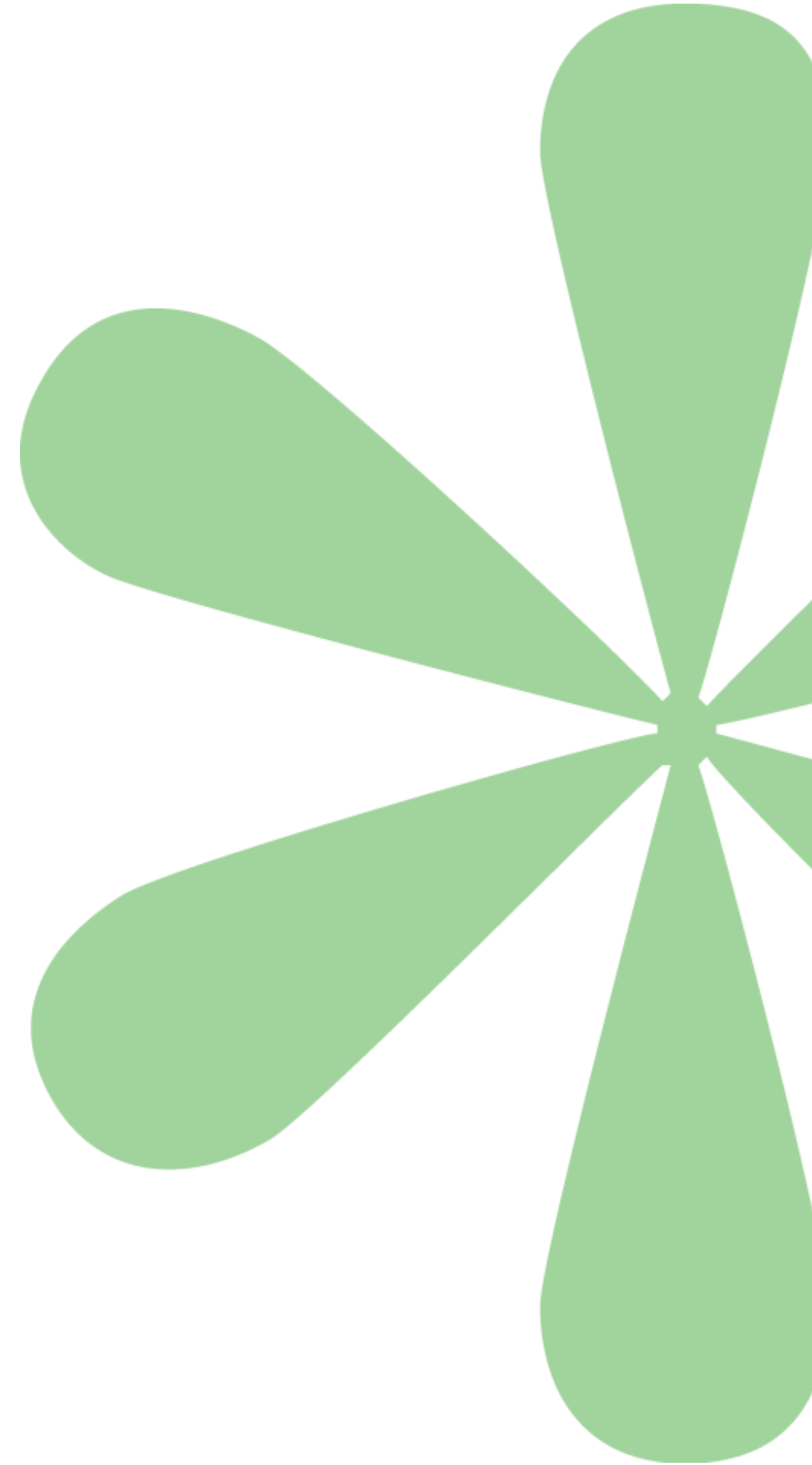
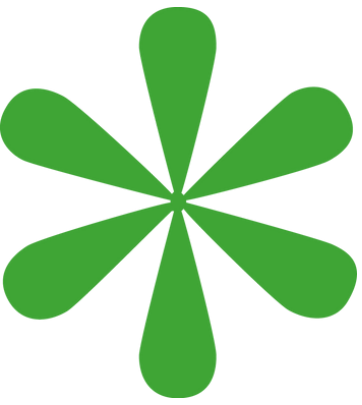


first intuition^{*}
where people count

First Intuition Think Tank: **Funding for** **Apprenticeships and Skills**



Why policy matters



Policy is now a major driver of the skills sector

At FI, we engage with policy-makers so that we can:

- Be ahead of the curve on upcoming changes to ensure we are in a good position to understand their impact and inform employers
- Ensure the views of our employers and learners is heard
- Raise the visibility of the professional services sector in the policy space

Skills sector overview: what's driving change?



Key external drivers shaping the sector:

- The core Government mission of economic growth
- The Industrial Strategy (IS8 + 2)
- Government focus on:
 - young people
 - NEETs
 - entry-level roles
 - Levels 4 and 5
 - SMEs
- Collaboration and partnerships
- Devolution of adult skills

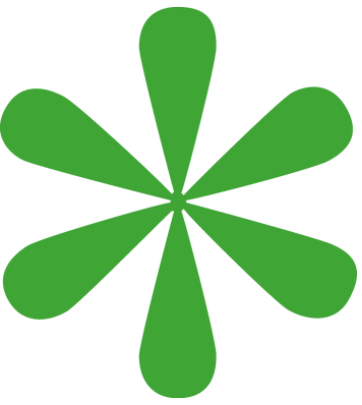
Changes to skills funding



Level 7 apprenticeship restriction in funding:

- From 1 January 2026
- Eligibility restricted to age 21 and below at the start of the programme
 - 24 and below for care leavers and those with an Education, Health and Care Plan (EHP).
- FI offers Exam Plus courses to bridge the gap between apprenticeship support and commercial programmes

Changes to skills funding



The Budget:

- £725 million extra for the Growth and Skills Offer, specifically to support apprenticeships for young people, including:
 - Fully funding SME apprenticeships for eligible under-25s
- Changes for Levy payers
 - Removing the 10% uplift to levy accounts
 - Changing levy contribution expiry from 24 months to 12 months
 - Reducing government co-investment from 95% to 75% for levy-paying employers once they have exhausted their levy funds
- Streamlining apprenticeship standards

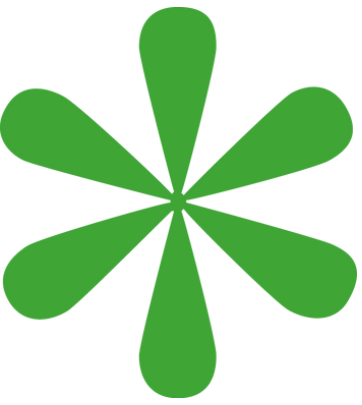
Changes to funding accessibility



Devolution:

- Devolution is accelerating across England, with Mayoral Strategic Authorities gaining more control over adult skills budgets
- Local authorities will shape skills provision around local priorities and labour-market needs
- This shift places a greater emphasis on local collaboration, employer engagement, and evidence-driven planning, with LSIPs (Local Skills Improvement Plans) currently being refreshed for a new cycle for 2026-2029
 - Now is a great time to engage with your LSIP!

Policy changes



New Ofsted Education Inspection Framework (EIF):

- New changes to how Ofsted inspects providers such as FI
- More emphasis on inclusivity and revised inspection metrics
- Change from best fit to secure fit
- Moves from single overall judgments to graded areas on a new five-point scale:
 - Exceptional
 - Strong
 - Expected (a high bar!)
 - Needs Attention
 - Urgent Improvement
- The new criteria mean it will be a lot harder to achieve higher levels - outstanding does not translate to exceptional

Future policy changes



Assessment reform:

- Significant changes to the way apprenticeships are assessed
 - Reduce needless duplication
- The assessment process will be streamlined
 - Where appropriate, assessment can be designed to take place throughout the duration of the apprenticeship
 - Providers will be able to mark elements of the assessment

Short courses ('apprenticeship units'):

- New flexible short courses that can be funded by the Growth and Skills Levy
- Will be initially available in AI, digital and engineering
- FI has submitted short course suggestions that could help the accountancy sector

Looking forward to 2026



Key work we will be doing within the skills policy space:

- Survey - we are launching an employer survey to collect data on the impact of some of the government's changes to skills policy. Includes impact of Level 7 funding restriction and what would be useful topics for short courses
- Devolution: LSIP engagement - now is a great opportunity to have your sector's business skills needs represented and prioritised in local skills and funding plans. Do engage with your local chambers