

APPRENTICESHIP FUNDING CHANGES: WHAT EMPLOYERS NEED TO KNOW

Across the UK, nearly one million young people aged 16–24 are currently NEET (not in Education, Employment or Training). To help tackle this, the Department for Work and Pensions introduced a series of reforms on 16th March 2026, including significant updates to apprenticeship funding.

WHY THESE CHANGES MATTER

These changes open up new opportunities for employers, but some existing apprenticeship programmes may need adjustments.

- Current apprentices are not affected
- This mini guide highlights the changes most relevant to our provision

NEW GRANTS AND INCENTIVES

£2,000 APPRENTICESHIP INCENTIVE (FROM 1 OCTOBER 2026)



For SMEs / non-levy employers hiring apprentices who:

- Are aged 16–24
- Start their apprenticeship on or after 1 October 2026
- Joined the employer within the previous 3 months (from July 2026)

£3,000 YOUTH JOBS GRANT (FROM JUNE 2026)



Available to all employers hiring young people who:

- Are aged 18–24
- Have been claiming Universal Credit for 6+ months
- Start their role from June 2026

OTHER ONGOING FINANCIAL SUPPORT



£1,000 — 16–18 Incentive Payment
Still available for:

- Apprentices aged 16–18, or
- Apprentices aged 19–24 with an EHCP or who are care leavers



EMPLOYER NATIONAL INSURANCE EXEMPTION



Employers pay no NI contributions for apprentices under 25, on earnings up to £50,270

TOTAL POTENTIAL SUPPORT



Hiring a young apprentice could unlock up to £5,000 in incentives, plus substantial NI savings throughout the apprenticeship.

FULLY FUNDED TRAINING FOR SMES (FROM AUGUST 2026)



From August 2026, non-levy employers in England will receive:

- 100% government funding for training apprentices under 25
- No 5% co-investment fee

This makes it even easier and more affordable for SMEs to bring young talent into their organisation.

ADDITIONAL CHANGES

£2,000 INCENTIVE FOUNDATION APPRENTICESHIPS (FROM 2026)



New entry-level apprenticeships (Level 2) with a minimum 8-month duration, designed to support young people taking their first steps into work.

- Apprentices aged 16–21
- Apprentices aged 22–24 if a care leaver or EHCP

APPRENTICESHIP MINIMUM WAGE RISE



From April 2026, the apprenticeship minimum wage increases to £8.00 per hour.

HOW THE POTENTIAL £5,000+ IS STRUCTURED (2026 CHANGES)

According to announcements made in March 2026, the government is introducing new grants that can be "stacked":

- £2,000 Apprenticeship Incentive: Small and medium-sized businesses can receive £2,000 for each new 16–24-year-old apprentice they recruit.
- £3,000 Youth Jobs Grant: Employers hiring a young person (18–24) who has been on Universal Credit for six months can receive an additional £3,000.
- Combined Potential: An SME hiring a young person who meets both sets of criteria (an apprentice aged 18–24 on universal credit for 6 months) could stack these grants, with potential for even higher combined support, sometimes cited as up to £7,000 in specific "foundation apprenticeship" cases

LET'S CHAT

We're here to help you understand the changes and choose the right apprenticeship pathways for your organisation. Get in touch for personalised advice and support on 01670 623 281, or by email: apprenticeships@northumberland.gov.uk

Scan here to explore our apprenticeship training programmes

