

PAY AS YOU GO?

Internship pay, quality and access in the
graduate jobs market

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– November 2018



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Foreword

For the first time, this report, based on data from thousands of university graduates and employers, paints a detailed picture of an increasingly important feature of the graduate job market, the internship.

The Sutton Trust is long established as the leading voice in the UK highlighting the social and educational barriers to high achievement in the country's top professions. A large proportion of the UK's most successful people in law, media, medicine and politics come from a small number of universities and private schools. This lack of equal opportunity is one of the great challenges for the country, and increasing social mobility is vital if we are to succeed.

The Trust has worked tirelessly over its 21 years to improve access for those from less well-off circumstances to the best schools and universities. Yet better education is not enough on its own, with increasing numbers of university graduates competing in a crowded job market. Opening up the elite of British society to a wider pool of young people will require serious action in the workplace as well as the classroom.

One of the biggest barriers to social mobility in the workplace is that of internships. In many sectors it is now simply assumed that young people early in their career must 'pay their dues' by working in a series of unpaid internships and placements. The experiences and contacts gained in these internships can be invaluable to the development of a fledgling career. However, very few can afford the luxury of being able to work unpaid.

Previous Sutton Trust work has demonstrated the high cost of living in a big city in order to complete an internship. With the number of placements on offer continuing to grow, today's report highlights the disturbing level of unpaid internships across the country. Simply put, failure to pay interns prevents young people from low and moderate-income backgrounds from accessing jobs in some of the most desirable and high-profile sectors such as journalism, fashion, the arts and politics.

The report also shows how large numbers of internships are never openly advertised and are instead offered through informal networks, often as 'favours' for staff and their families. This practice locks out young people without connections. Internship positions should be advertised publicly.

The current legal grey area around internships serves to allow employers to use unpaid internships with impunity. That is why the law should be changed to close the internship loophole and offer much needed clarity to both interns and employers. All internships over four weeks should be legally required to pay at least the national minimum wage. There is a growing consensus that the exploitation of some, and the exclusion of others, is no longer an acceptable basis on which to operate the graduate jobs market. A new approach is needed.

For social mobility to thrive we need a sea change in the culture of the Great British workplace. Tackling head-on the exclusionary practices of unpaid and unadvertised internships is a good place to start.

I'd like to thank the Sutton Trust team for this vital new research.

Sir Peter Lampl

Founder of the Sutton Trust and Chairman of the Education Endowment Foundation

Key findings

- Internships are an increasingly integral part of the graduate job market, yet are characterised by many features that are socially exclusive and afford advantages to those from better off backgrounds, serving as a drag on social mobility. This study uses survey data from young graduates and employers to paint a detailed picture of graduate internships for the first time.

How common are internships?

- 39% of graduates in their twenties have done an internship, including almost half (46%) of young graduates under 24. The average intern completes almost 2 internships each (1.8). Interns are more likely to be middle-class, and live in London or other urban areas.
- Graduate internships appear to be rising, with 46% of 21-23 year olds having completed one, compared to 37% of 27-29 year olds. They are also more likely to have taken on more each.
- Almost half (46%) of employers report offering internships, with large employers twice as likely to offer them as small businesses. While one in five employers (19%) report growing use of internships, this figure is 29% for large employers; with construction, finance and medical companies most likely to report growth.

Pay

- Of the employers who offer internships, almost half report offering unpaid placements (48%). 27% offer expenses only internships and 12% no pay or expenses whatsoever.
- 70% of internships are unpaid, and over a quarter of graduates (27%) have completed at least one unpaid internship. Over half of unpaid placements were over 4 weeks in length (53%). 11% of unpaid internships undertaken were over six months.
- While internship numbers appear to be rising, there seems to be greater consciousness among employers of issues around pay. 56% of internships taken in the past two years were unpaid, compared to 69% of those taken five years ago or more. Younger interns are less likely to complete an unpaid opportunity than older interns.
- 5% of graduates have undertaken three or more unpaid internships. Completing more unpaid opportunities did not seem to lead to a greater likelihood of a paid opportunity, with many interns getting 'stuck' in a cycle of unpaid opportunities. While 62% of those doing their first and only internship were unpaid, this rises to 72% of those doing their fourth or more.
- Pay rates differed substantially across sectors. 89% of internships in retail, 86% of internships in the arts (TV, theatre, film, fashion), and 83% in media were unpaid. While just 26% of IT & telecoms and 32% of manufacturing internships were unpaid.

Access

- Take-up of internships is influenced by resources and class background. 43% of middle-class graduates had taken an internship compared to 31% of working-class graduates, and 29% had undertaken unpaid opportunities compared to 23%. These discrepancies are influenced by the resources available to fund unpaid opportunities and the networks required to access them. Middle-class graduates were more likely to be funded by parents, have savings and use personal connections to obtain internships. Those from working-class backgrounds were more likely to work a paid job to subsidise their internship and obtain them through an educational institution.
- Legal and financial services internships are characterised by low levels of advertisement, and high levels of the use of personal contacts. Whereas politics & charity sector internships were most likely to be advertised. Financial services internships had 57% fewer working-class interns than in the graduate population, and those in the legal sector 34%. Marketing & PR had 37% fewer and arts 32% fewer. Hospitality & leisure were overrepresented in terms of working-class participants, while media and politics & charities had low levels of under-representation.

Legality

- There is substantial confusion on the law as it applies to unpaid internships. Almost half of graduates (47%) thought unpaid internships were 'legal in most situations' or weren't sure. When provided with a series of scenarios, around a third of employers didn't know whether the situation would be legal or not, and up to 50% incorrectly thought a scenario where an intern was being paid under the national minimum wage was legal. A scenario where a student was completing an unpaid placement as part of a university course was actually the most likely scenario to be selected as illegal, despite actually being legal.
- Three quarters (73%) of interns support a ban on unpaid internships over 4 weeks long, and 69% of all graduates.

Outcomes

- Internship quality was also measured using five indicators of a good internship. Employers were much more likely to rank their internships highly than interns themselves, with an average score of 2.5 criteria in the employer's view, and 1.5 for graduates. 25% of young people reported their last internship displayed none of the five criteria. However, this proportion has been decreasing over the past five years.
- Completing an internship was associated with higher salaries, for both middle and working-class graduates. However there is evidence that completing multiple internships can have diminishing returns, and may actually have a negative impact on employment and wages. There are indications that many young people are being trapped in cycles of internships which are not resulting in positive outcomes.
- While internships were associated with some social mobility relative to their background - 74% of those from working-class households showed signs of social mobility after completion - it also served as a mechanism for maintaining class advantage. Class segregation differed by sector, with financial services under-representing those from working-class backgrounds the most (57%

below average), along with law (34%), while hospitality & leisure, media and politics & the third sector had much higher rates of inclusion.

In depth: Politics

- Unpaid internships also play a role in restricting access to Westminster for those without connections or financial resources. Almost a third (31%) of staffers working for MPs and Peers in Westminster had worked unpaid. Those working for Labour offices were more likely to be unpaid, 36%, compared to 28% of those working for Conservatives, with younger and less experienced staff also more likely to have worked unpaid. A fifth (19%) of these unpaid placements lasted longer than 6 months.
- Just 51% of staffers reported that they had found their current role through a job advertisement. Over a quarter (26%) report having found their role through a personal connection. Conservatives were more likely than Labour to have been offered their post through a personal connection (29% to 20%). Older and more experienced staffers were also more likely to have received their jobs through connections. 10% of staffers under 25 report they had gained their current role on foot of completing unpaid work.

Recommendations

For government:

1. **The law should be changed to make explicit that all internships longer than four weeks should be paid at least the National Minimum Wage.** There remains significant confusion among employers and interns as to the law as it stands on unpaid internships. To increase clarity, the current law should be tightened to ban unpaid internships over four weeks in length.
2. **HMRC should extend their information campaign on internships and the national minimum wage to all employers, and conduct an information campaign to inform young people of their rights.** Only a small proportion of unpaid internships are advertised, so HMRC's information campaign as it stands is likely to miss out on the majority of employers offering unpaid opportunities. It should be extended to a much larger group of employers likely to be offering internships, and should be accompanied by a campaign aimed at making young people aware of their rights, specifically as they apply to internships.
3. **Government should promote the Graduate Talent Pool website more widely.** Run by the Department for Education, Graduate Talent Pool is a resource for paid opportunities only. Further promotion of the benefits of the portal to businesses, universities and graduates could help to turn it into a central hub for internships and establish good practice on pay and advertising among businesses.
4. **The Independent Parliamentary Standards Authority (IPSA) should review their policies on the hiring of interns by MPs and Peers,** including considering whether funding levels for Westminster offices need to be increased to ensure that interns are paid, or whether additional ring-fenced funds should be given to MPs to pay interns in their offices. Politics continues to exclude large swathes of the population. All internships in parliament should be paid, so that a more diverse range of people have access to the experience and contacts such work provides. Alternative routes into parliament, such as the Speaker's Parliamentary Placement Scheme and parliamentary apprenticeships should be supported and expanded, as long as they are of good quality.

For employers/other bodies:

1. **Irrespective of changes to legislation, employers should pay interns at least the National Minimum Wage.** Unpaid internships exclude many young people, and employers should take advantage of widening the talent pool in their hiring practices. To open up access to internship opportunities, interns should be paid at least the National Minimum Wage (£7.05 per hour for 21-24 year olds, or £7.50 for over 25s). Preferably, interns should be paid the Living Wage of £9 per hour (or the London Living Wage, £10.55, in the capital).
2. **Internship positions should be advertised publicly, rather than being filled informally.** Large numbers of internships are never advertised, and instead offered through informal networks, to friends or family of staff. This practice locks out talented young people without connections, limiting their opportunities and hampering their social mobility.

Internships should be advertised publicly, so that regardless of connections, all potential applicants can apply.

3. **Recruitment processes should be fair, transparent and based on merit.** As well as being openly advertised, the process by which potential candidates are selected for internships should be fair and transparent – upholding the same standards of recruitment as other jobs. All internships should be awarded on merit to the best candidate, not based on personal connections.
4. **Employers should adopt the following five indicators of good quality internships.** Employers should work towards improving the quality of training offered in their internships by implementing the five indicators. Interns should have:
 - Adequate training and monitoring
 - On the job rotation
 - A designated workplace mentor/supervisor
 - A workplace learning plan
 - Post-internship follow-up
5. **Universities should step up internship programmes.** Universities are increasingly connecting young people with work placements. However, this could be stepped up and offered more consistently across universities and departments. Only internships that are paid at least the minimum wage should be advertised and young people should be signposted to information about their rights. Those from less well-off backgrounds in particular should be prioritised.

1. Introduction

Earlier this year, the Sutton Trust released *Internships – unpaid, unadvertised, unfair*;¹ which examined current available evidence on internships in the UK. Following increased attention to the topic in the period since the Sutton Trust first looked at this issue in 2014, there appears to have been some progress on the lack of pay for interns in some companies. However, many organisations continue to offer internships which are unpaid, costing young people a minimum of £1,100 a month in London, and £885 a month in Manchester. Additionally, it seems that many internships continue to be awarded without ever having been advertised, instead going to the family or friends of staff. Together, these practices are creating a barrier for young people without money or connections, putting up a roadblock to social mobility.

However, while available research suggests that internships are an important point of entry to the job market, there is still relatively little known about them. Polling suggests that around 40% of young people who have carried out an internship have done at least one unpaid.² However, there are no recent estimates for just how many young people are actually doing internships; and very little is known regarding which industries internships are being carried out in; how young people are gaining their placements; the level of training provided; how those doing unpaid internships fund themselves; or the extent to which monetary concerns are preventing young people from taking them up. This report aims to answer those questions and gain a considerably more detailed view of the *who*, the *where* and the *how* of internships undertaken by graduates in their first few years in the job market. The report will also examine internships undertaken by staff working for MPs in Westminster, for an in-depth look at an industry in which unpaid internships are a concern for access. The Sutton Trust has long highlighted the disproportionate representation of private school attendees and those from privileged backgrounds among the nation's politicians, shaping the concerns and priorities of the UK's democracy. Internships are a common route into politics, and it is vital that such routes are open to those of all social backgrounds.

The current law around unpaid internships is extremely complex. While it is likely that many of the unpaid internships currently taking place are illegal - for example because they have set hours and responsibilities - determining whether an internship without pay is legal or not can be extremely difficult for anyone without legal expertise. As a consequence, there are significant indications that the law is not being properly enforced. This is due both to these complexities, but also to the method of enforcement. The current system relies on interns having to self-report, and therefore necessitates they take on the individual risk of losing the references and contacts they have worked unpaid to build. Even if an intern does report, the employer can deny there was any obligation for the intern to complete work, or to give notice they would no longer attend; even if the reality was very different. This legal loophole can allow employers to claim their interns are not workers, even when completing the same tasks as other people they do employ.

Perhaps predictably, there have been no prosecutions to date in relation to interns and the national minimum wage.³ Furthermore, high profile prevention campaigns recently undertaken by HMRC have

¹ Montacute, R. (2018) *Internships – unpaid, unadvertised, unfair*. Sutton Trust.

² Bates, C. (2011) *Investigating internships* – YouGov & Prospects, (2017). Almost half of young people have undertaken unpaid internships.

³ UK Parliament (2018) Minimum Wage: Prosecutions: Written question – C187012. Available at: <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2018-11-02/187012/>

been targeted at organisations advertising unpaid internships only, and are likely to not reach the vast bulk of the more informal internship sector.

As well as gaining a more detailed view of internships from the perspective of young people, this report also aims to increase understanding of employers' views of internships, including importantly their understanding of the law as it applies to unpaid internships.

Policy context

In 2017 an independent review commissioned by the government on a range of workplace issues, including unpaid internships, was published. The report, *Good work: The Taylor Review of modern working practices* recommended that “the Government should ensure that exploitative unpaid internships, which damage social mobility in the UK, are stamped out. The Government should do this by clarifying the interpretation of the law and encouraging enforcement action taken by HMRC in this area”.⁴

The government published their response to the Taylor Review at the start of this year, in which they accepted the report's recommendation on unpaid internships and their impact on social mobility. In response, the government promised to take several steps, including introducing new guidance on unpaid internships; providing better information to employers and interns; increasing targeted enforcement activity and improving engagement with sectors where unpaid internships are prevalent. The government also pointed out in their response to the review that they have increased the amount of funding for minimum wage enforcement overall in the last few years, from £13m in 2015/16 to £25.3m for 2017/18.⁵

Although there were press reports of a ‘crackdown’ on unpaid internships following the government's response,⁶ it is unclear what the government has done in practice since then to implement these changes. Although there were reports of HMRC sending around 550 warning letters to companies, in their response to the Taylor Review it was reported that HMRC already pro-actively contacted employers who are advertising unpaid internships. We do not know the extent to which this was a response to the Review, or the continuation of a policy that had been already deemed insufficient. Additionally, it is also not clear that simply reminding employers of the law will be effective in reducing the number of unpaid internships. Given there have been no prosecutions of unpaid internships in relation to the minimum wage, there is very little real threat of a prosecution occurring if an employer fails to comply despite warnings.

In response to a parliamentary question, the government reported it would be holding a roundtable with employers and leaders from sectors that commonly use interns before the summer recess, which would aim to increase awareness of existing legislation on unpaid internships.⁷ As of publication, this had still not taken place.⁸ There also does not yet seem to be any additional guidance published on unpaid internships, at least available publicly on the government's website.

⁴ Taylor, M. (2017) *Good work: The Taylor review of modern working practices*.

⁵ HM Government (2018) *Good work: A response to the Taylor review of modern working practices*.

⁶ Guardian (2018) Initiative to crack down on unpaid internships launched in UK. Available at: <https://www.theguardian.com/society/2018/feb/08/initiative-to-crack-down-on-unpaid-internships-launched-in-uk>

⁷ UK Parliament. (2018) Work Experience: Written question - HL7805. Available at: <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2018-05-11/HL7805/>

⁸ UK Parliament. (2018) Work experience: Written question – HL10496. Available at: <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2018-10-09/HL10486/>

The government also said in their response to the Taylor Review that if their current approach does not work, they will review the existing policy and legal framework, and then consider further action. However, they have not set any time frame for this process, and as there are no official figures on unpaid internships, it is also unclear how they will evaluate whether their current actions have been successful. In order to tackle a complex problem, we need to understand it much better. This report aims to be the first step in this process.

Case study one: Law/politics - Paul*

Paul currently works full time as a paralegal. He did two unpaid internships, one at a law centre and the other in the Westminster office of an MP. In the first few months he worked unpaid, he only worked a few days a week at the law centre, but later his hours there were increased, and he also took on one day per week in the MP's office. For four months, Paul worked a full work week, receiving no money for his work at the law centre, and only expenses for his travel to Westminster. Both of Paul's internships were in London, where he was able to stay with his parents for free.

"I did the internships because I was determined to build a career in a competitive industry and knew that experience would help me stand out." Although Paul now feels he may have been able to find an entry level role in law without unpaid work, for politics he felt he "definitely needed unpaid experience." Paul interviewed for paid roles with MPs after two months working for the MP unpaid, but still "on both occasions I was declined as having insufficient experience."

At the law centre, Paul role was essentially "as a paralegal to support two of the lawyers directly." This included drafting letters, legal research, keeping case files in order, preparing forms for clients, and interviewing clients with supervision. Paul also did some more mundane tasks, such as "calling bodies like HMRC and the Council," but over time Paul was given more legal work and fewer admin tasks. Paul found this internship by emailing the law centre his CV. While there, he received training which he still puts to use in his job as a paralegal today "the lawyers there took time to actively train me and the other interns up, teaching us both practical skills of handling clients or files and teaching us the law of the areas we were working in."

The MP's Westminster office that Paul worked in was staffed entirely by unpaid interns "five of us each manning the office one or two days per week." His main roles were to manage the MP's emails and to draft responses to constituents. Very little training was given to the interns "the truth is we were trained initially for the role they had in mind for us and then received no further training that I can recall. We were clearly there to fulfil a function, and there was no ambition of providing ongoing development."

Paul found his unpaid internship in Westminster through an online advertisement, however, he has concerns about how fair and open the application process for the internship was - "I found out that my interview had gone poorly but an old university friend who had a paid role in another MP's office had bumped into the interviewer afterwards and recommended me. I wouldn't have gotten the role otherwise. I also knew a previous intern and active constituency volunteer of the MP I worked for, who was able to give me advice for what the role was like to tailor my application. I also later learned the MP's staff had asked him about me before offering me an interview. My suspicion is that I got through both stages of the recruitment on personal recommendations from people I'd met at university."

*Note: Pseudonyms have been given to each of the cases studies in this report

2. Methodology

There has been a lack of detailed data on internships in the UK to date. They are not captured in any national statistics, so numbers are not tracked by government, and they are not a tightly defined role like an apprenticeship. While the government generated an estimate of paid and unpaid internships in 2010, this was based on imperfect data. This study approaches the topic from several angles, by collecting new data through:

- A representative sample of employers, through a survey of business decision makers.
- Using job advertisement data compiled by Burning Glass Technologies.
- A survey of young graduates, with a sample big enough to achieve a substantial number of respondents who had completed internships.
- A survey of staffers working in MPs and Peers' offices in Westminster to provide a more detailed look at an internship sector of particular relevance.

This combination of sources allows us to paint a detailed picture of internships in Britain beyond what has been known to date.

Employers

Employers were surveyed via the YouGov Business Decision Makers Omnibus; a panel of senior business leaders from across Great Britain. The sample consisted of leaders from small (37%), medium (15%) and large (48%) businesses, across a wide range of industries and is representative of business size in Great Britain. 1,003 business leaders were surveyed online between the 24th of September and the 2nd of October; 420 of whom offered internships. They were asked a range of questions about the pay and quality of their internships, along with their understanding of the legal situation around internships.

Graduates

Young graduates (those with a degree or higher) aged between 21 and 29 living in Great Britain were surveyed online by YouGov between the 1st and the 8th of October 2018. 2,614 young graduates were surveyed, of whom 1,023 had previously completed an internship. They were asked a wide range of questions on the pay, number, timing, length, and quality of their internships, along with their understanding of the law and views on banning of unpaid opportunities. Each intern was asked for details about multiple internships they had completed, up to a total of 5 (this was capped for data quality reasons, as recollection is likely to get increasingly unreliable). Data on 1775 internships in total was thus captured.

Information was also gathered on the current occupation and economic status of the graduate, along with their socio-economic background. This used social grade, a classification based on occupation, developed for the National Readership Survey. The measure is one of the most common ways to determine socio-economic status, based on occupation. Here, the measure was used to categorise a graduate's socioeconomic background; which was defined as the group the main earner in their household was in when they were age 16. The ABC1 group represents 'middle' class, and C2DE 'working' class. It should be noted that these are two broad groups and thus likely underestimate the diversity of experience within these groups.

There are some limitations to this data due to the constraints of sampling and data collection. There is a lack of data on this population available, and thus it was not possible to create a population weight to ensure its representativeness. Conclusions from this data should not be taken as representative of graduates as a whole, but are indicative of the group of graduates surveyed.

Westminster staffers

Westminster staffers were surveyed by ComRes. 234 members of staff working for either an MP or a Peer in the Palace of Westminster were surveyed. Data were weighted to be representative by party and region. Interviews were carried out online between the 24th of September and 9th of October 2018. Staffers were asked about how they had found their current role in politics and whether they had ever completed unpaid work in an MP's office.

Job postings

Burning Glass Technologies collected and coded job postings data for 41.1 million unique job advertisements posted online in the UK between Jan 1 2013 and March 31 2018. A range of role, location, and salary data was collected where available in each advert. The data has an estimated coverage of 85-90%, though this is higher for professional occupations as they are more likely to be posted online than manual occupations. Internships were indicated by a series of keyword-based automated flags, which means a potential undercount of the numbers due to the varied use of language and terminology in this area. 56,567 internships during this period were flagged.

Case studies

A series of case studies were also chosen, to add a detailed account of the experiences of interns themselves. Case studies in the media, law, construction and politics sectors were selected to highlight the different challenges for young people in different industries. Case study accounts were written up by the authors based on interviews with each participant. In order to preserve anonymity, each case study participant was given a pseudonym.

Definitions

Internships

There is no precise definition of an internship, legal or otherwise. Internships vary substantially in their length, purpose and degree of training opportunity. Job placements, work experience and internships can all be used to refer to similar experiences. Commonly however, an internship would be regarded as longer and more substantive than work experience. Nonetheless, internships can often be referred to by other industry or workplace specific terminology. In the absence of such a definition, in this study we allowed interns and employers themselves to use their own understanding of what counted as an internship.

Unpaid internships

Interns can either be given no monetary compensation; be provided only with expenses (e.g. for travel or lunch); be given an allowance which is below the national minimum wage; or be paid at or above the national minimum wage (NMW). At the time of the survey, the NMW stood at £7.38 per hour for 21-24 year olds, and £7.83 for 25 year olds and over. In this report, all interns receiving no compensation, expenses only, and wages below the NMW are defined as 'unpaid', as this would not be a legal level of pay in the circumstance where the intern is a 'worker'. Where appropriate, this broader unpaid group are

sometimes further broken down into those receiving no monetary compensation, those receiving expenses, and those receiving an allowance below the national minimum wage.

Quality

The five indicators of a quality internship were developed through a Living Wage Foundation workshop. The workshop, involving employers, training providers, trade union representatives, think tanks and academics, explored how LWF-accredited employers could voluntarily go further for their interns. We have used these indicators to create a measure indicating internship quality. The five indicators are specified in full in Section 7.

Legal advice

Independent legal advice on the legal issues around internships and the minimum wage was kindly provided by Joanna Martin; Managing Associate at Womble Bond Dickinson, who advises on all aspects of employment law. In all of the unpaid internship scenarios examined in Section 6, it was assumed that the individual was (i) older than compulsory school age (ii) working (undertaking work someone else would be paid to perform, and not work shadowing), (iii) are not a voluntary worker (someone volunteering for a charity/fundraising body/statutory body).

3. How common are internships?

There is a significant lack of data in the UK on how many internships are completed each year. Interns are difficult to capture in official labour statistics because of their unpaid and often informal nature. In 2010 the coalition government generated an 'indicative' estimate of 50,000-70,000 internships, with 10,000 to 15,000 unpaid, based on estimates from the Chartered Institute of Personnel and Development (CIPD) that 49% of employers paid the minimum wage, 30% paid below the minimum wage, and 21% were expenses only or completely unpaid.⁹

HESA data from the Destination of Leavers from Higher Education survey in 2015/16 indicated that 2.5% of graduates were undertaking an internship six months post-graduation.¹⁰ However, this is only a fraction of internships actually completed as it represents only a snapshot in time for a single cohort of graduates. Nonetheless, evidence suggests that graduates make up the lion's share of internships, with IPPR analysis indicating that 82% of internship opportunities required at least a bachelor's degree or equivalent.¹¹ IPPR's analysis of job postings showed that an average of 11,000 internships were advertised per year in 2013-2015, but acknowledges that this also significantly underestimates the true extent of internships, as many are never advertised.

Internship provision

In order to explore these questions further, a survey of employers was conducted, using YouGov's Business Decision Makers Omnibus, a panel of senior business leaders in Great Britain. 46% of employers surveyed report that they offer internships, with 45% saying that they did not do so.¹² Large employers (over 250 employees) were most likely to offer internships, twice as likely as small businesses (58% compared to 28%).

62% of employers in London reported offering internships, the highest of any area in Britain. The South East was next closest with 45%. East of England (31%) and Wales (33%) had the lowest levels of reported provision. Levels also appeared low in the North East; although this is based on a small number of businesses.

There have been several indications of growth in internships over recent years.¹³ In our survey, one in five employers (19%) reported increasing use of interns in their sector over the past five years, though over half (51%) reported it has stayed the same. Large employers were three times as likely to report that the number of internships had gone up (29% compared to 10% of small employers), showing the growth in larger businesses. Construction (31%), finance and accounting (31%) and medical & health services (29%) were the sectors most likely to report growing use of interns. Growth was highest in London (25%) compared to other areas of the country, indicative of general trends in the economy.

⁹ FOI request on internship numbers - gov.uk. (2010). Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/200302/supporting-doc-foi-130498-annex-c.pdf

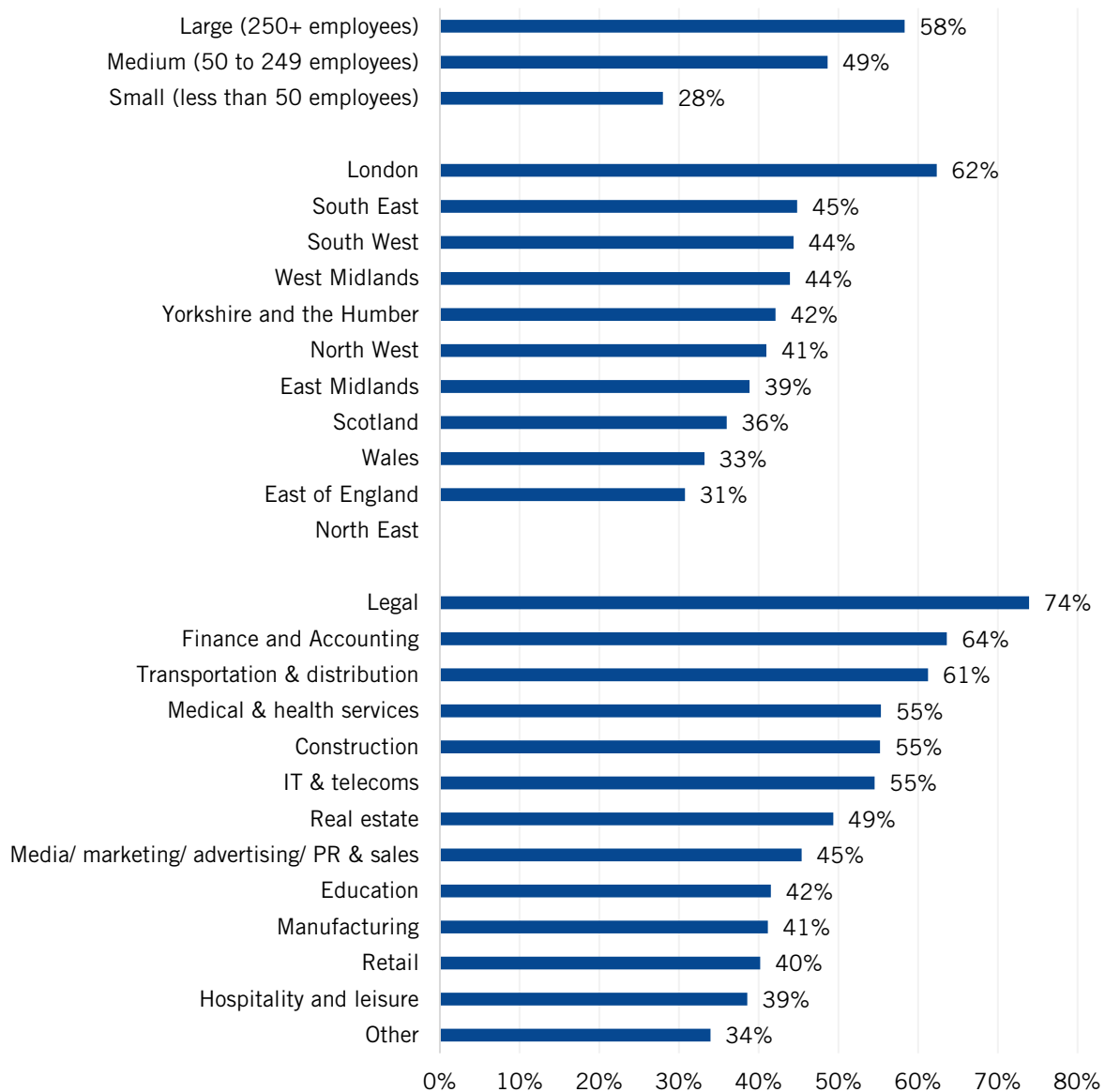
¹⁰ Montacute, R. (2018) Internships – unpaid, unadvertised, unfair. Sutton Trust.

¹¹ Roberts, C. (2017) The inbetweeners: The new role of internships in the graduate labour market. IPPR.

¹² 9% of respondents did not know or were not sure

¹³ Roberts, C. (2017) The Inbetweeners, the role of internships in the graduate labour market. IPPR.

Figure 1. Proportion of employers offering internships by size, area and sector

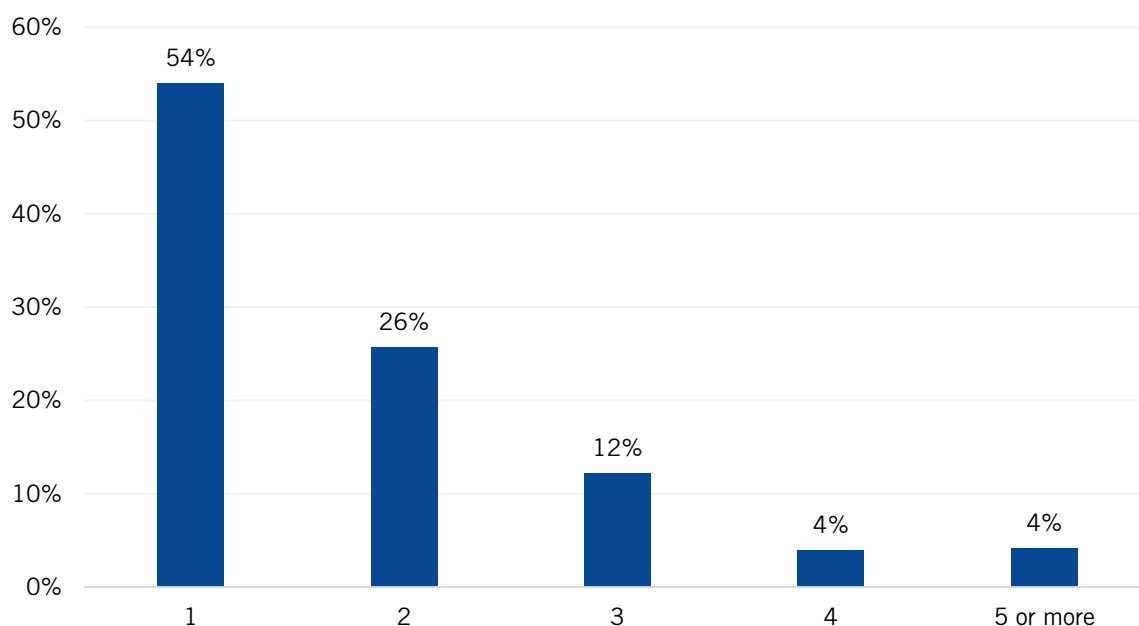


Internship take-up

In order to further explore the level of internship take-up in the graduate jobs market, we surveyed 2,614 university graduates aged under 30 in England, Scotland and Wales. This population is not well captured in official statistics, so achieving a 'representative' sample is challenging. Nonetheless, the results here help to build a much more detailed picture of those completing graduate internships than has existed previously, including their characteristics, trajectories and outcomes. Respondents were asked if they had completed an internship, and if so, a series of follow up questions on the number they had completed and their characteristics. The sample of interns came to 1,023 respondents of the 2,614 graduates surveyed, completing 1,775 internships between them.

It was found that 39% of the graduates surveyed had done an internship at some point, a substantial number, but reflective of the increasing assumptions in many graduate job sectors which require internships or other types of experience to progress. 3.9% of those surveyed had completed an internship in the previous year. On average, interns had completed 1.8 internships each. Almost half (46%) of interns completed more than one, with 20% completing three or more, and 4% completing at least five. Using a very rough extrapolation from these statistics to the graduate population under 30, this would mean around 100,000 graduate internships per year.¹⁴

Figure 2. Number of internships completed by graduates aged under 30

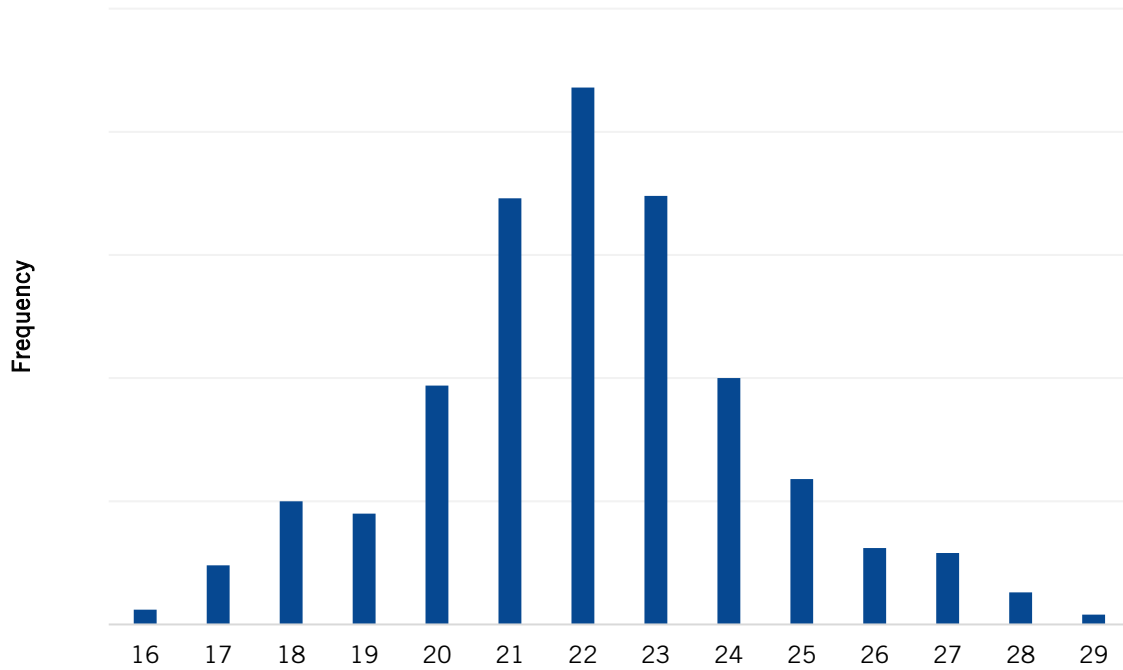


One fifth of interns (21%) had completed one in the last two years, with 40% having done so three to four years ago and 39% five years ago or longer. This differed by age, with 30% of graduates under 24 having done an internship in the last two years.

In general, younger age groups were more likely to have undertaken an internship: 46% of 21-23 year olds, compared to 37% of 27-29 year olds (see Figure 11). They were also likely to have taken on more internships each. Despite their relative age, the youngest graduates averaged more internships than older groups (1.9 each compared to 1.7). 23% of under 23s had completed more than one internship, compared to 16% of 27-29 year olds. The average age of an intern in the group was 22, with most internships (55%) completed between age 21 and 23.

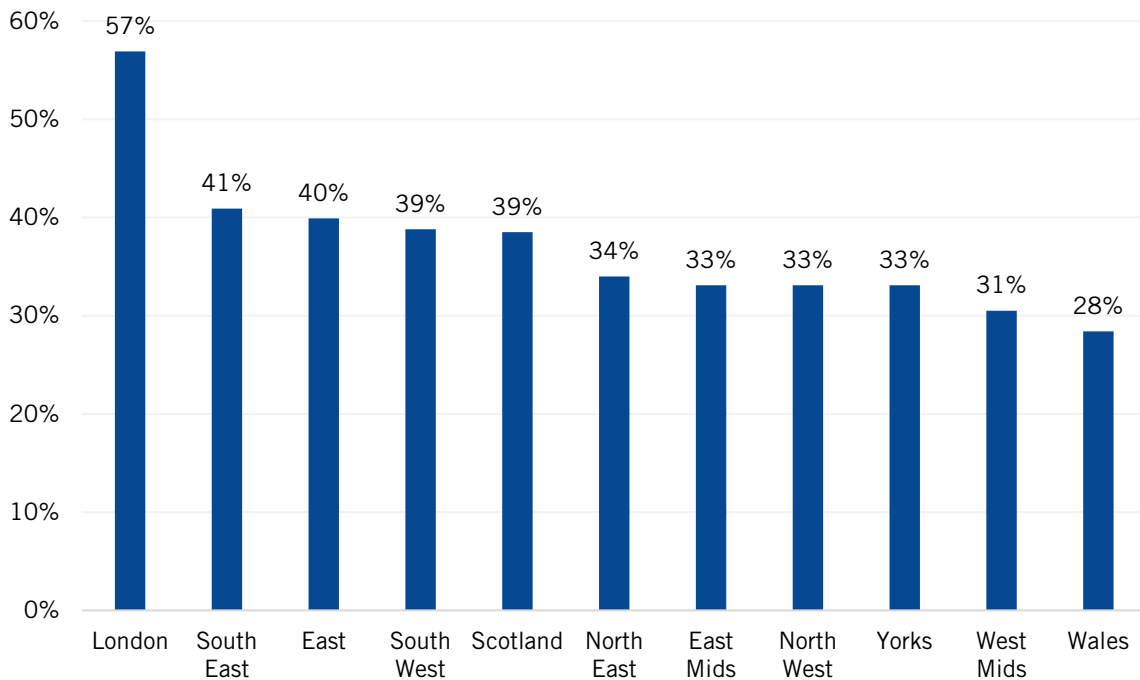
¹⁴ As this sample of graduates is not calibrated to be representative of the population, this figure should be interpreted with some caution. It is provided to give an indication of the scale of the internship sector. The calculation used Labour Force Survey data on the size of the population under 30 with higher education qualifications.

Figure 3. Distribution of graduates completing an internship at each age¹⁵



Young people living in London were most likely to have completed an internship (57%), substantially above the next highest area, the South East (41%). In contrast, just 28% of graduates living in Wales had done an internship. Those in London had done two internships on average, higher than most areas.

Figure 4. Proportion of graduates completing internships by region and nation

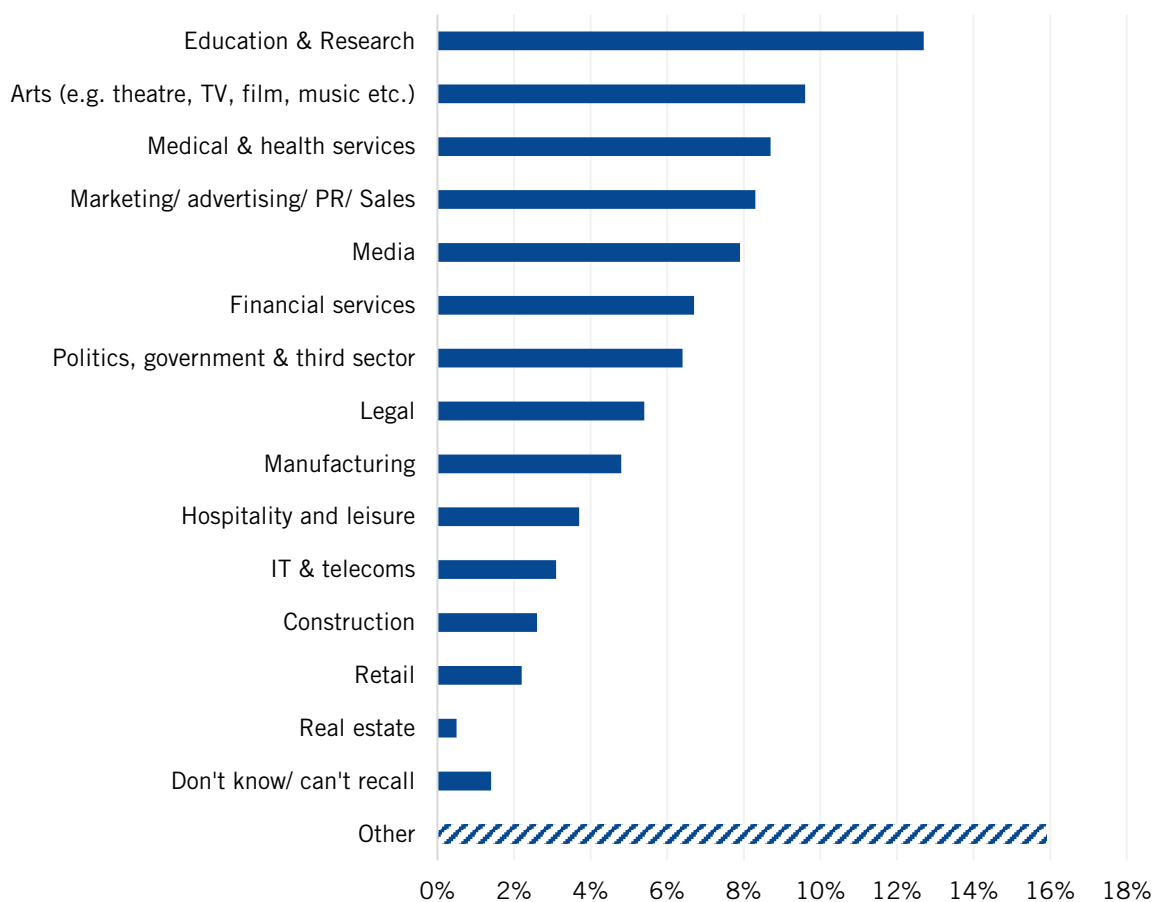


¹⁵ Graph includes a random smoothing function to account for internships taken 'more than five years ago'.

There were no significant differences in internship take-up by gender (41% of men to 39% of women), nor in the number undertaken by each.

Figure 5 shows a breakdown by sector of the internships taken by the young graduates surveyed. The largest group was education & research, comprising 13% of the interns, followed by the arts (fashion, music, film, tv, theatre etc). Large proportions of those surveyed undertook internships in the medical & health services, marketing & PR, and media sectors, with the smallest numbers in real estate, retail, construction and IT & telecoms.¹⁶ Interns in the legal sector had completed the most internships each on average, (2.6), with 2.1 in the arts and 2 in marketing and advertising. Manufacturing and education & research had the lowest average numbers. This reflects differing expectations in different industries.

Figure 5. Proportion of all internships by sector



¹⁶ Due to these low numbers these sectors are excluded from much of the following analysis

Case study two: Entertainment magazine – Megan

Megan currently works full time as a magazine editor. She did various work experience and internships to get into journalism, including a two-month full time unpaid internship at a popular UK entertainment magazine. Though she had been told she would be given travel expenses, these were not paid in full at the end of her internship.

“To go into journalism, it was constantly drummed into me at university that the most crucial thing you can do to get a job is work experience and interning. For magazines in particular the entry level position is always an internship of sorts - some paid, some unpaid - but there is no way you would get a paid role at a magazine unless you had some internships under your belt.”

During the internship Megan carried out “PA type duties to the editor in chief, sorting her post, lunch, dry cleaning etc”, as well as organising diaries and completing other administrative tasks. As the internship went on she was entrusted with “more journalistic tasks - assisting on photo shoots, transcribing interviews, writing stories for the website, and eventually longer features.”

The internship was not advertised but was offered to Megan from directly contacting “15-20” magazines to ask for experience. Megan was able to work unpaid because she could stay with family rent-free in London, had managed to save some money beforehand, and also used her bank overdraft.

Commenting on how the internship had helped her career since, Megan told us that “it absolutely helped me get a foothold in the industry, on the back of my time at the magazine I secured two more internships, one of which was paid, which then became my first full-time paid job in journalism.” However, looking back at the experience now, Megan is concerned that the expectation of unpaid work is both exploitative, and acts as a barrier for others hoping to enter the industry, “I loved my internship, it was my first time at a magazine and I learned a lot about production schedules and the day to day running of a publication. However, in hindsight I can see that these internships are very exploitative, it's a way of having assistants without paying them, and as it's an industry so many people want to get into they can take advantage of this. It also leads to problems with diversity of background in magazine staff, which now I am an editor I can see clearly. Only a person who can afford to live in London and work for free at the same time can get a start in magazines, which excludes a huge proportion of the population.”

4. Internship pay

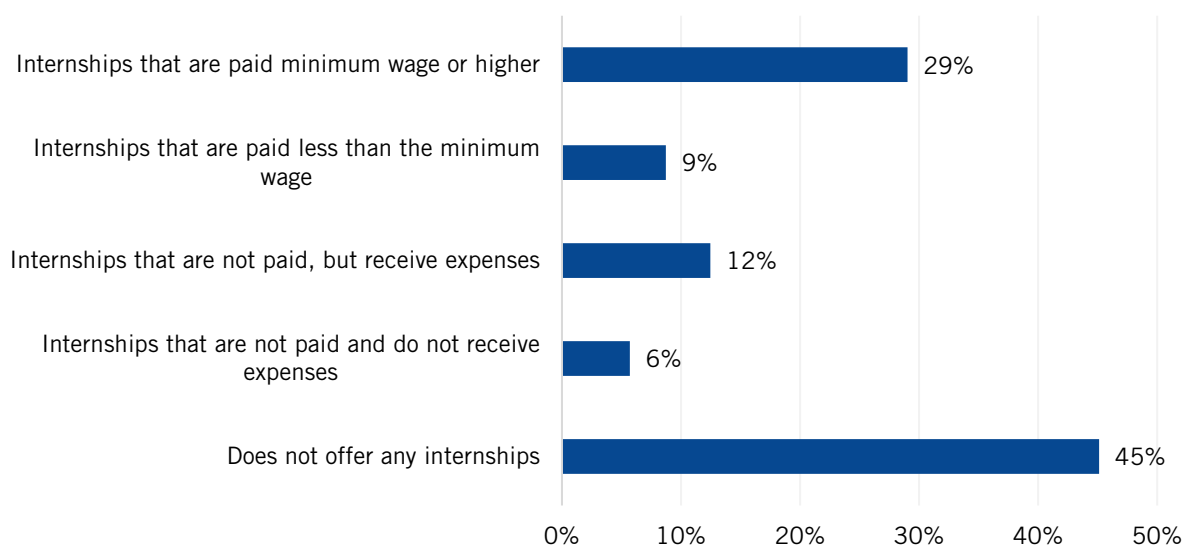
As with the size of the internship sector as a whole, there is a lack of data on how many internships are unpaid, and what proportion of young people are doing them.

Employers

Employers reported a range of approaches to paying interns. Just 29% of employers reported offering internships above the minimum wage (Figure 6), substantially lower than the CIPD estimate of 49%, cited in Section 3. It should be noted that the CIPD work was skewed towards larger employers, who this survey found to be slightly more likely to pay interns the minimum wage than smaller employers. Our survey is weighted to be representative of British business size.

22% of all employers reported offering internships paid below minimum wage, expenses only or completely unpaid. Of those who offered any kind of internship, almost half reported offering such positions (48%). Given the potential illegality of such positions, employers are more likely to under-report their existence in a survey, and thus the figures may be even higher.

Figure 6. Proportion of employers offering different internship types



27% of those who offered internships paid expenses for lunch or travel, while 12% offered no pay or expenses whatsoever. Almost one in five (19%) of those who offered internships paid their interns below the minimum wage. As Section 6 will discuss in more detail, an internship that is paid, but at a rate below the minimum wage for the employee's age is illegal. Paying an intern an amount of money that is not for out-of-pocket expenses is likely to create a contract of work, and as such, will then make that intern eligible for the national minimum wage (NMW). Expenses paid internships are traditionally classified as unpaid, but 'allowances' below the minimum wage similarly do not absolve employers of their duties, and are actually more likely to be deemed illegal than expenses paid positions. As such, these 'allowance internships' are treated for the purpose of this report as unpaid positions.

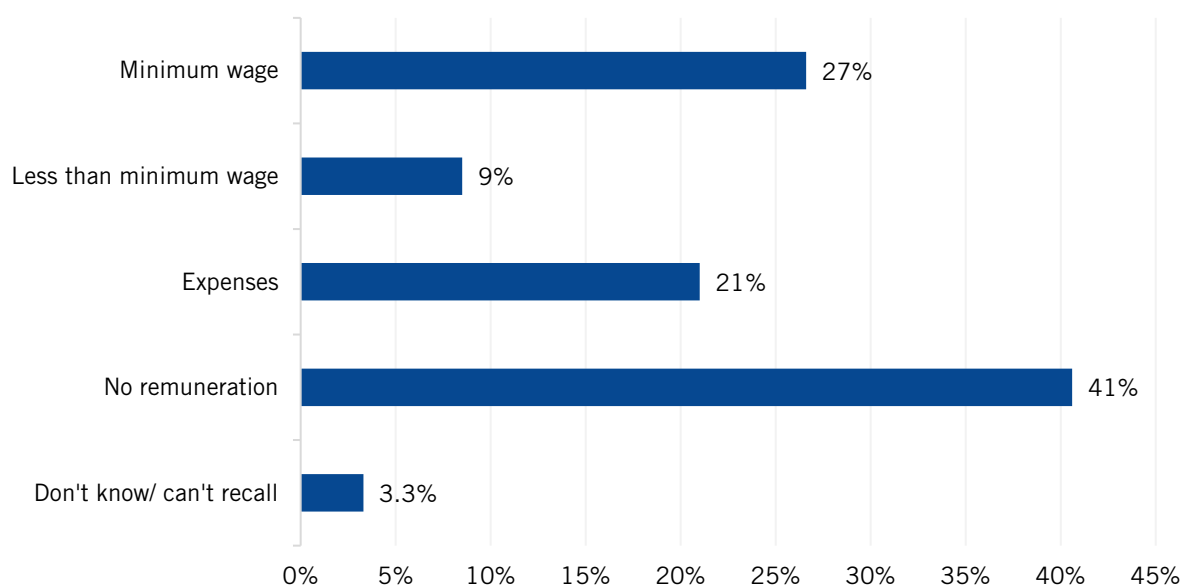
Graduates and unpaid internships

Overall, 27% of young graduates had completed an unpaid internship, and 70% of interns had completed at least one of them unpaid. Despite 63% of intern employers reporting they offered some minimum wage internships, this is not reflected in the overall number of internships graduates report themselves. This potentially reflects over-reporting of minimum wage payment among employers, differing opinions between employers and interns as to what constitutes an internship, or the existence of informal unpaid opportunities outside of the ambit of the senior leaders in our employers survey.

Of the 1775 internships undertaken by those in the graduate sample, just 27% were reported to have been paid above the minimum wage. 9% were paid below minimum wage, 21% were paid expenses only, and 41% were offered no financial remuneration whatsoever (Figure 7). This means a large majority, 70%, of all internships undertaken were unpaid. This is substantially higher than other estimates to date.

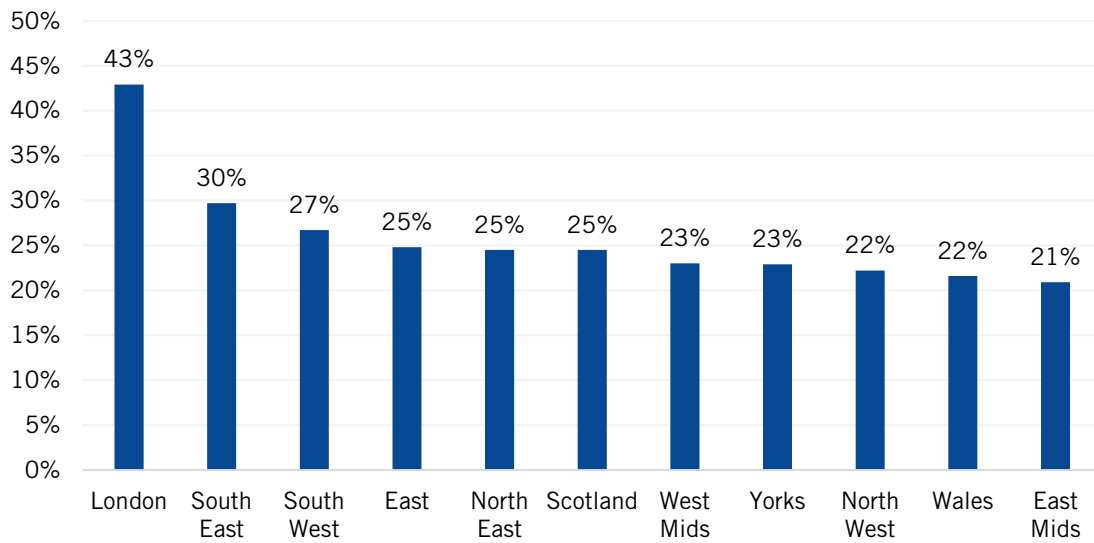
2.1% of graduates report having undertaken an unpaid internship in the past year. Using the same extrapolation procedure as in Section 3, this would imply that up to 58,000 unpaid internships are taking place each year.

Figure 7. Proportion of all internships undertaken by graduates by pay type



43% of graduates in London have done an unpaid internship, with 30% having done so in the South East, and 21% in the East Midlands (Figure 8). 75% of interns living in London had completed at least one unpaid, higher than in all other areas.

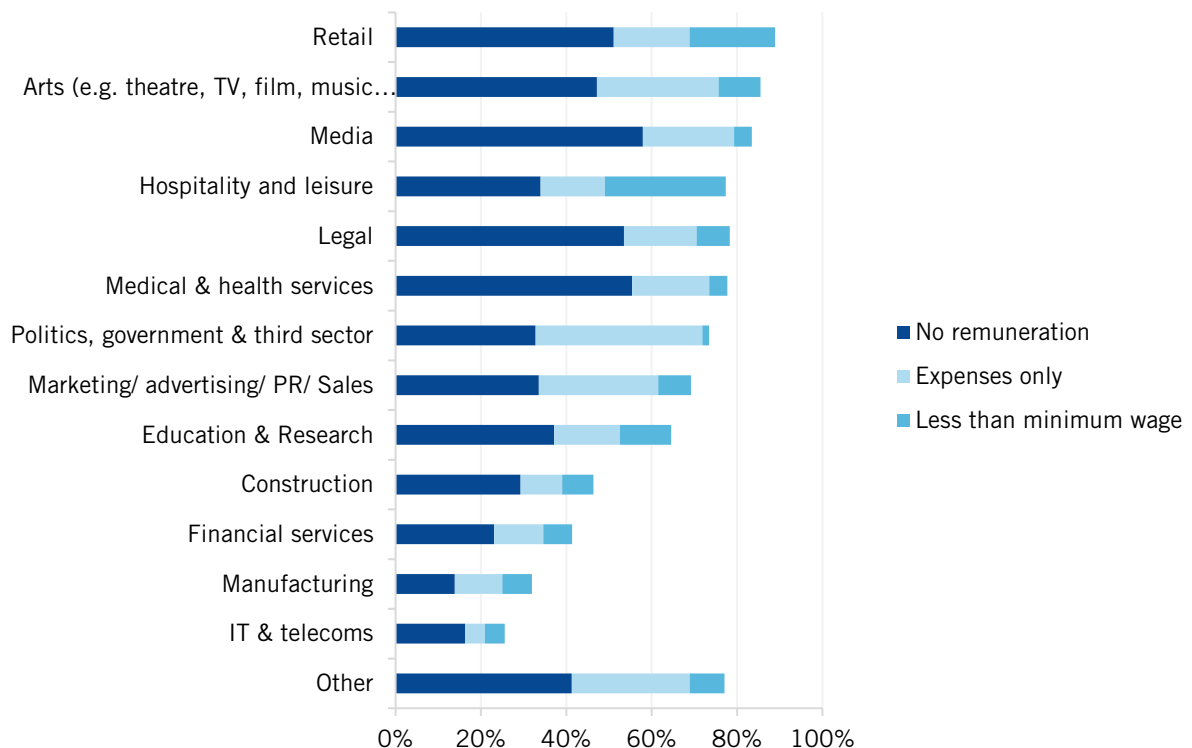
Figure 8. Proportion of young graduates per region undertaking unpaid internships



There were substantial differences in pay levels interns received across sectors. 89% of internships in retail, 86% of internships in the arts (TV, theatre, film, fashion), and 83% in media were unpaid. In fact, media had the highest proportion of internships with no remuneration whatsoever (58%), with legal internships also towards the top. Hospitality & leisure in particular seemed to have issues around below minimum wage payments (28%), whereas less than 2% of politics and charity sector internships did so. Expenses-paid internships were particularly prevalent in that sector instead.

On the other end of the spectrum, 26% of IT & telecoms and 32% of manufacturing internships were unpaid. Construction and financial services also had low levels of unpaid placements.

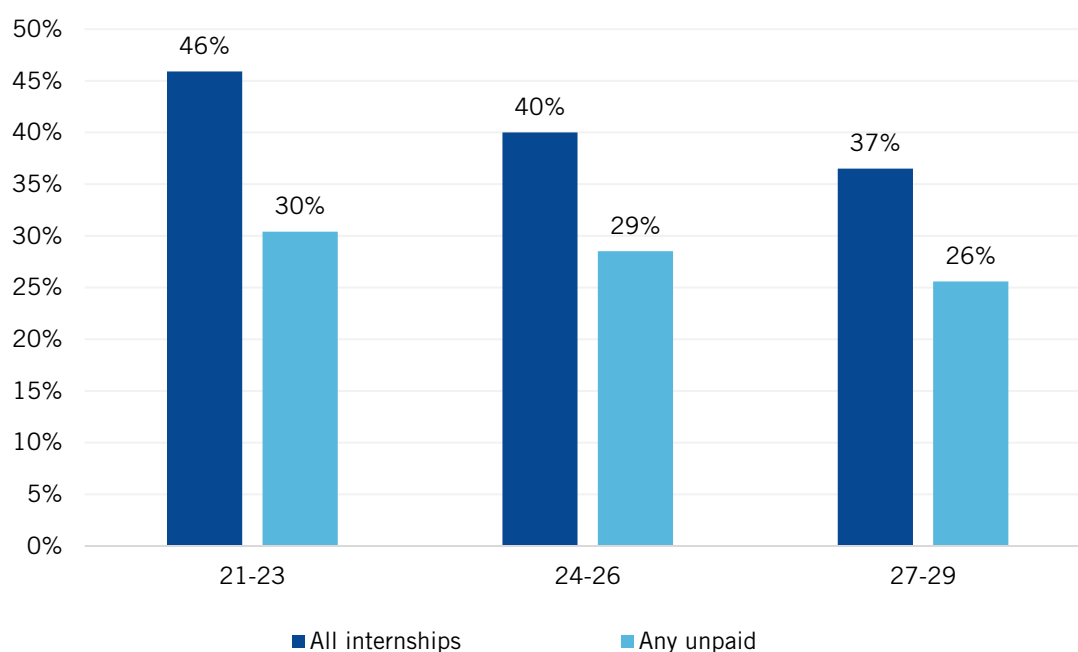
Figure 9. Type of unpaid internship by sector (all internships)



Changes over time

Figure 10 shows the proportion of young people who had done any internship, and any unpaid internship by age group. 30% of graduates under 24 had done an unpaid internship compared to 27% of 27-29 year olds. However, they have done more internships overall. The *proportion* of 21-23 year olds who had done an internship reporting that one was unpaid is actually slightly lower than older age groups (66% compared to 70%). While the overall number appears to have gone up among younger graduates, the rate has gone down.

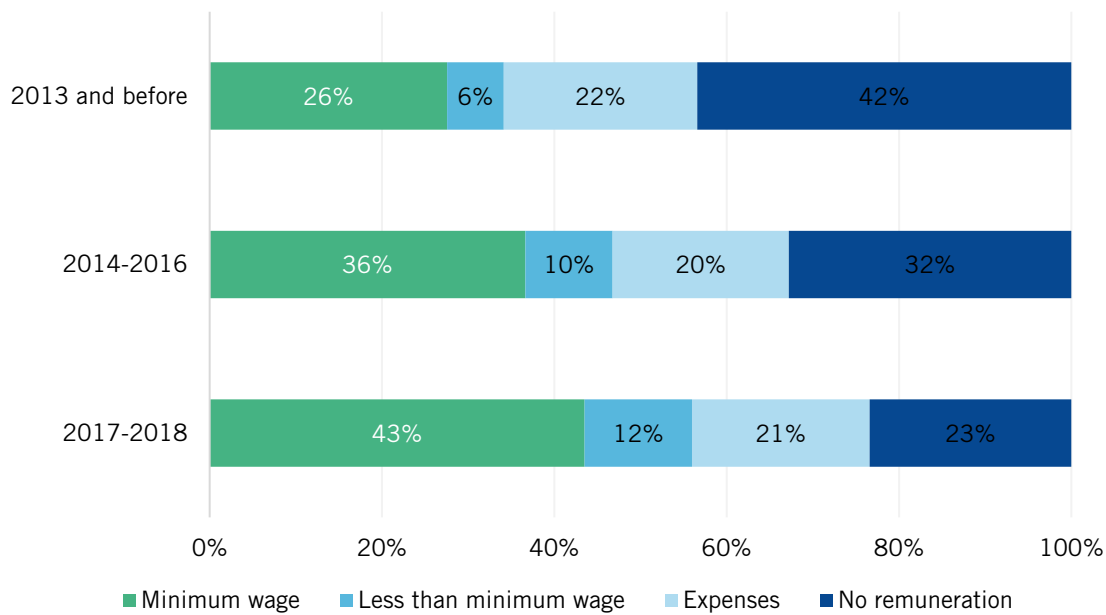
Figure 10. Proportion of young graduates completing internships and unpaid internships by age



There are other indications that while the number of internships is rising over time, the proportion of all internships that are unpaid is declining. Overall, 64% of the most recent internships undertaken by graduates were unpaid. However, 56% of those taken in the past 2 years were unpaid, compared to 69% of those taken five years ago or more (Figure 11).

The proportion of internships paying above minimum wage has increased, going up from 26% before 2013 to 43% between 2017/18, while the proportion of internships offering no remuneration whatsoever fell in the same period from 42% to 23%. With much more public attention being paid to the problem of unpaid internships, it seems that employers who do offer internships are beginning to be more sensitive to pay levels. Nonetheless, there has also been a growth in the proportion of internships which pay some level of allowance, but below the minimum wage, indicative of a lack of awareness of the precise legal situation around unpaid internships, as explored in more detail in Section 6.

Figure 11. Internship pay types over time



Sutton Trust analysis with Burning Glass Technologies of job advertisement data is supportive of a trend away from unpaid placements. Missing salary data in a job advert does not mean that it is unpaid, as many jobs adverts do not include wages. Nonetheless, internships are much more likely to have no salary specified than other types of jobs. However, the proportion of internships advertised with no specified wages has consistently dropped year on year since 2013, with the figure for the first quarter of 2018 12% down on 2013. This suggests an awareness among advertising employers of issues around pay.

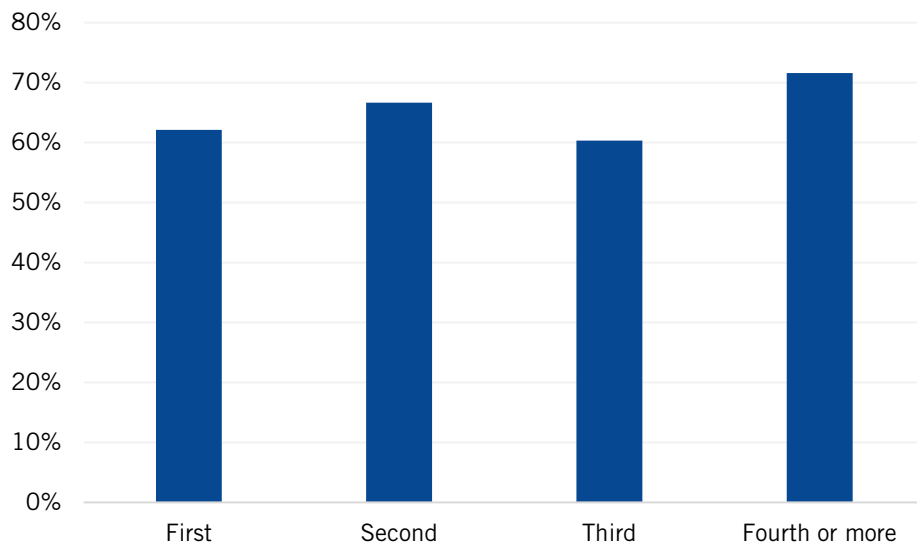
Number and trajectories of unpaid interns

Bearing in mind that the average number of internships taken per person was 1.8, the average number for those unpaid per person was 1.3. However, doing an unpaid internship increased the likelihood someone will go on to do more placements unpaid. Indeed, 5% of all graduates in the sample had undertaken 3 or more unpaid internships.

There were few signs of widespread switching or progression between unpaid and paid internships. For those who had done more than one internship, over half (58%) had been unpaid for all of their internships, while 16% had been paid for all of them. 15% had been paid less than half of the time, and 11% had been paid more than half of the time.

Undertaking more internships did not seem to lead to an increased chance of being paid on subsequent placements, and there were some indications that many young people were getting 'stuck' in a cycle of unpaid opportunities. If anything, doing more internships meant a lower likelihood of being paid. While 62% of those doing their first and only internship were unpaid, 72% of those doing their fourth or fifth internship were unpaid. This will be partially related to the sectors in which people are expected to undertake multiple internships, such as the legal sector and the arts. For those doing more than one internship, young people were also more likely to have been remunerated at the same or lower level on their last internship compared to their first, than have been remunerated more. This shows a lack of evidence for pay progression within internship histories.

Figure 12. Proportion of internships unpaid, by number of internships completed



Summary

The proportion of young graduates undertaking internships could be much higher than those suggested by previous estimates, with large and growing proportions of graduates doing so. The scale of non-payment of the minimum wage also appears substantially greater than many had been previously thought.

There are clear cultural differences in internships between sectors, including the number of internships young people are doing, and the pay levels they can expect. This new data also throws light on the complex pathways taken by graduates into the labour market, with many undertaking multiple internships. However, despite anecdotal evidence of progression, such instances seem to be the exception rather than the rule, with little evidence of clear pathways from unpaid opportunities towards paid ones. It seems that instead, many young people get 'stuck' in cycles of low or no pay.

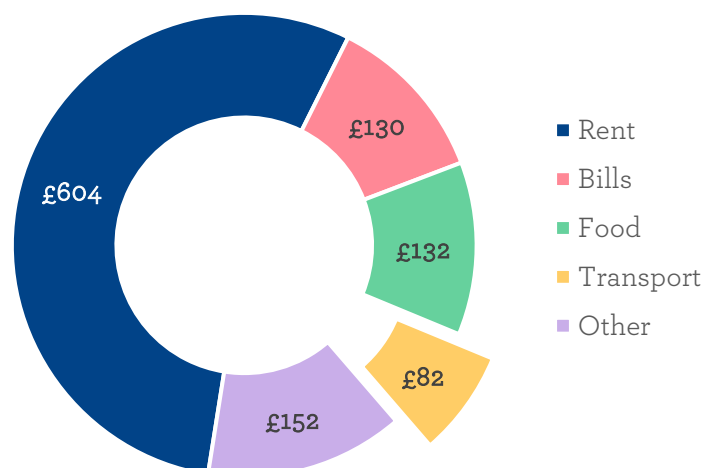
However, increased awareness of the issues around unpaid internships means that pay levels appear to be moving in the right direction. Even with this improvement, there are still very large numbers of unpaid placements taken on every year, many of substantial length.

5. Access to internships

The main issue for internships as they relate to social mobility is the problem of access. Unpaid opportunities lock out those who don't have the resources to live and work without pay for an extended time. The Sutton Trust has released several reports which have looked at the cost to an intern of living in a large city such as London or Manchester, where most internships are offered. Sutton Trust analysis, in collaboration with Burning Glass Technologies, of data on job postings shows that 53% of all advertised internships in Britain are based in London.¹⁷

In January 2018, it was estimated that the minimum cost of an internship where the young person did not have access to free accommodation would come to £1,100 per month in London, or £885 in Manchester. Figure 13 shows the breakdown of these costs for London. However, with large numbers of interns paid for transport costs only, or in fact nothing at all, many internships are thus an extremely expensive undertaking.

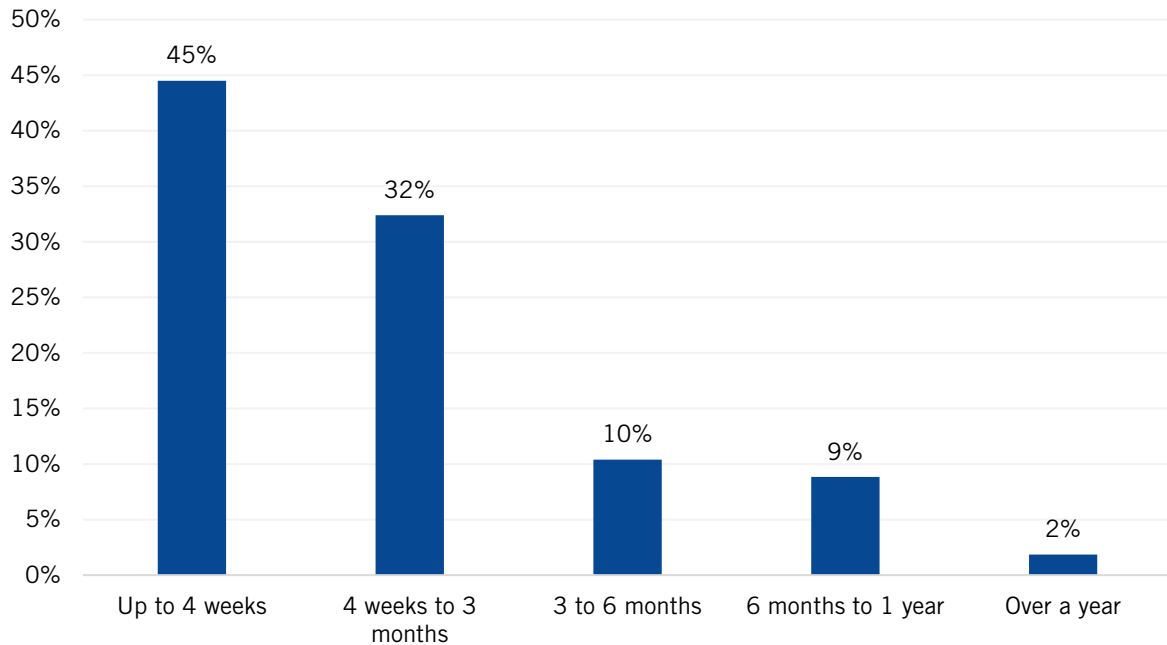
Figure 13: Minimum cost of a one-month internship in London



We found that many unpaid internships are substantial in terms of length, making many extremely expensive to undertake. Over half of unpaid internships were over 4 weeks in length (53%), with 45% four weeks or under. 11% of unpaid internships undertaken were over six months.

¹⁷ Sutton Trust analysis of 41m job postings between 2013 and March 2018 collected by Burning Glass Technologies.

Figure 14. Length of unpaid internships



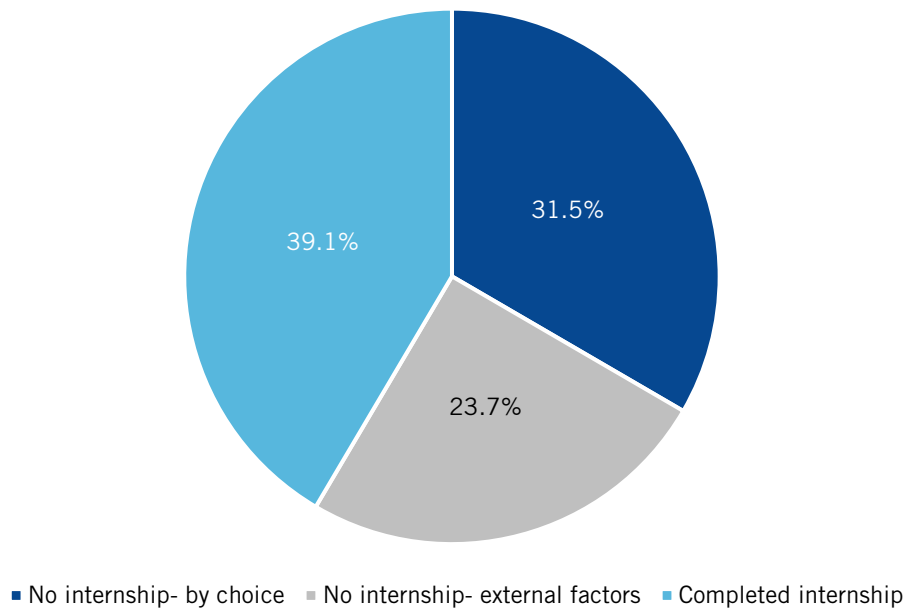
However, lack of pay is not the only barrier. There are geographical challenges for those who don't live in a major city or who don't have family or friends in such a city they can stay with. And there is evidence that many internships are not publicly advertised, meaning that those with access to social networks, including those of their family and friends, get a head start. Such networks are heavily dependent on social background, such as whether your parents work in a similar professional field, or whether going to a private school or selective university has given you networks of friends with access to these opportunities.

Barriers to entry

The 61% of graduates who had not taken up any internships were asked the reasons why they had not done so. For many it was a choice; they didn't want to or didn't feel it was necessary for their career, with 53% of those who hadn't done an internship citing this as a reason. Others said they hadn't found any internships that appealed to them (18%).

However, 40% of non-interns cited external barriers to taking up an internship, such as being unable to afford it, or being unable to move to a city to take up an opportunity. Figure 15 shows the proportions of the full sample who completed an internship; including those who appeared to decide against one out of choice, and those who faced external barriers preventing them from doing so.

Figure 15. Internship decisions made by young graduates



Which group a young person fell in to was strongly linked with their socio-economic background. Those from a middle-class background (defined by the occupation of the main earner in their household as a child) were more likely to have completed an internship. Almost half (48%) of those in the ABC1 social group had completed an internship, compared with just over a third (36%) of those from a working-class background (C2DE). While both groups were equally likely to have not taken up an internship by choice (29% for both groups), working-class graduates were significantly more likely to have been constrained by external factors such as money or location, 35%, compared to just 23% of middle-class graduates (Figure 16). This of course understates the true scale of this social division, as this just looks at the graduate population, which has already excluded many working-class young people and is dominated by those from middle and high earning homes. But it is concerning that even for those from less well-off backgrounds who do attend university, many face significant further challenges in the workplace after they graduate.

Pay

The main such barrier is money and the cost of working unpaid. One third of those who had not undertaken an internship said they could not afford it. This means accessing internship opportunities are restricted for those who do not have access to funds. While 29% of middle-class graduates had taken on an unpaid internship, only 23% of those from a working-class background had. Conversely, 38% of non-interns from working-class families said they 'couldn't afford' to take on an internship, compared to 31% of middle-class families.

Those who had completed unpaid internships were asked how they had funded their placements. A large proportion, 43%, had relied on living for free with family and friends; 37% had lived off money they had saved and 26% relied on money from their parents. A similar number, 27% had to work another paid job in order to fund their internship. Figure 17 shows how this differed by the social background of interns. Middle-class interns were more likely to receive money from their parents (29% compared to 20% of working-class), and have money saved they could draw on (39% compared to 33%). Instead,

31% of working-class unpaid interns took on extra paid work to fund themselves, compared to 25% of those from a middle-class background. Of course these figures do not take into account those excluded from taking an unpaid opportunity in the first place.

Figure 16. Internship decisions of graduates by socioeconomic background

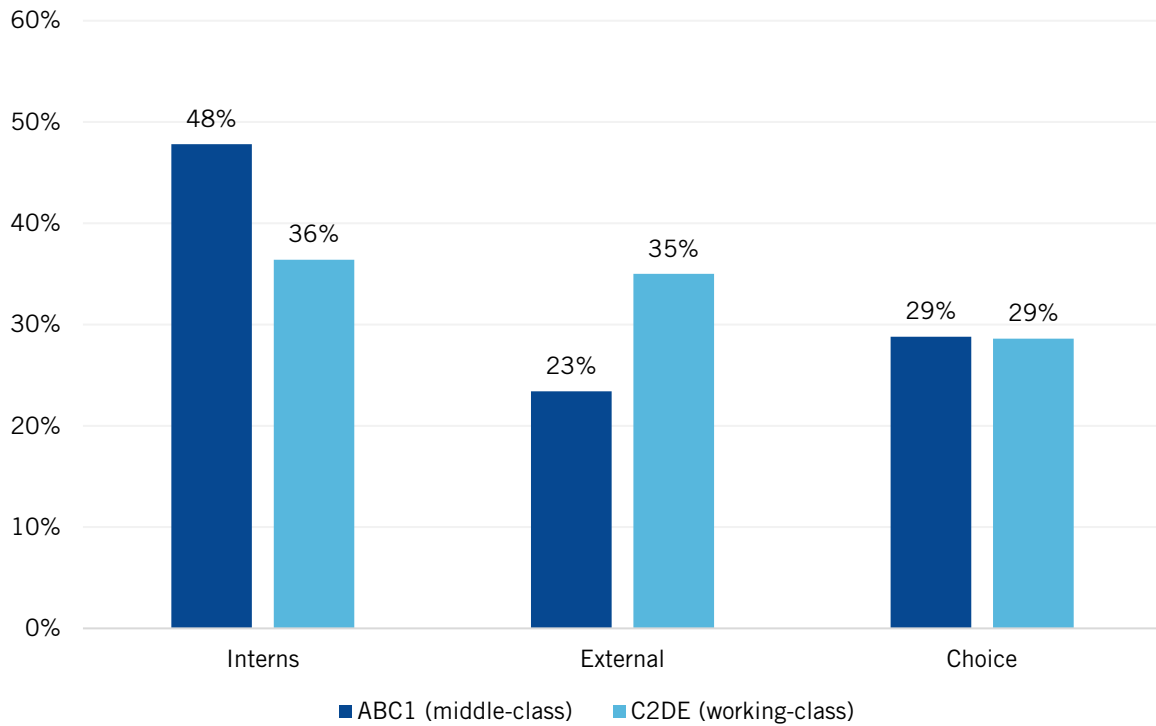
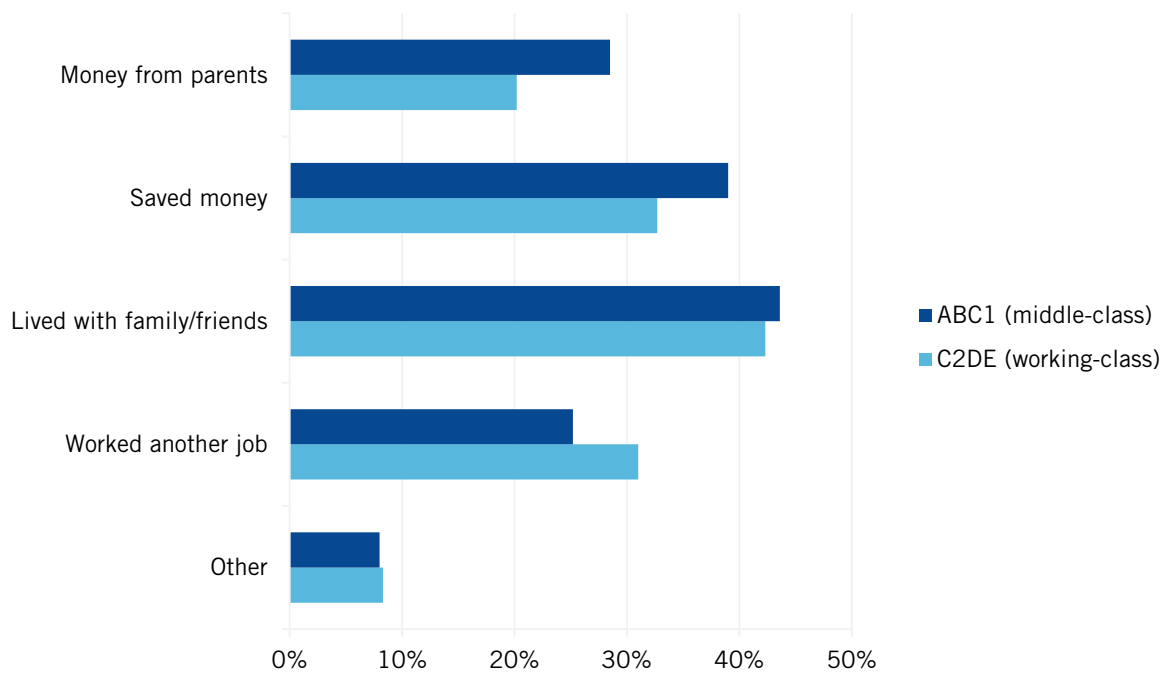


Figure 17. How unpaid interns funded their placements by socioeconomic background

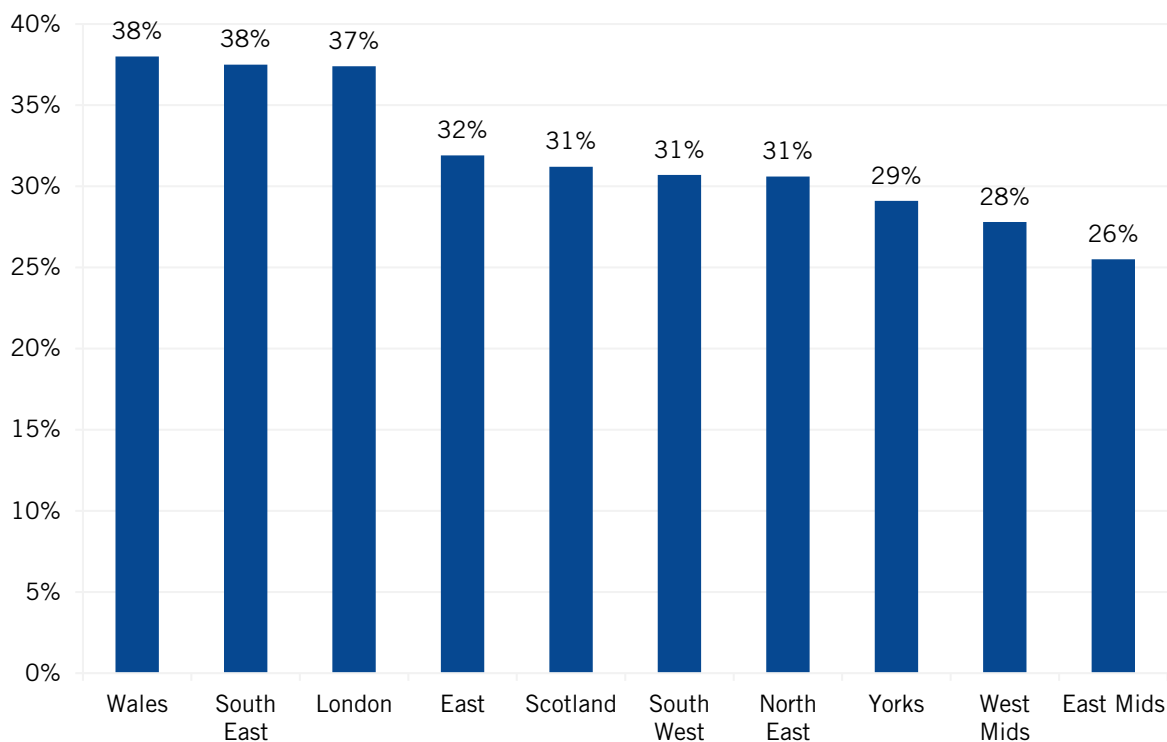


Access to free accommodation did not appear to differ by social class, though again the same caveat applies. Neither the length of the unpaid placement, nor the number of unpaid internships taken appeared to differ by social background. It seems that the main barrier is entry to the world of unpaid internships in the first place. For those who do take on such internships, their behaviour is similar regardless of background.

Geography

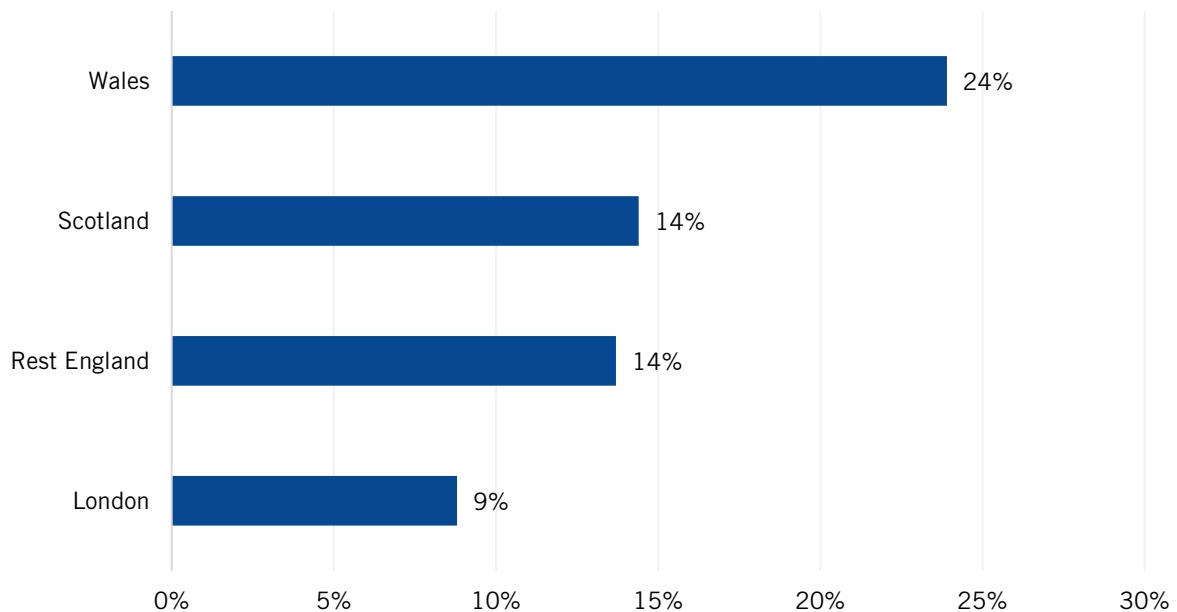
Geographic location was also a significant barrier. Figure 18 shows the proportion of non-interns who couldn't afford to undertake an internship, reflecting areas of the country with high living costs.

Figure 18. Proportion of non-interns who couldn't afford to take up an internship by region



With most internships located in urban centres, the ability to be geographically mobile is crucial for many young people in accessing opportunities. While 9% of non-interns from London cited geographical barriers to taking on an internship, 24% of non-interns from Wales cited an inability to relocate as a reason they hadn't taken on an internship, along with 14% in Scotland and the rest of England outside London (Figure 19). 21% of those living rurally cited geographic barriers, compared to 13-14% in urban and town areas respectively.

Figure 19. Proportion of non-interns who couldn't take up an internship for geographical reasons, by area

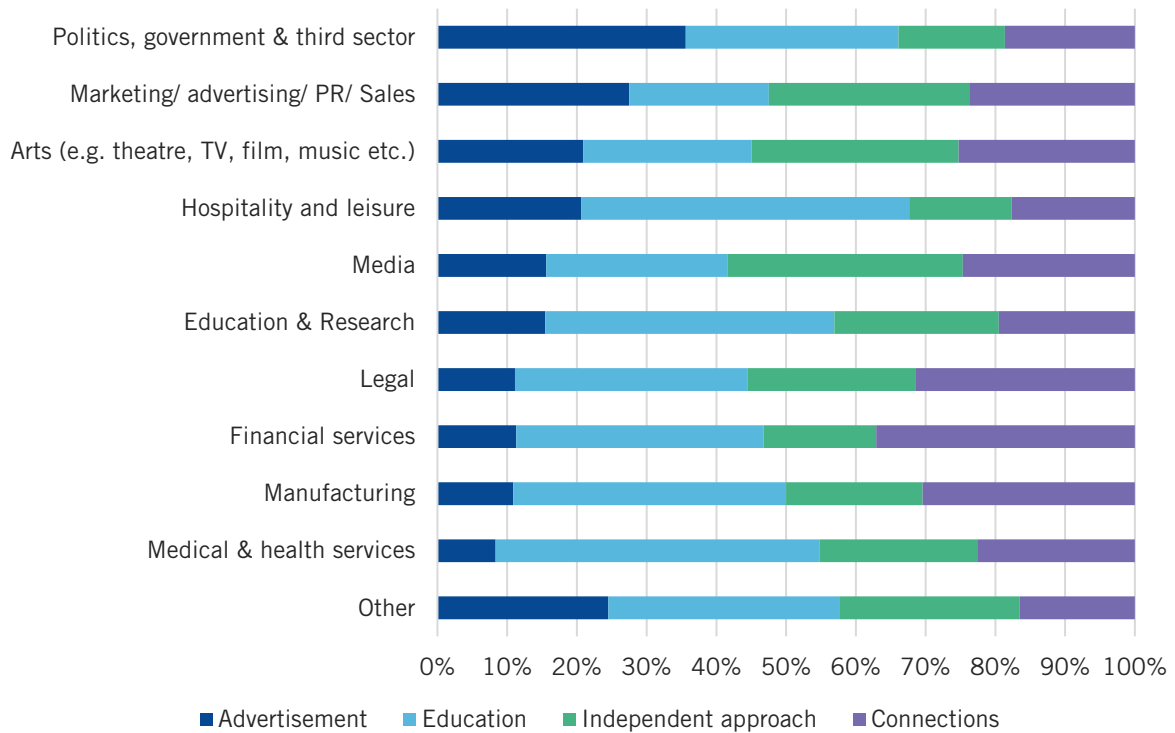


Advertising

Another barrier to entry to internships is how their availability is communicated and who hears about them. It has been widely assumed that many internships are not publicly advertised, but the scale of this issue has been unknown. Just 17% of interns in our survey reported that they found their role through an advertisement. This is an extremely low proportion, and is indicative of the often informal nature of the sector. In total 46% of interns had found their job through connections, word of mouth and unsolicited approaches. 23% of interns found their job through a recommendation from a family member, friend or work contact, while the same number obtained the internship by approaching the organisation independently. The most common single source however, was through educational institutions, with 31% hearing about the role through their university careers service, school, an organised programme or a recommendation from a teacher or professor.

This differed substantially in different work sectors (Figure 20). The level of advertised jobs was highest in politics & the third sector (33%) and marketing & PR (27%), with the lowest levels in manufacturing and the medical sector. The latter is dominated by educational sources (45%), with a large proportion of medical internships taken as part of a course. This is similarly the case for education & research (41%), which would likely include teaching internships, and research placements offered by universities themselves. Many internships in media and the arts were the result of the intern approaching an organisation directly, 33% and 28% respectively. The sectors most dominated by the use of personal connections were financial services (34% of interns) and legal (31%).

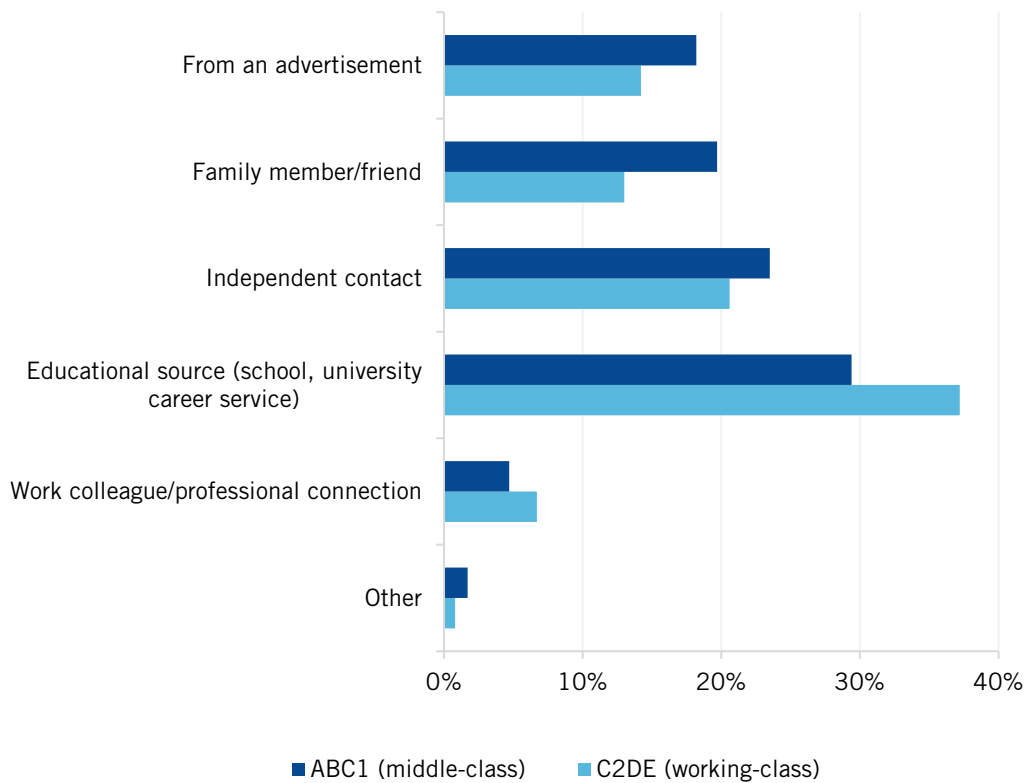
Figure 20. How interns found their internship, by sector



These sources also differed by the socioeconomic background of the intern (Figure 21). Those from working-class backgrounds were more likely to find out about opportunities in an educational environment (38% compared to 29% of middle-class interns) or through a work colleague (7% compared to 5%). Middle-class graduates however were more likely to find a placement through a personal contact (20% compared to 13%), through advertisements and by independently contacting organisations (24% compared to 20% of working-class interns). This is indicative of middle-class young people having the networks and the social and cultural capital to promote themselves and find opportunities. It also emphasises the importance of educational institutions for equity and promoting social mobility.

This is further underlined by the fact that pay levels differed depending on how the internship had been found. Advertised jobs (40%) and educational sources (42%) were most likely to have been paid the minimum wage, almost twice as often as internships which were a result of direct approaches to the organisation (23%). 75% of those who independently contacted the employer were unpaid, along with 68% of those with a contact through a family or friend.

Figure 21. How interns found their internship, by socioeconomic background

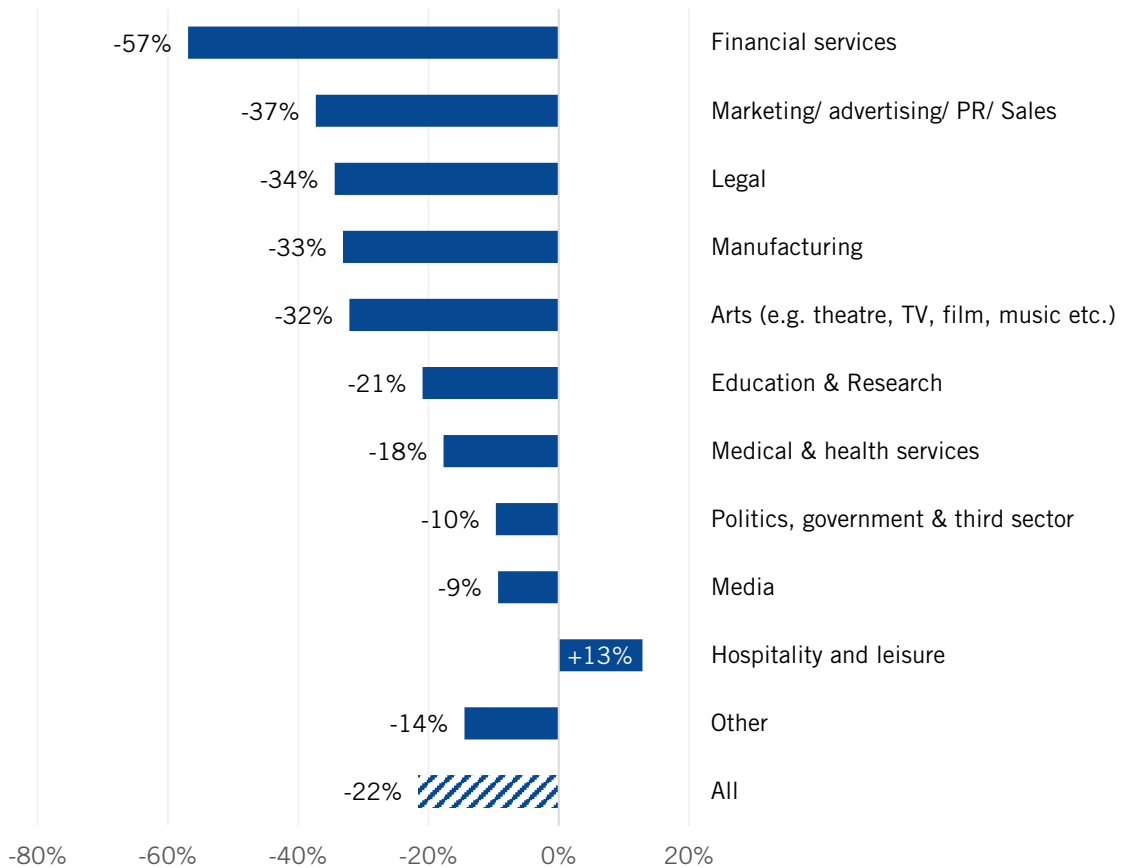


Access by sector

Financial, geographic and social capital factors all combine to create a situation where access to internships is exclusive to those from certain socio-economic backgrounds. The composition of interns in the sample had 22% fewer young people from working-class backgrounds compared to the sample as a whole, a significant imbalance. Figure 22 shows how this imbalance differs across sector. Again, it is worth bearing in mind that these figures significantly under-represent the total access gaps to internships in these sectors, as the differences here are in respect to those who have graduated from university only. Despite this, the imbalances are substantial.

The level of this socio-economic segregation differed between internships in different sectors. Financial services internships had 57% fewer working-class interns than in the graduate population, significantly ahead of any other industry. The legal sector had 34% fewer working-class graduates than average. Marketing & PR and the arts were also sectors with significant class imbalances, with 37% and 32% fewer working-class interns respectively. Such gaps were not shared by all sectors however. Hospitality & leisure were actually overrepresented in terms of working-class participants, while the media sector and politics & charities had relatively low levels of under-representation in comparison to other industries.

Figure 22. Working-class representation gap, by sector



Summary

This new data serves to confirm many of the suspicions and anecdotal evidence as to the nature of the internship sector. Low levels of pay, concentration in urban centres, and an over-reliance on personal connections mean that access to internships in most sectors of the economy is extremely unequal, even for those who have a degree. The lack of advertisement and fair and transparent competition is a particular issue, with many opportunities doled out to family, friends and colleagues of those already working in the sector. This creates a cycle of exclusion to those from less well-off backgrounds. Furthermore, the barriers interact and compound upon each other, with internships acquired through personal contacts and ad hoc opportunities making up the bulk of internships carried out, yet are much less likely to be paid. Openly advertised jobs, and those communicated through university careers services and other educational sources are more likely to be paid the national minimum wage. This demonstrates that HMRC's approach to enforcement by contacting organisations who have advertised unpaid internships doesn't begin to get at the true scale of the problem.

Case study three: Construction – Cameron

Cameron currently works as a manager at a large investment and development firm. He carried out three unpaid internships, and while he was able to stay with his parents, Cameron still had to work at weekends and some weekdays as a cashier to make ends meet. He said he felt he needed to do the internships, as without them he had no work experience in the field.

The first unpaid internship Cameron completed was as an assistant building surveyor, which he did for a year and a half part-time alongside studying at a further education college. Cameron worked on a building project, which included him submitting the planning application; helping to put together the work to go out to tender; reporting on the contractor tender returns and awarding contracts, as well as project managing the contractors on-site. “I was given a lot of responsibility, which in turn gave me confidence to apply myself to a high standard going forward.” He also benefitted from advice from his co-workers when completing his coursework for college, and said that “because of this help, I scored highly on my course and went on to study at UCL and then the University of Cambridge”. Cameron found the internship through a personal contact who had previously worked for the same firm as his father, and he received no pay or expenses for this internship.

Cameron gained his second internship through contacts he had built during his first, next working as a junior project manager. His main responsibilities were condition surveys, inspections, report writing, CAD drawing, contract specification drafting and tender writing. As a part of this internship, Cameron installed equipment in a school on behalf of the London 2012 Olympics. “I was involved in managing various external stakeholders and the construction work itself, which included managing the installation of Olympic standard equipment; work which requires specialist engineering input.” During the first two months, Cameron wasn’t paid anything for his work. For the last month, he was paid £1,000.

Again, contacts he made during his internship helped Cameron to secure further experience, “I had worked on a land securities project during my internship, which helped provide a connection when speculatively applying for my subsequent internship.” This final two-week internship was with a real estate investment trust. The company was a big-name firm, something which Cameron feels has helped him in applications for work and study he has completed since. He received no payment or expenses for this third internship. In total, Cameron completed the equivalent of 10 months of full time work, unpaid.

6. Internships and the law

There are no specific ‘bespoke’ laws relating to internships in the UK; they are instead covered by general employment law. An intern is entitled to the national minimum wage (NMW), as well as other entitlements, if they are classified as a ‘worker’. However, for any intern or employer trying to determine whether a particular form of internship puts the intern into this category, the process can be complex. According to the government’s online advice, a person is generally classified as a worker if:

- they have a contract (written or unwritten) or other arrangement to do work or services personally for a reward
- their reward is for money or a benefit in kind, for example the promise of a contract or future work
- they only have a limited right to send someone else to do the work
- they have to turn up for work even if they don’t want to
- their employer has to have work for them to do as long as the contract or arrangement lasts
- they aren’t doing the work as part of their own limited company in an arrangement where the ‘employer’ is actually a customer or client¹⁸

Although the government does not make clear in their online advice how many of these criteria an intern must fulfil to be eligible for the minimum wage.

Under the current law, most unpaid internships, in which an intern is expected to carry out work for their employers, are likely to fall foul of minimum wage legislation. However, there is no simple, clear-cut way to determine this – as the lack of clarity in the government’s online advice demonstrates – particularly as the law was crafted in order to still protect and allow volunteer and voluntary work. Employers sometimes present internships as volunteering activities, despite different expectations and requirements between genuine volunteering, and what should be paid work. It is unsurprising that given the level of ambiguity, many employers escape sanction for offering unpaid internships for work that should be covered by minimum wage law. This is highlighted by the fact there have been no prosecutions for minimum wage offences relating to internships to date despite widespread non-compliance with the law.¹⁹

To try to gain a greater understanding of why the current law is so often not followed, this section examines how well young graduates and employers understand the law as it applies to unpaid internships.

Young graduates

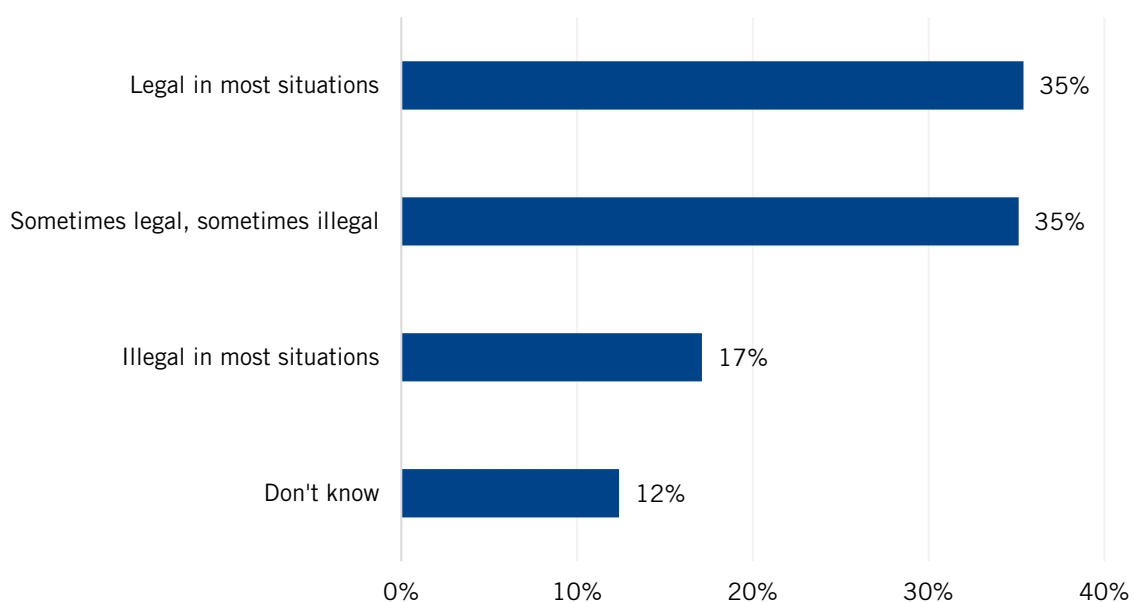
Unpaid interns are currently expected to self-report if they think that their internship is illegal. This puts young people seeking to make their way in a career in an extremely difficult position. Moreover, self-reporting relies on interns understanding the law themselves, to allow them to determine if their own placement is breaking it.

¹⁸ Employment status, gov.uk. Available at: <https://www.gov.uk/employment-status/worker>

¹⁹ UK Parliament (2018) Minimum Wage: Prosecutions: Written question – C187012. Available at: <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2018-11-02/187012/>

Our survey asked graduates about the legality of a completely unpaid or expenses only full-time internship. This type of internship would, in most cases, qualify for the minimum wage. Working set hours (whether full or part-time) is likely to come with an expectation that the intern will carry out work for the employer during that time. This means it is not genuinely voluntary, and thus should receive the minimum wage. However, most young graduates thought that this type of internship was either legal in most situations (35%), or that it would be sometimes legal and sometimes illegal (35%). 12% didn't know. Just 17% identified that this type of internship would likely be illegal in most situations (Figure 23). Given this lack of awareness of the law it is unsurprising that many young people are willing to work in these placements.

Figure 23: Graduates on the legality of employers offering unpaid or expenses only full-time internships

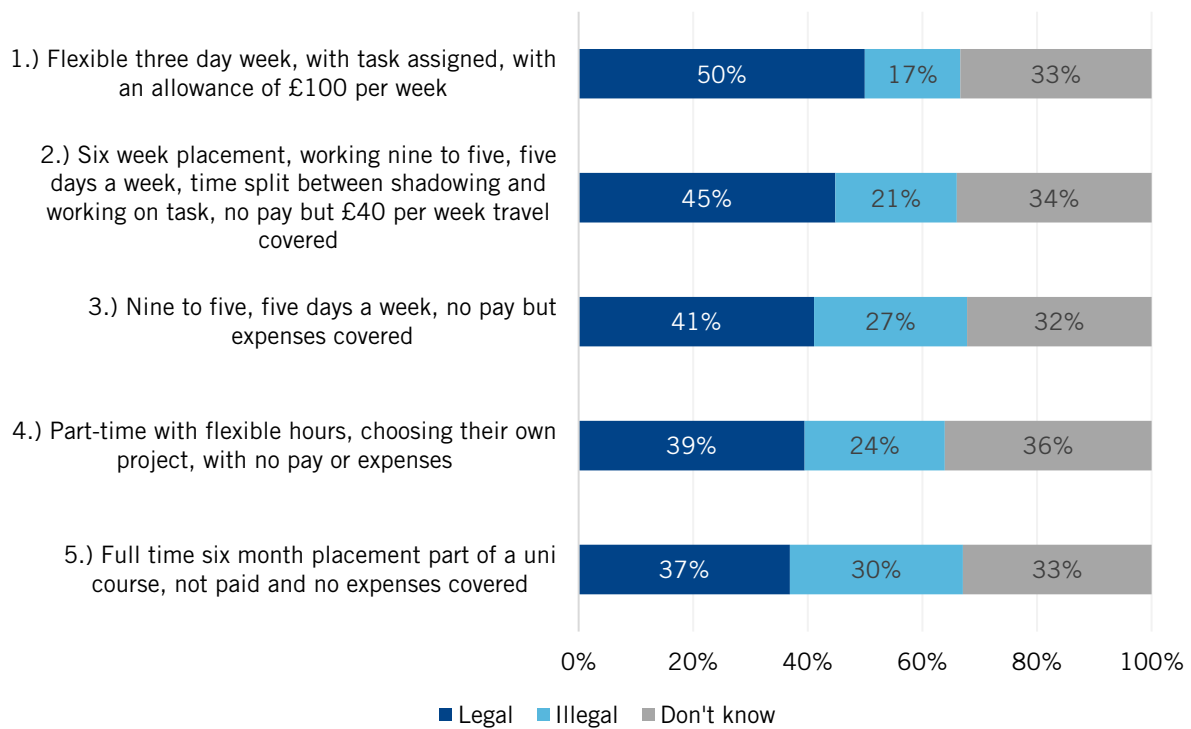


Employers

Little is currently known regarding employers' understanding of the law around unpaid internships. The expectation would be that, for any law on employment rights to be workable, employers should be able to clearly understand it. Especially given that, unlike interns themselves, employers have much greater access to professional advice on both employment law and HR practices. They can also build up institutional knowledge over time, as opposed to interns who are likely to be just entering the job market for the first time. However, despite these advantages, like young graduates, employers also do not seem to have a clear understanding of the law around unpaid internships.

Employers were asked about a range of common internship scenarios with details such as an intern's hours; whether they were given an allowance or if expenses (e.g. lunch or travel) were covered; whether they could choose their own projects; and the length of the placement. They were asked whether they thought the internship described in the scenario was legal, illegal, or whether they were unsure of the placement's legality. Employers' responses to the five scenarios are shown in Figure 24.

Figure 24: Employers on the legality of unpaid internships



In all five scenarios, most employers thought that either the internship described would be legal, or were unsure of the internships' legality. In order to test these assumptions, we consulted independent legal advice to determine the likely legality of each scenario.²⁰ In fact, in only one of the five scenarios (number 5) would it be legal to not pay the minimum wage. The others would all qualify the intern to receive the minimum wage.

In **scenario 1**, the intern would be entitled to the NMW for two reasons. Firstly, because flexible hours do not determine whether someone is a 'worker'; what is important is whether the intern is required (expected) to carry out work for their employer, regardless of the hours in which they complete it. Secondly, because the intern is receiving a reward for their work, in the form of an £100 allowance per week, this consolidates their entitlement to the minimum wage, as they are working for a reward. Providing any reward for work done creates a contract of work between the intern and the employer, making them eligible for the NMW. This reward can be monetary, benefits-in-kind (such as vouchers or merchandise), training that has a value to the individual beyond that immediately needed for the internship, or the promise of a job after the internship is over. Nonetheless, half of employers thought that this internship would be legal, and only 17% correctly identified that it would be illegal.

Likewise, the interns in **scenario 2 and 3** would also be entitled to the NMW, although in the case of scenario 2, they would only be entitled to be paid for the hours in which they were working on tasks as directed, not those in which they were genuinely shadowing another employees' work. In both scenarios, the intern would be entitled to the NMW because they would be performing work which is 'set', and thus expected by their employer. The fact that both of these scenarios paid expenses is irrelevant to whether

²⁰An independent legal overview of these scenarios was kindly provided by Jo Martin, Managing Associate at Womble Bond Dickinson (UK) LLP, who advises on all aspects of employment law. In all scenarios, it was assumed that the individual was (i) older than compulsory school age (ii) working (undertaking work someone else would be paid to perform, and not work shadowing), (iii) not a voluntary worker (someone volunteering for a charity/fundraising body/statutory body).

the intern is entitled to the minimum wage. Again, a large proportion of employers thought that these internships would be legal, with 45% thinking so for scenario 2, and 41% for scenario 3. Only 27% of employers identified scenario 2 as illegal, and just 24% for scenario 3.

In **scenario 4**, although the intern is able to work flexibly and choose their own project, non-payment of the NMW would again likely be illegal in most common circumstances, as some work was still expected. Even if an intern can choose the projects they work on, if there is any expectation of a level of work by the employer, they will be entitled to the NMW. Just 24% of employers identified this internship as illegal, with 39% rating the scenario as legal.

The scenario identified by employers as most likely to be illegal was **scenario 5**, a work placement as part of a university course. In fact however, this was the only internship in this group in which it would be legal to not pay the NMW. This is because of an exemption in minimum wage law for unpaid internships undertaken as part of a university course if less than one year in length. It is somewhat concerning that this was the scenario which the fewest employers thought was legal, with only 37% of categorising it as such, compared to 30% thinking that it was illegal.

One of the common factors of perceptions of legality seemed to be the level of remuneration. The three scenarios most likely to be rated as legal all involved payments in cash or as expenses to interns. The two scenarios most likely to be rated as illegal were both entirely unpaid. However, the difference between paying an intern nothing at all and paying expenses has no bearing on the legality of the minimum wage situation. Furthermore, the cash allowance paid in scenario 1 makes the situation *more* likely to qualify for the NMW, as it is a payment in exchange for work, and not an out of pocket expense.

Summary

There is a substantial amount of confusion when it comes to the law as it applies to unpaid internships. Both young graduates and employers do not understand the law as it stands; which is likely to explain why many unpaid internships which are illegal under current law continue to be offered and undertaken.

The current system relies on interns to determine the legality of their placements and report their employer if they feel they are entitled to the minimum wage. This is clearly not a sustainable solution, given that even employers, let alone interns who have just entered the job market, do not understand the law as it stands. The fact that the law is so ambiguous that legal advice was required to determine the legality of examples presented here is indicative of the problem. Banning unpaid internships over four weeks in length would help to clarify the law for both young people and employers.

A survey carried out for InternAware in 2016 showed that a majority of employers were in favour of such a ban.²¹ In our survey of graduates, respondents were also asked whether they would support a ban on unpaid internships longer than four weeks in length; a large majority (69%) of young graduates supported a ban, with just 25% opposing one. 73% of those who had done an internship of any kind supported a ban.

²¹ Government blocks attempt to ban unpaid internships. The Guardian, 2016. Available at: <https://www.theguardian.com/business/2016/nov/04/government-refuses-to-ban-unpaid-internships>

Irrespective of changes to the law, a large-scale information campaign is needed for both young people and employers to improve their understanding of the law. The government's current approach is to target information campaigns to employers who are found to be advertising unpaid internships online.²² However, given the sheer scale of ongoing confusion on behalf of employers, along with the fact that most unpaid internships will never be formally advertised, this response is unlikely to adequately tackle the issue and more needs to be done.

²² HM Government (2018) Good work: A response to the Taylor review of modern working practices.

7. Internship quality and outcomes

Quality

Another issue that is often spoken about but on which there is little evidence available, is the quality of training on offer during internships. It is often suspected that many internships do not offer much in the way of formalised training but are instead focused on completing work that the employer needs done. Indeed, 70% of internship employers in our survey responded that interns did useful work in their company. But how useful was this work for the interns themselves?

The following indicators were developed following a workshop on internship quality, held by the Living Wage Foundation, to establish a set of voluntary criteria for employers to go further for the interns that they employ.²³ They are:

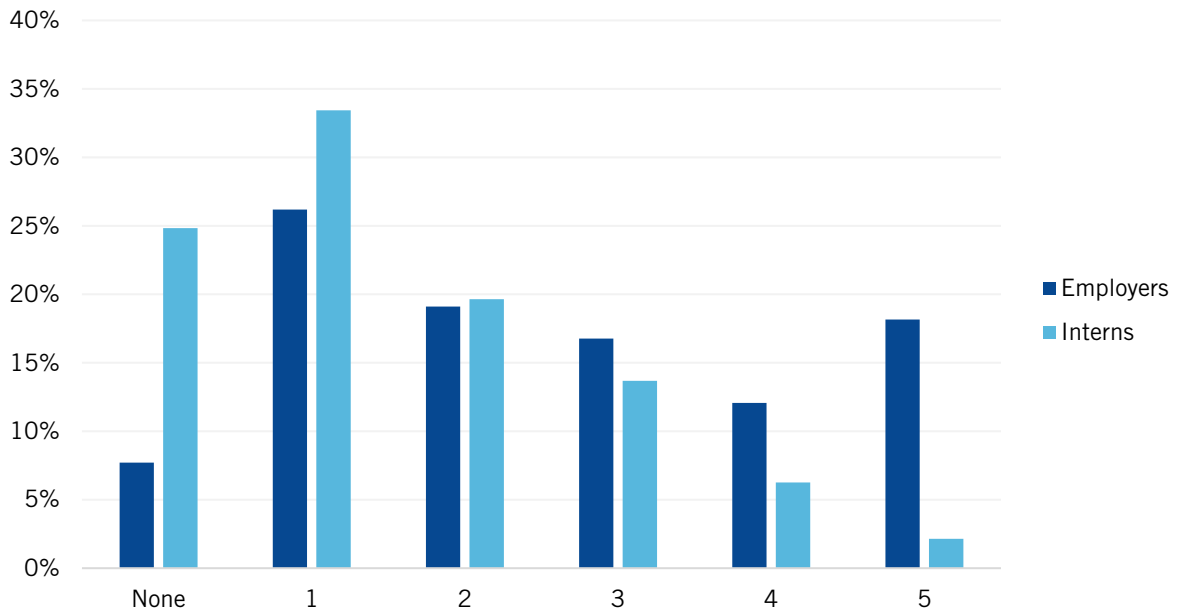
- Adequate training and monitoring
- On the job rotation
- A designated workplace mentor/supervisor
- A workplace learning plan
- Post-internship follow-up

While these indicators are not necessarily the final word on what a quality internship might involve, this nonetheless provides a useful yardstick by which to measure how well thought out and intern-focused an internship might be. We asked both employers and interns to rate how their internships lived up to these five indicators.

As shown in Figure 25, a substantially different picture was painted by the two groups. According to interns, 25% of internships displayed none of the five quality indicators. The majority (53%) had one or two, with 22% exhibiting three or more. Interns were three times as likely as employers to rate their internship as meeting none of the criteria (25% to 8%). While 18% of employers said their internships met all five criteria, just 2% of graduates said the same. The average number of indicators reported to be met by employers was 2.5, but by graduates just 1.5. Disregarding internships taken more than two years ago from the graduate ratings, so only recent internships are taken into account, the average is slightly higher at 1.6. While both groups are likely to be biased in their ratings, the combination of the two perspectives provides a revealing picture.

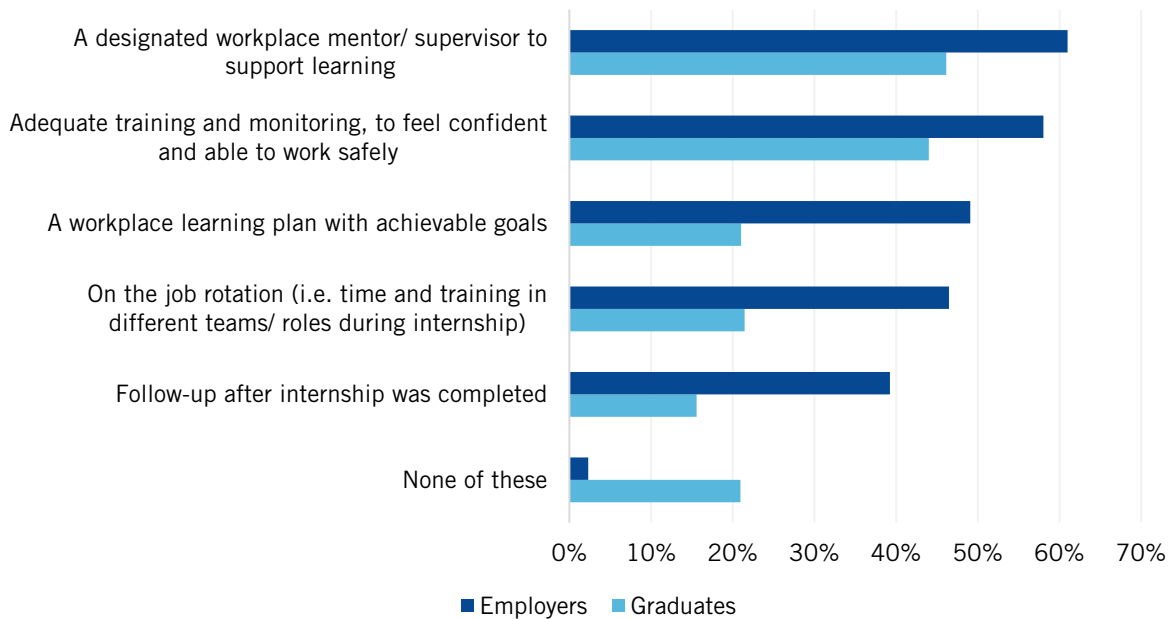
²³ A Living Wage Foundation workshop with Living Wage employers, training providers, trade union representatives, think-tanks and academics was held in February 2018 about how LWF-accredited employers can voluntarily go further for their interns.

Figure 25. Number of quality indicators reported to have been met by internships



Being assigned a designated mentor was the most commonly met criteria for both groups (61% of employers and 46% of graduates), closely followed by an adequate level of training and monitoring (58% of employers, 44% of graduates). The biggest discrepancies between the groups were in the setting of a learning plan (49% of employers, 21% of graduates) and on the job rotation (46% of employers, 21% of graduates). Post-internship follow ups were recorded as being the least common indicator met by both groups.

Figure 26. Proportion of internships reported to have met each quality indicator



Unpaid internships were rated substantially lower on the quality scale than paid opportunities. Unpaid internships were twice as likely to receive a score of zero from the intern, with 28% of unpaid internships doing so, compared to 14% of internships that paid the minimum wage. Conversely, paid opportunities were twice as likely to meet 3-5 criteria: 34% compared to 17% of those that were unpaid.

Table 1. Proportion of internships by number of quality indicators met

	No criteria	1-2 criteria	3-5 criteria
Unpaid internships	28%	55%	17%
Paid internships	14%	51%	34%

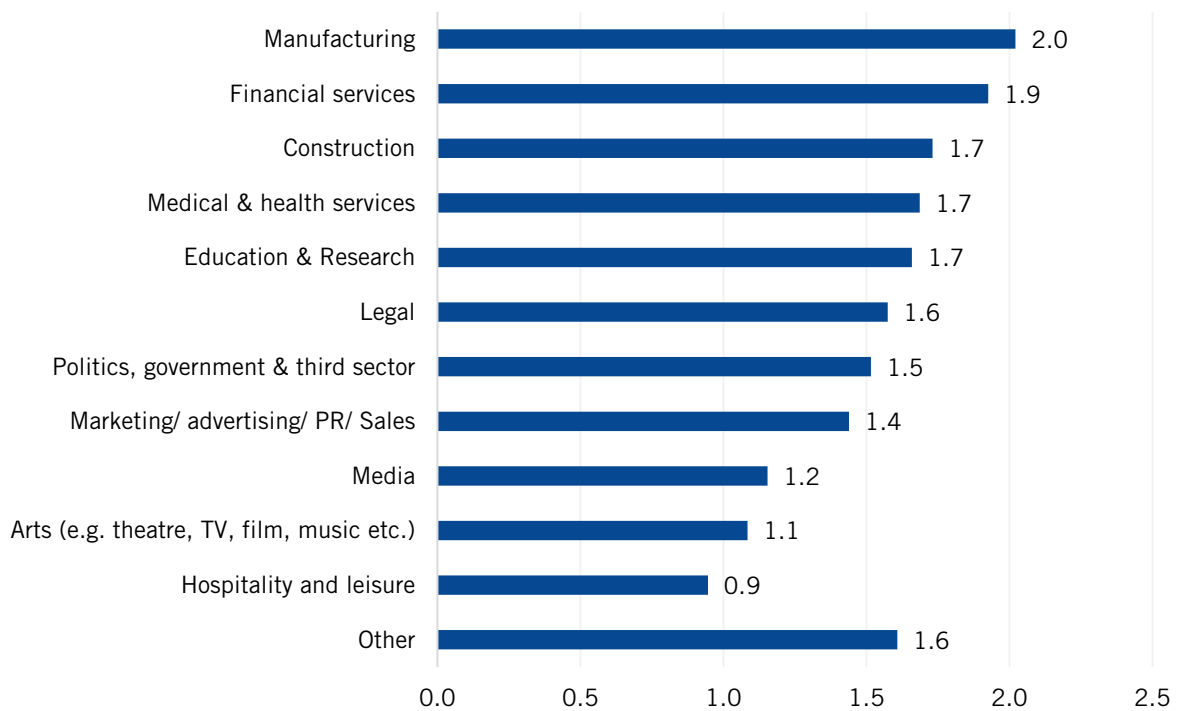
In this sense, employers and interns agree. Employers who offered paid internships were more than twice as likely to report meeting 3-5 criteria (59%) compared to those who offered no minimum wage internships (26%), with an average score of 2.9 compared to 1.9. Small (2.5) and large (2.7) companies reported offered internships meeting the most criteria, with medium sized businesses (2.1) the lowest. It could be that small-scale operations benefit from a more personalised touch, while large organisations have the advantage of scale and established processes.

According to interns, internships in the manufacturing sector were the most likely to exhibit three or more criteria (42%), along with 30% of internships happening in financial services. Media internships were most likely to display none of the characteristics of a good internship (39%), followed by the arts (34%) and those in politics/third sector roles (33%). Hospitality & leisure had the lowest average number of indicators met (0.9), as shown in Figure 27.

Concerningly, interns from working-class backgrounds were more likely to do lower quality internships, with 30% meeting none of the characteristics, compared to 23% for middle-class graduates.

Overall however, the quality of internships appears to be going up over time. 30% of internships occurring more than five years ago were rated by interns as meeting none of the criteria, whereas 19% of internships in the last two years were rated as such. The proportion meeting 3-5 indicators has increased from 19% to 24% in that time.

Figure 27. Average number of quality indicators met by sector



Outcomes

There is also very little known about the outcomes of young graduates who take up internships, in terms of either their future employment prospects or future salaries. Work using the Destinations of Leavers from Higher Education (DLHE) survey of graduates has previously shown that completing an unpaid internship, rather than going immediately into work or further study, is associated with a salary penalty three years later. However, more advantaged graduates were to an extent insulated from these negative effects.²⁴ The following section of this report aims to add some further evidence on this issue, by describing the outcomes after completing an internship, paid or unpaid, for the group of young graduates surveyed here. This section should not, however, be interpreted as establishing causal relationships between internships and labour market outcomes.

Employment

77.2% of the graduates surveyed here were working either part or full time, with 12.4% currently full-time students, and 4.4% classified as unemployed. There were no differences in employment or unemployment rates by whether an internship had been completed, or whether it had been unpaid.

However, there were some indications that higher numbers of internships, particularly unpaid ones, were associated with lower outcomes in the labour market. 8.6% of those who had completed three or more unpaid internships were unemployed, compared to 4.2% of those who had completed paid internships, and 4.5% of those who had completed no internships at all.

²⁴ Holford, A. Access to and Returns from Unpaid Graduate Internships. (2017).

10.3% of former media interns were unemployed, 9.3% of legal interns and 8.4% of arts interns, reflecting the highly competitive job markets in each of those sectors. Politics & the third sector, hospitality, and education & research saw very low levels of unemployment amongst interns.

Income

Completing an internship was associated with a greater probability of being in the upper reaches of the salary range. However, this differed depending on pay during the internship. Those who had completed paid internships were most likely to earn more, followed by those who had done unpaid internships, and lastly those who hadn't done any internships.

Table 2. Average salaries by whether paid or unpaid internships had been completed

		Category	Average salary
No internship		All	£22,897
		All	£24,897
Internship		All paid	£26,132
		1-2 unpaid	£24,622
		3+ unpaid	£23,247

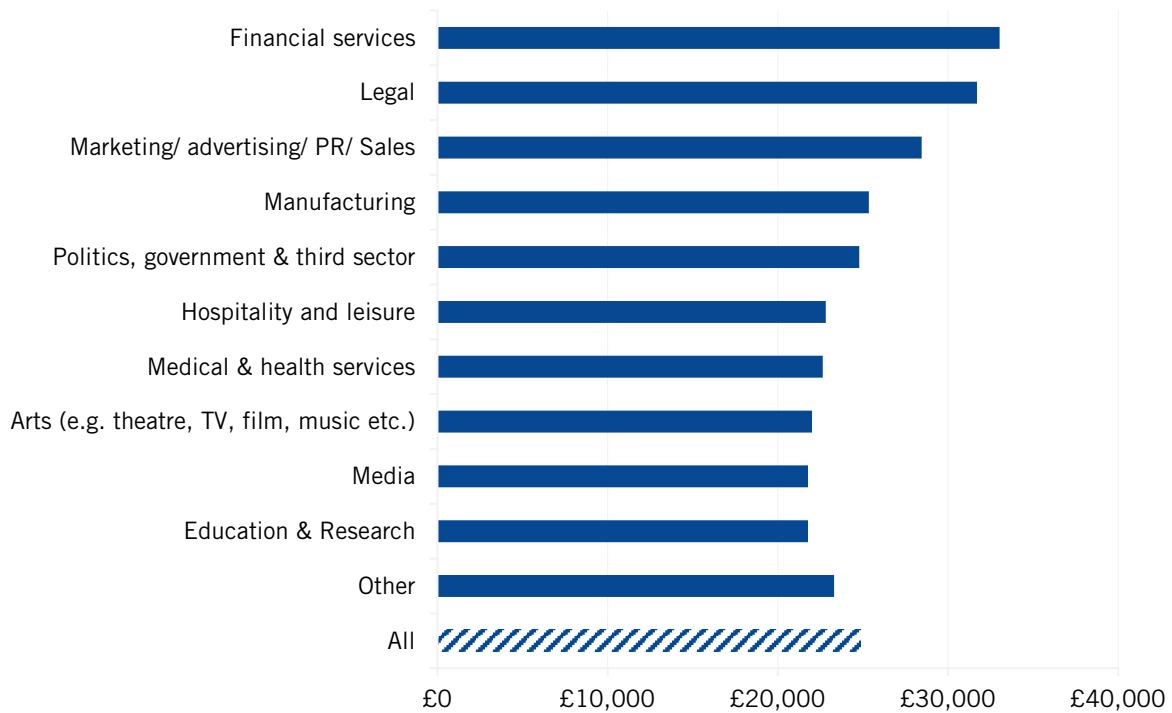
Completing an internship was associated with around £2,000 in higher salaries among those surveyed.²⁵ Completing at least one unpaid internship was also associated with a higher salary, but the premium was slightly lower. Whereas completing paid placements only was associated with another £1,300 bonus.

There was some evidence that the more internships completed, the lower the salary. This was particularly the case for those completing multiple unpaid placements. Those who had done three or more unpaid internships earned scarcely more than those who had done none at all. This is further supportive of the dangers of being sucked into a cycle of unpaid internships.

Perhaps unsurprisingly, former interns in financial services and law had the highest salaries, at £33,000 and £31,700 respectively. Those who had done internships in education & research (£21,800), media (£21,800) and the arts (£22,000) had the lowest salaries.

²⁵ While this represents a raw figure, a salary premium for interns holds when controlling for gender, age, location and social background. Further details available on request from the authors.

Figure 28. Average salaries of former interns by sector



Social mobility

One of the biggest concerns about internships, both paid and unpaid, is their impact on social mobility. Internships are opportunities that have the potential to drive success in the workplace; yet often represent an example of 'opportunity hoarding' by privileged groups, excluding wider society through lack of pay and open advertisement.

Graduates from middle-class backgrounds had higher salaries on average than those from working-class backgrounds, by about £2,500. However, doing an internship was associated with a circa £2,000 pay premium for both those from middle-class and those from working-class backgrounds.

Looking at the mobility of graduates overall, 86% of those from middle-class households were working in middle-class occupations after graduation. In contrast, just 69% of those from working-class backgrounds were upwardly mobile. While this is a lower proportion than those who maintained their middle-class status, it still indicates an apparent level of social mobility among graduates.

Doing an internship was associated with upward mobility for 74% of working-class graduates, compared to 66% of those who did not do an internship. 79% of working-class graduates who completed paid internships only were mobile, compared to 72% of those who did at least one unpaid. Nonetheless, both forms of internship were associated with higher mobility, compared to those who did not complete internships.

There was, however, also a strong relationship between internships and maintenance of status for middle-class graduates. While 84% of non-interns from the middle-class maintained their status, 90% of those

who did an internship did so, regardless of whether it was paid or unpaid. Internships therefore appear likely to serve a useful purpose for those from advantaged backgrounds in securing their social position.

Summary

Many unpaid internships are of low quality, but despite this, young people often feel that they are necessary in order to progress in their chosen career, which can be extremely competitive. This high level of competition means that employers can take advantage, both in the sense of not paying them, but also in the sense of not providing an intern-centred and productive experience. In such competitive fields, doing multiple internships is no guarantee of success afterwards, with those completing multiple unpaid opportunities not appearing to see higher salaries. This mixed picture is consistent with previous evidence on the impact of internships on salary. It should also be kept in mind that access to good internships and good jobs afterwards may both be determined by another factor, such as education level or having good connections.

There appears to be a two-track system in the world of internships, with some graduates doing one or two internship programmes which, through the training and connections they provide, enable them to progress in their career. Such opportunities are more likely to be paid and openly advertised. However, there is a second track of unpaid, low quality internships, frequently in extremely competitive sectors, where interns are doing necessary work for no pay, receive little training or development, and often end in a cycle of multiple internships. Such interns get stuck, with little likelihood of increasing the financial remuneration of subsequent placements, and ultimately negligible positive effects on their eventual salary outcomes.

While there are some indicators of things improving in the internship sector, such as higher rates of pay, and improved quality, the data here is nonetheless demonstrative of the need for reform of the sector. Internships need to better serve the cause of fairness in the jobs market, but they also need to better serve the needs of all young people, regardless of background.

8. In depth: Internships in British politics

This section focuses on the role of unpaid internships and personal connections in politics, looking specifically at the staff who work for MPs and Peers in parliament. The background of MPs themselves are very different from the populations that they represent, with 29% of MPs in the 2017 parliament educated at private schools compared to just 7% of the population,²⁶ but less is known about those at lower levels within the political sphere.

Those who work in the offices of MPs and Peers form the backbone which runs parliament day to day, and many go on to work in prominent roles in politics, policy and public affairs, across both the private and charitable sectors. This is in large part due to the knowledge and connections that they gain from having worked in Westminster. Some even go on to become MPs themselves, with 25% of MPs having previously worked in politics and 8% in public affairs before running for office.²⁷ Thus, these roles in Westminster are a key entry point to the world of politics.

It is therefore crucial that these roles are open to people from all socio-economic backgrounds, and that no one needs wealth or personal connections to be able to take them up.

It is already known that MPs from across the political spectrum often hired unpaid interns to work in their offices.²⁸ What is less clear is exactly how prevalent this practice is across Westminster. After several very public backlashes against MPs who had advertised internships without pay, adverts for such positions on sites such as 'W4MP' do appear to have decreased, but some do continue to be advertised. Additionally, there are concerns that unpaid internships in Westminster may be going underground, and rather than being openly advertised, are instead being given out to those with personal connections to someone in parliament.

Here, staffers working for MPs or Peers in Westminster have been asked whether they have ever worked in an MP's office unpaid, and for details on how they secured their current role in parliament, for example, whether it was through a personal connection, or through having worked unpaid in Westminster previously.

Unpaid internships in Westminster

Almost a third (31%) of staffers working in an MP or a Peer's office in Westminster reported they were either currently working or had previously worked for an MP without being paid. This is a considerable proportion of those working in Westminster and suggests there is a real issue with unpaid work in parliament.

Younger employees in Westminster were more likely to report not having been paid, with 36% of those aged 18-24 saying they have worked or are working unpaid for an MP, compared to 18% of those over

²⁶ Montacute, R. & Carr, T. (2017) Parliamentary Privilege – The MPs 2017. Sutton Trust.

²⁷ Hunter, P. & Holden, D. (2015) Who governs Britain – a profile of MPs in the 2015 parliament. The Smith Institute.

²⁸ Minister seeks unpaid intern as government tackles unfair work (2018) The Guardian, available at:

<https://www.theguardian.com/politics/2018/feb/07/tory-minister-dominic-raab-ad-seeking-unpaid-intern>

Shadow Equality Minister Kate Osamor unpaid intern 'mistake' (2014) BBC News, available at:

<https://www.bbc.co.uk/news/uk-politics-26968102>

MPs shouldn't exploit young people like me with unpaid internships (2017) The Guardian, available at:

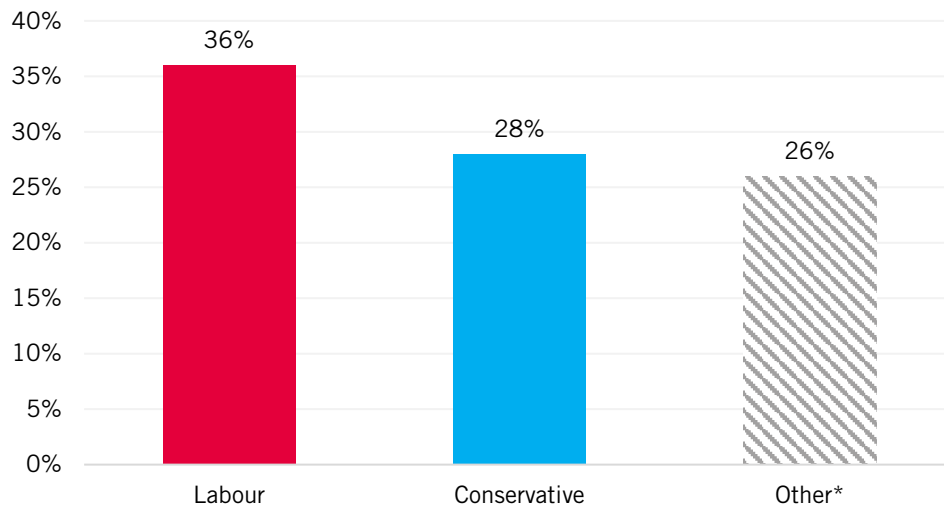
<https://www.theguardian.com/commentisfree/2017/jun/25/unpaid-internships-work-employment-young-pay-mp-commons>

MPs 'secretly hiring unpaid interns' (2014) BBC News, available at: <https://www.bbc.co.uk/news/uk-politics-26968102>

the age of 35. Men working in Westminster were more likely to have worked unpaid than women, with 35% of male staffers having done so, compared to 27% of female staff.

Looking at staff by the political party of the politician that they are working for, there are differences in the proportion of staff who have worked unpaid. While the proportion of staff who have worked unpaid is relatively high in both parties, those working for a Labour politician were more likely to either currently or have previously worked for an MP unpaid (36%), compared to those working for a Conservative (28%).

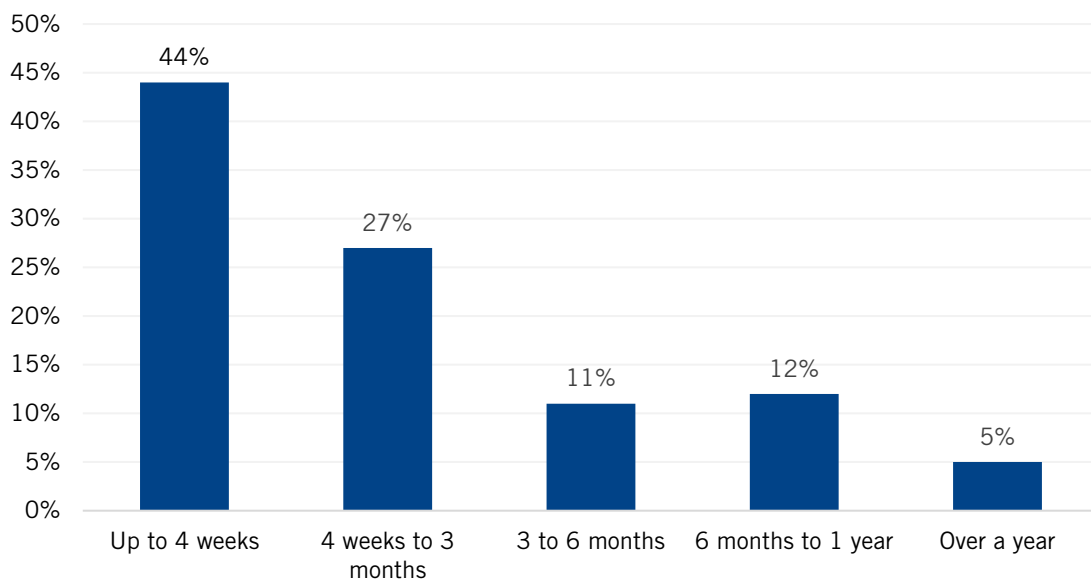
Figure 29: Percentage of Westminster staff who have worked for an MP unpaid, by party



*Based on a small number of responses (23), included here for reference

Not only have a significant portion of Westminster staff previously worked for an MP unpaid, but many have done so for a considerable period. Over half (56%) of those who have completed an unpaid internship in parliament did so for over four weeks, with almost a fifth (18%) doing so for longer than 6 months.

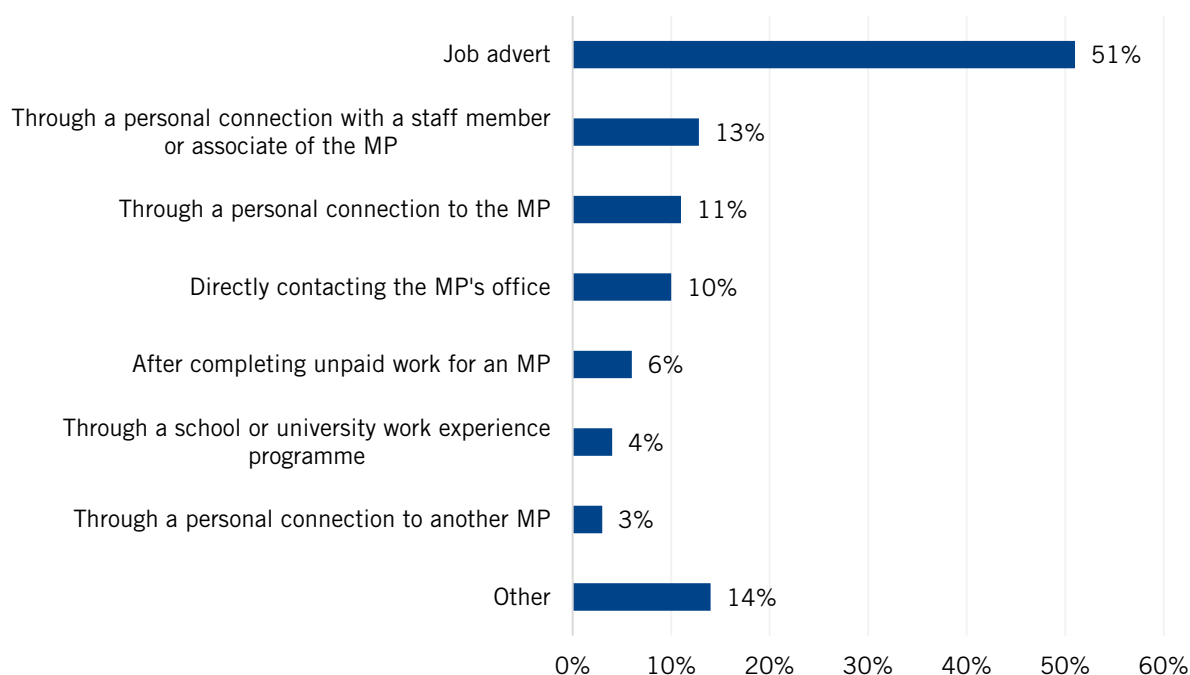
Figure 30: Length of unpaid internships in parliament



How did staff in parliament find their roles?

Staff were also asked how they had found their current role. While the most common route was through a job advert, just over half of Westminster staffers (51%) found their role this way. Just over a quarter (26%) of staffers found their role through a personal connection, either with the MP or Peer themselves, or another staff member. One in ten staffers gained their position after directly contacting an MP's office, and 6% did so after working unpaid for an MP.

Figure 31: How did you find your current role?



There were differences in how staffers had found their roles by gender, with men (13%) more likely to have found their role by directly contacting an MP's office than women (7%). There were also differences by age, with 10% of employees between 18 and 24 having obtained their job after completing unpaid work, compared to 6% doing so overall. Conversely, older employees were more likely to have obtained their job through personal connections, with 48% of those over 35 having done so, compared to just 22% of 18 to 24-year olds.

A number of respondents in the 'other' category in Figure 31 reported they had found their role after doing campaign work for an MP, such as helping to organise their general election campaign. Although it is unclear whether this was paid, and some campaign work can be, many did refer to it as voluntary.

Promisingly, newer, non-traditional routes into parliament, such as the Speaker's Parliamentary Placement Scheme (which provides 10 nine-month paid placements in parliament per year)²⁹ and apprenticeships in parliament³⁰ were also mentioned by several respondents. These alternative routes

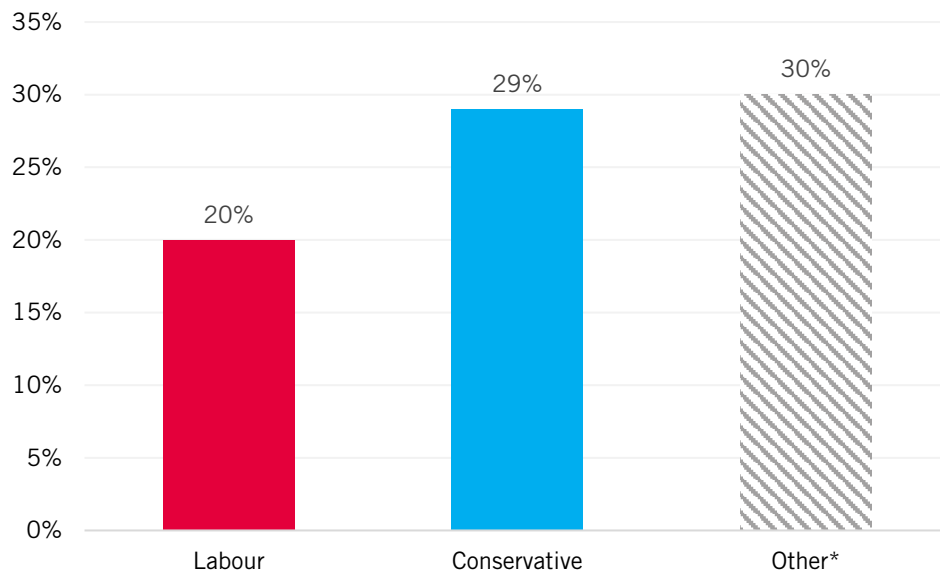
²⁹ Speaker's Parliamentary Placement Scheme, parliament.uk. Available at: <https://www.parliament.uk/about/working/work-placements-and-apprenticeships/speakers-parliamentary-placement-scheme/>

³⁰ TES. (2016) New skills minister Robert Halfon hires his fourth apprentice. Available at: <https://www.tes.com/news/new-skills-minister-robert-halfon-hires-his-fourth-apprentice>
Parliamentary Apprentice for Sadiq Khan MP. Available at: <http://www.thecreativesociety.co.uk/uncategorized/parliamentary-apprentice-for-sadiq-khan-mp/>

into parliament should be supported and expanded, to help to further open up working in parliament to young people from all backgrounds.

Staffers working for a Conservative MP or Peer were more likely to have gained their current role through a personal connection, with 29% of those working for a Conservative politician doing so, compared to 20% or those working for a Labour politician (Figure 32).

Figure 32: Percentage of Westminster staff who gained their job through a personal connection, by party



*Based on a small number of responses (23), included here for reference

Summary

A considerable proportion of staffers working in parliament have worked unpaid, and many staffers continue to gain their roles through personal networks. These practices lock out young people from low and middle-income backgrounds who cannot afford to work for free and who do not have the connections necessary to secure a position. This in turn deprives the country of the skills and talent that those young people could bring both to parliament, and to the policy roles which staffers often go on to after their time in Westminster.

There is no central HR department for staff who are employed directly by MPs in parliament. Instead, every MP is the manager of their own parliamentary office and makes their own hiring decisions, using the staffing allowance that they are provided by the Independent Parliamentary Standards Authority (IPSA). The lack of any centralised HR processes for staffers has been raised repeatedly following several

controversies in parliament,³¹ with a working group tasked to look at these issues recently recommending that an independent HR support service should be set up in parliament for staffers.³²

Such a body could play an important role in dealing with the issue of unpaid internships in parliament. An independent service could advise both MPs and interns themselves about whether internships being offered are legal. Many MPs enter parliament without previous management experience, and given that a considerable proportion of employers are themselves unclear on the law as it stands (see Section 6), it is likely to be beneficial to have a service which can advise MPs on whether the unpaid positions they're recruiting for are legal. Additionally, the service could provide advice to interns on whether they are entitled to the minimum wage for the work they are doing and serve as a place for interns to report any possible breaches being committed by MPs.

Each MP representing a constituency outside of London can spend a maximum of £150,900 per year on office staff, with those inside London able to spend up to £161,550 per year. Which roles can be paid for using this money are strictly controlled by IPSA, which also decides pay bands for each. One of these roles is an 'employed intern', which MPs both inside and outside of London can pay between £13,553 and £19,013 per year.³³ Despite the fact they are able to use IPSA funds to pay interns, MPs continue to bring in interns without pay.

One possibility is that some MPs may not currently have enough staff to cover their workloads, and so are bringing in unpaid interns to make up the shortfall. This may be the case for MPs with particularly high levels of case-work, or those with additional responsibilities, such as sitting on select committees. IPSA should review the amount it is providing MPs to run their offices, including specifically examining whether additional ring-fenced funds should be given to MPs to pay interns in their offices. Given how common unpaid work for MPs is in Westminster, this is an issue which clearly needs to be investigated further.

³¹ 'I can't report boss for bullying'- MPs staff tell their stories Available at: <https://www.bbc.co.uk/news/uk-politics-42626741>
'I used to work as an MP's assistant – I know why the Westminster scandal happened'. Available at: <https://www.independent.co.uk/voices/westminster-sexual-harassment-abuse-mps-hr-department-parliament-abuse-of-power-a8040211.html>

³² Dame Laura Cox DBE (2018) The bullying and harassment of House of Commons staff, independent inquiry report. Available at: <https://www.cloisters.com/images/Bullying-Harassment-HOC-Staff-Oct-2018.pdf>

³³ The maximum £19,013 an intern can be paid (which unlike many other roles, is the same for MPs representing seats both inside and outside of London) is lower than the London Living Wage if an intern is working full-time, which at £10.55 an hour is roughly £21,900 a year. IPSA should review the pay bands that it sets for employed interns, to ensure that all interns working in London can be paid the London Living Wage.

Case study four: Parliament – Simran

Simran is a public affairs manager for a charity. To get into public affairs, she did a six-month unpaid internship in an MP's constituency office. "I felt it was the only way to get into politics and if I didn't do it, I wouldn't be able to get a job in this field. I had been applying for jobs with MPs but they all wanted previous experience which I didn't have." At the start of her placement, Simran worked full time for five to six days a week. However, despite being able to stay with her parents, after three months Simran ran out of savings, and was forced to reduce her work for the MP to three to four days a week so that she could do paid work alongside.

At the beginning of her internship, Simran supported the campaigns manager with local campaigning tasks. However, she was quickly given her own projects to oversee, such as working with local wards to build their campaigning capacity and organising fundraising events to raise money for the general election. Once a week, she travelled to the MP's Westminster office, to do work on how national legislation that the MP was working on would impact their constituents.

Simran originally applied for a paid job with another MP, but when she didn't get that position, her interviewer recommended her for the unpaid internship. Simran received very little formal training and learnt by "just being thrown in". She later took on management and training responsibilities for new interns and volunteers in the office herself, "I line managed other new interns. Although this was not explicitly stated, it became part of my day to day role."

For the first two months of her internship, Simran received no pay or expenses. After two months, she asked for and subsequently had her travel expenses covered. She was travelling three hours a day at a cost of around £300 a month. After six months working unpaid, when another member of staff left, Simran was offered a paid role in the MP's office.

"I don't think I would be in the job I am in today if it wasn't for the fact that I got my internship. I was lucky in that I was hired by the MP at the end of it but I know that in most cases this doesn't happen. I know for a fact that having a job with the MP allowed me to get my first job in public affairs and even now most jobs require prior knowledge of how Westminster works. I was very grateful for my internship at the time, even though it was a struggle financially, and even now I can't say it didn't help me."

9. Discussion

The increasing importance of internships in the graduate jobs market is clear, with around 100,000 graduate internships being undertaken every year. Half of employers offer internships, and almost half of the most recent graduates (46%) have done one. In many competitive industries like the media, internship experience is required in order to even access entry level jobs. Internships offer an opportunity to learn on the job, get an insight into the workplace, gain practical skills and make connections that will help to further a young person's career.

However, this level of competition puts a lot of power in the hands of employers, resulting in many low-quality internships which focus on the employer's needs, rather than the training needs of the intern. Importantly, most interns do complete 'useful work' for their employers, with many organisations reliant on the tasks completed by their interns in order to operate. With the pressure on young people to acquire workplace experience, employers can afford to offer unpaid placements and still attract high demand from applicants. This however creates a situation which excludes large numbers of young people who cannot afford to live and work without being paid, including those with fewer parental resources, and those who live outside cities and do not have access to free accommodation.

This is a significant problem for social mobility. Young people from less well-off backgrounds face substantial barriers getting into university and gaining qualifications, but even those that do so are then faced with a jobs market that rewards the ability to work without pay. Internships play a role in perpetuating the disproportionate influence of those from well-off backgrounds in many of the country's top professions, including politics itself. Tackling the issue of unpaid internships is crucial to improving social mobility in the workplace.

Legal change

Not enough is being done to address this issue. The government's response to the Taylor Review was that existing legislation is adequate to deal with unpaid internships and the minimum wage. It is encouraging that the proportion of internships which are unpaid appears to be decreasing, and is indicative of a change in culture for the better. However, the scale of the ongoing issue, with up to 58,000 unpaid placements occurring each year, means that it is clear there needs to be a change in emphasis. As our study indicates, only a small proportion of internships are actually advertised. This means that the current HMRC enforcement campaign, focused on firms publicly advertising unpaid opportunities, is addressing only the tip of the iceberg. Internships which are not advertised are more likely to be unpaid, and that is where the bulk of the problem lies.

The confusion amongst employers and interns on the law clearly demonstrated by this report helps to sustain the practice of unpaid work. Young people are not fully aware of their rights, and employers either unknowingly or deliberately take advantage of this legal grey area in order to not pay their interns. In reality, it is difficult to contest that most interns are likely to count as 'workers'. Employers have an expectation that the intern will turn up to work, and the intern expects that the employer will provide work. Only a small proportion of interns could genuinely be classed as 'volunteering' or 'work shadowing', with no expectations whatsoever on them in terms of performing tasks.

This means there needs to be a change in legislation to ban unpaid internships lasting over four weeks in length, so that after this point, an intern is always entitled to be paid. Current minimum wage legislation should be updated to create a category of 'intern' for an adult undertaking such work for a

period of longer than four working weeks. Legislation should then also be altered to make anyone in this category automatically entitled to the minimum wage, except in the case of existing exceptions such as university sandwich years or charity volunteering. This would bring clarity for both interns themselves and their employers. It would also close the existing loophole, whereby employers can claim the intern was under no contractual obligation to complete work, even if they are doing the same work as other employees.

Both interns and employers have expressed, in this survey and others, their support for such a change, and there have been several efforts in the House of Lords and the House of Commons to introduce legislation. While this report shows that most unpaid internships are over four weeks, short work experience placements and genuine volunteering work would be unaffected by such a change in the law. Young people and employers should continue to have the flexibility to undertake both, while exploitative unpaid placements under four weeks would continue to be covered by existing minimum wage law, to still maintain some protection for those on shorter placements.

Changes in practice

However, irrespective of changes to the law, the situation could be improved by employers, universities and government. Employers should be paying interns the minimum wage, and doing so would be beneficial to both interns and employers. It would open up the available talent pool and allow businesses to hire from the best applicants available, rather than just those who are privileged, or fortunate enough to have access to free accommodation. HMRC should substantially step up their information campaign to reach the much larger group of employers who are not openly advertising unpaid internships. They should widen this information campaign to help them to understand the law as it stands, along with targeting young people to improve awareness of their rights under current legislation.

The Department for Education should also conduct a renewed promotion of the Graduate Talent Pool website as a hub for paid internship opportunities, establishing and promoting best practice in the area. The site could also be used as a place to provide to resources to young people on their right to pay during internships. Employers should use the Talent Pool, or other online portals, to publicly advertise their internships. This would make access to such opportunities much fairer and increase the talent available to the employer with selection based on merit, rather than those with the right contacts.

Politics especially is an area in which unpaid internships, and internships given out through personal connections, are all too common. As consistently highlighted by the Sutton Trust, our political representatives continue to be extremely unrepresentative of wider society. As internships in Westminster can be an important route into politics, opening up these roles to people from all backgrounds is vital to ensure that all parts of society have an equal chance to shape the concerns and priorities of the UK's democracy.

The importance of educational institutions, in particular universities, is highlighted in the report. Internships promoted by university careers services or done as part of programmes are more likely to be open to those from lower socio-economic backgrounds, less likely to be unpaid and more likely to be of high quality. Several universities have their own programmes to help students, especially those from lower socioeconomic backgrounds, to access internships. For example, the University of Manchester run 'Student Experience Internships' (SEI) for pre-final year students, in which they can either undertake an internship with the university or a local charity. Most of the internships offered under this scheme are only open to students who qualify for financial assistance from the university, or who would previously have been eligible for full government grants. Similarly, the University of Birmingham run the 'Gateway

Bursary Scheme', which provides financial assistance of up to £2,000 to students undertaking internships relevant to their future careers. The scheme is only open to students from less advantaged groups, including care leavers or students who are the first in their family to go to university. While these schemes are not a replacement for legislation to guarantee pay to all interns, they form a valuable part of the sector, and can help to increase social mobility.

Towards better internships

It is also crucial that the internships themselves are of good quality, and that they offer structured programmes and genuine development opportunities for those taking them. The five quality indicators are a good place to start, but in general, the focus should be on the intern as much as the employer. Internships shouldn't be allowed to become 'dead end' placements where interns are completing essential tasks for their employer but not substantially increasing their opportunities for paid employment. At the moment there are substantial discrepancies in quality across sectors. Internships should be made to work for all interns.

All the evidence suggests that internships are going to be an important and enduring element of the graduate jobs market. But there is much to be done to make them serve the interests of all young people. We need to make existing internships better for those doing them, along with improving access to the best opportunities by reducing the social exclusion caused by lack of pay, and making application processes transparent and open to all. Doing so can open up much wider opportunities for young people of all backgrounds and would be a significant step for social mobility in the workplace.



About the report

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The authors wish to thank Jo Martin, Ben Spier, Catherine Dilnot, along with Sophie Hedges and Gavan Conlon from London Economics, for reading and commenting on drafts. We also thank Burning Glass Technologies for the use of their data, and the Living Wage Foundation for sharing their work on quality indicators.

Appendix: Sector summaries

The culture and expectations around internships differed substantially between sectors, with graduates facing different challenges:

The **legal sector** saw the highest proportion of employers offering internships. Legal internships were characterised by low levels of advertisement and a high level of influence of personal connections. Legal interns did the most placements per person than any other sector (2.6 on average), with 50% doing three or more. There was also a very high level of placements unpaid and high levels of social segregation. Former legal interns earned among the highest salaries.

Financial services internships were similar to the legal sector in several senses. A high proportion of employers offered them and it showed one of the highest levels of growth. It had high levels of use of personal connections, and low levels of public advertisement. It also had the highest levels of social segregation, with a very low proportion of working-class graduates. However, in contrast with law, it had one of the highest levels of minimum wage payment and a high proportion of internships ranked highly on the quality criteria. Those who had undertaken internships in the sector, perhaps unsurprisingly, earned the highest salaries.

Hospitality & leisure, contrastingly, had an over-representation of working-class participants. However, it also had a significant issue with paying interns below the national minimum wage (28% of placements). Internships here had the lowest level of quality indicators met, but were relatively uncommon in the sector, with a low proportion of employers offering them.

Media internships had one of the highest rates of unpaid placements (83%), and also had the highest rate of placements offering no remuneration whatsoever. Quality of placements was low, and were the most likely to display none of the characteristics of a good internship (39%). Given the level of competition, and general trends in the sector, it is unsurprising former media interns had high levels of unemployment and the joint lowest salaries. On the other hand, it saw relatively low levels of social segregation, despite the dominance of those from privileged backgrounds at the top of the profession.

The Arts (including theatre, TV, film, fashion & music), was one of the most problematic sectors. It had one of the highest levels of non-payment of minimum wage (86%). There also seemed to be expectations that young people needed to complete several internships, with one of the highest rates of placements per person, and 32% of interns completing three or more. Perhaps as a consequence, it also saw high levels of social segregation, with working-class graduates substantially under-represented. Furthermore, 34% of placements showed none of the characteristics of a good internship, and former interns displayed high unemployment and among the lowest salaries.

Politics, government & the charity sector was different to many of the above sectors. It had high levels of advertisement and low levels of under-representation. On the other hand, it had a high proportion of unpaid internships over 6 months and a high proportion meeting none of the quality characteristics. Expenses-only internships were the most common type offered.

Manufacturing internships were offered by a low proportion of employers in the sector. However they showed a high rate of minimum wage payment and the highest proportion meeting 3 or more quality criteria (42%) of any sector.

Education & research showed the lowest average number of internships per person. Unsurprisingly, internships were mostly acquired through educational sources, informal and formal. This sector included teaching internships and research placements offered by universities. It was dominated by expenses only internships, and those who had completed one appeared to experience low salaries.

Similarly, **medical & health** internships had high levels of educational links, with the sector comprising of many internships completed by medical students.

The **retail** sector had too few interns to interpret on most measures, partially as a consequence of the low proportion of employers offering them. However, indications were that a high proportion were unpaid, with many including below minimum wage payments.

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