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# SETA grants and B-BBEE recognition for Accredited Training


***Some companies are still uncertain about the current Seta benefits, especially in comparison to Broad-Based Black Economic Empowerment (B-BBEE) benefits.  Seta benefits and B-BBEE recognition are two distinct concepts, but they also largely overlap.***

The aim of this blog is to distinguish briefly between the current Seta benefits and B-BBEE recognition in an attempt to identify the differences and overlapping areas between the two areas in which accredited training is applied.

## Seta benefits

The Setas are regulated by legislation.  This legislation gives vast discretion to the Minister of  Higher Education, Science and Technology ("**the Minister**") and the Boards of the Setas to approve discretionary grants for training in line with the objectives of legislation.  The objective of legislation is to provide for the financing of skills development by means of a levy grant scheme and National Skills Fund, and for relevant matters in this regard.

The Skills Development Act, 1998 (Act No. 97 of 1988) ("**Skills Act**") provides for a 20% mandatory grant (20% of an entity's annual Skills Development Levy (SDL)) to be paid in the event of such entities submitting Workplace Skills Plans (WSPs), and those undertaking training for employees.  To qualify for the 20% of an entity's own SDL as a mandatory grant, any training (accredited or not accredited) would qualify.

In the case of Pivotal Training (professional, vocational, technical and academic learning), such as accredited Skills Programmes; Apprenticeships; Internships and *Learnerships*; and Critical and Scarce Skills, the Setas had in the past paid out an additional 39,5% of an entity's SDL as a discretionary grant.  In the past these entities were entitled to claim a total of 59,5% of their SDLs (20% mandatory plus 39,5% discretionary).  Apart from the 59,5%, some Setas would also provide a further window for grant applications towards the end of each year for the payment of additional grants, at their discretion, according to the expenses and nature of the training conducted.  Learnership programmes were largely the "poster boys" and were prioritised by the Setas in the allocation of discretionary grants.  Under this grant, some employers recouped up to 100% of their learnership and training expenses.

Since last year (2020), without amending legislation and within the policy framework and guidance of the Minister, the Setas moved away from the well- and long-established practice of paying the 39,5% of SDL as a discretionary grant.  This was replaced by approving grants to employers based on the **actual costs** of such training, which costs may also include indirect training costs such as travelling and accommodation.  Employers must be able to provide proof (such as submitting invoices) of such direct and indirect training expenses to be considered for discretionary grants.

As *employers pay an SDL of 1% of their payroll*, the grants previously based on a percentage of SDL represented a fairly small amount being recouped. Instead, the new practice where grants are approved over and above the 20% mandatory grant based on **actual expenses**, is a much more beneficial arrangement in respect of the costs to be recouped. Under the new practice, employers recoup much more of their present training expenses compared to the SDL-based grant schemes in the past. Apart from the requirement to submit proof of training expenses, employers must also make provision for such accredited training in their annual WSPs. Setas every year publish a list of Critical and Scarce Skills identified in their industries and they will then give preference to these skills in considering discretionary grant applications. It is not possible to say beforehand how much an employer will be able to recoup as a discretionary grant. This depends on a variety of factors such as the following (to name a few):

- The Seta in which the employer operates;
- The nature of accredited training undertaken;
- Whether the training programmes fall within the purview of Pivotal, Critical and Scarce skills;
- The amount of money available to the Seta.

## B-BBEE Recognition

Although the Seta benefits are available to all employees and non-employees, B-BBEE only recognises training provided to *"black persons".*

Under the Seta benefits, employers qualify for a 20% SDL mandatory grant for providing mandatory training such as First Aid, Fire Fighting, etc. In terms of B-BBEE, mandatory training is **not** recognised irrespective of the fact that it is accredited or non-accredited.

In respect of B-BBEE, a measured entity is entitled to include 25% of its costs associated with non-accredited training as part of its annual Skills Development Spend. This of course excludes any mandatory training. In respect of training costs associated with YES Programmes, a measured entity is allowed to receive recognition for up to 50% of its skills target spend on such training costs, irrespective of whether it is accredited or non-accredited training (mandatory training excluded).

From a B-BBEE point a view, the Skills Development element focus mainly on learnerships, donations to tertiary educational institutions, and accredited training. In respect of accredited training, the requirement relates to any Critical or Scarce Skills. Where the Setas prioritise Critical and Scarce skills in their **own industries** in approving grants, the B-BBEE requirements are more lenient and recognition is granted for "**any** Critical or Scarce Skills accredited programmes", regardless of the Seta where such Critical and Scarce Skills are identified. It is not limited to measured entities' own industries or Setas.

**Conclusion**

The above is not a detailed account of all the training aspects under the auspices of the Setas and within the ambit of B-BBEE. It is merely a brief overview with specific emphasis on the position of accredited training within the prerequisites of Seta benefits and B-BBEE recognition, and to highlight the more beneficial changes implemented by the Setas to encourage and promote accredited training.

*SERR Synergy assists businesses to implement viable B-BBEE initiatives* and ensure alignment of initiatives with the legal requirements of the B-BBEE Codes. We offer *customised and strategic skills development solutions* specifically designed to meet the particular needs of our clients and their specific industry. Our training options include mandatory training, accredited and nonaccredited training courses. Please *contact us* to find out more about our Skills development and training options.

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