

Yorkshire Building Society

Training & Competence (T&C) Policy Guide

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 that the Performance Development Process can supply.

1.2 Scope and Ownership

This Guide is aimed at the following in scope roles:

- Director
- Risk Category Owners
- Senior Managers
- Supporting Risk Functions

This Guide is applicable across all brands (YBS/Accord & N&P) in scope of T&C schemes:

- Retail Distribution (colleagues involved in the advice, sale or servicing of customer products in the branch network, contact centre and agencies)
- Customer Operations (colleagues involved in underwriting, forbearance, complaints or the administration of customer products and the sale or administration of Insurance policies)
- Trading (colleagues responsible for the development and manufacture of mortgage products)
- Financial Crime
- Customer & Commercial Risk (colleagues involved in the assessment of suitable mortgage products, and colleagues involved with the development of mortgage products)

Business areas have the flexibility to agree different models for T&C. The Policy is not prescriptive around ownership or implementation. Commercial Lending (colleagues involved in the sale and administration of customer products) have opted in to a T&C scheme as best practice.

This Guide does not include:

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

1.3 What Happens if this Framework is Breached

If the Framework is breached, business areas are unable to evidence that colleagues are competent; it could result in regulatory censure, either through failure to meet FCA Systems and Controls or T&C requirements.

1.4 Governance and Change Management

This Policy Guide will be reviewed annually, usually in line with the T&C Policy. Changes can be requested by e-mailing the Policy Guide owner.

2. Policy Guide Content

2.1 General Guidance on T&C

Why do we have T&C?

Competent colleagues support fair customer outcomes, whilst colleagues who are not competent increase the risk of unfair customer treatment or unsuitable sales.

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?

All of the business areas in scope of T&C schemes have an increased impact on Customer Treatment, Sales Suitability, Retail Credit, Product Governance, Complaints Resolution or Financial Crime Risk, so the T&C schemes are important to evidence the right controls are in place.

For our other colleagues, Performance Development and Quarterly check in's are enough to evidence competence.

Why are Directors/Risk Category Owners responsible for putting T&C in place?

Directors/Risk Category Owners 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

If you're in scope of the T&C Policy you must have some sort of documented approach for colleague competence. This can look different for each business area, depending on our risk based approach and your view on how best to define and assess competence. The important thing is there's something over and above Performance Development that helps to evidence colleague's knowledge and skills.

2.2.1 What does a good T&C Scheme look like? A Description of competence

Depending on the complexity of the role, this 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.

2.2.2 A Route to Competence

This describes the activities to develop and evidence competence, normally this will be a combination of induction training, classroom 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 2.3.1) which confirms the colleague has the minimum knowledge, skill and behaviour.

2.2.3 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. (And 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.

2.2.4 Detail about what happens if competence isn't maintained

All competence concerns must be managed in line with the Society's Performance Improvement Policy Guide. 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.

2.2.5 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 evidence of knowledge, skill and behaviour, therefore they:

- Have a number of 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
- Have quality checks or assurance completed by an independent team as well as line manager monitoring
- Use a number of different indicators to assess competence regularly
- Carry out regular monitoring across a range of tasks to test the full range of skills
- Complete regular monitoring and assessment of supervisors by line managers and independent teams
- 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 line manager monitoring or quality control checks as an indicator of competence
- Performance reviews as the main or only assessment of competence once colleagues are out of training.

2.3 Guidance on Supervision

The Policy states managers are responsible for making assessments of competence and therefore must be competent in supervision to undertake this task.

2.3.1 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're perfect, or they don't have development areas, it means they're capable of doing what they need to do without causing unfair customer outcomes. This assessment doesn't need to happen before a colleague can actually do anything - it's OK for a colleague to do the role before they're assessed as competent, providing they're under the supervision of someone who is competent.

Assessing competence regularly - this is generally achieved through one to ones and Quarterly Check Ins.

2.3.2 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 | <p>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”).</p> <p>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?)</p> |
| Knowledge, and Skill matrices | <p>These are defined knowledge and skill documents which managers and colleagues can use to evidence knowledge and skill is at the right level.</p> <p>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.</p> |
| Active Objectives & Performance Indicators | <p>Active Objectives & Performance Indicators provides colleagues with their own individual areas of Performance Development, and are individual to each colleague - to drive their own performance.</p> <p>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. Active objectives are individual, forward looking and colleague driven. They do not document specific areas of the T&C scheme that require development.</p> |
| Capability Framework | The Capability Framework is a useful tool to aid colleagues in thinking about individual strengths and how to use them to the best effect, whilst also giving colleagues the ability to consider areas that they may require additional support & development. The framework is forward looking and colleague driven, and therefore does not document specific Training or Competence requirements. |

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 Managers to make decisions about the evidence they have, the root cause in terms of knowledge and skill, and what to do next.

2.3.3 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.

2.3.4 Complaints Received, and the Outcome of Those 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 must 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 handling complaints. |
| 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. |

2.3.5 Continuous Professional Development (CPD) is Appropriate to Maintain Competence Standards

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 your work, mandatory learning and testing or a training course to learn something new needed for a role.

CPD is a must for two groups of colleagues:

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

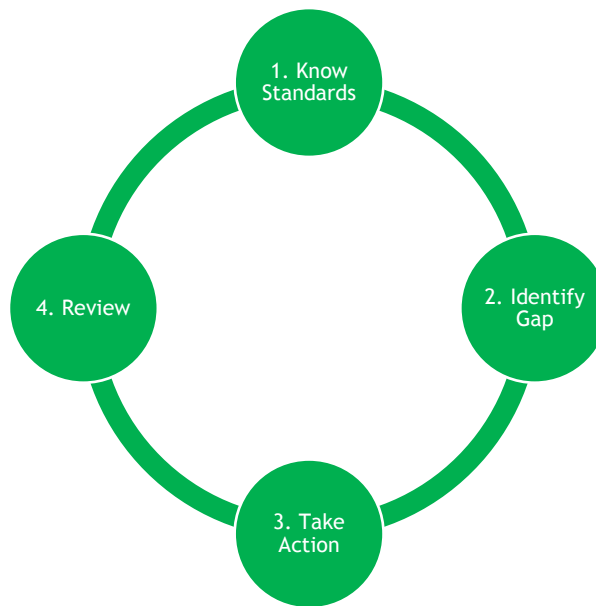
These colleagues are listed below, along with the arrangements to evidence this CPD:

| 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), governance provided by local risk team |
| 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 skill current; whether it's called CPD or not, and how much is enough, 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.

2.3.6 Appropriate Action When Competence Gaps Are Identified

A competence gap means that there's an area of knowledge, skill, expertise or behaviour that isn't 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 unfair outcomes
- Colleagues: Agreeing and implementing the right actions that will remedy the knowledge or skill gap, and considering 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 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 Guide and/or Performance Improvement Policy Guide.

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, its use is not mandatory.

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

The current retention period for competence records is 6 years after a colleague leaves the Society.