

Inspiring Interns Low Pay Commission Evidence Submission

Since Inspiring Interns opened in 2009, internships have become a prominent and prevalent feature of the employment landscape for young people. Despite a range of negative publicity around them, internships remain an important part of the transition from education to employment.

Inspiring has now placed over 3000 graduates into internships with hundreds of different organisations, 66% of whom have secured a permanent position with their host company as a result of their internship.

We firmly believe that the current internship system plays a very positive role in getting young people into meaningful work and, while there are areas for improvement, any substantive changes have the potential to be very detrimental to the system.

Case for new legislation

As we have stated in previous submissions to the Commission, we are of the firm belief that existing employment law, when applied properly, is sufficient protection against abuse of the internship system by (what is a small minority of) companies. This is particularly true now that there is an increased level of scrutiny on organisations that run internship programmes (both from the media and HMRC).

The specific legislation mooted in Parliament this year – the banning of advertising unpaid internships – is doubly harmful in that it will see fewer organisations offer genuine learning positions and will also mean those remaining unpaid internships will be left to those with existing professional networks, excluding certain socio-economic groups.

Blanket application of NMW to internships

Many internship campaigners and groups state, misleadingly, that all internships must be paid under National Minimum Wage legislation. Given there is no set definition of internships – and they vary hugely from company to company – this is clearly incorrect. It succeeds only in spreading misunderstanding around internships, putting off employers from offering experience and potentially hiring a young person.

A large number of internships are predominantly learning experiences and cost the host organisation time and resources. These can often be classified as

‘volunteer’ positions and as such are exempt from National Minimum Wage. Insisting these role be paid would see a number of them disappear.

Implications for social mobility

Alan Milburn’s most recent report into social mobility (*Business and Social Mobility: a Manifesto for Change*, October 2013) identifies two aspects of internships as potentially negative factors in social mobility in the UK: “who you know and what you can afford”. This chimes with Inspiring Interns’ approach (as outlined in our submission last year), which centres around quality and access.

It is crucial that all opportunities are advertised as widely as possible to ensure a broad range of applications for each internship position. As described above, if legislation were passed banning the advertising of unpaid internships one would not see these positions disappear but simply move underground and remain the preserve of those with existing connections to an industry. Allowing the advertising of unpaid internships improves access to them and goes a long way to countering the “who you know” issue Milburn highlights.

With regards to “what you can afford”, Milburn fails to highlight in his report is the existing financial support available to interns who are undertaking internships. Candidates can continue to receive Job Seeker’s Allowance through the Work Experience Programme during a placement, while many universities now offer bursaries to alumni who are undertaking an internship. These schemes ensure that those from less well-off backgrounds can still afford to do an unpaid placement, while organisations are not forced to stop their internship programme because they cannot afford to pay a young person to do work experience.