

Chapter 7

Internships: new opportunities to get onto the professional career ladder



This chapter sets out:

- How internships have become a part of the professional career structure and why fair access to internships is vital for social mobility
- Our recommendations which involve:
 - Establishing a fair and transparent system of opportunities through a new Code and through transparent advertising of internships
 - Recognising the best practice of employers through a new national Kitemark for internships and work experience
 - Ensuring that internships are affordable for all: removing financial constraints through Student Loan finance, securing new financial support from the professions; and, through more partnerships with universities, to open accommodation to young people from different parts of the UK.

Internships are an essential part of the career ladder in many professions. They are part and parcel of a modern, flexible economy and are useful both for interns and for employers. Indeed many professional employers put a great deal of time and effort into their internships. Where once they were an informal means of gaining practical insight into a particular career, today they are a rung on the ladder to success.

Undertaking an internship is an important access point for entry to a career in the professions – while undertaking one prior to university helps to secure a place at a top institution, undertaking an internship during or after university helps to secure entry to a profession.

Yet, by and large, they operate as part of an informal economy in which securing an internship all too often depends on who you know and not on what you know. This chapter discusses the importance of internships, some of the problems associated with getting access to them and what the Panel is proposing for reform. In doing so, the Panel is minded of the importance of avoiding unnecessary regulation and bureaucracy – so it is suggested that the professions take the lead with others in taking forward these proposals.

Internships as an access point to top universities

Some professions require specialist qualifications, such as a medical degree for medicine or an architecture degree for architecture. Places on such courses are limited, and competition for them is often fierce. Undertaking an internship of relevance to the proposed course of study shows that the candidate has:

- Commitment to the subject
- Taken responsibility for their own learning and development
- Experience of professional work in that field.

These factors can often make the difference between two applicants with equal academic records. The Social Mobility Foundation's research on internships shows how they improve the chances of access to the top universities: 96% of interns said that it enhanced their personal statement.¹

According to the career development organisation CRAC, undergraduates at all stages of their degree courses ranked work experience and internships either as the most or second-most influential factor in their career decision-making process.

Internships as an access point to the professions

The Panel has heard a great deal of evidence about the advantages that internships confer when competing for entry to professional jobs. By and large, someone who has undertaken an internship will be more attractive to an employer because they will:

- Be able to demonstrate their commitment to the profession
- Have developed important skills and behaviours
- Understand better the recruitment processes and the types of candidate that the profession is looking for
- Understand better their own skills and abilities and whether that career path is right for them
- Have already been able to build up a network of contacts in the profession.

Research has shown that internships increase the chances of securing a professional position, as shown in Figure 7a.

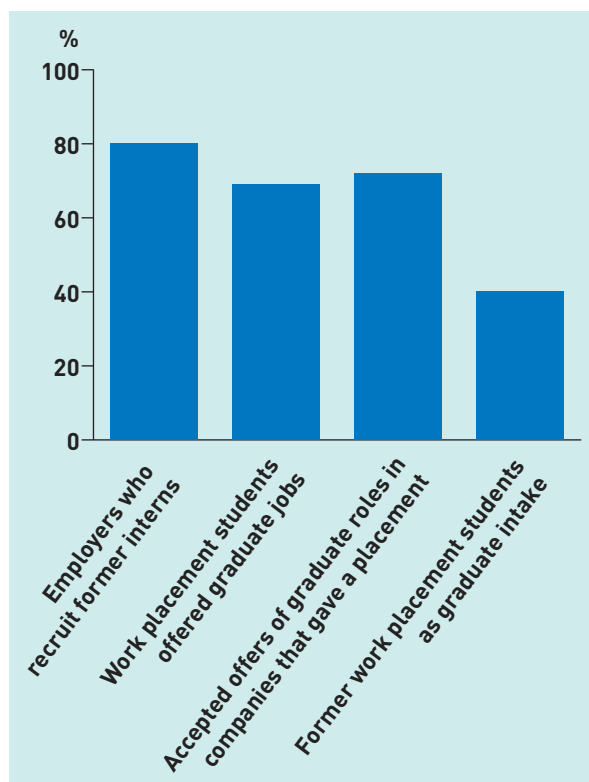


Figure 7a: Percentage of opportunities opened up through internships²

Responses to the Panel’s National Call for Evidence show that for some professions, such as journalism or veterinary science, students are now highly unlikely to be able to progress into the profession without a minimum amount of relevant work experience.

Internships become even more important in the light of evidence that the Panel received about the current scheme for school pupils’ work experience at Key Stage 4. It is seen as having little value in terms of career-related learning and development. A submission received from the Career Development Organisation said that placements are often of little relevance to the young person’s ambitions and that securing a high-quality placement is often dependent upon contacts among friends and family. Short work tasters of this type are discussed more fully in chapter 4.

Inequalities in internship opportunities

Opportunities to undertake internships are not fairly distributed. You are less likely to be able to do an internship if:

- You lack the means to work for free (socio-economic factors)
- You lack the means to travel or live near to the internship (geographic factors)
- You come from a background in which a professional internship is never considered or discussed (information factors).

The consequence is that some professions draw their interns from a limited pool of talent. For instance, the National Union of Journalists’ (NUJ’s) submission to the Panel stated that the largest-ever independent survey of people entering the journalism profession (conducted by the Journalism Training Forum in 2002) indicated that under 10% of new entrants came from working-class backgrounds, with just 3% coming from homes headed by semi-skilled or unskilled workers.

Cost of undertaking an internship

The cost of undertaking an internship can put many people off. Internships are often low-paid or not paid at all. Those with the least financial resources are less likely to be in a position to forgo the opportunity to earn more in order to undertake an internship. We have been shown research demonstrating that the less advantaged are most put off by the costs of undertaking an internship, as shown in Figure 7b.

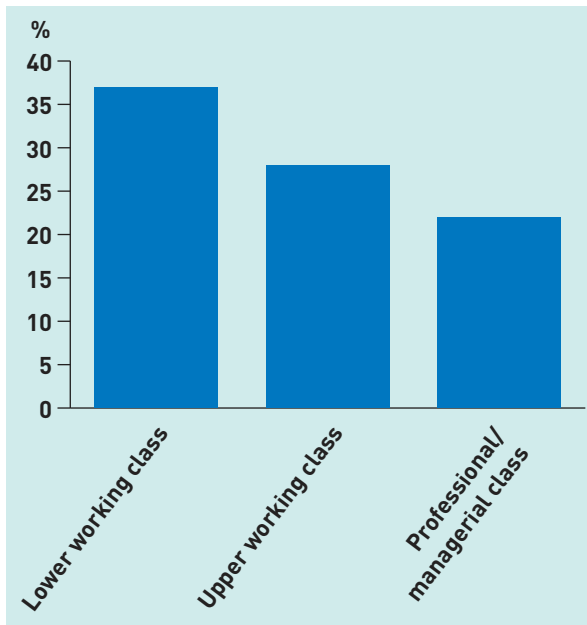


Figure 7b: Percentage of respondents stating that finances impacted upon educational decisions³

Some submissions to our National Call for Evidence were very clear on this point. For instance, VETNET and the Lifelong Learning Network believed that the low pay associated with internships was the most important factor in discouraging applicants from lower socio-economic groups from pursuing a professional career. They argued that the current structure of internships restricted the talent base from which employers could ultimately draw their employees.

It should, however, be noted that a submission from the consultancy sector, provided as part of the National Call for Evidence, said that while internships implied upfront costs, the payback – in terms of access to a professional career – ultimately represented good value for money, even if initially it involved people borrowing money.

Geographical difficulties in undertaking an internship

Geography also plays its part in getting access to an internship. Many internships linked to the professions are in London or the South East (see figure 7c), although not for professions such as engineering.

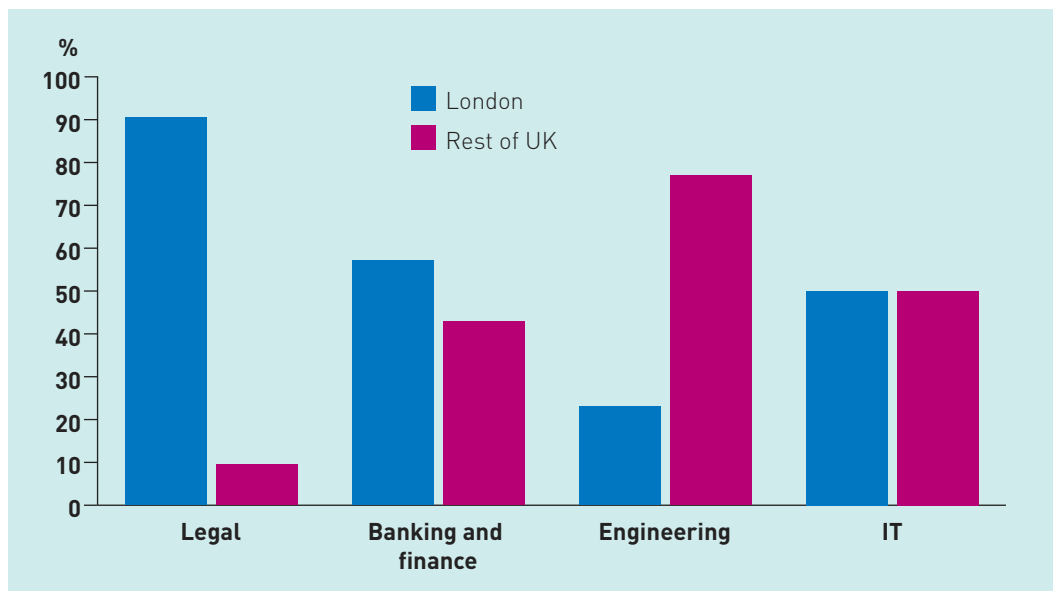


Figure 7c: Location of internships by industry sector⁴

Data from the Office for National Statistics shows that 50% of all jobs in the Greater London region are professional, rising to over 75% in central London and the City. This compares to less than 33% of jobs in the North East and fewer than 20% in some local areas. The Institute

of Practitioners in Advertising (IPA) said that 70% of jobs with IPA member agencies were in London.

If a prospective intern does not live a commutable distance from London or does not have friends or relatives to stay with, then the cost of the internship can be very high. For instance, a two-week internship can cost as much as £500 for accommodation, food and travel, before taking into account the earnings foregone by choosing to take a low paid/unpaid internship. Together, this can make it prohibitive for less well-off or average income families living in other regions.

Informational barriers to undertaking an internship

Those from a background in which internships are commonplace are not only more likely to know of their existence but also, through contact with relatives or friends who employ interns, have the social networks to know the qualities that internship schemes are looking for. Research carried out by the Internship Network demonstrates the importance of family networks, as shown in Figure 7d.

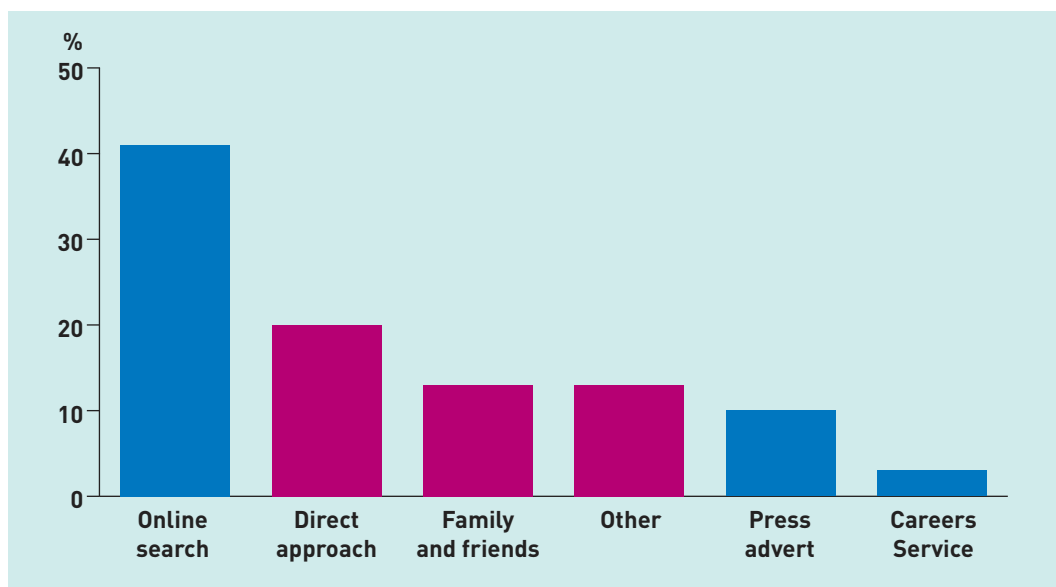


Figure 7d: Method of securing internship, survey response⁵

Variable quality of internships

Internships are of variable quality. Some are very poorly run, with interns undertaking low-grade, repetitive and non-developmental tasks. Others are run to a very high standard, with a comprehensive induction, clear role and set of responsibilities for the duration of the post and regular feedback on performance.

The Panel has heard evidence that some companies use interns as a low-cost way to cover positions that would otherwise be filled by a permanent full-time member of staff. Such a situation is unlikely to lead to a highly developmental internship experience. The National Union of Journalists submission to the National Call for Evidence showed that of the 640 new journalists surveyed, more than 50% had completed post-qualification work experience 'with the majority of them receiving little if any payment for their work'. Of those who had material published or broadcast, 78% received no payment for their work and 25% said that the organisation they worked for would not be able to function normally without interns.

The Panel believes that the opportunity to undertake an internship should be open to all. The best and most talented should be able to compete for internship places based solely on intellect, talent and potential. Background and social network should not be the critical factors in determining or allocating internship opportunities. The Panel has looked closely at how to open up more opportunities for internships, and believes that there are three broad elements that the professions – working with government and others – should take action on. These are:

- Making a fairer and more transparent system
- Recognising best practice
- Removing financial barriers.

We set out a new collaborative approach based around these three principles in this chapter. We believe that, in the first instance, a voluntary approach based on partnership between the Government, professions, employers and others is the best way to ensure fair opportunities for internships. We also believe that the Government should review in due course whether this voluntary approach has been successful, and at that point consider stronger measures for compliance, including through new legislation.

Recommendation 46: The Government should review how effective the Panel's voluntary approach on internships has been by the end of 2012, with a view to enacting stronger means to ensure compliance if satisfactory progress has not been made at that point, including through new legislation.

Case study: The City Brokerage Scheme

The City Brokerage is an independent not-for-profit organisation working in partnership with City employers to create a pathway to the City for young residents of London's inner-city boroughs.

The Brokerage works with local schools and colleges to enable City firms to engage with students aged 14–18, with a view to raising their future career aspiration. Through its internships and direct hire programmes, it enables employers to gain access to a diverse group of talented young people.

'Though I'm confident in my ability it can sometimes be hard to find avenues where I can prove myself. The Brokerage workshops and internship provide a platform for me not only to show employers what I'm capable of – but also for me to realise my own potential and ability.'
(Chisom Chigbo, 2008 intern at UBS)

The Brokerage City Careers Programme

This programme puts talented undergraduates from across London in touch with key City recruiters. Companies are able to publicise events and opportunities directly to students. Participating students are able to find out about any internships, networking events and graduate opportunities that City companies are offering. They are also able to post their profiles and CVs online for City recruiters to access.

7.1 Establishing a fair and transparent system for internships

Many professional employers run internship schemes that are openly advertised, have a clear, transparent and objective recruitment process and provide quality, focused developmental tasks for the intern. The Panel considers schemes run in this way to be examples of best practice. They are not only fairer to candidates, reducing the chance of unadvertised internships being allocated to friends or relatives, but also to attract a much broader, and better-quality, range of candidates applying for the internships on offer. Many of the submissions put to the Panel as part of the National Call for Evidence called for a greater degree of guidance around internships and work experience placements.

But many internships, perhaps the majority, are not run so well. Some organisations prefer to run their internship schemes in an informal manner, while others who would like to run theirs in a better way do not have the time or knowledge of how to go about doing so. A submission to the National Call for Evidence from the IPA said that internship opportunities in the advertising sector were scarce, and that successful candidates had often secured the place through 'friends and family' networks.

The Panel has looked into the issue of remuneration for interns. Many interns are not paid or are low-paid. We recognise that there are many different sorts of internship. It is important that employers continue to create internships, and many already put huge effort into making them a successful experience both for the intern and for the business. We want to see many more high-quality internships being offered. A high-quality internship involves the intern undertaking meaningful and valuable work for the organisation. In this way the intern learns and benefits most from the internship and the company gets most business value from the intern. The Panel believes that there should, in general, be fair recognition of the value an intern brings to the organisation in remuneration levels.

It should be noted that some submissions to the Call for Evidence expressed caution over measures to improve the quality of internship schemes. A submission from the Engineering Council UK, for example, argued that there was little incentive for many small- and medium-sized companies to run internship schemes, or to run those that they do to a high standard, because a far better strategy for them is to recruit those completing internships in other companies. This approach allows companies to recruit staff with the skills that an internship brings without having to invest the time and development costs needed to run a scheme of their own.

A best practice code for running high-quality internships would provide a set of minimum standards against which internship programmes could be modelled. Such a code would provide those employers who wish to run a high-quality scheme with the information and advice needed to run one, and those that wish to continue informal systems a challenge to change their approach.

The code, which could be further tailored to particular professions, should cover (at a minimum):

- Commitment from the employer to running a quality internship or placement
- Openly advertised positions
- Fair and transparent recruitment and selection processes
- A suitably comprehensive introduction to the organisation, enabling the intern to be effective in the post in as short a time as possible

- A quality induction process
- A quality learning experience, with appropriate measures of assessment and support
- Guidance on possible approaches to remuneration or reward making clear reference to the National Minimum Wage and other legal obligations
- Evaluation, monitoring and review of the internship or placement.

Recommendation 47: The professions, the Government, trade unions and the third sector should together produce a common best practice code for high-quality internships.

In order for a best practice code on high-quality internships to effect change, employers must be aware of the code and encouraged to use it. Professional bodies should take the lead in ensuring that this happens.

Recommendation 48: Each profession should make employers in its field aware of the best practice code and encourage them to adopt it for all relevant internship and work experience placements (including university ‘sandwich’ courses).

In addition to the open and transparent recruitment processes that mark out a good scheme, the advertising of internship opportunities in a well-known and easily accessible space would increase the visibility of such positions and, through greater competition (among both recruiters and potential interns), drive up the quality of internship placements.

We welcome the Government’s recently launched Talent Pool Internship Portal. It aims to be the central website for the advertisement of graduate internship opportunities. The Panel considers this to be an ideal vehicle for advertising pre-graduate internships.

Recommendation 49: The Government should develop the Talent Pool Internship Portal to become a single website for all pre- and postgraduate internships.

The portal will have no effect unless prospective interns know of it. Much effort must be put into advertising the portal in order to ensure that it has a high profile not only among those that intend to undertake internships anyway, but also among those that would not otherwise think of undertaking an internship. Small- and medium-sized companies should be actively encouraged to use the portal, as should employers in the newer professions, such as media and green technology.

Recommendation 50: The Government should ensure that the Talent Pool Internship Portal has an advertising budget that is sufficient to ensure that it has a high-profile launch. It should target students who would otherwise not be aware of these opportunities, pre-university students who might not know that financial help towards a professional career is available, and schools with a high proportion of children on free school meals.

7.2 Recognising best practice: a national Kitemark for employers

Even with an agreed and well-publicised best practice code on high-quality internships, many schemes will continue to fall below desired standards. In order for potential interns to better understand which schemes are well run and which are not, an external and independent quality assurance process would be useful.

A quality mark awarded after independent assessment of an internship scheme would provide benefits to all parties. It could ensure that minimum standards are met; increase the quality of interns (through increased competition for a quality marked scheme over a non-marked scheme); and act as a guide for the intern as to which internship schemes offer a high-quality, developmental experience.

Such Kitemark schemes are already in existence, albeit on a relatively small scale. The Panel has examined the scheme run by the National Council for Work Experience (NCWE) as a leading example of what could be done.

Case study: National Council for Work Experience

The NCWE believes that in order for both the employer and the student to benefit from a period of work experience, standards should be set in the form of a quality mark. The mark enables the student to make a more informed career choice, while providing employers with an excellent recruitment tool.

Created by the NCWE, the NCWE Quality Mark is a standard that is designed to recognise and accredit employers that meet a national standard for work experience provision. Accredited employers are recognised for their contribution to positive workforce development, student learning and society as a whole, thereby adding to their corporate social responsibility portfolio.

The Quality Mark is based around six main elements. In order to be accredited, the employer must show that it complies with comprehensive criteria within each element. The elements are:

- Commitment
- Recruitment
- Induction
- Learning, assessment and support
- Partnerships
- Programme evaluation and monitoring.

Companies are encouraged to: prepare a submission to the NCWE, with help from an NCWE adviser; receive a visit from an NCWE assessor; and are reviewed by an external board of career professionals. Once accredited, the employer is provided with formal recognition, which allows it to invest further and more easily attract future talent.

Case Study: Internocracy

Internocracy is a social enterprise committed to lowering the barriers and raising the bar in internships. Internocracy's work focuses on promoting fair access to internships as a key route into employment in the professions, and working to raise the quality of internships across organisations and sectors throughout the UK.

On the basis of research into best practice in internships in the UK and abroad, they work with organisations to design internship programmes from scratch, making them easy for the organisation to manage and sustain and a worthwhile experience for interns.

Alongside this, Internocracy is currently rolling out the I.SIP (Internocracy Star Internship Programme) accreditation mark – a Kitemark for outstanding internship programmes based upon the lived experience of interns rather than solely on internal HR structures in organisations.

Recommendation 51: The professions, the Government, trade unions and the third sector should agree an Internship Quality Kitemark scheme for high-quality internship programmes. The Kitemark should set out the criteria that a high-quality internship placement should meet (based on the common best practice code for high-quality internships proposed in recommendation 47).

In order for the Internship Quality Kitemark to effect change, employers must be aware of it and encouraged to use it. Professional bodies should take the lead in ensuring that this happens.

Recommendation 52: Each professional association should make the acceptance and use of the best practice code and Kitemark a condition of being a member of the professional association, and accept responsibility for making employers in its field aware of both.

In addition to the professions and employers doing all they can to spread best practice, to use the Kitemark and to promote and advertise internship opportunities, educational establishments and associated groups also have an important role to play.

Recommendation 53: Universities should take responsibility for ensuring that their 'sandwich' courses are in line with the common best practice code for high-quality internships and meet the Kitemark standards.

Recommendation 54: The National Union of Students, Trades Union Congress and the Government should work together to take forward an outreach programme to ensure that students from all backgrounds give due consideration to undertaking an internship.

Providing more information about particular internship schemes to prospective interns is a powerful way of encouraging employers to increase the quality of the internships that they provide. The internet provides new opportunities for this. For instance, internet retailers often have customer reviews posted alongside the product. Such reviews provide information that:

- Is detailed
- Is aggregated
- Gives a balanced account of the product, rather than a binary 'good' or 'bad'
- Is constantly updated
- Is written by people who have bought the product.

The same principle can also be applied to internships, and should have a similarly beneficial effect.

Recommendation 55: The Talent Pool Internship Portal should go further in developing and promoting its forum where ex-interns can post reviews of the internships that they have undertaken.

7.3 Affordability: removing financial constraints

Addressing affordability issues is important if internship opportunities are to be more fairly available. Government has a number of mechanisms through which it could provide more support to high-potential, disadvantaged interns.

Student Loans are a means by which the Government provides learning opportunities for those that would not otherwise be able to afford them. Student Loan repayment is income dependent. Loans are relatively easy to access and are calculated to cover the costs of study and living. But they do not currently cover periods of internships.

Recommendation 56: The Government should allow students to draw down their existing Student Loan entitlement in four parts, rather than the current three, so enabling students to be able to cover the additional costs of undertaking a short summer internship. The Government should review how to appropriately target additional loan support to such students through this window.

Using a mechanism similar to the current Student Loans to support interns could be another highly effective way of helping people to meet the costs of an internship. 'Micro-loans' could be made available that are sufficient to cover, at a minimum, a short internship of one or two months' duration.

Such an approach would have many advantages:

- Companies would be saved the expense and administration of learning how to administer loans. The Student Loans Company is already well set up to do this

- Using the Student Loans Company for the provision of micro-loans would also help companies and the public to view internship loans as something beneficially associated with career education and development
- In order for the micro-loans to be targeted at those that most need them, means testing should be used. The Student Loans Company already has means testing systems established and so is well placed to provide the necessary expertise
- In addition to managing access to the micro-loans, means testing could also be used in setting differential repayment periods dependent upon future earnings.

Recommendation 57: The Government should explore ways of providing means-tested micro-loans to interns to cover the cost of living and commuting for a short internship period.

Better support for interns from lower socio-economic backgrounds will be to the advantage of employers, as interns will be drawn from a wider pool of talent. It is therefore fair that employers should make some contribution to the costs of providing this support. This could be through either setting up their own systems for better supporting disadvantaged candidates (as recommendations 61 and 62 set out) or they could contribute towards a percentage of the costs incurred by the Government in its efforts to provide support.

Recommendation 58: Companies offering internships should be given the option to pay a small part of their tax contribution directly to the Student Loans Company to cover the cost of the internship loans and associated administrative costs.

Case study: Step Enterprise

Shell Step is the UK's leading nationwide and project-based work placement programme, run by a specialist team at Step Enterprise.

Shell Step brings together students and graduates who want to gain valuable experience on real work placements with companies who want an injection of fresh ideas, talent and enthusiasm to inspire and build their business.

Every year, over 600 Shell Step students take on live business projects for small- and medium-sized companies throughout the UK, and achieve outstanding results.

Shell Step gives businesses a cost-effective, short-term, highly skilled resource to help get a new or outstanding initiative off the ground.

Another potential means for offering financial support to interns is the Professional and Career Development Loan (PCDL). Using such a loan is often the only means by which a high-potential, disadvantaged, aspiring professional can finance the necessary postgraduate or technical qualification. The PCDL is only available for certain types of learning, and is not currently available for internship or work experience activity.

But an internship is arguably just as developmental as formal studies of a professional field, and may have more of a bearing on eventual success in entering a profession. There is a strong case, therefore, for the Government to set up a mechanism similar to a PCDL in order to allow people who could not otherwise meet the costs of an internship to undertake one.

Recommendation 59: The Government should work with banks and other lending institutions to provide internship support loans to be used to cover the costs associated with undertaking an internship. Such loans could be made along similar lines to Professional and Career Development Loans.

Recommendation 60: Provision of all government-brokered or -supported financial assistance for interns should be dependent upon the internship placement in question having received the Internship Quality Kitemark. Professions should stipulate a similar restriction upon any financial assistance provided or brokered by them for similar purposes. Universities should support the Kitemark scheme by advertising it to students who are looking for internships.

Case study: London School of Economics

The London School of Economics' (LSE's) Parliamentary Internships, created in 1998 together with Barry Sheerman MP, offer invaluable opportunities both to graduate students and to MPs, peers and political organisations.

Graduate students from any department are given the opportunity to apply for an unpaid Parliamentary Internship at Westminster. The scheme matches LSE students with MPs in order to give first-hand experience of the House of Commons and the wider British political process. Typical assignments include writing briefings and speeches, working on specific projects and assisting with constituency work.

The Panel has heard from the professions themselves that it is they that benefit from having the best and most talented interns working for them. The legal profession made a particularly strong case in this regard. So the professions should act in their own interests and take the lead in providing more support to high-potential but disadvantaged interns. Provision of support, if correctly targeted, could tap into a group of otherwise unreachable highly talented potential professionals.

Recommendation 61: The professions should provide more support for interns from lower socio-economic backgrounds through grants and loans. The Government should recognise the efforts of those employers that provide such support for interns by granting tax relief on money that is provided for grants and loans.

Some professions have already made arrangements with financial institutions to provide means of support for disadvantaged potential professionals. For instance, the Bar has arranged privately brokered financing through HSBC in order to provide support for the Bar Vocational Course. Other professions should follow suit.

Recommendation 62: Professions should work directly with banks and other lending institutions to provide privately brokered financing for those studying for relevant professional qualifications.

Submissions to the Panel's National Call for Evidence showed that many professions already provide a great deal of financial support to aspiring professionals from disadvantaged backgrounds. However, it is sometimes difficult to identify the sources of support and the manner in which it is provided. Bringing all relevant information about available support together in a single, accessible and visible place would greatly assist those that need it most.

Recommendation 63: The professions should create an online resource that sets out the range of profession-specific financial support that is available for prospective interns and students of professional qualifications. The online resource should set out what support is available, where it can be accessed, the criteria used to disburse it and the various application methods and deadlines. Such information should be advertised on professional websites, as well as on the Government's Talent Pool Internship Portal.

Accommodation is the single biggest expense in undertaking an internship if the intern cannot lodge with friends or family within commuting distance of the internship site. Many internships are undertaken during university holidays. This is also the time when many university halls of residence are vacant or only partially full as students return home. The universities may be able to provide a lower-cost alternative to renting or hotel rates for those undertaking internships in the area.

Recommendation 64: Universities should provide low-cost or free accommodation for young people undertaking internships during university vacations. Universities should work with the Government to set up a matching service for prospective interns.

Conclusion

Internships are accessible only to some when they should be open to all who have aptitude. Currently employers are missing out on talented people – and talented people are missing opportunities to progress. There are negative consequences for social mobility and for fair access to the professions. A radical change is needed. We propose ways of making internships more accessible, more transparent and more widely available to many more people. We do so in a way that is fair to employers as well as to interns. We welcome the good work that some professions are doing already and want to support others to follow – making the prospect of an internship a possibility for all.