Get Hampshire Working Plan

Annex 2: Hampshire Skills Evidence Base

September 2025

Hampshire County Council

Contents

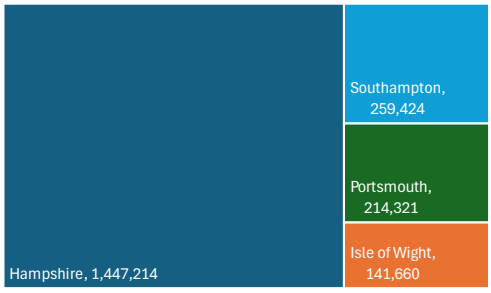
Demography and Labour Market

Population

In 2024, Hampshire and the Solent had an estimated population of 2.06 million, with approximately 1.27 million individuals of working age (16 to 64 years old), representing around 62% of the total. The elderly population (65 and over) made up 21%, while children and young people (0 to 15 years old) accounted for roughly 17%.

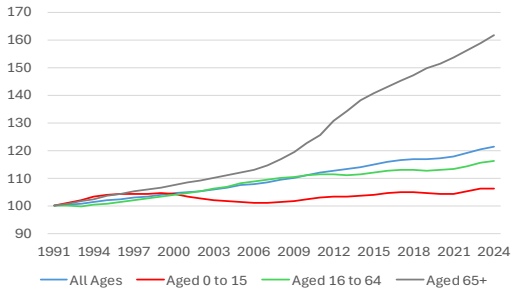
Hampshire accounted for the largest share, with approximately 1.45 million residents, representing 70.2% of the total. Southampton followed with 259,400 people (12.6%), while Portsmouth had 214,300 (10.4%). The Isle of Wight contributed some141,700 residents, making up 6.9% of Hampshire and the Solent's population, Figure 1.

Figure 1: Population growth by age group, 1991 to 2024 – Hampshire and the Solent



Source: ONS 2025

Figure 2: Population growth by age group – Hampshire and the Solent (1991=100)



Source: ONS 2025

Hampshire and the Solent's population was approximately 22% larger in 2024 than in 1991. However, as illustrated in Figure 2, the working-age population (16–64) grew by just 16%, while the number of elderly residents (aged 65 and over) increased by around 62%. In contrast, the population of children and young people (aged 0–15) rose by only 6% over the same period.

Despite this growth, the region's overall population increase lagged behind the South East average of 26% and was slightly below the national average for England. The long-term growth in the working-age population also trailed both the regional average (22%) and the national average (20%).

Among Hampshire's upper-tier local authorities, the Isle of Wight experienced the slowest growth in working-age population at just 6%, while Southampton saw the highest increase at 35%. Although total population growth in the Hampshire County area was broadly in line with the national average, its working-age population grew by only 14%, significantly below the national rate.

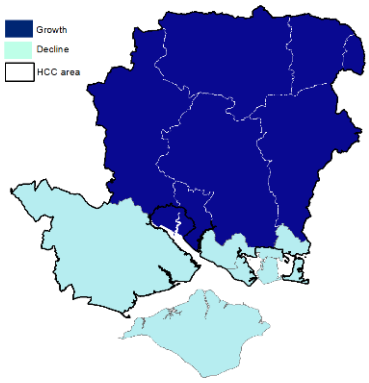
The total populations of Gosport and the New Forest declined between 2011 and 2021. Additionally, as shown in Figure 3, the working-age populations (aged 16 to 64) of Fareham, Gosport, Havant, the Isle of Wight, the New Forest, and Portsmouth also decreased during this period.

Population projections

According to long-term projections from the Office for National Statistics (ONS), the population of Hampshire and the Solent is expected to grow by approximately 4.5% by 2043. This growth is slower than the projected increases for the South East region (5.2%) and England as a whole (6.3%).

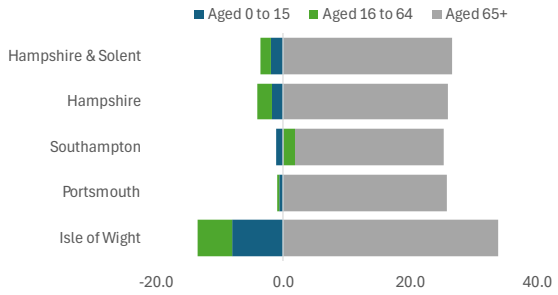
Over the long term, population growth in Hampshire and the Solent is expected to be driven primarily by an increase in the elderly population (Figure 4). By 2043, the number of residents aged 65 and over is projected to rise by 26.6%, while the populations of children (aged 0–15) and working-age adults (16–64) are expected to decline by 2.0% and 1.7%, respectively. The working-age population in Hampshire and the Solent is projected to decline at twice the rate of the South East average and contrasts sharply with the projected 1.5% increase across England.

Figure 3: Working age population growth by local authority - 2011 to 2021



Source: ONS 2025

Figure 4: Long-term population projection by broad age group – 2025 to 2041, % growth



Source: ONS 2025
Note: 2018 based population projections

As illustrated in Figure 4, Southampton is the only upper-tier local authority in Hampshire and the Solent expected to experience growth in its working-age population over the long-run. In contrast, the Isle of Wight is projected to see the largest increase in its elderly population, alongside the steepest declines in both its working-age and youth populations.

Labour market participation and employment

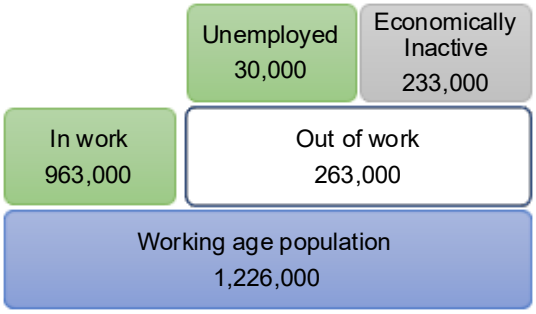
In 2024, approximately 61% of Hampshire and the Solent's population was of working age (16 to 64), a lower proportion than in both the South East region and England overall. The structure of working age (16- to 64-year-olds) population in Hampshire consists of people that are in work and people that are out of work. Alternatively, the structure consists of economically active population (employed and unemployed people) and economically inactive people (Figure 5).

In 2024, the employment rate in Hampshire and the Solent stood at 78.5%, closely aligned with the South East average and notably higher than the England average of

75.6%. The unemployment rate was just 3%, lower than both the South East (3.5%) and England (4%) averages. Meanwhile, the economic inactivity rate was 19%, slightly above the South East average but below the national average of 21.3%.

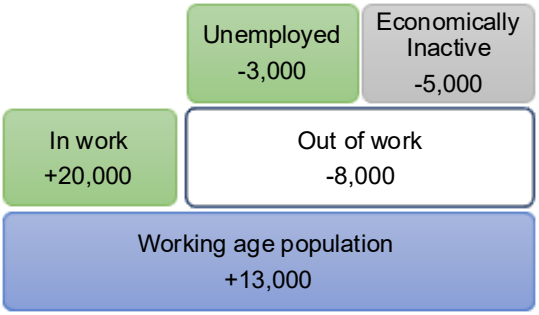
In 2024 Hampshire and the Solent had a larger workforce, more people in employment, fewer unemployed people and fewer economically inactive people than in 2019 (Figure 6). Between 2019 and 2024, both economic activity and employment rates increased in Hampshire and the Solent, while the unemployment rate declined. However, there were significant disparities in labour market outcomes across the area's upper-tier local authorities.

Figure 5: Structure of working age population, Hampshire and the Solent 2024



Source: ONS 2025
Note: estimates have been rounded to the nearest 1,000

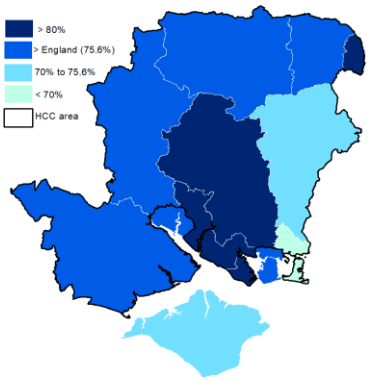
Figure 6: Change in the structure of Hampshire and the Solent's working age population, 2019 to 2024



Source: ONS 2025

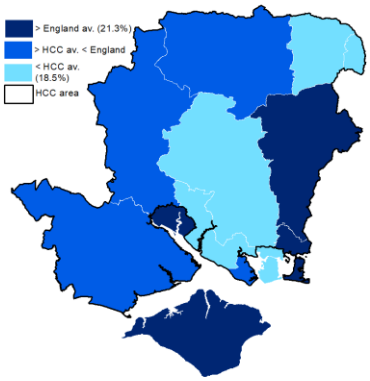
Between 2019 and 2024, employment rates increased in both Portsmouth and Southampton. Unemployment rates declined in the County area and Southampton but rose in Portsmouth and the Isle of Wight. The rise in unemployment in Portsmouth was driven by a sharp increase in economic activity, as more people entered the labour market. Economic inactivity in Portsmouth fell significantly, from 26.1% in 2019 to 15.1% in 2024. In contrast, economic inactivity rates increased across all other upper-tier local authorities in Hampshire between 2019 and 2021. Due to ongoing issues with the Labour Force Survey (LFS), sub-national estimates should be interpreted with caution, as they may be subject to greater uncertainty than usual.

Figure 7: Employment rates by local authority district, 2024



Source: ONS 2025

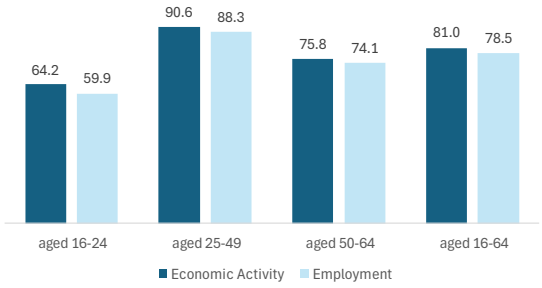
Figure 8: Economic inactivity rates by local authority district, 2024



Source: ONS 2025

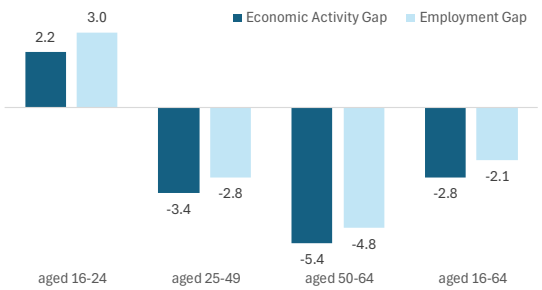
There are significant disparities in labour market outcomes at local level across Hampshire and the Solent. In 2024 East Hampshire, Havant and the Isle of Wight had employment rates below the England average (Figure 7).

Figure 9: Economic activity and employment rates by broad age group – Hampshire and the Solent, 2024



Source: ONS 2025

Figure 10: Female-Male gender gap - Hampshire and the Solent, percentage point



Source: ONS 2025

As shown in Figure 9, over 90% of Hampshire and Solent residents in the prime working age group (25 to 49 years old) are economically active, with 88% in employment. However, economic activity and employment rates are significantly lower among younger people (16 to 24 years old) and older individuals (50 to 64 years old).

Furthermore, a gender gap exists in both economic activity and employment. Females aged 16 to 24 are more likely to be economically inactive and less likely to be employed than males. Among those aged 25 to 49 and 50 to 64, the gap is more pronounced, with males having higher participation and employment rates than females. As illustrated in Figure 10, this gender gap increases with age.

Approximately 70% of Hampshire and the Solent residents of working age - equating to around 859,000 individuals - are employees. This proportion is higher than both the regional and national averages, although notable disparities exist within the area. For instance, while the proportion of employees in the County area and Southampton stands at 71%, it is significantly lower on the Isle of Wight, at just 56.5%. Between 2019 and 2024, the number of employees in the region increased by approximately 40,500. However, the Isle of Wight was the only upper-tier local authority in Hampshire and the Solent to experience a decline in employee numbers during this period.

Approximately 99,000 residents in Hampshire and the Solent are self-employed, representing 8.1% of the working-age population. Between 2019 and 2024, self-employment declined by around 23,000 individuals, with decreases observed across all upper-tier local authorities except the Isle of Wight, which was the only area to increase its self-employment levels during this period.

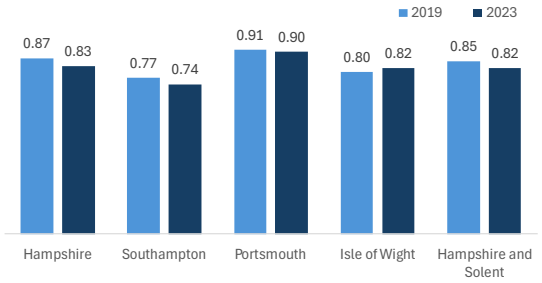
Jobs and Earnings

In 2023, there were approximately 1.034 million jobs in Hampshire and the Solent. Job density stood at around 0.82 jobs per working-age resident, which is below the England

average of 0.87. As shown in Figure 11, all but one upper-tier local authority in Hampshire and the Solent had a job density below the national average.

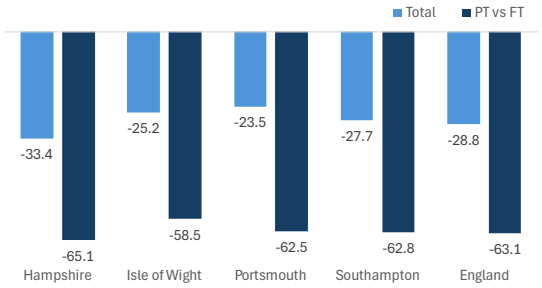
Between 2019 and 2023, Hampshire and the Solent experienced a net loss of around 16,000 jobs - a decrease of 1.5%, compared to a 1.8% increase in England overall. The Isle of Wight was the only upper-tier local authority in the area to see job growth during this period.

Figure 11: Job densities - 2023



Source: ONS 2025

Figure 12: Female-Male employee gender pay gap - % 2023



Source: ONS 2025

Around a quarter (26%) of all employee jobs in Hampshire and the Solent are part-time. Women are overrepresented in part-time roles, and as shown in Figure 12, there is a substantial gender pay gap - particularly among part-time employees, who are predominantly female.

Further information on Hampshire's labour market is available in *Understanding Economic Inactivity: A Labour Market Analysis of Participation, Disadvantage, and Demand in Hampshire* and in *Economic Strategy Evidence Base - Hampshire Employment and Skills*.[1]

[1] Economy Intelligence (2025), Understanding Economic Inactivity: A Labour Market Analysis of Participation, Disadvantage, and Demand in Hampshire, Economy and Skills (Hampshire 2050), Hampshire County Council.
Economy Intelligence (2024), Economic Strategy Evidence Base: Hampshire Employment and Skills, Economy and Skills (Hampshire 2050), Hampshire County Council.

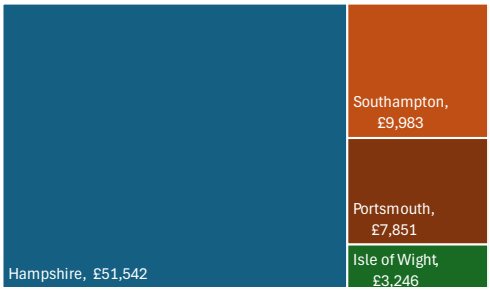
Economy and Productivity

Business and economy

Hampshire and the Solent is home to approximately 76,600 business enterprises and 89,900 local business units. Of these, 83.2% are micro businesses (0–9 employees), 13.7% are small businesses (10–49 employees), and 2.7% are medium-sized businesses (50–249 employees). There are also 340 large businesses employing 250 or more people, representing 0.4% of all businesses in the area.

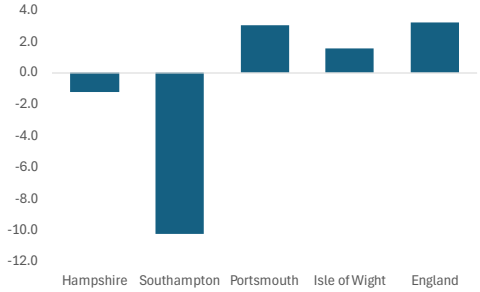
In 2023, Hampshire and the Solent's Gross Domestic Product (GDP) was estimated at £81.5 billion, of which £72.6 billion represented economic output, measured as Gross Value Added (GVA), Figure 13. The region's economy accounted for approximately 21% of the total economic output of the South East.[2]

Figure 13: Hampshire and the Solent economic output (GVA), 2023



Source: ONS 2025

Figure 14: Real GVA in 2023 compared to 2019, %



Source: ONS 2025

Over the pre-pandemic decade (2009–2019), real (inflation-adjusted) GVA in Hampshire and the Solent grew at an average annual rate of 2.3%, outpacing the England average (2.2%) but slightly trailing the South East average (2.4%). Within the region, Hampshire County and Southampton recorded growth rates that exceeded both the regional and national averages.

However, the impact of the COVID-19 pandemic on the economy has been unprecedented, and recovery remains ongoing. Preliminary estimates from the ONS suggest that, after adjusting for inflation, Hampshire and the Solent economy in 2023 was approximately 2% smaller than in 2019. In contrast, the economies of England and the South East had surpassed their pre-pandemic peaks by 2023. As illustrated in Figure 14, Portsmouth was the only upper-tier local authority in the region with an estimated GVA higher in 2023 than in 2019.

Labour productivity

Businesses in Hampshire and the Solent are, on average, more productive than the national average. In 2023, labour productivity per job in the region was approximately £71,000 per annum - around 6% above the national average - ranking it as the 6th most

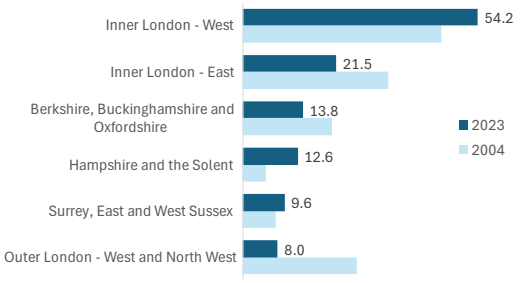
[2] Regional gross domestic product: all ITL regions - Office for National Statistics

productive sub-area in England based on ITL geography.[3] When measured by productivity per hour worked, Hampshire and the Solent ranked 4th nationally and 2nd outside London (Figure 15).

However, there are notable disparities within the region. North Hampshire exhibits exceptionally high productivity levels, with labour productivity per job approximately 46% above the national average in 2023 - ranking 2nd outside London and 4th overall among ITL2 areas. On the headline per job measure, North Hampshire was around 54% more productive than the national average, placing it 3rd in England and the most productive ITL3 area outside London.

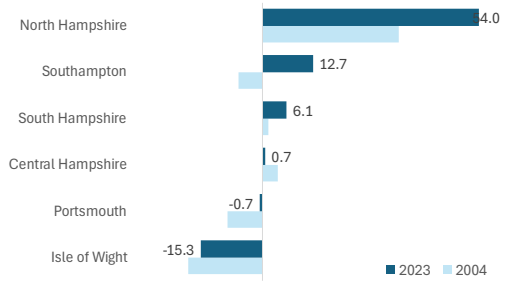
Conversely, the Isle of Wight recorded significantly lower productivity levels. Labour productivity per job was approximately 23% below the national average, and productivity per hour worked was 15% below the national benchmark, Figure 16.

Figure 15: Productivity per hour worked relative to UK average



Source: ONS 2025

Figure 16: Productivity per hour worked relative to UK average – Hampshire and the Solent



Source: ONS 2025

At the local authority level, Rushmoor stands out as the third highest in the country for productivity per job. More notably, it ranks as the most productive local authority in England in terms of productivity per hour worked - reportedly twice the national average. In contrast, Gosport's labour productivity per job was around 18.7% below the national average.

Over the long term (2004–2023), labour productivity in Hampshire and the Solent measured in terms of output per hour worked - increased by approximately 28%, significantly outperforming the UK average growth of 15%. This reflects the region's strong and sustained productivity gains over nearly two decades. However, in the short to medium term (2019–2023), productivity growth slowed considerably, rising by just 2.2%, slightly below the national average.

Further information on Hampshire's productivity is available in in *Economic Strategy Evidence Base - Productivity and Growth paper.*

[3] Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions - Office for National Statistics

Sectors and Industries

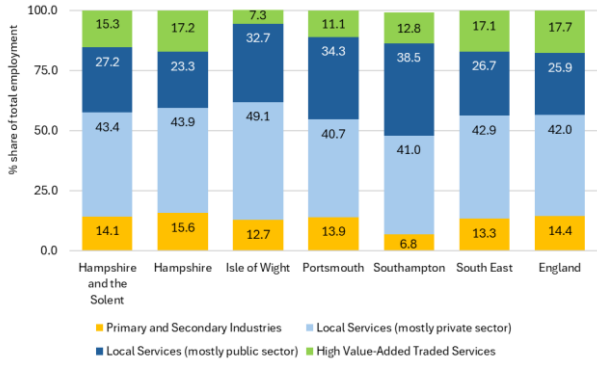
Employment by broad sector

Hampshire and the Solent's workplace-based employment in 2023 was 920,000, with Hampshire (640,000) accounting for around 70% of all employment and the remaining 30% (280,000) spread across the three unitaries, mostly in the two cities (225,000).

Workplace-based employment in Hampshire and the Solent has grown by 27,000 between 2015 and 2023 and at a rate of 3%, which is much slower than the England average (8.9%) and below than the South East (5.4%). Most of that employment growth took place in Hampshire (21,000, 3.4%) although Portsmouth saw a faster growth rate (4.9%, 5,000). Southampton saw no growth over the period and the Isle of Wight slower growth (1.9%, 1,000). All four upper tier Hampshire authorities had slower long-run growth rates than the South East and England.

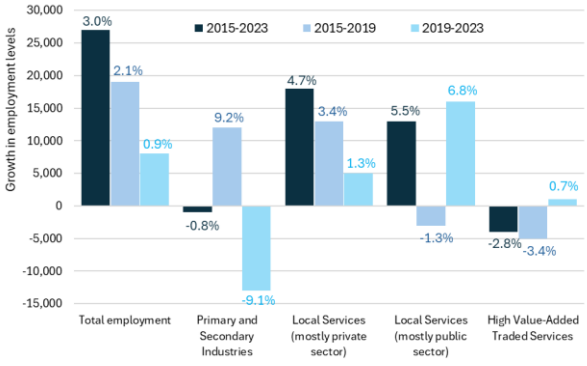
At the aggregate level the economy can be split into three broad sectors, with Local Services supporting seven in every ten workers (71%, 649,000) in Hampshire and the Solent. Local Services can be further split into mostly private sector services and mostly public sector services[4]. Mostly private sector services (399,000), such as retail and hospitality, employ more people than mostly public sector services (250,000). These two sector mostly provide services to the local economy, unlike High-Value-Added Traded Services (HVATS)[5] and Primary and Secondary industries[6] which export activities outside of Hampshire. The HVATS broad sector employs 141,000 workers (15% of total employment) with the remaining 13% (130,000) employed in Primary and Secondary industries.

Figure 17: Broad Sector Share (2023)



Source: ONS 2024

Figure 18: Hampshire and the Solent Broad Sector Growth



Source: ONS 2024

With reference to Figure 17 Hampshire and the Solent (15.3%) has a slightly smaller share of total employment for higher-skilled HVATs workers than the South East (17.1%) and England (17.7%). The lower HVATS share can be largely attributed to the three unitaries,

[4] Public administration & defence (O, Education (P) and Health (Q).
[5] Finance and insurance, ICT and professional services
[6] Agriculture, mining, construction and manufacturing

as Hampshire's share (17.2%) is closer to the regional and national averages. In contrast, the three unitaries have larger shares for Local Services, and notably for mostly public sector services in the two cities, largely due to the presence of major hospitals and universities in Portsmouth and Southampton.

With reference to Figure 18, Primary and Secondary Industries and Local Services (mostly private sector) in Hampshire and the Solent saw stronger pre-pandemic growth rates of 9.2% (12,000) and 3.4% (13,000), while both Local Services (mostly public sector) and HVATS saw decreases of 1.3% (-3,000) and 3.4% (-5,000) respectively. Post-pandemic (2019-2023) saw Primary and Secondary Industries experience large declines in employment (-9.1%, -13,000). All other broad sectors saw varying degrees of growth, with in public sector employment especially robust (6.8%, +16,000) and driven by public admin & defence and health.

Table 1: Hampshire and the Solent Upper Tier Authority by Broad Sector

		Primary and Secondary Industries	Local Services (mostly private sector)	Local Services (mostly public sector)	High Value-Added Traded Services
Hampshire	Employment 2023	130,000	399,000	250,000	141,000
	Cumulative Growth 2015-23	0	21,000	2,000	-1,000
	Growth Rate 2015-23	0.0	8.1	1.4	-0.9
Isle of Wight	Employment 2023	7,000	27,000	18,000	4,000
	Cumulative Growth 2015-23	-2,000	2,000	1,000	500
	Growth Rate 2015-23	-22.2	8.0	5.9	14.3
Portsmouth	Employment 2023	15,000	44,000	37,000	12,000
	Cumulative Growth 2015-23	1,000	2,000	4,000	-2,000
	Growth Rate 2015-23	7.1	4.8	12.1	-14.3
Southampton	Employment 2023	8,000	48,000	45,000	15,000
	Cumulative Growth 2015-23	0	-5,000	5,000	-1,000
	Growth Rate 2015-23	0.0	-9.4	12.5	-6.3
England	Growth Rate 2015-23	4.8	6.3	11.2	16.0

Source: ONS (2024). Green denotes growth rate outperformed England.

The private sector services (1.3%, +5,000) saw weaker post-pandemic growth although transport and accommodation, and food contributed most to growth. Marginal growth in HVATs (0.7%, +1,000) was solely in professional services. Overall, only the two Local Services sectors had higher employment levels in 2023 than in 2015. Likewise, over the long run the South East and England had faster employment growth rates than across all four broad sectors in Hampshire and the Solent. Portsmouth was the only upper tier authority to outperform the national average in Primary and Secondary industries (Table 1). Hampshire and the Isle of Wight each outperformed the national average in Local Services (mostly private sector), while Portsmouth and Southampton had faster growth in mostly public services. None of the areas outperformed the national average for HVATS.

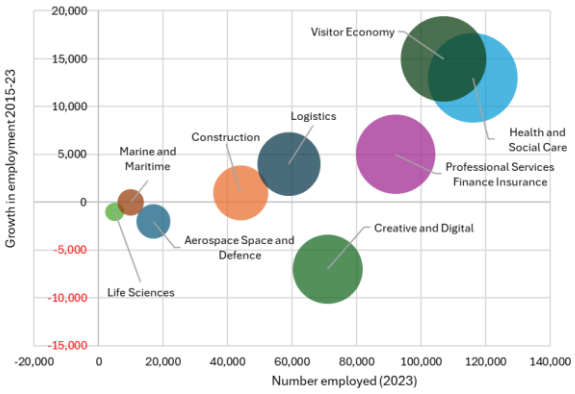
Hampshire economic strategy sectors

There are a number of strategic sectors identified in the Hampshire Economic Strategy [7][8] that are important to the economy and future prosperity of Hampshire and the Solent. The two largest sectors in terms of employment size and long-run growth rates (2015-2023) are Health and Social Care employing 116,000 with growth of 13,000 (11.2%), and the Visitor Economy with 107,000 workers and growth of 15,000 (14%), Figure 19.

The next two largest sectors are both high-skilled and high-value added: Professional Services (including finance and insurance) with 92,000 workers, and Creative and Digital with 71,000. While professional services grew by 5,000 (5.4%), Creative and Digital (critical for AI) decreased by 7,000 (-9.9%). Logistics has 59,000 workers and growth of 4,000 (6.8%), and Construction (also a Foundation sector) employs 44,000 people but saw slower growth (+1,000, 2.3%).

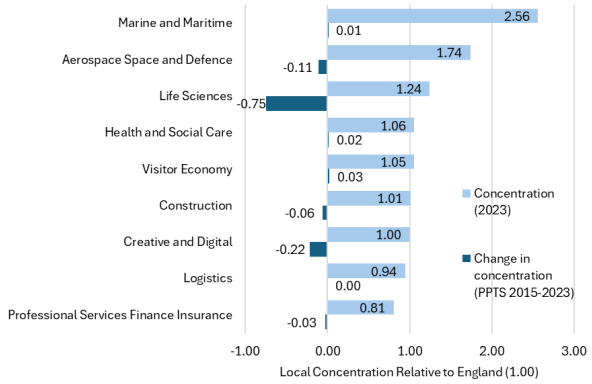
There three smallest strategic sectors in terms of direct employment (Life Sciences, Marine & Maritime, and Aerospace and Defence) either saw no growth or a decrease in employment but nonetheless have the highest local employment concentrations relative to England (Figure 20). Long run growth rates across all Hampshire and the Solent strategic sectors are slower when in compared to England, and slower for five of the nine sectors compared to the South East.

Figure 19: Strategic Sectors Size and Growth



Source: ONS 2024

Figure 20: Strategic Sectors Local Concentrations



Source: ONS 2024

With reference to Table 2 each of the eight sectors has a local concentration in at least one or more of the Hampshire and the Solent upper tier authorities. Hampshire and Portsmouth have the most with five local concentrations. Marine and maritime is the only sector to have a local concentration across all the four upper tier authorities, and professional services the only sector with no local concentration. Construction only has a local concentration in Hampshire.

[7] https://documents.hants.gov.uk/hampshire-prosperity-partnership/Economic-Strategy-For-Hampshire-2025-27-FINAL.pdf

[8] https://documents.hants.gov.uk/hampshire-prosperity-partnership/economic-strategy-25-27-summary-1-FINAL.pdf

Figure 2: Employment Concentrations Relative to England (2023)

Strategic Sector	Hampshire	Isle of Wight	Portsmouth	Southampton
Aerospace Space and Defence	1.83	0.19	3.45	0.46
Construction	1.16	0.85	0.67	0.53
Creative and Digital	1.12	0.39	1.06	0.61
Health and Social Care	0.86	1.51	1.33	1.74
Professional Services Finance Insurance	0.91	0.42	0.42	0.78
Life Sciences	1.56	0.05	0.13	1.22
Logistics	1.03	0.63	0.64	0.94
Marine and Maritime	1.10	3.00	2.18	10.06
Visitor Economy	0.99	1.73	1.18	1.02

Source: ONS (2024). 1.00 = England. Light green 5% to 19% above England. Darker green >= 20% above England

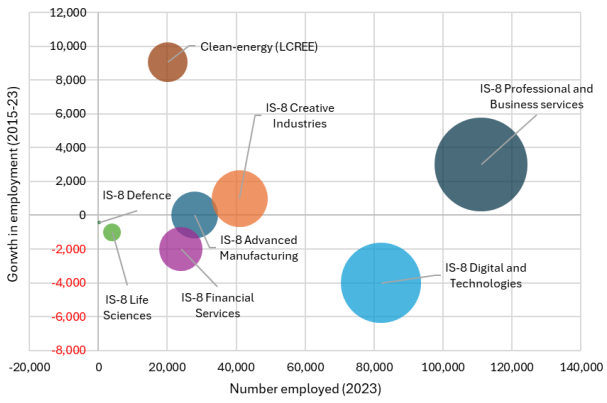
Industrial strategy (IS-8) sectors

The Government's Industrial Strategy identifies eight key sectors - known as the 'IS-8' - as capable of driving high growth in the UK economy. These sectors will be targeted with strategic support and include advanced manufacturing, creative industries, life sciences, clean energy, defence, digital and technologies, professional and business services, and financial services.

Each will have a bespoke Sector Plan[9]. Below the IS-8 are subgroups or Frontier industries. In addition, Foundational industries provide critical inputs and infrastructure across the IS-8 sectors[10].

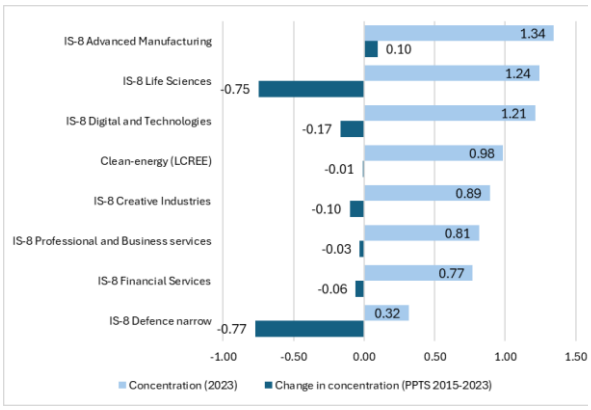
As with any classification that is based on the ONS Standard Industrial Classification (SIC) there will be limitations for emerging sectors such as clean energy, where modelled ONS LCREE[11] data is used as a proxy.

Figure 21: Hampshire and the Solent IS-8 Sector Size and Growth



Source: ONS 2024

Figure 22: Hampshire and the Solent IS-8 Local Concentrations



Source: ONS 2024

[9] https://www.gov.uk/government/publications/industrial-strategy-sector-plans/sector-plans

[10] https://assets.publishing.service.gov.uk/media/68585f10c9b3bb1663ab9072/industrial_strategy_technical_annex.pdf

[11] Low Carbon and Renewable Energy Economy (LCREE)

The two largest IS-8 sectors in terms of employment size in Hampshire and the Solent are Professional and Business services employing 111,000 people, and Digital and Technologies with 82,000 workers (Figure 21).

There are four medium sized IS-8 sectors ranging from Creative Industries (41,000), Advanced Manufacturing (28,000), Financial services (24,000) down to Clean-Energy with an estimated 20,000 workers. The IS-8 Defence sector definition is very narrow with only around 200 workers employed in manufacturing-related defence activities, whereas employment in broader defence (manufacturing) and the interrelated aerospace and defence sectors will see much larger employment levels. In that respect, IS-8 defence is of extremely limited use. That leaves the emerging Life Sciences with 4,000 workers.

In terms of growth, Clean Energy had the faster long-run rate (2015-2023) and almost doubling with an estimated 9,000 (82%) more workers in 2023 than in 2015, probably reflecting successive government drive to achieve 2050 Net Zero targets and industry investment. Professional & Business services (+3,000, 2.8%) and Creative Industries (+1,000, 2.5%) were the only other two IS-8 sectors to see growth in Hampshire and the Solent since 2015. The largest decrease in employment since 2015 is in Digital and Technologies (-4,000, -4.7%). Hampshire and the Solent's long run growth rates have been slower than the South East and England across most IS-8 sectors.

With reference to Table 3 Hampshire has more local concentrations than other upper tier authorities, with five out of eight IS-8 sectors achieving at least 5% above the England average, and in the case of Life Sciences almost two times the local employment concentration.

Table 3: IS-8 Employment Concentrations Relative to England (2023)

IS-8 sector	Hampshire	Isle of Wight	Portsmouth	Southampton
IS-8 Advanced Manufacturing	1.35	1.84	1.35	0.42
IS-8 Creative Industries	1.08	0.51	0.65	1.14
IS-8 Defence narrow	1.05	0.00	3.93	0.00
IS-8 Digital and Technologies	1.55	0.60	1.25	0.98
IS-8 Financial Services	0.92	0.32	0.55	0.97
IS-8 Life Sciences	2.87	0.20	0.09	0.61
IS-8 Professional and Business services	0.88	0.45	0.75	0.90
Clean energy (LCREE)	1.02	0.82	0.93	0.91

Source: ONS (2024). 1.00 = England. Light green 5% to 19% above England. Darker green >= 20% above England

Portsmouth has three local IS-8 concentrations and Southampton and Isle of Wight one local concentration each. Financial Services, Professional and Business Services and Clean Energy are mostly below the England average across the four upper tier authorities.

Frontier and foundation industries

Each high growth sector contains a number of Frontier Industries although not all subgroups can be defined by SIC codes and some only partially. As such, the employment numbers need to be taken as proxy estimates.

Advanced Manufacturing has five defined Frontier sectors with Aerospace the largest with 5,000 employers. There are small emerging sectors in space, batteries and in Agritech. There are two sectors with local concentrations, Aerospace and Space.

Creative industries have four Frontier industries and employment growth compared to 2015 that outperform the two benchmark areas, except for Video Games. However, there are no local concentrations In Hampshire and the Solent, although there is a high concentration in Video Games employment in Rushmoor.

Financial Services has a concentration in Insurance and Reinsurance markets, although the subgroup has lower employment than in 2015. The smaller Asset Management and wholesale services has seen employment growth above the South East rate but below England. Lastly, of the three Professional and Business Services Frontier subgroups, Management Consultancy and Accountancy and Audit/Tax have both seen relatively growth rates.

Construction covered under strategically important sectors is the largest Foundation sector in Hampshire and will be key in delivering local housing targets. The remaining Foundation sectors have similar employment levels (2,500-3,000) but Ports and Electricity Network have local employment concentrations.

Employment concentration in Ports is centred around the Solent, while Electricity Network employment concentrations are located in Portsmouth and Eastleigh. With the exceptions of Materials and Ports, all Foundation sectors have higher employment levels in 2023 than in 2015, with growth rate sin Chemicals and Electricity Network outperforming the two benchmarks.

Analysis of Skills Demand

Skills demand refers to the types and levels of skills that employers need in the labour market at a given time. It reflects skills associated with both expansion demand and replacement demand. Expansion demand (new job creation demand) - the skills required for new roles as industries grow or evolve. Replacement demand – the skills needed to fill existing roles when workers retire, change jobs, or leave the workforce.

Understanding skills demand helps policymakers, educators, and training providers align workforce development strategies with economic needs. It's influenced by factors such as: technological change (e.g., automation, AI), sectoral shifts (e.g., growth in green jobs or decline in retail), demographic trends (e.g., ageing workforce) and economic conditions (e.g., periods of economic expansions or recessions).

One way to assess skills demand is through online job postings. Nationally, vacancy estimates are available from the ONS, while locally, commercial online job postings serve as the primary source. Both indicators suggest that the labour market has been gradually cooling over the past 18 months as employers face increasing headwinds - ranging from weaker consumer and business demand to rising input costs (such as wages, energy, and taxes). These pressures are particularly evident in lower-paid sectors and among young people, especially in retail and hospitality. [12]

The decline in vacancies (nationally) and job postings (locally) since the post-pandemic peak in 2023 can partly be seen as a correction, with demand returning to more typical pre-pandemic levels. ONS vacancy data has recorded over 30 consecutive monthly declines, while job posting data for 2025 - particularly from April onwards - shows labour demand dipping below pre-pandemic levels. [13] This suggests that employers are increasingly pausing recruitment or choosing not to replace departing staff (replacement demand).

Anecdotal evidence also points to the growing influence of AI, with some businesses delaying recruitment in roles that may soon be automated by advances in generative AI.[14] While automation has traditionally been seen as a threat to low- or intermediate-level routine jobs, it is now increasingly affecting graduate-entry roles. This shift presents a significant policy challenge: how to prevent graduates from becoming over-skilled workers in lower-paid, lower-skilled jobs. [15]

Current demand

Demand in Hampshire and the Solent, as measured by the number of online (seasonally unadjusted) job postings, reflects the same overall downward trends observed nationally (Figure 23). The period during and immediately following the national lockdowns was

[12] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/jobsandvacanciesintheuk/august2025

[13] https://commonslibrary.parliament.uk/research-briefings/cbp-9366/

[14] Society for Human Resources Management (2025)

[15] https://www.cipd.org/uk/about/press-releases/041122-graduate-overqualification-cipd-report/

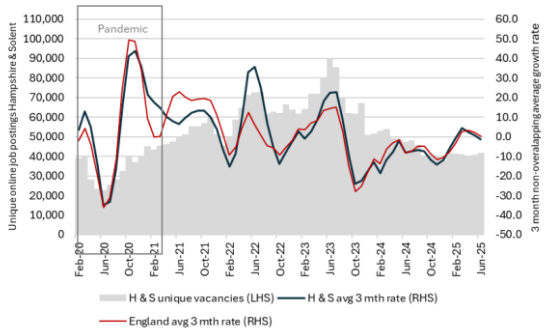
marked by multiple peaks and troughs, as layoffs and furloughs caused substantial volatility in labour demand, with short-term bottlenecks emerging as large numbers of workers sought new employment.

In 2025, overall labour demand in Hampshire and the Solent has nearly returned to pre-pandemic levels. Online job postings for June 2025 stood at around 42,000 - less than half the June 2023 peak of 90,000 - and closer to the pre-pandemic level recorded in February 2020 (39,0 00).

Between 2020 and 2022, job posting growth rates in Hampshire and the Solent diverged more significantly from national trends, reflecting differences in industry composition as well as seasonal and sectoral drivers. However, since mid-2023, growth rates in the area have broadly mirrored those seen across England.

A comparison of like-for-like periods (February 2020 to February 2025) shows that skills demand has yet to return to pre-pandemic levels in three of the four upper-tier authorities in Hampshire and the Solent (Table 4). The Hampshire County area recorded a 7.3% increase in demand, Portsmouth saw a rise of 5.6%, and the Isle of Wight experienced a significant increase in demand. In contrast, demand in Southampton remains below pre-pandemic levels.

Figure 23: Labour demand (job postings) 2020-2025



Source: Lightcast 2025

Table 4: Change in labour demand, Feb 2020-2025

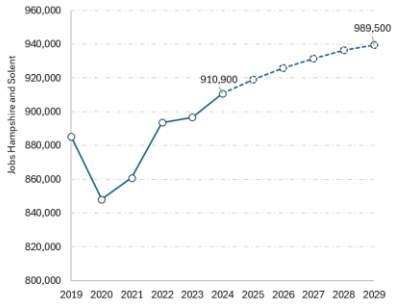
	Unique online postings		Change in postings	
	Feb 2020	Feb 2025	Postings	%
Hampshire & Solent	**39,100**	**41,300**	**2,200**	**5.6**
South East	195,300	212,900	17,600	9.0
England	1,180,000	1,159,000	-21,000	-1.8
County area	23,200	24,900	1,700	7.3
Isle of Wight	700	1,300	600	85.7
Portsmouth	5,400	5,700	300	5.6
Southampton	9,700	9,100	-600	-6.2

Source: Lightcast 2025

Job creation, alongside productivity growth, is a key driver of economic performance. According to ONS estimates, Hampshire and the Solent had 1.03 million jobs in 2023 - approximately 16,000 fewer jobs than in 2019, representing a decline of 1.5%. On this measure, the area lagged behind both the regional average (-1%) and the national trend (+1.8%).

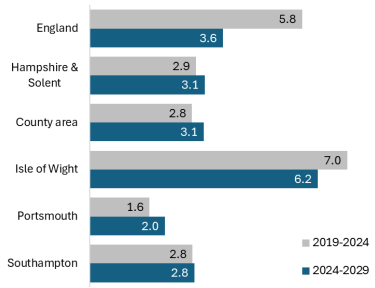
Looking ahead, Lightcast expects jobs growth (proxied by workplace employment) in Hampshire and the Solent to increase by 2029, but growth is expected to lag the national average. Projected growth is set to be faster than actual growth observed between 2019 and 2023 across Hampshire and the Solent, including the County area and the two cities. In contrast, the Isle of Wight is expected to see slower growth than in the previous period, Figure 25. Nonetheless, both the Isle of Wight and the national average are projected to grow more quickly than the other three upper-tier authorities in Hampshire and the Solent.

Figure 24: Projected workplace employment in Hampshire and Solent 2019-2029



Source: Lightcast 2025

Figure 25: Growth Rates 2019-2024 and Projected Growth 2024-2029



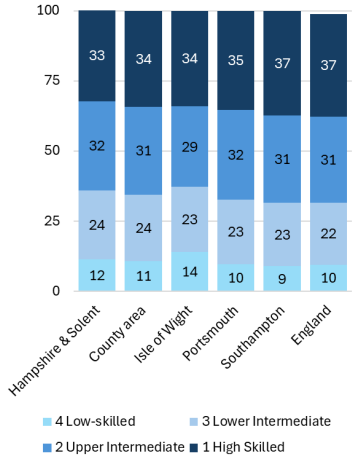
Source: Lightcast 2025

Demand by occupation

Job postings by occupation are commonly used as a proxy for skills demand. They provide up-to-date information on what employers are actively seeking. Postings often include detailed descriptions of required skills, qualifications, and experience. Postings can be linked to standard occupational classifications (e.g., SOC codes), allowing for further analysis.

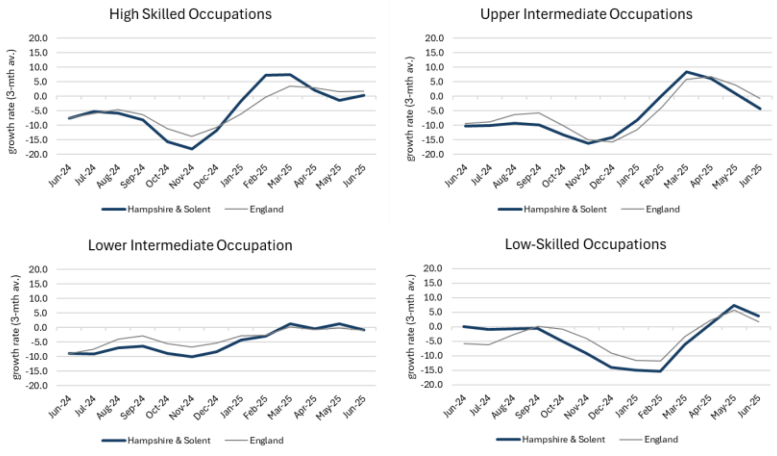
Aggregating occupation-based job postings into four broad skill groups (Figure 26), high-skilled occupations - such as managers and professionals - accounted for an average of one-third (33%) of total demand in Hampshire and the Solent over the past 12 months. This partly reflects local employment concentrations in high-skilled sectors such as professional services, digital technologies, advanced manufacturing, and life sciences.

Figure 26: % of job postings by broad occupation (12-month average June 2024-25)



Source: Lightcast 2025

Figure 27: Hampshire and the Solent broad occupation-based skills demand, June 2024-June 2025).



Source: Lightcast 2025

However, Hampshire and the Solent has a proportionately lower share of high-skilled job postings compared to England (37%). High-skilled roles are followed closely by upper-intermediate occupations (associate professionals, administrative roles, and skilled

trades), which account for 32% of postings, and lower-intermediate occupations (e.g., sales and process operatives) at 24%. Demand for low-skilled occupations (elementary positions) in Hampshire and the Solent accounts for just over one in ten job postings (12%).

With reference to Figure 27, skills demand increased across all four broad occupational groups in the first quarter of 2025, supported by stronger economic growth. However, weaker growth in the second quarter of 2025 led to a decline in demand, reflecting subdued UK and global economic outlook.

Job postings for high-skilled, upper-intermediate, and low-skilled occupations in Hampshire and the Solent all followed a broadly similar trend over this period. In contrast, lower-intermediate occupations exhibited a consistently shallower demand profile.

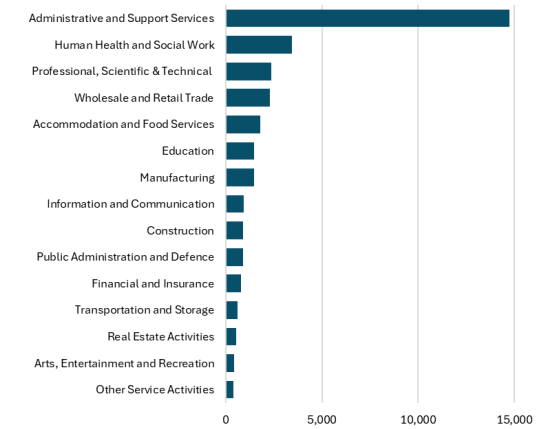
Demand by broad industry

Job postings by industry, based on commercial online sources, are dominated by the Administrative and Support Services sector - primarily employment agencies (Figure 28). Of the 33,300 job postings, this sector accounts for over two-fifths (44%) of all postings in Hampshire and the Solent.

Where specific industries are specified, skills demand is largely service-driven, with notable concentrations in health and social work (3,400 postings) - a sector with long-standing structural workforce shortages. However, cumulative demand in this sector is slightly below pre-pandemic levels (Figure 28).

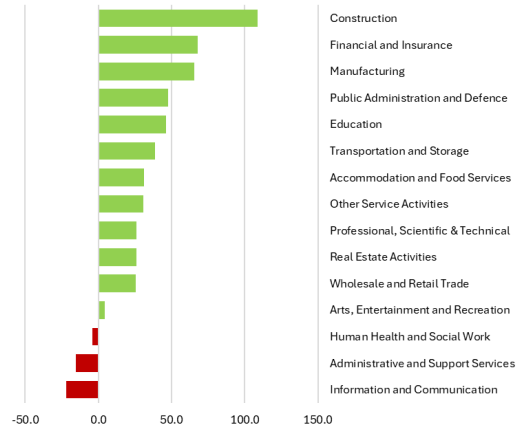
Manufacturing (1,500 postings) and Construction (900 postings) showed modest demand in June 2025, but both sectors have experienced robust growth since 2020. Finance and Insurance has also seen long-term growth in demand, albeit from a relatively small base. While there is ongoing demand for ICT roles in 2025 (900 postings), this is lower than in 2020.

Figure 28: Hampshire and Solent Job postings by Industry (June 2025)



Source: Lightcast 2025
Note: Only industries (1 digit SIC) with over 300 job postings included.

Figure 29: Hampshire and Solent Cumulative Growth Feb 2020-Jun 2025



Source: Lightcast 2025

Demand by career areas

Another way to assess demand is by broad career areas. Broad career areas are groupings of occupations that share similar skill sets, work environments, or disciplinary foundations. These groupings help simplify labour market analysis by clustering jobs into categories that reflect the nature of the work rather than just industry or job title.

According to the Lightcast Occupation Taxonomy (LOT) in June 2025 the largest skills demand by career area in Hampshire and the Solent was in Education and Training, with approximately 4,500 job postings (Figure 30). This was followed closely by Hospitality, Food and Tourism (4,400 postings) and Healthcare (3,600 postings).

Education and Training (+2,100 postings) and Hospitality, Food and Tourism (+1,500) have seen the largest cumulative increases in demand since pre-pandemic levels (February 2020), Figure 31. While Healthcare continues to show strong demand, it experienced the second-largest decline (-1,000 postings) compared to 2020 levels, behind IT (-1,300).

Construction (2,200 postings, +600) and Transportation (1,900 postings, +900) both show strong current demand and even more robust long-term growth. Construction is one of the Government's Industrial Strategy Foundation Industries, recognised for providing essential materials that support the wider economy. Skills demand in construction is expected to grow to meet Government housing targets of 1.5 million new builds by 2029, including 300,000 social and affordable homes under the Social and Affordable Homes Programme.

To support this, the Chancellor has announced £600 million in investment to train up to 60,000 additional skilled construction workers. Skills Bootcamps in the construction sector are being expanded, and Local Skills Improvement Plan (LSIP) areas will benefit from strengthened partnerships between colleges and construction firms.

Figure 30: Hampshire and Solent Job postings by Career Area (LOT) June 2025

Source: Lightcast 2025

Figure 31: Hampshire and Solent cumulative Growth by Career Area (LOT) February 2020 -June 2025

Source: Lightcast 2025

With reference to Figure 31, labour demand across the top fifteen career areas in Hampshire and the Solent in June 2025 - compared to pre-pandemic levels (February

2020) - mostly shows growth (indicated in green text), with only a few areas experiencing a decline (red text). The majority of career areas also show either stronger demand or a slower rate of decline than the national average (highlighted in green-shaded cells).

This pattern broadly holds for the Hampshire County area and the Isle of Wight, although the smaller volume of job postings on the island tends to magnify the growth rate. In contrast, only around half of the fifteen most in-demand career areas in Portsmouth and Southampton outperform the national average.

Education and Training is particularly in demand - though significantly lower in Southampton - as is Transportation, which shows strong demand despite lower levels in Portsmouth, Table 5.

Table 5: Demand by top 15 Career Area in Hampshire and the Solent (Jun 2025) - cumulative growth rates (Feb 2020- Jun 2025) relative to England

Career area	Hampshire and Solent	County area	Isle of Wight*	Portsmouth	Southampton	England
Education and Training	92.1	144.3	360.9	105.4	18.4	61.3
Hospitality, Food, and Tourism	52.0	52.1	1677.8	48.1	30.7	65.1
Healthcare	-21.9	-20.6	68.2	-34.6	-25.9	-8.4
Sales	0.3	-4.4	108.5	18.1	-3.5	-10.2
Business Management and Operations	-0.8	-4.0	83.7	3.0	1.2	-1.8
Information Technology and Computer S	-32.2	-43.8	800.0	-31.1	-13.9	-42.3
Engineering	-2.7	-5.8	1925.0	-10.1	-12.0	-4.0
Construction, Extraction, and Architectu	36.2	45.4	22.7	48.0	8.9	30.1
Finance	-17.6	-23.9	-75.6	-5.2	-11.4	-29.2
Transportation	93.4	111.5	215.4	55.0	72.9	70.9
Manufacturing and Production	6.6	16.6	522.2	-32.6	3.0	7.2
Maintenance, Repair, and Installation	25.6	40.9	69.6	-1.0	9.2	17.9
Community and Social Services	21.8	14.9	70.8	82.1	10.3	31.2
Law, Compliance, and Public Safety	41.6	59.0	37.5	2.6	26.1	5.4
Clerical and Administrative	-19.5	-16.9	65.7	-38.9	-24.6	-21.5

Source: Lightcast 2025
Green text denotes long-run growth (2020-2025), red text denotes negative growth relative to Feb 2020.
Green shaded cells suggests that growth in Hampshire is stronger than the national average. *Isle of Wight has much lower online job postings, so minor changes can see large growth rates.

Qualification demand by sector and occupation

Qualification data by industry can be used to help assess skills demand. It shows skills intensity of sectors – the typical qualification levels required in different industries. It can help education providers and policymakers align curriculum and training programmes with industry needs. Furthermore, it can also support forecasting future needs - if an industry is projected to grow and has a high qualification threshold, it signals future demand for those skills.

Data from the 2011 Census suggests that Level 4 qualifications are high demand across Hampshire and the Solent's knowledge-intensive services. For example, nearly two-thirds of those employed in the professional, scientific, and technical sector held a Level 4 or higher qualification, followed by 60% in education and 56.5% in information and communication (Table 6). Several other sectors also had an above-average share of

employees with Level 4+ qualifications. Although data from the 2021 Census is not yet available, it is likely to show a continued shift toward higher-level qualifications.

Table 6: Highest level of qualification by sector- Hampshire and the Solent, % in 2011

Industry	No qualifications	Level 1	Level 2	Level 3	Level 4+	Apprenticeships / other
All Industries	8.1	14.7	17.9	16.4	34.5	8.3
A, B, D, E Agriculture, energy and water	11.8	16.8	19.0	16.2	24.5	11.7
C Manufacturing	10.3	16.0	15.2	15.1	28.5	14.9
F Construction	12.6	17.4	18.1	17.3	16.5	18.0
G Wholesale and retail trade	11.8	21.7	23.3	18.4	16.8	8.1
H Transport and storage	13.9	21.6	18.9	12.0	22.4	11.2
I Accommodation and food	12.5	18.0	23.8	20.0	14.4	11.3
J Information and communication	2.1	9.0	13.0	15.0	56.5	4.4
K Financial and insurance activities	2.4	13.7	21.2	17.5	42.5	2.7
L Real estate activities	5.1	16.1	20.5	17.6	35.3	5.4
M Professional, scientific and technical	2.4	8.5	11.9	11.7	62.1	3.5
N Administrative and support services	15.6	19.4	18.9	14.2	21.3	10.5
O Public administration and defence	3.3	12.5	17.9	17.8	43.6	5.0
P Education	3.4	7.7	11.9	13.9	59.9	3.2
Q Human health and social work	5.0	9.7	16.7	17.6	46.2	4.7
R, S, T, U Other	7.0	13.7	21.2	20.0	28.2	10.0

Source: ONS 2011

At the other end of the skills distribution, there is a notable concentration of individuals without formal qualifications in sectors such as administrative and support services, accommodation and food, retail, production, and construction. These sectors also show high demand for intermediate skills including apprenticeships (Table 6).

Table 7: Highest level of qualification by occupation - Hampshire and the Solent, % in 2011

Occupation	No qualifications	Level 1	Level 2	Level 3	Level 4+	Apprenticeships / other
All Occupations	8.1	14.7	17.9	16.4	34.5	8.3
1. Managers, directors and senior officials	5.3	13.2	15.4	15.5	43.8	6.8
2. Professional occupations	0.6	2.7	4.5	6.9	83.2	2.1
3. Associate professional and technical	2.3	11.2	16.4	18.6	46.6	5.0
4. Administrative and secretarial	5.1	21.0	27.0	19.1	23.6	4.2
5. Skilled trades occupations	11.9	16.2	18.2	20.7	11.4	21.7
6. Caring, leisure and other services	6.4	13.2	24.0	27.1	21.1	8.2
7. Sales and customer service occupations	11.1	22.3	27.9	21.2	12.6	5.0
8. Process, plant and machine operatives	19.7	23.0	18.4	10.8	10.9	17.2
9. Elementary occupations	22.3	23.6	21.4	13.0	8.3	11.4

Source: ONS 2011

Similar to industry qualification data can be mapped to occupations to assess skills demand within occupations. It shows skills intensity of occupations – the typical

qualification levels required by different occupations. This data can also support forecasting future needs - if an occupation is projected to grow and has a high qualification threshold, it signals future demand for those skills.

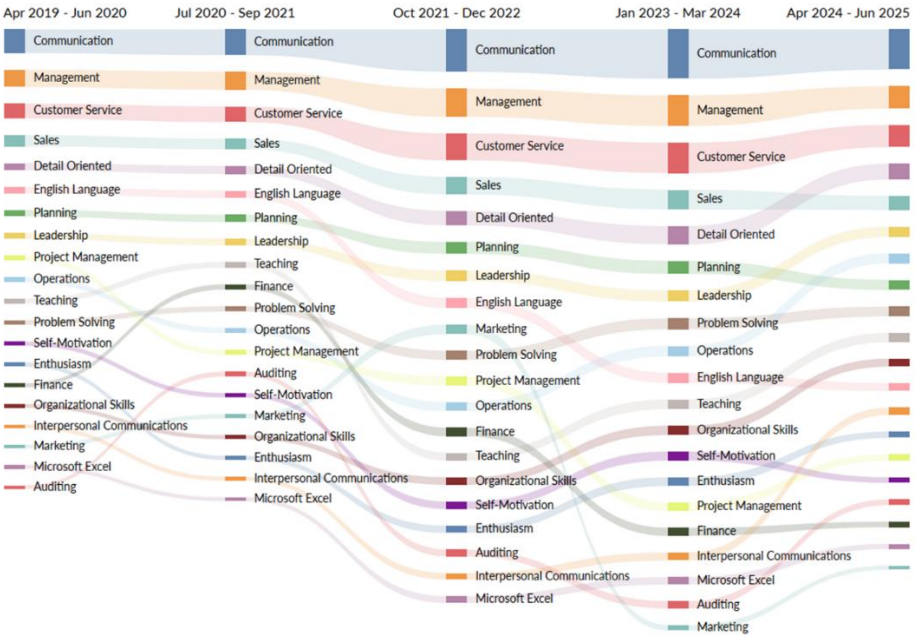
Level 4 or higher qualifications in Hampshire and the Solent are predominantly held by individuals in the top occupational groups (Table 7). Over four in every five people employed in professional occupations had a Level 4 or higher qualification.

In contrast, elementary occupations and roles such as process, plant, and machine operatives had a significant proportion - around one in five - of individuals without formal qualifications. Level 2 and Level 3 qualifications are more commonly found in a range of lower-intermediate and upper-intermediate occupations (Table 7). Apprenticeships were most concentrated in skilled trades occupations, followed by process, plant and machine operatives, and elementary occupations.

Demand for soft skills

Soft skills are broadly applicable across all jobs and can be understood as personality traits, personal attributes, and interpersonal abilities that enable individuals to interact effectively in the workplace. Importantly, soft skills are increasingly viewed as transferable talents - usable in any role - and are becoming as essential as hard (technical or specialised) skills.[16] They add value to hard skills and are increasingly recognised by recruiters as critical in the job market.

Figure 32: Hampshire and the Solent Skills Needs 2019-2025



Source: Lightcast (2025)

[16] Kumar, A. et al (2022) Importance of Soft Skills and Its Improving Factors, World Journal of English Language, Vol. 12, No. 3; 2022, Special Issue.

According to the DWP 2024 Employer Survey, two-fifths of employers reported that a lack of soft skills posed a recruitment challenge for their business.[17] LinkedIn's analysis of job listings found that 70% of hiring managers believe Gen Z employees will need support in developing soft skills, particularly in areas such as collaboration and communication.[18]

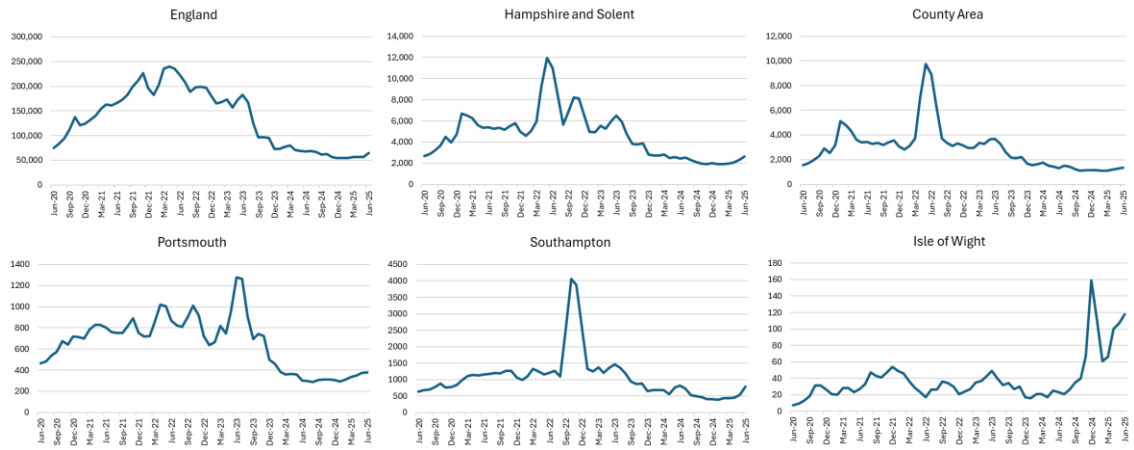
In Hampshire and the Solent, job postings data shows that communication skills have consistently been the most in-demand soft skill over the past five years (Figure 32), followed by management and customer service. Organisational and leadership skills have seen growth since 2023, while other soft skills - such as finance, auditing, and marketing - have experienced more volatility in demand over the same period.

Demand for digital skills

Digital skills demand has largely returned to pre-pandemic levels, following a short-lived boom in UK tech investment in 2021.[19] During that period, businesses experienced rapid modal shifts to online operations and had to quickly adapt to remote and hybrid working models.

Using online job postings and occupations associated with digital skills, Hampshire and the Solent followed a trajectory similar to the national average. However, England exhibited a more gradual, convex trend over the five-year period (Figure 33). In June 2025, Hampshire and the Solent recorded 2,600 digital job postings—matching the level seen in June 2020.

Figure 33: Digital and Technologies Employee Job Change



Source: Lightcast 2025

Across the four upper-tier authorities, demand for digital skills has generally returned to more typical levels, with the exception of the Isle of Wight, which has seen a recent uplift - albeit from a small base. Hampshire and the Solent, the County area, and Southampton

[17] https://www.gov.uk/government/publications/dwp-employer-survey-2024/dwp-employer-survey-2024#labour-market

[18] https://www.personneltoday.com/hr/soft-skills-most-in-demand-in-2024/

[19] https://businessleader.co.uk/insights/article/uk-tech-boom-sees-one-in-eight-job-opportunities-in-digital-sector

share similar profiles, characterised by a sharp increase in 2021. Portsmouth, by contrast, experienced a more gradual rise, peaking later in 2023.

Digital and Technologies is one of the eight priority sectors (IS-8) identified in the Government's Industrial Strategy, reflecting the expectation that the technology revolution - driven by AI, automation, and robotics - will be a key engine of innovation and economic growth.[20]

While it is not possible to directly map digital job postings to the SIC-based IS-8 definition, job data and projections suggest there will be approximately 81,000 Digital and Technologies jobs in Hampshire and the Solent in 2025. However, projected growth between 2025 and 2034 is modest at just 0.6%. This is significantly below the national projected growth rate of 4.2%.

Impact of AI on labour market and vacancies

According to the UK Government's own assessment, the development and increasing application of Artificial Intelligence (AI) is expected to have a significant and wide-ranging impact on the economy and skills demand.[21] Specifically in relation to digital skills, a recent report suggests that the Digital and Technologies sector (as defined by IS-8) will contribute the second-highest share of additional employment between 2025 and 2030 - behind the Creative Industries. However, these findings are caveated with uncertainty regarding the actual impact of AI on jobs.[22]

Research suggests that certain IT-related skills, such as document management analysis, are expected to decline. In contrast, demand for skills related to healthcare is projected to rise, driven by AI applications in the sector. A fundamental question for policymakers is how to anticipate the inflection point at which AI may begin to displace more jobs than it creates.

Research by the Bank of England has found that AI adoption is already affecting demand for new workers in trainee roles, which could have a significant impact on UK labour demand in the coming years.[23] High-skilled occupations - once considered less vulnerable to automation - are now increasingly exposed due to advances in AI and large language models (LLMs). This shift presents a human capital challenge and could potentially disincentivise young people from investing in higher education if the financial returns and job opportunities associated with high-skilled roles are eroded.

[20] https://www.gov.uk/government/publications/industrial-strategy
[21] Department for Education (2023) The impact of AI on UK jobs and training.
[22] Skills England (2025) Assessment of priority skills to2030
[23] https://www.bankofengland.co.uk/bank-overground/2024/how-will-increasing-business-use-of-ai-affect-uk-labour-demand

Analysis of Skills Supply

In its simplest form, skills refer to the ability to perform a task. More broadly, skills can be defined as 'any personal characteristics that are productive of value and can be enhanced through some form of investment'. Skills vary by level of aptitude and by type, such as general skills, core or basic skills, and practical skills. The term is frequently used without a formal definition.

In this paper, we refer to both direct and softer measures of skills, though our focus is primarily on indirect or proxy measures, such as educational attainment.

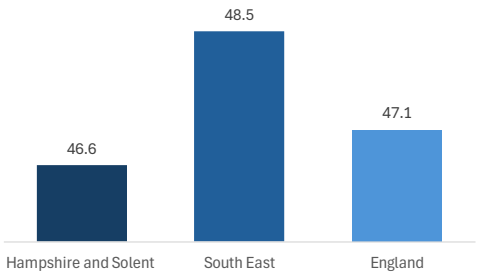
Qualifications

Education is an important determinant of economic growth. Higher levels of educational attainment result in a more skilled and productive workforce that forms the bedrock of economic competitiveness and faster economic growth which leads to higher living standards.

Skills supply can be measured by analysing the number of people holding specific qualifications at different levels (e.g., bachelor's, master's, doctorate). One of the advantages of using qualifications is the availability of rich and timely datasets for Hampshire, the Solent, and their sub-areas or districts. Another benefit is the link between qualifications and labour market outcomes, as employers often use qualifications as a proxy for skills. Additionally, qualifications provide some insight into the types of skills that are in demand within specific industries or occupations.

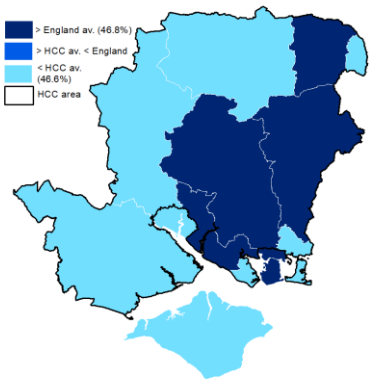
Hampshire and the Solent has 554,000 working-age residents (aged 16–64) whose highest qualification is at RQF Level 4 or above. Notably, one in five working-age residents in the South East with an RQF4+ qualification resides in Hampshire and the Solent.

Figure 34: Working age population with RGF4+, 2024



Source: ONS 2025

Figure 35: Working age population with RGF4+ across Hampshire and the Solent, 2024



Source: ONS 2025

The proportion of working-age individuals with advanced (RQF4+) qualifications in the area stands at 46.6%, slightly below the England average (47.1%) and the South East average (48.5%), Figure 34. Among the unitary authorities in Hampshire and the Solent, Portsmouth's share of highly qualified residents is comparable to the national average.

Southampton and the Hampshire County area also align closely with the England average (47.2% respectively). However, the Isle of Wight lags behind, with just 35.7% of its working-age population holding advanced qualifications.

As shown in Figure 35, there are significant disparities in the distribution of advanced skills across Hampshire. Several districts in Central and South Hampshire report rates above 50%. However, two of the most economically disadvantaged local authorities - Gosport (33.3%) and Havant (35.1%) - which also experience high levels of deprivation, have the lowest rates of advanced qualifications in Hampshire and the Solent.

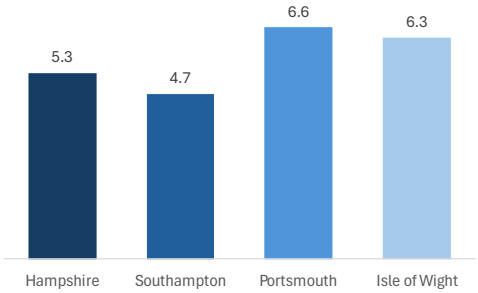
Interestingly, Rushmoor, which is the most productive local authority in the country and hosts a concentration of high-skilled jobs, has a relatively low proportion of residents with advanced qualifications (RQF4+), at just 38.4%.

Between 2002 and 2024 - the period for which comparable data is available - growth in the proportion of residents with advanced qualifications (RQF4+) in Hampshire and the Solent outpaced the South East average but lagged behind the national average. Portsmouth was the only unitary authority in the area to outperform the national trend.

Of particular concern is the decline on the Isle of Wight, where the proportion of working-age residents with advanced qualifications fell by 1.4 percentage points. However, data at the sub-area or local authority level should be interpreted with caution. For example, Fareham saw an increase of over 12 percentage points, while Test Valley and Rushmoor experienced declines of more than eight and six percentage points, respectively.

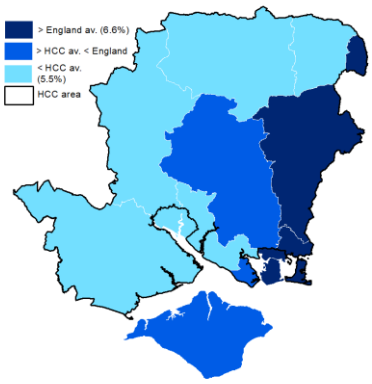
At the other end of the spectrum, there are 64,000 working-age residents in Hampshire and the Solent with no formal RQF qualification. This represents about 1 in 20 people of working age (5.4%) in the area. The proportion is marginally above the South East average (5.3%) but below the national average (6.4%).

Figure 36: Working age population with no RGF4+ qualification, 2024



Source: ONS 2025

Figure 37: Working age population with no RGF qualification across Hampshire and the Solent, 2024



Source: ONS 2025

As shown in Figure 36, Portsmouth is the only unitary authority in Hampshire and the Solent with a rate above the national average, followed by the Isle of Wight, which is slightly below the national average.

At the local level, the highest rates of residents with no formal qualifications are found in Rushmoor (9.6%) and Havant (8.7%), Figure 37. However, as noted earlier, local-level data should be interpreted with a high degree of caution due to potential variability and limitations in sample sizes.

Qualification levels that are used as a proxy for skills in Hampshire and the Solent can be more easily understood if grouped into three broad skill levels. At the top end are advanced skills (NVQ4+), then intermediate skills (RQF2, RQF3 & trade apprenticeships) and low skills (RQF1 & no RQF qualification). Other qualifications are excluded from the broad groupings, of which there are an estimated 45,000 residents.

There are approximately 530,000 working-age residents in Hampshire and the Solent with a broad range of other, mostly intermediate, RQF qualifications. This means that around 44.6% of the area's working-age population holds intermediate-level skills - above both the South East (42.6%) and England (42.2%) averages.

The relatively high concentration of intermediate skills - proxied here by educational attainment - is unsurprising, given the area's strong employment concentrations in sectors such as aerospace and defence, marine and maritime (including logistics), and construction.

While qualifications provide a useful starting point, they do not offer a complete picture of the skills supply. Skills are also developed through experience, on-the-job training, and informal learning. Moreover, holding a qualification does not necessarily mean that an individual's skills are being effectively utilised in the current labour market.

Educational Attainment of Young People

Skills acquired during Key Stage 4 and 5 - typically between the ages of 14 and 19 - are critically important for the individual since skills developed during these formative years lay the foundation for lifelong learning and career success.

Key Stage 4 attainment profile

Academic attainment at the end of Year 11, when most young people sit their GCSEs or equivalent qualifications, also known as Key Stage 4 (KS4) can have a profound impact on their future outcomes. While KS4 results are not definitive predictors of later success, they play a significant role in shaping access to further education and training and can influence long-term employment prospects and life opportunities.

Attainment data at Key Stage 4 in Hampshire and the Solent is available at the level of local education authorities or upper-tier local authorities.

The average Attainment 8 score in Hampshire was 53.2 in 2023/24, compared to 47.2 in the South East and 46.1 in England. Within Hampshire and the Solent, the Hampshire County Council area recorded the highest average score (Figure 38).

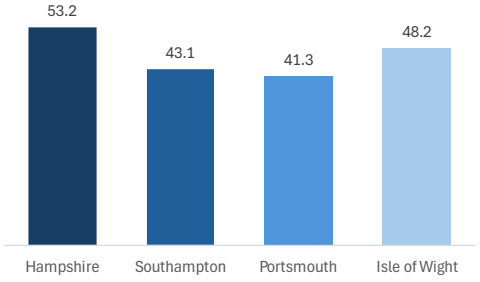
Since 2018/19, Hampshire’s average Attainment 8 score has increased by 5.6 points. In terms of change over time, Hampshire outperformed both the regional and national

averages, which saw declines of 0.8 points and 0.7 points, respectively, between 2018/19 and 2023/24.

The average Attainment 8 score on the Isle of Wight is above the regional average, whereas the average scores in Portsmouth and Southampton fall below both the regional and national averages. In terms of change over time, the Isle of Wight saw the largest improvement, with an increase of 6.4 points since 2018/19. This was followed by a 0.5-point increase in Portsmouth, while Southampton experienced a decline of 1 point over the same period. Hampshire outperformed both the regional and national averages, which saw declines of 0.8 points and 0.7 points, respectively, between 2018/19 and 2023/24.

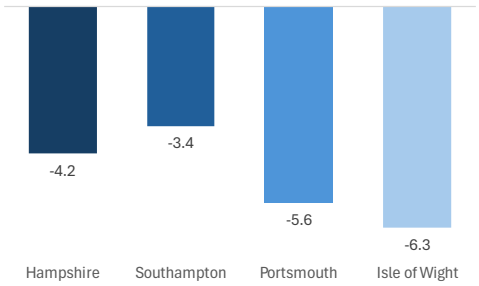
In Key Stage 4, there is a persistent gender gap in Attainment 8 scores across Hampshire and the Solent, with girls outperforming boys (Figure 39).

Figure 38: Key Stage 4 - Average Attainment 8 Score, points 2023/24



Source: DfE 2025

Figure 39: Key Stage 4 - Average Attainment 8 Score gender gap (boys), points 2023/24



Source: DfE 2025

In 2023/24, 93.7% of young people in Hampshire either remained in education or entered employment after Key Stage 4 (KS4), compared to 93.2% in England and 94.3% in the South East. The Isle of Wight recorded a participation rate similar to the Hampshire County average, while the rates in the two cities, 91.5% in Portsmouth and 91.1% in Southampton were below both the regional and national averages.

Between 2018/19 and 2022/23, the proportion of young people in Hampshire who stayed in education or entered employment after KS4 decreased by 1.1 percentage points. This decline was slightly larger than the national decrease and more than twice the reduction observed in the South East. Over the same period, Southampton and the Isle of Wight experienced faster declines than the Hampshire County area, whereas Portsmouth saw an increase of 1.8 percentage points in its participation rate.

Key Stage 5 attainment profile

Key Stage 5 (KS5) refers to the final stage of secondary education in England, typically covering the two years of study for students aged 16 to 18. This stage usually includes: A-levels (Advanced Level qualifications), Vocational qualifications (BTECs, T Levels and NVQs) and Other post-16 education and training pathways).

KS5 is delivered in sixth forms (attached to secondary schools) or further education colleges, and it plays a crucial role in determining access to higher education, apprenticeships, or employment.

In 2023/24, Hampshire demonstrated strong performance across all KS5 attainment indicators, consistently exceeding both the South East regional average and the other educational authorities in Hampshire and the Solent area. The average point score per A level entry in Hampshire was 36.1, slightly above the South East average of 35.1, and notably higher than scores in the Isle of Wight (30.9), Portsmouth (29.8) and Southampton (26.6). This suggests that students in Hampshire achieved higher grades on average, reflecting both academic strength and effective education provision.

Looking at broader participation and achievement, 91.1% of students in Hampshire achieved at least two substantial Level 3 qualifications, closely aligned with the South East average of 91.0%. The Isle of Wight followed with 85.5%, while Portsmouth and Southampton lagged behind at 73.1% and 72.8%, respectively. A similar pattern is evident in the percentage of students achieving at least two A levels: Hampshire recorded 84.6%, in line with the South East (84.7%), whereas the Isle of Wight reached 81.1%, Portsmouth 67.9%, and Southampton just 63.5%.

High attainment measures further highlight the disparities. In Hampshire, 16.4% of students achieved three A*-A grades, compared to 16% in the South East. The Isle of Wight and Portsmouth recorded 6.4% and 8.4%, respectively, while Southampton saw a significantly lower figure of just 2.4%. Similarly, the percentage of students achieving AAB or better was 26.6% in Hampshire, above the South East average of 25.5%, and well ahead of the Isle of Wight (14.3%), Portsmouth (13.7%), and Southampton (8.1%).

Overall, the data paints a clear picture of Hampshire's KS5 attainment performance consistently above the South East average across all key indicators. The Isle of Wight shows moderate outcomes, outperforming the two cities but still trailing the county and regional benchmarks. Portsmouth and Southampton, meanwhile, face significant challenges in post-16 education, with lower attainment and participation rates that may reflect broader socioeconomic and educational inequalities.

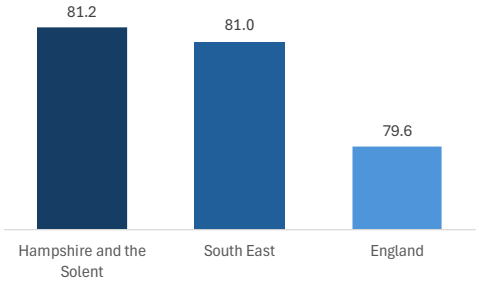
Destination (outcomes) measures provide information on the success of schools and colleges in helping young people continue in education, apprenticeships, or employment. The latest data covers students who completed 16 to 18 study by the end of the 2021/22 academic year and tracks their destinations during the 2022/23 academic year.

In 2022/23, Hampshire and the Solent recorded a total of 16,408 students progressing into sustained education, apprenticeships, or employment. Of these, 6,858 entered higher education (HE), 1,138 entered further education (FE), and 1,315 began apprenticeships. A further 6,893 students entered employment. These figures reflect a balanced distribution across post-16 pathways, with a strong emphasis on HE and a healthy proportion entering the workforce.

Overall, 81.2% of young people in Hampshire and the Solent who completed 16 to 18 study by the end of the 2021/22 academic year were in sustained education, apprenticeships, or employment - compared to 81% in the South East and 79.6% in England (Figure 40). However, there are significant disparities in destination outcomes within Hampshire and the Solent (Figure 41). Hampshire's performance was again well above the regional average and higher than the averages of other unitary authorities in Hampshire and the Solent.

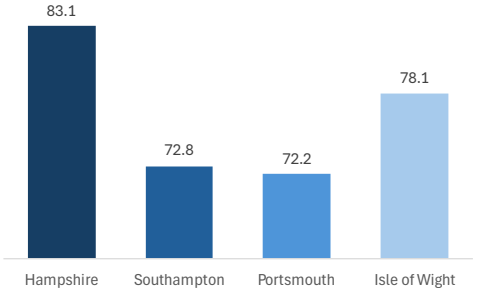
Of those who completed 16 to 18 study, 40.6% were in sustained education, 6.5% were undertaking sustained apprenticeships, and 34.1% were in sustained employment.[24]

Figure 40: Key Stage 5 Destination - % in sustained education, apprenticeship or employment, 2022/23



Source: DfE 2025

Figure 41: Key Stage 5 Destination - % in sustained education, apprenticeship or employment, 2022/23



Source: DfE 2025

In terms of progression into education, Hampshire and the Solent lag behind both the regional and national averages, with rates of 43.5% and 45%, respectively. Within education, 33.9% of students progressed into higher education (HE), which is below both the regional and national averages, while 5.6% entered further education (FE)—a figure comparable to the South East average but below the national average. The proportion moving into apprenticeships stood at 5.6%, above the South East average but below the England average.

The progression-to-education rate in Hampshire was 42.3%. Of these, 36.7% entered HE and 5% entered FE. Apprenticeships accounted for 6.3% of destinations. These figures place Hampshire broadly above the South East average for apprenticeships, but below the regional average for both FE and HE.

The Isle of Wight presented a more mixed picture. The overall progression rate was 33.9%, with 24.6% entering HE, 8.3% entering FE, and 7.9% entering apprenticeships. However, the Isle of Wight had a relatively high proportion of students entering work (36.4%),

[24] To be included in a destination measure, young people must be recorded as having sustained participation over a six-month period within the destination year. This means either attending one or more education providers for the entirety of the first two terms of the academic year (October 2022 to March 2023), spending at least five out of six months in employment, or a combination of both education and employment. A sustained apprenticeship is counted when there is six months of continuous participation at any point during the destination year (August 2022 to July 2023) 16-18 destination measures, Academic year 2022/23 - Explore education statistics - GOV.UK

suggesting stronger direct employment pathways or fewer continuing education options locally.

In Portsmouth, the progression-to-education rate stood at 35.3%, with 23.9% entering HE and 11.9% entering FE. Apprenticeships accounted for 11.1% of destinations—significantly higher than in Hampshire and the South East—indicating a stronger vocational route. The proportion entering work was 27.9%, below the Hampshire and Solent average.

Southampton had the lowest overall progression rate at 32.7%, with only 22.3% entering HE, followed by 5.5% entering FE and apprenticeships, respectively. The proportion entering work stood at 34.5%, slightly above the Hampshire and Solent average. These lower education figures suggest challenges in progression to post-16 study.

Further Education

Further education plays a pivotal role in shaping the trajectory of individuals, strengthening economies, and enriching societies. Further education (FE) offers flexible routes into employment, apprenticeships, and higher education, especially important for school leavers, adult learners, and career changers. Many FE qualifications lead to well-paid roles in skilled trades, health care, and technical fields. It supports personal development and helps individuals adapt to changing job markets, particularly in areas affected by industrial decline or economic restructuring. Local employers benefit from FE through apprenticeships, bespoke training, and partnerships that help upskill their workforce and improve productivity.

At the societal level, further education contributes to upward social mobility, offering individuals from disadvantaged backgrounds the opportunity to improve their life circumstances. It also strengthens democratic institutions by fostering civic engagement and informed participation in public life. Societies with higher levels of education tend to experience better health outcomes, lower crime rates, and greater cultural dynamism. In this way, further education not only benefits those who pursue it but also generates positive externalities that uplift communities and nations as a whole.

There are four types of provision that fall under the umbrella term further education: classroom-based further education, apprenticeships, community learning (which refers to provision that does not lead to formal qualifications), and workplace learning.

Further Education and Skills

In the Department for Education (DfE) classification, the ‘Further Education & Skills’ category encompasses a broad range of post-16 learning that is not part of higher education. This includes adult education, apprenticeships, community learning, and workplace training. The data is primarily focused on learners aged 19 and over, although some statistics include younger learners depending on the programme.

The category covers:

- Education and Training - regulated qualifications delivered in further education colleges and other providers.
- Apprenticeships - although reported separately, they are included in the overall FE and Skills participation figures.
- Tailored Learning - introduced in 2024/25, this replaces Community Learning and includes non-regulated provision aimed at improving essential skills (e.g. English, maths, digital, ESOL) and preparing learners for further study.[25]
- Essential Skills - includes English, maths, digital skills, and ESOL, often funded through the Adult Skills Fund.

Further education and skills encompass the full scope of adult participation in FE and skills provision, serving as a basis for headline statistics and policy analysis.

In the 2024/25 academic year, 56,130 adults aged 19 and over took part in further education and skills programmes in Hampshire and the Solent.[26] This represents a 6% decrease in participation compared to the 2019/20 academic year. Of these, 16,890 were young adults aged 19–24, while those aged 25 and over accounted for 70% of total participation, amounting to 39,220 learners.

The participation rate in further education and skills across Hampshire and the Solent was 4,740 adults per 100,000 population in 2024/25, down from 5,120 in 2019/20. Over the same period, the rate among 19–24-year-olds increased from 11,211 per 100,000 in 2019/20 to 11,794 in 2024/25. However, 25+ participation decreased from 4,204 to 3,767.

In DfE terminology, learner achievements refer to the number of individuals who successfully complete a funded learning aim within a given academic year. This includes regulated qualifications, and learning aims supported by FE and Skills funding streams, but excludes community learning, non-qualification elements of the Multiply programme, and Bootcamps. Achievement data is a key metric used to evaluate the effectiveness of FE provision and to monitor progress toward national skills objectives.

During the 2024/25 academic year, there were 23,980 recorded achievements among adults aged 19 and over in Hampshire and the Solent.[27] Compared to the 2019/20 academic year, this represents a reduction of approximately one third.

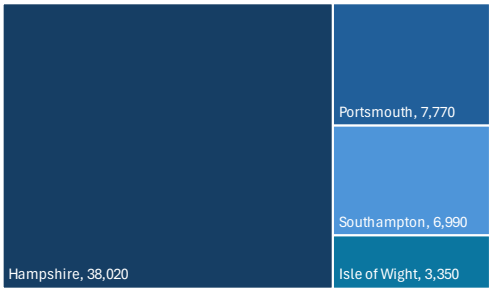
The learner achievements rate in further education and skills across Hampshire and the Solent was 2,025 adults per 100,000 population in 2024/25, down from 3,102 in 2019/20. Over the same period, the rate among 19–24-year-olds decreased from 5,672 per 100,000 in 2019/20 to 3,456 in 2024/25. The rate among 25+ year olds decreased from 2,711 to 1,826.

[25] Further education and skills, Academic year 2024/25 - Explore education statistics - GOV.UK

[26] The Department for Education's (DfE) headline Further Education and Skills statistics are primarily based on data returned by providers, not on the residency of learners. This means the figures reflect participation and achievement at institutions delivering FE and skills provision, rather than where learners live.

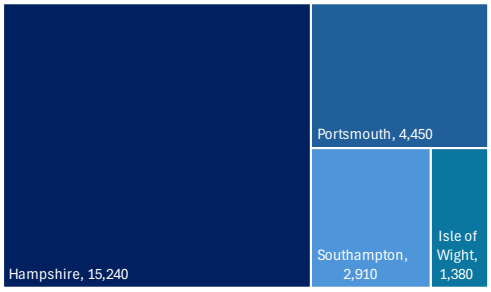
[27] Achievements are counted once per learner, even if the individual completes multiple courses. This ensures that the statistics reflect unique learners rather than duplicated counts across multiple qualifications.

Figure 42: Further education & skills - participation, 2024/25



Source: DfE 2025

Figure 43: Further education & skills - learner achievements, 2024/25



Source: DfE 2025

As shown in Figure 42, there are over 38,000 participants in the Hampshire County Council area, representing 68% of the total participation across Hampshire and the Solent. This is followed by Portsmouth with 14%, Southampton with 12%, and the Isle of Wight with 6%.

In terms of learner achievements, the County area accounts for 64% of all achievements in Hampshire and the Solent, followed by 19% in Portsmouth, 12% in Southampton, and 6% on the Isle of Wight (Figure 43).

Within Hampshire and the Solent, Portsmouth has the highest participation and learner achievement rates in further education and skills. Its participation rate is more than 20% above the average, while its achievement rate is nearly two-thirds higher than the average. In contrast, Southampton's rates are below the average. The Hampshire County Council area has a participation rate close to the average, but its learner achievement rate is approximately 7% lower than the Hampshire and Solent average.

Table 8 - Further education & skills participation and achievements by level – Hampshire and the Solent, 2024/25

	participation	learner achievements	participation per 100K population	learner achievements per 100K population
Entry level	6,070	3,220	513	272
Level 1	3,860	1,840	326	155
Level 2	17,130	7,160	1,447	605
Level 3	15,730	3,100	1,328	262
Level 4+	10,640	1,630	898	138
Full level 2	4,570	1,370	386	116
Full level 3	13,660	2,590	1,153	219
No level assigned	8,990	6,960	759	588

Source: DfE 2025

Level 2 and Level 3 courses remain the most popular overall, with 17,130 and 15,730 learners respectively, followed by Level 4 and above with 10,640 learners (Table 8). The same pattern is reflected in learner achievements, except that in the 2024/25 academic year, there were more achievements at Level 1 than at Level 4+.

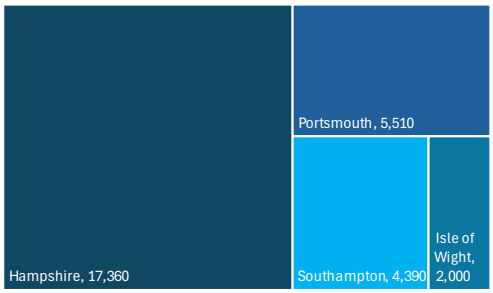
Education & Training

This category includes formal learning programmes that are not apprenticeships. It covers regulated qualifications (e.g., GCSEs, Functional Skills, vocational qualifications) and non-regulated provision aimed at improving employability, basic skills, or preparing learners for further study. As of the 2024/25 academic year, Education and Training has been redefined to incorporate elements of Tailored Learning, which replaced Community Learning.

In the 2024/25 academic year, 29,260 adults aged 19 and over in Hampshire and the Solent took part in education & training programmes. This represents a 17% decrease in participation compared to the 2019/20 academic year. The participation rate in education & training across Hampshire and the Solent was 2,471 adults per 100,000 population in 2024/25, down from 3,017 in 2019/20.

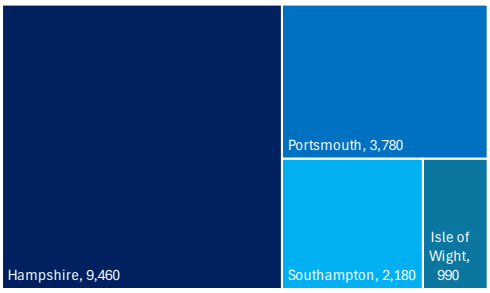
During the 2024/25 academic year, there were 16,410 recorded achievements among adults aged 19 and over in Hampshire and the Solent.[28] Compared to the 2019/20 academic year, this represents a reduction of approximately 40%. The learner achievements rate in education & training across Hampshire and the Solent was 1,386 adults per 100,000 population in 2024/25, down from 2,346 in 2019/20.

Figure 44: Education & training - participation, 2024/25



Source: DfE 2025

Figure 45: Education & training - learner achievements, 2024/25



Source: DfE 2025

As shown in Figure 44, there are over 17,300 participants in the Hampshire County Council area, representing 59% of the total participation across Hampshire and the Solent. This is followed by Portsmouth with 19%, Southampton with 15%, and the Isle of Wight with 7%.

In terms of learner achievements, the County area accounts for 58% of all achievements in Hampshire and the Solent, followed by 23% in Portsmouth, 13% in Southampton, and 6% on the Isle of Wight (Figure 45).

Within Hampshire and the Solent, Portsmouth has the highest participation and learner achievement rates in further education and skills. Its participation rate is two-thirds

[28] Achievements are counted once per learner, even if the individual completes multiple courses. This ensures that the statistics reflect unique learners rather than duplicated counts across multiple qualifications.

higher than the average, while its achievement rate is double the average. In contrast, the County area rates are around 15% below the Hampshire and the Solent rate.

Table 9 – Education & training participation and achievements by level – Hampshire and the Solent, 2024/25

	participation	learner achievements	participation per 100K population	learner achievements per 100K population
Entry level	6,070	3,220	513	272
Level 1	3,860	1,840	326	155
Level 2	13,020	5,870	1,099	496
Level 3	3,140	750	265	63
Level 4+	280	low numbers	24	low numbers
Full level 2	400	low numbers	34	low numbers
Full level 3	910	low numbers	77	low numbers
No level assigned	8,990	6,960	759	588

Source: DfE 2025

Level 2 courses remain the most popular overall, with 13,000 learners, followed by Entry Level courses with 6,000 learners. This pattern is also reflected in learner achievements (Table 9). While participation at Level 3 is relatively high, the number of learner achievements at this level is comparatively low. Participation Level 4 and above courses is limited, with few learner achievements recorded in the 2024/25 academic year.

Apprenticeships

Apprenticeships are structured training programmes that combine paid employment with formal learning. They are designed to help individuals gain job-specific skills and qualifications while working. Apprentices typically split their time between on-the-job training and classroom-based instruction. These programmes are available across various sectors and levels, from intermediate to degree-level apprenticeships.

In the 2024/25 academic year, 11,680 adults aged 19 and over started on apprenticeships programmes in Hampshire and the Solent. This represents a 15% decrease in participation compared to the 2019/20 academic year. The start rate per 100,000 people was 933 compared to 1,121 in 2019/20.

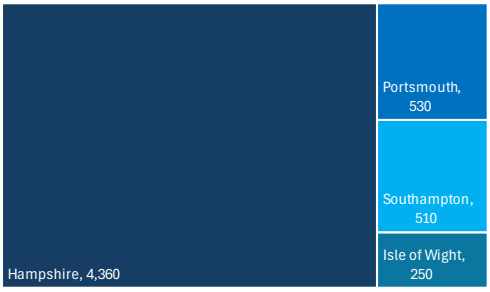
There were some 31,800 participants in 2024/25 in Hampshire and the Solent. This represents a 4% increase in participation compared to the 2019/20 academic year. The participation rate per 100,000 people was 2,540 compared to 2,482 in 2019/20.

There were 5,650 learner achievements in the 2024/25 academic year, representing a 14% decrease compared to 2019/20. The learner achievement rate was 451 per 100,000 people, down from 534 in 2019/20.

Figure 46: Apprenticeships - participation, 2024/25

Source: DfE 2025

Figure 47: Apprenticeships - learner achievements, 2024/25



Source: DfE 2025

As shown in Figure 46, there are over 24,000 participants in the Hampshire County Council area, representing 77% of the total apprenticeship participation across Hampshire and the Solent. This is followed by Portsmouth and Southampton with 9% respectively and the Isle of Wight with 5%. The participation rate in the County area stands at 2,540 per 100,000 people or about 12% above the Hampshire and the Solent average. Southampton has the lowest participation rate at 1,704 or about a third below Hampshire and the Solent average.

In terms of learner achievements, there were over 4,360 achievements in the Hampshire County Council area in 2024/25 academic year, representing 77% of the total apprenticeship participation across Hampshire and the Solent. This is followed by Portsmouth and Southampton with 9% respectively and the Isle of Wight with 4%, Figure 47. The achievement rate in the County area stands at 508 per 100,000 people or about 13% above the Hampshire and the Solent average. Southampton has the lowest participation rate at 289 learner achievements per 100,000 people or over a third below Hampshire and the Solent average.

An intermediate apprenticeship, also known as a Level 2 apprenticeship, is a vocational training program that combines hands-on work experience with academic study, equivalent to five GCSEs. Apprentices earn a salary, gain industry-specific skills and qualifications like NVQ Level 2 or BTEC, and often progress to a higher-level apprenticeship. This entry-level path offers a practical alternative to traditional post-GCSE education, allowing individuals to start a career in a chosen industry.[29]

Advanced apprenticeships are Level 3, equivalent to two A-Levels, while Higher apprenticeships are Level 4, 5, or higher, equivalent to a foundation degree, HNC/HND, or even a bachelor's or master's degree. Higher apprenticeships are a step up from Advanced ones, requiring a higher level of academic study and leading to more specialized, higher-level qualifications and professional skills.[30]

As shown in Table 10, there were over 15,000 learner participants on advanced apprenticeships in Hampshire and the Solent, accounting for 47% of all apprenticeship

[29] Levels of apprenticeship | unionlearn
[30] https://www.gov.uk/become-apprentice

participants in the area. The shares of advanced apprenticeship starts and learner achievements are similarly high, at 46% and 44% respectively (Table 10). Higher apprenticeships account for around one-third of starts and participants, and 28% of achievements, while intermediate apprenticeships make up nearly one-fifth of starts and participants and 27% of learner achievements.

Table 10 – Education & training participation and achievements by level
Hampshire and the Solent, 2024/25

				per 100,000 population		
	starts	participation	learner achievements	starts	participation	achievements
Advanced	5,310	15,060	2,510	424	1,203	200
Higher	4,190	10,710	1,590	335	855	127
Intermediate	2,180	6,220	1,550	174	497	124

Source: DfE 2025

As shown in Table 10, the participation rates per 100,000 population for advanced and higher apprenticeships is significantly higher than for intermediate courses. However, the gap in achievement rates between these levels is much smaller.

Higher Education

Higher education equips individuals with advanced knowledge, critical thinking skills, and specialised competencies that enhance career prospects and earning potential. It opens doors to professional roles that require higher qualifications and fosters personal development, confidence, and lifelong learning. Graduates tend to experience better health outcomes, greater job satisfaction, and more stable employment over their lifetimes.

A well-educated workforce is a key driver of economic growth, innovation, and productivity in Hampshire and the Solent. Higher education institutions contribute directly to the economy through research, entrepreneurship, and partnerships with industry. Graduates help fill skills gaps in high-demand sectors such as technology, healthcare, and engineering. Moreover, higher education supports regional development by attracting investment and fostering local talent.

There are four universities in Hampshire and the Solent that provide education and training to over 67,000 students. Hampshire is home to some of the country's most prestigious and active universities, whose research programmes are central to several of the UK's most valuable industrial sectors. These institutions also deliver education and training to a range of local services that support the region's large and diverse population.

Student enrolments and subject of study

The importance of STEM subjects (Science, Technology, Engineering, and Mathematics) to the economy is widely recognised across policy, education, and industry. STEM skills are in high demand across industries, from software development to engineering and data science. STEM graduates fuel innovation in sectors like AI, biotech, clean energy,

and advanced manufacturing. These fields often have higher productivity and growth potential which implies that shortages in these areas can constrain business growth and competitiveness.

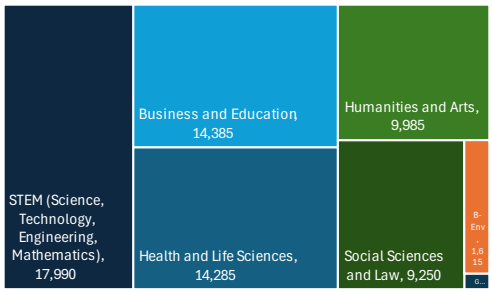
STEM subject groups represent the largest area of study across the four higher education institutions in Hampshire and the Solent - namely the University of Southampton, University of Portsmouth, University of Winchester, and Solent University. With nearly 18,000 students, STEM accounts for over a quarter (26.6%) of all HE students in Hampshire and the Solent.

The Health and Life Sciences subject group is of strategic importance to both the UK economy and the regional economy of Hampshire and the Solent. It includes fields such as pharmaceuticals, biotechnology, medical devices, diagnostics, and healthcare services. Approximately 14,300 students are enrolled in this subject group locally, representing just over a fifth of the total HE student population.

The Business & Education subject group (predominantly business) also accounts for over a fifth of students. This is followed by Humanities & Arts and Social Sciences & Law with 14.7% and 13.7% respectively (see Figure 48).

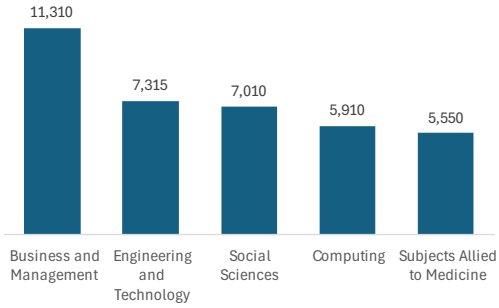
As shown in Figure 49, Business & Management is the largest individual subject area of study across the four higher education institutions in Hampshire and the Solent. This is followed by Engineering & Technology. Computing and Subjects Allied to Medicine also rank among the top subject areas, reflecting strong demand and strategic relevance to both the regional and national economy.

Figure 48: HE Subject Groups, 2023/24



Source: HESA 2025

Figure 49: Largest subjects of study, 2023/24



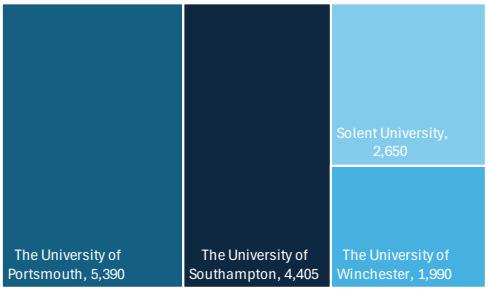
Source: HESA 2025

Qualification levels obtained

In the academic year 2023/24, there were 28,545 higher education (HE) qualifiers across the four universities in Hampshire and the Solent. The split was broadly equal between undergraduate and postgraduate qualifiers. As shown in Figure 50, the University of Portsmouth accounted for approximately 5,400 undergraduate qualifiers, or 37%, followed by the University of Southampton with around 4,400, or 30.5%. Solent University and the University of Winchester accounted for approximately 14% and 18%, respectively.

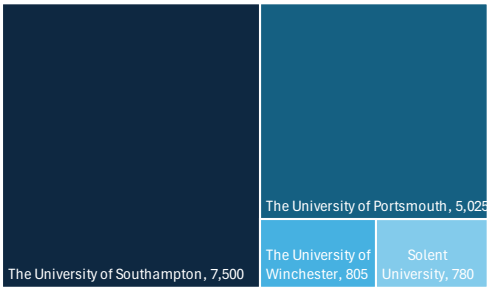
In terms of postgraduate qualifiers, the University of Southampton accounted for about 7,500, or 53%, followed by approximately 5,000, or 35.6%, at the University of Portsmouth. The University of Winchester and Solent University each accounted for less than 6% of postgraduate qualifiers in Hampshire and the Solent, Figure 51.

Figure 50: HE qualifiers by HE provider – undergraduate, 2023/24



Source: HESA 2025

Figure 51: HE qualifiers by HE provider – postgraduate, 2023/24

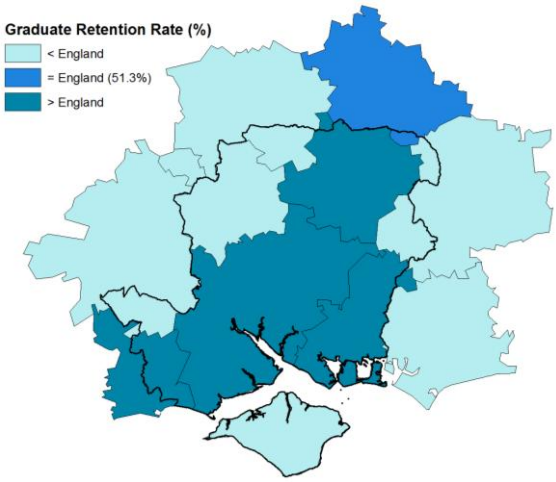


Source: HESA 2025

Graduate retention

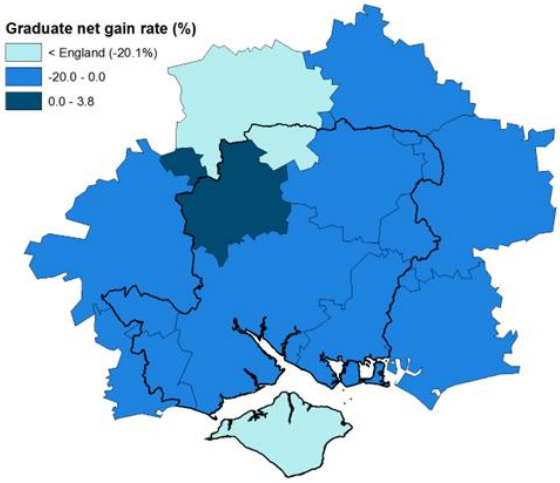
Higher education provision is important, but graduate retention is equally vital for Hampshire and the Solent region. To assess local retention, experimental statistics compiled by the ONS have been used, based on Travel to Work Areas (TTWAs).[31] The data can also be explored at the level of larger towns.

Figure 52: TTWA Graduate Retention (%)



Source: ONS 2024

Figure 53: Graduate Net Gain (%)



Source: ONS 2024

Graduate retention rates place Southampton (57%) and Portsmouth (56.7%) TTWAs at the top across Hampshire, the Solent, and neighbouring TTWAs - both above the England median of 51.3% (Figure 52). Moreover, most TTWAs covering mainland Hampshire and the Solent sit above the national median. At the individual town and city level, Portsmouth (67.5%) and Southampton (67.3%) recorded the highest retention rates

[31] HM Treasury using the DfE Longitudinal Education Outcomes (LEO) and is only based on individuals who took GCSE examinations between 2002 and 2012; generally aged between 21 years and 33 years in 2018 to 2019.

within Hampshire and the Solent, reflecting the sectoral mix in these TTWAs, particularly in Central Hampshire.[32] However, both were marginally below Bracknell (68.1%) but above Reading (66.6%). Basingstoke followed closely at 66.2%, while Romsey (Test Valley) had the lowest retention rate at 43.9%.

Graduate inward migration rates vary significantly within each TTWA, but all Hampshire and the Solent TTWA's except the Isle of Wight, are above the England median.[33] In terms of net graduate gain, all TTWAs show negative values except for Andover, which ranks 11th out of 149 TTWAs.[34] While most TTWAs outperform the England median (-20.1%), the Isle of Wight and Newbury are exceptions (Figure 53). Nationally, only 14 out of 149 TTWAs experienced a positive net gain of graduates, with Bristol, Brighton, Leeds, and London recording the highest gains. Approximately 120 TTWAs saw a net loss of individuals, indicating that the challenge of graduate retention is a national issue rather than a local one. To address this, graduates must be encouraged to view Hampshire and the Solent as a desirable place to stay - offering good jobs, quality amenities, and affordable housing.

[32] Towns and cities use the Built-up areas subdivisions (BUASD) geography codes and the built-up areas (BUA), where no subdivisions exist, defined as of 27 March 2011 (Census day).
[33] Graduates who studied KS4 in a different TTWA and now reside in the TTWA, divided by all individuals who studied KS4 in that TTWA in the tax year 2018/19.
[34] Graduates who reside in the TTWA minus the amount of individuals who studied KS4 there, divided by the amount of individuals who studied KS4 in the TTWA, for the tax year 2018/19.

Skills Mismatch

When demand and supply are not aligned, a mismatch occurs. These mismatches can negatively affect employers - for example, by reducing the quantity or quality of outputs or limiting their ability to expand. When such mismatches are widespread across the local economy or impact a major local employer, they can have broader consequences for overall economic performance. Addressing skills mismatches is complicated by ambiguity in the terminology used and by the challenges associated with accurately measuring specific types of mismatch.

It is useful to consider skills mismatches in the labour market explicitly in terms of supply and demand. Some concepts refer to situations where the supply of skilled labour is lower than demand, while others describe the opposite. In both cases, we are dealing with a disequilibrium, which typically becomes a concern only when it is persistent. Another important concept is a skills deficit, where the market is in equilibrium - supply equals demand - but both are below their potential levels.

Skills mismatches typically arise as a consequence of market failures - such as information failures, imperfect information, and externalities - relating to the supply of training to adequately meet demand.[35] These mismatches may reflect a temporary imbalance occurring at a particular point in the business cycle (also known as transitory mismatches), or they may be structural. Skills mismatches usually manifest as either skills surpluses (an oversupply of skills) or skills shortages (an undersupply of specific skills). However, mapping skills demand and supply and assessing any mismatches is complicated by definitional and measurement issues. Some indicators refer to situations where the supply of skilled labour is less than demand, while others refer to the opposite. It is also possible for the market for skills to be in equilibrium—where supply equals demand—but both are below the optimal level. [36]

In cases where the supply of skills is less than demand, the focus is typically on skills shortages, skills gaps, and undereducation. In cases where supply exceeds demand, attention shifts to skilled worker unemployment, skills underutilisation, and overeducation. Lastly, when supply equals demand, the focus is often on skills deficits and benchmarking skill levels against other areas or regions. This section focuses on the core indicators for which local-level data is available.

Skills challenges when recruiting

Across the country, just under a quarter (23%) of employers had at least one vacancy at the time of the Employer Skills Survey (ESS) 2022.[37] This represents an increase compared with 2017, when the figure stood at 20%. In Hampshire and the Solent,

[35] Gambin, L. Hogarth, T. Murphy, L. Spreadbury, L. M. Warhurst, C. and Winterbotham, M. (2016) Research to understand the extent, nature and impact of skill mismatches in the economy, BIS Research Paper No. 265, Department for Business, Innovation & Skills, May 2016

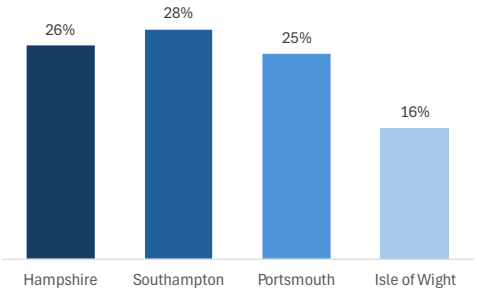
[36] Green, F. (2016) Skills Demand, Training and Skills Mismatch: A Review of Key Concepts, Theory and Evidence, Future of Skills & Lifelong Learning Evidence Review Foresight, Government Office for Science

[37] Employer skills survey 2022: England results - GOV.UK

approximately 25% of employers reported at least one vacancy (Figure 54). This was comparable to the South East, Surrey, West Sussex, and Wiltshire, but below Oxfordshire, where 30% of employers had vacancies.

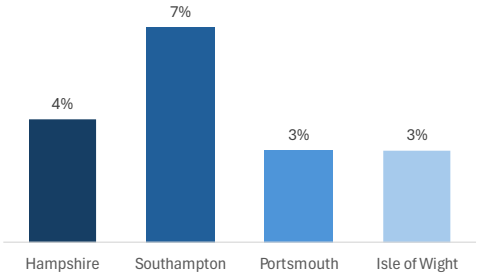
In volume terms, there were 36,900 vacancies in Hampshire and the Solent, equivalent to 4.4% of total employment. The vacancy density in the area was slightly below both the England and South East regional averages (5% respectively), and also below the levels observed in Surrey, West Sussex, Wiltshire, and Oxfordshire.

Figure 54: Incidence of establishments with vacancies, 2022



Source: HESA 2025

Figure 55: Density of vacancies, 2022 (vacancies as a % of all employment)



Source: HESA 2025

As shown in Figure 54, there are significant disparities in vacancy density within Hampshire and the Solent, with Hampshire slightly below the average and Southampton well above it.

The proportion of establishments reporting vacancies at the time of the survey increased with establishment size, both nationally and within Hampshire and the Solent. In Hampshire, this ranged from 14% of establishments with 2 to 4 employees to 76% of those with 100 to 249 employees.

The sectors with the highest proportion of establishments reporting vacancies in Hampshire were Health & Social Work (40%) and Education (39%). The lowest proportions were observed in Construction (16%) and Information and Communication (21%).

Vacancy density in Hampshire was higher among smaller establishments, ranging from 7% of total employment for those with 2 to 24 employees to 5% for those with 25 to 49 employees, Figure 55.

The sectors with the highest vacancy density in Hampshire were Hotels and Restaurants and Financial Services (both at 7%). Conversely, Public Administration had the lowest density at just 1%, followed by Education at 3%.

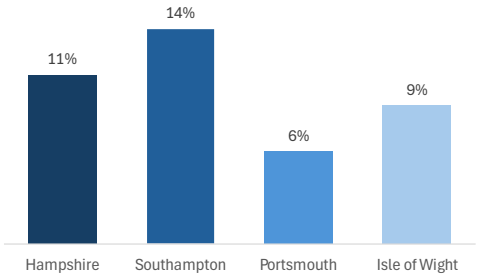
Skills shortages occur when the supply of skilled labour falls short of demand. These shortages are a concern for employers, particularly because they are often linked to reduced productivity. The primary indicator of a skills shortage is evidence that employers are unable to fill vacancies requiring skilled workers, typically due to a lack of skills, qualifications, or experience among applicants.

In 2022, there were 531,200 skills-shortage vacancies (SSVs) reported across the UK—more than double the number recorded in 2017 (226,500). In Hampshire and the Solent, there were 12,200 SSVs in 2022.

Around 11% of establishments in Hampshire and the Solent reported at least one SSV in 2022, a figure comparable to the regional average and slightly above the national average. Nationally, the proportion of establishments reporting SSVs increased from 3% in 2011 to 6% in 2017, reaching 10% by 2022.

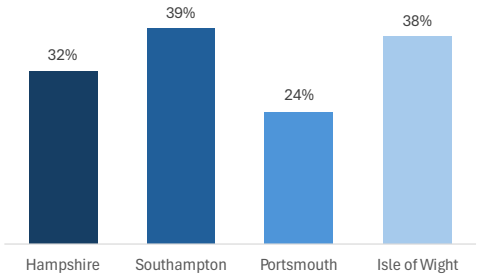
As shown in Figure 56, Southampton had the highest incidence of SSVs within Hampshire and the Solent, while Portsmouth had the lowest. The incidence in Hampshire was broadly in line with the Hampshire and Solent average.

Figure 56: Incidence of skills shortage vacancies, 2022



Source: HESA 2025

Figure 57: Density of skills shortage vacancies, 2022 (SSV as a % of all employment)



Source: HESA 2025

The density of skills-shortage vacancies (SSVs) - defined as the number of SSVs as a proportion of total vacancies - in Hampshire and the Solent was 33%, below both the England and South East regional averages. However, there are significant disparities across the area, with Southampton and the Isle of Wight well above the average, and Portsmouth well below (Figure 57).

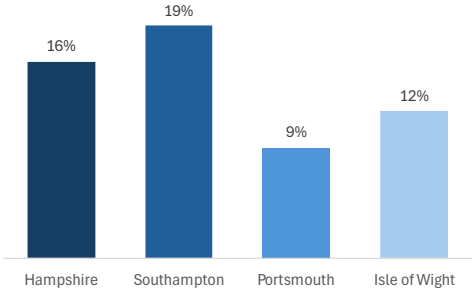
By employer size, the density of SSVs was highest among establishments with 2 to 4 employees (43%), followed by those with 50 to 99 employees (40%). In terms of volume, the Business Services sector had the highest number of SSVs in Hampshire, followed by Health & Social Work and Education.

The highest density of SSVs in Hampshire was found in the Business Services sector (54%), meaning just over half of vacancies in this sector were proving hard to fill due to skill shortages among applicants. This was followed by the Construction sector (52%) and Education (50%).

The hard-to-fill skills-shortage vacancy - now widely accepted as the key indicator of a skills shortage - has been central to debates about Britain's skills challenges over the years. Employers who reported vacancies at the time of the survey were asked whether any of those had proved hard to fill.

In Hampshire and the Solent, 15% of establishments had at least one hard-to-fill vacancy. This was comparable to the England average, but below the averages for South East England, Surrey, Oxfordshire, West Sussex, and Wiltshire.

Figure 58: Incidence of hard-to-fill vacancies, 2022



Source: HESA 2025

Table 11: Density of skills shortage vacancies, 2022 (SSV as a % of all employment)

Managers	6%
Professionals	17%
Associate professionals	13%
Administrative/secretarial occupations	10%
Skilled trades occupations	26%
Caring, leisure and other services	18%
Sales/customer service staff	9%
Process, plant and machine operatives	11%
Elementary occupations	14%

Source: HESA 2025

As shown in Figure 58, the proportion of establishments in Hampshire with at least one vacancy that is hard to fill is above the England average and comparable to the South East average. Southampton again has the highest incidence of hard-to-fill vacancies, while Portsmouth has the lowest.

The incidence of hard-to-fill vacancies in Hampshire increases with establishment size, ranging from 9% among the smallest establishments (2 to 4 employees) to 51% among those with 100 to 249 employees. Sectoral data suggests that the highest incidence of hard-to-fill vacancies is found in Education (30%), Financial Services (24%), and Health, Transport and Storage (23%).

Occupational data indicates that the highest incidence of hard-to-fill vacancies in Hampshire is found in skilled trade occupations (26%), followed by caring, leisure and other service occupations (18%), and professional occupations (17%), Table 11.

The main causes of hard-to-fill vacancies reported by employers in Hampshire were: “not enough people interested in doing this type of job” (27%) and “low number of applicants with the required skills” (22%).

The internal skills challenge

The case of demand exceeding supply internally within a firm or organisation is termed a ‘skills gap’, which is indicated when employees are perceived by their managers to lack some competencies needed to carry out their tasks and follow management strategies.[38]

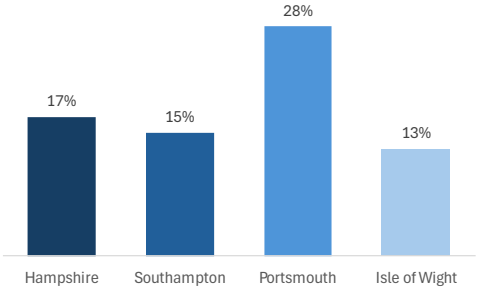
According to the latest Employer Skills Survey (ESS 2022), 15% of employers across the country reported having at least one member of staff who was not fully proficient in their job - an increase from 13% in 2017.

[38] Green, F. (2016) Skills Demand, Training and Skills Mismatch: A Review of Key Concepts, Theory and Evidence, Future of Skills & Lifelong Learning Evidence Review Foresight, Government Office for Science

The incidence of skills gaps among employers in Hampshire and the Solent stood at 18%, above both the national and South East averages. This figure is comparable to Surrey, slightly below Oxfordshire (19%), but above West Sussex (16%) and Wiltshire (17%).

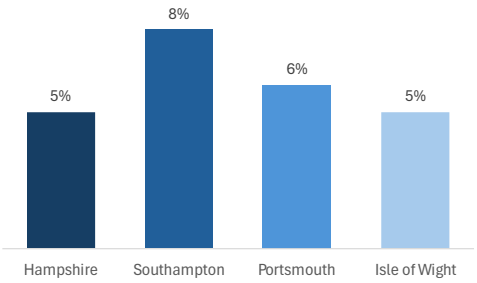
As shown in Figure 59, there are significant disparities among Hampshire and the Solent's upper-tier unitary authorities. Employers in Portsmouth were twice as likely to report skills gaps as those on the Isle of Wight.

Figure 59: Incidence of skills gaps, 2022



Source: HESA 2025

Figure 60: Density of skills gaps, 2022



Source: HESA 2025

Skills gap density (the proportion of the workforce lacking full proficiency) helps us to understand how widespread skills gaps are within the existing workforce, rather than just how many employers are affected. It complements the incidence of skills gaps, which refers to the proportion of establishments reporting at least one employee with a skills gap.

Skills gaps density has also increased over time. In 2022 skills gaps density in Hampshire and the Solent stood at 5.4%, slightly below the regional and England average (6% respectively). However, as shown in Figure 60 there are significant disparities in skills gaps density across Hampshire and the Solent. Hampshire and the Isle of Wight stood below the average, Portsmouth was comparable to the average but Southampton stood well above the regional and national average.

In 2022, 1.72 million employees in the UK lacked full proficiency, higher than the previous high of 1.48 million in 2011 and the 2017 low of 1.27 million. The volume of skills gaps across Hampshire and the Solent workforce has followed a similar trend – in 2022 some 45,300 employees lacked full proficiency.

The incidence of skills gaps in Hampshire increases with establishment size, ranging from 8% of employers among the smallest establishments with 2 to 4 employees to 44% among those with 25 to 49 employees before falling back among medium and large establishments. Skills gap density followed a similar trend, increasing from 3% of staff lacking full proficiency among employers with 2 to 4 employees, to 6% for employers with 5 to 24 employees and 25 to 49 employees, before falling back among medium and large establishments.

The highest density of skills gaps in Hampshire in 2022 was reported among Hotels and Restaurants (13%), followed by education (11%). Density of skills gap in information and communication (ICT) and manufacturing was slightly above the average. Transport &

Storage and Public administration (1% respectively) have the lowest density of skills gaps.

The occupations with the highest density of skills gaps in Hampshire were Sales and Customer Service occupations (8.6%) followed by the Elementary occupations (8.5%). Managers (1.9%) tended to have the lowest density of skills gaps.

The skills lacking in the workforce remained relatively consistent with findings in previous years, with skills relating to self-management still the most likely to be lacking. The most commonly lacking skills were the ability to manage their own time and to prioritise tasks, specialist skills or knowledge needed to perform the role (54%) and team working.

Skills underutilisation

In addition to examining situations where the supply of skills falls short of demand - resulting in skill shortages and skill gaps - it is also important to investigate imbalances that occur when the supply of skills exceeds demand. In such cases, the skills and qualifications held by employees are not optimally utilised within the labour market.

This underutilisation of skills is often linked to lower pay and reduced well-being at work. Understanding and addressing this issue is particularly challenging due to difficulties in measurement. It typically relies on subjective indicators gathered through surveys, where responses can vary significantly depending on how questions are phrased.

One commonly used proxy for skills underutilisation is 'overeducation' or 'underemployment' – situations where individuals possess a higher level of education than their job requires. In the ESS 2022 survey under-use of skills was measured by asking employers how many staff, if any, had both qualifications and skills more advanced than required for their current job role.

Just over a third (35%) of establishments across the country reported that at least one employee had both qualifications and skills more advanced than required for their current job role. This is unchanged from 2017.

The rate in Hampshire is comparable to the national average and lower than in Portsmouth and the Isle of Wight (37% and 38% respectively).[39] Staff under-utilisations in Hampshire and the Solent tends to be slightly above Surrey (32%) and West Sussex (31%) but below Oxfordshire (39%).

As in 2017, establishments with fewer than 25 employees tended to have a higher proportion of underutilised staff. This may partly be due to the broader range of tasks that senior employees often undertake in smaller organisations, as well as the lower availability of formal opportunities for career progression.

[39] Estimates for Southampton are not available.

Across the country, the sectors with the highest proportion of underutilised staff were Hotels and Restaurants and Arts and Other Services. In contrast, the sectors with the lowest levels of underutilisation were Manufacturing and Public Administration.

Employer Training

Employer training offers a wide range of benefits to businesses, both in the short term and strategically over time. Training equips employees with the skills and knowledge needed to perform their roles more efficiently and effectively. This leads to fewer errors, faster task completion, and better overall output - directly impacting business performance.

A well-trained workforce is better able to adapt to new technologies, processes, and market demands. Training fosters a culture of continuous improvement and innovation, helping businesses stay competitive in dynamic environments.[40]

Investing in employee development signals that the business values its workforce, which boosts morale and job satisfaction. This can lead to higher retention rates, reducing recruitment costs and preserving institutional knowledge.

Employer-led training allows businesses to tailor skill development to their specific operational needs, helping to close gaps that external education or qualifications may not address. This ensures that employees are equipped with the exact competencies required. [41]

In 2024, around 198,000 working-age individuals in Hampshire and the Solent received job-related training in the previous four weeks, according to ONS estimates. The training rate in the area stood at 16%, higher than the South East average of 13% and the national average of 11%. While this represents an increase from 13.5% in 2019, it still indicates a relatively modest level of ongoing training activity among the Hampshire and Solent workforce.

There are notable disparities in employee training outcomes across Hampshire and the Solent. In the Hampshire County area, the training rate stood at 17%, followed by 14% in Portsmouth - slightly ahead of both Southampton and the Isle of Wight.

The Employer Skills Survey tracks how frequently employers provide on-the-job and off-the-job training for their staff.[42] In 2022, 28% of employers in Hampshire and the Solent offered both types of training over the previous 12 months. The training rate was highest in Portsmouth and lowest on the Isle of Wight.

[40] https://www.cipd.org/globalassets/media/knowledge/knowledge-hub/reports/0000unlocking-workplace-skills-role-employers_2015-november_tcm18-10227.pdf
[41] https://www.cipd.org/globalassets/media/comms/news/addressing-employer-underinvestment-in-training_tcm18-61265.pdf
[42] Employer skills survey 2022: England results - GOV.UK

However, 39% of employers in the region did not provide any training, with substantial variation across sub-areas - 34% in Southampton and nearly half (47%) on the Isle of Wight.

The proportion of non-training employers in Hampshire and the Solent is lower than in West Sussex, but higher than in Wiltshire, Surrey, and Oxfordshire.

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