



## **Managing Overseer T&C: The 4 key aspects to consider**

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**A whitepaper designed to help you discover the  
importance of Overseer T&C and its impact on  
your firm**

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# Introduction

**Mention Training and Competence (T&C) and people instantly think of advisers and the importance competency plays in the advice process. We all know about the applicable requirements, especially the level four qualification requirements that have played such an important role in enhancing further levels of professionalism. However, T&C does not just apply to advisers, as well as the best practice driver for all staff, the TC rules refer to the Overseer role in some firms.**

How many people could articulate what an Overseer does despite the fact that individuals who hold such roles play a vital role in the overall customer experience? Having worked with Overseers since the introduction of this designated role in 2001, I fully appreciate that at times they are inappropriately seen as the poor relations of T&C. This of course, is not the case and if we are really applying best practice to deliver positive customer outcomes all of the benefits of T&C equally apply to Overseers and their management.

Let's firstly consider the FCA's definition of an Overseer – an individual who oversees on a day to day basis at least one of four activities:

- Operating a collective investment scheme or undertaking the activities of a trustee or depository of a collective investment scheme
- Safeguarding and administering investments or investment scheme
- Administrative functions in relation to managing investments
- Administrative functions in relation to effecting or carrying out contracts of insurance which are life policies

Without going into too many technical definitions we can see that a broad range of activities are covered – activities that are predominately undertaken at the likes of life offices, Platform businesses and specialist Investment firms.

Looking at the dictionary definition gives a better indication of the type of role undertaken by the Overseer – “a person whose job it is to make certain that employees are working or that an activity is being done correctly”. In other words, it is a management role – one that manages staff who undertake some element of business processing. This can range from setting up policies to the payment of claims.

I mentioned that T&C is most associated with advisers. Their role ultimately leads to the setting up/ amendment of some type of “business” that will invariably find its way to the “provider” for processing whether this is a traditional “prop” to a life assurance company or placement of investments to a digital platform. This is when the Overseer role comes into play, making sure that the processing of business is delivered in a manner that the client (and where appropriate their adviser!) would

expect. So whether they are called, a Section Manager, Team Manager, Team Leader or whatever the Overseer plays a critical role in ensuring the customer experience is at a level all parties would desire whether it is the client, the firm or indeed the regulator.

A rhetorical question will help to emphasise the importance of the Overseer – imagine a member of your family had died or suffered a critical illness, what level of service would you expect in terms of the payment of the claim? The Overseer is at the heart of customer service in Financial Services. Add in the fact that the industry does not have the best of reputations for excellent customer services and you can see how important Overseer T&C should be regarded.



## T&C Rules for Overseers - what are the differences?

It is perhaps strange therefore that the T&C rules applicable to an Overseer are not as detailed as they are for the adviser. The main notable differences are around:

- Exam requirements
- Continuous Professional Development (CPD)

In terms of exams, there is no Qualifications and Curriculum Authority (QCA) level four requirement, rather options around level three certificate exams. For example, passing the Chartered Insurance Institute (CII) exams CF1 UK Financial Services Regulation and Ethics and FA1 Life Office Administration would be sufficient for an Overseer managing a team working in a life office claims department.

There is also a couple of further anomalies with exams – unlike the adviser; the Overseer does not need to pass the required regulatory paper prior to commencing activity and there are no set timeframes for the achievement of exams, this is left to the firm's discretion. Guidance is given in the TC rules (2.2A5), suggesting a 30 months' timeframe that personally I feel is too long given that potentially only two exams need to be achieved. Ultimately, it is for the firm to decide but Overseers should be encouraged to complete exams as quickly as possible as leaving it too close to any set deadline just creates more stress.

Given the emphasis on the management aspect of the Overseer role this difference in exam requirements feels appropriate – technical knowledge gained through the achievement of exams plays a much smaller part on the overall competencies required in a predominately management role.

Similarly, it could be argued that not prescribing a set number of CPD hours is also appropriate. My experience is that CPD covers such a broad spectrum for the Overseer that setting an arbitrary set of hours is potentially creating a tick box exercise of simply gathering hours rather than genuinely considering development needs. So, there is a requirement to “maintain” competence but no reference to a set number of CPD hour activity or indeed how the Overseer maintains their competence in terms of structured/unstructured learning. This is not to say that this “lesser” requirement removes the need for continuous development of expertise – far from it, just that it needs to be considered in a different way from an adviser so that value is added.



## Managing Overseer competence

There are also rules differences around notifications and supervision but let's now focus on the competencies applicable to the Overseer and how to measure and develop these. The competencies are often broken down into three key areas:

- knowledge of systems, processes and firm proposition
- regulations including conduct issues, Treating Customers Fairly as well as data protection/ financial crime
- management skills including behaviours

The first category is often not a challenge for the Overseer who has often “come through the ranks” and are already very familiar with the firm’s systems, processes and proposition. Initial and ongoing assessment is needed with testing and observation/demonstration appropriate methodology especially when linked into a T&C system that drives effective MI collection and review.

One aspect to consider is an externally appointed Overseer - this competency area can be a real challenge and needs to be subject to an intensive induction process to enhance the learning process and demonstration of desired knowledge level.

The second category can perhaps be bracketed under the heading of risk management. The Overseer has to understand the risk environment applicable to their role and business area. Often these competencies are developed via e-learning similar to the approach adopted for all of the firm’s staff. This can sometimes lead to an over reliance on Computer Based Training that can lead to “death by CBT” using simple and repetitive testing! Easily avoidable, especially if up to date e-learning solutions are used but it is important to ensure that learning in this area uses a blended learning approach with practical real life scenarios used to develop and assess competency.

It is the third competency area that perhaps requires most consideration – a successful Overseer needs to apply all three competencies but management expertise is the real differentiator that enhances customer outcomes. A well managed, motivated and developed team will always perform well. Sadly, management skills are often taken for granted irrespective of the manager’s experience. Perhaps a rhetorical question will emphasise the importance of management skills – how often in your career do you feel you have really been managed well across all the management skill competencies applicable to a manager?



# Addressing Overseer skill gaps

Let's consider two component parts of management skills that equally apply to T&C Supervisors and are indeed, prescribed by the Regulator to the Supervisor role – coaching and assessment skills.

Coaching skills are self-explanatory (albeit often not routinely applied) but assessment skills is a broad definition that covers aspects such as ability to assess performance, not just as to how the role is performed, but how development is applied especially in terms of application of learning to the role. It covers the ability to assess role Key Performance Indicators (KPIs), behavioural issues including motivation and future ability and talent management.

The challenge is not just how these are developed and assessed on appointment (and during an attaining competence stage) but continued during the maintaining stage. Both coaching and assessment skills should be covered during all stages of the T&C cycle using a broad range of learning techniques (not just the theory element but also practice through role play etc.) and assessment methods.

From the theory perspective, the CII J07 Supervision in a Regulated Environment (or equivalent) is a good option but let's consider two assessment methods that can be applied as both development and assessment methods:

- observation of the Overseer
- 360 ° surveys

During my time working with Overseers I have always been struck with how powerful observations can be. Many external appointees told me that observations were not undertaken at their previous firms and that they really value the feedback offered post observation and how this can be used to enhance their expertise. Yes, it is a way of assessing expertise but it is a hugely powerful development tool irrespective of who observes, the Overseer's Supervisor or an independent person such as a T&C professional. Again, from my experience the benefit of using different people to observe rather than just relying on the supervisor/manager should not be underestimated. Having a second pair of eyes who is neutral on operational issues can help identify further development opportunities for the Overseer. Throughout my time undertaking such observational activity I have always been struck as to how well the Overseer takes to a neutral person offering developmental feedback. Ideally, both Supervisor and third party will be used over a period of time.



So whether observing the Overseer conduct a 1 to 1 meeting with a member of staff, a performance review meeting, a team meeting or even an “at desk” observation a rich seam of information as to the application of management skills will be gained.

An absolute must is an observation checklist (OCL), used to identify the desired skills and behaviours. In addition, the OCL should include room for feedback not only to be captured but to assist the observer with the delivery of the feedback, ideally both verbally and in writing.

Feedback also plays a key role when 360° surveys are used. These will include statements against the key competencies around coaching and assessment skills (and other issues deemed important such as risk management application) that the Overseer, their manager (Supervisor) direct reports and stakeholder group will score using an agreed scale.

360s are often criticised and or disliked leading to a reluctance to use. However, if properly managed with an emphasis placed on the developmental aspect (as well as the assessment technique) they offer a fantastic insight into performance and areas where performance can be further enhanced. As mentioned, how the resulting survey report is fed back to the Overseer is the key – ideally delivered by someone with genuine expertise in analysing and reporting back on such assessments.

There is of course a much wider application to 360s around broader reporting to the business as they provide indicators of broader companywide training needs, act as benchmarks for the competency being reviewed and support the performance management process. In the past I have seen benchmarking being used to effectively develop coaching expertise across an organisation with survey statements that consider coaching expertise and application. Furthermore, with increased focused on behaviours, again 360s can offer insight as to how a firm is measuring up against the desired standard of behaviour and conduct.



## Defining Overseer KPIs

Of course these assessments methods can support the analysis of Overseers KPIs. Adviser KPIs are well documented but again, Overseer KPIs are less well defined. Whilst not ignoring the technical/regulatory knowledge related KPIs, management skills KPIs need to be given equal importance given the management rationale of the role. Consider including KPIs that review aspects such as:

- Turnover of staff
- Empower/engagement scores
- Appraisals subject to appeal
- Team Sickness levels
- Promotions from within the Overseer's team

This is not an exhaustive list – consider how you can measure the desired outcomes from the desired managerial behaviours.

On the topic of desired managerial behaviours, one further aspect needs to be considered. Although the level of Supervision and monitoring applicable to an Overseer is often not as prescribed as that for an adviser, if you genuinely believe in the best practice driver for T&C surely firms will ensure that Overseers are well supervised. Sadly, this is often not the case, with limited genuine supervisory activity that focuses on the development of the Overseer's expertise. The trap of focusing on operational issues and challenges is often fallen into when it comes to Supervisory activity. That is not to say that the monitoring side of the Supervisory role should be ignored, rather it should also be used identify development opportunities for the Overseer.

A close-up photograph of two business professionals in blue suits. One person is holding a silver pen over a document, while the other's hand is visible near the document. The scene is brightly lit, suggesting an office environment.

## Conclusions

In summary, although the rules are not as detailed for Overseers as for Advisers, there is no reason or justification to treat Overseers as the poor relations of T&C. Given the pivotal role the Overseer plays in delivering the customer outcomes we all desire, proactively applying all of the T&C best practice drivers will ensure positive customer outcomes and rafts of internal benefits such as enhanced empowerment and engagement. Develop and assess Overseer management expertise both at outset and ongoing and firms will reap real benefits.

It is therefore common sense for firms to consider systemising their T&C arrangements and adopting good practice methods of managing competence, developing skills and collecting and analysing data.

Setting up and managing an effective and compliant T&C scheme can be costly and time-consuming. That is where the know-how offered by industry experts can help companies answer some of the fundamental questions that will be asked by your firm and by the FCA and PRA about the competence of your staff and your senior managers.

# About the author

**Bruce Walker is Divisional Director at National Regulatory Services Ltd (NRS). Bruce has a wealth of experience across several roles within Financial Services. After Administration Management roles at Scottish Life, Bruce joined the Life Assurance and Unit Trust Regulatory Organisation (LAUTRO) undertaking monitoring and enforcement duties across the range of LAUTRO authorised firms including time on the Investigation Unit. When LAUTRO became the Personal Investment Authority (PIA) he continued to undertake monitoring activity across a broader range of firms including focus on the newly introduced Training & Competence (T&C) rules.**

In 1996 Bruce joined Scottish Equitable/AEGON initially as Compliance Manager for Direct Sales and then Broker Sales. Part of the role remit was to develop regulatory training and in 1998 Bruce moved to the Sales Department to focus on regulatory training, both internally and externally with Independent Financial Advisers.

In 2001 his remit was extended to cover Overseer T&C taking accountability for all T&C arrangements, successfully combining best practice and regulatory drivers. Over the years Bruce extended the reach of regulatory best practice through learning and development running multiple SYSC based T&C arrangements in conjunction with senior Sales Training management responsibilities. At times this was operated from HR or Risk Departments giving Bruce a rare insight into differing perspectives around T&C and regulatory issues.

During his time at AEGON, Bruce also undertook personal consultancy work helping a diverse range of firms with Compliance and T&C issues. He also spent time as an Investors in People Scotland Employer Representative gaining a valuable insight into organisation development and people strategy issues.

At the end of May 2016, Bruce joined National Regulatory Services as Divisional Director undertaking compliance monitoring activity and developing regulatory and T&C related training.



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# About National Regulatory Services (NRS)



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