



TRAINING AND COMPETENCE (TC)

4. Training & Competence (TC)

4.1 Who does this sourcebook apply to?

The rules and guidance in this chapter apply directly to firms who provide advice to consumers. However all firms have an obligation under SYSC 5.1.1R to ensure that they employ staff with the necessary skills, knowledge and expertise to undertake the role allocated to them. They also need to ensure that the staff involved remains competent to undertake that role. Therefore, firms who do not provide advice to consumers may find the guidance in this chapter useful in ensuring that they meet the “competent employee rule”.

4.2 Meaning of competence

The FCA definition of competence is:

“Competence means having the skills, knowledge and expertise needed to discharge the responsibilities of an employee’s role. This includes achieving a good standard of ethical behaviour”.

In essence this means that you need to assess whether the employee has the following in relation to role you wish them to perform:

- appropriate level of technical knowledge;
- appropriate soft skills;
- ability to apply the knowledge and skills appropriately;
- displays appropriate behaviour in undertaking their role; and
- has appropriate values.

4.3 Assessment of competence and supervision

A firm must not assess an employee as competent until that employee has demonstrated that they have the necessary competence. If an employee has not been assessed as competent then they cannot undertake the activity without appropriate supervision.

4.3.1 Assessment of competence

To enable firms to undertake competency assessments they need to have:

- clear criteria on the assessment of competence;
- procedures in place relating to when and how an employee is assessed as competent; and
- documented records on the assessment of employees and the point at which they are assessed as competent.

There are a number of tools that a firm can use to assess an employees competence. Examples of these are:

- interview;
- assessment test – written or oral;
- appropriate examination (not compulsory for general insurance);
- spot check of files and outgoing mail;
- workplace assessment e.g. sitting with the member of staff and observing their performance;
- role play; or
- a combination of all the above.

4.3.2 Supervision

The firm will need to ensure that it has a suitable and appropriate policy in place for supervision of all employees. To do this it needs:

- clear criteria on the levels of supervision required for staff not assessed as competent and those assessed as competent;
- to assess the ratio of supervisors required to staff. This will depend on the nature of the business and experience of staff;
- to assess supervisors to ensure that they are competent to perform the role;
- to ensure supervisors have the necessary coaching and assessment skills as well as technical knowledge;
- to have training in place to support new supervisors and also to ensure that existing supervisors maintain their competence;
- to have clearly defined management competences linked to the job descriptions which set the standards that need to be met;
- clearly defined authority levels of the supervisors;
- to have measures in place to continually monitor and assess supervisors' competence;
- to have a process in place to deal with instances when a supervisor is no longer deemed as being competent; and
- to have a procedure in place for when the designated supervisor is away.

It is expected that the level of supervision would be higher for those employees not assessed as competent.

When assessing the level of supervision for competent employees the firm should take into account the experience of the employee. It is expected that newly assessed competent employees would require greater supervision than experienced members of staff.

What is good practice when supervising staff?

- Having procedures to ensure supervisors are properly trained and competent;
- Clear criteria and procedures for assessing competence of staff;
- Measurable benchmarks for the development of non-competent staff to competence and clear timescales for this to happen;
- Testing knowledge and following-up weaknesses;
- Assessing questioning, advising and presentation skills;
- Making records of observations or development points and following these up where appropriate; and
- Reassessing competence regularly and using the results to influence the level of supervision.

4.4 Training

Firms need to ensure that they assess the training needs of their employees at outset (recruitment) and on a regular basis, including any role changes.

Training and support should then be provided to ensure that any relevant training needs are satisfied.

Additionally, firms need to assess at regular intervals the quality and effectiveness of training provided.

4.5 Maintaining competence

A firm must review on a regular and frequent basis their employees' competence and take appropriate action to ensure that they remain competent to perform their role.

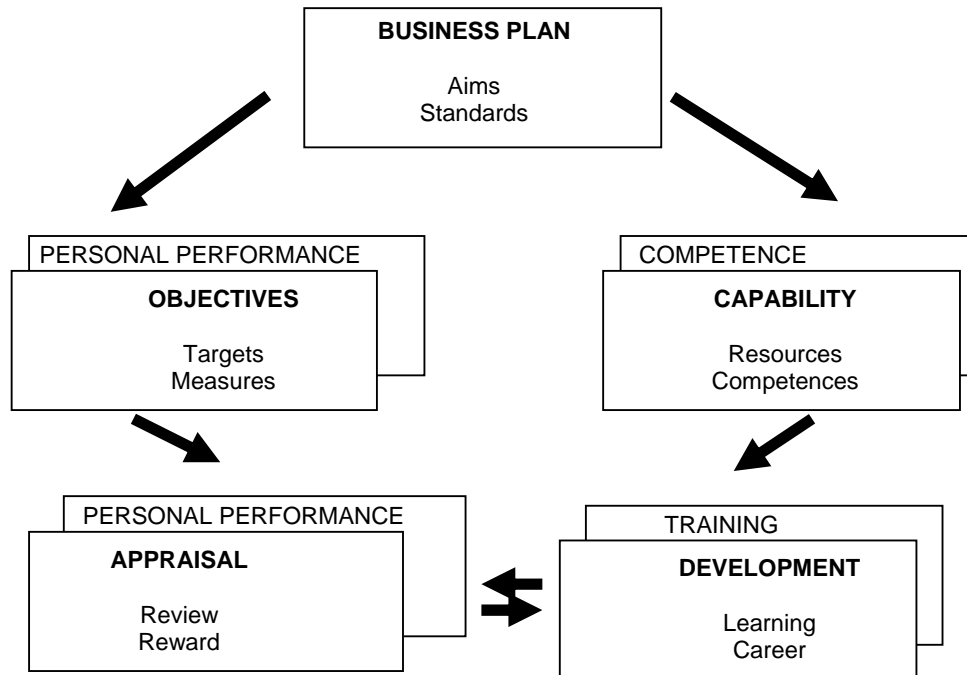
This assessment should take into account:

- Technical knowledge and its application;
- Skills and expertise, including soft skills; and
- Changes in the market and to products, legislation and regulation.

4.6 Training and competence scheme

One way that a firm can meet FCA requirements for competent employees and additional rules for employees advising consumers is to put in place a training and competence scheme.

What should a training and competence scheme include?



Business plan

As indicated in Section 2 Chapter 2 (Systems and Controls), the business plan should link to all other plans of the business and this will include training and competence plans.

To aid this it is recommended that all employees should participate in a personal performance review at least every 12 months, however every 6 months may be more appropriate. The appraisal should be documented and a training and development plan prepared to meet the training needs identified.

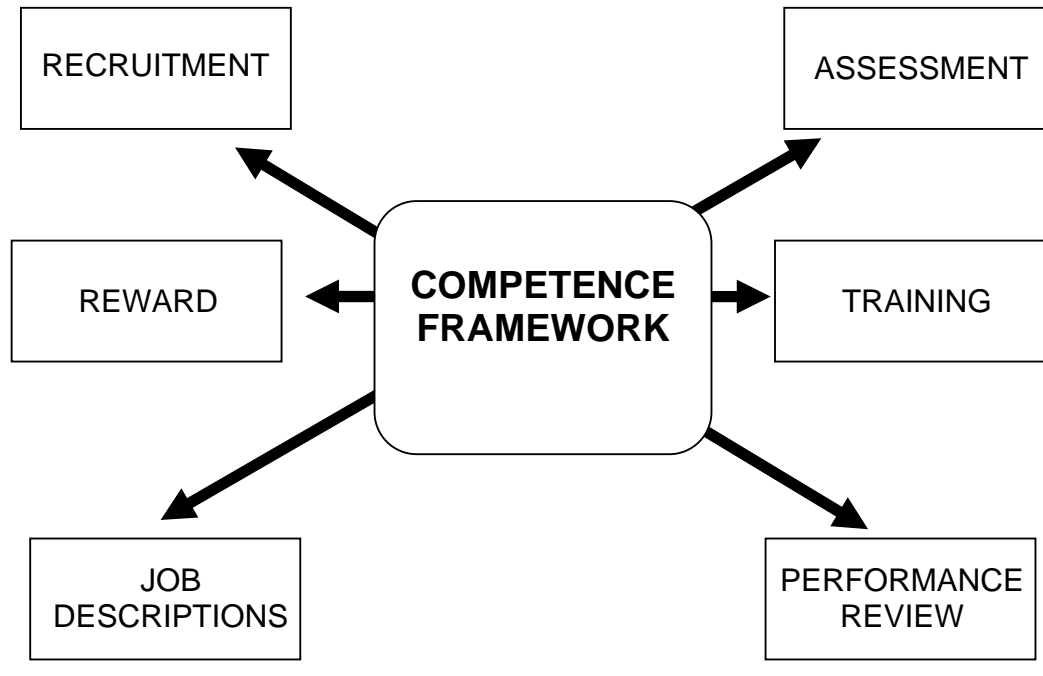
For general insurance the FCA have not specified particular exams that need to be attained but have left it to firms to ensure that they have an appropriate means of ensuring staff attain and maintain competence. The rest of this section outlines general practices for achieving this.

How can you achieve this?

This can be achieved through a competence framework.

What is a competence framework?

This a framework made up of a number of components as shown in the diagram below.



4.6.1 Recruitment

All firms have an obligation under SYSC 5.1.1R to ensure that they employ staff with the necessary skills, knowledge and expertise to undertake the role allocated to them.

One method of meeting this requirement is to:

- have a clearly defined recruitment policy in place;
- ensure roles and responsibilities (see 4.6.2 job descriptions below) are documented;
- perform a competence based interview covering both technical skills and soft skills, e.g. the application of their knowledge and skills;
- obtain 2 previous references; and
- obtain proof of training and examinations taken.

The advantages of obtaining this information prior to employing the individual are:

- a. it enables you to plan any training ahead of the employee arriving;
- b. it may help you or them to decide whether or not to join; and
- c. it allows the employee to “hit the ground running” when they do start.

Guidance notes on recruitment interviews and an interview checklist are included in the template section at the end of this chapter (TC Templates 1 and 2).

4.6.2 Job descriptions

It is best practice for staff to have job descriptions and ensure that they are kept up to date. The descriptions are recommended to include:

- the job title and reporting lines;
- the purpose of the job and the key result areas (information on the key tasks and responsibilities);
- dimensions of the role – is it business critical, are there budget or staff responsibilities;
- context – how the role is carried out;
- skills, competences, qualifications and experience required; and
- key relationships.

Some example job descriptions and a standard template for you to use are included in the template section at the end of this chapter (TC Templates 4-9).

4.6.3 Induction

The management team should complete an induction process with all new employees, which should incorporate the following areas:

- salary/administration details;
- working environment;
- the organisation;
- introduction into department;
- contract of employment; and
- health & safety training.

Specific reference will be made to training in the following areas:

- FCA code, compliance manual and procedures;
- Proceeds of Crime;
- Law of Agency;
- regulatory codes and practices;
- Data Protection; and
- Whistle blowing.

An induction plan is included in the template section at the end of this chapter (TC Template 10).

4.6.4 Appraisals

Appraisals are a powerful tool for the line manager/supervisor. They allow a forum for you and the member of staff to discuss their role and responsibilities and how they are achieving against the role. It is a chance for you to reward achievement. It also allows you a medium to find out more about the member of staff including how they feel about the role, what their career aspirations are and whether they need further training or development. It can also help you to ensure that you are able to assess how a member of staff is performing from an FCA standpoint.

Appraisals should be conducted at least annually, but it may be more appropriate to conduct these more frequently especially for new recruits (guidance notes on appraisals are included in the template section at the end of this chapter TC Template 11).

The appraisal should follow a simple process:

1. Book a convenient time with the member of staff with sufficient notice for them to prepare. This should be conducted in a room away from day to day distractions.
2. Line manager and member of staff to complete a pre-appraisal form (included in the template section at the end of this chapter – TC Template 12).
3. Appraisal interview conducted incorporating:
 - a review of the past year;
 - set objectives / targets for next 12 months;
 - a review of any training needs; and
 - an assessment as to whether competence has been maintained.
4. Appraisal to be documented and signed by both the line manager and the member of staff. An appraisal document is included in the template section at the end of this chapter (TC Template 13).

4.6.5 Training

A firm should have a training programme which is appropriate to its size and to the experience of its staff. The company should undertake to organise both technical and personal development training to be arranged for every employee (including partners/directors).

Firms may wish to consider having a training plan for the forthcoming year with time scheduled in advance for training events. This will help the firm to plan for employee absence and arrange appropriate cover. Firms should consider a range of different training methods including:

- Training courses;
- E learning;
- Reading material;
- Industry conferences, seminars and workshops;
- On the job training;
- Review of best practice e.g. observations of experienced sales advisors, listening to examples of good call recordings;
- Coaching sessions on soft skills; and
- Role plays, mock sales interviews.

Responsibility for the organisation, administration and arrangement of both technical and personal development training should rest with line managers/supervisors.

Training requirements and completion of the required training plan should be reviewed within three months of recruitment and at the time of each appraisal or performance review.

To ensure that the firm can demonstrate its adherence to the FCA commitments, all requirements and training should be recorded on an individual training record. Examples of individual training records are included in the template section at the end of this chapter (TC Templates 14 and 15).

For the purposes of continuing professional development (CPD), staff should maintain records of the personal training they receive within the firm and that which they undertake themselves e.g. courses and reading professional journals, etc.

Copies should be given to the line manager/supervisor for inclusion in the employee's personal file.

Remember supervisors should be trained and assessed as competent as well as the staff they are supervising.

Firms should also ensure that they regularly evaluate the effectiveness of their training.

4.6.6 Maintenance of competence

The firm will need to demonstrate that its staff has maintained competence. You should have a process in place to ensure that staff keeps their knowledge up to date. This may include training but could also include the following:

- Regular email updates on specific topics;
- Regular staff meetings to discuss areas of concern, complaint cases, complex cases; and
- Posters.

It is recommended that staff is assessed regularly at least every 6 months. This can be done by various means:

- Interview;
- assessment test – written or oral;
- spot check of files and outgoing mail;
- workplace assessment e.g. sitting with the member of staff and observing their performance;
- role play; or
- a combination of all the above.

An example of an employee supervision template is included in the template section at the end of this chapter (TC Template 3).

If you find that a member of staff is no longer competent then you need to have a clear process in place to deal with this. This could include:

- an action plan with timescales to develop the member of staff to become competent;
- training or coaching sessions;
- whether the member of staff is still able to perform the role under supervision;
- monitoring of actions;
- re-assessment of the member of staff; and
- actions that would be taken should the member of staff fail to become competent.

4.6.7 Record keeping

A firm needs to have appropriate records to demonstrate training, competence and supervision for 3 years after the employee stops carrying out the activity.