



Office of the Immigration
Services Commissioner

Annual Report and Accounts 2018/19

*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 2018 to 31 March 2019

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.

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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 2018 to 31 March 2019.

Dr Ian Leigh

Deputy Immigration Services Commissioner and Accounting Officer

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

3 July 2019

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Part 1: Performance Report Overview

Deputy Commissioner's Statement



Introduction

This Statement provides an Overview of the Office of the Immigration Services Commissioner's (OISC) activities. It is followed by a Performance Analysis whose four sections describe the organisation's achievement against its Business Plan objectives. Together, this material constitutes the Performance Report required by the Government Financial Reporting Manual (FReM).

Role and structure 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 for receiving complaints relating to immigration advice (whether or not provided by registered organisations) and it enforces the regulatory regime by identifying and, where appropriate, prosecuting those who are acting illegally. Finally, the 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 (LSB).

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 2018/19, I have been acting on behalf of the Commissioner in accordance with the provisions of the 1999 Act. Although the absence of a Commissioner for nearly four years has placed great strain on those who have been required to assume additional responsibilities, this has not prevented the organisation from making significant progress in fulfilling

its statutory duties, maintaining a robust regulatory regime, developing both its internal processes and its outward-facing interaction with stakeholders, and planning for the future.

Performance

As reported in 2017/18, in recent years the OISC has devoted a significant amount of effort to developing a Strategic Performance Framework which was used for the first time as a basis for the Office's Business Plan 2018/19. The Performance Analysis which follows this Statement therefore differs somewhat from previous reports in that it describes achievement against the OISC's four primary Aims and the associated targets contained in that Plan. Three of these Aims reflect the Commissioner's legislative responsibilities: maintain the regulatory scheme; improve immigration advice; and prosecute those that seek to evade their legal duties. The fourth Aim explicitly sets out how the OISC's support teams, the enablers, provide those vital services that make it possible for the operational teams to deliver the regulatory outcomes.

The OISC therefore now collects and analyses data which provides evidence of performance against a set of outcome-based objectives reflecting the organisation's wider strategic aims. It continues to measure its operational performance against a set of quantitative KPIs (covering regulatory duties, enforcement activity and internal operations); but although some of these figures are quoted in the Performance Analysis in order to provide year-on-year comparisons, the KPI data are no longer reported in full.

In summary, although the aims and objectives agreed for the first year of this new performance regime were ambitious – and in some cases designed to lay the foundations for future activity – the outcomes have been highly satisfactory. The only key area where progress has been slower than hoped-for is in communications, where the process of recruiting a communications specialist took longer than expected and delayed the start of a number of planned new initiatives.

Significant developments

The OISC is proud that its core activity remains precisely that for which it was established: protecting consumers by ensuring that they have access to knowledgeable and trustworthy immigration advisers. Throughout 2018/19 the essential regulatory functions of processing applications for registration, liaising with advisers, handling complaints and auditing premises have continued to be performed efficiently and effectively, as described later in this Report, by responsible and dedicated staff. It is highly reassuring that the regulatory regime has remained robust despite a number of serious challenges to its integrity (notably an attempt by certain organisations to circumvent regulation by claiming supervision by a European barrister, and an attempt to challenge my authority to act in place of the Commissioner for a protracted period).

In November 2018, an important “corporate governance” change took place when the Home Office transferred sponsorship responsibility for the OISC from its Borders, Immigration and Citizenship System (BICS) Directorate to the Home Office Sponsorship Unit (HOSU) centre of excellence. The full impact of this change has not yet been felt, but it is hoped that the OISC will benefit from both continuing support from BICS (where the Senior Sponsor continues to reside) on immigration policy matters, and the extensive administrative expertise contained within HOSU.

Although we have not sought to make any fundamental changes to the regulatory regime in 2018/19, we have continued to allow it to evolve for the benefit of consumers. This has been exemplified by exempting persons from the requirement to be knowledgeable across the whole spectrum of the Immigration Rules when their organisations are dedicated to providing immigration advice in certain specific and limited areas which do not fit neatly into the OISC’s broad regulatory framework. By far the most significant change has been the introduction of a new category for those authorised solely to undertake work in relation to applications submitted under the new EU Settlement Scheme.

The Office continues to devote substantial effort to working with the non-fee charging sector to ensure that the OISC’s requirements are well understood and proportionate. Specifically, the small team established to work with the community and voluntary sector has achieved great success in understanding the role of organisations in this area and helping them to apply for registration.

There are, however, a number of other significant projects worth highlighting. First, a great deal of work has been undertaken providing support to the Home Office to facilitate certain aspects of the EU exit

process. Specifically, the OISC has developed direct contact with several high-profile stakeholder groups representing the interests of vast numbers of EU citizens whose immigration status depends on the outcome of government negotiations. It has also assisted the Home Office directly – as mentioned above – by appointing two members of staff from within its existing limited resources to handle applications from non-fee charging organisations wishing to be registered to provide advice in relation to the government’s EU Settlement Scheme.

Second, considerable effort has been devoted to ensuring the robustness of the OISC’s information security arrangements. Following commencement of the General Data Protection Regulation (GDPR) in May 2018, two independent internal audits were conducted to assess the organisation’s resilience in relation to cyber security threats and its more specific compliance with this new statutory requirement. Considerable reassurance was gained, confirming the success and relevance of preparatory work undertaken in the previous year.

Third, the importance of staff training has been highlighted with the number and scope of training courses that every member of staff is required to complete online having been extended. Particularly notable was the initiative which required all staff to undertake mental health awareness training – initially online and subsequently by attending an extended session delivered in-house by qualified professionals from Mental Health First Aid.

Finally, as reported in 2017/18, a major exercise was undertaken at the end of that business year to refresh membership of the OISC’s Audit and Risk Assurance Committee (ARAC). Four new individuals were appointed with effect from 1 April 2018 to replace members who had each served at least six years on the Committee. In December 2018 the Chair of ARAC, Terry Price, also stood down and was replaced by Simon Smith, one of the newly appointed members. I should particularly like to record my thanks to Mr Price for his support and constructive challenge over many years; and also to the new members who have made an immediate impact and valuable contribution to the work of this Office.

Ongoing priorities

Interactions with external stakeholders have continued to feature prominently in the OISC’s work programme. We are particularly mindful of the pressure being brought to bear on other legal services regulators to improve the transparency of information they offer to consumers (in response to a market study published by the Competition and Markets Authority (CMA) in December 2016). While we are keen to adapt and embrace any resulting initiatives

that will benefit consumers seeking advice from those regulated by the OISC, we are wary of adopting a “one size fits all” solution which may not be appropriate for many of the organisations under our jurisdiction. For example, after careful consideration we have decided not to impose a rule compelling OISC-registered organisations to publish a fee scale on their website in the immediate future.

As mentioned above, although slightly delayed, the appointment of a Corporate Communications Officer represents a significant development by providing a mechanism for the OISC to raise awareness of its duties and powers for the benefit of existing stakeholders, consumers seeking immigration assistance and those who have suffered at the hands of unscrupulous advisers. A set of strategic objectives for 2019/20 has been prepared which identifies not only the stakeholders to be targeted but also the channels most appropriate for engagement with each group. This will inevitably result in significant improvement to the content and format of the OISC’s website (albeit seriously constrained by restrictions imposed on all sites required to use the GOV.UK platform); the increased use of social media; and, in the longer term, corporate rebranding of the organisation.

The OISC has continued to devote considerable effort to its statutory duty to promote good practice among authorised advisers, both directly and indirectly. Particularly noteworthy is the publication of “Immigration Assistance” – a document which sets out what assistance individuals and organisations may provide to people who have queries regarding their immigration position or who need advice and assistance with an immigration matter. A successful series of workshops and seminars has once more been undertaken and an online presentation entitled “Welcome to the OISC” was launched in March 2019.

Conscious that the Commissioner has jurisdiction throughout the UK, an exercise was undertaken to assess the provision of immigration advice and services in Scotland. This provided reassurance that the situation was well managed, but potential changes to the legal services regime in that nation require the situation to be kept under review. Similarly, the OISC is reviewing the situation of non-fee charging advice in Northern Ireland.

Enforcement activities have again played a key role in ensuring that the organisation fulfils its statutory obligations in relation to consumer protection. A large number of criminal prosecutions have been initiated, and following a significant dip in cases concluded last year, 2018/19 saw 14 offenders sentenced for their part in illegal immigration activity following prosecution by the OISC. Moreover, extensive preparation for one of the OISC’s largest and most important cases in recent years took place throughout 2018/19 with the case coming

to trial shortly after the end of the business year. The consequences of that successful prosecution will be felt throughout the coming year, with significant disruption of criminal activity having been achieved.

As ever, all individuals and teams continue to provide invaluable support and rise to the challenge of fluctuating workload and unforeseen priorities. I am proud to be able to report such strong progress and achievement throughout the organisation in 2018/19, 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

The principal risk faced by the OISC in 2018/19 has been legal challenge to the legitimacy of the regulatory regime it operates. Three aspects have been specifically targeted: first, questioning my authority to act in place of the Commissioner for a period approaching four years; second, the extent to which the OISC has responsibilities under employment law towards those it has regulated; and third, the right of organisations to avoid UK regulation if supervised by a legal professional elsewhere in the EU. In 2018/19 the First-tier Tribunal also took a number of decisions which required the OISC to review its processes. All these risks have been successfully mitigated.

Throughout the year the OISC has taken steps to maintain the robustness of the regulatory regime for which it is responsible and to sustain its core activities while maintaining financial stability. This has been particularly challenging in the area of enforcement, where many factors beyond the OISC’s control have led to ever-increasing legal costs. We have also – at the request of the Home Office – created two new posts to handle applications from organisations wishing to become registered to provide advice in relation to the EU Settlement Scheme. In the absence of any increased funding, this has required resources to be diverted from other key tasks.

Looking ahead

The arrival of a new Immigration Services Commissioner (only the third in the 19-year history of the OISC) in July 2019 will have a profound influence on the OISC’s future governance, strategy, regulatory approach and priority for resource allocation. One of the Commissioner’s early tasks will be to agree a revised Framework Document with the Home Office by early September 2019. Thereafter, development of a fresh three-year Corporate Plan covering the period 2020-2023 (and the associated Business Plan for 2020/21) will be a key priority in the autumn months.

Although the legislation which underpins the OISC's duties and powers has been updated at various points, the statutory framework under which the Office operates is now 20 years old. Despite numerous helpful amendments over the years it has proved impossible to ensure that the 1999 Act takes account of rapidly evolving immigration policy and rules – or that it reflects technological developments such as the ability of organisations to provide immigration advice remotely using web-based applications. It is therefore hoped that in the foreseeable future Parliamentary time will be found to undertake a fundamental review of the OISC's legislative basis.

It will also remain a particularly high priority to ensure that officials within the Home Office are fully aware of the OISC's role, duties and powers when they are developing immigration policy and processes in a fast-moving environment. This is particularly relevant to EU exit where the UK's changing relationship with the European Union will inevitably be accompanied by further significant amendments to the Immigration Rules.

An additional challenge is that significant changes are taking place elsewhere in the legal services market. Other legal services regulators (in particular the Solicitors Regulation Authority, the SRA) are making fundamental changes to the conditions that apply to persons they regulate. While these are quite properly designed to benefit consumers, they risk having unintended consequences for the OISC in situations where there is potential for overlap between the two regulatory regimes. Moreover, a fundamental and independent review of legal services regulation is being carried out, whose recommendations may, in the longer term, result in significant changes to the provision of such services including immigration advice.

While the OISC will continue to support (and, if offered the opportunity, assist with) the development of immigration policy, it will robustly preserve its independent statutory role. This 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.

The OISC identified communications as an imperative for concerted action in 2018/19 and made significant progress by recruiting a specialist who has developed plans to improve awareness of the OISC and to enhance its brand value. However, much remains to be done in practical terms – particularly in order to raise the Office's profile so that it becomes well known not just by those seeking immigration advice or wishing to become authorised advisers, but also by anyone who has received poor immigration advice from either a regulated or an unregulated source and who wishes to complain. The Commissioner will no doubt personally wish to influence the way in which the organisation portrays itself and its priorities.

The OISC is also developing and implementing a long-term Information and Communications Technology Strategy in response to changing working patterns of staff. This will ensure that the appropriate ICT infrastructure is deployed to facilitate increased remote staff working, enhancing the efficiency and effectiveness of regulatory activity.

Finally, although the Home Office has accepted the recommendation contained in the Triennial Review conducted in 2014/15 "to work with HM Treasury and the OISC ... by maximising fee income with a view to getting as close as possible to full cost recovery by 2020", the existing 2011 Fee Order recovers only some 25% of the OISC's costs. Should a new Fee Order be introduced, the effect of a significant increase would need to be carefully monitored, including any impact it might have on factors such as the availability of regulated advice; the balance between fee charging and non-fee charging registered organisations; and any additional enforcement costs arising from an increased need to monitor and tackle the provision of unregulated advice and services.

Performance Analysis

Authorising only those demonstrably fit and competent

Facilitating applications for registration

The OISC aims to be supportive of those applying for registration. One of the ways we do this is by providing clear and detailed information about the registration process. This information, which is provided primarily on our website, needs to be accurate and up to date. In addition, our application processes need to be efficient for users and we need to assist those groups that may have difficulty fitting neatly into the processes or simply need additional guidance.

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Ensuring OISC website information about the application process and entry standards are clear and is reviewed at least every two years;*
- *Increasing the number of applicants using the electronic application forms;*
- *Working with voluntary and community sector support groups to assist applications for registration.*

During the 2018/19 business year the OISC undertook a full review of all information about our application process that was available on our website. While most information had been updated at the same time as we had made changes to the processes or our requirements, we believe it was a valuable exercise to look across the entire suite of information to ensure we provide clear and consistent messages and up-to-date information.

The OISC introduced electronic applications in 2017/18 but found that take up of the new process, while promising, was slower than had been hoped. Between 1 April 2017 and 31 March 2018, 48% of all applications to the OISC were received electronically.

A survey of advisers who submitted applications to the OISC in 2018/19 revealed that 70% of those who responded to the survey found the electronic forms easier to use than the previous hard copy process. While there was some call for a completely automated form, 86% of advisers responded that they experienced no problems or difficulties with submitting the application and 75% of

advisers reported being able to complete the application within two hours.

The OISC contacted 150 advisers who had submitted applications under the old paper-based system to try and identify why some advisers continued to use paper applications. Feedback from this inquiry indicated that many advisers were simply not yet aware of the new system. In response, the wording was made clearer on the application forms and information about the new system was included in our Winter 2018 newsletter. Figures for applications received between 1 April 2018 and 31 March 2019 show that the percentage of all applications that were received electronically increased to 76%.

We believe submitting applications electronically is more efficient and more environmentally friendly than paper-based applications and the OISC has set a target to receive 85% of applications electronically in 2019/20.

The OISC has continued to provide advice and assistance to the voluntary and community sector in relation to applications for regulation through its Community and Voluntary Sector Support Group (CVSSG). This group, which consists of four OISC caseworkers and is led by the Head of Operational Regulation, continued the work begun last year with Community Law Clinics. To date, six law clinics have been granted registration with arrangements to allow university law students, working under supervision or authorised in their own right, to provide free immigration advice and services to their local communities. To publicise this area of work, in mid-December, the OISC wrote an article which was published in the *'International Journal of Clinical Legal Education'* explaining the need for, and the process for, law clinics seeking registration.

The CVSSG has also continued to work with Refugee Action to support the Good Practice and Partnership Team's Frontline Immigration Advice Project (FIAP). This project aims to assist small to medium sized refugee and asylum support charities throughout the UK in gaining the necessary knowledge and skills to achieve OISC registration. The project provides an online presentation-based training programme supported by online resources and supports and mentors organisations as they become OISC registered. In 2017/18 the project supported 83 organisations and trained 247 advisers working towards

OISC Level 2 or 3 authorisation and work has continued into the 2018/19 business year. The CVSSG has provided information for the FIAP workshops related to our guidance notes and website literature, answered queries regarding the application process and work restrictions at each level, and offered our services in providing data to help Refugee Action evaluate the success of the programme.

In addition, the CVSSG group has dealt with seven substantive queries from applicant and regulated organisations who work within the community and voluntary sector which required tailored advice that reflects the unique nature of their businesses, and responded to numerous minor queries about the application process or OISC policy.

A major and resource-intensive area of work for the OISC this past year has been related to preparing for the effects of the UK's proposed exit from the EU. The OISC has been proactive in ensuring that those who need to understand our regulatory scheme and where it fits into advice to EU citizens have been kept informed. The OISC gave presentations to the Home Office Brexit Consular group, which was attended by all 27 EU countries and the EU Commission, the Home Office Brexit Employers group and its User group. We also gave a presentation at the embassy of the Czech Republic and have been represented at many meetings of the Home Office Safeguarding User Group.

Additionally, the OISC has had extremely constructive discussions with key community groups regarding their concerns about how the 3.5 million EU citizens living in the UK will access immigration advice and services. The OISC independently met with a number of groups such as 'the3million Group', the 'East European Resource Centre' and 'Here for Good' to discuss specific concerns they had and how the OISC could help. In response to these concerns the OISC published in October 2018 its 'Immigration Assistance' document. This document sets out clearly and accessibly work that can be undertaken by organisations working within local communities that does not fall to be regulated by the OISC. It also sets out what is acceptable and impresses on them the importance of unregulated organisations not becoming involved unless they are registered with the OISC.

In addition, we have provided information for the Home Office to use about what is involved in becoming OISC regulated that can be included when communicating with the voluntary sector.

The culmination of this work was the OISC designing a specific application process for community and voluntary organisations who wished to provide immigration advice and services that only relate to the new EU Settlement

Scheme. This streamlined application process reflected the limited nature of work that might be required by those providing straightforward advice and services in this area while maintaining the assurance to clients that the people providing the advice are both fit and competent to do so. We expect to make decisions on these applications within four to six weeks. This process sought to encourage those who might be able to help from within local communities, and those who are in a position to reach vulnerable persons, to seek registration.

The OISC has co-ordinated with the Home Office to ensure that Home Office funded training to the community and voluntary sector meets the Commissioner's requirements on competence in this area. The application scheme also supported the Home Office's £9M scheme to grant funding to community groups to advise EU citizens. On 1 February 2019, the new registration application forms were made available and the first registrations were received before the end of the business year.

Making timely, fair and correct decisions

The OISC sets clear entry standards through a number of requirements for applicant organisations and advisers. These include Disclosure and Barring Service (DBS) checks, self-declarations and internal checks on applicant advisers and owners, managers and trustees. They also include a review of the organisation's policies and procedures. The process sets clear standards for knowledge, skills and abilities of applicant advisers applying at different levels and in different categories as set out in the Commissioner's Guidance on Competence.

In the 2018/19 business year the OISC received 189 new applications from organisations seeking registration and decided 169 such applications. 115 were approved, 40 were refused and 14 organisations withdrew their application.

The ability to decide applications in a timely manner is important for the businesses seeking to begin work as soon as possible. It is equally important that good decisions are made, which are fair and defensible where challenged. All decisions on applications made by organisations for regulation, be they first time registrations or for continued registration, are appealable to the First-tier Tribunal (Immigration Services).

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Make decisions on new applications in line with set target times;*
- *Demonstrate success where our decisions are appealed to the First-tier Tribunal (Immigration Services);*
- *Demonstrate that those given entry to the scheme were not subsequently found to be non-compliant on two or fewer serious compliance points.*

Applicant advisers are vetted as part of the casework team's application process. The intelligence team assist by performing background checks on the applicant. Depending on the type of application, a number of checks will be carried out using various partner agencies (Home Office, Solicitors Regulation Authority, Bar Standards Board, Chartered Institute of Legal Executives, Companies House, Disclosure and Barring Service), internal intelligence databases and open-source searches.

To support the OISC's decision making, the intelligence team attempts to conduct checks within ten working days of receiving a vetting check request. Awaiting outstanding documents such as DBS disclosures and further information from partner agencies may delay the process.

During 2018/19, the OISC handled 703 vetting checks with approximately half being completed within ten days.

The OISC exceeded the target to decide at least 85% of all new applications for registration within six months, with 92% of all such applications being decided in this timeframe.

As part of the application process for initial registration of a new adviser, or a request to raise the levels of an already authorised adviser, the OISC requires applicant advisers to undertake a formal written competence assessment. In 2018/19, 585 candidates took a formal written assessment at Level 1. Of these, 50% were successful. At the higher Levels, 125 candidates took an assessment at Level 2 and 75 at Level 3. 31% of candidates were successful at Level 2 and 15 % were successful at Level 3.

In total, 16 assessment sessions were run to accommodate applicants, with 12 being held in London and four being held in Manchester. In addition, a number of one-off assessment sessions were held in Belfast, Plymouth and Glasgow to accommodate small groups of candidates based in these regions.

During the 2018/19 business year the OISC made 186 appealable decisions (2017/18: 80 appealable decisions). 86 of these decisions were in respect of Local

Authorities offering a Nationality Checking Service (NCS) for settlement and citizenship. The Home Office withdrew from this arrangement with Local Authorities in November 2018, requiring the OISC to technically cancel the registrations and provide a right of appeal for any Local Authority NCS that did not voluntarily withdraw from the scheme. These 186 appealable decisions included decisions to refuse or limit initial registration, as well as decisions to refuse or limit continued registration and raising level applications or decisions to cancel registration. The OISC set itself a target that at least 85% of Commissioner's decisions would stand following an appeal lodged with the First-tier Tribunal (Immigration Services). Against this target we achieved 62.5%.

	2018/19	2017/18
Appeals lodged	6	11
Appeals allowed	3	0
Appeals dismissed	4*	4
Appeals withdrawn	1	1
Disciplinary Charges brought	1	0

**This includes one appeal that was struck out. The OISC is able to apply to the Tribunal to 'strike out' the appeal if it believes it lacks merit and has no prospect of success at the Tribunal.*

During the year there were six appeals lodged with the Tribunal (2017/18: 11 appeals lodged).

Three decisions were dismissed by the Tribunal and there was also a successful strike-out application and a withdrawal of the appeal by the appellant.

The first of the three dismissed appeals concerned issues about both fitness and competence. The organisation's registration was cancelled following concerns found at audit and a failed Level 1 competence test. Although the Tribunal agreed with the finding of not competent it did not make a finding on fitness. This dismissal has since been appealed to the Upper Tribunal and dismissed.

One of the appeals dismissed concerned issues of fitness alone, as the organisation was attempting to mislead the OISC over who worked at the Level 1 organisation and undertook work on particular files. The Tribunal found that the appellant had not only sought to mislead the Commissioner but also the Tribunal during the course of the appeal. The Tribunal stated that the Commissioner must be able to rely on the trustworthiness and integrity of its registered advisers.

The third dismissal also concerned the issue of fitness. The Commissioner's refusal decision relied on a decision of the Solicitors Disciplinary Tribunal (SDT) which had suspended the appellant from practising as a Solicitor for a period of 18 months. He, along with his brother, owned a firm of solicitors and the appellant was the Head of the Immigration Department. The SDT found that nine totally without merit Judicial Review applications relating to immigration had been lodged by the firm. The Tribunal endorsed the OISC decision and dismissed the appeal, stating that it would have been an offence to common sense if the OISC had considered the appellant a fit person to provide immigration advice and services as an OISC adviser.

Three appeals were upheld by the Tribunal. In one, the OISC had refused the continued registration of an organisation after relying on findings from two substantiated complaints. At the hearing, the appellant refuted all the allegations in the second complaint and as the complainant had not been present to give oral evidence, the Tribunal preferred the evidence of the appellant on that complaint. They then considered that the remaining issues concerning the appellant not checking the authenticity of a document, or not paying monies into a client account but instead into the account of the appellant's second company, were not capable of sustaining a decision to refuse continued registration.

The second upheld appeal concerned the refusal of a registration application at Level 1 for a new organisation. The main reason for refusal was that the adviser refused to undertake the competence assessment. He stated that his previous training and experience was sufficient to demonstrate his competence. The appellant appealed the refusal decision to the Tribunal. The Tribunal agreed that the appellant's training and experience, his recently issued Law Society practising certificate together with his previous regulatory history with the OISC, was sufficient to allow the appeal.

The third upheld appeal concerned the issue of competency. The appellant was refused continued registration as he had failed the competency assessment. The appellant disagreed with the marking and appealed the decision to the Tribunal. The OISC supplied the Tribunal with the appellant's assessment papers and the model answer. The Tribunal decided to re-assess the candidate's paper themselves and concluded that the appellant was competent to provide immigration advice and services at Level 1. The Tribunal also pointed out that this was an exceptional case and that it would not be a competence assessment examination moderator.

At the end of 2018/2019 there were nine appeals still to be heard by the Tribunal. The OISC has initiated charge proceedings against one organisation and recommended

an indefinite prohibition as a sanction. This matter is expected to be heard in the coming year.

The OISC has also been involved in matters that have been appealed to the Upper Tribunal and proceedings issued in the Administrative Court where we have succeeded in getting permission denied in two linked Judicial Review matters. The OISC has also been defending a matter in the Employment Tribunal from an organisation that was previously registered.

Once organisations have gained OISC registration they are subject to the OISC risk-based audit programme. The audit programme allows the OISC to assess whether those within the scheme are in practice able to demonstrate compliance with the Code of Standards accepted when they first sought registration. In order to assess whether our initial decisions were correct, we undertook to evaluate whether the number of the most "serious" compliance issues found on audit in the first two years of the organisation's registration is two or fewer. In order to assess this the OISC considered applications approved between 1 April 2016 and 30 June 2018. During this period the OISC approved 238 new applications for registration. Of these organisations, 19% were identified through our risk assessment process as requiring an audit within their first two years of registration. Reassuringly 89% (41 organisations) of those organisations identified as requiring an audit had no "serious" compliance issues, 9% (4 organisations) had one "serious" compliance issue and 2% (1 organisation) had two "serious" compliance issues found during audit.

In addition to monitoring our performance against this objective, the OISC also undertook to review how applicant advisers demonstrate their competence other than through the OISC examination. The OISC considered the position of applicants who were accredited by the Chartered Institute of Legal Executives Regulation (CILEx Regulation). It was agreed that applicant advisers who are qualified as a CILEx Immigration Practitioner, and can show evidence of valid continuing accreditation, may be exempt from having to sit the corresponding OISC competence assessment. In March 2019 the OISC revised its application notes to notify such applicants that they would be able to bypass the OISC assessment.

Monitoring compliance through audits and complaints

Once organisations have gained registration, an ongoing assessment of their fitness and competence is carried out through a programme of premises audits, compliance with Continuing Professional Development (CPD) requirements and the investigation of any complaints received against

registered organisations. These processes are applied in an effective and proportionate manner and organisations which demonstrate compliance with the Code of Standards are granted continued registration.

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Carrying out a premises audit at the 350 organisations most likely to be non-compliant with the Commissioner's Code of Standards;*
- *Issuing 90% of Audit Identified Issue Reports within 20 working days of the audit;*
- *Determining 85% of complaints within five months of receipt.*

We carried out audits at exactly 350 organisations that were identified as requiring an audit in this business year.

Following a premises audit, registered organisations receive a post audit report: an 'Identified Issues Report'. 97% of organisations received this report within 20 working days of the visit (against the target of 90%) with 88% of them receiving this report within 10 working days.

During the 2018/19 business year the OISC also considered the benefits of auditing some low risk organisations to validate the OISC's risk assessment system. To this end, 41 organisations which were considered to be 'low risk' were included in this year's audit programme. 59% of them continued to be considered 'low risk' following the premises audit. 37% were reclassified as medium risk as some minor issues were identified that might need to be followed up at a subsequent audit. One organisation was deemed to be high risk due to unauthorised administrative staff providing immigration advice and services. The results suggest that there may be scope for the OISC to continue auditing some low risk organisations and further consideration as to whether all organisations should at some point be subject to a premises audit.

The OISC received 126 new complaints against registered organisations in this business year and resolved 131 (36 having been brought forward from the last business year for decision this year). 29 complaints were successfully closed through being re-directed to the organisation concerned. Ten were closed as being outside time or jurisdiction and 19 were closed due to insufficient evidence, lack of complainant cooperation or the organisation no longer being OISC registered. Of those that the OISC determined, 64 complaints were found to be substantiated and nine unsubstantiated.

Regrettably we were unable to meet the challenging target we had set ourselves to determine 85% of complaints within five months, instead dealing with 81% within this timeframe.

The OISC invites all complainants and OISC advisers who have had a complaint investigated through our complaints scheme to provide feedback on their experiences of the process. Data collected through the surveys carried out in the 2018/19 business year showed improvements in how our advisers felt about the OISC's handling of their complaints but also raised some recurring themes. One such theme is whether complainants should be required to approach the registered organisation in the first instance. Most complaint schemes require this as a first step, however this would be a significant change in the OISC's scheme and it will therefore be kept under review. The second was whether advisers should be permitted to see the complaint made against them as it is put to the OISC. A third issue was to ensure that advisers are clear about the complaints process and understand that the raising of an allegation against them is not indicative of a presumption that they have done anything wrong. During the current business year the OISC has been working on a number of amendments to its processes which we hope will be helpful to advisers who receive complaints against them while not deterring those with legitimate complaints from raising them.

In addition to the suggestions made by authorised advisers, the OISC has also reviewed the remedies that we request following a substantiated complaint. While we are somewhat restricted in the sanctions afforded to us under the legislation, the OISC believes that there may be room for a greater range of remedies to be made available following the determination of a complaint. For example, that further work is undertaken for the client, an apology issued or the adviser attends specific training. These proposed remedies, along with the amendments suggested above on the complaints process, will form part of a consultation to be undertaken in the new business year prior to revision of the OISC's Complaints Scheme.

In relation to CPD, the OISC has continued to review and evaluate the revised CPD scheme introduced for all authorised advisers on 1 April 2017. During 2018/19 a thematic audit was carried out monitoring compliance with the scheme. 120 advisers were selected at random from across both the fee charging and non-fee charging sectors and asked to submit both their CPD plans and records, with the primary contact at each organisation also being asked to complete a short questionnaire on how CPD was being managed within their organisation. The results of the thematic audit provided a positive assurance that the majority of advisers were effectively engaging with the revised scheme. Those who were not fully meeting the requirements were contacted by their OISC caseworker and advised about what they needed to do to comply with

the CPD scheme. General information on the results of the thematic audit and the revised CPD scheme was published in the OISC's 2018 Winter newsletter.

Registered organisations are required to apply annually for a continuation of their registration. During 2018/19 the OISC received 1,047 such applications and approved 1,050 (including some rolled over from 2017/18). One organisation was refused continued registration outright and left the OISC scheme, along with five organisations which withdrew their application after submitting it. 96% of all decisions on continued registration applications were made within three months of receipt.

Registered organisations may seek to add new advisers to their organisation. The OISC received 438 such applications during 2018/19 and approved 377 while refusing 61. The OISC also received 28 applications from registered organisations looking to increase their levels of registration. 24 such applications were approved and four refused. In addition, we received 77 applications by registered advisers looking to increase their levels of authorisation; 39 such applications were approved and 38 refused.

Improving compliance and removing those that fail

The OISC believes that organisations complying with the Code of Standards will meet clients' and other stakeholders' needs in providing immigration advice and services.

By far the majority of organisations work with the OISC to improve their compliance. The OISC assists organisations to demonstrate compliance through premises audits, guidance and practice notes and workshops. Unfortunately, some organisations – either through deliberate choice or through lack of competence – are unable to sustain compliance with the regulatory scheme. In such cases, the OISC needs to ensure that it is proactive in identifying and robustly dealing with cases where there is evidence that the Code of Standards has been breached, clients have received poor advice, or regulated advisers have abused the immigration systems. Ultimately, this may require cancelling an organisation's registration or occasionally charging an organisation/ adviser with offences that they must answer at the First-tier Tribunal (Immigration Services).

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Consider if the number of "serious" compliance issues identified at audit was reducing at the next premises audit;*

- *Report the number of organisations whose registration is cancelled, or are refused continued registration, because they are deemed to be no longer fit or competent.*

In addition, the OISC sought to monitor how an organisation improves its compliance with the regulatory scheme from one audit to the next, thereby looking at the value of auditing as a means of improvement.

A study of audits conducted between 1 April 2016 and 30 June 2018 (752 premises audits on 586 organisations), found that 397 organisations did not need a further audit; they had no "serious" compliance issues and were deemed to be of low risk after the audit. However, 189 organisations did require a further audit. In 42% of these cases we found a code of a serious nature had been breached, and in 58% of cases improved compliance with other codes needed to be monitored.

Of those requiring a further audit, 61% of organisations improved their compliance with the regulatory scheme from one audit to the next and were able to reduce their overall risk score to the point where another audit was not required. 70% of these had also reduced the number of serious code breaches. 8% of organisations that were re-audited had the same number of compliance issues identified from one audit to the next.

Disappointingly however, 31% of these organisations had an increase in the number of compliance issues identified and 18% of these had increased the number of serious breaches found. It was noted that an initial failure in an organisation's record keeping when resolved can result in more substantive issues than being identified. These organisations subsequently required a further third audit.

Of those organisations audited three times, 80% (12 in total) showed improved compliance on this third audit, but 20% of organisations (3 in total) demonstrated additional failure to comply and enforcement action is under consideration.

While these audits are resource intensive, we are pleased to note that the vast majority of organisations improve with intervention. This is reflected by the low numbers of organisations that need to be removed from the scheme by canceling registration or refusing applications for continued registration due to fitness or competence concerns. In the 2018/19 business year the OISC cancelled the registration of three organisations on this basis. We also needed to use this power to cancel the registration of 86 Nationality Checking Service organisations (all Local Authorities) which did not withdraw their registration following the closure of the NCS scheme, rather than any failures in fitness or competence.

The OISC has continued throughout the 2018/19 business year to deliver a programme of live workshops for registered organisations. These workshops focus on areas where we believe we can assist advisers to improve compliance. During the year the OISC delivered workshops on five different subjects - complaints, audits, ethics, consumer satisfaction and questions for the OISC. 165 advisers attended these workshops that were held in London, Glasgow and Birmingham.

In addition, the OISC has continued to make available its first online presentation which alerted advisers to the need to focus on consumer satisfaction. This online presentation went live on the OISC website and YouTube on 1 April 2018 and by the end of the business year had been viewed 476 times. On 1 March 2019 we added a second presentation with the release of an online presentation for

newly authorised advisers entitled 'Welcome to the OISC'. This aims to get new advisers operating from day one in a compliant manner by explaining OISC expectations and processes and looking at areas where advisers commonly experience difficulties. By the end of March 2019 this had been accessed 357 times. We have also amended our authorisation letter to advisers to invite all newly approved advisers to view this online presentation. Work continues to develop more in the new business year as the ability to reach a much larger number of advisers becomes apparent.

Table 1: Total number of registered organisations

	As at 31 March 2019	As at 31 March 2018
Fee charging	918	996
Non-fee charging	236 (plus 356 CABx operating at Level 1)	215 (plus 356 CABx operating at Level 1)
Total number of registered organisations	1,510*	1,567

*107 Nationality Checking Service organisations were de-registered or withdrew registration as they no longer provided immigration advice and services.

Figure 1: Fee charging and non-fee charging organisations 2014-19

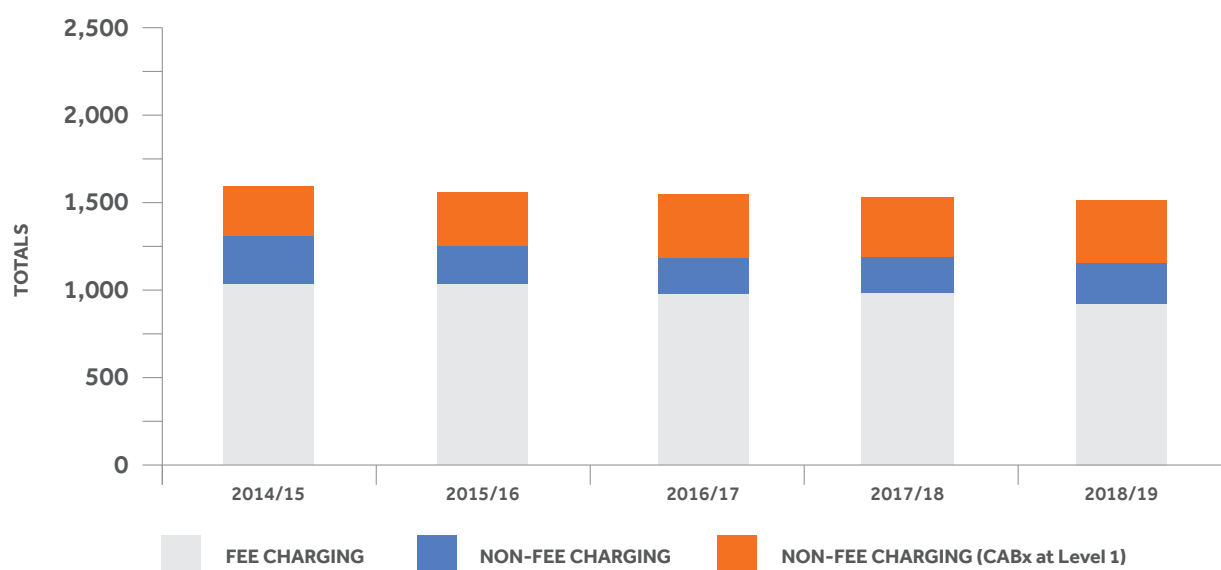


Table 2: Total number of authorised advisers

	As at 31 March 2019	As at 31 March 2018
Fee charging	1,525	2,209
Non-fee charging (excluding Level 1 CABx)	826	746
Fee charging and non-fee charging* (Some advisers are both fee charging and non-fee charging)	26	26
Total number of regulated advisers (excluding 356 Level 1 CABx)	2,377	2,981
Total number of authorised advisers including CABx**	2,733 **	3,337**

*Advisers who work for both fee charging and non-fee charging organisations have not been double counted in the total.

**Includes one adviser for each CAB registered with the Commissioner at Level 1.

During 2018/19, the Nationality Checking Service operated by Local Authorities came to a close. This resulted in 107 regulated NCS organisations being de-registered or withdrawing from the scheme, along with the 754 individual advisers who were authorised in these organisations. This can be seen through the large reduction in the number of fee charging advisers in Table 2.

Figure 2: Fee charging and non-fee charging advisers 2014-19

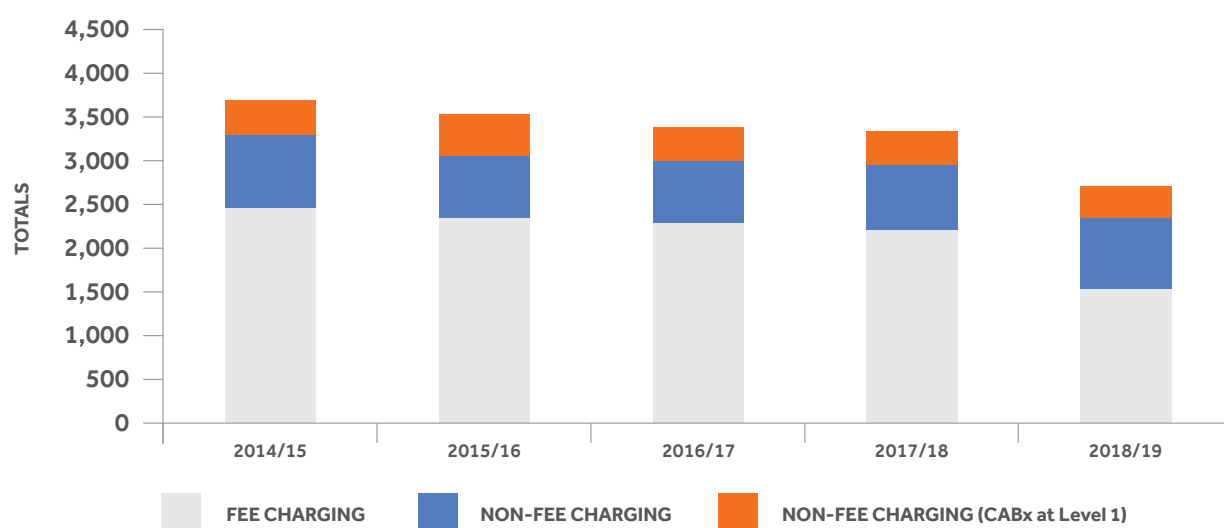


Table 3: The number of registered organisations by advice level as at 31 March 2019

	Fee charging	Non-fee charging	Total
Level 1	455	465*	920*
Level 2	92	53	145
Level 3	371	74	445
Total	918	592*	1,510*

*This figure includes 356 CABx registered at Level 1.

Table 4: The number of authorised advisers by advice level as at 31 March 2019

	Fee charging	Non-fee charging	Fee charging and non-fee charging*	Total
Level 1	875	969*	8	1,852*
Level 2	203	138	5	346
Level 3	447	75	13	535
Total	1,525	1,182*	26	2,733*

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

**This figure includes 356 CABx registered at Level 1.

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 5: Breakdown of complaints received 2014/15–2018/19

	Complaints about OISC authorised advisers	Complaints about advisers under approved regulators	Complaints about unregulated advisers	Total number of complaints received
2014/15	195	52	147	394
2015/16	225	18	158	401
2016/17	166	26	146	338
2017/18	142	21	134	297
2018/19	126	19	181	326*

**This figure does not include 13 complaints received against regulated or unregulated firms where the issue was not a relevant matter under OISC jurisdiction*

Improving the quality of immigration advice across the UK

Empowering consumers

The OISC seeks to raise its profile and influence so that individuals who may need to access immigration advice and those who wish to complain about the advice or services they have received – including particularly disadvantaged and vulnerable individuals – are able to do so.

We seek to inform consumers of where they might best obtain the immigration advice they are seeking, empowering them to make well-informed choices as to the adviser they engage (including other regulated legal service professionals). We have looked at how we might facilitate feedback on the advice and service consumers receive. Where the consumer is dissatisfied, they should be fully aware of how to express that dissatisfaction so that those supplying the advice and services have the opportunity to address the issues raised and resolve them.

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Review and change the OISC website to make it more consumer focused;*
- *Consider how the OISC might make regulatory information public to inform the consumer;*
- *Publicise more widely the OISC complaints scheme.*

The OISC website is currently our main vehicle for communication with immigration consumers. While information such as the register itself and the OISC 'Adviser Finder' are vital tools for those seeking immigration advice and services, the OISC is aware that the content of our website is dominated by information for advisers and applicant advisers. During the 2018/19 business year an extensive review was undertaken of the website content that related to consumers. The OISC considered the websites of similar organisations with a view to identifying examples of good consumer-focused web pages and considered how we might best engage with consumers to survey their experiences of immigration advice and services.

Although somewhat constrained in our website design by virtue of the website being a part of GOV.UK, it was agreed that a great deal of additional information could be created to assist clients in finding and effectively engaging with registered firms, both at the outset when seeking

an adviser and while working with their adviser. Seven new information documents have been created to assist consumers seeking or using an OISC adviser. These are in the process of being added to the OISC website. In addition, a new consumer survey was launched on 1 February 2019 inviting consumers who had used an OISC regulated adviser to provide feedback on various aspects of their experiences. By 31 March 2019, ten consumers had done so. In our Spring newsletter, we encouraged advisers to direct clients at the end of their case, to provide feedback through the new survey. In the year ahead the OISC will be considering the feedback received, sharing this with registered organisations and using it to consider how advice and services might be further improved.

The OISC has also considered the regulatory information regarding advisers that we publish. Currently, limited information is available through the OISC Register. Consumers can use this to view the name, address and contact details of the registered organisation, its Level of registration and the name and gender of authorised advisers. By contrast, the Adviser Finder provides the name and contact details of the organisation, details about the Level but also the Category of authorisation of the organisation, and the name and gender of authorised advisers.

Neither the Register nor Adviser Finder provides the Level and Category of authorisation of each adviser, nor any details about conditions or limitations imposed on individual advisers. The OISC is amending the details on both the Register and Adviser Finder to ensure both provide full details of the Levels and Categories at which organisations and individual advisers are approved, along with any conditions or limitations attached to either. In addition, the OISC intends to provide information regarding the registration period of the organisation and is considering whether information about regulatory action taken against organisations (for example a decision to cancel registration on the basis of concerns around fitness or competence) should also be published.

Currently, consumers would only be able to identify that an organisation is no longer registered by their absence from the Register or Adviser Finder. Consumers are not able to see why a particular organisation may no longer be registered. The OISC also considered whether information about general compliance (for example audit findings) or information around complaints received or substantiated should be published. However, it was felt

that this was too likely to unfairly affect advisers who happened to have received an audit or who undertook large amounts of complex work.

In relation to publicising the OISC complaints scheme, work around the UK's exit from the EU has seen the OISC engaged quite extensively this year with the community and voluntary sector. This has provided an opportunity to communicate key messages such as the complaints scheme to these groups who can cascade the information into local communities.

The OISC has also met with other legal services regulators concerned about possible barriers that may affect why, in the immigration sector, there may be a reluctance by consumers to make complaints. This initiative, proposed by Refugee Action, aims to see what action the regulators might jointly take. Work continues into the new business year when the legal services regulators will be considering the feedback collected by Refugee Action from events held in five regional locations during 2018/19. At these events community support organisations were asked to consider why clients who use their services are reluctant to make complaints about their immigration adviser.

The OISC hopes that the information collected will provide a useful steer as to where information about how to complain needs to be targeted and, importantly, how we can assure complainants of the value and protections available around our complaints scheme.

Initial talks have been held with the Home Office about the possibility of its decision letters issued to applicants including details of the OISC complaints scheme. While not yet agreed, we believe this would be a major step towards ensuring that consumers are guaranteed to receive information regarding the OISC and other legal regulators' complaints schemes.

The OISC has delayed the production and distribution of new publicity material partly to allow the results of this research to be considered. How to complain about poor and illegal immigration advice forms a major part of the message that the OISC needs to convey to consumers.

Our new Corporate Communications Officer reviewed existing OISC publicity material this year. While the material was deemed to be still fit for purpose and has been sent to organisations who might find it useful (posters were sent to the Commercial Manager dealing with Immigration Enforcement (IE) short-term holding facilities and holding rooms at reporting centres and ports), work to refresh this material has been put on hold. Plans to revitalise this material have been incorporated into the 2019/20 business plan.

Setting clear standards

In order to function as a modern public service regulator the OISC has increasingly adopted a principle-based approach to regulation. The legal services sector continues to undergo substantial transformation and it is essential that the OISC's documents reflect modern principles for delivering a high-quality regulatory scheme.

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Ensure the OISC's three key operational documents are reviewed at least every two years;*
- *Ensure the production of relevant and clear Guidance and Practice notes for registered organisations.*

One of our three key operational documents, the Complaints Scheme, was last published in 2015. A brief review of the document in 2018/19 indicated that it continued to function well in reflecting how the OISC manages complaints. However, as mentioned above, there are a number of amendments we would like to introduce around complaint remedies and advisers viewing the original complaint form. As a result, a consultation exercise will be carried out in 2019/20 to seek to incorporate these amendments into a revised version of this document.

The Commissioner's Code of Standards (last published in 2016) has also been reviewed in this business year. No major issues were identified and the Code was found to be unaffected by the UK's decision to leave the EU. However, it was noted that advisers, particularly those newly registered, were facing increasing challenges in being able to open or operate a client account. The Code currently requires organisations to operate such an account where fees are charged in advance of work done. Given the difficulties for advisers, the OISC intends to undertake a short consultation to consider adjusting the codes around client money in 2019/20. The OISC is also likely to consult at this time on the introduction of an overarching code of 'bringing the Commissioner's regulatory scheme into disrepute'. We believe this is likely to help direct advisers as to our expectations in terms of abiding by not only the letter of the law, but also the spirit of the law, in both their immigration work and their general behaviours.

The Guidance on Competence, which was last published in 2017, was also reviewed to ensure that it remained fit for purpose, particularly in light of the UK's exit from the EU. We concluded that apart from a few small technical references that could be dealt with through Practice Notes, this document does not require any amendment in the near future.

Accompanying its three key operational documents, the OISC publishes a suite of Guidance and Practice Notes for registered organisations and advisers. There are currently 15 such documents available on the OISC website covering a wide range of areas. All were reviewed this year and found to be still reflective of current policy and best practice. Clearly, the Guidance Note in respect of complaints will need to be updated when a revised Complaints Scheme is published.

Working with other legal services stakeholders

The OISC has always sought to work with other regulators and stakeholders in the field of immigration work and to be actively involved in debate over the future of legal services regulation. The importance of doing so has increased with the recommendations made in the Competition and Market Authority's (CMA) report on the legal services market of England and Wales published in December 2016. While the CMA did not consider the OISC regulatory scheme, the OISC cannot ignore the recommendations to the other legal service regulators. As such, it has been important that we keep abreast of developments and consider whether they would be appropriate for the OISC regulatory scheme.

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Meet with the relevant stakeholders at least once a year;*
- *Work with stakeholders to consider the recommendations in the CMA's report on the legal services market.*

In the 2018/19 business year, the OISC has continued to meet with various Home Office departments on a wide range of issues. Key this year have been meetings regarding the UK's exit from the EU. The OISC has been involved in planning amendments needed to the legislation to ensure we can continue to regulate advice and services to EU citizens during the transitional period.

The OISC has met with and contributed to discussions with the Solicitors Regulation Authority (SRA), CILEx Regulation and the Council for Licensed Conveyancers

regarding the CMA's recommendations on price and service transparency and improving information available to consumers on how to complain about legal advice and services. While the OISC has decided not to pursue a mandatory requirement for organisations to publish fees, registered organisations are encouraged through the OISC's Consumer Satisfaction Online Presentation to be increasingly transparent with clients about both the services offered and the costs involved.

In a 'carrot over stick' approach, the OISC aims to encourage advisers to recognise the benefits of increased transparency and the need for clients to be able to compare the prices and services available. This works alongside a responsibility to ensure that clients know how to complain and are confident in bringing complaints both to their advisers directly and to the regulators. As stated earlier, the OISC is considering what information it can itself make available to consumers to help ensure they can make informed choices when selecting a legal representative.

In October 2018 the Bar Standards Board (BSB), in consultation with the OISC, published guidance for professional clients when instructing immigration barristers. The guidance aims to ensure that OISC advisers, solicitors and barristers understand their respective roles and that all parties work together in a way that delivers an effective service to the client.

Following discussions with the OISC the BSB also produced revised guidance on supervision in October 2018, which aimed to ensure tighter control of advisers who claim to be supervised by a barrister. The OISC welcomes such joined-up working and notes that further work in this area is planned by the BSB in 2019/20.

In March 2019 the SRA announced that its handbook would be replaced with new Standards and Regulations from November 2019. Among the changes being introduced are important amendments to the rules which will allow SRA regulated solicitors to work in firms which are not regulated by the SRA. The OISC has been in discussion with the SRA regarding these changes and we continue to be deeply concerned as to how they will affect OISC regulated firms.

The OISC met several organisations in March 2018 to understand better the immigration advice sector in Scotland. During 2018/19 we considered the outcomes of these meetings and continued to monitor how immigration advice is provided for in Scotland. This research also informed the OISC's contribution to the review of the Regulation of Scottish Legal Services.

Championing good quality immigration advice

The Immigration and Asylum Act 1999 created the OISC to approve those that meet the minimum requirement of demonstrating "fitness and competence". It makes no provision for recognising the difference between those that just meet the minimum standards and those that provide highly competent immigration advice and customer service that goes beyond what might normally be expected of a legal services provider.

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Explore with stakeholders how best to identify and promote good quality immigration advice.*

This year the OISC carried out some preliminary work to look at the types of awards and publicity that are available both within the legal services sector and more generally for excellence in services. While a wide range of awards and publicity exists, none appeared to be a suitable match for those within the immigration advice and services area. Although the OISC believes that more could be done to motivate, encourage and celebrate success, it was felt with our limited resources this was not something we could take forward at this time.

Protecting people

Within this objective the Commissioner seeks to identify illegal activity and take action to stop it. Primarily this will be through the investigation and prosecution (in accordance with the OISC's criminal prosecution policy) of those that seek to undermine the regulatory scheme, take advantage of and profit from vulnerable advice seekers and abuse the United Kingdom's immigration and asylum processes. It will also include enforcement activity that falls short of a prosecution, such as where the OISC has intervened to have an illegal website removed or encouraged advisers to seek OISC registration or disrupted their activities.

Stopping illegal immigration services

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Ensure prosecution of those providing unlawful immigration advice and services that meet the OISC's criminal prosecution policy;*
- *Promote the reporting of illegal immigration advice and services;*
- *Stop organisations and advisers providing immigration advice and services illegally through an OISC intervention other than a conviction.*

During 2018/19, the OISC successfully prosecuted 14 individuals. A Simple Caution issued by the police on behalf of the OISC was also given and several complaints were referred to other regulators for further investigation. It is possible that more convictions could have been secured, however judicial processes were frustrated by three defendants failing to appear at court, the retraction of a guilty plea and a number of trial adjournments. As of 31 March 2019 there were 17 prosecutions either awaiting trial or sentencing.

This year has also seen a significant increase in costs associated with criminal prosecutions, including appeals against sentence and conviction and challenges to investigatory processes in the civil courts. The increasing complexity of certain cases, particularly those where criminal charges other than under section 91 of the 1999 Act have been brought or where there are multiple defendants, has resulted in the number of effective trials (which go ahead as planned) decreasing. The charging with more serious offences, such as section 2 of the Fraud Act 2006: Fraud by Misrepresentation (and the risk of a heavier

sentence being imposed), has resulted in defendants electing for jury trial which has caused delays in fixing dates for trial at the Crown Court and increased the costs of our enforcement activity.

The bringing of charges under section 2 of the Fraud Act 2006 is applied to individuals who falsely claim to be either legally qualified to provide immigration advice or supervised by SRA-regulated solicitors. During 2018/19 we secured convictions against three defendants using the Fraud Act.

For the first time, we have successfully applied to the court to impose a Criminal Behaviour Order provided by Part 2 of the Anti-Social Behaviour, Crime and Policing Act 2014, prohibiting the defendant from further providing immigration advice for a period of ten years.

We have also seen a noticeable increase in the severity of the sentences handed down by the courts, primarily due to the use of the Fraud Act, which allows the courts to impose a far heavier custodial sentence than section 91. Over the last twelve months this has increased to an average 33 months imprisonment (taking into account five convictions resulting in custodial sentences this year) from an average of 13 months.

Assistance has also been given to the Home Office and police with their prosecutions by way of providing witness statements and helping with disclosure compliance. One case of note involved OISC caseworkers providing substantial assistance, including giving evidence at court, to a joint Home Office/HM Revenue and Customs criminal prosecution, which resulted in five defendants being convicted of conspiracy to defraud offences.

This year a real-time video link was used for the first time to allow witnesses who are unable to attend court to give evidence. In one case, we arranged for a witness to give 'live' testimony from Islamabad to Warwick Crown Court, which resulted in a conviction.

Over the past twelve months the OISC has continued to work with the Home Office Detention and Debriefing intelligence team in an attempt to check the section 84 declaration forms (that confirm a person's credentials to provide immigration advice), which legal representatives are required to complete and sign when they attend Immigration Removal Centres. As a result, 31 visitors presenting themselves as legal advisers have been identified as requiring further research to establish whether they are qualified to provide immigration advice.

As expected, websites and social media platforms are being increasingly used to advertise immigration services. Organisations which have been de-registered from the OISC are monitored, with 13 potentially still active. New processes have been put in place to ensure complaints concerning unlawful advertising are dealt with expeditiously and robustly, including the sending out of warning letters to organisations/advisers advising them to take down or amend their websites.

Internally, work has commenced on providing a more functional case management system designed to support the work of the OISC criminal investigators.

This year we liaised with influential community groups based in Northern Ireland and Hull to highlight the risks associated with migrant communities using unregulated immigration advisers.

During the year we attended various meetings of the Whitehall Prosecutor Group and liaised with the Sentencing Council to support the publication of sentencing guidelines for section 91 offences.

Table 6: Criminal convictions counted at date of sentence

2018/19	14
2017/18	4
2016/17	16

Table 7: OISC prosecutions 2018/19 – heaviest sentencing outcome for each case

Custodial sentence	5
Suspended prison sentence	6
Community punishment order	1
Fine	1
Conditional discharge	1

Table 8: Disposal of investigations 2018/19

Prosecution	14
Arrest Warrant issued	5
Prosecution acquittal	0
OISC reprimand	0
Simple caution	1
Prosecution assist*	1
Disruption**	7
OISC intervention ***	1
Not in the public interest	12
Under approved regulator	6
Witness/Suspect left UK	2
Insufficient evidence	19
Passed to OGD	3
Failure of witness to cooperate	11
Outside time/jurisdiction	2
Total	84

* Where the OISC has supported a partner agency with its evidence gathering, which may also include giving evidence at court.

**Where the adviser is encouraged to apply for OISC registration rather than continue to operate unlawfully.

*** Where a website or social media site unlawfully advertising immigration advice/ services is taken down or amended as a result of advice given by the OISC.

Case Study 1

This concerned the largest OISC criminal investigation and prosecution to date involving five defendants and 265 complainants. The complaints primarily concerned incompetence and the use of identical applications submitted to the Home Office. Then the company director claimed that he had employed an SRA-registered solicitor to ensure compliance with section 84 of the Immigration and Asylum Act 1999. An investigation by the Solicitors Regulation Authority (SRA) revealed that this arrangement did not comply with their rules. The company director also claimed that the company was only acting as professional McKenzie Friends providing nothing more than administrative assistance with Home Office applications.

In April 2018, the trial commenced at Croydon Crown Court. The prosecution proved that unlawful immigration advice and services were provided. The trial, which lasted nine weeks, came to a conclusion when the jury unanimously found four of the defendants guilty. The solicitor was acquitted.

The company director was sentenced to four years' imprisonment, disqualified from acting as a company director for five years and given an indefinite Criminal Behaviour Order preventing him from providing immigration advice or services. The other sentences ranged from suspended prison sentences to community service orders.

Case Study 2

The defendant, not long after he had been released from prison having been previously convicted of providing unlawful immigration advice and services, again set up the same business under the pretence that it was a genuine solicitors' firm. With the assistance of the SRA it was confirmed that the solicitors employed were not authorised to provide immigration advice. The defendant was found guilty of providing immigration advice and services over a period of two years. This time he was sentenced to 12 months imprisonment and a Criminal Behaviour Order imposed for ten years preventing him from providing immigration advice/services.

Case Study 3

This prosecution was the result of an OISC-led investigation in partnership with Immigration Enforcement and the Metropolitan Police Service. The defendant falsely purported to be a Home Office barrister, solicitor and Home Office official. She obtained £68,000 from vulnerable people in payment for immigration related services, which were promised but never delivered. She was found guilty of six counts of fraud by false representation and given a five-year custodial sentence.

Case Study 4

The defendant was employed as a recruitment consultant for an OISC-registered recruitment agency responsible for recruiting chefs from around the world. The defendant was able to provide immigration advice and services at Level 1, while working for the agency, however when her employment terminated she continued to provide immigration advice to the agency's clients. The OISC received a number of complaints stating that the defendant had failed to submit Home Office applications on time resulting in their immigration status being jeopardised. The defendant pleaded guilty to two counts of providing unlawful immigration advice and services and was sentenced to 12 weeks' imprisonment suspended for 12 months and ordered to pay prosecution costs of £1,500.

Encouraging consumers to use authorised immigration advisers

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Review OISC publicity material and increase its availability;*
- *Support stakeholders and community groups to develop and distribute information about the benefits of using authorised immigration advisers;*
- *Increase the number of people using the OISC's adviser finder web page.*

Publicity material has been sent to Home Office Immigration Enforcement to enable OISC posters to be displayed in residential short term holding facilities and holding rooms at reporting centres and ports across the UK.

During the year the OISC has dealt with a variety of external and internal policy queries regarding OISC legislative and jurisdictional matters. It has also played a key role in discussions with the Home Office and community representative groups when reviewing its legislation and potential implications of the UK's exit from the EU.

We have continued to encourage clients seeking immigration advice to use the OISC's Adviser Finder webpage. This provides clients with information about all types of regulated immigration advice, be they OISC registered organisations or those regulated by the various Law Societies. We have done this mostly by publicising it through community organisations. Our revamping of our website will also be providing additional information to clients about choosing an immigration adviser. It has taken us longer than expected to set up analytics to measure the number of people using the OISC's Adviser Finder page, but this is now in place and we look forward to monitoring the use of the page over the coming months.

The ability to find suitable advisers is a key element of the CMA's report and the OISC is represented on the Legal Choices website users' panel and has proposed improvements to the website. Changes to the Legal Choices website now make it far clearer about how to access immigration and asylum advice.

Reducing abuse of the immigration systems

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Liaise with stakeholders to collect evidence of where there is abuse of the UK immigration systems;*
- *Take action against OISC regulated firms found to be abusing the immigration system;*
- *Explore how the OISC might alert consumers and the sector of immigration advice.*

In September 2018, an intelligence Collection Plan was initiated where questionnaires were sent to key partner agencies identified as best placed to provide pertinent information on the immigration sector which may be of use to the OISC. In particular, information was sought about unregulated advisers and regulated advisers who may be involved in criminal activity or practising beyond their level of regulation. This exercise resulted in a 66% increase in intelligence referrals from key partner agencies compared to 2017/18.

In June 2018, we attended the Government Agency Intelligence Network (GAIN) conference where OISC publicity material was supplied to attendees and presentations were delivered to interested parties.

The OISC continues to work with the Home Office and the SRA where there is apparent abuse of the immigration systems. This past year has also seen the OISC meet with JUSTICE, other legal regulators and members of the Judiciary to discuss abuse of the immigration system through spurious appeals and 'totally without merit' Judicial Review applications.

There has also been much liaison with the Judiciary, BSB and HM Courts and Tribunals Service regarding de-registered or suspended OISC advisers (based on issues concerning fitness and competence) who continue to act under what are considered unsuitable supervisory arrangements with barristers. This has led to the BSB issuing guidance to barristers regarding supervision and a proposal to amend their Handbook to prohibit these types of arrangements.

Identifying trends in demand and supply of immigration advice

To achieve this objective the OISC committed in its 2018/19 business plan to:

- *Monitor the number and type of enquiry the OISC's First Contact team receives;*
- *Liaise with stakeholders to collect information about current trends and immigration patterns.*

The OISC seeks to identify trends through reported complaints and intelligence referrals; in particular we have been monitoring any impact arising from the UK's exit from

the EU. There can be no doubt that until those EU citizens have confidence in their future immigration status, the uncertainty is likely to cause much anxiety. This is coupled with those who seek to scare and take advantage of those communities with a view to financial exploitation. In response to this, the OISC brought its first obvious criminal prosecution related to EU exit against two immigration advisers who targeted the Polish community concerning EEA (Permanent Residence) certificates.

Between 1 August 2018 and 22 February 2019 we received 7,405 calls and 1,311 emails to the OISC's info@OISC.gov.uk address. The calls and emails could be broken down as relating to the areas shown in Table 9 below.

Table 9: Breakdown of telephone calls to the OISC and emails to info@oisc.gov.uk between 1 August 2018 and 22 February 2019

Categories of calls and emails	Percentage breakdown of calls	Percentage breakdown of emails
1. Seeking Immigration Advice	25%	12%
2. How to become an adviser and the OISC application process	25%	19%
3. How to complain about immigration advice	15%	9%
4. Trying to contact or seek help from the Home Office	15%	20%
5. Calls regarding competence assessments and checking when results are out	10%	1%
6. Miscellaneous, general requests for help and assistance from advisers and others	10%	39%

Managing our resources efficiently and effectively

People and estate

Recruit the right people with the right skills at the right time

The OISC seeks to ensure that 90% of posts are filled with skilled people within 13 weeks of the placement of an advertisement. Between 1 April 2018 and 31 March 2019, 11 posts were thus filled. Of those, nine posts (82%) were filled within 13 weeks of the placement of the advertisement. Two posts (18%) took longer than 13 weeks due to circumstances beyond our control.

OISC staff have the necessary training and development so they can carry out their duties effectively

The OISC has taken action to ensure that the training and development needs identified in its Corporate Training and Development Plan for 2018/19 were met. Staff were also required to undertake mandatory training which equated to 363.35 training hours (i.e. 51 days).

The OISC has begun a review of the process for evaluating the training conducted. New procedures for evaluating internal and external training courses will be implemented during the 2019/20 business year.

Provide a healthy and safe working environment

The OISC aims to undertake Health and Safety inspections of OISC premises and resolve identified issues. Work has been carried out throughout 2018/19 to resolve various health and safety issues and one formal Health and Safety Inspection took place. In 2019/20 and subsequent years we will ensure that more regular inspections will take place. The quarterly Health and Safety Committee Meetings took place as planned within the 2018/19 business year.

Resolving complaints about the OISC and its staff

The OISC aims to ensure that 90% of complaints made about the OISC and/or its staff are investigated within eight weeks of receipt, with the remaining 10% being investigated within 12 weeks of receipt. During the period from 1 April 2018 to 31 March 2019, nine complaints were received but due to the complexity of the allegations combined none was fully investigated within eight weeks of receipt. Six (67%) were investigated within 12 weeks of receipt and one was investigated by the 15th week.

Reviewing Human Resources policies to ensure compliance with current employment law and best practice

All Human Resources policies are reviewed at regular intervals or when a matter is raised requiring an immediate review. The OISC's Human Resources team members hold professional Human Resources qualifications and are aware of the requirements of employment law and best practice. All policies are reviewed by the OISC's Senior Management Team and are passed to the OISC's trade union Branch Executive Committee for comment before implementation. During the 2018/19 business year the OISC's Diversity and Inclusion Scheme, Flexible Working Policy, Code of Conduct and its Recruitment Policy were reviewed.

Updating the software that supports the HR function

The OISC continued to make use of the integrated HR and Payroll system that was purchased during the previous business year. We intend to open up elements of the HR side of the system to staff during the coming year, allowing staff to update their own records and make requests to their managers, for example applications for leave.

Surveying staff

A staff survey was completed in the previous business year, with a follow-up survey undertaken during 2018/19 focusing on Dignity at Work.

A Learning and Development Working Group has been set up with members from across the organisation. Its aim is to gain a greater understanding of how staff perceive the OISC's Learning and Development function and any ways in which it can be improved. We held awareness sessions on the OISC's performance appraisal system and have introduced a formal staff suggestion scheme. We will continue to work on the actions raised in the coming business year.

It was the intention to run a further staff survey in 2018/19 to benchmark progress against the results from the 2017/18 survey. However, as a follow-up survey on Dignity at Work was carried out in the year and to give the opportunity for actions taken following the survey to take effect, it was decided to defer the full survey until 2019/20.

Reviewing the OISC Equality Scheme

The review of the Equality Scheme was completed. It is now called the OISC Diversity and Inclusion Scheme and was published during the 2018/19 business year.

Information and Communications Technology (ICT)

Provide systems that enable the OISC to operate and work with others

During the year the availability of the computing systems to OISC staff has been very good. Just two hours were lost throughout the entire year following a server room shutdown for essential maintenance checks to be undertaken. This equates to an availability of 99.9%

Regarding the telephony, a network configuration error (that came to light after the same server room shutdown noted above) resulted in three hours where the desktop telephony could not be used. A separate three hour failure of supplier's equipment resulted in the overall number of desktop telephony hours lost during the year to be six. The availability of the desktop telephony was 99.7%

Work has also progressed on keeping the OISC's ICT up to date. Following on from the rollout of new laptops with the Windows 10 operating system, the OISC embarked on a significant upgrade of the office automation tools with staff computers being updated to the Office 2016 suite.

Investigations into the possibility of the OISC setting up video links to the various courts and tribunals were investigated in April of the reporting year. It was believed that this could, potentially, result in cost savings as this service is currently provided by an external supplier. Unfortunately, although a couple of avenues were investigated, this was ultimately found to be unfeasible.

An ICT strategy for the organisation was also developed during the year and formally adopted. The strategy identified several cross-organisation projects which, once undertaken, should result in the OISC benefiting significantly from both improvements to, and improved use of, its ICT – particularly in terms of collaborative working. Further details appear below.

Work was also completed on the renewal of the OISC's mobile telephony contract. This was completed with the involvement of the Crown Commercial Service and the use of one of its aggregated procurement exercises. This should result in the OISC being able to make savings on its annual mobile voice and data contract while ensuring that staff can continue to work remotely.

Facilitate remote working through robust, easy to use, secure and effective systems

The OISC undertook a penetration test of its firewall in March 2018, and that report found no critical or high risk vulnerabilities. There were, however, four vulnerabilities marked as medium and these were raised with the provider of the managed service of our firewall so that the necessary remedial works could be undertaken. This was completed during May 2018. The latest penetration test was undertaken in March 2019 and work identified as necessary to resolve any serious shortcomings found will be undertaken early in the 2019/20 business year.

General protection against web-borne threats is provided by the use of antivirus/antimalware technology on the gateways and internally, and the use of specific protection systems that cover the email and web browser usage of OISC staff.

The firewall is managed by an independent service provider who monitors the device for malicious behaviour on a 24/7 basis. We have not been made aware of any abnormal activity during 2018/19.

Provide effective support for the OISC's ICT systems

During the year there was just one half day where neither member of the OISC's ICT team was available. The percentage of working days that the IT staff were available during the year was therefore 99.98%

There was only one high impact ICT issue recorded during the quarter – the situation mentioned above when the OISC was unable to receive incoming calls. This was due to a problem that arose on the supplier's network, which automatically failed over (as it should), to a resilient circuit that had been incorrectly configured.

The usual matrix of prioritising faults/failures that the team is made aware of – irrespective of whether the failure is internal or external to the OISC – is used to assess its impact and to determine whether it affects a single person or a number of people.

An ICT strategy for the OISC's future requirements was developed during the year and formally adopted in December 2018. The strategy sees the ability of staff to be able to work using the OISC's ICT systems irrespective of their location as key, and the strategic approach is therefore based around this concept. This recognises the fact that a significant proportion of the workforce now has a remote working arrangement in place and this is likely to increase (along with the number of days requested) in the future. A work plan for implementing the strategy was also developed and projects from this are currently under way. Of particular note is a project to deliver a suite of effective collaborative working tools (including video conferencing) to all staff which will be delivered during the 2019/20 business year.

A considerable amount of work was undertaken in the run up to the introduction of the General Data Protection Regulation (GDPR) in May 2018. This was preparatory work to ensure compliance with statutory requirements and, although some work is still necessary, the OISC believes itself to be broadly compliant with the legislation. This position was underscored by a Government Internal Audit Agency audit at the beginning of 2019 which provided a "moderate" assurance and suggested just three recommendations in respect of this.

Finance

Manage financial resources within available funds and budget while working closely with the Home Office

The OISC delivered its activities within the constraint of financial resources allocated to it. A sound system of governance, internal control and risk management was put in place to support the OISC's statutory functions and the achievement of the Home Office's policies, aims and objectives, while safeguarding public funds and the OISC assets.

Manage procurement processes ensuring value for money

The OISC has ensured its staff comply with the OISC procurement policy. We invite tenders for goods and services provided by the Government Procurement Service and have liaised with the Crown Commercial Service and Home Office Commercial unit to ensure its contracts with suppliers secure value for money.

Produce the annual financial statement free of material misstatements and errors

The OISC continued to produce the OISC financial statement in line with the government financial reporting guidance.

In 2018/19, IFRS 15 on Revenue from Contracts with Customers was introduced and implemented by the OISC. Fees and other revenue income are disclosed based on the nature, timing and amount of the revenue for the year reported.

These financial statements have been prepared in accordance with the Schedule 5 paragraph 20 of the Act. The audit fee for this service was £19,000 (2017/18 £19,000). No remuneration has been paid to the NAO during 2018/19 for non-audit work (2017/18 £nil).

Ensure prompt payments to suppliers and staff

The OISC follows the principles of the Prompt Payment Code (PPC). We aim to pay all undisputed invoices within 30 days of receipt. In the year 2018/19, the OISC paid 98% of all such invoices within 30 days (2017/18: 100%).

<https://www.gov.uk/guidance/prompt-payment-policy>

Information

Deal with Freedom of Information/ General Data Protection Regulation requests for information speedily and in accordance with the rules

The OISC frequently receives requests for information under the Freedom of Information Act 2000 (FOI) and Subject Access Requests (SARs) under Article 15 of the General Data Protection Regulation and we aim to respond correctly and promptly to such requests.

A total of 51 requests were received in 2018/19, 26 were requests under the FOI and 25 SARs. 21 of the 26 FOI requests were responded to within the timeframe, but in five cases it took us longer than the prescribed time to gather the required information. All 25 of the SAR responses were provided to within the timeframe.

There was one notable case that began in 2017/18 and requested a vast amount of information. The OISC refused disclosure (within the timeframe), finding the requestor to be vexatious. Upon exhausting their right to the internal review process by the Information Commissioner, the requestor submitted a formal complaint to the Information Commissioner's Office (ICO) which upheld the OISC's decision. The requestor went on to appeal to the First-tier Tribunal (Information Rights) in 2018/19, where the appeal was dismissed.

Business Impact Target

The Immigration Services Commissioner is a "relevant regulator" for the purposes of section 22 of the Small Business, Enterprise and Employment Act 2015. The OISC made no changes to its processes during the qualifying period 21 June 2018 – 20 June 2019 that had an impact that met the qualifying criterion and required submission to the Regulatory Policy Committee.

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.

The Law Society of Northern Ireland

I am pleased to note that the Society has continued its commitment to focus on immigration matters. The work of the Immigration Practitioners Group (IPG) progresses, and together with the Law Society had organised its first immigration conference which was held in November 2018, and I understand it to have been a great success. The Law Society has also organised a number of immigration related CPD courses throughout the year which have been well attended.

I am pleased with the work of the Law Society and hopes to continue close liaison in the coming year.

The Society received three complaints during the year, none being referred from the OISC. One initially concerned undue delay, failure to keep the client properly informed, delay in responding to reasonable enquiries and withholding/ or possible loss of documents. There was also an alleged failure by the solicitors to properly consider the complaint under their own in-house complaints procedure. However, this complaint investigation was discontinued, as the complainant then informed the Society that the complaint was resolved satisfactorily through the firm's in-house complaints procedure.

The second complaint concerned similar issues of delay, failing to keep the client properly informed, and failing to respond to reasonable enquiries. There was also the issue of withholding documents. This complaint was partially upheld. The Committee upheld the complaints of delay and failure to keep client properly informed. The solicitor was also reminded of the importance of providing copy documents to clients in a timely manner particularly where there is a short timeframe to act.

The third complaint again involves similar issues of undue delay, failing to keep the client properly informed, delay in responding to reasonable enquires and acting contrary to client instructions. This complaint is at the initial stages of investigation and awaiting a formal response from the solicitor.

The OISC will continue monitoring the progress of this complaint.

The General Council of the Bar of Northern Ireland

No complaints were received or were outstanding as at 31 March 2019 in respect of the Bar Council.

The Law Society of Scotland

Liaison with the Society continues and discussions this year focused on the publication of the Independent Review of Legal Services in Scotland Report 2018 (Legal Services Report) and its recommendations. The OISC and the Society have also begun work on reviewing their Memorandum of Understanding (MOU) and I am hopeful progress on this will continue in the forthcoming year.

The Society has received five immigration complaints from the Scottish Legal Complaints Commission this year. One complaint concerns issues about the failure of a solicitor to pay agents fee for Tribunal Court appearances. This complaint is currently at Report stage. Another complaint is about issues concerning the blending of legal aid and private fees and failing to refund a private fee. There are also allegations of an alleged discriminatory remark; this complaint is also at Report stage. The third complaint involves allegations of failing to respond to queries and failing to send a file to the new solicitors; this complaint is at Report stage. The other two complaints concern conduct issues about overcharging and making threatening comments, and an assistant leaving a firm and taking files and clients with him. Both of these complaints are at the investigation stage.

The OISC will continue monitoring the progress of these open complaints in the coming year.

Dr Ian Leigh

Deputy Immigration Services Commissioner and Accounting Officer

3 July 2019

The Faculty of Advocates

Discussions were also held with the Faculty about the Legal Services Report and the OISC and Faculty's MOU. This will also continue in the coming year.

No immigration complaints were received or were outstanding in the year.

Part 2: Accountability Report

Corporate Governance Report

Directors' Report

These financial statements report the results of the Office of the Immigration Services Commissioner (OISC) for the year 1 April 2018 to 31 March 2019 and incorporate the content required with a Directors' Report, which is required by the Government Financial Reporting Manual (FRM). 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

On 3 May 2019 it was announced that the Home Secretary had appointed Mr John Tuckett to the position of Immigration Services Commissioner for a period of five

years commencing 8 July 2019. Throughout the time when the role of Commissioner remained vacant the Deputy Commissioner, Dr Ian Leigh, acted in place of the Commissioner in accordance with the provisions of the Immigration and Asylum Act 1999.

During the year 2018/19, 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 2018 to 31 March 2019 are set out on pages 52 to 55. The notes on pages 56 to 67 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 2018 to 31 March 2019, 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 2018/19 the resource allocated to the OISC by the Home Office was £3,820,000 (2017/18: £3,620,004). This resource has been used efficiently to meet the year's business plan targets.

Total operating expenditure for the year was £3,773,131 (2017/18: £3,751,239) of which £2,607,224 (2017/18: £2,570,155) were employment costs.

5. Changes in non-current assets

The OISC purchased additional non-current assets worth £6,926 (2017/18: £21,137).

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 2019: 98% of invoices were paid within 30 days of receipt (2017/18: 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. The OISC has reviewed four of its employment policies during the year, implementing revised versions. The policies reviewed were:

- *Recruitment*
- *Equality and Inclusion Scheme*
- *Code of Conduct*
- *Flexible Working*

9. Social matters, respect for human rights, anti-corruption and anti-bribery matters

We operate a Dignity at Work policy which fully supports the right of all its members of staff and external stakeholders it engages with to be treated with dignity and respect. All staff were required to undertake mandatory training in counter fraud, bribery and corruption over the last year.

The OISC is not required to produce a statement under the Modern Slavery Act but takes a robust approach to human rights, anti-corruption and anti-bribery.

10. 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.

11. Going concern

The OISC's Grant-in-Aid for 2019/20: £3,820k was approved with no increase from the prior year (2018/19: £3,820k).

There is a reasonable expectation that the OISC will continue in operational existence in 2019/20 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.

Dr Ian Leigh

Deputy Immigration Services Commissioner and Accounting Officer

3 July 2019

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*
- *confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.*

The Accounting Officer of the Home Office has designated the Immigration Services Commissioner as the Accounting Officer of the OISC. Following the previous Commissioner's 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 have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that the OISC's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

Overview

In the continuing absence of an Immigration Services Commissioner, as Deputy Commissioner, I am accountable for all actions of the OISC. I am currently 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 him.

The arrangement under which I have been acting in place of the Commissioner since 4 September 2015 has had no adverse effect on the corporate governance of the OISC during 2018/19. Although provided-for by legislation, the situation is clearly not one that was envisaged or intended by Parliament for the long term and it has placed enormous strain on those who have had to cover the Commissioner's duties.

As an Arm's-Length Body (ALB) of the Home Office, throughout 2018/19 the OISC operated under the terms of a Framework Document agreed with the parent Department and dated 14 February 2017. In November 2018 oversight arrangements changed significantly when responsibility for sponsorship of the OISC transferred from the Borders, Immigration and Citizenship System directorate (BICS) to the Home Office Sponsorship Unit (HOSU). However, BICS continues to provide an interface on immigration policy issues, and the role of Senior Sponsor still resides there.

I am advised by an Audit and Risk Assurance Committee (ARAC), consisting entirely of non-executive members, one acting as Chair. 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.

A Triennial Review of the OISC was undertaken between October 2014 and April 2015. Publication of the Report in January 2017 provided Ministerial confirmation of the OISC's continuing existence as an executive, non-departmental public body and allowed a new Corporate Plan to be developed for the period 2017-20. This was approved by Home Office Ministers in May 2017 and was updated in 2018 and again in 2019. Although the implementation of certain aspects of that Plan are dependent upon the outcome of negotiations over the

UK's exit from the European Union, the document is supported by a detailed, innovative and robust annual Business Plan.

Numerous important corporate initiatives identified in this Plan were undertaken in 2018/19, but of particular note are:

- *the implementation of a new strategic performance framework with a renewed focus on measures which can be used to demonstrate achievement of defined outcomes;*
- *support provided to the Home Office to facilitate specific aspects of the EU exit process – specifically direct liaison with stakeholder groups reliant upon immigration advice;*
- *the introduction of a new class of registration for advice organisations dealing solely with applications under the EU Settlement Scheme (launched in February 2019);*
- *enhancement of the OISC's interaction with stakeholders through the appointment of a Corporate Communications Officer, development of a communications strategy, launch of online presentations and improvements to the OISC website to focus on consumer needs;*
- *liaison with the judiciary, government departments and other legal service regulators to address the issue of access to justice for those in need of immigration advice and services;*
- *significant strengthening of information security procedures and processes in order to ensure compliance with the General Data Protection Regulation (GDPR) from May 2018;*
- *enhanced HR and IT approaches to facilitate remote working; and*
- *mandatory training for all staff on core activities, including mental health awareness.*

The OISC complies with the Cabinet Office code of corporate governance to the extent that it is applicable to this Office. However, owing to the statutory framework under which the OISC was established (the organisation being led by the Commissioner as a corporation sole), it does not have a management board with non-executive members. The OISC'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 on a monthly basis to ARAC members and are made available to staff.

I receive external assurance on the robustness of the OISC's corporate governance arrangements from the internal auditors.

Audit and Risk Assurance Committee (ARAC)

This Committee meets at least four times a year. Its meetings are attended by the Commissioner (although not since June 2015), 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 is invited to attend at least one meeting of the ARAC each year. The Committee's terms of reference (which may be found on the OISC's website) and its effectiveness are reviewed annually and members are subject to annual performance appraisal.

Since May 2017, ARAC Members have also become more directly involved in OISC business with one being invited to attend each monthly Strategic Management Meeting in an advisory capacity in order to learn more about the business and to provide external non-executive advice and challenge.

Membership of the ARAC changed significantly at the end of 2017/18 when two members stood down having completed their second three-year terms of appointment and four new members were appointed with effect from 1 April 2018 – all initially for a three-year period. Following Mr Price's departure on completion of his second term as Chair, Mr Smith was appointed to that position for a three-year period commencing 1 January 2019.

In 2018/19 the ARAC therefore consisted of:

- *Terry Price (Chair) to 31 December 2018*

- *Daniel Bunting to 31 March 2021*
- *Sue Gallone to 31 March 2021*
- *Jon Hayes to 31 March 2021*
- *Simon Smith to 31 March 2021, Chair from January 2019 to 31 December 2021*

Apart from Ms Gallone and Mr Bunting each being unable to attend one meeting, ARAC members had a 100% record of attendance in 2018/19. In addition, each ARAC member attended three Strategic Management Meetings. The Home Office Senior Sponsor attended no ARAC meetings in 2017/18 or 2018/19 but was represented at some meetings by more junior Home Office officials.

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 2018/19 key areas covered by the OISC's Corporate Risk Register included: financial management; relationship with government; reputation; ICT reliability and information security; staffing; the impact of the UK's exit from the European Union; and failure to negotiate a contract with another arm's-length body to share legal services.

The principal risk faced by the OISC in 2018/19 has been legal challenge to the legitimacy of the regulatory regime it operates. There have been three main strands to this risk: first, questioning the authority of the Deputy Commissioner to act in place of the Commissioner for a period approaching four years; second, the extent to which the OISC has responsibilities under employment law towards those it has regulated; and third, the right of organisations to avoid UK regulation if supervised by a legal professional elsewhere in the EU. In 2018/19 the First-tier Tribunal also took a number of decisions which required the OISC to review its processes. All these challenges are being effectively handled. Indeed, since the end of the business year the first issue has been largely eliminated (by the appointment of Mr John Tuckett as Immigration Services Commissioner with effect from 8 July 2019) as has the third (following a judgment delivered at the Central Criminal Court in April 2019).

Throughout the year the OISC has taken steps to maintain the robustness of the regulatory regime for which it is responsible and to sustain its core activities whilst maintaining financial stability. This has been particularly challenging in the area of enforcement, where many factors beyond the OISC's control have led to ever-increasing legal costs. Nevertheless, a number of highly significant prosecutions has been achieved.

The OISC continues to be challenged over the scope of its regulatory responsibilities. We are hampered by the fact that despite numerous helpful amendments over the years it has proved impossible to ensure that the primary legislation under which the OISC operates (the Immigration and Asylum Act 1999) keeps pace with rapidly evolving immigration policy and rules – and that it takes due account of technological developments such as the ability of organisations to provide immigration advice remotely using web-based applications. It has also been a particularly high priority to ensure that officials within the Home Office are fully aware of the OISC's role, duties and powers when they are developing immigration policy and processes in a fast-moving environment – specifically in relation to EU exit.

My colleagues and I work closely and cooperatively with officials at all levels in the Home Office, and we maintain a strong sense of mutual trust and respect. It is particularly pleasing and worth recording that for the first time in a number of years the Home Office succeeded in laying the OISC's Annual Report and Accounts before Parliament prior to the 2018 summer periodic adjournment.

In summary, all the risks outlined above have been mitigated and managed effectively, and none is considered to pose any significant threat to the Office.

Future welfare of the organisation

It is disappointing that Home Office Ministers allowed the post of Immigration Services Commissioner to remain vacant for nearly four years after the departure of the previous incumbent. As noted above, this has had no adverse effect on the corporate governance of the organisation, which remains sound despite the legality of the interim arrangements being challenged in the High Court.

On 3 May 2019 it was announced that the Home Secretary had appointed Mr John Tuckett to the position of Immigration Services Commissioner for a period of five years commencing 8 July 2019. Mr Tuckett is committed to improving the quality of immigration advice and ensuring that people feel confident with the services they receive. He intends to do all he can to stop illegal immigration advice and promote good practice.

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 internal 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 2018/19 the following audit studies were undertaken:

- *Criminal Investigations*
- *Cyber Security*
- *Complaints Handling*
- *GDPR*

In consultation with ARAC members it was decided that the audit of Corporate Governance (which takes place in February each year and which forms the basis of the IA Annual Opinion) was not required to be undertaken in 2018/19.

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 which underpin them. Recommendations for improvement identified from each of these reports have been or are being addressed and progress is reviewed on a quarterly basis by ARAC.

All four Internal Audit reports relating to studies undertaken during 2018/19 resulted in a "moderate" assurance rating, confirming that the systems reviewed generally operate effectively with no critical actions being identified in any of the exercises.

IA's Annual Opinion based on the audit coverage during 2018/19 therefore concluded that: "In my opinion, the Office of the Immigration Services Commissioner (OISC) currently operates with a sound system of governance and internal control in support of meeting its objectives." 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.").

Other matters

Managing the risk of financial loss, handling information risk, Health and Safety plans, business continuity, 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 which required reporting to the Home Office.

One potential breach of information security (which allegedly occurred in November 2017 but which was not notified to the OISC until March 2018) was thoroughly investigated during the course of the year; but despite it having been immediately reported to the Information Commissioner's Office, no evidence of a breach was identified and no further action was required.

In 2017/18 the OISC successfully defended an employment tribunal claim lodged by a former member of staff. Permission to appeal this decision was refused, but the claimant exercised his right to an oral hearing. This too was unsuccessful, but the claimant is now inviting the Tribunal to reconsider its decision.

In summary, I am therefore satisfied that the resources for which I am responsible continue to be subject to appropriate control.

Dr Ian Leigh

Deputy Immigration Services Commissioner and Accounting Officer

3 July 2019

Remuneration and Staff Report

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 his absence, the Deputy Commissioner) heads the OISC, and he and the Deputy Commissioner are Ministerial appointees. 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.

On 3 May 2019 it was announced that the Home Secretary had appointed Mr John Tuckett to the position of Immigration Services Commissioner for a period of five years commencing 8 July 2019. Throughout the time when the role of Commissioner has remained vacant the Deputy Commissioner, Dr Ian Leigh, acted in place of the Commissioner in accordance with the provisions of the Act. This included the whole of financial year 2018/19.

Remuneration policy

The Commissioners' salaries are determined by the Secretary of State. Salary increases are awarded to the Deputy Commissioner 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 allowance to the extent that it is subject to UK taxation.

Gender Pay Gap Reporting

We have reported our gender pay gap in line with national requirements and have instigated an action plan to address the relatively small published gap.

Senior staff remuneration and fair pay disclosure (audited)

	2018/19					2017/18				
	Salary (excluding Non-Consolidated Performance Pay)	£'000	£'000	Nearest £00	£'000	£'000	£'000	Nearest £00	£'000	£'000
Dr Ian Leigh Deputy Commissioner	65-70* 75-80**	0	0	29	90-95* 105-110**	0	0	29	60-65* 75-80**	90-95* 100-105**
Band of Highest Paid Commissioner's Remuneration (annualised) – (£'000)	75-80				Band of Highest Paid Commissioner's Remuneration (annualised) – (£'000)	75-80				
Range of staff Remuneration, excluding highest paid above, (annualised) – (£'000)	24 - 61				Range of staff Remuneration, excluding highest paid above, (annualised) – (£'000)	24-60				
Median Total Remuneration – (£)	35,915				Median Total Remuneration – (£)	35,384				
Ratio	2.2				Ratio	2.2				

There were no bonuses paid in the year.

* The Deputy Commissioner works 0.83fte

** Full time equivalent for the Deputy Commissioner

Amounts paid to members of the Audit and Risk Assurance Committee are not included in this table since they are not members of the management board but are appointed as advisers by the Commissioner, a corporation sole.

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. The Deputy Commissioner received no benefits in kind for 2018/19 or 2017/18.

Pension benefits (audited)

	Accrued pension at pension age as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/19	CETV at 31/03/18	Real increase in CETV as funded by employer
	£'000	£'000	£'000	£'000	£'000
Dr Ian Leigh Deputy Commissioner	10-15	0-2.5	246	185	24

Audit and Risk Assurance Committee (ARAC)

The non-executive members of the Audit and Risk Assurance Committee were paid £375 per day (£425 Chair of Committee) plus travel costs for attendance at OISC meetings in 2018/19. All received more than £2,000 during the year in this capacity.

Last financial year, we worked with HMRC to determine the employment status of our Audit and Risk Assurance Committee (ARAC) members. On 7 May 2019, we received their opinion that ARAC members are under the control of the OISC and are employed in respect of their engagements. They are therefore now paid through the payroll. The employment status inquiry is now closed.

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 5 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 4.6% 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

Staff costs (audited)

	Total	2018/19 Permanently employed	2018/19 Others	2017/18
	£'000	£'000	£'000	£'000
Wages and salaries	2,019	1,972	47	1,950
Social security costs	205	205	0	205
Other pension costs	383	383	0	398
	2,607	2,560	47	2,553
Voluntary exit costs	0	0	0	17
	2,607	2,560	47	2,570

Average number of persons employed (audited)

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

	2018/19	2017/18
	Total	Total
Directly employed	53.55	53.45
Others	1.15	0.25
Total	54.70	53.70

The Deputy Commissioner is a Ministerial appointment. The post of Commissioner was vacant throughout the year and is not included in the above table.

Pensions contributions

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 2018/19, employer contributions of £374,710 were payable to the PCSPS (2017/18: £389,980) at one of four rates in the range 20% to 24.5% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the costs of benefits accruing during 2018/19 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 £8,180 (2017/18: £8,357) 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 2018 to 31 March 2019 ranged from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

Contributions of £5,147 were due to Partnership Pension providers at 31 March 2019 (2017/18: £nil)

Reporting of Civil Service and other compensation schemes – exit packages (audited)

Comparative data shown (in brackets) for previous year

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2018/19 Total number of exit packages by cost band
£10,000-£25,000	0 (0)	0 (1)	0 (1)
Total number of exit packages	0 (0)	0 (1)	0 (1)
Total cost/£*	£0 (0)	£nil (£17,347)	£nil (£17,347)

**Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the OISC has agreed early retirements, the additional costs are met by the OISC and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.*

Number of persons of each sex employed

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

	2018/19	2017/18
Commissioner*	0	0
Deputy Commissioner*	1	1
Female (F) staff	34	34
Male (M) staff	31	27
Total	66	62

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

Sickness data

During the period from 1 April 2018 to 31 March 2019, 490 sick days were taken by OISC staff. 102 (21%) were taken as short-term sickness absence and 388 (79%) were taken as long-term sickness absence. This equates to 8.59 days average per person overall compared to the latest comparison figures available from the public sector of 9.8 days average per person. Long-term sick absence has a disproportionate impact on the organisation, given our small number of staff. The OISC's short-term absence figure equates to an average sickness rate of 1.78 days per person.

Equality and diversity

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

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.

Consultancy

There were no consultancy assignments in the year or in previous year.

Off payroll engagement

No employee was paid through their own limited company except for agencies staff.

Dr Ian Leigh

Deputy Immigration Services Commissioner and Accounting Officer

3 July 2019

Parliamentary Accountability and Audit Report

These notes and disclosures are audited.

Losses and special payments

OISC incurred extra-contractual costs of £78,000 in 2018/19 in respect of legal services for criminal investigations, after the contract with the service provider expired during the year and the OISC has been unable to find a replacement service. Retrospective approval has been obtained from HM Treasury for this expenditure.

There were no other losses and special payments in the year ended 31 March 2019 (none in 2017/18).

Material remote contingent liabilities

There are four ongoing claims that are potentially material remote contingent liabilities at 31 March 2019 (31 March 2018: none).

Gifts

There were no gifts for the year ended 31 March 2019 (2017/18: none).

Dr Ian Leigh
Deputy Immigration Services Commissioner and Accounting Officer

3 July 2019

Fees and charges

OISC costs and fee income are as follows:

	2018/19			2017/18		
	Costs	Income	Surplus/ (Deficit)	Costs	Income	Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Adviser fees*	3,773	(952)	(2,821)	3,751	(961)	(2,790)
	3,773	(952)	(2,821)	3,751	(961)	(2,790)

*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 Framework Document dated 14 February 2017 which sets out the financial transaction limits to which the OISC may operate without further referral to the Home Office. During the course of 2018/19, 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.

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

Opinion on financial statements

I certify that I have audited the financial statements of the Office of the Immigration Services Commissioner for the year ended 31 March 2019 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, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

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 2019 and of 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 regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Office of the Immigration Services Commissioner in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

We are required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of the Immigration Services Commissioner's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Immigration and Asylum Act 1999.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- *identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and*

appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- *obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Immigration Services Commissioner's internal control*
- *evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management*
- *evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in

Gareth Davies
Comptroller and Auditor General

National Audit Office, 157-197 Buckingham Palace Road, Victoria, London, SW1W 9SP
4 July 2019

the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- *the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Immigration and Asylum Act 1999*
- *in the light of the knowledge and understanding of the Office of the Immigration Services Commissioner and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report*
- *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 parts of the Accountability Report 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.

Part 3: Financial Statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2019

	Note	2018/19		2017/18 Restated	
		£'000	£'000	£'000	£'000
Revenue from contracts with customers	3	(952)		(961)	
Other operating income	3	(7)		(7)	
Total operating income			(959)		(968)
Staff costs	4	2,607		2,570	
Other expenditure	5	1,166		1,181	
Total operating expenditure			3,773		3,751
Net expenditure			2,814		2,783

All income and expenditure is derived from continuing activities. There is no other Comprehensive Net Expenditure.

The comparatives in the Statement of Comprehensive Net Expenditure have been restated to reclassify the appropriation of fees to the Home Office as a disclosure within the Statement of Changes in Taxpayers' Equity, rather than netting it off against Income. With the implementation of IFRS 15 in 2018/19, we have reconsidered how the appropriation is presented in the financial statements and the revised presentation is considered more appropriate as no services are received for these payments to the Home Office.

The notes on pages 56 to 67 form part of these accounts.

Statement of Financial Position

As at 31 March 2019

	Note	31 March 2019		31 March 2018	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	6		76		123
Intangible assets	7		57		66
Total non-current assets			133		189
Current assets					
Trade and other receivables	8	301		150	
Cash and cash equivalents	11	162		336	
Total current assets			463		486
Total assets			596		675
Current liabilities					
Trade and other payables	9	(358)		(345)	
Total current liabilities			(358)		(345)
Non-current assets plus net current assets			238		330
Non-current liabilities					
Trade and other payables	9	(107)		(141)	
Provisions for liabilities and charges	10	(51)		(84)	
			(158)		(225)
Assets less liabilities			80		105
Taxpayers' equity					
General fund			80		105
Total taxpayers' equity	SoCTE		80		105

Dr Ian Leigh

Deputy Immigration Services Commissioner and Accounting Officer

3 July 2019

The notes on pages 56 to 67 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2019

		2018/19	2017/18 Restated
	Note	£'000	£'000
Cash flows from operating activities			
Net expenditure	SoCNE	(2,814)	(2,783)
<i>Adjustments for non-cash costs</i>			
General fund opening adjustment for revenue from contracts with customers	SoCTE	(60)	0
Depreciation and amortisation	5	63	94
Decrease/(Increase) in trade and other receivables	8	(151)	127
(Decrease)/Increase in trade and other payables	9	(21)	3
Decrease in provision for liabilities and charges	10	(33)	0
Net cash outflow from operating activities		(3,016)	(2,559)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(2)	0
Purchase of intangible assets	7	(5)	(21)
Net cash outflow from investing activities		(7)	(21)
Cash flows from financing activities			
Grant-in-Aid	SoCTE	3,820	3,620
Appropriation of fees to the Home Office	SoCTE	(971)	(964)
Net cash flow from financing activities		2,849	2,656
Net increase/(decrease) in cash and cash equivalents in the year	11	(174)	76
Cash and cash equivalents at the beginning of the year	11	336	260
Cash and cash equivalents at the end of the year		162	336

The comparatives have been restated for the reclassification of appropriation of fees to the Home Office.

The notes on pages 56 to 67 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2019

	General Reserve Restated
	£'000
Balance at 1 April 2017	232
Changes in taxpayers' equity for 2017/18	
Appropriation of fees to the Home Office	(964)
Net expenditure for year ended 31 March 2018	(2,783)
Grant-in-Aid	3,620
Balance at 31 March 2018	105
Changes in taxpayers' equity for 2018/19	
Opening adjustment for IFRS 15 - Revenue from contracts with customers	(60)
Appropriation of fees to the Home Office	(971)
Net expenditure for year ended 31 March 2019	(2,814)
Grant-in-Aid	3,820
Balance at 31 March 2019	80

The comparatives have been restated for the reclassification of appropriation of fees to the Home Office.

The notes on pages 56 to 67 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 2018/19 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. Depreciated historic cost is used as a proxy for current value in existing use.

Changes in accounting policies and standards

New accounting standards adopted

IFRS 9: Financial Instruments (replacing IAS 39). Aimed to simplify financial instrument accounting and more closely align accounting and practices with how instruments are used in the business. IFRS 9 has been assessed and has not had any impact on the accounts.

IFRS 15: Revenue from contracts with customers. Following the adoption of IFRS 15 by HM Treasury's FReM, OISC undertook an exercise to identify the impact on revenue of implementing the new standard.

Previously OISC recognised fees and charges when the cash was received on receipt of an application for registration or continued registration as an immigration adviser. Under IFRS 15, revenue is now recognised when a decision on an application is made, as this is deemed to be the point at which OISC has satisfied its performance obligations. As a result, OISC has deferred the recognition of £72,000 of fees received in 2018/19 and this is carried as contract liabilities within trade and other payables at 31 March 2019.

The public-sector interpretation of IFRS 15 removes the option to retrospectively restate prior year comparative information, instead requiring changes to be reflected in the year of application along with additional disclosures of the impact of adopting the new standard. In accordance with the FReM, the amount that would have been recognised as contract liabilities at 31 March 2018 under IFRS 15 has been recognised as an adjustment to the opening general fund balance at 1 April 2018 within the Statement of Changes in Taxpayers' Equity. This amounted to £60,000.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2018 and not early adopted

IFRS 16: Leases will be applicable to OISC from 2020/21 and will change the way OISC recognises, measures, presents and discloses leases that it holds. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is short term (less than 12 months) or the underlying asset has a low value. The impact of IFRS 16 on OISC has not yet been assessed.

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 2019/20: £3,820k was approved with no increase from prior year (2018/19: £3,820k).

There is a reasonable expectation that the OISC will continue in operational existence in 2019/20 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 for assets that have short useful lives or low values.

Depreciation and amortisation

Depreciation and amortisation is provided on all non-current assets 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
Themis software	on a 20% reducing balance basis
Office Software	on a 20% reducing balance basis
CPD platform	on a straight-line basis over 4 years

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. We have obtained an estimate of the dilapidation provision from the Estates Directorate for the Ministry of Justice, Home Office and Crown Prosecution. This is calculated at a cost of £150 per m², with the OISC's occupancy of its property being 561 m². The provision is now recognised annually as wear and tear is incurred.

Revenue from contracts with customers

Fees that accompany applications to the Commissioner for registration or continued registration are recognised in the Statement of Comprehensive Net Expenditure at the point in time when a decision is made as to whether or not to register the applicant as an immigration advisor.

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.

Where the Commissioner is in receipt of fees for which decisions have not yet been made on the applications at year end, the fees are held in contract liabilities and only recognised when the decision has been made.

Appropriation of fees to the Home Office

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. These payments are disclosed as an appropriation within the Statement of Changes in Taxpayer's Equity. In previous years the appropriation was disclosed within the Statement of Comprehensive net expenditure, however the comparatives have been amended this year to disclose £964,000 of fees remitted to the Home Office in 2017/18 within the Statement of Changes in Taxpayers' Equity, as it is considered to be a more appropriate presentation given the nature of the transactions.

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 over the term of the lease. In accordance with the principles of IAS17 (leases) and the supplementary guidance specified in SIC 15 (operating lease incentives), OISC has spread the value of rent free periods over the lease term.

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. As it is a multi-employer scheme, OISC is unable to identify its share of underlying assets and liabilities. 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 calculation is based on 229 working days excluding annual and privilege leave. Total holiday accrual 2018/19: £83,369 (2017/18: £93,062).

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

Revenue from contracts with customers

	2018/19	2017/18
	£'000	£'000
Adviser fees	952	961
	952	961

Other operating income:

	2018/19	2017/18
	£'000	£'000
Court costs	3	5
Other income	4	2
SoCNE	7	7

The monies received from fees and other income are passed to the Home Office each quarter.

4. Staff costs

Staff costs comprise:

	Total	2018/19 Permanently employed	Others 2018/19	2017/18
	£'000	£'000	£'000	£'000
Wages and salaries	2,019	1,972	47	1,950
Social security costs	205	205	0	205
Other pension costs	383	383	0	398
	2,607	2,560	47	2,553
Voluntary exit costs	0	0	0	17
	2,607	2,560	47	2,570

5. Other expenditure

	2018/19	2017/18
	£'000	£'000
Running costs		
Accommodation	267	262
Information technology	51	60
Legal costs*	324	280
Advertising and publicity	8	7
Office supplies and services	52	50
Website	1	3
Training	26	28
External audit fee**	19	19
Other running costs	143	122
Rentals under operating leases	245	256
Non-cash items		
Depreciation and amortisation	63	94
Dilapidation provision not required written back	(33)	0
	1,166	1,181

*Higher legal costs due to the non-contractual payments to the service provider after the contract expired during the year.

**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 (2017/18: nil)

6. Property, plant and equipment

	2018/19			
	Office refurbishment	Furniture & office equipment	Computer equipment	TOTAL
	£'000	£'000	£'000	£'000
Cost at 1 April 2018	94	54	273	421
Additions	0	0	2	2
Cost at 31 March 2019	94	54	275	423
Depreciation at 1 April 2018	(44)	(36)	(218)	(298)
Charged during the year	(11)	(10)	(28)	(49)
Depreciation at 31 March 2019	(55)	(46)	(246)	(347)
Net book value at 31 March 2019	39	8	29	76
<i>Net book value at 31 March 2018</i>	<i>50</i>	<i>18</i>	<i>55</i>	<i>123</i>

	2017/18			
	Office refurbishment	Furniture & office equipment	Computer equipment	TOTAL
	£'000	£'000	£'000	£'000
Cost at 1 April 2017	94	54	273	421
Additions	0	0	0	0
Cost at 31 March 2018	94	54	273	421
Depreciation at 1 April 2017	(33)	(23)	(165)	(221)
Charged during the year	(11)	(13)	(53)	(77)
Depreciation at 31 March 2018	(44)	(36)	(218)	(298)
Net book value at 31 March 2018	50	18	55	123
<i>Net book value at 31 March 2017</i>	<i>61</i>	<i>31</i>	<i>108</i>	<i>200</i>

7. Intangible assets

	2018/19			
	Themis software	CPD platform	Office software	Total
	£'000	£'000	£'000	£'000
Cost at 1 April 2018	293	0	21	314
Additions	0	0	5	5
Cost at 31 March 2019	293	0	26	319
Amortisation at 1 April 2018	(244)	(0)	(4)	(248)
Provided during the year	(10)	0	(4)	(14)
Amortisation at 31 March 2019	(254)	(0)	(8)	(262)
Net book value at 31 March 2019	39	0	18	57
<i>Net book value at 31 March 2018</i>	<i>49</i>	<i>0</i>	<i>17</i>	<i>66</i>

	2017/18			
	Themis software	CPD platform	Office software	Total
	£'000	£'000	£'000	£'000
Cost at 1 April 2017	293	454	0	747
Additions	0	0	21	21
Disposals - derecognition	0	(454)	0	(454)
Cost at 31 March 2018	293	0	21	314
Amortisation at 1 April 2017	(231)	(454)	0	(685)
Provided during the year	(13)	0	(4)	(17)
Disposals - derecognition	0	454	0	454
Amortisation at 31 March 2018	(244)	(0)	(4)	(248)
Net book value at 31 March 2018	49	0	17	66
<i>Net book value at 31 March 2017</i>	62	0	0	62

8. Trade and other receivables

	31 March 2019	31 March 2018
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	10	21
Impairment allowance for bad and doubtful debts	(5)	(13)
Other receivables:		
Season ticket loans to staff	16	17
Prepayments and accrued income*	280	125
Total	301	150

*Includes rent prepayment at 31 March 2019, no equivalent prepayment at 31 March 2018.

9. Trade and other payables

	31 March 2019	31 March 2018
	£'000	£'000
Amounts falling due within one year		
Trade payables	7	16
Contract liabilities*	72	0
Accruals	245	295
Accommodation rent free period	34	34
Total	358	345
Amounts falling due after more than one year		
Accommodation rent-free period**	107	141
Total	107	141

*Contract liabilities arising from implementation of IFRS 15 Revenue from Contracts with customers.

**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 Digital, Culture, Media & Sport (DCMS).

10. Provisions for liabilities and charges

	Dilapidations
	£'000
Balance at 1 April 2017	84
Movement in the year	0
Balance at 31 March 2018	84
Balance at 1 April 2018	84
Decrease in provision	(33)
Balance at 31 March 2019	51
Amounts falling due:	
Not later than 1 year	0
Later than 1 year and not later than 5 years	51
Later than 5 years	0
Total	51

11. Analysis of changes in cash and cash equivalents

	£'000
Balance at 1 April 2017	260
Net change in cash and cash equivalents balances	76
Balance at 31 March 2018	336
Balance at 1 April 2018	336
Net change in cash and cash equivalents balances	(174)
Balance at 31 March 2019	162

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).

The OISC does not have any liabilities arising from financing activities.

12. Capital commitments

At 31 March 2019 there were no capital commitments (31 March 2018: nil).

13. Commitments under operating leases

	31 March 2019		31 March 2018	
	Land and building	Equipment	Land and building	Equipment
	£'000	£'000	£'000	£'000
Operating leases that expire:				
Not later than 1 year	290	1	289	11
Later than 1 year and not later than 5 years	771	0	1,060	1
Later than 5 years	0	0	0	0

14. Post reporting period events

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

15. Related party transactions

The Home Office, as sponsor body for the OISC throughout 2018/19 is a related party to the OISC. During the year ended 31 March 2019, the Home Office provided the OISC with Grant-in-Aid of £3,820,000 (2017/18: £3,620,004).

A number of transactions were made with other government departments and other central government bodies namely – HM Revenue and Customs (HMRC) £205,293 (2017/18: £204,660) and The Principal Civil Service Pension Scheme (PCSPS): £374,710 (2017/18: £389,980).

During the year ended 31 March 2019 neither the Deputy Commissioner, key managerial staff nor other related parties undertook any material transactions with the OISC.

16. 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.

17. 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.

