**TRAINING & COMPETENCE PLAN**

**20\*\***

ABC Ltd

Permissions

* Advising on investments (including on Pension Transfers and Pension Opt Outs),
* Advising on regulated mortgage contracts,
* Arranging (bringing about) deals in investments,
* Making arrangements with a view to transactions in investments

Basis of this plan

* FCA Principle 3: “*taking reasonable care to organise and control affairs responsibly and effectively*”.
* FCA Principle 6: “*paying due regard to the interests of our customers and treating them fairly*’.

Commitments

Our commitments to T&C are to ensure that:

* All employees are competent and remain competent for the work they do
* All employees are appropriately supervised through initial assessment and ongoing review
* Competence is appropriate to the nature of the business
* All our Advisers passed the relevant Qualifications
* All staff are aware of and implement the firm’s Treating Customers Fairly and Consumer Duty policies.

Staff

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

**Firm Advising Staff Structure**

|  |  |  |
| --- | --- | --- |
| **Name** | | **Job Title and details** |
| James Bond | | Is the Practitioner Chief Executive |
| Job Title | | CEO |
| Status | | Competent, Certificated, Conduct staff member, SM Function |
| Name has successfully undertaken supervision training. James Bond peer reviews Moneypenny. | | |
| As a shareholder / director, James Bond has opted out of the 121 and development plan elements of the T&C scheme, self-supervising. However, he will, together with Moneypenny periodically conduct peer to peer reviews. 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** | | |
| A | Employed, Adviser, Director | | |
| Status | Competent, Certificated, Conduct staff member, SM Function | | |
| Moneypenny is a director and is peer reviewed by James Bond. | | |
| **Name** | **Job Title and details** | | |
| B | Employed, Adviser | | |
| Status | Competent, Certificated, Conduct staff member | | |
| Name is currently competent and is supervised by James Bond. | | |
| **Name** | **Job Title and details** | | |
| C | Employed, Adviser | | |
| Status | Competent, Certificated, Conduct staff member | | |
| Name is currently competent and is supervised by James Bond. | | |

**Supervisor:**

|  |  |
| --- | --- |
| Name: |  |
| Designation: |  |
| Qualification: |  |
| Role: |  |
| Conflict of interest management: |  |
| Assistant supervisors: |  |

## 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 (directors) agreed functions and capabilities:

#### 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.

### Advisers agreed functions.

#### Advice Process: Advisers will

* Identify and contact potential clients.
* Gather sufficient client information to “know their client” and identify client needs.
* Analyse information gathered and undertake sufficient research to make suitable recommendations.
* 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, the FCA Rules and the statement of Principles and Conduct Rules for Certificated Persons.
* Comply at all times with the Compliance and Training & Competence Procedures of the Firm.

## James Bond and Moneypenny (directors / partners) – Self-Supervision

The firm retains the services of external compliance consultants to assess client files and assist with 121s. Although directors and owners, James Bond and Moneypenny have opted in to elements of the supervision process.

### The Training Cycle - competent advisers

### Appraisal / Assessment and Development Plan

### Each adviser undertakes an appraisal / assessment annually. The appraisal examines:

* The adherence of the advisers to the KPI benchmarks (Mainly production, complaints, client servicing).
* Outcome of role plays / observations during the period.
* The detail of 1-2-1s conducted during the previous 12 months,
* The CPD undertaken over the previous 12 months,
* The adherence to the agreed development plan from the previous year.

The appraisal concludes with a formal assessment of competency (or otherwise) and a refreshed development plan is then constructed and agreed with the supervisor (if required).

### Continuing Professional Development

Each adviser undertakes a reasonable amount of appropriate Continuing Professional Development, agreed with James Bond (supervisor). 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.

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

Skills: Financial planning, Business development

Note: 1. Advisers should include 15 hours of insurance based CPD in the above in order to comply with the Insurance Distribution Directive. Insurance based CPD includes

protection, trusts, Wills, regulation, certain products and investments, as well as state benefits.

2. The Pension Transfer Specialist (if the firm has one), should do an additional 15 hours of relevant pensions related CPD.

**Observations**

James Bond (or a suitably appointed alternative) may undertake an observation of an adviser either routinely or 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 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 ABC to assist with its file monitoring function. The selection of cases is sampled in such a way as to broadly represent the advisers spread of business, with a bias to higher risk type business with an overall threshold of 10% of higher risk files per adviser.

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 (particularly where income is being drawn)
* Unregulated collective investments (non-mainstream pooled investments)
* Any other complex products
* Tax advantaged schemes (not pensions or ISAs)
* Defined benefit pension transfers
* Critical Illness

In all cases, 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 Annual Development Action Planmay be amended to ensure that remedial training is undertaken successfully.

Where necessary an adviser 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 6 months, James Bond (providing there is sufficient production [otherwise annually]) will undertake or facilitate a 1-2-1 with each adviser. James Bond may delegate this task to an in-sourced supervisor. The 1-2-1 is a joint assessment between the supervisor and the adviser of the performance of the adviser of the previous 6-month period. It will routinely consider file reviews, KPIs and CPD.

The Supervisor will also discuss the Adviser’s productivity informally on an ad-hoc basis.

A record of the 1-2-1 is maintained on the T&C file of the adviser and forms part of the annual appraisal.

**Peer to peer reviews**

Directors may 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.

Recruitment, Trainee Advisers

Note 1: Regulations require that new, inexperienced advisers, have 4 years in which to be assessed as competent. Our threshold as a firm is 2 years.

Note 2: The selection process, including referencing, for new advisers is dealt with through our HR process, and is not therefore covered in this plan.

The firm currently has no trainee advisers.

### The Training Cycle for a directly supervised adviser.

**Induction Training for all New Advisers**

A new entrant trainee adviser would normally have up to four years to become an authorised adviser. In practice, we have adopted a 2 year threshold and we will assess the progress of a trainee adviser constantly and his/her path to becoming authorised is likely to be shorter.

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 Strategy |
| Advice Support Processes |
| Anti-money laundering procedures |
| Target Market |
| *Customer Acquisition* |
| Advice Process |
| Product Knowledge including due diligence |
| *Financial promotions* |
| *Consumer Duty* |
| *The Senior Managers and Certification Regime* |

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 on Treating Customers Fairly/Consumer Duty and the strategic objectives of the firm.

**Development Schedule**

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.

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/she 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 ABC.

A development schedule will be developed for each individual, depending on his/her specific rate of progress and his/her 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 Bond and undergo a 100% file check process.

The firm does not anticipate needing to supervise an *investment* adviser on a direct basis this year as all advisers are currently deemed competent.

However, if an adviser failed an assessment to the extent that it was felt necessary conduct a remedial action programme, then it may be necessary to put the adviser under direct supervision.

Typically, the following points would be key elements or 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 1-2-1 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 a 6-monthly basis:
* 6-monthly client file reviews (minimum 10%):
* 1 to 1 meetings between Adviser and Supervisor on a 6-monthly basis;
* Annual assessment of CPD activity.
* Role-plays/live assessments of advice skills will be considered routinely and if the results/reviews of the other assessment methods listed above identify concerns or training needs.

Assessment of and threshold for KPIs (firms can add or remove / adjust KPIs to suit)

In addition to the file review KPI I consider the following KPIs appropriate. These are set out in the table below.

| **KPI** | **Measure** | **KPI Rating** | **Acceptable level in rolling 12 months** |
| --- | --- | --- | --- |
| Completion of agreed client service | Client reviews completed within appropriate timescales as defined within the firm’s agreed service levels |  | 95% or more completed on time |
|  | 85% - 94% completed on time **or** within 1 month of the due date |
|  | 75% - 84% completed on time **or** within 2 months of the due date |
|  | Less than 75% completed on time **or** beyond 3 months of the due date |
| Complaints | Maximum number of complaints in one year |  | None |
|  | No advice complaints upheld, up to 3 service complaints upheld |
|  | No advice complaints upheld, up to 6 service complaints upheld |
|  | 1 or more advice related complaints or > 6 service complaints upheld |
| CPD | Completion of Appropriate and Sufficient (on target for 35 hours including 21 hours structured) CPD, |  | Is sufficient, appropriate |
|  | N/A |
|  | Is appropriate but not sufficient or vice versa |
|  | Is neither appropriate nor sufficient |
| Execution only | Maximum percentage of cases written on an ‘execution only’ basis |  | None |
|  | Maximum of 3% |
|  | Maximum of 5% |
|  | More than 5% |
| Replacement policies | Maximum percentage of replacement cases |  | Maximum of 25% |
|  | Maximum of 30% |
|  | Maximum of 35% |
|  | More than 35% |
| Range of advice by product type | Minimum percentage of cases undertaken in each  of the primary authorised areas |  | A presence of all recognised mainstream tax wrappers and some protection with no bias to high risk cases |
|  | As above but there may be high risk bias |
|  | A presence of all recognised mainstream tax wrappers - no protection |
|  | Narrow band of products |

## Limited License Business (Restrictions on business activities)

All occupational pension transfers and long-term care pieces of advice are limited license transactions. The designated specialist oversees all these cases.

Any complex product needs to be signed off by the specialist. In this regard, the product due diligence must firstly be approved by the compliance officer, before advice can be given.

Non-advising staff (it is up to firms to construct individual competency programmes for each relevant staff member and to assign an appropriate supervisor)

Certain non-authorised staff are required to participate formally in a diluted T&C scheme. The scheme is controlled by the supervisor, who may delegate this role to an appropriate manager.

Non-adviser staff (whether certificated or not under the Senior Managers and Certification Regime) 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 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 staff and set their CPD goals for the year.

Training / CPD should consist of

* Core regulatory training (e.g. AML, Data Protection, Complaints handling);
* Generic operations training (e.g. back office use, IT etc);
* Job specific training.

Participants in the non-authorised T&C programme in 2019-20 are

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Name** | | **Position** | | **Nature of CPD** | | **Supervisor** |
|  |  | |  | |  | | |
|  |  | |  | |  | | |

Review of the previous 12 months T&C activity

* This is a new plan and therefore there is no prior period review – the first prior period review will therefore be in 20\*\*.

Review of this Plan

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

**Name (SMF16)**

**Date**