Skills Funding
Agency

The Innovation Code: Making sure skills provision meets the needs of learners and employers

Guidance on how to use the Innovation Code 2014 to 2015

Version 3.0

September 2014

Of interest to colleges, training organisations and employers who want to use the Innovation Code

Contents

Introduction

Baroness Sharp proposed the Innovation Code (the Code) in her report, [A dynamic nucleus: Colleges at the heart of local communities](#) (November 2011). In [New Challenges New Chances](#) (December 2011), we stated that the Code would be introduced to "support further education (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".

We have issued this guide to help you (colleges, training organisations and employers who receive a direct grant from us) to make the most of your freedoms and flexibilities in meeting the needs of your learners. This guide explains how you can use the Code to do this.

We will continue to make sure our rules remain fit for purpose and enable you to use your professional knowledge and judgement in the best way to meet the needs of learners and employers. Delivery of the Code must therefore be in line with existing eligibility and funding rules. You should therefore read this guide together with the [Funding Rules 2014 to 2015](#).

This document is version 3.0. It contains a number of updates from version 2.0, which we released in February 2013. We have withdrawn the Innovation Code Frequently Asked Questions document and combined its content with this guide.

The Innovation Code

1.   The Code allows you to design and deliver customised programmes of learning to meet the needs of local employers and learners without having to wait for the development of new qualifications.

2.   The Code gives you greater flexibility to meet the needs of your communities and employers. For example, you might want to offer a new programme:

   - for unemployed learners, to equip them with the skills and knowledge required by a specific employer
   - that helps learners progress and remain in work
   - that addresses a particular skills gap within a local area

3.   You might be made aware of the need for such a programme by an employer, sector body, local enterprise partnership, local authority, or Jobcentre Plus. The Code, along with a flexible skills and qualifications offer, allows the further education system to be more responsive to learners and employers.

4.   You must deliver skills provision to support the needs of the employers and people you support. The Code allows you to respond quickly to meet such local needs. There is no central control.

5.   You must not use the Code to replace employer funding. If an employer is already paying for a course to be run for their employees, you cannot use the Code to fund the course for those learners.

6.   Although the Code allows you to rapidly respond to local need, it should also result in the development of a qualification to recognise the individual's learning.

7.   It is for you to determine when and how you engage an awarding organisation to develop a qualification to recognise the learning. This does not mean that the learner can only start and complete a programme if it becomes a qualification. The Code should be used to respond quickly to need, and

support learners' progress and advancement, or their progression into an Apprenticeship. In the future learners will benefit from the investment made to support new skills provision by being able to access the same pathways because they have been developed into a qualification.

8. The qualification that you develop to recognise the skills provision you deliver through the Code could reflect:

    - completely new skills provision
    - an adaptation of existing skills provision
    - a new combination of units

9. We acknowledge that in some cases it may not be possible for you to develop a qualification that recognises the skills provision through an awarding organisation. Should this happen, we will not recover funding from you solely on the basis that you have not developed a qualification successfully.

How you use the Code

10. To allow you to deliver new skills provision through the Code as quickly as possible there is no application or approval process. You will, working with local people and employers, shape how to use the Code.

11. Funding arrangements for the skills provision you deliver through the Code are the same as for the skills provision you deliver through the Adult Skills Budget (ASB). For more information, please read the [Funding Rules 2014 to 2015](#) and, if necessary, then speak to your CDS Advisor

12. You can use your ASB or Offender Learning and Skills Service Phase 4 (OLASS 4) allocation to deliver Code skills provision. The ASB is held locally and decisions on how to use it best are made locally.

13. Skills provision delivered through the Code is funded through your current funding allocation. **No extra funding is available.**

14. If a subcontractor wishes to use the Code they must already be delivering either ASB or OLASS 4 skills provision for one of our direct contract-holders. They must obtain written permission from the direct contract-holder, and we expect the direct contract-holder to monitor their delivery.

15. 24+ Advanced Learning Loans provide funding for the delivery of qualifications at Level 3 or above for learners aged 24 or above. As the Code relates to the delivery of skills provision that does not currently lead to a qualification, the Code will not be eligible for 24+ Advanced Learning Loans.

16. Because delivery of the Code is part of your ASB or OLASS 4 allocation, if:

    - we audit you we will include the Code skills provision within the audit
    - Ofsted inspect you then your Code skills provision would be in scope

17. Annex A contains a list of activities for you to consider when using the Code.

18. Our Funding Rules 2014 to 2015 and eligibility criteria apply when delivering the Code. The most straightforward way for you 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 Funding Rules for qualifications to the Code then you will be able to see whether the skills provision you are looking to deliver meets the Funding Rules.

19. You should use this approach to consider whether the skills provision is likely to meet the rules for approving qualifications for funding.

20. You should make learners aware at enrolment that the skills provision does not, at present, lead to a qualification.

21. Once you have checked that the learner is eligible for funding, you should enter a Code Learning Aim on the Individualised Learner Record (ILR) to

show the learner has started a Code course. The requirements for the ILR are the same as for other ASB skills provision.

22. You should note that Code learning aims are excluded from the calculation of success rates.

23. There is no additional evidence requirement for the Code beyond those already specified within the [Funding Rules 2014 to 2015](#).

What is in and out of scope for the Code

24. You should design the skills provision to respond to local employer and learner needs and/or identified employment opportunities. For example to:

- support unemployed learners to move into employment
- support employment and/or progression and further learning in a particular subsector or sector
- develop specialist skills
- deliver the skills required to support a growth sector or new industry
- re-skill as a result of economic conditions in a particular local area
- support entrepreneurship
- develop skills in a particular sector
- respond to local needs, for example adapting training to the needs of local employers seeking to recruit unemployed people
- enable individuals to prepare for and progress into an Apprenticeship

25. The skills provision must not lead to the achievement of an existing qualification. It is acceptable to combine existing units into a programme, but that programme must not replicate a qualification already available.

26. If the Code is used to fund delivery of existing skills provision that does not currently lead to a qualification, it must not replace the funding that other organisations or individuals already provide.

27. However, if you identify a new context in which you could deliver existing skills provision, such as to unemployed learners as part of a job interview guarantee scheme, then this could be suitable for use of the Code.

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

29. The skills provision cannot be, or form part of, an Apprenticeship framework.

30. You cannot use the funding you receive through the Code to fund the development costs associated with creating a qualification. You must use the funding for the direct benefit of learners and employers.

31. You are able to use the Code with any eligible learners, including learners employed by a large employer. That is, one with 1,000 employees or more.

32. Enrolments on learning aims funded through the Code must be on learning which is between Entry and Level 4.

33. The Code deals with the delivery of skills provision which is not, at present, a qualification. You cannot use the Code:

   - as part of a learner's entitlement to their first full Level 2 or 3 qualification, because the entitlement relates to qualifications
   - to deliver a qualification that is already on the Learning Aim Rates System but not funded, as this qualification will have already been considered for public funding

34. You can use the Code to deliver new skills provision you intend to become a unit. You must be clear how you will combine the unit with other units, either

existing or new. You must engage with the relevant awarding organisation to confirm whether the new combination of units could lead to a qualification.

35. We recognise that in exceptional circumstances you may need to develop skills provision that does not meet our minimum size thresholds for qualifications. By exception you could use the Code to deliver:

- Level 2 or 3 skills provision of less than 15 credits, but only as part of the offer for the unemployed
- skills provision of one or two credits

If you want to deliver this size of skills provision you will need to contact your CDS Advisor before you start.

36. We do not expect this use of the Code to be the norm. Any qualification you develop from this skills provision is subject to our business rules and we may not approve it for funding unless there is robust evidence to justify its size.

Involving awarding organisations

37. You will need to work with an awarding organisation to develop a qualification to recognise the learning delivered through the Code. They will also make sure that the qualification is available nationally. You should determine when and how you engage with them to take on this role. If you have difficulty in finding a suitable awarding organisation, you could contact either the [Federation of Awarding Bodies](#) and/or [Joint Council for Qualifications](#) for help.

38. If the skills provision is completely new, then you do not need to involve an awarding organisation straight away; however, once delivery is underway, you should engage an awarding organisation to develop the qualification.

39. If the skills provision is a new combination of existing units, then you should involve an awarding organisation that offers the units before delivery starts. This is so that they can make sure that the new combination has the potential to become a qualification.

40. You must estimate the credit value of the skills provision you are delivering. For existing skills provision you can base this estimate on your experience of how long learners take to complete the course. In the case of new skills provision, you should seek advice from an awarding organisation. In all cases, you should agree with the awarding organisation the final credit value as part of the qualification development.

41. We will not audit evidence of your engagement with an awarding organisation. Neither will we audit you for evidence of employer engagement, support or demand for the Code. However, the awarding organisation will need to demonstrate employer support for the qualification when they submit it to Ofqual.

Recording use of the Innovation Code

42. When you enrol a learner on Code skills provision, you must record this in the ILR using a Code learning aim.

43. You will need to correctly classify the skills provision as either 'classroom' or 'workplace' in the ILR data reported.

44. We will fund learners enrolled on Code skills provision in the 2014 to 2015 academic year as part of the streamlined funding system for adults. This means that the Code learning aim will capture the level, size and subject/sector area of the skills provision. The subject/sector area is identified at the tier 2 level: Annex B contains a full list of the tier 2 subject/sector areas.

45. For these learners you will need to use the Learning Aim Rates System to identify the relevant learning aim for the course you are enrolling learners on.

46. The funding rate will be based on the size of the course, taking into account any programme weighting factor resulting from the subject/sector area of the course. The fully-funded rates are shown in our document Funding Rates and Formula.

Annex A – Nine key activities when using the Innovation Code

We have identified nine key activities for you to complete when using the Code. These are based on feedback from colleges and training organisations that are already using the Code. You do not have to complete these activities in the order shown below, and nor is the list exhaustive. However, they do identify the main things you need to do to use the Code in line with our Funding Rules 2014 to 2015.

1. **Identify a particular skills need that has employer demand, or that will support learners towards employment.**

2. **Get support early in the process:**

   o **contact your CDS Advisor**
   o **contact your awarding organisation(s)** to work with them to develop a qualification to recognise the learning and skills gained from the course

3. **If you are a subcontractor, get permission from a contract-holding organisation.**

4. **Check whether there is an approved qualification that recognises the learning or skills gain.**
   You can check what skills provision is available on Ofqual's Register of Regulated Qualifications. You can see what is eligible for public funding on our Simplified Funding Rates Catalogue of Qualifications for 2014 to 2015.

5. **Check that the skills provision fits with what we will fund by reviewing the relevant section(s) of the Funding Rules 2014 to 2015 and Qualifications Information Guide.**

6. **Check the learner eligibility rules for the ages, employment status and prior attainment of your learners.**

7. **Decide whether you will develop an entirely new course, draw together existing units to create a new 'rule of combination', or do a combination of the two.**

   If your course will consist of one or more existing units, you will need to speak to the relevant awarding organisation to make sure that you can combine the units.

8. **Work out the overall size of the course (the number of credits). Identify the level of learning and decide which sector/subject area it falls into.**

9. **Work out what learning aim(s) you will enter on the ILR.**

   If you deliver an existing qualification with additional learning added to better meet an employer's needs, then you should enter:

   i.   The learning aim for the existing qualification, and
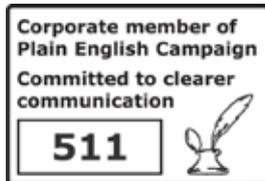   ii. A Code learning aim to cover the additional learning.

   If the skills provision does not contain any existing qualifications, then you will need to enter a Code learning aim that covers the whole skills provision.

Annex B – Sector Subject Areas

The sector subject areas (SSA, also called sector subject categories) are a framework of sectors and subjects used to categorise qualifications. This framework was developed for use across relevant education agencies and bodies in England, Wales and Northern Ireland.

Tier 1 Code	Tier 1 Description	Tier 2 Code	Tier 2 Description
01	Health, Public Services and Care	01.1	Medicine and Dentistry
		01.2	Nursing and Subjects and Vocations Allied to Medicine
		01.3	Health and Social Care
		01.4	Public Services
		01.5	Child Development and Well Being
02	Science and Mathematics	02.1	Science
		02.2	Mathematics and Statistics
03	Agriculture, Horticulture and Animal Care	03.1	Agriculture
		03.2	Horticulture and Forestry
		03.3	Animal Care and Veterinary Science
		03.4	Environmental Conservation
04	Engineering and Manufacturing Technologies	04.1	Engineering
		04.2	Manufacturing Technologies
		04.3	Transportation Operations and Maintenance
05	Construction, Planning and the Built Environment	05.1	Architecture
		05.2	Building and Construction
		05.3	Urban, Rural and Regional Planning
06	Information and Communication Technology	06.1	ICT Practitioners
		06.2	ICT for Users
07	Retail and Commercial Enterprise	07.1	Retailing and Wholesaling
		07.2	Warehousing and Distribution
		07.3	Service Enterprises
		07.4	Hospitality and Catering

Tier 1 Code	Tier 1 Description	Tier 2 Code	Tier 2 Description
08	Leisure, Travel and Tourism	08.1	Sport, Leisure and Recreation
		08.2	Travel and Tourism
09	Arts, Media and Publishing	09.1	Performing Arts
		09.2	Crafts, Creative Arts and Design
		09.3	Media and Communication
		09.4	Publishing and Information Services
10	History, Philosophy and Theology	10.1	History
		10.2	Archaeology and Archaeological Sciences
		10.3	Philosophy
		10.4	Theology and Religious Studies
11	Social Sciences	11.1	Geography
		11.2	Sociology and Social Policy
		11.3	Politics
		11.4	Economics
		11.5	Anthropology
12	Languages, Literature and Culture	12.1	Languages, Literature and Culture of the British Isles
		12.2	Other Languages, Literature and Culture
		12.3	Linguistics
13	Education and Training	13.1	Teaching and Lecturing
		13.2	Direct Learning Support
14	Preparation for Life and Work	14.1	Foundations for Learning and Life
		14.2	Preparation for Work
15	Business, Administration and Law	15.1	Accounting and Finance
		15.2	Administration
		15.3	Business Management
		15.4	Marketing and Sales
		15.5	Law and Legal Services