

Navigating risk management in immigration compliance

Beyond the Visa

Businesses in the UK have long been relying on migrant workers and overseas talent. UK immigration compliance has long been treated as a back-office function. Compliance is no longer a mere HR administrative responsibility, however. Today, it represents a material reputational and operational risk, driven by intensified Home Office scrutiny and a rapidly evolving regulatory framework. Businesses should now see this as a strategic governance issue requiring board-level oversight.

Shaped by both policy direction and enforcement activity, the shift in the UK Government's position is clear: stricter control, underpinned by increased inspections and tougher penalties. Enforcement data reflects this trajectory. Between July 2024 and December 2025, immigration officers conducted more than 17,400 business raids, a 77% increase on the previous period, resulting in over 12,300 arrests and more than 1,700 deportations. UK businesses – sponsor licence holders in particular – are facing unprecedented levels of scrutiny, with suspensions and revocations at record highs.

Simultaneously, structural changes to the immigration system are increasing the compliance burden on employers. The transition to digital immigration status, including the rollout of eVisas and the phasing out of physical Biometric Residence Permits, requires businesses to adopt Home Office-approved online right-to-work systems. While intended to modernise processes, these changes introduce new points of failure, particularly where internal systems or training lag behind regulatory expectations.

Salary thresholds, job classifications and reporting obligations are now subject to tighter interpretation. With the growing complexity of the Immigration Rules, even routine changes, such as pay adjustments or role modifications can trigger compliance risks for sponsor licence holders if not managed correctly.



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The cost of non-compliance

Penalties may be imposed on businesses where breachers occur unknowingly. Crucially, liability does not rely on intent and ignorance of the law provides no defence. As all UK employers are legally required to prevent illegal working, it is incumbent upon managers to conduct thorough checks.

The first line of protection offered to sponsor licence holders is right-to-work checks. When conducted correctly, these checks provide a statutory defence against civil penalties. It should be noted, however, that the process has changed significantly. For most non-British nationals, checks must now be completed online. Manual document checks are no longer sufficient in many cases, increasing the risk of procedural errors.

The financial consequences are significant. Civil penalties can reach up to £60,000 per illegal worker, even where the failure is administrative rather than deliberate. However, the broader business impact is often more severe.

For organisations holding sponsor licences, compliance obligations extend well beyond initial checks. Sponsors must maintain accurate records, report changes

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within strict deadlines and ensure that roles remain genuine, appropriately skilled and paid in line with regulatory requirements. Your organisation may be audited by the Home Office. These checks can take the form of a digital compliance inspection or an in-person compliance visit, which can occur with little or no notice.

For relatively minor breaches of your sponsorship obligations, the Home Office may opt to downgrade your sponsor rating from an A-rating to a B-rating. Failure to meet obligations can also lead to licence suspension or even revocation. The implications are immediate. Suspended licences prevent the recruitment of new overseas workers, while revocation can force existing sponsored employees to leave the UK. This can cause serious disruption to operations, delay projects and impact revenue.

Reputational damage is another critical concern. The Home Office regularly publishes details of non-compliant employers, and enforcement action can undermine investor confidence, strain client relationships and hinder talent acquisition.

Hidden risks in changes to corporate structure

Immigration compliance risks frequently arise during periods of corporate activity and changes. Sponsor licences do not automatically transfer in mergers, acquisitions or restructurings – a detail often overlooked until late in the transaction process.

In share sales, existing licences may become invalid which would require a new application for a sponsor licence. In asset sales governed by TUPE, while employees may transfer, sponsorship does not. The acquiring entity must hold or swiftly secure a valid sponsor licence. Even internal reorganisations that alter ownership structures can trigger similar requirements.

Failure to address these issues early can delay transactions, disrupt workforce continuity and expose the business to enforcement action at a critical moment.

Why and how breaches occur

Despite the scale of the risk, most failures to comply with the Immigration Rules do not stem from intentional wrongdoing. Rather, such failures often arise from everyday business pressures.

Common habits that lead to non-compliance include poor record-keeping, missed reporting deadlines, inadequate training on digital systems and outdated assumptions about compliance processes. Right-to-work checks, for example, are commonly – and incorrectly – treated as a one-off exercise rather than an ongoing obligation.

Organisational change can further complicate matters. Relocations, role adjustments and restructuring may all trigger reporting requirements that go unnoticed. Staff turnover, particularly within HR or recruitment teams, can lead to knowledge gaps. These gaps leave organisations exposed until an audit or inspection brings issues to light.

Revaluating governance priorities

The message to board-level management

is clear: immigration compliance must be regarded as a core business risk.

This requires a proactive approach. Regular internal audits can identify gaps before they escalate. Updated training systems ensure staff remain aligned with current requirements, particularly as digital systems evolve. Compliance considerations should also be embedded into wider corporate planning, including transactions and organisational change.

Further investment in technology and specialist advice can strengthen resilience, helping your business navigate an increasingly complex regulatory landscape.

As enforcement evolves and legal consequences continue to intensify, organisations that fail to adapt face growing exposure. Those that embed immigration compliance into their governance frameworks, however, will be better positioned to protect their operations, reputation and access to the global talent essential for long-term competitiveness. 

