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<b>TITLE:</b>	<b>LEARNERSHIP FUNDING POLICY</b>			

# LEARNERSHIP FUNDING POLICY

For the period

**1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009**

# **FOODBEV SETA LEARNERSHIP FUNDING POLICY**

## **1. INTRODUCTION**

This policy is applicable to the payment of learnership grants by FoodBev SETA to qualifying employers. The learnership grants constitute substantial funding by FoodBev SETA of the cost of training employees and unemployed persons on a learnership. As such it is necessary that clear qualification criteria for learnership grants are set out and employers, in terms of this policy, enjoined to adhere to the prescripts of the Skills Development Act, 97 of 1998, as amended, relevant regulations published in terms thereof and the learnership agreement in the implementation of learnerships. The policy further regulates the terms and conditions of the payment of learnership grants and entrenched FoodBev SETA's rights and entitlement to recover learnership grants in instances of non-compliance with relevant legislation, learnership agreements and this policy in the implementation of learnerhips.

As per this policy, all qualifying employers who sign and submit a grant claim form acknowledge and accept FoodBev SETA's entitlement to regulate these matters per policy in an endeavour to ensure the effective and efficient quality control of training as FoodBev SETA is statutorily enjoined to do under the Skills Development Legislative Framework.

## **2. PURPOSE**

The purpose of this policy is to define the terms and conditions under which the Learnership Grant will be implemented to achieve the National Skills Development Strategy (NSDS) Objective 2, Indicator 2.8 and Objective 4, Indicator 4.1, with respect to targets, eligibility/qualifying criteria, evaluation of applications, grant value, grant payments.

This funding policy has been informed by the Skills Development Act No .97 of 1998 as well as all applicable regulations pertaining to Learnerships (excluding Regulation 3(4) of the Learnership Regulations and Section 17(7) of the Skills Development Act).

## **3. SCOPE**

- 3.1 Foodbev SETA has made grants available to companies/organisations within the Food and Beverages Manufacturing Sector for enrollment of employees/unemployed persons (hereafter referred to as "learners") on Learnerships in areas identified as scarce skills (Refer Annexure A for list of scarce skills)
- 3.2 Learnership Grants are payable to employers to subsidise, in part, the cost of implementing learnerships.
- 3.3 This policy is applicable to the payment of learnership grants. Foodbev SETA will however, as part of our mandate, continue to register learners on learnerships even though grant funding may not be applicable/available.
- 3.4 FoodBev SETA maintains the right to adjust/amend this policy.
- 3.5 FoodBev SETA may launch learnership projects outside the scope of this Learnership Grant Funding Policy, should the need arise.

#### 4. POLICY

FoodBev SETA will pay a Learnership Grant in accordance with the terms and conditions stipulated in this Learnership Grant Policy, and specific criteria for submission, evaluation and approval with reference to payment of the Learnership Grant.

#### 5. OBJECTIVES

##### 5.1 NSDS Objective 2, Indicator 2.8

5.1.1 NSDS Objective 2, Indicator 2.8, states:

- *“By March 2010, at least 125 000 **workers** assisted and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills.*

5.1.2 NSDS Objective 4, Indicator 4.1, states:

- *“By March 2010, at least 125 000 **unemployed people** assisted and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills.*

#### 6. DEFINITIONS

- 6.1 Learnership - A registered learning pathway, unit standard based, that leads to a National Qualification.
- 6.2 Primary focus learnership - learnerships developed and registered by Foodbev SETA.
- 6.3 Non-primary focus learnership - learnerships developed and registered by other SETA's.
- 6.4 VAT - Value added tax. Foodbev SETA has been de-registered as a VAT vendor as of 1 April 2005.
- 6.5 Umaluzi - Education and Training Quality Assurance Body for qualifications in the Further and Higher Education bands.
- 6.6 CHE - Education and Training Quality Assurance Body for qualifications in the Higher Education Band.
- 6.7 Scarce skills - these are occupations where companies have difficulty finding new recruits or appropriately qualified new recruits, identified through research conducted in the sector.

#### 7. RESPONSIBILITY/AUTHORITY

The CEO is responsible for ensuring that this policy is implemented, whilst the Skills Planning Manager implements the policy.

#### 8. QUALIFYING CRITERIA

Applications must meet **all**<sup>1</sup> the following minimum criteria in order to qualify for funding:

- 8.1 The applicant must be registered with Foodbev SETA.
- 8.2 The applicant must be up to date with levy contributions unless exempt from paying levies (proof of exemption must be submitted).
- 8.3 The applicant **must** have qualified for mandatory grants (workplace skills planning grant) if employing more than 50 employees.
- 8.4 The grant must pertain to a registered learnership (both primary and non-primary focus).
- 8.5 The application for grants must be submitted on the prescribed application form. (Annexure C).
- 8.6 The provider contracted to deliver the training must be accredited by the relevant SETA, Umaluzi or CHE to deliver the applicable qualification. Proof of provider accreditation must be submitted with application for grant funding.
- 8.7 Applications must be for learners recruited and contracted during the current levy year (1 April 2008 to 31 March 2009).
- 8.8 Applicants must deliver signed learnership agreements to Foodbev SETA **within three months** of notification of approval of funding. No requests for extension of this period will be considered.
- 8.9 The applicant must have demonstrated a successful track record in learnerships or Foodbev SETA funded projects, or be willing to undergo an evaluation of company "readiness" for implementation of learnerships.
- 8.10 The applicant agrees to an audit by FoodBev SETA.
- 8.11 Applicants hosting previously unemployed learners must comply with at least one of the following NSDS equity targets: 85% black, 54% women, 4% disabled
- 8.12 The duration of learnerships for **unemployed persons** must **not exceed 13** months.<sup>2</sup>
- 8.13 The duration of learnerships for **employees** must **not exceed 18** months
- 8.14 Where applicants require grant funding to implement a learnership the Learnership Agreements should only be signed once the applicant has been notified of the approval of grant funding.  
7.14.1 Foodbev SETA will however, as part of our mandate, continue to register learners on learnerships even though grant funding may not be applicable/available.
- 8.15 Applications for grant funding **must** be in support of scarce skills identified in the sector (Annexure A).
- 8.16 Applications **MUST** include a detailed implementation plan specifying dates for training each unit standard and dates for assessments.

<sup>1</sup> Failure to comply with any one or more of the above qualifying criteria **on submission** of a grant application will **automatically disqualify** an application for grant funding.

<sup>2</sup> The rationale for the 13-month period is based on the calculation of notional hours in a learnership qualification which, on average, equates to 8 months. A period of 5 months is added to accommodate production requirements.

## 9. GRANT APPLICATION/APPROVAL

- 9.1 Invitations to apply will be posted on the FoodBev SETA website and Foodbev Seta communications media.

- 9.2 There will be five evaluation periods for grant funding applications during the financial year:
- 9.2.1 End of April 2008
  - 9.2.2 End of June 2008
  - 8.2.3 End of August 2008
  - 8.2.4 End of October 2008
  - 8.2.5 End of January 2009.
- 9.3 Applicants will be informed within one month of each of the evaluation periods of the outcome of the grant funding application.
- 9.4 Where grant funding has been awarded applicants must sign a grant claim form which constitutes a contract with FoodBev SETA, binding the company to the terms and conditions contained in the Learnership Grant Funding Policy. This includes compliance to:
- 9.4.1 Time-frames for implementation and completion
  - 9.4.2 Clause 3.2 of the Learnership Agreement: *“Responsibilities of the employer.....”*
  - 9.4.3 Notification to FoodBev SETA of termination of learners
  - 9.4.4 Responsibility for managing training providers, ensuring that
    - Learner induction is done
    - A learning schedule is in place on commencement of the learnership
    - The learnership is completed within a maximum of 13 months
    - Assessments are conducted on a regular basis
    - Assessment results are submitted on a monthly basis to Foodbev SETA.
  - 9.4.5 Responsibility for structured work-place exposure
  - 9.4.6 Responsibility for provision of learner tracking information on completion of the learnership (unemployed learners).

## 10. GRANT TYPES

Employers registered with FoodBev SETA may apply for Grants for both employees and unemployed persons on Learnerships. The two types of learnership grants are:

- 10.1 **18.1 Learnership Grants** which provide funding towards the training costs of an employed person. The value of this grant is R12 000-00 per learner.
- 10.2 **18.2 Learnership Grants** which provide funding towards the training cost and learner allowance of a previously unemployed person. The value of this grant is R18 000 per learner.

**Learnership Grants** are intended to subsidise, in part, the cost of training employees and unemployed persons on a learnership. This funding may be used towards training costs and/or learner allowances.

**11. EVALUATION AND APPROVAL PROCESS**

- 11.1 FoodBev SETA will evaluate applications against qualifying criteria (Section 8). Applicants will be informed within one month of each of the evaluation periods of the outcome of the grant funding application.
- 11.2 The approval is at the discretion of FoodBev SETA **based on availability of funds.**

## 12. PAYMENT OF GRANTS

### Conditions of Payment

- 12.1 The learnership grants will be paid from the pool of discretionary funds available for learnerships. The approval of the grant is **subject to availability of funds** and an application meeting all of the criteria does not guarantee funding.
- 12.2 No funds will be committed to any applicant for an unspecified date in the future or for learners recruited in a previous or future levy year.
- 12.3 One month is required for the capturing the applicable learnership agreements (**correctly completed**) and grants are payable within on month of having received an **original** signed grant claim form.
- 12.4 Grants will only be paid on receipt of the signed learnership agreements. Failure to produce the signed learnership agreements by due date will result in the funds allocated reverting to the discretionary pool.
- 12.5 Grant claim forms for second, third and fourth tranche payments will be sent to companies within one month of receipt of internally moderated assessment results and grants are payable on receipt of an **original** signed grant claim form.

### Grant Payment Tranches

- 12.5 **1<sup>st</sup> Tranche:** An advance payment of 25% of the total grant value is payable on approval of the grant claim.
- 12.6 **2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Tranches:** Three further tranches will be paid as follows:
- 12.6.1 **Tranche 2:** 25% of total grant value on receipt of 25% of assessment results contained in the learnership qualification.
- 12.6.2 **Tranche 3:** 25% of total grant value on receipt of 50% of assessment results contained in the learnership qualification.
- 12.6.3 **Tranche 4:** 25% of total grant value on receipt of 100% of assessment results contained in the learnership qualification.
- 12.7 In the case of **non-primary focus learnerships**, payment of 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> tranche payments will be made as follow:
- 12.7.1 On receipt of a report from a registered internal moderator stating that 25%; 50% and 100% of assessments have been conducted.
- 12.7.2 Proof or registration of the assessor with the relevant SETA and for the applicable learnership qualification/unit standards
- 12.7.3 Proof that the internal moderation results have been submitted to the relevant ETQA.

### 13. NON COMPLIANCE IN terms of the Learnership Agreement

#### Circumstances in which the employer must repay the grant:

- 13.1 If a learnership agreement is terminated lawfully in the circumstances set out in section 17(4)(b) and (c) of the Skills Development Act, 1998<sup>1</sup> or regulation 6(1) of the Learnership Regulations, 2001<sup>2</sup> then the employer must repay the FoodBev SETA the amount calculated according to the formula set out in this document.
- 13.2 If a learnership agreement is terminated unlawfully; i.e in a circumstance not contemplated in 17(4) of the Skills Development Act, 1998 or regulation 6(1) of the Learnership Regulations, 2001 then the employer must repay the FoodBev SETA the entire grant received from the SETA.

#### Notification of early termination:

- 13.3 Early termination of the learnership agreements requires the approval of FoodBev SETA, PRIOR to the termination of the agreement
- 13.4 The employer must notify the FoodBev SETA in writing of the termination of the learnership agreement within two working days from the early termination of the learnership agreement.
- 13.5 The notification of termination must be signed by the employer, learner and training provider, stating the reasons for termination.

#### Time of payment:

- 13.6 **The employer** must repay the grant to FoodBev SETA within one month of the early termination date of the learnership agreement

#### Costs and recovery of amount owing to FoodBev SETA:

- 13.7 If the learnership agreement is terminated before 25% of credits contained in the learnership qualification has been achieved, the employer must repay the 1<sup>st</sup> tranche (25% of total grant value) back to Foodbev SETA on a pro-rated basis.
- 13.8 If **the employer** does not repay the grant within the time contemplated in paragraph 5 then **the employer** undertakes to pay the FoodBev SETA's legal costs reasonably incurred in recovering this amount on an attorney-client scale.
- 13.9 The amount will also incur interest at the rate set out in the Prescribed Rate of Interest Act, 1975.
- 13.9 FoodBev SETA may institute proceedings in a Court of competent jurisdiction or institute arbitration proceedings to recover monies owed to it by the employer.
- 13.10 A learnership agreement may not be terminated before the termination date of the agreement unless:
  - 13.10.1 The FoodBev SETA approves of the early termination
  - 13.10.2 The learner is fairly dismissed for a reason related to the learner's conduct or capacity as an employee.

- 13.12 The FoodBev SETA may approve early termination if:
- 13.12.1 The employer and learner have agreed in writing to terminate the agreement
  - 13.12.2 The employer or employee has requested, on good cause, to terminate the agreement and the other parties to the learnership agreement have had the opportunity to make representations as to why the agreement should not be terminated
  - 13.12.3 The employee has terminated the contract of employment with the employer; or
  - 13.12.4 The training provider has requested on good cause to terminate the agreement

**Calculation of amount owing :**

1. **Calculate the learnership amount on a credit basis:** by dividing the entire grant by the total credit value of the learnership.

$$\frac{A}{B} = C$$

**Where:**

- A* represents the entire grant
- B* represents the total credit value of the learnership
- C* represents the learnership amount on a credit basis

2. **Calculate the learnership value:** by multiplying the learnership grant amount by the number of credits that the learner has been assessed and internally moderated on (and assessment results have been submitted to FoodBev SETA) until the early termination of the learnership.

$$C \times D = E$$

**Where:**

- D* represents the actual no. of credits that the learner has been assessed and internally moderated on
- E* represents the learnership value

3. **Calculate the repayment amount:** If the learnership value (credits completed) is less than the initial tranche paid by the FoodBev SETA then the company must repay the FoodBev SETA the difference between the amounts.

$$F - E = G$$

**Where:**

**F** represents the initial tranche

**G** represents the amount employer must repay the FoodBev SETA

4. If the employer terminates the learnership agreement in any circumstance not contemplated in the Act or regulations then the employer must repay the full amount received from the FoodBev SETA.

**Example 1:**

The FoodBev SETA agrees to pay an employer a R12 000 learnership grant for a learnership, with a credit value of 120 credits. FoodBev SETA pays an initial tranche of R3 000. The employer dismisses the employee as contemplated in Section 17(4)(b) of the Act and terminates the learnership agreement when assessment results of 16 credits have been submitted to FoodBev SETA. The employer must repay the FoodBev SETA R1 400

1. **Calculate the learnership amount on a credit basis:**

$$\frac{A \text{ (R12 000)}}{B \text{ 120}} = C \text{ (R100,00)}$$

2. **Calculate the learnership value:**

$$C \text{ (R100,00)} \times D \text{ (16 credits)} = E \text{ (R1 600)}$$

3. **Calculate the repayment amount:**

$$F \text{ (R3 000)} - E \text{ (1 600,00)} = G \text{ (R1 400,00)}$$

**Example 2:**

R18 000 (18(2) Learnership Grant)

1. **Calculate the learnership amount on a credit basis:**

$$\frac{A \text{ (R18 000)}}{B \text{ 120}} = C \text{ (R150)}$$

**2. Calculate the learnership value:**

$$C (R150) \quad x \quad D (16 \text{ credits}) = \quad E (R2 400)$$

**3. Calculate the repayment amount:**

$$F (R4 500) \quad - \quad E (R2 400) = \quad G (R1 900)$$

**Example 4:**

If the learnership agreement is terminated for any reason other than the reasons contemplated in the Act or the regulations then the employer must repay FoodBev SETA the entire amount received from FoodBev SETA.

If FoodBev SETA paid only the first tranche, the employer must repay FoodBev SETA R3 000 (employed learners) or R4 500 (unemployed learners).

## ANNEXURE A: LIST OF SCARCE SKILLS

Applications for learnership grant funding must be made in the following occupations:

Occupation
General Managers/Management
Advertising, Sales and Marketing Managers
Finance managers
Human Resource Managers
Production/Operations managers
Supply and Distribution Managers/Freight Managers
Quality Assurance Managers
Accountants
Training and Development Specialists
Marketing Specialists/Technical Sales Representatives
Electronics and Mechanical Engineers
Food Technologists and Science Technicians
Electronic and Mechanical Engineering Technicians/Integrated Line Manufacturing Technicians
Fitter (General)
Millwright
Mechatronics Technicians
Food and Beverage Process Machine Operators
Packing Machine Operators

## ANNEXURE B

**TABLE DETERMINING FUNDING PER CATEGORY OF TOTAL EMPLOYMENT**

<b>Company Size</b>	<b>Maximum total allocation (employed and unemployed learners)</b>
1 – 149 employees	10% of total permanent employment
150+ employees	4% of total permanent employment

**Example:**

<b>Total Employment</b>	<b>Maximum total allocation (employed and unemployed learners)s</b>
120	12 (10%)
1 200	48 (4%)
1 100	44 (4%)
130	13 (10%)

ANNEXURE C



**APPLICATION FOR LEARNERSHIP GRANTS: APRIL 2006 TO MARCH 2007**

COMPANY DETAIL

<b>Company name</b>				
<b>Skills Development Levy Number</b>				
<b>Copy of latest EMP 201 attached</b>	Yes		No	
<b>SDF Name</b>				
<b>Address: Physical:</b>				
<b>Postal:</b>				
<b>Total permanent employment</b>				
<b>Telephone numbers:</b>				
○ Landline		○		
○ Cell		○		
<b>Fax number</b>				
<b>e-mail address</b>				

**LEARNERSHIP DETAIL:**

Scarce Occupation (Refer Annexure A)	Learnership Title and Registration Number			Training Provider			No of 18 (1) Learners			R-value			No of 18 (2) Learners			R-value			
Proposed start and end date of the learnership contract	Learnership Title						Start Date						End Date						
	1																		
	2																		
	3																		
Accreditation Status (please attach proof of accreditation)	Provider Name			Accreditation Body						Qualification for which provider is accredited									
Physical location of site for practical workplace exposure																			
Name and contact detail of workplace mentor/s																			
Time to be spent on theory training (number of days)																			
Time to be spent on structured practical workplace exposure (number of days)																			
Equity Breakdown 18(2) learners	African			Coloured			Indian			White			Total						
	M	F	D	M	F	D	M	F	D	M	F	D	M	F	D				
Numbers																			
Percentage																			

## PROCESS OF GRANT APPLICATION AND GRANT APPROVAL

