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Why Interns Need a Fair Wage

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Institute for Public Policy Research

Challenging ideas – Changing policy

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About ippr

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About Internocracy

Internocracy is a multi-award-winning youth-led social enterprise whose purpose is to lower the barriers and raise the bar in internships. Internocracy works with organisations to accredit their internship programmes with the only youth-led internship quality mark – the I.SIP mark – which was featured as a key case study in the Panel on Fair Access to the Professions' Final Report.

Internocracy also helps organisations to structure and design top quality internship programmes, both in the UK and abroad.

The operating surplus from these activities is ploughed back into practical programmes such as 'Proper Job Clubs' to support young people from disadvantaged backgrounds into internships or permanent employment in the UK.

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1. Introduction

Thousands of organisations across the United Kingdom rely on unpaid workers in the form of interns to do tasks that are vital to their business. In return, unpaid interns gain valuable experience, make important contacts and often get the chance to secure a permanent job in their chosen sector. It sounds like an obvious win-win situation for intern and employer – but what about young people who cannot afford to work for free in this way?

This briefing paper examines the role and nature of unpaid internships in the UK. Many well-qualified, talented and passionate young people lack the resources to pay their own way through an unpaid internship, which could be full-time and last three, six or nine months. The experiences and contacts that flow from an internship can be out of the reach of young people from less affluent backgrounds if the internship in question is unpaid.

In this paper we argue that the informal system of unpaid internships operating in many of our most exciting and influential industries, like fashion, politics and the media, actively excludes young people who come from less well-off families. This helps to ensure that certain industries and professions continue to be dominated by people from particular backgrounds, perpetuating inequality and dampening opportunities for social mobility.

We propose a gradual phasing out of unpaid internships, which would have to be achieved in different ways in the public, private and third sectors and be supported by trades unions, employers' organisations and government. We also discuss some options for ensuring that more young people have access to paid internship opportunities – particularly important given current high levels of youth unemployment – and other ways of increasing the diversity of people doing internships.

2. What is an internship?

There is no standard definition of what constitutes an internship, no single internship programme even within particular industries and no one framework outlining what an internship should look like. Internships vary in length, content, intensity and quality and employers use internship programmes to meet different organisational needs.

At the same time, there have not been any robust, cross-sector surveys of interns or organisations employing interns. This means it is very difficult to build up a picture of how many interns we have in the UK at any one time, and what they do.

Drawing on conversations with former and current interns and organisations that use interns, we have developed a typical picture of what an internship looks like, and note the following characteristics:

a) Length

Internships tend to last for at least three months and can run to six or 12 months. Sometimes internships can be shorter and some last just a few weeks, although we have found these kinds of internships to be relatively rare.

b) Time commitment

Interns usually have an agreement to work set hours – so a full-time intern would usually be expected to put in the same hours as a full-time, paid member of staff. Many interns are expected to work full-time.

c) Work expectations

Interns are usually required to complete specified pieces of work and to work towards set goals or deadlines. They may also have their performance monitored and evaluated.

d) Contribution

Interns usually conduct work which would otherwise be done by someone else, probably a paid member of staff, and so make a significant and valuable contribution to an organisation.

The opportunities that result from an internship will vary from employer to employer, but the aim is for interns to gain hands-on experience of working in a particular industry, which often makes an invaluable addition to their CV. Interns may attend internal and external meetings, get involved in project development or evaluation, and/or produce reports or briefings for other staff. They often make industry contacts, both within their own organisation and beyond, which can help secure future employment, and they develop an understanding of how an industry really works.

Internships normally work in a different way to work experience or volunteering. Genuine work experience placements tend to last for just a few weeks and primarily involve work shadowing and the completion of small tasks that do not form a core part of an organisation's work. Volunteering can take many forms, but for most people it does not involve full-time, set hours or specific required duties. Government guidance on the minimum wage and interns states that 'volunteers are under no obligation to perform work or carry out your instructions ... and so can come and go as they please' (Department for Business, Innovation and Skills 2010).

3. Internships in the UK

Our understanding of who interns are, what they do and how much they are paid is hampered by a lack of robust data about interns and organisations offering internships. We have to draw on lots of different sources, primarily non-representative surveys carried out by various organisations, alongside anecdotal evidence based on our numerous encounters with interns past and present. In future, it would be useful to have more complete sources of data about interns and internships, including some longitudinal evidence to see what interns do next.

Interns are often university graduates starting looking for their first role in a particular industry. Some people also do internships before starting university, and the Panel on Fair

Internships at ippr

Interns working at ippr are paid the London Living Wage (currently £7.60 an hour) and receive holiday and sick pay, and a contract of employment. Vacancies are widely advertised and there is a standard recruitment process in place. Internships normally last between three and six months and tasks include desk-based research, and helping to organise events and research interviews. Interns are also able to attend relevant internal and external meetings.

ippr's primary motivation for paying interns was to make sure the opportunity was available to people who cannot rely on financial support from their parents. Paying interns the London Living Wage (which is significantly below the salary paid to junior researchers at ippr) strikes a balance between paying a fair wage and recognising that most interns have little prior experience and will require more supervision than other staff.

Access to the Professions noted that this can help young people secure a place at a top university (Panel on Fair Access to the Professions 2009). Some university students also undertake work placements as part of their course which can last for up to 12 months and are sometimes called internships. These work placements are outside the scope of this paper as there are different financial considerations for full-time students undertaking compulsory work placements as part of their studies.

The Chartered Institute of Personnel and Development (CIPD) estimates that more than one in five employers planned to hire interns between April and September 2010 (Chartered Institute of Personnel and Development 2010a)¹. This is the equivalent of 280,800 organisations across the UK, potentially offering a quarter of a million internship places over the summer. This is an increase from summer 2009, when just 13 per cent of employers surveyed by the CIPD planned to take on interns, suggesting that internship opportunities are growing again as the economy recovers from recession.

Internships are concentrated in particular industries, including some of the most competitive and attractive sectors. These include Parliament and politics, creative industries like media, publishing, fashion and advertising, and some of the high-paying professions like law and veterinary science. Again, we have no numbers on precisely how many interns are to be found in each sector but there are some small studies of internships in particular industries. For example, a study by the union Unite estimated that there are around 450 unpaid interns working in Parliament and the constituency offices of MPs (Unite 2009).

Evidence from the CIPD's annual Training and Development Survey suggests that many internships are in fact offered as paid placements. The 2010 survey found that around half of organisations pay their interns at least the adult minimum wage (CIPD 2010b)². However, just under a fifth (18 per cent) did not pay a wage and just under a third (28 per cent) paid less than the adult minimum wage. Smaller organisations were also less likely to pay their interns. The survey also found that unpaid interns tend to receive travel expenses, with only 3 per cent of respondents saying they do not cover travel costs.

The content and structure of internships varies considerably across different organisations and industries. There is some anecdotal evidence which has led to concerns about the quality of some internships, particularly those that involve only the most basic and generic office tasks (photocopying, tea-making, booking appointments and so on) with few opportunities for interns to 'learn by doing'. A full discussion of quality issues around internships is beyond the scope of this paper, although these issues do have some implications for intern pay. A number of organisations, including Interns Aware, Interns Anonymous and the CIPD, are working to improve the quality of internships and the final report of the Panel on Fair Access to the Professions included recommendations on this issue (Panel on Fair Access to the Professions 2009).

The Government has become directly involved in promoting internships through the Graduate Talent Pool initiative, launched in July 2009 to provide additional opportunities for graduates struggling to find work as a result of the recession. The scheme has so far matched over 5,000 young people to internship opportunities (Low Pay Commission 2010). There is no requirement for these internships to be paid – employers are directed to guidance on minimum wage legislation but it is left to individual organisations to make sure they are complying with the legislation. New rules mean that graduates who have been

1. Based on a survey of 787 human resources managers who are members of the CIPD.

2. Based on a survey of 724 organisations in the UK. The CIPD recognises that the sample is skewed towards larger employers, so the results may be not fully representative.

receiving Jobseeker's Allowance for more than six months are able to undertake an unpaid internship for up to 13 weeks and receive a training allowance equivalent to JSA. The Coalition Government has also said it will seek ways of helping employers create internships as part of its programme of work to reduce youth unemployment, and intends to provide internships in every Whitehall department for people from ethnic minority backgrounds (HM Government 2010).

4. Why unpaid internships are exclusive and unfair

Internships are great for gaining vital work experience, understanding what work is like in a particular sector and developing valuable contacts. The Panel on Fair Access to the Professions is clear that for many occupations candidates with an internship on their CV are much more attractive to a prospective employer than those who have not had this experience. Further, the CIPD found that three quarters of employers agree that internships can be used as a way to 'test' potential new staff (CIPD 2010b). In some professions, such as journalism or veterinary science, the Panel on Fair Access found it was almost impossible for a young person to find employment unless they had already done an internship or a substantial period of 'work experience' (Panel on Fair Access to the Professions 2009).

Our primary concern about unpaid internships is that people who are unable to work for free are excluded from these career-changing opportunities. Many young people who complete unpaid internships will do so while living at home (or living rent-free with friends or family), with their living expenses covered by their parents. This is often not possible for families with low incomes or for young people whose parents are not prepared to support them financially.

There is no robust and independent source of data to provide evidence that young people from low-income families are regularly missing out on internship opportunities. However, the Panel on Fair Access to the Professions quoted submissions from various professional bodies that supported this argument, as have our own conversations with current and former interns and other young people.

Affordability problems associated with unpaid internships are compounded for people who do not live near London or have family or friends they could stay with while completing an unpaid internship. Submissions to the Panel on Fair Access to the Professions indicated that many internship opportunities are based in London – including 90 per cent of internships in law, nearly 60 per cent of banking internships and half of internships in the IT sector. This means that many young people from less affluent families outside the South East are also more likely to miss out.

If internships are unpaid, there is also a greater risk that they are not treated like other roles within an organisation. This could mean that they are not openly advertised or that there is no formal recruitment process. The Panel on Fair Access to the Professions found that internships often operate as part of an 'informal economy' where opportunities depend on personal contacts rather than proven ability or potential. This further limits opportunities for people who lack the right contacts, particularly if they come from families where there is no tradition of working in certain occupations. When internships are paid, the de facto existence of an employment contract may create an incentive for employers to develop more formal recruitment processes for such roles.

The difficulties that young people from less affluent backgrounds face in accessing internships represents an unfairness for the individual and potentially a waste of talent if an

able young person is denied the chance to enter their chosen occupation. It also adds to existing patterns of inequalities in both economic well-being and power by helping to ensure that certain occupations and sectors remain dominated by people from particular backgrounds. The occupations that tend to rely on unpaid internships tend to be those offering above-average wages and associated with higher socio-economic classes, so if less affluent people are excluded from them they have less chance of achieving social mobility – moving up the income or class scale from their parents' position.

Many of the sectors in which unpaid interns are most widespread also wield enormous power. These include the media, politics, and publishing as well as policy and campaign functions in government, business and the third sector. We know that many of these roles are dominated by people from particular backgrounds – people from higher social classes, who were privately educated or went to the top universities. Unpaid internships play a small part in helping to perpetuate the exclusion of people from certain backgrounds from influential roles and contributing to continuing inequalities in power.

The Low Pay Commission – the body that advises government about the National Minimum Wage (NMW) – has become increasingly concerned about the scale of unpaid internships in particular sectors. The Commission asked the Department for Business, Innovation and Skills to propose a strategy for improving awareness of minimum wage requirements among private sector employers and to engage directly with employers in particular sectors, by summer 2010. The current remit of the Commission requires it to focus in particular on the employment prospects of young people including those in apprenticeships and internships, and the results will be published in its 2011 report.

5. The legal position of interns

There is no legal definition of an internship or intern, but there is legislation that can help us understand the legal position of interns. When trying to ascertain whether or not an intern should be paid at least the minimum wage, the key issue is whether they could be classified as a 'worker' under the National Minimum Wage Act 1998.

Under the Act, a worker is someone who has a contract of employment or any other contract that requires the individual to personally carry out work or services for another party (assuming the individual is not genuinely self-employed or employed by someone else to work for an organisation, like a lawyer or accountant). Whether an employer calls this arrangement an internship, work experience or a job is immaterial – what matters under the law is what happens in practice and whether an individual can be defined as a worker. The contract between an organisation and a worker can be 'express or implied' and can be written or oral.

Under the Act, all workers must be paid at least the minimum wage, unless they are the subject of a specific exemption, as follows:

- People doing government-accredited apprenticeships³ and some kinds of work-based training schemes
- Students doing a first degree or teacher training course who are working for up to 12 months as part of their course
- Volunteer workers employed by a charity, voluntary organisation or statutory body

3. However, from October 2010, all apprentices will be entitled to a minimum wage of at least £2.50 an hour.

- Some other smaller groups, like formerly homeless people receiving shelter in return for work.

Any arrangement where an individual is not classified as a worker is outside the scope of the NMW Act. This could apply to work experience or work shadowing, as long as the arrangement between the individual and the organisation is not such that the individual is in effect a worker.

It is impossible to say categorically that all interns are workers, or that interns with a particular kind of contract or arrangement with an organisation are definitely workers. The only way to know for certain is for an intern to take their case to an employment tribunal, and the outcome would apply only to that specific case (see case study).

However, we propose that the four common features of the internships we have come across in our research, set out above, mean that many interns currently working in the UK could be defined as workers under minimum wage legislation. In addition, the CIPD states that, 'if an intern is contributing to an organisation, if they have a list of duties and if they are working set hours then technically they should be paid the NMW. These criteria will undoubtedly apply to many internships currently being offered by employers' (CIPD 2010c).

The implications of the NMW Act in relation to interns are different for private companies and for voluntary, charitable and statutory organisations, as we explain below.

Internships in the private sector

Our understanding of internships means that they will usually fit the definition of worker contained in minimum wage legislation. Since private companies are not able to make use of any of the minimum wage exemptions when it comes to interns (because they are not able to employ 'voluntary workers'), we argue that private companies will normally be under a legal obligation to treat people employed on internship programmes as workers and to pay them the appropriate minimum wage.

In practice, many private sector organisations openly offer unpaid, expenses-only internships that could almost certainly not be described as work experience. Employers often mistakenly believe there is a 'grey area' around internships in the NMW legislation that allows them to take on unpaid interns as long as both sides understand it is a voluntary position – but this is simply not the case. The law is in fact very clear and the problem is a failure of enforcement.

The Low Pay Commission has received evidence from a number of trades unions and campaign organisations that suggests that employers in certain industries are regularly advertising unpaid internships that appear to break minimum wage rules (Low Pay Commission 2010). The Commission concludes that there is evidence to indicate that, 'there is systematic abuse of interns, with a growing number of people undertaking "work" but excluded from the minimum wage' (ibid: 110).

The provisions of the NMW Act are enforced by Her Majesty's Revenue and Customs (HMRC) through a national helpline and teams of enforcement officers. However, HMRC has

Case study: Nicola Vetta and London Dream Motion Pictures Ltd

In November 2009, Reading Employment Tribunals ruled that someone employed on an expenses-only basis is still entitled to the National Minimum Wage if they can show they are a 'worker'.

Nicola Vetta was taken on as an assistant in the Art Department of London Dream Motion Pictures Ltd after she responded to a job advertisement offering an expenses-only internship. The Tribunal ruled that the nature of Ms Vetta's role at LDMP meant that she could be defined as a worker and therefore was eligible to the NMW, regardless of the existence of an employment contract or the wording of the job ad.

tended to focus its proactive enforcement work on low paying sectors where exploitation of vulnerable workers is a risk, with a particular focus on sectors employing significant numbers of migrant workers. At the same time, interns are very unlikely to raise concerns about their situation via the HMRC helpline because they generally enter into internships voluntarily and are keen to maintain good relations with their employer and in their chosen sector more generally (Low Pay Commission 2010). Many interns are also unclear about how the NMW legalisation applies to them. HMRC does not record when callers to its helpline identify themselves as interns so it is difficult to know how many complaints it has received about unpaid internships (ibid).

Given the limited resources for minimum wage enforcement available to HMRC, it is right that they focus on sectors and businesses where the risk of exploitation of vulnerable workers is greatest. But this does mean that employers in other sectors have been able to offer unpaid internships that may fall foul of the NMW Act without significant scrutiny from the agency responsible for enforcing the Act. Essentially, private sector employers are almost certainly being allowed to break the law (whether intentionally or not) while enforcement authorities turn a blind eye. The Low Pay Commission has suggested that HMRC should be more proactive in investigating cases and sectors where terms like ‘intern’ or ‘work experience’ are involved, and notes that HMRC may be revising its approach to enforcement in this area (Low Pay Commission 2010).

The current situation leaves employers open to claims by current and former interns to compensation through the employment tribunals and employers can be liable for up to six years to claims for back-dated unpaid wages.

The CIPD has produced documents to help private sector organisations understand their legal obligations when employing interns, which alongside government guidance are the main sources of information for employers (CIPD 2009a, 2009b). Although in many respects these guides provide very good advice on creating good quality internships, they could contain stronger messages about intern pay. Both documents state that employers have a responsibility to ensure their internships comply with minimum wage legislation, but then go on to recommend that employers cover work-related expenses as a minimum.

The CIPD’s guide for employers (2009a) also states, ‘there is a strong case for paying interns a bursary or salary due to the contribution that they make, particularly if the internship lasts for three months or more’, giving the impression that employers might want to pay interns out of some kind of moral imperative. It is not made sufficiently clear that the case for paying interns rests on the fact that they are legally entitled to the minimum wage if they are doing ‘work’. The reference to three months is also confusing because a ‘worker’ is entitled to the minimum wage regardless of how long their role lasts – this guidance creates the impression that employers can avoid paying the minimum wage if an internship lasts less than an arbitrary length of time, regardless of what the intern is doing. Calls from the CIPD for interns to be paid a training wage of £2.50 an hour, rather than focus its efforts on ensuring that employers are complying with current legislation, could also add confusion to its position (see CIPD 2010c).

The CIPD should be congratulated for its work to improve the quality of internships and promote paid internships – something that few other business organisations are doing. Nevertheless, there is scope for its guidance to employers to be clearer about their legal responsibilities and to start from the assumption that internships should be paid. Government advice to employers provides greater clarity (see Department for Business, Innovation and Skills 2010) but is perhaps less accessible or widely known about among employers. Other business organisations could also provide better and clearer guidance – vital for helping their members to avoid future claims for back-dated wages.

Internships in charities, voluntary organisations and statutory bodies

The position of interns employed by charities and statutory bodies is further complicated by the exemption for ‘voluntary workers’ contained in the NMW Act. Voluntary workers can be employed on the same terms as workers with the only difference being that, under the terms of their employment, they are not entitled to any monetary payment except reasonable expenses. If a voluntary worker receives any actual pay for the work they do, they stop being a voluntary worker and must receive at least the minimum wage.

This means that interns working in charities and statutory bodies can be employed under the same terms as workers but with no right to the minimum wage or other employment rights. This makes the legal position much clearer for charities and statutory bodies. However, we would argue that these organisations also have a social obligation – to play their part in ensuring valuable employment opportunities are available to young people from different backgrounds.

All the major political parties are rightly concerned about ensuring that all young people have the opportunities to fulfil their potential. It stands in direct contradiction of this to employ so many young people in unpaid internship positions both in Parliament and in constituency offices and to allow publicly-funded organisations to avoid their social obligations. Likewise, many charities are concerned with improving opportunities for disadvantaged people, raising young people’s aspirations, reducing inequality and rebalancing power and influence (although we recognise that this is not the case for all charities). Such charitable objectives cannot be squared with employment policies and practices that actively exclude the very people who are supposed to be an organisation’s beneficiaries.

6. Our vision for internships in the UK and how to get there

The use of unpaid internships, which is widespread in some important industries, perpetuates exclusion and inequality and cuts across the objectives of many of the organisations involved in the practice. There should be a gradual shift away from unpaid internships towards high-quality programmes that pay a decent wage and provide opportunities for a broader mix of young people. In this section we set out our ideas for what internships in the UK should look like and offer some practical suggestions for how this could happen.

(1) Fair payment for interns

Eventually, we would like to see a situation where everyone doing an internship programme is paid at the least the National Minimum Wage in recognition of their legal entitlements but also the vital work that interns do and the opportunities that internships provide.

Recommendations

Government: just say no to unpaid internships

- Government has the power to phase out unpaid internships in all publicly-funded organisations – and it should get on with doing so. This should include the BBC, which employs hundreds of unpaid interns each year, giving a signal to private sector media organisations to follow suit.
- The Independent Parliamentary Standards Agency (IPSA) is currently consulting on whether and how interns in Parliament and constituency offices should be treated as

The CIPD's proposals on intern pay

The Chartered Institute for Personnel and Development has proposed a special interns' minimum wage of £2.50, mirroring the minimum wage rate for apprentices that is being introduced from October 2010 (CIPD 2010c). The CIPD argues that a minimum wage would encourage young people from less affluent backgrounds to apply for internships but also be an affordable option for employers that reflects the fact that internships are training positions.

However, this proposal has some significant flaws:

- Although the CIPD recognises that many interns could be classified as 'workers', the proposal for an interns' training wage fails to fully acknowledge that many interns are already entitled to the standard minimum wage. This is different from the position of many apprentices, who were previously not entitled to the minimum wage.
- Apprenticeships are formal programmes of learning that result in recognised qualifications and so there are legitimate reasons for not treating apprentices like other workers. Internships have no formal definition or structure and rarely result in a qualification. It is therefore much more difficult to work out who is genuinely an intern in different organisations and to make the case that interns are significantly different from other workers.
- Many entry-level jobs offer significant training opportunities and are often advertised as trainee positions – these positions will almost certainly be paid at least the standard minimum wage. It is not clear why internships should be treated as a special kind of trainee role. Internships often operate in industries that do not have a tradition of graduate training programmes, so a special NMW rate for interns could unfairly discriminate against young people who want to work in certain sectors.

As a result, we do not accept the proposal for a separate NMW rate for interns.

workers. Unless presented with very strong reasons for not doing so during this consultation process, IPSA should rule that all interns must be classed as workers and be eligible for the minimum wage once the consultation period has passed.

Private sector: greater clarity to ensure existing legal obligations are fulfilled

- The strategy that the Department for Business, Innovation and Skills (BIS) is due to produce for the Low Pay Commission in summer 2010 needs to set out how the Department will work with employers organisations like the Confederation of British Industry, Chartered Institute of Personnel and Development and the Federation of Small Businesses to ensure that private sector employers understand their legal obligations.
- This should include improving the clarity of existing guidance from organisations like the CIPD as well as ensuring that more guidance is proactively provided to employers, particularly from trusted organisations within the sectors where interns are more common. Employers' organisations have an incentive to work on this agenda because they can help their members avoid future legal claims and also improve the reputation of sectors which are currently known to rely on large numbers of unpaid interns.
- The costs to many larger employers of paying the minimum wage to someone working for just three or six months will represent a tiny fraction of their turnover and so many private sector organisations should be able to absorb the extra costs.

Trade unions: more test cases on interns' pay

- The Nicola Vetta vs LDMP case referenced above shows that employment tribunals are willing to give sympathetic consideration to the issue of unpaid workers employed as interns.
- Further cases with successful outcomes for interns would create further publicity around the issue that could help demonstrate to employers that illegal practices will not go unnoticed.
- Trade unions, particularly those representing workers in sectors where unpaid internships are common, should actively seek out interns for 'test cases' with the employment tribunals.

Third sector: phase out unpaid internships in youth charities

- The major young people's charities should show the way by looking at the feasibility of phasing out unpaid internships, taking into account their charitable objectives.
- We understand the serious financial pressures facing the third sector as it looks ahead to very large funding cuts as a result of the reductions in public spending, but it is vital that charities and other third sector organisations pursue their objectives in a holistic way right across their organisations.
- Organisations can make virtue of paying interns by being upfront with funders about what they get in return for funding intern wage costs.

(2) Help employers to pool resources and cut costs

Many employers want to take on more interns and pay them a decent wage but will struggle with the costs. It is important to maximise internship opportunities and make sure that having more paid internships does not mean having many fewer internships, so we should look at ways of supporting employers to maintain opportunities as they phase out unpaid internships.

Recommendations**Borrow from apprenticeships: Internship Training Associations (ITAs)**

- Group Training Associations and Apprenticeship Training Associations enable groups of employers to pool resources and organise training collectively, or in the case of ATAs, directly employ apprentices and 'hire' them out to employers – this helps employers reduce costs and avoid some of the HR costs associated with direct employment.
- This model could be adapted to internships, with sector-specific and/or regional Internship Training Associations run jointly with GTAs/ATAs or as separate organisations.
- Regionally-based ITAs could help to promote internship opportunities outside London, which would be good for people unable to work in the capital.

Time-share interns: informal ways of joining forces

- Organisations that do not want to join together in a formal ITA could still cut costs by sharing interns, and this could be particularly useful for charities. The organisation Charity Works currently offers graduate management training programmes across six different charities, and this model could be expanded to include internships.
- Major private sector employers could share their paid interns with charity partners as part of their corporate social responsibility work and broaden the skills and knowledge of their interns at the same time.

(3) Widening access – pay is not enough

At ippr, we know from our own experience that simply offering a decent wage to interns does not dramatically change the characteristics of the people who apply for or get appointed to internship roles. Despite paying interns the London Living Wage, many still come from the top universities or from families that have a strong tradition of working in politics or the professions.

Recommendations

Reduce the cost of internships: use cheap university accommodation

- Even interns who are paid the minimum wage can find it difficult to afford accommodation for London-based internships if they have no connection with anyone living in the capital.
- London universities have space in halls of residence over the summer which could be used as cheap accommodation for interns. A central organisation, perhaps operating as a social enterprise, could coordinate this.
- We have already talked to a number of London universities and they are receptive to this idea, particularly if it involves advance group bookings.

Not who you know: increase transparency in the recruitment process

- Organisations that decide to phase out unpaid internships should also make sure internship opportunities are widely advertised, on university careers websites, free industry websites and the organisations' own sites.
- Interns should be appointed through a formal application and interview process, although this would not necessarily need to be as rigorous as for permanent staff – and group internship schemes could do this on behalf of individual employers.

Widen the audience: make more people aware of internships

- Many young people do not know much about internships, particularly if their family and friends have not worked in sectors where interns are common.
- Organisations that have decided to phase out unpaid internships should join together to develop sector-based outreach programmes to ensure that internships are widely understood – this work could be financially supported by a charitable trust working to improve opportunities for young people and could start by targeting universities which are less likely to supply interns. If successful and fundable, it could be expanded to FE colleges and sixth forms.
- University careers services should make sure they are fully up to speed on internships, able to give proactive advice and guidance about where to find them, how to do well at interview – and what applicants' legal status is.

(4) Better data on interns and internships

Better evidence on interns and internships would help us to understand what interns do, who they are and what they go on to do. At the moment, the lack of data can make policymaking difficult and it is impossible to demonstrate robustly some of the problems with unpaid internships.

Recommendation

A national intern audit

- We need a nationally representative and robust survey of interns and organisations employing interns, with a longitudinal element to track what happens to interns a number of years later.

- We do not expect the Government to fund such a study in these straightened times so we would look for a partnership of business, charitable trusts, wealthy individuals and funding from the Economic and Social Research Council (ESRC) or the European Commission – anyone with an appreciation of the value of internships and a concern about the current set-up.

7. Next steps

We have set out above some ideas for how unpaid internships could be phased out in some key sectors and how a broader mix of young people could benefit from the fantastic opportunities that many internships offer. All of these things are important but some need to take priority.

Paid internships are the basic cornerstone for ensuring that opportunities are available to a greater number of young people – and in many cases they are necessary in order for employers to comply with the law. It is of serious concern that the Low Pay Commission believes there is evidence that current practice around internships is probably illegal in some sectors and that enforcement of the National Minimum Wage Act is apparently inadequate. This situation must be addressed as a priority, by government, trades unions and businesses.

On a more pragmatic note, it would be incredibly difficult to embark on an outreach programme which got less affluent young people excited about internships – and then told them they would have to work for free, probably in London, for three, six or nine months and they might have to rely on personal contacts to even hear about vacancies. So the priority should be for organisations to put in place a basic framework of paid internships backed up with an open recruitment process, whether done individually, with a partner or with a group of employers. Once this is up and running, those organisations could start to think about widening their audience and raising awareness.

This may not feel like the ideal time to be asking organisations to pay out extra money to people who would happily work for free. But the employment crisis has actually brought the issue of unpaid internships onto the agenda like never before and provided a stimulus for action. This is also true of the expenses scandal in Parliament and the resultant reforms to MPs' allowances and staffing budgets. If we want to promote social mobility and make sure the jobs market lives up to young people's aspirations then we should seize these opportunities to push forward on ending unpaid internships.

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