Implementing an effective Training & Competence Framework:

A Practical Guide
Introduction

- This guide provides a high level summary of the arrangements that firms, regulated by the FCA, should have in place to ensure they meet the regulator’s competent employee requirements.
- These guidelines are based on both the formal requirements set out by the FCA in its Training & Competence sourcebook and best practice standards and approaches.
- We understand that each firm may meet these requirements in different ways and use its own unique approaches, training, documentation and policies.
- These guidelines are not exhaustive or intended to duplicate or replace the FCA’s Training & Competence sourcebook and therefore firms should refer to this to ensure they comply with the detail of the FCA’s requirements.

“You should be confident in everyone who acts for your firm. We expect you to assess honesty and competence at the point of recruitment and have the right systems and controls in place to maintain this.

You should consider the level of responsibility an individual will have in your firm and make sure that you include ongoing training. We have a high-level competence requirement that applies to individuals engaged in regulated activity in all UK authorised firms – especially approved persons – which is covered by our Training and Competence sourcebook.

You need to assess, maintain and keep records of staff competence and ethics and relevant individuals must successfully pass all modules of a qualification prescribed by our rules in Annex 1.

People carrying out any approved role should demonstrate a good standard of behaviour. We expect them to act in the interests of their customers, avoiding consumer detriment, and taking responsibility for their level of competence”

FCA Website, 7 December 2015
Effective T&C Framework: The core components

This guide provides key success criteria relating to the core components, as illustrated below, of an effective Training & Competence framework. This enables firms to benchmark their T&C provisions against these key criteria to provide confidence in the effectiveness of its arrangements and to highlight any areas that may require strengthening.

In addition to the above, it is vital that there are suitable management and oversight arrangements in place to ensure that the T&C scheme is being applied consistently and to the required standard. Therefore, we have also provided an overview of the key aspects of the ongoing management of T&C. The appendix to this guide illustrates how learning solutions can be developed to meet the T&C requirements.
T&C Scope and recruitment

Identification of in scope roles and activities
• Firms should review the list of regulated activities covered by the FCA T&C regulations and identify which of these they carry out. This review should be conducted on a regular basis depending on the rate of growth or change in the firm.
• In addition to the activities covered by the FCA requirements, firms may identify other activities they wish to also include in the scope of their T&C arrangements – e.g. due to the level of knowledge or skill required, or the risk posed to the business.
• Firms should identify the specific roles affected by the regulation and then record the individuals involved.
• A formal listing or record should be maintained, identifying all individuals affected by T&C. Depending on the size of the business, this may be achieved by relatively simple ‘home grown’ solutions (e.g. spreadsheets, databases etc) or via a software solution provided by a specialist firm.
• For each role/job family affected, competence requirements and criteria should be identified. This would include approved qualifications, internal knowledge and skills required and how competence should be evidenced. These competence criteria should be recorded and form the basis of the learning and development activity for these roles/job families.
• A formal process should established whereby any internal re-organisations, changes or the creation of new roles are reviewed to identify they fall within or outside the scope of the T&C arrangements.

Recruitment & Selection
• Clear role profiles describing the requirements, capabilities/competencies, expectations, qualifications etc. are required.
• Written references should be required in accordance with internal and FCA requirements. These should include a request for information on previous T&C status.
• Contracts of employment should clearly indicate that competence is a regulatory requirement for the role (where relevant) and that failure to maintain competence could ultimately lead to dismissal or redeployment.
• There should be a clearly defined recruitment and selection process, with relevant competency based interviews and (where applicable) assessments.
• The process should be consistently applied, by people competent to conduct the relevant components.
• There should be a documented timeline of key activities and requirements in the lead in to the date of joining (e.g. systems access, log in details, key training booked, passes organised etc).
Attaining and maintaining competence

Attaining Competence

• There should be a clear definition of competence and path to achieving it for new joiners and those new to role.
• The training and assessment(s) required, as well as any on-job activities, should be clearly articulated and available to support the individual in achieving competence. This should address the knowledge and skills required and enable the individual to apply these to their role.
• The success criteria, including consequences of not achieving success (i.e. failure policy) should be clearly articulated.
• All learning should be validated to verify its effectiveness. This is especially important where the training ‘authorises’ an individual to carry out aspects of regulated activity, even if under supervision.
• Assessment of competence should be a structured assessment against the competence criteria, with evidence justifying the assessment.
• Identifying who is able to conduct the elements in the competence path (e.g. who can conduct the assessments, training, competence sign off)
• Until competence has been achieved, all activities should be monitored by the appointed supervisor, with procedures in place to ensure that unauthorised activities cannot be carried.

Maintaining Competence & Ongoing Development

• Ongoing requirements to ensure competence is maintained should be clearly defined, including the consequences of not doing so. E.g. additional training required, impact on quality assurance, 121s, observations, permitted activities/tasks.
• Key performance measures should be identified that can act as indicators of competence. These should be monitored regularly by supervisors to ensure competence gaps are identified early and acted upon.
• Written development plans should be in place and monitored to meet any identified gaps.
• Firms should put in place an approach to set minimum standards for continued professional development. E.g. to require a minimum number of hours relevant training per year.
• There should be clear descriptions of how an individual may develop further. E.g. further learning paths to achieve excellence/expertise in a particular skill or activity.
Supervision & Quality Assurance

• All in scope individuals should have an identified supervisor, which is usually their immediate line manager.
• Supervisors should be trained in their responsibilities and their own performance, as a supervisor, monitored.
• Defined management & QA expectations should be documented and monitored, e.g. what is required, when, how often, how does it vary depending on competence of individual etc.
• Guidance should exist for managers as to how to apply the T&C scheme effectively and consistently, e.g. including templates/structures for relevant interactions such as 121s, coaching, feedback, observations etc.
• Where performance declines below acceptable standards development plans should be established, implemented and monitored. This may require that an individual works under 100% supervision until competence has been demonstrated.
• There should be clearly defined QA requirements and standards, with guidance to ensure they are applied consistently.
• Who is able to conduct which elements should be specified, e.g. QA conducted by those who have been trained/signed off to do so, 121s only conducted by Team Managers etc.

Record Keeping & MI

• A written T&C scheme should be kept, documenting all arrangements, processes, required standards and role specific responsibilities. It should include examples of all relevant documentation and records.
• Personal development files should be maintained, detailing the individual’s own training and competence path and achievements. These should be owned by the individual but discussed regularly with their line manager/supervisor.
• Records of all performance appraisals, formal 121s and key performance indicators should be retained, including all agreed development and remedial action.
• There should be a central tracking and monitoring system, e.g. for training and assessments undertaken, results, who is competent in what etc.
• All competence based assessments should refer to sources of evidence and that evidence should be available for inspection by the internal compliance and audit functions or the FCA.
• Reporting and Management Information should provide relevant insight allowing senior management to identify issues early and take appropriate action.
T&C management within the Business

It is critical to the successful implementation and ongoing maintenance of the T&C framework that the ownership lies firmly within the Business. Therefore, a relevant Approved Person should have overall accountability for the day to day management and implementation of the scheme, as it is ensuring and evidencing the competence (or otherwise) of the individuals working within their area. However, there are a number of day-to-day responsibilities and activities that will lie with others within the Business Unit. We have summarised these below in context of how this could operate within the Business. It is important to note that the ‘T&C Owner’ referred to below may be either a specific, dedicated person or may be included as part of the accountabilities of an existing role. This will depend on the size of the Business and the existing organisational structure.

**Accountable for T&C within their business area**

**Providing the appropriate MI and reporting**

**Monitoring the T&C Scheme is being applied consistently to the standard required**

**Maintaining T&C scheme documentation**

**Ensuring the T&C Scheme is implemented and operating effectively**

**Signing off individuals as competent**

**Maintaining T&C records for their team**

**Ensuring competence of their team**

**Maintaining own training records**

**Maintaining own Personal Development Plan**

**Maintaining competence and self development**

**Approved Person** should be accountable for the implementation of the schemes in their business area, working closely with the T&C Owner and their Senior Management team.

‘T&C Owner’ should be responsible for ensuring the scheme is being applied within the Business Unit effectively and consistently. They are also responsible for dealing with T&C related queries and that all supporting records are in place and of the required standard. They would work closely with the Senior Managers within the Business and providing reporting for the AP and other key stakeholders.

**Senior Managers** should be responsible for the implementation of the schemes in their area of responsibility, working closely with the T&C Owner and their first line management team.

**First Line Managers** should be responsible for ensuring that their team received the appropriate training and support to attain and maintain competence. They should conduct the necessary management activities, in line with the T&C Scheme and other performance management requirements (e.g. 121, performance reviews, etc), and maintain the necessary supporting records.

All **individuals** should be responsible for their own competence and development, maintaining the appropriate records to provide supporting evidence.
Embedding the T&C framework

It is critical to the success of a T&C framework that it is fully embedded within working practices. A key aspect of this is to ensure that those responsible for the day-to-day management and implementation, i.e. 1st and 2nd line managers, have the necessary knowledge and skills to do so confidently and competently. Below we have illustrated how this can be achieved for new or revised T&C arrangements.

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<tr>
<th>Top down message</th>
<th>Training</th>
<th>Assessment</th>
<th>Roll out</th>
<th>In workplace support</th>
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<td>Senior Management to reinforce importance and benefits of T&amp;C T&amp;C requirements should be integral to a manager’s role and be measured as part of their key performance indicators Rewards &amp; incentives should be aligned with this</td>
<td>Train management population in the T&amp;C framework Ensure that training is sufficiently tailored to role specific requirements, rather than generic knowledge or skills</td>
<td>Assess managers in the core elements of their role, particularly those that directly impact the success of the implementation of the T&amp;C framework (e.g. 121s, feedback and coaching, QA etc) Ensure that any development needs are captured and followed up with each individual Where an individual does not meet the required standard, ensure that they do not undertake the relevant activities without supervision until competence is proven</td>
<td>Managers to have significant involvement in the roll out of the T&amp;C framework to their teams (e.g. briefings, workshops, 121s etc., as appropriate) T&amp;C workstream/L&amp;D to provide support during roll out, e.g. supporting workshops and briefings as needed</td>
<td>Provide support to the management population as it is implemented and embedded into working practices E.g. Q&amp;A helpline, floor walking support, T&amp;C surgeries, reviewing 121 documentation/records and providing feedback, observing manager conducting key activities such as 121, coaching sessions etc. and providing feedback and coaching support as required</td>
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To ensure that it has been embedded and is being applied consistently to the required standard, it is vital to monitor and evaluate this.
Appendix 1: Building effective learning & assessment programmes to meet T&C requirements

- T&C Scheme, including Competence Standards
  - Standards clearly define the expectations and requirements of the role.
  - I.e. ‘what does good look’ like for that specific role and how is competence defined, developed and measured.

- Syllabus
  - This outlines the key learning outcomes required from any training activities needed to ensure the learners are equipped with the knowledge and skills to meet the standards required within the role.
  - It provides details of the specific learning objectives required to achieve the learning outcomes and which are to be formally validated/assessed.
  - It is the blueprint from which the learning and assessment programme is designed.

- Learning Gap Analysis
  - This is the analysis of existing solutions vs. those required to attain and maintain competence in role.
  - It enables the development of the Learning Paths, Learning & Assessment Specifications and subsequently the actual solutions required to build an individual’s capability and thus competence.

- Learning Paths
  - Learning Paths define the requirements to achieve competence for each relevant role (also referred to as Competence Paths).
  - This includes the relevant learning modules, what assessment is required and also any post training activities/supervision required to confirm competence.

- Learning & Assessment Specifications
  - Written outlines of major learning and assessment requirements.
  - Used to design or adapt face to face training, e-learning and other self learning tools.
  - They should also include requirements for learning validation, such as knowledge and competence based assessments, where required, to allow the learner to demonstrate their understanding and application.

- Learning Modules
  - The learning solutions required to meet the defined Learning Specifications.
  - They should provide a blended learning approach, combining a variety of learning activities appropriate for the audience and the subject matter.
  - They should also include appropriate exercises to allow the learner to check their understanding and progress.

- Learning Assessment
  - Formal learning assessments, meeting the defined Specifications, allowing the learner to demonstrate their ability to apply their learning to their role.
  - This provides the learner, their line manager and the senior management team, with the reassurance that they are able to meet the standards required.
  - NB. The assessments should then be followed by activities to confirm competence in role – these would be articulated within the T&C scheme.