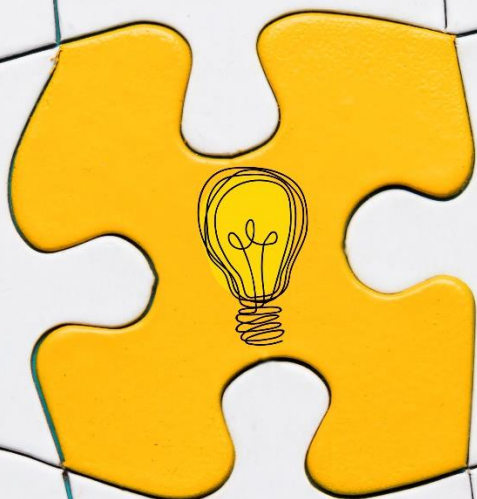


The  
**'HOW TO'** Series  
From CBM Training



# HOW TO

ACHIEVE **WSP COMPLIANCE**  
AND MAXIMUM **SETA FUNDING**  
BENEFITS WITH EASE

The 101 Guide for Employers and HR Professionals

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## Introduction

For most South African companies, compiling and submitting their annual Workplace Skills Plan (WSP) and Annual Training Report (ATR) is a high priority. And often one of their biggest headaches.

Skills Development is a Priority Element on your B-BBEE Scorecard so all companies must achieve **40% of the required Skills Development points** to ensure maximum points and open doors to future business opportunities. As much as your WSP and ATR should be prioritised to maintain or improve your B-BBEE Level, it shouldn't be seen as an annual headache or checkbox exercise either.

Instead, employers should view this intensive annual administrative exercise as a lucrative business opportunity that will benefit your organisation's current and future prospects. Gaining a general understanding of WSP compliance, SETA Funding and Skills Development can be the game changer that will strengthen your workforce's capabilities, increase your B-BBEE Level, maximise your return on skills development investments, and opening doors to new business opportunities.

This short and easy-to-use eBook is designed specifically with business owners and HR professionals in mind. It will introduce you to the very basics of the SETA landscape, the various grants you can claim back on your training spend, the type of training programmes available to you (as well as their pros and cons), and finally a guideline of the application procedure to claim Mandatory and Discretionary Grants.

We hope you find this eBook useful and that it changes your perspective on Skills Development going forward.

Should you need further advice or assistance compiling your WSP and ATR for 2021, please get in touch with our professional consultants at CBM Training on (011) 454 5055 or email [info@arcskills.co.za](mailto:info@arcskills.co.za).

Sincerely

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# 1

## THE BASICS OF SETA FUNDING

Understanding SETAs and SETA Funding



## 1.1. UNDERSTANDING THE SETA LANDSCAPE

### What is a SETA?

The **Sector Education and Training Authorities** or SETAs, as they are more commonly known, is a body responsible for overseeing skills development and training within different industry sectors.

Different SETAs were established for different industry sectors in terms of the Skills Development Act 97 of 1998, where there are currently **21 SETAs** which focus on the 21 recognised sectors in the South African economy (SETA Training, 2013).

SETAs can be accredited by the South African Qualifications Authority (SAQA) as an Education and Training Quality Assurance (ETQA) body, allowing them to accredit training providers who provide specific programmes in its sector.

### What is the main purpose or role of a SETA?

SETAs exist to improve and develop the skills of South Africans within its respective sector, identify skills development needs, and ensure that standards are being maintained nationwide.

In order to achieve this, a SETA develops and implements a sector specific skills plan to monitor the training and education within its sector.

### These are the functions of the SETAs:

- To administer the Skills Development Levy (SDL) which is collected from employers by SARS and paid to the SETAs in terms of the Skills Development Levies Act 1999.
- Identify and promote the creation of training in scarce and critical skills within the relevant sector through skills development programmes such as Learnerships, Bursaries and Skills Programmes.
- Performing quality assurance functions in order to ensure that the applicable standards of the SAQA and the NQF are being maintained.
- Aiming to ensure that learners and members of the workforce have the necessary skills required by the relevant industry sectors.



## List of SETAs operating in South Africa

Acronym	Name	Website
<b>AgriSETA</b>	Agricultural Sector Education Training Authority	<a href="http://www.agriseta.co.za">www.agriseta.co.za</a>
<b>BANKSETA</b>	Banking Sector Education and Training Authority	<a href="http://www.bankseta.org.za">www.bankseta.org.za</a>
<b>CETA</b>	Construction Education and Training Authority	<a href="http://www.ceta.org.za">www.ceta.org.za</a>
<b>CHIETA SETA</b>	Chemical Industries Education and Training	<a href="http://www.chieta.org.za">www.chieta.org.za</a>
<b>CATHSSETA</b>	Culture Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	<a href="http://www.cathsseta.org.za">www.cathsseta.org.za</a>
<b>EWSETA</b>	Energy and Water Sector Education and Training Authority	<a href="http://www.eseta.org.za">www.eseta.org.za</a>
<b>ETDP SETA</b>	Education, Training and Development Practices Sector Education and Training Authority	<a href="http://www.etdpseta.org.za">www.etdpseta.org.za</a>
<b>FASSET SETA</b>	Financial and Accounting Services Sector Education and Training Authority	<a href="http://www.fasset.org.za">www.fasset.org.za</a>
<b>FP&amp;M SETA</b>	Fibre Processing and Manufacturing Sector Education and Training Authority	<a href="http://www.fpmseta.org.za">www.fpmseta.org.za</a>
<b>FoodBev SETA</b>	Food and Beverage Manufacturing Sector Education and Training Authority	<a href="http://www.foodbev.co.za">www.foodbev.co.za</a>
<b>HWSETA</b>	Health and Welfare Sector Education and Training Authority	<a href="http://www.hwseta.org.za">www.hwseta.org.za</a>
<b>InSETA</b>	Insurance Sector Education and Training Authority	<a href="http://www.inseta.org.za">www.inseta.org.za</a>
<b>LGSETA</b>	Local Government Sector Education and Training Authority	<a href="http://www.lgseta.co.za">www.lgseta.co.za</a>
<b>MerSETA</b>	Manufacturing, Engineering and Related Services Sector Education Training Authority	<a href="http://www.merseta.org.za">www.merseta.org.za</a>
<b>MICT SETA</b>	Media, Information and Communication Technologies Sector Education and Training Authority	<a href="http://www.mict.org.za">www.mict.org.za</a>
<b>MQA SETA</b>	Mining Qualifications Authority Sector Education and Training Authority	<a href="http://www.mqa.org.za">www.mqa.org.za</a>
<b>PSETA</b>	Public Service Sector Education and Training Authority	<a href="http://www.pseta.org.za">www.pseta.org.za</a>
<b>SASSETA</b>	Safety and Security Sector Education and Training Authority	<a href="http://www.sasseta.org.za">www.sasseta.org.za</a>
<b>Services SETA</b>	Services Sector Education and Training Authority	<a href="http://www.servicesseta.org.za">www.servicesseta.org.za</a>
<b>TetaSETA</b>	Transport Sector Education and Training Authority	<a href="http://www.teta.org.za">www.teta.org.za</a>
<b>W&amp;RSETA</b>	Wholesale and Retail Sector Education and Training Authority	<a href="http://www.wrseta.org.za">www.wrseta.org.za</a>

List of SETAs as per National Government of South Africa website ([www.nationalgovernment.co.za](http://www.nationalgovernment.co.za))

## 1.1.1. SKILLS DEVELOPMENT LEVY

### Definition:

The **Skills Development Levy (SDL)** is a levy imposed to encourage learning and development in South Africa, which is determined by an employer's salary bill. SDL is a mandatory monthly payment that every employer with a salary bill of more than **R 500 000 a year** is obliged to pay (SARS, 2020). Fundamentally, your SDL is imposed to fund your organisation's skills development.

SDL equates to **1% of an employer's payroll** which is then paid to SARS together with the employer's monthly PAYE and UIF contributions. The funds for the SDL should be specifically used to develop and improve the skills of the employees.

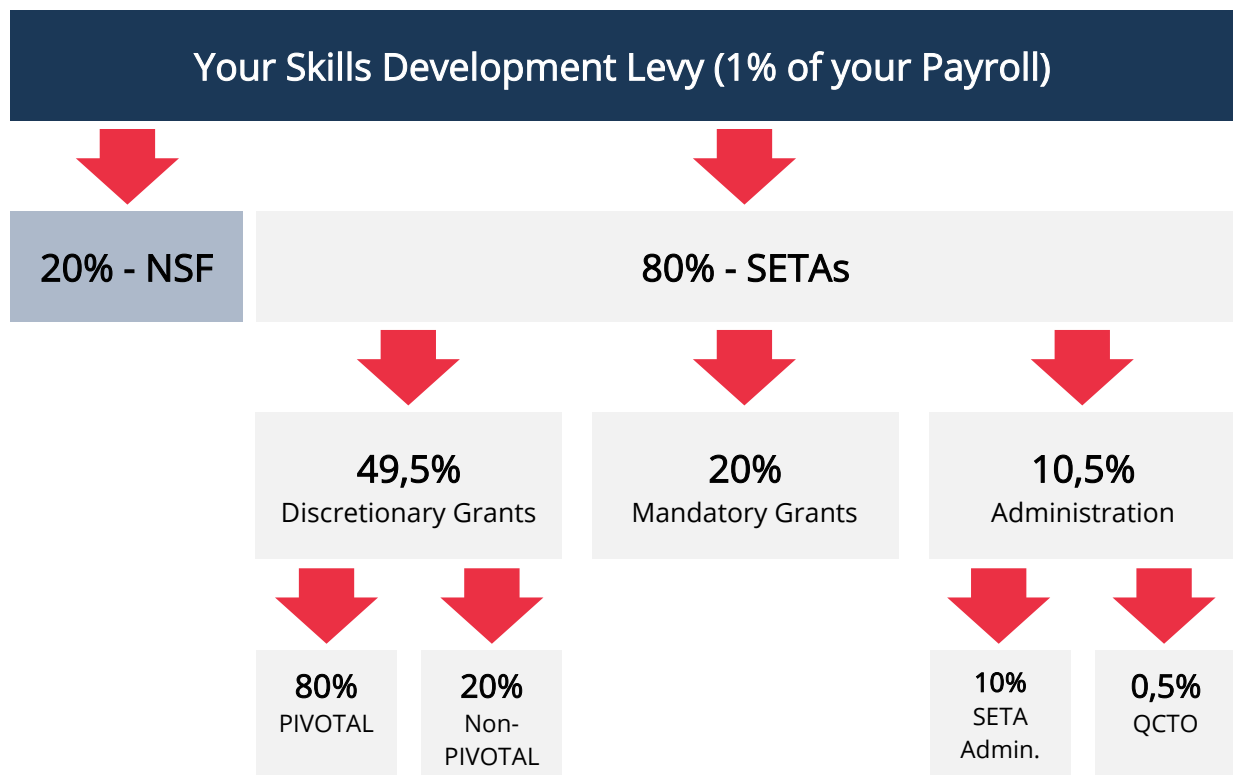
### Distribution of SDL

Your Skills Development Levy is distributed between the National Skills Fund (NSF) and the SETAs. The NSF and SETA oversee the disbursement of grants to funds, skills development programmes and South African employers, to train and upskill the country's workforce. A portion of the funds are also distributed to the SETAs to cover the SETA's internal administration and to the Quality Council for Trades and Occupations (QCTO), which is 10% and 0.5% of the SDL respectively.



#### Top Tip:

This is why it so important to submit your WSP so that your SDL contributes towards YOUR workforce's development and not competitors!



## 1.1.2. SETA FUNDING

The SETAs can disburse funds to South African employers through two types of grants, namely **Mandatory Grants and Discretionary Grants**.

### 1. Mandatory Grants

Mandatory Grants have an important function since it is designed to encourage employers to provide data to their SETA, on their workforce and skills needs based on **their Workplace Skills Plan (WSP)** and **Annual Training Report (ATR)**.

The Mandatory Grant related to WSPs and ATRs makes up 20% of an employer's SDL.

**This is the percentage that you can recover:**

- **20% of the levy** upon submission of your Workplace Skills Plan (WSP) and Annual Training Report (ATR)

### 2. Discretionary Grants

Of the **80% of the Skills Development Levy** that SETAs receive, 49.5% is allocated to employers at the discretion of the SETAs within a financial year (**1 April - 31 March**). All employers need to apply for this funding through relevant channels with their respective SETA.

The employer must contact their SETA first to determine if they are eligible for SETA funding by providing a **Letter of Intent (LOI)**. Each SETA has different submission windows and platforms; and will specify how it receives applications for Discretionary Grants.

The aim of Discretionary Grants is to encourage stakeholders and employers to contribute towards skills development, address critical and scarce skills shortages and create employment opportunities for learners.

## 1.1.3. PIVOTAL VS NON-PIVOTAL

Discretionary Grants are aimed to encourage employers to contribute towards skills development which can either be through **PIVOTAL or non-PIVOTAL programmes**. The bulk of discretionary funding (80%) is directed at the provision of PIVOTAL programmes (Skills Portal, 2017).

### 1. PIVOTAL

PIVOTAL is an acronym which refers to **Professional, Vocational, Technical, and Academic Learning Programmes**, which result in qualifications or part-qualifications on the National Qualification Framework (NQF).

**Examples of PIVOTAL programmes include:**

- Learnerships
- Bursaries
- Work Integrated Learning
- Skills Programmes
- Internships



## 2. NON-PIVOTAL

Non-PIVOTAL Programmes are a form of training that doesn't lead to a full qualification or is non-credit bearing training. Non-PIVOTAL programmes do however address the key objectives and priorities of the SETA, but they are **capped at a maximum of 20%** of the relevant SETA's Discretionary spend.

### Examples of Non-PIVOTAL programmes include:

- Non-Credit Bearing Short Courses
- Career Guidance
- Sector/Industry Conferences
- Specific SETA projects and research



#### Remember:

80% of Discretionary Grants are directed towards PIVOTAL programmes and 20% to Non-PIVOTAL programmes, to address critical and scarce skills within its sectors as set out in the Sectors Skills Plan (SSP), in accordance with the new regulations.

### 1.1.4. WHO IS YOUR SETA AND WHERE DOES YOUR SDL GO?

All South African employers must ensure they are registered with the appropriate SETA in their industry. This is to ensure that your employees can acquire the right skills and attend training programmes needed to perform effectively in the industry and make an impact for the employer.

Once, you've registered with the right SETA, it's essential that employers know what happens to their Skills Development Levy. In other words, why does it get paid over to SARS, what do the SETAs do with your SDL, how you can claim back your grants, and how does your SDL ultimately impact your workforce's development?

#### Step 1: Finding out which SETA you belong to?

- All new employers need to register with SARS for PAYE. In the registration process, employers need to select the sector in which they operate in from a predefined list. This process can help determine which SETA they are assigned to.
- An employer's payroll **EMP501** also indicates an employer's SETA **SIC Code**, and an **EMPO201** will reflect the employer's SDL number. These reports can also help employers identify which SETA they belong to.
- Still unsure? Take a look at the table of different SETAs on pages 2-3 for an idea, but it would be best to call the SARS call centre to confirm the SETA your employer belongs to. The SARS call centre contact number is **0800 00 SARS (7277)**.

#### Step 2: Knowing where does your Skills Development Levy goes?

- Each month, employers pay 1% of their payroll as SDL to SARS. Your SDL is paid together with your monthly PAYE and UIF.

- SARS collects your SDL on behalf of your SETA, and then pays 80% of it over to the appropriate SETA. Mandatory and Discretionary Grants make up 69.5% of your SDL and 10.5% is set aside for SETA administrative costs.
- The remaining 20% of SDL goes to the National Skills Fund.

### 1.1.5. ELIGIBILITY FOR SETA FUNDING

Since your primary motivation for downloading this eBook is probably centred around how your company can benefit from SETA funding, improving its B-BBEE level and your workforce's development, it's essential that you're familiar with the necessary submission criteria and how to gain the eligibility to benefit from it.

There are two documents you must be familiar with, and submit annually by the prescribed due date, namely your **Workplace Skills Plan (WSP)** and **Annual Training Report (ATR)**.

#### 1. Workplace Skills Plan (WSP)

##### Definition:

A Workplace Skills Plan (WSP) documents the various training and skills development interventions that your organisation is planning for the year ahead. It is fundamentally a **forward-thinking approach** to your organisation's skills development, since it documents the skills needs of your company and which interventions will address them.

##### Importance of your WSP:

Not only does the WSP outline how an employer is going to address the training and development needs within their organisation, but it also assists employers to identify and provide relevant training to address existing skills gaps. Compiling a WSP ensures that training isn't reactive to an organisational problem, but rather entrenched in your organisation's strategy and establishes a sustainable approach to skills development and succession planning. A compelling WSP not only addresses skills gaps, but it can also lower training and development costs since programmes will be more focused (Business Essentials, 2018).

#### 2. Annual Training Report (ATR)

##### Definition:

Your Annual Training Report (ATR) provides feedback of all the external and internal training interventions your company arranged and implemented in the past year; and demonstrates your organisation's progress against your last WSP. Employers need to report if the training was SETA-funded or self-funded in their ATR. The ATR accompanies and is submitted along with the WSP.

##### Importance of your ATR:

If your WSP is forward-thinking for the year ahead, then your ATR is a **backward-looking approach** for what your organisation has done and its skills development progress. Your ATR is a vital guide to assist you in identifying the success or failures of your previous efforts, allowing you to identify which areas need to improve. It's imperative that records of all education, training and development activities are available to confirm the information given in your organisation's Annual Training Report.

**Did you know?**

Successfully completing and submitting these two documents, automatically entitles employers to its Mandatory Grant, which is 20% of its annual Skills Development Levy.

Your Discretionary Grants can fund some of your proposed training interventions you include in your WSP. Simply put, your organisation can effectively receive training at no additional cost to your business, thereby protecting your cash flow.

**1.1.6. MAKING ANNUAL SUBMISSIONS**

Your WSP must be developed and submitted annually to comply with South Africa's current skills development legislation. Making your annual WSP and ATR submission provides your company with access to various SETAs grants available for skills training

The window for WSP and ATR annual submissions **opens in January** and usually **closes at the end of April**. 2020 was an exception due to the outbreak of COVID-19 and the national lockdown, however for 2021, the deadline has returned to its usual end of April slot.

Since each SETA is different, they also have their own submission processes. It's important for employers to find out in advance from their respective SETA what is the process, prescribed formats and criteria for their WSP and ATR submission.

**Employers can manage submission in two ways:**

- **Internally** – Through their HR/Finance Department
- **Outsourcing** – Through a Skills Development Facilitator (SDF) or consultant

Most large-scale employers tend to have their **own in-house Skills Development Facilitators** (SDFs) who manage their SETA submissions. If you don't have an internal SDF department, then you will need to work with a registered SDF to compile your WSP and submit it to your SETA. The good news is that most of the SETAs are attempting to simplify the submission process and make it as user-friendly as possible, to encourage more employers to submit their documentation on time and correctly.

**Top Tip:**

Be sure to include all training interventions in your WSP and ATR submissions. This includes PIVOTAL training, external and any internal training.

***CBM Training can help you make your annual WSP and ATR Submission.***

***[Click here](#) to arrange an appointment.***

**Warning:**

Failure to submit your WSPs, ATRs, and any Discretionary Grant LOIs means you are effectively allowing SETA to **use your levies** to fund training programmes for **other employers** in your sector!

A background of various business-related icons in a light grey line-art style, including calculators, pie charts, lightbulbs, gears, coffee cups, keyboards, mice, arrows, and a central 'GOAL' icon. The icons are scattered across the page, with a dark blue square containing the number '2' overlaid on the left side.

# 2

## TRAINING PROGRAMMES

Different Training Programmes to include in your WSP



## 2.1. TRAINING PROGRAMMES FOR SETA FUNDING

In order to receive the full benefits of SETA Funding, it's important for employers to know exactly which training programmes are available and which are the most applicable to their organisation's needs.

Each type of training programme has its own pros and cons, so it's imperative that employers consult an SDF professional before committing or investing in any specific programme, in order to achieve their skills development and SETA funding goals.

### 2.1.1. BURSARIES

A bursary is a theoretical training programme, which is financially aided for by an employer. The training programme is run through a training provider, registered with the Department of Higher Education and Training.

The outcome of the training must result in the learner achieving either a higher certificate, diploma, or a degree (an NQF Level 5 qualification or higher). The duration for any bursary is therefore longer than a 12-month period.

#### ✓ Benefits of Bursaries:

- Under the B-BBEE Generic Codes, the Skills Development target for expenditure on bursaries is 2.5% of the employer's annual payroll cost. Since this can be quite expensive for companies, SETA funding can be extremely useful to finance bursaries.
- Attracting learners for bursaries is relatively easy. Employers can approach universities and private colleges directly to arrange sponsorship of students. This function can also be outsourced by hiring consultants and third parties.
- Some bursary programmes do require the candidate to 'work back' the bursary amount after successful completion of their qualification, but it is not a core requirement.
- In some instances, employers build a relationship with a student during the bursary programme, which can ultimately see the learner being absorbed and joining the employer when they're finished studying. This, however, isn't a requirement for bursary sponsorship.

- Bursaries are generally not admin intensive, nor do they require long-term commitments.

### Disadvantages of Bursaries:

- Bursaries can be expensive. Other than the tuition costs, in many instances' employers are required to also pay for the learners' accommodation, travel allowances, meals and prescribed books.
- There are still some uncertainties surrounding Bursary Funding, therefore it's recommended that employers engage with an expert provider such as CBM Training to ensure your bursary spend is recognised.
- If learners drop out, the employers often struggle to recoup bursary expenditure.

## 2.1.2. LEARNERSHIPS

Learnerships are occupationally based learning programmes, intended to equip learners in the workplace with necessary knowledge, skills and abilities; to improve their opportunities for employment and advancement in their occupation.

Learnerships are 12, 18 or 24-month programmes consisting of both a theoretical training component (conducted against approved unit standards with an accredited institution), and workplace learning. This model which includes on-the-job practical learning, along with a theoretical component, culminates into an accredited national qualification registered on the National Qualification Framework (ranging from NQF levels 2-8).

### There are Two Types of Learnerships:

#### 1. Employed Learnerships (18.1):

Learners are current employees on the employer's payroll. They receive theoretical training throughout the year and will be required to apply their knowledge in the workplace. This can be done through the performance of their work duties and/or through placements in other departments to complete the workplace components in the learnership.

#### 2. Unemployed Learnerships (18.2):

Involves theoretical training from an accredited training provider and workplace learning provided by an employer. Learners are employed by the employer for the duration of the programme and will be paid a monthly stipend fee. If the programme is being funded by the SETA, it will often contribute towards the learners' stipend.

### Benefits of Learnerships:

- Learnerships are one of the most lucrative skills development programmes available since they can contribute towards B-BBEE points and can provide attractive tax advantages in the form of deductions under Section 12H of the Income Tax Act.
- A learner's full salary for the full duration that they are registered for the learnership can be recognised towards a company's B-BBEE Skills Development target.
- B-BBEE points are available on a headcount basis based on the percentage of an organisation's staff who are registered on a learnership.



- Employers can also earn additional B-BBEE bonus points if unemployed learners on the learnership are 'absorbed' or hired permanently after the programme ends.
- Learnerships can help in fostering a learning culture within the organisation.
- Learnerships can improve employee retention whilst improving work performance.
- SETAs giving funding to all learner demographics.

### Disadvantages of Learnerships:

- Learnership are often extremely admin intensive programmes since they are registered with and administered via the SETAs. It is therefore recommended to work with and hand this over to an experienced provider like CBM Training.

### Learnerships for People with Disabilities

To encourage employers to develop the skills of persons with disabilities, both the annual tax allowance and competition allowance has been increased by a further R 20 000 for disabled learners. The criteria relating to learner disabilities is included in the [ITR-DD Confirmation of Diagnosis of Disability form](#), available on the SARS website.



#### Please Note:

For employers to benefit from B-BBEE or SETA-funding purposes, learners need to be South African citizens between the ages of 18-35.

## 2.1.3. INTERNSHIPS

Internships are aimed at people who are either currently studying or graduates who have completed a qualification such as a certificate, diploma or degree, to gain workplace experience at an employer within their field of study.

The training involved in internship programmes often consists of primarily workplace learning and also supporting theoretical learning. This specialised form of training is a fundamental requirement for graduates to either obtain or extend their full academic qualifications, usually resulting in a professional registration (NQF Level 4 and up).

Interns are employed at an organisation for a limited period of time which can range from 6-24 months. The qualification won't be awarded to an intern unless they have completed the practical component in their field of study.

### Benefits of Internships:

- Just like learnerships, an intern's full salary can be recognised towards the organisation's B-BBEE Skills Development target.
- There are fewer rules and constraints around how Internships are structured than there are with learnerships
- An intern's full salary for the duration they are registered on the programme can be recognised towards a company's B-BBEE Skills Development target.
- B-BBEE points are available on a headcount basis based on the percentage of the interns who are registered on an internship.

- Employers can earn additional B-BBEE bonus points if unemployed interns are 'absorbed' or hired permanently after their internship programme ends.
- Internships don't need to be registered with the employer's relevant SETA, thereby resulting in significantly less admin than learnerships

### Disadvantages of Internships:

- Employers are responsible for the management and implementation of internship programmes, which could have an impact on their time management constraints, even though employers often work with SDFs, consultants and training institutions in delivering them.



#### **Please Note:**

For employers to benefit from B-BBEE or SETA-funding purposes, learners need to be South African citizens between the ages of 18-35.

## 2.1.4. APPRENTICESHIPS

An Apprenticeship is a structured, occupationally directed skills development programme which results in either an NQF qualification (NQF Levels 2-5) or an occupational qualification, often linked to a particular trade. Employment after qualifying as an artisan is usually guaranteed.

Apprenticeships consist primarily of highly supervised, practical, and experiential workplace learning. There is, however, also a minor theoretical training component involved.

All Apprentices need to complete a trade test at a testing centre before receiving their QCTO certificate at the end of the programme. The National Artisan Moderation Body (NAMB) oversees the quality assurance of apprenticeships on behalf of the QCTO (SAQA, 2014).

### Benefits of Apprenticeships:

- An apprenticeship consolidates the apprentice's ability in a trade through practical skills and experience. It also encourages further education and training opportunities.
- Apprenticeship programmes can increase organisation productivity, efficiency and ultimately profitability of a business enterprise.
- Like learnerships and internships, an apprentice's full salary can be recognised towards a company's B-BBEE Skills Development target for the duration they are registered on the programme.
- B-BBEE points are available on a headcount basis based on the percentage of an organisation's staff who are registered on an apprenticeship.
- Employers can earn additional B-BBEE bonus points if unemployed apprentices are 'absorbed' or hired permanently after their apprenticeship ends.



#### **Please Note:**

For B-BBEE and SETA-funding purposes, Apprentices need to be South Africans between the ages of 18-35.

## 2.1.5. SKILLS PROGRAMMES

A Skills Programme is an occupation-based learning programme, aimed at building skills which have economic value, which incorporates **at least two unit standards**, although some SETAs only require one. It is registered by a SETA and delivered by an accredited training provider and it leads to a qualification registered on the NQF. The average duration of a skills programme is between 3-6 months (PSETA, No Date).

Skills programmes are designed to address an organisation's specific skills gaps and encourage continuous learning, through both theoretical and practical training. The theoretical training is delivered by an accredited institution provider and the workplace learning component is with the employer.

Unlike bursaries, learnerships, internships and apprenticeships, learners don't get an accredited qualification on completion. Instead, learners will obtain formal recognition for the unit standards, in line with the courses undertaken. The accumulation of credit-bearing skills programmes leads to or contributes towards a full qualification.

Skills programmes are registered by a SETA, delivered by an accredited training provider and it articulates with a qualification registered on the National Qualification Framework.

### Skills Programmes involve three main parties:

- The Business/Employer, who can also sponsor the Skills Programme
- The Training Provider, Facilitator of the programme
- The learner or employee

## 2.1.6. NON-ACCREDITED TRAINING

Although the aforementioned skills development programmes form part of PIVOTAL training, making up the bulk of discretionary funding, there are several high-impact **non-accredited** training programmes available to employers to consider.

### Examples of Non-Accredited Training includes:

- Short courses run through external training providers
- Internal short courses
- Courses carrying CPD points from professional bodies/associations that aren't accredited or don't carry credits towards a qualification
- Workshops
- Seminars
- Conferences

Non-accredited courses are great for individuals to learn a new skillset or build on their existing proficiencies. They are also generally much shorter in duration giving employers and learners more flexibility and less time away from the office.



### Benefits of Non-Accredited Training:

- Less regulation means that providers can make these programmes more specific and in-line with an employer's specific training needs.

- Non-accredited training can improve productivity and communication, and decrease workplace conflict
- Non-accredited training is generally more affordable and shorter than accredited training programmes, meaning that individuals can gain a new skillset quicker.
- Non-accredited training programmes generally don't have any strict entry requirements and are effective at helping individuals refine and build on their skills.

In terms of the B-BBEE Skills Development element, employers can't recognise more than 25% of its annual expenditure on non-accredited training towards its Skills Development target. Non-accredited training interventions form an important part of an employer's training and development strategy and should be included in your annual WSP and ATR submission.



**Please Note:**

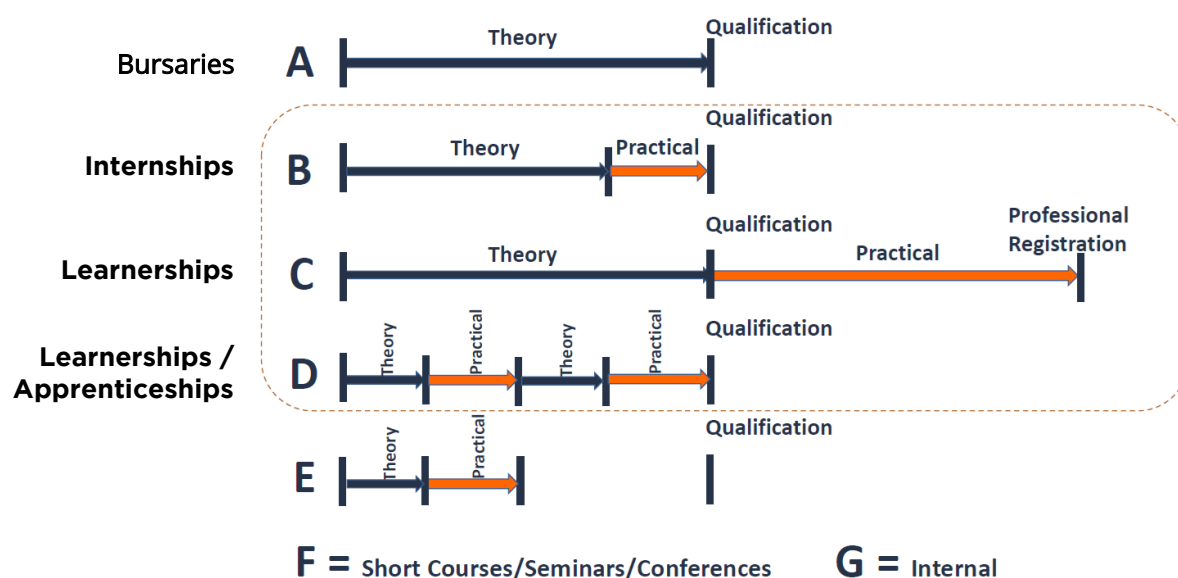
Non-accredited training programmes might not lead to credit bearing qualifications; however, they do address key objectives and priorities of the SETAs.



## 2.2. THE LEARNING PROGRAMME MATRIX

The **Learning Programme Matrix** illustrates the different programmes or forms of training recognised as Skills Development Expenditure. Employers and skills development facilitators need to utilise this matrix to plan their organisation's skills development spend to maximise their B-BBEE rating and return on their skills development investment (TFM Magazine, 2020).

### Overview of the Learning Programme Matrix:



### Key Points to consider when selecting your Training Programmes:

- **Category A training** can now include ancillary costs for subsistence, catering, travel and accommodation without limitation.
- **Category F and G training** is capped at 15% of total B-BBEE skills development spend. This is expected to increase to 25%.
- **Legitimate training expenses** are capped at 15% of the total B-BBEE skills development spend.
- **Category B, C and D training** allows a company to include their employee's salary for the duration of the training and the cost of the training towards its B-BBEE skills development spend.
- **Category A, B, C and D training** allows you to claim stipend expenditure for learners.
- **40% sub-minimum for Priority Element compliance is confirmed as 8 points.**

## Comprehensive Summary of the Learning Programme Matrix:

CAT	Programme	Description	Delivery Mode	Learning Site	Learning Achievement
A	<b>Bursaries or Scholarships</b>	Institution based theoretical instruction	Institution instruction	Universities, Colleges, Schools, ABET colleges	Degree, diploma or certificate
B	<b>Internships</b>	Institution based, theoretical knowledge, plus practical workplace learning	Mixed-mode delivery, Institution and Workplace	Universities, Colleges, Schools, ABET colleges, Workplace	Degree, diploma or certificate with workplace requirements by an accredited provider
C	<b>Structured Internships or Licensing Programmes</b>	Structured experiential learning in the workplace - required for license / registration	Structured learning in workplace with mentoring/coaching	Workplace	Occupational or professional registration or license
D	<b>Learnerships or Apprenticeships</b>	Occupationally directed instructional and workplace learning programme with formal contract	Institutional instruction and structured, supervised experiential learning in the workplace	Institution Workplace	SAQA qualification or certificate or professional qualification by accredited provider
E	<b>Skills Programmes or Accredited Online Courses</b>	Occupationally directed instructional & workplace learning programme that doesn't need a formal contract	Structured, supervised experiential learning which can include institutional instruction information	Workplace Institutional Providers, ABET providers	Credits awarded for registered unit standards
F	<b>Short Courses or Workshops</b>	Occupationally directed informal instructional programmes	Structured information sharing - can include workshops, seminars, conferences and short courses	Institutions Conferences Meetings	CPD points, attendance certificates and possible credits
G	<b>Meetings, Internal Product and Systems Training</b>	Work-based informal programmes	Informal training	Workplace	Increased understanding of job, work context or improved skills



### Warning:

Incorrectly allocating Skills Development expenditure can have a detrimental impact on an organisation's B-BBEE Scorecard. It is therefore imperative that a qualified SDF assists in selecting and mapping the correct programmes required for your organisation's skills development needs.

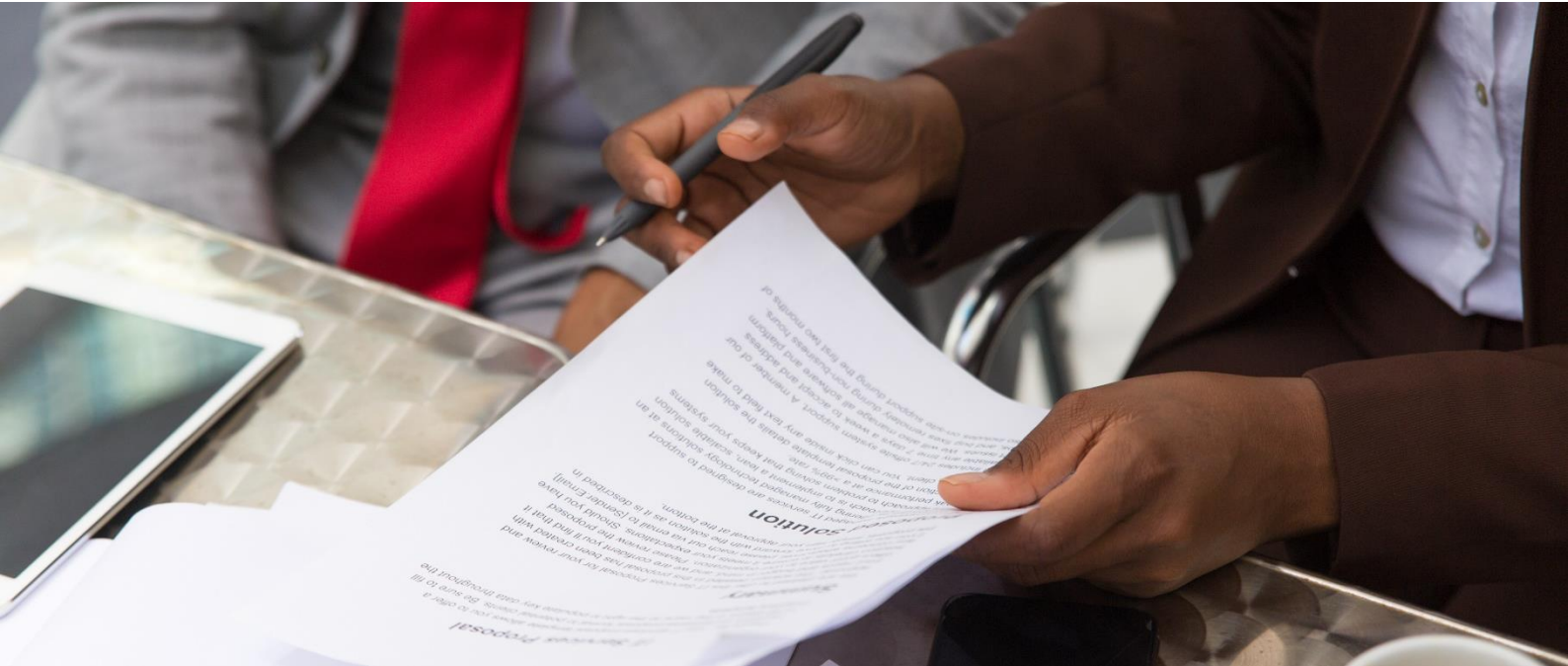




# 3

## HOW TO APPLY FOR DISCRETIONARY GRANTS

A 'Dummies' Guide to Discretionary Grant Applications



### 3.1. THE APPLICATION PROCESS IN A NUTSHELL

Applying for Discretionary Grants differs from SETA to SETA, so it is recommended to either visit your SETA's website or contact them directly to be fully aware of and understand their Discretionary Grants application process.

#### Common Steps in the Discretionary Grant Application Process:

- Completing the Mandatory Grants Section on your SETA's website
- Responding to Discretionary Funding Windows when your SETA advertises them
- Submitting a Letter of Intent (LOI)



#### Top Tip:

Sign up to your SETA's mailing list and follow them social media to ensure that you always get the latest news and updates regarding their Discretionary Funding Windows. CBM Training can also provide you with updates on the SETA funding window periods.

#### 3.1.1. MANDATORY GRANT PLATFORM

Some SETAs require employers to apply and submit all the documents via their own Mandatory Grant Platform.

These platforms often include an **additional tab** for Discretionary Funding.

#### 3.1.2. FUNDING WINDOWS

SETAs advertise their funding window periods for Discretionary Funding. These announcements or openings are generally published on a SETA's official website, on their social media page and/or through their email newsletters to subscribed members. External or third-party channels (i.e. industry associations or skills development platforms) tend to also advertise and announce when a SETA they are associated with open their funding windows.

All employers need to be aware of when these windows are open and what the application criteria is in order to maximise them fully and ensure that their applications are submitted before the deadline.

### Employers can make their Discretionary Funding submissions as follows:

- On the SETA's online platform – usually the SETA's website
- Emailing the SETA all the of completed documentation
- Delivering the completed printout documentation directly to the SETA's offices



#### Top Tip:

Official communiqué from SETAs regarding their funding windows will generally include the specific criteria for submission, the documentation required, and any other details pertaining to the submission process and window period.

### 3.1.3. LETTER OF INTENT

Some SETAs require employers to submit a **Letter of Intent (LOI)** on application, in order to indicate and provide a motivation for the training programmes they are requesting funding for.

The **format and criteria of an LOI** differs from SETA to SETA, so it is recommended to contact your specific SETA directly for their LOI template and completion guidelines. Each SETA will also stipulate their LOI submission timeframes and deadline dates.

A Letter of Intent requires employers to provide significant information about their proposed training programmes for the year ahead. An effective way to speed up preparing this letter is to keep this information about the training programmes on hand.



#### Top Tip

Due to the technical aspects of this letter, it is recommended that your LOI is either prepared by a skills development facilitator (SDF) or an HR practitioner.



### 3.1.4. THE DISCRETIONARY GRANT APPLICATION PROCESS



#### Step 1: Application Process

- Available on the Discretionary Funding tab along with the Mandatory Grant application
- The employer applies for the programmes and number of candidates per programme
- The employer submits the application as indicated by the SETA
- **If a Letter of Intent is required:**
  - SDF prepares the LOI according to the SETA's requirements
  - The SDF submits the letter before the deadline date with all your required documentation



#### Step 2: Feedback from SETA

- A SETA client officer responds within 3 months of application
- If it is granted, the employer must respond with staff names and the selected training provider for the SLA
- **If a Letter of Intent is required:**
  - The LOI is evaluated by a Discretionary Grant Evaluation Committee within 1 month after submission



#### Step 3: Service Level Agreement

- The SETA may require a vetting process to proceed
- A Service Level Agreement (SLA) is finalised and issued
- The training programme/s needs to commence within **30 days** of the SLA being signed.



## 3.2. DOCUMENTATION AND PREPARATION

As previously mentioned, each SETA has its own specific requirements. It is therefore imperative that employers contact their specific SETA for the exact criteria needed to fulfil these requirements when applying for Discretionary Grants.

Below is an overview and guideline of the information employers need to provide when preparing their Discretionary Grant application, particularly for SETAs who require an LOI.

### Documentation and Information required to apply for Discretionary Grants:

#### 1. Employer's Details

- An organisation's full company details.
- Latest Tax Certificate and recent Financial Statements for the past financial year.
- Clearly specify if the grant is for PIVOTAL or non-PIVOTAL training.
- An indication if the employer has previously managed Learnerships, Internships or Skills Programmes.

#### 2. Training Provider Details

- The name of the training provider and accredited institution/ETQA body
- Training provider's accreditation number
- The region (city and province) where the training will be held

#### 3. Information of Qualification the Employer is Applying for

Applying for a Learnership	If applying for an Internship	Applying for a Skills Programme
Programme Title	Type of Internship	Learning Programme Title
NQF Level of qualification	NQF Level of qualification	NQF Level of unit standards
Specify if learnership is aligned to unit standards	Specify which training institution interns are from	Specify if skills programme is aligned to unit standards
Number of Learners	Number of Interns	Number of Learners
Number of Assessors	Number of Mentors	Number of Assessors
Region/Province	Region/Province	Region/Province
Employers Experience in Field of Training (in Years)	Employers Experience in Hosting Interns (in Years)	Employers Experience in Field of Training (In Years)

#### 4. Motivation from Employer

Employers need to provide a motivation to the following:

- Why does the organisation need the discretionary funding and the training?
- How will the learners or interns benefit from the training programme?
- How will industry benefit from the employer's training programme?

#### 5. Estimated Funding/Budget Required

- The estimated funding required is linked to the cost of the training,

### 3.3. LEARNER FUNDING AND ALLOWANCE AMOUNTS

The maximum discretionary grant amounts, awarded per learner, differs per training programme type and per SETA. Short courses and bursaries do not have set amounts and are generally determined on a case-by-case basis by the SETAs.

Employers need to contact their respective SETA to obtain the exact training programme amounts pertaining to their sector, in order to determine the funding grants issued towards the training, and if there are any allowances issued to the learner (if applicable).

#### Example from MICT SETA:

Type of programme	Funding towards training (per Learner)	Allowance per Learner (if unemployed)
Learnership	Up to R35 000	Up to R1 500 per month (R18 000 annual)
Internship	Up to R28 000	Up to R3 500 per month (R42 000 annual)
Skills Programme	Up to R38 000	N/A

**Note:** VAT is not applicable to grants or discounts.



#### Remember

According to the Generic B-BBEE Codes, employers can recognise a maximum of 25% of their training spend on non-accredited training and informal training towards their Skills Development Target.

## THANK YOU FOR READING

Although we have done our best to provide you with the most accurate description and the latest information regarding SETA Funding and WSP compliance, this remains a complex topic governed by legislation.

It is therefore advised to always consult your specific SETA for the latest information and a qualified SDF professional to assist you complete your annual application.

[Click here](#) to get in touch with a professional CBM Training SDF consultant for assistance in compiling your annual Workplace Skills Plan.





# 4

## **GLOSSARY AND REFERENCES**

Some common terms used in the Skills Development Universe...

## 4.1. GLOSSARY

Below are common abbreviations and acronyms in the Skills Development landscape:

Abbreviation	Definition
<b>AET</b>	Adult Education and Training
<b>ATR</b>	Annual Training Report - Submitted to the relevant SETA and reflects the actual training data from the past year from 1 April to the 31 March of the current year.
<b>B-BBEE</b>	Broad-based Black Economic Empowerment
<b>BEE</b>	Black Economic Empowerment
<b>Disability</b>	People are classified as having a disability if they “have long-term or recurring physical or mental impairments that substantially limits their prospects of entry to advancement in employment”
<b>DHET</b>	Department of Higher Education and Training
<b>EMP201</b>	An EMP201 is The Monthly Employer Declaration for SARS
<b>ISDF</b>	Independent Skills Development Facilitator Works as consultant SDF, and is not an employee of the organisation
<b>L Number</b>	Levy Number - Same as SDL Number, found on EMP 201 Form in the Finance Dept of the organisation
<b>NQF</b>	National Qualifications Framework
<b>NSDS</b>	National Skills Development Strategy
<b>NSF</b>	National Skills Fund
<b>OFO</b>	Organising Framework of Occupations
<b>OGS</b>	Online Grant System
<b>PIVOTAL</b>	Professional, Vocational, Technical and Academic Learning Programmes. PIVOTAL programmes have to result either in qualifications, or part qualifications on the NQF.
<b>PTP</b>	PIVOTAL Training Plan - Training plan for the year ahead that covers the PIVOTAL skills as defined by the relevant SETA, and submitted along with the WSP.
<b>PTR</b>	PIVOTAL Training Report - The training report for the past year that covers PIVOTAL and submitted along with the ATR.
<b>QCTO</b>	Quality Council on Trades and Occupation
<b>SARS</b>	South African Revenue Service
<b>SAQA</b>	South African Qualifications Authority
<b>SDF</b>	Skills Development Facilitator - Responsible for the planning, implementation and reporting of training in an organisation, with SETA-related duties

<b>SDL</b>	Skills Development Levy - A levy imposed to encourage learning and development in South Africa and is determined by an employer's salary bill. The fund is paid to the South African Revenue Services (SARS) and are to be used to develop and improve skills of employees.
<b>SDL Number</b>	Skills Development Number, which is found on your EMP 201 Form
<b>SDLA</b>	Skills Development Levies Act (No. 9 of 1999)
<b>SETA</b>	Sector Education Training Authority
<b>SIC</b>	Standard Industrial Classification - Used to identify which SETA a business is allocated to.
<b>SME</b>	Small and Micro Enterprise – Having 49 or less employees
<b>SSP</b>	Sector Skills Plan - The plan developed by the relevant SETAs to address the skills deficits in their respective industries. You can find an example at MICT SETA's website
<b>DTI</b>	Department of Trade and Industry
<b>TLS</b>	Training Layoff Scheme - An alternative to retrenchment. The employment relationship is suspended, while the employee goes on a Skills Training Programme (receiving up to 75% of their salary while on the programme).
<b>WSP</b>	Workplace Skills Plan – Covers the period for 1 April till 31 March of the next year

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