**TRAINING & COMPETENCE PLAN**

**2021**

ABC Financial Planning Ltd

This is an update of the 2022 plan and will be effective through 2023.

2022 plan review

The following 2022 planned activities were carried out successfully with no issues carried forward

* KPIs were met
* File reviews were completed with no advice fails
* CPD was completed
* Note – James Bond (owner / director) self supervises

2023 update – key features

* Ensuring that the requirements of the Consumer Duty initiative are embedded throughout the firm
* Particular attention to the recognition and proper treatment of vulnerable clients by all staff

Permissions, Plan basis and plan commitments

No changes

Staff

**Individual responsible for T & C scheme:** James Bond (qualifications)

**Firm Advising Staff Structure**

|  |  |
| --- | --- |
| **Name** | **Job Title and details** |
| James Bond | Is the Practitioner Chief Executive |
| Job Title | Managing Director |
| Status | Competent, Certificated and Senior Manager Function |
| James has successfully undertaken supervision training. James supervises Moneypenny. |
| As a shareholder / director, James has opted out of the 121 elements of the T&C scheme, self-supervising. He is still subject to client file reviews and is subject to his own remedial work, should any be required. |
| **Name** | **Job Title and details** |
| Moneypenny | Employed, Adviser |
| Status | Competent, Certificated Function |
| Supervised by James.  |
| **Name** | **Job Title and details** |
| Goldfinger | Employed, Office manager |
| Status | Competent, Conduct Function |
| Supervised by James.  |

## Supervisor’s agreed functions

#### Observation Skills: To accurately observe the performance of the advisers in various activities.

#### Assessment, Feedback: To assess the adviser’s performance objectively against set standards, and identify areas in which they could be improved.

Also, to provide constructive feedback, and secure the adviser’s agreement and co-operation in any remedial action planned.

#### Training and Coaching: To identify appropriate training, and to provide or facilitate this training.

#### Record Keeping: To maintain appropriate records demonstrating the attainment of the above.

The supervisor agrees to undertake the above key functions or facilitate them.

## Peer reviewers (Partners / Directors) agreed functions and capabilities (this section only applies where there is more than 1 executive and they have opted out of 121s)

#### Observation Skills: To observe accurately the performance of a peer in various activities.

#### Assessment, Feedback: To assess a peer’s performance objectively against set standards, and identify areas in which they could be improved.

To provide constructive feedback, and secure a peer’s agreement and co-operate in any remedial action suggested.

Directors peer to peer review each other’s work with a view to confirming competency. They do not participate in formal 121s. Peer to peer reviews focus on file review outcomes and informal peer field observations. A peer may request sight of CPD records. The reviews are recorded on a standard 121 form.

### Advisers agreed functions

#### Advice Process: Advisers will

* Identify and contact potential clients.
* Gather sufficient client information to “know their client” and identify client needs at all points during the advice relationship.
* Analyse information gathered and undertake sufficient research to make suitable recommendations whilst considering the implications of the Consumer Duty.
* Complete all supporting documentation in an accurate manner.

#### Personal Development:

* Attain and maintain competent status as defined by the Regulator and the Firm.
* Maintain performance standards in accordance with those outlined in the Key Performance Indicators section of this plan.
* Via self-assessment and feedback from the supervisor, identify CPD needs to maintain and enhance Competent status and undertake appropriate activity to meet those needs.

#### Regulatory Obligations:

* Comply at all times with the requirements of the Financial Services and Markets Act 2000 and the FCA Rules including conduct rules.
* Comply at all times with the Compliance and Training & Competence Procedures of the Firm.
* Keep up to date with relevant regulatory procedures.

### Conduct staff (non-advising) agreed functions

#### Client liaison: Conduct staff will

* Communicate promptly with clients without providing advice to clients.
* Gather sufficient client information from clients to facilitate the agreed ongoing client relationship.
* Process client actions and tasks efficiently.
* Ensure all supporting documentation is populated in an accurate and complete manner.

#### Personal Development:

* Attain and maintain competent status as defined by the Firm.
* Maintain performance standards in accordance with those outlined in Key Performance Indicators agreed with the supervisor.
* Via self-assessment and feedback from the supervisor, identify CPD needs to maintain and enhance Competent status and undertake appropriate activity to meet those needs.

#### Regulatory Obligations:

* Comply at all times with the requirements of the Financial Services and Markets Act 2000 and the FCA Rules including conduct rules.
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* Keep up to date with relevant regulatory procedures.

## James – Self-Supervision

The firm retains the services of external compliance consultants to assess client files and assist with 121s. Although a director and owner, James has opted in to elements of the supervision process.

### The Training Cycle - competent advisers

Competency

Action Development Plan

### 121 and Action Plan

### Moneypenny undertakes a 121 annually (this may be more frequent). The 121 examines

* The adherence to the KPI benchmarks,
* The CPD undertaken over the previous 12 months,
* The adherence to the agreed action plan.
* File review results

The 121 concludes with an assessment of competency (or otherwise) and a refreshed action plan is then constructed and agreed with the supervisor if needed. A new annual certificate of competency is issued (assuming competence is assessed), once the adviser has signed a Fit and Proper Declaration.

### Continuing Professional Development

Each adviser undertakes a reasonable amount of appropriate Continuing Professional Development, agreed with James (supervisor) following the annual completion of an action plan. This plan may be changed during the year as a result of re-training required following a remedial action requirement.

The Advisers regularly update their CPD logs paying particular attention to the benefit obtained from the activity undertaken.

Minimum CPD requirements are 21 hours structured and 14 hours unstructured but, as a firm, we have agreed that 42 hours will be our minimum level, to accommodate 15 hours of insurance based CPD (this is subject to individual firm interpretation).

Pension Transfer Specialists will need to have an additional 15 hours of specific DB pension related CPD activity.

Advisers are required to undertake appropriate CPD in each area where they are licenced to give advice. This should not be a reflection of their advice activities in the market, but rather their licencing scope. We expect advisers to cover the following subjects in any CPD annual cycle;

Technical: Pensions, Investments, Trusts, Tax, Protection, Regulation (including conduct rules)

Skills: Financial planning, Business development

Note regarding Insurance based CPD:

The following may constitute acceptable content:

* Product knowledge (including investment bonds and WOL plans)
* Product legislation
* Relevant regulations (including ethics)
* Some tax issues (e.g. IHT planning, corporate plans)
* Wills, LPAs, Trusts
* State benefits
* Protection related planning

**Observations**

James (or a suitably appointed alternative) may undertake an observation of an adviser should file reviews or other management information dictate it is necessary. The observation may be in the form of a field review or role-play, whichever the supervisor deems appropriate, and will consider the delivery of any or all of the firm’s

* Initial disclosure requirements,
* Fact finding requirements,
* Presentation requirements,
* Annual review requirements,
* Post advice requirements.

The observations results are recorded on an observation form, which is retained in the adviser’s T&C file. Where the supervisor assesses that the observation fails the standards of the firm, the adviser will undergo remedial training under direct supervision and will be re-assessed as required.

**File Reviews**

The firm contracts with The Compliance Department to assist with its file monitoring function. The selection of cases is sampled in such a way so as to broadly represent the advisers spread of business, with a bias to higher risk type business.

A threshold sample of low-risk cases may be reviewed irregularly to assess process and advice. These usually (but not exclusively) will comprise ISA and GIA top ups.

Files are reviewed to ensure no significant systematic breaches occur. Reviewers feedback findings to advisers, who must then demonstrate factual explicit evidence supporting the query, or undertake appropriate remedial action if required.

Higher risk types of business are deemed as:-

* Income Drawdown and UFPLS (where income is being drawn)
* Unregulated collective investments (non-mainstream pooled investments)
* Any other complex products including occupational pension transfers
* Tax advantaged schemes (other than pensions or ISAs)
* Defined benefit pension transfers (if applicable)

In all new business cases reviewed, a case-by-case File Review Record (this may take various forms including most frequently a report and / or a form) will be used to assess the quality of the client file.

Should any training needs be identified as a result of this consequence, the Action Planmay be amended to ensure that remedial training is undertaken successfully – this will be carried out unilaterally by each adviser.

Where necessary Moneypenny may be brought back into direct supervision (enhanced levels of file monitoring and / or specific field observations).

File reviews focus on client engagement, data gathering, analysis (with heightened focus here on objective setting and risk profile analysis), the suitability of recommendations (see KPIs below) and ongoing support (annual reviews). Money laundering may be assessed where the reviewer deems enhanced due diligence is prudent or the circumstances of the case warrant it.

File reviews attract a grading which is

* 1-Suitable
* 2-Suitable with minor issues
* 3-Suitability unclear
* 4-Unsuitable

**1-2-1s**

Every year James will undertake or facilitate a 1-2-1 with Moneypenny. James may delegate this task to an insourced supervising assistant. The 1-2-1 is a joint assessment, between the supervisor and the adviser, of the performance of the adviser of the previous period. It will routinely consider file reviews, KPIs and CPD.

A record of the 1-2-1 is maintained on the T&C file of the adviser and centrally by the firm.

**Fit & Proper (FIT) Certification**

*Advisers* will need to be certified as FIT each year. Certification will assess conduct, financial, and job specific competence and capability.

The Senior manager with prescribed responsibility for Certification will sign the Certificates.

*Senior Managers* will be assessed and certified as competent by their peers, relative to their specific responsibilities as set out in their respective Statements of Responsibilities. Senior managers will also complete Fit and Proper Declarations.

Recruitment, Trainee Advisers

We don’t anticipate recruiting any advisers this year. However, for the purposes of this plan generally, the following is relevant;

*Pre appointment*

This is part of the HR process and is not within scope for this plan. However, for completeness, the following applies:

As part of the recruitment process, we will verify the applicant’s employment history. This will variously comprise

* A check on the FCA website to establish who, when and how long, an applicant has worked for (from December 2020);
* Verification character statements from personal and professional connections of long standing;
* References from previous employers.
* Criminal Records checks
* Credit checks

For references, we will obtain them at the earliest opportunity but in practice this will often be during the probation period because of the sensitivity of this process. Should an adverse reference materialise, we will assess its nature and if necessary, withdraw / suspend any adviser status, notifying the FCA if required.

*Induction Training for all New Advisers*

Every new adviser is required to undertake induction training on joining. This will consist of a number of components and some of these are listed in the table below. The order in which these stages are undertaken will be determined by the supervisor, based on the trainee adviser’s individual needs and experience, as may the content.

|  |
| --- |
| *Reporting lines & staff structure* |
| *Terms & conditions* |
| T&C Scheme & supervision arrangements |
| *Regulatory Requirements* |
| TCF/Consumer Duty Strategy |
| Sales Support Processes  |
| Anti-money laundering procedures |
| Target Market |
| *Customer Acquisition including KYC* |
| Sales Process |
| Product Knowledge |
| *Financial promotions* |
| *SM&CR and conduct rules* |

At the start of employment, the Supervisor will create a training plan covering these items.

*Approved Examinations*

The firm is committed to ensuring that its staff are competent and will continue to monitor developments in the market place with education providers, to ensure that its staff are highly competent and operate in line with its strategy regarding the Consumer Duty and the strategic objectives of the firm.

*Action Plan*

During the initial phase of training, the training inputs and validations and evaluations of knowledge and skills will be tailored to the individual’s needs. There are, however, two sets of guidelines in terms of the timescales to be followed, and these are based on the extent of the individual’s prior industry experience.

By law, all new entrants will have 4 years to become competent and authorised.

In the early stage of training, a new member of staff will be supervised closely and will be accompanied by a fully competent member of staff on at least the first 3 occasions when he deals with vendors.

In addition, a range of key performance indicators will be developed to ensure that the new entrant’s performance can be monitored remotely throughout his / her career with CW.

A development schedule will be constructed for each individual, depending on his specific rate of progress and his support needs.

# *Assessment of Competence*

The firm does not permit its advisers to advise customers until they have been assessed as competent to do so.

Assessment of competence is an important stage in the training and competence process and consists of a number of components. Within the firm, the key elements of the assessment process are:

* Technical knowledge and its application
* Skills and their application
* Changes in the market place, and to products, legislation and regulation

In each case, the assessments must use methods that are appropriate to the activity and to the role, and the firm will retain records of:

* The criteria used to assess competence
* How and when the competence decision was arrived at

**Direct supervision**

During probation, (which will last up to six months), new advisers will be under direct supervision. In addition to the induction programme, which specifically deals with firm specific practices, they will be observed by James and / or another and undergo a 100% file check process.

Any adviser who fails a competency threshold to the extent that more intense training is required, will be brought back into a direct supervision environment, which will be narrow around the area of competency that needs improving.

### The Training Cycle for a directly supervised adviser

Typically, the following points would be key elements of a direct supervision programme, although not necessarily all of the elements will be present. This will depend on the nature of the supervision, with supervision gradually reducing as Advisers prove their ability:

* Formal 1 to 1 meetings between Adviser and Supervisor, on at least a monthly basis.
* 100% checking of client transactions.
* Observation of client interviews.
* KPI’s will be reviewed at the end of an agreed period of direct supervision, with a view to deeming the investment adviser competent.

Following a successful competence assessment, the firm retains evidence of this assessment on its T&C records.

Having gained Competent Status, the Adviser becomes subject to a reduced level of monitoring, but based on the specific risks posed to the firm by the nature of the type of investment activity they undertake.

Typically, the following points would be key elements:

* KPI’s reviewed on an annual basis;
* Annual client file reviews (minimum 10%);
* 1 to 1 meetings between Adviser and Supervisor on an annual basis;
* Annual assessment of CPD Activity;

Annual role-play/live assessment of Fact Finding and Presentation skills will be considered if the results/reviews of the other assessment methods listed above identify concerns or training needs.

Assessment of and threshold for KPIs

### File reviews - advice

The reviewer will assess adviser charging, fact finding, risk profiling, and suitability. Files are graded from unsuitable to suitable (Grades 4-1)

KPI threshold is no below standard files, (below standard is grade 3 or 4)

**Product type - Spread**

The new business register maintains an ongoing record of business submitted by Product Area and Product type; i.e. Protection, Retirement Planning, Mortgages and Savings and Investment on a global and per adviser basis.

Because product type is client circumstance led, our view is that it is not in the client’s best interests to force advisers into a quantitative spread. Each adviser is however expected to have a spread of investment and pension related business. It is expected that investment business is broken down into ISAs and OEIC / Bonds. We also expect some protection business.

Product spread is analysed and discussed at 121s.

**Provider Spread**

The new business register maintains a record of business submitted by Product Provider/Lender.

There is no absolute benchmark threshold because the Firm uses a Centralised Investment Proposition – consequently most transactions rest with one provider.

However, it is expected that from time to time the CIP will not fit a client’s circumstance and so this KPI is tested by exception. In these circumstances the Supervisor will discuss the proposals submitted to each product provider/lender at 1 to 1 meetings and seek justification for cases where more than 20% of non-platform based business submitted over any review period is with any one product provider.

**Complaints**

The Supervisor will investigate all complaints to establish whether a possible training need might be identified.

There is no tolerance to upheld advice complaints.

**Execution Only Transactions**

The firm does not conduct any non-advised sales and does not accept execution only business.

**CPD**

As part of the regulatory requirements (35 hours per annum, of which 21 is structured), advisers, (unless they are only permitted to advise in certain areas through an internal licencing process), are required to demonstrate CPD activity in the following areas

Investments, Pensions, Tax (including IHT), Trusts, Protection, Regulation, Business Development.

This is a requirement even if an adviser focuses on a particular market segment (for example, pensions).

CPD is assessed at 121s.

**Annual reviews**

Each adviser is required to complete 95% of annual reviews to the firm’s standard, which requires refreshing data, confirming risk profile, and continued suitability of previous advice.

Annual reviews are assessed as part of the file review programme and will be examined at 121s.

## Limited License Business (Restrictions on business activities)

There are no licence limitations this year.

Non-advising staff

Certain non-authorised staff are required to participate formally in a diluted CPD scheme. The scheme is controlled by the supervisor.

Non-adviser members of the scheme are only required to keep CPD records. They will be supervised and competence will be assessed via 121s.

Each non-advising staff member in the scheme will have his / her own training programme, dependent on the area of advice or service he / she is involved in. This will be set by the designated supervisor, who may be a line manager rather than the designated supervisor for the regulated scheme. Training is not necessarily a formal course – it should be designed to deliver competency.

Assessment is at least annual, and CPD should comprise at least 15 hours. There is no differentiation between structured and unstructured CPD.

Each year the supervisor will sit with them and set their CPD goals for the year. From time to time the supervisor may delegate supervision to one or more of the main supervisors.

Goldfinger is the only participant in the non-authorised T&C programme in 2023.

Alternatively

Participants in the non-authorised T&C programme in 2018 are

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Position** | **Nature of CPD** | **Supervisor** |
| Goldfinger |  |  |  |
| Blofeld |  |  |  |
| Scaramanga |  |  |  |

Review of this Plan

This is an annual plan. The next date of review is 12 months from the date of this document.

**James Bond (SMF16)**

**January 2023**