



Office of the Immigration
Services Commissioner

Annual Report and Accounts 2016/17

*Incorporating the Deputy Commissioner's Report on Regulation
by the Designated Professional Bodies of their Members*



Office of the Immigration Services Commissioner Annual Report and Accounts

1 April 2016 to 31 March 2017

Incorporating the Deputy Commissioner's Report on Regulation by the Designated Professional Bodies of their Members

Annual Report presented to Parliament pursuant to paragraph 21(3) of Schedule 5 to the Immigration and Asylum Act 1999.

Accounts presented to Parliament pursuant to paragraph 20(3) of Schedule 5 to the Immigration and Asylum Act 1999.

Ordered by the House of Commons to be printed 25 January 2018.



© Crown copyright 2018

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/government/publications

Any enquiries regarding this publication should be sent to us at
Office of the Immigration Services Commissioner, 5th Floor, 21 Bloomsbury Street, London WC1B 3HF.

ISBN 978-1-5286-0035-4

CCS0917022464 01/18

Printed on paper containing 75% recycled fibre content minimum.

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office.

Annual Report and Accounts of the Office of the Immigration Services Commissioner

Dear Home Secretary,

I am pleased to submit the Annual Report and Accounts of the Office of the Immigration Services Commissioner as required by paragraph 21(3) of Schedule 5 to the Immigration and Asylum Act 1999. The Report covers the period 1 April 2016 to 31 March 2017.

Dr Ian Leigh

Deputy Immigration Services Commissioner and Accounting Officer

Office of the Immigration Services Commissioner
21 Bloomsbury Street, London, WC1B 3HF

16 January 2018

Contents

Part 1: Performance Report

Overview

- 6** Deputy Commissioner's Statement
- 9** The Organisation
- 13** Regulation of Immigration Advice and Services
- 17** Regulatory Statistics
- 24** Appeals, Courts and Tribunals
- 26** The Deputy Commissioner's Report on Regulation by the Designated Professional Bodies of their Members
- 27** Investigating Illegal Activity

Performance Analysis

- 33** Key Performance Indicators
- 37** Outcome Objectives

Part 2: Accountability Report

- 42** Corporate Governance Report
 - 42** Directors' Report
 - 45** Statement of Accounting Officer's Responsibilities
 - 46** The Governance Statement
- 51** Remuneration and Staff Report
- 58** Parliamentary Accountability and Audit Report
 - 59** The Certificate and Report of the Comptroller and Auditor General

Part 3: Financial Statements

- 61** Statement of Comprehensive Net Expenditure
- 62** Statement of Financial Position
- 63** Statement of Cash Flows
- 64** Statement of Changes in Taxpayers' Equity
- 65** Notes to the Accounts

Part 1: Performance Report Overview

Deputy Commissioner's Statement



Introduction

My Statement, together with material contained in the following six sections, provides an Overview of the OISC's activities. That is followed by a Performance Analysis, which describes the organisation's achievement against its Key Performance Indicators (KPIs). Together, this material constitutes the Performance Report required by the *Government Financial Reporting Manual (FReM)*.

Purpose and activities of the OISC

The OISC is an executive non-departmental public body established by the Immigration and Asylum Act 1999 to regulate the provision of immigration advice and services throughout the UK. Since then its powers have been strengthened by numerous amendments made to this Act, but its statutory remit has remained unchanged.

The OISC seeks to protect consumers by ensuring the continuing fitness and competence of authorised advisers and organisations, setting standards for registration and promoting good practice throughout the sector. In addition, it operates a scheme to receive complaints relating to immigration advice (whether or not provided by registered organisations) and it enforces the regulatory regime by identifying and, where appropriate, prosecuting individuals who are acting illegally. Finally, the Immigration Services Commissioner monitors the effectiveness of regulation of the immigration advice sector by bodies in Scotland and Northern Ireland which are beyond the jurisdiction of the Legal Services Board. Each of these activities – and the teams that undertake the work – is described more fully in subsequent sections of this Overview.

Performance

The OISC continues to measure its operational performance against a set of quantitative KPIs covering regulatory duties, enforcement activity and internal operations, allowing year-on-year comparisons to be made. It is also now collecting and analysing data, which provides evidence of performance against a set of outcome-based objectives reflecting the organisation's wider strategic aims. In 2016/17 the OISC met 12 of the 14 targets encompassed by its KPIs. Further details are contained in the Analysis which appears later in this Performance Report.

Significant developments

The OISC is led by the Immigration Services Commissioner – a corporation sole – supported by the Deputy Commissioner. In September 2015 the Commissioner, Suzanne McCarthy, reached the end of her second, five-

year term of appointment and was required by statute to stand down. Since then, and throughout 2016/17, I have been acting on behalf of the Commissioner in accordance with the provisions of the 1999 Act. For most of the year (before publication of a Triennial Review of the OISC on 11 January 2017) we have been forced to operate in a climate of strategic uncertainty as explained in the Governance Statement. However, this has not prevented the organisation from making significant progress in consolidating its regulatory regime and fulfilling its statutory responsibilities as outlined below.

Throughout the year, a thorough review of the *Guidance on Competence* has been conducted. This document is of fundamental importance in setting out the scope of work which advisers regulated at different Levels are authorised to undertake. Its publication on 30 March 2017 completes the OISC's revision of the three core documents underpinning its regulatory regime (the others being the Commissioner's Code of Standards – which came into effect on 1 April 2016 – and the Complaints Scheme, which was refreshed the previous year). This is a significant achievement on which regulatory staff throughout the organisation are to be congratulated.

The development that has had the most direct impact on the registered community has been a fundamental change to the way in which advisers are required to identify, undertake and monitor their Continuing Professional Development (CPD). In anticipation of a recommendation contained in the Triennial Review, the OISC has extended the 'principle-based' regulatory approach to its CPD requirements by withdrawing direct oversight and materials in order to provide authorised individuals with the freedom to manage this activity in the way most suited to their needs.

Interactions with external stakeholders have continued to feature prominently in the OISC's work programme. Productive debate has taken place with bodies including the Solicitors Regulation Authority (SRA), the Bar Standards Board (BSB), the Chartered Institute of Legal Executives (CILEx) and the Immigration Law Practitioners' Association (ILPA) over the scope of OISC regulation. The organisation has also addressed a number of challenges relating to the interpretation of its legislative remit, and as a direct consequence revised guidance has been issued on the regulatory requirements.

More widely, the OISC has actively contributed to a market study on Legal Services undertaken by the Competition and Markets Authority (CMA) and published on 15 December 2016. Although the scope of this study was strictly limited to 'authorised' providers of reserved legal services regulated by bodies overseen by the Legal Services Board (LSB) – and therefore excluded the OISC – it was highly relevant insofar as immigration advice and services are also offered by such authorised providers. As noted below, we will closely monitor any resulting proposals for the reform of legal services regulation and support initiatives which seek to inform and empower consumers.

The OISC has continued to devote considerable effort to its statutory duty to promote good practice among authorised advisers, both directly and indirectly. A successful series of workshops and seminars has been undertaken – with a number held outside London (in Sheffield, Manchester and Glasgow). Numerous stakeholder meetings and presentations have taken place, but particularly noteworthy is a major exercise to improve interaction with Citizens Advice Bureaux who we regulate. More widely, a new initiative has been launched to provide more focused advice and assistance to other non-fee charging organisations contemplating joining the regulatory scheme. In parallel, following extensive development and testing, we have launched a suite of electronic application forms to reduce the burden on authorised advisers. We have also made a quantifiable contribution to the Home Office's endeavours to meet the government's Business Impact Target.

The OISC's enforcement activities have again played a key role in ensuring that the organisation fulfils its statutory obligations regarding consumer protection. Gathering evidence of unlawful activity often takes many months to complete before the cases begin their progress through the courts, but this has nevertheless resulted in 16 successful convictions during 2016/17. The Intelligence and Investigations Team has also remained active in raising awareness within government departments of the OISC and its prosecutorial role, while maintaining and developing useful contacts with other enforcement agencies throughout the UK.

Following the identification of Rotherham as a geographical area with significant immigration activity but a low volume of complaints, in 2016 the Intelligence and Investigations Team undertook a pilot project designed to

engage communities in order to raise the profile of the OISC and encourage reporting abuse of the regulatory regime. Lessons learned from that exercise will be applied to future regional initiatives elsewhere in the UK. The team has also given detailed consideration to how existing legislative powers (such as the ability to prosecute offenders for fraud as well as immigration offences) might be used to provide a further deterrent to those engaged in illegal activity.

In addition to the significant operational activities described throughout this Overview, it would be remiss to overlook the work of the Corporate Support Service Teams – and also the Legal Team – whose activities are crucial in underpinning our core regulatory functions. The Information and Communications Technology Team has not only maintained consistent availability of the OISC's systems, but has also put in place improved mechanisms for external access, facilitating efficient and effective remote working practices. The Head of ICT has also completed a major project to update the organisation's information security processes and promote good practice throughout the organisation.

The Human Resources and Facilities Team has continued to provide a comprehensive customer-focused service to all staff across the range of personnel matters (payroll, pension, welfare, etc), and it has completed a major exercise to review, revise and update key corporate policies.

The Legal Team, while not handling criminal prosecutions, leads on all other legal matters including: formal appeals against decisions made by the Commissioner and subsequent cases considered at Tribunal; challenges to the OISC's interpretation of its governing legislation (including applications for Judicial Review); and requests submitted under Freedom of Information and Data Protection legislation. In 2016/17 it has maintained an enviable record of success in defending challenges against us and ensuring the organisation fully meets the legal requirements placed upon it.

Despite the uncertainty which has beset the OISC for much of this reporting year, staff throughout the organisation have continued to perform their duties with diligence and professionalism. I am proud to be able to report such strong progress and achievement in 2016/17, and I am indebted to my colleagues for all their efforts in support of the OISC, those it regulates and the consumers it seeks to protect.

Key risks

A principal risk to the organisation is the continued pressure on public spending. However, prudent financial management has resulted in the OISC being able to operate within its financial allocation. A much less tangible risk has been uncertainty about the future of the organisation while awaiting the outcome of the Triennial Review. Publication of this report on 11 January 2017 provided welcome confirmation of the government's endorsement of the OISC as a going concern and its commitment to maintaining this important regulatory activity.

Delay in pursuing a number of other sponsorship functions (as described in the Governance Statement) has caused needless uncertainty throughout the year, leading to an increased risk to the reputation of the OISC. Also, the scope of the OISC's regulatory remit has been questioned and advice sought on legislative interpretation. No significant lacunae have been identified, but this exercise has highlighted the need for certain historic provisions to be clarified – an exercise which might usefully be conducted in the context of the enactment of new immigration legislation as the UK prepares to leave the European Union.

Looking ahead

After a lengthy period of corporate uncertainty (as described above and in the Governance Statement) now that the Triennial Review has been published, the OISC is able to look to the future with renewed confidence. Clearly the UK's intention to leave the European Union raises many – as yet unanswered – questions over the future of immigration policy. However, the OISC has no intention of diverting from the statutory role it has pursued since it was established in 2001. It will continue to maintain a robust regulatory regime which ensures – as Parliament intended – that consumers of immigration services are protected despite their vulnerability by ensuring that the advisers it regulates are fit and competent, and that those who seek to operate illegally will be identified and their activities curtailed.

An outline three-year Corporate Plan has been prepared to cover the period when the effect of 'Brexit' is likely to have the most direct impact on the sector regulated by the OISC. This envisages that despite the government's best efforts to provide clarity there may be significantly increased demand for advice on immigration matters from those uncertain about their status. We find ourselves well placed to meet this challenge. As described elsewhere in this document – and also in the 2015/16 Annual Report – the organisation's regulatory approach has been reviewed and streamlined with its requirements updated to reflect a more principle-based approach and, wherever possible, to reduce the burden placed on businesses.

All the key documents setting out these requirements have been revised, and a new Framework Document has been agreed with the Home Office. This is being implemented in full accordance with the Cabinet Office Code of Good Practice on Partnerships between departments and arm's-length bodies published in February 2017. This collaborative approach is already being demonstrated by the way in which the OISC and its sponsor unit have cooperated on refining the organisation's Corporate Plan and Business Plan for 2017-18. It will also be adopted in pursuing the small number of recommendations arising from the Triennial Review which remain to be addressed, including undertaking a fundamental review of the way in which performance is continually monitored, managed and benchmarked against comparable organisations.

As well as ensuring that the OISC's statutory duties and functions are undertaken with due efficiency and effectiveness, we continue to observe – and stand ready to participate in – relevant external initiatives. We view with interest the ongoing debate over the future of legal services regulation established by the Legal Services Act 2007, trusting that any proposals for change will not adversely affect our ability to maintain authoritative expert regulatory control over the potentially high-risk activity for which we are responsible. Similarly, we also await developments arising from the Regulatory Futures Review published in January 2017.

Finally, everyone within the OISC looks forward to the appointment of a new Immigration Services Commissioner to provide renewed strategic leadership over the next five years, building upon the strong regulatory foundations established by previous Commissioners and continuing to ensure that the OISC maintains its status as a fully fit-for-purpose legal services regulator.

The Organisation

The Commissioner's Office

The Commissioner's Office consists of the Immigration Services Commissioner (this post has remained vacant since the departure of Suzanne McCarthy on 4 September 2015), the Deputy Immigration Services Commissioner, Dr Ian Leigh, and their part-time administrative support.

The Operational Teams

Six separate, but interlinked, teams deliver the OISC's regulatory functions, led by the Director of Operations. The roles of these teams are summarised here, with the regulatory activity they undertake being described in the following section of this Overview.

The Compliance and Complaints Teams

Led by the Head of Operational Regulation, the members of the two Compliance and Complaints Teams (CCT) come from a variety of backgrounds across the private, public and voluntary sectors.

The teams' caseworkers have primary responsibility for the delivery of the OISC's regulatory and complaints functions and their main focus is ensuring continued compliance with the Code of Standards. They conduct premises audits and investigate complaints made about authorised advisers. The teams are also responsible for the delivery of the OISC's workshop and seminar programme and they provide the main point of contact for authorised advisers.

The CCT also include two software developers whose principal role is to enhance the OISC's regulatory database, 'Themis', guaranteeing its continuing accuracy, accessibility and functionality – specifically ensuring that reports can be produced that provide data to confirm the organisation's KPIs and underpin its outcome objectives.

The Operational Services and Support Team

The Operational Services and Support Team provides administrative support to the CCT, as well as having responsibility for updating the information on the OISC's database. This team arranges the programme of premises audits for the compliance caseworkers and manages the workshop and seminar events. It is also responsible for selecting and overseeing those complaints deemed suitable to be investigated under the Commissioner's re-direction scheme. It also coordinates our presence on GOV.UK.

The Applications and First Contact Team

The Applications and First Contact Team (AFCT) deals with enquiries from the public, authorised advisers and those considering joining the OISC's scheme. It has responsibility for the initial handling of applications to enter the scheme, and takes final decisions on the more straightforward applications. AFCT also coordinates the OISC Competence Assessment process including facilitating its test centres, and it administers Disclosure and Barring Service checks on behalf of the Office.

The Intelligence and Investigations Team

The Intelligence and Investigations Team is responsible for identifying and taking enforcement action, alone or jointly with other UK investigative bodies, against persons acting unlawfully. It particularly focuses on those who may be causing the most harm or posing the greatest threat to consumers. To achieve this objective the Investigations Team consists of experienced investigators, supported by the Intelligence Team, and deals with complaints and serious breaches concerning sections 91 and 92B of the Immigration and Asylum Act 1999. The team also supports OISC caseworkers when conducting audits and applying for and executing 'enter and inspect' warrants, and it fosters joint-working relationships with external partners to enhance intelligence sharing.

The Legal Team

The Legal Team provides general legal advice and policy guidance to the Office and oversees the conduct of cases in the civil courts and tribunals. It assists the Commissioner in fulfilling oversight regulation of the Designated Professional Bodies (DPBs) (see report later in this Overview) and responds to freedom of information requests and subject access requests made under the Data Protection Act on behalf of the organisation.

The Corporate Support Service Teams

The Finance Team

The Finance Team is responsible for preparing the OISC's annual phased budget, producing monthly management accounts, monitoring actual spend against budget, forecasting for full year spend and liaising with external and internal stakeholders including auditors.

The Head of Finance provides support to the OISC's Audit and Risk Assurance Committee, and has responsibility for asset management. She liaises with the OISC's Sponsor Unit regarding general finance and other audit issues. She represents the OISC at Home Office working groups concerned with financial reporting matters and risk improvement forums.

Other specific responsibilities of this team include maintenance of the OISC's accounting records, creditor payments, administering payroll and staff expenses, production of the OISC's annual accounts and contributing to the Home Office's consolidated accounts and other financial reports, including financial returns to the Cabinet Office and HM Treasury.

The Human Resources and Facilities Team

The Human Resources and Facilities Team provides a comprehensive personnel, training and development service for OISC staff. It is also responsible for facilities management and health and safety issues within the OISC premises, and the conduct of investigation of complaints made against staff from external organisations or persons.

The team continued its cyclical review of HR policies, ensuring that they meet the organisation's business needs and comply with employment and other legislation. Six policies in total were reviewed and updated, the most significant of these being the disciplinary and grievance policies. The Performance Appraisal procedures were also revised. Five recruitment exercises were undertaken during the course of the year.

The Head of HR and Facilities is also responsible for commissioning the investigation of complaints made against the OISC and/or its staff by external organisations or persons. During 2016/17, thirteen substantive complaints were investigated of which two were upheld, two partly upheld and seven not upheld. At the end of the year, two complaints were still under investigation.

A total of 113 days was allocated to staff training and development, including staff receiving support in their further education studies. There were 342.5 sick days taken by OISC staff, 164 being of short-term duration (1.4%) and 178.5 of long-term duration (1.5%). This equates to 5.61 days average per person overall compared to the latest comparison figure available from the public sector which is 8.3 average days per person. The OISC's short-term absence figure equates to an average sickness rate of 2.69 days per person.

In 2016/17, the HR Team commissioned a new integrated HR and payroll system which will become operational in 2017-18.

The Information and Communications Technology (ICT) Team

The Information and Communications Technology Team has responsibility for the following areas:

- the provision (including support and maintenance) of the OISC's ICT infrastructure
- the provision and support of internal and external facing IT and telecommunications services for the OISC
- securing the OISC's ICT against external and internal threats
- providing ICT advice and information.

As well as maintaining the ICT systems and providing direct technical support to OISC staff, the ICT Team has undertaken a number of projects during the year. These started with the migration of the OISC's ageing telephony system to a modern system. This enhanced the options available for those staff that work remotely. The new telephone system also allows for much greater involvement of the ICT Team when providing support to OISC users, which has resulted in both financial and time savings.

Some of the server systems have also been updated by the team during the year. This was done together with an increase in the storage space available to these devices, the combined effect of which is the improved reliability and performance of the servers.

The ICT Team has also initiated a user computing technology refresh programme, updating the hardware used by OISC staff including laptop computers and monitors. This programme will continue into 2017/18.

The IT Systems Manager has been highly involved in the revitalised 'Electronic Applications' project being led by the Operations Teams. This involvement has ranged from providing advice on systems and processes, evaluating third party providers and implementing the preferred solution, to assisting with the editing of the electronic forms themselves. The forms were successfully launched at the end of March 2017.

The final project of note undertaken by the team in 2016/17 was a significant change to the technology that provides remote access to the IT systems. Upgrading the existing system to maintain an appropriate level of security would have required a considerable financial investment, so the ICT Team took the opportunity to replace the existing system with one with a lower total cost of ownership. This new system provides new functionality, which has been well received by staff.

The Head of ICT has also been heavily involved with the OISC's Information Security Monitoring Board; the main achievement of which was the compilation and dissemination of significantly revised 'Information Security Strategy and Framework' and 'Information Security Policy' documents in January 2017.

Regulation of Immigration Advice and Services

The OISC regulates a wide variety of organisations ranging from small, community-based bodies and sole traders through to national charities with multiple offices and large, specialist profit-making advisory services.

The OISC confirms adviser competence and fitness in a number of ways such as through its application processes, competence assessment programme and audit activity. The OISC's approach to regulation remains targeted and proportionate using risk-based criteria.

In accordance with the Immigration and Asylum Act 1999 the OISC used to distinguish between regulated organisations, dividing them into two specific categories: 'Registered' (which charged for their advice and services) and 'Exempt' (which did not charge).

The Immigration Act 2014 ended this distinction and from November 2014 there became one category of regulated organisation – Registered. However, for the purpose of understanding the provision of immigration advice and services within the sector, it is helpful to be able to report data in relation to advice providers who charge a fee for their work and those who do not. The data in this chapter is presented as relating to 'fee charging' and 'non-fee charging' authorised advisers and their organisations.

The OISC regulates advisers at three different Advice Levels:

- **Level 1:** Advice and Assistance – advisers are authorised to make simple applications allowed under the Immigration Rules and some limited applications outside the rules which require no detailed representation
- **Level 2:** Casework – advisers are authorised to do both Level 1 work and the more complex Immigration Rules applications, all applications outside the Immigration Rules and applications as allowed under the Home Office's concessionary or discretionary policies
- **Level 3:** Advocacy and Representation – advisers are permitted to do any work permitted at Levels 1 and 2, as well as all appeals work against a Home Office immigration decision and the conduct of specialist casework.

A detailed description of areas of work covered by each of these Levels is contained in the *Guidance on Competence* available on the OISC's website.

The Advice Level at which an organisation is authorised to work is determined by the Advice Level of the highest authorised adviser in that organisation.

Key regulatory documents

On 1 April 2016 the Commissioner's new Code of Standards came into effect. Throughout the 2016/17 business year the Operations Teams have been working with authorised advisers to ensure that the new Codes are understood and advisers are able to implement any changes brought about due to the new Codes. A series of seminars explaining the new Codes was delivered throughout the UK with four seminars being held in London and others held in Glasgow, Sheffield and Manchester. A seminar on the new Code of Standards was attended by 243 advisers.

In addition, staff reviewed and updated all the Guidance and Practice Notes that were previously published on the OISC website. This allowed us to revise the notes to reflect the new Codes and update the notes more generally to ensure they remain relevant and helpful documents for advisers. There are currently four Guidance Notes for advisers along with 11 Practice Notes available on the website.

During the 2016/17 business year we also undertook a full review of the *Guidance on Competence*, which follows on from the release of the new Code of Standards at the start of the year. Much has changed in immigration law and practice since the publication of the existing *Guidance on Competence* in 2012. These changes, coupled with the updates required by the introduction of the new Code, have necessitated the revision of the document. Further, this provided an opportunity to clarify any issues that advisers had been unclear about in the previous version and, importantly, has allowed us to look at increasing the scope of activity permitted to be undertaken by Level 3 advisers with the introduction of a brand new category of work – Judicial Review Case Management.

Assessing fitness and competence of new applicants

It is the statutory duty of the OISC to ensure those who are regulated by the Commissioner are both fit and competent to provide immigration advice and services. This requirement is rigorously applied to both individuals and organisations seeking entry to the scheme and those already within the scheme.

In 2016/17, 553 candidates undertook a formal written assessment as part of their application for regulation or continued regulation at a higher Level of authorisation. Of the 466 candidates who took the Level 1 assessment, 168 (36%) were successful and 298 (64%) were unsuccessful. These figures, while still disappointing for applicants, reflect an improvement in results from those achieved in the previous business year, when only 25% of candidates who took the Level 1 assessment were successful.

The OISC took several steps in 2016/17 to encourage increased success by Level 1 candidates. Activities included: researching and publishing the exam techniques of candidates who had achieved high pass marks on the Level 1 paper; splitting the Level 1 paper into two separate papers that could be taken independently, with the results of one section 'banked'; and adding some additional reading time to the assessment process.

In relation to the Level 2 and 3 assessment, candidates who apply at these higher Levels have traditionally been more successful with 46% of candidates being successful at Level 2 and 31% at Level 3 in the 2015/16 business year. The 2016/17 business year showed further improvement in this area with 51% (24 candidates) successful at Level 2 and 40% (16 candidates) successful at Level 3.

Candidates who underwent the competence assessment during 2016/17 were invited to complete a survey commenting on their experience of the process and 163 responses were received. Comments on the assessment itself reflected that candidates would like more time to complete the test – a point that we have sought to address at Level 1 by changes made during the year. The survey results provide a high degree of reassurance that information supplied to candidates on the website and in the invitation pack is sufficient and clear. They also indicated that 97% of candidates rated conditions at the test centres as satisfactory or better.

Assessing fitness and competence of registered organisations

Once organisations have obtained registration, an ongoing assessment of their fitness and competence is carried out through a programme of premises audits, compliance with Continuing Professional Development requirements and the investigation of any complaints received about authorised advisers. All three processes contribute to the decision to grant or refuse the annual continued registration application.

In 2016/17 the OISC undertook 358 premises audits, adopting a risk-based approach to the selection of those organisations. One premises audit was conducted as an unannounced inspection carried out after having secured an 'enter and inspect' warrant granted by the magistrates' court.

Regulatory action may be taken against organisations which are found to be in breach of the Commissioner's Code of Standards, particularly where there is evidence of serious breaches of fitness or competence, or repeated breaches of any code. For other organisations, the issues identified at audit act as a notice to improve. Our outcome measures reports introduced in 2015/16 show that at audit diligence in client care remains the most common area in which advisers are found not to be fully compliant with the Code of Standards. 63% of organisations that were audited were found to be in breach of requirements in this area. Deficiency in record-keeping also continues to be an area of concern with 53% of all organisations audited found to be deficient. Workshops for advisers programmed for spring 2017 will seek to provide advice and guidance in these key areas where the OISC has identified significant scope for improvement.

Organisations that are subject to a premises audit are also invited to feed back on the process and their experience of the audit through an adviser survey. The OISC is pleased to report that most advisers find the audits conducted by the OISC to be a positive experience. Some 97% of advisers that responded to the survey in the 2016/17 business year indicated that the audit was helpful to their organisation.

During 2016/17 the OISC has reviewed the position of its CPD scheme for authorised advisers. In line with the move to more principle-based regulation and a move by other legal regulators away from set hours of accredited CPD compliance, the OISC decided to amend its CPD scheme fundamentally. In July, advisers were informed that the old CPD scheme was closing and that they would no longer be required to complete a set number of CPD hours related to their Level of authorisation. In addition, they would not be required to upload a record of their completed hours on to the OISC CPD portal. Advisers were also informed at this time that the OISC online CPD courses, which had been free to authorised advisers, would also be closing. This was unfortunately due to the continuing costs to the OISC of hosting and updating these courses.

The new CPD scheme has been developed with a focus on registered organisations retaining responsibility for considering and planning the CPD needs of their authorised advisers. We believe this new scheme will encourage more considered CPD learning, which will focus less on getting hours completed and more on the learning needs of advisers. Details of the new scheme and a document of Guidance were published in December 2016 and a number of workshops helping organisations prepare for the new CPD scheme were held in London and Sheffield.

The investigation of complaints about authorised advisers forms an important regulatory tool in the assessment of the fitness and competence of registered organisations and individuals. In the 2016/17 business year, the OISC received a lower number of complaints against authorised advisers than in the previous year (166 as opposed to 255 in 2015/16). The OISC did, however, receive a number of extremely serious complaints, which included matters that were tantamount to fraud as well as constituting serious breaches of the Code of Standards. This resulted in the Commissioner lodging a record number of charges with the Immigration Services Tribunal. Sixty-four charges were brought against one authorised adviser (four each in respect of 16 individuals who had brought complaints to the Commissioner) and 60 of these were successful, one witness having provided insufficient documentation. The OISC is delighted that it has been able to assist all 16 complainants in this matter and hopes that in addition to being able to secure through the tribunal a refund of their fees, the determinations issued by the Commissioner may be of benefit to the individuals regarding their immigration matters.

Where complaints against registered firms are substantiated, various sanctions are available to the Commissioner. The lowest of these is that the determination is laid on file to be considered when the organisation applies for continued registration. This allows the Commissioner to consider if breaches found against organisations are one-off incidents or if they reflect continuing issues of concern that may need to be considered when the organisation applies for continued registration. Five organisations withdrew from the scheme following the determination of complaints found against them in 2016/17 and one organisation chose not to apply for continued registration. The Commissioner cancelled the registration of one organisation following the determination of a large number of complaints against it and refused the continued registration of another firm following the substantiation of four serious complaints against it.

The Commissioner also has the power to cancel the registration of an organisation that fails to engage with a complaint investigation. Most registered firms do, however, actively engage with the complaints process and the Commissioner only cancelled the registration of one organisation in this business year on the basis of failure to comply with the Complaints Scheme.

It is important for both the registered organisation and the complainant that complaints are handled by the OISC promptly. Ninety per cent of complaints determined or resolved by the Commissioner in 2016/17 were completed within five months of receipt. Of complaints where a determination was made, 91% found that a breach of the Code had taken place. Common areas of breach again included diligence in client care, with this being raised as an issue in 87% of complaint determinations.

In addition to action taken on complaints, the OISC has also continued to make use of powers granted to the Commissioner by the Immigration Act 2014 to suspend advisers charged with offences of dishonesty. In 2016/17 the OISC suspended two advisers from the scheme on this basis.

Efficiency and effectiveness

Work began in the 2015/16 business year to increase digital working within the compliance and complaints case working teams. Correspondence with advisers and complainants is now conducted primarily by email and documents are stored electronically. Continuing our drive towards digital operations, the OISC converted all its applications for regulation and continued registration to an electronic format. These forms and the guidance documents that accompany them became available to advisers at the end of 2016/17 and the OISC has now received its first applications through the new process. The OISC believes that sending applications digitally will reduce the possibility of applications and supporting documents being delayed or lost in the postal service and applicants who submit applications through this method will receive an automatic acknowledgment of receipt. This will lead to a reduction in costs for applicants and result in a more effective and efficient system.

The Operations Team has also begun further work to ensure our database of authorised advisers and organisations is fully up to date. In particular, we are working with the National Association of Citizens Advice Bureaux (NACAB) to consolidate the list of Bureaux which operate at Level 1 and are registered with the OISC. Issues with CABx operating at this Level have in the past included failure by individual offices to keep us updated on address changes and the opening and closing of branch offices. A number of offices have also been merged and the OISC has begun work with NACAB to ensure that the Commissioner is regularly notified of such changes. The OISC is also looking at how information that would be important to clients regarding when branches have immigration advisers available might be added to the 'adviser finder' section of our website, so as to ensure more accurate information for users as to where they can obtain advice and assistance. Work in this area started in 2016/17 will continue into the 2017/18 business year. The OISC is also seeking to encourage more CABx to consider registration at higher OISC Levels, recognising that they are ideally placed to meet the needs of vulnerable individuals, particularly in more remote parts of the country.

Working with advisers, advice organisations and other stakeholders

Premises audits and complaints investigations provide OISC caseworkers with welcome opportunities to meet advisers and advice organisations face-to-face. Caseworkers are also available by telephone and email to deal with queries advisers may have regarding their regulatory responsibilities and any applications for continued registration or variation of registration the organisation makes. The OISC is pleased to report that working relationships are generally extremely good and that advice organisations place great value on the arrangement whereby each body is assigned a named caseworker as their principal point of contact with the regulator.

During 2016/17 the OISC has consulted with advisers from the Commissioner's Advisers Panel and other stakeholders regarding the drafting of the 2017 *Guidance on Competence*. The OISC believes that the new Guidance, which was launched at the end of March 2017, provides increased clarity regarding the work advisers can and cannot undertake at the various Levels; accurately reflects changes that have taken place in immigration law and practice since the last version of the document was released in 2012; and importantly creates the new category of Judicial Review Case Management. The OISC has carefully considered the creation of this new category and believes it is beneficial to clients and expands the working opportunities for suitably qualified advisers. We have worked closely with the Bar Standards Board to ensure this work was possible for advisers operating in England and Wales, while keeping closely in mind the restrictions imposed by the Legal Services Act 2007 regarding Rights of Audience. The OISC did explore with the Faculty of Advocates in Scotland and the Bar Council of Northern Ireland whether similar work might be possible in these regions, but unfortunately this is not yet feasible due to the different arrangement of the judicial system in these areas.

The OISC has continued to build on work begun in 2015/16 with the charitable sector. We have been responsive to concerns raised by this sector regarding the requirement for full competence in Immigration at Level 1 by advisers who wished to practise only at higher Levels in Asylum and Protection. As a result of these discussions changes have been made to ensure that highly competent asylum advisers, struggling to gain registration due to less experience in immigration matters, are not refused registration.

The OISC has also taken on board feedback from voluntary sector organisations regarding support needed by non-fee charging organisations seeking registration, particularly those looking to undertake specialist work that does not fit neatly into the current application requirements. To this end the OISC has established a Voluntary Sector Support Group to consider and advise voluntary sector applicants introducing innovative programmes or schemes to meet the specific needs of the charitable sector. This group will also provide application advice more generally to charitable organisations struggling with the application requirements. Further work in this area, including a dedicated section on our website, is planned for the year ahead.

The OISC has enhanced its communication and interaction with other regulators in the 2016/17 business year. We have worked to provide clear guidance on where regulatory responsibility lies and improve the sharing of information between the bodies. The OISC has contributed to the Bar Standards Board Thematic Review of Immigration Advice and has been in discussions with the Solicitors Regulation Authority regarding its consultation 'Looking to the future – flexibility and public protection'. Further collaboration is planned for the year ahead, particularly in light of the CMA's legal services market study report which concluded that competition in legal services for individual consumers and small businesses is not working well. In particular, the report indicated that there is not enough information available on price, quality and service to help those who need legal support to choose the best option. The OISC will be working closely with the other legal regulators to address these issues.

Regulatory Statistics

Numbers of regulated organisations and advisers as at 31 March 2017

The data below shows that during 2016/17 the overall number of registered organisations decreased by 28, with the number of authorised advisers decreasing by 61 (see Tables 1 and 2).

Tables 3 and 4 provide some information as to the Level of those that are regulated. They show that 63% of organisations are registered at Level 1, 9% are registered at Level 2 and 28% at Level 3. Similarly, in relation to the Level of authorisation of individual advisers within registered organisations, most advisers (75%) are authorised to practise at Level 1. Level 2 advisers make up 10% of the advice sector and Level 3 advisers 16%. These figures include 384 Level 1 CABx, where it is assumed one adviser works at each CAB office.

Movement within the OISC registered sector

An organisation that wishes to give immigration advice or services in the UK may only do so in compliance with the 1999 Act. As such, new organisations are required to apply for entry into the OISC scheme. Table 5 shows the number of such applications the OISC received during 2016/17 and how they were resolved. The 2016/17 business year shows a slight increase in the number of new applications received (154) from the 147 applications received in 2015/16. This reversed the trend of decreasing numbers of applications in previous years (198 in 2014/15 and 235 in 2013/14).

Of those that apply for registration (154 new applications in the 2016/17 business year plus 38 applications brought forward from the previous year) only organisations that can demonstrate they are fit and competent to provide immigration advice and services are allowed entry into the scheme. Table 5 shows that in 2016/17, 52% of organisations that applied for registration were approved, 28% were refused and 3% withdrew during the application process. 17% have been carried forward into the new business year for decision.

Registered organisations are normally required to apply annually for a continuation of their registration. Table 6 shows the number of such applications the OISC received during 2016/17 and how they were dealt with.

A decrease in the number of organisations leaving the scheme has helped to stabilise the sector. In 2016/17, 127 organisations left the scheme compared to 183 in 2015/16 and 187 in 2014/15. Similarly, the number of individual advisers who left the scheme appears to be decreasing with 462 departing in 2016/17, compared to 570 who left in 2015/16 and 664 in 2014/15.

Registered organisations may seek to add new advisers to their organisation or to increase the Level of their existing advisers and/or the Level of the organisation. Table 7 shows the number of such applications the OISC received during 2016/17 and the decision reached.

The Commissioner also considered 1,127 applications for continued registration from organisations during this period. Of these applications a high proportion (99%) were successful at gaining continued registration, which suggests that most of those permitted entry are found to be fit and competent to remain in the scheme.

In addition to advisers joining the scheme as part of an organisation's application for registration (135 advisers applied in this manner), the Commissioner considered 386 applications by individuals to join existing organisations, in total considering 521 new adviser applications. Of these applications, 77% (401 advisers) were successful. This is an improvement on the last business year when only 68% of individual applicant advisers were approved.

Table 1: Total number of registered organisations

	As at 31 March 2017	As at 31 March 2016
Fee charging	995	1,022
Non-fee charging	208 (plus 384 CABx operating at Level 1)	208 (plus 385 CABx operating at Level 1)
Total number of registered organisations	1,587	1,615

Figure 1: Fee charging and non-fee charging organisations 2007-17

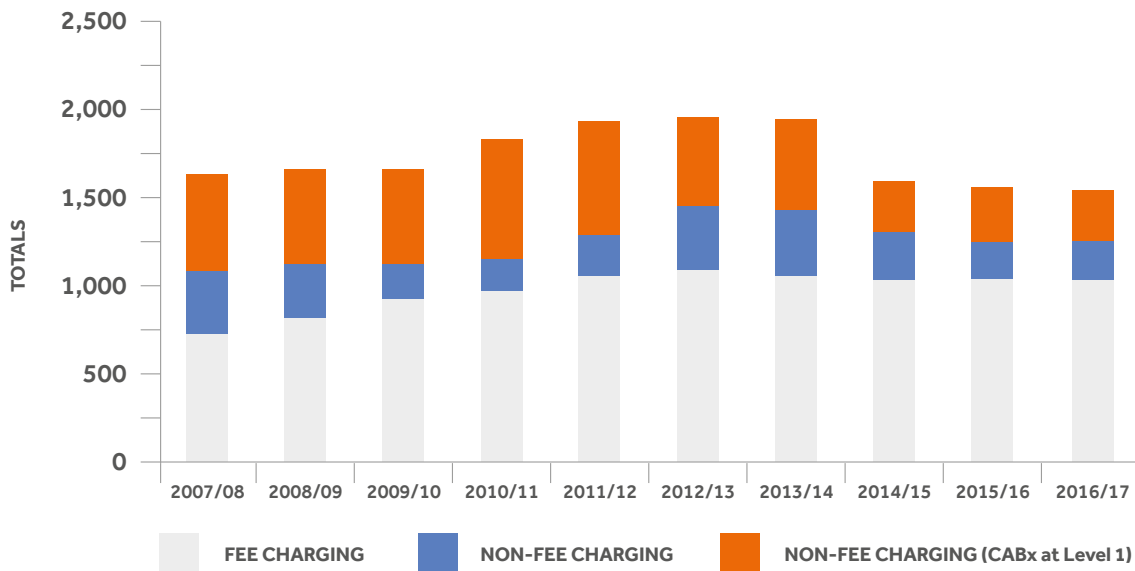


Table 2: Total number of authorised advisers

	As at 31 March 2017	As at 31 March 2016
Fee charging	2,309	2,370
Non-fee charging (Excluding Level 1 CABx)	701	705
Fee charging and non-fee charging* (Some advisers are both fee charging and non-fee charging)	23	18
Total number of authorised advisers (Excluding Level 1 CABx – 384 in 2017 and 385 in 2016)	3,033	3,093
Total of authorised advisers including CABx**	3,417	3,478

* Some advisers are both fee charging and non-fee charging advisers who work for more than one organisation, these have not been double counted in the total.

** This figure excludes 384 CABx registered at Level 1.

Figure 2: Fee charging and non-fee charging advisers 2007–17

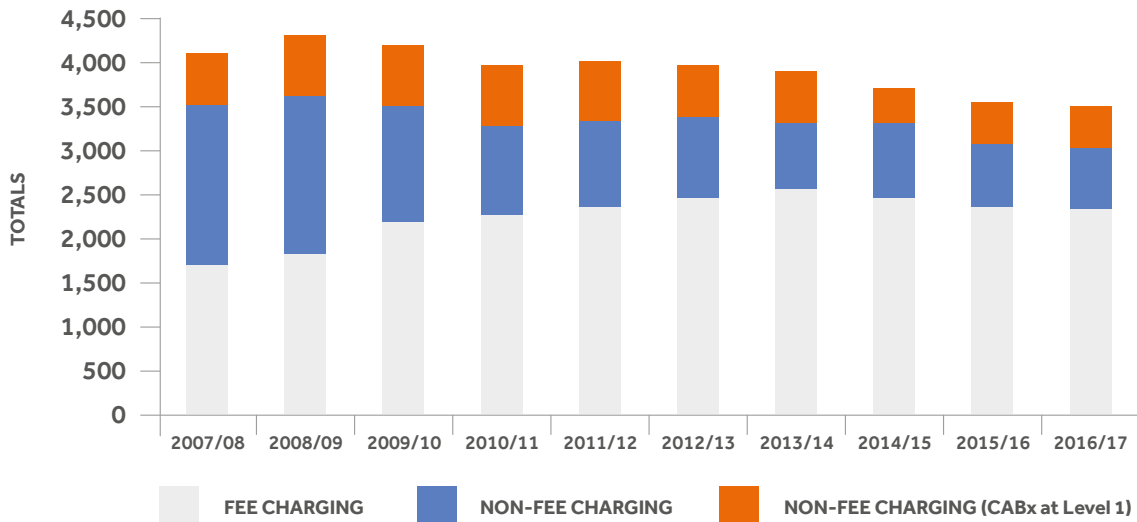


Table 3: The number of registered organisations by advice level as at 31 March 2017

	Fee charging	Non-fee charging	Total
Level 1	523	94*	617*
Level 2	93	52	145
Level 3	379	62	441
Total	995	208*	1,203*

* This figure excludes 384 CABx registered at Level 1.

Table 4: The number of authorised advisers by advice level as at 31 March 2017*

	Fee charging	Non-fee charging	Fee charging and non-fee charging*	Total
Level 1	1,654	503**	5	2,162**
Level 2	208	119	6	333
Level 3	447	79	12	538
Total	2,309	701	23	3,033

* Some advisers are both fee charging and non-fee charging advisers who work for more than one organisation, these have not been double counted in the total.

** This figure excludes 384 CABx registered at Level 1.

Table 5: Applications by previously unregistered organisations to join the OISC regulatory scheme

	Fee charging	Non-fee charging	Total
New applications received	123	31	154
Applications brought forward from 2015/16	28	10	38
Applications approved	76	24	100
Applications refused	46	7	53
Applications withdrawn	4	2	6
Applications carried forward	25	8	33

Table 6: Applications for continued registration

	Fee charging	Non-fee charging	Total
Continued registration applications received	930	178	1,108
Continued registration applications brought forward from 2015/16	55	6	61
Continued registration applications approved	935	180	1,115
Continued registration applications refused	7	0	7
Continued registration applications withdrawn	5	0	5
Continued registration applications carried forward	38	4	42

Table 7: Applications to add new advisers or increase Levels of operation

	Approved	Refused	Total
Applications for advisers to apply or join an existing or new registered organisation	401	120	521
Applications from registered organisations to change Level	24	2	26
Applications from authorised advisers to change Level	42	25	67

Complaints

Complaints are an important element of the regulatory process. Complaints about authorised advisers help the OISC to monitor competence and fitness while complaints about unregulated advisers help to bring illegal activity to the OISC's attention.

Table 8: Breakdown of total complaints received 2001-17

	Complaints about OISC authorised advisers	Complaints about advisers under approved regulators	Complaints about unregulated advisers	Total number of complaints received
2001 to 2012	2,619	1,456	1,396	5,471
2012/13	290	58	113	461
2013/14	268	52	144	464
2014/15	195	52	147	394
2015/16	225	18	158	401
2016/17	166	26	146	338
Total	3,763	1,662	2,104	7,529

Table 9: How the OISC disposed of complaint cases about authorised advisers in 2016/17*

Substantiated	102
Unsubstantiated	10
Re-directed and successfully resolved by organisation	37
Closed as outside time and/or jurisdiction	5
Closed due to insufficient evidence	11
Closed due to failure in complainant cooperation	7
Closed due to organisation no longer registered	18
Investigation suspended due to ongoing legal action	1
Total	191

* These totals include complaints carried forward from previous years.

Appeals, Courts and Tribunals

The OISC's in-house Legal Team is responsible for providing general legal advice and policy guidance to the Office. It oversees the conduct of cases in the civil courts and tribunals and assists the Commissioner in fulfilling his oversight regulation of the Designated Professional Bodies.

Appeals made against a Commissioner's appealable decision and charges brought by the Commissioner

The Commissioner has a statutory duty to ensure that advisers are fit and competent and to protect the public from those that are not. Removing an organisation or adviser from the regulatory scheme is a serious decision, which the Commissioner does not take lightly. Such decisions, among others, carry a right of appeal to the First-tier tribunal (FTT), which also considers the Commissioner's applications to lay disciplinary charges against authorised advisers as well as applications to suspend advisers after they have been charged with an indictable criminal offence. If a charge is upheld, the Tribunal may prohibit an adviser from giving immigration advice and/or services for a defined period or indefinitely.

During 2016/17 the Commissioner made 94 appealable decisions resulting in 10 appeals being lodged with the Tribunal.

Appeals before the FTT can be heard 'on the papers', if both parties consent. Attendance is not required, but relevant documentation for consideration must be submitted. Often appeals lodged by appellants failing competency tests are dealt with by a paper hearing. If, however, appellants indicate that they would like to attend a hearing then both parties and witnesses are required to attend. If either party is dissatisfied they can appeal the FTT's decision to the Upper Tribunal (UT).

Table 10: Breakdown of appeals and charges 2007-17

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17
Appeals lodged	11	8	6	7	10	6	11	13	10	10
Appeals allowed	1	1	2	0	3	2	0	1	2	0
Appeals dismissed	3	4	3	1	3	7	8	6	3	5
Appeals withdrawn	6	2	3	4	2	0	1	2	4	4
Charges brought	0	0	2	3	0	1	0	0	0	64

At the end of 2016/2017 there were five appeals still to be heard before the FTT, one matter before the UT and two matters before the Court of Appeal.

In two of the appeals that were dismissed, one was following a full hearing, where the adviser was found not to be competent and the other following consideration 'on the papers'. A further three appeals were struck out by the Tribunal, after an application by the OISC. Two of these appeals were lodged by applicant advisers who had failed the competence assessment; the other was lodged by an OISC adviser whose registration was cancelled after he was found to be unfit and not competent to provide immigration advice and/or services. Four appeals were withdrawn during this period. Three of these involved advisers authorised by the Commissioner and the other related to an applicant adviser.

The OISC continues to use its suspension powers and made one successful application to the Tribunal to suspend the registration of an adviser in accordance with Paragraph 4B(1) of Schedule 6 to the Immigration and Asylum Act 1999, after he been charged with a number of criminal offences. Although the OISC has made a number of suspension applications since it was given this power, this was the first suspension application to be heard 'on the papers' as both parties had consented to this approach. Currently there are four suspended advisers and they will remain so until their criminal cases have been dealt with.

Of particular note is that in 2016/17 the OISC has used its Charge sanction against a Level 1 authorised adviser to bring 64 charges before the FTT in respect of 16 complainants and invited the Tribunal to prohibit that adviser from providing immigration advice and/or services indefinitely. The adviser had made 16 Tier 2 visa applications using fake Certificates of Sponsorship and charged clients in the range of £3,300 – £15,000; all the applications had been refused. Subsequently, the FTT upheld 60 of the 64 charges and directed that the adviser repay 15 of the 16 complainants the fees they had paid (one witness having provided insufficient documentation) which in total amounted to £172,600. The FTT also directed that the adviser be indefinitely prohibited from providing immigration advice and/or services and ordered him to pay £7,460 by way of a penalty to the OISC.

During this reporting period all of the Commissioner's decisions stood at the Tribunal, so the OISC's KPI 5 outturn is 100%. There are currently five outstanding appeals. The Legal Team also becomes involved in those matters that have been appealed to the higher courts and this year has been involved in cases before both the UT and the Court of Appeal.

Ancillary legal activity

The Legal Team has continued to deal with Freedom of Information and Data Protection requests. The team has dealt with a variety of external and internal policy queries regarding OISC legislative and jurisdictional matters and has continued to liaise with other regulatory bodies such as the Bar Standards Board, the Solicitors Regulation Authority, CILEx and other interested parties.

The Deputy Commissioner's Report on Regulation by the Designated Professional Bodies of their Members

This Report, which is made in accordance with Part V of the Immigration and Asylum Act 1999, provides the Deputy Commissioner's opinion on the extent to which the Designated Professional Bodies (DPBs) have provided effective regulation of their members in the provision of immigration advice and/or services. The DPBs are the Law Society of Scotland, the Law Society of Northern Ireland, the Faculty of Advocates and the General Council of the Bar of Northern Ireland.

No complaints were received or were outstanding as at 31 March 2017 in respect of the Faculty of Advocates or the Bar Council of Northern Ireland.

During the course of the year, OISC representatives visited the offices of the Scottish Legal Complaints Commission (SLCC), the Law Society of Scotland, the Faculty of Advocates, the Law Society of Northern Ireland and the General Council of the Bar of Northern Ireland.

The Law Society of Northern Ireland (LSNI)

This year, the LSNI has focused on developing the immigration guidance section of its website to make it more accessible. The Society provides a direct link on its website for members of the public seeking information on Immigration Guidance. The Immigration Guidance page provides a link to the Society's database highlighting members who undertake Immigration work. The page also provides members of the public with a 'contact' facility where they can email questions or queries directly to the Society. The Society has also translated its 'Using a Solicitor in Northern Ireland' leaflet, and 'Making a Complaint' into a number of languages to assist those whose preferred language may not be English.

The LSNI received two immigration complaints in the year, neither being a referral from the OISC. The first complaint concerned the failure of a solicitor to keep the client properly informed, respond to reasonable enquiries and act contrary to the client instructions. The LSNI was unable to process this complaint as the solicitor was no longer on the Roll of Solicitors.

The second complaint also involved allegations of delay, failing to keep the client properly informed, and failing to respond to reasonable enquiries. The complaint also contained an allegation of failing to consider the complainant's complaint in accordance with the solicitor's firms' in-house complaints procedure. This complaint has been progressed and is currently waiting to be considered by the Client Complaint Committee.

The Law Society of Scotland (LSS)

The LSS has received one immigration complaint from the SLCC this year. The complaint concerned a naturalisation application. The client said that his application should not have been submitted at the time because he did not fulfil all of the necessary criteria, and that the solicitor knew this when the application was lodged.

This complaint was originally categorised as having one issue that would be investigated as both conduct and service. However, investigation into this complaint was suspended as a result of a Court of Session decision, which has affected the way complaints are categorised by the SLCC. Until this matter is resolved by the courts the investigation into the complaint will remain suspended. The OISC will continue to monitor this situation.

Investigating Illegal Activity

Introduction

The Intelligence and Investigations (I&I) Team has a national responsibility for dealing with complaints and serious breaches concerning sections 91 and 92B of the Immigration and Asylum Act 1999. This includes taking enforcement action against persons or organisations acting unlawfully, focusing particularly on those that may be causing the most harm or posing the greatest threat to consumers. The impact of section 91 offences on victims should not be underestimated with many left fighting to stay in the UK due to poor advice having been given, the victim having been relieved of large amounts of money, their immigration reputation severely harmed and often feeling too vulnerable to complain and with no access to redress. It is therefore important that victims know what information and support is available from reporting a crime through to giving evidence at court, and who to request help from if they are not receiving it. (There have been numerous occasions when a client's first awareness that they have been 'ripped-off' by an illegal immigration adviser is when they receive notice of liability to removal from the UK.) Additionally, those that are prepared to break the law to provide illegal immigration advice are more likely to have no hesitation about abusing the UK immigration system.

The 1999 Act created the criminal offence of providing unqualified immigration advice and services concerned with applications made to enter or remain in the UK. The Act makes a distinction between advice and services, with the latter including making representations to courts, tribunals and government departments. There is also the associated offence of unlawfully advertising the provision of immigration advice and services.

The Intelligence Team

Under the direction of the Head of Intelligence and Investigations, the primary role of the Intelligence Team is to provide supporting information to assist OISC caseworkers and investigators in their operational and investigative roles. In particular, caseworkers are provided with relevant information in support of their decisions on applications for registration and the premises audit process. Investigators are provided with the relevant information concerning providers of unlawful immigration advice and services, allowing them to target those who present the highest cause for concern.

The Intelligence Team is compliant with the National Intelligence Model and in line with the 'intelligence cycle'. It collates, analyses and disseminates new intelligence/information received from different sources (including the Home Office, Solicitors Regulation Authority, Action Fraud, and various police agencies) on prospective and authorised advisers and alleged illegal unregulated activity. Further to this, it monitors deregulated organisations to ensure they are not continuing to operate within the immigration advice sector.

The Investigation Team

The Investigation Team leads on criminal prosecution casework for offences relating to the unlawful provision of immigration advice and services and unlawful advertising. Investigations can be carried out solely by the OISC or with key partner investigative agencies. This is becoming increasingly common due to the complexities of cases requiring the need for forensic financial investigations and reference to provisions of the Proceeds of Crime Act 2002, in particular Confiscation Orders. The role of the investigating officer is to ensure, so far as practicable, that all information/evidence relevant to the investigation has been identified and secured, and to take responsibility for the case from the initial complaint through to conviction. The Investigations Team is very much victim-focused, notifying the victim at an early stage of who is conducting the investigation, keeping them up-to-date throughout and seeking victim compensation. Team members also provide support to caseworkers when conducting audits and applying for and executing 'enter and inspect' warrants.

Investigative practice continues to become more challenging due to offenders using more sophisticated methods to provide unlawful immigration advice and services and, more importantly, to conceal their activity. The increasing use of information technology, social media and call centres to mask the practices of unregulated advisers, the extensive amount of fraudulent activity and the use of encrypted electronic storage devices means investigative techniques have to constantly adapt to overcome such barriers.

The OISC investigative 'toolkit' is limited to executing search warrants and conducting investigative interviews, therefore relying on OISC investigators to liaise with partner agencies for assistance with financial investigations and digital forensic examinations. This year OISC investigations have continued to benefit from assistance from the Home Office Immigration Enforcement Crime and Financial Investigation Team, the Regional Asset Recovery Teams and a digital forensics expert. The use of search warrants continues to be a useful investigative tool with the team having executed 18 in 2016/17 with all but one resulting in the seizure of relevant evidence – namely correspondence relating to Home Office immigration applications, bank statements and letters between client and adviser. Recognising that prosecution is not always possible, the team considers crime prevention and disruption strategies, again working with external partners.

The I&I Team seeks to identify trends through reported complaints and intelligence sources, and since the decision was taken for the UK to leave the European Union it has noted an increase in complaints on behalf of EU citizens currently residing in the UK. During the forthcoming Brexit negotiations there is bound to be anxiety for those EU citizens domiciled and working in the UK. This is coupled with identification of those who seek to scare and take advantage of such communities with a view to financial exploitation. The OISC has begun to consider how it will communicate with these communities to give them the information needed to access authorised immigration advice and the confidence to provide the I&I Team with information to take action against those that seek to abuse citizens and the UK immigration process.

Table 11: Section 91 / 92B convictions counted at date of sentence

2016/17	16
2015/16	14

Table 12: OISC prosecutions 2016/17 – Heaviest sentencing outcome for each case

Custodial sentence	4
Suspended prison sentence	4
Community punishment order	2
Fine	4
Conditional discharge	1

During the period 2001-2017 the OISC has successfully brought 224 prosecutions. This number could possibly have been higher, but the OISC has not counted cases where defendants have failed to appear at court prior to conviction. There has been one occasion this year where a defendant failed to appear at court during the preliminary stages of the case, resulting in an arrest warrant being issued. In July 2016, a defendant failed to appear at Crown Court for sentencing having already been convicted of section 91 offences. The Judge issued an arrest warrant. This has been counted as a successful prosecution for the purposes of KPI 6 – Convictions. Going forward into 2017/18, 13 prosecution cases have begun court proceedings for section 91 and related offences.

Table 13: Formal cautions given by the OISC

2016/17	0
2015/16	1

Table 14: Disposal of investigations 2016/17

Prosecution	16
Not in public interest	17
Under approved regulator	3
Cautioned	0
Witness / Suspect left UK	1
Insufficient evidence	33
Passed to OGD	3
Failure of witness co-operation	4
Outside time / jurisdiction	0
Total	77*

* In addition there were 27 investigations awaiting a closure decision as at 31 March 2017.

New initiatives

Following the results of the Mapping Project conducted in 2015/16, (which identified a number of geographical regions where complaint reporting is low despite there being large migrant communities), the I&I Team ran a pilot working with colleagues from South Yorkshire Police, locally-based charities and outreach organisations. The aim was to raise the OISC's profile, encourage clients to use legal immigration advisers, complain when dissatisfied and reduce the threat caused by unlawful immigration advisers. The OISC also 'adopted' a number of post offices in the Rotherham area and used posters to assist in directly communicating our messages to potential immigration advice clients. Despite investing significant resources and receiving initial positive responses, this pilot unfortunately failed to produce the sustained engagement from external agencies that had been expected. However, the need to promote the OISC's key messages remains, and lessons learned from this exercise will be applied to future regional initiatives elsewhere in the UK.

Greater success was achieved with colleagues from G4S, who have responsibility for accommodating a number of asylum seekers across the UK. Our investigators made contact with the various accommodation dispersal centres and OISC promotional material was distributed through G4S welcome packs given to new asylum seekers.

In partnership with colleagues from Crimestoppers, work has been undertaken with Jeena – a charitable organisation with a UK-wide network to which the OISC has delivered a presentation about our work. We have also continued our work with Immigration Removal Centres along the same lines, with staff awareness being raised about unscrupulous legal advisers and promotional material placed on display in the centres.

The judiciary has raised concerns that there are no sentencing guidelines for section 91 offences resulting in potential discrepancies between the sentences awarded by individual courts. The OISC shares those concerns, which are demonstrated by the following outcomes of two cases heard during 2016/17.

In the first case, the defendant had established a 'solicitors' firm' in east London providing immigration advice and services to a large number of people, while using the name of a legitimate solicitors' firm based in another London borough. The defendant was not a qualified solicitor, nor was he authorised by the OISC or the Solicitors Regulation Authority. He was convicted on 10 counts of providing immigration advice illegally and had a number of cases taken into consideration. Given the seriousness of this case an immediate custodial sentence (around 16-18 months) had been expected, but the defendant received a suspended sentence. This was in contrast to the second case where the defendant received an eight-month custodial sentence for three offences despite the characteristics of the case being broadly similar and where both defendants entered an early 'guilty' plea.

During 2016/17, the OISC developed its own proposal for sentencing guidelines based upon the Fraud Act 2006, and in particular section 2 (fraud by false representation), due to the similarities with section 91 offence characteristics and evidential points to prove. These have been shared with The Sentencing Council for England and Wales and we are seeking its assistance with implementation across the Courts Service.

The OISC has also adopted a different type of caution as an outcome of a section 91 investigation, similar to that used by the police, known as a Simple Caution. This new caution is recorded on the Police National Computer and more importantly will assist in formally identifying the person being cautioned by way of biometrics (photograph, fingerprints and DNA) which can be checked against records stored on national biometric crime databases.

Since the introduction of the Regulation of Investigatory Powers Act 2000 (RIPA) there has been considerable development of case law. During 2016/17, the OISC revisited the legislation to ensure that we continue to use the most legally effective and efficient investigative methods to gather intelligence and evidence. We also considered whether there were areas of covert investigatory tactics provided by RIPA that could be proportionately adopted by the I&I Team to provide more sophisticated techniques to the current investigatory 'toolkit'. Work is now being undertaken with the Home Office Immigration Enforcement crime teams to progress this.

It has been apparent over recent years that some activities of unregulated advisers not only breach section 91 of the Immigration and Asylum Act 1999 but also offend in other criminal matters. During 2016/17 the team has given detailed consideration to how existing legislative powers (such as the ability to prosecute offenders for fraud as well as immigration offences) might be used to provide a further deterrent to those engaged in illegal activity.

Case study 1:

In September 2014, the complainant returned to the UK from Mauritius, where he was granted a student visa for a period of 15 months. He sought to renew it in addition to switching his study subject from hospitality to dentistry.

The complainant met the accused (who introduced himself as a caseworker for a firm of solicitors) at a cafe in central London, where he was advised that he would have great difficulty in renewing his visa for a different academic course, which could result in the complainant being required to leave the UK indefinitely. The defendant put an alternative option to the complainant, in that he should seek asylum by falsely claiming to be gay. Due to his desperation to stay in the UK, the complainant agreed to apply for asylum as suggested. A fee for the defendant's services was agreed at £5,000, which included payment to the solicitors' firm which the accused purported to work for.

The complainant later discovered that he may not have needed to pay a fee as he may have been entitled to qualify for Legal Aid. He confronted the defendant, who stated that the fee was payable to him as he had introduced him to the solicitors' firm. When the complainant refused to pay the full fees he was threatened by the defendant, who stated that he would report him to the Home Office for submitting a false asylum application. The complainant was subsequently informed that his asylum application had failed due to insufficient evidence being provided.

The OISC initiated a prosecution resulting in the defendant being convicted of a section 91 offence. He was sentenced to 16 weeks' imprisonment and ordered to pay £1,666 costs, £1,000 compensation and £80 Victim Surcharge.

Case study 2:

In June 2015 the OISC was contacted by a registered charity, which stated that a volunteer at the charity had set herself up as an immigration adviser unlawfully. It was concerned that the defendant was using the charity's name and company details to legitimise the defendant's operation. The OISC conducted a number of enquiries and identified that the defendant had formed a different company that operated from her home address.

The defendant admitted to the offences including setting up the second company, advertising immigration services on business cards and completing forms and liaising with the Home Office on behalf of clients, all for a fee.

In June 2016 the defendant pleaded guilty at Southwark Crown Court and was sentenced to eight months' imprisonment. The Judge described her actions as incompetent and that she had put her interests above anyone else's.

Case study 3:

A former Borough Councillor claimed to be an experienced immigration adviser when introduced to a client. The victim, a former Ghurkha officer, was seeking to assist his son and family to obtain leave to remain in the UK. The defendant charged fees of £3,200 for his services. The victim became suspicious when the Home Office refused the application and he complained to the OISC. The subsequent investigation uncovered a number of similar applications had been made by the defendant over a period of years through his own 'charitable organisation'. This led to three further charges relating to vulnerable victims exploited in exactly the same circumstances.

In sentencing the Judge said: "You need to be clear that these are serious offences that you have pleaded guilty to. These offences are aggravated having taken place over a long period of time resulting in clear prejudice to the victims. They are also aggravated by your knowing disregard of the statutory regime, and we are alarmed at your misuse of clients' money. However you have assisted the investigation and returned some of the money but these matters are so serious that only a custodial sentence will suffice."

The defendant was convicted on four counts of providing unregulated immigration advice and services and sentenced to 18 weeks' imprisonment on each count to run concurrently, suspended for two years. He was also ordered to pay £600 towards prosecution costs and a victim surcharge of £80.

Performance Analysis

Key Performance Indicators

Introduction

The OISC measures its performance against Key Performance Indicators (KPIs). The data produced helps the organisation to examine and assess delivery of its key day to day functions. The OISC's current KPIs measure three main areas of performance regarding:

- Its regulatory activities. These KPIs monitor application processing, delivery of the OISC's audit programme, complaint resolutions and determination and challenges to the Commissioner's decisions
- Controlling illegal immigration advice and services activities
- Internal operations, particularly acknowledgment of applications and complaints and payment of undisputed invoices.

KPIs that measure regulatory activity

The OISC receives a variety of applications including: applications from organisations to join the regulatory scheme; for continued regulation; to change their authorised Advice Level; to change their advisers; or to make some other substantive alteration. The OISC aims to deal with such applications promptly, while ensuring that the organisations and advisers it approves are fit and competent to provide immigration advice or services.

a) KPIs – New applications

	Target	Outcome 2016/17	Outcome 2015/16
KPI 1a			
Percentage of completed Level 1 applications decided within four months of receipt	75%	87% ACHIEVED	87%
KPI 1b			
Percentage of all completed applications decided within six months of receipt	85%	91% ACHIEVED	97%

All persons applying to join the regulatory scheme or to raise their Advice Level must have their fitness and competence assessed. During 2016/17, 154 organisations applied to be registered with the OISC (147 applied during 2015/16). Most applicants must take the OISC competence examination, which is held monthly at an OISC test centre. Candidates are allowed one re-take of the examination when applying for registration at Level 1. Our performance in respect of deciding applications at all OISC Levels again met the KPI.

At the end of 2016/17, 33 applications from organisations applying to be registered remained open of which two had been open for at least six months (2015/16: 38 applications remained open of which five had been open for at least six months).

b) KPIs – Continued registration

	Target	Outcome 2016/17	Outcome 2015/16
KPI 2a			
Percentage of completed 'straightforward' applications decided within 15 working days of receipt	95%	99% ACHIEVED	99%
KPI 2b			
Percentage of completed applications decided within three months of receipt	90%	95% ACHIEVED	94%
KPI 2c			
Percentage of completed applications decided within five months of receipt	95%	98% ACHIEVED	98%

Organisations must apply annually for continued registration and the OISC must make an assessment of the applicant's continued fitness and competence.

At the end of 2016/17 there were 42 applications for continued registration open of which two had been open for at least five months (2015/16: 61 applications were open of which six had been open for at least five months).

c) KPI – Premises audits

	Target	Outcome 2016/17	Outcome 2015/16
KPI 3			
Number of premises audits undertaken in the Business Year	350	358 ACHIEVED	364

The OISC uses audits at an organisation's premises as an important regulatory tool to help it assess the fitness and competence of those wishing to be accepted into the scheme (pre-registration audit and after entry). While the great majority of audits are pre-arranged, the Immigration Act 2014 gave the Commissioner the power to apply for a warrant to conduct an unannounced audit even at a private residence (where the residence is used to operate an immigration advice business). Despite a reduction in available resources, our 2016/17 target remained the same as in 2015/16, which was to complete 350 audits. This was achieved. The decision of which organisations to audit is determined according to our risk assessment process, which takes into account intelligence, complaints received and relevant information about an organisation and its activities.

d) KPIs – Complaints

	Target	Outcome 2016/17	Outcome 2015/16
KPI 4a			
Percentage of written complaints about OISC advisers to be resolved within five months of receipt	85%	90% ACHIEVED	95%
KPI 4b			
Percentage of written complaints about OISC advisers to be resolved within 10 months of receipt	95%	98% ACHIEVED	99%

The Commissioner is a statutory complaint handler. While resolving a complaint may often assist the complainant, the Commissioner is not an ombudsman. Rather, the primary function of complaints for the OISC is to support the regulation of immigration advice and services as they can indicate issues with an organisation or adviser, or illegal activity.

We recognise that it is important both for complainants and advisers for complaints to be investigated quickly, thoroughly and accurately. Following a reduction in the target time from six months to five months in 2014/15 for KPI 4a, in 2016/17 we increased the percentage target of complaints resolved within that time period from 75% to 85%. We achieved the target set.

Sixty-one complaints were brought forward from 2015/16. During 2016/17 the OISC received 166 complaints against OISC registered organisations (2015/16: 225) and decided 191 complaints (2015/16: 214). Forty-seven complaints (28% of complaints received during the period) met a set criteria and were re-directed to the respective organisations about which they were made (2015/16: 45 re-directed complaints; 22%) and the organisation successfully disposed of 37 of these. Thirty-five complaints have been carried forward into 2017/18.

e) KPI – Appeals

	Target	Outcome 2016/17	Outcome 2015/16
KPI 5			
Percentage of Commissioner's decisions to stand following an appeal lodged with the First-tier Tribunal	75%	100% ACHIEVED	78%

Various decisions made by the Commissioner, such as refusal of continued registration, are appealable. During 2016/17, 94 appealable decisions were made. In 2015/16 we reported that 135 appealable decisions had been made by the OISC.

During 2016/17, 10 appeals challenging the Commissioner’s decision were lodged with the Tribunal and nine cases were considered by the Tribunal, all of which were decided in the OISC’s favour. At year-end, five cases were ongoing (one appeal has been stayed pending the outcome of criminal proceedings).

KPI that measures the OISC’s control of illegal immigration advice and services activities

f) KPI – Convictions

	Target	Outcome 2016/17	Outcome 2015/16
KPI 6			
Number of successful prosecutions by the OISC of section 91 or section 92B offences under the Immigration and Asylum Act 1999	20	16 NOT ACHIEVED	14

The target for 2016/17 was reduced from 25 prosecutions to 20 but we failed to achieve what was still a challenging target. However, we increased the number of convictions on both the 2014/15 (12 prosecutions) and 2015/16 (14 prosecutions) outturns.

Moreover, while the OISC has not met this KPI, considerable work has been undertaken over the past year so that we currently have 15 cases that have started their court proceedings going into 2017/18.

KPIs that measure the time it takes for the OISC to process internal activities

g) KPIs – Internal response targets

	Target	Outcome 2016/17	Outcome 2015/16
KPI 7a			
Percentage of applications acknowledged within five working days of receipt	95%	100% ACHIEVED	100%
KPI 7b			
Percentage of written complaints acknowledged within five working days of receipt	95%	99% ACHIEVED	98%

The OISC believes it is important to ensure that those communicating with us receive a swift reply and we have a response target of five working days for acknowledging both applications and complaints. However, this is the final year these targets will be reported as we have now implemented a process of electronic applications and complaints that will include automatic acknowledgments.

The OISC also has two finance KPIs.

h) KPIs – Internal response targets – finance

	Target	Outcome 2016/17	Outcome 2015/16
KPI 8a			
Percentage of undisputed invoices paid within five working days	80%	57% NOT ACHIEVED	90% paid within 10 working days
KPI 8b			
Percentage of undisputed invoices paid within 30 working days	100%	100% ACHIEVED	100%

The OISC is now required to report against the above two targets. While we are committed to pay invoices quickly, we do not have the resources to be able to achieve the Treasury five day target consistently without disproportionately affecting other areas of our business. We did, however, meet the second target of paying 100% of undisputed invoices within 30 days of receipt.

Outcome Objectives

The OISC has continued to develop the use of outcome objectives to enable it to concentrate on improving the delivery of its statutory and organisational aims and objectives.

Objective 1: Only those applicants who demonstrate they are fit and competent will be authorised to practise under the OISC regulatory scheme

Within this objective, the Commissioner seeks to evaluate applications that are made to the OISC for regulation and how the OISC's processes carried out at this initial entry stage translate into decisions as to whether organisations and individual advisers are fit and competent to work. This includes the scope and extent of registration the applicant seeks. The purpose of this objective is to provide reassurance that robust decisions are being made on applications for authorisation to practise.

The OISC continues to make effective decisions on those organisations that apply for registration. During 2016/17 the OISC approved 100 new organisations to become registered and refused 53 organisations. Six chose to withdraw during the application process. We approved 401 individual advisers and refused 120. Forty applicants withdrew during the application process.

There have been 26 applications from organisations to raise their Level of authorisation of which 24 were approved and two refused. Forty-two authorised advisers applied to increase their Level of authorisation and were approved while the OISC refused 25 such applications.

Competence assessment

The pass rate during the four quarters of the business year 2015/16 was between 22% and 37% at Level 1. In our 2015/16 Annual Report we said we would be introducing changes to our competence assessment process that maintained the standard required but provided applicants with the best opportunity to demonstrate their ability. One of the key changes was that the OISC would no longer require candidates to pass both parts of the Level 1 assessment at the same sitting. This would mean that those candidates that fail one section of the two part assessment can 'bank' the successful section and concentrate solely on passing the failed part when they come to take their second attempt.

In June 2016 the OISC made those changes to the competence assessment process. As a result, the pass rate in the three quarters since June 2016 has increased to between 36% and 50%.

Objective 2: OISC authorised organisations and advisers comply with the Code of Standards for the benefit of clients and other stakeholders

Within this objective the Commissioner seeks to consider the extent to which registered organisations maintain compliance with the Commissioner's Code of Standards and how compliance is enforced. The Commissioner believes that organisations acting in compliance with the Code will meet clients' and other stakeholders' needs in the provision of immigration advice and services.

Last year we reported that we had worked on categorising the various requirements of the Code of Standards and collecting data as to which Codes were found to be breached following premises audits and the investigation of complaints.

This important activity has enabled the OISC to identify those areas of work that require improvement. The most common areas of non-compliance found on audit over the past year have been around diligence in client care and record keeping, while client care, fees and competence concerns were issues that were most prevalent in complaint findings. We will be using our workshops and seminars to support organisations in complying with the OISC's Code of Standards in the year ahead.

In the later part of the year, the OISC carried out a thematic review on a sample of OISC registered organisations' websites and we are now in the process of considering how best to feed back to registered organisations on where improvements may be made.

There was a significant reduction in the number of complaints about registered organisations during 2016/17: 166 compared with 225 during 2015/16. Further, the number of less serious complaints that the OISC was able to re-direct to the organisation to resolve directly with the client increased to 47 and 37 of those were successfully resolved by the organisation.

The OISC has been concerned about the number of organisations that become registered with the OISC, only to leave the scheme after a relatively brief time. It is not considered to be good for clients, nor the sector as a whole,

for organisations to remain in the scheme for a short period. The OISC has therefore been keen, where possible, to put in place procedures that enhance the likelihood of organisations being able to maintain their immigration practice over a sustained period of time. We have been measuring the number of organisations that remain in the OISC scheme for at least three years and those that remain for at least five years.

The fee charging sector at Level 1, which has historically seen the greatest churn, has, over the last year seen a 2% increase in the number of organisations remaining in the scheme for three years, while the number remaining for five years has increased by 4% over the same period. The numbers of fee charging organisations at Levels 2 and 3 have seen an increase of 1% in those remaining registered for three years and a 15% increase in those that remain registered after five years.

Within the non-fee charging sector there has also been some improvement in the numbers of higher Level organisations that have remained in the scheme for more than three years. This has shown an increase of 25% with those remaining within the scheme for at least five years showing an increase of 15%. The number of organisations in the non-fee charging sector is much smaller than in the fee charging sector and the former has been subject to a significant reduction in numbers in recent years. These non-fee charging Level 1 organisations have seen greater losses of organisations remaining in the scheme at the three and five year points, losing 11% (at three years) and 7% (at five years) during the 2016/17 business year.

Objective 3: The OISC takes action to counter the provision of illegal immigration advice

Within this objective the Commissioner seeks to consider the extent of illegal activity and the actions taken by the OISC to counter such activity along with our success in doing so. As well as investigating allegations of immigration advice and services provided unlawfully, and successfully prosecuting 16 individuals during 2016/17, we have undertaken a number of other activities aimed at countering the provision of illegal immigration advice.

Senior staff attended meetings and gave presentations on the work of the OISC to a number of organisations around the UK to inform them of the importance of clients choosing an authorised immigration adviser over an unregulated one. We explored the potential for communicating with advice seekers in areas such as medical centres and accommodation providers. The OISC also ran a pilot scheme together with post offices in the Rotherham area to display posters informing the public about the OISC and the importance of reporting unregulated immigration advice and services as well as dissatisfaction with a registered immigration provider.

It has been apparent over recent years that some activities of unregulated advisers not only breach section 91 of the Immigration and Asylum Act 1999 but also offend in other criminal matters. Over the past year, where there has been a clear link with unlawful immigration advice and services, the OISC has charged offenders with offences other than an offence against section 91, including section 2 of the Fraud Act 2006, holding out as a solicitor, perjury and conspiracy to pervert the course of justice.

The OISC has introduced a Simple Caution as an alternative to criminal proceedings (provided it meets the criteria as provided in the OISC's Prosecution Policy) so that the offender's activities are recorded on the Police National Computer. Such action assists in formally identifying the person being cautioned by taking biometric information (photograph, fingerprints and DNA) which can be compared against police national biometric databases.

Objective 4: The OISC is a fit for purpose public service regulator

Within this objective the Commissioner seeks to consider how the OISC carries out its regulatory functions, considering whether it meets its statutory obligations and conducts its business in an appropriate, effective and efficient manner. The number of complaints about the OISC remains low and no complaints about the OISC were referred to the Parliamentary Ombudsman in 2016/17. There continue to be challenges to the OISC's interpretation of the legislation which the OISC deals with on a case-by-case basis, taking specialist advice where necessary.

The OISC continues to engage with major stakeholders in the Legal Services sector, including the Legal Services Board, the Competition and Markets Authority and other regulators to inform debate about the regulation and delivery of immigration advice and services.

The implementation of the Commissioner's revised Code of Standards on 1 April 2016 was the OISC's first move towards a principle-based regulatory scheme and outcome-based regulation. The publication of the OISC's revised Continuing Professional Development Scheme (CPD) (implemented on 1 April 2017) was a further major shift towards outcome-based regulation. The new scheme moved away from recording the number of hours of CPD each authorised adviser completed. Under the new arrangements, the OISC now sets standards of competence and registered organisations must plan how they are going to ensure their advisers meet those standards. As well as emails and newsletters, the OISC carried out eight seminars in London and Sheffield to assist organisations in fulfilling their new responsibilities. We will be evaluating how this has had an impact on the sector in due course through the number of audits and substantiated complaints where competence of the adviser is an issue.

Business Impact Target

At the end of March 2017, the Immigration Services Commissioner became a 'relevant regulator' for the purposes of section 22 of the Small Business, Enterprise and Employment Act 2015. In practice this brings the OISC formally within the scope of the Regulators' Code and also requires us to publish certain documents. During 2016/17 the OISC has been anticipating its inclusion in these regulations and the consequent obligations in respect of reporting our contribution towards the government's Business Impact Target (BIT). It should be noted, however, that the Commissioner is not named in regulations made on the same day under section 109 of the Deregulation Act 2015 which impose a duty on regulators to have regard to the desirability of promoting economic growth.

The OISC submitted to the Regulatory Policy Committee (RPC) for validation, on time, four costed process changes that will produce a net benefit to the sector by reducing the regulatory burden.

These were:

OISC process	BIT score
The new principle-based Commissioner's Code of Standards	£0m
The revised Continuing Professional Development Scheme	£0m
Changes to the Level 1 competence assessment process	-£0.5m
The new electronic application process	£0m

The reduction in regulatory burden is identified in the 'Estimated Annual Net Direct Cost to Business' and this is recorded as a BIT Score which is rounded to the nearest £100,000. While the OISC processes were validated by the RPC, only one reached this threshold with the remaining three being calculated as zero.

Dr Ian Leigh

Deputy Immigration Services Commissioner and Accounting Officer

16 January 2018

Part 2: Accountability Report

Corporate Governance Report

Directors' Report

This Statement of Accounts reports the results of the Office of the Immigration Services Commissioner (OISC) for the year 1 April 2016 to 31 March 2017 and incorporates the content required with a Directors' Report, which is required by the *Government Financial Reporting Manual* (FReM) and in our case would be a Commissioner's Report. It has been prepared in accordance with the Accounts Direction given by the Secretary of State for the Home Department with the consent of HM Treasury, in accordance with Schedule 5 paragraph 20 (1 and 2) of the Immigration and Asylum Act 1999 (the Act).

1. History

The OISC was established on 22 May 2000 by authority of the Act.

The Act established the OISC as an independent body with a remit to promote good practice by those who provide immigration advice or immigration services and to ensure that those who do so are fit and competent. The OISC was also to operate a complaints scheme regarding all who provide immigration advice or services.

The OISC has the status of an executive non-departmental public body established by statute. It is financed by Grant-in-Aid from the Home Office. The Home Secretary is answerable to Parliament for the OISC and is responsible for making financial provision to meet its needs. The Commissioner is a Corporation Sole.

The Act provides that the OISC shall have a Commissioner and Deputy Commissioner appointed by the Secretary of State.

The OISC occupies offices at 21 Bloomsbury Street, London WC1B 3HF.

2. Principal activities

The OISC carries out the statutory functions set out in the Act, namely to:

- promote good practice by those who provide immigration advice or immigration services
- decide if it needs to make or alter rules regulating any aspect of the professional practice, conduct or discipline of:
 - a) registered persons
 - b) those employed by, or working under, the supervision of registered persons in connection with the provision of immigration advice or immigration services
- register qualified persons under section 84 (2) of the Act
- prepare and maintain a register of qualified persons registered under the Act, which must be available for inspection during reasonable hours and copies of the register must be provided on payment of a reasonable fee

- prepare and issue a code setting standards of conduct, which those to whom the code applies are expected to meet
- establish a scheme for the investigation of relevant complaints made to the OISC in accordance with the provisions of the scheme
- determine complaints under the complaints scheme and give a decision in writing
- investigate all allegations of criminal behaviour involving the unlawful provision of immigration advice or services, or the advertising of such, and where necessary prosecute offenders through the criminal courts.

In carrying out these functions, the OISC seeks to ensure that customers are dealt with effectively and expeditiously and that its services are delivered in ways appropriate to its stakeholders' needs. The OISC also seeks to promote public understanding of its role and to bring its existence and purpose to the attention of those seeking or providing immigration advice or services.

3. Commissioner and Deputy Commissioner

The Home Secretary under the Act appointed Suzanne McCarthy as the Immigration Services Commissioner for a period of five years from 5 September 2005. Mrs McCarthy was subsequently reappointed to serve for a second term until 4 September 2015. The Home Secretary also under the Act appointed Dr Ian Leigh as Deputy Immigration Services Commissioner for a period of five years from 7 February 2011. Dr Leigh was subsequently reappointed to serve for a second term until 6 February 2021.

The Home Secretary has not yet appointed a successor to Mrs McCarthy, so the post of Immigration Services Commissioner has remained vacant since 5 September 2015.

During the year 2016/17, the Deputy Commissioner held no company directorships or other significant interests which could have posed a conflict with his management responsibilities at the OISC.

Information on salary and pension entitlements for the Deputy Commissioner is contained in the Remuneration and Staff Report.

4. Results for the period

The accounts for the year 1 April 2016 to 31 March 2017 are set out on pages 61 to 64. The notes on pages 65 to 79 form part of the accounts.

In accordance with Schedule 5 paragraph 20 of the Act, the OISC's financial statements cover the period 1 April 2016 to 31 March 2017, and are prepared on an accruals basis in accordance with the Accounts Direction issued to the Commissioner by the Secretary of State for the Home Department with the consent of HM Treasury.

Grant-in-Aid from the Home Office funds the activities of the OISC. In 2016/17 the resource allocated to the OISC by the Home Office was £3,620,004 (2015/16: £3,611,210). This resource has been used efficiently to meet the year's business plan targets.

The total expenditure for the year was £3,643,236 (2015/16: £3,613,358) of which £2,516,456 (2015/16: £2,579,293) were employment costs.

5. Changes in non-current assets

The OISC purchased additional non-current assets worth £136,684 (2015/16: £29,410).

6. Compliance with public sector payment policy

The Crown Commercial Service (CCS) is responsible for prompt payment policy for government and the public sector. Statutory guidance for public sector buyers and suppliers on paying undisputed, valid invoices within 30 days down the supply chain came into force on 26 February 2015. The government restated its long-standing policy commitment to pay 80% of undisputed and valid invoices within five days with the remainder paid in 30 days.

The OISC policy, in line with government policy, is to pay all invoices within 30 days of receipt, unless the amount billed is in dispute. In the year ended 31 March 2017: 100% of invoices were paid within 30 days of receipts (2015/16: 100%).

Suppliers can claim statutory interest where a buyer has not paid an undisputed and valid invoice within 30 days (or any earlier payment date agreed in the contract). No such claims were received during the year.

7. Environmental policy

The OISC is not required to provide a sustainability report but seeks to minimise the impact of its activities on the environment. It has adopted the Home Office Environmental Policy in so far as it applies to the OISC. The OISC benefits from energy saving lighting in its office premises, and seeks to use recycled materials where such alternatives are available and provide value for money. It seeks to reduce the use of paper by maximising its use of intranet and website for the dissemination of information. The OISC also sorts its waste paper and other waste for recycling purposes.

8. Employment policies

The employment policies adopted by the OISC seek to create an environment in which all employees can give their best, and can contribute to the OISC's and their own success.

9. Future developments

The OISC will continue to concentrate on delivery of its principal activities to ensure that those who provide immigration advice or services are fit and competent to do so and to counter unregulated activity. The OISC intends to maintain and build on the respect and recognition it has achieved both with regard to the contribution it makes to the sector and the experience it has gained since it began operating. The OISC will work to remain an effective regulator both by ensuring that advisers give a good quality service to their clients and by providing a good service to authorised advisers and to others in the sector.

10. Going concern

The OISC's Grant-in-Aid for 2017/18 (£3,620k) was approved at the same level in cash terms as in 2016/17 (£3,620k).

There is a reasonable expectation that the OISC will continue in operational existence in 2017/18 and for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

Statement of Accounting Officer's Responsibilities

Under the Immigration and Asylum Act 1999, the Secretary of State has directed the Immigration Services Commissioner to prepare for each financial year a Statement of Accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the OISC and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual (FReM)* and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis.

The Accounting Officer of the Home Office has designated the Immigration Services Commissioner as the Accounting Officer of the OISC. Following her departure in September 2015, he appointed Dr Ian Leigh as temporary acting Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the OISC's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury.

As Accounting Officer I confirm that:

- there is no relevant audit information of which the auditors to the Office of the Immigration Services Commissioner are unaware
- I have taken all the steps I ought to ensure that the said auditors are aware of relevant audit information
- I have taken all the steps I ought to establish that the said auditors are aware of such information
- I confirm that the annual report is fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

The Governance Statement

Overview

In the continuing absence of an Immigration Services Commissioner I am accountable for all actions of the OISC. I am the organisation's Accounting Officer and Consolidation Officer, and I am responsible for safeguarding the public funds for which I have charge, for ensuring propriety and regularity in the handling of those funds and for the OISC's day-to-day operations and management. I am answerable to the Home Secretary for the OISC's activities and performance, and accountable to Parliament through her. The arrangement under which I have been acting in place of the Commissioner since 4 September 2015 has had no specific consequences for the OISC. However, although technically provided-for by legislation, the situation is clearly not one that was envisaged or intended by Parliament and it continues to place great strain on those who have to cover the Commissioners' duties. It also creates risks for the Home Office in ensuring the continuity of the OISC.

I am advised by an Audit and Risk Assurance Committee (ARAC), consisting entirely of non-executive members, one acting as chairman. This Committee's main aims are to support me in ensuring the proper stewardship of the OISC's resources and assets; to oversee financial reporting; and to monitor the effectiveness of the OISC's audit arrangements, governance, and the management of risk. The Committee meets at least four times a year. Its meetings are attended by the Commissioner, the Deputy Commissioner and the Head of Finance, together with representatives of the OISC's internal and external auditors: Home Office Internal Audit (IA) and the National Audit Office (NAO) respectively. The Home Office Senior Sponsor now attends at least one meeting of the ARAC each year.

Ministerial confirmation of the OISC's continuing existence as an executive, non-departmental public body in October 2011 enabled a challenging and innovative three-year Corporate Plan to be developed for the period 2012-15. In the autumn of 2014 it was agreed with the Home Office that the OISC's 2012-15 Corporate Plan should be extended for a further year until March 2016 pending:

- the outcome of a subsequent triennial review undertaken between October 2014 and May 2015
- the appointment of a Commissioner to replace Suzanne McCarthy from September 2015
- clarification of government priorities following the General Election to be held in May 2015.

In the autumn of 2015, in the continuing absence of any resolution to the first two issues, the Home Office agreed that the OISC's 2012-15 Corporate Plan should again be extended until March 2017.

The Business Plan for 2016/17 (submitted for Home Office approval in December 2015) contained targets specifically aimed at continuing to improve the effectiveness of the OISC's regulatory operations, taking into account recommendations contained in the – then unpublished – Triennial Review. Major activities included:

- implementing the new, principle-based, Code of Standards from 1 April 2016
- reviewing and fundamentally changing the process for authorised advisers to undertake Continuing Professional Development
- updating the '*Guidance on Competence*' (which determines what areas of work may be undertaken by advisers approved at which level)

- enhancing interaction with stakeholders – specifically other legal regulators (and participating actively in the Competition and Markets Authority review of this sector)
- strengthening partnerships with other law enforcement bodies to facilitate the identification and prosecution of those undertaking criminal activities.

This 2016/17 Plan was approved by the Home Office in December 2016.

Throughout 2016 the OISC operated under the terms of a Management Statement and Financial Memorandum agreed with the Home Office in September 2006. Discussions over the terms of a new replacement Framework Document continued amicably during this period and it was finally signed by both parties on 14 February 2017.

The OISC does not have a management board with non-executive members. The organisation's executive Senior Management Team (SMT) acts in that capacity, meeting monthly to monitor, report and advise upon financial, operational and strategic issues for which I maintain personal responsibility.

The SMT reviews the financial accounts at each meeting. Defined expenditure authorisation limits are in place, and the team compares actual costs with approved budgets on a monthly basis. The agenda for every meeting provides for any member to declare a conflict of interest and includes consideration of Key Performance Indicators and reports from section managers. All corporate policies are reviewed on a rolling three-year cycle (or earlier if changes are required), and these are available to all staff electronically. The corporate risk register is owned by this group and is reviewed by them quarterly. Copies of the SMT's Board papers, including minutes, are circulated each month to ARAC members and are made available to staff.

I receive external assurance on the robustness of the OISC's corporate governance arrangements principally through a formal audit undertaken annually by IA.

Audit and Risk Assurance Committee (ARAC)

An Audit Committee was set up in November 2001 and was chaired by the, then, Commissioner until the appointment of a non-executive Chairman in March 2003. The Committee's terms of reference and its effectiveness are reviewed annually. The members of the current ARAC are all subject to annual performance appraisal and their terms of appointment are:

- Terry Price – reappointed until 31 December 2018
- Alan Rummins – reappointed until 12 March 2018
- Peter Wrench – reappointed until 12 March 2018

John King also served as a member of the ARAC until his resignation on 31 December 2016; but he retains the role of 'Independent Reviewer', considering complaints and appeals against internal decisions made by myself. Rather than appoint an immediate replacement for Mr King, it has been decided to hold a recruitment exercise in early 2018 allowing successors to be identified for all four members of the Committee. In anticipation of this restructuring process, existing ARAC Members have begun to play a more active supervisory role with one being invited to attend each monthly Strategic Management Meeting.

All members had a 100% record of ARAC meeting attendance in 2016/17.

Risk management

The OISC maintains a Corporate Risk Register which clearly identifies risks, mitigation measures and responsibilities. This Register is formally considered and updated at least every three months by the SMT, and it is reviewed by the ARAC at each of its meetings. Every OISC team maintains a more detailed local risk register which informs, and is informed by, the corporate document. Risk registers are held electronically and are accessible to all staff. In 2016/17 key areas covered by the OISC's Corporate Risk Register included: financial management, relationship with government, reputation, information security, and staffing.

Throughout the year, the OISC has been taking steps to mitigate the effects of a reduced budget while maintaining its core activities (including an increased number of prosecutions, whose resource requirement is relatively unpredictable). It has also been challenged informally over the scope of its regulatory responsibilities and it has had to address a number of complex staffing issues – one of which will be the subject of an employment tribunal hearing. However, these have all been managed effectively and are not considered to pose any significant threat to the organisation.

The single major risk affecting my ability to fulfil my corporate governance responsibilities throughout the year has been the requirement for key OISC documents to be approved by the parent department, which can delay decision-making. My colleagues and I work closely and cooperatively with officials at all levels in its Sponsor Unit, and we maintain a strong sense of mutual trust and respect.

Central guidance is clear that: "Every department has a role and responsibility to ensure that where it does deliver through ALBs, that they are set up, governed and managed appropriately so they can achieve what they set out to do."¹ Despite that requirement, unacceptable delay in decision-making on the part of the Home Office on numerous fronts has increasingly threatened the integrity of a fundamentally sound governance regime. Specific examples include:

- Publication of the Triennial Review of the OISC (commenced in October 2014 and completed in May 2015) was repeatedly delayed until its appearance on 11 January 2017
- The post of Immigration Services Commissioner remains vacant nearly two years after the departure of the previous Commissioner (on a date which had been known since 2010)
- The OISC's Business Plan 2016/17, submitted to the Home Office on 15 December 2015 was not approved until 19 December 2016 – three quarters of the way through the business year and three days after the OISC submitted its draft Business Plan for the following year
- The associated formal letter of budget allocation and delegated authority was not issued by the Home Office until 1 February 2017 – 10 months into the financial year
- The OISC's Annual Report and Accounts were not laid before Parliament until 11 January 2017 – six months after their completion and certification by the NAO
- Preparation of a new Framework Document to replace the 2006 Management Statement and Financial Memorandum took several years and was only completed in February 2017
- The Home Office Official appointed Senior Sponsor for the OISC in October 2015 left the Department less than one year later, and a new Senior Sponsor did not take up post until March 2017.

While none of the above issues has prevented the OISC from delivering its statutory responsibilities, they have caused uncertainty within the organisation and hindered longer-term planning. Moreover, the effect has been increasingly recognised in internal audit studies which have noted that OISC governance processes are being weakened through lack of Home Office support. I am, however, optimistic that implementation of the Cabinet Office Code of Good Practice on Partnerships between departments and arm's-length bodies published in February 2017 will ameliorate the situation.

1. Public Bodies 2016, Cabinet Office, December 2016

Internal audit

The OISC has appointed the Government Internal Audit Agency to provide internal audit services. The fee for Internal Audit work undertaken by Internal Audit (IA) for the full Home Office Group (core Home Office and arm's-length bodies) has, since 2015/16, been presented to Home Office centrally rather than charging individual arm's-length bodies separately.

A wide-ranging programme of internal audit is undertaken each year. This addresses activities identified by management, the auditors and the ARAC, and is informed by an analysis of the risks to which the OISC is exposed and by the Home Office's Assurance Framework. In 2016/17 the following audit studies were planned:

- Financial management
- Intelligence processes
- Strategic performance management
- Payroll and expenses management
- Homeworking arrangements
- Corporate governance

However, during the year (with the endorsement of ARAC and IA) the review of 'homeworking' (ie remote working) arrangements was postponed until early in the 2017/18 business year.

Internal audits continue to be useful in identifying areas where systems which work effectively on a day-to-day basis could be made more robust by reviewing and updating the formal procedures that underpin them. Recommendations for improvement identified from each of these reports have been or are being addressed and progress is reviewed each quarter by ARAC.

In previous years almost all Internal Audit reports have provided 'moderate' assurance, confirming that the systems reviewed generally operate effectively with no critical actions being identified. In 2016/17, however, two reports ('intelligence processes' and 'strategic performance management') have resulted in a 'limited' assurance rating, warning that "there are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective".

The audit of intelligence processes identified just one critical issue: that the Intelligence team might be unable to carry out its work due to lack of resources (following the departure of two specialist trained members of staff on maternity leave). The strategic performance management audit did not identify any 'critical' weaknesses, but concluded that outcome-based objectives and performance measures were not sufficiently aligned to business plan aims. Both the financial management and the corporate governance received a 'moderate' rating and reassuringly, however, the audit of payroll and expenses management provided 'substantial' assurance.

IA's Annual Opinion based on the audit coverage during 2016/17 therefore concluded that: "In my opinion, the OISC operates with a sound system of internal control in support of meeting its strategic objectives. Good governance structures are in place, although the OISC would benefit from improvements in risk and strategic performance management practices." This resulted in an overall Audit Rating of 'Moderate' ("Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.")

External audit

Arrangements for external audit are provided under Schedule 5 paragraph 20 of the Act, which requires the Comptroller and Auditor General to examine, certify and report on the Statement of Accounts and to lay copies of it before each House of Parliament. The fee for this service during 2016/17 was £19,000 (2015/16: £19,000).

Other matters

Managing the risk of financial loss, handling information risk, Health and Safety plans, security incidents and whistleblowing are subject to well-defined processes which are reviewed at appropriate intervals.

No incidents have occurred during the year to date that required reporting to the Home Office. However, as noted above, the OISC is defending an employment tribunal claim lodged by a former member of staff.

In summary, notwithstanding concerns over the Home Office's support for the OISC and associated adverse comments contained in Internal Audit reports, I am satisfied that the resources for which I am responsible continue to be subject to appropriate control.

Remuneration and Staff Report

Audit

The remuneration and staff reports on pages 51 to 56 are audited by the NAO, the OISC's external auditors. The rest of this report is not audited.

Remuneration Report

Part V of the Immigration and Asylum Act 1999, as amended, created the role of the Immigration Services Commissioner and the Office of the Immigration Services Commissioner, an independent, UK-wide, non-departmental public body. The Commissioner (or in her absence, the Deputy Commissioner) heads the OISC, and she and the Deputy Commissioner are Ministerial appointees. Suzanne McCarthy took up her appointment on 5 September 2005, and was re-appointed for a second five-year term, finishing on 4 September 2015. Dr Ian Leigh took up his appointment as Deputy Commissioner on 7 February 2011 for five years in accordance with schedule 5 of the Immigration and Asylum Act 1999. Dr Leigh was subsequently reappointed to serve for a second term until 6 February 2021.

Remuneration Policy

The Commissioners' salaries are determined by the Secretary of State. Salary increases are awarded in accordance with the Senior Salaries Review Body's annual recommendations.

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior members of the OISC.

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowances to the extent that it is subject to UK taxation.

Senior staff remuneration and pension benefits (audited)

	2016/17					2015/16				
	Salary (excluding Non-Consolidated Performance Pay) (£'000)	Non-Consolidated Performance Pay (£'000)	Benefits in Kind (Nearest £00)	Pension Related Benefits Accrued in Year (£'000)	Total (£'000)	Salary (excluding Non-Consolidated Performance Pay) (£'000)	Non-Consolidated Performance Pay (£'000)	Benefits in Kind (Nearest £00)	Pension Related Benefits Accrued in Year (£'000)	Total (£'000)
Vacant Commissioner*	0	0	0	0	0	25 – 30*	0	0	187 – 188	215 – 220*
Drian Leigh Deputy Commissioner	60 – 65* 70 – 75**	0	0	24	85 – 90*	55 – 60* 70 – 75**	0	0	37***	80 – 85* 90 – 95**
Band of Highest Paid Commissioner's Total Remuneration – (£'000)			70 – 75					110 – 115		
Range of Staff Remuneration – (£'000)			14 – 60					23 – 59		
Median Total Remuneration – (£'000)			35					35		
Ratio			2.1****					3.1		

There were no bonuses paid in the year.

* The Commissioner works 0.60fte (until 4 September 2015) and Deputy Commissioner works 0.83fte.

** Full time equivalent salary.

*** Recalculation included for 2015/16 to reflect updated added pension benefits.

**** Ratio based on the Deputy Commissioner's salary. The Commissioner's post was vacant throughout the year.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the OISC and treated by HM Revenue and Customs as a taxable emolument. Neither the Commissioner nor the Deputy Commissioner received benefits in kind for 2016/17 or 2015/16.

Pension benefits (audited)

	Accrued pension at pension age as at 31/3/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/17	CETV at 31/03/16	Real increase in CETV as funded by employer
	£'000	£'000	£'000	£'000	£'000
Vacant Commissioner	0	0	0	0	0
Dr Ian Leigh* Deputy Commissioner	5 – 10	0 – 2.5	139	112	19

* Recalculation included for 2015/16 to reflect updated added pension benefits.

Audit and Risk Assurance Committee (ARAC)

The non-executive members of the Audit and Risk Assurance Committee are paid £350 per day (£400 Chair of Committee) plus travel costs for attendance at ARAC meetings. None has received more than £2,000 during the year in this capacity.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. While they are not civil servants, OISC staff are eligible for membership of the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the higher of 65 or the State Pension Age. From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier

benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3.80% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff Report (audited)

Staff costs comprise:

	Total	2016/17 Permanently Employed	Others	2015/16
	£'000	£'000	£'000	£'000
Wages and salaries	1,921	1,921	0	2,006
Social security costs	204	204	0	162
Other pension costs	391	391	0	411
	2,516	2,516	0	2,579
Less recoveries in respect of outward secondments	0	0	0	0
	2,516	2,516	0	2,579

Average number of persons employed (audited)

The average number of full-time equivalent persons employed during the year was as follows:

	2016/17	2015/16
	Total	Total
Directly employed	54.70	55.81
Others	0	0
Staff engaged on capital projects	0	0
Total	54.70	55.81

The Commissioner and Deputy Commissioner are Ministerial appointments.

Pensions contributions (audited)

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the OISC is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details of the resource accounts of the Cabinet Office: Civil Superannuation can be found at www.civilservicepensionscheme.org.uk

For 2016/17, employer contributions of £382,676 were payable to the PCSPS (2015/16: £411,199) at one of three rates in the range 20% to 22.10% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. From 2015/16, the salary bands were revised. The contribution rates are set to meet the costs of benefits accruing during 2016/17 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £8,202 (2015/16: £7,885) were paid to one or more of the panel of appointed stakeholder pension providers. Employer contributions are age-related and for the period 1 April 2016 to 31 March 2017 ranged from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

There were no contributions due to the partnership pension providers at the reporting date nor were there any contributions prepaid at that date.

Exit packages (audited)

A total of £10,429 was paid as exit packages or payments for loss of office in 2016/17 (2015/16:£nil)

Number of persons of each sex employed (not audited)

The number of persons of each sex employed during the year was as follows:

	2016/17	2015/16
Commissioner*	0	1
Deputy Commissioner*	1	1
Female (F) staff	30	28
Male (M) staff	30	30
Total	61	60

* The Commissioner (F) and Deputy Commissioner (M) are Ministerial appointments.

Sickness data (not audited)

There were 342.50 sick days taken by OISC staff, 164 being of short-term duration (1.4%) and 178.50 of long-term duration (1.53%). This equates to 5.61 days average per person overall compared to the latest comparison figures available from the public sector which is 8.3 average days per person. Long term sick absence has a disproportionate impact on the overall absence figure within the OISC, given our small number of staff. The OISC's short-term absence figure equates to an average sickness rate of 2.69 days per person.

Equality and diversity (not audited)

The OISC recognises the business benefits of having a diverse workforce and is committed to maintaining a culture in which diversity and equality are actively promoted and where discrimination is not tolerated.

Staff involvement and development (not audited)

The OISC is committed to keeping its staff informed of performance, development and progress. The OISC encourages staff involvement in its development. The OISC recognises the Public and Commercial Services Union for collective bargaining purposes.

Employees with protected characteristics under the Equality Act 2010 (not audited)

The OISC operates a fair and open selection policy relating to applications for employment and internal promotion. The OISC published its Equality Scheme on 1 August 2011. It specifies all the protected characteristic areas as defined by the Equality Act 2010. The Equality Scheme contains an action plan setting out how the OISC both implemented and monitors the scheme. The scheme was reviewed in 2013 and the results are contained in the document published on the OISC's website. A further review commenced in July 2016 but because the OISC has conducted a Staff Survey in 2017 and the result on the equality and diversity outcomes will feed into the review, the revised Equality Scheme is likely to be published in early 2018.

Parliamentary Accountability and Audit Report

These notes and disclosures are audited.

Losses and special payments

There were no losses and special payments as at 31 March 2017.

Fees and charges

OISC costs and fee income are as follows:

	2016/17			2015/16		
	Costs	Income	Surplus/ (Deficit)	Costs	Income	Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Adviser fees*	3,643	(1,002)	(2,641)	3,613	(991)	(2,622)
	3,643	(1,002)	(2,641)	3,613	(991)	(2,622)

* Application fees are paid by advisers at a level set by the Home Office (S.I. 2011/1366). This generates income which is less than the total cost of OISC operations.

Regularity of expenditure

The Office of the Immigration Services Commissioner operates within a new Framework Document signed on 14 February 2017 replacing the Management Statement and Financial Memorandum dated September 2006, which sets out the financial transaction limits to which the OISC may operate without further referral to the Home Office. During the course of 2016/17, there were no additional expenditure controls. The Commissioner also operates to the standards set out in HM Treasury's 'Managing Public Money', and can confirm no irregularity with any of the provisions contained therein.

Dr Ian Leigh

Deputy Immigration Services Commissioner and Accounting Officer

16 January 2018

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Office of the Immigration Services Commissioner for the year ended 31 March 2017 under the Immigration and Asylum Act 1999. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that is described in those reports as having been audited.

Respective responsibilities of the Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Immigration and Asylum Act 1999. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Office of the Immigration Services Commissioner's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Office of the Immigration Services Commissioner and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate. I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- The financial statements give a true and fair view of the state of the Office of the Immigration Services Commissioner's affairs as at 31 March 2017 and of the net expenditure for the year then ended; and
- The financial statements have been properly prepared in accordance with the Immigration and Asylum Act 1999 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Immigration and Asylum Act 1999; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- The Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

Comptroller and Auditor General

National Audit Office

*157-197 Buckingham Palace Road Victoria
London SW1W 9SP*

23 January 2018

Part 3: Financial Statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2017

	Note	2016/17		2015/16	
		£'000	£'000	£'000	£'000
<i>Expenditure</i>					
Staff costs	4		2,516		2,579
Other expenditure	5		1,127		1,034
			3,643		3,613
<i>Other income - payable to the Home Office</i>					
Fee income	3	(1,002)		(991)	
Other income	3	(24)		(11)	
		(1,026)		(1,002)	
Appropriation due to the Home Office*		1,007		991	
			(19)		(11)
Net expenditure **			3,624		3,602

* Excludes Court costs not yet received.

** All income and expenditure is derived from continuing activities.

The notes on pages 65 to 79 form part of these accounts.

Statement of Financial Position

As at 31 March 2017

	Note	31 March 2017		31 March 2016	
		£'000	£'000	£'000	£'000
Non-current Assets					
Property, plant and equipment	6		200		165
Intangible assets	7		62		81
Total Non-Current Assets			262		246
Current assets					
Trade and other receivables	8	277		252	
Cash and cash equivalents	11	260		302	
Total Current Assets			537		554
Total Assets			799		800
Payables and Provisions					
Amounts due within one year	9	(308)		(308)	
Total Current Liabilities			(308)		(308)
Non-current assets plus net current assets			491		492
Non-Current Liabilities					
Amounts due after more than 1 year	9	(175)		(172)	
Provisions for liabilities and charges	10	(84)		(84)	
			(259)		(256)
Assets less Liabilities			232		236
Taxpayers' Equity					
General Fund			232		236
Total Taxpayers' Equity			232		236

Dr Ian Leigh

Deputy Immigration Services Commissioner and Accounting Officer

The notes on pages 65 to 79 form part of these accounts.

16 January 2018

Statement of Cash Flows

For the year ended 31 March 2017

	2016/17	2015/16
	£'000	£'000
Cash flows from operating activities		
Net expenditure	(3,624)	(3,602)
<i>Adjustments for non-cash costs</i>		
Adjustment – depreciation and amortisation	111	100
Profit/Loss on disposals	10	42
(Increase)/Decrease in trade and other receivables	(25)	8
Increase/(Decrease) in trade payables	3	2
Net cash outflow from operating activities	(3,525)	(3,450)
Cash flows from investing activities		
Purchase of property, plant and equipment	(137)	(29)
Net cash outflow from investing activities	(137)	(29)
Cash flows from financing activities		
Grant-in-Aid	3,620	3,611
Net cash flow from financing activities	3,620	3,611
Net (decrease)/increase in cash and cash equivalents in the period	(42)	132
Cash and cash equivalents at the beginning of the period	302	170
Cash and cash equivalents at the end of the period	260	302

The notes on pages 65 to 79 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2017

	General Reserve
	£'000
Balance at 1 April 2015	227
Changes in taxpayers' equity for 2015/16	
Net Expenditure for Year Ended 31 March 2016	(3,602)
<i>Total recognised Income and Expense for 2015/16</i>	(3,602)
Grant-in-Aid	3,611
Balance at 31 March 2016	236
Changes in taxpayers' equity for 2016/17	
Net Expenditure for Year Ended 31 March 2017	(3,624)
<i>Total recognised Income and Expense for 2016/17</i>	(3,624)
Grant-in-Aid	3,620
Balance at 31 March 2017	232

The notes on pages 65 to 79 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

Basis of Accounts

These financial statements have been prepared in accordance with the 2016/17 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the OISC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the OISC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Accounting Conventions

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

Standards in issue but not yet effective

IAS8, 'Accounting policies, changes in accounting estimates and errors', requires disclosures in respect of new IFRS, amendments and interpretations that are, or will be, applicable after the reporting period. There are a number of IFRS, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for financial statements after this reporting period. None of these new or amended standards and interpretations are likely to be applicable or are anticipated to have a future material impact on the financial statements of the OISC.

Grant-in-Aid

Grant-in-Aid and grant received used to finance activities and expenditure which supports the statutory and other objectives of the OISC are treated as financing and are credited to the General Reserve because they are regarded as contributions from a controlling party.

Going concern

The OISC's Grant-in-Aid for 2017/18 (£3,620k) was approved at the same level in cash terms as in 2016/17 (£3,620k).

There is a reasonable expectation that the OISC will continue in operational existence in 2017/18 and for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

Non-current assets

Assets are capitalised as non-current assets if they are intended for use on a continuous basis and their original purchase cost, on an individual or grouped basis, is £1,000 or more. The OISC has elected to adopt a depreciated historical cost basis as a proxy for current value in existing use or fair value for assets that have short useful lives or low values, except in their year of disposal and acquisition when their current and historical costs are not materially different.

Depreciation and amortisation

Depreciation is provided on all non-current assets on a straight-line basis over the asset's anticipated life as follows:

Office refurbishments	over the life of the tenancy agreement (March 2014 – November 2022)
Computer equipment*	on a straight-line basis over 4 years
Furniture and office equipment*	on a straight line basis over 4 years
Database software	on a 20% reducing balance basis
CPD platform*	on a straight-line basis over 4 years

* Following our move to 21 Bloomsbury Street, London WC1B 3HF in May 2014, the OISC's policy on depreciation and amortisation charges was changed from 3.5 years to 4 years in accordance with IAS17 on an effective straight line basis.

The dilapidation provision

The OISC recognises a dilapidation provision for the leased premises it occupies where it has an obligation to bring the property into a good state of repair at the end of the lease. In line with IAS37 provisions, contingent liabilities and contingent assets, the costs of reinstatement are also recognised in the provision for liabilities and charges.

Fee income

Fees that accompany applications to the Commissioner for registration or continued registration are recognised in the Statement of Comprehensive Net Expenditure as and when they are received. All fees are held by the Commissioner in a separate bank account from that used for the running expenses of his Office and are remitted in full to the Home Office on a quarterly basis.

Under Paragraph 5(2) of Schedule 6 of the Immigration and Asylum Act 1999 the Commissioner cannot entertain an application for either registration or continued registration unless the application is accompanied by the specified fee.

Except where a fee was received in error or a mistake was made in accepting that fee by the OISC, fees are non-refundable either in full or in part.

The Commissioner is required to prepare an Annual Report for the Secretary of State on the extent to which each Designated Professional Body over which he retains regulatory oversight has provided effective regulation of its members in their provision of immigration advice or immigration services. The Commissioner is authorised to charge the Designated Professional Bodies for these services. The charge is set by statute in a Fee Order. The Fee Order is made after the end of the financial year in which the work was undertaken. Hence fee income from the Designated Professional Bodies is receivable in the accounting year after the work has taken place. No Fee Order was produced in respect of 2015/16.

From 1 April 2011 three of these Designated Professional Bodies became Designated Qualifying Regulators and as a result oversight of them passed to the Legal Services Board. The Commissioner has no power to collect fees from Designated Qualifying Regulators.

Operating leases

The OISC has commitments under two operating leases in respect of the premises it occupies. The OISC's commitments are disclosed in Note 13. There are no finance leases.

Payments made under operating leases are charged to expenditure on a straight-line basis.

Pension costs

Past and present employees are covered by the provisions of the Civil Servants and Others Pension Scheme for those in the alpha pension scheme and the Principal Civil Service Pension Scheme (PCSPS) for those in one of the other civil service occupational pension schemes, which are defined benefit schemes and are unfunded and non-contributory. The OISC recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the appropriate scheme of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Civil Servants and Other Pension Scheme and the PCSPS. The rate of the employer's contribution is determined from time to time by the Government Actuary and advised by HM Treasury. Contributions are charged to the Statement of Comprehensive Net Expenditure.

Holiday accrual

An accrual is made of outstanding holiday due to OISC staff as at the end of the financial year. The basis of calculation is now 229 working days. Total holiday accrual 2016/17: £78,550 (2015/16: £68,190 – based on calculation of 220 working days).

Value Added Tax

The OISC is not registered for VAT and all costs are shown inclusive of VAT.

2. Operating segments

The statutory duty of the OISC, as enacted in the Immigration and Asylum Act 1999, is to promote good practice by those who provide immigration advice or immigration services and to ensure that those who do so are fit and competent. It is also to operate a complaints scheme regarding all who provide immigration advice or services.

All the financial resources of the OISC are used towards the furtherance of this statutory duty. The OISC does not, therefore, have separate reporting or operating segments as envisaged by IFRS 8.

3. Income

Fee Income

	2016/17	2015/16
	£'000	£'000
Adviser fees	1,002	991
	1,002	991

Other Income

	2016/17	2015/16
	£'000	£'000
Court costs	10	8
Other income*	14	3
	24	11

* £8k relates to Disclosure Baring Service (DBS) income and is appropriated to them on a monthly basis.

The monies received from fees and other income are passed to the Home Office each quarter. These are shown in the Statement of Comprehensive Net Expenditure as Appropriation due to the Home Office.

4. Staff costs

Staff costs comprise:

	Total	2016/17 Permanently Employed	Others	2015/16
	£'000	£'000	£'000	£'000
Wages and salaries	1,921	1,921	0	2,006
Social security costs	204	204	0	162
Other pension costs	391	391	0	411
	2,516	2,516	0	2,579
Less recoveries in respect of outward secondments	0	0	0	0
	2,516	2,516	0	2,579

5. Other expenditure

	2016/17	2015/16
	£'000	£'000
Running costs		
Accommodation	228	105*
Information technology	52	56
Legal costs	191	110
Advertising and publicity	16	11
Office supplies and services	57	72
Website	2	1
Training	16	8
External audit fee**	19	19
CPD costs	28	89
Other running costs	140	163
Rentals under operating leases	257	258
Non-cash items		
Profit/Loss on disposals	10	42
Depreciation and Amortisation	111	100
	1,127	1,034

** External audit fees do not include any non-audit work undertaken by the National Audit Office (NAO). Total fees paid to NAO for non-audit work £0 (2015-16; Nil).

6. Property, plant and equipment

	2016/17			
	Office Refurbishment	Furniture & Office Equipment	Computer Equipment	Total
	£'000	£'000	£'000	£'000
Cost at 1 April 2016	94	18	185	297
Additions	0	36	101	137
Disposals	0	0	(13)	(13)
Revaluation	0	0	0	0
Cost at 31 March 2017	94	54	273	421
Depreciation at 1 April 2016	(22)	(9)	(101)	(132)
Charged during the year	(11)	(14)	(67)	(92)
On disposals	0	0	3	3
Revaluation	0	0	0	0
Depreciation at 31 March 2017	(33)	(23)	(165)	(221)
Net book value at 31 March 2017	61	31	108	200
<i>Net book value at 31 March 2016</i>	<i>72</i>	<i>9</i>	<i>84</i>	<i>165</i>

	2015/16			
	Office Refurbishment	Furniture & Office Equipment	Computer Equipment	Total
	£'000	£'000	£'000	£'000
Cost at 1 April 2015	94	16	158	268
Additions	0	2	27	29
Disposals	0	0	0	0
Revaluation	0	0	0	0
Cost at 31 March 2016	94	18	185	297
Depreciation at 1 April 2015	(11)	(4)	(55)	(70)
Charged during the year	(11)	(5)	(46)	(62)
On disposals	0	0	0	0
Revaluation	0	0	0	0
Depreciation at 31 March 2016	(22)	(9)	(101)	(132)
Net book value at 31 March 2016	72	9	84	165
<i>Net book value at 31 March 2015</i>	<i>83</i>	<i>12</i>	<i>103</i>	<i>198</i>

7. Intangible assets

	2016/17			
	Themis Software	CPD Platform	Asset under Construction*	Total
	£'000	£'000	£'000	£'000
Cost at 1 April 2016	293	454	0	747
Additions	0	0	0	0
Disposals	0	0	0	0
Cost at 31 March 2017	293	454	0	747
Amortisation at 1 April 2016	(215)	(451)	0	(666)
Provided during the year	(16)	(3)	0	(19)
On disposals	0	0	0	0
Amortisation at 31 March 2017	(231)	(454)	0	(685)
Net book value at 31 March 2017	62	0	0	62
<i>Net book value at 31 March 2016</i>	<i>78</i>	<i>3</i>	<i>0</i>	<i>81</i>

* Unfulfilled contract for the development of technology to facilitate online application for OISC registration.

	2015/16			
	Themis Software	CPD Platform	Asset under Construction*	Total
	£'000	£'000	£'000	£'000
Cost at 1 April 2015	293	454	42	789
Additions	0	0	0	0
Disposals	0	0	(42)	(42)
Cost at 31 March 2016	293	454	0	747
Amortisation at 1 April 2015	(196)	(432)	0	(628)
Provided during the year	(19)	(19)	0	(38)
On disposals	0	0	0	0
Amortisation at 31 March 2016	(215)	(451)	0	(666)
Net book value at 31 March 2016	78	3	0	81
<i>Net book value at 31 March 2015</i>	<i>97</i>	<i>22</i>	<i>42</i>	<i>161</i>

* Unfulfilled contract for the development of technology to facilitate online application for OISC registration.

8. Trade receivables and other current assets

	31 March 2017	31 March 2016
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	33	31
Provisions for bad and doubtful debts	(13)	(7)
Other receivables:		
Season ticket loans to staff	15	21
Prepayments and accrued income	242	207
Total	277	252

9. Trade payables and other current liabilities

	31 March 2017	31 March 2016
	£'000	£'000
Amounts falling due within one year:		
Trade payables	163	175
Accruals and deferred income	143	131
Accommodation rent free period	2	2
Total	308	308
Amounts falling due after more than one year		
Accommodation rent-free period*	175	172
Total	175	172

* *Accrued rent: During 2013-14, a new lease was signed on Floor 5, 21 Bloomsbury Street, London WC1B 3HF. A nine-month, rent-free period from March 2014 to 30 November 2014 was granted. In accordance with IAS17, the OISC has spread the cost of the lease on an effective straight line basis from the start of the rent free period to the end of the extended lease on 7 November 2022. As a result, notional rent charges for the rent-free period have been charged to the Statement of Comprehensive Net Expenditure. The lease payable on the rent-free period is with a Central Government Body, Department for Culture, Media & Sport (DCMS).*

10. Provisions for liabilities and charges*

	Dilapidations provisions	Total provisions
	£'000	£'000
Balance at 1 April 2015	84	84
Movement in the year	0	0
Provision not required written back	0	0
Use of provisions	0	0
Balance at 31 March 2016	84	84
Balance at 1 April 2016	84	84
Movement in the year	0	0
Provision not required written back	0	0
Use of provisions	0	0
Balance at 31 March 2017	84	84

* A new provision of £84,150 was established for Floor 5, 21 Bloomsbury Street, London WC1B 3HF. The OISC moved to the new accommodation in May 2014.

11. Analysis of changes in cash and cash equivalents

	£'000
Balance at 1 April 2015	170
Net Change in cash and cash equivalents balances	132
Balance at 31 March 2016	302
Balance at 1 April 2016	302
Net Change in cash and cash equivalents balances	(42)
Balance at 31 March 2017	260

The OISC has no borrowings and relies on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

The OISC holds all its cash balances with the Government Banking Service (GBS).

12. Capital commitments

At 31 March 2017 there were no capital commitments (31 March 2016: £nil).

13. Commitments under operating leases

	31 March 2017		31 March 2016	
	Land and Building	Equipment	Land and Building	Equipment
	£'000	£'000	£'000	£'000
Operating Leases that Expire:				
Not later than 1 year	257	14	251	26
Later than 1 year and not later than 5 years	1,163	12	1,124	36
Later than 5 years	187	0	482	0

14. Contingent liabilities

There was one contingent liability at 31 March 2017 (31 March 2016: none). The OISC is currently defending an employment tribunal claim lodged by a former member of staff. If found against the OISC this will result in a loss, which at this time is unquantifiable.

15. Post reporting period events

There were no post reporting period events. These Financial Statements were authorised for issue by the Deputy Commissioner on the date they were certified by the Comptroller and Auditor General.

16. Related party transactions

The Home Office, as sponsor body for the OISC throughout 2016/17 is a related party to the OISC. During the year ended 31 March 2017, the Home Office provided the OISC with Grant-in-Aid of £3,620,004 (2015/16: £3,611,210).

A number of transactions were made with other government departments and other central government bodies namely – HM Revenue and Customs (HMRC) £202,769 (2015/16: £163,583) and The Principal Civil Service Pension Scheme (PCSPS); £389,483 (2015/16: £413,730).

During the year ended 31 March 2017 neither the Deputy Commissioner, key managerial staff nor other related parties undertook any material transactions with the OISC.

17. Results for the period

The financial resource allocated to the OISC has been used to meet the year's business plan targets. Any additional expenditure that has been met out of cash brought forward from previous accounting periods has had the approval of the Home Office Sponsor Unit.

18. Financial instruments

As the cash requirements of the OISC are met through Grant-in-Aid provided by the Home Office, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the OISC's expected purchase and usage requirements and the OISC is therefore exposed to little credit, liquidity or market risk.

CCS0917022464
ISBN 978-1-5286-0035-4