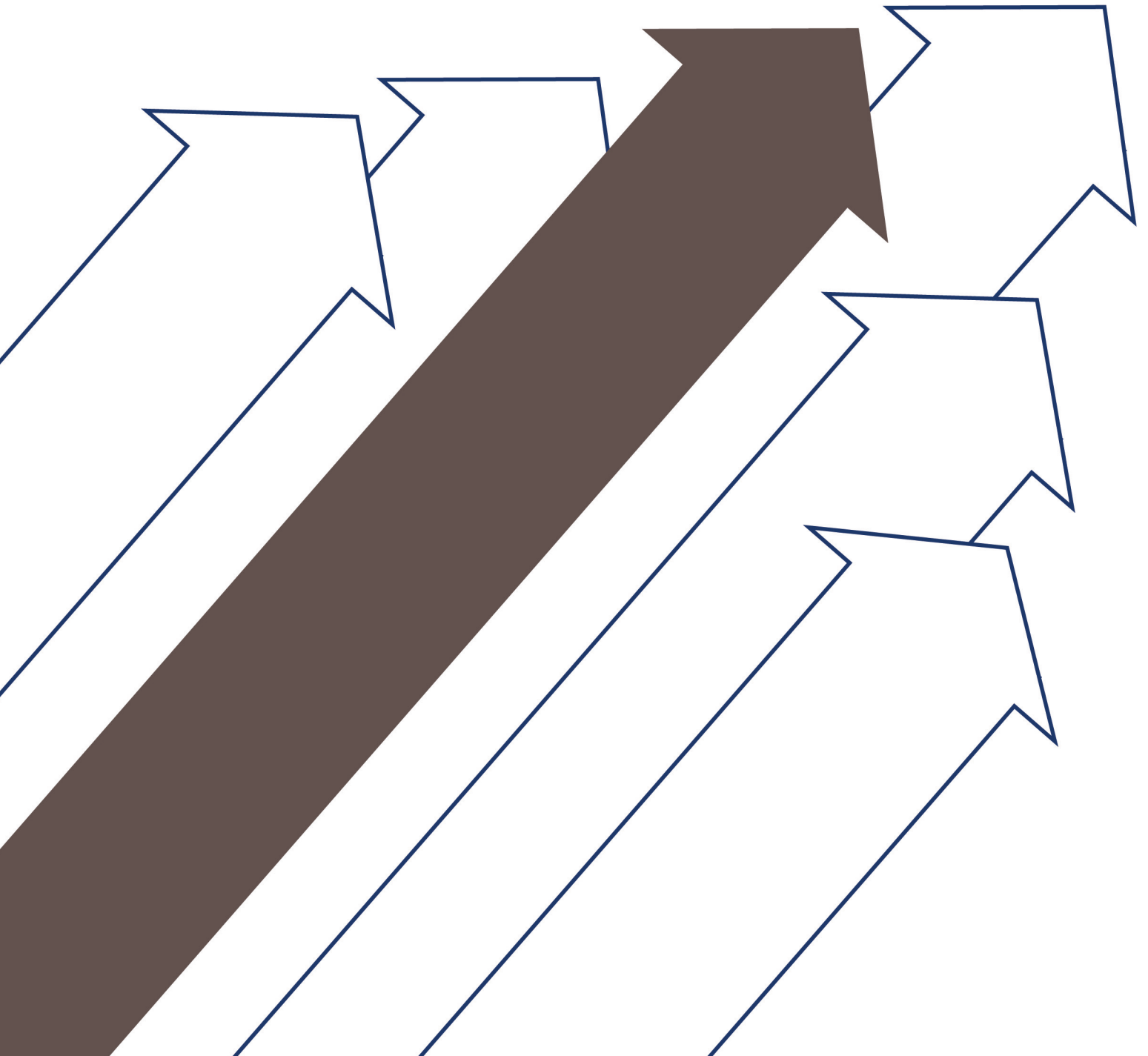




UK COMMISSION FOR
EMPLOYMENT AND SKILLS

UK Futures Programme - Guidance Document: Innovation



Innovation

Testing new solutions and developing innovative solutions to workplace development issues is the cornerstone of the UK Futures Programme. But what do we mean by innovation? This guidance describes different types of innovation, based on learning from our previous investment programmes.

What is innovation?

By its very nature innovation is something which is live and changing. Broadly speaking, innovation is about the design and delivery of the new or different. This can include new ways of working, as well as the development of new products and tools. Ultimately a measure of innovation must be based on the extent to which it has a practical value and provides a service offering new benefits to employers or individuals. All of this is valid innovation and will be considered in-scope, when we assess applications. Different types of project will emphasise different types of innovation. For example, 'developing' or 'piloting' projects will be more likely to deliver transformative innovation, whilst 'scaling' projects may be adapting existing innovations. However, this is a broad generalisation. What is important is that the application clearly states the type of innovation, and why it appropriately addresses the problem you are looking to resolve.

What are the different types of innovation?

Communicating to others the way in which an intervention or approach is innovative can be challenging. It is helpful to try to describe the type of innovation and to use a common language to do this. In our research, we have used three categories to understand innovation:

- **Transformative innovation** is where an idea is fundamentally new and radical. Some ideas may be further along the spectrum to being transformative without being wholly 'radical'. For example, developing a new model that is challenging existing skills funding models and regulations or supporting employers to adopt practices which move their business up the value chain, to stimulate demand for skills.
- **Context-specific innovation** refers to the application of existing models to a sector or geographical area for the first time. For example, developing a professional institute for employees, group training networks, an online portal for tracking training progress, or developing career and skills pathways. The degree of risk is likely to depend on the similarities and differences between the existing context and the new.
- **Adaptive innovation** is typically where modifications are made to an existing product or process so that it appeals to a wider audience and / or is better suited to the needs of a specific audience. Adaptive innovation may also seek to produce greater value for employers at lower costs and higher benefits.

This is not a pure science. An idea / project may be at any point along the spectrum and may include elements of the different types of innovation. The type of innovation is not fixed and can change in type and scale during the implementation of the projects.

This is illustrated in the following diagram:



How is innovation achieved?

There are many contributory factors and identifying the innovative 'idea' is often an organic process. The direct engagement of employers at an early stage has commonly been reported to trigger fresh ideas. The larger the pool from which fresh ideas are drawn the more likely it is that innovation is at the 'radically different' end of the spectrum. Other employers can also bring a 'real world check' to ensure innovation does not compromise practicability. Our Innovation Labs create the opportunity for successful projects to get together to share ideas and work collectively to stimulate innovative approaches to overcoming challenges.

How is innovation understood and communicated to the target market?

The real test of a solution and its innovation is whether employers are willing to pay for it. It therefore helps to consider the following questions:

- **Why** is the solution considered innovative? **How** and **why** is it different to what exists? **How** does it build upon the learning about what exists / what has been tried already?
- How will you explain **what is new** to other employers / the wider audience? Will the proposed audience **recognise** it as new? Will they recognise the benefits on offer?
- Does the solution provide a service or product with **new benefits**? Does it have a **practical value**? How can this be articulated? How can it be strengthened?

How/when does innovation need to be market tested?

It is often most practicable to work with 'warm' employers (existing relationships) to hone the innovation before promoting it to other employers. However, it is important to engage a broad cross-section of employers at the earliest possible stage. Robust market testing in the initial stages of a project minimises the chances of an innovation being poorly received.

How does the level of risk and potential impact differ by type of innovation?

A project introducing something completely new to a sector has the potential to be transformative, as employers have access to a wholly new service. These projects inherently carry a higher level of risk, as the approach is unlikely to have been previously tested in the market but could potentially transform employer behaviour. Safer and lower-risk investments (adaptive or context-specific) are more likely to have an incremental impact on skills investment and growth, having a greater chance of being sustained and influencing a wider reach of employers. In order to learn "what works" UKCES expects to contribute to projects which may not show immediate impact, as long as the potential impact and innovation is understood.

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This guidance document is 1 of 6 relating to the UK Futures Programme. The guidance documents and all further information about the UK Futures Programme can be found on the following website - www.gov.uk/government/collections/ukces-futures-programme-overview.