

Protecting Your Sponsorship Licence: New Evidence & Salary Monitoring Requirements

Essential guidance for Norfolk Care Association members on recent changes to sponsor obligations —
produced in partnership with **Borderless**.



Why This Matters Now

The Home Office has introduced a series of significant updates to the obligations placed on licensed sponsors. These changes affect how you document conversations with sponsored workers, how salaries are monitored, and how quickly you must report certain changes. Failing to keep pace with these updates — even unintentionally — can have serious consequences for your sponsorship licence and, ultimately, your ability to employ overseas workers.

As a care employer, you are already working under considerable pressure. Compliance obligations can feel like an additional burden, but the risks of non-compliance are now greater than ever. The Home Office has strengthened its enforcement tools, including the use of HMRC payroll data to monitor salary levels in near real-time. This means that issues which may previously have gone unnoticed until an annual review could now trigger an investigation within weeks.

This leaflet sets out the key changes, what they mean in practice for your organisation, and the steps you should take immediately to protect your licence. It has been prepared by **Borderless** in collaboration with Norfolk Care Association to give members clear, actionable guidance in plain language.

- ❏ **This guidance applies to all Norfolk Care Association members who hold a Skilled Worker sponsor licence and employ sponsored workers in care settings.**

New Requirement: Documenting Employment Rights Discussions

One of the most significant new obligations for sponsors is the requirement to keep clear, dated, written evidence that employment rights have been provided to each sponsored worker. This is no longer simply best practice — it is now an explicit compliance expectation that may be scrutinised during a Home Office audit or compliance visit.

The must cover the worker's rights under UK employment law, including their right to a written contract, entitlement to the National Minimum Wage (or applicable going rate), working hours, rest breaks, annual leave, and their right not to be subjected to unlawful deductions from wages. Sponsors must be able to demonstrate not only that this conversation took place, but that the worker understood and acknowledged the information provided.

Evidence must be retained for the duration of the worker's sponsorship and for at least two years following the end of their employment. The documentation should include the date of the discussion, the topics covered, and a signed acknowledgement from the worker.

What to Record

- Date you provided evidence of Employment Rights to sponsored worker
- Topics covered (mapped to employment rights)
- Name and signature of the worker
- Name of the person who provided the notification of rights

When to Conduct Discussions

- At the point of **onboarding**, before the worker commences duties, a good time would be within their employment contract.
- When there are any material changes to the worker's terms and conditions
- Annually, as part of a structured review process
- Whenever a worker raises a query about their rights

Where to Store Records

- Securely within your HR system or sponsor management file
- Accessible to your Authorising Officer and key HR contacts
- Backed up and retrievable at short notice in the event of an audit
- Retained for a minimum of two years post-employment

Monthly Salary Monitoring: A New Era of Real-Time Oversight

Previously, the minimum salary threshold for sponsored workers was assessed on an annual basis, giving employers some flexibility to manage short-term fluctuations in pay without immediate concern. That has now fundamentally changed. The Home Office has moved to **payroll salary monitoring**, using data drawn directly from HMRC's Real Time Information (RTI) payroll system. This means that salary levels are now visible to the Home Office on an ongoing basis — without any manual reporting required on your part. Salary must match up with the CoS for that sponsored worker, any discrepancies will result in a reporting to Home Office of non compliance. If your payroll for your workers is bi-weekly or monthly, this is what the NMW pay will be checked against.

The practical implication is stark: any month in which a sponsored worker's salary falls below the required threshold — even temporarily, and even for entirely legitimate reasons — could automatically generate an alert within the Home Office system. This applies to situations such as unpaid or reduced-pay sick leave, unauthorised absences, changes to contracted hours, or administrative errors in payroll processing.

How the Link Works

Your payroll data submitted to HMRC via RTI is now shared directly with the Home Office. There is no separate submission required — the monitoring happens automatically each time you run payroll. This makes it more important than ever that your payroll is accurate, timely, and fully reflective of each sponsored worker's contracted terms.

What Triggers a Flag

- Monthly pay below the applicable going rate or minimum threshold
- Unexplained gaps or nil payments in a payroll period
- Inconsistencies between contracted hours and pay received
- Deductions that reduce effective hourly pay below threshold
- Late or amended payroll submissions

The Sick Leave Risk: What You Need to Know

One of the most immediate concerns raised by this change relates to sick leave. Under the previous annual monitoring approach, a period of statutory sick pay (SSP) – which is significantly below the sponsored worker's normal salary – would be averaged out across the year and was unlikely to breach the threshold in isolation. Under monthly monitoring, a single month of SSP could appear as a salary drop and trigger scrutiny.

This does not mean you cannot give sponsored workers sick leave – you absolutely can, and you must comply with employment law obligations. However, it does mean you must be proactive in documenting the reason for any pay reduction and, where appropriate, reporting the change through the Sponsor Management System (SMS) promptly. The Home Office will consider context, but only if it is provided clearly and in a timely manner.

Statutory Sick Pay (SSP)

SSP (currently up to £123.25 per week) will almost always fall below the sponsored worker's minimum salary threshold. Any period of SSP should be logged within 10 working days - reported via the SMS with supporting documentation.

Unpaid Sick Leave

Unpaid leave creates a nil or reduced payment in that payroll period. Always document the agreed arrangement, the worker's consent, and the expected return date. Report to the Home Office if the absence is extended or uncertain.

Phased Return to Work

A phased return may result in reduced hours and therefore reduced pay. Ensure that any temporary change to contracted hours is documented and, where it affects the salary threshold, reported appropriately and reversed in the SMS once full hours resume.

It is strongly advisable to establish an internal process for flagging any upcoming or ongoing pay reductions to your Authorising Officer or compliance lead before the payroll is submitted. Early internal awareness allows time for appropriate action rather than a reactive response to a Home Office enquiry.

The Impact

The combination of mandatory employment rights documentation and real-time salary monitoring significantly raises the compliance bar for all sponsors. Understanding the full range of implications — and preparing accordingly — is essential to protecting your licence and your workforce.



Home Office Audit Risk

A lack of documented evidence of employment rights discussions, or slow reporting of salary changes, can directly prompt a Home Office compliance audit. Audits may be announced or unannounced and will require you to produce records at short notice. Organisations that cannot demonstrate compliant practice face licence suspension or revocation.



Impact on Sponsored Workers

A licence suspension or revocation does not only affect your organisation — it directly affects your sponsored workers' immigration status. Workers may have their leave curtailed, face removal action, or be required to find alternative sponsorship at very short notice. This creates a significant duty of care obligation for employers.



Licence Downgrade or Suspension

Where the Home Office identifies systemic failures in compliance — including failure to maintain adequate records or report changes promptly — it may downgrade your licence rating, suspend your ability to assign new Certificates of Sponsorship, or ultimately revoke your licence entirely. Each of these outcomes has serious operational consequences.

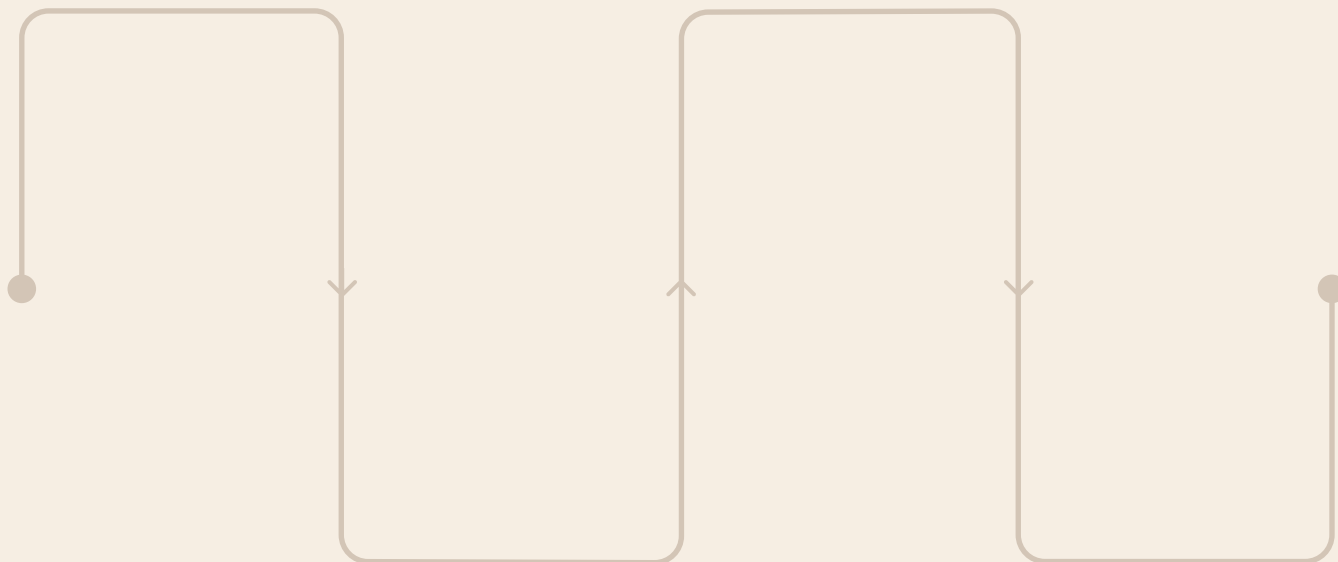


Slow Reporting Penalties

The Home Office expects changes to be reported within 10 working days of the employer becoming aware of them. Slow or delayed reporting — even where the underlying change is permissible — is treated as a compliance failure in its own right and can be recorded against your licence history, increasing your risk profile for future scrutiny.

Understanding the Audit Trigger Points

It is important to understand what specific behaviours and gaps are most likely to prompt Home Office intervention. The following diagram illustrates the primary audit trigger pathway under the new monitoring regime.



The diagram above illustrates how quickly a routine payroll event can escalate to formal compliance action. The key insight is that the Home Office no longer relies solely on sponsor self-reporting — the HMRC data feed creates an independent, automated monitoring mechanism. This fundamentally changes the risk calculus for all sponsors, and makes proactive internal compliance processes more critical than ever before.

1

Salary Drops Below Threshold

Any monthly pay figure that falls below the applicable minimum — even by a small margin — is flagged automatically. Repeated or unexplained occurrences significantly increase audit risk.

2

No Employment Rights Record on File

If an audit is conducted and you cannot produce dated, signed evidence of employment rights discussions, this constitutes a direct compliance failure and will be recorded as a breach of sponsor duties.

3

Late or Missing SMS Reports

Failure to report changes such as absence, reduced hours, or role changes within 10 working days is treated as a compliance failure. Multiple late reports signal poor sponsor management practice.

4

Inconsistent Payroll Data

Discrepancies between what is reported to HMRC and what is held in your sponsor records — including CoS details — will be identified through data matching and are likely to prompt further investigation.

Immediate Actions: What to Do Right Now

Given the seriousness of these changes, there are a number of steps that Norfolk Care Association members should take as a matter of priority. Do not wait for an audit to prompt action — the time to build robust processes is now, before any issues arise. The following checklist provides a structured starting point.

01

Audit Your Current Sponsored Worker Files

Review the personnel file of every sponsored worker currently employed. Identify any gaps in employment rights documentation — particularly signed acknowledgements of rights discussions. Prioritise workers who have been employed for more than three months without a documented discussion on record.

02

Implement an Employment Rights Discussion Template

Create or adopt a standardised template for conducting and recording employment rights discussions. The template should cover all required topics, include space for worker signatures, and be available in formats suitable for workers with limited English literacy. Borderless can provide a model template — contact your NCA representative for access.

03

Establish a Payroll Monitoring Protocol

Assign a named individual — ideally your Authorising Officer or HR lead — to review payroll for all sponsored workers before submission each month. Any pay figure that falls below threshold must be escalated immediately for a compliance decision. Do not submit payroll with unexplained reductions without first considering your reporting obligations.

04

Review Your SMS Reporting Processes

Ensure that all key HR staff are aware of the 10-working-day reporting window. Map out which events must be reported — including absences, salary changes, role changes, and terminations — and assign clear ownership for each report type. Consider using a shared log or workflow tool to track reporting deadlines.

05

Brief Your Management Team

Line managers and care home managers must understand how these changes affect day-to-day workforce management. Ensure they know to escalate any potential pay reduction — including upcoming sick leave — to the compliance lead before it appears in payroll. Awareness at the management level is your first line of defence.

Building a Compliance-Ready Culture

Compliance is not a one-off task — it is an ongoing organisational commitment. The most resilient sponsors are those who embed good practice into their day-to-day operations rather than treating compliance as a reactive exercise. The changes introduced by the Home Office serve as a timely reminder that the standards expected of sponsors continue to rise.

Regular Internal Reviews

Schedule quarterly internal compliance reviews covering all aspects of your sponsor duties. These should be led by your Authorising Officer and should include a check of all sponsored worker files, a review of recent SMS activity, and a payroll reconciliation exercise. Document the outcome of each review — this itself becomes evidence of good governance.

Training and Awareness

Ensure that all staff involved in HR, payroll, and line management understand their roles in the compliance framework. Training does not need to be lengthy — a focused briefing covering the key trigger points and escalation routes can significantly reduce the risk of inadvertent breaches. Record all training delivered and who attended.

Key Compliance Principles

- **Document everything** — if it is not written down, it did not happen in the eyes of the Home Office.
- **Act early** — report changes within the 10-day window, ideally sooner. Proactive reporting is always viewed more favourably than reactive disclosure.
- **Check monthly** — treat the monthly payroll run as a compliance checkpoint, not just a finance process.
- **Seek advice** — when uncertain, contact Borderless before taking action, not after.