

SKILLS CHALLENGE FUND

GUIDANCE NOTES



The Skills Challenge Fund is supported by the Local Growth Fund, which is funded by the UK Government and managed in Wales by the Welsh Government.

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Wedi ei ariannu gan
Llywodraeth y DU



Funded by
UK Government



Llywodraeth Cymru
Welsh Government



Before completing an application, applicants are advised to read these Guidance Notes.

1. What is the Local Growth Fund?

The Local Growth Fund (LGF) is a new programme funded by the UK Government and delivered in Wales through the Welsh Government over the period 2026 to 2029. The fund replaces the UK Shared Prosperity Fund (UKSPF) and provides a mix of capital and revenue funding to support business growth, skills and employment, and strategic infrastructure projects, with investment priorities agreed jointly by the UK and Welsh Governments. In the Vale of Glamorgan, the Council has been allocated one year of transition funding for 2026/27, which will be used to deliver projects that strengthen the local economy, support businesses to innovate and grow, improve skills and employability, and provide grant funding opportunities for local enterprises.

2. Introduction

The Vale of Glamorgan Council is committed to supporting economic growth and business development across the county. The Skills Challenge Fund is funded through the Local Growth Fund (LGF) and aims to support businesses to become more productive, competitive and innovative, as well as increasing skills and supporting people into work.

The Skills Challenge Fund will provide flexible grant support for employer-led projects that address acute skills shortages and workforce challenges in priority sectors. The fund encourages innovative approaches to workforce development, creating pathways into employment, supporting skills progression and helping businesses access the talent and training they need to grow and innovate.

Recognising that traditional skills provision and funding programmes do not always meet local needs, the fund will support collaborative projects that test new approaches and respond to identified gaps in provision.

Priority will be given to initiatives that support young people, individuals facing redundancy, economically inactive residents and other underrepresented groups to



access training, skills development and employment opportunities.

The programme will also support delivery against recommendations emerging from recent local and regional studies relating to strengthening foundational sector pathways, expanding cross-cutting skills provision, support for high value employment clusters and local supply chains, green growth and the transition to a low-carbon economy.

By helping businesses access the skills needed to adopt new technologies, embrace innovation and respond to changing market demands, the programme will contribute to sustainable economic growth, workforce resilience and a more inclusive and prosperous Vale economy.

3. The offer

The Skills Challenge Fund will offer grants of **up to £5,000** (max. **80% of project costs**). **Applicants must contribute 20%**. All funded activity must be completed and applicable evidence submitted before **31st March 2027**. A deadline will be stipulated in your funding award letter if your application is approved.

In line with the LGF, the grant seeks to support enterprises within the following priority areas for the Vale of Glamorgan, which have been identified in the Regional Skills Partnership.

Priority sectors include:

- Advanced Materials and Manufacturing (including food manufacturing)
- Compound Semiconductors
- Construction
- Creative
- FinTech
- Human Foundation Economy (Education, Health, Social Care, Childcare & Emergency Services (excluding statutory services)
- Human Foundation Economy (Hospitality, Retail & Tourism)

The above sectors will be given precedence when reviewing applications.



The Vale of Glamorgan Council has recently commissioned an Economy, Employment & Skills Study which identified locally significant skills gaps and workforce challenges. Therefore, we are particularly interested in applications that deliver against the following:

- Strengthening foundational sector pathways
(For example, strengthening management and leadership pathways within health and social care)
- Expanding cross-cutting skills provision
(Many jobs are changing and with them skills requirements are too – for example, digital skills, communication, problem solving and critical thinking, sustainability and green skills)
- Support for high value employment clusters and local supply chains, and the transition to a low-carbon economy
(For example, advanced manufacturing and engineering including aerospace, mechanical, electrical and electronic engineering, embedding smart manufacturing, green energy, digital creative, support for technical and professional pathways).

4. Eligibility

Who can apply?

The Skills Challenge Fund is open to applications from enterprises which:

- Are operating in the Vale of Glamorgan
- Have a registered business address within the Vale of Glamorgan
- Are established businesses, with at least 12 months of trading
- Employ at least 2 FTE staff

The Skills Challenge Fund welcomes collaborative bids from multiple businesses. All collaborative bid partners must be based in the Vale. There will need to be a lead applicant named and nominated for funding and finance purposes. The lead applicant should be the legal entity that will enter into the grant agreement, receive and account for the funding, and exercise control over the project's income and expenditure. The lead applicant will also be responsible for submitting all relevant evidence.



Who cannot apply?

The Skills Challenge Fund rules prohibit the following from applying:

- Those who are outside the geographical limits noted above
- Businesses that have been trading for less than 12 months
- Businesses with charitable fundraising as their focus
- Statutory bodies
- Political groups
- Sole traders
- Those not willing to commit themselves to equality of opportunity in respect of language, race, sex, sexual orientation, creed or, as far as practicable, disability.

Any business where there are ethical or reputational considerations will not be deemed eligible. For example, businesses which are associated with the promotion of particular religious or political views; gambling; pornography; offering sexual services of any kind; any illegal activities; and other business deemed to be 'novel and contentious' by the Council.

What can be funded? Eligible Projects (Revenue):

The grant will fund employer-led projects (revenue) that address acute skills shortages and workforce challenges.

The fund encourages innovative approaches to workforce development, creating pathways into employment, supporting skills progression and helping businesses access the talent and training they need to grow and innovate.

Recognising that traditional skills provision and funding programmes do not always meet local needs, the fund will support collaborative projects that test new approaches and respond to identified gaps in provision.

Indicative activities may include, but are not limited to:

- Skills bootcamps
- Accredited/unaccredited training courses



- Flexible, demand-led training aligned to demand from high growth and regionally important sectors.
- Addressing regional skills gaps or tailored to take advantage of regional economic opportunities (e.g. energy).
- Apprenticeships or other qualifications linked to identified gaps or demand.
- Modular training or skills investments where meeting specific demand.
- Enabling skills to support productivity, including digital skills.

Please note that if you are not VAT registered then you can include VAT in your costs claimed. If you are VAT registered, then VAT must be excluded from your costs.

What cannot be funded? Ineligible costs:

- Retrospective expenditure where goods and services have already been obtained and paid for
- Recreational training courses not linked to employment
- Courses currently funded elsewhere
- Projects that cannot demonstrate need
- Salary costs
- Staff time or in-kind contributions as match funding
- Activities which are party-political in intention, use or presentation
- Cash purchases will not be considered for grant payment
- VAT where recoverable

Please Note: Applications will be subject to due diligence checks and grants will not be payable where an applicant's business rates and/or council tax are in arrears.

5. Key Performance Indicators (KPIs), Outputs & Outcomes

This scheme aligns with LGF Priority 2: Enhance workforce skills through flexible, demand-led training aligned with the needs of high growth and regionally important sectors.

Applicants will be required to identify and commit to delivering a proportionate set of outputs and outcomes, for the level of grant investment requested.



Please be aware that each KPI Output and Outcome have strict evidence criteria, which can be found in Annex A of this Guidance. All successful applications must provide the required evidence, or funding will be withdrawn or recovered, as applicable to the stage of the award.

Applications MUST seek to support at least one of the following:

- **OP12:** Number of people undertaking accredited learning
- **OP13:** Number of people undertaking non-accredited learning
- **OP15:** Number of people gaining a qualification

Applications should also seek to support at least one of the following:

- **OP02:** Number of enterprises engaged in new markets
- **OP03:** Number of enterprises with high growth potential supported to scale up
- **OP09:** Number of enterprises adopting new-to-firm technologies or processes
- **OP10:** Number of products with improved technology readiness level (TRL) in their development
- **OC01:** New jobs created as a result of support (FTE)
- **OC04:** Number of enterprises with improved productivity within six months
- **OC05:** Number of enterprises successfully transitioning into higher size-bands
- **OC06:** Increase in international exporting (£m)
- **OC08:** Number of new-to-market products
- **OC09:** RD&I funding leveraged
- **OC10:** Number of people in employment, including self-employment, following support
- **OC11:** Number of people in sustained employment following support
- **OC12:** Number of people progressing within employment following support

All successful applications will need to supply evidence to support:

- **OP05:** Number of enterprises receiving grants
- **OC07:** Private Sector Co-investment



Projects that fail to deliver agreed outputs and outcomes may be subject to clawback.

Annex A of the guidance also shares additional KPI information referred to as Secondary Units. Please reference these in your application if relevant to your project application.

IMPORTANT: Applicants are responsible for sourcing and recruiting participants for any training, development or workforce programmes supported through the Skills Challenge Fund. Where employers require assistance in identifying suitable candidates, the Council can provide signposting to relevant local employability and recruitment support services, including Vale Employability, the Department for Work and Pensions (DWP), Careers Wales and other appropriate partners.

6. Application process

Applicants are required to submit an expression of interest (EOI) relating to the fund, which should clearly detail what the challenge is, why they need support and the expected impact on the business.

Stage 1: Expression of Interest

Stage 2: Full Application

7. Assessment Criteria

Applications will be assessed against three key areas: Impact, Deliverability, and Project Approach. Applicants should ensure their proposals clearly demonstrate how their projects address the objectives of the fund, can be delivered successfully, and contribute to the wider ambitions of the Local Growth Fund and Council priorities.

Projects which demonstrate:

- A strong understanding of the challenge being addressed
- Clear evidence of need
- Measurable outcomes



- Confidence in their ability to deliver the proposed activities, within proposed budget and timeframe

Are likely to score more favourably.

Applications which actively seek to support under-represented groups, young people, those facing redundancy, people from areas with a high concentration of deprivation, and those who are unemployed or economically inactive, will be prioritised.

8. Procurement

The procurement process needs to demonstrate best value of public funds. Based on your pre-tender estimate for goods or services, the following procurement thresholds and guidelines must be adhered to.

Estimated Value	Procurement Action Required
Up to £2,500	1 written quote or prices sought from relevant suppliers of goods, works and/or services
£2,500-£5,000	2 written quotes or prices sought from relevant suppliers of goods, works and/or services
Over £5,000	3 written quotes or prices sought from relevant suppliers of goods, works and/or services

Please be specific in your specification. This is your chance to set the quality standard for this work, unless justifiable and with agreement of the Vale of Glamorgan Council you are required to go with the lowest quote. This is done to ensure value for money.

Please Note: Whilst applicants are encouraged to obtain multiple quotations where possible to demonstrate value for money, the Council recognises that this may not always be feasible. Where an applicant is unable to obtain additional quotations, a clear and reasonable justification must be provided. The Council may, at its discretion, accept a reduced level of procurement evidence where it is satisfied that the justification is appropriate.



Any such requests will be considered on a case-by-case basis and approval is not guaranteed.

The Vale of Glamorgan Council encourages applicants when considering quotes to explore the marketplace to establish if there are any businesses within the Vale of Glamorgan that can provide the goods and services that you are seeking and include them in your invites to quote. Businesses operating in the Vale have an important role to play in the supply chain development and economic growth.

9. Payment & Monitoring

The grant will be paid in accordance with the terms and conditions set out in the funding letter.

The grant will usually be paid retrospectively and subject to all evidence of expenditure being submitted to the Council as well as additional evidence of project activity such as that required to prove the project Outputs and Outcomes. For organisations that would find this prohibitive to delivering their project, please speak to a member of the team before submitting your application.

All KPIs must be supported by appropriate evidence as defined in the LGF framework in Annex A. Failure to provide evidence will result in non-payment or clawback.

10. Terms and Conditions

The Vale of Glamorgan Council reserve the right to amend and make changes to the scheme in accordance with funding guidelines.

Funds are limited and it is a competitive application process. Once the funds are fully allocated, no more applications will be considered.

The Council reserved the right to close the EOI application process early if significant submissions are received.



Applicants will need to adhere to strict deadlines throughout the process, failure to do so may prevent your application from progressing or may result in your funding offer being withdrawn.

The applicant must accept the terms and conditions of the grant offer by completing the Notification of Approval and Terms & Conditions within 14 days from receipt.

Your application must be approved before you make any purchases or start work, no grant money will be issued for any items purchased or works carried out prior to written approval being issued.

All approved work must be completed and evidence of payment provided by the applicant before any grant award can be made.

All expenditure associated to the grant must be completed within 4 months of the date of approval letter and no later than 26 February 2027.

Successful applicants will be expected to return any required evidence reasonably requested by the Vale of Glamorgan Council, after funding is awarded, in line with the funding guidance. Including evidence related to business growth achieved post funding.

Subsidy Control

The Skills Challenge Fund is awarded under UK Subsidy Rules and covered by the current UK Government Subsidy Control Act (2022). All bids must consider how they will deliver in line with subsidy control as per UK Government guidance: <https://www.gov.uk/government/collections/subsidy-control-regime>.

Subsidy Control Grant awards will be made in accordance with applicable Subsidy Control / Minimal Financial Assistance (MFA) requirements. Applicants may be required to declare any other public funding received. You will be expected to inform us with your application form of any other grants and support you have received from the public sector over the last 3 financial years.



The total amount of Minimum Financial Assistance (MFA) received over a rolling period of three fiscal years should not exceed £315,000 per business*. If you have received any other financial assistance in the past 3 financial years, you must declare it. It is the responsibility of the applicant to monitor the level of MFA received; you will be asked to declare that this has not been exceeded in the event of an offer being made. [* The MFA financial threshold applies at company group level.]

Where applicants do not adequately demonstrate that the proposed project is compliant under the UK Subsidy Control Regime it may be considered ineligible, and your application could be rejected.

The grant must be repaid in full, on demand, if:

- the applicant is found to have made any misrepresentation in connection with the application
- the applicant has breached any applicable terms and conditions
- the business relocates within 5 years of award to a location outside of the Vale of Glamorgan.

The Vale of Glamorgan Council reserves the right to update this guidance at any time.

11. Appendix A

Key Performance Indicators (KPIs) Local Growth Fund Outputs and Outcomes:
Evidence Definitions and Criteria:

- [Local Growth Fund Wales – Outputs and Outcomes Indicators Framework – English](#)
- [Local Growth Fund Wales – Outputs and Outcomes Indicators Framework - Welsh](#)

