



GOOD GOVERNANCE

IMPLEMENTATION

STAKEHOLDER
ENGAGEMENT

PLAN OF ACTION

POLICY FRAMEWORK

STRATEGIC PLAN

2020/21 — 2024/25



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



DEVELOP AND GROW
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mission, vision & values

NAME:

Services SETA

PHYSICAL ADDRESS:

15 Sherborne Road
Parktown
2092

POSTAL ADDRESS:

Services SETA
PO Box 3344
Houghton
2041
South Africa

WEBSITE:

www.servicesseta.org.za

For more information, please contact:

Tel: +27 11 276 9600

Email: customer-care@servicesseta.org.za

MISSION



Facilitation of quality skills development for employment and entrepreneurship in the services sector for national economic growth.

VISION



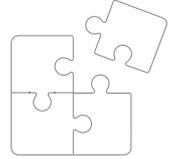
To serve, to deliver, for renewal, for prosperity.

VALUES



- ★ Accountability
- ★ Innovation
- ★ Integrity
- ★ Professionalism
- ★ Responsiveness

Accounting Authority: Chairperson's Overview



I am pleased to present the Services Sector Education and Training Authority (Services SETA) updated Strategic Plan 2020/21 – 2024/25. The Services SETA was established through the Skills Development Act of 1998 to facilitate and supply skills to the sector. This Strategic Plan (SP) outlines the Services SETA's plans to realise this mandate, as per the Medium-Term Strategic Framework (MTSF) 2019-24 and the National Skills Development Plan (NSDP) 2030.

The 2020/21-2024/25 Strategic Plan is developed against several challenges facing the sector and the South African economy. Among these challenges is the negative economic growth, as measured by the Gross Domestic Product (GDP) rate. The second significant impact was caused by the Covid-19 pandemic and the increasing levels of unemployment. The Covid-19 pandemic reduced production, which subdued household demand for goods and services, disrupted global supply chains, and created uncertainty for future business investments.

Therefore, the Services SETA must prudently manage its financial resources while ensuring continued investment in skills development to resurrect the demand for skilled labour. Meanwhile, the Covid-9 pandemic offers us an opportunity to bring information and communication technology (ICT) to our operations and to help expand access to our services. Furthermore, the decreasing revenue necessitates the

The Strategic Plan emphasises promoting skills development and entrepreneurial opportunities for the marginalised and most vulnerable.

Services SETA to leverage strategic partnerships with industry and stakeholders to expand the pool of education and training resources and influence spending to meet the sector's skills needs.

The Services SETA is committed to promoting Broad-Based Black Economic Empowerment (B-BBEE) through its supply chain management processes. This commitment involves providing economic opportunities to facilitate skills development for black people and assist employers in gaining efficiencies through skilling interventions. The Strategic Plan (SP) highlights the priorities outlined in the National Development Plan (NDP) and the Economic Reconstruction and Recovery Plan (ERRP). The organisation is committed to supporting the education agenda that relates to this mandate by prioritising digital skills, e-commerce, and workplace-based learning (WBL) as part of its skills development and capacity building initiatives,

The Services SETA also seeks to support the Government's Economic Reconstruction and Recovery Plan (ERRP), which is intended to assist in the economic recovery following the financial devastation caused by COVID-19. The ERRP identified the services sector, particularly the contact centre industry, as one of the focal areas. The Sector Skills Plan has identified critical interventions as the output indicators for the Strategic Plan and the Annual Performance Plan.

A vital goal of the Services SETA is to ensure collaboration with stakeholders to address scarce, critical and priority skills for the services sector through sustained, coordinated dialogue. To achieve this, the Services SETA has established strategic partnerships with TVET Colleges, CET Colleges, and universities to ensure improved access to quality learning programmes, increased relevance of skills development interventions, and building strong partnerships between stakeholders and social partners.

The Strategic Plan emphasises promoting skills development and entrepreneurial opportunities for the marginalised and most vulnerable. The impact statement of this Strategic Plan aptly articulates this goal, which states: "A skilled, competitive and entrepreneurial workforce that drives the economic growth of the services sector and contributes to improved quality of life and eradication of poverty".

On behalf of the Accounting Authority, I want to thank our stakeholders for their continued support in implementing this Strategic Plan and their constant feedback.



MR STEPHEN DE VRIES 30 NOVEMBER 2021
Chairperson: Accounting Authority



Chief Executive Officer



The 2022/23 update of the Strategic Plan 2020/21-2024/25 represents a third iteration over the Medium-Term Strategic Framework (MTSF) aimed at delivering on the National Skills Development Plan 2030 (NSDP). This process provides a critical moment for reflection. It requires the Services SETA to review its performance in the last two years of the NSDP and its contribution to the eight outcomes of the Plan. The update of this Strategic Plan has been foregrounded by this reality.

The leadership of this organisation, guided by the Accounting Authority, spent a considerable amount of time reviewing our strategic focus and alignment to the NSDP outcomes and principles. A sober conclusion is that we should place a special focus on our primary mandate – that of ensuring *“A skilled and capable workforce that contributes to economic growth”* as envisioned in the NSDP through quality skills development interventions.

This required us to revisit our impact statement and outcomes to ensure alignment with the NSDP outcomes and principles, and to implement appropriate strategies to respond to this call, within available financial resources and human capital. Given our current financial position, it was important to ensure maximum utilisation of partnership networks within the PSET eco-system.

Collaboration and partnerships with Universities, TVET & CET Colleges, other SETAs, and employers has been identified as a central consideration in implementing quality skills development interventions in line with the Services SETA mandate. Programmes 2 & 3 of the Annual Performance Plan 2022/23 place a strong focus on this element of the responsive strategy devised by the Services SETA. This is borne by the fact that SETAs facilitate skills and, therefore, require a closer collaboration with key role players in the broader education sector.

The above-outlined pillar of the responsive strategy is aligned to outcomes 2, 3 & 4 of this Strategic Plan. Realising these outcomes requires building internal capacity. To this end, this Strategic Plan, places a greater emphasis on effective financial controls, integration of ICT systems and applications, and good

governance. These focus areas of the responsive strategy find expression in outcome 1 of this Strategic Plan.

Further to improving our capacity to deliver on our mandate, is the concerted efforts to strengthen our ability to supply through alignment of historically registered qualifications to QCTO's occupationally directed qualifications framework and developing new qualifications to address skills demands of the 21st Century, driven largely by technology and e-commerce as it effectively responds to opportunities presented by the growth in the contact centre industry. The Annual Performance Plan of this Strategic Plan has set ambitious targets to address this gap.

While we are optimistic about our ability to implement this ambitious plan, we are not oblivious to the challenges presented by Covid-19. The pandemic has changed our lives in the most fundamental of ways – how we live, how we work, how we connect with others and most importantly how we deliver skills development initiatives. Some of these changes will be temporary, while others are likely to be long lasting. Nonetheless, we continue to stay the course towards achieving the outcomes of the NSDP 2030.

This will require an on-going review and adjustment of our implementation plans and our strategies to remain relevant and realistic. Successful implementation of this Strategic Plan hinges on the commitment of our staff, support from our stakeholders and partners and guidance from the Accounting Authority.

We are truly blessed to have enjoyed this colligability so abundantly in endeavours thus far. We call for more of the same as we approach the end of the MTSF and mid-term of the NSDP 2030.

MR MENZI FAKUDE

Chief Executive Officer

30 NOVEMBER 2021

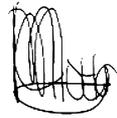
Official Sign-Off

It is hereby certified that this Strategic Plan:

- was developed by the management of the Services SETA in consultation with the Department of Higher Education and Training
- was informed by the revised Services SETA Sector Skills Plan submitted on 02 August 2021
- accurately reflects the strategic outcome-oriented goals and strategic objectives which the Services SETA will endeavour to achieve over the period of 2020/21 – 2024/25

MS MAMABELE MOTLA

Executive Manager: Strategy & Planning



Signature

Date: 30.11.2021

MR TSHEOLA MATSEBE

Chief Financial Officer



Signature

Date: 30.11.2021

MR MENZI FAKUDE

Chief Executive Officer



Signature

Date: 30.11.2021

MR STEPHEN DE VRIES

Chairperson: Accounting Authority



Signature

Date: 30.11.2021



Table of Contents

ACCOUNTING AUTHORITY STATEMENT	iii
CHIEF EXECUTIVE OFFICER	v
OFFICIAL SIGN-OFF	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	viii
LIST OF FIGURES	viii
GLOSSARY	viii

Part A

Our Mandate	01
1. CONSTITUTIONAL MANDATE	2
2. LEGISLATIVE AND POLICY MANDATE	2
2.1. Legislative Mandate	2
2.1.1. Skills Development Act	2
2.1.2. Skills Development Levies Act	3
2.1.3. Public Finance Management Act	3
2.1.4. Broad-Based Black Economic Empowerment Amendment Act	3
2.1.5. Other Key Legislations	4
2.2. Policy Mandates	4
2.2.1. The National Development Plan	4
2.2.2. Human Resources Development Strategy	4
2.2.3. White Paper on Post-School Education and Training	4
2.2.4. National Skills Development Plan	4
2.2.5. NDP Five Year Implementation Plan	5
2.2.6. New Growth Path	5
2.2.7. National Skills Accord	5
2.2.8. Economic Reconstruction and Recovery Plan	5
3. INSTITUTIONAL POLICIES AND STRATEGIES	5
3.1. Institutional Policies	5
3.2. Institutional Strategies	6
3.2.1. Funding Strategy	6
3.2.2. Key Interventions	6
3.2.3. Sector Skills Priorities	6
4. RELEVANT COURT RULINGS	6

Part B

Our Strategic Focus	7
5. VISION	8
6. MISSION	8
7. VALUE	8
8. SITUATIONAL ANALYSIS	8
8.1. External Environment Analysis	8
8.1.1. Overview of the services sector	8
8.1.2. Skills demand analysis	13
8.1.3. PESTEL and SWOT Analysis	16
8.1.4. Priority interventions for skills supply	17
8.2. Internal Environment Analysis	18
8.2.1. Services SETA Operating Model and Implications for Planning	18
8.2.2. The Services SETA Value Chain	19
8.2.3. Organisational Capabilities Underpinning Performance Improvements	21
8.2.4. The Services SETA Organisational Structure and Staffing	21

Part C

Measuring Our Performance	24
9. INSTITUTIONAL PERFORMANCE INFORMATION	25
9.1. Measuring Impact	25
9.2. Measuring Outcomes	25
9.3. Key Risks	28
9.4. Planned Performance over Five Year Planning Period	29
9.5. Transformation imperatives	30
9.6. A responsive strategy	30
10. REFERENCES	31
11. ANNEXURES	32
Annexure A: Sector Skills Plan	32
Annexure B: Technical Indicator Descriptors	33

List of Tables

Table 1:	Employment by Gender, Race and Age	10
Table 2:	Services Sector GDP Contribution by Chamber	12
Table 3:	COVID-19 Skills Implications for the Services Sector	14
Table 4:	Skills Implications of ICT on the Services Sector	14
Table 5:	Skills Implications of Globalisation	14
Table 6:	Skills Implications of Climate Change	15
Table 7:	Economic Implications on Skills	15
Table 8:	PESTEL Analysis	16
Table 9:	SWOT Analysis	17
Table 10:	Services SETA Filled and Approved Posts	21
Table 11:	Key Risks	28
Table 12:	Services SETA ERRP Response	29
Table 13:	Alignment to the NDP Deliverables	29
Table 14:	Services SETA and Transformation	30

List of Figures

Figure 1:	Allocations of Skills Levy Funds	3
Figure 2:	Service SETA Chambers and Sub-sectors	11
Figure 3:	Service SETA employers by provincial spread	12
Figure 4:	Unemployment rates by gender (Q1,2021)	12
Figure 5:	Services SETA Key Role Players	13
Figure 6:	The Roles Played by Key Role Players	14
Figure 7:	GDP Growth (%), 2019-21	15
Figure 8:	COVID-19 Impact on turnover of services sector employers	17
Figure 9:	COVID-19 Impact on labour force of services sector employers	18
Figure 10:	COVID-19 Impact on training interventions by services sector employers	18
Figure 11:	Services SETA Operating Model	27
Figure 12:	Services SETA Value Chain	29
Figure 13:	Skills Development Cycle	30
Figure 14:	Governance and Executive Structure	32

Glossary

AET	Adult Education and Training
ASGISA	Accelerated Shared Growth Initiative of South Africa
ATR	Annual Training Report
BUSA	Business Unity South Africa
COVID-19	Coronavirus disease
DHET	Department of Higher Education and Training
DTI	Department of Trade and Industry
GATS	General Agreement on Trade and Services
GRAP	Generally Recognised Accounting Practice
HET	Higher Education and Training
HRD	Human Resources Development
HRDS	Human Resources Development Strategy
IPAP	Industrial Policy Action Plan
ICT	Information and Communication Technology
IT	Information Technology
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NEET	Not in Employment, Education or Training
NGO	Non-Governmental Organisation
NGP	New Growth Path
NIPF	National Industrial Policy Framework
NLPE	Non-Levy Paying Employer
NPC	National Planning Commission
NQF	National Qualifications Framework
NSA	National Skills Authority
NSDP	National Skills Development Plan
NSDS	National Skills Development Strategy
NSF	National Skills Fund
OFO	Organising Framework for Occupations
OHS	Occupational Health and Safety Act
PFMA	Public Finance Management Act
PIVOTAL	Professional Vocational Technical and Academic Learning
QCTO	Quality Council for Trades and Occupations
SCM	Supply Chain Management
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SME	Small and Micro Enterprises
SMME	Small, Medium and Micro Enterprises
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
WPPSET	White Paper on Post-School Education and Training
WSP	Workplace Skills Plan

PART A OUR MANDATE

STRATEGIC PLAN

2020/21 — 2024/25



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The Services Sector Education and Training Authority (Services SETA) is a statutory body established through the Skills Development Act of 1998 (Act No. 97 of 1998) as amended by the Skills Development Act, 26 of 2011 to enable its stakeholders to grow the services sector through contribution to the Gross Domestic Product (GDP), job-creation and entrepreneurial development. In terms of the Skills Development Act and the National Skills Development Plan: 2030 (NSDP), the Services SETA is mandated to develop skills for the services sector labour force.

This Strategic Plan (SP) outlines the Services SETA's plans to realise this mandate, as per the Medium-Term Strategic Framework (MTSF) 2019-24. This Plan is a product of rigorous research and thorough consultations with internal and external stakeholders. It outlines the overarching impact statement and the desired outcomes that guide the achievement of the intended impact. Key risks and mitigation strategies are outlined to ensure a seamless implementation of the plan.

The Plan is developed against the backdrop of a negative economic growth, as measured by GDP rate. The pandemic has (i) forced reduction in production as a result of a national lockdown and other restrictions on non-essential business operations, (ii) subdued household demands for goods and, especially, services, (iii) disrupted global production and supply chains on South African exports, and (iv) created uncertainty on future business investment.

Given this context, the challenge for the Services SETA, is managing financial resources prudently to ensure continued investment in skills development geared towards resuscitating demand for skilled labour.

Considering the above, the plan places a strong emphasis on promoting access to skills development and entrepreneurial opportunities for blacks, women, youth, and people with disabilities. This goal is aptly encapsulated in the impact statement of this Strategic Plan:

"A skilled, competitive and entrepreneurial workforce that drives economic growth of the services sector and contributes to improved quality of life and eradication of poverty."

Specific outcomes include:

1. Enhanced organisational capabilities to deliver on the strategy (NSDP),
2. Enhanced mechanism for effective skills planning through collaborative research and partnerships,
3. Promote access to technical and professional skills for employment and entrepreneurship across the service sector, and
4. Enhanced Quality Assurance efficiencies to execute QCTO delegated functions

1. CONSTITUTIONAL MANDATE

Section 29 of the Constitution provides all South Africans with the right - (a) to a basic education, including adult basic education; and (b) to further education, which the state, through reasonable measures, must make progressively available and accessible. To contribute towards the achievement of S29, the Services SETA, accordingly, provides access to education for all South Africans through programmes such as Artisans, Learnerships and Adult Education & Training (AET).

Furthermore, the Services SETA derives its constitutional mandate from the Bill of Rights (Chapter 2 of the Constitution of the Republic of South Africa, 1996) where it provides everyone the rights to Education (29), Access to information (32), and Just Administrative Action (33).

2. LEGISLATIVE AND POLICY MANDATE

This section discusses key legislation, policies and Government programmes that informs the Services SETA's mandate.

2.1. LEGISLATIVE MANDATE

2.1.1. Skills Development Act

Section 9 (1) of the Skills Development Act (Act No. 97 of 1998 as amended) empowers "the Minister of Higher Education and Training to establish Sector Education and Training Authorities (SETAs) for any national sector economy." The Skills Development Act mandates SETAs to:

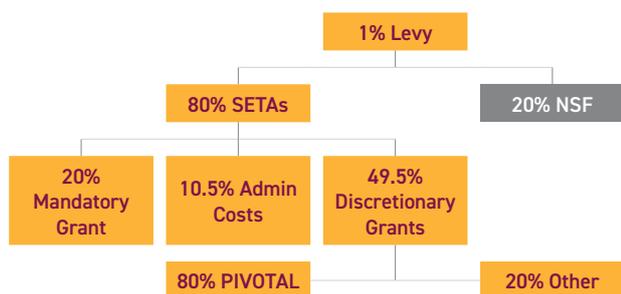
- Develop and implement its Sector Skills Plan;
- Promote occupation-based learning programmes that include work experience;
- Register agreements for learning programmes; and
- Support and form partnerships with other agencies on matters related to skills development;
- Collect and disburse the skills development levies, allocated to it in terms of sections 8 and 9 of the Skills Development Levies Act, in the Education, Training and Development (ETD) Sector

Key programmes for SETAs comprise on-the-job training, learnerships, internships and bursaries, with a particular focus on the unemployed, women and youth. To strengthen accountability on the SETAs performance, the Department of Higher Education and Training (DHET) to enter into a Service Level Agreement (SLA) with all SETAs. The copy of the Service Level Agreement between Services SETA and the Ministry for Higher Education and Training is in Annexure B of the Annual Performance Plan as updated.

2.1.2. Skills Development Levies Act

The Skills Development Levies Act (Act No. 9 of 1999) as amended makes provision for the funding of SETAs through levies collected from employers. In terms of the Skills Development Levies Act (SDLA), employers are required to pay 1% of the payroll cost to the National Treasury through the South African Revenue Services (SARS). Figure 1 illustrates how skills levy's funds are used. SETAs receive 80% of the funds to facilitate training of employees and prospective employees and a further 20% is allocated to National Skills Fund which provides funds to support projects that are national priorities in the National Skills Development Plan.

Figure 1. Allocations of Skills Levy Funds



Source: DHET, 2021

SETAs distribute a portion of the funds back to employers upon receipt of workplace training plans and reports (WSP/ATR) – the maximum amount reimbursable is 20%. The levy system creates an incentive for employers to train employees and to support training to drive the skills development programme of the government. SETAs are allocated 10,5% of the budget to cover administration costs. The remaining 49,5% is reserved for discretionary grants – 80% of which should address PIVOTAL skills with the remainder reserved for other skills interventions.

Currently, the Grant Regulations determine that the skills levy is not the only source of funding for skills development in the sector. Many employers spend resources on training that they do not report; learners themselves often pay for their own studies; and public providers such as Technical Vocational Education and Training (TVET) colleges and Higher Education Institutions (HEIs) receive funding independently. These resources do not fall under the managerial control of the Services SETA but are the basis for leveraging further investments in education and training, and partnerships. In addition, the Services SETA influences the expenditure of these resources through sector skills planning.

2.1.3. Public Finance Management Act

The Services SETA is a national public entity established in terms of Schedule 3 (Part A) of the Public Finance Management Act (PFMA) (Act No. 1 of 1991). Therefore, the Services SETA

must conduct its financial affairs in line with the PFMA. PFMA regulates financial management in the national government, provincial governments, and SOEs to ensure that all their revenue, expenditure, assets, and liabilities are managed efficiently and effectively. Provides for the responsibilities of persons entrusted with financial management of those governments.

2.1.4. Broad-Based Black Economic Empowerment Amendment Act

The Broad-Based Black Economic Empowerment Amendment Act 2003 (Act No. 53 of 2003) as amended by Act 46 of 2013, is a form of economic empowerment initiated by the South African government with the goal to distribute wealth across to as broad a spectrum of the black South African society as possible. It is measured through the B-BBEE Scorecard, a system made up by seven elements, each with a certain weighting (points) attached to it. The elements are:

- Ownership,
- Management Control,
- Employment Equity,
- Skills Development,
- Preferential Procurement,
- Enterprise Development and
- Social-Economic Development.

There are three priority elements on the BEE scorecard which companies must comply with for verification. These elements are:

- i. Ownership,
- ii. Skills Development and
- iii. Enterprise Development.

Skills development as a priority element of the B-BBEE scorecard measures the extent to which companies carry out initiatives designed to develop the competencies of black people internally and externally. The sub-minimum requirement for skills development is 40% of the total weighting points for skills development which, on the generic scorecard, is 20 points. It is further required that black women should form between 40% and 50% of the beneficiaries of the relevant elements of the B-BBEE scorecard, and that black people with disabilities, black youth, black people living in rural areas, and black unemployed people also form part of the beneficiaries.

The Services SETA is committed to contributing towards B-BBEE through its supply chain management processes and enhancing access for blacks but also supporting employers to gain efficiencies from investing in skilling interventions. The current B-BBEE Level is 6 and the aim is to reach Level 5 by 2022.

2.1.5. Other Key Legislations

- South African Qualifications Authority Act, 1995 (Act No. 58 of 1995)
- The National Qualifications Framework Act, (Act No. 67 of 2008)
- Employment Equity Act, 1998 (Act No. 55, 1998).
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- Protection of Personal Information Act, 2013 (Act No. 4 of 2013)
- Regulations published in the Government Gazette, No. 35940, 03 December 2012 regarding Monies Received by a SETA and Related Matters

2.2. POLICY MANDATES

2.2.1. The National Development Plan

The National Development Plan (NDP) aims to eliminate poverty and reduce inequality by 2030. The NDP has identified the following 9 key areas to achieve a developmental approach that is sustainable and inclusive: Creating jobs and livelihoods; Expanding infrastructure; Improving education and training; Transforming urban and rural spaces; Transitioning to low-carbon economy; Fighting corruption and enhancing accountability and facilitate rural and urban development projects that foster social cohesion.

This Strategic Plan and the Annual Performance Plan (APP) place emphasis on the priorities identified in the National Development Plan (NDP). In the immediate future, there is a need to support Operation Phakisa which seeks to fast-track the delivery of priorities outlined in the NDP regarding the ocean's economy. In the medium-term, through the setting up of Skills Development Centres' initiative, the Services SETA aims to address artisanal skills shortages identified by Occupational Teams that have been established for the Strategic Infrastructure Projects (SIPs) being utilised for Operation Phakisa. In the long-term, in supporting the education agenda linked to this mandate, the Services SETA supports DHET's skills development and capacity-building initiatives which prioritise Workplace Based Learning (WBL) through facilitating placement of TVET College graduates.

2.2.2. Human Resources Development Strategy

Human Resource Development Strategy for South Africa (HRD-SA) 2010 –2030 has three clear goals to: (i) reduce levels of poverty and unemployment in South Africa; (ii) promote justice and social cohesion through improved equity in the provision and outcomes of education and skills development programmes, and (iii) improve national economic growth and

development through improved competitiveness of the South African economy.

The Services SETA plays an intermediary role in facilitating the programmatic interventions of the strategy over the long, medium, and short-term. The aim is to ensure a coordinated and continuous dialogue with stakeholders to lay the foundation for collaboration to address scarce, critical and priority skills needed for the services sector. Through the Entrepreneurship and Cooperative Development Initiative, the Services SETA aims to support the growth and development of emerging and growing SMMEs and cooperatives with a specific focus on women, youth, and people with disabilities.

2.2.3. White Paper on Post-School Education and Training

The White Paper on Post-School Education and Training (WP-PSET) focuses on improving the quality of TVET colleges which entails the development of appropriate programmes; upgrading of lecturer qualifications; capacity building for management and governance; improved learner support; utilising appropriate information technology systems for learning and management; and building strong partnerships between colleges and employers in the public and private sectors. The Services SETA has established strategic partnerships with TVET colleges and universities aimed at ensuring improved access to quality learning programmes, increased relevance of skills development interventions and building strong partnerships between stakeholders and social partners. The focus is on TVET colleges based in rural areas. Partnership contracts are of a short-term nature, approximately one year to ensure wider coverage of universities and TVET Colleges.

2.2.4. National Skills Development Plan

The National Skills Development Plan (NSDP: 2030) is a 10-year plan that "seeks to ensure that South Africa has adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development". The NSDP time frames are aligned to the NDP's target of 2030 and straddles two MTSF periods (2020/21-2024/25 and 2025/26-2029/2030). The NSDP contains eight outcomes that guide its implementation. In summary, the outcomes places emphasis on developing both basic skills and technical skills, with a specific focus on historically disadvantaged individuals.

The NSDP implores SETAs to aim to facilitate and co-finance training for approximately 10% of the workforce annually. Crucially, the NSDP urges SETAs to forge close collaboration with employers to strengthen work-place learning. This Strategic Plan ensures alignment between the NSDP outcomes and the impact statement, outcomes as well as outputs. Targets set directly address the NSDP Outcomes as

well as the NDP goals and are aligned to five-year MTSF of the government. There is also a strong emphasis on promoting workplace learning to promote quality throughput of graduates to support the sector. The Annual Performance Plan (APP) targets provide the clearest indication of the alignment of the SP's outcomes to NSPS outcomes.

2.2.5. NDP Five Year Implementation Plan

The Services SETA, as an entity falling under the oversight of the DHET, supports the DHET to implement its NDP Five-Year Implementation Plan: 2019-2024. Government has identified seven priorities derived from the Electoral Mandate and the State of the Nation Address which informs the Medium-Term Strategic Framework (2020/21-24/25):

- Priority 1: Economic Transformation and Job Creation
- Priority 2: Education, Skills and Health
- Priority 3: Consolidating the Social Wage through Reliable and Quality Basic Services
- Priority 4: Spatial Integration, Human Settlements and Local Government
- Priority 5: Social Cohesion and Safe Communities
- Priority 6: A Capable, Ethical and Developmental State
- Priority 7: A better Africa and World

Priority 2, namely, *Education, Skills and Health* is relevant to the Department of Higher Education and Training. This priority contributes to pillar 2 of the 3 NDP pillars which is *Capabilities of South Africans*. To implement these priorities, the DHET has identified five Outcomes which have a direct bearing on the Services SETA:

- Outcome 1: Expanded access to PSET opportunities
- Outcome 2: Improved success and efficiency of the PSET system
- Outcome 3: Improved quality of PSET provisioning
- Outcome 4: A responsive PSET system
- Outcome 5: Improved employability of youth through skills training

The Services SETA's impact statement and outcomes are closely aligned to this Implementation Plan as will be illustrated in the ensuing section of this Strategic Plan, with clear annual targets as expressed in the Annual Performance Plan attached herein.

2.2.6. New Growth Path

New Growth Path (NGP). The New Growth Path identifies 5 job drivers: Infrastructure for employment and development; Seizing the potential of new economies; Improving job creation in employment; Investing in social capital and Spatial development.

Services SETA's response to NGP is to identify large infrastructure projects that provide opportunities for sector role-players, employment creation, small business expansion and rural development. In addition, Services SETA will contribute to areas of the economy like the green industry and environmentally friendly production processes by exploring the role that can be played by the services sector. The Services SETA is reviewing current learnerships and qualifications to determine the extent to which they respond to the current skills needs. Work is already underway to fill the identified skills gaps. These include the impact of the 4th Industrial Revolution on cleaning and hiring and communication and marketing subsectors.

2.2.7. National Skills Accord

The Services SETA's contribution to the National Youth Accord is primarily through investment in artisanal training related to Strategic Infrastructure Plans and additionally through the placement of TVET learners on work-integrated learning in the public and private sector; and the significant allocation of resources to artisan development, in partnership with the National Youth Development Agency. Programmes are short to medium-term in nature to ensure that as many learners as possible benefit from these initiatives.

2.2.8. Economic Reconstruction and Recovery Plan

In response to the continued decline in the GDP growth, and debilitating impact of COVID-19 on the economy, the government of South Africa instituted the Economic Reconstruction and Recovery Plan (ERRP). The plan aims to foster an economic rebound from the pandemic and to build the economy of the future. The plan has identified key economic sectors that are likely to drive recovery faster. To support this initiative, the Department of Higher Education, Science, and Innovation has developed an Economic Reconstruction and Recovery Skills Strategy (ERRSS). The Services SETA has identified scarce, and critical skills prioritised by the DHET through the ERRSS for inclusion in the Sector Skills Plan 2022/23 and with targets set out in the Annual Performance Plan 2022/23 and the Service Level Agreement accompanying between the Services SETA's Accounting Authority and the Minister of Higher Education, Science, and Innovation.

3. INSTITUTIONAL POLICIES AND STRATEGIES

3.1. INSTITUTIONAL POLICIES

The Services SETA has two broad types of policy approaches: (1) governance and (2) operational. The Accounting Authority is responsible for governance policies that cover the governing

body's vision and mission of the SETA, their accountabilities, attendance, codes of conduct, commitments, conflict of interest, decision-making, financial prudence, governance values, leadership, ethics, roles and responsibilities, and a range of related cultural matters. They also include policies on the governing body's delegations to top management and staff, and interactions with the broader community and stakeholder base.

Operational policies are delegated to the executive management. These include policies on:

- Discretionary Grant,
- Supply Chain Management, Human Resource, and
- Organisational Compliance and Enterprise Risk Management.

Management initially develops and oversees these policies; with the governance reviewing and finally approving them.

3.2. INSTITUTIONAL STRATEGIES

3.2.1. Funding Strategy

The Services SETA is committed to implementing NDSP 2030 and giving support to priority programmes of government whilst maintaining financial viability. Due to a decline in revenue as a result of the impact of COVID-19 on levy-paying employers, and the legacy of commitments exceeding the annual revenue and available reserves, the management of the Services SETA has developed a turnaround funding strategy which includes a review of delivery models including Discretionary Grant policy and Business process optimisation. The ultimate goal is to ensure successful implementation of the NSDP by supporting priority programmes whilst maintaining financial viability.

3.2.2. Key Interventions

Services SETA has invested available resources to improve service delivery offerings and has embarked on the following projects:

- a. The realignment of historical qualifications to occupational qualifications in line with the QCTO programme, including prioritised occupations and short-skills interventions to address national priorities
- b. Implementing skills development initiatives in line with the sector skills needs and Economic Reconstruction and Recovery Plan with a specific bias to digital and contact centre skills
- c. A focus on work-integrated learning and workplace-based learning interventions in close collaboration with industry role players to make "workplaces training places"

- d. Integration of application systems and business process optimisation to support the implementation of learning interventions, including project monitoring, external moderation, and certification
- e. Strengthen collaboration across the PSET ecosystems, including Inter-SETA partnerships to ensure an effective response to priority interventions aligned to the ERRP

3.2.3. Sector Skills Priorities

The Strategic Plan is informed by the following intervention areas as identified in the Sector Skills Plan:

- a. Foster Inter-SETA collaboration and industry partnerships to promote growth in the services sector including SMMEs
- b. Secure workplace training opportunities working in collaboration with the industry, employers, and SETAs
- c. Work with QCTO and industry role players to complete and implement registered occupationally directed qualifications
- d. Strengthen alignment between industry needs and Services SETA supply through planning, implementation, and structured M&E
- e. Development of organisational-wide M&E Framework to improve performance management

4. RELEVANT COURT RULINGS

Regulations on Monies received by SETAs and related matters were promulgated in July 2013. The Business Unity South Africa (BUSA) versus DHET court case is bound to have an impact on the implementation of this plan. BUSA launched a court case against DHET on the SETA Grant Regulations Regarding Monies Received by a SETA and Related Matters, which was gazetted on 3 December 2012 and came into effect on 1 April 2013. In summary, BUSA did not agree with the decrease in the Mandatory Grant percentage from 50% to 20% and that unspent SETA funds are transferred to the National Skills Fund (NSF). The Court ruled in favour of BUSA. This ruling has significant financial implications for the Services SETA, especially if retrospective payment is awarded.

For 2022/23, the Discretionary Grant allocations have been based on the Grant Regulations' determination of 20%. In line with this budget plan, the available DG amount is R1,144b. Should DHET instruct SETAs to implement the court ruling above, the DG amount available will be R837,5m and this outcome will have a severe impact on the Services SETA ability to execute its mandate in line with the Strategic Plan 2020/21-2024/25 and Annual Performance Plan 2022/23 predetermined objectives.

PART B

OUR STRATEGIC FOCUS

STRATEGIC PLAN

2020/21 — 2024/25



DEVELOP AND GROW
www.servicesseta.org.za

5. VISION

To Serve, to Deliver, for Renewal, for Prosperity.

6. MISSION

Facilitation of quality skills development for employment and entrepreneurship in the Services Sector for national economic growth.

7. VALUE

The following values guide Services SETA:

- Accountability
- Innovation
- Integrity
- Professionalism
- Responsiveness

8. SITUATIONAL ANALYSIS

8.1. EXTERNAL ENVIRONMENT ANALYSIS

This section discusses the external environment of the Services SETA. Firstly, it provides an overview of the services sector. Secondly, it highlights the nature and extent of skills demand and supply within the sector. Lastly, it then outlines priority actions for addressing skills demand and supply issues identified through the sector skills planning process.

8.1.1. Overview of the services sector

a. Size of the services sector

The services sector, as demarcated by the Department of Higher Education and Training, refers to the 70 Standard Industrial Classification (SIC) Codes. The 70 industries have been divided into six chambers and 16 subsectors for operational purposes, see Figure 2.

Figure 2: Service SETA Chambers and Sub-sectors

	Cleaning & Hiring Services	<ul style="list-style-type: none"> • Hiring services • Household services • Cleaning services • Domestic services
	Communications & Marketing Services	<ul style="list-style-type: none"> • Marketing services • Contact Centres • Postal services



Labour & Collective Services

- Labour Recruitment Services
- Collective Services



Management & Business Services

- Business Services
- Project Management



Personal Care Services

- Hair care
- Beauty Treatment
- Funeral services
- Fashion



Real Estate & Related Services

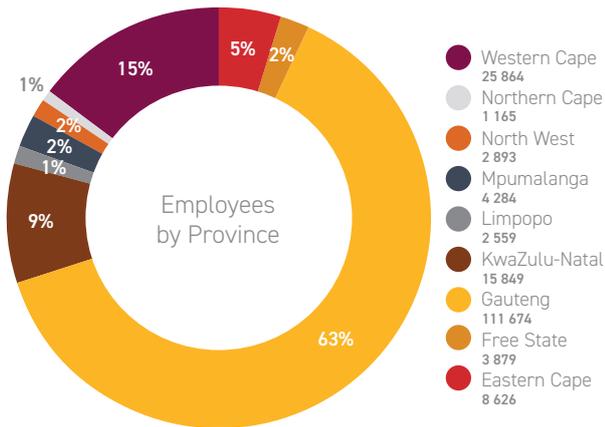
- Real Estate Services

The Services SETA is one of the largest SETAs in terms of the number of employers falling within its scope. Approximately 184 937 employers fall within its demarcation (as of February 2021). Of the 184 937 employers, about 38 586 (21%) pay skills levies received by the SETA. In terms of geographic spread, employers of the services sector are found in all nine provinces of South Africa, but with high concentration in three developed and industrialised regions of Gauteng, Western Cape, and KwaZulu-Natal. Figure 2 illustrates the fact that most employers are located in the developed cities of Johannesburg, Cape Town, and Durban. This situation highlights the need to expand access to training to the rural provinces of Limpopo, Eastern Cape, Mpumalanga, Northern Cape, Free State, North West, and most parts of KwaZulu-Natal, to promote equity. A large majority of employees are African, and women.

Proportionally, most employers are in the Management and Business Services Chamber with 149 145 (80,6%) employers, followed by Real Estate and Related Services Chamber with 14 284 (7,7%) employers; with the lowest numbers recorded in the Marketing and Communication Services Chamber.

Analysis of employer Workplace Skills Plans (WSP) and Annual Training Reports (ATR), submitted in April 2021, indicates a high volume of employer investment in the Cleaning and Hiring Services and Related Estate Services Chambers. About 3 398 (1,8%) employers submitted WSP/ATRs for 2021. Sixty-seven percent of these were small employers, employing less 50 employees. Therefore, Services SETA Strategic Plan and Annual Performance Plan, have foregrounded these developments in planning training intervention priorities for the sector.

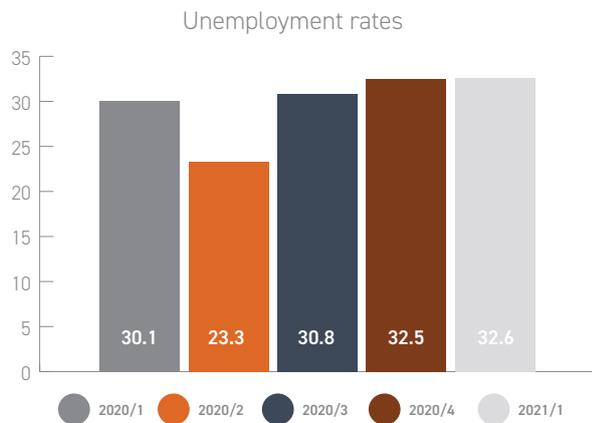
Figure 3: Service SETA employers by provincial spread



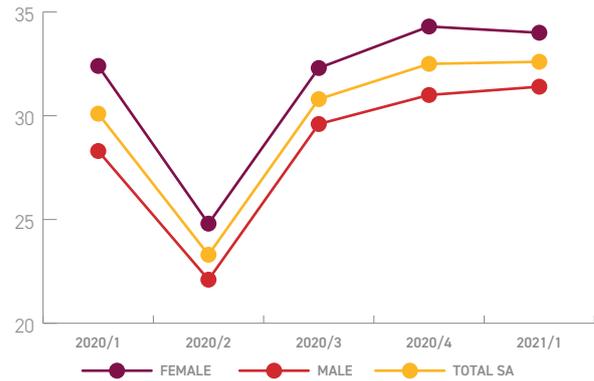
Services SETA Database, May 2021

Persistent decline in economic growth has had correlating impact on jobs and employment levels. As Figure 4 illustrates, the levels of unemployment have witnessed an upward movement in the last five quarters. Unemployment levels among women remained constantly high relative to the total South African average and men, respectively. For the same period, 43,6% of youth aged 15-34 years were not in employment, education, or training (NEET).

Figure 4: Unemployment rates by gender (Q1,2021)



Unemployment rates by gender



Source: Statistics South Africa, 2021b

As previously mentioned, GDP data indicates that the services sector is the largest industry in the South African economy and as a result also the largest employer. The highest employment numbers proportionately were recorded in the Community and Social Services industry (3,785 million people), followed by Trade (3,276 million people), and Finance and Other Business Services (2,402 million people) (Table 1).

Employment in the services sector labour force is mainly in the low-level, low-paying occupational categories, namely: clerical, elementary and domestic, and is dominated by women. The implication for skills development is that the sector should strike a proper balance between training for productive industries, which are in the manager occupational category, professional and technical occupation to support economic growth and the non-productive sector to promote transformation and equity, by training the low-level labour force.

Table 1: Employment by Gender, Race and Age

GENDER	Services SETA ¹	National (Stats SA) ³
Male	215 759 (57%)	1 487 986 (44%)
Female	159 736 (43%)	1 893 800 (56%)
Total	375 495 (100%)	3 381 786 (100%)
RACE		
Black African	261 898 (70%)	2 679 386 (79%)
Coloured	38 334 (10%)	285 039 (9%)
Indian / Asian	14 276 (4%)	72 097 (2%)
White	59 976 (16%)	345 265 (10%)
Total	375 495 (100%)	3 381 786 (100%)
AGE		
> 34 yr	227 646 (60%)	1 136 424 (34%)
36-54 yr	126 681 (34%)	1 894 387 (56%)
> 55 yr	21 179 (6%)	350 976 (10%)
Total	375 495 (100%)	3 381 786 (100%)

Source: Services SETA Mandatory Grant Data, May 2021, Statistics South Africa, 2021b

As table 1 illustrates, majority of the labour force, nationally (Stats SA) is women. The labour force is also relatively youthful, with more than a third comprising of individuals below the age of 35 – an official definition of youth in South Africa. Africans constitute nearly 80% of the labour force in this sector. The key role-players in the services sector include the Accounting Authority, Chamber Committees, Employers, Trade Unions, Government Departments and Service Providers as illustrated in Figure 5.

Figure 5: Services SETA Key Role Players⁴



The relationships among these role players are further demonstrated in Figure 5. In terms of the Higher Education Act, Skills Development Act and the Skills Development Levy Act, the Portfolio Committee on Higher Education, Science and Innovation, and Department of Higher Education and Training

1 At Stats SA's 3-digit level
 2 At Stats SA's 3-digit level
 3 Profile of the Labour Force of Services SETA Levy-Paying Employers
 4 Please see list of Acronyms for all abbreviations mentioned herein in Annexure B.

provide, respectively, legislative, and administrative oversight to the Services SETA. In terms of the SETA Constitution, the Services SETA Accounting Authority provides strategic oversight to the Services SETA in fulfilment of the mandate.

For practical purposes, the Accounting Authority (AA) delegates some of its responsibilities and functions to one or more committees. There are currently six sub-committees, namely:

1. Executive Committee;
2. Governance, Risk and Strategy Committee;
3. Human Resources and Remuneration Committee;
4. Finance Committee
5. Transformation Committee and
6. Audit Committee.

These committees are mechanisms to assist the AA in giving detailed attention to specific key areas of its duties and responsibilities.

Figure 6. The Roles Played by Key Role Players



In addition, with the goal of strengthening oversight, the AA has established Chamber Committees to oversee the six chambers detailed in Figure 2. Chamber Committees act in a stakeholder capacity as advisory bodies to support the Services SETA Executive Management to carry out the mandate of the AA. As such, these are independent advisory bodies that make recommendations on skills development matters relevant to the subsectors of the Chamber. Membership of these committees is through nomination from industry bodies and labour representing the sub-sectors constituting a Chamber.

Furthermore, SETAs are founded on a tripartite relationship between government, business, and labour. Whilst the government provides legislative guidance and a monitoring function, business represents a vested interest through payment of skills levies and actively participating in discretionary funded training interventions by opening-up

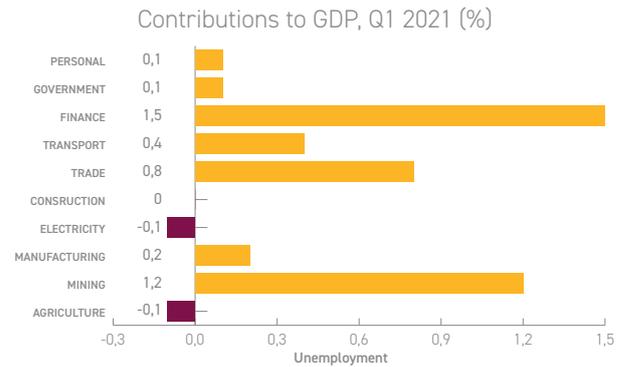
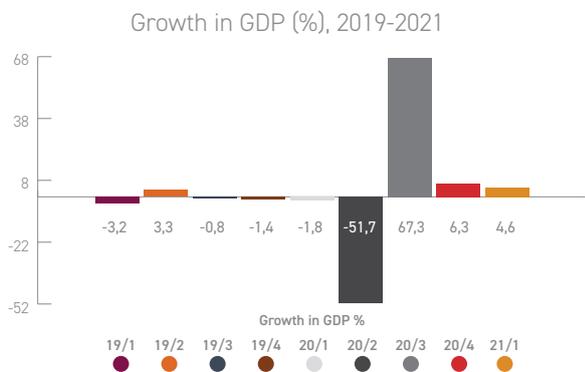
workspaces for learning on experiential learning programmes. Labour, as a representative of the workforce, advocates for the rights of employees' access to relevant training. These partners are critical in informing the Services SETA's skill development planning process, including identification and development of relevant qualifications, and the placement of learners into learning programmes.

Professional bodies, universities, colleges of education, private training providers and research centres play a critical enabling role. They provide advice on skills needs analysis, design, and development of qualifications to meet skills demanded by the sector in line with the NSDP 2030 and provide the requisite training on behalf of the Services SETA.

a. Economic contribution of the services sector

Along with major economies of the world, the South African economy is faced with a serious growth challenge. As pointed out earlier, the Services SETA's scope of coverage overlaps with several industries as defined by the World Trade Organisation and Stats SA. Analysis of the service industries that falls under the Services SETA purview include Finance, Real Estate, Business Services and Personal Services. Figure 7 reflects on the GDP growth trends and industry contributions.

Figure 7: GDP Growth (%), 2019-21



Source: Stats SA (2021a)

As Figure 7 illustrates, the South African economy has been in a difficult situation even before the onset of the COVID-19 pandemic. In around Q2 2019, the economy witnessed annualised negative growth of -0,8 and -1,4 for Q3 & Q4, respectively. This trend continued to Q1 & 2 of 2020, with a record-breaking -52,7% annualised growth in the latter quarter. The situation was justifiably attributed to the impact of the onset of COVID-19 which led to a total shutdown of the economic activities in South Africa. The easing of COVID-19 lockdown restrictions saw a big jump of 67% in Q3 of 2020, declining 6%, Q4. As at Q1 2021, the GDP was at 4,6%.

Regarding subsector contribution, Table 2 indicates that, firstly, the services sector is showing a decline in growth, from R912 billion in 2019 to R905 billion in 2020. This decline took place across the six chambers, with cleaning and hiring services being disproportionately affected. Secondly, real estate is the biggest contributor to the GDP followed by management and business services.

Table 2: Services Sector GDP Contribution by Chamber⁵

Chamber	2015 (Rb)	2016 (Rb)	2017 (Rb)	2018 (Rb)	2019 (Rb)	2020 (Rb)
Cleaning and Hiring Services Chamber	33 881	35 880	38 890	40 260	42 110	39 970
Communication and Marketing Services Chamber	47 868	51 025	54 825	56 273	58 694	57 072
Labour and Collective Services Chamber	4 884	5 226	5 617	5 957	6 376	6 326
Management and Business Services Chamber	199 906	212 294	226 529	232 856	243 951	242 657
Personal Care Services Chamber	92 517	98 663	104 738	108 072	112 649	112 435
Real Estate and Related Services Chamber	370 426	390 559	418 269	429 189	448 647	446 540
Total	749 481	793 646	848 868	872 608	912 427	905 000

Source: Quantec (June, 2021a)

The above observation is expected given that, along with major economies of the world, the South African economy is faced with a serious growth challenge. The impact of COVID-19 is likely to be felt in the long time to come.

THE IMPACT OF COVID-19

Analysis of South Africa's Gross Domestic Product for Q1, 2021 by industry, indicates that finance sector slowly recovering from the impact of COVID-19. The finance sector recorded the highest growth rate of 1,5% followed by mining and trade at 1,2% and 0,8%, respectively. Recovery of personal care sector appears to be slow along with other industries.

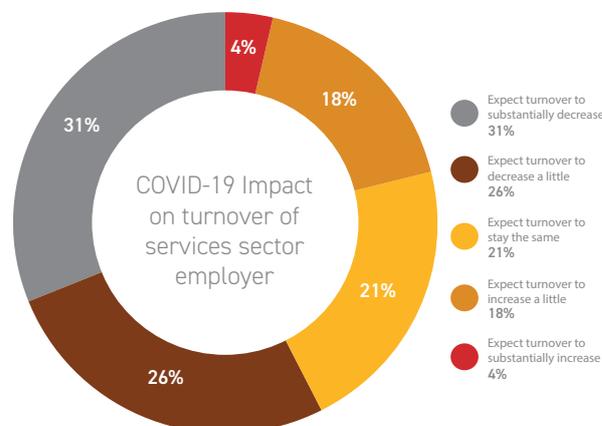
The above developments are significantly worrying given the services sector's position as the mainstay of the South African economy. This implies that this sector is still suffering from the effects of the COVID-19 pandemic. Survey by Stats SA (Stats SA, 2020) and Services SETA aimed at providing an early indicator of the business impact resulting from COVID-19, illustrates that most businesses (85%) expect their turnover to decline. A large number of businesses (60%) anticipate that the effect will be substantially worse than the 2008/2009 global financial crisis (Stats SA, 2020).

In this survey, a battery of economic indicators was used to assess the impact of COVID-19 on the South African economy, such as business turnover, trading status, and labour turnover, among others. The Stat SA study further revealed that the proportion of businesses trading at full capacity ranged from zero in construction to 30,0% in forestry and fishing, and the total was 12,3%. Almost half (46,4%) reported to have 'temporarily closed or paused trading'. Regarding business turnover, study respondents representing the construction, real estate and other business services, and transport industries were the worst- affected by lower-than-expected turnover.

A study conducted by the Services SETA during the onset of the hard lockdown (June 2020) indicated that majority of industry stakeholders were ill-prepared for such an unforeseen event. More than half of the respondents indicated that they did not have business continuity plans for such an unforeseen event. It is not surprising that majority of businesses had to completely shut down during the lockdown.

A follow up study conducted between July and August 2021 reveals that there is no improvement in the economic position facing many entities in the services sector. Majority (57%) of companies expect a decline in revenue with subsequent job losses.

Figure 8: COVID-19 Impact on turnover of services sector employers

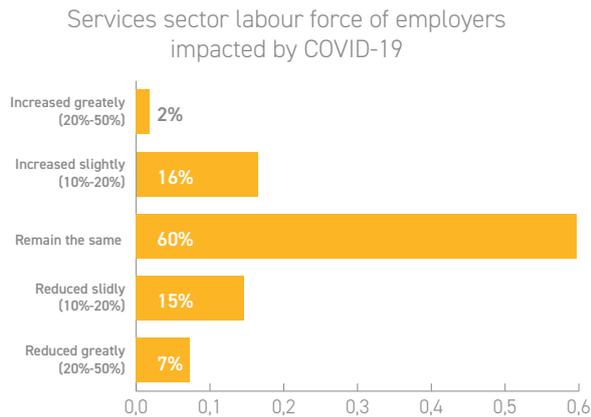


Source: Services SETA Impact Assessment (2021)

The loss of revenue has had a negative impact on training the budget as many companies indicated a decrease in spending on training and upskilling their labour force – see Figure 9.

⁵ This data is extracted from Quantec (June 2021) which is calculated from the Stats SA annualized GDP. Stats SA's withholding of GDP data at 4-digit level has made estimates less accurate. This information should therefore be understood in this context – it is closest economic data available.

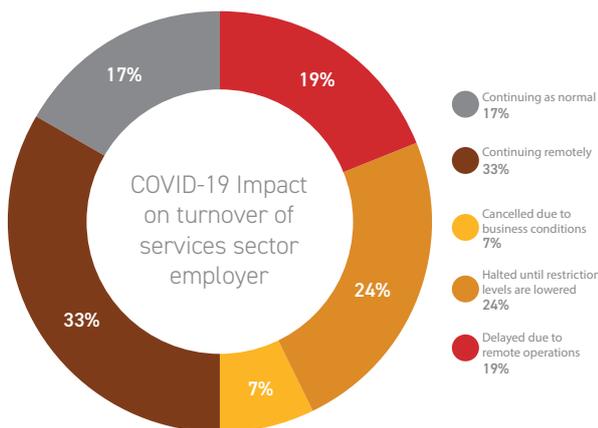
Figure 9: COVID-19 Impact on labour force of services sector employers



Approximately, 7% of companies foresee job cuts by at least 50%. To date these companies have let go of 105 employees collectively. Fifteen percent of companies foresee job cuts by at least 10%. To date these companies have let go of 350 employees collectively.

The impact of COVID-19 is also felt on training interventions by employers. Figure 10 indicates 7% of employers had to completely cancel training due to working conditions, with a further 24% halting training temporarily. Only a third of employers were able to conduct training remotely. These findings accentuate the need to implement a mix of online and face-to-face training by employers and training service providers, including HEIs.

Figure 10: COVID-19 Impact on training interventions by services sector employers



The situation is expected to deteriorate in the near future. The National Treasury (2020) and the South African Revenue Services (SARS) have estimated GDP contraction (6.6% lower), unemployment growth, tax shortfalls and productivity declines. The National Treasury (2020) furthermore, cites two risks for South Africa's economic growth. Firstly, South Africa's sovereign credit rating was downgraded to junk status by all rating agencies at the end of March 2020. The rating

agency, Moody's, cut South Africa's rating to sub-investment grade, meaning the country now has a junk rating from all three major international rating agencies. This implies that the country will exit from the World Government Bond Index, thus raising the cost of borrowing. Secondly, COVID-19 is expected to add to the economic woes discussed above.

Implications for skills development

The impact of COVID-19 on planning for skills development is significant. As Rasool (2020:1) points out the sector skills planning process for 2020-2021 would need to capture accurate picture of the state of the economy and labour market. This means that the impact of COVID-19 on students, employers, employees and the unemployed should be thoroughly researched to avoid the risk of sending misleading signals for public and private investment in skills development.

In brief, the PSET system is affected by cuts in the public budget, reduced skills levy incomes because of payment holidays and interruptions to actual class and workplace learning. Employers and employees will be faced with reduced staff training budgets with possible decline in workplace activities. Training providers will increasingly shift to online and blended learning which may require adjustments on curriculum design, and investment in tools. Learners will increasingly face limited funding opportunities for their studies and limited workplace learning opportunities.

8.1.2. Skills demand analysis

Drawn from the Sector Skills Plan's research, this section reflects briefly on change drivers for skills demand in the services sector, skills scarcity and plans to address the skills demand and supply mismatch.

a. Change drivers for skills demand

A research study among industry role players in the services sector identified five change drivers that are likely to have an impact on the sector and skills demand and supply.

COVID-19

As discussed above, the impact of COVID-19 on companies is likely to be severe. Rasool (2020b) argues that companies will surgically cut costs with the collapse of business activity during the lockdown. We can expect management to assess every aspect of the internal value chain of the organisation. The pandemic has enabled companies to experiment with new organisational architectures during the lockdown. It is no longer necessary for every employee to report to the workplace daily (working remotely). In the aftermath, we can expect organisational structures to change in varying degrees, depending on the nature of business activities. Subsectors impacted and implications for skills development are outlined

in Table 3. Skills development interventions will be prioritised to respond accordingly.

Table 3: COVID-19 Skills Implications for the Services Sector

Subsector Impact	Nature of impact	Occupations affected
Personal Care Services	Ability to operate safely	Hairdresser; Beautician; Barber
Labour Recruitment Services	Retrenchments due to company closures	Recruitment manager
Funeral Services	Demand for green funeral Compliance with legislation	Mortician; Funeral Director; Embalmer; Coffin Maker
Cleaning Services	New cleaning techniques	Cleaner; Cleaning supervisor

The implication of this key skills change driver is primarily on how work is performed (remote working) and the pressure brought on companies to forcefully diversify or downscale and embrace technology for conventional work practices.

INFORMATION AND COMMUNICATION TECHNOLOGY

The impact of ICT on the services sector transcends all industries in varying degrees. At the core of this impact is the need to do business differently, leveraging on opportunities presented by the Fourth Industrial Revolution. For employers, this means the possibility of reduction in the cost of doing business and creating value for customers. For the workforce, this implies changes in occupations, jobs, and tasks. Some jobs may become obsolete and can be replaced with new ones. This will require retraining of the workforce to avoid job losses. The digital communication platforms, the growth of e-commerce, and global industry and customer access are some of the main trends that are driving the services sector.

Table 4: Skills Implications of ICT on the Services Sector

Subsector Impact	Nature of impact	Occupations affected
Business Services	Ability to access and use big data	Quality Manager; Business Advisor / Consultant
Cleaning Services	Robotics are likely to perform cleaning chores	Cleaner
Contact Centre	Automation of certain functions	Contact Centre Call Agent
Labour Recruitment	Online recruitment	Recruitment officer
Postal Services	Digitised mail	Delivery driver; mail clerk
Real Estate	Online marketing and contracting	Sale Agent; Property Agent

Technology has had an impact on the design, form, and nature of interaction between sellers and buyers. This impact traverse sub-sectors such as real estate, business management, contact centres, recruitment, and collective bargaining. Subsectors impacted and implications for skills development are outlined in Table 4.

GLOBALISATION

As higher levels of integration due to globalisation continue, business in most sectors is experiencing higher levels of competition. In addition, emerging and developing economies are seen as new engines of growth as companies continue to look for new locations for business investment. It is further expected that the global Services Sector will continue to drive global trade (World Bank Group, 2016) where contact centres play a significant role in supporting business operations through global process outsourcing. Furthermore, the African Continental Free Trade Area (AfCFTA) agreement (AfCFTA) which unites 54 of the 55 members of the African Union, entered into force on May 30, 2019, creating the largest trade bloc in the world uniting 1.3 billion people in a \$3.4 trillion economic bloc. The AfCFTA is an effort to boost intra-African trade by promoting services penetration among others, it is one clear example of the commitment to globalisation as an evolving means to improve competitiveness and access to new markets.

Table 5: Skills Implications of Globalisation

Subsector Impact	Nature of impact	Occupations affected
Business Services	Business Process Outsourcing (BPO) and increases the demand for skills within the global business environment	Contact Centre Manager, Workforce Planning, Enterprise Resources Planning etc
Personal Care Services	The sector is highly informal and entry into the business is not controlled	Hair dressing; Beautician; Barber

Subsector Impact	Nature of impact	Occupations affected
Funeral Services	Having to adhere to other countries' laws on handling and dressing bodies.	Mortician; Funeral Director; Embalmer; Coffin Maker

The Hair Care industry tends to be highly informal and entry into the business is not controlled. Employers in this subsector stated that there were products being distributed in the African market that have been banned in Europe and North America. Trends observed in formal hair care companies is that there was a decrease in the number of young new entrants, an increase in the availability of consumer products and hair care practitioners from across the African diaspora operating in South Africa. Regarding implications for skills planning, there is a growing demand for qualified hairstylists in the Afro hair industry.

CLIMATE CHANGE AND GREEN ECONOMY

As the International Labour Organisation (2018) notes, climate change and other forms of environmental degradation have already caused net negative impacts on jobs and work productivity. It is expected that these impacts are likely to become more pronounced in the coming decades (Ibid). Climate change may lead to job and work productivity losses because it increases the frequency of extreme weather events and, more generally, threatens the provision of ecosystem services. At the same time, it presents opportunities for new occupations for the services sector. Several disruptive technologies affect the sector profoundly. Reduced need for washing textiles, biotechnological innovations leading to improved cleaning performance and higher concentrations of environmentally friendly cleaning formulas affect the cleaning sector.

Table 6: Skills Implications of Climate Change

Subsector Impact	Nature of impact	Occupations affected
Cleaning Services	Environmentally friendly products	Commercial cleaner
Personal Care Services	Environmentally friendly products	Hairdresser; Beautician; Barber
Funeral Services	New burial practices	Mortician; Funeral Director; Embalmer; Coffin Maker
Real Estate Services	Green office; eco-friendly building; land development	Property developer; Real Estate Agent

Pressures around protecting the environment, the preservation of natural resources, energy conservation affect the personal care and real estate sectors. Green funerals are becoming the choice for most consumers (Lukstins, 2015)⁶. Local cemetery green burial policies are introducing local burial restrictions to citizens. The hair industry is under increasing pressure to use chemicals that are not harmful to the environment and users.

ECONOMY

As pointed out in chapter 1, the South African economy experienced a serious contraction last year. The COVID-19 pandemic exacerbated an already worse situation. The services sector, the backbone of the South Africa's economy, was disproportionately affected by the pandemic. This sector has not fully recovered from these setbacks as demonstrated by the GDP figures of Q1 2021. The decline in the economic growth has had a knock-on effect on the employment situation as many companies closed or were forced to layoff staff to reduce expenditure. The current situation will require innovation to keep businesses afloat and grow the economy. Table 7 illustrates the impact of the economy on the services sector.

Table 7: Economic Implications on Skills

Subsector Impact	Nature of impact	Occupations affected
Business Services	The need to upskill business advisors and consultants, including e-commerce	Contact Centre Manager, Quality Manager; Business Consultant/Advisor
Marketing Services	Changing landscape of the marketing industry	Sales Manager; Sales Representative
Labour recruitment Services	Changing landscape of the labour recruitment industry	Recruitment manager, Recruitment officer
Real Estate	Changing landscape of the real estate industry, including high reliance on ICT	Sale Agent; Property Agent; Property developer; Real Estate Agent

The Economic Reconstruction and Recovery Plan discussed below provides a helpful strategy to drive growth in this sector. The Reconstruction and Recovery Skills Strategy provides further clarity for alignment with skills planning initiatives of the Services SETA.

⁶ Green practices include offering alternatives to chemical embalming, local green burial options, eco-friendly products, such as biodegradable caskets and urns, and other services and products that appeal to the environmentally conscious consumer.

b. Skills demand for the services sector

Analysis of hard-to-fill vacancies in the services sector identified 52 occupations where the search for suitable candidates proved difficult. The identified occupations are a proxy indicator of scarcity. An analysis of this list indicates a strong demand for training at NQF Level 6 and above. As discussed above, the Services SETA plans to work with universities to develop and register occupational qualifications at this level. The SSP research identified 46 skills gaps and skills programmes to address the demand. There is a strong focus on IT-related occupations. This signifies the impact of the Fourth Industrial Revolution.

A draft list of priority occupations (PIVOTAL list), emanating from the lists of hard-to-fill vacancies or skills gaps is enclosed in the SSP.

c. Pipeline of skills supply

Given the importance of partnerships in skills development, the Services SETA has initiated several partnerships with key stakeholders, which include Technical and Vocational Education and Training (TVET) colleges, universities, local municipalities, and strategic national and provincial departments. The focus of these partnerships is on skills demand and supply,

the roles of TVET Colleges, Higher Education Institutions, intermediaries, and inter-SETA collaboration. The current inter-SETA collaboration is the best partnership model for the Services SETA.

8.1.3. PESTEL and SWOT Analysis

In addition to considering major change drivers for skills demand and supply for the services sector, a detailed PESTEL and SWOT analysis was conducted. These trends have informed the development of strategic goals and objectives to steer the Services SETA on its path to deliver on its mandate.

Noteworthy PESTLE, Table 8, analysis points to a dire economic environment and its impact on skills development budgets. This will have a significant impact on the labour market as funding is reprioritised. This challenge is only partly mitigated by the confluence between decreased costs and increased accessibility associated with technology, the ever-increasing competency of Service SETA human resources and more flexible commuting and working practices which are increasingly possible in a 'connected' world. The rapidly changing technology landscaped, fuelled by the advances of 4IR will mean an increasing urgency for the Services SETA to work pro-actively.

Table 8: PESTEL Analysis

Politics	Economic
<ul style="list-style-type: none"> Legislative mandate – Skills Development Act, Skills Development Levies Act, the Constitution Policy mandate – MTSF (2019-2024), NDP, NSDP, White Paper on Post-School Education and Training 	<ul style="list-style-type: none"> Decline in GDP impacting on skills levies revenue Impact of COVID-19 on companies' abilities to train the workforce Increase in business rescue and international benchmark/standards Green economy – relevant training interventions to meet skills demand
Social	Technology
<ul style="list-style-type: none"> High level of unemployment Ailing education and health systems High levels of social problems i.e., poverty, crime, GBV, substance abuse, teenage pregnancy Impact of COVID-19 on health and wellbeing of the workforce 	<ul style="list-style-type: none"> Need to regularly update skills and re-train for the workforce replaced by technology 4IR presents opportunities for new businesses Cyber security and related digital skills Disproportionate access (infrastructure, devices, and data) Low and variable speed/ bandwidth Opportunity to create more equal society Online and open education
Environment	Legislation
<ul style="list-style-type: none"> Climate change – impact on business operations – eco-friendly, adaptation environment legislation Impact of COVID-19 and other pandemics Environmental preservation - reduce carbon emissions – appropriate skills Climate change creates opportunities for entrepreneurship and innovation Environmental, Social, and (Corporate) Governance 	<ul style="list-style-type: none"> Labour Relations Act – basic conditions of employment; Minimum Wage Act COIDA Protection of Private Information B-BBEE National Treasury Legislation and Regulations impede public-private partnerships

The Services SETA's internal strengths and weaknesses, together with the external opportunities and threats referenced earlier, were evaluated to provide a basis for re-aligning, re-prioritising, and refining the NSDS's outcomes see Table 9. The purpose of the analysis is for the Service SETA to optimise identified strengths, harness opportunities, offset identified weaknesses and mitigate threats. The findings of the SWOT analysis have been integrated into the Services SETA's strategic responses and are also addressed in more detail in our Annual Performance Plan. There is a strong correlation between the SWOT analysis and our internal environment analysis.

Table 9: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Stable leadership and Governance • Research capacity to guide towards relevance • Strong brand – highly regarded by key stakeholders • Enjoy legislative mandate to implement skills development 	<ul style="list-style-type: none"> • Weak integration of systems and processes • Weak delivery model – resulting in slow implementation of learning interventions • Centralisation of services and operations • Poor management of public relations/customer service • Inconsistent organisational performance • Poor integration of monitoring of resolutions, commitments implementation and targets • High level of aging commitments with no implementation • Expired historical qualifications and transition to occupational qualification • Over-reliance on consultants for critical functions
Opportunities	Threats
<ul style="list-style-type: none"> • Committed stakeholders and employees • Improvement in automation of core business and support processes through system development, with partial deployment • Broaden access to eLearning platform • Strong focus and presence in entrepreneurship development • Improvement in system integration requiring deployment, training and skills transfer to embed usage • Increased demand for skills development due to economic decline and increased unemployment • Adequate ICT infrastructure • Decentralisation of services to reach remote areas • Business optimisation through functional reviews 	<ul style="list-style-type: none"> • Adverse audit outcomes • BUSA court judgement – impact on available discretionary grants • Decline in revenue due poor economic performance and the impact COVID-19 • High number of small and informal sector – resulting in low revenue • Employee Relief Scheme (TERS) – expected to support Relevance of SETA products and the changing needs of industries as they diversify. • Unrealistic planning within budget • Practice of crisis management which limits innovation and planning for the future • Cyber Security

8.1.4. Priority interventions for skills supply

The Services SETA identified five critical areas for interventions to promote skills development in the sector in the short-to-medium term:

1. Foster Inter-SETA collaboration and industry partnership to promote SMME development in the services sector

The South African Government's Economic Reconstruction and Recovery Plan and National Development Plan places a strong emphasis on developing small and medium enterprises. Point four of the Nine-Point Plan aims to "[unlock] the potential of small, medium and micro enterprises, cooperatives and township enterprises." The Services SETA aims to work collaboratively with MICTSETA, FoodBev SETA, FP&SETA, CETA, WRSETA and

CATHSSETA to support development and growth and SMMEs. MOUs have been concluded and the relevant SETAs are working concept papers for implementation.

2. Secure workplace training opportunities working in collaboration with the industry, employers, and the SETA

The Services SETA aims to work closely with industries to implement learning interventions. The priority is mobilisation of industry to participate in work-place based learning initiatives to ensure good quality workplaces and improved throughput. Collaboration with other SETAs in this space is critically important and will be explored.

3. Work with QCTO and industry role players to complete and implement registered occupationally directed qualifications

Several Services SETA qualifications are either outdated, have expired, or are not aligned to QCTOs occupationally directed qualifications framework. Working with the industry and QCTO, the Services SETA will continue to update these qualifications and ensure alignment with the prescribed framework. For the 2021/22 financial year, eight qualifications have been earmarked for either update, alignment, or outright development.

4. Strengthen alignment between industry needs and Services SETA supply through research, implementation, and structured M&E

Rapid developments in the South African economy as brought about by ICT and COVID-19 requires SETAs to conduct regular and relevant research to inform-decision making processes, but to also inform training interventions. The Services SETA will foster closer collaboration with industry partners, business, labour, and university research institutions to conduct relevant and up-to-date research. Internal business operations will be streamlined to ensure efficient and effective implementation of learning interventions and timely monitoring and evaluation of impact.

5. Development of organisational-wide M&E Framework to improve performance management

In order to inculcate a culture of high performance with impact, the Services SETA is developing an M&E framework that will integrate both management performance and institutional (delivery) performance standards. The framework will draw from the GWM&E system and frameworks for Evaluation, Performance Standards (Monitoring), and Social, Economic and Demographic Statistics. The Theory of Change will be

used to guide the M&E framework to adequately measure the impact of Services SETA's skills development interventions.

8.2. INTERNAL ENVIRONMENT ANALYSIS

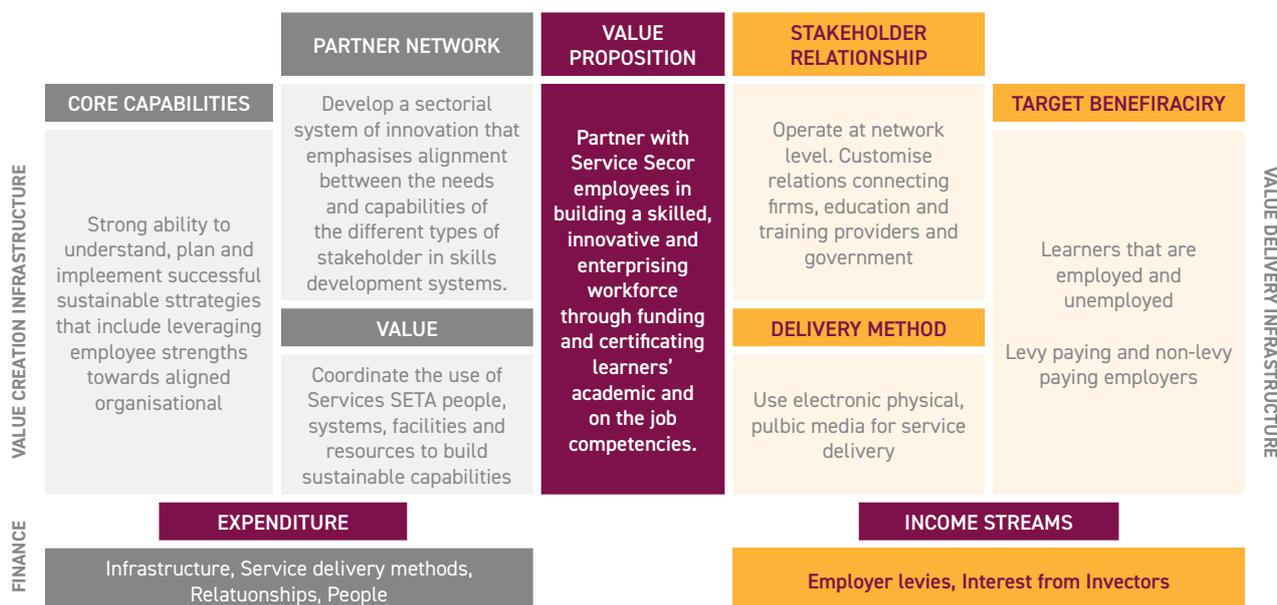
8.2.1. Services SETA Operating Model and Implications for Planning

An operating model describes how the organisation creates, delivers, and captures value for its intended beneficiaries in line with its value proposition. The model further informs the Services SETA strategy and operations.

The Services SETA's value proposition articulates the net benefit a customer derives from using the organisation's service offerings. The Services SETA's value proposition is to partner with services sector employers in building a skilled, innovative, and enterprising workforce through funding and certifying learners' academic and on the job competencies. This is delivered in the form of a service offering made up of the following: Learnerships; Bursaries; Internships; Skills programmes; Recognition of Prior Learning; Candidacy; Artisans; and Advisory / Support / Information.

The Services SETA plays an intermediary role in skills development, including: (1) Connecting firms, education, and training providers, government, and other stakeholders; (2) Facilitating information flows among stakeholders; and (3) Offering essential services that are not readily available in the system (e.g., training, accreditation for short courses, etc.). It then delivers value by facilitating learning interventions and administering grants. Value is delivered by contracting with different stakeholders i.e., learners, employers, and service delivery providers. The model is depicted in the diagram below:

Figure 11. Services SETA Operating Model



The capabilities are enabled through governance, planning, employees, culture, systems, and the different physical resources of the Services SETA. The Services SETA works with service delivery partners in creating and delivering value for its stakeholders. The value creation and delivery are funded through levies collected from employers and interest accrued from investments. The benefit of this value-add leads to the sustainable social impact of self-sustaining learners in the form of employment or entrepreneurship.

Successful implementation of any operating model is dependent on external and internal factors. The COVID-19 pandemic has had both external and internal influence on the implementation of the Services SETA operating model. Section 8.1., described impact of COVID-19 on the external environment of the Services SETA, mainly; economy and labour market, and skills demand and supply.

As both PESTEL and SWOT analyses point out, the pandemic affected the Services SETA internally in a significant way. The Services SETA's revenue was negatively impacted by a four-month levy payment holiday that was granted to companies by DHET during the lockdown Level 5. Closure of many companies due to lockdown measures described above, further affected the Services SETA's revenue stream.

Organisational performance was also negatively affected. Remote working interrupted operations of the Services SETA with knock-on effect on overall performance. Learning interventions were halted and no new allocations could be made. This affected the Services SETA's performance against its enrolment and completion targets, as well as other key performance areas critical to the mandate of the SETA.

The operating model is intended to be realised through the effective implementation of the Services SETA's strategy as outlined in the subsequent sections. It can be further clarified through the Services SETA's value chain described below.

8.2.2. The Services SETA Value Chain

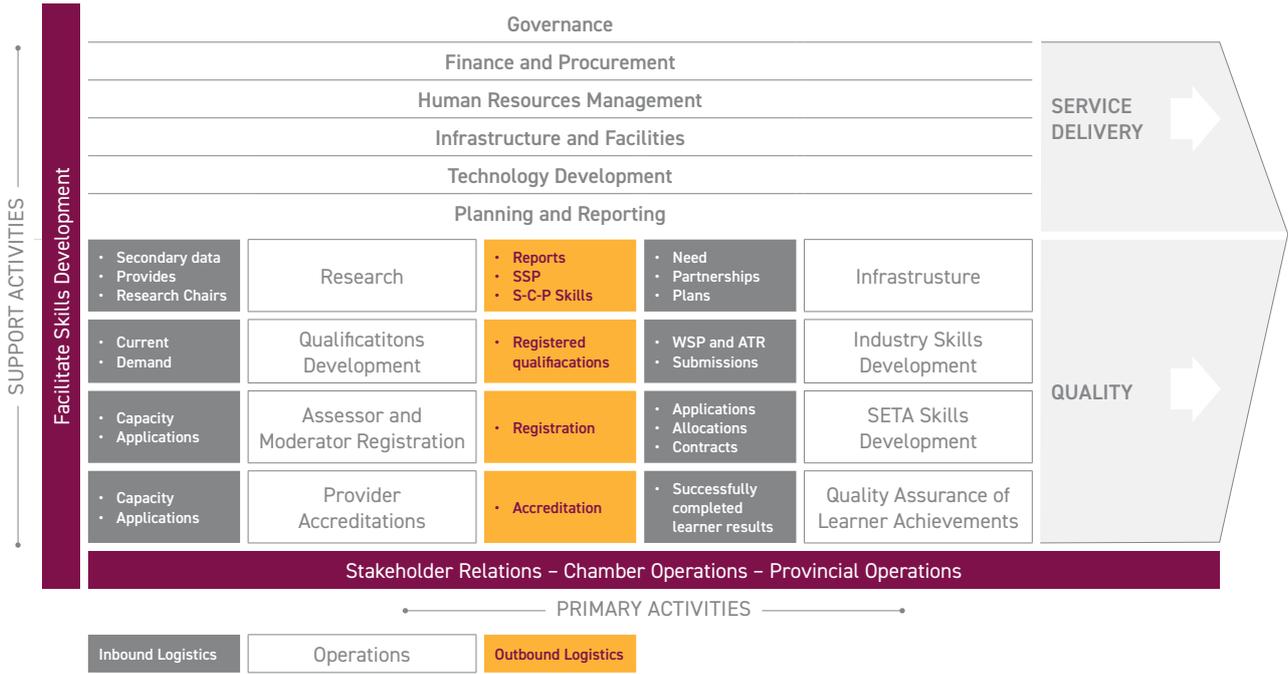
Implicit to the value chain rationale, is the recognition that organisations are best served by operating in sectors where they have a relative efficiency advantage. Given the Services SETA's regulatory foundations, this efficiency can be presumed. The value chain depicts the process through which the Services SETA creates and delivers a value-add to its stakeholders.

The value chain clarifies the linkages between the different core Services SETA capabilities in realising its value proposition. Although it is not possible to attribute it with a high level of certainty, the Services SETA's value chain reflects a logical model that embodies a plausible theory about the pathways through which the organisation's core functions produce the value envisaged for beneficiaries. The change is enabled by effectively implementing support systems such as, human resources, finance, and information technology.

The diagram below depicts the different components of the Services SETA's value chain. The value chain is adapted to the programmatic structure recommended by DHET. The value chain is premised on a strong instructional foundation that informs the Sector Skills, Strategic and Annual Performance Plans.

The imperatives resulting from this planning process are subsequently translated through qualifications' design and learning interventions to address sectoral scarce and critical skills. Through the accreditation and quality assurance of service delivery providers, capacity is built to ensure the delivery of training. Thereafter the Discretionary Grant Funding process enables the facilitation of these learning interventions by ensuring the adequate financial and human resources.

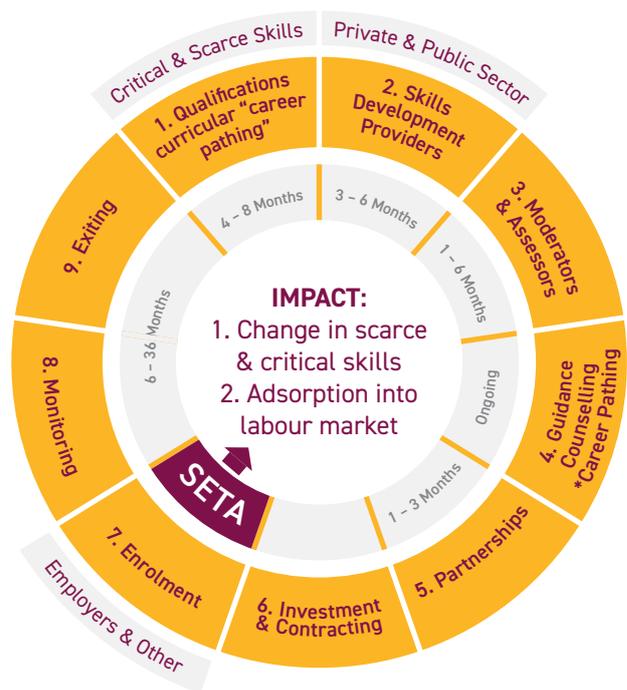
Figure 12. Services SETA Value Chain



Throughout implementation and at closeout, quality assurance is carried out to ascertain value and guarantee that learners exit the system with qualifications. Throughout the process, stakeholder relations remain an anchor by ensuring the communication of key operational information, the data about these activities, and the understanding and revelation of it, is equally important to the activities themselves. The Services SETA acknowledges that the activities in the value chain merge and take shape, through integration and association with the organisation's operating model.

The associated skills development cycle mapped below depicts a systematised process through which priority scarce or critical skills identified in the SSP are delivered. Establishing the status of qualifications, learning programmes and provisioning capacity for each scarce and critical skill will provide an indication in terms of planned enrolment and duration of impact. The total cycle is estimated to take between 1½ to 5 years. The implication of the cycle timeframe is that achievements for many targets cannot be achieved within a single financial year, and the performance measurement therefore needs to reflect this appropriately.

Figure 13. Skills Development Cycle



8.2.3. Organisational Capabilities Underpinning Performance Improvements

Since its establishment, the Accounting Authority has provided consistent oversight over the affairs of the Services SETA, in addition to providing guidance on its strategic direction as highlighted above. The Board is fully functional, as demonstrated by the frequency of the scheduled meetings, and the meeting attendance rate by members, 100% and more than 70%, respectively. Six sub-committees have been duly established to compliment the work of the board: Audit Committee; Finance Committee; Governance, Risk and Strategy Committee; Human Resources and Remuneration Committee,

Transformation Committee and Executive Committee (Accounting Authority). In addition, six chamber committees have been established. Functionality of these committees is very effective as illustrated by frequency of meetings and attendance rates.

8.2.4. The Services SETA Organisational Structure and Staffing

Organisationally, the Services SETA is sufficiently resourced to execute its mandate. Table 10 illustrates that whilst the vacancy rate is less than desirable, key strategic positions, especially at the management level are sufficiently supplied.

Table 10. Services SETA Filled and Approved Posts

Filled Posts per Job Level by Programme	Programme 1: Administration ⁷	Program 2: Skills Planning ⁸	Programme 3: Learning Programmes ⁹	Programme 4: Quality Assurance ¹⁰	TOTALS
Executive Management	3	2	2	2	9
Senior Management	7	2	4	1	14
Management	15	16	11	1	43
Senior Officers	18	4	47	9	78
Officers	13	7	42	9	71
Administrators	18	5	26	4	53
General	20	-	-	-	20
TOTALS	94	36	132	26	288
Approved Posts per Job Level by Programme	Programme 1: Administration	Program 2: Skills Planning	Programme 3: Learning Programmes	Programme 4: Quality Assurance	TOTALS
Executive Management	3	2	2	2	9
Senior Management	10	2	4	1	17
Management	34	19	13	2	68
Senior Officers	22	8	76	10	116
Officers	38	14	90	10	152
Administrators	27	9	38	6	80
General	22	-	-	-	22
TOTALS	156	54	223	31	464
% Occupancy per Job Level by Programme	Programme 1: Administration	Program 2: Skills Planning	Programme 3: Learning Programmes	Programme 4: Quality Assurance	TOTALS
Executive Management	100%	100%	100%	100%	100%
Senior Management	70%	100%	100%	100%	82%
Management	44%	84%	85%	50%	63%
Senior Officers	82%	50%	62%	90%	67%
Officers	34%	50%	47%	90%	47%
Administrators	67%	56%	68%	67%	66%
General	91%	-	-	-	91%
TOTALS	60%	67%	59%	84%	62%

7 OCEO, OCF0 and Corporate Services

8 Strategy & Planning and Strategic Partnership

9 Core Business and Strategic Partnership

10 Strategy & Planning and Core Business

The staffing situation supports the fact that the Services SETA receives adequate leadership and stewardship to perform optimally. Current business optimisation and business re-engineering are few examples of strategies embarked upon to turn the organisation around.

The Organogram below reflects the Governance Structures and Management Committee which comprises of Executive and Senior Management. Management is well constituted with only eight current vacancies. Senior Management positions across core business functions are fully occupied.

Figure 14. Governance and Executive Structure



As part of the turnaround strategy, the Services SETA aims to invest in its human capital, staff. The strategy includes reviewing the work environment, employee assistance programme, human resources development, and investment in mentoring and coaching and leadership development.

Like many organisations, the Services SETA staff were significantly affected by COVID-19. Staff had to adjust to working remotely requiring them to acquire new skills to function optimally. Some were also affected at the personal level either through being infected with the virus or someone close to them being infected. Some of their sadly succumbed to the disease.

In light of these developments, the Services SETA had to act proactively to ensure staff physical, emotional, and psychological needs are taken care of. A COVID-19 Task Team was established to ensure proper observance of COVID-19 management protocols. ICT department ensured that all staff have sufficient tools of trade such as laptops and 3G cards to access internet.

The Human Resources Development and Management department initiated regular communication with staff providing guidance on management of the disease providing EAP and facilitating access to medical cover. Box 1 illustrates some of the issues raised by staff during the latest survey.

BOX 1. KEY SURVEY FINDINGS

- Inadequate access to information
- Shortfalls in medical cover
- Employees continue to attend gatherings
- General concerns around job security and ability to provide for families
- Strong support from management
- Positive rating of the organisation’s response measures
- Significant preference for continued remote working
- Some willingness to forego salary increases or bonus payments to ensure job security
- Need to strengthen remote working tools
- There’s continued concerns regarding return-to-work measures

Findings of this survey are being used to inform future interventions by the organisation.

The Services SETA considers Broad Based Black Economic Empowerment (B-BBEE) and transformation vital in achieving its mission. The Services SETA is being measured on the Generic Specialised Scorecard as gazetted by the Department of Trade and Industry (DTI). The Services SETA is currently a Level 6 BEE contributor, with an enhanced procurement level of 110%. The BEE certificate expires on 21 November 2021. The organisation has also successfully submitted its B-BBEE Compliance Report to the BEE Commission.

One of the critical avenues through which B-BBEE is pursued is through preferential procurement. Preferential procurement measurement is based on suppliers that are awarded via the tender or request for quotation processes. The Services SETA procures goods and services from Exempted Micro Enterprises, enterprises that are 51% owned by black people and 30% enterprises owned by black women. In addition, the SETA received bonus points for procuring from Designated Group Suppliers that are at least 51% Black owned based on the B-BBEE Recognition Level.

Services SETA has invested in a Supplier Development initiative aimed at assisting all SMME Discretionary grantees to successfully complete allocated projects. The programme has gained traction, and ongoing as in when there is a new allocation. The initiative entails a comprehensive project management offering administered by a reputable service provider. Enterprise Development approach is intended to feed into the value chain. This programme is aimed at assisting SMMEs with the entire Accreditation process. This intervention

entails Accreditation Workshops, Skills Programmes in line with business support and to assist SMMEs with uploading the documents in the Learning Intervention and Monitoring system for accreditation, which is desktop evaluation. The progress so far is stable and satisfactory.

The Services SETA has contributed towards various initiatives aimed at improving non-profit organisations and the well-being of the beneficiaries. These contributions are in line with the organisations' Socio-Economic policy and the BEE Codes of Good Practice. The Services SETA's policy is broad and covers infrastructural developments of Skills centres, skills development interventions and sponsorships. One initiative that stands out amongst others, is the sponsorship of summits facilitated by the Disabled People of South Africa which were a success and yielded positive outcome.



PART C

MEASURING OUR PERFORMANCE

STRATEGIC PLAN
2020/21 — 2024/25



DEVELOP AND GROW
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9. INSTITUTIONAL PERFORMANCE INFORMATION

This section outlines the Services SETA's impact statements, outcomes, outcome indicators and risks.

9.1. MEASURING IMPACT

Impact statement

A skilled, competitive, and entrepreneurial workforce that drives economic growth of the services sector and contributes to improved quality of life and eradication of poverty

9.2. MEASURING OUTCOMES

- Foster Inter-SETA collaboration and industry partnerships to promote growth in the services sector including SMMEs
- Secure workplace training opportunities working in collaboration with the industry, employers, and SETAs
- Work with QCTO and industry role players to complete and implement registered occupationally directed qualifications
- Strengthen alignment between industry needs and Services SETA supply through planning, implementation, and structured M&E
- Development of organisational-wide M&E Framework to improve performance management

Alignment to SSP Priorities

Outcome	Outcome Indicator	Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	5-Year
1. Enhanced organisational capabilities to deliver the strategy (NSDP)	1.1. Quality of financial statements and reliable performance information submitted	Qualified	Qualified	Qualified	Unqualified	Unqualified	Clean Audit Outcome	Clean Audit Outcome
	1.2. Staff complement maintained	70%	65%	70%	70%	70%	70%	70%
	1.3. Alignment between business needs and ICT implementation plan in place	60%	63%	100%	70% of ICT plans implemented	75% of ICT plans implemented	80% of ICT plans implemented	80% of ICT plans implemented
	1.4. Stakeholder satisfaction	0% (4/5)	-	-	Satisfaction rating score 65%	Satisfaction rating score 70%	Satisfaction rating score 75%	Satisfaction rating score 75%
	1.5. Effective governance and assurance monitoring system	Good Governance report	Good Governance report	Good Governance report	Good Governance report	Good Governance report	Good Governance report	Good Governance report

<ul style="list-style-type: none"> • Foster Inter-SETA collaboration and industry partnerships to promote growth in the services sector including SMMEs • Strengthen alignment between industry needs and Services SETA supply through planning, implementation, and structured M&E • Development of organisational-wide M&E Framework to improve performance management 								
Alignment to SSP Priorities	Outcome Indicator	Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	5-Year
2. Enhanced mechanism for effective skills planning through collaborative research and partnerships	2.1. Credible strategic plans developed	Approved SSP, SP and APP						
	2.2. Number of partnerships to broaden access to development opportunities	5	17	15	20	14	14	80
	2.3. Percentage increase in submissions of WSPs	(-3%)	(-3%)	(-4%)	5%	5%	5%	5%
Alignment to SSP Priorities	<ul style="list-style-type: none"> • Foster Inter-SETA collaboration and industry partnerships to promote growth in the services sector including SMMEs • Secure workplace training opportunities working in collaboration with the industry, employers, and SETAs • Strengthen alignment between industry needs and Services SETA supply through planning, implementation, and structured M&E 							
Outcome	Outcome Indicator	Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	5-Year
3. Promote access to technical and professional skills for employment and entrepreneurship across the service sector	3.1. Number of entrepreneurship and cooperatives supported	0% (0/300)	84	536	960	960	960	3500
	3.2. Number of interventions embarked upon with employers to improve enrolment in and completion of priority occupations	-	-	-	50	50	50	150
Alignment to SSP Priorities	- Work with GCTO and industry role players to complete and implement registered occupationally directed qualifications							
Outcome	Outcome Indicator	Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	5-Year

4. Enhanced Quality Assurance efficiencies to execute QCTO delegated functions	4.1. Percentage of external moderation and evaluation conducted within specified timelines	80%	87%	80%	80%	85%	85%	85%
	4.2. Percentage of developed occupationally directed qualifications aligned to priority skills	50%	-	60%	60%	60%	60%	60%

9.3. KEY RISKS

Table 11. Key Risks

Outcome	Risk	Mitigation
1. Enhanced organisational capabilities to deliver the strategy (NSDP)	Misstatement of financials leading to unfavourable audit outcome.	<ul style="list-style-type: none"> Establish effective internal control processes. Quarterly AFS prepared in line with year-end requirements
	BUSA judgement requiring SETAs to reimburse employers 50% in levies payment after successful submission of WSP/ATR	<ul style="list-style-type: none"> Budget aligned with the increase of the liability of the MG grants from 20% to 50%
	Inability to accurately upload learner and performance data, leading to rejections from the NLRD (SAQA) and SETMIS (DHET)	<ul style="list-style-type: none"> Establish task team to clean up and assist with the data migration from Oracle to LMIS.
	Threats emerging from potential cyber security breaches that may lead Services Seta compromising its data and information assets	<ul style="list-style-type: none"> Cyber security awareness campaigns Restricted use of removable media devices Encryption of end points External and internal firewalls Anti-virus with complete protection features Devices and network monitoring tools Vulnerability assessments and penetration test tools Daily incremental and weekly full backups
2. Enhanced mechanism for effective skills planning through collaborative research and partnerships	<ul style="list-style-type: none"> Systems design does not support business requirements 	<ul style="list-style-type: none"> Effective monitoring of the ICT implementation plan by both ICT Management and Exco
	<ul style="list-style-type: none"> Inability to meet key Stakeholders needs and implementation of our Discretionary Grants commitments Lack of structured and timely communication to influence public opinion. 	<ul style="list-style-type: none"> Analysis of priorities for commencing implementation of DG grant windows Alignment in place with ERRP and scarce and hard to fill skills Stakeholder communication system Functional Stakeholder Relationship Management system
3. Promote access to technical and professional skills for employment and entrepreneurship across the service sector	<ul style="list-style-type: none"> Non-completion of learners in the learning programmes 	<ul style="list-style-type: none"> Simplification of the process Verified learner registration documentation Decentralisation to provincial offices
4. Enhanced Quality Assurance efficiencies to execute QCTO delegated functions	<ul style="list-style-type: none"> Inability to speedily develop new occupational qualifications/ re-align legacy qualifications into occupational qualifications and transition of assessment quality partner role. 	<ul style="list-style-type: none"> Engage regularly with stakeholders Awareness campaign of Services SETA qualifications. Capacitation of quality assessment partners

9.4. PLANNED PERFORMANCE OVER FIVE-YEAR PLANNING PERIOD

The Services SETA has over the last year, 2020/21 recorded a performance achievement of around 40%. Based on this level of performance, the organisation needs to focus on critical areas that will strengthen internal operations. These primarily include governance, finance and ICT infrastructure and systems. A key strategic focus will be to embed the organisation's performance to the National Skills Development Plan and ultimately the National Development Plan. In the immediate, the focus will be to support Economic Reconstruction and Recovery Plan which aims to boost economic growth following the long spell of negative growth, exacerbated by COVID-19. The Services SETA has identified scarce, and critical skills prioritised by the Department for inclusion in its skills development strategy over the next years.

Table 12: Services SETA ERRP Response

Name of Occupation	Skills gaps in need of current/short-term intervention (in the next 12 months)	Skills gaps in need of future/long-term intervention (over the next 5 years)
Call or Contact Centre Manager	Cloud architecture	Artificial Intelligence
Data Scientist	Cybersecurity	Biotechnology
Contact Centre Resource Planner	Data centre operations	Blockchain
Contact Centre Forecast Analyst	Desktop support engineering	Data analysis
Call or Contact Centre Manager	Enterprise architecture development	Data science
Inbound Contact Centre Consultant	Integrated systems development	Internet of Things
Outbound Contact Centre Consultant	Learning management systems architecture	Machine learning
Contact Centre Real Time Advisor	Network analysis, control, and security	Nanotechnology
Call or Contact Centre Agent	Software development engineering	Quantum computing
	Systems engineering	Robotic automation

The NDP 2030 forms the basis of all national policies and strategies. Education, training, and innovation are key priorities to be supported by the PSET ecosystem. The Services SETA has therefore deliberately, aligned its MTSF strategic interventions to aid this goal. Table 13 below provides a breakdown of the tangibles to be delivered against the NDP 2030 deliverables.

Table 13: Alignment to the NDP Deliverables

National Development Plan	Services SETA's planned intervention
1. The recommended participation rate in the TVET college sector of 25 percent would accommodate about 1.25 million enrolments	The Services SETA plans to establish 23 partnerships with TVET Colleges to support skills development
2. Provide 1 million learning opportunities through Community Education and Training Colleges	The Services SETA plans to establish 13 partnerships with CET Colleges to support skills development
3. Improve the throughput rate to 80 percent by 2030	Working with employers and other key role players, the Services SETA aims to increase throughput rate to 85% by 2024/25
4. Produce 30,000 artisans per year by 2030	The Services SETA aims to support 2000 artisan programmes by 2024/25 (Women, 40%, Youth, 80%, people with disability 1% and Rural 6%)
5. Increase enrolment at higher education institute by at least 70 percent by 2030 so that enrolments increase to about 1,62 million from 950 000 in 2010	Services SETA plans to provide bursary opportunities to 6000 university students in the next five years (Women, 50% and Youth, 70%)
6. Expand science, technology, and innovation outputs by increasing research and development spending by government and through encouraging industry to do so	The Services SETA is working with industry to address the challenges of the Fourth Industrial Revolution through research

9.5. TRANSFORMATION IMPERATIVES

In line with the government's transformation agenda, the Services SETA has targeted designated groups as outlined below. This performance will be maintained and even improved over the MTSF period.

Table 14. Services SETA and Transformation

Learning Intervention	Enrolment 2019/20	Employed	Unemployed	Female	Black	Disability	Youth	Rural
Adult Education and Training	151	0 (0%)	151 (100%)	119 (79%)	151 (100%)	0 (0%)	105 (70%)	12 (8%)
Artisans	689	0	689 (100%)	445 (56%)	519 (75%)	0 (0%)	652 (95%)	0 (0%)
Bursaries	1237	139 (11%)	1098 (89%)	713 (58%)	1155 (93%)	0 (0%)	1149 (93%)	0 (0%)
Candidacy Programmes	113	69 (61%)	44 (39%)	90 (80%)	39 (35%)	0 (0%)	62 (55%)	0 (0%)
HET Graduates	548	0 (0%)	548 (100%)	386 (70%)	524 (96%)	0 (0%)	529 (97%)	0 (0%)
Internships	1 983	0 (0%)	1983 (100%)	1492 (75%)	1945 (98%)	0 (0%)	1902 (96%)	0 (0%)
Learnerships	5 265	205 (4%)	5060 (96%)	3824 (73%)	4908 (93%)	0 (0%)	4740 (90%)	0 (0%)
Recognition of Prior Learning	382	382 (100)	0 (0%)	211 (55%)	348 (91%)	0 (0%)	293 (77%)	0 (0%)
Skills Programmes	6 425	1839 (29%)	4586 (71%)	5242 (82%)	6010 (94%)	0 (0%)	5257 (82%)	304 (5%)
TVET Placements	967	0 (0%)	967 (100%)	787 (81%)	945 (98%)	0 (0%)	924 (96%)	0 (0%)
TOTAL	17 760	2634 (15%)	15 126 (85%)	13 309 (75%)	16 544 (93%)	0 (0%)	15 613 (88%)	316 (2%)

Source: Services SETA Annual Report, 2020

Table 14 illustrates that for the financial year 2019/20 more than 17 000 learners participated in Services SETA offerings. Majority of beneficiaries were unemployed black female youth. More work needs to be done to expand access to education and training for people living with disability and those residing in rural areas. Skills development centres are primarily aimed at addressing these shortcomings. To date, seven skills development centres have been constructed in rural municipalities. An implementation strategy is being rolled out

that will see the Services SETA collaborating with other SETAs to utilise these centres to address skills needs in rural areas.

9.6. A RESPONSIVE STRATEGY

A thorough reflection of the organisational performance and the set goals triggered a need for a focussed strategy to drive performance. The strategy addresses operational and skills related challenges that hampers performance. Internal considerations include finance, systems, performance, people, stakeholder relationship and governance.

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ANNEXURES

STRATEGIC PLAN

2020/21 — 2024/25

ANNEXURE A: SEE THE
SECTOR SKILLS PLAN



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ANNEXURE B: TECHNICAL INDICATOR DESCRIPTORS

Indicator Title	1.1. Quality of financial statements and reliable performance information submitted
Definition	<p>This indicator refers the Services SETA's compliance with its approved financial policies and practices including applicable legislations; its ability to continually improve and reinforce compliance and its ability to plan and report performance that is measurable and reliable.</p> <p>Outcome of the indicator to be measured in line with the outcome of the audit on the quality of Annual Financial Statements and Annual Performance Report.</p> <p>"Outcome of audit" refers to the Auditor General South Africa (AGSA) concluding that the Services SETA's financial statements and annual performance report are free from material misstatements (in other words, a clean audit opinion) and comply with applicable legislation.</p> <p>"Misstatements" refer to incorrect or omitted information in the financial statements and annual performance report.</p> <p>"Performance Information" refers to information relating to organisational targets for a given year as contained in the Annual Performance Plan</p>
Source of Data	AGSA audit report supported by Services SETA's Annual Financial Statements and Annual Performance Report
Method of Calculation / Assessment	Outcome of the audit
Assumptions	<p>There is a strong adherence to PFMA and financial regulations at the Services SETA.</p> <p>There is adherence to National Treasury and DPME reporting requirements for performance information.</p>
Disaggregation of Beneficiary (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting Cycle	Annually
Desired Performance	Clean Audit
Indicator Responsibility	<p>Chief Financial Officer</p> <p>Executive Manager: Strategy & Planning</p>
Indicator Title	1.2. Staff compliment maintained
Definition	<p>Percentage of filled positions in the organisation relative to the total number of approved funded positions on the organisational organogram</p> <p>The Services SETA uses the data from this indicator:</p> <ul style="list-style-type: none"> to measure the level of filled positions against the approved funded organogram. as an output measure in calculating the efficiency and effectiveness of the Services SETA
Source of Data	<ul style="list-style-type: none"> The Services SETA Organogram serves as a base source for all approved and funded positions. Placement report for filled positions
Method of Calculation / Assessment	Total Number of Filled Funded Positions / Total Number of Funded Positions as per the Organogram; multiply by a hundred
Assumptions	<p>Unapproved organogram</p> <p>Lack of clarity regarding funded and unfunded positions on the organogram</p>
Disaggregation of Beneficiary (where applicable)	<ul style="list-style-type: none"> Women – 70% People with disability – 2%
Spatial Transformation (where applicable)	N/A
Reporting Cycle	Quarterly
Desired Performance	70%
Indicator Responsibility	Executive Manager: Corporate Services

Indicator Title	1.3. Alignment between business needs and ICT implementation plan in place
Definition	<p>Corporate Governance ICT Framework is a government-requirements ICT Framework under the auspices of the Department of Public Services and Administration.</p> <p>The Corporate Governance of ICT is an integral part of the governance system at the Services SETA. The Corporate Governance of ICT involves evaluating, directing, and monitoring the alignment of the ICT strategy with the SSETA Business Strategy and related strategies. Also involves the monitoring of ICT service delivery to ensure a culture of continuous ICT service improvements exist in the SSETA. ICT develop strategy and implementation plan which are approved by ICT Steering Committee to respond to business strategic needs ensuring delivery of the strategic goals.</p>
Source of Data	<ul style="list-style-type: none"> Services SETA Strategic Plan and Annual Performance Plan ICT Strategy and Implementation plan with a list of approved plans/projects/programmes
Method of Calculation / Assessment	<ul style="list-style-type: none"> Assess ICT strategy implementation plan against business strategic needs Number of implemented ICT plans/ total number of approved ICT implementation plans aligned with business needs * 100
Assumptions	ICT strategy implementation plan not aligned with Services SETA business needs to achieve strategic objectives
Disaggregation of Beneficiary (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting Cycle	Quarterly
Desired Performance	80% of ICT plans implemented
Indicator Responsibility	Executive Manager: Corporate Services

Indicator Title	1.4. Stakeholder satisfaction
Definition	<p>This indicator measures the quality of support provided to key subsector stakeholders through capacity development; information sharing; customer service and technical support. The indicator also measures consultation with stakeholders on any policy and process development that will improve the SETA's service delivery to its subsector stakeholders. The outcome of the engagement contributes towards addressing key material issues that have a direct or indirect impact on the Services SETA's ability to create, preserve economic, social, or environmental value for itself and its stakeholders.</p> <p>"Stakeholders" refers levy paying and non-levy paying employers that do business within the scope of the Services SETA; training providers doing business in the services sector; government departments within the scope of the Services SETA; Associations, Professional Bodies, Community of Expert Practitioners; as well as Trade Unions, CBOs and NGO's that are active in the services sector, and others. A stakeholder is any individual or group that affects or is affected by the activities of the organisation. The Services SETA will prioritise and invest time in stakeholders identified as part of key material issues.</p> <p>"Satisfaction rating score" refers to score as per survey report. Survey to be conducted considering research methodologies aligned with stakeholder relationship management strategy/framework objectives.</p>
Source of Data	<p>Stakeholder relationship management strategy/framework</p> <p>Stakeholder relationship management survey report</p>
Method of Calculation / Assessment	Stakeholder relationship management survey report outcome: rating score
Assumptions	There is sufficient participation by Services SETA stakeholders and key partners
Disaggregation of Beneficiary (where applicable)	<ul style="list-style-type: none"> Employers, Learners, Service providers and PSET ecosystem players
Spatial Transformation (where applicable)	N/A
Reporting Cycle	Annual
Desired Performance	Satisfaction rating score 75%
Indicator Responsibility	Executive Manager: Corporate Services

Indicator Title	1.5. Effective governance and assurance monitoring system
Definition	<p>The indicator refers to good governance at the Services SETA organisational compliance, enterprise-wide risk management and sound/effective governance:</p> <p>Organisational Compliance: compliance with Services SETA legislative universe and policies. This is monitored through percentage actions plans implemented on a quarterly basis which refers to the proportion of the number of audit and compliance action plans implemented by the Services SETA in line with the audit reports and applicable laws and regulations.</p> <p>Enterprise-wide risk management: effective identification and mitigation of organisational risks. This is monitored through percentage of risk action plans actioned which refers to the process of executing risk mitigation actions as outlined in the action plans on a quarterly basis. Risk mitigation progress monitors the continuous process of tracking all identified risks, identifying new risks, and evaluating risk process effectiveness throughout the organisation's programmes.</p> <p>Governance: a governance report compiled and submitted by the board secretariat on performance of the Accounting Authority and its Committees in carrying out its fiduciary duties and assessing effective oversight in line with KPAs as contained in its Terms of Reference. In additional, refers to governance report compiled by organisational compliance and submitted to DHET.</p>
Source of Data	<ul style="list-style-type: none"> • Annual legislative universe & compliance remedial action plans report • Annual audit action plans report • Annual combined risk register • Governance reports
Method of Calculation / Assessment	<p>Assess reports below to determine effective governance and assurance provided:</p> <ul style="list-style-type: none"> • Quarterly Compliance remedial action report • Quarterly Audit action plan reports • Quarterly Combined risk register • Quarterly Governance reports submitted to DHET • Annual Governance reports measuring performance against TORs KPA
Assumptions	Human error in collecting the data
Disaggregation of Beneficiary (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting Cycle	Quarterly
Desired Performance	Good governance report
Indicator Responsibility	Office of the Chief Executive Officer

Indicator Title	2.1 Credible strategic plans developed
Definition	<p>The indicator refers to the process followed in developing the Sector Skills Plan, Strategic Plan and Annual Performance Plan at the Services SETA. For the process to be credible, it must be evidence based on research studies conducted and findings, be participatory and consultative. Consultations should include Services SETA employers/industry role players, management, and members of the Accounting Authority.</p> <p>“Research Studies”: refers to deliberate research that assesses the processes and consequences of innovations and social policy programmes linked to skills development and entrepreneurship”</p> <p>“Conducted”: refers to research projects commissioned within the reporting period</p> <p>“Evidence based”: refers to approved planning documents that are based on consultation with the Services SETA management and Accounting Authority, and are informed by research</p>
Source of Data	<ul style="list-style-type: none"> • Research agenda and reports • Sector Skills Plan (SSP), Strategic Plan (SP) and Annual Performance Plan (APP)
Method of Calculation / Assessment	Letter of approval for SSP, SP and APP from DHET

Indicator Title	2.1 Credible strategic plans developed
Assumptions	Letter of approval from DHET may be received after 31 March (year-end).
Disaggregation of Beneficiary (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting Cycle	Annually
Desired Performance	Approved SSP, SP & APP
Indicator Responsibility	Executive Manager: Strategy and Planning

Indicator Title	2.2. Number of partnerships to broaden access to skills development opportunities
Definition	<p>The indicator refers to the total number of Higher Education Institutes and Labour partnerships established through formal agreements between Services SETA within a financial year.</p> <p>The outcome indicator measures various outputs fostering collaboration and partnership with Post School Education and Training (PSET) system role players to promote growth and strengthened alignment.</p> <p>“Partnerships” are regarded as formal written agreement between the Services SETA and institution of higher learning/labour to share and contribute financial and/or non-financial resources, including grant funding in order to facilitate post-school education and training intervention</p>
Source of Data	<ul style="list-style-type: none"> • Signed Offer Letter of Intention to the intended partner; and/or • Signed MOUs between the Services SETA and the institution
Method of Calculation / Assessment	<p>Simple count of:</p> <ul style="list-style-type: none"> • Signed Offer Letters; and/or • Memorandums of Understanding or Agreements between the Services SETA and institutions of higher learning/labour
Assumptions	Delays in processes (engagements, contracting and signing). Multi years partnerships with annual performance targets or annual implementation plan.
Disaggregation of Beneficiary (where applicable)	<ul style="list-style-type: none"> • Universities • TVET Colleges • CET • Federations and Trade Unions
Spatial Transformation (where applicable)	N/A
Reporting Cycle	Quarterly
Desired Performance	80
Indicator Responsibility	Executive Manager: Strategic Partnerships

Indicator Title	2.3 Percentage increase in WSP/ATR submissions
Definition	This indicator measures the rate of increase in the number of employers submitting WSP/ATR as a percentage.
Source of Data	The Services SETA has developed and implemented an online mandatory grant submission tool referred to as Skills Development Management System (SDMS). Employers submit the required data online through the tool.
Method of Calculation / Assessment	Number of employers who submitted WSP/ATR in the previous year minus the number of employers submitting WSP/ATR in the current; divide by the number of employers who submitted WSP/ATR in the previous year; multiply by one hundred
Assumptions	Output and Efficiency, low participation by employers
Disaggregation of Beneficiary (where applicable)	N/A
Spatial Transformation (where applicable)	N/A

Indicator Title	2.3 Percentage increase in WSP/ATR submissions
Reporting Cycle	Annually
Desired Performance	5%
Indicator Responsibility	Executive Manager: Core Business

Indicator Title	3.1. Number of entrepreneurs and cooperatives supported
Definition	The indicator refers to the total number of small businesses and cooperatives supported by Services SETA. Support can be in the form of capacity building interventions based on their specific needs; ranging from Training in Business Management; Mentoring and Coaching; Technical training; and business advisory advice. “Supported” means beneficiaries participate in the learning opportunity, and complete one or more units of learning aligned to one or more skills or behaviours as learning outcomes.
Source of Data	<ul style="list-style-type: none"> • Database of small businesses supported • Database of cooperatives supported • Attendance registers/Proof of attendance
Method of Calculation / Assessment	Simple count of SMEs, SMMEs, NGOs, Entrepreneurs and Cooperatives supported
Assumptions	Delays in processes (engagements, contracting, signing)
Disaggregation of Beneficiary (where applicable)	<ul style="list-style-type: none"> • SMES/ SMMEs • Co-operatives • NGOs • Entrepreneurs
Spatial Transformation (where applicable)	N/A
Reporting Cycle	Quarterly
Desired Performance	3 500
Indicator Responsibility	Executive Manager: Strategic Partnerships

Indicator Title	3.2. Number of interventions embarked with employers to improve enrolment in and completion of priority occupations
Definition	This indicator measures the of employer training interventions to host and/or fund through collaborations learners on Services SETA learning interventions of prioritised occupations.
Source of Data	Memorandum of Agreements between the Services SETA and employers to place/train learners in the workplace for prioritised occupations.
Method of Calculation / Assessment	<ul style="list-style-type: none"> • Simple count of Memorandum of Agreements between the Services SETA and employers
Assumptions	Employers not participating in skills development interventions
Disaggregation of Beneficiary (where applicable)	<ul style="list-style-type: none"> • Large firms • Medium firms • Small firms
Spatial Transformation (where applicable)	N/A
Reporting Cycle	Quarterly
Desired Performance	150
Indicator Responsibility	Executive Manager: Strategy and Planning Executive Manager: Core Business

Indicator Title	4.1. Percentage of external moderation visits conducted within a specified time
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Definition	The indicator refers to the efficiency of the process of learners' certification and the compliance of Services SETA with its own policies regarding this. External moderations are conducted as and when requests are issued by providers. Certificates or Statement of Results can only be issued upon a recommendation of an external moderation visit.
Source of Data	<ul style="list-style-type: none"> • External moderation schedule lists • External moderation reports
Method of Calculation / Assessment	The number of external moderations successfully complemented divide by the total number of external moderation request received; multiply by one hundred
Assumptions	There is sufficient personnel to carry out external moderation
Disaggregation of Beneficiary (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting Cycle	Quarterly
Desired Performance	80%
Indicator Responsibility	Executive Manager: Core Business

Indicator Title	4.2. Percentage of occupational qualifications aligned to priority skills
Definition	This indicator measures the number of qualifications aligned to priority skills as a percentage of the total suite of qualifications identified and confirmed as a need to develop for the industry Qualifications to be developed are identified through Research, WSP submissions, and Chamber stakeholder engagements, hard-to-fill and PIVOTAL as per Sector Skills Plan. Priority skills means the consolidated list of scarce, critical, or pivotal skills identified in the applicable Sector Skills Plan for the implementation period.
Source of Data	A list of qualifications requiring development A list of qualifications linked to prioritised skills
Method of Calculation / Assessment	The number of occupational qualifications aligned to priority skills divide by the total number of qualifications identified and confirmed as a need to develop for the industry; multiply by one hundred
Assumptions	There is sufficient participation from the industry Industry qualifications in need of development may include skills that are not a priority
Disaggregation of Beneficiary (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Reporting Cycle	Quarterly
Desired Performance	60%
Indicator Responsibility	Executive Manager: Strategy & Planning



SERVICES SETA

Services Sector Education And Training Authority

📍 15 Sherborne Road, Parktown, Johannesburg, 2193

📮 P O Box 3322, Houghton, Johannesburg, 2041

☎ +27 11 276 9600

✉ customercare@servicesseta.org.za
