

YORKSHIRE BUILDING SOCIETY

TRAINING & COMPETENCE (T&C) POLICY GUIDE

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1. Purpose and Objectives

1.1 Purpose

This Policy Guide underpins the T&C Policy, and gives further information on:

- Ownership of T&C schemes
- How business areas will implement and maintain T&C schemes

This guidance is intended for Senior Managers, owners of T&C Schemes and colleagues who want to know how competence is managed when there is a need for more evidence than the Society's Performance Development Process can supply.

1.2 Scope and Ownership

This guide is applicable across all brands in scope of T&C schemes:

- Retail Distribution (colleagues involved in the advice, sale, or servicing of customer products in the branch network, and agencies)
- Mortgage Advice Team (colleagues involved in the advice, sale, or servicing of customer products in the contact centres)
- Customer Services (colleagues involved in underwriting, collections & recoveries, complaints or the administration of customer products and the sale or administration of Insurance policies)
- Mortgage Trading (colleagues responsible for the development and manufacture of mortgage products)
- Conduct & Credit Risk (colleagues involved in the assessment of suitable mortgage products and the development of mortgage products)

Other business areas/functions are not excluded from implementing a T&C scheme (and can do so if required or as best practice) and where they choose to do so, will be in scope of the T&C Policy.

Business areas have the flexibility to agree different models for T&C. The T&C Policy is not prescriptive around ownership or implementation.

This guide does not include:

- Approval or assessment of fitness and propriety for Senior Manager Functions or Certified roles. This is managed through policies and processes relating to Our Trust Code and the Senior Managers Regime.
- Business areas outside of the scope above. Performance and competence are managed locally through the Society's Performance Development Process.

1.3 What happens if the Policy is breached?

If the T&C Policy is breached, business areas may be unable to evidence that colleagues are competent. Failure to comply with the Policy may result in a breach of regulation which in turn may lead to significant regulatory censure and fines.

1.4 Governance and Change Management

This Policy Guide will be reviewed annually.

2. Policy Guide Content

2.1 General Guidance on T&C

Why do we have T&C?

Competent colleagues support the delivery of good customer outcomes, whilst colleagues who are not competent increase the risk of poor customer outcomes. Competent colleagues are vital for YBS to support customers to pursue their financial objective and act in line with its purpose, strategic priorities, and risk appetite.

The purpose of a documented T&C scheme is to structure how colleagues can evidence competency (regardless of length of time in the role).

The level of knowledge and skill that represents competence is different for every role. Supervisors are responsible for evidencing colleagues have the right level of knowledge, skill, and behaviour.

Why are only certain business areas in scope of T&C?

Business areas defined as 'in scope' and have a T&C Scheme in place, have an increased impact on Customer Treatment, Sales Suitability, Retail Credit, Product Governance, or Complaints Resolution, so the T&C schemes are important to evidence the right controls are in place.

For some business areas, due to Regulatory Requirements (i.e. requirements for MCD - Mortgage Credit Directive) they are in scope of the FCA Training & Competence (TC) Sourcebook.

For other colleagues, onboarding, on-going Performance Development, and good quality quarterly check-ins are used to evidence competence.

Why are Directors of in-scope areas responsible for ensuring there is a suitable T&C Scheme in place?

Directors must make sure the right controls are in place to manage the risks of their business functions; this includes the competence of their colleagues.

2.2 Guidance on T&C Schemes

T&C Scheme owners must have a documented approach for colleague competence. This can look different for each business area, depending on the risk-based approach and your view on how best to define and assess competence. The important thing is there's something documented over and above the Society's Performance Development process that helps to evidence colleague's knowledge and skills.

What does a good T&C Scheme look like?

Depending on the complexity of the role, a description of competence could be as simple as the knowledge and skill outlined in the role profile, or as complex as a matrix identifying which roles must be competent to complete which task. The objective is for colleagues to know what knowledge, skill, and behaviour they need to demonstrate to be competent.

A Route to Competence

This describes the activities to develop and evidence competence, normally this will be a combination of induction training, classroom, or virtual training, on the job coaching and feedback, and direct supervision to check the training has been effective. There must be an assessment of competence (see section 'Making an Assessment of Competence') which confirms the colleague has the minimum knowledge, skill, and behaviour.

A regular assessment of competence

A review of competence evidence must occur regularly, followed by an assessment of the colleague's competence. The timescale for a review is dependent on the individual scheme, usually a minimum of quarterly. (Exceptions can be made when there isn't opportunity to do this, absence for example).

A regular assessment should also identify if any changes have been made to products, processes, regulation, or systems which would affect knowledge, skill, and behaviour along with what development is needed to remain competent.

What happens if competence isn't maintained?

All competence concerns must be managed in line with the Society's Performance Improvement Policy. Requirements of competency must be clear, detailed and evidenced.

T&C schemes also include details on managing a colleague back to competence following a return from long term absence.

A Risk Based Approach

Evidence of competence is dependent on the risk level of the role.

Higher risk roles (those involved with regulation, complex customer outcomes, that give advice or make decisions based on customer needs) need higher requirements to evidence knowledge, skill, and behaviour, therefore they:

- Have several different checks and assessments during training then a period of increased supervision (which may include 100% supervision) to make sure knowledge and skill can be applied.
- Use quarterly performance development check-ins to monitor and review competence.
- Carry out regular monitoring across a range of tasks to test the required knowledge, skill, and behaviour.
- Complete regular monitoring and assessment of supervisors by line managers.
- Issue certificates or mandates to confirm colleagues can do certain things, part of which is the assessment of competence.

Lower risk roles (who may deal with more admin, where the skills or knowledge are narrower or have less chance of poor outcomes) require less evidence to confirm competence:

- Learning and monitoring on the job rather than a series of structured assessments during training.
- More reliance on the line manager monitoring or quality control checks as an indicator of competence
- Performance Development check-ins as the main or only assessment of competence once colleagues are out of training.

2.3 Guidance on Supervision

Managers are responsible for making assessments of competence and therefore must be competent in supervision to undertake this task.

Making an Assessment of Competence

- **Assessing competence at the start of the role** – a supervisor is confirming a colleague has the knowledge and skills to do a role, along with expertise and a good standard of ethical behaviour. It doesn't mean they are perfect, or they don't have development areas, it means they are capable of doing what they need to do without causing poor customer outcomes. This assessment doesn't need to happen before a colleague can actually do anything – colleagues can do the role before they are assessed as competent, providing they are under the supervision of someone who is competent.
- **Assessing competence regularly** – this is generally achieved through one to ones and quarterly check-ins.

Performance Against Defined Competence Standards

Each individual T&C scheme must have a clear definition of competence, so colleagues can understand what levels of knowledge, skill & behaviour are expected. There are different ways to do this, and tools to help colleagues. These are listed below:

Role Profile	This is an absolute minimum definition of competence as it outlines the outcomes expected, but rarely explains what level of knowledge and skill you would expect, or how this is assessed. As an example, it might state “product knowledge” without detailing which products, to what level and whether this is measured by passing training, completing a test etc.
Descriptions of tasks or processes	The specific tasks, or “skills” which must be completed, along with the accuracy, timescales, or amount of those to be considered competent (e.g. “able to process savings instructions”) and frequently are matched with a standard (e.g. “less than 3 errors in a quarter”, or “within service levels”). This provides a clear standard against which managers can assess colleagues, but often does not encourage a view of why these standards have or have not been achieved (is it due to colleague competence, or operational circumstances?)
Knowledge and Skill matrices	These are defined knowledge and skill documents which managers and colleagues can use to evidence knowledge and skill is at the right level. They offer the most direct evidence that knowledge and skill is at the right level and requires managers and colleagues to pull information from different sources to evidence knowledge and skill.
Individual Colleague Objectives	Objectives should flow from the Society’s strategic ambitions, so colleagues can see the impact they have on the Society, and the part they play. They should be re-set each year to reflect the changes to the Society’s plans and reviewed regularly throughout the year to ensure they remain relevant. They are a great tool in focussing on the areas that the colleague wishes to develop, and these can be built up using areas of their T&C scheme that they wish to focus further on. Objectives are individual, forward looking and colleague driven. They do not document specific areas of the T&C scheme that require development.

In practice, one or more of these methods may be used to define and evidence competence. Using multiple methods gives the richest evidence, it requires Supervisors to make decisions about the evidence they have, the root cause in terms of knowledge and skill, and what to do next.

Results of any monitoring, including quality control or quality assurance

The majority of business areas complete some sort of monitoring, which just means watching or listening to what happens when a colleague is doing some part of their role.

If monitoring takes place the results must be used in assessments of competence, as this is direct evidence of how knowledge and skill is applied. For monitoring to provide evidence of competence it must meet some or all of the conditions below:

- It works at a colleague level, so it can be used to give feedback to one or more colleagues.
- It is assessed against agreed standards, which may be based on policies and processes, behavioural standards or desired outcomes for whatever work is being observed.
- It is an indicator of colleague competence, not the quality of policies, processes, or systems to achieve the right outcomes.

Complaints

Complaints are vital evidence of knowledge and skill for the majority of in-scope areas; they provide a view completely independent of any T&C scheme, planned monitoring or supervision. This is why they can be used as part of evidencing competence. There are a number of ways to use complaints, depending on the data you get:

Handling complaints	Managers get insight about colleague competence by assessing complaints handled by colleagues, where relevant.
Volume / Type of complaints	Can give an indicator of competence issues across a business area or team, but not without further analysis.
Complaint Handler feedback	This is provided when Customer Relations can isolate one of the complaint root causes as colleague competence and is fed back to line managers to use in competence assessments.
Root Cause Analysis	May determine competence is a root cause of complaints, likely to determine a wider training or development need across a population.

Continuous Professional Development (CPD)

CPD makes sure that knowledge and skill are kept up to date. This could be a one to one with a manager, feedback following some checks on a colleagues work, mandatory learning and testing or a training course to learn something new needed for a role.

CPD is mandatory for two groups of colleagues for regulatory reasons:

- Mortgage Advisers and Supervisors
- Colleagues, who sell, administer, or manage Insurance policies.

These colleagues are listed below, along with the arrangements to evidence this CPD:

Role	CPD requirement and where it is found	Oversight provided by
Mortgage Advisers	Minimum 20 hours CPD annually, communicated annually	Checked by Line Manager (at least annually)
Mortgage Supervisors	Minimum 20 hours CPD annually, communicated annually	
Colleagues who administer Insurance policies	15 hours CPD annually, detailed in T&C scheme	
Colleagues who sell Insurance policies	15 hours CPD annually, detailed in T&C scheme	
Supervisors of colleagues who sell and administer Insurance policies	15 hours CPD annually, detailed in T&C schemes	
Colleagues who are involved in the management of sales / administration of Insurance policies	CPD consistent with the nature of their role and responsibility within the firm. Those in scope are informed annually.	

For all other colleagues, they must still keep knowledge and skills current; whether it's called CPD or not, and how much is enough to evidence competence, is a business area decision. This means as part of regular

competence assessments, or when things change, there must be some evidence that training needs are discussed.

Appropriate action when competence gaps are identified

A competence gap means that there's an area of knowledge, skill, expertise, or behaviour that a colleague isn't performing at the standard defined. This might be because processes, roles or systems have changed, or it might be because a colleague is struggling in the role. The process is the same either way:



The action to take when there's a gap in knowledge and skill must concentrate on 2 things:

- Customers: Where there's a competence gap, there's an increased customer treatment risk. Managers must be comfortable they understand the risks to customers and put right any poor outcomes.
- Colleagues: Agreeing and implementing the right actions that will remedy the knowledge or skill gap and consider if there are any other colleagues who need support.

There must also be consideration to telling the right people if these competence gaps are going to cause any issues. These people can use the information to spot trends, support Managers or escalate where it's needed:

- Policy Owners – certain policies may ask business areas to report breaches of T&C Policy to the Policy Owner.
- Risk & Control Self Assessments – if there's a competence gap across a whole group of people, or a change hasn't worked / been communicated effectively, it may be appropriate to record this in the RCSA.
- Regulatory Conduct Breach Incident (RCBI) reporting – any breach in regulation is reported through this process.
- Breach of Conduct Rules (Our Trust Code) – this is reported through the RCBI process (as above).

If development isn't successful any Disciplinary or Performance Management action must comply with the Disciplinary Policy and/or Performance Improvement Policy.

2.4 Guidance on Record Keeping

Keeping accurate records for the right length of time allows the Society to evidence it is managing competence in the right way. Worksmart is the primary tool to evidence colleague competence and is built to achieve all of the points below, although its use is not mandatory.

- Records of colleague competence are described as:
 - Defined standards of knowledge, skill, and behaviour
 - Regular assessment of competence (e.g. observations)
 - Regular competence reviews (e.g. one to ones)
 - Development action taken and why it was needed.



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The current retention period for competence records is 6 years after a colleague leaves the Society, which aligns with the Society's Data Retention Standards for colleague records.