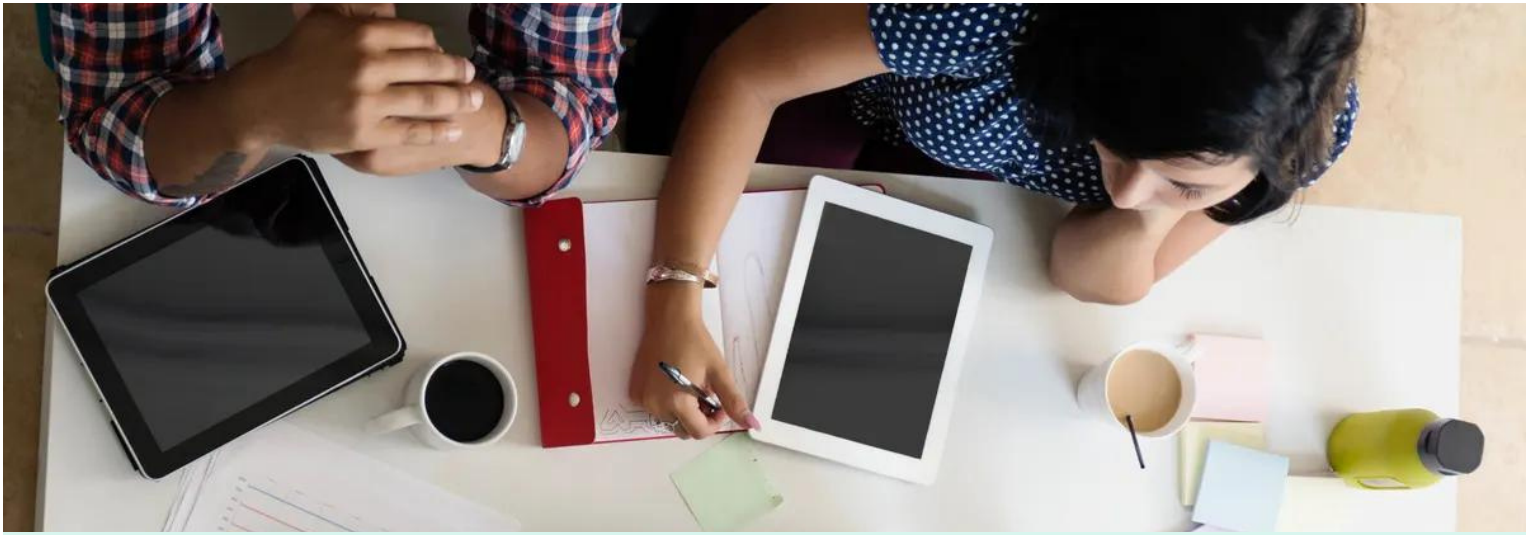




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Unpaid internships in the UK

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CONTEXT

In the UK, addressing the exploitation of interns and ensuring fair compensation are critical steps towards safeguarding interns. This policy brief is intended for the UK government and other actors involved in the regulation of labour relations. It may also inform interns or students who have been impacted by unpaid internships.

The UK's employment law provides a framework which identifies specific exceptions where unpaid work placements are legitimate, such as for certain educational placements, voluntary positions and work shadowing experiences. Nonetheless, this same framework perpetuates the exploitation of interns and social inequality, by not adequately covering all internship scenarios, particularly those that straddle the line between education and employment.

The legal framework in the UK requires distinguishing between employees, workers and volunteers, with specific provisions to ensure that interns classified as workers receive at least the national minimum wage. A robust system of enforcement is key to preventing the exploitation of interns.

This policy brief will address three pressing issues:

- social inequality and limited accessibility to internships
- exploitation and the lack of fair compensation
- economic and mental health pressures faced by interns in the UK.

Recommendations will be proposed to combat these issues, including the establishment of relevant educational programs, ad hoc organisations for employment and the optimisation of mental health services.

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The Three Key Issues of Unpaid Internships:

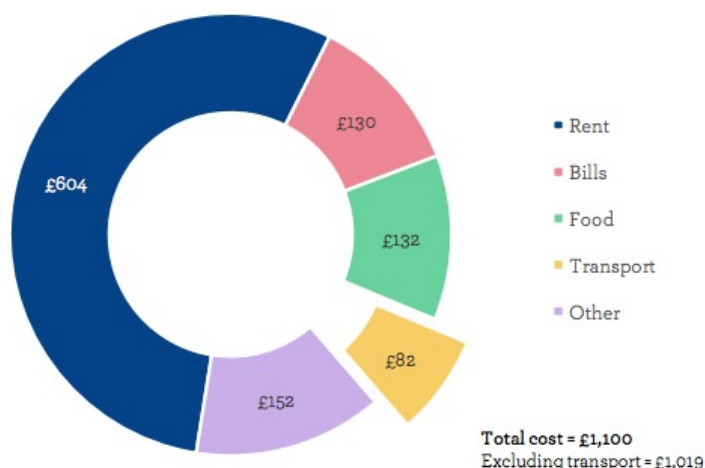
1. Social Inequality and Limited Accessibility to Internships

Unpaid internships hinder social mobility and perpetuate social inequality since those from less advantaged backgrounds are faced with much higher costs when completing an unpaid internship, for example travel costs[1]. The 2017 Taylor Report highlighted that unpaid internships should be eradicated [2]. Internships disproportionately benefit graduates from higher socio-economic backgrounds, thus impeding social mobility[3].

Consequences

Unpaid internships signify an increasing trend towards the legitimacy of free labour[4], which is highly problematic and must be addressed. Graduates from lower socio-economic backgrounds are significantly more vulnerable in these circumstances.

Figure 1. London - minimum cost of a one month internship



Recommendations

- Establish financial support mechanisms for interns to cover essential expenses like travel and accommodation. Such support would make internships more accessible to individuals from diverse economic backgrounds, aligning with the Equality Act 2010's mandate for equal access to opportunities.
- Advocate for the introduction of socio-economic background as a new ground of discrimination under the Equality Act 2010, because interns, especially those from less advantaged backgrounds, are susceptible to socio-economic barriers.
- Create a centralised, government-supported platform where all internship opportunities must be posted, enhancing accessibility for all.
- Develop educational programs that specifically target individuals from less affluent backgrounds, providing them with financial support to undertake internships.

2. Exploitation and Lack of Fair Compensation

Exploitation and the absence of fair compensation in unpaid internships present significant challenges.[5] Interns who contribute work comparable to that of paid employees often find themselves without any remuneration, exacerbating issues of fairness and equity in the workplace.[6] The ambiguity in the legal definitions of "intern" and "volunteer" further complicates this issue, leading to the inconsistent application of minimum wage laws.[7]

Consequences

This often results in interns being used as free labour, undermining the value of their work and potentially displacing paid employees.[8] Such practices not only exploit the individuals involved, but also devalue the concept of paid work.

Recommendations

- Clear Legal Definitions and Guidelines: Enhance the clarity of legal definitions concerning "interns" and "volunteers" within the National Minimum Wage Act 1998 and the Employment Rights Act 1996, to ensure that those performing substantial work are compensated accordingly. Employers must comply and should receive detailed guidelines to determine when an intern qualifies as a worker entitled to the minimum wage.
- Encourage the UK government to create ad hoc organisations dedicated to ensuring fair compensation of interns. This organisation would conduct biannual audits, collect and analyse various types of evidence, such as pay records, internship agreements and employee testimonials, in order to ensure compliance with fair compensation standards.
- Launch education and awareness campaigns, targeted at informing employers and interns about their rights and responsibilities, with a focus on fair compensation. These campaigns could include workshops and webinars provided by legal experts. To support the payment of these professionals, the campaigns could be part of a government-funded scheme, ensuring the collaboration of stakeholders from various sectors, to enhance the understanding and adherence to legal and ethical internship standards.

3. Economic and Mental Health Pressures

Unpaid internships can lead to significant economic and mental health pressures for participants, especially for interns in financially precarious situations. The financial burden of unpaid work, coupled with the costs associated with internships, can create barriers to entry while exacerbating stress and anxiety.[10]

Consequences

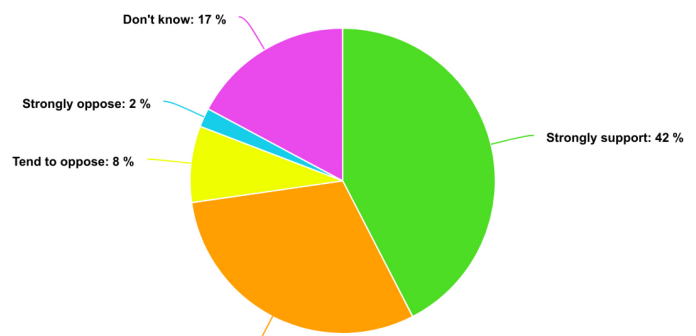
The economic strain of unpaid internships can deter talented individuals from pursuing valuable opportunities, thereby limiting their career growth and often causing mental health issues. [11]

Recommendations

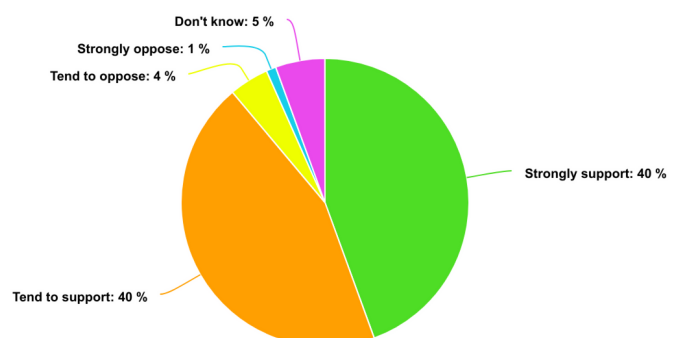
- Minimum Wage for Interns: Enforce a policy mandating that all internships exceeding a certain duration (e.g. one month) pay at least the National Minimum Wage.
- Companies should have mental health services in place and encourage interns to access and utilise such invaluable resources. Regular audits and feedback mechanisms can help assess the utilisation and effectiveness of these services, ensuring they meet the interns' needs.

FIGURE 2: YouGov Survey

Would you support or oppose a requirement for companies to openly advertise internships and work experience opportunities, rather than organise them informally?



Would you support or oppose a ban on unpaid internships of longer than 4 weeks?



POLICY RECOMMENDATIONS

- 1 Educational programs should be implemented that are specifically designed to address the needs of the workforce, enhancing their skills and knowledge to meet current and future job demands.
- 2 Specialised employment organisations should be created that are focused on employment matters, which can provide guidance, support and oversight in various employment-related issues, whilst ensuring fair and equitable treatment of workers.
- 3 The availability and quality of mental health services must be ameliorated to ensure that interns have access to the support and resources necessary to maintain their well-being in the workplace.

Sources

- [1] Andrew Stewart and others, 'Chapter 20: Developing new standards for internships' in Andrew Stewart and others (eds), *Internships, Employability, and the Search for Decent Work Experience* (Edward Elgar Publishing 2021), 336.
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- [3] Ewan Wright and Benjamin Mulvey, 'Internships and the graduate labour market: how upper-middle-class students "get ahead"' (2021) 42 *British Journal of Sociology of Education* 339, 343.
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- [5] Afisha Kassam, "Ramen noodles budget": EU moves to end exploitation of unpaid internships' (*The Guardian*, 2 January 2024) <[https://www.investopedia.com/articles/economics/12/impact-of-unpaid-internships.asp](https://www.theguardian.com/world/2024/jan/02/ramen-noodles-budget-eu-moves-to-end-exploitation-of-unpaid-internships#:~:text=It%27s%20a%20reality%20that%20has,soon%20be%20on%20the%20way.>></p><p>[6] Nicolas A. Pologeorgis, 'Unpaid Internships and the Impact on the Labor Market' (<i>Investopedia</i>, 12 September 2023) <
- [7] Charlie Barnes, 'Interns and volunteers under national minimum wage spotlight' (*RSM UK*, 16 December 2023) <<https://www.rsmuk.com/insights/tax-voice/interns-and-volunteers-under-national-minimum-wage-spotlight>>
- [8] *Ibid.*
- [9] Dan Moxon, Cristina Bacalso, Salome Dolidze, 'The Cost of Unpaid Internships' (January 2023) *European Youth Forum*, 9.
- [10] *Ibid.*
- [11] Jamie Doward, 'Unpaid internships damage long-term graduate pay prospects' (*The Guardian*, 29 July 2017) <<https://www.theguardian.com/money/2017/jul/29/unpaid-intern-damage-graduate-career-pay>>

FIGURES:

FIGURE 1: Dr Rebecca Montacute, *Internships-Unpaid, unadvertised, unfair* (The Sutton Trust 2018)

FIGURE 2: Social Mobility Commission - YouGov, 'Unpaid internships are damaging to social mobility' (Gov.uk, 23 October 2017) <<https://www.gov.uk/government/news/unpaid-internships-are-damaging-to-social-mobility>>