

Interim report to the Health and Wellbeing Board From the Mental Health Action Group Financial problems and mental health December 2022

1. Introduction and background

This is an interim report from the Mental Health Action Group as part of its work in addressing elements of the delivery plan for the West Berkshire Health and Wellbeing Strategy, agreed by this Board last year. A final report is to be presented to the Board at its February 2023 meeting.

It was suggested at the Board's meeting on 29th September that an interim report be brought to its next meeting.

The specific aim in the delivery plan that we are addressing is.

5.1.1: Ensure residents have access to financial support and advice (e.g. benefit entitlement, debt advice, unemployment)

This is part of the broader strategic objective to:

"Tackle the social factors that create risks to mental health and wellbeing, such as social stressors related to debt, unemployment, insecure housing, trauma, discrimination, as well as social isolation and loneliness"

The current context for this is the escalating cost of living crisis. While this work needs to be aware of that context, and to help where it can in addressing the issues, it has a more enduring aim: to try and reduce the extent of mental health problems arising from personal financial difficulties in the longer term.

The work so far has included the following actions:

- a sub-committee including key local organisations and individuals was formed to offer advice and support. It includes a councillor and officers from West Berkshire Council, the DWP, Citizens Advice, a social prescriber, Eight Bells and the ICS GP lead for mental health
- discussions with a number of individuals and groups
- a stakeholder event on 14th September with 20 participants representing statutory and voluntary sector bodies including the key ones providing help to people in need.

[Please note that the comments in italics throughout this report are summaries of what was said at the stakeholder event rather than direct quotes, though often close to the wording used.]

2. The Nature of the Problem

The personal financial problems that people are suffering are worse at the moment than they have been, but the same underlying issues were there before the cost of living crisis and will probably still be there afterward.

It is abundantly clear that mental health problems are closely tied up with financial and other difficulties (some of the research evidence is presented later in this report). The agencies participating in the September stakeholder workshop said that many of the people using their services had mental health problems. At the start of the workshop we ran a poll asking “What proportion of your service users have a mental health problem?” with options from 0% to 100% in 20% bands. No-one selected the 0% option. The answer with most responses was 60% having mental health problems. Four respondents said 100% of their service users have mental health problems. As one participant noted, *“why would you not have mental health difficulties given the sort of situation they are faced with”*.

2.1 The main, broad types of problem

While everyone in financial difficulty is different, common factors and patterns in problems and circumstances can be identified. Identifying these groupings can be helpful when trying to identify ways of tackling the problems. (These are not mutually exclusive groups and people can move between them, but they represent features that were highlighted by the people we have spoken to).

2.1.1 Multiple problems and chaotic lives

At one extreme are those with a range of serious problems such as addiction, homelessness and serious mental illness. They are sometimes described as living ‘chaotic lives’.

We try and talk to people about budgeting but they’ve got nothing to budget with, so it kind of feels insulting.

2.1.2 Trigger event and spiral down

There is another group of people who have been managing (albeit ‘just about’) who have been tipped into financial, mental health and other difficulties, then find it difficult to escape

I see other people who have been in work. Things like life changing events, addictions, health issues can trigger people and take them over the edge and force them into financial difficulties. Once they struggle with the debt they spiral down into serious mental health conditions and it’s very difficult to get out of that.

There are many sorts of such trigger factors such as bereavement, unemployment, relationship breakdown or taking on caring responsibilities. Some are, in principle, preventable, while others (such as bereavement or some ill health) are just part of life.

2.1.3 External events – the cost of living crisis

Because it is currently so salient, it is also worth separating out those who are affected by 'external' events (i.e. outside of local control, albeit that national governments have a role in addressing them). These are different because they affect many more people and are factors that can be mitigated against rather than controlled. It includes things like energy prices, inflation more generally, the impact of war, pandemic etc.

We heard how people who have not experienced such problems before are being brought into the net of vulnerability and poverty.

People are scared, so, so scared. Those on a fixed income, working families, we are finding all of those people are struggling with it, and they are feeling down because they can't see an end to it.

We are seeing client groups that historically have been able to manage. People that are only in receipt of state retirement pension that have always been able to manage, now can't.

The demographic of people that come to the foodbank has changed considerably. ... 60% of the people that come to us are on universal credit but are working. I am speaking to intelligent, educated people who for some reason don't know about the amazing charity work that's going on in West Berkshire and the support available.

2.1.4 Deficit budgets

Increasingly, there are people in each of the groups above, whose income is not enough to meet their basic needs. So, this is not an issue of budgeting better and making 'sensible' life choices. Better management of personal finances is not, on its own, a viable path to resolving such situations.

There are no more ways of maximising income, of squeezing people's budgets. Deficit budgets are becoming the norm. We know that people can't cope with that and they will be driven to take out debt with very high interest rates, particularly people on benefits. It causes added pressure, stress and anxiety – and we've only seen the tip of the iceberg on mental health.

We're finding that people are struggling just to pay their day to day rent and if they've fallen into arrears or have other debts, no matter how

much you look at their income and expenditure there is no disposable income to pay the arrears.

2.2 Particular groups affected more than others

There are particular groups of people within those identified above who tend to be more affected than others. They are especially those who are vulnerable for other reasons or face additional costs, e.g. disabled people, those with chronic health conditions, those who are discriminated against (whether intentionally or systemically). Some examples are given below.

According to the Food Foundation, “People who are limited a lot by disability are approximately 5 times more likely to be food insecure (in the past six months) than people who aren’t living with a disability.”¹ They also note that “People on Universal Credit are 5 times more likely to have experienced food insecurity the past six months.”

According to the Runnymede Trust, while black and minority ethnic people make up 15% of the population, they account for 26% of those in ‘deep poverty’:

“Black and minority ethnic people are ... 2.2 times more likely to be in deep poverty (having an income that falls more than 50% below the relative poverty line), than their white counterparts.”²

Families with dependent children, and particularly lone parent families, are hit worse by fuel poverty. “26.5 per cent of all lone-parent households were fuel-poor in 2020 (2).”³ This is particularly illustrated in the following graph from the Food Foundation:

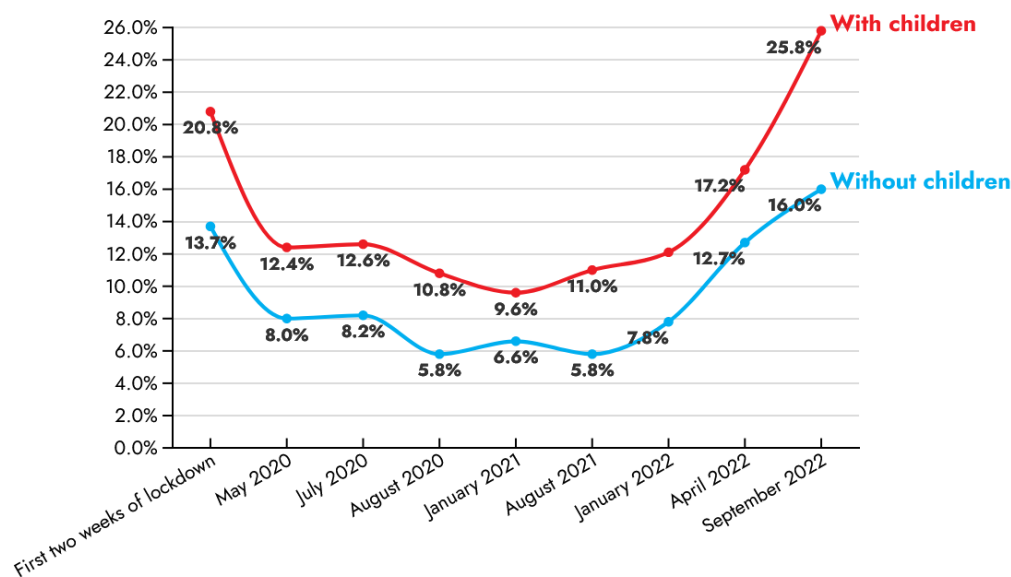
¹ <https://foodfoundation.org.uk/press-release/new-data-shows-food-insecurity-major-challenge-levelling-agenda>

² <https://www.runnymedetrust.org/publications/falling-faster-amidst-a-cost-of-living-crisis-poverty-inequality-and-ethnicity-in-the-uk>

³ Alice Lee, Ian Sinha, Tammy Boyce, Jessica Allen, Peter Goldblatt (2022) Fuel poverty, cold homes and health inequalities. London: Institute of Health Equity. <https://www.instituteofhealthequity.org/resources-reports/fuel-poverty-cold-homes-and-health-inequalities-in-the-uk/read-the-report.pdf>

Food insecurity has increased more in households with children

Percentage of households experiencing food insecurity*:



2.3 Helping people

Clearly many services provide invaluable services, offering advice, support, and food. But sometimes it is just listening compassionately that makes a difference.

A little bit of compassion can make a huge difference to enable people to start facing up to, and addressing, their problems

Often, people are doing the best they can and wouldn't choose the challenges they face. [A] little bit of compassion [can lead to an] outcome where they feel, 'I'm not as to blame for this as I'm made to feel by society'.

The feedback we get is that, even if it's just a listening ear, just looking at grants and funds available, people feel better after getting advice.

3. How financial problems, mental health and other factors affect each other

3.1 Impact of poverty and low incomes on mental health

Much of the research evidence on the impact of financial problems on mental health is based on people in ongoing poverty. However, there is also evidence on the effect of immediate changes such as loss of job or income. Both are relevant for this work.

A review of the research⁴ says there is clear evidence that economic shocks (e.g. loss of job or income) affect mental health. They say that there is robust evidence that:

“... across a wide range of populations and study designs, positive economic shocks to individuals are shown to improve mental health, whereas negative economic shocks undermine mental health.”⁵

There seems to be evidence, perhaps unsurprisingly, that worry and uncertainty drive mental ill health⁶. Worrying about what the next bill will bring and the stress of managing a complex financial situation are threats to mental health. This was also clearly reflected in what we heard as part of this work.

We had several single clients who were living on £190 a month to pay for gas, electric, t.v., water, council tax, food. How is anyone not depressed with this, how can people not be anxious? [Stakeholder event]

While there is less firm evidence, it is thought that environmental factors like pollution, temperature extremes and sleep deprivation are factors affecting mental health⁷. Some of these are more likely to affect those in persistent poverty than those being pushed into financial dire straits by the current cost of living crisis, although the recent increases in energy costs means some people will be living in cold homes

Poverty in children and even in the womb can increase mental ill health even in adult life⁸. Around 50% of mental health problems have been developed by the age of 14 and 75% by 17.⁹

There is some evidence on associations between poverty, trauma, violence, crime and domestic violence¹⁰. People living in more deprived areas are more likely to experience crime, domestic violence and the early deaths of loved ones (given the lower life expectancy in those areas).

There is evidence of impact of social status, shame and isolation on mental wellbeing. Research in Norway found that when tax records became easily accessible online, so everyone could see everyone else's income, the gap in happiness between richer and poorer individuals rose by 29% and the gap in

⁴ Ridley M, Rao G, Schilbach F, Patel V. Poverty, depression, and anxiety: Causal evidence and mechanisms. Science. 2020 Dec 11;370(6522):eaay0214. doi: 10.1126/science.aay0214. PMID: 33303583.

⁵ Ridley et al, 2020, p.3.

⁶ Ridley et al, 2020, p.4.

⁷ Ridley et al, 2020, pp.4-5.

⁸ Persson, Petra, and Maya Rossin-Slater. 2018. "Family Ruptures, Stress, and the Mental Health of the Next Generation." *American Economic Review*, 108 (4-5): 1214-52.

⁹ Annual Report of the Chief Medical Officer 2012. Our Children Deserve Better: Prevention Pays. Davies, Sally C. and others. Department of Health. 2013 October.

¹⁰ Ridley et al, 2020, p.5.

life satisfaction rose by 21%¹¹. The health impact of social relationships is comparable to the health impact of smoking¹². Stigma and marginalisation can also increase social isolation and loneliness.

With our older clients, isolation is an issue as well. They have always been able to cope and make do and mend but they feel like they are failing which is affecting their mental health. [Stakeholder event]

3.2 Impact of mental health on financial problems

There are a number of mechanisms by which mental health problems affect people's financial situation.

Firstly, people with mental ill health may be less able to work or to work so many hours, so reducing their income.

Both poverty and mental health can capture attention and tax 'mental bandwidth'¹³. There can be a lot of planning, thinking and problem solving needed to stay afloat financially. Depression often involves rumination, taking attention away from the necessary tasks of financial management. It also distorts decision making, potentially leading to worse financial choices.

Although progress has been made in recent years, there remains a good deal of stigma in having mental health problems and conscious or unconscious bias in recruitment and retention. Isolation from social networks can reduce opportunities for finding work.

The effect of mental ill health on education can reduce the ability to find better work in the future.

3.3 Financial problems and physical health

According to a review of the evidence quoted earlier, "Lower income is robustly associated with worse physical health."

"Worse physical health may affect mental health through various channels. Chronic pain, worries about health and mortality, the financial costs of illness, and reduced physical activity may all worsen

¹¹ Perez-Truglia, Ricardo. 2020. "The Effects of Income Transparency on Well-Being: Evidence from a Natural Experiment." *American Economic Review*, 110 (4): 1019-54.

¹² Holt-Lunstad J, Smith TB, Layton JB (2010) Social Relationships and Mortality Risk: A Meta-analytic Review. *PLoS Med* 7(7): e1000316.

<https://doi.org/10.1371/journal.pmed.1000316>, p. 14.

¹³ Ridley et al, 2020, p.6

mental health. It is therefore unsurprising that physical ill-health often co-occurs with depressive and anxiety disorders.”¹⁴

Some examples of the impact of financial problems on physical health are given below.

Research in South Africa found that significant financial stress was associated with a 13 fold increase in the chance of having a heart attack.¹⁵

Food insecurity is associated with lower intake of fruit and vegetables. There is some evidence for a link between food insecurity and weight gain, particularly for women. There’s an association between food insecurity and diabetes prevalence and management. Some people are affected more than others (depending on their biology). There are also greater effects at particular periods of life (e.g. young childhood, puberty, pregnancy).¹⁶

A report by Michael Marmot’s Institute of Health Equity identified links between fuel poverty, cold homes and health inequalities¹⁷. Some quotations from the report make the point clearly.

“In 2019 it was estimated the NHS spends at least £2.5 billion per year on treating illnesses that are directly linked to cold, damp and dangerous homes.”

“England saw an estimated 63,000 excess winter deaths in 2020–21. Estimates suggest that some 10 per cent of excess winter deaths are directly attributable to fuel poverty and 21.5 per cent are attributable to cold homes.”

“... studies have found that visits to GPs for respiratory tract infections increased by up to 19 per cent for every 1°C drop in mean outdoor temperature below 5°C (58). A case-control study also found that people with asthma were two to three times more likely to live in cold and damp household conditions than those without asthma (55). A cross-sectional study found people with COPD experienced better health when they lived in an indoor temperature of 21° ...”

¹⁴ Ridley et al, 2020, p.5.

¹⁵ Significant financial stress associated with 13-fold higher odds of having a heart attack. *Cardiovasc J Afr.* 2018 Jul-Aug;29(4):217. PMID: PMC6291807. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3649100/>

¹⁶ Laraia BA. Food insecurity and chronic disease. *Adv Nutr.* 2013 Mar 1;4(2):203-12. doi: 10.3945/an.112.003277. PMID: 23493536; PMID: PMC3649100.

¹⁷ Alice Lee, Ian Sinha, Tammy Boyce, Jessica Allen, Peter Goldblatt (2022) Fuel poverty, cold homes and health inequalities. London: Institute of Health Equity. <https://www.instituteofhealthequity.org/resources-reports/fuel-poverty-cold-homes-and-health-inequalities-in-the-uk/read-the-report.pdf>

4. Interrelationships between factors

Something that was clear from the people we have spoken to, and which is confirmed by the research evidence, is there isn't a simple, single line of causation, with one thing starting a chain of events. Rather one thing affects another, but that then affects the first thing.

There are two strands. You have mental health problems and the debt makes it worse. Or you can't budget, which affects your mental health. [Stakeholder event]

Actually it is even more complicated than that, because other factors are often involved as well. Financial and mental health problems do not exist in a vacuum. There are often many other factors involved, such as physical health problems, substance abuse, bereavement, relationship breakdown or unemployment.

As we have seen, there is often a trigger event which means that people who were managing before no longer can. This can be a one-off event but whose repercussions continue for some time. Or it could be an ongoing issue. These other factors may be of at least three sorts:

- internal to the person (e.g. things which in principal they have some control over like gambling, drugs, alcohol),
- things specific to the person over which they do not necessarily have control (e.g. bereavement, redundancy, physical ill health) and
- external factors affecting all or most people (e.g. rising prices etc.).

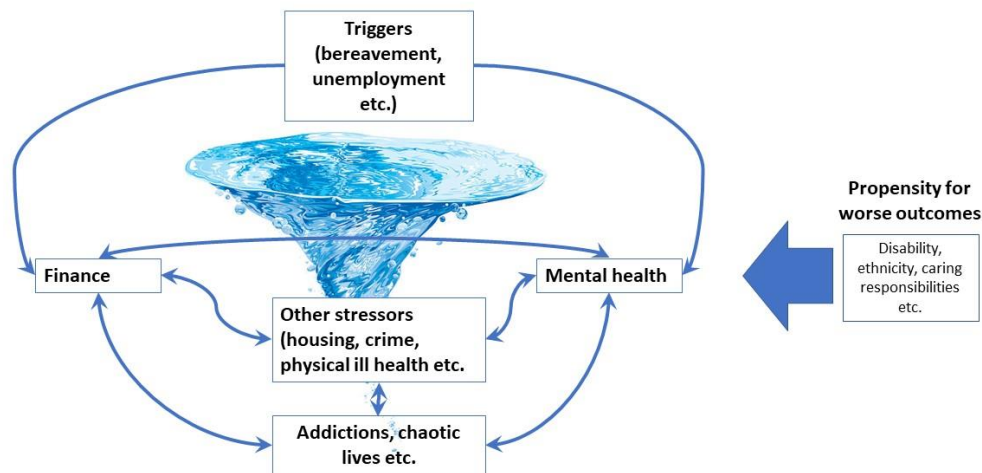
These differences are important because they influence how you address the problems (e.g. whether it is possible to remove the negative factors or if they have to be mitigated, and how targeted any interventions will need to be).

Often these factors interact, with each making the others worse. So, for instance, it isn't just that money problems create stress leading to depression which means you don't look after yourself and you become ill. Rather, while that chain of causation may occur, it is also happening in the reverse direction. Being physically ill makes you more likely to lose emotional wellbeing. Having less time (because you're resting in bed) makes it harder to earn money and manage the finances. Excessive use of alcohol and mental ill health or unemployment and financial difficulties may each be a trigger but also a consequence of the other.

The risk, then, is that this whirlpool of issues gradually sucks people under, financially and emotionally. In such cases, any success in tackling just one of the issues, such as mental health, on its own will be reversed if the other problems – like finance or substance abuse – are not also addressed at the same time.

These interrelationships are illustrated in the following diagram.

Triggering a downward spiral in finance and mental health



The other factor involved is how people respond to the circumstances they face. This is not always as objectively rational as you might expect.

An understandable response is having difficulty managing the situation. As noted above, managing difficult financial and other situations can be complex and the capacity to sustain focus and attention is drained. That means that the optimal approach may be missed, or stress and anxiety may mean sub-optimal decisions are hurriedly made (such as obtaining a loan on disadvantageous terms).

Less obvious but recognised phenomena are wilfully ignoring problems or even doing things that will make the problems worse. This was mentioned several times in our discussions with stakeholders.

Very often they make an arrangement which they can't keep and they don't keep in touch. They hide from it because they are terrified. The paperwork comes through the door, but they're frightened to open the letters.

Sometimes people make 'terrible' decisions – but it is easier to understand that if you take into account the context of their lives. This may be the only thing to give them pleasure, meaning or self-esteem, or it may seem like the only way to escape their situation and circumstances.

A lot of my clients make – what in their circumstances are – terrible choices. So, they'll spend money getting their hair or their nails done which they haven't got the money for. But they need to feel better about themselves. And society makes them feel dreadful about themselves, because they're not being sustained – they've got deficit budgets where their benefits don't cover what they need and society is

saying you're not worth anything and they need to find that from somewhere else.

The idea of spending on luxury goods, albeit cheaper than what you might otherwise buy, is a recognised phenomenon, known as 'the lipstick effect'.¹⁸ More people buying cheaper, but still 'luxury' items, during downturns and recessions has been noted by a number of observers over a number of decades.

It is clear then that the trajectory of people's situations can be complex and can easily career out of control. This makes the business of finding approaches to tackle the problems even more difficult.

5. Possible immediate actions

The stakeholder workshop we held in September and other meetings have thrown up various suggestions for things that could be done immediately to tackle the identified problems. We have been able to initiate or facilitate action on some of these and others were things that other bodies were already doing. We have been keen to work with others and not duplicate activities unnecessarily.

Some of the identified actions were:

- *Increase skills and knowledge of support services, e.g. training on managing money or on mental health*

Some contacts were made at our 14th September event, and a training session is planned for the subsequent 23rd November event. Public Health are funding some mental health first aid courses for volunteers and people working in the voluntary or not-for-profit sector.

- *Help improve co-ordination between support organisations such as a quarterly forum.*

This was requested by attendees at our stakeholder event. We learned from subsequent discussions with the Volunteer Centre that they were already planning such meetings.

- *Online platform for sharing information between organisations*

Cllr Steve Masters independently set up a WhatsApp group following an event for voluntary bodies.

We have held further discussion on the possibility of having another sort of platform which allows for static information (like on a website, as opposed just to discussion). The feeling so far is that this would risk adding to the

¹⁸ e.g. <https://www.sciencedirect.com/science/article/abs/pii/S2214804319304884>

confusion rather than clarifying it, particularly as the Council now has its cost of living hub.

- *Working with organisations to streamline procedures and make access easier*

An issue that was identified, was convoluted and inefficient procedures by public and private sector organisations (like taking over an hour to get through to someone on the phone) adding to the stress and anxiety of clients. It was suggested that there could be one or more events, focussing on a particular issue (like benefits or housing), bringing together support organisations and public services and utilities, to home in on particular problems and try and find improvements. Citizens Advice already have meetings similar to this and the Volunteer Centre have expressed interest in some sort of event, so this seems to be an initiative worth pursuing.

- *Information to the public*

In the light of the cost of living crisis, the Council and others have already been providing information and any co-ordinated information campaign might be best directed by the Health and Wellbeing Board partner bodies.

One specific proposal was to draft a one-page leaflet encouraging people to obtain help and giving a few key sources for a first port of call. An initial draft has been produced and the Council have expressed an interest in using it. If it proves acceptable it could be used in other forms such as leaflets for voluntary organisations to give out, in doctors' surgeries, a large-font version, parish newsletters etc.

It was suggested that an article in local news media, including the Newbury Weekly News would be helpful in getting messages out. There has already been some coverage, but more might be useful.

6. Areas to explore in looking for approaches to address the problems

The analysis outlined above (suggesting that there is often an interrelationship of factors) has at least two implications when considering the way forward.

Firstly, there are a number of different circumstances (such as people who were able to manage but have now been plunged into debt as opposed to those with an addiction which could be a constant drain on their finances) which may each require different sorts of solution.

Secondly, it often won't be enough to only tackle financial problems without addressing a range of other factors which may continue to have a negative effect.

The outline model (the whirlpool) above suggests that initiatives or interventions will need to have an impact on one or more of:

- Finances – increasing income, reducing expenditure, improved financial management.
- Mental health – treatment, peer support, developing resilience and coping strategies
- Addressing other ‘stressors’ (usually already the purview of other services) such as substance abuse, housing, employment, bereavement.
- Combined approaches tackling more than one issue at once – e.g. mental health services signposting financial advice and support; dual diagnosis support; help for troubled families; homelessness support, family counselling, etc.

Any given intervention, initiative or service may not fit into those categories, but it will need to consider the impact it will have on those areas.

We will be developing and assessing proposals that may address some of these issues in the final stages of this project.

7. Conclusions and next steps

This is clearly a complex topic and the scale of the work means it has been possible only to scratch the surface of it. However, there is more chance of having deeper and more sustained impact if it can address the underlying causes, and not just the symptoms, of the problems.

By the time this report is presented to the Health and Wellbeing Board, we will hopefully have held a further event, trying to develop and refine proposals which will be brought back to the February 2023 meeting.