

The Innovation Code: ensuring local decisions for skills meet the needs of learners and employers

An Updated Guide
Version 2

November 2012

Of interest to everyone involved in using the Innovation Code as part of delivering Skills Funding Agency-funded provision for adult learners.

Contents

- Introduction..... 3**
- The Innovation Code..... 4
- Who can use the Code..... 5
- Using the Innovation Code 5
- What is in scope and out of scope for the Code..... 6
- Use and recording of the Innovation Code..... 8
- The origins of the Innovation Code 8

Introduction

We (the Skills Funding Agency) have updated this guide to help colleges and training organisations make the most of their freedoms and flexibilities in meeting the needs of their learners. This guide explains how the Innovation Code (the Code) can be used to do this.

We will continue to ensure our rules remain fit for purpose and enable all colleges and training organisations to use their own professional knowledge and judgement in the best way to meet the needs of learners and employers. This forms part of a single Adult Skills Budget that is controlled and spent on local provision.

This guide does not introduce any additional rules or bureaucracy and should therefore be read together with the [2012/13 Funding Rules](#), as the Code must be delivered in line with existing eligibility and funding rules.

To address some of the more technical questions relating to the Code, we have produced an [Innovation Code Frequently Asked Questions \(FAQ\) document](#). The FAQ document will be updated regularly to address questions raised by colleges, training organisations and other key stakeholders. To get a full understanding of the Innovation Code, you should review the FAQ document as well as this Guide.

We are working with the National Institute of Adult Continuing Education (NIACE) and with colleges and training organisations to build case studies of how the Code is being used. This will help develop a community of practitioners around the Code. During the course of the 2012/13 funding year we will begin to put case studies relating to the Innovation Code on our [website](#). If you would like to submit examples of your own organisation's use of the Code, you can send these by email to: qualifications@skillsfundingagency.bis.gov.uk.

The Innovation Code

1. Colleges and training organisations can use the Innovation Code to design and deliver programmes to meet the needs of local employers and learners. It allows them to deliver customised programmes of learning without having to wait for new qualifications to be developed and accredited. This is possible because the Code is designed specifically to meet demand where there is no current qualification offer. This could include provision which tackles unemployment and helps learners progress and remain in work, or which addresses a particular skills gap within a local area.
2. The Code allows providers to meet the needs of their local communities with greater flexibility. For example, a college or training organisation might want to offer a new programme for unemployed learners, to equip them with the skills and knowledge required by a specific employer. The college or training organisation might be made aware of the need for such a programme by a local employer, sector body, local enterprise partnership, local authority, or Jobcentre Plus. The Code, along with a flexible skills and qualifications offer, therefore enables the further education system to be more responsive to learners and employers.
3. The Code allows colleges and training organisations to respond quickly to meet a local need. There is no central control. Local providers must deliver the provision required to support the needs of people they support.
4. It is for colleges and training organisations to determine when and how they engage with awarding organisations to arrange for a qualification to be developed to recognise the learning. This does not mean that the learner can only start and complete a programme if it becomes an accredited qualification. Rather, the Code should be used to respond quickly to local need, and support the progression and advancement of learners - particularly those who are unemployed or to support progression into an Apprenticeship. Future cohorts of learners will benefit from the investment made in supporting new skills provision by being able to access the same pathways as they are developed into qualifications.

5. Qualifications developed to recognise provision delivered through the Code could reflect:
 - completely new provision
 - adaptation of existing provision
 - a new combination of QCF units.

Who can use the Code

6. All colleges and training organisations can use their Adult Skills Budget (ASB) or Offender Learning and Skills Service Phase 4 (OLASS 4) allocation to deliver Code provision. The ASB is held locally and decisions on how it is best used are made locally. Provision delivered through the Code is funded through each provider's current local budget.
7. To allow colleges and training organisations to deliver new provision through the Code as quickly as possible, there is no application or approval process. It is local providers, working with local people and employers that will shape how this is used.
8. However, if a subcontractor wishes to use the Code, then they must obtain permission in writing from their prime contractor, and we would expect the prime contractor to be monitoring delivery. The subcontractor must already be delivering either ASB or OLASS 4 provision on behalf of a prime contractor.

Using the Innovation Code

9. The Agency's [2012/13 Funding Rules](#) and eligibility criteria apply when delivering the Code. This will ensure funding is targeting the priorities set out by Government. Once a college or training organisation has checked the learner is eligible for funding, an Innovation Code Learning Aim should be entered on the Individualised Learner Record (ILR) to indicate the learner has started an Innovation Code course.

10. In order to offer support and to help us share best practice, it would be helpful if colleges and training organisations could make their area relationship team contact aware they are considering using the Code, so we can work to share how the sector is doing more for local people and business. Should colleges or training organisations have any questions about the Code, they can raise these through their normal point of contact in the Agency's local area relationship team.
11. There are no specific additional evidence requirements for the Innovation Code beyond those already specified within the [2012/13 Funding Rules](#).

What is in scope and out of scope for the Code

12. Provision delivered through the Code should be designed to respond to local employer/business and learner needs and/or identified employment opportunities¹. Examples of what this could cover include:
 - supporting employment and/or progression and further learning in a particular subsector or sector
 - developing specialist skills
 - specific skills required to support a growth sector
 - reskilling as a result of economic conditions in a particular local area
 - supporting entrepreneurship
 - upskilling in a particular sector
 - responding to local needs – for example, adapting training for the needs of local employers seeking to recruit unemployed people
 - enabling individuals to prepare for and progress into an apprenticeship.
13. The provision must not already lead to the achievement of an existing regulated qualification. It is acceptable for units already existing on the QCF to be combined into a programme but that programme must not replicate a qualification already available.

¹ The Code can be used for both employed and unemployed learners. Where the Code is used for unemployed learners, this should be to support them in moving into employment.

14. Use of the Code must be in line with existing rules around what type of provision is eligible for public funding. For further information, please refer to pages 15-18 of the [2012/13 Funding Rules](#).
15. The provision cannot be, or form part of, an Apprenticeship framework. However, once accredited, the provision could potentially become a component part of a current or a future framework.
16. Funding should not be used to fund the development costs of colleges and training organisations, employers or awarding organisations (AOs) associated with creating a qualification. Funding must be used for the direct benefit of supporting learners and employers.
17. We acknowledge that in some cases, despite best endeavours, it may not be possible for a qualification that recognises the provision to be developed and submitted for Ofqual accreditation through an awarding organisation. Should this happen, there will be no recovery of funding from colleges or training organisations solely on the basis that a QCF qualification has not been successfully accredited for the provision delivered through the Code.

Use and recording of the Innovation Code

18. There are six different Innovation Code learning aims that you can enter on the ILR to indicate the size of the course that the learner is enrolled upon. The funding rates for each of the six learning aims² are shown below:

Learning Aim Reference	Learning Aim Title	Fully Funded	Co-Funded
ZINN0001	Innovation Code Award (1 to 6 credits)	£203	£102
ZINN0002	Innovation Code Award (7 to 12 credits)	£401	£200
ZINN0003	Innovation Code Certificate (13 to 24 credits)	£703	£352
ZINN0004	Innovation Code Certificate (25 to 36 credits)	£1,302	£651
ZINN0005	Innovation Code Diploma (37 to 48 credits)	£2,005	£1,002
ZINN0006	Innovation Code Diploma (49 to 72 credits)	£2,505	£1,252

The origins of the Innovation Code

19. The Innovation Code was originally proposed in Baroness Sharp's report, [Colleges at the heart of local communities](#) (November 2011). In [New Challenges New Chances](#) (December 2011), the Department for Business, Innovation and Skills (BIS) set out that the Code would be used to "support...FE colleges and providers to draw down funding for programmes that meet a particular employer skills need whilst they are simultaneously developed for the QCF".
20. The Code went live in April 2012 through its inclusion in [Update 103](#) (11 April 2012). We released the [Innovation Code Checklist](#) at the same time to help colleges and training organisations understand how to use it. We also refer to the Code on pages 17 (paragraphs 34 to 39) and 100 (paragraph 19) of the [2012/13 Funding Rules](#).

² The six Innovation Code aims precede Version 2 of the Shadow Rates Matrix.

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