Bank University, Manchester Metropolitan University, Multiverse, Nuclear Decommissioning Authority, The Co-operative Group, The Opportunity Provider, Warwick Manufacturing Group, University of Warwick. This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either House or its committees. All-Party Parliamentary Groups are informal groups of members of both Houses with a common interest in particular issues. The views expressed in this report are those of the Group.

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ACKNOWLEDGEMENTS

The All-Party Parliamentary Group on Apprenticeships would like to thank everyone who contributed to this inquiry and helped inform the recommendations contained in this report.

We are particularly grateful to Toby Perkins MP, Chair of the APPG, for his leadership of the inquiry, and to the many parliamentarians who have supported the Group's work and contributed their perspectives on the future of apprenticeships policy.

The APPG would also like to thank the organisations that sponsor and support its work. Their continued support enables the Group to bring together parliamentarians, employers, training providers, education institutions and other stakeholders to examine the challenges facing the apprenticeship system and produce reports such as this one.

We are grateful to all those who submitted evidence to the inquiry. The APPG received 125 written submissions through its call for evidence, representing a diverse range of perspectives from employers, training providers, colleges, universities, sector bodies and other organisations with direct experience of the apprenticeship system. These submissions provided an important evidence base for the report and helped identify areas of support for the Government's reforms as well as concerns about how they are being implemented.

We would also like to thank those who gave oral evidence across the APPG's three inquiry sessions (attendees are listed in our methodology appendix). Their evidence helped the APPG explore the practical effects of skills reform on employers, providers and learners, including the role of Skills England, changes to Level 7 funding, the Growth and Skills Levy, foundation apprenticeships, SME participation, devolution and careers advice.

Finally, we would like to thank all those working across the apprenticeship system who shared their experience with the Group. The purpose of this report is to reflect that evidence constructively and contribute to the development of an apprenticeship system that works for learners, employers and providers across the country.

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FOREWORD

Apprenticeships have always been about more than training for a single job. They give people a route into skilled and secure employment, while helping businesses build the workforce they need for the future.

Apprenticeships have become increasingly important as the UK continues to face skills shortages across large parts of the economy, and at a time of rapid technological change and with an ageing workforce. There is also an urgent need to improve the opportunities available to young people given the deteriorating statistical picture around NEETs. Employers need people with the right practical and technical expertise, while young people need credible routes into work that offer long-term progression.

A successful apprenticeship system must therefore meet the needs of both employers and learners, offering apprentices high-quality training and genuine career prospects, while also giving employers confidence that taking on an apprentice is a practical and worthwhile investment.

Moreover, the system must be flexible enough to work for businesses of different sizes and for people at different stages of their careers.

The Government is right to recognise that the skills system requires reform. The creation of Skills England and changes to the apprenticeship levy offer an opportunity to build a more strategic skills system. Prime Minister Andy Burnham's growing emphasis on local and devolved leadership should also help ensure that provision reflects the economic needs of different regions across the country.

However, institutional change will only succeed if it improves outcomes for those who use and deliver apprenticeships. New structures should make the system easier to navigate, rather than creating further uncertainty.

Achieving this will require government, employers, providers and local leaders to work together, with each playing a clearly defined role. Central government must provide stability and maintain national standards, along with a long-term commitment to investment that extends across political cycles and is supported by a shared vision. Employers should remain central to identifying the skills and occupations that are needed most. Providers require consistency and the resources to invest in high-quality delivery. Local and devolved authorities have a vital role to play in connecting apprenticeship provision with the economic needs of their respective areas.

The APPG undertook this inquiry to consider how the apprenticeship system should develop within this changing landscape. We heard from organisations and individuals with direct experience of designing, delivering and using apprenticeships. Their evidence showed strong support for the ambition behind reform, alongside a determination to ensure that it works in practice. This report is intended to provide a constructive and thoughtful evidence base during a period of deep reform.

The report supports the direction of this reform while also identifying where further clarity and stronger coordination is required. It considers how Skills England can provide more effective leadership, how employers and providers can play a meaningful role in shaping policy, and how devolution can make apprenticeships more responsive to local economic needs without weakening national consistency.

The future of apprenticeships cannot be separated from the wider needs of the future economy. If the Government is serious about growth and industrial renewal, apprenticeships must be treated as a central part of that agenda.

Furthermore, if the government wants growth in every postcode, then employment intervention must work for employers of all sizes and for learners across the country.

We now find ourselves with an opportunity to create a system that provides employers with confidence, offers genuine opportunity to apprentices and is capable of responding to the changing needs of every part of the country.



Toby Perkins
MP for Chesterfield
Co-Chair of
the APPG on
Apprenticeships

EXECUTIVE SUMMARY

The inquiry found broad support for the Government's ambition to reform the apprenticeship system, but significantly less confidence in the way those reforms are being implemented.

Whilst contributors had differing priorities, there were themes that emerged repeatedly:

1. **Employers and providers are not consistently involved early enough in decisions about apprenticeship policy, funding rules and delivery requirements**
2. **Responsibility for identifying skills shortages and coordinating the provision needed to address them is spread across too many organisations**
3. **Funding rules do not always reflect the realities of delivery**
4. **Barriers remain for young people and SMEs trying to access the system**



The priority now should be addressing these weaknesses. Skills England needs a clearer role in turning evidence on skills shortages into action, with responsibility for bringing together the organisations needed to resolve gaps in provision. While employers retain control over recruitment and how they use their levy funds, they and training providers should have a stronger voice in shaping wider policy decisions, particularly where decisions affect the cost and viability of training.

Funding reform also needs to be better targeted. The Government's focus on younger people is understandable, but age or qualification level alone should not determine whether an apprenticeship is valuable.

Across all areas of apprenticeship policy, reforms should therefore be assessed not only against overall participation and cost, but against their impact on access and social mobility. Major changes should consider differential effects by age, socioeconomic background, geography, disability and additional needs, care experience, ethnicity and sex, where supported by appropriate evidence, employer size and occupational route. Rebalancing the system towards younger people should not inadvertently close professional and technical pathways for adult learners, career changers, existing workers in essential services or those who take longer or non-linear routes into skilled employment.

For young people, the route into apprenticeships also needs strengthening, with earlier careers advice, stronger and more relevant work experience, exposure to the workplace at all stages of the academic journey, coherent pre-apprenticeship provision and foundation apprenticeships linked to real employer demand. SMEs need a system that is easier to navigate, with providers properly funded to support them.

Taken together, our recommendations seek a clearer apprenticeship system: stronger national coordination, more consistent employer and provider involvement in policy decisions, funding that supports viable delivery and a stronger route into skilled employment.

PRIORITY RECOMMENDATIONS

1 **Skills England should establish formal, representative and permanent routes through which employers and providers can shape policy from the point at which a problem is identified.** Its governance and advisory structures should include stronger representation from SMEs, major employers, colleges, independent training providers and sector bodies, with membership reflecting the breadth of the economy rather than only the Government's priority sectors.

2 **The Department for Work and Pensions should consider restoring funding for specific Level 7 courses that support professional entry, registration, technical competence or an evidenced skills shortage,** especially those with demonstrable benefits for social mobility in the eight Industrial Strategy priority sectors.

3 **The Government must publish a clear apprenticeship devolution framework setting out which responsibilities will remain national, which will be shared and which will be exercised locally.** National government and Skills England should retain responsibility for occupational standards, quality assurance, core funding rules and the portability of apprenticeships. Strategic Authorities should lead local planning, employer coordination and interventions designed to improve access and delivery.

4 **The Department for Education should provide greater pre-apprenticeship support to young people.** Provision should be flexible enough to respond to different starting points, but every programme should include a credible route into an apprenticeship, further training or sustained employment.

CONSOLIDATED CALL FOR ACTION

The future of apprenticeships should be built around a system that is easier to navigate, more responsive to the country's skills needs and better able to support learners at all levels into skilled employment.

Apprenticeship reforms should strengthen apprenticeships as a route for young people entering the labour market, while preserving high-quality pathways for those progressing into technical and professional occupations. Employers and providers need a stronger role in shaping the system, funding must support viable delivery, and local areas should have the flexibility to respond to their own labour-market needs without weakening national standards. Skills England should provide the coordination needed to connect these parts of the system and ensure that identified skills shortages lead to practical action.

The opportunity now exists to create an apprenticeship system that is coherent, trusted and capable of supporting both individual progression and the wider workforce needs of the economy.

RECOMMENDATIONS: FULL SUMMARY

1

Skills England should establish formal, representative and permanent routes through which employers and providers can shape policy from the point at which a problem is identified. Its governance and advisory structures should include stronger representation from SMEs, major employers, colleges, independent training providers and sector bodies, with membership reflecting the breadth of the economy rather than only the Government's priority sectors.

2

Skills England must perform a much stronger coordinating function across the Department for Work and Pensions, the Department for Education, HM Treasury, mayoral and combined authorities, employers – including SMEs – and training providers. Where its analysis identifies a significant delivery gap, it should bring the relevant bodies together, identify the barriers preventing provision and agree a time-bound plan for addressing them. This plan should publish a delivery-gap assessment, a named lead body, agreed milestones and an annual progress report. Improving external policy communication would be an excellent starting point.

3

Skills England should assess eligibility on a standard-by-standard basis. Restrictions should be retained where a programme is predominantly used for the general development of established senior employees, while consideration should be given to restoring funding where Level 7 courses are predominantly supporting professional entry, registration, technical competence or an evidenced skills shortage, especially those with demonstrable benefits for social mobility in the eight Industrial Strategy priority sectors and other vital parts of the economy, such as hospitality and retail.

4

The Department for Work and Pensions should amend the general eligibility threshold for sequential routes. Consideration should be given to increasing the age threshold to 25 to ensure Level 7 can still be used where: the Level 7 apprenticeship is required for professional registration, the applicant is a new business joiner, the pathway is the recognised continuation of a lower-level programme and/or early-career programme. This would promote social mobility as a common pathway for school leavers from Level 3 to Level 4 to Level 7.

5

The Skills Minister should commission a formal impact assessment after the first full year of the Level 7 funding restriction. This should examine starts by age, standard, sector, employer size and region, and distinguish between existing employees and new recruits. It should also assess Level 7 recruitment alongside wider graduate and early-career hiring trends, so that changes caused by the funding restriction can be distinguished from broader labour-market conditions.

RECOMMENDATIONS: FULL SUMMARY CONT.

6

The Department for Work and Pensions should publish the costing methodology for each unit to promote transparency; review funding bands regularly against inflation; publish assumed learned numbers and delivery hours; payment points and unit completion risks; arrangements for employer co-investment or top-ups; and early evaluation of employer demand, provider participation and learner outcomes.

7

The Skills Minister should direct Skills England to expand foundation apprenticeships in partnership with employers, providers and sector bodies, with a particular focus on sectors and places where young people face limited routes into skilled employment. New apprenticeships should be designed around broad occupational skills and a clear pathway into a Level 2 or higher apprenticeship, further training or sustained employment.

8

The Department for Work and Pensions should introduce a destination-based funding element for foundation apprenticeships. Providers should be able to receive a completion or outcome-related portion of funding where a learner, having completed a minimum substantive period of training, progresses early into a verified positive destination. Eligible destinations should include sustained employment, a Level 2 or higher apprenticeship, or further technical education, with outcomes independently verified and tracked after exit. Funding rules should include safeguards against premature transfer or provider-led exits designed primarily to trigger outcome payments.

9

The Department for Work and Pensions should ensure that apprenticeship funding arrangements recognise and properly resource the administrative and brokerage support delivered by training providers. Providers should be expected to offer SMEs a clear package of support covering recruitment, onboarding, funding, compliance and ongoing programme management, with funding reflecting the work required to deliver this effectively.

10

Every Strategic Authority should develop a local apprenticeship delivery plan as part of, or directly linked to, its Local Skills Improvement Plan. The plan should identify priority occupations, expected employer demand, gaps in provider capacity and the practical barriers preventing participation. This should support interventions that remove clearly evidenced local barriers, including employer engagement, transport assistance, specialist facilities, provider expansion and targeted support for SMEs. It should also specify which organisation is responsible for each action and how progress will be measured. Delivery Plans should also connect careers guidance to genuine local employment opportunities.



RECOMMENDATIONS: FULL SUMMARY CONT.

11 **The Government must publish a clear apprenticeship devolution framework setting out which responsibilities will remain national, which will be shared and which may be exercised locally.** National government and Skills England should retain responsibility for occupational standards, quality assurance, core funding rules and the portability of apprenticeships. Strategic Authorities should lead local planning, employer coordination and interventions designed to improve access and delivery. The framework should also set out how the UK Government will work with the devolved administrations to identify and reduce unnecessary barriers facing employers across England, Scotland and Wales.

12 **All areas of England should have access to an identifiable local apprenticeship partnership with the capacity to convene employers, providers and public bodies, overseen by Skills England.** In areas without a Strategic Authority, upper-tier local authorities and Employer Representative Bodies should be supported to perform an equivalent coordinating function.

13 **The UK Government should establish a transparent UK-wide apprenticeship funding settlement to deliver opportunity in every postcode.**

14 **The Department for Education should introduce a national careers and employability curriculum,** beginning no later than Key Stage 3 and continuing throughout secondary education, with particular focus on school/ employer relationships; pupils' exposure to the world of work; improving work experience opportunities and quality careers guidance from KS3 to allow schoolchildren to consider future work opportunities ahead of their exam choices at Year 9.

15 **The Department for Education should create a standardised, school-level destinations dashboard showing progression from every state-funded school into higher education, apprenticeships, technical education and sustained employment,** so that non-academic routes are given equal visibility alongside university progression. The dashboard should report the number and proportion of each cohort progressing to each destination, distinguish between different apprenticeship levels and technical routes where data allows, and use a consistent definition of sustained destination across all institutions. It should also publish cohort size and relevant contextual information to enable fair comparison between schools serving different pupil populations.

16 **The Department for Work and Pensions should establish a coherent national pre-apprenticeship pathway.** Government should introduce a recognised pre-apprenticeship route for young people who are not ready to enter a full apprenticeship immediately. Provision should be flexible enough to respond to different starting points, but every programme should include a credible route into an apprenticeship, further training or sustained employment.

CHAPTER ONE: SKILLS ENGLAND

Context

Skills England was established to provide greater strategic oversight of the skills system, taking on the functions previously carried out by the Institute for Apprenticeships and Technical Education (IfATE) while assuming a broader role in identifying and addressing national skills shortages.[1] Its responsibilities include assessing current and future workforce needs, advising government, supporting employer investment and working with regional partners to ensure that skills provision responds to local labour-market demand.[2]

The creation of a national body capable of bringing together employers, training providers, trade unions, local government and public bodies was widely supported in principle throughout our inquiry process. There remains a clear need for an organisation that can provide a consistent national assessment of skills needs and coordinate action across an increasingly fragmented skills system.

The APPG therefore supports the principle behind Skills England. However, if the organisation is to be maintained in its current form, its purpose and position within government must be strengthened. It must become a more authoritative, respected and independent voice within the skills system, capable of providing robust evidence, challenging government where policy is not working and coordinating practical responses across departmental and institutional boundaries.

Skills England must also place employers and providers more firmly at the centre of its work. Their involvement should shape the development, implementation and evaluation of policy, rather than being limited to consultation after the broad direction of reform has already been determined.

Call for evidence responses suggested that stakeholders in the skills sector are positive, yet cautious about the Government's skills reforms. That said, support is far from overwhelming. Of the 102 respondents who provided a rating, 40% gave the reforms a score of seven or eight out of ten; another 40% selected a more moderate score of four to six; and only 3.8% marked the reforms a nine or ten.

The data suggests that respondents broadly support the direction of reform but remain uncertain about whether the changes will translate into meaningful improvements in practice.

To what extent do respondents welcome the skills reforms initiated by this Government?

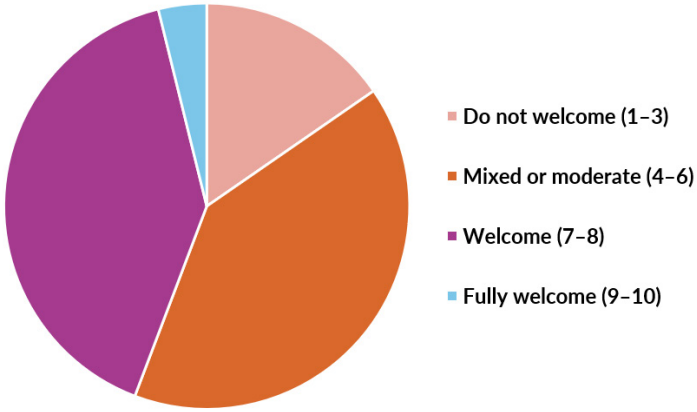


Figure 1.

Source: APPG Call for Evidence submissions.

Challenge

The evidence received by the APPG indicates that Skills England has not yet established the authority, independence or operational influence required to fulfil its role effectively. Employers and providers questioned whether they have sufficient influence over its decisions and whether the organisation has the power to translate its analysis into practical action.

A fundamental constraint is Skills England's institutional status, as the statutory functions previously exercised by IfATE have been transferred to the Secretary of State.[3] Skills England consequently operates as an executive agency through which those functions are exercised. For Skills England to gain full institutional independence, it would need to be placed on a separate statutory footing through primary legislation, removing its functions from the direct control of the Secretary of State.

Although proposals to establish Skills England as an independent statutory body were considered during the passage of the legislation, they were

1 Skills England, House of Commons Library, 3 October 2024 (https://commonslibrary.parliament.uk/research-briefings/cdp-2024-0125/)

2 Skills England annual skills report, Department for Work and Pensions, 2026 (https://www.gov.uk/government/publications/skills-england-annual-skills-report-and-sectoral-skills-needs-assessments-2026/skills-england-annual-skills-report-2026)

3 Institute for Apprenticeships and Technical Education (Transfer of Functions etc) Act 2025 – Report on exercise of the Secretary of State's functions, Department for Work & Pensions, Department for Education and Skills England, 27 November 2025 (https://www.gov.uk/government/publications/a-report-on-the-exercise-of-ifates-relevant-functions/institute-for-apprenticeships-and-technical-education-transfer-of-functions-etc-act-2025-report-on-exercise-of-the-secretary-of-states-functions)

not adopted.[4] Such a fundamental change therefore appears unlikely in the near term, leaving the challenge of how Skills England can be seen to be sufficiently independent to 'speak truth to power' while remaining part of a government department.

The significance of this is that Skills England is not subject to the same legislative direction to be employer-led as its predecessor.[5] While IfATE was legally constituted as an employer-led body, Skills England has instead been described as "pro-employer".[6] This difference is important because consulting employers is not the same as giving them genuine influence over the decisions that are ultimately made.

Oral evidence witnesses also questioned whether Skills England's broad remit is supported by clear priorities, delivery powers and control over funding. It risks being held responsible for identifying skills shortages while lacking the authority to coordinate the government departments, regional bodies, employers and providers needed to address them.[7]



Findings

Employer and provider influence must be strengthened

Skills England was established to ensure that the skills system responds more effectively to employer demand.[8] However, the APPG heard that its policy development process remains too distant from the businesses and providers responsible for employing and training apprentices.

Ben Rowland from the Association of Employment and Learning Providers (AELP) told the APPG that Skills England had not yet made sufficient progress in strengthening employer and provider engagement.[9] This was reflected in the call for evidence, where respondents repeatedly called for earlier consultation, more regular communication and greater visibility of implementation plans.

"Communication should be earlier and more consistent. Employers and providers need final funding rules well before the start of the academic year so they can plan recruitment, staffing, curriculum, delivery and budgets."

- New City College

Boots UK supported the ambition behind Skills England but identified a gap between the Government's commitment to employer-led policy development and the experience of employers. It argued that major employment sectors, including retail, are not being adequately reflected within the strategic skills agenda.[10]

4 Institute for Apprenticeships and Technical Education (Transfer of Functions etc) Bill [HL]: Progress of the bill, House of Commons Library, 22 May 2025, (https://commonslibrary.parliament.uk/research-briefings/cbp-10201/)

5 Section ZA2 of the Apprenticeships, Skills, Children and Learning Act 2009 (inserted and modified via Schedule 4, Chapter ZA1, Enterprise Act 2016, 4 May 2016, (https://www.legislation.gov.uk/ukpga/2016/12/pdfs/ukpga_20160012_en.pdf)

6 Letter from the Secretary of State to the joint chief executives of Skills England, Department for Work & Pensions and Skills England, 27 October 2025 (https://www.gov.uk/government/publications/skills-england-priorities-for-2025-to-2026/letter-from-the-secretary-of-state-to-the-joint-chief-executives-of-skills-england)

7 Written evidence from the Railway Industry Association, 3 July 2026

8 Skills England annual report and accounts 2026, Skills England, 15 July 2026 (https://www.gov.uk/government/publications/skills-england-annual-report-and-accounts-2025-to-2026/skills-england-annual-report-and-accounts-2026)

9 Oral evidence from Ben Rowland, AELP, Inquiry session on 24 June 2026

10 Written evidence from Boots UK, 20 July 2026

"We support the Government's ambition to strengthen the skills system and welcome the establishment of Skills England as a mechanism for improving workforce planning and addressing skills shortages. However, to date, there appears to be a gap between the stated intention of employer-led policy development and the experience of many employers. Greater and more consistent engagement with employers, particularly those operating at scale across multiple sectors and regions, would strengthen confidence in the policy-making process and improve alignment between skills provision and labour market demand."

- Boots UK



RECOMMENDATION: Skills England should establish formal, representative and permanent routes through which employers and providers can shape policy from the point at which a problem is identified. Its governance and advisory structures should include stronger representation from SMEs, major employers, colleges, independent training providers and sector bodies, with membership reflecting the breadth of the economy rather than primarily the Government's priority sectors.

National analysis must be connected to delivery.

Similar concerns were raised across construction, engineering, infrastructure and social care, particularly where sectors have specialised training requirements or face acute workforce shortages.

The issue is not simply that Skills England should conduct more engagement. Employers and providers must be able to influence policy within DWP, before decisions are taken. Without their input, reforms risk being shaped by central assumptions about workforce demand, cost and deliverability rather than the operational realities faced by businesses and training providers.[11]

Recent changes to the way apprenticeship funding decisions are considered have reinforced these concerns. Greater reliance on cost data, without equivalent weight being given to employer-led occupational groups and sector evidence, risks producing decisions that may appear financially justified but do not support viable, high-quality delivery.

Skills England must demonstrate it is a powerful voice for employers within the system, not the conduit by which government decisions can be justified.

The development of a stronger national evidence base is valuable, but analysis alone will not increase apprenticeship participation or resolve workforce shortages.

"single version of the truth"

- James Gordon from the Edge Foundation

As James Gordon from the Edge Foundation highlighted, Skills England has made progress towards establishing a "single version of the truth" on national skills needs.[12] The next stage must be to translate this evidence into coordinated and deliverable action.

New City College warned of a disconnect between national skills priorities, Local Skills Improvement Plans and the practical realities of delivery. National assessments do not in themselves provide the workshops, equipment, teaching staff, employer relationships or curriculum

11 Without real teeth, Skills England risks drifting off course, FE Week, 22 September 2026 (https://feweek.co.uk/without-real-teeth-skills-england-risks-drifting-off-course/)

12 Oral evidence from James Gordon, Edge Foundation, 8 July 2026.

capacity required to establish viable provision. Providers, in particular, are often expected to implement reforms after decisions have been made, rather than being involved in shaping what is deliverable.[13] The College suggested that Skills England's success will hinge on whether it can influence the skills system, not simply describe national skills needs.

> "There is a significant structural issue in the current skills landscape: the disconnect between national policy, Local Skills Improvement Plans and the realities of delivery"
>
> - New City College

London South Bank University similarly argued that national analysis remains too distant from implementation and is not being translated quickly enough into revised standards, appropriate funding bands, workable delivery models and clear decisions for employers. It argued that Skills England's value should be judged by whether it reduces fragmentation, accelerates decision-making and gives employers greater confidence to invest.[14]

> " Policy design must be shaped by those who understand the realities of implementation: employers, universities, colleges, independent training providers, local authorities and apprentices themselves"
>
> - London South Bank University

RECOMMENDATION: Skills England should provide a much stronger coordinating function across the Department for Work and Pensions, the Department for Education, HM Treasury, mayoral and combined authorities, employers and training providers. Where its analysis identifies a significant delivery gap, it should bring the relevant bodies together, identify the barriers preventing provision and agree a time-bound plan for addressing them. This plan should publish a delivery-gap assessment, a named lead body, agreed milestones and an annual progress report. Improving external policy.

This coordinating role should explicitly consider the needs of businesses of all sizes, the smaller of which are often less able to navigate fragmented responsibilities, identify suitable providers or resolve problems involving funding and local delivery. For example, Skills England could lead national engagement with large employers and those operating across regions and nations; however, this responsibility could be devolved to Mayoral Combined Authorities (MCAs), which could lead regional and local engagement with micro, small and medium-sized employers in their areas, supported by clear arrangements for those parts of England without mayoral devolution. This devolution would ensure that smaller employers can access clear, consistent support and are not required to navigate multiple organisations in order to take on an apprentice.

Any appropriate body should assess whether appropriate standards and qualifications exist, whether funding reflects the cost of high-quality delivery, whether providers have sufficient staffing and facilities, and whether employers can access provision in the regions where it is required. Skills England or the relevant devolved body should publish who is responsible for each action and report on progress against agreed deadlines.

13 Written evidence from New City College, 29 June 2026

14 Written evidence from London South Bank University, 19 May 2026.

CHAPTER TWO: LEVEL 7 FUNDING

Context

Level 7 apprenticeships (equivalent to a master's degree) expanded rapidly following the introduction of the Apprenticeship Levy in 2017 (see Figure 2). Employers have developed work-based routes into professions including accountancy, law, advanced clinical practice, digital technology, artificial intelligence and senior leadership, amongst others. In some of these sectors, Level 7 programmes are often the final step to full chartered status for school leavers who have progressed from lower apprenticeship level and they typically require greater investment due to cost and duration.

Starts increased from approximately 4,500 in 2017/18 to 23,900 in 2023/24, before rising by a further 40 per cent to 33,560 in 2024/25. By 2024/25, Level 7 apprenticeships made up nearly 9.5% of all apprenticeships starts in England.[15] In 2023/24, the latest year for which the Department for Education has published spending by apprenticeship level, Level 7 apprenticeships represented around 7 per cent of starts but accounted for £238 million, or 9 per cent, of total apprenticeship programme expenditure.[16]



Level 7 Apprenticeship starts in England, 2017/18 to 2024/25

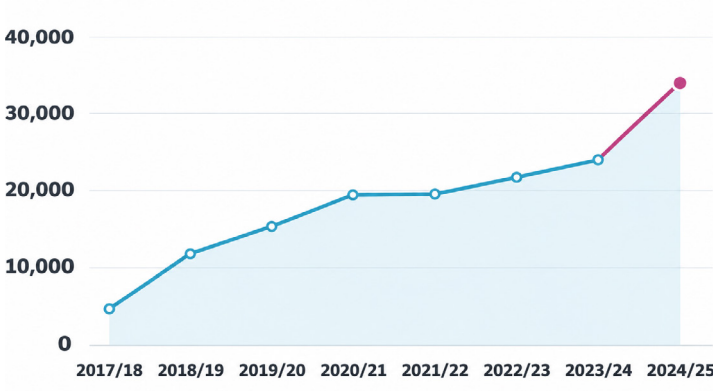


Figure 2

Source: Department for Education/Department for Work and Pensions Statistics.[17] Please note that 2025/26 is excluded because the currently available data is provisional. Full data will be available in November 2026.

The increase in Level 7 take-up has been concentrated in a small number of standards. For example, accountancy and taxation professional apprenticeships and senior leader apprenticeships together accounted for nearly 70 per cent of Level 7 starts in 2023/24.[18]

This reality prompted a legitimate debate about whether a limited apprenticeship budget was sufficiently focused on young people and new entrants to the labour market. In September 2024, the Government announced that more funding would be directed towards foundation apprenticeships, shorter training programmes and younger learners.[19]

The Government subsequently confirmed that from 1 January 2026, "apprentices starting a Level 7 apprenticeship standard will only be eligible for funding if, at the start of the apprenticeship training, they are: aged between 16 and 21 years old (or 15 years of age if the apprentice's 16th birthday is between the last Friday of June and 31 August); or aged between 22 and 24 years old and have either an Education, Health and Care (EHC) plan provided by their local authority and/or or have been, or are, in the care of their local authority".[20]

15 Apprenticeships Statistics – Academic year 2024/25, Department for Education, 27 November 2025, (https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2024-25#dataBlock-5b203dcc-512b-4ab6-a6d3-815ccf00b9a2-charts)

16 Neil O'Brien MP, Written Parliamentary question UN15014 - November 2024 (https://questions-statements.parliament.uk/written-questions/detail/2024-11-19/15014?)

17 Apprenticeships Statistics – Academic year 2025/26, Department for Education and Department for Work & Pensions, 16 July 2026, (https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2025-26/explore#datasets-section)

18 Skills England: evidence on defunding of level 7 apprenticeships, Skills England, 30 April 2026 (https://www.gov.uk/government/publications/skills-england-evidence-on-defunding-of-level-7-apprenticeships/skills-england-evidence-on-defunding-of-level-7-apprenticeships)

19 Prime Minister overhauls apprenticeships to support opportunity, Department for Education, 24 September 2024 (https://www.gov.uk/government/news/prime-minister-overhauls-apprenticeships-to-support-opportunity)

20 Apprenticeship funding rules – August 2025 to July 2026, Version 3, Department for Education, 3 August 2026, (https://assets.publishing.service.gov.uk/media/6936acd76a167b6884b7360e/Funding_Rules_2025_to_2026.pdf)

Challenge

The Government's rationale for restricting Level 7 funding was intended to redirect investment. Ministers argued that public funding should be concentrated on young people entering the workforce, rather than employees who already held higher qualifications or had substantial labour-market experience.

Skills England's analysis reinforced these concerns. In 2023/24, 65 per cent of Level 7 starters were aged 25 or over, compared with 47 per cent across other apprenticeship levels.[21] 30 per cent of Level 7 apprentices lived in the least deprived areas.[22] The senior leader standard was particularly concentrated among established employees, with 99 per cent of participants aged over 25.[23] Whilst agreeing that there had been an imbalance away from apprenticeships as a route to job entry, our view is that older apprenticeships still retain value, especially for career changes or for technical roles.

Therefore such a narrow blanket age restriction is a blunt response to a complex policy problem. Level 7 provision is not confined to general management training. It also supports regulated professions and specialist occupations where postgraduate study forms part of a sequential professional pathway where Level 7 is part of a student's progression towards full professional qualifications and/or provides specialist technical skills.

Research from Skills England identified potential impact across the accountancy, law, life sciences, healthcare, digital technology and artificial intelligence sectors.[24] Our own inquiry submissions contained warnings that smaller businesses, regional employers and public services would be less able to replace levy funding from their own budgets.

The central challenge is therefore to redirect apprenticeship funding towards younger people without dismantling effective professional and technical pathways, weakening employer participation or reducing access to occupations experiencing acute skills shortages – concerns raised by a number of oral witnesses during our three evidence sessions.

21 Skills England: evidence on defunding of level 7 apprenticeships, Skills England, 30 April 2026 (https://www.gov.uk/government/publications/skills-england-evidence-on-defunding-of-level-7-apprenticeships/skills-england-evidence-on-defunding-of-level-7-apprenticeships)

22 *Ibid*

23 *Ibid*

24 *Ibid*

Findings

Restrictions should not be applied through a universal age-cap.

The rapid increase in Level 7 starts has not been evenly distributed across occupations. Accountancy and taxation professional apprenticeships and the senior leader standard accounted for nearly 70 per cent of starts in 2023/24.[25]

This concentration helps explain concerns about whether some levy funding has supported existing employees rather than new entrants. However, it also suggests that the Government could address the problem through targeted restrictions rather than removing support from almost all adult learners and new business joiners.

The APPG welcomes the rebalancing of the system towards younger entrants to address the issue of NEETs; however, there is a material distinction between a general leadership programme undertaken by an established senior employee and an advanced apprenticeship that provides entry into a regulated/chartered profession or specialist technical role.

Our written evidence suggests that the Government should take a more discriminating approach to funding Level 7 standards. Gareth John, Policy Director at First Intuition, a leading accountancy training provider, said that since the 2022/23 funding year, 72% of Level 7 accountancy starts have been aged 24 or below, whilst only around 30% were aged 21 or below. He argued that this policy change would disproportionately impact SMEs which rely most on levy funding to support recruitment and often provide a significant proportion of professional career opportunities in smaller towns and to young people from more disadvantaged backgrounds.[26]

> **"Restricting generic senior management programmes is materially different from withdrawing funding from early-career accountancy, law healthcare, digital or regulated professional pathways."**

25 Skills England: evidence on defunding of level 7 apprenticeships, Skills England, 30 April 2026, (https://www.gov.uk/government/publications/skills-england-evidence-on-defunding-of-level-7-apprenticeships/skills-england-evidence-on-defunding-of-level-7-apprenticeships)

26 Oral evidence from Gareth John, First Intuition, 2 June 2026.

RECOMMENDATION: Skills England should assess eligibility on a standard-by-standard basis. Increasing the age threshold to 25 should be considered. Restrictions should be retained where a programme is predominantly used for the general development of established senior employees, while consideration should be given to restoring funding where Level 7 courses are predominantly supporting professional entry, registration, technical competence or an evidenced skills shortage, especially those with demonstrable benefits for social mobility in the eight Industrial Strategy priority sectors and other vital parts of the economy, such as hospitality and retail.[27]

To qualify for an exemption, a standard should be assessed against published criteria covering:

- Whether the apprenticeship is primarily an entry route into a profession or specialist occupation, rather than a management development programme for established employees.
- Whether completion supports, or is necessary for, professional registration, regulated status or recognised occupational competence.
- Whether there is robust evidence of persistent recruitment difficulty or strategic workforce need, including evidence from Skills England, sector bodies, employers and relevant labour-market data.
- Evidence that public funding is enabling training that would otherwise be unlikely to take place, rather than subsidising activity that employers would reasonably fund themselves.

Decisions should be made by Skills England through a published assessment process, informed by an independent advisory panel comprising employer and provider expertise. Eligibility decisions should be reviewed at least every three years, or sooner if there is material evidence of a change in labour market demand or employer behaviour.

As part of each assessment, Skills England should utilise a variety of statistics to publish a social mobility and SME impact assessment to ensure that funding decisions are not based simply on qualification level, but whether a Level 7 apprenticeship addresses a genuine skills need and widening access to skilled professionals.

Protect sequential apprenticeship routes to ensure a strong talent pipeline

The Government's age restriction does not adequately reflect the length and structure of professional training. Learners who complete a level 6 apprenticeship before progressing to Level 7 may pass the age threshold through the normal course of their education. A school leaver starting a sequential journey at Level 2 or 3 rarely has enough time to naturally progress to Level 7 before turning 22. This point was made by Sarah Gibson MP during our second inquiry session: she gave architecture as an example, noting that some professional routes cannot be completed through lower-level provision alone.[28]

> **"As a regulated profession, you cannot call yourself an architect unless you have met the requirements set out by the regulator. Currently, the regulator requires having a master's-level qualification, meaning the Level 7 apprenticeship is vital to becoming an architect. With Level 6 architectural assistant apprenticeships taking four years to complete, those who start directly after school are likely to be at least 22 by the time they progress to a Level 7 apprenticeship."**[29]
>
> - Royal Institute of British Architects (RIBA)

Research by the Institute for Employment Studies found that journeys towards employment can be non-linear, with varying periods spent completing education or out of work, and that atypical journeys can create additional challenges.[30]

27 Industrial Strategy Sector Definitions List, Department for Business & Trade, 9 June 2026 (https://www.gov.uk/government/publications/industrial-strategy/industrial-strategy-sector-definitions-list)

28 Oral evidence from Sarah Gibson, Member of Parliament for Chippenham, inquiry session on 8 July 2026

29 Written Evidence from the Royal Institute of British Architects, July 2026

30 Institute for Employment Studies, commissioned by the Youth Futures Foundation, 2025, p. 74



Restricting funding access to advanced training in a narrow window risk prioritising those who have the means and/or immediate ability to progress quickly and penalising those who need additional time to meet financial or caring obligations – precisely the group the system should be supporting.

This was reflected in evidence submitted by a Level 6 architectural apprentice at London South Bank University, who warned that "removing access to funded Level 7 pathways risks creating a bottleneck for apprenticeships already embedded within industry pathways".[31]

A simple age test therefore risks categorising early-career professionals as established workers and may discourage employers from developing graduates, Level 6 apprentices and career changers through to full professional competence.

RECOMMENDATION: The Department for Work and Pensions should amend the general eligibility threshold for sequential routes. Consideration should be given to increasing the age threshold to 25 to ensure Level 7 can still be used where: the Level 7 apprenticeship is required for professional registration, the applicant is a new business joiner, the pathway is the recognised continuation of a lower-level programme and / or early-career programme. This would promote social mobility as a more common pathway for school leavers from Level 3 to Level 4 to Level 7. The same principle should inform eligibility rules affecting staged progression and career changes at other apprenticeship levels.

31 Written evidence from London South Bank University, 19 May 2026.

Government should reassess funding decisions after formal assessment

Provisional Level 7 start figures covering August 2025 to April 2026, which show 28,800 starts, an increase of 11.6 per cent year on year[32], should be interpreted cautiously. The period includes five months before the restriction took effect on 1 January 2026 and is likely to have been affected by employers bringing forward starts before the deadline.

Our written evidence also cautioned against making early judgements. Babcock International Group stated:

> **"The intention of the Growth and Skills Levy is positive however at this stage it is too early to evaluate the effectiveness of the recent Levy reforms therefore difficult to outline how it can be improved."** [33]

A credible assessment should separate post-January starts and examine differences by age, standard, sector, employer size and region. The assessment should also seek qualitative information on learners who would have previously undertaken Level 7 programmes. This would provide an evidence base to Skills England and the DWP to base future funding decisions in consultation with employers and training providers.

This assessment should also account for the deterioration in the wider early-careers job market. UK graduate jobs vacancies are at their lowest in a decade, according to recruitment data provider Adzuna.[34] Skills England has also identified weakening graduate and entry-level recruitment. This matters for Level 7 pathways because some programmes form part of graduate and early-career pipelines. A decline in Level 7 starts following the funding changes could therefore reflect both the new eligibility rules and a wider reduction in graduate recruitment opportunities.

32 Apprenticeships Statistics – Academic year 2025-26, Department for Education and Department for Work & Pensions, 16 July 2026 (https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2025-26#909f-subject-level-and-age)

33 Written evidence from Babcock International Group, 28 May 2026

34 UK Job Market Report, Adzuna, 31 July 2026, (https://www.adzuna.co.uk/job-market-report/#section-7)

RECOMMENDATION: The Skills Minister should commission an initial impact assessment after the first full year of the Level 7 funding restriction. This should examine starts by age, standard, sector, employer size and region, and distinguish between existing employees and new recruits. It should also assess Level 7 recruitment alongside wider graduate and early-career hiring trends, so that changes caused by the funding restriction can be distinguished from broader labour-market conditions. This assessment should focus on identifying the immediate effects of the restriction, rather than drawing definitive conclusions about its success. It should form the basis of ongoing monitoring and a longer-term review of whether the reforms are achieving their intended objectives. Alongside the Level 7 assessment, Skills England should examine whether rebalanced funding has created additional starts at lower levels, especially for younger and previously disengaged learners, while protecting routes into shortage occupations, retraining and specialist technical roles across the system.

Given that it has taken ten years for the system to tilt towards higher-level apprenticeships, it will likely take time to rebalance it towards younger people. First-year figures should therefore be treated as an early indication of the reforms' impact, rather than evidence of their overall success or failure. SMEs and lower-level apprenticeship employers and providers need sufficient time to adapt. Otherwise, there is a risk that strong provider and employer engagement will be lost. A longer-term assessment will be needed to establish whether the intended rebalancing is taking place without undermining existing provision or access to valuable training pathways.

These tests should remain relevant whatever recommendations emerge from the forthcoming review from Alan Milburn. Successful reform should not be judged simply by a shift in starts between age groups or qualification levels, but by whether the system creates more genuine entry opportunities for young people while continuing to support occupational progression, technical skills and reskilling throughout working life.



CHAPTER THREE: GROWTH AND SKILLS LEVY



Context

The Apprenticeship Levy was announced in the 2015 Summer Budget and came into force on 6 April 2017. It applies a 0.5 per cent levy on employers' annual pay bill should it exceed £3 million, offset by a £15,000 allowance, so employers generally pay only where their pay bill exceeds £3 million.[35]

The Government's aim was to fund three million apprenticeship starts, place purchasing power in employers' hands and reverse the long-term decline in employer training. The political case for the Levy at the time was to reverse the long-term trend of employer under-investment in training.[36]

It is important to note the growth in the number of levy-paying organisations since the inception of the levy. In 2017-18 – the year of its introduction – 32,200 employers paid the Levy; in 2024-25. 36,900 employers paid the levy.[37] This increase is partially the result of fiscal drag given the £3m threshold has not increased over the last nine years, bringing into scope more 'marginal levy payers' with relatively small levy pots.



However, the levy has nevertheless changed the composition of apprenticeship provision.

Ben Rowland, Chief Executive of the Association of Employment and Learning Providers, described the change since 2017 as a movement "from smaller employers to larger employers, from younger learners to older learners". He argued that this was not accidental but reflected the economics of the system. Supporting one large employer with hundreds of apprentices is generally less costly for a provider than recruiting and supporting scores of SMEs, each employing only one or two apprentices.[38]

The latest figures illustrate this change. Figure 3 below shows a significant change in the composition of apprenticeships since the levy was introduced.

35 Pay Apprenticeship Levy, HM Revenue & Customs, 6 April 2026 (https://www.gov.uk/guidance/pay-apprenticeship-levy)

36 Summer Budget 2015, HM Treasury (https://www.gov.uk/government/publications/summer-budget-2015/summer-budget-2015)

37 Apprenticeship Levy, UK Parliament – Written questions, answers and statements, 30 June 2025 (https://questions-statements.parliament.uk/written-questions/detail/2025-06-16/HL8507/)

38 Oral evidence from Ben Rowland, AELP, 24 June 2026

Changing composition of apprenticeship starts

Percentage of all apprenticeship starts in England, by level, 2017/18 to 2024/25

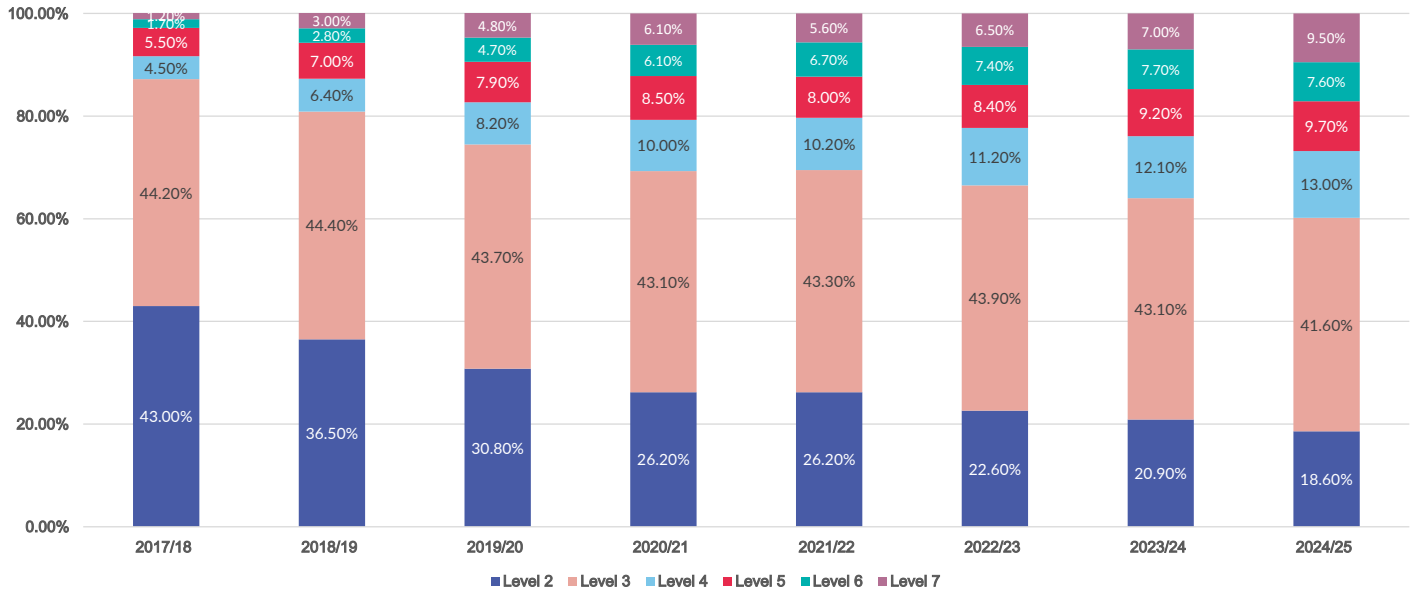


Figure 3

Source: Apprenticeships statistics 2024/25, Department for Education.[39] Figures may not sum to exactly 100% because of rounding.

The composition of apprenticeship starts has shifted markedly towards higher levels since 2017/18. Level 2 starts fell by almost 60 per cent, from 161,390 in 2017/18 to 65,680 in 2024/25, reducing their share of all starts from 43 per cent to 18.6 per cent. Level 3 remained comparatively stable, falling from 166,220 to 147,090 starts and accounting for 41.6 per cent of starts in 2024/25.

By contrast, starts at Levels 4 to 7 increased from around 48,150 to 140,730, meaning higher apprenticeships rose from around 13 per cent to almost 40 per cent of all starts. Level 7 saw the most dramatic growth, increasing from 4,500 starts in 2017/18 to 33,560 in 2024/25, more than seven times the original figure. Level 7 starts alone increased by 40.7 per cent in 2024/25. The Department for Education has said that much of this recent growth was likely a reaction to the January 2026 funding restrictions, with employers bringing forward starts before the new eligibility rules take effect.

39 Apprenticeships Statistics – Academic year 2024/25, Department for Education, 29 January 2026 (https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2024-25?)

Total apprenticeship starts, 2017/18-2024/25

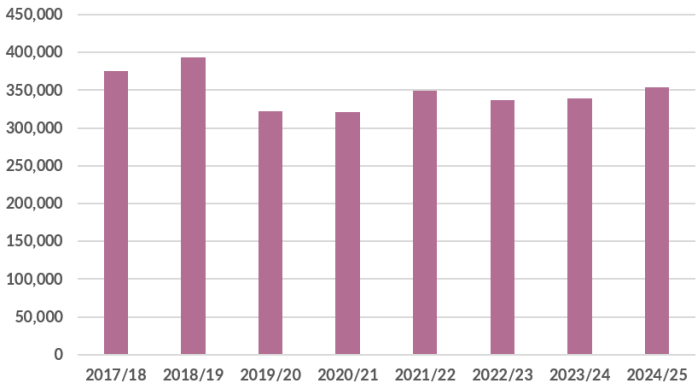


Figure 4

Source: Department for Education[40]

Employer expenditure on training, 2017 to 2024 (England)

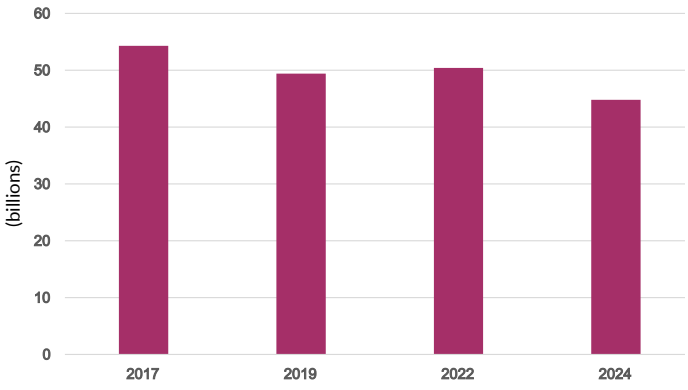


Figure 5

Source: Department for Education, Employer Skills Survey 2024, Investment in Training.[42]

Higher-level provision is not inherently a problem, and some of our inquiry witnesses identified many Level 6 and Level 7 programmes that contribute directly to Industrial Strategy priorities. The issue is therefore not the existence or growth of higher-level provision itself, but whether apprenticeship funding is being directed towards programmes that meet genuine workforce needs and widen access to skilled employment. The weakness is that growth at higher levels has not been accompanied by sufficient entry-level opportunities, particularly for young people, SMEs and those furthest from employment. Between the introduction of the levy and the 2024/25 academic year, apprenticeship starts declined nearly 6% from 375,760 in 2017/18 to 353,500 in 2024/25.[41]

Higher- and lower-level apprenticeships serve different occupational and workforce needs. Reducing higher-level provision should therefore not be assumed automatically to generate an equivalent increase in lower-level apprenticeship opportunities. Research commissioned by the Department for Education also shows that apprenticeship progression varies significantly by occupation and can require a change in job role.

The figures cover England, include employer expenditure on apprenticeship training, including payments to external providers using apprenticeship levy funds and exclude the levy tax payment itself. Earlier years adjusted for inflation and presented in 2024 prices using ONS Consumer Price Inflation data. The survey was not conducted during the years of the Covid-19 pandemic.

The levy has not reversed the wider decline in employer training. Expenditure by English employers is down £9.5bn, equivalent to ~17.5% in real terms. However, government spending on apprenticeships in England has increased. Public apprenticeship spending was £1.59 billion in 2017/18, the first year of the levy, and the apprenticeship budget subsequently rose to around £2.7 billion in 2024/25.[43] Before the levy, apprenticeship provision was funded entirely from general public expenditure, with £1.65 billion spent in 2016/17. By 2024/25, UK apprenticeship levy receipts were more than sufficient to cover both the apprenticeship budget in England and the indicative funding attributable to the devolved nations. On a net basis, levy receipts exceeded these allocations by around £0.8 billion.

40 Apprenticeships Statistics – Academic year 2025/56, Department for Education, 29 January 2026 (https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2025-26#dataBlock-388e6eb2-b304-4490-a283-366d2c23ff73-tables)

41 *Ibid*

42 Employer Skills Survey – Calendar year 2024, Department for Education and Skills England, 1 August 2025, (https://explore-education-statistics.service.gov.uk/find-statistics/employer-skills-survey/2024?)

43 Apprenticeships Statistics – Academic year 2024/25, Department for Education, 29 January 2026, (https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2024-25?)

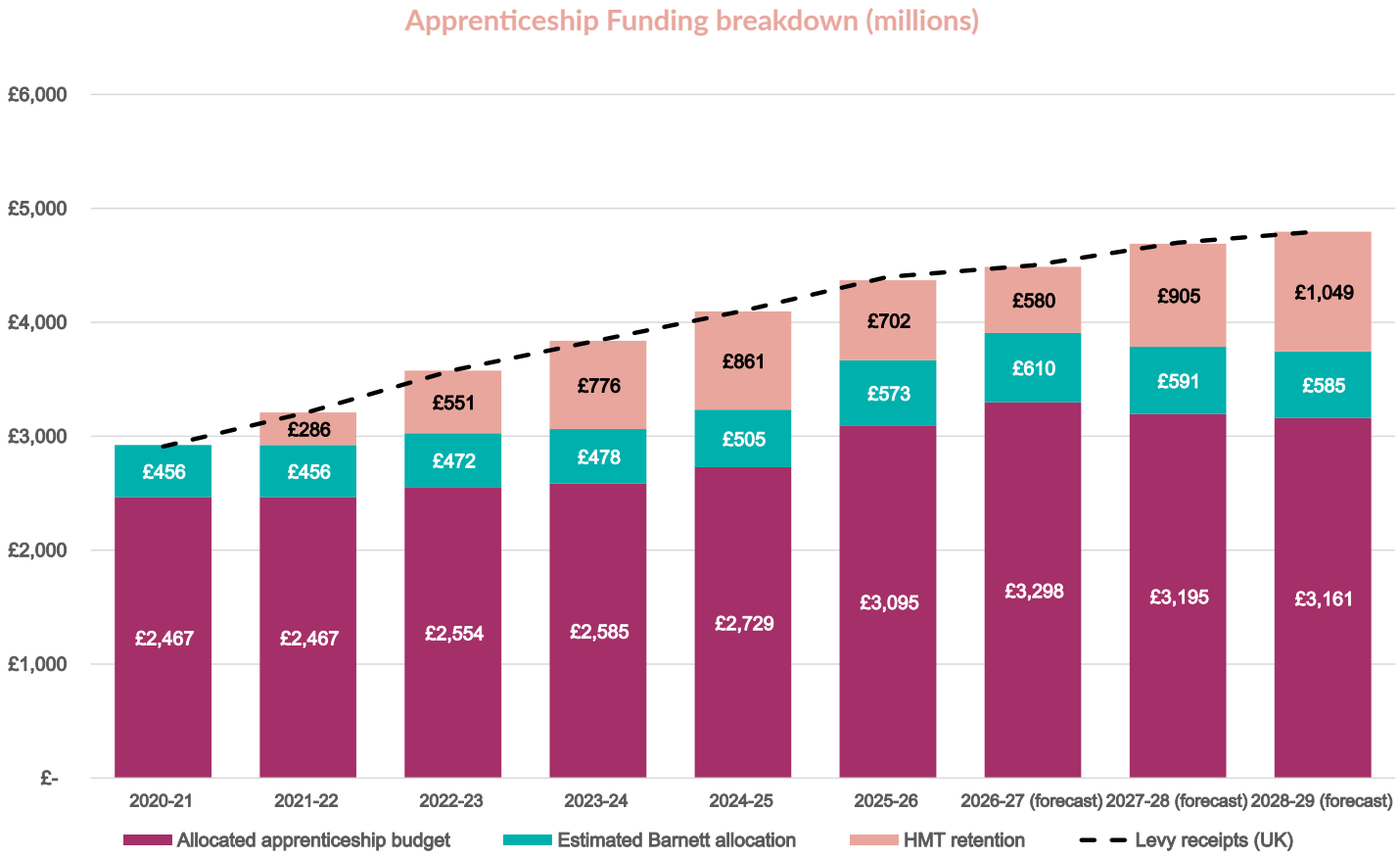


Figure 6

Source: Office for Budget Responsibility/Department for Work and Pensions. The Barnett allocation is approximate (18%), proportionate to Scotland, Wales and Northern Ireland's population as well as the range of devolved public services in each nation.

The Growth and Skills Levy was being introduced alongside wider changes to apprenticeship funding from 1 August 2026. For levy-paying employers, new funds entering apprenticeship service accounts will expire after 12 months rather than 24 months, although funds already held before August 2026 retain the existing 24-month expiry period. The automatic 10 per cent government top-up added to levy accounts has also been removed. Co-investment arrangements have changed: where a levy-paying employer exhausts its account, the Government will meet the full training and assessment costs, up to the relevant funding band, for new apprentices aged 16 to 24, while employers will contribute 25 per cent for apprentices aged 25 and over.[44]

Non-levy-paying employers will similarly receive full government funding for new apprentices aged 16 to 24, while the existing 5 per cent employer contribution remains for those aged 25 and over. From October 2026, eligible non-levy employers will also be able to receive a £2,000 hiring payment when recruiting new apprentices aged 16 to 24.[45]

These reforms have been designed to create additional incentives for youth recruitment while increasing pressure on levy payers to use their accounts more quickly and requiring a greater contribution towards older apprentices once levy funds have been exhausted. The Government should monitor the impact of age-based funding differentials carefully to ensure that greater opportunities for younger entrants do not unintentionally reduce employer appetite to recruit career changers or those workers seeking to enter shortage occupations.

44 Growth and Skills Levy – accessible version of GSL reforms factsheet, Department for Work & Pensions and Department for Education, 2 September 2026, (https://www.gov.uk/government/publications/resources-for-promoting-the-growth-and-skills-levy/growth-and-skills-levy-accessible-version-of-gsl-reforms-factsheet)

45 The Growth and Skills Levy, Department for Education (https://find-employer-schemes.education.gov.uk/interim/growth-and-skills-levy)

Challenge

> **"A levy system that only works for large employers is not a sustainable national model."**
>
> – Member of the adult social care workforce

> **"Flexibility should not come at the expense of quality, simplicity or progression."**
>
> – The St Martin's Group

The Government faces a difficult balance between protecting full apprenticeships, increasing flexibility and remaining within a constrained apprenticeship budget. The Growth and Skills Levy is therefore a welcome attempt to modernise the system. Its direction is correct: employers need greater freedom to respond to technological change, Industrial Strategy priorities and evolving job roles.

When first proposed by the Labour Party opposition, it was envisaged that the reformed levy would allow employers to spend up to 50% of their levy funds on more flexible non-apprenticeship and modular training units whilst reserving the remaining 50 per cent for full-length apprenticeships. However, according to our Co-Chair Toby Perkins MP, this split has not materialised since the 2024 General Election due to confusion and lack of preparatory work about what levy funds can be spent on, which has caused underspend by employers.[46]

Despite apprenticeship units providing between 30 and 140 hours of targeted training over one to sixteen weeks, oral evidence nevertheless suggested that this flexibility remains too limited.

Dr Benjamin Silverstone from WMG argued that the Growth and Skills Levy had "over-promised and under-delivered",[47] while Ben Rowland warned that units may have been designed in a way that makes them technically available but financially unattractive.[48]

Uptake of apprenticeship units has been slower than expected. Training providers, such as Manchester Metropolitan University, Mindful Education and the Open University, have reported that government funding for standalone units, such as the AI leadership modules, is low and falls well short of covering the real cost of delivery.[49] Without better alignment between delivery costs and government funding, we are unlikely to see widespread adoption of the units, without severely compromising the learning experience.

Some of our oral witnesses questioned the extent to which the Government will utilise units and the reformed Levy as part of the future skills system: if they are popular, the current apprenticeships budget will not be able to afford them, but at their current funding level, there is little incentive for providers to offer these courses.

The Government, through Skills England, must also decide which sectors and forms of training should receive priority. The early flexible offer has been concentrated on the eight Industrial Strategy priority sectors, but a narrow approach risks excluding retail and hospitality – industries which provide a substantial number of entry-level jobs – and those aged under 19 or unemployed.

Employers must take greater responsibility for developing the workforce they need, but they require a system that is predictable, comprehensive and commercially realistic.

46 Oral evidence from Toby Perkins, MP for Chesterfield and Apprenticeships APPG Co-Chair, 24 June 2026.

47 Oral evidence from Dr Benjamin Silverstone, Warwick Manufacturing Group, 24 June 2026.

48 Oral evidence from Ben Rowland, AELP, 24 June 2026.

49 Written evidence submitted as part of the APPG's call for Evidence, July 2026.

Findings

Levy reform was necessary but will require further flexibility

Our written and oral evidence showed broad support for levy reform. Employers need access to training that can respond rapidly to changing technologies and our digital economy. However, the reformed Levy is broadly viewed as overly prescriptive.

Greater flexibility must also work for providers. Funding rates should reflect the actual cost of programme development, specialist equipment, recruitment, assessment and learner support. Short courses and SME provision cannot succeed if providers are required to deliver training below cost or carry excessive completion risk. Stable, multi-year rules are equally important.

Reducing the expiry period for new employer funds from 24 to 12 months may reduce employers' confidence to plan longer-term programmes (see Figure 7). Of the 97 responses to the associated question within our call for evidence, the mean response was 3.7 – suggesting that the 12-month expiry window would hinder workforce planning across the eight Industrial Strategy priority sectors – and the median was 4.

Anticipated effect of 12-month expiry window for new levy funds

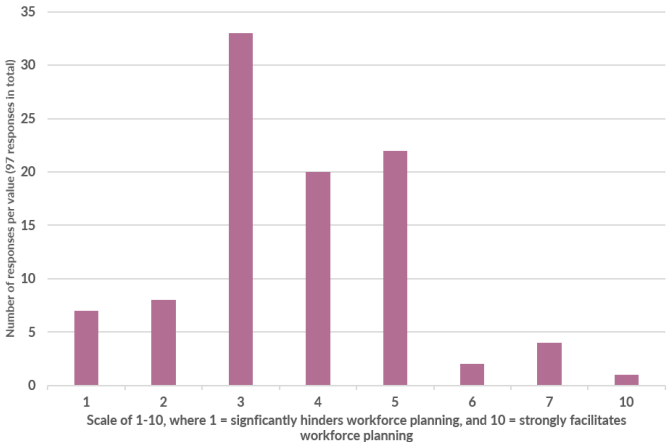


Figure 7

Source: APPG Call for Evidence. Respondents were asked whether the new 12-month expiry window for levy funds will facilitate or hinder workforce planning across IS-8 sectors.

RECOMMENDATION: The Department for Work and Pensions should closely monitor the impact of the decision to bring the expiry date for new levy funds down from 24 months to 12 months, and review and expand the range of courses fundable under the Levy beyond apprenticeship units.

Flexibility must be financially viable

Our inquiry found that flexibility will not succeed if funding rates are too low or providers carry disproportionate financial risk. Short provision does not eliminate the fixed costs of course development, employer engagement, administration and assessment.

Evidence from a large training provider said that whilst the Government wants to introduce more flexibility, including foundation apprenticeships and apprenticeship units, it may be cautious about encouraging too much uptake because of the risk of overspending. As a result, reforms may not be attractive enough for employers to use meaningfully and address skills gaps within the eight Industrial Strategy priority sectors and beyond.

Dr Benjamin Silverstone from Warwick Manufacturing Group said that some units were funded at such a low level that providers might have to request employer top-ups[50].

> "payment linked too heavily to completion could require providers to deliver most of the training upfront while carrying the financial risk of learner withdrawal"
>
> - Sammy Shummo, London South Bank University

Sammy Shummo, Group Director of Business Engagement, Skills & Training at London South Bank University warned that "payment linked too heavily to completion could require providers to deliver most of the training upfront while carrying the financial risk of learner withdrawal"[51].

50 Oral evidence from Dr Benjamin Silverstone, Warwick Manufacturing Group, 24 June 2026.

51 Oral evidence from Sammy Shumo, London South Bank University, 24 June 2026.

Low funding could also distort delivery towards large, standardised cohorts with limited learner support. This would undermine the personalised, employer-responsive model that makes apprenticeships effective.

Much of our written evidence supported this view: the Growth and Skills Levy could be improved by simplifying the funding rules, providing clearer guidance on units and ensuring levy reform supports long-term workforce planning rather than short-term spending behaviour.

RECOMMENDATION: The Government should publish the costing methodology for each unit to promote transparency; review funding bands regularly against inflation; publish assumed learned number and delivery hours; payment points and unit completion risks; arrangements for employer co-investment or top-ups; and early evaluation of employer demand, provider participation and learner outcomes.



Address ambiguity around the levy

During our third inquiry session, witnesses agreed that the current levy architecture creates confusion over whether levy funds are employer-owned money or public money for skills. Whilst many apprenticeships continue to transform lives, the system lacks clarity on some major questions.

Tom Richmond, former director of EDSK, said that the apprenticeship system is currently "in a difficult place", as there is no settled answer as to whom levy funds belong. He added that elements of the system give different answers about whether the money is employer-owned or public money. Tom added that no other country has this level of ambiguity built into its skills funding system.[52]

[the apprenticeship system is currently]

"in a difficult place"

- Tom Richmond, former director of EDSK

For many years, the system has been described as an "employer-led model"; they played a central role in designing standards, shaping assessment and determining demand. However, the Government has become more interventionist on which standards it is funding, including through changes to Level 7 funding. This creates uncertainty: government intervention is not necessarily wrong, but the piecemeal nature of the changes creates a system that lacks strategic direction and the current architecture does not clearly support either model.

The Government should be clearer that the levy is a tax and that the money is public funding for skills and training. Mr Richmond suggested that the "money could be split into different pots, with one part reserved for apprenticeships and another part used for wider skills, leadership, management, incentives, bonuses or brokerage services".[53]

"money could be split into different pots, with one part reserved for apprenticeships and another part used for wider skills, leadership, management, incentives, bonuses or brokerage services"

- Mr Richmond

52 Oral evidence from Tom Richmond, Freelance education policy analyst, 8 July 2026

53 Oral evidence from Tom Richmond, Freelance education policy analyst, 08 July 2026.

CHAPTER FOUR: FOUNDATION APPRENTICESHIPS

Context

Foundation apprenticeships are intended to create a bridge between education and sustained employment for young people who may not be ready to enter a longer or more specialised apprenticeship. The Government describes them as paid, entry-level jobs with structured training, designed to develop broad occupational competence, employability skills and experience of the workplace. They are Level 2 programmes, normally lasting at least eight months, and are principally available to people aged 16 to 21.[54]

The theory underpinning foundation apprenticeships is compelling. They give a young person a wage, a relationship with an employer and structured training, while allowing them to build the confidence, behaviours and basic occupational skills needed to progress. This addresses an important gap between classroom-based preparation and a full apprenticeship.

The APPG's view, supported by multiple evidence submissions, is that the identity of the programme matters. Being able to say that a young person is undertaking an apprenticeship carries greater status and a clearer connection to employment than describing the same provision as a training course or employability programme. The foundation apprenticeship name should therefore be retained.

The policy is being introduced against a difficult backdrop. As already outlined, youth participation in apprenticeships has declined, and apprenticeships are not currently operating at significant scale as a route for young people who are NEET. Foundation apprenticeships should therefore be understood as a pathway to a full apprenticeship, rather than as an end in themselves or a replacement for established Level 2 provision.[55]

Foundation apprenticeships should also be considered within the Government's wider Youth Guarantee. The Guarantee is intended to improve access to employment, education and training for young people, with particular emphasis on those who are NEET or at risk of becoming NEET. Its delivery includes locally led Youth Guarantee Trailblazers, expanded Youth Hubs and more intensive employment support, alongside measures such as the Youth Jobs Grant and Jobs Guarantee.

The policy recognises that young people furthest from the labour market often need coordinated support before they can sustain employment. Foundation apprenticeships should form one of the principal routes through which that support can lead into paid, structured training and longer-term skilled employment.

Challenge

Early evidence suggests that the programme has been sluggish to recruit students. Ginger Nut Training highlighted that "despite actively promoting them, it has not secured a single start on the digital foundation apprenticeships".[56]

There is also a risk that foundation apprenticeships will not reach the young people who could benefit most. Participation and progression should therefore be monitored by socioeconomic background, geography, disability and additional needs, care experience, and ethnicity and sex where the available data support robust analysis. Learners who have been NEET, have additional needs or have had limited previous exposure to the workplace may require more intensive mentoring, travel support, English and maths provision, and help managing difficulties outside work.

Taylor Woodrow, a construction and civil engineering business, argued that "levy funding should be capable of supporting pastoral and wraparound provision".[57]

> **"levy funding should be capable of supporting pastoral and wraparound provision"**
>
> - Taylor Woodrow

54 An introduction to foundation apprenticeships, by Jonathan Mitchell, Skills England, 16 September 2025, (https://skillsengland.blog.gov.uk/2025/09/16/an-introduction-to-foundation-apprenticeships-by-jonathan-mitchell/)

55 Youth Guarantee, House of Commons Library, 10 July 2026, (https://commonslibrary.parliament.uk/research-briefings/cbp-10827/)

56 Written evidence from Ginger Nut Training, 16 July 2026.

57 Written evidence from Taylor Woodrow, 23 July 2026.

New City College called for properly resourced provider support covering recruitment, onboarding, mentoring, compliance and progress reviews.[58]

Most importantly, the current funding system does not fully reflect the intended purpose of the programme. Foundation apprenticeships are supposed to help young people progress, but provider funding and employer incentives remain primarily tied to completion.

Under the current funding rules, 80 per cent of the negotiated training price is paid in monthly instalments, while the remaining 20 per cent is paid only when the apprentice has completed all required activity, including assessment. Where a young person moves to another apprenticeship before completing their foundation apprenticeship, future payments stop and the learner is treated as having withdrawn, although the provider must issue a summary of the training completed. [59]

A provider may do exactly what the policy intends by helping a young person become ready for a full occupational Level 2 apprenticeship or a job earlier than expected but lose part of its funding because the learner did not formally complete the foundation programme. An employer may similarly have little financial incentive to support progression to another organisation where that represents the best opportunity for the young person.



58 Written evidence from New City College, 29 June 2026

59 Apprenticeship funding, Department for Work & Pensions, 29 July 2026 (https://www.gov.uk/government/publications/apprenticeship-funding/apprenticeship-funding)

Findings

Foundation apprenticeships should complement existing routes and respond to employer demand.

Foundation apprenticeships offer an opportunity to bring more young people into employment, particularly those who are not in education, employment or training (NEET), or who may not yet be ready to enter a Level 3 apprenticeship. They should complement, rather than replace, existing pathways that are already working well for employers and learners. Questions have been raised about the design of individual pathways. Expansion should therefore be employer-led, with clear opportunities for learners to progress into more specialised training or employment. Ginger Nut Training suggested that learners might instead begin with broader duties.[60]

[the foundation pathway]

"was rushed through with limited meaningful industry engagement"

- SJD Associates

SJD Associates, a large electrical contractor, was more critical of the concept, arguing that the foundation pathway "was rushed through with limited meaningful industry engagement".[61]

This view reflects a broader concern in the evidence that consultation on apprenticeships policy by DWP, DfE or Skills England has not always been followed by visible changes to programme design.

"We need a traineeship type model, which focuses on employability skills and behaviours rather than the current foundation apprenticeships which are competing against the level 2 standards. Young people are struggling to access work experience and part time jobs, this is creating pressures for both young people and apprentices."

- Axia Solutions

60 Written evidence from Ginger Nut Training, 16 July 2026

61 Written evidence from SJD Associated Ltd, 1 July 2026

RECOMMENDATION: The Skills Minister should direct Skills England to expand foundation apprenticeships in partnership with employers, providers and sector bodies, with a particular focus on sectors and places where young people face limited routes into skilled employment. New apprenticeships should be designed around broad occupational skills and a clear pathway into a Level 2 or higher apprenticeship, further training or sustained employment. Skills England should monitor employer take-up, learner progression and the extent to which foundation apprenticeships are creating additional opportunities, and use this evidence to refine or redesign individual routes.

Skills England and the Department for Work and Pensions should ensure that foundation apprenticeship routes are integrated into the Youth Guarantee, with Youth Hubs, jobcentres, local authorities able to refer eligible young people into available foundation apprenticeships opportunities.

Funding should reward positive destinations, not only formal completion

Throughout our oral evidence sessions and within the body of written submissions, the inquiry has identified a potential flaw in the funding model for foundation apprenticeships.

A young person may leave a foundation apprenticeship early because they have secured a full Level 2 or Level 3 apprenticeship or a suitable job. This may be the best possible outcome for the learner and evidence that the programme has fulfilled its purpose. However, a system based primarily on formal completion may record the learner as a withdrawal and reduce the provider's funding.

This report does not prescribe a detailed destination-based funding formula. However, a shared emphasis on foundation apprenticeships as a pathway, rather than an end qualification, supports a different approach to measuring success. EngineeringUK's description of the programme as an "on-ramp" necessarily means that progression must carry significant weight.[62]

62 Written evidence from EngineeringUK, 27 July 2026.

"Foundation apprenticeships are therefore a welcome step towards increasing youth participation. As a new qualification for young people, aligned with Level 2 standards and supported through the apprenticeship funding system and additional employer and provider incentives, they represent a positive attempt to strengthen entry routes into apprenticeships."

- EngineeringUK

A provider should not have a financial incentive to keep a learner on a foundation apprenticeship solely to reach the planned completion date when a stronger employment or apprenticeship opportunity has become available. Equally, the model must not encourage providers to move learners on before they have received meaningful training and support.

RECOMMENDATION: The Department for Work and Pensions should introduce a destination-based funding element for foundation apprenticeships. Providers should be able to receive a completion or outcome-related portion of funding where a learner, having completed a minimum substantive period of training, progresses early into a verified positive destination. Eligible destinations should include sustained employment, a Level 2 or higher apprenticeship, or further technical education, with outcomes independently verified and tracked after exit. Funding rules should include safeguards against premature transfer or provider-led exits designed primarily to trigger outcome payments.

Evidence received by the inquiry suggested that the sector broadly supports the principle behind foundation apprenticeships; however, there are concerns that the final model has drifted from the original intention of creating a shorter and broader programme capable of appealing to a wider group of young people and employers.

The Government should therefore revisit the original purpose of these apprenticeships: they should operate as a genuinely accessible entry route into apprenticeships and employment. This would help to ensure that standards are sufficiently broad to develop transferable skill, that programmes can respond to labour market needs, and that employers and providers have flexibility over how they are delivered.

CHAPTER FIVE: SMALL AND MEDIUM-SIZED ENTERPRISES

Context

Small and medium-sized enterprises (SMEs) are essential to expanding apprenticeship opportunities, but they often have fewer resources to navigate the system than larger employers. Many SMEs lack dedicated HR or training functions and consequently rely heavily on training providers to navigate and administer apprenticeships.[63]

The APPG believes that the balance of responsibilities should be adjusted so that providers are better supported to undertake more of the technical and administrative work associated with an apprenticeship. Employers should remain responsible for providing meaningful work, effective supervision and high-quality on-the-job development, but they should not be expected to become experts in complex funding and compliance processes.

Support must also make apprenticeships a sufficiently attractive recruitment option. For an SME deciding how to fill a vacancy, taking on an apprentice must make clearer commercial sense than recruiting directly into a standard role. Employer size should therefore be treated as an important distributional consideration when apprenticeship policy is designed.

Changes that may be manageable for a large employer with dedicated HR, training and compliance teams can have materially different consequences for an SME. Government impact assessments should routinely consider whether changes to funding, administration or eligibility disproportionately reduce the ability of smaller employers to recruit and train apprentices.

63 Department for Education consolidated annual report and accounts, 2024-25; Greater Birmingham Chambers of Commerce, (https://www.greaterbirminghamchambers.com/resource/upskilling-and-reskilling--how-smes-can-stay-ahead.html)

Challenge

Although the administrative requirements associated with employing an apprentice are sometimes overstated, the perception that the system is complicated and time-consuming remains a significant barrier. This perception alone can discourage SMEs from exploring apprenticeships, particularly where an employer is unfamiliar with the system and uncertain about the time, cost and responsibilities involved.

> **"Administrative burden is a greater barrier to taking on apprentices than funding availability itself."**[64]
>
> – City of London Corporation

Recruiting an apprentice can also appear riskier than filling a standard vacancy. Alongside administration, employers must account for wages, supervision, equipment, mentoring and lower productivity during the early stages of training. Financial incentives can help, but they will not be effective if the wider process remains difficult to understand or employers cannot access reliable support.

> **"The primary barrier is not a lack of willingness to engage but the perceived risk and resource required."**[65]
>
> – Transport for London

The challenge is therefore to reduce the uncertainty, effort and financial risk involved in taking on an apprentice, while ensuring that both employers and providers are properly resourced to fulfil their respective responsibilities.

64 Written evidence from the City of London Corporation, 30 July 2026.

65 Written evidence from Transport for London, 7 August 2026.

Findings

Providers should be supported to act as intermediaries between employers, employees and national bodies

Training providers are generally better placed than individual SMEs to manage recruitment processes, onboarding, funding requirements and compliance. They understand the system, work with multiple employers and can provide continuity from an employer's initial enquiry through to the completion of the apprenticeship.

New City College argued that colleges and training providers can act as effective intermediaries for SMEs, supporting them through the apprenticeship process.

> **"Colleges and providers can play a key role as an intermediary, but this activity must be properly resourced".**
>
> - New City College

However, this activity requires staff time and expertise and cannot simply be added to providers' responsibilities without sufficient funding. Its wider evidence also warned that national ambition is not consistently matched by the staffing and delivery capacity available locally.[66]

RECOMMENDATION: The Department for Work and Pensions should ensure that apprenticeship funding arrangements should recognise and properly resource the administrative and brokerage support delivered by training providers. Providers should be expected to offer SMEs a clear package of support covering recruitment, onboarding, funding, compliance and ongoing programme management, with funding reflecting the work required to deliver this effectively.

This would establish a clearer division of responsibility, where providers would manage the more technical elements of the apprenticeship system, while employers would focus on creating a suitable role, supervising the apprentice and supporting their occupational development.



66 Written evidence from New City College, 29 June 2026.

CHAPTER SIX: DEVOLUTION

Context

The apprenticeship system should respond both to national economic priorities and to the distinct needs of local labour markets. Skills shortages vary considerably between places, reflecting differences in their industrial base, demographics, transport infrastructure, provider capacity and employment opportunities. Unsurprisingly, local and devolved leaders are often better placed than central government to understand these factors and bring together the employers, providers and public services needed to address them.

The Government's renewed emphasis on devolution creates an opportunity to establish a clearer local role for local government, combined authorities and Metro Mayors within the apprenticeship system. Prime Minister Andy Burnham has placed the transfer of power from Whitehall at the centre of his Government's approach, including through the creation of No. 10 North and a commitment to bringing ministers, regional mayors and other partners together around shared plans for local economic growth.[67] Apprenticeships should form an important part of this agenda, connecting skills provision with local investment, infrastructure, employment and growth.

Local government already plays a growing role in skills policy. Strategic Authorities are expected to work jointly with Employer Representative Bodies on Local Skills Improvement Plans (LSIPs), combining employer evidence with local economic knowledge and the ability to influence delivery.[68]

Local authorities also hold responsibilities relating to young people who are not in education, employment or training, adult community education, economic development, careers provision and business support. The 39 Local Skills Improvement Plans published in July 2026 provide a stronger basis for employers, Strategic Authorities and providers to identify and respond to local skills priorities[69].

The evidence received by the APPG indicates a clear majority (84%) of sector respondents view local and devolved governments as at least moderately responsible for the success of the apprenticeship system. Of the 97 responses the APPG received for this section, 39 (40%) submissions ascribed moderate responsibility of four to six out of ten; 42 responses (43%) gave a seven or higher, but we concede that views may shift as the Prime Minister's devolution agenda gains momentum.

To what extent are local authorities and other devolved government structures responsible for the success of the apprenticeships system?

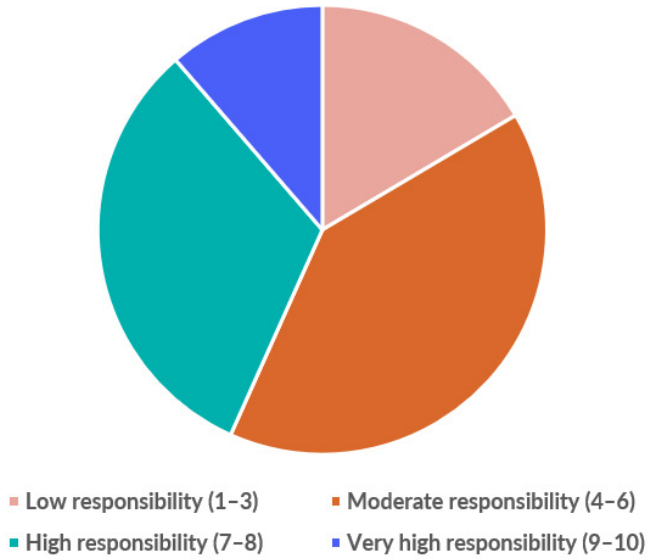


Figure 8

Source: Call for Evidence submissions. Graph showing that the majority of respondents generally see local and devolved government as having a moderate to high level of responsibility for the success of the apprenticeship system.

67 No10 North open for business as the Government's new situation room for making Britain better, Prime Minister's Office, 10 Downing Street, 23 July 2026, (https://www.gov.uk/government/news/no10-north-open-for-business-as-the-governments-new-situation-room-for-making-britain-better)

68 Skills England unveils 'roadmap' for local skills to drive growth, Skills England, 18 November 2025, (https://www.gov.uk/government/news/skills-england-unveils-roadmap-for-local-skills-to-drive-growth)

The APPG believes that devolution should strengthen the apprenticeship system by allowing national policy to be translated more effectively into local action. Devolution should not create competing systems, weaken national standards or enable central government to transfer responsibility without the powers and resources required to deliver.

However, this direction of travel must not create funding structures that disincentivise employers from taking on apprentices. UK-wide employers have raised potential challenges around a fragmented skills system, particularly due to the differences in Welsh and Scottish standards and funding mechanisms.[70] Indeed, the Skills Minister confirmed in September that mayoral control of the 16-19 education budget will not extend to growth & skills provision for apprenticeships for 16–18-year-olds.[71] Without root and branch reform of the apprenticeships system, this would not be feasible given that employers technically retain their funds.



Challenge

Responsibility for local skills outcomes is currently divided between central government, Skills England, Strategic Authorities, local authorities, Employer Representative Bodies, providers and employers. Each has an important role, but how they should interact is not always clear.

There are important limits to how far the apprenticeship system can be devolved under its current funding model. Levy funds are held in individual employers' apprenticeship service accounts and employers ultimately determine whether and how those funds are used. Strategic Authorities cannot therefore simply direct apprenticeship investment towards occupations or sectors that they identify as local priorities.

Strategic Authorities may be expected to identify local priorities and may identify a shortage in a strategically important occupation, yet cannot redirect levy funds towards that occupation Skills England may identify national and regional shortages but rely on other departments and bodies to provide funding or expand delivery. Providers are expected to respond to local demand but may lack the staff, facilities or financial certainty required to do so.

There is a risk that the devolution agenda may result in responsibility being devolved more quickly than meaningful authority. Local leaders may be held accountable for apprenticeship participation or skills shortages while the principal policy and funding decisions remain under national control or subject to individual employer decisions. Conversely, excessive local variation could create a postcode lottery in which the support available to an employer or apprentice depends too heavily on the capacity and priorities of the area in which they are based.

The challenge is therefore to establish an effective model of shared responsibility. The APPG proposes that national government and Skills England should retain responsibility for occupational standards, quality assurance, core funding rules and ensuring that apprenticeships are recognised consistently across England.

Greater flexibility also needs to recognise the geography of the skills system. In England, elected mayors and combined authorities are taking a growing role in skills investment and aligning provision with local labour-market priorities. At the same time, UK-wide employers operate across distinct apprenticeship, education and funding systems in England, Scotland and Wales.

70 Making the most of degree apprenticeships requires collaboration across the whole of the UK, WonkHE, 17 July 2025, (https://wonkhe.com/blogs/making-the-most-of-degree-apprenticeships-requires-collaboration-across-the-whole-of-the-uk/)

71 Education and Skills Reform (Oral Statement from the Skills Minister), House of Lords, 16 September, (https://hansard.parliament.uk/lords/2026-09-17/debates/D5B146BE-555F-4E4A-8EE9-F92B3E-4F7CD2/EducationAndSkillsReform)



Multiple organisations told the APPG that differences in curricula and funding structures can make it more difficult to develop consistent workforce pipelines across multiple sites.

"There is also a risk that devolved delivery arrangements could create fragmentation. Local knowledge and input are important, but national providers and employers with multiple sites across regions need consistency when engaging with the system. The Government should ensure that devolved funding does not unintentionally lock out national providers who may be well placed to offer scalable or consistent provision."[72]

– Open University

This is particularly important in sectors such as nuclear, defence, energy and infrastructure, where employers recruit nationally and require skills to be transferable across regional and national boundaries. Greater local flexibility should therefore be accompanied by stronger coordination between the UK Government, devolved administrations and English regional authorities.

Findings

Devolution should empower local leaders to respond to regional skills needs

Apprenticeships are most effective when they lead to sustainable employment and address genuine workforce demand. Local and Strategic Authorities can contribute by identifying the sectors that are expanding, the employers that are likely to recruit apprentices and the barriers preventing residents from accessing available opportunities.

Local and Strategic Authorities should not only support by producing labour-market analysis but also connect apprenticeships or people considering an apprenticeship with transport, housing, inward investment, regeneration, careers provision and employment support. They can also identify where shortages are caused not by a lack of interest from employers or learners, but by limited provider capacity, inaccessible training locations or a failure to coordinate recruitment across the area.

LSIPs provide a mechanism for developing this shared understanding. However, a plan will have limited value unless it influences the decisions subsequently taken by providers, funding bodies and government. Current guidance already envisages Strategic Authorities and Employer Representative Bodies jointly developing LSIPs in devolved areas, with Skills England retaining national oversight.

"Strategic authorities need a proper framework for ensuring providers and employers are accountable to the LSIPs. An accountability framework will allow regions to monitor whether FE and HE and schools are delivering provision against the strategic goals."[73]

- University Vocational Awards Council

Strategic Authorities should coordinate local apprenticeship engagement through plans linked to Local Skills Improvement Plans and wider economic strategies. These plans should identify priority occupations, expected employer demand, available training provision and gaps in provider capacity.

72 Written evidence submitted by the Open University, 30 July 2026

73 Written evidence submitted by the University Vocational Awards Council, August 2026.

They should also set out how local government, Careers Hubs, schools, colleges, employers and training providers will work together to deliver employer encounters, work experience, workplace visits and application support. Practical barriers, including transport, limited local vacancies and uneven access to training, should be identified and addressed.

RECOMMENDATION: Every Strategic Authority should develop a local apprenticeship delivery plan as part of, or directly linked to, its Local Skills Improvement Plan. The plan should identify priority occupations, expected employer demand, gaps in provider capacity and the practical barriers preventing participation. This should support interventions that remove clearly evidenced local barriers, including employer engagement, transport assistance, specialist facilities, provider expansion and targeted support for SMEs. It should also specify which organisation is responsible for each action and how progress will be measured. Delivery Plans should also connect careers guidance to genuine local employment opportunities.

These plans should not be limited to the sectors named in the national Industrial Strategy. Strategic Authorities must retain the ability to respond to occupations that are economically or socially important within their own areas, including foundational sectors such as retail, construction, logistics, hospitality and social care.

Local responsibility must be matched by meaningful powers and resources

Devolution is unlikely to improve apprenticeship outcomes if local institutions are asked to deliver national objectives without control over the tools required to achieve them. Local leaders need sufficient influence to address barriers identified through their labour-market evidence and employer engagement.

This does not require the wholesale devolution of the apprenticeship budget. Core apprenticeship funding must remain sufficiently stable and predictable to support a national labour market. However, Strategic Authorities need access to flexible resources that can address local barriers that are unlikely to be resolved through the national funding model alone.

These could include support for employer brokerage, transport, recruitment campaigns, pre-apprenticeship provision, specialist equipment, additional provider capacity and targeted incentives for smaller employers. Such interventions can determine whether an apprenticeship opportunity is practically accessible even where the training itself is nationally funded.

The English devolution settlement has already moved towards devolving non-apprenticeship adult skills funding and giving Strategic Authorities joint ownership of Local Skills Improvement Plans. Apprenticeship policy should now be better connected to those wider local skills and employment responsibilities.

Any new responsibilities placed on local or Strategic Authorities must be accompanied by sufficient funding, data access and decision-making powers. Central government should not hold local leaders accountable for outcomes that they lack the practical ability to influence.

National standards and local flexibility must be balanced

Employers operate across local authority boundaries and apprentices often live, work and train in different areas. Excessive local variation could therefore make an already complex system more difficult to navigate, particularly for national employers and providers.

National government must therefore continue to guarantee the quality and transferability of apprenticeships. Standards, assessment requirements and entitlement to funding should not vary between regions. An apprentice completing a programme in one part of England must receive a qualification that is recognised and valued across the country.

Local flexibility should instead be focused on how opportunities are developed and delivered. Strategic Authorities should be able to determine where additional employer support is required, which sectors need coordinated recruitment and what supplementary interventions will help residents access apprenticeships. They should not create separate local apprenticeship standards or duplicate national funding and compliance systems.

Although apprenticeship policy is devolved, the UK government and devolved administrations should cooperate to minimise avoidable barriers for employers operating across national boundaries, particularly where workforce requirements and major infrastructure projects span more than one nation.

RECOMMENDATION: The Government must publish a clear apprenticeship devolution framework setting out which responsibilities will remain national, which will be shared and which may be exercised locally. National government and Skills England should retain responsibility for occupational standards, quality assurance, core funding rules and the portability of apprenticeships. Strategic Authorities should lead local planning, employer coordination and interventions designed to improve access and delivery. The framework should also set out how the UK Government will work with the devolved administrations to identify and reduce unnecessary barriers facing employers across England, Scotland and Wales.

Devolution must benefit every part of England

The capacity of local and devolved institutions varies significantly. Established mayoral authorities may hold extensive economic data, employer relationships and established skills teams, while other areas have fewer resources or less developed governance arrangements.

A model that relies heavily on Strategic Authorities could therefore widen disparities unless equivalent support is available in areas without mature devolved institutions. Businesses and apprentices should not receive a weaker service because of the governance arrangements in their area.

The Government's current approach gives Strategic Authorities a stronger role in devolved areas while expecting Employer Representative Bodies to work with upper-tier local authorities elsewhere. This is a reasonable transitional arrangement, but the responsibilities and support available in non-mayoral areas must remain clear.

RECOMMENDATION: All areas of England should have access to an identifiable local apprenticeship partnership with the capacity to convene employers, providers and public bodies, overseen by Skills England. In areas without a Strategic Authority, upper-tier local authorities and Employer Representative Bodies should be supported to perform an equivalent coordinating function.

The Government should provide additional capacity-building support where local institutions lack the data, staffing or employer networks required to fulfil this role. Devolution should reduce geographical inequality within the apprenticeship system, not create a new divide between areas with mature institutions and those without them.

Devolved authorities should have a greater role in making the apprenticeship system work for their local economies, but responsibility must be shared rather than transferred wholesale. National government must continue to guarantee quality, funding stability and portability, while local leaders should coordinate employers, providers and public services around the needs of their area.

The success of devolution should ultimately be judged by whether it produces more accessible, relevant and sustainable apprenticeship opportunities, not simply by the number of responsibilities moved out of Whitehall.

Opportunity in every postcode

Devolution creates an opportunity to build apprenticeship systems that respond more closely to local economies, employers and learners. However, it also poses the threat that employers and providers must navigate an even more complicated set of different systems in order to provide apprenticeships or other adult learning interventions in different areas. Nothing should be allowed to reduce employer interest in creating new apprenticeship opportunities.

Therefore, greater local control must be underpinned by a funding settlement that is transparent and demonstrably fair across all four nations of the UK.

The Apprenticeship Levy is a UK-wide tax, but apprenticeship policy and spending are devolved. Since 2020, Scotland, Wales and Northern Ireland have received funding through their wider block grants as a consequence of apprenticeship spending in England, using the Barnett formula.[74] Importantly, Barnett consequentials are not ring-fenced. Devolved governments are free to determine how their block grants are allocated across devolved services.

74 WPQ 91152 , November 2025, (https://questions-statements.parliament.uk/written-questions/detail/2025-11-14/91152/)

This creates a disconnect between where levy liabilities arise and where apprenticeship investment is ultimately made. HM Treasury has acknowledged that it does not currently have reliable estimates of the levy raised from employers in individual devolved nations. There is therefore insufficient transparency for employers, policymakers or the public to establish clearly how levy contributions generated by economic activity in each part of the UK relate to the resources subsequently available for apprenticeship provision.

The Government should therefore establish a new, transparent UK-wide apprenticeship funding settlement, separate from the existing Barnett methodology. This should identify the levy contribution attributable to employers and workforces in each nation and use that information to inform the funding available for apprenticeship and skills investment.

Funding allocated through this mechanism should be ring-fenced for apprenticeships and associated skills provision, while preserving flexibility for apprenticeship leaders in England, Scotland, Wales and Northern Ireland to determine how it is used. The purpose should not be to impose a single UK-wide apprenticeship model. Each nation has different institutions, labour-market needs and approaches to skills policy. Rather, the objective should be to guarantee a transparent funding envelope within which national and, where appropriate, regional leaders can respond to their own employers, industries and communities.

Funds raised through payment of apprenticeship levies that ultimately disappear into Treasury coffers undermine confidence in the government's seriousness about investing in the next generation and the levy itself, and instead leave businesses seeing the apprenticeship levy as 'just another tax'.

Rather than allowing future apprenticeship-budget underspends to leave the skills system, the Government should develop a mechanism through which they can remain available for apprenticeship and skills investment. A new settlement should establish common principles for attributing levy contributions, provide employers with clear information on the funding associated with employees in each nation, and create straightforward arrangements for employers seeking to develop apprenticeship programmes across more than one jurisdiction.

RECOMMENDATION: The UK Government should establish a transparent UK-wide apprenticeship funding settlement to deliver opportunity in every postcode. It should: establish a methodology for identifying levy liabilities attributable to employers and workforces in England, Scotland, Wales and Northern Ireland; allocate apprenticeship investment through a transparent mechanism separate from the Barnett formula; ring-fence the resulting funding for apprenticeship and skills provision, while allowing each nation flexibility over how it is deployed; and introduce clear and consistent arrangements for employers operating across national borders.



CHAPTER SEVEN: CAREERS ADVICE

Context

"Schools' careers advice should present apprenticeships as an equal and prestigious pathway alongside university, rather than an alternative option."

- STEM Returners

Schools and colleges in England are required to provide independent careers guidance that is impartial and does not favour any particular education or training route. Under the Skills and Post-16 Education Act 2022, schools must also provide pupils in Years 8 to 13 with at least six opportunities to hear directly from providers of technical education and apprenticeships about the options available to them.[75]

The Government's wider ambition is to strengthen careers education and improve the quality of advice available to young people. This includes a commitment to provide every young person with two weeks of work experience and continued investment in the Careers & Enterprise Company and the National Careers Service[76]. We consider Professor Becky Francis's Curriculum and Assessment Review a missed opportunity to address pre-18 skills and technical education.

The Gatsby Benchmarks provide the main framework for high-quality careers guidance in schools and colleges. First incorporated into a non-statutory guidance for secondary schools and official guidance for colleges in 2018, the eight benchmarks are intended to define world-class careers provision based on international evidence. National performance against these benchmarks has more than tripled since their introduction.[77]

The Careers & Enterprise Company reports that schools and colleges achieved an average of 6.0 of the eight Gatsby Benchmarks in 2024/25, compared with around 2.0 in 2016/17. Almost half, 49%, achieved seven or eight benchmarks.

Average number of Gatsby Benchmarks fully achieved by schools & colleges, 2016/17 to 2024/25

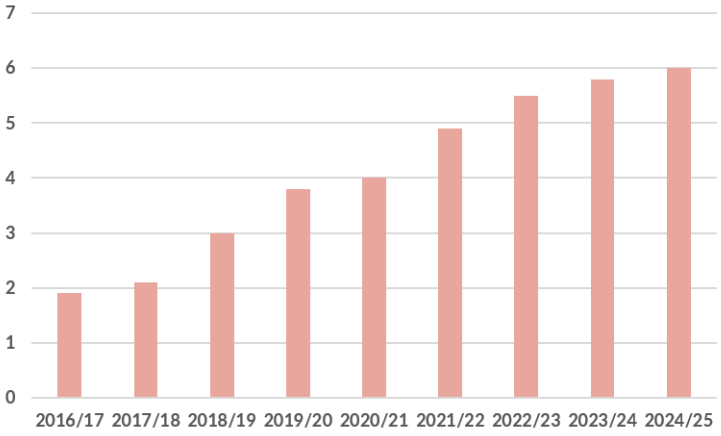


Figure 9

Source: Insight Briefing: Gatsby Benchmark results for 2024/25, Careers and Enterprise Company, Figure 1, p.4. These findings are based on Compass returns from 4,863 state-funded schools and colleges.

The benchmarks were updated in 2025 to reflect changes in the economy, the labour market and the needs of young people. The revised framework places greater emphasis on embedding careers provision within institutional leadership, improving inclusion and outcomes for each learner, making better use of information and data, and engaging parents and carers.[78]

The legal position should be distinguished carefully. The Department for Education's careers guidance is statutory, and schools and colleges must have regard to it when fulfilling the relevant legal or contractual duties. The Gatsby Benchmarks themselves remain non-statutory, but the statutory guidance is structured around them, and the Department expects institutions to use the updated benchmarks to shape their careers programmes and support compliance with their legal responsibilities.

Evidence from the Gatsby Foundation indicates that the more benchmarks a school achieves, the lower the proportion of pupils who subsequently become NEET (not in education, employment or training).[79]

75 Careers guidance and access for education and training providers, Department for Education, 23 June 2026,

76 *Ibid.*

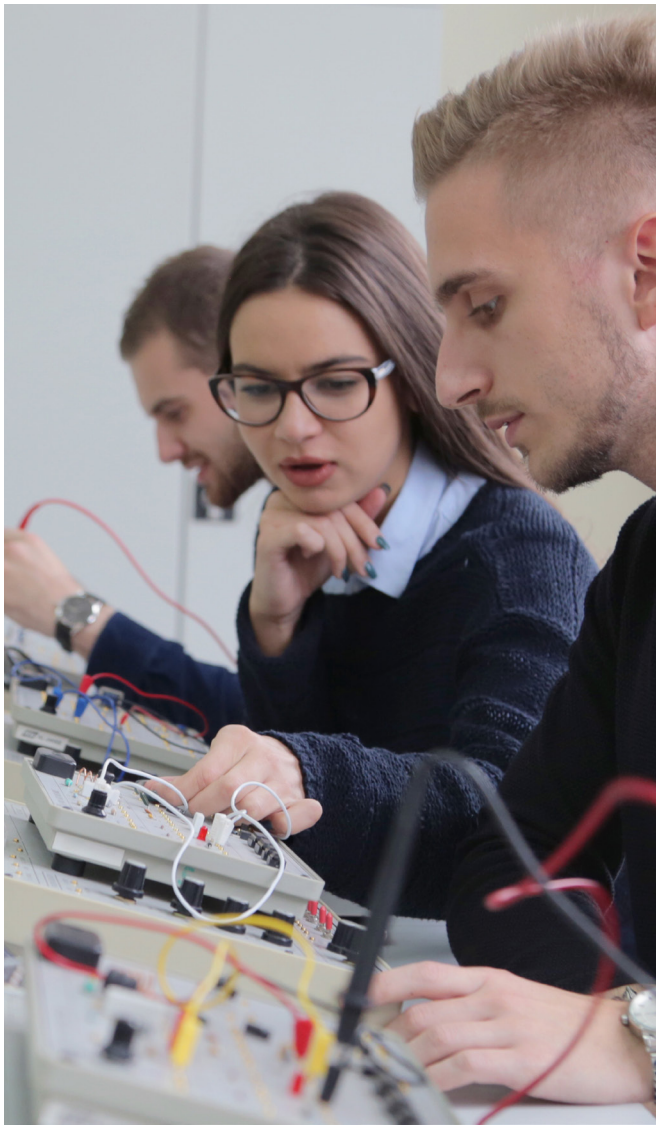
77 Good Career Guidance: The Next 10 Years, Gatsby Benchmarks, 18 November 2024, (https://cdn.gatsbybenchmarks.org.uk/app/uploads/2024/11/good-career-guidance-the-next-10-years-report.pdf)

78 Good Career Guidance: The Next 10 Years, Gatsby Benchmarks, 18 November 2024, (https://cdn.gatsbybenchmarks.org.uk/app/uploads/2024/11/good-career-guidance-the-next-10-years-report.pdf)

79 *Ibid.*

This reinforces the role of structured, high-quality careers provision in supporting successful transitions from education into further study, apprenticeships and employment.

From 1 October 2026, the Government will begin bringing together the National Careers Service and Jobcentre Plus in England through the new Jobs and Careers Service.[80] The service is intended to provide more joined-up employment, skills and careers support for people looking for work, seeking to increase their earnings, or wanting to retrain or change career. It will also provide support for eligible young people under 18 who are not in school or college. Careers advice for pupils will continue to be delivered through schools and colleges, while digital careers information will remain available nationally.[81]



Challenges

Respondents repeatedly acknowledged the Government's measures to improve awareness of apprenticeships in school, and that schools' promotion of apprenticeships has improved in recent years. The Association of Colleges' 2025 Enrolment Survey found that 35% of colleges had seen an increase in apprenticeship starts in the first part of the academic year 2025/26.[82] Stronger provider access requirements, greater Ofsted scrutiny and the Gatsby Benchmarks have helped raise the profile of technical education, while some schools have developed more effective relationships with employers, colleges, training providers and apprenticeship ambassadors.

Direct engagement with employers and apprentices was consistently identified as a particularly effective feature of careers provision, with around two-thirds of respondents advocating for direct industry engagement. Careers talks, workplace visits, work experience and practical activities can make apprenticeship pathways more tangible and help pupils understand entry requirements, progression routes and employment opportunities. Many respondents also welcomed growing awareness of higher and degree apprenticeships, which has helped demonstrate that apprenticeships can lead to professional and highly skilled careers across a wide range of sectors. Manchester Metropolitan University called degree apprenticeships an "exemplar" in this area, and the London Borough of Redbridge highlighted the importance of demonstrating how apprenticeships can provide a career pathway from the entry route and onto higher or degree apprenticeships.[83]

However, despite this progress, around 60% of respondents said university was still the default route promoted by many schools and argued that technical routes should be promoted as an equal, mainstream route into skilled employment. Sixth-form funding arrangements, destination measures and parental expectations can create incentives for schools to prioritise academic pathways, while information about apprenticeships is often provided too late.

80 The National Careers Service is changing, National Careers Service (https://nationalcareers.service.gov.uk/service-is-changing)

81 The National Careers Service is changing, National Careers Service, (https://nationalcareers.service.gov.uk/service-is-changing)

82 Written evidence from the Association of Colleges.

83 Written evidence submitted to the APPG.

Capacity and expertise within schools were also identified as significant concerns. Bromford Flagship LiveWest, one of the UK's largest housing providers echoed this point, arguing that "the role of a careers adviser or lead is often an additional role for already busy teaching staff who do not have the time and sometimes the required skills set."[84] For teachers, pupils' career support is frequently added to existing teaching roles, and knowledge of apprenticeship levels, application processes, progression routes and local opportunities varies considerably.

Numerous respondents also highlighted inconsistent implementation of provider access requirements. Pearson, the UK's largest awarding organisation, stressed that "compliance with the provider access duty remains uneven".[85] This view was echoed by S.J.D Associated Ltd and the AELP, which called for stronger enforcement of provider access requirements[86] and stronger accountability respectively.[87] In some cases, encounters are treated as a compliance exercise rather than forming part of sustained and meaningful engagement with employers and providers.

The challenge is therefore ensuring that schools have both the incentive and the capacity to provide timely, informed and impartial guidance on apprenticeships.

Findings

Careers education should begin before pupils make significant choices about GCSE subjects and post-16 pathways. At present, information about apprenticeships is often concentrated in Years 11 and 13, by which point pupils may already have formed clear expectations about pursuing an academic route.

A progressive national curriculum would ensure that pupils develop their understanding of careers, technical education and apprenticeships throughout secondary school. It should cover the full range of apprenticeship levels, entry requirements, pay, qualifications, application processes and progression opportunities. It should also explain how subject choices can influence apprenticeship and future career opportunities as well as explaining how apprenticeships can lead to higher education, professional registration, management positions and other senior roles.

The Department for Education should strengthen Provider Access Legislation to set out the core knowledge and experiences that pupils are expected to receive at each stage of their education.[88] This should include information about the full range of apprenticeship levels, technical education, entry requirements, pay, qualifications, application processes and progression into higher education, professional registration and leadership roles.

RECOMMENDATION: The Department for Education should introduce a national careers and employability curriculum, beginning no later than Key Stage 3 and continuing throughout secondary education.

> **"Early and sustained exposure is important in helping young people understand the breadth of opportunities available and the routes into them."**
>
> - Nuclear Decommissioning Authority

Schools should be expected to give apprenticeships, technical education and employment routes the same prominence as A levels and university. However, sixth-form funding arrangements, destination measures and wider institutional expectations can create incentives for schools to retain pupils or prioritise university progression.

Greater transparency over destinations could help counter these incentives, but any accountability system must be designed carefully. Raw destination figures can be misleading where schools have small cohorts or serve very different populations. A simple ranking based on immediate destinations could also create perverse incentives, encouraging institutions to prioritise pupils most likely to achieve easily measurable outcomes rather than supporting young people with SEND, those who have been NEET or others facing more complex barriers.

The Department for Education should therefore improve the publication of school-level destination information covering apprenticeships, further education, employment and higher education. Data should be validated, subject to appropriate minimum cohort and disclosure thresholds, and focus on sustained destinations rather than a learner's status

84 Written evidence from Bromford Flagship LiveWest.

85 Written evidence from Pearson, 3 July 2026.

86 Written evidence from S.J.D Associates Ltd, 1 July 2026.

87 Written evidence from the Association of Employment and Learning Providers, 3 July 2026.

88 Provider Access Legislation, The Careers & Enterprise Company, (https://www.careersandenterprise.co.uk/educators/provider-access-legislation)

immediately after leaving school. Where possible, outcomes should also be interpreted alongside relevant contextual information so that schools serving learners with more complex starting points are not unfairly penalised.

Ofsted should be responsible for assessing whether schools provide balanced and impartial guidance across all available routes. Its assessment should consider the quality and impact of careers provision, including whether pupils understand apprenticeship opportunities and receive practical support, rather than focusing primarily on whether schools have met the minimum number of provider encounters.

RECOMMENDATION: The Department for Education should create a standardised, school-level destinations dashboard showing progression from every state-funded school into higher education, apprenticeships, technical education and sustained employment, so that non-academic routes are given equal visibility and prestige alongside university progression. The dashboard should report the number and proportion of each cohort progressing to each destination, distinguish between different apprenticeship levels and technical routes where data allows, and use a consistent definition of sustained destination across all institutions. It should also publish cohort size and relevant contextual information to enable fair comparison between schools serving different pupil populations.

The dashboard should be designed as a transparency and accountability tool, rather than a performance league table. DfE should therefore avoid presenting destinations as a single ranked measure of school performance and should ensure that schools are not penalised for supporting pupils with more complex starting points, including those who may take longer to progress into sustained education, training or employment. The objective should be to give apprenticeships, technical education and employment equal status in the information used by schools, parents, pupils and policymakers, while recognising the different circumstances in which schools operate.

KS4 / 16-18 destination measures, 2023-24

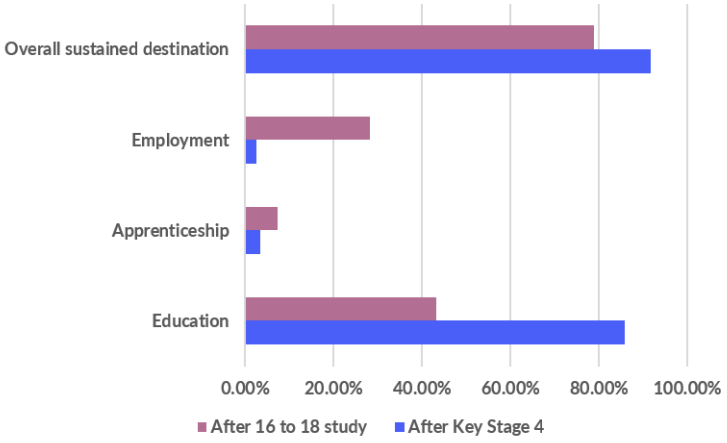


Figure 10

Source: Department for Education destination measures, 2023-24

The graph highlights the relatively small role apprenticeships continue to play in young people's progression compared with continued education and employment. After Key Stage 4, 85.8 per cent of pupils sustain an education destination, while only 3.3 per cent move into an apprenticeship. Even after 16 to 18 study, apprenticeships account for just 7.4 per cent of sustained destinations. This does not in itself demonstrate a failure of careers advice, but it does suggest that apprenticeships remain a minority route at key transition points. Schools and colleges need to provide earlier and more sustained exposure to apprenticeship opportunities, employers and application processes, while ensuring that technical and vocational routes are presented alongside academic pathways as credible progression options.

Young people who are NEET are not a single, uniform group. They include those with limited qualifications, graduates struggling to secure their first job, care-experienced young people, young people with disabilities, and those facing barriers linked to health, transport, housing or confidence. Outcomes also vary according to socioeconomic background, geography and ethnicity.[89] Their needs, therefore, vary considerably, and a single standardised intervention will not be sufficient.

89 Young people and work: interim report, Department for Work & Pensions, 10 August 2026 (https://www.gov.uk/government/publications/young-people-and-work-interim-report/young-people-and-work-interim-report)

Many will not be ready to move immediately into a full Level 2 or Level 3 apprenticeship. Youth Futures Foundation told the inquiry that the country lacks a coherent national pre-apprenticeship system. Existing employability, traineeship and work-readiness programmes form a fragmented patchwork, with significant variation in quality, availability and progression[90].

A more effective system would recognise that preparation for an apprenticeship may involve several different elements. Young people may require workplace experience, English and maths support, confidence-building, pastoral assistance and help with applications or interviews. In some cases, employers may also need support to offer placements or adapt their recruitment processes for young people who have faced additional barriers.

Pre-apprenticeship provision should therefore be designed around progression rather than participation alone. Its success should not be measured simply by the number of young people who start a programme, but by how many move into an apprenticeship, further training or sustained employment. It should also be closely connected to local employers and provider capacity so that young people are being prepared for genuine opportunities rather than training in isolation from labour-market demand.

RECOMMENDATION: The Department for Work and Pensions should establish a coherent national pre-apprenticeship pathway. Government should introduce a recognised pre-apprenticeship route for young people who are not ready to enter a full apprenticeship immediately. Provision should be flexible enough to respond to different starting points, but every programme should include a credible route into an apprenticeship, further training or sustained employment.



90 Oral evidence from Max La Faci, Youth Futures Foundation, 8 July 2026.

APPENDIX: METHODOLOGY

1. We received 125 written submissions through the portal on the Apprenticeships APPG's website.

1.1 To what extent do you welcome the skills reforms initiated by this Government? – 102 responses

1.2 How important are apprenticeships to delivery and innovation within the Government's Industrial Strategy? – 109 responses

1.3 To what extent will levy reform alleviate friction in the apprenticeships system? – 99 responses

1.4 Will the current 12-month expiry window for levy funds facilitate or hinder workforce planning across IS-8 sectors? – 97 responses

1.5 To what extent are local authorities and other devolved government structures responsible for the success of the apprenticeships system? – 97 responses

2. Oral witnesses: We held three oral evidence sessions through June and July 2026.

2.1 The following witnesses gave evidence on 2 June:

- Gareth John, Policy Director, First Intuition
- Francesca Fraser, Head of Policy and Public Affairs, Multiverse
- Debbie Joce, Skills Director, Babcock International Group
- Chris Rose, Marketing Director, The Opportunity Provider

2.2 The following witnesses gave evidence on 24 June:

- Ben Rowland, CEO, Association of Employment and Learning Providers
- Sammy Shummo, Group Director of Business Engagement, Skills and Training, London South Bank University
- James Walker, Director of Apprenticeships, Manchester Metropolitan University
- Dr Benjamin Silverstone, Associate Professor, Head of Skills Policy and Strategy, WMG, The University of Warwick

2.3 The following witnesses gave evidence on 8 July:

- James Gordon, Senior Policy Adviser, Edge Foundation
- Max La Faci, Senior Policy Manager, Youth Futures Foundation
- Tom Richmond, freelance education policy analyst

3. How were respondents recruited?

3.1 The call for evidence was circulated through the APPG's distribution list of 673 stakeholders. It was also publicised on our website and through our LinkedIn page. Our Co-Chair, Toby Perkins also highlighted the call for evidence in an article for the House Magazine.

3.2 Oral witnesses were recruited from amongst our APPG sponsors, previous speakers and/or attendees at APPG sessions and those who had published research on the apprenticeships system.

4. How was the evidence analysed?

4.1 The oral evidence was written up by the Secretariat and analysed for novel insights. The written evidence was collated in a spreadsheet and categorised according to the nature of the response – whether it chimed with existing government policy; whether it suggested a new policy direction; and whether it was positive, negative or apathetic towards the policy issue under discussion.

4.2 Quantitative data was collated in a series of tables prior to conversion into charts or graphs to illustrate the range of our submissions. Where we sought external quantitative data, such as data sets from the Department for Work and Pensions and Department for Education, data was downloaded in raw form and inputted in our own spreadsheets. Percentages have been rounded.

4.3 With regard to response bias or selection bias, the authors avoided leading questions that pushed participants to answer the quantitative sections in a particular way. Text boxes were offered, as was the option to submit additional evidence via Word document or PDF to ensure that we received as a wide a range of answers and viewpoints as was possible within the parameters of the inquiry.

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