Major employment drive to help unlock 200,000 new jobs and apprenticeships for next generation

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A major youth employment drive backed by £1 billion will help create 200,000 jobs for young people, alongside the biggest transformation of apprenticeships in a decade.

- Major employment drive - backed by large and small businesses and celebrity chef Tom Kerridge – will reverse rising number of young people neither earning nor learning, after a 37 percent increase between 2021 and 2024.
- Additional £1 billion to be invested in grants to help unlock over 200,000 paid jobs for young people, with Jobs Guarantee to be expanded to ages 18-24
- New foundation apprenticeships in hospitality and retail, with up to £2,000 for employers to support 16-21-year-olds into work.

A major youth employment drive backed by £1 billion will help create 200,000 jobs for young people, alongside the biggest transformation of apprenticeships in a decade.

It comes as apprenticeships starts amongst young people are down 40 percent in the last decade and almost one million young people are not earning or learning - a rise of 248,000 between 2021-2024.

To be announced today (Monday) in a speech by Work and Pensions Secretary Pat McFadden at Waltham Forest College today, a "New Deal" for young people includes: A new Youth Jobs Grant, through which businesses will receive £3,000 for every young person they hire aged 18-24 who has been on UC and looking for work for six months. This is expected to support 60,000 young people over three years. Expansion of the Jobs Guarantee to a wider age range, from 18-21 to 18-24, to create more than 35,000 extra subsidised jobs. This brings the total to be supported through the scheme to over 90,000 in the next three years. An Apprenticeship Incentive of £2,000 for each new employee aged 16-24 taken on by an SME. As part of wider reforms, this will drive progress to our target of creating 50,000 more apprenticeships. Further reforms to the Growth and Skills Levy to prioritise young apprentices, secure value for money and give school and college leavers more opportunities than ever to build careers in cutting edge industries.

It is the latest step in the Government's commitment to ensuring every young person aged 16-24 has the opportunity to earn or learn. These changes are backed by an additional £1bn, taking the total investment into the Youth Guarantee and the additional investment in the Growth and Skills Levy to £2.5 billion over the next three years. This will support almost one million young people and help deliver up to 500,000 opportunities to earn and learn.

Prime Minister Sir Keir Starmer said:

> Backing young people is one of the most important investments we can make in this country's future.
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> We are determined to tackle the rise in youth unemployment by expanding practical

> routes into work, boosting apprenticeships, and giving employers the clarity they need.
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> These reforms underpin our ambition to create an economy that works for everyone, closing the skills gap and supporting more young people into meaningful employment.

These changes are the biggest reforms to apprenticeships in a decade. For the first time, employers will have more flexibility to upskill their staff through seven new apprenticeship units aligned to Industrial Strategy priorities including artificial intelligence, engineering, clean energy and construction, and we will develop further Units informed by ongoing input from industry.

Foundation apprenticeships, supported with an incentive for employers, will also expand into hospitality and retail from April 2026, building on foundation apprenticeships launched in engineering, manufacturing and digital. These entry-level opportunities will support young people aged 16 to 21 as they take the first step on the career ladder and move from education into lasting employment.

The reforms are backed by Michelin Star celebrity chef Tom Kerridge, who has provided dozens of apprenticeships at his pubs.

Alongside this, the Growth and Skills Levy will be changed to reprioritise investment where it is needed most, to ensure that young people can access the jobs essential to our economy's growth as well as ensure apprenticeships remain fit for purpose and prioritise value for money.

This means apprenticeship standards that do not meet the country's skills priorities or take resources away from opportunities for young people and could be better delivered through on the job training will be defunded.

Work and Pensions Secretary Pat McFadden said:

> These measures will give life-changing opportunities to young people and significantly reverse the increase we inherited in those not in education, employment or training.
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> We are focusing funding where it's needed most and giving employers the flexibility and support they've asked for.
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> These reforms will give young people a vital first step on the career ladder and help business leaders recruit the talent that will grow their companies.

Michelin Star chef Tom Kerridge said:

> I welcome this announcement which will provide amazing opportunities to young people looking to get into this industry and others, to learn a trade and earn along the way.
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> I've trained apprentices in my restaurants, and I know what a great start it gives them in their careers, and these incentives will give our industry a great boost. I'm pleased Pat McFadden has made this a priority.

With 7.3 million people in the UK currently lacking the essential digital skills needed for work, the

Government has launched a new AI and automation practitioner apprenticeship to help workers and businesses harness artificial intelligence. The first cohort will be getting underway this month.

The 18-month Level 4 apprenticeship will train workers to identify where AI can save time, cut costs, integrate digital systems and use AI safely and responsibly.

McFadden is expected to cite the rise of artificial intelligence as a major shift driving the urgency of these reforms as part of his speech on Monday.

From the Autumn 2026, we are expanding the Jobs Guarantee to all eligible 18-24 year olds who are on Universal Credit and have been looking for work for 18 months. They will benefit from 25 hours/week of fully subsidised six-month paid work. Young people on the scheme will be paid at the relevant minimum wage and also receive fully funded wrap around support.

The funding increase builds on a wide range of measures the Government is bringing forward to support young people, including expanded funding for youth trailblazers, and a major investigation spearheaded by Alan Milburn into the barriers preventing the young from accessing work.

Tina McKenzie MBE, Policy Chair of the Federation of Small Businesses, said:

> This is a game-changer to tackle youth unemployment and inactivity, which FSB has campaigned about as levels remain stubbornly high after the pandemic. Creating good opportunities for young people is absolutely crucial – for individuals themselves, for small businesses and for local economies and people. The new incentives announced today are a clear and decisive step forward – helping small firms to hire those on Universal Credit and to create apprenticeships.
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> It’s the right choice to prioritise public funding to back small employers in particular to provide apprenticeships for young people. The UK can’t afford a lost generation amid rising employment costs, therefore we’re pleased the Government has listened carefully on this and stepped up with this pro-jobs, pro-opportunities package.

John Foster, Chief Policy & Campaigns Director of the Confederation of British Industry, said:

> There is a strong moral and economic imperative for business and government to work together to tackle the rising number of people not in employment, education or training. Financial incentives to create extra opportunities for young people are a welcome step in supporting employers as they navigate the ongoing cost pressures shaping recruitment decisions.

John Boumphrey, UK Country Manager at Amazon, said:

> Amazon welcomes the expansion to the Youth Guarantee and increased investment in youth employment - this enhanced support will help more people who face barriers to

> work. We're also pleased to see the focus on apprenticeships and SMEs, and look forward to continuing our partnership with DWP to provide opportunities for young people across the UK.

Sharon Doherty, Chief People and Places Officer of Lloyds Banking Group, said:

> We welcome today's announcement and the government's continued focus on youth employment and skills. Supporting young people into work requires partnership between government, employers and education providers. At Lloyds Banking Group, we've long supported apprenticeships, early career routes and building essential skills in young people to enable them to develop successful careers, and we look forward to continuing to engage as these proposals are taken forward.

Brian Dow, Chief Executive of Mental Health UK, said:

> Many young people want to experience the positive impact on their mental health that secure employment provides, but have faced significant challenges finding work. Through our work with young people, we have also found that many feel they do not have the right skills or training to enter employment. We warmly welcome this announcement, which will support young people to be ready for work and help organisations large and small to capitalise on the skills, talents and enthusiasm that young people have to offer.

Jonathan Townsend, Chief Executive of youth charity The King's Trust said:

> With rising numbers of young people out of work, the expansion of the Youth Guarantee has come at a pivotal moment. Investing in young people, developing their confidence and skills for work will help to build secure and fulfilling futures. This is essential not only for them, but for the UK's economic success. At The King's Trust, we witness extraordinary potential in young people every day and stand ready to ensure these opportunities reach those who need it most.

Praful Nargund, DWP Secretary of State's Skills Adviser said:

> Too many young people for too long have felt the drawbridge drawn up just when they need opportunity the most. That's why we're pivoting apprenticeships to young people and backing those employers who are stepping up to provide those opportunities. We're building a system where young people are supported to shape their futures and help our economy succeed.

Additional information:

An apprenticeship unit is a short, flexible training course to help respond quickly to evolving skills needs. The new apprenticeship units include:

- AI Leadership – developing AI strategy
- Electric vehicle charging point installation and maintenance
- Electrical fitting and assembly
- Mechanical fitting and assembly
- Permanent modular building assembly
- Solar PV installation and maintenance Welding

List of apprenticeship standards being streamlined:

- Facilities Management Supervisor
- Improvement Practitioner
- Custody and Detention Professional
- Security First Line Manager
- Improvement Leader
- Public Sector Compliance Investigator and Officer
- Cleaning Hygiene Operative
- Coaching Professional
- Outdoor Learning Specialist
- Learning and Skills Assessor
- Learning and Skills Mentor
- Professional Security Operative
- Lead Practitioner in Adult Care
- Team Leader
- Operations Manager
- Chartered Manager

The £2.5 billion funding will deliver up to 500,000 opportunities over the Spending Review period, available for young people. This includes:

- 295,000 training and work experience opportunities
- 150,000 work experience
- 145,000 SWAPs
- 200,000 jobs and apprenticeship opportunities
- 50,000 apprenticeships
- 90,000 jobs guarantee jobs
- 60,000 hiring incentives

Mayor of Greater Manchester Andy Burnham said:

> This is a bold and much-needed package of reforms from Pat McFadden. It will significantly strengthen Greater Manchester’s mission to build a world-class modern technical education system, offering all our young people an equal alternative to the traditional university route. We are the UK’s fastest-growing city-region and now have the chance to build new paths for our young people into good jobs. We have long called for greater flexibility in the use of the Growth and Skills Levy and know our employers will welcome these changes.

Laura-Jane Rawlings MBE, CEO of Youth Employment UK, said:

> We welcome this additional investment in the Youth Guarantee and the focus on expanding opportunities for young people aged up to 24. Employer incentives and job creation are critical if we are serious about helping more young people move into good work, and it is encouraging to see government backing measures that support businesses to open up opportunities for the next generation. It is also positive to see a renewed focus on apprenticeships for young people. A strong skills system must work for employers while ensuring that young people — particularly those facing the greatest barriers — can see clear pathways into training, apprenticeships and sustainable employment.

Ruth Busby, People Director at Govia Thameslink Railway, said:

> Govia Thameslink Railway has a long track record of championing award-winning apprenticeships and schemes to support disadvantaged young people into employment. The expansion of the Youth Guarantee provides us with a further opportunity to help young people train, grow and take their first steps into long term careers. With new foundation apprenticeships and wider support coming through, we have a real chance to bring more young people into rail, develop the next generation of talent, and strengthen the skills base our industry relies on.

Allen Simpson, Chief Executive of UKHospitality, said:

> Hospitality is a proven pathway into work for young people, regardless of their education, qualifications or background. The inclusion of hospitality in new foundation apprenticeships is recognition of that and I’m pleased that our sector will continue to play a central role in providing opportunities for young people.

Barry Fletcher, CEO of Youth Futures Foundation, said:

> Youth Futures Foundation welcomes the Government’s extra investment into the Youth Guarantee and apprenticeships system to tackle the stubborn challenge of youth unemployment and economic inactivity. Measures like the Jobs Guarantee are grounded in the evidence of what works, so the expansion of the age range to ensure more young people furthest away from the labour market will be able to access this targeted support is hugely important. International evidence also tells us apprenticeships can be particularly impactful for getting marginalised young people into training and employment, so the extra incentives announced today to encourage employers to create more of these opportunities is very positive.

Ndidi Okezie OBE, CEO of Business in the Community, said:

> Business in the Community welcomes the Government’s further investment into tackling

> the number of young people who are not in education, employment, or training. Today's announcement presents an important opportunity for the Government's commitment to be matched by a strong response from business to create employment opportunities, for 18 to 24-year-olds who are currently facing barriers to entering the labour market, through apprenticeships and the Jobs Guarantee. This will be vital to ensuring a better future for young people while helping to drive long-term economic prosperity and inclusive economic growth — at the heart of Business in the Community's purpose to mobilise business for good.

Polly Dhaliwal, Chief Operating Officer of Enterprise Nation, said:

> Small businesses are where most young people get their first real experience of work, and our community of more than 170,000 small businesses wants to hire young talent but needs the risk taken out of it. That's exactly what these measures do. The £3,000 Youth Jobs Grant and the £2,000 apprenticeship incentive for smaller employers are practical, meaningful support that will make a real difference to whether a small business takes a chance on a young person. Enterprise Nation will be working to make sure every eligible small business knows what's available and how to access it.

Kate Shoesmith, Director of Policy at the British Chambers of Commerce, said:

> The firms we represent are passionate about giving young people opportunities, building their talent pipeline, and futureproofing their workforce. With labour costs the most pressing concern for businesses right now, we've consistently called for better pathways to support employers to do the right thing. That's why we welcome a number of these new measures, particularly extra funding support. They are a positive step forward in answering business concerns and enabling employers to transform the lives of more young people.

Neil Davy, CEO of Family Business UK, said:

> A shortage of skilled workers is a key barrier to growth for more than a quarter of family businesses. A third also believe that more flexible training options are needed to help build a future-ready workforce. So, we welcome today's announcement of an additional £3,000 incentive for family businesses that take on 18–24 year olds who have been on Universal Credit for more than six months. We also back the move to make short, bite sized training courses accessible through the new Growth and Skills Levy. Family firms have often struggled to utilise funding through the previous Apprenticeship Levy, and this change is one we have been calling for. It is essential the apprenticeship system remains flexible enough for family businesses to support the next generation of the workforce – including those who may become future leaders in that business. We are keen to work with the Government on the implementation of these initiatives to ensure the needs of all family businesses – and workers – are met.

Ben Fletcher, Chief Executive of Logistics UK, said:

> Young people are the talent pipeline of the logistics sector of the future, and any initiative which supports our sector to support new recruits to our industry is to be welcomed. It is vital that we retain a variety of methods to join the sector, whether degrees, apprenticeships or training schemes, and employers are fully supported at a time when margins are under severe pressure.

Jamie Cater, Head of Skills Policy at Make UK, said:

> Manufacturers want to recruit and invest in the next generation of talent. They support the Government's aim to reduce the number of young people not in employment, education or training, and know their sector offers a wide range of work and training opportunities. Expanding the Jobs Guarantee is a positive step in helping employers of all sizes provide more of these opportunities. The Government is rightly focused on improving access to industry-critical technical skills, and it is encouraging to see engineering and manufacturing prominently represented in new apprenticeship units alongside welcome financial incentives for SMEs.

Peter Cheese, Chief Executive of the CIPD, said:

> The CIPD welcomes these initiatives, encouraging businesses to take on more young people, promoting apprenticeships and greater flexibility for the Growth and Skills Levy. These measures are a positive move towards tackling youth unemployment and creating more pathways into entry-level jobs.

Anthony Impey MBE, CEO of Be the Business, said:

> Small businesses want to invest in young people, but rising costs have made that increasingly difficult. The new incentives to hire and train the next generation will help change that. Shorter apprenticeship courses — including the new AI Leadership module — will also make apprenticeships work for more small firms, helping them build skills, adopt new technologies and drive growth and productivity.

Michelle Ovens CBE, CEO & Founder of Small Business Britain, said:

> We welcome this new youth employment drive and look forward to working with Government to support the reforms. Small businesses have long valued the energy, creativity and talent that young people bring, and provide a crucial training ground to nurture the UK's next generation. Offering business owners more hiring flexibility — particularly through initiatives like the new Youth Jobs Grant and increased support for employers taking on apprentices, especially in sectors like hospitality and retail — will be a positive step forward. We need to give the nation's 5.6 million small businesses as much support to grow as possible. Doing so will not only empower firms at the heart of

> their local communities, but enable them to provide vital skills training and meaningful work for young people entering today’s workforce.

Debbie Cook, Director of Community, EFL in the Community, said:

> This additional £1 billion investment to expand the Youth Guarantee is fantastic news for young people across our communities. EFL Clubs and their charitable organisations play a vital role supporting young people through mentoring, education programmes and wellbeing activities into employment. Through the Youth Guarantee, we’re working closely with Government to create even more opportunities, including new employment hubs which will help young people access clear pathways into work, training, and skills development. This ensures that they have every chance to realise their potential and thrive.

Neil Morrison, HR Director of Severn Trent, said:

> We know giving a young person that first opportunity can be game changing, and at Severn Trent we are committed to providing experiences that result in positive outcomes. The Youth Guarantee is a great example on how we can come together to do just that. Welcoming talented young people into our organisation, who bring with them new ideas and fresh perspectives ultimately help us be better as a business. We firmly believe no matter what organisation or business you are, there’s a role to play in unlocking genuine pathways for young people, that can bridge any gap between an individual and opportunity, while creating a pipeline of future talent.

Dr Sally Hopper, Director for People for the London Fire Brigade, said:

> I welcome today’s Government announcement to support opportunities for young people to gain work experience, jobs to young people on universal credit. These changes will bring hope and opportunities which can be life changing and set young people off on their future careers. As a long-standing supporter of the Apprenticeship Levy, I am particularly pleased that there will be the chance to take advantage of the incentive to provide more apprentice opportunities.

Tracey Collins, Sustainability Director at Kier Group, said:

> At Kier we strongly believe that every young person should have opportunities to gain meaningful employment, and we have supported the Youth Guarantee on this basis since its inception. We welcome its expansion to ensure this valuable initiative benefits as many young people as possible – increasing work experience, job and apprenticeship opportunities to those who need them most.
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> As a UK major employer, we have a number of programmes which are driving change, and we’ll continue to work with the DWP and industry partners to support the next generation into work.

Jean Renton, CEO of Sodexo UK & Ireland, said:

> Sodexo is delighted to support the Youth Guarantee programme as part of our commitment to creating opportunities that help young people build skills, confidence and their first step into meaningful employment.

Marco Amitrano, Senior Partner, PwC UK, said:

> We welcome the government's actions to tackle youth unemployment. The stakes are high for individuals but also for the UK's prosperity and productivity. Ensuring that government, business and education work in lockstep to stimulate opportunity, employment and skills is critical to the long term success of our country and society.

A B&M spokesperson said:

> We support the Government's ambition to help young people build skills and long-term careers. In the last 12 months, B&M has recruited over a thousand new employees across its new stores and is committed to providing opportunities that help employees develop their skills and enable long-term career progression.

Stephen Evans, Chief Executive of the Learning and Work Institute, said:

> Helping the nearly one million young people who are not in education, employment or training is an urgent priority given the long-term damage being NEET can do to your career prospects. We are pleased to see the Government take up our call for an expanded wage subsidy programme for young people. The Government is right to extend help like the Job Guarantee to those aged 22–24, as this group is more likely to be NEET than the 18–21 year olds the policy was previously focused on. There is still lots of work to be done, including proactively engaging the one in two NEET young people outside the benefits system and helping employers to give young people the first steps on their careers. If we all work together so every young person is able to make the most of their talents, we will all benefit.

https://www.gov.uk/government/news/major-employment-drive-to-help-unlock-200000-new-jobs-and-apprenticeships-for-next-generation