

ISSUE 68 APRIL 2011

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Welcome to this month's Powerchex update:

While the weather is improving, all eyes are on the crisis in Japan and the unrest in North Africa and the Middle East, and the likely impact these recent events will have on the futures and commodities markets.

A little closer to home, regulation is set to get tougher and compliance is featuring more prominently on HR agendas. With this in mind, I am delighted to welcome this month's guest author Julian Sampson, who is a Director at Fulcrum Compliance Ltd and has over 20 experience in the financial services industry in a variety of sectors.

His article focuses on Training & Competence ("T&C") schemes, an issue close to the heart of any HR, training or compliance professional. Read on.

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Training & Competence ("T&C") Schemes

By Julian Sampson, Chartered Accountant

As spring finally makes a belated appearance across a grey and bleak landscape, the first green shoots of new growth start to appear through the hard, cold ground.

As with nature, so with business. At this time of year, it's always a good idea to re-evaluate the old and consider it afresh, in the light of the prevailing conditions.

Whilst in business there's never any shortage of things to think about - indeed the regulatory landscape at the moment is positively luxuriant with the profuse new growth of consultations, policies, guidance and speeches - human resources, training and compliance staff in all firms should definitely spare some time to nourish the tender plant that is their Training & Competence ("T&C") Scheme.

The importance of an appropriate and proportionate T&C Scheme should need no justification to business heads. The right staff in the right role with the right skills is a key competitive advantage - and an effective T&C Scheme is itself key to delivering this objective. For firms regulated by the UK Financial Services Authority ("FSA"), there is the added imperative that such a scheme is a requirement under the rules.

So, how healthy is that plant? What does it need to make sure that it grows, flourishes and flowers in the new weather of 2011? Does it need pruning? Does it need feeding? Let's consider some key features of that plant, and how the diligent gardener - or rather, HR, Training or compliance professional - can bring out the best blooms.

Let 100 flowers bloom

There's no doubt about it - there's as much variety in T&C Schemes as there is in the garden. The key question to ask is this - "what do you want?", or more likely "what do you need?", and "what can you get?" The first step along the road to a healthy T&C will be an analysis of your actual training needs. If

there are external benchmarks / exams to be met - as there will be for FSA firms - these are a useful starting point.

So - where do you see your T&C scheme taking you? Is your firm large enough to engage graduate trainees at new joiner stage, develop them through professional qualifications and nurture them to management roles? Or are you of a size that only allows you to take on industry / professionally qualified people who will fit in to generic roles? Wherever you are on this spectrum, your T&C Scheme will have the following common features, following the lifecycle of the employee.

Selecting the seed

The first point of any T&C Scheme will be recruitment. At this point, it will be important to assess the potential recruit against the firm's T&C criteria. Your scheme may call for a graduate level only intake, or require specific qualifications for specific roles. Whatever your scheme requires, you'll need to validate the candidate against your requirements, both in terms of qualifications and experience. Your T&C Scheme should state your policy on references - how many, from whom (gone are the days when a verbal reference alone would suffice) - and any other tests of verification required. Passports and current utility bills are fairly standard. Increasing use is being made of Criminal Records Bureau checks, and not just for those working in sensitive child-related areas.

It is at this point that firms regulated by the FSA will need to ensure that the candidate for a regulated role is "fit and proper". FSA lays out key questions that the applicant must answer. It's best to find out now, at the earliest stage, whether your candidate is going to have a problem with any of these questions. You don't want to leave it either to the FSA to tell you or until later, when you've wasted valuable time and resource on an employee who was never going to make the grade.

Planting

Deciding to take on the candidate is like planting the seed - you've (both) made your choice, and you now need to plant the seed in the environment most likely to aid its growth. In T&C terms, this will come in the shape of some key documentation - particularly the contract and the job description.

The contract will primarily be a legal document, and this is not the place to go into detail on what it will contain. However the Job Description is still overlooked by many firms - to their disadvantage. A well written job description, detailing key competencies, roles and reporting lines can greatly aid the firm and the employee in clarifying the scope of the role, and be used as a measurement tool later on - of which more later.

Larger firms will at this point provide the employee with a Staff Handbook, detailing common working practices at the firm.

Potting on the seedling

So, now the employee, having been thoroughly vetted, has been contracted and knows what to do. As they grow from seed to seedling, they will require continued support. This can come in many forms.

Firms with formal trainee schemes will have appointed mentors or supervisors to oversee the trainee as they develop. The selection of the right supervisor will be critical to the employee's success. In FSA firms, the supervisor has a key role in ensuring that the trainee is not released on the public until they have been deemed "competent".

Formal professional exams may form a part of this period. As part of your T&C Scheme you will need to have decided your policy towards study leave, retakes, financing, time taken to name but a few. Again, FSA regulated firms will have to adopt FSA's own rules in this area.

The mighty oak

Once all this is behind us and the employee is deemed competent, the T&C Scheme becomes one of routine pruning, feeding and supporting. Given the constantly changing nature of the business world, nobody can afford to rest on their laurels and pronounce themselves "trained". Your T&C Scheme should specify what your expectations are of employees on an annual basis. Firms are increasingly looking to a minimum number of hours to be attained. (Indeed, FSA has already set out its expectations of those who will in future be advising retail clients.) These hours will typically be sub-divided into structured and unstructured. Make sure that your Scheme states what you are prepared to accept as "unstructured" training.

It may be a requirement in your business that your employee is a member of a recognised professional body. You may wish to pay their subscription. They may have to complete a finite number of training hours in the year, dovetailed with your own requirements.

The most important part of the ongoing T&C Scheme will be the Appraisal, which will take place on at least an annual basis. In order to be effective, the Appraisal should be simple, short and scalable. The level of detail required will depend on the complexity of the role and business, but whatever final form it takes, it should allow for a two-way dialogue between the appraisee and appraiser, a review of past performance and the setting of objectives for the next period.

There can be a variety of inputs to this discussion - the views of colleagues, performance metrics, soft skills - but beware of adding too much. The important thing is that the Appraisal is understood and valued by the line management who are operating it. Keep it simple. If the Appraisal is perceived as too complex, the business won't use it.

Garden Design

If all of the forgoing feels like a rigid plan, apologies. It's certainly not meant to. You will need to be flexible in what you implement. But just as there's no point in designing a garden of rare specimen plants if you have children who see the garden as an extension of their football training ground, so there's no point in designing a T&C Scheme that works for a global firm if you are a business employing twenty-five people. You need to consult with your users - which brings us back to our first question - "what do you want, or need?"

When either implementing a new T&C Scheme, or reviewing an existing one, it's essential that the users of the scheme - from senior management down - have bought into it, support it and are agreed about what it needs to do and how it does it. Training Managers, HR staff and Compliance must co-operate in ensuring that this is achieved. Although this can be the most difficult part of the implementation of the Scheme, it is certainly the most important.



About Julian Sampson

Julian Sampson is a Chartered Accountant, having qualified with PWC in 1989, and he holds the CISI Diploma. Having spent over 15 years in Controlled Functions 10 (Compliance Officer) and 11 (Money Laundering Reporting Officer), Julian has over 20 years' experience of the financial services industry, across a wide variety of sectors.

[Read full biography](#)



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