



# Skills Report 2013

The Personal Finance Society

**Personal Finance Society**  
Standards | Professionalism | Trust



# Headline findings

- **Skills shortages:** This year has seen a reduction in reported skills shortages. The figure is down 26% points to 37%, the lowest since the survey began.
- **Planning:** The majority of firms have skills development plans, and where they don't have one, many expect to have one next year. Chartered firms are significantly more likely than non-Chartered ones to have a plan in place.
- **Headcount:** Almost half of employers say that they expect to increase headcount over the next year. This is a slight increase on 2012. Only 6% say they will decrease numbers. Such expectations are a sign of continuing confidence in the improving economy.
- **Recruitment mix:** The vast majority of employers believe that their recruitment mix has not changed over the past five years – an indication, perhaps, of the concentration on ensuring RDR compliance.
- **UK education system:** We have seen a further deterioration in attitudes towards the UK education system. Less than a quarter of employers believe education serves the sector well, whereas almost two thirds say that say it is poor at doing so. The question has to be where will the new talent come from?
- **Apprenticeships:** Awareness of technical apprenticeships has risen significantly – though there has been a slight drop in those employers willing to take on an apprentice. The majority of advisers would not know who to approach if they did want to get involved. Many are small businesses and would find it difficult to take on an apprentice.
- **Professional qualifications:** Two thirds of advisers believe that there is sufficient incentive, through improved recognition and differentiation from the competition, to aim for higher standards.

## The Personal Finance Society

The Personal Finance Society is the UK's leading professional body for the financial advisory profession, with over 34,000 members. By working closely with its members the Personal Finance Society represents their interests by shaping the future environment in which advice is provided, helping to engender the confidence of the public in the financial advisory industry and achieve the trust and respect afforded to similar established professions.



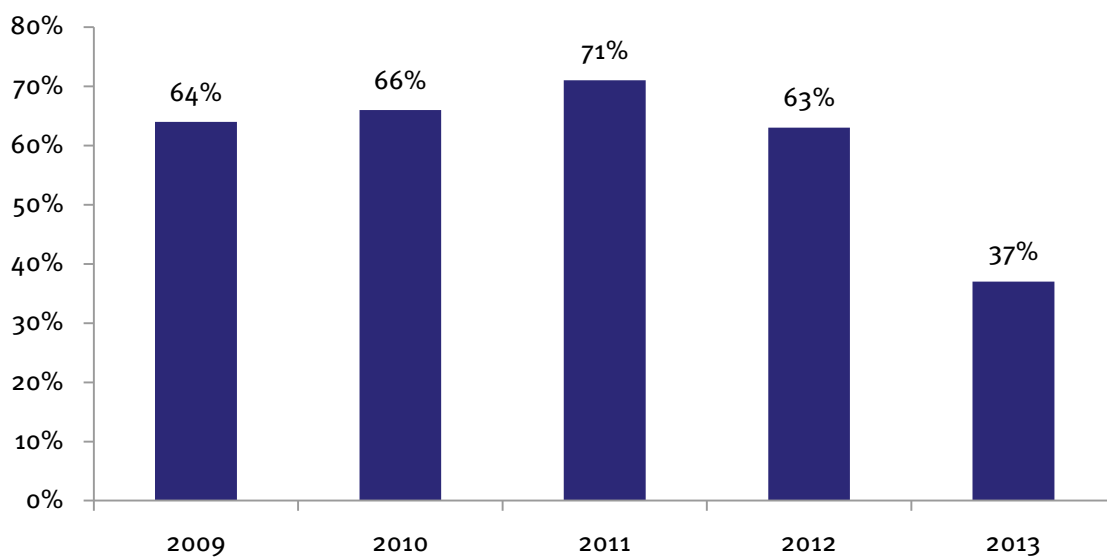
INVESTORS  
IN PEOPLE | Gold

# Personal Finance Society Skills Survey 2013

The first post-RDR PFS skills survey has thrown up challenges as well as interesting opportunities for the profession to consider.

1500 members<sup>1</sup> replied to the seventh running of the survey, which provides a comprehensive picture of the skills landscape across financial advice as well as insight into employers' view of the UK education system. Once again the excellent response from members highlights the importance of skills to the future of the financial planning profession.

**Figure 1. Do you believe that there is a shortage of technical skills in key areas of your business?**



The broad assessment from this year's results is that, for the moment at least, the skills situation in the advice profession is relatively healthy. Indeed the number of employers reporting skills shortages has dropped to its lowest level (37%) (Fig. 1). Yet despite this there are serious questions that relate to the future of the profession – where will the next generation of advisers come from and how can we attract top talent?

## Surveying the landscape

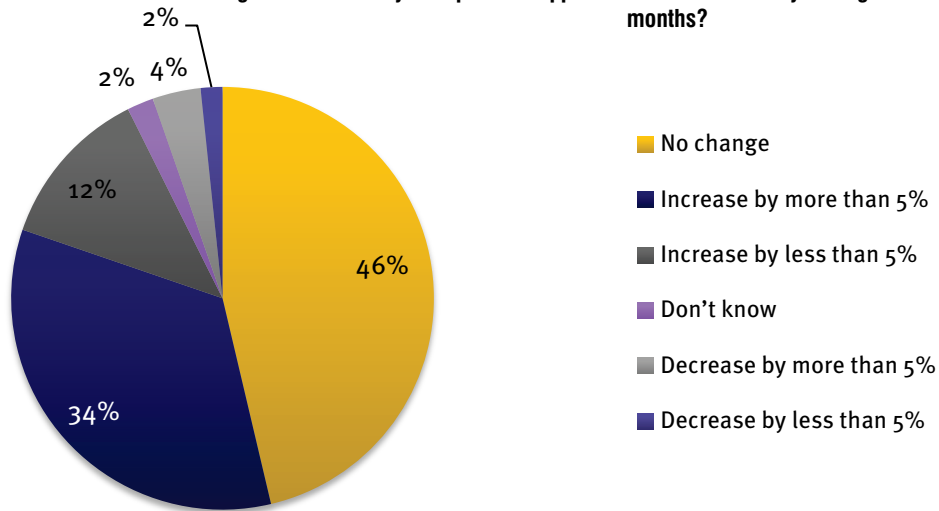
The post-RDR position looks more positive than many commentators expected. Also the UK economy is beginning to show signs of a meaningful recovery. Both happenings have led to cautious optimism which is reflected in the number of advisers looking to increase their headcount over the next 12 months. Almost half (46%) expect to do so, against only 6% who feel they will need to cut numbers (Fig. 2).

A difficult business environment, coupled with the pressures brought on by the need for RDR compliance had meant that many firms paused recruitment plans. Indeed most employers believe that the recruitment mix has changed little over the past five years. This is likely to change as we are now seeing business confidence begin to rise and employers looking to grow again.

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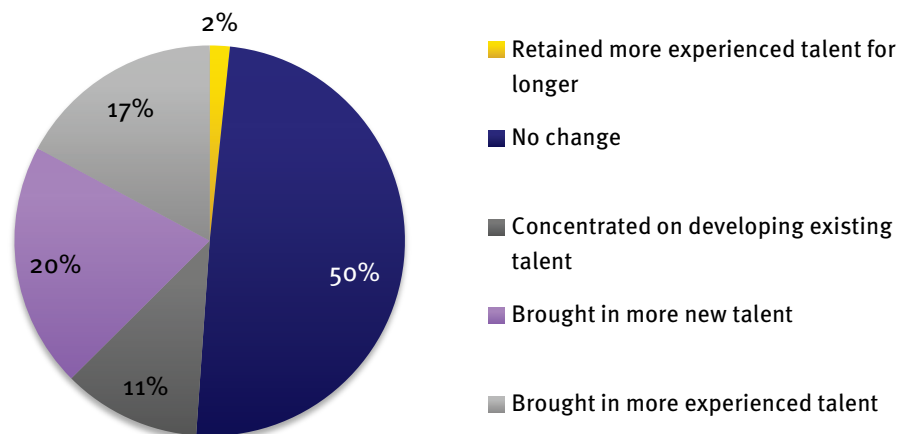
<sup>1</sup> 1498 Personal Finance Society members responded to this year's skills survey. Of those 542 were employers. The survey was carried out in out in July/August 2013 and was sent to all qualified, UK based members.

**Figure 2. What do you expect to happen to the headcount in your organisation over the next 12 months?**



The majority of firms told us that they have or are looking to implement a skills development programme. Dig a little deeper and we find that Chartered firms are significantly more likely to have a plan in place than a non-Chartered ones. This is another sign of how engaged members are with the issue. The question is, how long term is the planning?

**Figure 3. Do you believe that the recruitment mix within your organisation has changed over the past five years?**



## Building for the future

It is all well and good recruiting, but do firms have access to the right talent with the right skills. Today this appears to be less of an issue as economic conditions, through redundancies and reduced demand, have ensured a pool of available individuals. But what about the future? Where are the advisers of tomorrow?

In the past providers have offered a ready supply of new entrants – but this situation is changing as the provider model evolves. Although the preferred method of recruitment was word of mouth, this is unlikely to be sufficient in the long term.

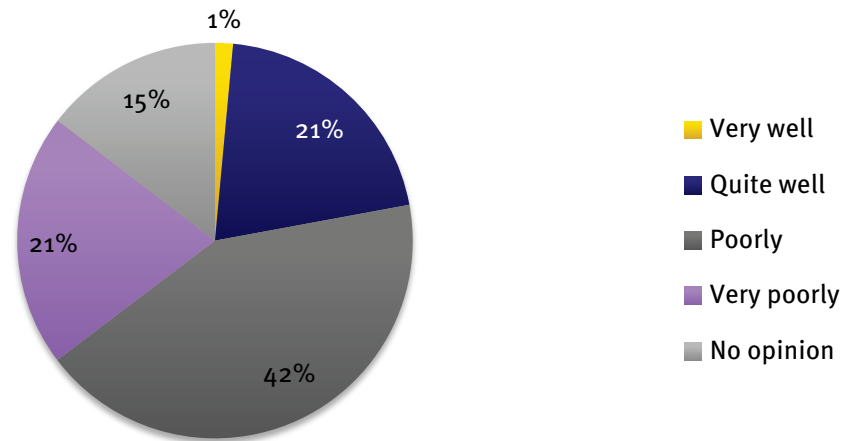
This skills survey offers an ‘amber warning’ in relation to the future of the profession – i.e. the need to identify future talent and to ensure pipelines that can deliver.

As a profession, we need to work to develop new and varied talent pipelines. Future advisers might be waiting for us in schools, colleges, universities or elsewhere in the labour market.

Collective action can help advisers access talent pools that have been relatively untouched in the past. If we can show what an attractive prospect financial planning can be then more and more of the top talent from education and high quality career changers will consider a career in advice. Hopefully the increased status as an embryonic profession will add lustre.

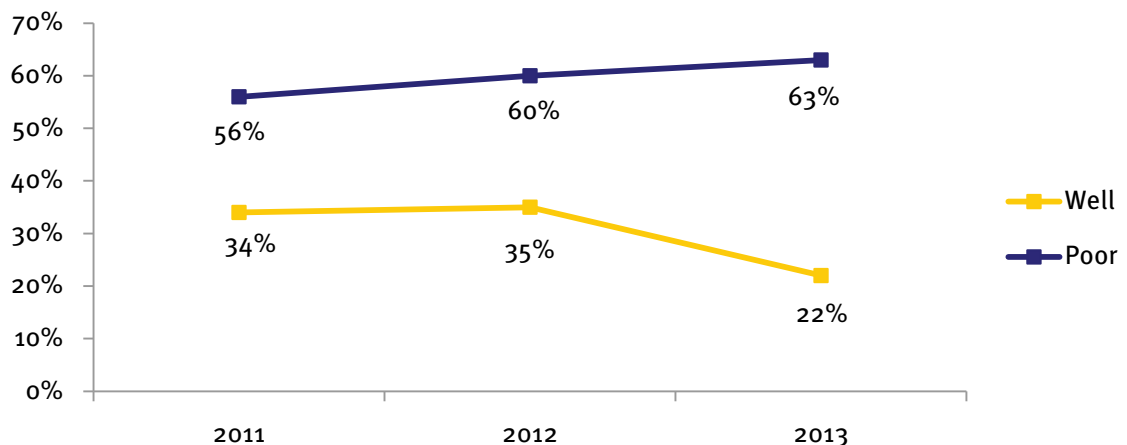
## Education

**Figure 4. Thinking of recent school leaver and graduate recruits, how well do you think our education system is serving our industry?**



The obvious place to start looking for the next generation of advisers is the education system. There are, however, issues here as an increasing number of employers, almost two thirds, believe that UK education does not adequately serve the needs of the advice profession (Fig. 4). Put bluntly, many members want recruits with better literacy and numeracy skills, and not to have to 'top-up' these basics.

**Figure 5. Thinking of recent school leaver and graduate recruits, how well do you think our education system is serving our industry? 2011-2013**



This less than favourable view is not limited to the advice community. Look at any survey of businesses and they all say pretty much the same thing. Therefore with more and more employers realising the need to secure talent from a potentially smaller pool as the labour market tightens, we as a profession have to be more active in trying to secure our share. We cannot expect it to come to us.

It is often difficult for employers to do this on their own – especially if they are a small enterprise. That is why it is important for the profession to work together to help create future talent pipelines. It is in everyone's interest to do so.

From the survey results it appears that advocacy is not a problem. Nearly three quarters of advisers would recommend a career in financial advice (71%). The positives highlighted were the number of opportunities available and the rewards on offer, on a personal level as well as a financial one. One way of channelling this enthusiasm is by supporting local schools and colleges in their provision of careers information. This is not as intimidating as it first sounds.

## Help is out there

Discover Fortunes, the Personal Finance Society's initiative to promote advice careers in schools and universities, is one way to engage with potential new recruits. Getting involved could not be simpler (contact [Caspar.Bartington@cii.co.uk](mailto:Caspar.Bartington@cii.co.uk)), the time commitment is minimal and the rewards are potentially great. Developing a link with a local school can help provide candidates in the future.

### Useful links

Apprenticeships: A guide to getting started <http://bit.ly/ZdUPgk>

Internships: A good practice guide <http://bit.ly/19OWk8L>

Offering work experience or internship opportunities is another good way of exposing potential recruits to the profession. Students often have misconceptions about what a certain career might involve and so offering the opportunity to gain first-hand experience is one way of promoting our profession. We've produced a guide to help those firms who would like to offer an opportunity but are unsure of where to begin.

Apprenticeships are another way of bringing in fresh faces and tapping into talent pools that might have been missed in the past. Awareness of technical apprenticeships (i.e. ones containing professional qualifications) is on the rise, up 14 percentage points on last year to 56%, but there is a significant percentage of employers who would not consider developing an apprentice. In some cases it does not fit with the business model, which is understandable, whereas others are put off by worries of red tape and bureaucracy, or by a lack of information.

Apprenticeships need not be daunting however and support is available from the CII/PFS. A step-by-step guide has been written to assist employers of all size get started and we can help you find training providers with experience of dealing with financial services apprenticeships. Small firms are now much better catered for in the apprenticeship space and extra funding is available for those that employ an apprentice.



Whereas our previous skills surveys have provided clear messages around investing in skills to provide a springboard for when the economy enters a recovery, this year it's a different story. As a profession we appear to be well placed today, with low skills shortages – the issue is when we look to the future. Where will new advisers come from? If we work together, we can answer that conundrum.



## Professional qualifications

A key component of an individual's skills set are professional qualifications. When asked why such qualifications are important respondents said that they are becoming as important as experience in demonstrating technical knowledge, and that acquiring them is in the public interest. Regulation was well down the list of results, signifying a shift in attitudes – last year regulation came top. This year's survey also found that two thirds of advisers believe that there is sufficient incentive, through improved recognition and differentiation from the competition, to aim for higher standards.

**Figure 6. Why do you believe that it is important to obtain professional qualifications in the industry?**



# The view from the front line

As part of this year's survey we asked a number of Chartered professionals their views on the skills situation across the advice profession.

## **With the RDR compliance deadline passed, and the economy showing signs of a recovery, do you think this will have an impact on investment in training and development and on recruitment and retention?**

Yes. Invest is the key word. Why wouldn't a Financial Planning firm invest in the training and development of its team? This is a people business and without good people providing quality advice there is no business. As we move towards professional status it is important that firms recognise that the training and development of its team is the key to a successful business and staff retention. Training and development is an investment in the future not a cost.

**Ruth Sturkey The Red House FP**  
**Chartered Financial Planner**

## **Do you believe financial planning is suffering from any skills shortages at present? What skills do you believe the profession needs to concentrate on developing in the future?**

Our profession is suffering a skills shortage in all areas (admin, paraplanners and advisers). The qualifications framework is there, and continues to evolve to meet the needs of participant firms, but we need to make our sector more attractive to school leavers and graduates in order to attract talent. In the adviser space in particular a broad range of skills is required, from technical, through business development to inter-personal. Training needs to address the whole spectrum.

**Paul Lothian BA (Hons), FPFS, ACII, CFP**  
**Verus Wealth**  
**Chartered Financial Planners**

## **Where do you believe the advisers of the future will come from? Do you see us using different avenues to find new talent?**

I expect the increased minimum qualifications and greater barriers to entry to lead to a wider recruitment of new (or recent) graduates, entering the financial planning profession via structured programmes with Chartered Financial Planner status the end result. I believe that new entrants to the profession will benefit from a similar approach to Accountancy and Law, where trainees learn all aspects of a business by rotating through departments and completing a structured training contract over 2-3 years.

**Ben Rees LLB (Hons) IMC FPFS**  
**Chartered Financial Planner**  
**Denehall Wealth Management Ltd**



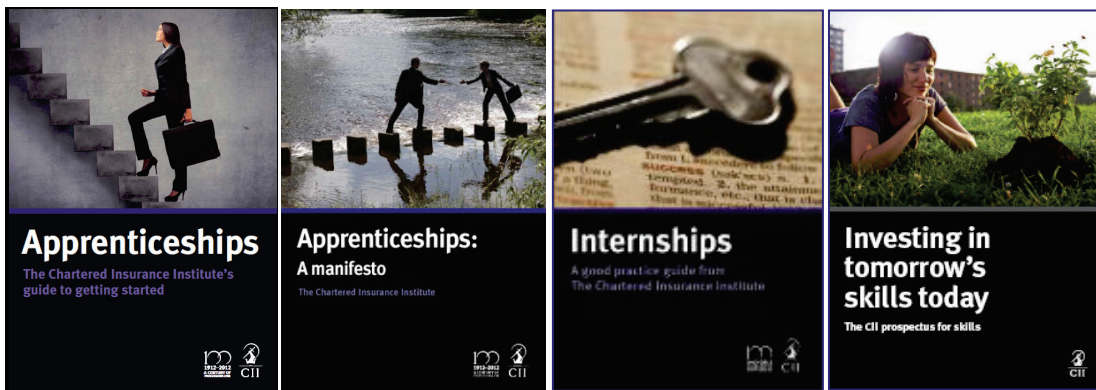
# Promoting Skills Development

**Discover Fortunes** is a school, college and university activity that provides students with an understanding of the role of financial planning in life. These sessions are supported by local employers.



**For more information visit:** [www.discoverrisk.co.uk](http://www.discoverrisk.co.uk) or email [discover@cii.co.uk](mailto:discover@cii.co.uk)

**Publications** The Chartered Insurance Institute is a committed supporter of skills development. We regularly publish research, guidance and position papers on the issue of skills, both in terms of our profession and UK plc.



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