

Finding your way through the CPD maze

By Carl Redfern from Redland Business Solutions

January 2013 is upon us at last and the RDR changes have come into force. There has been a huge expenditure of effort across the industry to get here, and a lot of people, like me, regularly commenting that getting 'here' is not enough!

One thing is certainly true, whether the worst is behind us or yet to come, there is still plenty to do!

In this light, one of the key on-going obligations 'post RDR' is the new benchmark for CPD. In many ways the 'ground rules' are quite simple, but as an industry, we have managed to create a good deal of confusion, specifically over what this means for Firms rather than advisers – I will attempt to impose some clarity:

The Rules

The FSA rules (in Policy Statement 11/1) state that

- ❑ a Firm must ensure advisers complete their CPD
- ❑ a Firm must make and retain records of the CPD completed by each adviser
- ❑ a Firm must make and retain records of the dates and reasons for any 'suspension' of the CPD obligations for an adviser

They go on to provide 'guidance' that states that all CPD should:

- ❑ be relevant to the retail investment adviser's current role and any anticipated changes to that role;
- ❑ maintain the retail investment adviser's knowledge by reference to current qualification standards relevant to the retail investment adviser's role;
- ❑ contribute to the retail investment adviser's professional skill and knowledge;
- ❑ address any identified gaps in the retail investment adviser's technical knowledge;
- ❑ have written learning objectives based on learning needs and a documented learning outcome;
- ❑ be measurable and capable of being independently verified by an accredited body.

They also state that a Firm must ensure advisers 'confirm annually in writing' that they have complied with APER and completed their CPD and obtain 'independent verification' of these facts. Firms can discharge these responsibilities by ensuring they obtain and retain confirmation that their advisers have an SPS issued by an Accredited Body.

None of the above is new 'news' and should be familiar to most Firms and the people responsible for Compliance, Training or Learning and Development within them.

To be clear, what this means in practise is that Firms must:

- ❑ **Either, provide and enforce the use of a CPD record keeping system**
- ❑ **Or, where Firms allow advisers to choose their own CPD recording solution, the Firm must ensure they have some oversight of it – copies available on request or data extracts or online access to the adviser's records.**

Obviously the issue with allowing advisers to choose external systems, such as those provided by the Professional Bodies is that the 'oversight' by the Firm could be a disjointed and manually intensive exercise. If the records are disconnected from the Firms Learning and Development programmes and central T&C records then their 'view' of CPD is probably not summarised into the Firm's organisational structure, e.g. will supervisors have access to all of their 'line report' records or is the oversight limited to a central, head office type role?

The Systems

It should be said that all of the Accredited Bodies offer access to a CPD recording system, some of which are better than others.

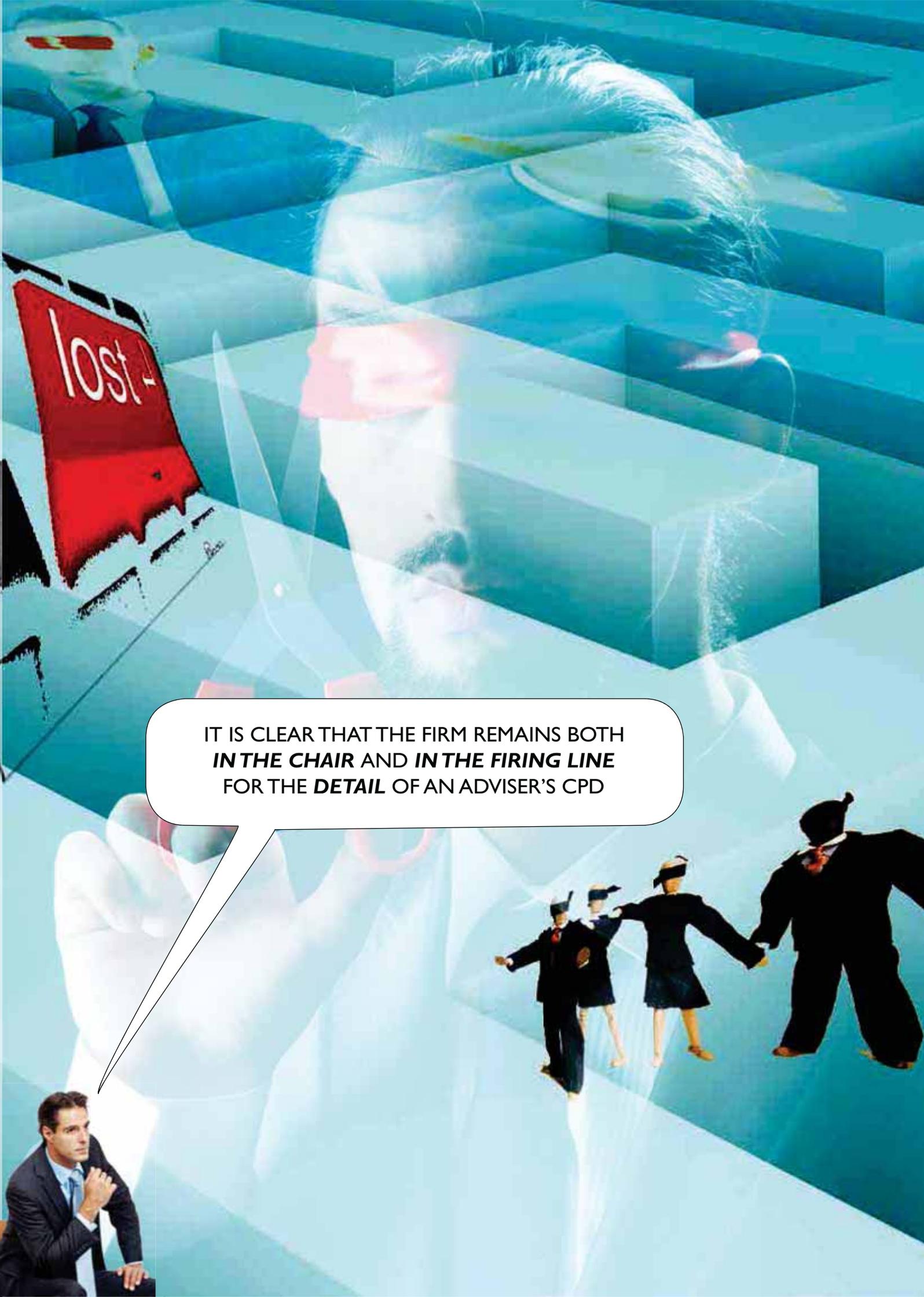
CISI provide a system, available to members, which is very good and very detailed. It automatically populates details of CISI CPD events and allows members to add non-CISI CPD details as well. It also has a quite capable and useful 'super user' access, that can be made available to firms, to give them a central view of advisers CPD records.

IFS provides a system and a series of CPD activities, available at a discount for their members and available at a higher charge to non-members. They will provide a data extract for Firms, detailing CPD records for advisers but Firms will need to contact IFS to discuss and agree the details.

CII / PFS provide a CPD recording tool, which is free for members but it is quite basic and manual. For example, it does not allow links to the Exam Standards to be entered against any CPD activities. They will also provide data extracts for Firms but again, agreeing the details requires a conversation.

IFP provide quite a robust CPD recording tool, that includes a comprehensive 'course searcher', allowing users to choose from a wide selection of events and automatically update the details into their CPD records. They advise that they would also be able to provide an 'aggregated data extract' for Firms, if they were asked to, although it is not something they do currently. One service they do offer, however, is to support the alignment of membership years (and therefore CPD years), if a Firm wanted to facilitate all of their SPS renewals at the same time.

CBI (the Chartered Institute of Banking) has just launched a new CPD recording solution, which is free to use for their members (although I should declare a



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'lack of independence' here, because they have selected the Insight CPD Portal, provided by Redland). The CBI solution provides very easy to use CPD recording and gives access to comprehensive CPD solutions, allowing advisers to complete their full 35 hours. One key difference with their offering is that CBI also provides guidance to their members and help with completing their CPD Plans for the year. The solution also allows Firms and Supervisors to log in to access proactive CPD and SPS Dashboards and management information.

It is also worth drawing attention to other CPD recording solutions which have been launched, for example by Money Marketing and Financial Adviser.

The 'Money Marketing CPD Centre' is free to use for all advisers and includes access to a wide range of CPD Activities. It has been 'recognised and approved' by CII, IFS and IFP.

The Money Marketing CPD Centre is also based on Redland's 'Insight CPD Portal', bringing the benefit that Firms can implement a 'personalised' version for themselves, which utilises the free CPD activities contained in Money Marketing and gives the Firm everything it needs in terms of CPD and SPS oversight and management.

Financial Adviser's free to use CPD solution is similarly accredited by CII. It differs in that it creates CPD 'activities' from news articles, followed up by multi-choice questions. Although in order to complete a CPD record, you need to get 100% correct which can be quite frustrating.

The Guidance

For guidance relating to CPD, it is worth browsing to the following link on the FSA website, for their latest instalment on Professionalism – <http://tinyurl.com/FSA-Guidance>. This is a short extract below:

"Continuing professional development (CPD) is arguably as important as modernising qualifications . . . If you carry out other retail activities, such as mortgage advice or managing funds, you will need to carry out CPD for that activity as well . . .

CPD is not a collection of certificates of attendance. We expect you to be able to demonstrate to your accredited body that you have learned and developed your knowledge and skills as a result of carrying out CPD activities"

It is evident that FSA expect Firms to remain responsible for CPD and that they intend to closely monitor CPD as part of their oversight of Firms. In July 2012, in their factsheet on 'Professionalism' (FS055_rdr_PR.pdf), FSA stated:

"Providing an SPS is an important role . . . This is not to say sole reliance is on the professional body. Firms are still required to ensure that their advisers meet our training and competence requirements, specifically on qualifications, CPD and ethical behaviour."

It will not be acceptable to rely only on the 'checking' by the Accredited Bodies, something which is echoed in the CPD guidance issued by most of the ABs themselves.

Specifically the Firm must ensure that CPD is relevant to the advice role. This point was made in Policy Statement 11/1, under section 2.20, "We (FSA)

encourage firms to facilitate the accredited bodies' role in recording returns from advisers and in assessing CPD, such as through confirming the relevance of particular CPD activity for the adviser's specific role."

Finally, FSA have also provided specific guidance on the topics and breadth that CPD should cover in their *RDR One Minute Guide to CPD*, viz:

"Firms should ensure that their employees are maintaining their competence. Areas to take into account include:

- technical knowledge and its application;
- skills and expertise; and
- changes in the mark and to products, legislation and regulation

You need to ensure you have good quality CPD records. The three areas your documentation should cover are:

- your needs – knowledge gaps and the target learning outcome;
- how you meet your needs – a description of the activity you are going to carry out / that has been carried out, including number of hours; and
- confirm you met your needs (once carried out) – how the activity has met the target learning outcome, and if tested, the test result.

Your firm is responsible for ensuring that you remain competent and will monitor your CPD as part of their responsibilities under our Training and Competence requirements."

Summary

So, in summary, there is no shortage of advice, opinion and regulatory guidance covering the new obligations for CPD. All of the ABs have produced documents that can be downloaded as well as the mass of information from FSA.

However, in the detail, each of the ABs have adopted a slightly different interpretation of the rules, for example, IFS state that CPD can only be considered structured if it is directly linked to the Exam Standards, which is different to the position adopted by CII.

It is clear that the Firm remains both in the 'chair' and 'in the firing line' for the detail of an adviser's CPD and therefore Firms need to develop their own CPD policies and standards. Firms must also ensure they have a means of monitoring and enforcing them.

Take a good look at the guidance issued by all of the Accredited Bodies and discuss their policies and standards with them. In addition, make sure you understand how they can help you manage your Adviser's CPD, as well as what they expect or require you to do in return.

Given the wealth of choice and resources available, it could be easy to walk unknowingly into a situation that adds effort and risk to your Firm.

Alternatively, making the right choices now, could give you and your Firm a simple and clear route out of the CPD maze.

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