



Skills Funding
Agency

How to use the Innovation Code in 2013/14

Version 1.0

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Of interest to colleges and training organisations that want to use 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 how to use the Innovation Code (the Code). This document addresses questions around how the Code works, its purpose, and the criteria and funding rules which apply to it. You should read it together the relevant sections of the [Funding Rules 2013/2014](#).

We have grouped the information 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 how learning can be funded using 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 [A dynamic nucleus: Colleges at the heart of local communities](#), published in November 2011. In [New Challenges New Chances](#) (December 2011), it was stated that the Code would be used 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'.

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 [Skills Funding Statement](#) (December 2012) confirmed that the Code would continue to be available in 2013/14, and the Code has been included within the [Funding Rules 2013/2014](#). The Code was also referred to in [Rigour and Responsiveness in Skills](#) (April 2013) as an example of how colleges and training organisations can offer new and responsive learning to meet the needs of employers.

4. How do I apply the Funding Rules to the Innovation Code? **The Funding Rules deal with qualifications, but the Innovation Code is for education and training 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 Funding Rules about qualifications to the Code then you will be able to see whether the provision you are looking to deliver meets the requirements of the Funding Rules.

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 (OLASS 4) 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 contractor should monitor delivery.

7. Do prime contractors have to gain the Agency's approval to use the Code?

To allow colleges and training organisations to deliver new education and training provision through the Code as quickly as possible, there is no application or approval process for prime contractors. It is local colleges and training organisations, working with local people and employers that will shape how this is used. However, 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 that they are considering using the Code. Should colleges or training organisations have any questions about the Code, they can raise these through their normal point of contact in their local area relationship team.

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

Bearing in mind that the Code exists to support flexible and rapid response to new and emerging skills needs, colleges or training organisations should discuss provision they are looking to deliver with a local employer, sector body, local enterprise partnership, local authority, or Jobcentre Plus to identify opportunities and ensure the provision meets local needs.

9. 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.

10. Can large employers use the Code?

From 2013/14, 'Direct Grant employers'¹ will be able to use the Code. This is a change from 2012/13 when these employers were not able to use the Code, although in 2012/13 other colleges and training organisations were able to use the Code with any eligible learners, including those employed by a large employer (that is, one with 1,000 employees or more).

11. What type of education and training provision is the Innovation Code intended for?

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

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

From 1 August 2013 new enrolments on learning aims funded through the Code may only start on learning which is between Entry and Level 4. This is a change from 2012/13, when the Code could be used for education and training provision at any level of learning, from Entry through to Level 8.

13. 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

¹ An employer receiving funding to deliver education and training services to their own employees and employees of franchised subsidiaries.

qualifications. The Code deals with the delivery of education and training provision which is not, at present, a regulated qualification.

14. Can colleges and training organisations use the Innovation Code to fund QCF qualifications that are not approved for funding?

No. The Code is for the delivery of education and training provision that does not, at present, lead to a QCF qualification. It cannot be used to deliver a QCF qualification that is already available but not funded.

15. Can the Innovation Code be used to deliver education and training provision fewer than 13 credits at Levels 2 or 3?

The Code can be used to deliver this education and training provision, but this should only be as part of the offer for the unemployed, to increase their chances of gaining sustainable employment. 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.

16. Can the Innovation Code be used to deliver education and training provision of fewer than three credits?

In April 2013 [we confirmed funding arrangements](#) for award-sized education and training provision in 2013/14. In line with this, we do not expect provision of fewer than three credits to be delivered. However, if you wish to do this, please discuss with your area relationship team contact.

17. Does the Innovation Code only apply to new education and training provision?

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

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

However, if a college or training organisation identifies a new context in which they could deliver existing education and training provision – 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 education and training provision so that it meets new skills needs. In this case, the college or training organisation could use the Code for the new, adapted education and training provision. However, the new content must be significantly different from the original to deal with new skills gaps, and the college or training organisation must not simply update it to gain access to public funding.

18. 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 qualification) in a new combination that doesn't at present lead to a qualification?

Yes, and we encourage this use of the Code. 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 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 awarding organisations then these would need to be shared units. Therefore, you should speak to the awarding organisations that offer the units first before you start delivery, to make sure that your new combination of units has 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 the development of a qualification to recognise the individual's learning.

19. Can I use the Code to deliver new education and training 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 awarding organisation 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.

20. 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 Individualised Learner Record (ILR) as a learning aim. You should use the Code to draw down funding only for the additional education and training 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.

21. 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.

22. What learning aim code should I use for provision delivered through the Innovation Code?

Learners enrolling on Innovation Code provision will be funded as part of the new streamlined funding system for adults. This means that the Innovation Code learning aims will capture the level, size and sector subject area² of the education and training provision. For these learners you will need to use the [Simplified Funding Rates Catalogue](#) or the Learning Aim Reference Service (LARS)³ to identify the relevant Innovation Code learning aim for the course you are enrolling learners on. By filtering the catalogue or searching the LARS for the relevant level and sector subject area of the provision you want to deliver, you will be able to find the relevant Innovation Code learning aim code to enter on the ILR.

Using the Innovation Code: Qualification Development

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

Awarding organisations will be involved in developing QCF qualifications to recognise education and training provision delivered through the Code in response to local skills gaps, and ensuring their subsequent national availability. It is for colleges and training organisations to determine when and how they engage with an awarding organisation 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 awarding organisation that offers the units to ensure that the new combination could eventually lead to a qualification (see question 18 above for more information). If colleges and training organisations have difficulty in finding a suitable awarding organisation, our Qualifications team is able to support. Please send details to qualifications@skillsfundingagency.bis.gov.uk.

² The sector subject area will be identified at 'tier 2' level.

³ This replaces the Learning Aims Reference Application (LARA) for 2013/14. For more information go to [The Data Service website](#).

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

If the education and training provision is completely new, then an awarding organisation does not need to be involved straight away, but once delivery is under way, you should engage with an awarding organisation to develop a qualification.

If the education and training provision is a new combination of existing QCF units, then an awarding organisation that offers the units should be involved before delivery starts. This is so that they can ensure the new combination has the potential to become a qualification (see section 18 above for more information).

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

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

26. 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 awarding organisation will need to demonstrate employer support for the qualification when submitting it to Ofqual for accreditation.

27. How can colleges and training organisations determine how much credit new education and training provision contains?

Colleges and training organisations must estimate the credit value of education and training provision delivered through the Code. For existing education and training provision, this estimate should be based on the experience of how long learners take to complete the course. In the case of new education and training provision, the college or training organisation could seek advice from an

awarding organisation. In all cases, colleges or training organisations and awarding organisations should agree the final credit value as part of the process of developing a qualification.

Funding

28. 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 as set out in the [Funding Rules 2013/2014](#).

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

The Code is an ongoing element of the ASB, and will continue to be available for new starts in 2013/14.

30. How will Innovation Code funding be paid?

Funding arrangements for education and training provision delivered through the Code are the same as for other education and training provision delivered through the ASB.

In 2013/14 the single earnings methodology for all colleges and training organisations will apply to Innovation Code provision. For further information, see paragraphs 25 to 28 and 62 to 71 of the document [A New Streamlined Funding System for Adult Skills](#) (March 2013).

31. How much funding does the Innovation Code attract?

Funding rates for **2013/14** will be generated based on the size of the course, taking into account any programme weighting factor resulting from the sector subject area of the course. The fully-funded rates are shown in the table below⁴:

Funding band	Programme weighting factor				
	Base	Low	Medium	High	Specialist
3 to 5 credits ⁵	£150	£168	£195	£240	£258
6 to 8 credits	£300	£336	£390	£480	£516
9 to 11 credits	£450	£504	£585	£720	£774
12 credits	£600	£672	£780	£960	£1,032
13 to 24 credits	£724	£811	£941	£1,159	£1,246
25 to 36 credits	£1,265	£1,417	£1,645	£2,025	£2,176
37 to 48 credits	£1,987	£2,225	£2,583	£3,179	£3,417
49 to 72 credits	£2,573	£2,882	£3,345	£4,117	£4,425
73 to 132 credits	£4,170	£4,670	£5,421	£6,671	£7,172
133 credits or more	£6,602	£7,395	£8,583	£10,564	£11,356

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

24+ Advanced Learning Loans were introduced in 2013/14 and will be available to fund delivery of Level 3 qualifications for learners aged 24 and above. As the Code relates to the delivery of education and training provision that does not currently lead to a qualification, the Code will not be eligible for 24+ Advanced Learning Loans provision.

Once a qualification has been developed for education and training provision delivered through the Code, if it is a Certificate or Diploma at Level 3, then the new qualification would be eligible for 24+ Advanced Learning Loans funding,

⁴ Where a learner is entitled to co-funding, these rates will be reduced in line with co-funding arrangements.

⁵ The Innovation Code should not be used for education and training provision which would be 1 or 2 credits in size, unless this is discussed in advance with the relevant area relationship team – see our [statement on Award size qualifications](#) for further information.

providing it meets other funding criteria (as outlined in the [Qualifications Information Guide](#)).

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

There are no specific additional evidence requirements beyond those already specified within the [Funding Rules 2013/2014](#) for delivery of ASB or OLASS 4 provision.

Delivery of the Code forms part of a college's 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 education and training provision delivered as part of the college's or training organisation's ASB or OLASS 4 allocation.

34. 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.

35. 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 evaluate this work and we ask that you keep a record of your engagement with employers or employer representative groups to support this evaluation work.

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

We will not audit evidence of engaging with an awarding organisation to arrange for the development of a qualification. However, NIACE will evaluate this work and we ask that you keep a record of your engagement with awarding organisations to support this evaluation work.

37. Can 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 [Provider Performance Management Guide](#).

38. What happens if an organisation is unable to get a qualification accredited by Ofqual to recognise the provision delivered through the Innovation Code?

While the Code allows provision to be delivered quickly and in response to specific demand, colleges and training organisations are required to work with an awarding organisation towards getting a qualification accredited that will recognise the skills gained by learners. This is important as it allows learners to demonstrate their learning to future employers.

However, we acknowledge that in some cases, despite best endeavours, it may not be possible for a qualification that recognises the education and training 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 qualification has not been successfully accredited for the education and training provision delivered through the Code.

Evaluation

39. How will you monitor and evaluate use of the Innovation Code?

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. This will help to capture good practice and identify any adjustments required. To support the evaluation exercise, we ask colleges and training organisations to keep a record of any engagement with employers or awarding organisations.

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

ILR requirements are the same as for other education and training provision delivered within the ASB.

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

NIACE is gathering case studies for use of the Code as part of the evaluation process. We have begun to publish these on the [Innovation Code](#) section of the Agency's website.

42. Will the Innovation Code affect qualification success rates?

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

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

You can check what education and training provision is available on Ofqual's [Register of Regulated Qualifications](#), and you can see what is eligible for public funding on our [Simplified Funding Rates Catalogue of Qualifications for 2013/14](#).

44. Will Ofsted inspect use of the Code?

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

Additional Support and Information

45. 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.

46. Where can colleges and training organisations get further information about the QCF?

You can obtain information and resources on [The Learning and Skills Improvement Service website](#) and [Ofqual's website](#).



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