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Another Avenue of Development -Discretionary Grants-

Skills Development has been identified as a national imperative. Evidence of this is that the Skills Development element in the Amended Codes and all gazetted Sector Codes has defined it as one of three Priority Elements. Most organisations are aware of the set targets laid out in the Codes they are measured on; however, many are not aware of the impact 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), NDP, 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.

SETA 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 National Skills Development Strategy (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. These funds are thereafter 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 to Discretionary Grants is set aside in a Discretionary Grant 'pool', which is derived from the 1% payroll paid over to SARS. Any organisation paying their skills levies is entitled to apply to their SETA for a portion of these funds, providing payments are up to date. Applications received are evaluated and awarded following a review process against published guidelines and specific criteria.

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 who 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 Discretionary Grants?

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 an 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 in the national media, as well as on the 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 needs to provide an internal demographic breakdown of employees, or demographics breakdown of unemployed people they wish to train, how people with disabilities would be integrated and 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 that supports 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 done on the prescribed Discretionary Grant application form or Letter of Intent or 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 is adequately addressed in the application.

Are there grounds for a Discretionary Grant application to be rejected?

Applications will be immediately rejected if the criteria or submission deadline was not met.

What type of programmes falls under the Discretionary Grant criteria?

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

- ✓ Academic programmes;
- ✓ Artisan programmes;
- ✓ Bursaries;

- ✓ Learnerships;
- ✓ Skills programmes;
- ✓ Work integrated learning;
- ✓ 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 on face value, a due diligence will be conducted. This includes a verification of the Learners registered to participate in the programme. This may include 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'.
- ✓ Should allocated funds be used negligently or fraudulently, 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, constituting fruitless and wasteful expenditure resulting in incomplete training, 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 as part of Discretionary Grant funding include, but are not limited to, the following scenarios:

- ✓ 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 exist. 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 that 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.

http://www.wrseta.org.za/downloads/Skills_Development_Grants_Policy_18_April_2013.pdf

<http://www.signa.com>