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HOUSE OF COMMONS
OFFICIAL REPORT

PARLIAMENTARY
DEBATES

(HANSARD)

Friday 4 November 2016

House of Commons

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The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Mr David Nuttall (Bury North) (Con): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163).

The House divided: Ayes 1, Noes 45.

Division No. 77]

[9.34 am

AYES

Rees-Mogg, Mr Jacob

Tellers for the Ayes:
Philip Davies and
Mr David Nuttall

NOES

Argar, Edward
Atkins, Victoria
Barclay, Stephen
Barwell, Gavin
Bone, Mr Peter
Bottomley, Sir Peter
Brennan, Kevin
Brown, rh Mr Nicholas
Duncan, rh Sir Alan
Eagle, Maria
Eustice, George
Furniss, Gill
Garnier, Mark
Gibb, Mr Nick
Greenwood, Margaret
Griffiths, Andrew
Hancock, rh Matt
Heald, rh Sir Oliver
Heaton-Harris, Chris
Heaton-Jones, Peter
Hinds, Damian
Hollern, Kate
Hollobone, Mr Philip
Hopkins, Kris
James, Margot

Jones, Andrew
Jones, Gerald
Kirby, Simon
Lewell-Buck, Mrs Emma
Mackinlay, Craig
Maskell, Rachael
Mowat, David
Pawsey, Mark
Penning, rh Mike
Pound, Stephen
Rees, Christina
Shelbrooke, Alec
Smith, Henry
Spellar, rh Mr John
Stewart, Rory
Stuart, Graham
Villiers, rh Mrs Theresa
Wallace, Mr Ben
West, Catherine
Zeichner, Daniel

Tellers for the Noes:
Phil Wilson and
Jeff Smith

Question accordingly negatived.

National Minimum Wage (Workplace Internships) Bill

Second Reading

9.49 am

Alec Shelbrooke (Elmet and Rothwell) (Con): I beg to move, That the Bill be now read a Second time.

I have raised this matter in the Chamber on a number of occasions, not least when I presented a ten-minute rule Bill to ban unpaid internships on 13 May 2014. Despite a Division being called by the hon. Member for Huddersfield (Mr Sheerman), that motion passed by 181 votes to 19. Today, I am delighted, having been drawn in the private Members' Bill ballot, to introduce a Bill that makes provision for the remuneration of individuals undertaking workplace internships.

The Bill will bring an end to a practice whereby employers regularly flout national minimum wage legislation by taking on unpaid interns to work for up to a year, often in London, for no pay but with the promise of experience and the hint of a future job. Unpaid internships are the acceptable face of unpaid labour in modern Britain today and should have no place in a meritocratic country that aims to work for the many, not the privileged few. This is a Bill to stop young people being exploited by those who gain from their unpaid endeavours. It sets about bringing an end to a new rise in the class society that means only those from a wealthy background can gain a privileged leg-up with an unpaid internship in their chosen profession. This is a Bill to level the playing field for many of my constituents in Elmet and Rothwell, who, like many parents across this country, cannot afford to pay for their child to work for up to a year with no pay.

Philip Davies (Shipley) (Con): Will my hon. Friend set out how many of the current unpaid internships he objects to will become paid and how many will just not happen at all?

Alec Shelbrooke: I am grateful for my hon. Friend's intervention, and if he will bear with me I will give several statistics as I go through my speech.

The starting point of today's debate must be to define what a workplace internship is. It is already illegal under the National Minimum Wage Act 1998 to employ someone without pay, so, in principle, unpaid internships should not exist—but they clearly do. Let us look close to home as a starting point. A quick scan of w4mp, the work for an MP website, shows about 22 MPs advertising for unpaid interns, outside the politics and parliamentary studies scheme. As we are talking about 13 Conservative MPs and nine Labour MPs, among other parties, this is not a left-right argument; this practice takes place across this House, and it sends a message to businesses across the UK that exploiting the will of young workers is acceptable.

Mark Pawsey (Rugby) (Con): What evidence does my hon. Friend have that employers, including MPs, are seeking to flout the legislation? Are they not simply trying to give some valuable experience to young people at a sensible time in their lives?

Alec Shelbrooke: I am most grateful to my hon. Friend for that intervention. I will elaborate on the argument as I move on, but a job is a job, and if work is adding towards an output, it should be paid for.

Philip Davies: My hon. Friend's Bill does not distinguish between people who advertise seeking somebody to work for them on an internship and those who ask, "Can I come into your office to do some work experience?", but I wonder whether he does. There is a massive difference between those two things, but the Bill draws no distinction between them.

Alec Shelbrooke: My hon. Friend makes an important point, which is that there is a difference between people advertising for unpaid internships and people coming in on a voluntary basis because they have taken the initiative to see whether they could do something. However, that still removes opportunity for others, because there may not then be the need to advertise for a paid role. I will address that issue later, because I have specific points to make about the voluntary side of this and the charity sector.

Many of the interns in this place, much like those who work in private businesses, are undertaking day-to-day activities similar to those that many of us employ staff members to help us with in our offices. The fact of the matter is that, despite your commendable efforts, Mr Speaker, working in Parliament has often been a matter of "Who you know, not what you know," and young people who are eager to work here and with the financial means to do so for free will find that there are Members taking on interns and refusing to pay at least the minimum wage for their labour.

I remember an exchange of views in this Chamber with the former Member for Bolton West. When I pushed her during an Opposition day debate on the national minimum wage on whether she would accept unpaid internships, her response was

"I have volunteers—I do not call them interns—and I have no money in my budget to pay them."—[*Official Report*, 15 October 2014; Vol. 586, c. 350.]

When Members have access to a staffing budget of more than £140,000 a year, it beggars belief that a Labour Member would stand in this place and defend a practice of workplace exploitation with a claim that she could not afford to pay her staff. Imagine the outcry if large multinational firms across the UK stopped paying their workforces because of similar arguments. It is the exploitation of this "volunteer" loophole that means young people are not being paid for their labour.

Mr Jacob Rees-Mogg (North East Somerset) (Con): Is this not a very important point? What about those people who work for charities on a voluntary basis, sometimes doing so for decades?

Alec Shelbrooke: I am most grateful to my hon. Friend, who has pre-empted another section of my speech. If he will bear with me, I will address that issue specifically.

Mr David Nuttall (Bury North) (Con): My hon. Friend the Member for North East Somerset (Mr Rees-Mogg) may well have pre-empted another section of

the speech, but I hope that when my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) gets to it he will set out where the Bill makes any reference to volunteers, as that is what matters.

Alec Shelbrooke: I can answer that now. If my hon. Friend looks at clause 1, he will see that it defines what the internship is, not what it excludes. I will come on to deal with that in more detail.

Mr Nuttall *rose*—

Alec Shelbrooke: If I may, I will elaborate on my argument and then come back to my hon. Friend.

We are dealing with the exploitation of volunteers. This Bill does not concern itself with those who donate their spare time to support charities, for example, in helping to raise funds or deliver social activities. Those activities are a world away from interns being asked to work five days a week for long periods of time. Clause 1 defines what a workplace internship is, and it will ensure that those who undertake regular work and services will be paid the national minimum wage in return for their labour. The clause will close a loophole in minimum wage legislation.

Mark Pawsey: Does my hon. Friend have any evidence of interns having to sign contracts of employment setting out the same terms and conditions as for those people who would receive a wage? My understanding is that the majority of internships are provided on the basis of a gentleman's agreement, and if the intern decides that they do not want to proceed, they are not subject to the same disciplines as would apply to an employee.

Alec Shelbrooke: I am delighted at that intervention and those from my other hon. Friends, as they show that we can often assess all these arguments with the same eyes, and I will deal later in my speech with every point that has been raised so far. This all shows a certain amount of probing from colleagues.

Philip Davies: My hon. Friend is talking about clause 1, which says that these provisions will apply to people who undertake "regular work". Will he tell us what the definition of "regular work" is, because the Bill contains no such definition?

Alec Shelbrooke: My hon. Friend moves us on to a point about specifics and definition. To get the Bill to this stage, we have opted for a more general approach. If, as we hope, the Bill gets to Committee, we could get more into that detail, because he makes an important point. It is difficult to pin these things down, but this is where these loopholes occur and it is how they are exploited. In response to what my hon. Friend the Member for Rugby (Mark Pawsey) said, I am going to elaborate on the Bill and how, for example, the Institute of Directors showed a neat way to get around this issue.

This Bill simply brings interns in line with all other workers in terms of the right to be paid for their work. Importantly, it also removes the requirement for employers to pay national insurance, as is the case for apprenticeships, and therefore offers incentives for businesses to take on paid interns.

The loophole I refer to is regularly exploited, not only in this place, but in the world outside—a starting point is the IoD. Until shortly after the First Reading of my Bill, the IoD’s website included a helpful “model internship agreement” for its members, which said:

“This letter confirms the arrangements relating to your unpaid internship. The purpose of this letter is to describe reasonable expectations between us. This letter is not intended to be or give rise to a legally binding contract between us and your internship may be terminated at any time by either of us.”

I now come to the important part, which said:

“You will have no fixed hours of work, but we hope that you will usually be able to attend during our normal office hours on Mondays to Fridays.

We expect you to perform the activities and achieve the learning objectives to the best of your ability”.

That last bit is fair enough. It continued by saying that interns should

“maintain appropriate standards of behaviour at all times.”

Again that is fair enough. It continued:

“We also expect you to comply with our rules, policies, procedures, standards and instructions.”

Learned Members in the Chamber will know that all contracts are agreements, but not all agreements are contracts. That loophole is exploited by some companies that issue internship agreements under which it is expected that an intern will perform workplace activities, but that refuse to pay a wage because no formal contract of employment is signed. Under current legislation, an intern is not explicitly described as a worker and can therefore be exploited for their labour, but the law offers employers protection via this loophole.

Mark Pawsey: My hon. Friend sets out the contents of that letter. Would he prefer that there was no such letter from employers to those taking up work experience in an office? The arrangement would then be subject to different interpretations by both parties.

Alec Shelbrooke: My hon. Friend used the term “work experience”; I will come on to that later. The direct answer to his question is yes, I would rather that this form of contract did not exist; I would rather that there was no need for it to exist, and that things moved on.

Mr Nuttall: The Independent Parliamentary Standards Authority, which we have to deal with daily, has its own model intern agreement. Has my hon. Friend had the opportunity to compare the terms of its agreement with the one to which he referred?

Alec Shelbrooke: I am most grateful to my hon. Friend; I must admit that I have not looked into that. Perhaps he would like to elaborate on that later, when he comes to speak—at length, I am sure.

As I said at the start of my speech, this practice takes place in the House, and that sends the message to businesses across the country that we think that it is acceptable. I do not think it is, which is why I introduced the Bill. The broader societal issue is that interning is becoming a prerequisite for graduates looking to access their chosen profession. As was reported by the Social Mobility Commission, over 30% of newly hired graduates had previously interned for their employer. That rises to 50% in some sectors. According to the Sutton Trust, 31% of graduate interns are unpaid. Most of them are

unable to claim jobseeker’s allowance or universal credit, as they are unable to accept offers of work by virtue of their internship.

That point about the ability to claim welfare is important and goes to the heart of the problem. The IoD’s model internship agreement establishes that companies expect their interns to be present during office hours; how can interns then be expected to look for work, let alone attend interviews? Although legally and technically an intern is able to leave, in reality the threat of a poor reference or the perception that leaving would create a bad impression and lead to the intern not being hired by the company at the end of the internship make that worthless. Even those who go on to work for a company are often unwilling to speak out, for obvious reasons, but when young people have taken employers to employment tribunals they have been successful: companies such as Sony and Harrods have been required to pay their former interns’ unpaid wages. However, is it right that the issue should have to go before an employment tribunal before people are paid?

I would describe myself as a trade unionist. Indeed, I was a member of the Unite union before it became more interested in internal Labour party politics than representing the interests of working people. The ordinary man or woman in the workplace is the reason I believe that representation is vital. We forget that a lot of people do not have the courage to put their head above the parapet. They may well fear for their livelihood and not want to be a target.

Mr Rees-Mogg: Will my hon. Friend give way?

Alec Shelbrooke: If my hon. Friend bears with me one moment, I will come to him. I just want to build on this important point about representation in this place. All of us in this Chamber forget that we are very thick-skinned people. We have to be, given the nature of the job. We take abuse from many directions, all the time.

Victoria Atkins (Louth and Horncastle) (Con): Sometimes from our own Back Benchers.

Alec Shelbrooke: Indeed. We have to stand up for our convictions and put our case, as I hope I am doing today. Many people in this country do not have the ability to do that, and that is why representation is important. As MPs, we should stand up for people. We can argue in this Chamber about the value of a Bill, but it is important to introduce this kind of Bill and to look at how we can change the law, because many people out there simply cannot find the courage to stand up and do so. That is why we have trade unions and Members of Parliament.

Mr Rees-Mogg: I make the rather pedantic point that unpaid interns cannot be fearful about their livelihood, because they are not earning their living.

Alec Shelbrooke: But they can well be fearful about their future livelihood.

The campaign group Intern Aware has long campaigned to encourage those who have had internships and experienced this problem to speak out. It remains the UK’s leading campaign group against unpaid internships, and I thank it for its support over the past three years.

[*Alec Shelbrooke*]

It is right that we today attempt to give people the protection they need against hugely wealthy organisations such as Harrods and Sony. We must not forget that this is about young people submitting themselves to a process to increase their social mobility, and that their entire future is reliant on its success. It is fundamentally a Conservative principle that the state should encourage, and do all that it can to allow, people to better their lives. Successive Conservative Governments have used their time in office to allow people the social mobility to move forward, whether it be through the 1819 cotton mills and factories Act, the Factory and Workshop Act 1901, the Factories Act 1961, the Disability Discrimination Act 1995, policies such as right to buy and Help to Buy, universal credit or the national living wage. The key to social mobility is ensuring that everyone, regardless of background or affluence, has the same opportunities in the working world. The driver of many of our reforms and policies is, and has been, the idea that hard work should always be rewarded.

Philip Davies: I understand that my hon. Friend wants to level the playing field, but his philosophy appears to be that he would rather than no one had an opportunity than that somebody had it. That sounds rather like a socialist principle, rather than a Conservative one.

Alec Shelbrooke: Once again, my hon. Friend pre-empts me; I will give my justification for my stance later in my speech. I am sure that he has the grace to let me explore the argument.

Only those from wealthy backgrounds are able to do unpaid internships without fear, and in years to come that will mean that those who have the most influence on our society come from an elite minority. To quote from the Government's May 2012 report on social mobility by the right hon. Alan Milburn, progress has been made on moving away from the top jobs being the preserve of those with elite backgrounds. The civil service is quoted as an example. In 2009, 45% of senior civil servants had been privately educated, but by 2012 the figure had been reduced to 27%, with 18% having attended comprehensive school, as I did.

In other professions, there have not been similar reductions. The legal profession, in which, as we all know, would-be barristers have to do a pupillage, is dominated by those whose parents could afford to send them to private school. The last figures that I had, from 2012, showed that 15 of the 17 Supreme Court judges were privately educated; 26 of the 38 lords justices of appeal attended private schools; and 43% of barristers went to fee-paying schools. It should be borne in mind that only 7% of the population are educated at private schools. The foreword to the 2012 "Fair Access to Professional Careers" report by Alan Milburn said:

"The exponential growth in internships in the professions adds up to a profound change in the British labour market. Access to work experience is a new hurdle that would-be professionals now have to clear before they can even get onto the recruitment playing field. Given their centrality to young people's career prospects, internships should no longer be treated as part of the informal economy. They should be subject to similar rules to other parts of the labour market. That means introducing proper, transparent and fair processes for selection and reasonable terms of employment, including remuneration for internships."

Victoria Atkins: I am extremely grateful to my hon. Friend for giving way, and for holding this debate. I had to do a six-month pupillage that was completely unpaid, as were travel and other costs. I was able, through part-time work and the help of my parents, to withstand that. Does he accept that the Bar has tried to mend its ways? It now funds the first six months of pupillages, in the hope of attracting people from a whole range of backgrounds, and not just those who can afford it.

Alec Shelbrooke: I am most grateful for that intervention, because it shows that these practices are slowly being addressed. In this debate, and through further legislation, I am seeking to accelerate that process. My hon. Friend makes a very important point: people want to address the fact that perhaps the talent pool is being restricted to those with financial means, because they want to pick from the largest pool.

In an updated report two years ago, Mr Milburn said that if nothing improved for interns, the Government should act to ban unpaid internships. From what I can see, there has been very little improvement. It is therefore my sincere hope that the Social Mobility Commission's soon-to-be published "State of the Nation" report will formally support this Bill and urge a ban of long-term unpaid internships in the United Kingdom. As my wife put it to me when we were discussing this Bill, it is ridiculous that for those who do not take an academic route through education and instead opt for an apprenticeship there is provision within legislation requiring payment of a national minimum, yet for those who choose higher education we offer no such legislated assistance when they undertake an internship.

The Prime Minister said in her recent conference speech that we must start believing in "the good that Government can do". A Government should act to "tackle the unfairness and injustice that divides us".

A Government should step up, right wrongs, challenge vested interests, take big decisions and do what it believes to be right,

"because that's the good that government can do . . . To stand up for the weak and stand up to the strong . . . and to put the power of government squarely at the service"

of ordinary working people.

To re-emphasise exactly why unpaid internships are locking those with abilities out of the jobs market, I would like to share with the House a job advert that was recently shown to me. The advertisement offered a £45,000 base salary, plus bonuses, for a graduate trainee trader/asset manager. It sought only those who had a first-class degree from a Russell Group university with A grades, including A-level maths. So the application process appears to be open to anyone academically able, until one gets to the line that states "we would expect you to have a minimum of 6 months internship within a front or middle office role."

Once again, a fantastic career opportunity for someone who demonstrates clear academic ability is limited by the affluence of their parents. This highlights a disparity of values in society today. We want our children to believe that their opportunities are endless as long as they have the ability and aspiration to reach them, yet the arms of the state are not acting successfully enough to ensure that this can happen.

I have often said that I want the children of today to feel that their future opportunities are a bit like going on “The X Factor”. I do not know how many of those here are fans, but I am a big fan. As we hear when we visit schools, most children recognise that people can go along for an audition for “The X Factor” and, if they are good enough, they progress to the next stage. They may then progress to boot camp, then the six-chair challenge, then judges’ houses, then the live shows until eventually the public elect a winner. In a nutshell, if they have the raw talent and ability they can go all the way, regardless of personal wealth or background. An unpaid internship is a bit like young people getting all the way through to the live shows, having proven their talent, only to be told that to reach the final they have to pay a large amount of money to proceed. With no income, they are expected to pay rent, travel and living costs to remain in the contest.

It is not just the professions that I referred to earlier that exploit the labour of young people with unpaid internships. As reported in *The Mail of Sunday* last weekend, a high-profile left-wing political activist in the fashion industry seems to advertise for unpaid staff on terms that can only be described as utter hypocrisy. While researching for this Bill I came across live advertisements for volunteer internships with Vivienne Westwood. I stress that those are volunteer internships being advertised. That answers the point that my hon. Friends made earlier about whether there is a difference between advertising an internship and people offering their services as volunteers. With an advertisement for a volunteer internship, we are getting into murky water.

The adverts explicitly state that “The roles will be for approximately 5 days a week, Monday to Friday, although as this is a voluntary position we are looking for a candidate with a can-do/proactive attitude to work”. It seems that Ms Westwood has not learned the lessons of previous media exposures. Despite a previous exposé of a similar scandal by *The Mail of Sunday* in 2011, it appears that this fashion house has carried on exploiting young people by taking on more unpaid internships. What makes this all the more unbelievable is that these adverts for unpaid staff are from the very same multimillionaire fashionista whom we have recently seen cosy up with the Leader of the Opposition, tramping around the streets of north London protesting against inequality. Ms Westwood also gave a keynote speech to the junior doctors’ strike, which makes me wonder what planet someone is living on when they protest that a 13.5% pay rise for junior doctors is not good enough, while blatantly refusing to pay her staff a wage.

Although it is my intention to highlight the sheer hypocrisy of these individuals, it is not my intention to degrade the wider workforce at Vivienne Westwood. It is not their fault that they work for an unscrupulous employer. Indeed, feedback from individuals who have undertaken unpaid internships at Vivienne Westwood describe positive experiences—for example, “Staff are amazing people”, “Great working environment”, “It is a great place to work.” But perhaps most notable is the very British way in which one former intern offered polite advice to the management. She said: “The interns at Vivienne Westwood work really hard and would greatly appreciate it if you paid them and maybe gave them a little more credit for how much work they do and how hard they try.”

This is 2016, yet in Britain today a young person has to ask their employer to consider paying them for the hours that they have worked. It is a scandal. It is a disgrace. It is a flashback to a Victorian Britain that most of us in the Chamber would not have thought believable. The more we investigate this shoddy workplace practice, the more it feels like the opening of Pandora’s box, and the worst culprits seem to be the high-end business, fashion or entertainment industries.

Following the First Reading of this Bill, a young man wrote to me about his experiences as an unpaid intern in the entertainment industry. He said he felt that taking an unpaid internship was the only way to get his foot in the door of this notoriously difficult industry. The internship was both enjoyable and worthwhile in terms of the contacts that he made during his time there, meeting people he would otherwise not have met, had he not taken it. However, he felt as if these opportunities, which he assumed would be a part of the day-to-day job, were more of a reward for doing repetitive menial tasks.

Mark Pawsey: My hon. Friend is giving valuable examples of the experience of young people. If his Bill were to proceed, how many youngsters does he think would be denied the very opportunities that he has spoken about?

Alec Shelbrooke: I am keen to make progress because in the course of my speech some of my hon. Friends’ points will be answered. I will come to the statistics that I have.

The young man who had worked as an unpaid intern was, for the most part, a spare pair of hands, and he noticed that there were several other interns and a high turnover rate. He called it “a conveyor belt of interns”. Working unpaid meant that he had to undertake extra paid work to support himself, as my hon. Friend the Member for Louth and Horncastle (Victoria Atkins) said she had done during her pupillage. The young man often worked a seven-day week, daytime and evenings, in order to make ends meet. Although he says it was an invaluable experience, he feels that the industry believes that interns should be delighted and grateful that they are there, and that the privilege of being among wealthy and successful people negates the need for pay. That is an appalling abuse.

I raise these examples to align this Bill not with the politics of envy, but with the basic principles of fairness and equal opportunity. There are many former interns who recognise that their wealthier backgrounds gave them interning opportunities that were not available to their less fortunate peers. One former intern in the arts told me that she took a year out in her third year of study at a London art college to take some internships to improve her CV and therefore her chances of securing a job after her studies. In one year she interned for five different businesses, none of which paid her. She felt that she had enough financial support through her parents and that she was able to take this year out unpaid. She admits, however, that some of her peers missed out on this opportunity through fear of not being able to fund it. She notes that there was a stark difference in the ability of those who had taken a year to intern and those who went straight into their final year of study. It is almost a pre-requisite to succeed in the art world.

[*Alec Shelbrooke*]

Of course, in words at least, professional organisations representing the industries that I have commented on so far say that they are opposed to unpaid internships. The Arts Council, UK Music, Creative Skillset and the Royal Institute of British Architects all support a four-week limit on unpaid work experience but, as we have seen from the case studies that I have described, these are just statements, not policies.

Mr Rees-Mogg: My hon. Friend is being very generous. He mentions the four-week time limit that some consider justifiable. Unfortunately, his Bill does not set any time limit. That is one of its flaws.

Alec Shelbrooke: I am exceptionally grateful for that intervention from my hon. Friend, who has identified what I initially wanted to do with this Bill. However, my advice from the Clerks and from people who understand legal matters far better than I do was that it would be full of so many legal loopholes that it would be worthless. We therefore moved to the current position. I hope that is a matter that we could explore in much greater depth in Committee and reach a simpler and more robust legal definition. My hon. Friend has touched on an important aspect. I am a mechanical engineer, not a lawyer, so I have to take advice from those who are more learned.

Philip Davies: Don't listen to lawyers.

Alec Shelbrooke: I am sure my hon. Friend speaks from experience.

The disparity between words and action is starkly highlighted by the Institute of Directors, which describes itself as an organisation that opposes long-term unpaid internships yet publishes a model contract for members to get round minimum wage legislation.

I come to some of the points that my hon. Friend the Member for Rugby raised.

According to YouGov, 39% of young people—almost two in five—have turned down an offer of an unpaid internship for financial reasons, and only 4% believe they could definitely afford to do one. That is an important statistic, because all the examples I have heard about the opportunities people have been able to exploit, and some of the interventions that have been made on me, have almost tried to paint a picture suggesting that I am removing opportunity and bringing forward just circumstantial evidence. However, almost 40% of people offered an internship have had to turn it down because they cannot afford to live. That is not an insignificant statistic, and it is not insignificant in terms of the value of this argument.

Some 43% of young people aged between 18 and 24 believe that the need to do an unpaid internship acts as a barrier to their career choices. I genuinely fear that the opportunities available to young people today are decreasing; they are certainly much harder to acquire than they were for me. Like most young people at our local comprehensive school, my sister and I were taught that hard work and determination would help us make something of ourselves in the world of work. Our supportive parents made us work part-time jobs around our education—something that taught us the real value

of money, something that we had to do to run our first cars, and something that taught us how to budget, which was a valuable lesson for later life. Unpaid work was simply not an option for me or my sister. Had an unpaid internship been a prerequisite for access to our chosen professions, it would have been a barrier to our getting into the workplace.

The Sutton Trust estimates that expenses-only internships in London cost a young person around £1,000 per month, but there are still people who believe that they are being generous by offering lunch expenses. With 81% of law internships and 61% of PR internships in London, what example does that send to firms carrying out internship programmes?

It is not just those who cannot afford to do an unpaid internship who miss out; it is also businesses and, ultimately, the country. My hon. Friend the Member for Louth and Horncastle (Victoria Atkins) made it clear that the legal profession recognises that point as well. Essentially, creating a system in which only 4% of people feel they would face no financial restrictions to entering unpaid employment could mean that a talent pool of 96% of the rest of the market remained untouched.

It is well recorded that private schools in this country give a marvellous and privileged education to those lucky enough to attend, but in every job I have worked in so far it has been apparent that those with state educations have been just as capable as, and in many cases more capable than, those whose parents were rich enough to send them to a fee-paying school. I do believe there is a role for private schools in the UK, and I believe in parental choice, but it is also the responsibility of the state—

Mr Speaker: Order. We are all extremely interested in the views of the hon. Gentleman on fee-paying education and other, related matters. Given that he has been addressing the House for 33 minutes with an eloquence worthy of Demosthenes, to which we have been listening with rapt attention, and in the light of the fact that the Bill contains three substantive clauses and another formal clause on the short title, commencement and scope, I wonder whether he is going to proceed relatively soon to a description of one or other of the three substantive clauses. I am very eager to hear what he has to say on those important matters.

Alec Shelbrooke: Thank you very much, Mr Speaker, for your advice. Indeed, I am merely painting the landscape in which the Bill is meant to encourage change. The Bill makes an important argument: we in the House today cannot ignore the fact that some people, who can come from the poorest backgrounds academically and who can work their way up to be on a level pegging, can then see their opportunities cut off because others are getting around an Act that was brought in specifically to protect them.

That is what the first clause of the Bill addresses. It describes what a workplace internship is:

“For the purpose of this Act, a workplace internship is an employment practice in which a person...undertakes regular work or provides regular services in the United Kingdom for...another person...a company...a limited liability partnership...or a public authority; and...the purpose of the employment practice is...that the intern meets learning objectives or gains experience of working for the employer listed in section 1(a); and...to provide practical experience in an occupation or profession.”

What I hope I have done so far this morning is highlight how some companies are getting round that and how the existing National Minimum Wage Act allows that.

I think we would agree that defining the “volunteer” unpaid internship at Vivienne Westwood as involving working regular hours from Monday to Friday would mean it fell within the scope of the Bill, which would protect somebody who

“undertakes regular work or provides regular services in the United Kingdom”.

I think that gets to what I hope to achieve in the Bill. I am simply trying to close down loopholes in legislation that has been very useful in protecting people in the United Kingdom.

Mr Rees-Mogg: Does clause 1(b) not create a loophole in the Bill? If somebody took on a person to do unpaid work for the purpose of being a harmless drudge, to quote Dr Johnson on lexicographers, they would be entitled to do so, because it would not be for the purposes set out in subsection (b).

Alec Shelbrooke: The important distinction that needs to be drawn is that we are talking about deliberate, advertised, unpaid internships. My hon. Friend the Member for Shipley (Philip Davies) made an important distinction between people who come along, volunteer and want to work, and people who advertise for somebody to come and work for them for six months. When we see the perversion of the two words put together—“advertising” for “volunteers” to come and work—it is a bit like saying, “You need to go on a suicide mission, men. Who will volunteer?” and then telling them, “You’ve volunteered.” That makes a mockery of things.

I want the Bill to really bring these issues to the fore. I have heard the interventions from my hon. Friends, and some very reasonable points have been made, but that does not mean that we should turn away from doing anything, and I hope the Bill will start us on the route of trying to address this issue.

Mr Nuttall: If my hon. Friend’s concern is the advertising of these positions, why is that not mentioned anywhere in the Bill?

Alec Shelbrooke: The Bill refers to exclusions—people who are on internships that are part of an accredited degree course and who are “of compulsory school age”—and to employers not making national insurance contributions. That shows that a system is being developed whereby there are exemptions to the Bill, and there are opportunities for people to come along and do exactly the things outlined by my hon. Friend, but that does not mean that this should be a catch-all for everybody. Having been able to put those exclusions in place, we should be able to move things forward.

My hon. Friend the Member for North East Somerset (Mr Rees-Mogg) asked me very specifically why a period of 28 days was not included. As I said, that was my initial intention, but the legal arguments I have heard say that that approach was full of just as many loopholes. I very much hope that more learned colleagues than I may be able to explore those arguments further today. That could be taken on in Committee.

Mark Pawsey: Will my hon. Friend give way?

Alec Shelbrooke: I will give way very briefly, but I am conscious that you want me to make some progress, Mr Speaker.

Mark Pawsey: My hon. Friend makes a distinction between businesses that advertise their internships, and young people speculatively applying to organisations. If there is a restriction on advertising, how are the young people to know which businesses would welcome their application?

Alec Shelbrooke: I will come to some good examples of businesses that are very successfully making this system work in the way it should. It should be borne in mind that 66% of internships are paid; we are talking about the bottom third, which are very exploitative.

Let me come on to some of the arguments that have been made. Why exclude students? It is simply because they have access to student finance—it is a level playing field. Why exempt people of compulsory school age? I think everybody would agree that work experience makes an important contribution to people at a very early age. Probably—I do not think I am alone in this—a majority of people in this Chamber did at least one week’s work experience during their schooldays. That first step into the world of work is important.

Urban Outfitters is already within the scope of this Bill. It says:

“You must be a student at a UK university undertaking an accredited placement year as part of your sandwich year”.

That shows that the Bill does not reduce opportunity—that someone can work within the exemptions I have put into it, which ultimately bring fairness to it.

Craig Mackinlay (South Thanet) (Con): My hon. Friend is painting a grand picture. We fully understand your concerns, and I agree with them—

Mr Speaker: Order. Let me say very gently to the hon. Gentleman that I have not expressed any concerns at all—the debate goes through the Chair. The hon. Member for Elmet and Rothwell (Alec Shelbrooke) may well have done so, and to judge from experience he may wish to dilate further on them before giving the hon. Members for Bury North (Mr Nuttall), for Shipley (Philip Davies) and for Louth and Horncastle (Victoria Atkins), and possibly the hon. Member for South Thanet (Craig Mackinlay) himself, the opportunity to do so. It is important to be accurate about these matters.

Craig Mackinlay: I am grateful for the advice, Mr Speaker.

I fully understand my hon. Friend’s concerns about wealthy families being the only people who can possibly afford to send their children into internships, but let us get back to what happens in this place. Under the alternative that he suggests, a volunteer contract would be illegal, so we would still have a vast number of youngsters applying to all of us, but some sort of statutory barrier would be saying that that was now impossible. I do not think that is the route we wish to take in allowing youngsters a new experience in life. My experience of the interns I have had—I am one of these evil intern users—is that they have a lot of latitude to do as they please in understanding the work. This Bill would put barriers in the way of good experience.

Alec Shelbrooke: I would like to probe my hon. Friend further—I more than welcome another intervention—on the average time people work with him for, and what areas they work in. I hope that he will contribute later and outline those specific areas.

As we have heard, there are companies out there that do, to my mind, do the right thing. Those who worry about opportunities being closed down should take note of the approach of some of these major institutions. KPMG provides internships that last three years, allowing new graduates to hone their skills in a wide range of areas such as technology, tax and pensions, marketing, and human resources. Throughout the graduate scheme, interns receive continuous training and development, as well as opportunities to study for industry-accredited qualifications. All its programmes provide a competitive salary. As it says on its website,

“we’re proud of our culture—it’s one that recognises hard work, encourages new ways of thinking and embraces diversity and inclusion.”

I repeat—“recognises hard work”. It is a company that values everyone who works not just for it, but within it, and recognises that everybody makes a contribution to its ongoing success. There is no question about whether the company can afford to pay interns, but a recognition that if it did not, it would not get the best people the market has to offer.

At Ernst & Young, graduates can join many different programmes in many different locations. The company operates across four service lines: assurance, consulting, tax, and transactions. Each has a graduate programme carefully developed to help hone strengths, build skills, and broaden knowledge as an all-inclusive business environment. It should be made clear that there is no guarantee of a job at the end, and the positions are described as internships, but these are companies with extreme wealth that would not cut out any opportunities because they feel there is a reward to be had for contributing to the company, whatever is done. AXA’s placement programmes have a basic salary of at least £26,000, with a £1,500 increase and performance-related bonus at the end of each completed placement within the business area. It has a two-year programme comprising three eight-month placements, with a particular focus on learning and development through on-the-job learning. Microsoft offers a 12-month paid internship programme where interns receive on-the-job coaching, mentoring, and personal development.

These multi-billion-pound companies do not see the need not to pay people based on the allure of working for a big name. They value their interns in the same way as all other employees, and do not suggest that they are doing them a favour in order to relieve themselves from a basic duty to pay their workers. These businesses recognise that interns contribute to the company, even if ultimately it does not work out for them and they move on to another firm.

Fundamentally, interns appear to be valued by these exemplar firms. Charlie Mullins, CEO of Pimlico Plumbers, said:

“For us it’s just a case of having clever young people who are able to offer us something and in return we pay them as well as giving them some skills and an entry for their CVs.”

Pimlico Plumbers said that for one intern who worked in its recruitment department, there was no formal regime; it was more a case of working in a real business

for three months—much as, I am sure, my hon. Friend the Member for South Thanet (Craig Mackinlay) described—and getting life and work skills while getting paid. This is not part of a big graduate training programme like those that I mentioned, nor is it a required route into working for the company—it simply offers real experience greater than traditional work experience, recognising that people are contributing to the company as well as gaining valuable skills, experience and CV-building that, as Charlie Mullins says, deserves to be paid for. The more I researched this Bill, the more obvious it was that there really is no honest, viable business case that means that a company should have someone working for it for no pay.

I have been campaigning against the shoddy workplace practice of unpaid internships for many years. Indeed, I made a pledge to my constituents to do all I could in this place to bring an end to the inequality they bring about. Unpaid internships are a scourge on social mobility. If we are serious about building a Britain that works for everyone, not just the privileged few, it is time to end this exploitation of young workers. I want to ensure that eventually this loophole in the National Minimum Wage Act is closed so as to benefit not just my constituents but all our constituents who are not lucky enough to be of sufficient financial means to work for no pay. It is time to ban unpaid internships and make firms pay workers for their labour.

10.36 am

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): I congratulate the hon. Member for Elmet and Rothwell (Alec Shelbrooke) on bringing this private Member’s Bill to the House. I know that this matter has been a key issue for him for quite some years. He has put a substantial amount of effort into it, and is to be commended for it.

Unpaid internships are a rather recent phenomenon. Twenty years ago, the concept might have seemed obscure; today, they are so prevalent that they are often a prerequisite for new graduates entering certain fields of work. While they are particularly widespread in the public relations, finance, legal, and marketing fields, they can be found across a number of other sectors, as many in this Chamber will be acutely aware. I was dismayed, yet unsurprised, to read the conclusion in a joint report from the Business, Innovation and Skills and Education Committees that while in past decades many UK employers used to offer substantial work-based training programmes for new graduate recruits, there is now a growing unwillingness by employers to recruit and train graduates who lack prior work experience. That was well illustrated by the hon. Gentleman.

That is not to say that work experience for graduates prior to entering the workforce formally is a bad thing. In fact, a number of university courses require work placements and internships, which can be highly beneficial to students. As such, I am pleased that the Bill makes an exception for those placed in internships as a requirement of a higher education course. However, these internships are a small minority when compared with the staggering number of unpaid internships that require a university degree to work for free.

Social mobility in the UK is lower than in many of its European neighbours. While I welcome the rhetoric from this Government regarding enhancement of social

mobility and the promotion of meritocracy, substantive action needs to be taken. The Institute for Public Policy Research has found that the current system of unpaid internships

“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.”

Even more concerning is the finding from the *British Journal of Sociology of Education*, which found that unpaid internships, particularly with more well-known companies, often hold greater esteem than paid placements. While this is all well and good for graduates whose families are able to offer them financial support on completion of their higher education course, those from less privileged backgrounds do not have the luxury of being able to work for free. For too long, the fields dominated by the elites have been run as a chumocracy. In this day and age, one’s prospects should not be dependent on one’s family connections. However, the current system of unpaid internships perpetuates inequality and reinforces the lack of meritocracy in the workplace.

It is important to note that although unpaid internships are prevalent in London, this is not only a London-centric issue. My constituency of Coatbridge, Chryston and Bellshill is 50 minutes away from Edinburgh. Capital cities have a tendency to become power centres, with opportunities for the elites but not the masses. Despite my constituency’s proximity to Edinburgh, the differences in opportunities are so stark that, to many, Edinburgh may as well be a million miles away. I spoke to a constituent recently whose case exemplifies the challenges that young people face, particularly those from less advantaged backgrounds, due to the prevalence of unpaid internships and the expectation that graduates will undertake an internship without pay before being hired for even an entry-level position.

My constituent asked not to be named. She graduated from a Russell Group university with a first-class honours degree in the field in which she wished to work. She began looking for work in Glasgow and Edinburgh, as both are well connected to my constituency by train. However, she quickly found that nearly every relevant job listing required several years’ worth of experience, despite being advertised as entry level—also something that the hon. Member for Elmet and Rothwell touched upon and illustrated so well. In fact, the only entry-level jobs that my constituent found in her field of work that did not require years of experience were unpaid internships, and even then they required at least an upper second-class honours degree as a prerequisite.

My constituent’s personal circumstances meant that she was unable to live with her parents. As such, she was unable to undertake an unpaid internship to gain the relevant work experience, because she needed to earn an income to pay for food, rent, utilities and the like. She eventually found herself forced to apply for jobs at call centres and coffee shops, and ultimately accepted a job for which she felt she was far over-qualified, in a field unrelated to her degree.

Unfortunately, my constituent’s story is far too common, and it represents both a waste of human resource and potential as well as the entrenchment of a system in which someone’s family background determines the opportunities available to them—shocking in 2016. However, in this Chamber today we have the chance to

change that and to help to create a system whereby we all have the same opportunities and those who excel do so through merit. I commend the Conservative party for trying to implement that change.

I welcome the contributions made today in support of requiring interns to be paid a wage. Requiring a company to pay a wage to interns would open up scores of opportunities for those from less privileged backgrounds. It would also mean that those professions traditionally dominated by the elites could be opened up to all, helping to create a level playing field, whereby social mobility is enhanced.

It is not right that we deny so many the opportunity to choose their own path in life and it is time that we rectified that inequality. I fully support the Bill promoted by the hon. Member for Elmet and Rothwell.

10.42 am

Mr David Nuttall (Bury North) (Con): It is a great pleasure indeed to follow the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell)—I hope that I have pronounced his constituency correctly.

Philip Boswell: “Cryston.”

Mr Nuttall: I apologise.

Mr Rees-Mogg: May I tell my hon. Friend that Scottish National party Members are very willing to give advice on how their constituencies are pronounced and that the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) spent some time helping me to get it right?

Mr Nuttall: I am extremely grateful to my hon. Friend for that intervention and I think that I need to go for those lessons, too, because I always dread having to follow the hon. Gentleman in case I am asked to pronounce his constituency. I think that I need to sign up for that course.

I congratulate my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) on presenting this Bill this morning and on coming third in the ballot for private Members’ Bills. As he made clear when he introduced the Bill, and to be fair to him, he has spent years campaigning on this issue; I think that is fair to say. That in itself demonstrates his determination on this issue and I know that he is introducing the Bill with the very best of intentions. He listed this cause as one of the six points in the plan that he put before his own electorate, so I do not criticise him in any way for introducing the Bill.

To be honest, I agree with my hon. Friend on the other five points that he put forward: focusing on jobs, action on dementia, supporting schools, calling for affordable family homes and tackling crime. Unfortunately, I have to say very gently to him that I do not support the Bill, and I will set out why. I hope that he will accept that I do so in a spirit of helpfulness.

Alec Shelbrooke: I am genuinely pleased at the number of my colleagues who are here today, perhaps to argue against the Bill, but this is a subject that, step by step, I have pushed further up the agenda and there are many issues to be explored. I say in all honesty and in all

[Alec Shelbrooke]

integrity that I sit here today to hear the points that he has to make, and I will listen very carefully to what he has to say.

Mr Nuttall: I am very honoured to hear that; to be perfectly honest, I am humbled to hear it, because I am not sure that my speech is worthy of that. Perhaps I have gleaned one or two things from looking at my hon. Friend's Bill that will genuinely help. I will certainly be able to draw his attention to one or two details, which will assist him.

Philip Davies: Does my hon. Friend agree that we and our hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) are on exactly the same side when it comes to social mobility and wanting to extend opportunities, but that we feel that the Bill will restrict opportunities rather than enhance them? If I can catch your eye later, Mr Deputy Speaker, I might be able to suggest to my hon. Friend how we can work together to extend opportunities, as we both seek to do.

Mr Deputy Speaker (Mr Lindsay Hoyle): I am sure that you will be able to catch my eye, Mr Davies, subject to the length of Mr Nuttall's speech.

Mr Nuttall: I have not started my speech yet, Mr Deputy Speaker.

I entirely agree with the brief point made by my hon. Friend the Member for Shipley (Philip Davies). What I want to do in making the points that I will shortly make is to do all I can to try to increase the number of opportunities available to young people. My genuine fear is that, rather than enhancing those opportunities, the unintended consequence—I entirely appreciate that this is not the intention of my hon. Friend the Member for Elmet and Rothwell—is that what is likely to happen if the Bill reaches the statute book is that those opportunities will be reduced.

I accept that at first sight the purpose of the Bill—the idea that by passing legislation we can somehow ban unpaid internships—might superficially appear to be a good idea, but I am genuinely concerned that on closer scrutiny we will find that that is not the case.

My hon. Friend cited a number of examples as evidence to support his contention that young people are being taken advantage of—I think that is a fair summary of what he said—because the national minimum wage legislation apparently does not apply to young people undertaking internships.

My hon. Friend has been lucky not only because he came third in the ballot for private Members' Bills, but because this debate has fallen during Living Wage Week, which was marked by a debate in this Chamber only yesterday. This House has therefore had two consecutive debates, sandwiched on either side of yesterday's Adjournment debate, on the minimum wage. Living Wage Week, which runs until Saturday, is a nationwide celebration of 3,000 employers who have voluntarily committed to ensuring that employees and sub-contracted staff working on their premises earn a real living wage.

I draw the House's attention to that because, as my speech will show, the whole problem with the Bill revolves around how we define contracts of employment and a

minimum wage. I should say at the outset that, personally, I do not like the word "intern". It is not a word with which I was familiar previously. I did not grow up with it and I do not like the word "internship" either. I think that it is an American import—I can see hon. Members nodding in approval. I will be honest about it: I have nothing against our friends on the other side of the Atlantic, but I grew up with the term "work experience", which I think more accurately describes the issue under discussion.

When I was at school, there was a work experience scheme called Trident. I do not know whether any colleagues have been on a Trident course. I do not think that I was able to secure a Trident placement—I certainly do not recall having had the opportunity to go on one—but many people I was at school with did have such an opportunity. Under the scheme, someone approaching the end of their compulsory school life was given the chance to go on a three-week placement with a local employer, but it was work experience, not an internship.

I want to consider, much as my hon. Friend did in promoting the Bill, how we arrived at this problem. Last Friday, we considered a Bill that was 18 pages long. This Bill is just two pages long. Unfortunately, it does not contain the answers to the problem it seeks to address. Indeed, it raises more questions than it provides answers.

The whole problem with the Bill revolves around the definition of three key terms: "work", "internship" and "work experience". Someone who is deemed to be a worker will have the right to be paid the national minimum wage—that is already the position. The regulation of wages in this country can be traced back to the end of the 19th century and then to the Trades Board Act 1909. After the second world war, wages councils arrived on the scene, with the Wages Council Act 1945. At their peak, 3.5 million people were covered by those councils. After they were abolished in 1993, pressure began to build for a new national scheme of a minimum wage. Despite the view of the Confederation of British Industry, which said in 1995 that

"even a low minimum wage would reduce job opportunities and create major problems for wage structures in a wide range of companies",

two years later the Labour party included in its manifesto ahead of the 1997 general election a commitment to introduce a national minimum wage. To be fair, immediately upon election, it set about putting that into law, and the national minimum wage that we have today is still governed in primary legislation by the National Minimum Wage Act 1998, while the most recent secondary legislation is the National Minimum Wage Regulations 2015.

Section 54 of the 1998 Act gives the key definitions of employees, workers and contracts of employment. Subsection (2) states categorically that

"contract of employment' means a contract of service or apprenticeship, whether express or implied, and (if it is express) whether oral or in writing."

Subsection (3) defines a worker—again I quote so that we have it absolutely accurately—as someone

"who has entered into or works under...a contract of employment; or...any other contract, whether express or implied and (if it is express) whether oral or in writing, whereby the individual undertakes to do or perform personally any work or services for another

party to the contract whose status is not by virtue of the contract that of a client or customer of any profession or business undertaking carried on by the individual”.

Workers are already, under the existing law, entitled to be paid the correct minimum wage if they are part-time, casual labourers, including even someone hired for one day, agency workers, workers and home workers who are paid by the number of items they make, trainees, workers who are on a probation period, disabled workers, agricultural workers, foreign workers, seafarers and offshore workers. Apprentices, who are separately provided for, are entitled to be paid a special apprentice rate, if they are either under 19 or 19 and over but in the first year of their apprenticeship. Apprentices over the age of 19 who have completed their first year are then entitled to be paid the actual minimum wage, depending on their age.

The Government set out the national minimum wage after considering the advice of the Low Pay Commission, an independent advisory, non-departmental body, sponsored by the Department for Business, Energy and Industrial Strategy. The commission is comprised of a chairman—currently Sir David Norgrove, a former private secretary to Margaret Thatcher—and a further eight low pay commissioners, who are drawn from a range of employee, employer and academic backgrounds and who make recommendations to the Government on appropriate pay.

Failure by any employer to pay at least the national minimum wage to those whom I have listed as employees is an offence and in breach of the national minimum wage legislation. To secure compliance with the legislation, the Government have introduced a naming procedure. In August, they published a list of 197 companies that had failed to pay one or more entitled workers the national minimum wage. Between them, those companies owed a total of £465,291 in arrears, and the most significant example was £99,541.98 owed to 30 workers. The naming and shaming scheme was introduced by the coalition Government in October 2013.

Those companies, which have been publicly identified and will undoubtedly have received negative publicity, may suffer an impact on their future relationships with customers and suppliers. Some 687 employers have been publicly listed as having failed to pay the national minimum wage to workers, and the wage arrears owed to staff have exceeded £3.5 million. That appears to be—

Proceedings interrupted (Standing Order No. 11(4)).

Outsourcing and Tax Credits

11 am

Louise Haigh (Sheffield, Heeley) (Lab) (*Urgent Question*): To ask the Chancellor of the Exchequer if he will make a statement on the change in Government policy in relation to outsourcing and tax credits.

The Economic Secretary to the Treasury (Simon Kirby)
rose—

Maria Eagle (Garston and Halewood) (Lab): That’s not the Chancellor.

Simon Kirby: Not yet.

I can confirm that there has been no change in Government policy on outsourcing. I suspect that the hon. Member for Sheffield, Heeley (Louise Haigh) has asked this urgent question in the light of the recent concerns surrounding the Government’s outsourcing contract with Concentrix.

Her Majesty’s Revenue and Customs places the utmost importance on providing a quality service to its customers. As the Government have made clear, high standards were not met in recent months by Concentrix, the company HMRC had engaged to help us in the important work of tackling fraud and error in the tax credits system. Once this became clear, HMRC took steps to rectify the situation and deployed HMRC staff as quickly as possible. From that point, no new cases were passed to Concentrix, and HMRC took back 181,000 individual cases that were being managed by Concentrix. I can reassure the House that not only have all the 181,000 cases been finalised, but HMRC has now restored the expected quality levels of customer service to ensure people receive the tax credits to which they are entitled. HMRC continues to review outstanding cases in which a mandatory reconsideration has been requested, and it has taken steps regarding the future of the contract with Concentrix.

On 14 September, the Financial Secretary to the Treasury informed the House that HMRC would not be renewing the contract with Concentrix. Last week, she informed the House that HMRC is currently in discussions with Concentrix to agree a negotiated early exit to the contract. These commercial discussions continue. I want to be clear that HMRC will not go back to the market to seek another partner to replace Concentrix and provide additional capacity to challenge error and fraud in the tax credit system. There has, however, been no change in Government policy on outsourcing, which can be an appropriate way to deliver both quality public services and savings for the taxpayer. I assure the House that HMRC is committed to learning the lessons from the problems that have arisen over the past months, supported by the independent review of the National Audit Office.

Louise Haigh: Thank you, Mr Deputy Speaker, for granting this urgent question. I think we all agree that the continuing fallout from the debacle surrounding Concentrix will not be going away soon.

Last Thursday, the day after a debate in this House, the chief executive of HMRC announced to the Treasury Committee:

“We will not go back into the market for this kind of thing”.

[*Louise Haigh*]

He also said:

“We will not be going back to the market to seek a third party to help us in any way with this kind of thing”.

He was obviously referring to the outsourcing of tax credits. This announcement was unequivocal, and it represented a considerable shift for the Government and their policy on welfare. The implications of such an announcement for private sector involvement in our welfare state are profound.

The contract between Concentrix and HMRC has revealed the grotesque consequences of the profit model in our welfare state. The chief executive of HMRC now clearly agrees that the private sector has no place in the delivery of welfare. He is absolutely right, but it is still embedded deep within our social security system. The company Maximus is still operating a £500 million contract to deliver the work capability assessments for personal independence payments conducted by Atos that are causing deep distress for thousands. If having a trade-off between profit maximisation and the principles of our welfare system has been deemed inappropriate for those on tax credits, why is it considered appropriate in other sensitive areas of our welfare state?

By setting this precedent, is the Treasury not accepting that, when it comes to the sensitivities around welfare, the private sector is uniquely incapable of determining the best interests of individuals on welfare? If not, what were the principles underlining the unequivocal announcement that there would be no longer be any third party involvement? Will this extend to the operation of universal credit? If not, many will see these words as a cynical manoeuvre to raise the hopes of many who should never again have to deal with a company that has so singularly failed them in the delivery of welfare.

Furthermore, I seek clarity on something the Minister's colleague said in a debate in this House last month. The Financial Secretary said of the way in which Departments do something, that

“there are circumstances in which the use of a private company offers a cost-effective way”.—[*Official Report*, 14 September 2016; Vol. 614, c. 910.]

Are we now right in thinking that, after this announcement, the Government do not believe that those circumstances extend to our social security system?

Finally, I want to press the Minister to release the key characteristics used by HMRC to profile the individuals whom Concentrix was then unleashed to target. Given the unprecedented distress that the targeting by key characteristics has caused and the commensurate levels of error that they evidently caused, it is very clearly in the public interest that they are now released. I would be very grateful if the Minister gave me a firm commitment this morning to provide me with that information.

Simon Kirby: Clearly, there are lessons to be learned from this—[*Interruption.*]

Mr Deputy Speaker (Mr Lindsay Hoyle): Order.

Simon Kirby: I have had the pleasure of responding to debates on this in Westminster Hall and in this Chamber, and this is now the third occasion I have had such an opportunity to respond. There are clearly lessons

to be learned. The Financial Secretary has made the Government's position very clear: Concentrix will not be providing the service in the future. However, there is no change to Government policy on outsourcing, which can be an appropriate way to deliver both quality public services and, importantly, to make savings for the taxpayer. We will have to wait to see what the independent National Audit Office review shows, but I am sure we are all looking forward to it. As I have said, there are many lessons to be learned.

Mark Pawsey (Rugby) (Con): Our constituents expect the Government to spend taxes wisely and efficiently. Is it not entirely right that the Government should seek to minimise error and fraud? Is this not a case of the Government having taken some action, discovered that it has not worked in the way they sought and then taken effective action to deal with that?

Simon Kirby: That is a fair point. It is worth saying that most of these problems are errors—there is always, sadly, some fraud as well—but this is about getting the balance right between, on the one hand, the taxpayer and, on the other hand, making sure that people receive the service they rightly expect. We have cut fraud and error in benefits to some of the lowest levels ever, making savings to the taxpayer. As I have said, there are lessons to be learned and there is a balance to be struck.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): I thank my hon. Friend the Member for Sheffield, Heeley (*Louise Haigh*) for securing this urgent question, and for her brilliant work in bringing this issue to light. Like her, I do not understand why it was not deemed appropriate for a Minister to come to the House to make a statement on a significant change in Government policy last week, not least because that happened the day after we had had a full Opposition day debate on Concentrix. Having listened to the Minister, I am not sure whether the policy has not actually changed again this morning. How can the Minister reconcile what he has just told the House with the statement last week that there would be no further outsourcing for such matters?

As my Front-Bench colleague, my hon. Friend the Member for Salford and Eccles (*Rebecca Long Bailey*), made clear in the debate last week, our party continues to stand by the victims of this terrible fiasco, the majority of whom were single mothers. There is clear human suffering at the centre of this chaotic debacle. These people did not deserve to face the hardship and stress they suffered. In order to move forward, we need confirmation that those unfairly targeted by Concentrix will at the very least be properly compensated, and that that will happen as soon as possible. The Government need to announce as a matter of urgency the timetable for a comprehensive investigation into the increasing number of systematic failures that continue to be brought to light.

As we are continuing to hear the details of these terrible cases from Members on both sides of the House, it would only be proper and decent for the Minister to issue a formal apology on behalf of his Government for the distress and hardship that they have caused. We are pleased that the Government have conceded to the Opposition that this was an unacceptable episode.

Such contrition is welcome, but now the Government must proceed by putting right the wrong that has been caused, and they must properly report to Parliament on their progress towards doing so.

Simon Kirby: Compensation is available where error has occurred. That has been made very clear. The hon. Gentleman asks whether I am prepared to apologise; I think this is now the third time I have done so. If people have not received the high-level customer service to which they are entitled and if mistakes have been made, I do apologise. I also say, however, that this is a necessary part of government and there are lessons to be learned. We will all make better decisions as we go forward. We will have to wait for the independent NAO report. That has all been said before.

Mr Jacob Rees-Mogg (North East Somerset) (Con): May I commend my hon. Friend for his balanced and reasoned responses today? The Opposition seem to think that everything done by the state works perfectly and that whenever it is outsourced it may go wrong. I think they forget that, over the years, HMRC has had quite a few internal problems of its own—failing to answer the telephone and the chaotic initial introduction of tax credits, for example. It is absolutely right to look to securing savings through outsourcing to the private sector throughout Government Departments where it is the right thing to do.

Simon Kirby: As ever, my hon. Friend makes a valuable point and worthwhile contribution. He is right that there have been mistakes and lessons to be learned over a large number of years in a number of different Departments. What is important is that we get the balance right, pay the money that people—often the most vulnerable in society—are owed, while at the same time protecting the taxpayer from unnecessary overpayment, error and fraud.

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): While Concentrix certainly has questions to answer, the model for indiscriminately targeting low-income families was devised by the Conservative Government and designed to place the burden of the failing austerity agenda firmly on the shoulders of the most disadvantaged in our society. As tax credits are to be overtaken by universal credit, there have already been reports on the delay of the roll-out of UC as well as on continued problems with the system. With private companies such as Atos, Maximus and Concentrix under the spotlight for their poor handling of contracts intended to support social security claimants, does the Minister agree that we must ensure that all future contracts are kept under close scrutiny by his Department, that they are fit for purpose and that they protect vulnerable people?

Simon Kirby: I agree that everything that the Government do should be kept under close scrutiny. It is worth saying again that HMRC has reduced error and fraud in the tax credit system, so that it remains on target and is at a near record low since tax credits were introduced in 2003—some 13 years ago. We are always well advised constantly to check and ensure that the service we deliver is appropriate.

Chris Heaton-Harris (Daventry) (Con): Does the Minister agree with this recent statement about the Government's position on this matter:

“We welcome this recognition from the government”?

That was said by the general secretary of the Public and Commercial Services Union.

Simon Kirby: My hon. Friend makes a valuable point. It is, I think, important to say that, particularly for vulnerable people, overpayments lead to debt. That is why it is important to make sure that we get the payments right and do not make mistakes. We must act in a fair, appropriate and customer-focused way.

Mrs Emma Lewell-Buck (South Shields) (Lab): My constituent Ashley Davenport was one of many who suffered for three months under this contract. She had two children, one of them a new-born, and she contacted me after she had not eaten in days. Concentrix is not the first abysmal private company that this Government have allowed to fail in delivering sensitive public-service contracts. Since 2010, billions have been spent on the outsourcing of privately run public services. Is it not time that lessons were learned right across the board when it comes to welfare and benefits in order to mitigate any further hardship such as what we have seen in this latest shambles?

Simon Kirby: I would say three things in response. First, if the hon. Lady feels that her constituent has been wrongly treated, she should write and apply for compensation. Secondly, it is worth saying that the savings to the taxpayer are probably in excess of £200 million—not a small sum. Thirdly, yes, there are lessons to be learned—[*Interruption.*] I shall have to say that even more often, because it obviously gets a reaction. As a Government, we would be foolish not to learn lessons and not to make sure that the service we provide is as good and appropriate as possible. [*Interruption.*] The hon. Lady says from a sedentary position that this is turning into a debate, Mr Deputy Speaker. She asks whether we are going to come back and report. We shall have to wait for the independent NAO report.

Mr Deputy Speaker (Mr Lindsay Hoyle): The danger is that the Minister is going to keep the debate going.

Philip Davies (Shipley) (Con): Does the Minister agree that there is a great deal of amnesia on the Opposition Benches? I well remember the misery caused to my constituents when 50% of all tax credits were paid incorrectly during the course of the last Labour Government. I welcome what my hon. Friend said about Concentrix. What financial penalties will the Government impose on Concentrix for the cock-ups it has made?

Simon Kirby: My hon. Friend is right to highlight amnesia. It is sometimes easy to forget how things were in the past and by how much things have improved today. There are penalties in the contract. Concentrix will be penalised for not doing the job that was intended. That is right and proper—not only for the people who have suffered through Concentrix's mistakes, but for the taxpayer as well.

Maria Eagle (Garston and Halewood) (Lab): Some of my constituents have lost other moneys. They have gone into rent arrears and have bank charges to pay, for example. Will the Minister undertake to make sure that either Concentrix or HMRC compensates those people for their actual losses—caused, it must be remembered, when they were accused of having an undeclared partner who was dead or a previous tenant they had never known. This has nothing to do with my constituents and has everything to do with rank maladministration. I hope that the Minister will stand up today and confirm that these people will be compensated by Concentrix or HMRC.

Simon Kirby: The hon. Lady will be pleased to know that HMRC does run a compensation scheme. If her constituents—or her as their MP—would like to write, I am sure they will have some success.

Mr David Nuttall (Bury North) (Con): Does my hon. Friend agree that the key objectives must be that the rules laid down by this House for the payment of tax credits or welfare benefits are followed accurately, and that fraudulent claims are identified and stopped? Does he further agree that these two key objectives are equally applicable whether the delivery is by the public sector or the private sector?

Simon Kirby: My hon. Friend is absolutely right. Those are two key objectives and it is important to get the balance right between them. Whoever delivers—whether it be the private sector or the public sector—must deliver what is most appropriate. We have been clear that in the case of Concentrix, it was not the most appropriate way to proceed. We must ensure that what is done is fair, reasonable and represents value for money.

Kevin Brennan (Cardiff West) (Lab): I am sure it was inadvertent, but I do not think the Minister fully answered the point made by the hon. Member for Shipley (Philip Davies) when he asked what penalties Concentrix would suffer as a result of its failure. Is it not the case that, in fact, because the Government are ending the contract early, Concentrix are the ones that are going to be compensated? Will the Minister clear that up for us right now?

Simon Kirby: The contract is still under sensitive commercial negotiation. As for the exact penalties, the contract states clearly and transparently that penalties will be imposed for a failure to fulfil elements of it. I can tell the hon. Gentleman that HMRC will be seeking the best possible deal for taxpayers and, indeed, people who are entitled to these payments, and we fully expect to get the best possible deal.

Stephen Pound (Ealing North) (Lab): The Minister is in a contrite mood this morning. I wonder whether he will extend the balm of that contrition to the PCS members working in HMRC who will have to clear this mess up. Will he tell the House whether there were any formal discussions with the PCS before the contract was awarded to Concentrix?

Simon Kirby: I am not aware whether there were or not, given that I am a Minister who is relatively new to the Treasury and given that I am dealing with a subject that is not in my portfolio, but I am sure that I can write to the hon. Gentleman clarifying the position.

I pay tribute to the hard-working staff in HMRC, who have helped to resolve what was a very difficult situation. HMRC took back 181,000 cases, and the staff have done a brilliant job, extending the helpline hours and specifically helping MPs. We should all be grateful for that.

Mr John Spellar (Warley) (Lab): It is no wonder that the Chancellor is not here today to respond to the urgent question. We have heard an announcement of no change in policy: in other words, “Do not adjust your mind, reality is at fault.” Apart from the structural weaknesses of this and so many other contracts, time and again we are seeing Ministers and Departments failing to monitor contracts, and failing to react and respond when those failures are pointed out. Once again, we are hearing the same lame old excuse: “Lessons will be learnt.” I ask the Minister, “When will they ever learn?” For a start, will Concentrix be barred from tendering for any future contracts with the Government?

Simon Kirby: The right hon. Gentleman speaks of a failure to respond; the Government responded very quickly, which is why we are in this position, having cleared up the mess that we found. He asks when we will learn our lessons; we have learnt lessons, which is why the Concentrix contract is coming to an end. We shall all have to wait for the independent report from the National Audit Office, and there will be further lessons to be learned, but the Government have taken this matter very seriously and have acted quickly, and I think that we have done reasonably well in the circumstances.

Jeff Smith (Manchester, Withington) (Lab): May I press the Minister once more on the financial issue? He talked about the HMRC compensation scheme. Will he tell us whether the payments under that scheme will be recovered from Concentrix?

Simon Kirby: What I can say is that the penalties referred to in the contract will be taken from the money paid to Concentrix and will go to HMRC, and that any compensation that is appropriate and due will come from HMRC.

Mr Deputy Speaker (Mr Lindsay Hoyle): Last but certainly not least, Daniel Zeichner.

Daniel Zeichner (Cambridge) (Lab): I think we have got the message that the Minister wants lessons to be learned. Will he assure us that all that the minutes, recordings and transcripts relating to the process that led up to the tendering of the contract will be published?

Simon Kirby: I understand that the independent National Audit Office will be looking at all those and will report in due course—let us hope that it does so sooner rather than later—and we will learn lessons from that independent report.

Mr John Spellar (Warley) (Lab): On a point of order, Mr Deputy Speaker. In the age of emojis, is there any way in which *Hansard* will be able to report the look on the Minister’s face when he responded to the question asked by the hon. Member for Manchester, Withington (Jeff Smith)? It said it all.

Mr Deputy Speaker (Mr Lindsay Hoyle): Absolutely not.

National Minimum Wage (Workplace Internships) Bill

Proceedings resumed.

11.24 am

Mr Nuttall: Before the urgent question, I had just set out some of the ways in which the present Government are enforcing the national minimum wage. It appears, at least on the face of it, to be a system that would benefit those on low pay, but all is not as it seems.

Not content with the introduction of a national minimum wage, pressure groups began to press for what they termed a “living wage”, and in April this year a national living wage was actually introduced. As far as I can see, however, what it amounts to is the creation of an extra tier of the national minimum wage, payable to those aged over 25. At £7.20 an hour, it represents a 50p increase on the minimum wage.

The living wage was described as a pay rise for over a million low-paid workers across the UK, many of whom would be in low-income households. While that is true, it is worth pointing out that the belief that when a minimum wage is increased the benefit goes to all those in the lowest income groups is far from the truth. In reality, 44% of low-paid workers are in the top half of the household income distribution, because, in many cases, their spouses are earning much more. The fact that one person is on the minimum wage does not mean that the household income as a whole is very low.

Let me return to the question of definitions. Those who are defined as workers are already covered by the minimum wage legislation. That applies to everyone, whether they are working as apprentices or not. On 1 October, the minimum hourly rate paid to an apprentice was increased to £3.40. The rate for those under 18 was raised to £4, the rate for those aged between 18 and 21 was raised to £5.55, and the rate for someone over the age of 21 who was not on the national living wage was raised to £6.95.

The crucial question is this: what is the position of volunteers? They work, surely, and is an intern not a volunteer? That question goes to the heart of the dilemma that faces my hon. Friend the Member for Elmet and Rothwell. After all, no one forces anyone to take up a position as an intern, so by definition they are all volunteers. At present, section 44 of the National Minimum Wage Act 1998 excludes voluntary workers from the national minimum wage. On 9 March 1998, during the debate on the Bill, the former Labour Minister Ian McCartney said:

“it does not cover volunteering in non-charitable commercial enterprises. To include that would undermine the Bill, and would go against the principle that volunteering should be for social good rather than a form of cheap labour for commercial profit.”—*[Official Report, 9 March 1998; Vol. 308, c. 24.]*

A company can become liable to pay the national minimum wage if the individual receives any payment beyond expenses or benefits in kind. That could include, for example, free tickets to a show if the individual is volunteering in that sector, or a festival or concert in the case of an arts charity. It is clear that the introduction of the national minimum wage has resulted in a raft of new rules and regulations that businesses must be conscious of and abide by. They must be aware of their responsibilities even towards individuals who are, on the face of it, just

volunteers. As always, it is relatively easy for big businesses with large human resources departments to comply, but this Bill is intended to cover all employers, large and small. Companies need to be very aware of the responsibilities towards individuals who volunteer.

One important issue for a company to determine is the status of those who are providing services for them. Ultimately, it is the nature of the actual relationship between a worker and an employer that defines whether someone is a worker or not. This is the key point, and my hon. Friend the Member for Elmet and Rothwell skated over it when introducing the Bill. One can perfectly well envisage a situation where an individual is nominally termed an “intern” but in reality is a worker. In fact, one does not have to imagine anything, because fortunately there is case law on this point, which I will come to shortly. In such a situation a person would not need to rely on any new provisions contained in this Bill; they would simply be able to rely on the existing national minimum wage legislation, and could seek help and guidance from organisations such as ACAS. It is worth putting on record that reporting an alleged breach of the legislation is very simple. Any employee, volunteer or intern who believes that an employer is not complying with the minimum wage legislation and who wishes to report a problem with working hours or the minimum wage can do so by simply filling in a pay and workers’ rights complaint form, which is available on the Government’s website and can then be emailed to HMRC.

Let us be clear about one thing: the National Minimum Wage Act 1998 contains no reference to interns or internships. Even under the Labour Government of the day, it was clearly the intention that someone doing work experience—or, if we prefer the term, an internship—should not be entitled to the national minimum wage.

As I have said, we are fortunate that there is case law on situations where an individual is called an intern but where in reality a contractual relationship exists between them and the employer. In 2009, Nicola Vetta brought a case against a company called London Dreams Motion Pictures Ltd. It was heard at Reading employment tribunal on 20 November of that year. Nicola was engaged by the company on an expenses-only basis as an art department assistant. The position was advertised as expenses-only and as an opportunity to gain experience. In email correspondence the claimant, Nicola Vetta, was described by the defendants as

“full-time and our main assistant”.

In another complimentary email from the respondents to the claimant they said:

“We are very surprised that you have dived right into the action and within weeks become a key member of the team.”

Other emails were referred to at the hearing, including one in which it was said that Ms Vetta was running things and assembling a team. After considering all the evidence, the tribunal held that, despite the respondents’ defence that Nicola was not an employee and was merely engaged on an expenses-only basis, in reality she was nevertheless entitled to be paid the minimum wage as she was considered to be a worker. She was awarded £2,174.53 in unlawful deductions of wages, plus accrued holiday pay of £220.91.

This could very easily have been one of the internships my hon. Friend the Member for Elmet and Rothwell has been talking about this morning. There are many such cases, but I will touch on one other.

Mark Pawsey: My hon. Friend has given an interesting account of an industrial tribunal case, illustrating what we do not want to see happening. My grave concern about the Bill is that it would prevent many of our young people from getting valuable experience.

Mr Nuttall: I fear that if the Bill becomes law there is a danger that what now appears to be the settled law as laid down by these cases will be thrown into doubt and there might be a whole raft of new cases with new definitions to be challenged in the courts. As I will say later, although this Bill refers to “employment practice”—a new term to me, which I will come on to—there is no clear definition, as far as I can see, of what is meant by that, and I anticipate it will have to be tested in the courts and in industrial tribunals.

Let me turn to the case of Hudson against TPG Web Publishing Ltd in 2011. It was also held in this case that the claimant was a worker. Keri Hudson worked eight hours a day between 10 am and 6 pm for a publishing company and supervised a team on a website. The employer had considered paying her but decided not to. The tribunal concluded that she was a worker with a contractual relationship existing between herself and the employer and was therefore entitled to be paid the minimum wage. The renegeing on the payment was a key factor because it demonstrated that the respondent recognised that the position at least could be a paid position.

At that time the National Union of Journalists said of the judgment:

“This sends a clear message to media companies that if they treat interns like cheap labour, the NUJ will take you through the courts.”

It is clear from this case that the issue of interns who are actually carrying out work has been tested in industrial tribunals, which have found that if someone is working, they are liable to be paid. Unions have, to be fair to them, taken up this cause and are alert to the problem, and in appropriate instances take cases to a tribunal.

Alec Shelbrooke: I am listening carefully to my hon. Friend, and this draws into comments I made, as do his opening comments about the legalities around national minimum wage law. I said at the opening of my speech that we still have people not being paid when they should be. Does my hon. Friend feel that people have the courage to go forward, even with union backing, or might they be worried about the effect it could have on the future of that industry?

Mr Nuttall: I rather suspect that any individual who brings a case is more concerned about their own contractual position than the wider industry. They might be concerned about their position within the industry, and I wonder whether that is what my hon. Friend is driving at. But I imagine the industry would respect the judgments of tribunals and accept that an individual who had the confidence to challenge an employer on the interpretation of an Act of Parliament and was able to demonstrate to the satisfaction of the tribunal that they were on the right side of that would be someone employers should be looking to engage, because it would be someone who had the confidence, willingness and ability to take on a larger employer. If they manage to win that case, I would have thought that would only enhance their opportunity of being given a job.

Alec Shelbrooke: It is nice to think life should be like that, but I am not sure that it is like that.

Mr Nuttall: My hon. Friend is entitled to his view, but as a former employer myself that is the view I would take—although others might come to a different view.

In the Hudson case, as in the Vetta case, the tribunal determined that essentially this was not an internship, but was a job for which Ms Hudson should be paid, and it awarded her unpaid wages and holiday pay. I submit that on the basis of the findings in those cases the Bill offers nothing new to protect workers. If someone is actually working despite the fact that they might be called an intern, they are covered.

We should consider how many people would be covered by this Bill, even if it were to be of any value and brought into law. A written parliamentary question of 24 June this year by the hon. Member for Copeland (Mr Reed) asked the Business Secretary whether there were plans to gather data on the prevalence of paid and unpaid internships. At that time the then Skills Minister was my hon. Friend the Member for Grantham and Stamford (Nick Boles), and I am sure I speak for the whole House when I say we sincerely hope he is soon able to rejoin us in the House.

He replied:

“The Government has no current plans to quantify the number of paid and unpaid interns. There is no legal definition of an intern, but all those who qualify as ‘workers’ are entitled to the National Minimum Wage and National Living Wage.”

Let us reflect for a moment on why the Government were unable to provide a more specific answer to that relatively straightforward question. I submit that it would entail reporting by businesses, small and large, on the details of the thousands of interns who are employed in offices, shops and factories right across this country. Some companies would have hundreds in the course of a year and, given the nature of internships, which can often be for short periods of time—sometimes for a week or two weeks—can the House imagine the practical difficulties in trying to ascertain an accurate number?

In 2010, a briefing note on interns and the national minimum wage was sent to the then employment relations Minister, Ed Davey, and the then universities Minister, David Willetts. Sadly, that briefing note has been heavily redacted. I wish it had not been, because it would have been very interesting to read the whole document. Perhaps we could speculate about why it was so heavily redacted; the House will be pleased to know that I will not so speculate. The briefing note, which was released on 15 July 2010 following a freedom of information request, said:

“No single data source can provide an accurate estimate of the number of paid or unpaid internships. Unpaid workers are particularly hard to capture in national surveys as they are not on the PAYE system. Given the paucity of data, we have had to construct an estimate for the total number of interns based heavily on reports from the Chartered Institute of Personnel and Development (CIPD), combined with a number of other assumptions. This estimate is 50-70,000 internships, of which 10-15,000 are unpaid, but due to data limitations any figures should be treated as purely indicative.”

The Sutton Trust estimated in November 2014 that 31% of graduate interns in this country had reported working for no pay. Those data were based on the Higher Education Statistics Agency’s leavers survey of

2012-13. More recently, the Low Pay Commission said in spring this year regarding non-payment of the national minimum wage:

“This year we received fewer responses from stakeholders on this issue. While this in itself could be interpreted as evidence of an improving situation, the feedback we have received from stakeholders who have responded indicated that the issue remains live.”

To be fair, the report also referred to discussions with unions and expressed concerns about non-payment of the minimum wage in the arts and entertainment industry in particular. Clearly, however, there are real difficulties in quantifying the size of the problem. Although we do not know whether it is getting better or worse, if fewer stakeholders are contacting the Low Pay Commission about concerns over unpaid internships, maybe it is not such a critical concern to people.

My hon. Friend the Member for Elmet and Rothwell posted on his website a call for evidence from the people of Yorkshire who had had experiences of unpaid internships. In his brief opening remarks, he was unable to expand on the sort of response he had to that call for evidence. I commend him for doing his research, but it seems to me that it would have been better to ask for the evidence first and then try to look for a solution only if a problem could be identified. I am not convinced that the problem is exactly what my hon. Friend thinks it is. Even if there is a problem, I am absolutely certain that this Bill will not solve it. In my view, it will create more problems.

Alec Shelbrooke: To put my hon. Friend’s mind at rest, the problem was identified many years ago, and some of the examples that I received were used in my speech today.

Mr Nuttall: I am grateful for my hon. Friend’s report of that. I have been completely consistent in my approach to the proposed legislation. I voted against the previous Bill when it was put to a Division a couple of years ago, so he and I have both been consistent.

As it happens, I was an employer when the national minimum wage legislation was introduced. At the time, I suspect I was employing about 30 or 40 people, so I know from first-hand experience about the impact that it had, not just on me but on many of my clients, which were small businesses. It undoubtedly took up some staff time; it was new legislation and we had to look at how to comply with it. To be fair, although rogue employers will do all they can to break the rules—that will always be the case—the truth is that most businesses and most small employers bend over backwards to try to comply with laws that emanate from this place. Although some extra administration was involved, I do not want to over-egg the pudding; it did not take up a huge amount of time or dominate our practice, but we did have to deal with it.

The biggest problem was not so much the administration but the economic costs of the minimum wage. I refer not so much to those who were not covered by the legislation—in our small practice, perhaps only one or two employees felt any benefit initially from the imposition of the minimum wage—but to the knock-on effect that it had on wage differentials. That was the economic problem for small businesses. If, for example, the salary of the lowest-paid worker—say, the office junior—is increased to the same level as, say, the junior typists,

they can legitimately and understandably claim that in order to restore the pay differential, they should have a pay increase. That has a knock-on effect on the next grade up, and so on. The ripple effect of increasing the wages at one level can soon be felt much higher up the pay grade.

Turning to the engagement of additional staff, the fact is that if an employer has work that needs doing, they will engage a new member of staff. That may be part-time, of course—there might not be enough work to fill a full-time role, but the employer will engage either a part-time or full-time staff member. I accept that there might be unscrupulous employers who, seeing a short-term amount of work that needs doing, might seek to engage an unpaid intern to do that work. As I demonstrated earlier, however, my view—which, to be fair, is backed up by cases—is that that situation would already be covered if the person involved could demonstrate that they were carrying out work and were entitled to be paid the national minimum wage. So who would be covered by my hon. Friend’s Bill? People who are doing work are already covered, so the only other people who could be covered are those who are not working: the ones who are watching. Is my hon. Friend really suggesting that the national minimum wage should be paid to people who are simply watching someone else work?

I shall let hon. Members into a little secret. What goes on in this Chamber might be considered a spectator sport, and quite rightly, but I take the view that running a small business is not. When I was running a small business, I could not afford to pay people to come and watch me work. I did not mind paying them if they were carrying out work, but I could not afford to pay them simply to come and watch. I did not mind them coming to do work experience, and I got lots of requests—I still do, as a Member of Parliament—from people asking to come and spend time with me. I said, “Of course, there’s no problem. I will chat to you and I will give you advice.” But I could not pay them to do that. The reality is that an employer, and particularly a small business, cannot afford to pay people who want to sit and watch and then simply walk away having added no value whatever to the business.

Let us ask ourselves what determines a wage on the open market. It is an essential truth that work should be compensated according to productivity. A wage is the price at which a worker is prepared to sell his or her labour; the wage is the balance between what the employer is prepared to pay and at what level the labourer is prepared to sell. The employer will of course take into account the productivity of the labourer, and the labourer will consider how much they value themselves working for that employer. They will also take into account the experience of working there and the working environment. Someone who is prepared to spend time going on work experience—or an unpaid internship, if that is what we want to call it—is demonstrating that they value the experience of just being there and the contacts that they will make while they are there. In their eyes, those considerations cancel out the need for any monetary compensation. I believe that it is absolutely right that an individual should be free to decide for themselves the value of their own labour.

So what would happen if that basic arrangement were interfered with? What would happen if the law said—as I believe would be the case if the Bill became

[*Mr Nuttall*]

law—that an employer would have to pay to be watched? The obvious conclusion is that a black market would develop, as happens in any market where the price of a product or commodity is set at an artificially high level, higher than the genuine market level. If someone wants to do a few weeks' work experience—whether it is called an internship or not—without being paid, the law should not prevent that from happening.

Let me deal briefly with the claim that unscrupulous employers are somehow exploiting a loophole. It seems to me that there is much more likelihood of an unscrupulous employer exploiting an individual who is being paid, because they will then expect a return on their payment. If someone is not being paid at all, it is surely far more difficult to exploit them and far more likely that that intern doing work experience would simply walk away.

I want to look in detail at the problems in the Bill. The first problem revolves around the definition in clause 1, which states:

“For the purposes of this Act, a workplace internship is an employment practice in which a person (“the intern”)—
undertakes regular work or provides regular services in the United Kingdom for—

- (i) another person;
- (ii) a company;
- (iii) a limited liability partnership; or
- (iv) a public authority; and”.

At the moment, the word “intern” has no legal definition. The official Government website, gov.uk, states:

“Internships are sometimes understood to be positions requiring a higher level of qualification than other forms of work experience, and are associated with gaining experience for a professional career.”

The key term in clause 1 is “employment practice”. Those two words are central to what I would call the obfuscation at the heart of the Bill. What is an employment practice? I venture to suggest that it is actually an employment contract. In other words, this clause is attempting to cover every employment contract in just about every conceivable working environment. Perhaps my hon. Friend would agree, and say that that is exactly what he is trying to do. Perhaps he is trying to make this so watertight and all-encompassing that absolutely no one could escape from it, but let us consider for a moment the problems that could arise from that.

Let us take the example of someone who is setting up a gardening business and regularly volunteering their time to maintain the garden of, say, an elderly neighbour. For the gardener, who wants to work, this is an opportunity not only to help the neighbour but to demonstrate to the neighbourhood that they are capable of the job, which could lead to paid work. Clause 1(b) states:

- “(b) the purpose of the employment practice is—
- (i) that the intern meets learning objectives or gains experience of working for the employer listed in section 1(a); and
 - (ii) to provide practical experience in an occupation or profession.”

We know from clause 1(a) that the intern could be working for a sole individual, which would cover the example of someone wanting to work for their neighbour. In that scenario, could the neighbour become liable to pay the national minimum wage? To me, that seems very likely. I submit that that would be an unintended consequence that could result in a financial cost when the person was simply trying to do someone a favour.

Nowhere in the Bill is there a definition of regular work or regular services, a point made earlier by my hon. Friend the Member for Shipley. While we are fortunate that the Bill comes with some explanatory notes, they do not give any further clues as to what actually amounts to regular work or regular services. When something is not specifically defined, there is the potential, as pointed out by my hon. Friend the Member for Rugby (Mark Pawsey) in an earlier intervention, not only for further references being necessary in order for an industrial tribunal to clarify the situation, but for terms to be widely construed. If someone is called in to do some filing in an office every Tuesday, is that regular? If a volunteer assists with a monthly live event, is that regular? It clearly means that something happens more than once, but there is no clear guidance.

I suspect that what would happen with the Bill is that the term “internship”, which has been adopted and is widely used and which this Bill seeks to outlaw, will be rapidly replaced by another term. People will try to get around the legislation by using another term—perhaps “work shadowing”. It may be that work shadowing is already covered by the Bill—we would have to see—but if someone has not been promised future work, that situation could be caught by the Bill. I would therefore submit that the Bill’s scope is too wide.

Clause 3 attempts to narrow that scope by setting out some exclusions. It excludes students who are required to do work experience as part of their course. In other words, the Bill recognises that work experience, when part of a wider course of study, does not have to be paid. To be fair, my hon. Friend the Member for Elmet and Rothwell touched on that in his remarks, but I did not intervene because he made it clear that he was not going to take any more interventions. However, the Bill’s true effect will be to discriminate against precisely those who have been told this morning that it seeks to help. If someone is lucky enough to go to college or university, the Bill says that it is fine for them to go on a placement or have 12 months’ work experience. If someone is not that lucky and just wants the opportunity to see what workplace life is like, the Bill states that an employer must pay them. That cannot be right. I am unsure whether that has been thought through by the Bill’s promoter, but it seems that that is exactly what would happen if the Bill became law.

The Bill also excludes those “of compulsory school age”, who are excluded from the National Minimum Wage Act 1998 anyway; those who are doing apprenticeships; and those otherwise excluded under devolved powers. However, I now want to comment on clause 3(1)(d). Clause 3 states:

“For the purposes of this Act, section 2 shall not apply if the person is—

- (a) a student at a higher or further education institution...
- (b) of compulsory school age;
- (c) undertaking an approved English apprenticeship...
- (d) meets the terms of a definition set out in regulations made by the Secretary of State or, as the case may be, the relevant Scottish, Welsh or Northern Ireland Ministers.”

Taken together, those words state that

“section 2 shall not apply if the person is—
... meets the terms of a definition”.

I gently suggest to my hon. Friend that there must be some words missing from clause 3(1)(d)—probably “someone who”. I think it should say that section 2

“shall not apply if the person is—someone who meets the terms of a definition”. It does not make sense as it stands.

The clause also runs the risk of different regulations being made in different parts of this United Kingdom. I hope that my hon. Friend will say that I have missed something and that that is not the case, but the clause seems to suggest that if regulations are made by the Secretary of State in this place or by relevant Ministers in the devolved Administrations, different classes of people would be excluded in different parts of the United Kingdom. Is that the case? Perhaps my hon. Friend will reflect on that and comment on it when he winds up.

I am conscious of the fact that many other Members wish to speak, but I want to talk about the many other people who have looked into this problem. In 2011, the policy group Perspective produced a paper called “Arguing for the introduction of paid internships”, detailing international comparisons of the action taken on this issue. It referred to the 2010 report from the International Labour Office “Global Employment Trends for Youth”, which looked at international comparisons. I do not know whether my hon. Friend, in drawing up the Bill, has examined the situation in other countries and whether the problem he has identified has been solved anywhere else in the world—it may well have been. Some countries, such as Canada and South Korea, have committed to funding internships in key sectors, which may be one way of doing this; we could simply throw Government money at it and say, “We will pay for people who need work experience.” South Korea extended its state-supported youth internship programme and introduced wage subsidies for small and medium-sized enterprises that engaged interns on regular contracts at the conclusion of their internship. I would not want to go down that road, but it has happened in other countries.

More interestingly, the Institute of Economic Affairs, perhaps spurred into action by the publication of my hon. Friend’s Bill, published a discussion paper in August entitled “And how much do you earn?”. One of its conclusions was that the current minimum wage legislation “should be simplified”, and I strongly support that. If this Bill were to be amended in Committee and to go down that road, there would be a lot of merit in that approach. The authors of that paper, Ryan Bourne and J. R. Shackleton, acknowledged that the national minimum wage has “broad public support”, but they said that

“the introduction of the National Living Wage threatens to lead to a populist arms race in terms of statutory minimum pay rates.”

The paper made a number of suggestions, including reducing the number of bands to just two, one for people 18 and over and the other for people 25 and over. It also suggested that the Government should:

“re-emphasise the independence of the Low Pay Commission, allowing it to continue to recommend changes to both rates in the new system according to the best evidence available on the pay-employment trade-off. This is particularly important given the pressure there will be to continue increasing wage rates even in economic recessions.”

In conclusion, the website Simple Politics calls this Bill “The ‘pay interns’ Bill”. I would argue that on closer inspection it is not that, but “The making work experience unaffordable Bill”. Even worse, it could be called “The denying young people opportunities Bill”. The growth in the number of unpaid internships has

arisen as a consequence of the minimum wage legislation. I said earlier that I had not previously come across the term “internship”; it has arisen only since the arrival on the scene of the minimum wage, and with it has come the problem of elevating people who are doing work experience to the status of workers.

It was never the intention—the Minister actually said this, in terms—that businesses would have to pay wages to people who were not actually working, but simply experiencing the workplace. The most likely result, if the Bill became law, would be a reduction in the number of opportunities available to young people. Why? Perhaps because the law recognises that work placements do not have the same status as actual work. If an intern is actually working, it is already illegal not to pay them the national minimum wage; that is in the national minimum wage legislation, which Her Majesty’s Revenue and Customs is enforcing. The Bill is simply unnecessary.

Mr Rees-Mogg: I am interested in what my hon. Friend says. Will he talk a bit about the status of voluntary work? Some people want to volunteer, and lots of charities have business arms; there are charity shops and so on, which have a mix of employee and volunteer help.

Mr Nuttall *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We do not want to hear too much on that, because the hon. Member for Bury North (Mr Nuttall) is coming to the conclusion of his speech. Do not worry: five other Members wish to speak. I want other Members to take part in the debate. I would not want to close the debate down too quickly.

Mr Nuttall: I am grateful to you, Mr Deputy Speaker, and I shall deal with the intervention fairly briefly. My hon. Friend the Member for North East Somerset (Mr Rees-Mogg) raises an important point, and I apologise for not going into as much detail on it as I perhaps should have. I said in an intervention that the Bill nowhere refers to volunteers. It is silent on the issue of volunteers. When I pressed my hon. Friend the Member for Elmet and Rothwell on that, he rather bizarrely started talking about the exclusions—the people to whom the Bill does not apply—but it does not say “a volunteer” anywhere in the list of exclusions. I think that volunteers are included in the Bill by definition, unless they are covered by the catch-all, get-out-of-jail-free card in clause 3(1)(d), to which I referred earlier. It sets out that a person is excluded under the Bill if they meet “the terms of a definition set out in regulations”.

It may be that, for some reason unknown to me, my hon. Friend thought, “I’ll leave this problem to the Minister to solve”—and there is a real problem in the Bill: what do we do with volunteers? I will not attempt to go down that path and sort out the thicket of problems that arise from the point made by my hon. Friend the Member for North East Somerset. There is a genuine problem with those who do a mix of things—who sometimes volunteer, and sometimes work in a shop, or a charity’s commercial arm. That point is not clear. It is quite likely that those sorts of issues will finish up in the courts and before the industrial tribunals. It will be a bun fight, and a money-making scheme for lawyers.

[*Mr Nuttall*]

[*Interruption.*] My hon. Friend the Member for Louth and Horncastle (Victoria Atkins) is positively delighted by that.

I entirely accept that my hon. Friend the Member for Elmet and Rothwell is well intentioned in bringing forward the Bill. I have tried to draw out some of the genuine problems that I see with it, and I hope that on considering the arguments advanced against it, he will withdraw it. I will continue to oppose the Bill, and I urge the House to do the same.

12.14 pm

Philip Davies (Shipley) (Con): It is always a pleasure to follow my hon. Friend the Member for Bury North (Mr Nuttall).

I commend my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke), my fellow west Yorkshire Member of Parliament, for bringing forward this Bill. As we all know, he is a very decent man. As my hon. Friend the Member for Bury North pointed out, he made a promise to his constituents and, as a decent, honourable man, he is honouring that promise. Nobody in this place should criticise him for doing that. It is what we have come to expect from him. Having said that, I do not think it was a particularly good promise to have made or to be fulfilling, although I admire him for following it through. I do not support the Bill but I do support—

Mr Rees-Mogg: I am sorry to intervene on my hon. Friend's speech at such an early stage, but last year we established a tradition of congratulating the Chairman of Ways and Means on the brilliant way in which he carried out the lottery to ensure that our hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) came third in the ballot and had this Bill to introduce. Perhaps my hon. Friend would like to say a few words on that subject.

Mr Deputy Speaker (Mr Lindsay Hoyle): Let us assume that he does not need to, and we will get the lottery done shortly.

Philip Davies: There are so many things on which to congratulate the Chairman of Ways and Means that it would take me far too long to go through the list, so I shall refrain from doing so.

Alec Shelbrooke: May I offer a piece of advice to my hon. Friend, who I know is interested in making money in other ventures? Perhaps next time he would like to seek advice from the Deputy Speaker. I understand that I was one of the few people in the room when the ballot was drawn. Mr Deputy Speaker and I must be a lucky charm for that, so if my hon. Friend is looking for advice for his lottery numbers—

Mr Deputy Speaker: Being in the room has absolutely nothing to do with how the ballot is drawn. I put that on the record before anyone thinks that that is the way forward. Let us stick to the debate in hand, rather than the comments from various parts of the Chamber.

Philip Davies: I am delighted to hear that the ballot is not a fix, but I never thought it was.

We all support the ambition of my hon. Friend the Member for Elmet and Rothwell to see greater social mobility, and I know that that is what lies behind the Bill. That is the motivation that brings my hon. Friend to this place. The problem that I have, that some of my hon. Friends and some Opposition Members have— [*Interruption.*] There is only one Opposition Member in the Chamber at present, but others do exist. I know that they agree with the principle of social mobility and giving people more opportunities. The problem is that many of us think the Bill will not achieve that and will make the situation worse. I shall expand on that argument and point to what I think might be a better avenue for my hon. Friend to go down, which would genuinely create better opportunities for young people to make sure that we have more social mobility.

I yield to nobody in my demand that we have more working-class people in some of the professions. I made a speech earlier this week in Westminster Hall in which I argued for more working-class people to be in Parliament and made the point that gender diversity does not deliver social mobility, as my hon. Friend wants. I pointed out that replacing Rupert from Kensington and Chelsea with Jemima in Kensington and Chelsea does not do a great deal for social mobility or diversity in this House, and that we should consider how to open up more opportunities for people from different class backgrounds. I agree with the sentiment behind the Bill, but I think it will be counterproductive.

Since I entered the House 11 years ago I have taken on so many people for work experience, as interns or whatever people want to call them or call themselves, that I could not begin to say how many have spent time in my office doing one form of work experience or another. Like my hon. Friend the Member for Bury North, I refer to it as work experience because, as far as I am concerned, that is exactly what they are getting. Whatever we call it, and whatever we call those roles, these people, from what they have said, have all had a great experience and seen the workings of Parliament first hand. They have used that experience to go on and get fantastic jobs or to help them with their studies. If this Bill had been in place, and I had had to pay some or all of those people the minimum wage, I can state quite clearly that they would not have had that opportunity. That is not because I have any objection to paying people—that is not the case at all—but because we have a budget for staffing in the House. The budget is perfectly adequate, and I make no complaint about it, but there is not a great deal spare at the end of each year. So if my hon. Friend wants these people to be paid out of that budget, the only way of doing that is to reduce the salaries of the people who already work for me, and I am not sure that that would be entirely fair on them.

Alec Shelbrooke: Would my hon. Friend just help me with the opinions I am forming? Will he describe how long, on average, people have come to work with him for?

Philip Davies: I will come to that in a bit more detail, but just so that I do not look like I am dodging my hon. Friend's question, let me say that it has varied wildly: some people come for a day, some come for a few days

and some—I would imagine it is the majority—come for a week. However, some have come for months—five or six months in a couple of cases—and I will refer to them later, because part of their experience was part of what I see as the problem with the Bill.

The issue is what will be lost, and the definition in the Bill spells out what could be lost, not just in Parliament but when people are looking for jobs elsewhere. Clause 1(b) says the national minimum wage would apply where

“the purpose of the employment practice is...that the intern meets learning objectives or gains experience of working for the employer listed in section 1(a); and...to provide practical experience in an occupation or profession.”

That seems to be good old-fashioned, traditional work experience, but my hon. Friend seems to want to cover it through the minimum wage, and that would not be sensible. Learning and gaining practical experience are what is at stake. People doing work experience do it for the invaluable opportunity to gain that experience, and that is often something money cannot buy.

For many people thinking about going down a particular career route, spending even a small amount of time just seeing what happens and what the role actually means, rather than how it is portrayed in the media, is invaluable. They might actually think, “This job isn’t for me. I thought it was, because of what I thought about it, but after spending just a week here, I’ve seen what it’s really like, and it’s not for me.” The money someone can save by not pursuing a career that is no good for them is actually far more than they could ever earn by being paid the minimum wage for doing these things.

Mr Rees-Mogg: Do we not also have to have confidence in people and in the fact that they can make decisions for themselves? If they decide that they loathe the internship after a week, they are not paid and they are not contractually obligated, so they can leave and take on another internship or paid employment.

Philip Davies: My hon. Friend is absolutely right—as he invariably is, I might add.

Under the heading “What is work experience?”, the Government’s own guidance on their website about the minimum wage, work experience and internships says:

“The term ‘work experience’ generally refers to a specified period of time that an individual spends with a business—during which they have an opportunity to learn directly about working life and the working environment.”

I should say at this point that work experience has actually proven quite an essential part of the Government’s welfare reforms—reforms that Conservative Members, including, I am sure, my hon. Friend the Member for Elmet and Rothwell, are very proud of. I am sure we all recall when the Government had to introduce emergency legislation because they lost the Cait Reilly case in the courts over the work experience she was asked to do as part of her benefits regime. The Government introduced emergency legislation, the Jobseekers (Back to Work Schemes) Act 2013, which made it clear in law that people on benefits should have to do work experience in certain circumstances. Labour Members agreed to help the Government rush through that legislation because they too saw the importance of those people having to do work experience. The right hon. Member for East Ham (Stephen Timms), the shadow Minister at the

time, gave Labour’s support to it. The legislation was about people doing unpaid work experience in the workplace because the Government believed, and everybody agreed, that that was one of the best ways to help them get into work. I think the Government said—I am happy for people to correct me if I am wrong—that about 50% of people on benefits who did the work experience got a job at the end of it. I would even be prepared to wager that my hon. Friend supported the Government in passing that legislation, because I am sure he appreciated how important that unpaid work experience was in people getting a job.

Alec Shelbrooke: Perhaps controversially, I have always felt that being given benefits from the state provides an income that can be used to help to get work experience and move forward. This Bill seeks to help people who have absolutely no means of supporting themselves through the benefits system or an income outside it. That is a subtle but distinct difference.

Philip Davies: I am grateful to my hon. Friend, but in making that helpful clarification he highlights one of the flaws in his Bill, because it does not make the exception that he has offered up with regard to who should be exempted from the terms of paid work experience. If he is saying that he wishes at a later date to add to his Bill another list of people who should not be part of it, then I welcome that. It is also the case that the Department of Work and Pensions introduced work experience as part of the youth contract, and that was probably one of the most popular parts of it.

I took on board my hon. Friend’s point—he made it very well—about some employers who might use internships for a purpose that some of us would not. I was struck by his example of Vivienne Westwood. However, we would be in danger of throwing the baby out with the bathwater if we went down the route in this Bill.

Bob Stewart (Beckenham) (Con): Clearly, an employer who wishes to pay an intern could and should do so, if they have the money, but if they have to pay for internships, that comes off the bottom line and is a cost to the business, so undoubtedly there will then be fewer internships.

Philip Davies: That is absolutely right. This is the flaw in my hon. Friend the Member for Elmet and Rothwell’s logic. He says that he wants to even up the playing field to make sure that poorer people get the same opportunities that richer people get and take for granted. That is a laudable aim, and nobody disagrees with it. My fear is that he will succeed in evening up the playing field, but by making sure that nobody gets the chance to do work experience and internships. That is not my idea of success.

Alec Shelbrooke: Let me refer back to a couple of points I made in my speech. Two thirds of internships are already paid, so this Bill would not affect them. For me, the figure we must consider carefully is that 40% of people who are offered an internship cannot take it. People talk about reducing opportunities, but we are getting close to half of people being unable to take the opportunity in the first place.

Philip Davies: I will come on to that a bit later, because I have what I would like to think is a better solution.

It is a socialist outlook on life that says, “I would rather nobody had an opportunity than only some people had an opportunity”; it is certainly not one that any self-respecting Conservative could have.

Alex Shelbrooke rose—

Stephen Pound (Ealing North) (Lab): There is a self-respecting Conservative.

Alec Shelbrooke: Quite right—I agree with the hon. Gentleman on the Opposition Front Bench, who speaks from a sedentary position.

I gently say to my hon. Friend the Member for Shipley that he quite rightly points out that my interest is social mobility, but rather than trying to bring it down to a common denominator I am trying to bring it up to a common denominator, so that people can access opportunities for social mobility. I understand his concerns, but there is a large difference between trying to push everybody down and being under the control of one socialist fist, and trying to make sure that everybody can go as high as they possibly can.

Philip Davies: Yes, I absolutely agree. However, my view is that the outcome of my hon. Friend’s Bill would be to take away opportunities from people and not to add extra opportunities for them. I will make a suggestion a bit later—if I ever get the opportunity to do so, Mr Deputy Speaker—to suggest how we might actually do what my hon. Friend says, which is not to take away opportunities that exist but to make sure that there are more opportunities for other people.

Mr Rees-Mogg: Will my hon. Friend examine the figures just given by our hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke)? He said that 40% of people do not take up internships because they cannot afford to, but 66% of internships are paid. That does not seem quite to work. It must mean that people are refusing to take up paid internships as well as unpaid internships, in which case simply paying people will not solve the problem.

Philip Davies: Of course my hon. Friend is absolutely right. That is a point that I, too, have considered during this debate, because my hon. Friend the Member for Elmet and Rothwell made a point about how expensive it is to live in London and to take accommodation in London, which is absolutely right. Many opportunities for internships and work experience are in London, so I have to say to him that paying under-18s £4 an hour—the current rate of the minimum wage for under-18s—will not give them the opportunity to come and take up a work experience place in London; they would still have to rely on parental support, other family support, or other means.

The Bill will not make a blind bit of difference to the people my hon. Friend is targeting. They still will not be able to afford to take up opportunities in London, which will still be the preserve of more affluent people. Again, that is why the Bill will not achieve what he sets out to achieve and why I think I have a better solution.

My hon. Friend the Member for Bury North (Mr Nuttall) was right: many people doing work experience are already entitled to the national minimum wage. We

should make that point clear. I made it earlier in an intervention, but I see a difference between people who are—[*Interruption.*] I think that my hon. Friend the Member for Rugby (Mark Pawsey) does not agree with me here; he is a bit more hard-core than I am.

Mark Pawsey: First time ever.

Philip Davies: As a well-known softie, I take a slightly different view. There is a difference between companies and organisations that are actively seeking a member of staff to come in and do some work for them, are advertising for that and in effect are trying to get somebody to do that job for nothing, and other companies. These are personal things, I guess; I think that situation is different.

I have never advertised for an unpaid intern. I have never said that I want somebody to come and work for me unpaid for x period of time. I do not think that that is right. Whether it should be illegal is a different issue, but I do not think that it is right; it is not to my taste.

Alec Shelbrooke: My hon. Friend is a thoroughly decent man, in stark contrast to the example I gave earlier of a certain millionaire fashionista.

Philip Davies: We do not hear that very often in this Chamber; I welcome that kind of intervention.

Mark Pawsey: Will my hon. Friend give way?

Philip Davies: If my hon. Friend is going to intervene in a similar way—

Mark Pawsey: I was going to make a distinction. It is known that MPs provide internships, so there would often be no need for my hon. Friend to advertise his own internship. However, if other businesses were minded to take on a young person and provide them with experience in that way, they would need to provide some mechanism to do so, and placing an advertisement would seem to me the obvious thing to do.

Philip Davies: That is a perfectly reasonable argument to make and I do not necessarily disagree with it. As I say, the questions that we decide in this place are whether things should be legal or illegal. I am merely saying that I do not personally think it is right to advertise for a job and expect someone to work unpaid; that is not to my taste. There is a world of difference between that and someone saying, “Can I come and do some work experience with or volunteer for you? I really want to do something. Will you accommodate me?” The problem is that the Bill does not distinguish between those two approaches, which is unfortunate, because there is a massive distinction between them.

Labour Members criticised the Government’s work experience scheme for people on benefits, saying that it allowed companies such as Tesco to exploit workers and get cheap labour. However, the Government said, quite rightly, that taking somebody on work experience is not cheap labour, because, usually, the employer has to invest an awful lot of time and effort into accommodating that person. I have no complaint about that. My hon. Friend the Member for Bury North is very happy to give up his time to give people career advice and help

and support. I am sure that that applies to every Member, irrespective of their party. That is what we should do, but it is wrong to say that such people are a source of slave labour. The reality is usually the other way round: it is usually the employer who makes the sacrifice in order to give people the opportunity. I fear that the Bill does not accurately reflect the nature of that relationship. It seems to think that it is a one-way street when it is anything but a one-way street.

People are already covered by the national minimum wage legislation, and it would be wrong to pretend otherwise. Many forms of work experience, placements and internships are covered; equally, there are some, which may be referred to as unpaid work or expenses only, where somebody gives their services free of charge. My hon. Friend the Member for North East Somerset (Mr Rees-Mogg) has made a very good point: what is wrong with the principle of somebody giving up their time free of charge because they want to contribute to a cause they believe in, or because they want to help out? Who cares whether it is for their own benefit or for altruistic purposes? If that is what they want to do, why should we have a law that says that they must not be able to do it? I really do not think that the state has any business in stopping people volunteering for causes that they believe in. That would be the only possible outcome from the Bill: it would make it virtually impossible for people to volunteer for causes in which they believe.

The hon. Member for Elmet and Rothwell has mentioned data, but precise data are difficult to find. In 2010, the Government estimated that there were 70,000 interns at any one time. The most common length of an internship was recorded in a YouGov poll in 2014-15 as between four weeks and two months—that is very different from my experience of taking people on—with only 3% of internships lasting longer than a year. The same poll found that 26% of firms with an intern paid nothing or less than the national minimum wage. London Economics found that 13% to 16% of graduate interns are unpaid, but the Sutton Trust suggests that a third of them are unpaid. There is a big discrepancy between those two figures and I am not entirely sure which is right.

Many loaded statistics are used to justify a statutory requirement to make internships paid, such as those used to argue that unpaid internships are less likely to lead to a job offer, but with 47% of paid internships and 36% of unpaid internships leading to a job offer, it seems that both options are very good at enabling people to move pretty rapidly into a paid job. Surely one of the things that the Government should always be looking to do is to help people find a job as quickly as possible. It is clear from the figures that, whether it be paid or unpaid, an internship is among the most successful options in helping people find a full-time job. We should be celebrating that, not looking at how we can curtail it.

In 2010, the Chartered Institute of Personnel and Development did a survey of mainly large employers. It found that, among those that employ interns, 49% said that they paid interns the national minimum wage; 18% said that they did not pay interns a salary but covered their travel costs; and only 3% said that they did not pay them anything, meaning neither pay nor travel expenses.

The various options currently available for unpaid interns online show how useful such internships can be. One advert on indeed.co.uk says of its unpaid internship offer:

“Jewelstreet is the UK’s #1 designer jewellery website and has won multiple national and regional awards. We are offering a unique internship in a dynamic working environment, based in North Devon.”

I am delighted to see that my hon. Friend the Member for North Devon (Peter Heaton-Jones) is in the Chamber. It goes on:

“Additionally over 70% of our internships have resulted in an offer of permanent employment.”

That takes us back to the point, which was made by my hon. Friend the Member for Rugby, that if the company did not advertise it, nobody would know that such an opportunity was available. It is great—surely we should celebrate this—that 70% of the people doing an internship get an offer of permanent employment at the end of it. It seems to me that we should celebrate that in this House, not make a mess of it.

CDP is offering the following:

“The internship will be at CDP’s London office and the successful candidate will have the opportunity to be involved in a range of activities within the Cities team. It will be a valuable experience for anyone seeking a career in the area of climate change, sustainability and the urban environment. The internship will run across key stages of the project, including defining the scope and structure of the outreach, communications planning, engagement and technical support”.

Again, I am sure that a lot of people who believe in the cause of climate change and want to do something about it would find such experience invaluable, either to see whether they want to pursue a career in that area or so that they can campaign on that issue in their spare time. We should welcome such opportunities, not decry them.

I am trying to go through a few points at speed, because I know that some of my colleagues wish to speak. When my hon. Friend the Member for Elmet and Rothwell proposed his ten-minute rule Bill in 2014, he said:

“Just last year, the National Council for the Training of Journalists found in its 2013 report that 82% of new entrants to journalism had done an internship, of which 92% were unpaid.”—[*Official Report*, 13 May 2014; Vol. 580, c. 593.]

I am interested in that because when I was growing up, my ambition was to be a journalist. I am delighted that the Under-Secretary of State for Business, Energy and Industrial Strategy, my hon. Friend the Member for Stourbridge (Margot James), is in her place, because I did a week’s work experience at the local paper in Stourbridge to see what it was like and to try to fulfil my ambition to become a journalist.

There is no reason on earth why I should have been paid by the local paper in Stourbridge for what I did. As it happens, I had the opportunity to write a couple of stories and visit the local court to see some cases and report on them. I clearly was not doing the job to a standard that deserved any payment. It would have been outrageous if I had been paid for my efforts, which obviously needed rewriting on many occasions before they were fit to appear in the local paper. However, it was great experience for me just to see what went on in a local newspaper office. It was also fantastic when I applied for a National Council for the Training of Journalists course—the one-year course in newspaper journalism that I did at Stradbroke College in Sheffield—to be able to point out that I had such experience. That counted very heavily in my favour when I applied for the course. It was not a great hardship that I was not paid

[Philip Davies]

by the newspaper for that work experience; it was actually for my benefit. It certainly was not for the benefit of the newspaper, which I suspect had to invest a great deal of time and effort in looking after me for the week, and the work certainly did not justify paying me anything.

Alec Shelbrooke: How old was my hon. Friend at the time?

Philip Davies: It was a long time ago, but I think I was 18 at the time. If anyone still at the newspaper can remember, I stand to be corrected.

Mr Nuttall: The journalists weren't still using quills, were they? I assume from what my hon. Friend has said that he went in every day for "regular work" and that he received "practical experience", so it seems to me that he would have been covered by clause 1 of the Bill. The local paper may not have been so keen on having him if it had had to pay him.

Philip Davies: I agree with my hon. Friend; that is the danger. Whether I was covered by the Bill might be open to interpretation, but my suspicion is that this would have a chilling effect on employers. Rather than getting in to some argy-bargy over whether someone needs to be paid, employers would prefer not to go into it. They would rather sit it out. There is nothing in it for them—and, to be perfectly honest, there was nothing in it at all for the employers in my case as it was all done for my benefit. That is my worry. It is great that newspapers take people on to let them see the ropes and find out what working for a newspaper is all about. As it turned out, to finish the story, I realised after doing my course at the Sheffield college that journalism was not for me. Perhaps I should have done a bit more work experience before I got to that stage, so that I could have learned that earlier.

My hon. Friend the Member for Elmet and Rothwell looks at this issue from one end of a telescope, but I look at it from the other end. If people doing unpaid internships get the chance to get a job in their chosen field as a result, it seems to me that not being paid for their work experience is a small price to pay. That, I am sure, is what the people who offer to do these internships think themselves. Some 75% of the workforce in this field could be without this vital experience if unpaid internships were banned, and 75% of the people who undertook an unpaid internship have successfully entered the industry in which they wanted to work. I think we should celebrate that.

My hon. Friend the Member for Elmet and Rothwell quoted Alan Milburn at length, but I am not sure that that is a particularly persuasive thing to do in order to win me round. Perhaps I was not his target audience. I am sure that we were all supposed to drop our objections the moment the name of Alan Milburn was mentioned, but it did not work for me. However, the report my hon. Friend mentioned, which was conducted by Alan Milburn was, I think, published in 2009—[*Interruption.*] I have been corrected, it was 2012. It used research conducted in 2004 by the University of Manchester, which found that about 80% of employers had employed former interns. Again, I think that is a cause for celebration today—that these internships are leading to jobs.

Intern Aware sent me a briefing at the time of my hon. Friend's ten-minute rule Bill, saying that 40% of those who thought of applying for an internship had reconsidered because they did not want to work for free. Let us look at that the other way round. It means that 60% did apply for an internship. We have seen how successful these internships can be so we should celebrate them. People are not doing an unpaid internship thinking that there is absolutely nothing in it for them and that they are being exploited by an unscrupulous employer; they are doing it because they can see the future gain that they are likely to get from doing so. If they did not think it was in their best interests, they might as well have got a paid job doing something else.

It is patently obvious that the number of opportunities will decrease if all these people have to be paid the minimum wage. Why on earth would someone who is running a business take on someone with no experience and spend time helping them, when they could pay the minimum wage to someone who already had some experience and could crack on with the job straight away? If people have to be paid the same, irrespective of who is taken on, who would an employer be likely to take on? It will not be someone who has no experience whatever; it will be someone who can be up and running on day one. We are talking about fewer opportunities for people who want to enter the workplace. Although that is an unintended consequence of the Bill, I have to tell my hon. Friend that it is a completely foreseeable one and we should not fall into that trap.

It was a known consequence that the introduction of the so-called living wage was going to cost jobs. When the previous Chancellor, my right hon. Friend the Member for Tatton (Mr Osborne) announced to a great fanfare the introduction of the national living wage, we knew straight away that it was going to cost jobs—for exactly the same reason as applies here. The Office for Budget Responsibility clearly stated when the living wage was introduced that, by 2020, as a consequence of the living wage, 4 million hours a week would be lost. It said that half of those hours would be lost on account of reduced hours for workers and the other half because of the loss of 60,000 jobs.

I could not believe my ears when I first heard that, so I checked with the House of Commons Library and the chairman of the OBR, and they could not have made it any clearer that increasing the amount that people had to be paid at the bottom end would cost 60,000 jobs. I do not know whether that is a great cause for celebration, although I know that plenty of people were celebrating at the time, but I do not really see it as such, and I suspect that the 60,000 people who are going to lose their jobs will not be celebrating by any means. In any event, the OBR made it abundantly clear that increasing employers' costs in this way would mean far fewer opportunities. That is what it said about the national living wage, and it is obvious that, as night follows day, the same would apply to work experience positions if they were subject to the same regime.

I am absolutely at one with the hon. Member for Huddersfield (Mr Sheerman). It is a shame that he is not present today. He opposed my hon. Friend's ten-minute rule Bill back in 2014, saying:

"Most people who know me might think that I would support the Bill, but the unintended consequence would be to damage some important opportunities for young people in our country.

I...agree with the overall purpose of the Bill, but it will not hit the target. I am against exploitation and I am for fairness and social mobility, but I am also in favour of young people getting the experience that they need to enter the workplace. We need a balance.”—[*Official Report*, 13 May 2014; Vol. 580, c. 595-6.]

I could not agree more with everything that the hon. Gentleman said. The House divided on the Bill, and I was a Teller alongside the hon. Member for Huddersfield. I opposed it then, and I still oppose it today

Another issue that will not, I suspect, be addressed by the Bill is nepotism. My hon. Friend speaks of ordinary kids with modest backgrounds finding it difficult to access top jobs. It seems to me, however, that the problem is not that they are not paid for the jobs, but that, in many cases, they do not get a look in to start with. I think I am right in saying—and I should make clear that I do not decry anyone to whom this applies—that about one in 12 MPs is related to another MP, either current or former. I am not entirely sure that the Bill will make any difference to that—perhaps it should not make any difference—

Mr Nuttall: There are one or two of those in the Chamber. [*Laughter.*]

Philip Davies: It was not for me to pinpoint anyone in particular, and I should say for the record that the ones who are in the Chamber are among the ablest and most effective. I would not have wanted to do anything that prevented them from being here. That is not my point. My point is that, in all circumstances, people will use whatever opportunities they have to further their aims and ambitions, and we should not criticise them for that. The notion that if we pass the Bill we will end up with a system that provides equal opportunities for everyone is for the birds. That is just not going to happen. I do not think that my hon. Friend would make many inroads with this measure even if it were successful.

It is commonplace in business, and in other spheres, for people to secure opportunities such as internships and placements on the basis of who they know rather than what they know. I would like to think that the fact that we in this place are able to offer unpaid internships, work experience or whatever we want to call it to all our constituents if they ask—I certainly would never refuse a constituent, and indeed I try to accommodate as many people as I can who are not constituents—means that everyone, not just people we know, is being given an opportunity. I think that unpaid internships are extending the opportunities to more people, and I do not think that it is simply a question of giving the opportunity to someone we know or to a relative. That is why I think that my hon. Friend is attacking the problem from the wrong end.

Alec Shelbrooke: The Clerks advised me against having a 28-day limit, but would that satisfy many of my hon. Friend’s concerns? I would be interested to hear him expand on that.

Philip Davies: I am grateful to my hon. Friend for being prepared to be flexible with his Bill. We should commend him for that. I think there are areas where my hon. Friend can make the Bill better, but just making it better does not make it better than the status quo, so I cannot promise that if he were to amend it in that way it would all of a sudden command my support. I would

say, however, that the Bill can be better than currently drafted, and my hon. Friend might want to explore that avenue. I am not entirely sure the Bill can be amended to make it into a good Bill, but it could be amended to make it a better Bill.

We should be clear about the rates of the minimum wage. It varies depending on people’s age. That is because we want to make sure that younger people get a fair crack of the whip; they would potentially be overlooked for someone older and more experienced if the minimum wage was the same across the board. So the Labour Government introduced a minimum wage, which has been maintained, which varies depending on age: it is £7.20 for those aged 25 and over, falling to £4 for those under 18, with different scales in between. In this context, I want my hon. Friend to bear in mind a further unintended consequence of introducing his Bill: there would clearly be an inbuilt advantage to take on younger people as interns if they have to be paid, because if they are being paid the minimum wage, they will be paid less than the cost of taking on somebody older. In this case, therefore, for the business concerned it would be a case of the younger the better. Schoolchildren would be exempt, as would students in full-time employment if it was part of their course. So this means anyone of that age could be taken on as an intern—schoolchildren could be taken on as interns for free—but for those aged 25 or over, the sum would be £7.20 an hour right away.

Somebody of 25 or over might, however, be in the greatest need of work experience, because they have clearly been finding it pretty difficult to get themselves a paid job, and they are having to do more to make themselves employable. It would be unfortunate if people in that position, who are striving to get a job and are prepared to do whatever it takes, are turned away because they have to be paid £7.20 an hour, which an employer either could not afford or was not prepared to pay. They might take on someone younger who does not have the same needs. One of the flaws of the Bill is that it is not needs-based; it does not look at who most needs these internships. Its strategy is too simple and is therefore flawed. Older people will lose out first even though they are most in need. That would need to be amended.

There is also no exemption in this Bill for participants in Government schemes or programmes to provide training, work experience or temporary work. I do not know whether that would conflict with other Government legislation. I imagine there would be another charter for making lawyers richer—as my hon. Friend the Member for Bury North feared—in establishing which legislation had precedence. I am not a lawyer, and those with a legal background would be better placed than me to comment, but my understanding is that usually the latest legislation trumps previous legislation.

Mr Rees-Mogg *rose*—

Philip Davies: I knew my hon. Friend would want to correct me, and I will of course allow him to do so.

Mr Rees-Mogg: I am grateful to my hon. Friend. I, too, am not a lawyer, but according to implied repeal, a later Act trumps a former Act—except, I am sorry to say, with the European Communities Act 1972, which has been deemed constitutional statute.

Philip Davies: I do not want to get into that, Madam Deputy Speaker—[*Interruption.*] Well, I do want to get into that, but not today.

Madam Deputy Speaker (Mrs Eleanor Laing): Order. On the contrary, the hon. Member for North East Somerset (Mr Rees-Mogg) has raised a point that is relevant to the Bill we are discussing, and the hon. Member for Shipley (Philip Davies) would not be out of order if he continued the dialogue with him on that point.

Philip Davies: I am grateful for that guidance, Madam Deputy Speaker, but I fear that if I got sidetracked into talking about the latest decision by the High Court, we could be here for quite some time. I want to return to the issue but not today; I will save myself for another day, when I will tell the House what I really think of those judges and their ruling.

What I take from the intervention by my hon. Friend the Member for North East Somerset (Mr Rees-Mogg) is that, like me, he suspects that the Bill would in effect supersede previous legislation about work experience from Government schemes. We would therefore get ourselves in a bit of muddle. We all agree—both sides of the House agree—that people on benefits doing work experience is a good thing that should be expected of them, unpaid. It helps them to get a job and we do not want to interfere with a system that works very well for lots of people who are looking for jobs. The Bill would need amending on that basis.

My hon. Friend the Member for Elmet and Rothwell mentioned volunteers. If he gets the chance to wind up the debate, I hope he will deal with that issue because we have not had clarity on it. It is referred to in the explanatory notes, but they do not say a fat lot more than the Bill says, if I am honest.

The Bill is about enforcing the national minimum wage, and when the National Minimum Wage Bill was going through Parliament in 1998, the issue of volunteers was dealt with at length. The Minister at the time, Ian McCartney, said:

“I am pleased to say that the entire approach to the clause has been marked by a consensus both on our aims and on the means of achieving them. We want to ensure, first, that genuine volunteers—who give their time to good causes—are not caught up in the Bill’s provisions.”—[*Official Report*, 9 March 1998; Vol. 308, c. 23.]

The Labour Government at the time were clearly concerned about that issue, which was raised in the Bill Committee. I was not here at the time, but it appears that the Labour Government made changes as a result of concerns raised in Committee, which are the same as those raised by my hon. Friend the Member for North East Somerset, and they had discussions with people who were concerned.

During the debate, the then Minister said:

“We are conscious, however, that there is a grey area. The definition of ‘worker’ in clause 52”
of that Bill

“is quite wide, although no wider than the definition used for the purposes of provisions on unauthorised deductions in the Employment Rights Act 1996”.—[*Official Report*, 9 March 1998; Vol. 308, c. 24.]

It is an area of concern, and I am not entirely sure that the Bill does a great deal to clear up any confusion about that issue. It seems that the original National Minimum Wage Bill was determined to try to exclude

real, genuine volunteers who were volunteering because they believed in a cause, so it would be strange if volunteer interns were now caught up in legislation that they were never really intended to be caught up in in the first place.

I might just say, Madam Deputy Speaker, that Mr Speaker spoke in the debate in 1998. I mention that not because I wish to draw him into the debate now—I do not—but because I agree with the point that he made. He said:

“Are there not instances in which a person works in a charity shop, not for an honorarium but for a modest but regular payment that is below the national minimum wage, and in which, if the shop were obliged to pay that person the national minimum wage, it would have to cease to employ that person? Would not that be a most undesirable state of affairs?”—[*Official Report*, 9 March 1998; Vol. 308, c. 29.]

Alec Shelbrooke: Following advice on drafting the Bill, clause 1 tries implicitly to make the point that it does not apply to the charity sector, by not listing that sector among the areas that the provisions apply to. We can get into the legal ups and downs, but that is the advice that I was given on exempting the charity sector, to address the specific point that my hon. Friend has just raised.

Philip Davies: I can understand the point my hon. Friend makes. The Bill makes it clear what a workplace is, but clause 3 deals with exclusions, and there is no mention of the charity sector in that clause. I absolutely understand what he is saying, but I am not sure that it is abundantly clear that that sector is excluded. A stated exclusion would have been helpful to clarify this point once and for all.

Mr Nuttall: My hon. Friend has drawn the attention of the House to the problem of volunteers. We have already established the fact that anyone who is doing work, whether or not they are called an intern, is covered by the national minimum wage legislation. If we are prepared to accept that volunteers will be excluded from the Bill, even though that is not explicitly stated, are we not left with a situation in which the only people who will be covered are the people who are doing nothing and who are simply turning up to watch?

Philip Davies: My hon. Friend is absolutely right.

The Bill’s attempt to expand opportunities seems to be all stick and no carrot. I have been looking at what happens in other parts of the world. My hon. Friend has touched on some examples of this as well. In a submission from Perspective in 2013 in favour of paid internships, Robina Longworth cited other practices from around the world. However, as far as I can see, none of the countries listed pays the minimum wage to interns. China and Hong Kong, for example, have subsidised internship programmes for university graduates and hiring companies are eligible for tax breaks and loans. Perhaps my hon. Friend the Member for Elmet and Rothwell might like to consider giving tax breaks to companies who take people on. That might be a better carrot to offer.

Alec Shelbrooke: My hon. Friend will have noted my proposal to add some carrot by exempting national insurance contributions in the same way as is done with apprenticeships.

Philip Davies: I am grateful to my hon. Friend for that intervention. It is inconceivable to me that the Bill would not result in fewer internships being offered. There would undoubtedly be fewer internships and work experience places. Nobody could say that the Bill would result in more such opportunities for people; there would be fewer. My point is that we should encourage businesses to offer more opportunities, particularly for those who do not get a fair crack of the whip. I know that he and I, and many other Members across the House, would like to see that happening, and perhaps tax breaks would be the answer. Rather than telling companies that they had to pay extra for offering these opportunities, perhaps we should consider giving them a financial incentive to do so. That seems to be a much more sensible and conservative way forward. I welcome what my hon. Friend said about national insurance contributions, but perhaps he should also consider tax breaks.

In Poland, there is financial support for engaging young people on internships. In Korea, there are wage subsidies for small businesses that hire interns on regular contracts. Those subsidies are offered at the conclusion of the internship, so the business is given a carrot to take the person on after they have been given a go to see whether they are good enough. And that is not just about the company seeing whether the intern is good enough; it also offers the intern an opportunity to see whether they want to work in that company or industry. That system appears to work for both sides.

I have had an idea for another thing that would be far better, and I hope that my hon. Friend will take this on board because I feel strongly about it. I have wondered about extending student loans to young people who do not want to go to university but want the opportunity to do something else. We give student loans to people, and I am sure that my hon. Friend would say from a social mobility point of view that they often go to people who are already affluent. In effect, the state gives them a subsidised loan at a preferential rate to enable them to live while at university and get a degree, which will then in all likelihood lead to them getting a higher-paid job than if they did not have a degree. It could be argued that it is like throwing apples into full orchards and that we are subsidising the people who are best off.

However, people who do not go to university are often the poorest in the country and they get nothing. They do not get a subsidised loan to pursue their career ambitions. Why not offer something like a student loan to, for example, someone from a poor working-class background in Yorkshire—

Mr Nuttall: Or Lancashire.

Philip Davies: Certainly not Lancashire.

That person may want to pursue a career in which they have a great interest, and such a loan, at a preferential rate, could give them the opportunity to come down to London to do the relevant work experience. They could then pay the loan back, just as university graduate does, when they are in a job that pays a certain amount of money. That would extend opportunities to people who currently do not get them. I have never quite understood why the only young people who get subsidised loans from the Government are those who go to university. What about all the other people who want to do something different?

Alec Shelbrooke: Specifically on those points, it will not have escaped my hon. Friend's notice that the Bill contains an exemption for people on accredited degree courses. We were willing to put that in because many accredited degree courses contain a period of internship and—this was my reason—have access to student finance. He makes a valid point about granting that access to other people on the same terms, but—this is where I would blend my Bill in—there is a question about how to sort out the time limits on such a scheme. I am listening carefully to his comments. The Bill probably will not move into Committee, which is a great pity because many important things have been said in this debate that would help to develop it.

Philip Davies: I am grateful to my hon. Friend. He is being typically constructive, which goes to show that his dedication is not to a piece of legislation but to getting the best possible outcome for the people he wants to help. We all recognise his passion for this, and I am happy to work with him to help deliver it.

Let us take someone who wants to work in the fashion industry or the music industry, for example. The fashion industry was mentioned earlier, so let us say the music industry. It may be that doing a degree would not help them get a foot on the ladder in the music industry; it may or may not—I do not know the industry particularly well. It may well be, however, that spending six months at a record label in London after leaving school would represent a massive head start in getting a career in the industry. It would be good if the Government offered some kind of loan to enable someone to get that opportunity. They could then pay it back when they got a decent job in the industry. That would be a way to extend opportunities to more people, whereas the Bill would restrict opportunities.

Bob Stewart: That is a tremendous idea, to which I am hugely attracted. Small and medium-sized enterprises might also be hugely attracted to using such people in their companies.

Philip Davies: I am grateful to my hon. Friend. It is a red-letter day when my hon. Friend supports me.

Bob Stewart: Red rose.

Philip Davies: Certainly not a red rose. A red letter is far better than a red rose any day of the week.

As for Members of Parliament, an FOI request of IPSA asked about the number of interns and paid interns working for MPs over the past three years. It seems that about one in four MPs took on a paid intern, but I am pretty sure that virtually every MP takes on people to do work experience of some sort or another and that everybody who does so gets something out of it. Given the number of people we take on to give that opportunity to them, if we had to pay them all the minimum wage, that would take up a sizeable part of our budget. It would mean either that we could not afford to take them on or that we would have to give our existing staff a pay cut. Neither of those would be a palatable option, but they would be the only options available to us.

Strangely, the Bill does not seem to recognise that people have short-term and long-term internships. My hon. Friend the Member for Elmet and Rothwell mentioned that issue, so I will not go into it further as he would

[Philip Davies]

wish to look at it. I have spent longer than I expected speaking to the Bill—[*Interruption*—]—because of the number of interventions I have taken. In concluding, I just wish to mention a couple of people who have spent time with me. Before I go into that, I should just say that the Bill will mean we will probably end up with more people on zero-hours contracts. I know that quite a lot of Labour MPs employ people on those contracts, even though they are against them politically. [*Interruption.*] Does that mean zero-hours contracts are a good thing?

Alec Shelbrooke: I am conscious that my hon. Friend is drawing his remarks to a close, but what I have drawn from his comments is that he agrees with me that there must be a mechanism by which people can do these roles and be able to live, survive and do something. He has come up with interesting suggestions, but I think that he recognises the premise that we reduce social mobility if someone simply cannot afford to take up the post.

Philip Davies: Yes; as I said at the start, we all want to achieve the same thing, which is to expand the number of opportunities for people, particularly those who do not always get them at the moment. I do not know anyone in the House who would not share that ambition—I certainly do. The Bill would take us in the opposite direction, which is why the suggestions I have made would be better in trying to deal with the position my hon. Friend has set out.

In conclusion, I wish to talk about a couple of people who have spent time with me. One of my previous researchers, Grainne, initially started working at my office on an “unpaid internship”, as it would be described; it would fall within the scope of the Bill without any shadow of a doubt. She had left university and was struggling to get a job. If I had had to pay her, I would not have taken her on, not only because I could not have afforded to, but because I knew nothing about her. I did not know anything about her credentials, but she wanted to come to have a go and I was happy to facilitate that. This is what she said about the value of her internship when she went to speak at a school about her experience of getting a job in politics:

“Having tried unsuccessfully for months to get a paid job, the feedback I kept hearing again and again was that ‘you don’t have enough experience’. But how do you get experience if no one will give you a job? So I decided to apply for an unpaid internship with Philip Davies MP—in the hope this would lead to something more... I was made to feel like a fully integrated part of the team and given a wealth of opportunities that I would otherwise not have achieved... Without my unpaid internship I am convinced I would not have been given such an excellent opportunity.”

When a job became available in my office, I gave it to her because she had proved herself and done such a good job in that time. She went on to say:

“From Parliament I moved to a Comms agency, before working in the Public Affairs team for a large corporate. I then became a Special Adviser and am now back in House working for a FTSE 125 company as their Director of Corporate Affairs.”

She is about 30 years old. She continued:

“I would not have been able to achieve any of this without my unpaid internship.”

Another intern, George, who completed a five-month unpaid placement in my constituency and is now working for my hon. Friend the Member for Christchurch (Mr Chope), said:

“Without the internship I very much doubt I would be working where I am today. Being able to have that first hand experience on my CV was invaluable to getting the job I have today, and I have been able to apply the experience gained to other areas in my role now”.

I employed my current researcher, who has done a marvellous job helping me on the Bill, after she completed a two-week work experience placement while at university. She did that not as part of her university course, but in the holidays, because it was something that she wanted to do. I am not sure whether that would be covered by the Bill, but I suspect that she would have had to be paid. She said that without doing those couple of weeks in the office, she would not have had the opportunity to show herself capable of the job when it arose, and that is absolutely true.

I want to see more opportunities for work experience and internships, and the Bill will inevitably lead to fewer such opportunities. I admire my hon. Friend’s passion on social mobility, but I hope that he will reflect on the ideas that I have set out today. In future, perhaps a Bill that covered some of the points made today will go some way to achieving the ambition that we both share.

1.20 pm

Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): I congratulate the hon. Member for Elmet and Rothwell (Alec Shelbrooke) on bringing the Bill before the House. He has sought to introduce legislation on the issue previously, and I commend him for his tenacity. I am glad that a Government Member has taken to heart the Prime Minister’s promise to work for the many, not the few, and is using his initiative to make that pledge a reality.

For our young people leaving university and looking to enter the world of work, a degree is not the passport to job security that it was for their parents and grandparents’ generation. Competition in the graduate job market is fierce. One estimate is that there are 73 applicants for every graduate role. In that environment, employers will plump for the candidate with the most experience, but there lies the trap that too many young jobseekers fall into: they cannot get a job without experience, but they cannot get experience without a job. Internships are a great way to gain that experience and enhance a CV. When they are done well, they are a great boon to employers and interns alike.

The RISE scheme in Sheffield, for instance, is a collaboration between our two universities, the city region and the private sector. It has so far placed 200 graduates with 120 small and medium-sized enterprises that would not normally recruit interns, with minimum pay requirements built in. There is also the recruiter Instant Impact, which specialises in finding paid internships with start-ups. Or why not look closer to home? I do not want to be accused of buttering anyone up, but the Speaker’s parliamentary placement scheme does fantastic work in making this place accessible to people who would not otherwise have had the chance to work here, and paying them properly into the bargain. When I was elected back in May, I inherited a young man who was coming to the end of his placement on the scheme.

He waxed lyrical about the boost it had given both his CV and his broader outlook, and he was an absolute life-saver for me when it came to getting myself set up and finding my feet here.

However, the Bill deals with the other side of the coin: unpaid internships, through which employers take advantage of young people who are desperate to break into highly competitive sectors, or simply trying to improve their prospects. The system is rigged in favour of those who can afford it—or perhaps it would be better to say whose parents can afford it. Young people from my constituency, and indeed most young people across the country, cannot afford to work for nothing. Careers in law, medicine, the media, fashion, finance and the arts are all beyond the reach of some of our brightest and our best. Those careers are monopolised by the children of the wealthy, who can support them through months of unpaid work, while those from more modest backgrounds are shut out. It is not just social mobility that suffers; by denying opportunities to so many young people, businesses are missing out on hiring real talent, simply because of that talent's background.

There is, of course, also the simple moral imperative to ensure that someone doing a fair day's work receives a fair day's wage.

Mark Pawsey: What would the hon. Lady say to Opposition Members who say that if the Bill went through, there would be fewer internships?

Gill Furniss: I would have to have a quiet word with them about that.

I appreciate that the hon. Member for Elmet and Rothwell has linked this Bill to the minimum wage, rather than the so-called living wage. We have to strike a balance between providing fair pay for younger people and making internships too expensive for employers to run. By ending the exploitation of young people through internships, this Bill goes a long way towards levelling the playing field.

I have been brief because I realise that the hon. Gentleman is passionate about the subject of his Bill and I do not want to contribute to its being spoken out.

1.25 pm

Victoria Atkins (Louth and Horncastle) (Con): It seems appropriate that in a debate about working practices I should be multi-tasking, speaking as I am from the Parliamentary Private Secretary's Bench. I ask that the aides to the Minister resist the temptation to send any notes to the Minister while I am on my feet.

It is a pleasure to follow the hon. Member for Sheffield, Brightside and Hillsborough (Gill Furniss), but it is a particular pleasure to follow my hon. Friend the Member for Shipley (Philip Davies), whose reputation for scrutinising Bills on a Friday precedes him, as does the reputation of my hon. Friend the Member for Bury North (Mr Nuttall). My hon. Friend the Member for Shipley made several references in his speech to my legal and familial antecedents, and as he was speaking I was reminded of the comment from my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) about the need to be thick-skinned on these Benches.

The comments of my hon. Friend the Member for Shipley contributed to the debate to this extent: my experience of seeing my father work in this place meant that I understood how much good can be done here. Is that not the point of internships and work experience? It is about opening minds and giving young people and older people the chance to see work environments and job opportunities of which they may have no personal experience, and to see the opportunities available to them.

I pay tribute to my hon. Friend the Member for Elmet and Rothwell for bringing this debate and for bringing to life an area of law—employment law—which can be pretty dry at times. In his speech my hon. Friend has shown the real impact that it can have on people's lives when they are trying to start out on their career. His speech and his Bill show just how important that is. For us to create a society that works for everyone, we must ensure that access to fulfilling or well-paid careers is not limited to the privileged few. Talent and hard work, not where one went to school or the size of one's parents' bank account, should determine one's success.

I part from my hon. Friend, however, on the means by which we achieve this aim. The provision to pay interns already exists in legislation. Guidance, combined with steps to encourage employers to adopt best practice in their workplaces, is the best way to tackle the issue. I am pleased that it has been raised in the House, as work experience and properly constituted internships are an invaluable way of helping young people decide which career path they would like to take.

In September I held the first Louth and Horncastle jobs and apprenticeships fair. There are many successful local businesses in my constituency and many talented people looking for work, as well as students who are at the beginning of their careers and would like ideas about what they should do for the rest of their lives. I wanted to bring them all together. I am happy to say that at the jobs fair more than 200 people attended, with both local and national businesses showing at the fair, including Luxus, Polypipe, BAE Systems, Butlins, National Grid and Walnut Care. We had pretty much every opportunity one can think of covered by the employers on hand.

I hope that work experience and internships may help some of my constituents start fulfilling careers. Later this afternoon I am welcoming students from Somercotes Academy, who have come to this place to see democracy and debate in action for themselves.

Work experience can be an invaluable learning experience and allow young people to meet potential employers and colleagues, and it can even help someone realise that a particular career is not for them. I remember a couple of days of work experience I did, although I will not name the profession for fear of offending many people in my constituency. I walked into the office and realised within moments that this was not the career for me—I suspect the profession involved dodged a bullet when I made that decision. Internships can be just as valuable in showing people where their paths do not lie as where they do.

I concur with my hon. Friend's laudable aim to ensure fair access to the opportunities created by work experience and internships. We must do all we can to ensure these opportunities are made available to talented young people from all backgrounds, because this is not

[Victoria Atkins]

just about the fundamental unfairness of refusing to pay someone for the work they have done; it is also about the impact on social mobility. Those from wealthy backgrounds have far greater resources on which to draw, in terms not just of income but of contacts.

My hon. Friend spoke at length about the experiences of students in the fashion world and the art world, and those anecdotes showed clearly the troubles we face. He also said that 40% of internships were turned down by people who felt that they could not do them. As he said, that cannot be the right way to go with this issue.

Another important point is that ensuring there is equal access to these opportunities makes good business sense; it widens the pool of talent to which businesses have access, making it far more likely that they will employ the best person for their organisation.

Now I turn to where I part company from my hon. Friend. The Bill states:

“An intern who enters into a workplace internship shall be remunerated by his employer in respect of his work at a rate which is not less than the national minimum wage”.

Under the National Minimum Wage Act 1998, interns who are genuine volunteers, who are under no obligation to perform work or provide services, will not fall within the definition of worker and will not be eligible for the national minimum wage. However, if an organisation treats an intern as though he were worker, a contractual relationship may arise, and the person is then entitled to be paid the national minimum wage. Consequently, provision to pay interns already exists.

Mr Nuttall: Given my hon. Friend’s profession, is she aware of the case of *Edmonds v. Lawson* in 1999? Miss Edmonds was a pupil barrister, and she successfully claimed that, while she was on her pupillage, she was actually held to be on an apprenticeship. She sought a declaration from the Queen’s bench division of the High Court that she was a worker under a contract of apprenticeship.

Victoria Atkins: Indeed, as I mentioned, when I did my pupillage, which was just before that case was decided, pupillages did not have to be paid, so I spent the first six months of my pupillage not being paid while I was very clearly working. Happily, as I said, the Bar—I remind my hon. Friend that it is constituted of self-employed people, not companies—has now made it mandatory for pupillages to be funded. I forget the level at which they are funded, but it is well above the national minimum wage.

Bob Stewart: Has the fact that it is a requirement that people be paid led to a reduction in pupillages?

Victoria Atkins: Certainly it did for the years following the introduction of payments for pupillages. However, it was felt that, in the longer term, the pupillages would be of a higher quality, because a chambers would be very much focusing on making sure it got the right calibre and quality of candidate to suit its business, rather than being a bit of a factory of pupillages and encouraging people who, sadly, did not then later find better, long-term employment.

I am glad that this debate has been brought to the House, as it is important to raise awareness of when an intern is due the national minimum wage so that the 1998 Act is followed. In our current legislation, the term “intern” is not defined explicitly, and it can be ambiguous as to whether a person performing an internship also falls under the definition of “worker”. Work experience can be called a placement or an internship, and volunteering schemes that do not involve working activities are also often referred to as internships. As this is a complicated area where the line between what should be an unpaid internship and a contractual working relationship is often blurred, and can indeed be crossed without either party meaning to do so, it is most effective for the Government to offer guidance to assist employers to adopt best practice.

The Minister may well take away from this debate the point made by my hon. Friends the Members for Elmet and Rothwell and for North East Somerset (Mr Rees-Mogg) about the maximum of 28 days in any calendar year. That would be a good starting place for working out whether a person is an intern or somebody on work experience, or whether they have entered into a more contractual relationship with the person offering the experience.

It is vital that employers as well as employees are aware of the statutory provisions that are available, because some of these roles do not require the minimum wage to be paid. There is no doubt, however, that there are situations where what is referred to as an internship describes work activities, and those participating in the scheme should be paid. I applaud my hon. Friend the Member for Elmet and Rothwell for drawing attention to that ambiguity.

While I welcome the information provided by the Government through their website, gov.uk, and ACAS, I urge them to continue to review the effectiveness of the guidance they are offering in this area. I encourage all businesses to make provision to allow young people of all socioeconomic backgrounds such opportunities.

Henry Smith (Crawley) (Con): My hon. Friend is absolutely right that internships and work experience can give opportunities to young people. Many charities and small businesses could not necessarily afford to pay for internships. It is therefore important to have greater clarity on what is appropriate, and I congratulate her on asking the Government to keep this matter under review.

Victoria Atkins: I am extremely grateful to my hon. Friend. I also welcome the work done by the Government to promote fair and open access to paid internships through the graduate talent pool, the social mobility business compact, and the common best practice code for high-quality internships, which ask employers to ensure that any internships they offer are paid fairly.

Alongside offering guidance, we must continue to crack down on employers who are not treating employees fairly. I welcome the fact that this year the Government have increased HMRC’s enforcement budget by £7 million, improving its ability to crack down on employers who exploit interns and fail to pay staff properly. I declare an interest in that I used to prosecute criminals for HMRC. I wish it well in its endeavours. Employers who pay workers less than the minimum wage not only have to pay back arrears of wages at current minimum wage

rates, but face financial penalties of up to £20,000 per worker. I hope that the message leaves this Chamber today that it is not worth employers trying to get round the rules, and that they must treat their employees and interns fairly.

Alec Shelbrooke: My hon. Friend is summing up very well a lot of what has been said. She was in the Chamber when I spoke and will have heard my comments about the model contract from the Institute of Directors, and the voluntary internships with Vivienne Westwood being advertised from 1 January 2017 based on those hours. Does my hon. Friend agree that something has to be done to tidy up this area so that all these things sit properly within the law?

Victoria Atkins: I am grateful to my hon. Friend for that intervention. I know that the Minister has been listening very carefully to this debate and I have no doubt that she will take away the points that you have made. If nothing else—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I hesitate to interrupt the hon. Lady, but she must not use the word “you”. If she uses the word “you”, she is referring to the Chair and its occupant, and I am the only person here in this Chamber this afternoon who has not made any points whatsoever. I know that that is not what she meant—she meant the hon. Gentleman—and I am quite sure that she can rephrase what she has just said.

Victoria Atkins: I am extremely grateful to you, Madam Deputy Speaker, and I apologise for any discourtesy; none was intended.

I agree very much with my hon. Friend the Member for Elmet and Rothwell, and I would imagine that any business would be embarrassed to hear itself being spoken about in the way that that company has been spoken about in this debate. We know that the matter has reached the national media and I hope that they will also take notice of what has been said today in the Chamber.

In conclusion, internships and work experience should help young people to build their careers on merit and hard work, regardless of their background, and while I do not believe that this Bill is the most effective way to achieve that I pay tribute to my hon. Friend for his long-standing campaign to speak up for social mobility and for young people, not only in his constituency but across the country. I thank him for bringing this Bill to the House.

1.41 pm

Peter Heaton-Jones (North Devon) (Con): It is a pleasure to follow my hon. Friend the Member for Louth and Horncastle (Victoria Atkins), and indeed other colleagues from all parties in the House, particularly my hon. Friend the Member for Shipley (Philip Davies). I do not have any ambition to try to match his oration master-class of one hour and 15 minutes. He made some excellent points, some of which I had intended to make, so I will cut my contribution short; I am sure that will be to the convenience of the entire Chamber.

I congratulate my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) on securing the Bill. This issue is incredibly important and he has campaigned

on it for a considerable time. I applaud all his attempts to bring this matter to a wider audience.

This topic goes to the heart of what this Government are seeking to do, which is to improve social mobility, creating—if I may say so—a country that works for everyone and raising as many people as we can up the ladder of social mobility. I genuinely think that internships and work placement schemes are a vital part of achieving that.

I will address the issue of internships more broadly, before addressing some of my concerns about my hon. Friend’s Bill.

Internships are incredibly important in the longer term, securing professional employment for younger people, and sometimes not-so-young people. Statistics show that internships are a vital route for many people into employment. Reports that I have found show that 30% of graduates completed internships with their employer before getting their job, and in some sectors the figure rises to 50%. In many professions, completing at least one internship within the industry is essential.

My background, like that of some other colleagues who have spoken, is as a journalist. It is almost impossible for someone to get professional employment as a journalist unless they can prove on their CV that they have already had some journalistic experience, usually in the form of work experience or an internship. That is just one example of how internships are vital for entry to many professions.

The Government have estimated that there are currently about 70,000 interns in the UK, of whom 15,000 are unpaid. However, I think those figures mask the true scale of what is happening. There are a great many informal—for want of a better word—internship arrangements across many professions, which I suspect are probably going unmeasured in those statistics.

Internships are valuable to individuals. They help them to understand the reality of the career area in which they want to work. They then develop skills that become valuable throughout life—not just in their particular profession or chosen career path, but in the wider world. Ultimately, an internship helps people to reach an informed decision about whether they do, in fact, want to spend their life, or a particular part of it, in their chosen career.

Importantly, internships are also extremely beneficial to the employer. They give them an insight into an individual’s skills and character to a far greater extent than any interview, application form or CV. My hon. Friend the Member for Shipley mentioned the benefits to the employer of finding out an individual’s skills set, because that may help both of them to come to a decision about future employment. That is important.

For young people today, internships are an essential element of searching for a job and, consequently, getting on generally in life. I and my hon. Friend the Member for Elmet and Rothwell want to ensure that internships are available as widely as possible and that those from less privileged backgrounds are able to access them. That is so important and I will come on to address that challenge. At the moment, there seems to be a large element of, “It’s not what you know, but who you know”, in enabling people not only to get on in many careers, but simply to get a foot in the door with many internship programmes.

Alec Shelbrooke: I am grateful to my hon. Friend for addressing those points. May I urge him to focus on the statistic that shows that 40% of people who are offered an internship have to turn it down because they cannot afford to do it? On opportunities and choice, we are getting close to a situation where half of those offered an internship cannot afford to do it. As my hon. Friend has said, internships are becoming a massive means of getting into the professional job market, so I urge him to keep that statistic in mind when he moves on address opportunity.

Peter Heaton-Jones: My hon. Friend makes a good point and I will seek to address it later in my remarks.

On social mobility, unpaid internships can be extraordinarily expensive for many of those wishing to go into the professional services, which are often located in the bigger cities and, in many cases, far away from rural constituencies such as mine. If young people in North Devon wish to undertake an internship in one of the larger cities, that will mean paying travel expenses and finding accommodation. For many—this goes to the heart of the point that my hon. Friend has just made—that is simply prohibitive. I do understand that that is a problem. If internships are accessible only to those with financial means, we will entrench a system where the professions are disproportionately dominated by those from families with higher incomes.

Henry Smith: As my hon. Friend has said, internships are often available only in large cities, with London being the predominant area. Does he agree that that places even more responsibility on large employers, which have the resources properly to support interns and those seeking work experience with them, to pay high costs such as those for accommodation and travel?

Peter Heaton-Jones: That is a good argument, but the difficulty is that I am not sure that the Bill addresses it. That is my problem and my challenge to my hon. Friend the Member for Elmet and Rothwell. My hon. Friend the Member for Crawley (Henry Smith) makes a good point and I will address later the internships offered by the small and medium-sized enterprises that dominate my constituency and many others.

I applaud those employers that do provide funding for internships—there are some—whether it be in the form of pay or expenses. Many charitable bodies, trade associations and universities provide bursaries or similar so that those of limited means can access internships. All these schemes are essential in ensuring that, no matter their background and financial means, people who work hard and are dedicated will achieve their goals. The schemes open the door to the opportunity of an internship.

There is of course always more that can be done. I am glad that this Government are working to promote high-quality paid internships through improving codes of practice, creating awareness campaigns and, importantly, sponsoring the graduate talent pool. These will all make internship opportunities available to those from poorer backgrounds. We must remember—this goes to the heart of our discussion—that an even greater block to accessing internships for many people is a lack of contacts. Put simply, they do not know the right people. That is

often a greater block than a lack of pay, so it is right that the Government have acted with initiatives such as the graduate talent pool.

As I have already hinted, my difficulty with the Bill is the level of pay that it expects the facilitator of an internship—the employer—to pay. Broadly, as my hon. Friend the Member for Elmet and Rothwell has mentioned, there are two categories in the existing national minimum wage legislation: workers and apprentices. Workers provide a trade or service in return for remuneration and have an obligation to provide this work—I must sound as though I was an hon. and learned Member, which I assuredly am not—while apprentices receive a lower rate of pay, because although to a degree they provide the same services as workers, they receive on-the-job training. Consequently, the pay level for apprentices recognises that the employer invests time and resources in them, and they do not have to be paid as workers. In my view, interns are closer to the category of an apprentice, rather than that of a worker.

Internships provide individuals with experience and training, which helps them to deliver and gain employment. The Bill states that

“the intern meets learning objectives or gains experience of working for the employer”,

and that the internship provides

“practical experience in an occupation or profession.”

In my view, that is largely what an apprenticeship achieves. Workers, who receive the national minimum wage, do not set out to meet learning objectives or gain experience of working for the employer. That is almost ancillary to their role, which is to provide a service in return for their remuneration. Interns do not provide for the employer the same value as a worker, if I may put it that way, so their pay should not be the same. If I may say so to my hon. Friend, that is one of the flaws in his proposed Bill.

Alec Shelbrooke: My hon. Friend will have heard the examples I have given of major multinational, multimillion-pound corporations, such as KPMG, making it very clear that everybody working in their organisation is contributing to it. It is unfair to say that interns in a business do not contribute in the same way as others, as in the case of somebody working for Vivienne Westwood.

Peter Heaton-Jones: I must apologise to my hon. Friend. I did not mean that interns do not add value; I think they add incredible value. Interns in my office have added incredible value. I was merely seeking to draw a distinction in law about the difference in status, as it were, between workers and interns or apprenticeships. Interns absolutely do add value, but I was seeking to make the point that if an intern's circumstances mirror those of a worker, they will be covered by current employment law.

Another issue in relation to social mobility, which in my view is so important, is whether internships should exist at all. This is the heart of what I am seeking to say in this speech. My fear—fundamentally, if simplistically—is that increasing the cost of interns will inevitably mean that fewer internships are available. That is especially the case in constituencies such as mine of North Devon, where the vast majority of employers contributing to the local economy are small and medium-sized enterprises.

If those SMEs are forced to pay interns the national minimum wage, my fear is that many businesses in North Devon will simply not be able to afford to set aside that sort of money to offer internship opportunities. It is important not to choke off the opportunities available to our young people—and indeed others—and I fear that an unintended consequence of the Bill might be to do just that in areas such as North Devon where SMEs make up the vast bulk of employers and thus provide the vast bulk of opportunities for possible internships.

Alec Shelbrooke: For the purposes of clarification, may I assume that my hon. Friend nevertheless supports the National Minimum Wage Act 1998?

Peter Heaton-Jones: Yes, but in the context of my hon. Friend's Bill we are discussing whether or not the national minimum wage should be applied to internships. My argument is that, if it is, there will suddenly be a contraction—a fairly major contraction—in the number of internships offered by SMEs, which make up the bulk of employers in my constituency and in many others. My point is specifically about employers' ability to offer internships and the opportunities that will be available. We do not want to choke off opportunities. Yes, some internships are offered by big corporations and big employers who can afford the cost, but many more internships are short term—perhaps for only a few weeks or even a few days—and in small and medium-sized businesses. That will absolutely be the case in my constituency. These small businesses take on interns almost out of a sense of duty to their local community. I fear that if we mandate the extension of the national minimum wage to internships, the number of opportunities available to young people and the work experience opportunities offered to my constituents will sadly and inevitably decrease. As I say, that is an unintended consequence of the Bill.

In my view, allowance should also be made for a short internship that does not mandate any remuneration. Long-term internships are good, and there are many professions in which they happen. Short internships, though, sometimes literally of a few days, are far more numerous and are more often offered by small businesses. That is the case in my North Devon constituency, where the overwhelming majority of internships will be very short—only a few days or perhaps a couple of weeks. Very few SMEs in North Devon will have the capacity to offer a longer internship, and they would be further prevented from doing so if they were mandated to pay the national minimum wage.

Many people, particularly young people, in my constituency are offered internships because of the employer's desire to help the individual to get on rather than to use their labour. As I say, it is almost a community scheme, and in a place such as North Devon it operates in a way that is very healthy for society and for that sort of community where we sometimes feel that we are a long way from everywhere else—albeit that we in North Devon are, I like to think, our very own small economic powerhouse.

This contrasts starkly with longer-term internships that are often found in many professions that are prevalent in big cities. Of course, if someone in my constituency wants to take up one of these internships, it will come at

a greater cost, not least because of the travelling costs from North Devon to one of the big cities. I fear that the Bill does not distinguish between the short-term internships offered by small companies and the longer-term internships in large cities, where the costs for the individual will be higher, but the large corporation will be better able to pay the national minimum wage. I fear that an effect of the Bill might mean many of the short-term internships currently offered by small businesses in my constituency will not be offered in future, thus reducing the available opportunities to my constituents. That is not something I want to see, and I am sure it is not something that my hon. Friend wants to see either, but I fear that, should the Bill proceed, it might be one of the unintended consequences.

Alec Shelbrooke: My hon. Friend is making a case that many others have made today. It is unfortunate that, when I was drafting the Bill, the advice I was given was that the 28-day provision was unenforceable. However, if my hon. Friend were minded, by some miracle, to allow the Bill a Committee stage, I am sure he would like to join that Committee, and perhaps table amendments to meet those needs.

Peter Heaton-Jones: That is a very kind offer, and one that is almost impossible to resist. It is possible that I shall not need to "RSVP" in about 29 minutes, but we shall see.

My hon. Friend and others have expressed a fear that there is currently some exploitation: that businesses are taking advantage of those who should be valuable work-experience interns, and using them to do as much work as many of their other employees while getting away with not paying them. It is certainly not acceptable for an employer to use an unpaid intern as just another worker carrying out the same task as others while not being paid, but I fear that my hon. Friend's Bill will not solve that problem.

The Government have done some work in this regard. This year, for instance, they increased HMRC's enforcement budget by £7 million. It is important for staff to be paid the appropriate amount for the work that they do, and for that payment to be properly declared. We must ensure that internships are not used as a way of circumventing national minimum wage legislation.

Reference has been made to the position of charities and voluntary organisations. Because I have a copy of the House of Commons Library's excellent briefing, I am aware that the National Minimum Wage Act 1998 already

"provides an exception... which enables a limit range of organisations (e.g. charities) to enter contractual relations with volunteers without necessitating payment"

of the national minimum wage. That is to be applauded, because many charities and voluntary organisations in the third sector rely on the good will of volunteers to come and do the work that is so necessary in that sector. It would be entirely wrong for those excellent organisations to be mandated to pay the national minimum wage to volunteers. That could have a serious impact on their important work.

According to the House of Commons Library briefing—I think that this is a masterful example of understatement—

"This area of the law is notoriously complex."

[Peter Heaton-Jones]

I fear that, sadly, the Bill may do nothing to ease that notorious complexity. I think that we need to look carefully at other ways of closing some of these loopholes if we wish to extend some of the very noble efforts that my hon. Friend has been making so far.

I applaud my hon. Friend, for the aims of his Bill are noble, but I do not think that making the national minimum wage mandatory for workplace internships is appropriate. I fear that it will have the unintended consequence that I have described: that it will have an impact on the availability of internships and the capacity of small and medium-sized enterprises such as mine in North Devon to offer opportunities to young people. It is important that they are able to offer those opportunities, and that young people are able to take them up, so that we can ensure that our Government's priority and ambition to deliver a country that works for everyone is fulfilled.

2.4 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): We have had a good debate, full of insight and good humour and I warmly congratulate my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) on all the work he has done examining the issue of unpaid internships and introducing his Bill today. Indeed, so rich was the debate that it is impossible to do justice to all the excellent contributions. My only disappointment was that my hon. Friend the Member for North East Somerset (Mr Rees-Mogg) tantalised with his presence but confined his remarks to a few pertinent points, rather than giving us the benefit of the full panoply of his views on the matter. That was left to my hon. Friends the Members for Shipley (Philip Davies) and for Bury North (Mr Nuttall), who did not disappoint, and neither did my hon. Friends the Members for Louth and Horncastle (Victoria Atkins) and for North Devon (Peter Heaton-Jones). We have also heard some very good points from the hon. Member for Sheffield, Brightside and Hillsborough (Gill Furniss).

Those of us who have worked with my hon. Friend the Member for Elmet and Rothwell know that he is a tireless campaigner for interns' rights. He made a personal pledge to act on unpaid internships and this Bill represents only the most recent stage in his impressive campaign to secure fairness of opportunity and equity of consideration for all entrants to the labour market regardless of their personal means or social background.

The principle lying behind and driving my hon. Friend's efforts is the idea that work can be a powerful engine for social mobility, and the Prime Minister, who talks about her vision of a truly meritocratic Britain and building an economy that works for everybody, is very much of the same mind.

I want to take a little time to talk about the Government review set up by the Prime Minister at the beginning of last month. It will be headed by the chief executive of the Royal Society of Arts, Matthew Taylor, and is to look specifically at developments in modern working practices. I also want to speak about the national minimum wage and the living wage, and a little bit about Government enforcement through HMRC. I also want to address the provisions set out in the Bill.

First, let me make a few remarks about internships in the broader context and share a few points from my constituency experience. I have changed the names of the people I shall mention. The first of them is Susan. She was educated at a well-known public school. Her father was chairman of a public company and a donor to one of our two major political parties. He effected an introduction to the party chairman which resulted in a six-month unpaid internship for Susan at the party's headquarters, and from the contacts she made there she was able to secure a second unpaid internship for a Member of Parliament.

Christian Matheson (City of Chester) (Lab): And then a safe seat.

Margot James: The hon. Gentleman takes my example a little too far, but one can only imagine such an outcome as being highly likely.

Now, let me introduce Jack. Jack's father works for a landscape-gardening company and just about makes average earnings, and his wife works part-time as a carer. As a family, they are just about getting by and they think Jack will get on fine because he is a bright boy. But Jack is already disadvantaged by some of the choices he made at GCSE which ruled out the sort of A-levels the Russell Group universities favour. He has no contacts in London and his family cannot afford to support him through an unpaid internship. Unlike Susan I think Jack would probably be one of the 40% of young people my hon. Friend the Member for Elmet and Rothwell indicates would reject an internship if offered on an unpaid basis. Those case studies illustrate to me that my hon. Friend is really on to something in challenging the concept of unpaid internships under the conditions set out in his Bill.

However, we believe that good, worthwhile, genuine internships certainly have a part to play, alongside other routes such as work experience, apprenticeships, work placements and work shadowing, all of which we have heard a great deal about in our debate. I believe we all recognise that young people learning about the workplace, developing skills and getting training can produce networking opportunities in and of themselves. Employers can also benefit from fresh thinking and from finding potentially great new permanent employees to join their team in future.

There are many different types of internship. The Gateways to the Professions Collaborative Forum, for example, represents about 60 professional bodies. We have heard about the excellent programme of paid internships that is run from the Speaker's quarters in this House. In the attempt to define high-quality apprenticeships as an arrangement whereby individuals work and can gain some compensation, there is also the prospect that they will develop professional skills and an understanding of a profession. Those are all good experiences and we would not want obstacles to their fulfilment to be created unnecessarily from any unintended consequences of legislation.

There are many excellent resources, such as the Government-backed graduate talent pool, which is an initiative designed to help new and recent graduates to gain real work experience across Government. It advertises quality internships with a range of desirable employers in numerous competitive sectors. Most significantly,

100% of the vacancies advertised through the graduate talent pool are for paid positions. A 2011 survey of more than 500 people registered with the pool found that over 60% of respondents were motivated to join in order to improve their long-term prospects and gain general work experience, and it showed that over 80% of interns would recommend the experience and scheme to others.

Another example is the popular RateMyPlacement website, which I heard my hon. Friend the Member for Shipley mention—I think in relation to some experience he offered to a young person from his constituency. Graduates and interns can share their experiences of placements anonymously on the site and often find specific guidance on such things as interviews and general careers advice.

There is an increasing wealth of information out there, for employers as much as anyone else, about what well-managed, high-quality internships look like. However, we all know that not all the internships we are debating today are good quality and properly managed, and I think we all, across the House, aspire to improve our system such that there ends up being just good-quality, preferably paid—and certainly compensated—internships in future.

Let me turn to the point that several hon. Members have made: that workers do have rights. Workers have a contract with their employer under which they perform work to agreement and both parties must get something of value from the arrangements. The contract does not have to be written and the value provided to the person performing the work might initially be the opportunity to gain experience or the promise of future work. Other factors to consider are whether a person has the right to send someone else to do the work and whether the person is better viewed as working for the employer rather than being engaged by an independent contractor.

A genuine worker has a “day one” right to be at least paid the appropriate national minimum wage or the national living wage if he or she is over 25. When a court looks at a person’s employment status, it will always consider the reality of their working arrangements and not just how those are described. Simply labelling someone as an intern is not enough to exempt them from the rights associated with being a worker.

However, there is no universally agreed or accepted definition of the term “intern”, despite many attempts to define it today. I sensed considerable sympathy for the view expressed by my hon. Friend the Member for Bury North that it was perhaps a glorified Americanism used to describe what is effectively work experience. We must acknowledge that there are bad examples of work experience and internships, but let me make it absolutely clear that the Government believe that all people in the UK are entitled to fair wages for fair work.

Philip Davies: If we complicate this too much, is there not a danger that employers trying to avoid having someone classified as a worker would simply get people in to do menial things such as making the tea, rather than doing a proper job? Most people who do work experience really appreciate being able to muck in and do something worth while. It would be a strange state of affairs if employers were deterred from offering meaningful work experience lest they fall foul of the legislation.

Margot James: I thank my hon. Friend for his apposite intervention. I agree that it would be most deleterious if employers were to downgrade the work experience that they offered, to get round the law. I must point out, however, that the alternative might be that employers would start to compensate the person undergoing the work experience if they were doing genuine work that added value to the firm or organisation in question.

I take the point that my hon. Friend the Member for Shipley made earlier that, in the early stages of work experience, the candidate is often not in a position to add value to an organisation, given that they are learning on the job. Indeed, he told the House that he had been such a candidate in his younger days, working for the best local newspaper in the country—namely, the *Stourbridge News*. He talked about his experience as a budding court reporter, although he was modest enough to say that his material often required a degree of rewriting before it made it into the newspaper. That underlines his point that it takes a while for interns and people on work experience to be able to add value. I hope that, at the end of his work experience week, his employers took him to one of the town’s many wonderful hosteleries for a few pints on a Friday evening.

The Bill seeks to extend the provisions of the national minimum wage to cover individuals who are engaged in workplace internships. It is extremely well intentioned, but I am concerned that it could have unintended consequences that might even undermine existing employment laws and protections. Legally, the Bill is unnecessary because, as my hon. Friend the Member for Bury North and others have said, interns are already eligible for the national minimum wage if they meet the definition of “worker”. It does not matter what the employer calls the arrangement or whether the individual has agreed not to be paid. Only the reality of the employment arrangement matters, and if an intern is a worker, they are entitled to be paid.

We have heard observations about the difficulty of defining the term “intern” in relation to various categories of unpaid work experience. The term is loosely used to apply to a wide range of formal and informal arrangements where there is an expectation of an individual receiving some kind of practical experience. A worker is someone who has a contract with their employer under which they personally perform work. For such a contract to be valid, both parties must be getting something of value from the arrangement. That could pose a problem for interns working for free if they are not getting paid but are getting something of value from the arrangement. Whether they are is not always clear cut. In most cases, however, the answer is likely to be yes. The value may be in the form of training, experience or a job in the company or organisation to which they are lending their labour.

For that reason, we feel that interns are afforded sufficient protections by existing employment laws and that a tribunal would find that an intern who was genuinely a worker would qualify for the national minimum wage. Indeed, tribunal decisions involving interns have reached that conclusion, including the case of Keri Hudson mentioned by my hon. Friend. HMRC has also identified arrears in a several cases that started out as complaints from interns. We heard some interesting remarks from my hon. Friend the Member for Louth

[Margot James]

and Horncastle (Victoria Atkins) about the days when she was a prosecution barrister for HMRC. As she will know, HMRC follows up every complaint it receives.

I recognise that some people, interns in particular, will be worried about employment prospects if they make a complaint, but I want to make everybody aware that anyone who contacts the ACAS helpline will be treated with strict confidentiality. Anyone whose complaint is referred to HMRC directly will also be treated with absolute confidence. People can choose how much information about themselves to disclose. It is even possible for someone to raise a complaint to be followed up by HMRC without even disclosing their identity. Safeguards are in place, and I urge all MPs to make employers, employees and interns in their constituency aware of their rights and the ease with which they can raise complaints without jeopardising their employment prospects.

Alec Shelbrooke: What advice could my hon. Friend give to someone who is the only employee in a business?

Margot James: My hon. Friend points to a good exception to what I have been saying. If someone is the only employee in a business, it would be a microbusiness. I would imagine that most people who become an employer's only employee are family or friends. I accept that such a case could exist and what I said would not apply in those circumstances, but I am sure that my hon. Friend will agree that such circumstances are exceptional. I can accept that there will be circumstances in which people will fear being exposed even if their confidentiality is maintained, so I accept my hon. Friend's wider point.

If the Bill does proceed to Committee, I ask my hon. Friend to assure the House that it will not have a negative impact on the excellent support offered to disadvantaged young people by organisations and groups such as the Social Mobility Foundation. Short-term work placements, which may go beyond the 28 days mentioned earlier, offer risky and ultimately untenable situations for employers, establishing legal obligations towards participants that none of the parties involved either intended or wished for. I fear that my hon. Friend could not offer that guarantee, as indeed the Government could not were they to introduce something with the broad definition contained in the Bill.

We have heard that unpaid internships are disproportionately filled by people from affluent backgrounds, and I do not dismiss that concern in any way. Indeed, the examples I gave the House earlier about Susan and Jack underline that if we seek to legislate too readily and expand the scope of existing protections too freely, we may end up legislating some existing opportunities out of existence, because employers will not want the risk or nuisance of offering them and putting themselves into an exposed position that their conduct does not really deserve. If there are fewer internship placements as a result of the Bill, will we really have addressed the social mobility problem that lies behind it? I do not think so, and I sense that a number of my colleagues, not least my hon. Friend the Member for Shipley, would agree with me.

A better approach will be to take the opportunity afforded to us by the recently announced Taylor review to look carefully at modern employment practices and to gather evidence to see how we might best direct our efforts to improve fairness of opportunities and consideration for all entrants to the labour market, regardless of their background and whether they have the means to support themselves through unpaid work of any description. As a result of the Bill, I intend to ask Matthew Taylor to look at these questions with respect to interns, and I hope to persuade my hon. Friend the Member for Elmet and Rothwell to lend his considerable experience and credibility to any discussions he may be invited to have by Mr Taylor and the panel members who will assist him in this valuable work, the fruits of which I look forward to seeing.

As the Prime Minister has said on numerous occasions, the Government firmly believe in creating an economy that works for all. We support enterprise but not at the expense of employment rights, wages or job security when job security is desired. Where interns are genuinely workers, they are entitled to all the same rights and protections as any other worker, including, importantly, being eligible for the national minimum wage if they are under 25 and the national living wage if they are over 25.

I take my hon. Friend's point that, even though the law is clear on that matter, it is governing a great range of grey areas in terms of the nature of the work that people who are starting out on their careers are performing and whether or not they are work shadowing, gaining work experience or undertaking an internship, paid or otherwise. Those are not just grey areas; I would go so far as to call them a minefield for employers.

I wish to protect the vast majority of employers who have a good disposition. I have been one myself, and I know that several contributors to this debate are former business managers who employed people. Indeed, we are all employers in this House, are we not—even your good self, Madam Deputy Speaker? I hope that I may compliment you by saying that, knowing some of your staff as I do, I know that you are an exemplary employer. Those standards go for the vast majority of Members across this House, and the vast majority of employers outside it are very good employers. Unfortunately, a minority are not, and we have heard some scandalous examples today of employers who are using the internships system to get free labour.

Appalling situations have been cited by a number of colleagues from across the House. Those examples are most regrettable and they underline the need that my hon. Friend has identified for us to act in this area, which is what I hope the Matthew Taylor inquiry will do. It will examine this minefield and clarify the conditions, so that we can ensure that interns, and employers' good intentions, are protected and that all young people can get good experience without their employers falling foul of the law.

2.30 pm

The debate stood adjourned (Standing Order No. 11(2)).

Ordered, That the debate be resumed on Friday 24 February.

Business without Debate

HARBOURS, DOCKS AND PIERS CLAUSES ACT 1847 (AMENDMENT) BILL

Order for Second Reading read.

Bill to be read a Second time on Friday 25 November.

NATIONAL HEALTH SERVICE BILL

Order for Second Reading read.

Bill to be read a Second time on Friday 24 February.

SUGAR IN FOOD AND DRINKS (TARGETS, LABELLING AND ADVERTISING) BILL

Order for Second Reading read.

Bill to be read a Second time on Friday 13 January.

PARENTAL BEREAVEMENT LEAVE (STATUTORY ENTITLEMENT) BILL

Order for Second Reading read.

Bill to be read a Second time on Friday 18 November.

Sri Lanka: Human Rights

Motion made, and Question proposed, That this House do now adjourn.—(Mr Symms.)

2.31 pm

Mr Gareth Thomas (Harrow West) (Lab/Co-op): I am grateful to the Speaker for selecting this topic for debate, and to my hon. Friend the Member for Hornsey and Wood Green (Catherine West) for being in her place. It is a particular pleasure to see the Minister for Europe and the Americas, who has successfully returned to the Front Bench. I look forward to his particularly provocative personality helping to shake up the Foreign and Commonwealth Office's handling of this matter.

Amnesty International, presenting to the UN Human Rights Council on 15 September, said:

“When Sri Lanka co-sponsored UN Human Rights Council Resolution 30/1 in October 2015, among the commitments made were initiatives to account for enforced disappearances.”

It went on to say that the UN's Working Group on Enforced or Involuntary Disappearances

“has transmitted more than 12,000 complaints to Sri Lanka. Although the second highest in the world, these represent only the ‘tip of the iceberg.’ In May, the Sri Lankan government acknowledged receiving at least 65,000 complaints of enforced disappearances since 1995.”

That is 65,000 people who have disappeared in 30 years. The majority of them, though not all, are Tamil. All 65,000 had families and loved ones who are grieving, who have no closure and who, certainly at the moment, have little hope of any justice.

I am pleased to say that I have a significant number of Sinhalese and Sri Lankan Muslim constituents, as well as the highest number of Tamil constituents of any MP in the UK. Some of the disappeared have relatives living in my constituency. It is their anger and demand for justice that I bring once again to this great House.

The Foreign Office has fought for the disappeared and their relatives with all the energy of a wet dishcloth. Little obvious effort goes into holding the Sri Lankan Government's feet to the fire, so that they deliver meaningful reform and prevent further human rights abuses, never mind beginning to put right previous abuses. From time to time, it is true that new commitments are made, or a new Government come in, or there are new Sri Lankan Ministers promising to work with the international community to improve human rights. Very occasionally, the odd case gets resolved, but on the ground in Sri Lanka, the story is one of continuing impunity for human rights abusers. Ministers here, I gently suggest, have simply not done enough in recent times to challenge that culture. There is a sense that the Foreign Office either does not want to rock the boat in Sri Lanka, or does not want to put in the diplomatic effort to keep the new Sri Lankan Government under pressure to deliver.

I have visited Sri Lanka twice. The first time was as a Back-Bench MP in October 2001, if I remember rightly, when a ceasefire was in place, and there were serious negotiations under way between the Government and the Tamil Tigers about what a peace settlement might look like. I went again as a Minister in July 2005 after the terrible tsunami, but by then the conflict was under way again, with targeted assassinations by paramilitaries taking place and the language of confrontation beginning to ratchet up. Since that time, as a Minister when

[Mr Gareth Thomas]

Labour was in government and since we have been in opposition, I have continued to raise a series of human rights abuses, both through constituency correspondence and by taking part in debates in this House.

I am told that the situation on the ground in the north and east is basically calm. Tamils from other countries can visit and are not routinely stopped any longer by the military or the police. That does not mean, however, that we should forget the terrible events that have taken place in Sri Lanka in recent times. The Sri Lankan military conflict ended in May 2009 after almost a quarter of a century of conflict, with an estimated 100,000 people losing their lives. In the final months few independent observers—certainly, no one from the international media—were able to get close to the fighting, allowing terrible abuses to take place, according to the witness testimony collected by highly credible international human rights organisations.

Murder, disappearances, sexual violence, the use of child soldiers, the use of civilians as human shields and the bombing of hospitals have all been chronicled by witnesses. As my hon. Friend the Member for Ilford North (Wes Streeting) has previously noted, many at the very top of Sri Lankan society, then Ministers, military leaders, figures in the judiciary and civil society, are suspected of being complicit in some of the atrocities that took place.

Inevitably, the Rajapaksa Government were always unlikely to offer a truth and justice process or one that encouraged reconciliation between the different communities of the island of Sri Lanka. So when the Rajapaksa Government were defeated by President Sirisena and his Administration, it seemed like a genuine moment for optimism about Sri Lanka's future. Particularly encouraging was the new Sri Lankan Government's willingness to co-sponsor a resolution to the UN Human Rights Council in October last year, alongside the UK, the US and other countries.

The resolution—a significant step away from the international community's previous support for a full independent inquiry into allegations of war crimes at the end of the conflict and other allegations of human rights abuses levelled at both sides—nevertheless called for measures to advance accountability, reconciliation, human rights and the rule of law. Crucially, it called for international involvement in the prosecution of alleged war crimes and the establishment of a special court

“integrating international judges, prosecutors, lawyers and investigators”

with an independent Sri Lankan investigative and prosecuting body.

Twelve months on since that resolution was passed, with strong UK Government support and with that key and fundamental element contained in it, it is worth considering where the process stands today. There were, it is true, other elements to the resolution, which I will come back to. On the involvement of international judges and the establishment of a special court, there has been absolutely no progress to date. There have been a series of worrying public statements from the President and the Prime Minister of Sri Lanka, stating that the judicial process will have no international involvement at all.

What, then, has been Britain's reaction? I look forward to hearing from the Minister on this point in particular. Has Britain offered any judges to a special court that might be created in Sri Lanka? My hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe) received a very interesting answer to his written question to the then Home Secretary, now the Prime Minister, on 6 June. The then Home Secretary made it clear that she—and by implication her officials—had made no representations on or offers of help and so on with involving international judges and prosecutors in prosecutions for war crimes in Sri Lanka. In September this year the UN Secretary-General, Ban Ki-moon, visited Sri Lanka and reiterated his support for international judicial participation in the special court. I ask the Minister gently why Britain has not done more to encourage delivery of that special court with that international judicial co-operation.

The resolution passed 12 months ago also approved the creation of a truth commission and of offices on reparations and missing persons. In May, to be fair to the Sri Lankan Government, an Office of Missing Persons was created, and in August the necessary law was passed by the Sri Lankan Parliament. It would be helpful to hear the Minister's assessment of the finances and personnel of this new office, and of whether it has the political support necessary to really make a difference.

The Sri Lankan Government have also allowed visits by the UN's working group on enforced or voluntary disappearances, the special rapporteur on torture and other forms of cruel, inhuman, degrading treatment or punishment, and the special rapporteur on the independence of judges and lawyers. The UN human rights commissioner acknowledged the access given to the aforementioned UN organisations, but went on to note with concern the lack of transparency in negotiations over a truth and reconciliation commission and a special court. Again, perhaps the Minister could explain what he thinks is going on. Will there be a truth and reconciliation commission, and when might that body begin work?

When, too, might we expect the catch-all Prevention of Terrorism Act, or PTA, to be lifted? I understand that the Sri Lankan Government have agreed to that, but, again, they have given no time commitment. Human Rights Watch described the PTA as the legislation used to facilitate thousands of human rights abuses over the years, including torture, enforced disappearances and extrajudicial executions. It goes on to argue that the law has been used since 2009 to detain and torture people suspected of links to the Liberation Tigers of Tamil Eelam, including forcibly returned asylum seekers. Indeed, I have had complaints from residents in my constituency of visits to Sri Lanka resulting in arrest and, on at least one occasion, torture.

Human Rights Watch notes that many instances of torture, sexual violence and other ill-treatment occurred in the Criminal Investigation Department and Terrorist Investigation Division offices in Colombo, while others occurred in unofficial places of detention. In addition, evidence in court has confirmed that the navy operated secret detention camps in Colombo and Trincomalee, where detainees were allegedly tortured and killed.

Even now, it is not clear exactly how many are held, or where, under the PTA. It is true that, 12 months ago, the Government announced a plan to deal with the Tamil detainees held under the PTA, with some released

on bail, others sent for supposed rehabilitation, and the rest set to be charged. Can the Minister tell us today or in writing whether he has had discussions about the timing of any replacement for the PTA, whether he is confident that a full list of the Tamils detained under the PTA has been made public, and whether family members have been informed?

The remarkable people in Sri Lanka who champion human rights—for example, in the organisation Right To Life—continue to report harassment, police and military surveillance, and, on occasion, anonymous death threats. However, it is the impunity for previous human rights abuses that stands out as the single most telling indication that change in Sri Lanka is not happening anything like fast enough. Cases include the January 2006 extrajudicial execution of five students in Trincomalee by security personnel; the killing of 17 aid workers with the French organisation Action Contre La Faim in Muttur in August of the same year; the January 2009 murder of Sri Lanka's most famous newspaper editor at the time, the Sinhalese Lasantha Wickrematunge; and the disappearances of political activists Lalith Weeraraj and Kugan Muruganandan in Jaffna in 2011. Those cases are noteworthy for the profile they had at the time and since, and for the lack of progress in the investigations.

Lastly, let me turn to the presence of the military in the north and the east of Sri Lanka. The Sri Lankan Government agreed in the Human Rights Council resolution last year that it would accelerate the return of land to its rightful owners. The organisation Freedom House has suggested that the military still occupied 44,000 acres of Tamil-owned land in 2015. The Sri Lankan Centre for Policy Alternatives reported in March that 13,000 acres of land in the Northern Province alone continue to be occupied. Other reports suggest that the military has returned some, but far from all, the land it seized. It is far from clear from public statements whether all the land will be returned to its rightful owners. Again, it would be helpful to hear the Minister's assessment. The military's presence in the north and east is all-pervasive, with many ordinary businesses such as tourist resorts, and even shops selling basic goods, controlled by the armed forces. Economic development, particularly Tamil-owned economic development, lags far behind that in other areas of the country.

Sri Lanka is one of the most beautiful islands in the world—a point often made to me when I attend cross-community events in my constituency—but it has one of the ugliest of recent histories. Those who continue to be victims of human rights abuses in Sri Lanka have few people to turn to. Britain has a particularly heavy responsibility to take, given our previous history with Sri Lanka and our commitment to international human rights. In the end, there will not be the type of peace that offers real long-term security, and the chance for all communities to live together, unless there is a sustained truth and reconciliation process, and human rights abuses begin to be properly dealt with. I look forward to the Minister's reply.

2.45 pm

The Minister for Europe and the Americas (Sir Alan Duncan): I thank the hon. Member for Harrow West (Mr Thomas) for securing this debate. I commend his long-standing commitment to development, including

seven years as a Minister in the Department of International Development—indeed, as my predecessor as Minister of State. He is probably one of the few Labour Ministers who did not need to leave a note for his successor saying, “There's no money left.” As a Member representing a very large Tamil community, he has rightly been concerned by the human rights situation in Sri Lanka for many years. I also highlight the important work on human rights in Sri Lanka of the other members of the all-party parliamentary group on Tamils.

I do not think we need to replay the heart-wrenching history of Sri Lanka's bloody civil war in detail today. We all understand that that decades-long conflict was a painful and traumatic period for people across the island. Many tens of thousands died. We understand too that although the civil war may have ended in 2009, the reconciliation process never ends. You will be familiar, Madam Deputy Speaker, with some of the concerns set out in this House on previous occasions, including about the continued military presence in the north and east of Sri Lanka, the credibility and independence of future judicial processes, and the need for international involvement to support the Sri Lankan Government in fulfilling their commitments. The Government recognise that the Sri Lankan Government face very significant challenges in order to address the legacy of the conflict, and that doing so will require strong leadership from all parties. We will give support where we can. We should also, however, recognise the progress that has already been achieved, particularly under the current Sri Lankan Government.

The Government of Sri Lanka co-sponsored Human Rights Council resolution 30/01 in October last year. This was a historic moment, because it set the country on an ambitious course to promote reconciliation, accountability, and human rights, and to address the legacy of its civil war. At the Human Rights Council in June this year, High Commissioner Zeid recognised the progress that Sri Lanka has made against resolution 30/01. That progress includes increased engagement with the UN, legislation on an office of missing persons, ratification of the convention on enforced disappearances, the start of a process of constitutional reform, and an improved environment for civil society and human rights defenders. I acknowledge the hon. Gentleman's strength of feeling on the question of disappearances. Specifically on that point, which I sense was his most important, the Sri Lankan Government have enacted legislation on missing persons and ratified the convention on enforced disappearances. That is progress but the key now is implementation, which is not just about passing the law.

We continue to make those points to Government of Sri Lanka and the legislation to establish the Office of Missing Persons has just been passed. Therefore, we are still making an assessment of the office's finances and personnel. High Commissioner Zeid also noted that more needed to be done and he called for a comprehensive strategy to deliver further progress. The Government share this assessment.

We do not underestimate the challenges of dealing with the legacy of a 30-year conflict. Actually, we welcome the determination of the Government of Sri Lanka to face up to these challenges and we will continue to encourage and support them to implement resolution 30/01 in full.

[*Sir Alan Duncan*]

The Minister of State in the Foreign Office, my right hon. and noble Friend the Baroness Anelay of St Johns, will visit Sri Lanka next week. She will go to Colombo and Jaffna, and she will discuss these issues and many others with the Prime Minister and Foreign Minister, as well as the leader of the Tamil National Alliance and other members of the Government, opposition and civil society. I undertake to ensure that she possesses a copy of the speech that the hon. Gentleman has delivered today, so that all the issues that he has raised in the House will be fully familiar to her on the occasion of her visit. Moreover, I am pleased to confirm that she will also meet recent returnees to land that has been cleared of mines by the HALO Trust, thanks to UK Government funding.

There are several areas where more action is required if the Government of Sri Lanka are to fulfil all the commitments that they have made. The particular priorities that I will highlight, as the hon. Gentleman has already done today, are constitutional reform, land returns and security issues.

The devolution of political authority, through constitutional reform that protects the rights of all Sri Lankans, is an essential foundation for future prosperity and stability. I am encouraged by the inclusive consultation process that has been undertaken and I urge all parties to work together to deliver a revised constitution that lays the foundations for inclusive and fair governance.

More land returns are also essential, both to build trust and to allow those who have been displaced to return to their land. It is encouraging that land is being released, including an area in Jaffna last month. I hope the Government of Sri Lanka will return all private land that is still in military hands to its civilian owners.

Land releases on their own are not enough; they must be accompanied by adequate housing and other support for resettled communities. That is why the UK continues to support de-mining, housing and resettlement programmes through bilateral and multilateral funding. The Government of Sri Lanka should also tackle the issue of military involvement in civilian activity, which is constraining employment opportunities, especially in the north and east of the country.

We continue to encourage security sector reform in Sri Lanka. We urge the Government to repeal the Prevention of Terrorism Act and to replace it with counter-terrorism laws that comply with international human rights standards. We also urge them to expedite the cases of those detained without charge under that act.

Sexual and gender-based violence and torture must also be addressed. We raise any credible reports of abuses with the Government of Sri Lanka and encourage them to investigate such reports fully. We also fund

training programmes for the Sri Lankan police, and other measures to combat and eliminate torture.

Mr Thomas: May I ask the Minister, in the remaining minutes of his interesting response to my speech, to comment on the establishment—or not—of the special court, which was one of the key elements of resolution 30/01? In particular, can he say whether international judges might, in the end, still be participants in that court?

Sir Alan Duncan: I can answer that question straight away by saying that we have not yet offered any UK judges to the special court, because it has not yet been set up. We will consider UK support in due course and we will continue to press the Sri Lankans to do that as quickly as possible.

We have also renewed defence engagement with Sri Lanka, in recognition of the important role that the armed forces have to play in addressing the crucial issues of reconciliation, accountability and human rights.

As well as addressing those human rights issues, Sri Lanka also faces difficult economic pressure. An improving economy would also help the process of peace. Financial and economic stability will help secure investment, development and prosperity for all provinces and all ethnicities. The UK will continue to work with the Government of Sri Lanka to improve the business environment, in particular by strengthening anti-corruption bodies.

We also strongly encourage the Government to address all issues identified by the EU as prerequisites to the reinstatement of the generalised scheme of preference plus. That reinstatement would provide a welcome economic boost by removing duties on exports to the EU.

We welcome the steps taken so far by the Sri Lankan Government to meet their human rights commitments. Progress on that agenda, and in other areas, will be vital to ensuring lasting reconciliation. That will require courageous and determined leadership, not only from the Government, but from political actors and civil society right across the country and, indeed, the diaspora.

The UK continues to encourage and support Sri Lanka to implement its human rights commitments in full. I am very proud of the United Kingdom's role. We will continue to support Sri Lanka as it takes further steps towards securing peace, reconciliation and prosperity for all Sri Lankans. Once again, may I commend the hon. Gentleman for ensuring that those important issues are heard in this House?

Question put and agreed to.

2.57 pm

House adjourned.

Written Statements

Friday 4 November 2016

DEFENCE

Strategic Defence and Security Review 2015 Update

The Secretary of State for Defence (Sir Michael Fallon): Today I am providing an update on progress on the Type 26 Global Combat Ship programme.

The 2015 Strategic Defence and Security Review (SDSR) set out the Government's commitment to build eight Anti-Submarine Warfare Type 26 Global Combat Ships.

We have been working with industry to agree the optimum schedule for the Type 26 and OPV build programmes to reflect the outcome of last year's Strategic Defence and Security Review. I can confirm we now plan to cut steel in summer 2017 to build the first batch of the eight planned Type 26 ships, subject to detailed contract negotiations.

In parallel to these negotiations we will continue to further mature the detailed ship design, and continue to mobilise the wider supply chain, a critical enabler for the start of manufacture. BAE Systems has recently awarded the latest tranche of sub-contracts for parts of the ship's infrastructure, and today I am announcing a £100 million contract with MBDA to provide the Sea Ceptor self-defence missile system. This contract with MBDA will support design work to allow equipment to be manufactured to equip the entire Type 26 fleet.

This takes our total financial investment in the Type 26 programme to date to £1.9 billion, demonstrating the Government's continuing commitment to shipbuilding in the UK. This is an important step securing hundreds of highly skilled shipbuilding jobs on the Clyde until 2035 and hundreds more in the supply chain across Britain. It also marks the continuing progress in delivering the Type 26 programme that will meet the modern needs of the Royal Navy.

[HCWS237]

TRANSPORT

Rail Franchising

The Parliamentary Under-Secretary of State for Transport (Paul Maynard): Today, I am announcing the competition for a new combined rail franchise - the West Coast partnership (WCP).

This new proposition is seeking to attract a world class partner to develop and enhance the existing Intercity West Coast (ICWC) operation and help shape the development of HS2 and operate its first services in 2026.

We are embarking on a new chapter in the modernisation of our railways. A strong private sector partner is vital now to work with the Government and as an advocate for passengers on the West Coast, to ensure excellent passenger services in the run up to HS2 introduction, and a smooth transition to the next generation of rail franchising as HS2 becomes the new backbone of Britain's railways.

I want to be very clear that this is a new type of franchise requiring a new kind of approach to bidding.

A unique feature of this competition is that the winning bidding group will need transformational expertise across all rail operational and customer service disciplines.

The new operator will need to build on the existing ICWC long-distance, inter-city, cross-border services between England, Scotland and Wales by delivering a service which truly puts passengers at the heart of the railway.

The new operator will have to demonstrate how they will drive up punctuality and reliability - working to deliver a right time journey experience for passengers and examine closely the potential for better connections between the towns and cities they serve to enable economic growth.

The new operator will also need to bring about a transformation in passenger satisfaction around fares and ticketing, delivering the passengers expectation to have all of the information they need to choose the best ticket for their journeys.

This exciting competition is aimed at attracting a world class partner to enhance and develop the ICWC services and take forward the delivery of the train services on HS2.

There are a number of key interfaces between the delivery of HS2 and the ICWC rail franchise and I believe there are significant benefits in bringing the two projects closer together to ensure the best outcomes for passengers both before and after the start of the HS2 services.

Benefits of the partnership proposition include:

ICWC passengers benefitting from new technology before the introduction of High Speed services

An experienced operator coming on board at an early stage to shape service design based on knowledge of the markets and passenger needs

A strong partner acting collaboratively with HS2 Ltd to design, launch and operate the passenger services on HS2 and manage the timetable recast of the West Coast Main Line. The successful bidder will need to work in partnership with the DfT, HS2 Ltd, local transport authorities, Transport Scotland and the Welsh Government.

Today's announcement to market of this new proposition is the first step in a process. The Expression of Interest (EOI) for the WCP is due to be published in December 2016, followed by the invitation to tender in October/November 2017 with the new franchise scheduled to commence 1 April 2019.

The delivery of the WCP will require a new short term contract of approximately 12 months for the continued operation of services.

[HCWS236]

WRITTEN STATEMENTS

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**not later than
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National Minimum Wage (Workplace Internships) Bill [Col. 1183]
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Sri Lanka: Human Rights [Col. 1228]
Debate on motion for Adjournment

Written Statements [Col. 33WS]

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
