



An inspection of the effectiveness of the monitoring of Tier 4 sponsor licences

June–October 2014



David Bolt
Independent Chief Inspector of
Borders and Immigration

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Any enquiries regarding this publication should be sent to us at

Independent Chief Inspector of Borders and Immigration,
5th Floor,
Globe House,
89 Eccleston Square,
London, SW1V 1PN

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Our Purpose

We provide independent scrutiny of the UK's border and immigration functions, to improve their efficiency and effectiveness.

Our Vision

To drive improvement within the UK's border and immigration functions, to ensure they deliver fair, consistent and respectful services.

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Foreword

Educational establishments that sponsor foreign students under Tier 4 of the points-based system (PBS)¹ must hold a Tier 4 sponsor licence. All foreign students must have a sponsor before they can apply to study in the UK under Tier 4 of PBS, and sponsors must assess the student's ability and intention to complete the course before issuing a Confirmation of Acceptance for Studies (CAS).²

Sponsors are required to ensure that the system is not abused and must comply with certain duties in order to retain their Tier 4 sponsor licence.

On 24 June 2014, the Home Office suspended 57 private colleges from the Tier 4 sponsor register. This was as a result of investigations initiated when systematic cheating was uncovered at English Language Test Centres operated by the Educational Testing Service (ETS).

This inspection examined how effectively the Home Office monitored Tier 4 sponsors' compliance with their sponsor duties, and also looked at the Home Office's handling of its investigations into sponsors linked to ETS (known as Operation Firewall).

The inspection found that Operation Firewall had been handled well. Managers and staff had worked efficiently and effectively to visit and assess the large number of colleges identified as having some link to ETS, and to maintain, suspend and/or revoke sponsor licences in light of what they found. As well as achieving the removal of more than 50 non-compliant sponsors from the register, Firewall had led to the creation of a dedicated Tier 4 compliance network to deal with the more complex cases, and also to improvements in the scrutiny of new licence applications and of secure English Language Test (SELT) providers.

However, the inspection also identified weaknesses in procedures and practice pre-Firewall, in particular the lack of detail in visit reports where sponsors were deemed to be fully-compliant, and the fact that compliance visits and 'satisfactory' reports received little or no management oversight. Based on what was found during Operation Firewall visits, it is highly likely that some or all of the colleges that had their licence revoked had been non-compliant at the time of the earlier compliance visit but this had been missed.

This Report makes five Recommendations for improvements in the monitoring of Tier 4 sponsor compliance.

The report was sent to the Home Secretary on 2 June 2015.

David Bolt

Independent Chief Inspector of Borders and Immigration

¹ Non-EEA foreign nationals who wish to undertake a course of study in the UK lasting over six months must apply for leave to enter or remain under Tier 4 of the points-based system.

² A virtual document that is assigned by the Tier 4 sponsor to confirm that a non-EEA foreign national has been made an official and unconditional offer of a place on a course of study in the UK. A CAS can be assigned only where the course meets the Tier 4 study requirements and the migrant meets the Tier 4 English language requirements.

1. Scope and Purpose

1.1 This inspection examined the efficiency and effectiveness of the monitoring of Tier 4 sponsor licences, in particular:

- whether there was an effective risk assessment process in place that identified Tier 4 sponsors that were potentially involved in abuse or failing to comply with sponsor duties;
- whether an adequate number of Tier 4 sponsor compliance visits were undertaken, and whether visits were conducted professionally and effectively; and
- whether the suspected Tier 4 sponsor failings that led to the suspension of the licences of 57 private colleges on 24 June 2014 should have been identified earlier as part of a rolling inspection programme, and whether any changes in working practices have been, or should have been, introduced as a result of this incident.

1.2 The inspection involved:

- a familiarisation visit to the sponsorship teams in Sheffield, where the inspection team received briefings on Tier 4 sponsor data analysis, tasking, compliance visits, the suspension and revocation process, and a demonstration of Metastorm (the IT system used by the sponsorship teams to record the outcome of compliance visits and casework actions on sponsor licences);
- examination of documentary evidence including staffing information, staff guidance, risk registers and ministerial submissions on Operation Firewall;
- examination of performance information on sponsor compliance visits and outcomes;
- a file sample of 50 randomly-selected cases in which a Tier 4 compliance report had been completed between 1 May and 31 July 2014;
- a file sample of 12 cases taken from the 57 cases in which the Tier 4 licence was suspended on 24 June 2014;
- (between 11 and 14 November 2014) observation of four Tier 4 sponsor compliance visits: two in London, one each in Liverpool and Manchester;
- interviews and focus groups with a range of Home Office staff held in Sheffield, Central and South London.

1.3 The Home Office was provided with the high-level emerging findings on 25 November 2014.

2. Key Findings

What worked well

- 2.1 The inspection found that the selection of sponsors for a compliance visit was based on an effective risk assessment process. Tier 4 sponsors were risk assessed using a number of data sources, which were collated to create a 'Sponsor Watchlist'.
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- The selection of sponsors for a compliance visit was based on an effective risk assessment process.*
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- 2.2 An increased proportion of compliance visits were unannounced, where the sponsor was given no prior notice of the visit and therefore had no opportunity to fix or try to hide any non-compliance. In the six months to end-July 2014, 179 (87%) out of 205 visits were unannounced.
- 2.3 Compliance visit reports were completed in a timely fashion, with 98% completed within 10 working days.
- 2.4 The evidence showed the Home Office had, for the most part, handled the ETS incident well. As part of Operation Firewall it had needed to complete a large number of complex compliance visits quickly, to assess compliance and determine whether to maintain, suspend and/or revoke licences. UKVI staff rose to the challenge. By the time of this inspection, 169 sponsors had been visited, 54 licences had been revoked. Letters sent to sponsors informing them that their licences had been suspended or revoked clearly explained the reasons for these actions.
-
- The evidence showed the Home Office had, for the most part, handled the ETS incident well.*
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- By the time of this inspection, 169 sponsors had been visited, 54 licences had been revoked.*
-
- 2.5 Following Operation Firewall, a number of changes had been made to the way Tier 4 sponsor compliance was handled. For example, a dedicated Tier 4 compliance network had been created, dealing solely with Tier 4 compliance visits. In addition, improvements had been made in the scrutiny of new licence applications and of secure English Language Test (SELT) providers.

Areas for improvement

- 2.6 The inspection found that some pre-Firewall compliance visits had not been sufficiently thorough, and that there had been little or no management scrutiny of visit reports where sponsors had been reported by the compliance officer to be fully compliant.
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- The inspection found that some pre-Firewall compliance visits had not been sufficiently thorough.*
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- 2.7 The inspection found a number of cases of sponsors suspended as a result of Operation Firewall where the pre-Firewall visit had uncovered sponsor failings but the Suspension and Revocations team had decided there was insufficient information to suspend the licence, but had failed to request a follow-up visit to obtain more and thereby enable them to reach a well-informed decision.

2.8 The quality of compliance reports varied considerably, with many lacking any details of the compliance checks undertaken or information to support the results of those checks.

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Overall Finding

2.9 Operation Firewall was a success in terms of the way UKVI swiftly mobilised to deal with the problems with ETS identified by the media. The outcomes of the Firewall investigations, and the control measures put in place since, have improved the effectiveness of the Tier 4 compliance regime. However, inconsistencies in the way compliance officers work and are managed put that effectiveness at risk. Management oversight of compliance visits and of reports varied, but was found to be generally inadequate. The fact that compliance officers are geographically dispersed is an advantage when arranging sponsor visits, but requires greater effort to ensure that everyone is operating to the same high standards. This is the focus of the Recommendations that follow.

3. Summary of Recommendations

The Home Office should:

1. Cease the practice of 'reporting by exception' and require compliance reports to show how the sponsor has demonstrated compliance where a 'Met' marking is given.
2. Introduce a requirement for compliance officers to record in their compliance reports in all cases:
 - details of the checks and interviews conducted;
 - the compliance officer's assessment of each failing or irregularity they find and whether it constitutes non-compliance with sponsor duties.
3. Strengthen its quality assurance regime by:
 - setting compliance managers an objective to observe ('shadow') a specified number of compliance visits per compliance officer per quarter and ensuring it is met;
 - setting managers a further objective in relation to checking the quality of compliance reports and providing written feedback to compliance officers;
 - requiring that all compliance reports are countersigned by an HEO or above, not just those identifying non-compliance.
4. Clarify its retention and storage policy for compliance visit notes and ensure the policy is consistently applied, so that notes are more easily retrievable.
5. Differentiate the responsibilities of HEO and EO compliance officers to reflect the grade distinction.

4. The Inspection

Background

Tier 4 sponsors

- 4.1 All education providers wishing to recruit foreign students under Tier 4 of the points-based system (PBS) must apply to the Home Office for a Tier 4 sponsor licence. Holders of a Tier 4 sponsor licence are listed on the Tier 4 Sponsor Register.³
- 4.2 One of the principles of sponsorship is that those who benefit most directly from migration help to prevent the system being abused. Tier 4 sponsors are required to comply with certain duties in order to retain their licences. These duties include:
- record-keeping duties: sponsors are required to retain specific documentation for each sponsored migrant, including a copy of each migrant's biometric residence permit (BRP)⁴ and up-to-date contact details;
 - reporting changes to student circumstances: sponsors are required to report certain issues to the Home Office using the Sponsor Management System (SMS),⁵ such as where a sponsored migrant fails to enrol on the course or where a student has ten consecutive unauthorised absences; and
 - reporting changes that may affect the sponsor licence: sponsors are required to use SMS to report certain issues regarding their own circumstances, such as changes in ownership, location or personnel authorised to use SMS.
- 4.3 In order to ensure that sponsors are complying with their sponsorship duties, the Home Office undertakes visits to sponsors' premises to check the college facilities and its processes, including record-keeping systems. These are known as compliance visits. The Home Office can carry out compliance visits at any time and these may be announced or unannounced visits. More detail about Tier 4 sponsor duties and the checks undertaken during compliance visits are given in Chapter 4.

Sponsorship teams

- 4.4 Sponsorship teams, responsible for all operational aspects of the sponsorship scheme, form part of the UK Visas and Immigration (UKVI) directorate within the Home Office. These sponsorship teams are based in Sheffield, with the exception of the compliance officer network, which operates from a number of offices around the UK.
- 4.5 The monitoring of Tier 4 sponsor compliance involves a number of units, including:
- Sponsor Investigations Team: responsible for risk assessing Tier 4 sponsors, maintaining the Sponsor Watchlist⁶ and preparing tasking referrals for compliance visits;

³ The Tier 4 Sponsor Register is published by the Home Office and can be found at: <https://www.gov.uk/government/publications/register-of-licensed-sponsors-students>.

⁴ The biometric residence permit (BRP) is the document issued by the Home Office to show that the migrant has been granted leave to enter or remain in the UK and in the case of students, that they have permission to study in the UK

⁵ The Sponsor Management System (SMS) is a secure IT system used by Tier 4 sponsors to inform the Home Office of relevant information that may affect the sponsor licence.

⁶ The Sponsor Watchlist collates information from a number of data sources and ranks sponsors according to potential risk posed. It is discussed in more detail in Chapter 4.

- Sponsor Management Units (North and South): responsible for conducting sponsor compliance visits and compiling compliance reports. Visits are tasked centrally from Sheffield and are carried out by a network of local compliance officers; and
- Suspensions & Revocations Team: responsible for considering compliance visit reports, deciding whether to suspend licences, considering sponsor representations and issuing suspension and revocation decision letters.

4.6 The Sponsor Management Units were previously organised regionally and were attached to Local Immigration Teams (LITs).⁷ They were moved into a centralised structure, with management oversight based in Sheffield, at the beginning of 2013.

ETS-related licence suspensions on 24 June 2014

4.7 In March 2010, a requirement was introduced for foreign students to demonstrate a certain standard of English language ability in order to be granted a visa or leave to remain in the UK. Initially, this assessment was carried out by sponsors themselves, using independent English language tests, internal tests or interviews. However, these methods were not considered secure or robust and so, from August 2010, a new requirement was introduced for prospective students studying below degree level to demonstrate their English language ability via a secure language test.

4.8 In February 2014, an undercover report by the BBC current affairs programme Panorama found that there was systematic cheating taking place at English language testing centres run by the Educational Testing Service (ETS). This typically involved test centre invigilators supplying answers to the whole exam room, or groups of imposters being allowed to sit the tests in place of prospective students.

4.9 On 24 June 2014, the Minister for Immigration, James Brokenshire, told the Commons that the results from the ETS had been analysed and more than 29,000 invalid results had been identified, as well as 19,000 questionable results.⁸ The Minister added that, given these student visa applicants had cheated in order to secure a visa, it was doubtful that many of the colleges and some universities which sponsored them in numbers were fulfilling their sponsor duties as 'highly trusted sponsors'.⁹

4.10 The Minister confirmed that many of these colleges and universities had been investigated by UKVI and Immigration Enforcement¹⁰ officers because of wider concerns about their conduct. At certain private further education colleges, as many as three-quarters of the file checks completed by UKVI officers had given cause for concern. Issues identified included:

- HMRC records had shown that some students were employed for more than their permitted hours, or were working when they were not permitted to do so;
- UKVI identified that some students were allegedly studying in London while their registered home addresses were restaurant premises as far away as Ipswich and Chichester; and
- at one college, a staff member told UKVI officers that they were not encouraged to report students' absences or failure because to do so would reduce the college's income and jeopardise its sponsor status.

⁷ Local Immigration Teams (LITs) were based around the UK and covered a specific geographical area. They dealt with a number of immigration functions relating to migrants living within their area, including asylum casework, operational enforcement and enforcement casework. Some LITs had a sponsor management unit attached to them that covered sponsors in that local area.

⁸ ETS had not completed a full analysis at the time of the ministerial statement. Final figures were not available until September 2014 and were 33,738 invalid results and 22,664 questionable results.

⁹ The Home Office expects all Tier 4 sponsors to be education providers who can meet the standards set for 'highly trusted sponsors'. When a Tier 4 sponsor licence is initially granted, the sponsor is awarded an A-rating for 12 months, which is a transitional rating. The sponsor is expected to apply for and be granted 'highly trusted status' (HTS) within 12 months; its licence will be suspended if it fails to meet the HTS standards within that period. HTS recognises sponsors who show a good history of compliance with their sponsor duties and whose students meet the standards of compliance with the terms of their visa or leave to remain.

¹⁰ Immigration Enforcement is a directorate of the Home Office and is responsible for preventing abuse of immigration law, pursuing immigration offenders and increasing compliance with immigration law.

- 4.11 On 24 June 2014, the Minister announced he had suspended the licences of 57 private further education colleges. He also announced he had suspended the licence of Glyndwr University and that two further universities, Bedfordshire and West London, had been told that they were not permitted to sponsor new students pending further investigations.

Operation Firewall

- 4.12 Operation Firewall was launched in February 2014 to identify and reduce abuse within Tier 4 of the points-based system. Initially, the operation focused on a list of 35 private colleges where abuse was already suspected or where there were concerns about non-compliance with the sponsor requirements. 27 colleges were visited during Phase One of the operation. Eight colleges did not require a visit, because either there was already sufficient evidence of non-compliance or there was ongoing litigation. Phase One of Operation Firewall resulted in the suspension of 27 Tier 4 licences and 16 revocations. Of the remaining 11, 7 licences were reinstated, 2 were surrendered and 2 remained suspended due to ongoing litigation.
- 4.13 Following the broadcast of the *Panorama* documentary, Operation Firewall was expanded to cover colleges linked to ETS. Subsequently, it was established that all 27 of the colleges suspended under Phase One of Operation Firewall were linked to ETS.
- 4.14 Phase Two of Operation Firewall focused specifically on Tier 4 sponsors that had any link to ETS, including: sponsors that had at one time operated as an ETS test centre; sponsors of students whom ETS had identified as cheats; and, sponsors with large numbers of students that had relied on an ETS test. Initially, at the beginning of May 2014, 131 Tier 4 sponsors were identified as having ETS links. An undertaking was given to Ministers that all 131 of these Tier 4 sponsors would be assessed in order to establish whether they were compliant with sponsor duties and, if they were found to be non-compliant, that action would be taken to remove their licences.
- 4.15 As more ETS data continued to be fed through to the Home Office, an increasing number of Tier 4 sponsors were identified as having ETS links.
- 4.16 On 24 June 2014, as a result of Phase Two of Operation Firewall, 57 private colleges were suspended. A further 27 colleges were suspended between 25 June and 14 November 2014. Compliance visits had typically found:
- poor student recruitment practices;
 - failures to check visas and qualifications;
 - lack of formal attendance monitoring procedures; and
 - large numbers of students where ETS certificates had been relied upon.
- 4.17 Operation Firewall was still ongoing at the time of our inspection.

Methodology

- 4.18 This inspection examined the performance of the Home Office using five of the Independent Chief Inspector's inspection criteria¹¹ under the themes of:
- Operational Delivery;
 - Safeguarding Individuals; and

¹¹ The inspection criteria used in this inspection are detailed as Appendix 2 of this report. Details of the full set of inspection criteria can be found on the Independent Chief Inspector's website at: <http://icinspector.independent.gov.uk/inspections/inspection-programmes/>.

- Continuous Improvement.

4.19 Our inspection process involved:

- a familiarisation visit to the sponsorship teams in Sheffield, where we received briefings on Tier 4 sponsor data analysis, tasking, compliance visits, the suspension and revocation process, and a demonstration of Metastorm (the IT system used by the sponsorship teams to record the outcome of compliance visits and casework actions on sponsor licences);
- examination of documentary evidence including staffing information, staff guidance, risk registers and ministerial submissions on Operation Firewall;
- examination of performance information on sponsor compliance visits and outcomes;
- a file sample of 50 randomly-selected cases in which a Tier 4 compliance report had been completed between 1 May and 31 July 2014 inclusive; and
- a file sample of 12 cases taken from the 57 cases in which the Tier 4 licence was suspended on 24 June 2014.

4.20 The on-site phase of the inspection took place between 11 and 14 November 2014. During the on-site phase of the inspection we:

- observed four Tier 4 sponsor compliance visits: two in London, one in Liverpool and one in Manchester; and
- held interviews and focus groups at Sheffield, Central London and South London with a range of Home Office staff, as set out in Figure 1.

Figure 1: Staff interviewed (by grade)	
Grade 6	1
Grade 7	2
Senior Executive Officer	5
Higher Executive Officer	10
Executive Officer	14
Administrative Officer	1
Total	33

5. Inspection Findings – Operational Delivery

Risk assessment

- 5.1 At the time of our inspection, there were 1,581 sponsors on the Tier 4 sponsor register. With this number of sponsors, it was important for the compliance regime to ensure that compliance visits were directed at sponsors who posed the highest risk of abuse of, or lack of compliance with, their sponsor duties.
- 5.2 We examined whether Tier 4 sponsor compliance visits were selected on the basis of risk and the effectiveness of the risk assessment process.
- 5.3 At the time of our inspection, Tier 4 sponsors were risk assessed using a number of data sources. These included:
- number of Confirmations of Acceptance for Studies (CAS) assigned;
 - CAS withdrawal rates;
 - CAS matched to ETS invalid or questionable scores;
 - visa and leave to remain refusal rates;
 - other relevant immigration information, such as number of asylum claims made by sponsored migrants, refusals of leave to enter at port and instances where migrants were encountered by Immigration Enforcement teams, for example, found to be working illegally; and
 - sponsor rating.¹²
- 5.4 The risk factors were collated to create a risk score and sponsors were ranked accordingly. This database was known as the ‘Sponsor Watch List’.
- 5.5 We were told that the Sponsor Watch List was introduced at the beginning of 2014. Prior to this, the same data was available (with the exception of ETS data), but collation of the data had improved since the introduction of the Sponsor Watch List.
- 5.6 We found that the Sponsor Watch List was an effective tool in assessing the risk posed by Tier 4 sponsors and provided a sound rationale for the selection of sponsors for compliance visits. We saw evidence that compliance visits were prioritised according to the Sponsor Watch List ranking. Operation Firewall cases were prioritised in this way.

We found that the Sponsor Watch List was an effective tool in assessing the risk posed by Tier 4 sponsors.

Selection of compliance visits

- 5.7 We sampled 50 cases, selected at random, where a Tier 4 compliance report had been completed between 1 May and 31 July 2014, and examined the reasons for these visits. A breakdown is shown in Figure 2.

¹² Tier 4 sponsors will either hold the transitional A-rating or highly trusted status (HTS).

Figure 2: Reason for compliance visit		
Operation Firewall	38	76%
Other risk-based referral	3	6%
Sponsorship casework referral ¹³	5	10%
Selected by the local sponsor management team	4	8%
Total	50	100%

- 5.8 In the case of the four visits selected by the local sponsor management team there was no information on the file or on Metastorm, the IT system used by these teams, to explain why the sponsor was selected for a visit and no evidence that it was based on a risk assessment. In all four cases, the compliance officer concluded that the sponsor was fully compliant with its sponsor duties.
- 5.9 Managers told us that sponsor management teams no longer selected sponsors for compliance visits and that all Tier 4 compliance visits were tasked centrally.

Visit referral forms

- 5.10 The 41 risk-based referrals in our sample (the 38 under Operation Firewall and the three others) were each accompanied by a detailed referral form prepared by the Sponsor Investigations Team (SIT). The referral forms from SIT typically set out:
- a brief history of the sponsor licence;
 - sponsor statistics and specific areas of concern, such as: number of sponsored migrants whose ETS score had been withdrawn, number of sponsored migrants who had been refused a visa, etc.;
 - full details of the specific checks required, including number of files to be checked and, in some cases, particular migrant files to check;
 - number of migrants and, in some cases, named individuals to be interviewed; and
 - issues to be clarified with the sponsor, such as changes in CAS usage or failures to report relevant issues using SMS.
- 5.11 Compliance officers told us that the referral forms completed by SIT gave them a clear steer to potential non-compliance and were helpful to them in planning and conducting their visits. The detailed referrals enabled them to focus their visits on the areas of highest risk, which led to better visit outcomes.
- 5.12 However, sometimes the referral forms were too standardised and did not take account of previous visits. For example, there had been instances where the referral form had asked the compliance officer to obtain college documentation that had already been obtained on a previous visit. Compliance officers also told us that sometimes referral forms contained information that was out of date, such as requests for specific migrant interviews where the migrants concerned had left the college years before.
- 5.13 Overall, the quality of the referral forms from SIT we sampled was good. The forms clearly set out the areas of potential risk and gave clear direction to the compliance officer on the type and number of checks that should be undertaken. We did identify eight (20%) SIT referrals within our sample of 41 that contained minor errors or irrelevant information, due to a standard template being used or information having been pasted from another referral in error. While a template is useful, SIT

¹³ Sponsorship casework will refer certain cases for a compliance visit: for example, where the sponsor is applying to renew its licence and it has not had a recent visit.

should ensure that referrals are tailored to the particular sponsor and there is not an over-reliance on a standard text.

5.14 The five referrals from sponsorship casework we sampled were far less detailed than the SIT referrals. Most directed the compliance officer to:

- confirm there is a trading presence;
- confirm suitability of premises;
- confirm that the required HR systems are in place;
- confirm that the CAS requested are appropriate/realistic; and
- undertake a compliance check of three students.

5.15 These referrals would have been more helpful to the compliance officer in planning an effective visit if they had also detailed:

- the reason for the requested visit;
- sponsor history;
- relevant statistics, such as CAS usage and details of any sponsored migrants who had been refused a student visa or leave to remain;
- findings from previous visits; and
- any additional issues that could be cause for concern.

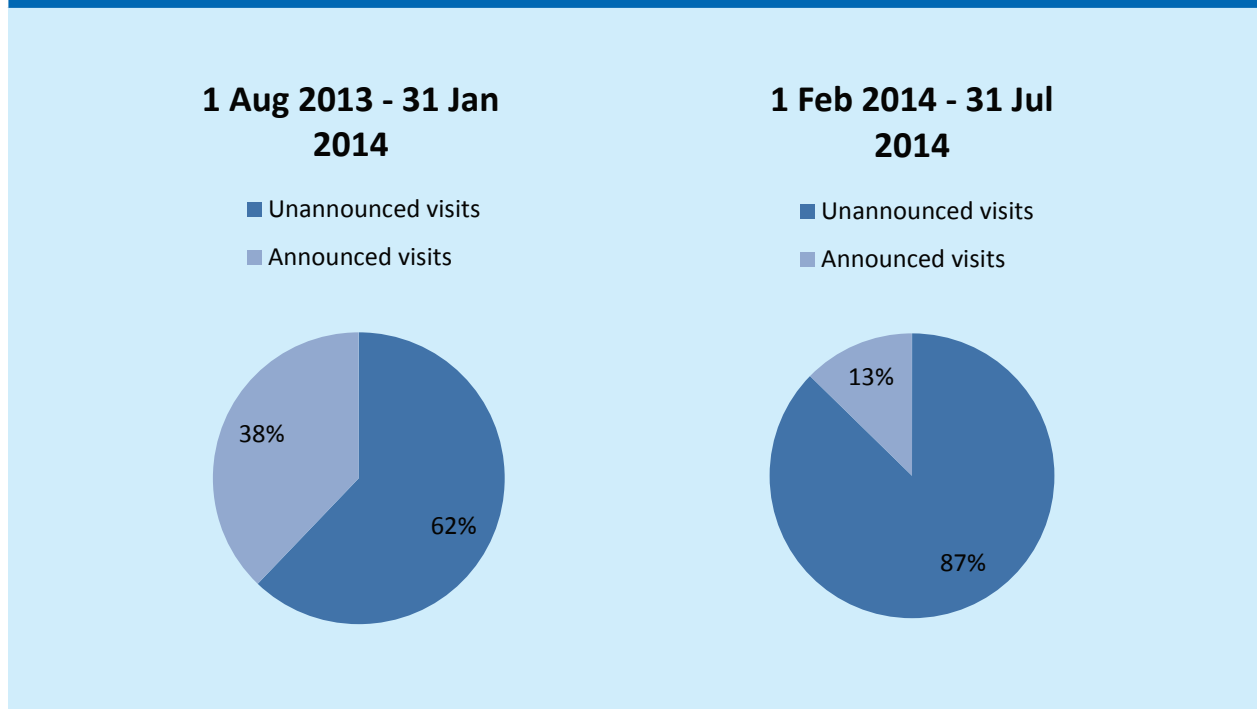
Announced / unannounced compliance visits

5.16 Tier 4 sponsor compliance visits may be announced or unannounced. We were told by staff and managers that Tier 4 compliance visits were now generally unannounced, and that visits would be announced only where gaining access to the educational establishment without prior notice could be difficult, such as at large universities or independent schools. Compliance officers believed unannounced visits were much more effective in terms of uncovering abuse and lack of compliance, because there was no time for the sponsor to rectify any defective or incomplete records and the officers would see a 'true' picture of how the college operated.

5.17 We found that the use of unannounced visits as a proportion of total visits had increased as shown in Figure 3. Over the six month period that ended on 31 July 2014, 87% of visits (179 of 205) were unannounced, whereas over the previous six month period 62% of visits (156 of 251) were unannounced. In our sample of 50 compliance report cases, 47 (94%) were unannounced visits. There were a number of reasons for the decrease in the total number of visits, including a focus on conducting more thorough visits, which were more time-consuming. The increased utilisation of unannounced visits is set out at Figure 3.

We found that the use of unannounced visits as a proportion of total visits had increased.

Figure 3: Percentage of unannounced visits



Compliance reports – timing

- 5.18 Once a compliance officer has completed the visit, they have five working days in which to complete their report. The results of our file sampling showed that this target was met in the majority of cases, and where it was missed the delay was not material. See Figure 4.

Figure 4: Report completion time

Report completed:	Number	Percentage
within 5 working days of visit	35	70%
6 – 10 working days after visit	14	28%
11-15 working days after visit	1	2%
Total	50	100%

Compliance reports – quality

- 5.19 Reports are completed using a standard template with ‘Met’ or ‘Not Met’ marked against each criterion. See Figure 5.

Figure 5: Template used in compliance reports	
Criterion	Description ¹⁴
Monitoring immigration status	Sponsors should have effective measures in place to ensure that they only sponsor migrants who have the right to study in the UK.
Maintain migrant contact	Sponsors should maintain up-to-date contact details for each sponsored migrant.
Record keeping & recruitment practices	Sponsors need to show that their recruitment practices are sound in terms of assessing migrants' English language ability and their ability to complete the course; sponsors must also retain specific documentation on each sponsored migrant.
Migrant tracking and monitoring	Sponsors should have effective measures in place to monitor migrants' attendance; sponsors are required to report failures to enrol, failures to attend on ten or more consecutive instances without authorisation and instances where sponsorship is ceased.
General sponsor duties	Other sponsor duties include reporting relevant issues to the Home Office, such as changes in college location or ownership and in personnel authorised to use the Sponsor Management System (SMS).

5.20 The report template also has Data Analysis and Observations sections, followed by the compliance officer's recommendation.

5.21 We examined the 50 compliance reports in our file sample to assess their quality. The quality of these reports varied considerably.

'Reporting by exception'

5.22 The guidance provided to compliance officers was to report only on compliance failings and to mark simply 'Met' where the sponsor had complied with its duties, a process known as 'reporting by exception'. As a consequence, as we saw from our sample, the majority of compliance reports with 'Met' markings provided little or no further explanation of what exactly had been checked and how the sponsor had demonstrated compliance.

The majority of compliance reports with 'Met' markings provided little or no further explanation of what exactly had been checked and how the sponsor had demonstrated compliance.

5.23 In 22 (44%) cases the compliance report had 'Met' markings against all the criteria. In four of these there was nothing noted elsewhere in the report to explain or justify the markings, while in a further 14 cases the additional information provided did not adequately do so. An example is given at Figure 6.

¹⁴ The descriptions are taken from the sponsor guidance.

Figure 6: Example of compliance report with 'Met' against all criteria

The tasking referral stated:

- confirm that there is a trading presence
- confirm suitability of premises
- confirm that the required HR systems are in place
- Confirm that the CAS requested are appropriate/realistic
- Undertake a compliance check of three students

The compliance report:

- contained no further detail against any of the individual 'Met' markings;
- under Compliance Comments, stated that there were no students available to interview as all were on holiday and due back in 11 days' time;
- under Data Analysis, stated 'All file checks were conducted. Student files generally contained the following: student application form, copy of ppt/visa, certificates, CAS details. Course progression was sighted on some student files'; and
- under Observations, gave: details of two attendance checks conducted which showed poor attendance and resulted in the students being suspended; details of the college's use of overseas agents to recruit students; and the sponsor's response to questions about why not all visa refusals had been reported and whether all students had enrolled.

Chief Inspector's comments

- The report made no mention of: the suitability of the premises; whether the required systems were in place to monitor students' attendance; whether the students' absences on holiday corresponded with the college's term times; or whether the sponsor's explanations for failure to report refusals was satisfactory.
- Overall, the report was inadequate in terms of recording the checks undertaken and how those checks confirmed that the sponsor was complying fully with its duties.

5.24 We were told by managers that compliance reports were originally free text, but over time they had become too long and unfocused, which had resulted in lower productivity. 'Reporting by exception' had been introduced to address this. Several managers told us that they did not think that 'reporting by exception' produced effective compliance reports, but they were keen to avoid reverting to 'long-winded' reports.

5.25 There was a risk, in our view, that the lack of any requirement for compliance officers to justify their 'Met' findings within their reports could lead to the use of 'Met' markings to save time and meet targets. There was also a risk that managers would not be able to assess whether the compliance officer had carried out a thorough and effective visit. The managers we spoke to said that they trusted their own staff to use 'Met' markings only where this was warranted. But, some managers acknowledged that 'reporting by exception' could tempt some compliance officers to ignore minor failings because it was easier to mark 'Met'.

5.26 Managers also told us that 'reporting by exception' was under review and that some types of report, such as those written by the Higher Education Assurance Team,¹⁵ were already moving away from the 'reporting by exception' system.

¹⁵ The Higher Education Assurance Team (HEAT) deals with Higher Education Institutions, such as universities.

- 5.27 Managers also acknowledged that it would be useful to sponsors if reports gave clearer feedback on areas that the sponsor was handling effectively, as well as those in which it was failing to comply. We agree, and make the following recommendation:

Recommendation: The Home Office should:

Cease the practice of ‘reporting by exception’ and require compliance reports to show how the sponsor has demonstrated compliance where a ‘Met’ marking is given.

General quality issues

- 5.28 Twenty eight (56%) reports in our sample had at least one ‘Not Met’ marking. We found that in 11 there was sufficient detail to explain what was done and to justify the markings. Ten of the 11 were from Operation Firewall and so had a detailed tasking referral. An example is given at Figure 7.

Figure 7: Example of a detailed Operation Firewall report

The tasking referral:

- clearly set out the areas of risk and the file checks required.

The compliance report:

- stated how many file checks were conducted;
- summarised under each of the compliance criteria the specific reasons why the sponsor had failed to comply with its duties and referred to the relevant sections of the sponsorship guidance;
- gave details of the migrants interviewed;
- summarised information provided by the sponsor regarding college procedures.

Chief Inspector’s comments:

- This report provided an effective summary of the checks conducted during the compliance visit and the issues identified as a result of those checks. It set out the sponsor failings clearly under the relevant criteria.

- 5.29 However, in 14 reports we found a failure to:

- specify how many file checks had been conducted, and in particular, to specify whether all the file checks requested in the tasking referral had been undertaken and, if not, the reasons why;
- record details of the migrant interviews conducted, the outcomes of those interviews and the reason why interviews were not conducted, if applicable; and to
- state clearly whether the issues identified amounted to sponsor non-compliance.

- 5.30 In order for a compliance report to be effective, it should record the number and nature of the checks conducted, summarise the findings and state clearly the areas in which the sponsor has complied and the areas in which it has failed to do so. We therefore make the following recommendation:

Recommendation: The Home Office should:

Introduce a requirement for compliance officers to record in their compliance reports in all cases:

- details of the checks and interviews conducted;
- the compliance officer's assessment of each failing or irregularity they find and whether it constitutes non-compliance with sponsor duties.

Quality assurance – compliance visits

- 5.31 Compliance officers are based in eight areas. We were told that of the eight areas only two, Wales & the South West and London & the South East, had a specific performance and development review (PDR) objective for managers to shadow two visits per compliance officer per quarter. The other six areas had a generic quality assurance objective in place, which included shadowing of visits.
- 5.32 When we spoke to staff and managers, it became apparent that, with the exception of one particular office, shadowing of visits rarely occurred. One compliance manager said that they had shadowed in excess of the number required because they considered the PDR objective to be too low. However, other managers we spoke to had completed one or two during the year, and some had done none at all.
- 5.33 Most compliance officers told us that they were rarely shadowed by a manager on visits. One had been shadowed two weeks before we spoke to them, but for most the last time they were shadowed had been 'six to eight months ago' or 'a long time ago'. Some compliance officers wished their managers would attend more visits so that they gained a better understanding of the visit process. Others were less receptive to being shadowed, stating that they were very experienced and would gain very little from being observed by a manager.
- 5.34 An effective quality assurance system has to include some observation of compliance officers conducting compliance visits. This would not only assure managers that compliance visits were being conducted effectively and professionally, but would also identify any training and development needs for individual officers and more widely.
- 5.35 Compliance officers have no targets for the quality of Tier 4 compliance visits. Managers acknowledged that there needed to be a greater focus on the quality of visits, rather than just the numbers, and this was being considered. In our view, the quality of compliance visits should be assessed regularly and compliance officers should have targets for visit quality in their PDRs.

Most compliance officers told us that they were rarely shadowed by a manager on visits.

Quality assurance – compliance reports

- 5.36 Compliance reports that recommend suspension of the licence require a countersignature by a Higher Executive Officer (HEO) or above. Compliance reports that conclude that the sponsor is compliant and recommend the licence is maintained do not require a countersignature.
- 5.37 In our sample of 50 compliance reports, 34 (68%) were countersigned and 16 (32%) were not. All reports in our sample recommending suspension had been countersigned.
- 5.38 One compliance manager told us they checked every report, including those marked fully 'Met'. The other managers we spoke to said they checked only the reports recommending suspension.
- 5.39 We found inconsistent practices with regard to quality assurance across and within areas. We were

told compliance managers had a standard PDR objective to dip sample one report per compliance officer per month, yet the PDR we saw stated that the target was a minimum of two per quarter. Some staff told us the target for quality assurance of reports was five reports per compliance officer per year. Of the compliance managers we spoke to, some said they had done random dip sampling; others said that they had not.

- 5.40 Some compliance officers were not aware of any quality assurance having taken place on their reports, other than those that were countersigned. They said managers would advise them if there were any issues with the report when it was passed to them for countersignature, but beyond that there was no formal feedback mechanism.
- 5.41 Reports identifying sponsor failings and recommending action against the sponsor were not only countersigned by an HEO or above but then checked by the Suspensions and Revocations caseworker and a decision to suspend or revoke approved by a senior manager at grade 7 or above. This level of scrutiny was necessary given the implications for the sponsor.
- 5.42 Compliance reports where 'Met' had been marked against all the criteria received much less management scrutiny, and in many cases none at all. However, maintaining the licence of a sponsor that is, in reality, non-compliant undermines the sponsorship system and has serious implications for immigration control.
- 5.43 In conclusion, we found that quality assurance of compliance visits and reports was inconsistent and in places inadequate, and a lack of any meaningful scrutiny of reports where the sponsor was found to be fully compliant created a potential vulnerability. We therefore make the following recommendation:

We found that quality assurance of compliance visits and reports was inconsistent and in places inadequate.

Recommendation: The Home Office should:

Strengthen its quality assurance regime by:

- setting compliance managers an objective to observe ('shadow') a specified number of compliance visits per compliance officer per quarter and ensuring it is met;
- setting managers a further objective in relation to checking the quality of compliance reports and providing written feedback to compliance officers;
- requiring that all compliance reports are countersigned by an HEO or above, not just those identifying non-compliance.
- in writing.

Compliance visit notes

- 5.44 Compliance officer guidance states that all handwritten documents, including notes taken during compliance visits, should be placed on the sponsor file following the visit. However, in our sample of 50 visit report files, none had any documents from the compliance visit on file.
- 5.45 We found that practices regarding the retention and storage of compliance visit notes varied between areas. Some areas immediately sent their visit notes to storage to be linked to the sponsor file, others retained their notes locally for between six months and a year before sending them to storage, while some areas stored all visit notes locally.
- 5.46 We also found that practices varied with regard to sending compliance visit notes to the casework

teams in Sheffield. Where the compliance report made a recommendation to take action against the sponsor: some areas sent hard copies of all paperwork to the Suspensions & Revocations team in Sheffield; some sent electronic copies; and some did nothing until the paperwork was requested.

- 5.47 The retention and storage of visit notes should be consistent. Casework teams in Sheffield, who make the decisions on whether a licence should be granted, maintained or suspended, should have easier access to the compliance visit notes. We therefore make the following recommendation:

Casework teams in Sheffield, who make the decisions on whether a licence should be granted, maintained or suspended, should have easier access to the compliance visit notes.

Recommendation: The Home Office should:

Clarify its retention and storage policy for compliance visit notes and ensure the policy is consistently applied, so that notes are more easily retrievable.

Handling of Operation Firewall

- 5.48 Following the Panorama documentary, Operation Firewall was expanded to cover all colleges with links to ETS. This was a large-scale operation, with 103 visits undertaken in May and June 2014 and a further 66 visits up to October 2014. Many visits were complex, requiring several compliance officers, with some taking several days. The majority of sponsors were located in London and the South East, which required drawing in compliance officers from other regions.
- 5.49 The majority of staff we spoke to considered that Operation Firewall had been handled effectively, given the exceptional circumstances. A minority felt it had been co-ordinated badly, with senior managers not being visible enough.
- 5.50 Senior managers told us that the extent of the ETS abuse was far greater than had been imagined, which became clear only once the results of ETS's own investigations began to be fed through to the Home Office. Senior managers said that it became a massive operation and staff had responded very well to what were sometimes difficult circumstances.
- 5.51 At the time of our inspection, the status of the 57 colleges suspended on 24 June 2014 was as shown in Figure 8.

The majority of staff we spoke to considered that Operation Firewall had been handled effectively, given the exceptional circumstances.

Figure 8: Licence status of 57 colleges at time of inspection

Status of Tier 4 licence	Number
Licence revoked	44
Licence reinstated	4
Licence surrendered	4
Licence remained suspended	5
Total	57

- 5.52 In addition to the original 57 suspended colleges, another 27 were suspended as a result of further information received from ETS. At the time of our inspection, ten of these 27 licences had been revoked. Overall, Phase Two of Operation Firewall had resulted in the revocation of 54 Tier 4 sponsor licences.

Suspended colleges – file sample

- 5.53 We examined a sample of 12 cases from the 57 private colleges that were suspended on 24 June 2014. The sample was made up of the following:
- six cases where the licence had been revoked;
 - four cases where the licence was still suspended;¹⁶
 - two cases where the licence had been reinstated.
- 5.54 We were informed that there were two processes used to suspend Tier 4 sponsor licences:¹⁷
- process one: where there was sufficient evidence to suspend a licence without the need for further investigation, the sponsor was given reasons in writing for the suspension of its licence and allowed 20 working days to respond;
 - process two: where evidence indicated that a licence should be suspended pending a full investigation, the sponsor was notified in writing that an investigation would take place. The sponsor would receive regular updates of how the investigation was progressing if it was not possible to state at the outset how long it would take. During this time, the sponsor could submit any written statements or evidence. Once the investigation was concluded, the sponsor was notified in writing either that:
 - o the investigation had found grounds justifying continued suspension and the sponsor had 20 working days to respond before revocation action was considered; or
 - o the licence had been reinstated.
- 5.55 In our sample, five cases had been dealt with under process one and seven under process two. Those under process one had all had compliance visits during May 2014, while the majority of cases dealt with under process two had had compliance visits in June 2014. In our sample, there was little difference between the two processes in the time taken between completion of the compliance report and the despatch of the suspension decision letter.
- 5.56 All the suspension decisions in our sample had been approved by a senior official (grade 7 or above).
- 5.57 From the letters we saw, the decision to suspend was based on comprehensive, objective evidence, except in two cases. In both these cases the letters indicated that the sole basis for the suspension was that they were ETS test centres. There was no evidence of withdrawn or questionable ETS results specifically linked to them.
- 5.58 The Home Office told us that it had clear evidence of industrial-scale cheating at a considerable number of ETS test centres, which suggested that all ETS testing and associated centres were fatally flawed.
- 5.59 Senior managers told us that, in spite of compliance visits concluding that these two sponsors were complying with sponsor duties, the decision was taken to suspend them because of the risk posed by the ETS issue. Once the results of the ETS investigation were known, and further visits were conducted to assess the robustness of their ETS testing processes, both sponsors were reinstated.
- 5.60 The suspension of their sponsor licence had a significant impact on the two colleges, since they were unable to recruit new students while suspended. The Home Office acted within its powers to remove the risk to immigration control, pending a full investigation but, as recent compliance visits

¹⁶ At the time of case selection the licences were still suspended. All four licences were subsequently revoked during the course of our inspection.

¹⁷ Ministerial submission dated 15 July 2014.

had identified no evidence that these two sponsors were involved in abuse, the Home Office could have taken a more measured approach and awaited the results of the ETS investigation rather than deciding to suspend as a first resort. Also, we found that communication with these sponsors was poor and they could have been kept better informed on the progress of the investigation during the period of suspension.

- 5.61 Generally, we found that sponsor representations were dealt with within a reasonable time-frame. Most responses to sponsor representations provided detailed reasons for decisions to revoke licences.

Pre-Operation Firewall

- 5.62 At the time of our inspection Operation Firewall had resulted in 54 licence revocations. We examined whether the Tier 4 sponsor failings that led to these revocations could or should have been identified earlier by the sponsorship compliance teams.
- 5.63 In our sample of 50 Operation Firewall cases, we identified 12 (24%) cases where the Operation Firewall visit identified a number of sponsor compliance failings but the previous visit had found that the sponsor had fully 'Met' its sponsor duties. An example is given in the case study at Figure 9:

Figure 9: Case study – licence revoked after Operation Firewall visit but previous visit had found sponsor fully 'Met' sponsor duties

The previous visit:

- was conducted on 20 November 2013 and took 2 hours;
- resulted in a fully 'Met' compliance report; the report contained no additional information to support the 'Met' markings and no indication of the checks undertaken;
- resulted in 'highly trusted' status being maintained.

The Operation Firewall visit:

- was conducted on 29 May 2014 and took over 7 hours;
- resulted in 'Not Met' markings against all of the criteria except one; the report detailed compliance issues identified in over 20 migrant files, including inadequate documentation, low attendance and lack of academic progression;
- resulted in suspension and then revocation of the licence.

Chief Inspector's comments

- The earlier visit report was poor and lacked detail. It was not subject to management scrutiny. Given the extent of the non-compliance found during the later visit it is highly unlikely that the sponsor was in fact fully compliant when visited before.

- 5.64 In most cases, the earlier visit that identified no compliance issues took place in 2013, but in two instances it had taken place in early 2014. The most recent visit was in February 2014, less than three months before the Operation Firewall visit identified significant failings.
- 5.65 As with the example at Figure 9, it is likely that at least some of the 12 sponsors in our sample were not complying with their sponsor duties at the time of the pre-Firewall visit and the compliance officer failed to identify this and management did not pick it up. This underlines the importance of making a detailed record of every visit and of a quality assurance regime that ensures management scrutiny of sponsors reported as fully compliant.

Licence maintained in spite of a recommendation to suspend

- 5.66 In our sample of 50 Operation Firewall cases, we identified five (10%) where the previous visit had resulted in a recommendation to suspend the licence, but this was not done. In a further case, the compliance officer had made findings that the sponsor was non-compliant, but recommended 'Other – see observations', rather than recommending suspension. Four of these six sponsors had their licence revoked following the Operation Firewall visit. One was still suspended at the time of our inspection and in the sixth case the licence was maintained.
- 5.67 While compliance officers make a recommendation in their compliance report, the decision to maintain, suspend or revoke a licence rests with a caseworker in the Suspensions and Revocations team. There may be legitimate reasons why a recommendation to suspend is rejected, for example where the evidence gathered by the compliance officer is not considered strong enough. However, in such instances it would be good practice to arrange a follow-up visit so that the concerns raised could be explored in more depth. We saw no evidence that this happened. An example of a rejected recommendation is given in the case study at Figure 10.

Figure 10: Case study: Pre-Firewall recommendation to suspend rejected

The previous visit:

- took place on 13 December 2013;
- identified a number of sponsor failings, including lack of current visas on migrants' files and poor attendance monitoring;
- resulted in a recommendation to suspend the licence

The Suspensions and Revocations caseworker:

- rejected the recommendation on the basis that only 20 files had been examined, which was a small proportion of the 707 CAS assigned.

The Operation Firewall visit:

- took place on 3 June 2014;
- identified significant sponsor failings from 183 file checks, including lack of current visas on migrants' files, failure to verify English language test certificates and poor attendance monitoring;
- resulted in suspension of the licence on 9 July 2014, followed by revocation on 18 August 2014.

Chief Inspector's comments:

- Compliance officers should be carrying out a sufficient checks relative to the size of the sponsor to enable the results to be relied upon;
- Given evidence of non-compliance, the case should have been flagged for an urgent follow-up visit to complete sufficient checks to support an informed decision;
- Instead, the sponsor was permitted to operate non-compliantly for another six months and it was only due to Operation Firewall that the licence was suspended and ultimately revoked.

- 5.68 We also found that, in two of the six cases in which the compliance officer had concluded that the sponsor was non-compliant, there was no record on the file or on Metastorm of the reasons for the decision to maintain the licence. In one of these cases, internal emails showed that the decision

had been taken to hold a meeting with the college rather than suspend at that stage, but there was no record of this on the file. Without a proper audit trail of the decisions taken regarding licences in all cases, retained either electronically or on the file, the Home Office is vulnerable to claims of inconsistent and/or improper treatment of sponsors.

Staffing and resources

- 5.69 Staffing structures varied between the different areas within the compliance network. Some areas contained only Higher Executive Officer (HEO) compliance officers, some only Executive Officer (EO) compliance officers, and some a mixture of both. Based on what we saw, HEOs and EOs appeared to be carrying out the same role and there was no justification for different grades.
- 5.70 Some local areas had administrative support, others had none. Compliance officers who had no administrative support told us they had to carry out basic checks and administrative functions themselves, which was time-consuming and impacted on the time taken to plan visits.
- 5.71 Senior managers told us that, although they had successfully drawn on staff from different areas to resource Operation Firewall, it had highlighted that compliance officers were not in the right locations and had identified capability gaps.
- 5.72 Some managers said the Operation had exposed that some compliance officers lacked the experience and expertise to conduct complex Tier 4 sponsor visits. One manager said that the focus had previously been on Tier 2 and Tier 5 sponsors,¹⁸ and therefore staff did not have the skills to conduct thorough Tier 4 visits.
- 5.73 Compliance officers received no formal classroom-based training. Their training consisted of being allocated a mentor, who would guide the trainee through the sponsor handbook. Recently, compliance officers had received some training on credibility interviewing. But, there was no refresher training for experienced officers. Some compliance officers told us they would welcome refresher training. Others said it was not necessary because of the length of time they had been in the role and the extent of their experience. However, the inconsistent quality of compliance visits and reports we found points to a need for more formal training, including refresher training for experienced officers.
- 5.74 We understood from senior managers that a training package for new compliance officers was being developed. The opportunity should be taken to introduce formal classroom-based training, and to provide mentors with clear guidance and support to ensure that new compliance officers are trained in a structured and consistent way.
- 5.75 There was widespread criticism of Metastorm, the IT system used by the sponsorship teams. Staff described it as 'clunky' and difficult to use. Managers said Metastorm was originally developed merely as a way of recording information on sponsor licences and it did not provide everything that would be useful in terms of management information. Our file sampling confirmed Metastorm was difficult to use. The Home Office should look for ways of improving the system, taking account of the views of users.

¹⁸ Tier 2 sponsors are employers of foreign migrants undertaking skilled work in the UK and Tier 5 sponsors are employers of foreign migrants undertaking certain kinds of temporary work in the UK, such as charitable or religious work.

6. Inspection Findings – Safeguarding Individuals

- 6.1 We observed four sponsor compliance visits: two in London, one in Liverpool and one in Manchester. These visits were conducted professionally and in line with the sponsor guidance. The sponsors were informed of the reason for the visit and the checks to be completed were clearly explained.
- 6.2 However, we did note inconsistency in the wearing of uniforms by compliance officers. At one of the four visits, all the compliance officers wore UKVI uniforms; at another a minority were in uniform; and at the other two none of the officers wore a uniform.
- 6.3 We understood uniforms had been issued, or were in the process of being issued, to all compliance officers. It would reinforce the seriousness of compliance to the sponsors and create a more professional image if all compliance officers wore their uniform for all compliance visits.
- 6.4 All the staff we spoke to had completed equality and diversity training. We noted that there was specific written guidance available to compliance officers in their training manual on planning visits with equality and diversity issues in mind. Compliance officers considered that this guidance was adequate and we agreed.
- 6.5 We found that the process by which licences were suspended and revoked was fair and found no evidence of discrimination in the way it was applied.

The majority of staff we spoke to considered that Operation Firewall had been handled effectively, given the exceptional circumstances.

7. Inspection Findings – Continuous Improvement

Sponsor Watch List

- 7.1 The Sponsor Watch List had been refined as a result of the ETS investigation. This had led to improved targeting of high-risk Tier 4 sponsors and had resulted in a significant number of Tier 4 sponsor licence revocations. We were told that the Tier 4 sponsor register was now at its 'leanest' since 2009.

The Sponsor Watch List had been refined as a result of the ETS investigation. This had led to improved targeting of high-risk Tier 4 sponsors and had resulted in a significant number of Tier 4 sponsor licence revocations.

- 7.2 It is important that the Sponsor Watch List continues to collect and collate relevant information, and that it is updated regularly to ensure that sponsors who pose a risk are quickly identified and investigated.
- 7.3 The move to central tasking and away from 'self-generated' visits was a positive one, but it is important that local knowledge is not lost. Some compliance officers told us that, having worked in an area for a considerable time, they had developed a good insight into the working practices of the colleges operating in their area. It is important, therefore, that a mechanism exists for compliance officers to feed information, such as concerns about the operation of local colleges, to the Sponsor Investigations Team for assessment and possible tasking.

Granting new licences

- 7.4 As well as visiting sponsors to confirm they are complying with their sponsor duties, compliance officers also carried out 'pre-licence visits' to check that sponsors had the necessary measures in place before they were granted a licence. In our reports sample, 33 (66%) sponsors had received a pre-licence visit, but 17 (34%) had been granted a licence without a pre-licence visit.
- 7.5 Managers acknowledged that removing sponsors from the register once they had been granted a licence was far more difficult than refusing a licence in the first place. In early 2014, it was directed that all Tier 4 sponsors should be subject to a pre-licence visit. Also, at the time of our inspection, any new licence granted to a Tier 4 sponsor required Director-level approval.
- 7.6 Ensuring all Tier 4 sponsors receive a pre-licence visit means applications are properly scrutinised before they are granted a licence and able to sponsor foreign students in the UK.

Scrutiny of secure English language test providers

- 7.7 We were told there would be greater scrutiny of secure English Language Test (SELT) providers. Some managers told us there had been an over-reliance on self-regulation in the past and this had been a 'dangerous path'.
- 7.8 New contracts with SELT providers included a requirement to submit an annual report, produced by a third party, giving independent assurance that the provider was meeting Home Office requirements. The Home Office had also introduced an inspection regime for SELT centres.

Tier 4 compliance network

- 7.9 We were told that a dedicated Tier 4 compliance network had been established. Previously, all compliance officers would deal with all types of sponsor compliance visits, including Tier 2 and Tier 5 sponsors.¹⁹
- 7.10 Managers and compliance officers told us that high-risk Tier 4 visits were more complex than other types of visits. In future, high-risk Tier 4 sponsor compliance visits will be conducted by a designated team, with a manager in Sheffield, but with compliance officers based around the UK. Meanwhile, local sponsor compliance teams will deal with only low-risk 'business as usual' Tier 4 sponsor visits and with other types of sponsors.
- 7.11 At the time of our inspection, some compliance officers who were not in the Tier 4 network were still dealing with some of the remaining Operation Firewall cases, but the planned changes should make for a more effective use of resources. They will also provide clear oversight of this type of visit and ensure expertise is developed and deployed where it is needed.

Operation Joust

- 7.12 Operation Joust took a multi-agency approach to tackling Tier 4 sponsor abuse and non-compliance. Originally launched in the North-West of England, it involved compliance officers working alongside other agencies, including the police, Immigration Enforcement intelligence, HM Revenue & Customs and the Fire & Rescue authority. The multi-agency model enabled intelligence to be shared, resulting in better-targeted visits. It also assisted the police with tackling wider organised crime.
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- The multi-agency model enabled intelligence to be shared, resulting in better-targeted visits. It also assisted the police with tackling wider organised crime.*
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- 7.13 One of the compliance visits we observed was conducted using the Operation Joust model. Two police officers, two Immigration Enforcement intelligence officers and a Fire & Rescue officer accompanied the compliance officers on the visit. All of the officers involved in the visit were positive about the Operation Joust model, particularly the benefits of sharing intelligence and expertise.
- 7.14 We noted in our 2012 inspection report on Tier 4 of PBS²⁰ that because compliance officers were not arrest-trained they were unable to arrest immigration offenders they encountered on compliance visits. The Operation Joust model addressed this by having police officers in attendance.
- 7.15 We understand that there were plans to roll out Operation Joust nationally. To be fully effective, this will need the buy-in of all those agencies that have the capabilities and powers to tackle non-compliance and criminality and their effects.

Staffing and Risk Register

- 7.16 We found sponsorship teams were not fully staffed. On 16 October 2014, there were 259.9 full-time equivalents (FTEs) out of the planned resource of 298.5 FTE. The overall shortfall of 38 (13%) FTE included 23 (19%) out of 124 FTE compliance officers planned for the compliance visiting network.
- 7.17 This issue was recorded on the sponsor management Risk Register, and we were told that work was underway to seek permission to advertise the vacancies.

¹⁹ See footnote 19.

²⁰ The report entitled, 'An inspection of Tier 4 of the Points-Based System (Students)', was published on 29 November 2012 and can be found on the Independent Chief Inspector's website at: <http://icinspector.independent.gov.uk/inspections/inspection-reports/2012-inspection-reports/>.

7.18 As mentioned in Chapter 4, staffing structures varied between areas and should be reviewed. A clear differentiation should be made between the responsibilities of HEO and EO compliance officers if this work is to continue to be undertaken by both grades. We therefore make the following recommendation:

Staffing structures varied between areas and should be reviewed.

Recommendation: The Home Office should:

Differentiate the responsibilities of HEO and EO compliance officers to reflect the grade distinction.

- 7.19 We found in our inspections of asylum in 2014²¹ that a proposed move from HEO to EO decision-makers had been handled poorly, leading to the loss of a high number of experienced HEO decision-makers over a short period, which had a significant impact on decision-making capacity. Any reorganisation of the sponsorship teams that might be necessary in light of the differentiation of HEO and EO compliance officer responsibilities would need to be staggered to avoid the same risk.
- 7.20 We found that most local managers were not aware of and had not seen the Risk Register. The Risk Register should be shared with local managers so that they are aware of the risks facing operational delivery of sponsor compliance monitoring and have an opportunity to feed into the risk assessment process.

Centralisation

- 7.21 When we inspected Tier 4 of PBS,²² between April and July 2012, sponsor management teams were attached to Local Immigration Teams (LITs) and came under the command of the LIT manager. We commented in the 2012 report that this had sometimes led to a lack of priority being given to sponsor visits, because LIT priorities and sponsorship priorities were not aligned. We noted that plans were underway to centralise the sponsorship teams and bring them under the command of the sponsorship management teams in Sheffield.
- 7.22 Centralisation occurred in early 2013. Staff and managers were positive about the move, which brought about a UK-wide compliance network, overseen by sponsorship management in Sheffield.
- 6.23 However, while centralisation had brought benefits, the geographical spread of the staff presented challenges. Many compliance officers we spoke to did not feel they were part of a single compliance network. Staff in the south and in the north felt detached from one another. Some staff, particularly those in the south, felt disconnected from the Sheffield hub. While staff said they felt able to raise issues with local managers, some were unconvinced their views were fed back to Sheffield, or that their opinions mattered to senior management based in Sheffield.
- 7.24 Operation Firewall, meanwhile, created a high level of engagement and showed how colleagues from around the country could work together to tackle abuse. It has therefore provided some pointers to how senior managers can create a more cohesive and effective compliance network moving forward.

Operation Firewall created a high level of engagement and showed how colleagues from around the country could work together to tackle abuse.

21 The inspections of Asylum Support and of Cardiff Asylum Team were published on 15 July 2014 and are available on the Independent Chief Inspector's website at:

<http://icinspector.independent.gov.uk/2014-inspection-reports/>

22 See footnote 21.

Appendix 1: Role and Remit of the Chief Inspector

The role of the Independent Chief Inspector ('the Chief Inspector') of the UK Border Agency (the Agency) was established by the UK Borders Act 2007 to examine and report on the efficiency and effectiveness of the Agency. In 2009, the Independent Chief Inspector's remit was extended to include customs functions and contractors.

On 26 April 2009, the Independent Chief Inspector was also appointed to the statutory role of independent Monitor for Entry Clearance Refusals without the Right of Appeal as set out in Section 23 of the Immigration and Asylum Act 1999, as amended by Section 4(2) of the Immigration, Asylum and Nationality Act 2006.

On 20 February 2012, the Home Secretary announced that Border Force would be taken out of the Agency to become a separate operational command within the Home Office. The Home Secretary confirmed that this change would not affect the Chief Inspector's statutory responsibilities and that he would continue to be responsible for inspecting the operations of both the Agency and the Border Force.

On 22 March 2012, the Chief Inspector of the UK Border Agency's title changed to become the Independent Chief Inspector of Borders and Immigration. His statutory responsibilities remain the same. The Chief Inspector is independent of the UK Border Agency and the Border Force, and reports directly to the Home Secretary.

On 26 March 2013 the Home Secretary announced that the UK Border Agency was to be broken up and brought back into the Home Office, reporting directly to Ministers, under a new package of reforms. The Independent Chief Inspector will continue to inspect the UK's border and immigration functions, as well as contractors employed by the Home Office to deliver any of these functions. Under the new arrangements, the department UK Visas and Immigrations (UKVI) was introduced under the direction of a Director General.

Appendix 2: Inspection Framework and Core Criteria

The criteria used in this inspection were taken from the Independent Chief Inspector's Core Inspection Criteria. These are shown in Figure 11.

Figure 11: Inspection criteria used.

Operational Delivery

1. Customs and immigration offences should be prevented, detected, investigated and where appropriate, prosecuted.
3. Resources should be allocated to support operational delivery and achieve value for money.

Safeguarding individuals

5. All individuals should be treated with dignity and respect and without discrimination in accordance with the law.

Continuous Improvement

9. The implementation of policies and processes should support the efficient and effective delivery of border and immigration functions.
10. Risks to operational delivery should be identified, monitored and mitigated.

Appendix 3: Glossary

Term	Description
Compliance Officer	An Executive Officer or Higher Executive Officer who conducts sponsor compliance visits and compiles compliance reports.
Confirmation of Acceptance for Studies (CAS)	A virtual document that is assigned by the Tier 4 sponsor to confirm that a non-EEA foreign national has been made an official and unconditional offer of a place on a course of study in the UK. A CAS can be assigned only where the course meets the Tier 4 study requirements and the migrant meets the Tier 4 English language requirements.
Educational Testing Service (ETS)	ETS was a provider of secure English language testing for immigration purposes. A Panorama investigation, which aired in February 2014, uncovered systematic cheating at ETS English language test centres, involving imposters being allowed to sit tests in place of prospective students and test centre invigilators giving out answers. ETS carried out its own analysis of previous test results, which resulted in high numbers of ETS test scores being withdrawn as invalid or marked as 'questionable'. ETS was removed from the approved list of English language test providers on 1 July 2014.
Metastorm	The IT system used by the sponsorship teams to record details of compliance visits and casework actions on sponsor licences.
Operation Firewall	Phase 1 was launched in February 2014 to investigate potential abuse among Tier 4 sponsors. Phase 2 was launched following the Panorama broadcast, to assess compliance of all Tier 4 sponsors who had assigned CAS to migrants who were found to have withdrawn or questionable ETS scores.
Operation Joust	Multi-agency operation where Home Office sponsorship teams work with outside agencies such as the police, HMRC, Immigration Enforcement, Fire & Rescue Authority, among others, to tackle abuse and non-compliance within Tier 4.
Sponsor Management System (SMS)	Secure IT system used by Tier 4 sponsors to assign CAS and to inform the Home Office of relevant issues such as failures to enrol, failures to attend and changes in SMS authorised personnel.
Tier 4 sponsor	A UK educational establishment that has been granted a Tier 4 sponsor licence, which permits it to recruit non-EEA foreign national students to study in the UK under the Tier 4 points based system. All Tier 4 sponsors must comply with their sponsor duties in order to maintain their licences.
Tier 4 sponsor register	List of UK educational establishments that have been granted a Tier 4 sponsor licence. There were approximately 1,580 sponsors on the register at the time of our inspection.

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Assistant Chief Inspector: **Tim Reichardt**

Lead Inspector: **Louise Richards**

Inspectors: **Paul Walker**

Shahzad Arrain

Inspection support: **Charmaine Figueira**

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