

NATIONAL MINIMUM WAGE (WORKPLACE INTERNSHIPS) BILL

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the National Minimum Wage (Workplace Internships) Bill as introduced in the House of Commons on Wednesday 29 June 2016 (Bill 8).

- These Explanatory Notes have been produced by the Public Bill Office on behalf of Alec Shelbrooke MP in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament as a whole.
- These Explanatory Notes explain what each part of the Bill will mean in practice; provide background information on the development of policy; and provide additional information on how the Bill will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Bill. They are not, and are not intended to be, a comprehensive description of the Bill. So where a provision of the Bill does not seem to require any explanation or comment, the Notes simply say in relation to it that the provision is self-explanatory.
- These Explanatory Notes relate to the National Minimum Wage (Workplace Internships) Bill as introduced in the House of Commons on Wednesday 29 June 2016 (Bill 8).

Overview of the Bill

- 1 This Bill seeks to extend the provisions of the National Minimum Wage Act 1998 to cover those carrying out workplace internships to ensure that they receive remuneration at the level of the current National Minimum Wage for their age. The Bill does not extend to wider employment rights.

Policy and legal background

- 2 The National Minimum Wage was introduced by the National Minimum Wage Act 1998. It applies to most workers and sets minimum hourly rates of pay, which are updated annually. The rates are provided for in regulations made by the Secretary for State and which are subject parliamentary approval. The National Living Wage was introduced on 1 April 2016, and is the new name for the National Minimum Wage rate that applies to workers aged 25 and over. Previously, the full adult National Minimum Wage rate applied to workers aged 21 and over; with the introduction of the National Living Wage there is a new age band of 21-24, alongside the pre-existing 18-20 and under 18 rates.
- 3 The position of interns is complex. In broad terms interns who are volunteers and under no obligation to perform work or provide services, would not fall within the definition of “worker” under the 1998 Act and therefore are not eligible for the National Minimum Wage. If an organisation treats an intern as though he or she were a worker, a contractual relationship may arise and entitlement to the National Minimum Wage. The Bill would require the National Minimum Wage to be paid to all interns regardless of any contractual obligations that may apply.

Territorial extent and application

- 4 Clause 4 states that the Bill would extend to England and Wales, Scotland and Northern Ireland.

Commentary on provisions of the Bill

Clause 1

- 5 Clause 1 defines an intern as a person engaged in an employment practice where they carry out regular work or services in the United Kingdom for a person, a company, a limited liability partnership or a public authority and the purpose of the practice is for the intern to meet learning objectives or gain experience of work and to provide practical experience in an occupation or profession.

Clause 2

- 6 Clause 2 requires the Secretary of State to make regulations implementing the provisions listed in the clause. The main provision is that an intern who enters into a workplace internship shall be remunerated by his or her employer at a rate which is not less than the national minimum wage calculated in accordance with the National Minimum Wage Act 1998 for his or her age. The clause requires the regulations to allow the employer of the intern to pay voluntarily Employers’ National Insurance contributions in respect of the intern.

Clause 3

- 7 Clause 3 excludes certain categories of people from being treated as interns eligible to be paid the National Minimum Wage. First, the clause excludes students at further or higher education institutions required to undertake an internship or equivalent work placement as part of their courses. Second, those of compulsory school age are excluded. Third, the clause also excludes those undertaking an approved English apprenticeship as set out in the Apprenticeships, Skills, Children and Learning Act 2009. The clause would make provision for the Secretary of State to exclude other groups and for Scottish, Welsh or Northern Ireland Ministers to make similar exclusions. Such regulations would require approval by the appropriate legislature.

Commencement

- 8 Clause 4 states that the Bill will come into force two months after it receives Royal Assent.

Financial implications of the Bill

- 9 The Bill contains no provisions with a direct impact on either public expenditure or taxation.

These Explanatory Notes relate to the National Minimum Wage (Workplace Internships) Bill as introduced in the House of Commons on Wednesday 29 June 2016 (Bill 8).

NATIONAL MINIMUM WAGE (WORKPLACE INTERNSHIPS) BILL

EXPLANATORY NOTES

These Explanatory Notes relate to the National Minimum Wage (Workplace Internships) Bill as introduced in the House of Commons on Wednesday 29 June 2016 (Bill 8).

Ordered by the House of Commons to be printed, 31 October 2016

© Parliamentary copyright 2016

This publication may be reproduced under the terms of the Open Parliament License which is published at www.parliament.uk/site-information/copyright

PUBLISHED BY AUTHORITY OF THE HOUSE OF COMMONS

LONDON - THE STATIONERY OFFICE LIMITED

Printed In the United Kingdom by The Stationery Office Limited

£ FOR TSO USE

These Explanatory Notes relate to the National Minimum Wage (Workplace Internships) Bill as introduced in the House of Commons on Wednesday 29 June 2016 (Bill 8)