

Ignore CPD at your Peril

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CPD used to be a bit of an industry joke. We've all heard tales of the lie sheets, skimming the Pinks and last minute scrambles to complete records before a visit. All in all a requirement rarely checked and barely valued.

Well, the CPD worm has turned. Continuing professional development is the central tenet behind the new emphasis on ongoing standards and professionalism. The FSA has decided that 'effective and consistent CPD is an essential part of professional standards' meaning new processes, new standards and an emphasis on checking these are met.

Instead of CPD being a retrospective, last-minute creative exercise; it must become pro-active, meaningful and properly evidenced. Advisers must describe their role, establish the relevant CPD objectives for the year, plan how to fulfil these objectives and record the evidence, outcomes and benefits of performing these activities. Many advisory staff may struggle to complete this process, citing time restraints, admin burdens or confusion over requirements.

So why is CPD important? Clearly, the first hurdle in achieving advisory status, from January 2012, is the new examination standard combined with the removal of grandfathering. This, together with the gap fill exercise is creating a lot of work for advisers, examination boards and training consultants. However, until the FSA raises the bar again, there should be no more compulsory exams for a while. CPD on the other hand, never stops and new records require completion annually.

Statements of Professional Standard are an important aspect of the new regulations, without which advisers cannot trade. They are a mechanism for ensuring CPD is carried out properly and that advisers act ethically and professionally. Just like an MOT on a car, obtaining an SPS does not mean that there will not be a requirement for maintaining standards in the intervening 12 months.

Nor does it mean that there will be no scrutiny from or responsibility to the regulator. It's still the firm's responsibility, entirely separately from the accredited bodies' opinions, to ensure their staff are properly trained and competent via planned and evidenced CPD.

CPD should also form part of the wider training and competency framework of regulated bodies and be at the core of individuals' T&C records. This should be intrinsically linked to KPIs, supervisor assessments and competency testing.

In reality the current focus on CPD does not mean that T&C is unimportant; quite the opposite. Everything relevant to T&C schemes is relevant to the creation of CPD objectives or recording that CPD objectives are achieved. CPD records are a key part of what should be in advisers' T&C files.

There are still many questions open to speculation, particularly how accredited bodies are to interpret CPD criteria: What constitutes 'Structured CPD'? What evidence is required to show activities are undertaken or attended? How does one measure training course benefits? How can successful outcomes be demonstrated? Should CPD be about technical knowledge or do softer skills, i.e. supervisory or selling skills count towards 35 hours CPD? What balance of CPD should be remedial or refresher rather than truly developmental? Do supervisors who advise have one or two CPD plans and must they do everything advisers do with more management CPD on top?

It's not that I don't have plausible answers to these questions. It's more that there's no public consensus. Clarity on these points is going to prove essential.

Despite these unknowns, the fundamentals are clear. Advisers will need guidance to assist them with a painful and time-consuming exercise. In addition, firms and networks will want to track and report progress and intervene where CPD failings are an issue. Efficient submission of SPS data and declarations to the relevant accredited body should be a major objective for all parties.

At Redland we work with CPD experts, suppliers and industry bodies to provide systems support for the adviser community and to make the process as simple and efficient as possible. We believe we understand the issues and dynamics behind achieving this but we would love to know what you think the issues will be.