

BRIDGING THE SKILLS GAP

- DISCRETIONARY GRANTS -

Wendy Glenda Shuttleworth is the Group Head: Accreditation and Programme Strategist at the Signa Group. Daily she interacts with SETAs and has a full understanding of the system in place to secure the disbursement of Grants to promote scarce and critical skills per sector.



Wendy Glenda Shuttleworth
Accreditation and Programme Strategist
Signa Group

Skills Development has been identified as a national imperative. Evidence of this is, the Skills Development element in the Amended Codes and all Gazetted Sector Codes have identified it as a Priority Element. Most organisations are aware of the set targets laid out in the Codes they are measured on; however, many are not aware of the benefits a Discretionary Grant may offer.

A Discretionary Grant is an alternate avenue of funding available for employers to drive identified national growth objectives aligned to the Human Resources Development Strategy (HRDS), National Development Plan (NDP), Industrial Policy Action Plan (IPAP), the New Growth Path (NGP) and the National Skills Development Strategy (NSDS). This is illustrated in the Sector Education and Training Authority (SETA) Skills Sector Plan.

SETAs are public entities established in terms of the Skills Development Act, as Amended. Their mandate is to facilitate Skills Development by implementing learning programmes and grant disbursements. This is, in addition to, the overall monitoring of education and training as outlined in the NSDS. SETA sustains itself by funds collected through payments made by employers as a direct result of the Skills Development Act and the Skills Levy Act.

These Acts mandate employers with an annual payroll of R500,000.00 or more to pay a skills levy equal to 1% of their annual payroll directly to their relevant SETA. Thereafter, these funds are allocated as follows:

- > 10.5% SETA administration;
- > 20% National Skills Fund;
- > 20% Mandatory Grants; and
- > 49.5% Discretionary Grants.

What many organisations are not aware of is that the 49.5% allocated to Discretionary Grants may be accessed through an application process to drive the development of scarce and critical skills through the sector they represent. The 49.5% revenue allocated is set aside in a Discretionary Grant 'pool', which is derived from the 1% payroll paid over to SARS. Any organisation paying their skills levy is entitled to apply to their SETA for a portion of these funds, provided payments are up-to-date. Applications received are evaluated and awarded following a review process against published guidelines and specific criteria.

How are SETAs classified per sector?

Our economic sector is made up of different industries. Each SETA represents a particular sector, as outlined below:

- > AGRISETA;
- > BANKSETA;
- > CETA - Construction SETA;
- > CHIETA - Chemical Industries SETA;
- > CATHSETA - Culture Arts, Tourism, Hospitality and Sports SETA;
- > ESETA - Energy and Water SETA;
- > ETDPSSETA - Education Training and Development Practices SETA;
- > FPMSETA - Fibre, Processing & Manufacturing SETA;
- > FOODBEV - Food and Beverage Manufacturing Industry SETA;
- > FASSET SETA - Financial and Accounting Services SETA;
- > HWSETA - Health and Welfare SETA;
- > INSETA - Insurance SETA;
- > LGSETA - Local Government SETA;
- > MERSETA - Media, Advertising, Information and Communication Technologies SETA;
- > MICTSETA - Manufacturing, Engineering and Related Services SETA;
- > MQSETA - Mining Qualifications Authority SETA;
- > PSETA - Public Service SETA;
- > SASSETA - Safety and Security SETA;
- > SERVICES SETA;
- > TETA - Transport SETA; and
- > W&RSETA - Wholesale and Retail SETA.

How are Discretionary Grants awarded?

The evaluation process centres around supporting scarce and critical skills through programmes that are designed to address the skills shortfall through integrated learning. The SETA reviews applications, in part through a formal review process in light of the legislative and regulatory requirements, as well as published selection criteria. The review process gives the SETA discretion to determine which applications best address the sector requirements and the ones that are most worthy of funding.

The distribution of Discretionary Grants is directly linked to each of the SETA's scarce skills plans and are guided by the Discretionary Grant Policy. All Grant applications published are designed to encourage national and strategic intervention to provide a platform for employers and institutions to apply.

What is the application process for a Discretionary Grant?

Employers can apply for Discretionary Funds once their specific SETA publishes their scarce and critical skills lists that include any specific requirements. There is no particular deadline for SETAs to open the application window, as it happens at their discretion.

However, Regulation 3(6) states that a SETA is required to allocate 80% of its available Discretionary Grants within a financial year. The Notice of Applications for Discretionary Grants is published on national media platforms, as well as on the relevant SETA website.

What must be presented in a Discretionary Grant application?

An application for funds is similar to that of a tender process. It must accompany supporting documentation and a comprehensive strategy on how all funds will be utilised. It is vital that applications are presented as a strategy that offers a viable business solution that may include:

- > An employer must provide a demographic breakdown of employees and unemployed people they wish to train. This must include how persons with disabilities will be integrated as well as a holistic description of the workplace environment.
- > It must align with the scarce and critical skills required by the SETA.
- > Emphasis must be placed on addressing the scarce and critical skills shortfall in the sector.
- > Information supporting facts, theories and motivations in the strategy must accompany the application.
- > In the case of third-party service providers appointed to drive the programme, a signed contract between the two parties to regulate the scope of work and payment arrangements must be included.

Any such service provider must provide evidence of accreditation with the relevant quality assurance body.

- > Evidence that the applicant is up to date with levy contributions or their exempt status must accompany the application.
- > The duration of the requested funding must be outlined.
- > Submission of all applications must be made on the prescribed Discretionary Grant Application Form or a Letter of Intent otherwise a SETA portal, depending on the SETA.

Employers that are re-applying for Discretionary Grant funding must provide evidence of satisfactory progress with the programmes awarded in a previous funding dispensation. It is always a good idea to meet with the SETA during the preparation phase of the application to ensure the full scope of requirements are adequately addressed in the application.

What are the grounds for rejecting a Discretionary Grant application?

Applications will immediately be rejected if levies are not paid in full and if the criteria or submission deadline was not met.

What type of programmes fall under the Discretionary Grant criteria?

Programmes are directed against the Skills Sector Plan where emphasis is placed on:

- > Academic programmes;
- > Artisan programmes;
- > Bursaries;
- > Learnerships;
- > Skills programmes;
- > Work integrated learning; (WIL)
- > Career guidance;
- > Work Experience and Employment Grants (WEEG); and
- > Internships.

What are the conditions for the disbursement of Grant payments?

Once an application strategy is approved at face value, due diligence will be conducted. This includes a verification of the Learners registered to participate in the programme. This further includes site verification visits to establish the suitability of the site as a training facility. Other conditions to take into account include, however, are not limited to:

- > If a programme terminates for whatever reason, any funds not already used must be returned to the Discretionary Grant 'pool'.

"Skills Development is a national imperative."

- > If allocated funds are negligently or fraudulently used, necessary measures will be instituted to recover them.
- > Payments for services rendered by third-party service providers must be paid within 30 days from receipt of an authorised and approved invoice from the contracted party.
- > In the event of a breach of contract that results in incomplete training, any funds already awarded will be reclaimed.

A Discretionary Grant payment will only be disbursed once all conditions and concerns have been adequately addressed to the satisfaction of the SETA.

Are there any Discretionary Grant exclusions?

Not considered part of Discretionary Grant funding include, but are not limited to, the following:

- > Set-up or start-up costs;
- > Capital expenditure, for example building costs;
- > Operational unit set-up costs;
- > Provision of working capital;
- > Salaries;
- > Awareness creation interventions, for example advertising;
- > Development costs of the learning programmes;
- > Policy development; and
- > Any programmes that are funded from other sources where no partnership arrangement exists. In other words, no double dipping.

The rigorous process of preparing and submitting a Discretionary Grant application is vital to ensuring the funds disbursed to programmes that will have a significant impact on a specific sector. It is vital applications are completed in line with best practice. Many organisations need the insight of a third-party service provider to roll-out their training programme. It is, therefore vital that your chosen service provider acts in accordance with SETA regulations and with a shared value that will ensure all funds are appropriately spent.

Source of Reference

http://www.wrseta.org.za/downloads/Skills_Development_Grants_Policy_18_April_2013.pdf
<http://www.signa.com>