

Unpaid and underpaid internships

Access to internships for graduates

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Overview

- Internships are a growing route into careers. More than half of graduates (51%) report completing at least one, up 12 percentage points since 2018.
- 59% of employers report offering internships, up from 48% in 2018. In London it is 80%.
- While more internships are paid the National Minimum Wage (37% compared to 27% in 2018), the proportion paid, but less than the NMW, has also risen from 9% to 23%. Around 1 in 5 internships offer no financial compensation at all.
- 35% of graduates overall have completed an 'unpaid or underpaid' internship, up from 27% in 2018.
- Graduates from working-class backgrounds are much less likely to undertake an internship than middle-class, and the gap has widened since 2018 from 12 percentage points to 20.
- Higher social capital through networks is also associated with access, and just 1 in 10 internships are found through an open advertisement.
- 40% of unpaid interns rely on the 'Bank of Mum and Dad' to fund their role, up from 26% in 2018.
- Employers and graduates want reform. Three quarters of employers offering internships say banning unpaid internships would not negatively impact the number of opportunities they provide.

Recommendations

- **Unpaid internships over four weeks in length should be outright banned**, alongside better enforcement of current minimum wage legislation. The Government should deliver on its 'Make Work Pay' plan, with the law changed to make explicit that all internships longer than four weeks should be paid at least the National Minimum Wage, with exceptions for placements taken as part of education. Tightening the law will increase clarity for both young people and employers.
- **HMRC should promote information on internships and the national minimum wage** to all employers and conduct an information campaign to inform young people of their rights. Over recent years, employers have continued to offer unpaid and underpaid internships despite existing legislation making many of these placements likely illegal. All employers, along with young people, should be made aware of workers' rights in this area.
- **Irrespective of legal changes, employers should take seriously their responsibility to pay interns who are not simply doing work shadowing.** Unpaid internships exclude many young people without financial support from relatives, and employers should take advantage of widening the talent pool in their hiring practices. To open up access to opportunities, interns should be paid **at least the National Minimum Wage, but preferably the Living Wage.**
- **Internship positions should be publicly advertised** so that all young people can find and apply for opportunities. Many internships are never advertised, and instead offered through informal networks, to friends or family of staff or clients. This practice locks out talented young people without connections.
- **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.



Introduction

Internships offer a crucial chance to experience the workplace and are often a vital first step into a profession. Visiting a workplace and working with colleagues can allow someone to gain skills for employment, learning from others to prepare for the world of work, and to make useful connections to help further their career. Internships can also be useful for the employer, giving them an opportunity to access the pipeline of talent without a long-term commitment, as well as flexibly filling capacity gaps at junior levels.

However, previous research has shown that many internships are unpaid, requiring interns to subsidise themselves during their placements, which locks many of those who can't afford it out of these vital opportunities. Unpaid internships persist, despite existing employment law already outlawing many of these placements.¹

Previous research from the Sutton Trust in 2018 found around half (48%) of employers were offering internships not paid the minimum wage, with a quarter (27%) of recent graduates having worked as an unpaid intern.² That research also found unpaid internships are particularly common in competitive industries like journalism, politics and the arts, and the majority lasted over a month, with some unpaid placements lasting more than six months. More recently, the Trust has highlighted the issue in research on the socio-economic backgrounds of members of parliament³ and access to the creative industries.⁴

Access to internships is acting as a significant barrier to social mobility, with these placements often a factor in accessing entry-level roles in professional careers. But when a role is unpaid, taking such a position is often unaffordable for those from lower socio-economic backgrounds, who are less likely to have savings or financial support from family to fall back on. This, combined with other issues such as internships being shared through informal networks rather than openly advertised, leads to many young people from less well-off backgrounds being shut out of highly valuable opportunities. In 2022, a landmark study by Opportunity Insights in the United States demonstrated that social capital, the strength of someone's social network and connectedness with others, is one of the strongest predictors of social mobility.⁵ Early labour market experiences, such as access to internships, are a key area where the impact of these networks is brought to bear.

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Policy background

The 2017 independent review *Good work: The Taylor Review of Modern Working Practices*, recommended “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”.⁶

The Government responded in 2018 by outlining several steps in changing unpaid internships legislation, such as improving guidance for employers and interns themselves; targeted enforcement activity and improving engagement with sectors where unpaid internships were prevalent. The Government also said they would review existing policy if their changes did not appear to be working.⁷ But six years on, it still remains unclear how these changes were implemented (if at all), and, in the absence of national statistics in this area, whether they had any impact.

Keir Starmer’s new government has committed to action on the issue, with the Labour Party pledging to ban unpaid internships (outside of formal education or training courses) as part of its Opportunity Mission.⁸ However, action on unpaid internships was not included in the Government’s recent Employment Rights Bill,⁹ and further clarity is still required on what the Government plans to do, with a Call for Evidence expected at the end of 2024 yet to launch at time of publication.¹⁰

Internships are currently covered by general employment law, which states that an intern is entitled to the National Minimum Wage (NMW), as well as other entitlements, if they are classified as a ‘worker’ (see definition outlined in box below).¹¹ 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. But this is difficult to determine, as there is a lack of clarity in the Government’s advice – particularly as the law was crafted in order to still protect and allow volunteer and voluntary work. Moreover, employers sometimes present internships as volunteering activities, despite different expectations and requirements between genuine volunteering and what should be paid work. It is therefore unsurprising that employers escape sanction for offering unpaid internships for work that should be covered by minimum wage law.

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What are the current rights of interns?

Interns are legally entitled to pay if their employer counts them as a 'worker'. This means:

- 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 client.

It is not clear how many requirements an intern must meet to be classed as a worker.

Students completing an internship through higher education or as a work experience placement while at school are not entitled to pay, nor are those taking part in voluntary work or opportunities which are exclusively 'shadowing' employees (meaning they are not completing work, only observing).¹²

When the Sutton Trust published *Pay as you go?* in 2018, it found that there had been no prosecutions for minimum wage offences relating to internships and that no official figures had been published on unpaid internships, despite widespread awareness of their continued existence.¹³ No research since then indicates that this has changed.

Unpaid interns are expected to self-report if they think that their internship is illegal, which puts those seeking to make their way in a career in a difficult position. Moreover, self-reporting relies on interns understanding the law themselves, which the Trust's research found was uncommon; 47% of

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graduates thought unpaid internships were 'legal in most situations' or weren't sure.¹⁴

Employers can also deny there was any obligation for the intern to complete work, or to give notice they would no longer attend, even if this is untrue. Therefore, current legislation is allowing a legal loophole which employers can use to not pay interns who are completing the same tasks as their paid workers. And as with students, there is confusion amongst employers surrounding the law; when provided with a series of scenarios, up to 50% of employers incorrectly thought a scenario where an intern was not being paid the national minimum wage was legal.¹⁵

The UK is not an outlier when it comes to unpaid internships, with many developed nations like Canada and the USA also permitting them in some circumstances.¹⁶ International organisations, including the OECD and UN, have also been criticised for offering some of their renowned and sought-after internships as unpaid roles.¹⁷ A report covering internships across the European Union (EU) found that those from vulnerable backgrounds, including disadvantaged households, were eight times less likely to be able to afford to take on an unpaid internship.¹⁸

However, recent years have seen the tide begin to turn on this practice internationally, with previous US President Joe Biden introducing an Executive Order in 2021 ordering the phase out of unpaid placements in the federal government.¹⁹ Though there are some concerns that this has yet to be borne out in practice.²⁰ In 2020 in Canada there was a similar change to employment legislation.²¹ The European Parliament voted to ban unpaid internships in summer 2023, but critics have said changes have not gone far enough to eliminate the risk of work placements being offered unpaid.²² Several major US companies have also either voluntarily or been legally compelled to end their unpaid internship programmes.²³

As the UK government looks to institute its own reforms, this research brief provides an update to the evidence base on internships in this country, including surveys of recent graduates on the prevalence of unpaid internships and employers regarding their internship practice. After a pandemic when many placements were cancelled or moved online,²⁴ followed by a cost-of-living crisis which has only accentuated the costs of working for free in a big city,²⁵ how have these changes impacted the supply of internships, and who is taking them up?

Internship provision and access

The practice of unpaid internships remains an under-researched area. Since the Sutton Trust last published work on this topic, analysis of the UK's Destinations of Leavers from Higher Education survey in 2018 found that 58% of interns were not paid for their work.²⁶ In 2023, the European Youth Forum looked at unpaid internships across the continent (with only a small proportion of the sample of young people residing in the UK), where the majority (77%) of interns said at least one placement was unpaid.²⁷

In the absence of national statistics, this research brief provides a vital update to the policy landscape, through surveys of both recent graduates and employers, conducted in December 2024.²⁸

Current picture

Availability of internships

Since the 2018 Sutton Trust report, despite the intervening disruption of the pandemic, there has been a significant increase in the number of British employers offering internships, as reported by HR decision makers in our data from the YouGov Business Omnibus. 59% of employers now report offering internships, up from 48% in 2018. Most growth has been in medium and large businesses: 84% of large employers offer internships (up from 58%), compared to 47% of small and medium size businesses (up from 34%). There are also substantial regional differences. While 80% of employers in London offer internships, this is 36% in the East of England and 34% in the South. In Scotland the figure is 46%. Growth was highest in London – an 18 percentage point increase, and the North – a 15 percentage point increase, from 39% to 54%.

In terms of sector, internships were most commonly reported in real estate, IT & telecoms, construction and finance & accounting (Figure 1). Growth since 2018 has been broad across sectors, with the most significant seen in real estate, manufacturing, and IT & telecoms. Retail and hospitality & leisure have the lowest rates, in common with 2018.

59%

of employers report offering internships.

Figure 1: Proportion of employers offering internships by sector, 2018 and 2024

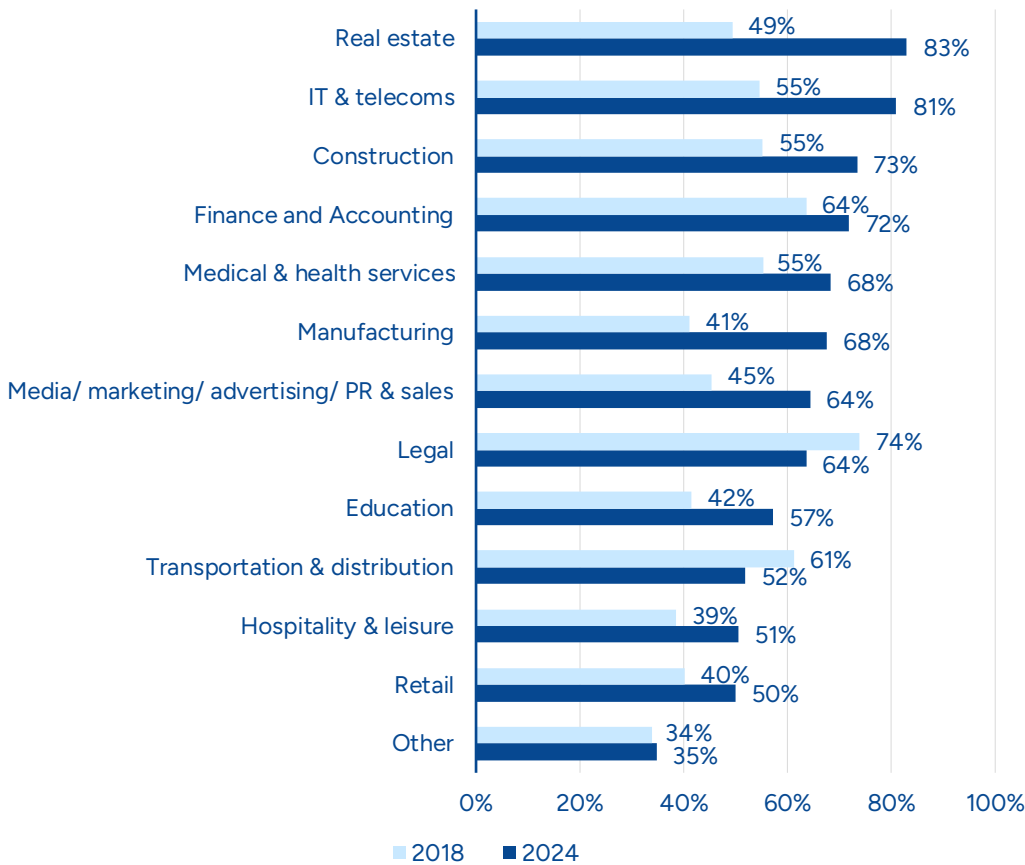


Figure source: YouGov polling of employers, December 2024, and [Pay As You Go](#) (Sutton Trust, 2018).

Participation by university graduates

Over half (51%) of graduates aged 21-29 said they have taken part in at least one internship. Mirroring the data from employers, this figure is up 12 percentage points from 39% in 2018, reflecting a clear trend of growth in the prevalence of internships.

Amongst 614 interns in the survey who indicated how many internships they completed, they reported completing a total of 1108 internships, about 1.8 each.

Participation is not equal across groups however, and access continues to be shaped by socio-economic background in particular. Those from working-class backgrounds were 20 percentage points less likely to report taking part in an internship than those from middle-class backgrounds, at 36% compared to 55% respectively (Figure 2). This gap has grown substantially since 2018, when 43% of those from middle-class backgrounds had completed an internship compared to 31% from working-class backgrounds. Most of the growth in

51%

of graduates aged 21-29 said they have taken part in at least one internship.

internship participation in the last six years has been amongst those from middle-class households.

Figure 2: Participation in internships by background characteristics, 2018 compared to 2024

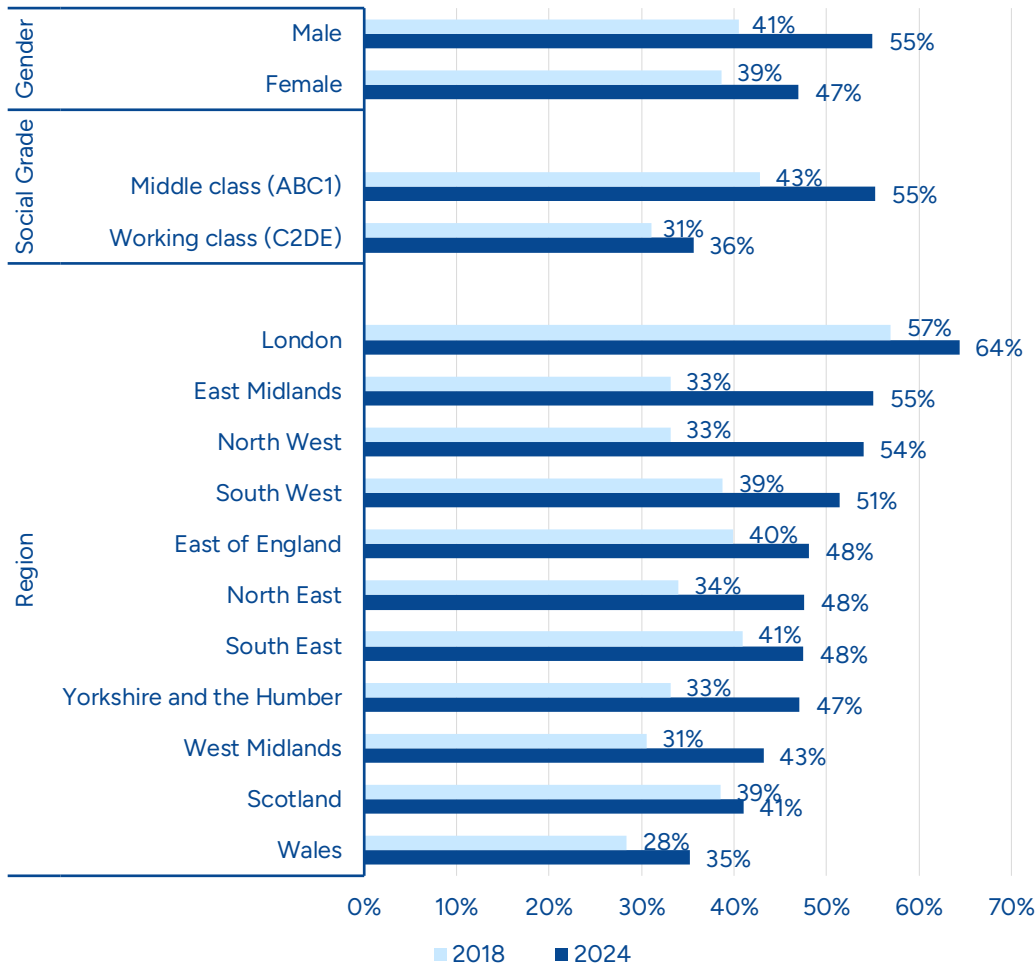


Figure source: Public First polling of recent graduates, December 2024, and [Pay As You Go](#) (Sutton Trust, 2018).

Looking at other characteristics, while 71% of those who attended a private school reported taking part in an internship, only 40% of those at a state school said the same (See Appendix Figure A1). 66% of those with both parents who had attended university and 55% of those with one graduate parent said they have completed at least one internship, compared to 35% of those who said neither parent had attended. There were no differences between graduates of Russell Group universities compared to others.

55% of those identifying as male have taken part in an internship, compared to 47% of those identifying as female. 54% of those aged between 25 and 29 also reported this, compared to 46% of 21 to 24s.

Pay

Overall, 61% of internships were paid at less than the minimum wage, or not at all (referred to here as 'unpaid and underpaid'). 21% of internships were entirely unpaid, 17% were unpaid but included expenses, and 23% were paid below the minimum wage (Figure 3). This is down from 2018, when 71% of internships did not receive the minimum wage. Positively, the proportion receiving no compensation at all has reduced from 41% to 21%. However, there has been an almost threefold increase in the proportion of internships been reported as being paid, but under the minimum wage, from 9% in 2018 to 23% in 2024. While the increase in compensation is welcome, this may be problematic from a legal point of view, and, depending on whether the amount paid is nominal or more substantial, may still come with significant financial barriers, particularly in the context of a rising cost of living.

61%

of internships were paid less than the National Minimum Wage.

Figure 3: Pay received for internships completed by recent graduates, 2018 compared to 2024

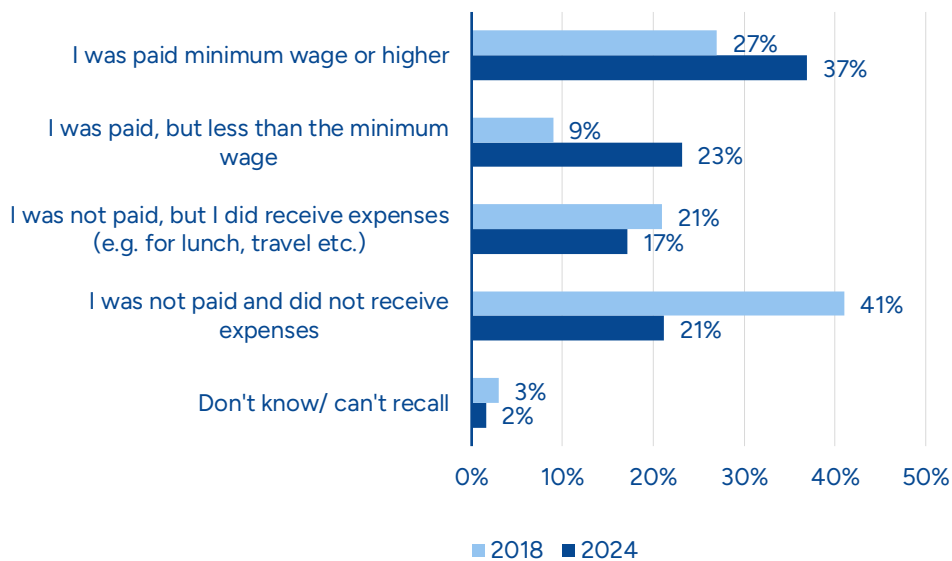


Figure source: Public First polling of recent graduates, December 2024, and [Pay As You Go](#) (Sutton Trust, 2018).

Moving to graduates overall, 35% have taken part in internships classed as 'unpaid or underpaid'; they received no pay for their internship, received expenses only or were paid below the minimum wage. This has risen substantially since 2018, when 27% of graduates reported doing so. 23% have

taken part in at least one internship where they were not paid at all or only received expenses.

37% of graduates from middle-class backgrounds have completed an 'unpaid or underpaid' internship, compared to 28% of those from working-class backgrounds (Figure 4). The participation gap has risen since 2018, when 29% of those from middle-class backgrounds had undertaken unpaid opportunities compared to 23% of those from working-class backgrounds.

37%

of graduates from middle-class backgrounds have completed an 'unpaid or underpaid' internship, compared to 28% of those from working-class backgrounds.

Figure 4: Proportion of graduates participating in 'unpaid or underpaid' internships by social grade, 2018 compared to 2024.

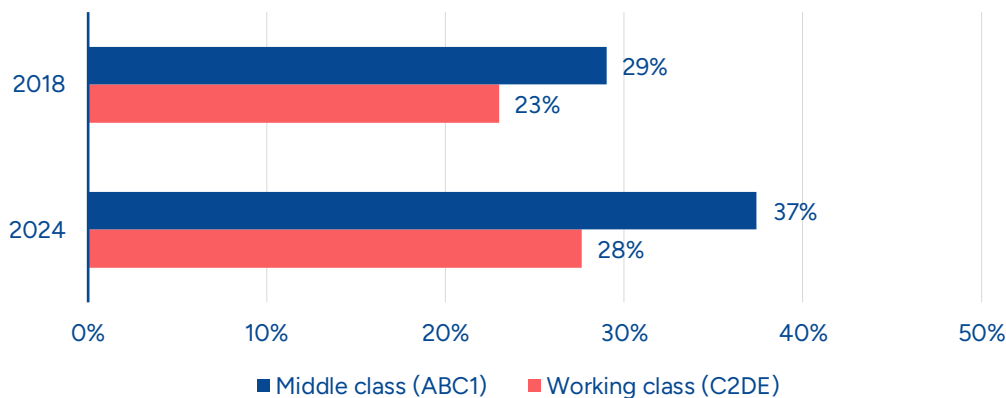


Figure source: Public First polling of recent graduates, December 2024, and [Pay As You Go](#) (Sutton Trust, 2018).

However, when considering only those who did complete an internship, middle class interns were much more likely to obtain a paid position, with working-class interns more likely to be un- or underpaid. This means middle class interns have mostly been the beneficiaries of the growth in paid roles.

50% of those who went to an independent school reported taking an 'unpaid or underpaid' role (Appendix Figure A1), and were twice as likely to have done so compared to those who attended state schools (24%). 38% of those aged between 25 and 29 reported doing so, compared to 29% of those aged between 21 and 24.

Employers

Data from employers shows a growth across all types of internship pay levels. The proportion of employers offering internships paid at minimum wage or above has risen substantially, from 29% of employers to 47% (Figure 5). Internships that are paid, but below minimum wage have increased, also

substantially, from 11% to 17% of employers. Completely unpaid internships have risen from 7% to 9%.

Figure 5: Internships offered by employers, 2018 and 2024

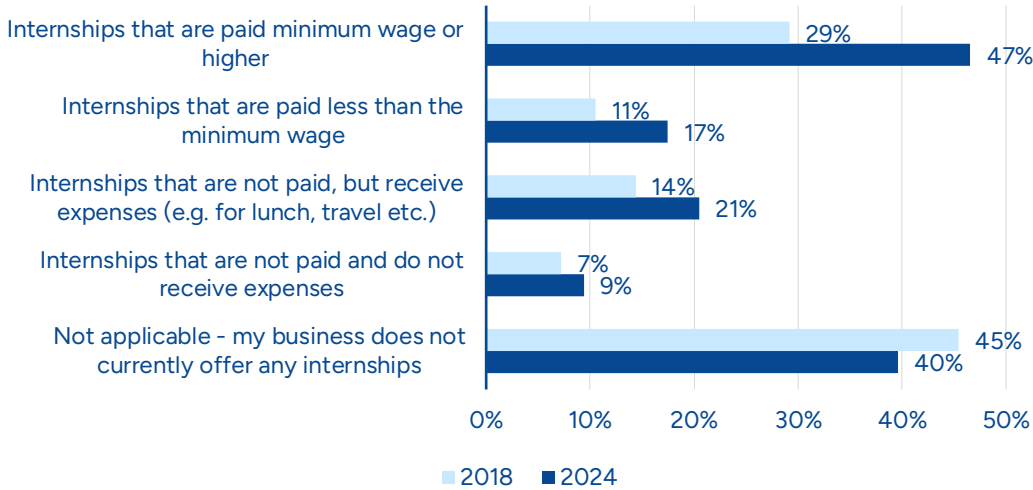


Figure source: YouGov polling of employers, December 2024, and [Pay As You Go](#) (Sutton Trust, 2018).

Overall, around 4 in 5 internship-offering employers offer at least some of their interns the minimum wage. Many employers (40%) offer internships at different levels of pay however. Even at employers who offer at least the minimum wage to some of their interns, 42% also offer internships that are un- or underpaid.

Large employers are much more likely to pay their interns. 71% of large employers pay interns above minimum wage, compared to 35% of SMEs. 49% of employers in London report offering unpaid and underpaid internships, compared to 26% in the North, 21% in the East and Midlands, 12% in the South, and 24% in Scotland. Amongst employers who offer any internships, rates of un- and underpayment were highest in London (61%) and East of England (58%).

The sector most likely to offer unpaid and underpaid internships was real estate (64% of employers; shown on Figure 6), followed, somewhat surprisingly, by construction (54%), with IT & telecoms, finance & accounting and legal also high. Retail was the sector with the fewest, followed somewhat unexpectedly by media/marketing/advertising, and hospitality & leisure.

Figure 6: Proportion of employers offering unpaid and underpaid internships, by sector

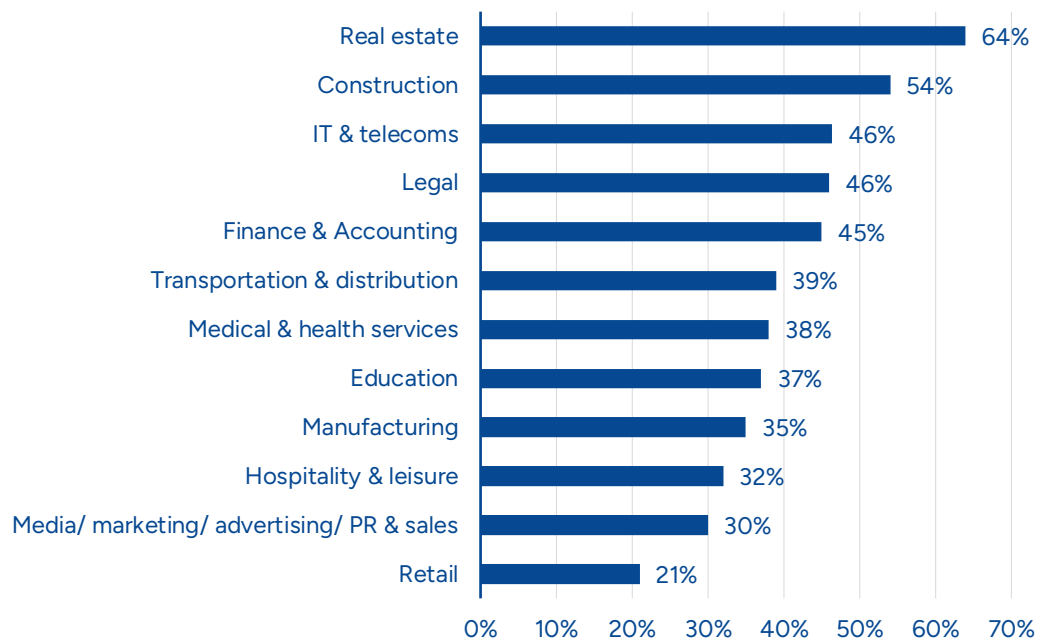


Figure source: YouGov polling of employers, December 2024.

Length

The most common length of an internship reported by recent graduates was between four weeks and three months (31% of all internships). 74% of internships were longer than four weeks. Unpaid and underpaid internships tended to be shorter than those paid the minimum wage, however, 71% were still over four weeks in length, 40% over three months, and almost 1 in 5 over six months.

Of internships that were *entirely* unpaid, 57% were over four weeks in length; 32% were between one and three months; and 13% were between three and six months. 69% of internships where *only expenses* were paid lasted more than a month, compared to 85% of paid internships (below the minimum wage) and 82% where wages were of minimum wage or higher.

Employers reported the typical internship not paid the minimum wage to be between two weeks and a month, with 45% over a month, and 11% more than three months. This is substantially different to what interns reported.

Number of internships

27% of recent graduates have completed more than one internship, with 10% having completed three or more.

Middle-class graduates (31%) were just over twice as likely to have completed more than one internship compared to working-class graduates (15%) (Figure 7). 44% of respondents who had attended a private school said they had completed multiple internships, compared to 18% of those who attended a state school.

Figure 7: Participation in multiple internships, by social grade

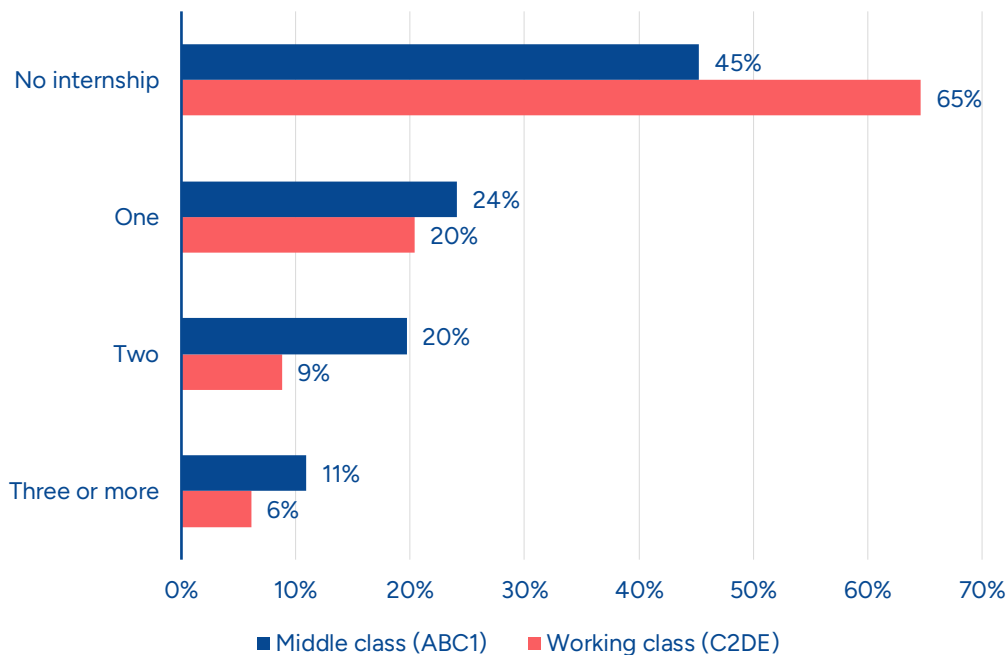


Figure source: Public First polling of recent graduates, December 2024.

Considering interns solely, 53% have completed more than one internship. 20% have done three or more, and 6% had done four or more. The proportion of interns doing multiple placements has gone up from 46% since 2018, so there are both more young people completing internships, and those who do, do more of them.

Barriers to internships

Reasons for not taking an internship

48% of those who reported not taking part in an internship said they would have liked but were unable to. When those who did not take part in an internship were asked for the main reason, 39% said they did not want to or thought it wasn't necessary for their career. 29% said they could not find internships that appealed to them; 19% said they could not afford to take an internship; 21% said there were no internships where they live and they were

unable to relocate; and 18% were not accepted onto internships they applied to.

26% of respondents from working-class backgrounds said they could not afford to take an internship, compared to 15% from middle-class backgrounds.

Figure 8: Reasons for not taking part in internships, by social grade.

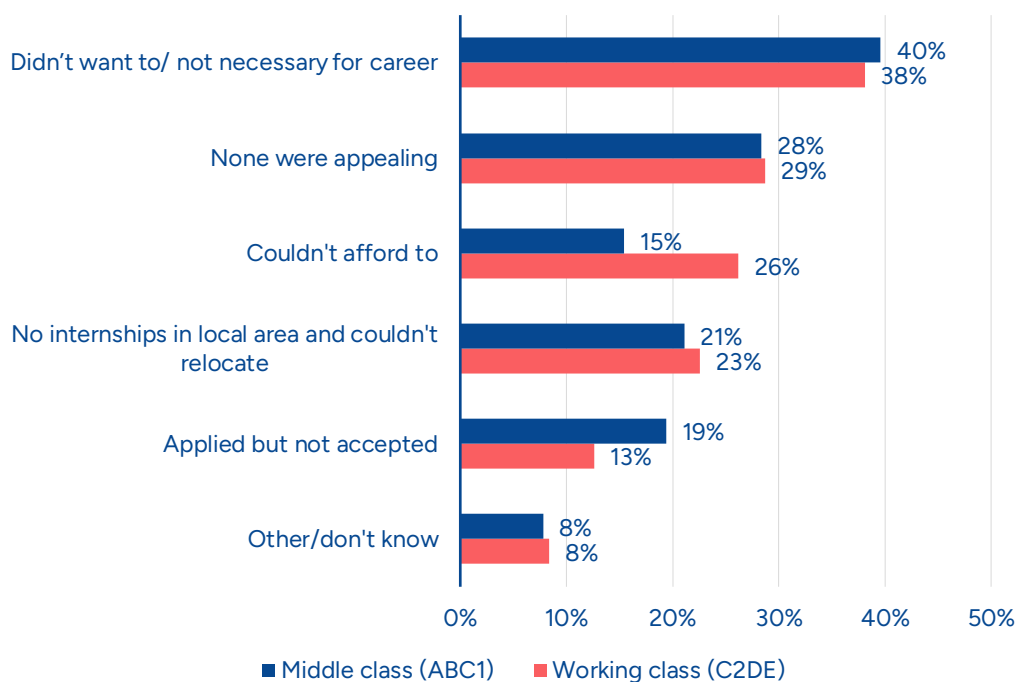


Figure source: Public First polling of recent graduates, December 2024.

While 64% of respondents in London and 55% in the East Midlands reported taking part in at least one internship, just 43% in the West Midlands and 47% in Yorkshire and the Humber had done so. In Scotland the figure was 41%, and in Wales 35%.

Funding unpaid roles

Money is a key barrier when so many internships continue to not be paid the minimum wage, and with the rising cost of living, even minimum wage jobs in a big city where accommodation costs are high can be out of reach for many.²⁹ When those who took part in an internship with no pay or only expenses were asked how they funded themselves, 2 in 5 (40%) said they received money from their parents (Figure 9). This figure has risen substantially in the last six years, from 26%. 39% said they could live with family or friends for free. 27% said they worked in a paid role alongside their unpaid internship while 29% had

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saved money from previous work (down from 37% in 2018). 19% used their student loan as the role was during their time at university.

Figure 9: Ways unpaid interns funded their placements

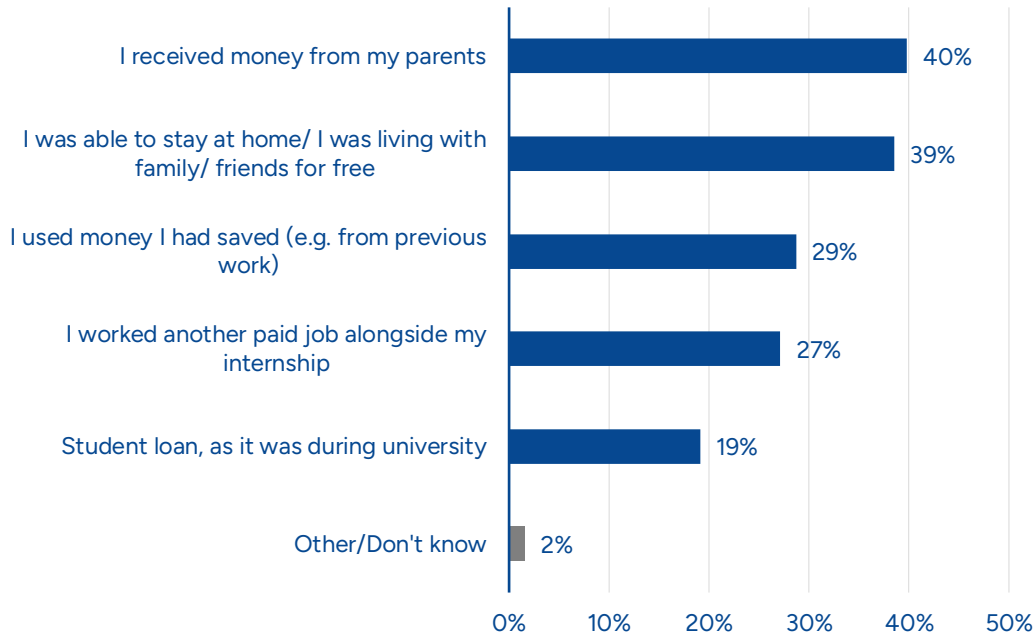


Figure source: Public First polling of recent graduates, December 2024.

42% of those who went to a private school said their parents supported them financially, compared to 31% of those who attended a state school. 45% of those identifying as male said their parents supported them, compared to 36% of those identifying as female.

40% of those from middle-class backgrounds said they were able to live with friends and family for free – seven percentage points higher than working-class graduates. 43% of those identifying as male reported this compared to 35% of those identifying as female.

Those from working-class backgrounds were more likely to supplement their income by working in another role at the same time as their unpaid internship – 33%, compared to 26% of those from middle-class backgrounds and 20% of those who attended a private school. 29% of those identifying as female reported this compared to 25% of those identifying as male.

31% of those who attended a state school used money saved from previous work compared to 28% of those who went to an independent school. 35% of those identifying as male reported this compared to 24% of those identifying as female.

How internships were found

Previous Sutton Trust research has documented how many internships are never advertised, but are offered to the children of employees, clients or other networks, which excludes many young people without access to those contacts.

Just 11% of internships were found by responding to an open advertisement, down from 15% in 2018. In contrast, 20% were found through family members or friends who had a contact in the organisation running the internship, and a further 9% through a work colleague. Around 1 in 5 (21%) of internships were sought out by students themselves by proactively approaching an employer. The proportion of internships gained through networks is slightly up in the last six years, from 17% to 20%.

Educational institutions play a significant role in securing internships, with almost 1 in 5 overall (19%) organised through the young person's university or college. These internships tend to be longer than average, slightly less likely to be paid the minimum wage, more likely to be taken by working-class young people and slightly more likely to be rated as 'very helpful'.

Internships found through an advert were much more likely than others to be paid above the minimum wage (53%), compared to 30% of those accessed through networks.

As you would expect, working-class graduates and those with less social capital were less likely to access internships via networks. However, they were more likely to have found their internship via proactively approaching an employer, perhaps as they had fewer connections.

Social capital

Social capital is often posited as having a significant influence on educational and labour market outcomes. A major study in 2022 indicated 'economic connectedness', i.e. social connections with those of high socio-economic status, plays a significant role in social mobility.³⁰ Early labour market experiences are one area where networks can play a role, both in terms of having connections into certain industries who can make introductions, but also in understanding how certain industries work, and 'the rules of the game'.

In order to look at this in relation to internships, respondents were asked if they personally knew individuals from a variety of occupations.³¹ 67% had family connections with at least one from a list of six professional occupations. Those from middle-class backgrounds, those who attended private schools and those living in urban and suburban areas were more likely to have such connections.

Having a family or neighbour professional connection (of any sort) was associated with a greater likelihood of undertaking an internship amongst graduates. Those who knew at least one person in a professional occupation were around twice as likely to say they had completed at least one internship, at 60% compared to 33% of those without a connection. The number of connections someone had was also positively associated with the likelihood of taking part in an internship (Appendix Figure A1).

“A middle-class graduate with at least one connection was almost three times more likely to undertake an internship compared to a working-class graduate without connections.”

This relationship holds even when combining with the class background of the young person (Figure 10). A middle-class graduate with at least one connection was almost three times more likely to undertake an internship compared to a working-class graduate without connections. However, for working-class graduates, the gap is much smaller. In fact, working-class graduate with connections was more likely to undertake an internship, paid or unpaid, than a middle-class graduate without connections.

Familiarity and comfort in certain professional environments can play a role in social exclusion. Those from middle-class backgrounds were much more likely to say they felt that internships were “for people like me”. However, again, a working-class graduate with connections was more likely to feel this than a middle-class graduate without connections.

Figure 10: Proportion of graduates undertaking internships, by social grade and connections with those in professional occupations

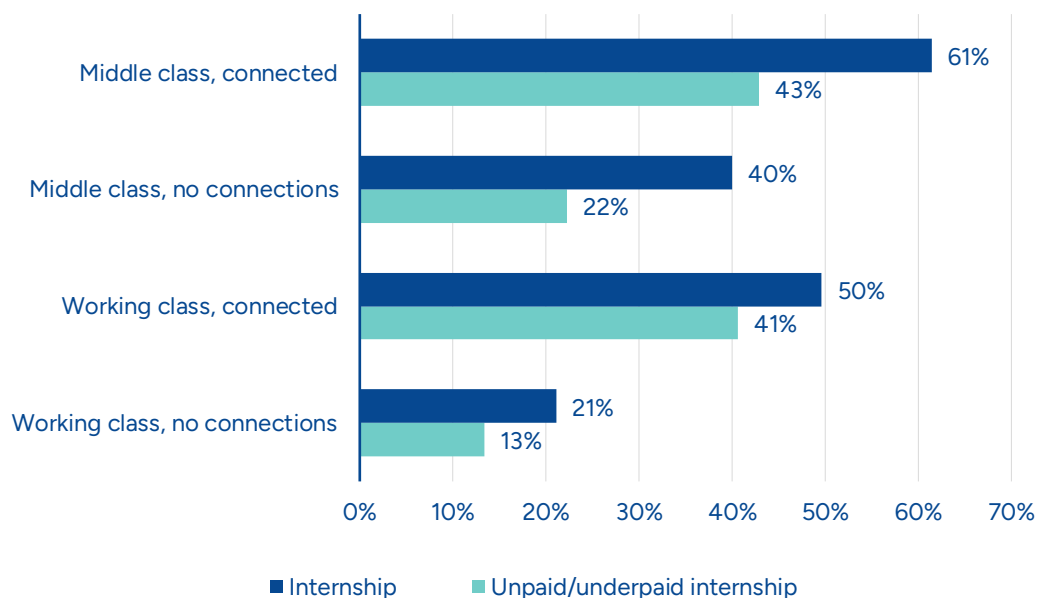


Figure source: Public First polling of recent graduates, December 2024.

Views on internships and the graduate job market

Usefulness

Overall, 62% of internships were rated as 'very helpful' to the graduate's early career, and a further 27% as 'somewhat helpful'. When asked to consider all the internships they have done, 31% of those currently in work said they were only able to get their current job because of their internship(s), with a further 38% saying they could have got their job without completing their internship, but it would have been more difficult.

Figure 11: Importance of internship to finding first job

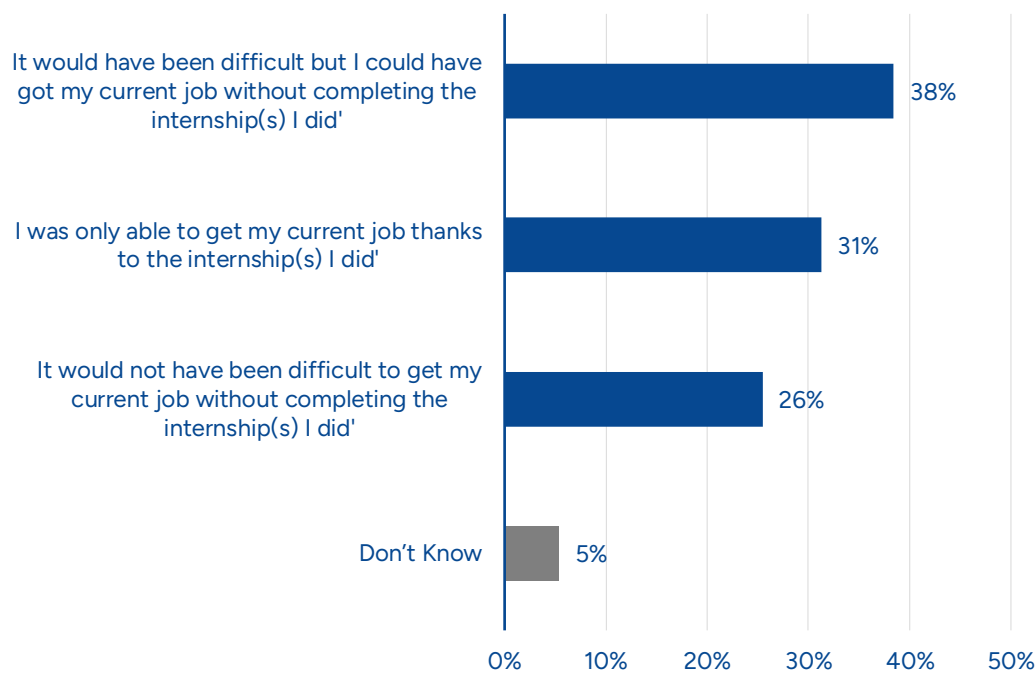


Figure source: Public First polling of recent graduates, December 2024.

32% of middle-class respondents said it was only because of their internship(s) that they got their current job, compared to 27% of working-class respondents. 38% of respondents who attended a private school said the same, compared to 30% of those who attended a state school. 34% of respondents aged 25 to 29 said this compared to 25% of those aged between 21 and 24.

7 in 10 graduates said that internships tended to be hard work, but around two thirds also viewed them as rewarding.

41% agreed that internships are a way for richer people to find jobs, whilst 29% disagree. 45% of those who attended a state school agreed with this

statement, compared to 36% of those who attended private schools. While 24% agreed when asked for their view on the statement 'The best jobs are only really available for those who do internships', 43% disagreed.

Participation in internships amongst peers

52% have at least one friend who has completed an unpaid internship, with 30% having multiple friends who have done so. Those from middle-class backgrounds were 14 percentage points more likely to say at least one friend had completed an unpaid internship compared to their working-class peers, at 55% compared to 41% respectively. This is even higher for those who attended private schools, at 70% compared to 45% of those who attended a state school.

When asked about what they had seen amongst their peers, 36% said that those early in their career found roles through connections, while 29% thought they found them through open and competitive applications. 29% thought it was roughly an even split. Those from middle-class backgrounds were more likely to choose social connections, while those from working-class backgrounds were more likely to say it was an even split between connections and open applications. Almost half of graduates felt that internships were not transparent about how you can apply, compared to less than a third who felt they were.

Choices after graduating

Graduates were also asked several questions about their decisions about work and internships after they graduated. 45% said that they needed to go straight into paid work to support themselves after graduating, compared to 53% who said they could stay with friends and family for a bit while they worked out what to do for work. 51% of working-class respondents needed to work to support themselves compared to 43% of middle-class respondents.

When asked, if they were offered an unpaid internship in their dream job after university, would they have been able to take it, 33% said they would not have been able to take the role. 41% of respondents from working-class backgrounds said this compared to 32% from middle-class backgrounds. 37% of those who attended state schools said the same, compared to 28% of those who went to private schools.

Over half (54%) of respondents said they would consider an internship now for the right job. 50% of those who attended state schools would consider one compared to 62% of those who attended private schools. Appetite declines as graduates get older - 64% of 21 to 24s would consider taking an internship now, compared to 49% of 25 to 29s.

Legality and reform

Employers were asked about their views on banning unpaid internships and their current understanding of the law.

Perhaps surprisingly, just 20% of the HR decision makers surveyed believe the status quo on unpaid internships should continue. 38% of employers would like to see unpaid internships banned, and 30% would like to see better enforcement of minimum wage legislation. There was a slight preference for setting a maximum length (e.g. two or four weeks) for an unpaid placement, but a substantial proportion (17%) felt that all unpaid placements should be explicitly banned.

With the Government having pledged to tighten rules in this area, three quarters of internship-providing employers say a ban on unpaid internships over four weeks would not impact the number of opportunities they provide. Just 8% said it would impact the supply of opportunities substantially.

However, just 30% of HR decision makers report that they 'completely' understand current rules around the minimum wage and unpaid placements, with 20% slightly or not understanding at all the rules. This is likely to be higher amongst non-HR professionals.

Considering internship employers only, 38% say current legislation should be enforced more strongly, while 36% are in favour of an explicit ban on unpaid internships.

Amongst employers who provide unpaid or underpaid internships, 22% said they wouldn't need to change their approach (for example, because they were of short length), 43% said they would offer the same number of opportunities, 24% said they would slightly reduce the number of opportunities, and 9% said they would greatly reduce the number of opportunities.

Graduates overwhelmingly felt that the length of unpaid placements should be restricted, when asked what maximum length should be allowed, 11% said up to two weeks, 25% said up to four weeks and 22% said up to three months. 16% said they should never be allowed. 17% of those who went to state schools said they think unpaid internships should never be allowed, compared to 11% of those who went to private schools.

38%

of employers would like to see unpaid internships explicitly banned.

Discussion

The new data published here shows that the growth and relevance of internships to the graduate jobs market has continued unabated. There are clear signs of progress on internship pay since the last Sutton Trust report, with more employers paying their interns than ever before. There has also been greater attention on the issue internationally, and the new UK Government is promising to tighten regulations.

However, with the number of internships rising more generally, unpaid and underpaid internships still abound, with higher numbers of graduates having undertaken at least one compared to 2018. At a time when the graduate job market is as competitive as ever and the cost of living (particularly in major cities) has soared, young people are increasingly reliant on the 'Bank of Mum and Dad' to survive. That means many from less well-off backgrounds are simply unable to take unpaid internships that could open the door to their desired career.³² The widening of the class gap in internship participation should be of significant concern for social mobility.

However, the new Government now has the opportunity to make change. Ahead of the 2024 election, the Labour Party's 'New Deal for Working People' set out plans to ban unpaid internships, unless they are part of an education and training course,³³ which was reiterated alongside the launch of the Employment Rights Bill in October 2024. It is vital this opportunity is taken, in consultation with young people and employers, to make effective changes to regulations in this area and to ensure new measures offer clarity to both young people and employers, as well as having real teeth.

Unpaid internships lasting over four weeks should be outright banned, and interns doing anything more than work shadowing, regardless of placement length, should receive at least the National Minimum Wage. From rent to food to bills, costs for young people starting out in the world of work are spiralling.³⁴ Taking on an unpaid role is not an option for many of those without financial support from family or savings. Offering paid positions to interns would open up access to internship opportunities, while also giving employers the chance to widen the talent pool they are hiring from. Better matching of talent to opportunities, rather than simply those who 'know the right people' is likely to be ultimately beneficial both to employers and to the economy more widely.³⁵

To improve clarity for employers when offering pay to their interns, a category of 'intern' should be created, for an adult undertaking such work for a period of longer than four working weeks. These workers should automatically be entitled to the minimum wage, other than in the case of existing exceptions such as

“At a time when the graduate job market is as competitive as ever and the cost of living (particularly in major cities) has soared, young people are increasingly reliant on the ‘Bank of Mum and Dad’ to survive.”

university sandwich years or charity volunteering. This would bring transparency for both interns themselves and their employers.

While this report shows that most unpaid internships are over four weeks, short work experience placements and genuine volunteering work would be unaffected by the proposed change in the law. The 2017 *Taylor Review of modern work practices* concluded that if employers are gaining 'value' from an internship, then they are most likely a worker and entitled to the minimum wage.³⁶ Indeed, given the growing prevalence of internships it seems likely that many businesses could not operate as usual without them.³⁷ While young people and employers should continue to have the flexibility to both take and offer shorter work experience placements, particularly those under 18, existing minimum wage law should continue to apply if those undertaking short placements are doing more than simply work shadowing.

Irrespective of the legal position, employers should consider paying those on shorter placements where they can in order to ensure opportunities are open to the widest possible group. Employers should also support young people, on both short and long placements, with travel costs, both during the role and the interview stage, to prevent these expenses being a barrier to applying. Upfront advances on the first month's pay can also help with those who might need to relocate and do not have a financial cushion to do so.

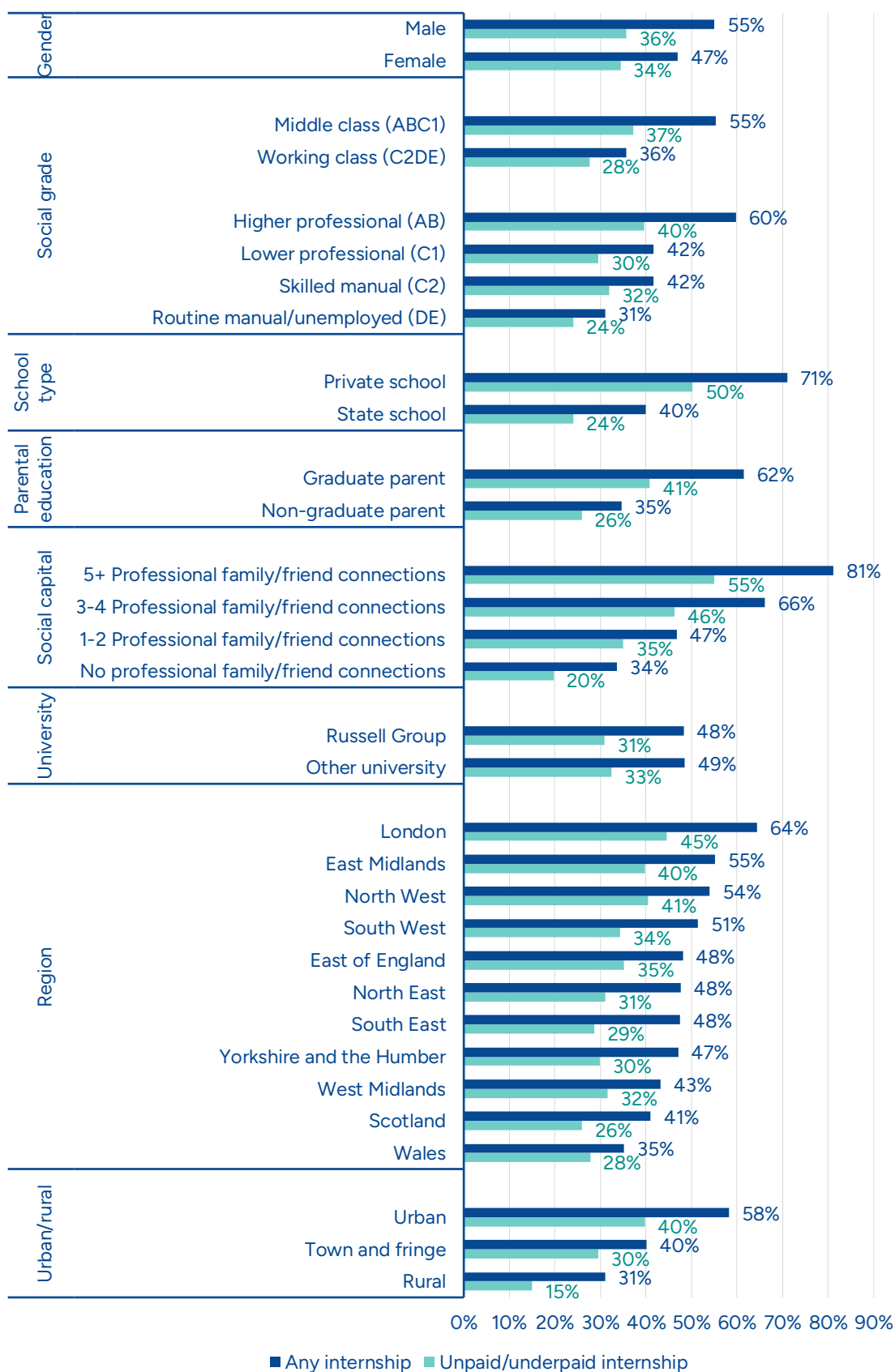
If placements taken in the course of education are also excluded by any ban, it is vital that student maintenance support is adequate to truly support the cost of living for disadvantaged students whose only source of income is often their student maintenance allowance, and who may need to forgo paid work in order to take up an internship in their chosen field. The Sutton Trust has long called for the reinstatement of maintenance grants, with costing models set out ahead of the 2024 general election.³⁸

As this report has shown, finance is not the only barrier to access. In fact it is middle-class interns who have benefitted more from the rise in paid internships. It is vital that internship positions are publicly advertised. Currently, many internships are never advertised – they are instead offered through informal networks, to friends or family of staff. This prevents talented young people without connections to certain industries from finding such roles and holds employers back from finding the best talent. Internships should be advertised publicly, so that regardless of connections, all potential applicants can apply. As well as being openly advertised, the recruitment process itself should also be fair and transparent, upholding the same standards of recruitment as other jobs. All internships should be awarded to the best candidate, not based on personal connections.

“Better matching of talent to opportunities, rather than simply those who ‘know the right people’ is likely to be ultimately beneficial both to employers and to the economy more widely.”

With the class gap in access to internships widening, it is more important than ever for government and employers to grasp this issue if we are to offer opportunities in the workplace for all young people, and make the most of the talent spread across the UK.

Appendix Figure A1: Summary table - proportion of graduates undertaking internships and unpaid/underpaid internships



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