



Skills Strategy

September 2024

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Committee:	Hampshire Prosperity Partnership Board
Date:	03 September 2024
Title:	Skills Strategy Update

1. Background

1.1 HCC is required to develop an economic strategy as part of the guidance underpinning the transfer of Local Enterprise Partnership (LEP) responsibilities. Our ambition is to align an updated skills strategy with this work, which will position skills as a critically important factor in delivering economic prosperity and growth.

2. Context

2.1 The original Hampshire Skills Strategy and Action Plan was developed in 2019. This involved extensive research into the demand for and supply of skills in the area and included consultation with employers, the skills sector and other local stakeholders. It resulted in a set of high level actions aligned to three key priorities:

- **A demand led skills system**
- **An inclusive local labour market**
- **A high quality skills infrastructure**

[Access talent and skills in Hampshire | Business Hampshire : Business Hampshire](#)

The strategy and plan was updated and refocused in 2022, highlighting progress against the original priorities and some new areas of focus. The headline priorities remained the same.

2.2 Local Skills Improvement Plans (LSIPs) for EM3 and Solent areas were published in 2023 – evidencing local employers’ skills needs and agreeing key priorities for action. The Local Skills Investment Fund enabled the Further Education (FE) sector to invest in facilities and equipment to support the delivery of these priorities (programme runs until March 25).

The LSIPs will publish their progress reports in September 2024. FE providers are required to take account of the findings of the LSIPs in their accountability statements, and to demonstrate that their curriculum is aligned with the needs of the local labour market.

[Future Skills Hub - Surrey Chambers \(surrey-chambers.co.uk\)](#)

[Local Skills Improvement Plan | Hampshire Future Skills \(hampshirechamber.co.uk\)](#)

2.3 The Hampshire 2050 Commission of Inquiry was undertaken in 2018 and refreshed in 2023:

[Vision for Hampshire 2050 | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

This provides the wider strategic context for our skills work with the ambition to:

‘Foster a strong, knowledge based, sustainable and inclusive Hampshire economy, working closely with relevant agencies, businesses, HE, FE and skills providers.’

2.4 Hampshire’s current Economic Strategy, to be updated in the Autumn, has an ambition to look wider than GDP growth by focusing on other elements (‘six capitals’) as indicators of a healthy successful and prosperous place.

[hampshire-economic-strategy.pdf \(hants.gov.uk\)](https://www.hants.gov.uk/hampshire-economic-strategy.pdf)

The strategy has a strong focus on **human capital**, with the health and skills of the population as a core determinant of labour productivity.

3. The National Skills Landscape

The priorities of the new government include a renewed focus on devolution and a more locally managed skills and employment support system.

Skills England was launched in July 2024 and will be established in phases over the next 9 to 12 months to create a responsive and collaborative skills system. It will bring together central and local government, businesses and training providers and unions to meet the skills needs across all regions, providing strategic oversight of the post-16 skills system aligned to the government’s Industrial Strategy.

There is a commitment to **devolving adult skills funding** to Combined Authorities, empowering local leaders to have greater control of skills development in their areas, alongside a greater role in supporting people into work. Skills England will co-ordinate between local areas to ensure everyone can access all the opportunities available. It will also take on the functions of IfATE (Institute for Apprenticeships and Technical Education), shaping occupational standards and advising on the **Skills and Growth Levy**.

The current Apprenticeship Levy will be transformed into a more flexible **Skills and Growth Levy**, allowing employers to spend up to 50% of their levy contributions to fund training through routes other than apprenticeships. Skills England will identify the training for which the Skills and Growth Levy will be accessible, giving businesses more flexibility, whilst ensuring that eligible courses offer value for money.

A new **Youth Guarantee** will support all young people aged 18-21 to find training, an apprenticeship or work. In addition, there will be a guarantee of two weeks’ **Work Experience** for every young person and improved **careers advice** with 1,000 new careers advisers in schools as well as the provision of specialist mental health support in every school.

The government (DWP) will introduce a new combined **National Jobs and Careers Service** bringing together Jobcentre Plus and the National Careers Service to help more people to access and progress in work. The service will be responsive to local employers, inclusive for all users, and will work in partnership with other local services.

FE Colleges will be transformed into specialist **Technical Excellence Colleges**. These colleges will work with businesses, trade unions, and local government to provide young people with better job opportunities and the highly trained workforce that local economies need. Access to higher education will also be improved, and there will be a focus on raising teaching standards.

4. Local Implications

Current challenges and opportunities in the local labour market:

4.1 Fewer highly skilled workers - Hampshire county area has 270,000 highly skilled workers (37.9%) which is lower than the South East (41%) but slightly above the national average (37.5%). The gap between the County area and national average has narrowed, whilst the gap with the South East has widened. This suggests the Hampshire area is losing ground to the South East which could make the area increasingly less competitive in the long-run and potentially have a negative impact on investment, if not reversed. There is also a notable gap between high skill levels across the county, with North and Central Hampshire generally performing better than South Hampshire and the Solent areas.

All of Hampshire's neighbouring authorities have higher proportions of high-skilled workers with only West Sussex lower than the County area.

4.2 Increasing lower skilled occupations in some areas - Hampshire county area has approximately 68,000 low-skilled workers, accounting for one-in-ten (9.5%) of County area residents in employment. This is above the South East (8.3%) but broadly comparable to the national average (9.2%). Between 2020 and 2023, the proportion of low skilled jobs increased at a faster rate than the national average.

This points to a potentially greater hollowing out of intermediate occupations in North and Central Hampshire, where low-skilled occupations are increasingly serving the local needs of high-skilled residents who may or may not work locally. Allowing for a degree of uncertainty in the survey data, Basingstoke & Deane and Winchester appear to have seen large spikes in low-skilled occupations, as does Gosport in South Hampshire. All of Hampshire's neighbouring authorities had smaller concentrations of low-skilled workers than Pan-Hampshire and the County area in 2023.

5. Emerging Themes

Some areas for further consideration and discussion may include:

- A stronger focus on **skills for key sectors and clusters** – reflecting priorities for prosperity and growth. Building on the work of the LSIPs to better understand the demand for, and supply of, skills for key economic sectors (for example, space; defence and security; marine and maritime) and a greater understanding of how to influence the supply of skills into these sectors as well as interventions to retain and progress the existing workforce. In particular, considering how to increase the supply of higher level skills in these sectors.

- **Health and wellbeing in the workforce** – aligning to the Hampshire 2050 Partnership’s Year of Health and Wellbeing, by addressing key challenges such as a rapidly ageing population and a growing mental health crisis among younger people. Considering more support for employers to diversify their workforces, alongside the likely growth in supported employment programmes for economically inactive individuals.
- **Skills for a net zero economy** - supporting Hampshire’s aspiration to tackle climate change by ensuring a sufficient supply of suitably skilled workers, including higher level skills and leadership and management.
- **Digital** – including ensuring essential digital skills for those areas where they are needed and higher level, contextualised skills (including AI) for different parts of the labour market, such as HR, programming and creative occupations.
- Interventions to support a **balanced and inclusive labour market** – focusing skills development programmes such as Skills Bootcamps on areas with persistent skills gaps such as construction, health and social care, and tourism and hospitality; and using these programmes to increase skill levels in these occupations.
- Working with schools, colleges, careers providers and universities to support and develop **cross cutting skills for employability and career development**.

6. Proposed Way Forward

Our aim is to prepare for a **more aligned and better co-ordinated local skills system** through our new governance structures, including the Hampshire Prosperity Partnership Board and the Hampshire Skills Partnership – building stronger relationships between key stakeholders across the area.

We also develop **an updated skills strategy and action plan** that builds on work to date; is developed in partnership with employers, providers and local stakeholders; and supports our aspirations for economic prosperity through greater local accountability and control.