

# Unpaid work experience (prohibition) Bill

## – second reading

### Summary of Parliamentary Debate

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This is a Private Members' Bill (PMB) to ban unpaid work experience lasting more than four weeks presented by [Alex Cunningham](#). (Link to the [Bill](#).) The second reading is a debate on the main principles of a Bill.

Lord Holmes of Richmond is also presenting a PMB with similar content seeking to ban unpaid work experience from the House of Lords. It is also at second reading stage.

The most useful content from the debate (verbatim from [Hansard](#)):

[Alex Cunningham \(Stockton North\) \(Lab\)](#): ...Research conducted by the Sutton Trust found that almost half of current undergraduates believe that the pandemic has had a negative effect on their chances of finding a job. The pandemic has also led to 61% of employers offering work experience placements having to cancel those at short notice. Unfortunately, that is likely to push some people into undertaking unpaid work to try to get ahead and getting into debt before they receive their first wage.

This is not how we should envisage young people getting on to the employment ladder, yet 39% of graduate employers say that they expect to hire fewer graduates or none at all in the next 12 months. What a dire job market young people are entering into right now. This is even more reason why we should remove the ability for employers to exploit eager and desperate young people who feel that they have to work for free in order to secure a properly paid job.

...I had an email overnight from a father who told me that, during Fashion Week, young people actually pay the fashion houses to get the experience of working with them at that time—so we are talking about not unpaid work, but paying for the privilege to have that experience.

[Dehenna Davison \(Bishop Auckland\) \(Con\)](#): [mentions]... the Government's intervention on the kickstart scheme, which offers paid placements—paid jobs—for people right across our country to try to stop young people from going into long-term unemployment. Alex Cunningham responds: *I most certainly do welcome it, but, sadly, it has got off to such a chaotic start that I really worry about how those job creations will actually happen. Yes, let us make it happen, but the Government need to look very carefully at the very poor start that we have made with that particular programme.*

[Kevin Hollinrake \(Thirsk and Malton\) \(Con\)](#): ...there is another side of the coin. In our business, we have often advertised a job and had a number of applicants, some of whom, despite being unsuccessful, have then contacted us—not through their father or another contact—to ask whether they can do some work experience to understand more what the job is about. We have done that, and those people have ended up getting jobs in our organisation. Are not some types of work experience a route into work? Alex Cunningham responds: *The hon. Member is totally correct, but people do not need to work for six months, 12 months or longer to get work experience. Four weeks will be sufficient...to get that experience and build towards a new job.*

Cunningham: Having people work for months on end without pay is exploitative, even when they are prepared to work for nothing. Members have argued that banning unpaid work experience would simply mean that organisations would stop offering opportunities altogether. First, for me, organisations not offering unpaid roles at all is preferable to them offering them exclusively to a distinct group of people. Secondly, if there is a real job to be done, organisations will find the money to pay someone to do it.

...But what does the employer or the organisation get out of it? It is quite clear: they get free labour, expecting a full day's work without a full day's pay. They save themselves a salary. They also save themselves national insurance and pension contributions. Surely it would be fairer for everyone if we limited such work experience placements to a month. Even the Exchequer could benefit. Such a move would ensure that living costs do not stack up, putting people further in debt, and would enable those opportunities to be offered to more people. A six-month unpaid placement could instead be offered to six people instead of one.

[Mike Wood \(Dudley South\) \(Con\)](#): I am pleased that the hon. Gentleman recognises the value of short work experience placements, but does he also recognise that sometimes such placements are better structured for both sides, perhaps on a part-time basis or even for one day a week? That means that, although they are probably still rather less than 20 days in total, they can last for significantly longer than four weeks. Is there not a danger of their being caught by his Bill?

[Alex Cunningham](#): Maybe my Bill should limit the length to 20 days with one employer...The only way that we will crack down on this practice is by limiting the amount of time that someone can do unpaid work experience for one organisation.

Of course, there are already rules around the definition of a worker, but the Sutton Trust carried out some excellent research that found those **rules are not as clear** to organisations and those carrying out their work experience placements as we would hope. For example, it found that half of young graduates are unaware that unpaid internships are illegal—yes, they are already illegal—in most circumstances. This is a significant problem as the current system relies on young people to self-report any unpaid internships that they suspect are illegally not paying the minimum wage. That puts those young people in an incredibly difficult position

...Her Majesty's Revenue and Customs investigations have led to just 15 successful prosecutions of employers for national minimum wage-related offences, but there have been no prosecutions relating to internship cases despite more than 150 complaints received by HMRC from workers undertaking unpaid internships. And that is before we consider the large number of people who do not know they are illegal and are working for months on end under the illusion of it being work experience.

A six-month unpaid internship will cost a single person living in London a minimum of £6,300, and in Manchester £5,300, just to fund their own placement...their living expenses can put them into serious debt before they even get their first proper job.

[A system] we could advocate is Mr Speaker's own intern scheme, which ensures that the young person taken on is paid the London minimum wage, or the local minimum wage.

I would like to make it clear that **the Bill does not apply to placements where a university course requires it**. These are often unique circumstances in which the student is funded through other means, so it is not affected by my Bill.

... Parliament needs to take a lead. It is a significant statistic that 31% of Westminster staffers have worked for an MP without being paid.

...The Sutton Trust found that up to 50% of employers thought most unpaid internships were perfectly legal. Many others were not so sure. We need to take the ambiguity out of this. We must make sure that the rules are not open to misinterpretation...We need to ensure that those who can afford to work for free are not given a step on the ladder ahead of their less affluent peers.

...I would like to end by reminding the Government about their prior commitments. The response of the Government to the Taylor review of modern working practices was that they would introduce new guidance and increase targeted enforcement activity to help to stamp out illegal and exploitative unpaid internships, but they have not. When he served as Mayor of London, the Prime Minister said that he wanted to tackle unpaid internships. The Prime Minister also said on 25 July last year that he backed this exact Bill in the name of the right hon. Member for Elmet and Rothwell. Now, however, it seems that instead of backing it, he has backed out.

[The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy \(Paul Scully\)](#) (*the Minister*): [On Parliamentarians utilising unpaid volunteers] the distinction that gets blurred between volunteers, interns and those on work experience. It is an uncomfortable truth, which we need to sort out ourselves....We cannot be complacent and we must make sure that we are leading from the front.

...I should like to provide reassurance that most internships or work experience placements are likely to constitute work, and therefore individuals are likely to be deemed to be workers who are entitled to be paid at least the minimum wage.

[On exemptions]... It is important that we recognise that internships offer an important opportunity for young people to gain experience and improve their career prospects, and that is why young workers tend to be more likely to accept unpaid internships. Minimum wage legislation provides for a number of exemptions that recognise the importance of gaining work experience. Those clearly defined exemptions include: students on placement for up to one year as a required part of a UK course of further or higher education; pupils of compulsory school age; participants in certain Government programmes to provide training, work experience or temporary work; and, voluntary workers volunteering for a charity or voluntary organisation. All other internships are likely to constitute work for minimum wage purposes, with the individual entitled to be paid at least the minimum wage.

...In some sectors, such as the creative industries, unpaid internships have been seen as a key step to gaining experience in order to secure paid employment. However, the Government are clear that internships must not be used as a pretext to avoid paying qualifying workers the minimum wage.

...Matthew Taylor considered unpaid internships in his review of modern working practices published in July 2017. He agreed that exploitative unpaid internships that damage social mobility in the UK should be stamped out. However, he argued that should be done by clarifying the interpretation of the law and by encouraging enforcement action by HMRC. He also argued that a separate intern status in employment law was unnecessary as the law was clear as it stood.

...Being a worker depends essentially on whether there is a contract—written or oral and expressed or implied—to work or perform services for a reward.

...Most internships or work experience placements are likely to constitute work, as there will be some form of legal consideration, in that the parties have each agreed to do something or to provide something. On the employer's part, that could include expenses, the promise of an interview or the promise of future work. Where HMRC comes to the view that arrangements constitute work under the minimum wage regulations, it will require the employer to repay any arrears to the worker and it will impose a penalty for underpayment. Even though interns are not defined in minimum wage legislation, they are generally already protected as workers and therefore already entitled to be paid at least the minimum wage from day one. It does not matter whether an individual is described as an intern or as on work experience; they still have that entitlement from the day they start.

**Debate adjourned – to be resumed on Friday 25 September.**

If successful on 25<sup>th</sup> the Bill will proceed to Committee Stage for consideration.

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