

# **The Innovation Code: A Guide**

**Version 1.0**

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

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## **Introduction**

This guide has been written in response to requests from providers and representative bodies to provide a fuller explanation of the Innovation Code – in terms of how it works, what it can be used for, and what criteria and rules are in place around its use.

This document is only a guide, and should be read in conjunction with the [2012/13 Funding Rules](#), as the Innovation Code must be delivered in line with existing eligibility and funding rules.

This document is organised into two sections. The first section is an overview of the Innovation Code, explaining what it is, who it is for, how to use it, and its policy background. The second section is more technical, covering things like evidence requirements, success measures, funding arrangements, the Individualised Learner Record (ILR) and how to migrate provision into the Qualifications and Credit Framework (QCF).

Additional information regarding the Innovation Code, such as case studies (which will be made available from September 2012), are available on the Agency's [website](#). If providers would like to submit examples of their own use of the Innovation Code, these should be forwarded by email to: [qualifications@skillsfundingagency.bis.gov.uk](mailto:qualifications@skillsfundingagency.bis.gov.uk).

## **Section One – An overview of the Innovation Code**

### **What is the Innovation Code?**

1. The Innovation Code (the Code) is a mechanism designed to help providers respond rapidly to local business and employer needs, and meet current and emerging skills gaps. The Code does this by allowing adult learners to embark on a course which is simultaneously being developed as a qualification to be submitted for accreditation into the Qualifications and Credit Framework (QCF).
2. The Code allows providers greater freedom and flexibility in how they use their funding allocation to be more responsive to employer demand. In doing so, gaps in provision where an employer is unable to find an appropriate existing qualification can be addressed more quickly.
3. For example, a provider might identify two new programmes with strong business support, for which there is at present no equivalent provision available on the QCF. While the provider is working with an awarding organisation to develop these courses into accredited QCF qualifications, they can use the Code to access funding for delivering the programmes to learners. In this way, using the Code can help to strengthen a provider's engagement with local employers.

### **Who can use the Innovation Code?**

4. Any provider can use part of their Adult Skills Budget (ASB) or Offender Learning and Skills Service (OLASS 4) allocation to deliver Innovation Code provision, providing they take into account the following:
  - 4.1. In general we would expect only providers with an active contract as a prime contractor to use the Code.
  - 4.2. If a subcontractor wishes to use the Code, then they must let their prime contractor know in writing, and we would expect the prime

contractor to be kept aware of delivery. The subcontractor must already be delivering either ASB or OLASS 4 provision on behalf of a prime contractor.

- 4.3. The provider must adhere to the Agency's [2012/13 Funding Rules](#) in delivery of the Code.
- 4.4. The Code cannot be used by large employers (defined as those with over 1,000 employees) to draw down funding for their own delivery of provision. However, it can be used by providers to deliver provision to large employers.
- 4.5. For provision delivered through the Code to be developed as a qualification, the provider needs to be working with an Ofqual recognised awarding organisation. The awarding organisation will need to submit the course for accreditation as a QCF qualification. If the provider does not have an awarding organisation in mind to work with, they can contact the Agency for support in identifying one.
- 4.6. The provider must discuss the provision with an employer or employer representative body to ensure it meets local employer needs.

### **Where did the Innovation Code come from?**

5. The Innovation Code was originally proposed in Baroness Sharp's report, [Colleges at the heart of local communities](#) (November 11). In [New Challenges New Chances](#) (December 11), 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".
6. The Code went live in April 2012 via its inclusion in [Update 103](#) (11 April 2012). The Agency released the [Innovation Code Checklist](#) at the same time

to help providers understand how to use it. The Code is also referenced on page seventeen of the [2012/13 Funding Rules](#) (paragraphs 34 to 39).

### **How does the Innovation Code work?**

7. A provider, liaising with local employers, or employer representative organisations (such as National Skills Academies or Sector Skills Councils), or a Local Economic Partnership or Core City, identifies a particular skills gap for which there is not an appropriate accredited qualification available in the QCF.
  
8. To fill this gap, a provider may identify either existing provision (not currently an accredited QCF qualification), or propose entirely new provision. In either case, the provision will need to be developed to move into the QCF and this work should be carried out in partnership with an Ofqual-recognised awarding organisation, and a local employer or employer representative body, to make sure it meets local employment needs. Some examples of how this could happen are as follows:
  - a completely new course or programme of learning created 'from scratch'
  - an existing training course run by a provider or a third party (such as employer in-house training), which could be converted into a nationally available qualification
  - combining units from the QCF to create a new qualification (that is, a new Rule of Combination), potentially with new units added.
  
9. A provider will need to check that the course fits certain criteria, and that the learners are eligible for funding. For further information, please refer to the following sections: '*How do I know whether provision can be delivered through the Innovation Code?*' and '*Which learners can enrol/start their programme of learning on Innovation Code provision?*'.

10. If both the course and learner are eligible, then the provider will receive funding for the learner, and an Innovation Code Learning Aim should be entered on the ILR to indicate the learner has started an Innovation Code course.
11. In tandem, the provider works with an Ofqual recognised awarding organisation to support the development of the course for accreditation as a qualification within the QCF. This brings the benefit of awarding organisations working more collaboratively with providers in the development of provision.

### **Is there a formal application process for use of the Innovation Code?**

12. No – there is no formal application process, nor do providers need to seek permission to use the Code. If they have any queries, these can be raised through their Relationship Team contact or with the Qualifications Policy Team by email to: [qualifications@skillsfundingagency.bis.gov.uk](mailto:qualifications@skillsfundingagency.bis.gov.uk).
13. Although not a requirement, in order to offer support in the use of the Code and to help in the monitoring and evaluation of the Code, it would be beneficial if providers using the Code could advise the Agency of their use of the Code by email to: [qualifications@skillsfundingagency.bis.gov.uk](mailto:qualifications@skillsfundingagency.bis.gov.uk).

### **How do I know whether provision can be delivered through the Innovation Code?**

14. By removing a formal application process, we hope that the Innovation Code will allow more rapid response to employer demand, and greater provider flexibility. Instead of going through a formal application process, providers should use the following information to check whether particular provision could be delivered through the Code.
15. If potential provision meets the criteria below, then it is suitable for delivery through the Code (if a provider is unsure, they can contact the Agency to check):

- i) The provision should be designed to respond to employer/business needs, and therefore should be vocational or occupational in nature.
- ii) The provision must meet a clear set of learning outcomes, for example:
  - developing specialist skills
  - specific skills required to support a growth sector
  - re-skilling as a result of economic conditions in a particular local area
  - supporting entrepreneurship
  - supporting employment and/or progression and further learning in a particular sub-sector or sector
  - upskilling in a particular sector.
- iii) The provision must not already exist within the QCF as a qualification. It is acceptable for units to exist already on the QCF which will then be combined into a new qualification, providing that qualification is not already available on the QCF.
- iv) The provision must be broadly suitable for developing within the principles of the QCF. [Ofqual's website](#) contains information on the QCF and explains its basic principles.
- v) The provision must be no bigger than 72 credits (which equates to around 720 hours of learning time, or around 580 guided learning hours).
- vi) The provision must not be 'ineligible', which means anything that:

- would be termed 'higher education'
- is linked to a 'licence to practice' or continuous professional development
- relates to an employer's statutory duties (for example, first aid, health and safety)
- is 'vendor specific', that is, it relates to use of a commercial product.

vii) The provision should not be something for which the Agency has previously ceased funding. This relates to non-regulated provision where funding ceased in December 2011 or in July 2012; for further information, please refer to the [Non-regulated Provision section](#) of the Agency's website.

viii) The provision cannot form part of an Apprenticeship, although once accredited it could potentially become a component part of a current or a future framework.

### **Which learners can enrol/ commence their programme of learning on Innovation Code provision?**

16. A provider can start a learner on Innovation Code provision and receive funding for that learner, providing the usual learner eligibility criteria are met (please refer to the Agency's [2012/13 Funding Rules](#)). The learner must complete the provision no later than 31 July 2013.

### **What else do providers need to be aware of?**

17. There is no additional funding for the Innovation Code. This is about flexibility to use existing allocations – either ASB or OLASS 4.
18. The Code cannot be used for delivering an Apprenticeship framework.

19. Funding is based on a series of credit bands, rather than guided learning hours (for details, please refer to the table below at paragraph 22).
20. Funding should only be used to deliver provision to the learner. This would be costs associated with the teaching, assessment and delivery of the provision. It should not be used to fund the development costs of providers, employers or awarding organisations associated with creating the qualification.
21. The qualification, once accredited, should be available nationally.

## Section Two – Additional information

### How does a provider actually ‘use’ the Innovation Code?

22. The Code is used within data returns (that is, on the ILR), to indicate the particular learning aim that the learner has embarked upon. There are six different learning aim codes that can be used, which relate to the size of the course, not its subject/sector. These, and funding rates for each of the six aims<sup>1</sup>, are shown below:

<b>Learning Aim Reference</b>	<b>Learning Aim Title</b>	<b>Fully Funded</b>	<b>Co-Funded</b>
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

<sup>1</sup> The six Innovation Code aims precede Version 2 of the Shadow Rates Matrix.

### **What steps can a provider take to start the process of migrating their provision into a QCF-compliant qualification?**

23. Many providers will be familiar with the model of unit and qualification specification used within the QCF. There are a number of steps that a provider can take to begin the process of migrating provision into a QCF compliant qualification. Whether the provision currently exists or is new, providers will need to:
- i) develop an outline specification for the provision
  - ii) assign it a notional level
  - iii) assign an indicative credit value
  - iv) identify the units making up the provision, and
  - v) identify the learning outcomes and assessment criteria for each unit.
24. We do not expect that providers will have produced and confirmed all details of the specification before they apply the Code and deliver the provision but, at the very least, providers need to have identified a notional level and also identified an indicative credit value, in order to decide which Code to use.
25. The Learning and Skills Improvement Service (LSIS) continue to offer a range of information and support resources around the QCF through:  
<http://www.excellencegateway.org.uk/qcfprovidersupport>.

### **What evidence requirements are there for use of the Innovation Code?**

26. There are no specific additional evidence requirements beyond those already specified within the [2012/13 Funding Rules](#).
27. Delivery of the Code forms part of a provider's use of their ASB or OLASS 4 allocation. Should a provider be audited, then the Innovation Code would be audited as part of delivery of either ASB or OLASS 4 allocation.

### **How will use of the Innovation Code be monitored and evaluated?**

28. Data on use of the Innovation Code will be reviewed by the Agency as part of evaluating the Code to gain an understanding of its use across the sector. The Agency's Strategic Approvals Panel will be responsible for oversight of the Code.
29. The Agency will work with providers and the National Institute for Adult Continuing Education (NIACE) to better understand how the Code has been used in 2012/13. This will allow us to share good and effective practices, and identify what improvements could be made should the Code be available in 2013/14.
30. Although not required for audit purposes, we would encourage providers to keep a record of employer and awarding organisation engagement in the development of provision. Information about engagement of employers and awarding organisations will support our evaluation work.

### **Will the Innovation Code contribute towards success measures?**

31. No – the six Innovation Code learning aims are excluded from the calculation of success rates.

### **What information needs to be captured in the ILR?**

32. ILR requirements are the same as for other provision delivered within the ASB. This means that a provider needs to set a start/end date for the Learning Aim, and they also need to indicate whether it is based in the classroom or workplace.

### **What are the funding arrangements for the Innovation Code?**

33. Funding arrangements for provision delivered through the Innovation Code are the same as for other provision delivered through the ASB.

### **Are there any examples of actual use of the Innovation Code?**

34. NIACE has been commissioned to gather case studies for use of the Code. These will begin to appear on our website from early September 2012 onwards.

### **How do I find out if this type of provision is already available in the QCF?**

35. [Ofqual's Register of Regulated Qualifications](#) can be used to view information on regulated qualifications, to see if the provision a provider is considering developing is already available in the QCF.

### **Who do I contact for more information about the Code?**

36. Providers can contact their Relationship Team contact, or can reach the Qualifications Policy Team by email to:  
[qualifications@skillsfundingagency.bis.gov.uk](mailto:qualifications@skillsfundingagency.bis.gov.uk).

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