Skills Funding Agency

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Of interest to colleges and training organisations interested in using the Innovation Code

Introduction

We have produced this document in response to requests from colleges, training organisations and representative bodies for a fuller explanation of the Innovation Code (the Code). This document addresses questions around how the Code works, what it can be used for, and the criteria and rules that apply. You should read together with the *Innovation Code Guide* which provides a more general overview, and pages 17, 18 and 100 of the 2012/13 Funding Rules.

This document is version 2.0. It contains a number of updates from version 1.0, which was released on 7 November 2012. For a list of new or updated questions, please see our document Innovation Code FAQs – changes from version 1.0.

We have grouped the questions and answers set out in this document into the following sections.

- **Background to the Innovation Code** – this explains the purpose of the Code, and its origin.

- **Using the Innovation Code: Delivery** – this explains how colleges and training organisations can use the Code.

- **Using the Innovation Code: Qualification Development** – this explains how awarding organisations are involved with the Code.

- **Funding** – this explains the financial criteria that apply to the Code.

- **Evaluation** – this explains how use of the Code is being examined.

- **Additional Support and Information** – this gives sources of information and guidance.

Background to the Innovation Code

1. What is the Innovation Code?

The Innovation Code (the Code) is a mechanism designed to help colleges and training organisations respond quickly to local employer needs and emerging skills gaps. It allows them to enrol learners on a course that at present does not lead to a Qualifications and Credit Framework (QCF) qualification.

2. Where did the Innovation Code come from?

Baroness Sharp originally proposed the Code in the report, *Colleges at the heart of local communities*, published in November 2011. In *New Challenges New Chances* (December 2011), we stated 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".

3. When did the Innovation Code go live?

We announced the Code in April 2012 in Update 103. We released the *Innovation Code Checklist* at the same time to help colleges and training organisations to understand the Code. The 2012/13 Funding Rules contain information about the Code on pages 17 and 18 (paragraphs 34 to 39) and on page 100 (paragraph 19).

4. How do I apply the Funding Rules to the Innovation Code? The Funding Rules deal with qualifications, but the Innovation Code is for provision that does not at present lead to a qualification?

The most straightforward way to apply the Funding Rules to the Code is to read the Rules 'as if' the provision you are looking to deliver through the Code is already a qualification. If you apply the same Rules about qualifications to the Code then you will be able to see whether the provision you are looking to deliver meets the Rules. This includes using the table on pages 92-93 of the 2012/13 Funding Rules to identify whether or not a particular learner or group of learners are eligible to enrol on a course that is funded through the Code.

Using the Innovation Code: Delivery

5. Which colleges and training organisations are eligible to use the Innovation Code?

The Code is for colleges and training organisations that appear on the Agency's Register of Training Organisations and have a current contract as a prime contractor to deliver Adult Skills Budget (ASB) or Offender Learning and Skills Service Phase 4 (OLASS4) provision.

6. Are subcontractor colleges and training organisations eligible to use the Innovation Code?

Yes they are, as long as they are delivering either ASB or OLASS 4 provision on behalf of a prime contractor. Subcontractors using the Code must obtain permission in writing from their prime contractor to use the Code, and the prime contract should monitor delivery.

7. Do colleges or training organisations need to speak to employers?

Colleges or training organisations should discuss the provision with a local employer, sector body, local enterprise partnership, local authority, or Jobcentre Plus to identify opportunities and ensure the provision meets local needs.

8. If we enrol a learner on provision funded through the Innovation Code, is there anything they need to be made aware of?

Colleges and training organisations should make learners aware at enrolment that the provision does not at present lead to an Ofqual-accredited qualification.

9. Can large employers use the Code?

'Direct Grant employers' cannot use the Code. All other providers may use the Code with any eligible learners, including learners employed by a large employer.

10. What type of provision is the Innovation Code intended for?

The Code is intended for provision that responds to local employer or learner needs, identified employment opportunities, and emerging skills gaps.

11. What level of learning can the Innovation Code be used for?

Provision delivered through the Code can be at any level of learning, from Entry through to level 8.

12. Can I use the Code to deliver a first full level 2 or 3 to a learner as part of their entitlement to a first full level 2 or 3 qualification?

No, the Code cannot be used as part of a learner's entitlement to their first full level 2 or 3 qualification. This is because the entitlement relates to regulated qualifications. The Code deals with the delivery of provision which is not, at present, a qualification.

13. Can Providers use the Innovation Code to fund qualifications listed on the Learning Aim Reference Application (LARA) that are not approved for funding?

The Code is for the delivery of provision that does not, at present, lead to a qualification. It cannot be used to deliver a qualification that is already on LARA but not funded. If a college or training organisation wishes to deliver and seek funding for a qualification on LARA which is either not currently funded for post-19 learners, or has had funding withdrawn, they should use the Skills Funding Agency's Exception Process.

14. Can the Innovation Code be used to deliver provision less than 13 credits at levels 2 or 3?

The Code can be used to deliver this provision, but this should only be as part of the offer for the unemployed. This reflects the funding rules that state that small-course provision, at notional levels 2 and 3 (in other words, awards of 1 to 12 credits in the QCF), should not be delivered outside of the offer for the unemployed.

15. Does the Innovation Code apply to new provision only?

No, existing provision could be funded where it does not currently lead to a qualification on the QCF. However, if the Code is used to fund delivery of existing provision, this must not replace funding that is already provided by other organisations or individuals.

For example, colleges and training organisations cannot use the Code to cover the costs of delivery of provision which an employer already pays for.

However, if a college or training organisation identifies a new context in which existing provision could be delivered – such as to unemployed learners as part of a job interview guarantee scheme – then this could be suitable for use of the Code.

In some cases, a college or training organisation may identify a way to adapt existing provision so that it meets new skills needs. In this case, the provider could use the Code for the new, adapted provision. However, the new content must be significantly different from the original provision to deal with new skills gaps, and the provider must not simply update it to gain access to public funding for the employer.

16. Can I use the Innovation Code to deliver existing units (that is, units that are regulated by Ofqual and are already part of a rule of combination of a QCF qualification) in a new combination that doesn't at present lead to a qualification?

Yes, and this is a use of the Code which we would encourage. Existing QCF qualifications each have a 'rule of combination' that determines which units can be combined to achieve the overall qualification. If you have identified a group of units that do not have a rule of combination to allow them to lead to a qualification, you should contact the awarding organisation (AO) that offers the units and see if these units have the potential to form a new qualification.

You should note that not all combinations of units have the potential to form a new qualification. For example, if you are trying to combine units offered by different AOs then these would need to be shared units. Therefore, you should speak to the AOs that offer the units first, before you commence delivery, to make sure that your new combination of units does have the potential to become a qualification.

Although the Code is designed to allow a college or training organisation to rapidly respond to local need, it should also result in a qualification being developed to recognise the individual's learning.

17. Can I use the Code to deliver new provision that I intend to become a unit?

Yes, providing that you are clear on how the unit will be combined with other units (either existing or new), and you have engaged with the relevant AO to confirm whether the new combination of units could lead to a qualification. This is because units on the QCF have to form part of a qualification.

18. The Innovation Code Guide states that the Code can be used to deliver new rules of combinations. What should I do if I want to deliver an existing qualification but add on additional learning, with the intention of this becoming a new, larger qualification in the future?

If you deliver an existing qualification then we will fund this according to existing processes and you must record and report on this basis. This means that you will enter the existing qualification into the ILR as a learning aim. You should use the Code to draw down funding only for the additional provision. In other words, you should not use the Code to draw down funding for a combination of an existing qualification plus additional learning. This is because you cannot use the Code to fund and deliver existing qualifications, as this could distort success rates and affect funding levels.

19. Can I use the Innovation Code to deliver non-regulated versions of units or qualifications that are already on the QCF?

No, if there is a QCF qualification available that recognises the learning and skills gain you are looking to deliver through a particular course or learning programme, then you must enrol the learner on that qualification learning aim.

Using the Innovation Code: Qualification Development

20. What role do awarding organisations have with the Innovation Code?

AOs will be involved in developing QCF qualifications to recognise provision delivered through the Code, and ensuring their subsequent national availability. It is for colleges and training organisations to determine when and how they engage with an AO to take on this role. However, if a college or training organisation is looking to deliver a new combination of existing QCF units, they should engage with an AO that offers the units to ensure that the new combination could eventually lead to a qualification (see question 16 above for more information). If colleges and training organisations have difficulty in finding a suitable AO, our Qualifications Policy Team is able to support. Please send details to qualifications@skillsfundingagency.bis.gov.uk.

21. Does an awarding organisation have to be involved straight away?

If the provision is completely new, then an AO does not need to be involved straight away, but once delivery is under way, an AO should be engaged to develop a qualification.

If the provision is a new combination of existing QCF units, then an AO that offers the units should be involved before delivery commences. This is so that they can ensure the new combination has the potential to become a qualification (see question 16 above for more information).

22. What role do colleges and training organisations have in accrediting Innovation Code provision into the QCF?

To help the process of qualification development, colleges and training organisations could develop an outline specification for the provision and decide on a notional level. They will already have identified an approximate credit value in order to know which learning aim to use for the provision. The AO will use this information to inform the process of qualification development and accreditation.

23. Do I need to engage with Sector Skills Councils as part of designing or delivering Innovation Code provision?

There is no requirement to do this. However the AO will need to demonstrate employer support for the qualification when submitting it to Ofqual for accreditation.

24. How can colleges and training organisations determine how much credit a new provision contains?

Colleges and training organisations must estimate the credit value of provision delivered through the Code. For existing provision, this estimate should be based on the experience of how long learners take to complete the course. In the case of new provision, the provider could seek advice from an AO. In all cases, colleges or training organisations and AOs should agree the final credit value as part of the process of developing a qualification.

25. What if Innovation Code provision does not have an accredited QCF qualification linked to it by 31 July 2013?

We understand that it may take an AO beyond July 2013 to gain accreditation for the qualification on to the QCF. Therefore, there is no expectation that the provision should lead to an accredited QCF qualification by the end of the 2012/13 funding year. However, it is clearly in the interests of a provider that their learners receive an accredited qualification for their learning. We anticipate that a provider would work with the AO to submit the related qualification to the QCF as quickly as possible.

Funding

26. How is the Innovation Code funded?

We fund the Code through the ASB or OLASS 4 allocation. No extra funding is available. Colleges and training organisations can start a learner on Innovation Code provision and receive funding for that learner, providing the learner meets the eligibility criteria (see 2012/13 Funding Rules, in particular pages 6 to 14 and 77 to 94).

27. How long will the Innovation Code be available for?

The Code is an ongoing element of the adult skills budget. It is available for new starts for the remainder of the 2012/13 funding year, and it will continue to be available for new starts in 2013/14.

28. What if learners do not complete the provision by 31 July 2013?

Colleges and training organisations can enrol a learner onto Innovation Code provision in the 2012/13 funding year up to 31 July 2013. We will fund learners enrolled by that date for the duration of their course[1].

29. How will Innovation Code funding be paid?

Funding arrangements for provision delivered through the Code are the same as for other provision delivered through the ASB model. In funding model 22 (Adult Learner Responsive), a provider factor will be applied to the applicable rate. In Funding Model 45 (Employer Responsive), the funding is subject to an achievement payment based on completion of the learning. All provision is subject to the standard threshold for payment based on the planned duration of learning. All provision will need to be classified as 'classroom' or 'workplace' and correctly identified in the Individualised Learner Record (ILR) data reported.[2]

30. Will Innovation Code provision at level 3 be eligible for 24+ Advanced Learning Loans?

24+ Advanced Learning Loans will be introduced in 2013/14 and will provide funding for the delivery of level 3 qualifications for learners aged 24 or above. As the Code relates to the delivery of provision that does not currently lead to a qualification, the Code would not be eligible for 24+ Advanced Learning Loans provision.

Once a qualification has been developed for provision delivered through the Code, if it is a Certificate or Diploma at level 3, then the new qualification would be

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[1] Subject to meeting the 'threshold for funding' – see page 96 of 2012/13 Funding Rules.
[2] Colleges and training organisations should note that Workplace Learning is only eligible where the Innovation Code is being used to fund delivery of QCF English and maths provision prior to its accreditation – see guidance note here. All other IC delivery must be through classroom learning, in line with the eligibility criteria found on pages 92-93 of the 2012/13 Funding Rules.

eligible for 24+ Advanced Learning Loans funding, providing it meets other funding criteria (as outlined in pages 5 to 8 of the [Qualifications Information Guide](#)).

31. What evidence requirements are there for using the Innovation Code?

There are no specific additional evidence requirements beyond those already specified within the [2012/13 Funding Rules](#) for delivery of ASB or OLASS 4 provision.

Delivery of the Code forms part of a college or training organisation's use of their ASB or OLASS 4 allocation. If they are audited, then the Code will be included within this audit, alongside any other provision delivered as part of the provider's ASB or OLASS 4 allocation.

32. Will you make the auditors aware that the Innovation Code does not have any additional evidence requirements beyond those already set out in the Funding Rules?

Yes, this will be included in the auditor's briefing notes.

33. Do I need to collect evidence of employer engagement, support or demand?

We will not audit evidence of employer engagement, support or demand for the Code. However, the National Institute of Adult Continuing Education (NIACE) will be evaluating this work and we would ask that you keep a record of your engagement with employers or employer representative groups to support this evaluation work.

34. Is evidence required of engagement with an awarding organisation?

We will not audit evidence of engaging with an AO to arrange for the development of a qualification. However, NIACE will be evaluating this work and we would ask that you keep a record of your engagement with AOs to support this evaluation work.

35. Can colleges and training organisations include the Innovation Code as part of a business case to increase their ASB allocation?

Yes. There is no distinction made between Innovation Code provision and delivery of qualifications for this purpose. For more information on this process, please speak to your area relationship team contact, or refer to the 2012/13 Provider Performance Management Guide.

Evaluation

36. How will use of the Innovation Code be monitored and evaluated?

The Agency's Qualifications Approvals and Governance Group is working with colleges and training organisations and NIACE to evaluate how the Code is used across the sector in 2012/13. This will help to capture good practice. It will also identify any adjustments required. To support the evaluation exercise, we encourage colleges and training organisations to keep a record of employer and AO engagement.

37. What Innovation Code information needs to be recorded on the ILR?

ILR requirements are the same as for other provision delivered within the ASB. This means that colleges and training organisations need to set a start/end date for the learning aim, and need to indicate whether it is classroom-based or in the workplace. The ILR can report the size of the course that the learner is enrolled on by the use of one of six different Innovation Code learning aims, which you can find in the Innovation Code Guide.

38. Are there any case studies of colleges and training organisations using the Innovation Code?

NIACE are gathering case studies for use of the Code as part of the evaluation process. We have begun to publish these on our website.

39. Will the Innovation Code affect qualification success rates?

No, the six Innovation Code learning aim codes are excluded from the calculation of success rates.

40. How can colleges and training organisations check if potential Innovation Code provision is already available in the QCF?

You can check what provision is available on Ofqual's [Register of Regulated Qualifications](#).

41. Will Ofsted inspect use of the Code?

As delivery of the Code forms part of a provider's use of their Adult Skills Budget allocation, this would be in scope for inspection by Ofsted.

Additional Support and Information

42. Where can colleges and training organisations get more information?

We have published additional information about the Code on our [website](#). If 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 teams.

43. Where can colleges and training organisations get further support about the QCF?

You can obtain a range of information and support resources on [The Learning and Skills Improvement Service website](#).

Skills Funding Agency

Cheylesmore House
Quinton Road
Coventry CV1 2WT
T 0845 377 5000
F 024 7682 3675
www.bis.gov.uk/skillsfundingagency

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