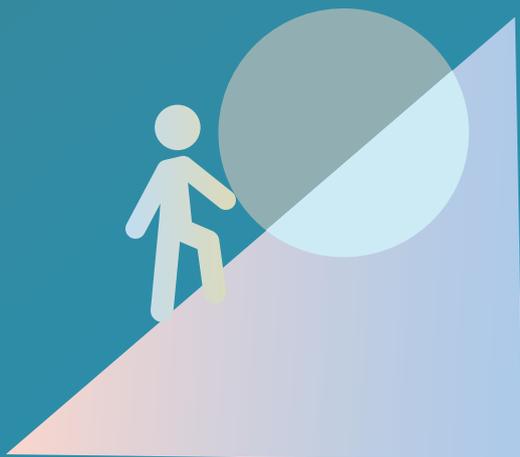
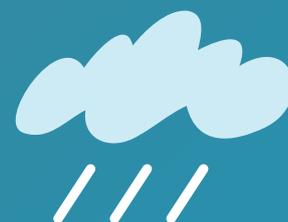


Mental Health and the Cost- of-Living Crisis:

Another pandemic in
the making?

January 2023



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Contents

Acknowledgements	3.
Executive Summary	4.
Recommendations	6.
Introduction	8.
What we know about the 'Cost-of-Living Crisis' in the UK	9.
UK and devolved Government interventions to date	16.
Research overview: The mental health effects of financial crises	19.
UK evidence on mental health effects of the current crisis	26.
Protective psychological factors and coping strategies	32.
What UK and devolved Governments can do	35.
What communities and individuals can do	45.
References	46.



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- The Healthy Living Centre Alliance (Northern Ireland)

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Executive summary

This policy briefing paper provides an overview of the current and likely effects of the so-called 'Cost-of-Living Crisis' on mental health.

It is informed by a rapid gathering of evidence as well as engagement with people with lived experience of disadvantage, staff of other third-sector organisations working on these issues, and anti-poverty organisations. Three focus groups were held to discuss the Cost-of-Living Crisis: one each with the Foundation's Young Leaders group, the Diverse Experiences Advisory Panel in Scotland, and with staff of Healthy Living Centres in Northern Ireland.

In this paper, the Foundation proposes policy recommendations for action to prevent and limit the severity of mental health problems in the context of this crisis. It concludes with suggestions for next steps.

While poverty, financial stress, and subjective financial strain¹ have been putting millions of people's mental health at risk for many years (particularly as a result of the 2008 recession and ensuing austerity policies, as well as the Covid-19 pandemic), the Cost-of-Living Crisis is extending people's mental health risk across the UK. However, negative mental health outcomes are by no means inevitable. Public authorities' actions can mitigate financial strain-related distress and lead to better population mental health.

Points of note:

- **Poverty and financial stress are likely to rise over the next few years. We are seeing increased reports across the UK that more people are going without basic living essentials, such as food and a warm home. This means people are more likely to experience financial stress.**
- **People living with financial stress are at increased risk of mental health problems and lower mental wellbeing.**
- **Both current financial hardship (material deprivation) and subjective (self-perceived) financial strain are linked with depression.**
- **Financial stress, through its influence on parental mental health, marital interaction, and parenting, impacts on the mental health of children and adolescents.**

- Debt is a risk factor for poor mental health, especially unsecured (short-term) debt such as credit card debt and personal loans.
- Unemployment may rise if the UK goes into recession, and this also risks increasing poor mental health.
- People who have already experienced stress because of existing poverty, the impact of the recession in 2008 and, most recently, the Covid-19 Pandemic, are more vulnerable to the cost-of-living crisis and are at higher risk of mental health problems.
- Many social and economic groups who were at higher risk during the Covid-19 pandemic are also more vulnerable to the negative effects of the Cost-of-Living Crisis. These groups include people who are unemployed, people with mental health problems, lone parents, young people, people with disabilities and, people who are Black or from minority ethnic communities, as well as asylum-seekers and refugees.
- Research has shown that improving people's sense of control, increasing skills, and increasing self-esteem may help reduce the impact of financial stress on people's mental health and wellbeing.
- During the pandemic, many people drew upon positive coping strategies to protect their mental health and wellbeing. However, positive coping strategies (contacting family or friends, going for a walk, maintaining a healthy lifestyle, and keeping up to date with relevant news) were consistently more accessible to those in the higher (ABC1) socioeconomic bracket compared to the lower (C2DE) bracket.
- There are early signs of a Cost-of-Living Crisis paradox - some of the behaviours that are protective of mental health (getting enough sleep and maintaining connection with family and friends) are the very behaviours that people are reducing to cope with the increased cost of living.

Recommendations

We recommend UK and devolved Governments take a similar approach to that of the Covid-19 pandemic, by engaging with stakeholders - including lived-experience groups - providing designated funding for community organisations and publishing mental health advice through mental health and 'cost of living' channels.

Fundamentally, the single most important preventative intervention will be financial support schemes that prevent people from experiencing poverty and financial stress.

To specifically address the mental health effects of both poverty and financial stress, our top four recommendations are that UK and devolved governments:

1. Support community social networks, resources, and resilience. We recommend fast-track access to additional funding, especially support for grassroots organisations or initiatives that are likely to support them.
2. Assess the mental health impact of all Government decisions that address the Cost-of-Living Crisis and implement these assessments. This should be supported by a mental health and wellbeing policy assessment tool such as the one currently being developed by the Department of Health and Social Care in England.
3. Leadership: ensure energy companies, other essential service providers, and creditors have policies and procedures that underpin a compassionate response to customers.
4. Ensure that frontline workers know how to respond effectively to the mental health effects of financial stress and strain. This should include frontline workers in health, social care, money and debt advice services, and anti-poverty, and other community organisations, as well as energy companies, water and telecoms services, and private financial services companies.

On a wider basis, we support the following measures to reduce the negative effects of poverty and financial stress:

5. Ensure everyone has an income that enables them to live a dignified life. The single most important preventative intervention will be financial support schemes that prevent people from experiencing poverty and financial stress.
6. Provide adequate money advice and debt relief schemes.
7. Provide peer support for people who are unemployed.
8. Ensure that everyone can afford and has access to good public transport, including in rural areas.

Our recommendations are detailed in the final section of the paper, 'What UK and devolved governments can do'.

Introduction

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While poverty, financial hardship and subjective financial strain have been putting millions of people's mental health at risk for many years (particularly as a result of the 2008 recession and ensuing austerity policies, as well as the Covid-19 pandemic), the Cost-of-Living Crisis is extending people's mental health risk across the UK. However, negative mental health outcomes are by no means inevitable. Public authorities' actions can mitigate financial stress-related distress and lead to better population mental health.



What we know about the 'Cost-of-Living Crisis' in the UK

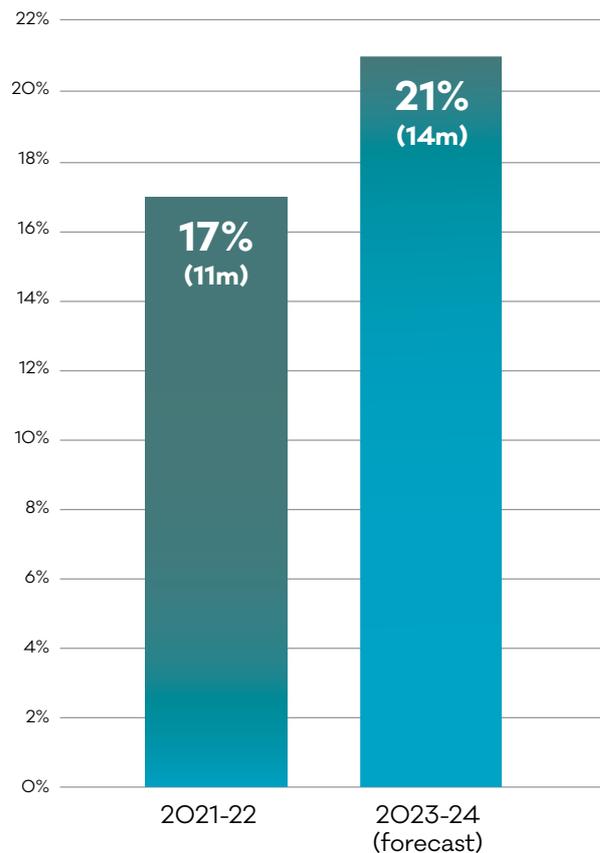
The UK is going through what has been dubbed a 'Cost-of-Living Crisis'. In August 2022, Bank of England projections indicated that inflation would reach 13% by the fourth quarter and "remain at very elevated levels throughout much of 2023".²

In early September 2022, the Resolution Foundation projected that this could leave average real pay in Q2 2023 nine per cent lower than two years earlier and wipe out all pay growth since 2003. It is also forecast that the number of people living in absolute poverty will rise from 11 million in 2021-22 to 14 million in 2023-24 – a rise from 17 to 21 per cent, including 30 per cent of children. Relative child poverty is projected to reach its highest level since the peaks of the 1990s.³

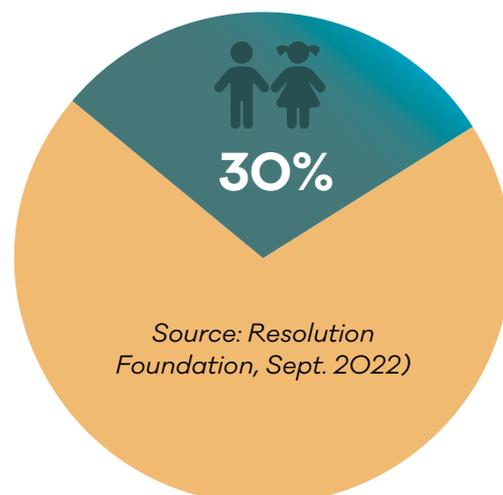
Inflation was running at 10.7% in November 2022, meaning that increasing numbers of people are already experiencing financial stress.⁴ For people on low incomes, inflation will be experienced at a substantially higher rate because they spend more of their household budgets on energy; the Institute for Fiscal Studies

% of people living in absolute poverty

Source: Resolution Foundation, Sept. 2022)



% of children living in absolute poverty in 2023-24 (forecast)



reported in October that “even with the Energy Price Guarantee, in October this year the poorest tenth are expected to have faced an average inflation rate of 14% compared to 10% for the richest tenth.”⁵

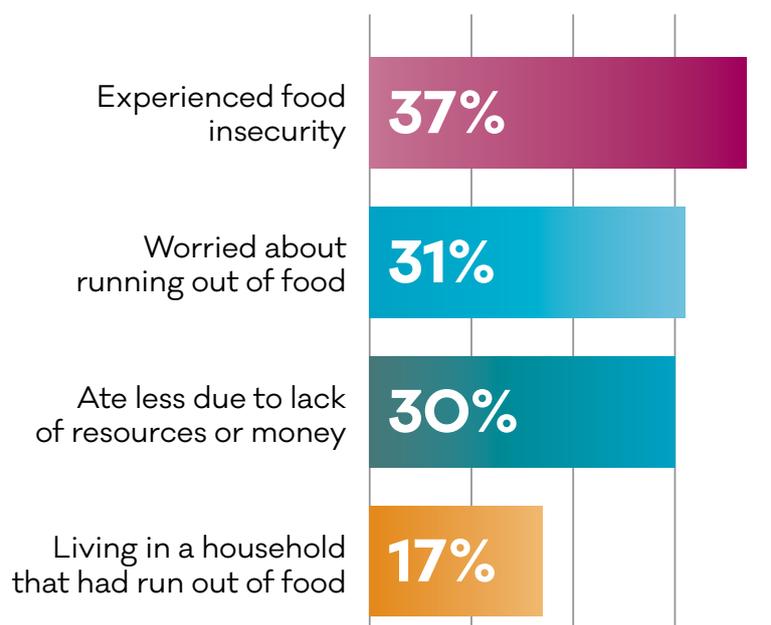
The UK is likely to enter recession. Recessions increase social inequalities which are drivers of poor mental health.⁶

During the Cost-of-Living Crisis, people will be at increased risk of experiencing food insecurity. It is estimated that more than 10% of the UK population is affected by food insecurity. The 2019 Scottish Health Survey showed that 9% of adults in Scotland worried about running out of food due to lack of money or other resources. Similarly, a 2021 survey conducted for the Food Standards Agency across England, Northern Ireland and Wales found rates of ‘food insecurity’ of 16%, 15% and 17%, respectively.⁷

In Scotland, those most at risk and worried about or impacted by running out of food are: adults on low incomes (27%); single parents (25%); single adults living alone (21%); and adults living in the most deprived areas of Scotland (16%).⁸ Students are also at risk of food poverty.

The Mental Health Foundation’s Thriving Learners study reported that in the previous 12 months, almost four in ten respondents from colleges in Scotland (37%) had experienced food insecurity, 31% were worried about running out of food, 30% ate less due to a lack of resources or money, and 17% lived in households that had run out of food. (Data was collected in early 2022).

Scottish College Students’ Food Insecurity 2022



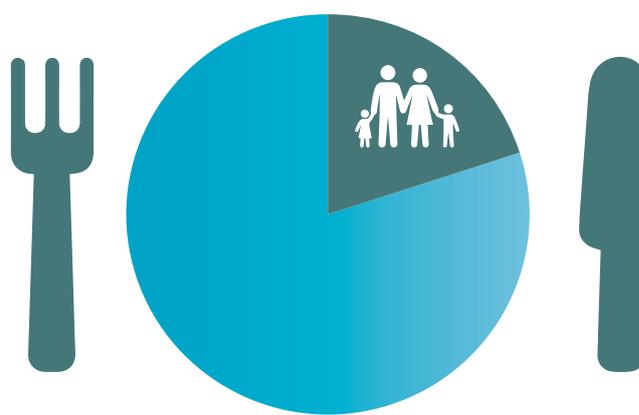
There have been several other reports of this financial stress:

The Joseph Rowntree Foundation has pointed out that the energy price cap “fixes bills at a level already unaffordable for many”.¹⁰ In June it reported that:

“7 million low-income households ... have either gone without enough food in the previous 30 days or gone without at least one essential such as a warm enough home or basic toiletries because they can't afford it, since the start of 2022. Three quarters of these families have gone without more than one of the essentials we asked about, a third have gone without four or more.”¹¹

As of August 2022, in Scotland “a large number of people [were] going without basic essentials, with 27% of people skipping or cutting down on meals to save money. 28% of people, up three points since May, have lost sleep due to financial anxiety, rising to two in five young people, over a third (34%) of households with children, and more than half of those who are unemployed or unable to work.”¹² Elsewhere, the Joseph Rowntree Foundation reported higher figures for Scotland for around the same time period: “around two in three (65%) have cut back on an essential while one in four (26%) have cut back on three or more essentials.”¹³

In Wales, the Bevan Foundation reported in July 2022 that the majority of people were cutting back on essential items: 57% cut back on heating, electricity and/or water, 51% cut back on clothing for adults, 45% cut back on transport costs and 39% cut back on food for adults between January and July, while one in five families with two children were cutting back on food for their children.¹⁴



In Wales, one in five families with two children were cutting back on food for their children.

The Northern Ireland Consumer Council reported that its new Household Expenditure Tracker shows that, “in January-March 2022, the most vulnerable households in Northern Ireland saw their income grow by only £0.27 (0.1%). Alongside this, their spending on basics increased by 3.5%, their discretionary income fell by 18.5%, and with gross household income of Northern Ireland’s lowest earning households being 11% lower than those in the UK, the situation has become desperate for many.”¹⁵

It is important to acknowledge that for many, these experiences are not new and may not relate only to recent economic changes. The UK's whole-of-population poverty rate has been above 20% since 1994.¹⁶ As of January 2022, the Joseph Rowntree Foundation reported that more than half of individuals in families in receipt of Universal Credit and its predecessor legacy benefits were in poverty, with 43% of households in receipt of Universal Credit being food-insecure. They also reported that the basic rate of out-of-work benefits was at its lowest for 30 years after adjusting for inflation, while earnings have risen by more than a quarter over the same period.¹⁷ We have also heard that people who are not on benefits as well as those in work are needing help to cope with the increased cost of living:

"Often we have to cut out things that we enjoy and even need, such as sanitary products; people are often blamed for their own circumstances, but we need all of these things."

MHF Young Leader



"It is not just people on benefits who are approaching services, it is also people who're working."

Healthy Living Centre
Staff Member



Importantly, many of the groups at higher risk of financial stress now will be the same as those who were most negatively affected economically during the Covid-19 pandemic, i.e. younger workers, low wage earners, lone parents, people with pre-existing mental health problems, and people from Black and minority

ethnic communities, as well as asylum seekers and refugees.¹⁸

The Foundation's [Coronavirus: Mental Health in the Pandemic study](#) found that financial concerns were a big worry throughout the period of the pandemic.

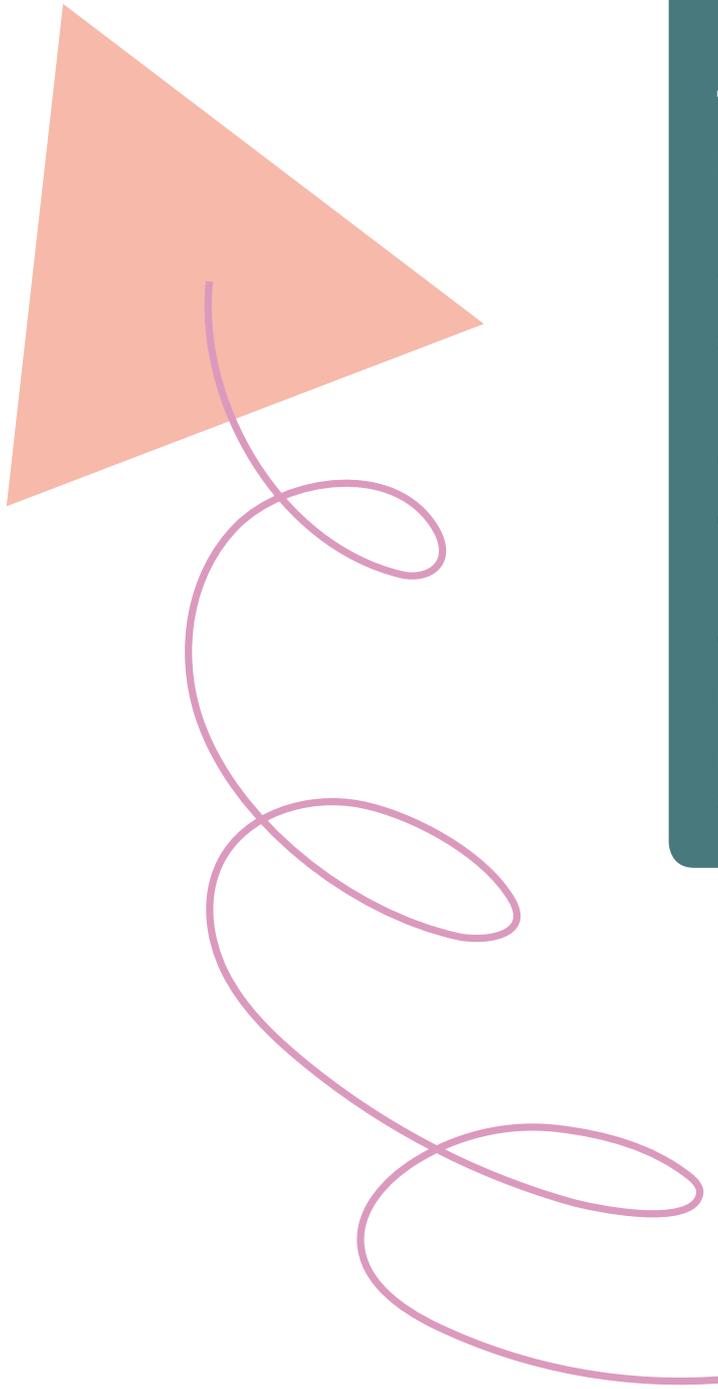
During the pandemic:

- On average, more than 1 in 4 people said they were worried about their finances
- This proportion was lowest for those aged over 55 (almost 1 in 7), and highest for those aged 25-44 (more than 1 in 3)
- Financial concerns were consistently higher for those in the C2DE income bracket (on average 1 in 3) than those in the ABC1 income bracket (on average 1 in 4).
- Worries about having enough food for our families have affected a significant number of people across the UK throughout the pandemic.
- These worries about food insecurity were highest for younger adults of working age (more than 1 in 4 aged 25-44), and higher for those in the C2DE bracket (1 in 4) rather than the ABC1 bracket (1 in 5).
- In late 2021, as the UK government was communicating an exit from the pandemic, more than 3.5 million adults in the UK were experiencing suicidal thoughts because of stress about having enough food for their families.

On average, more than 1 in 4 people said they were worried about their finances



Furthermore, the ability to cope with uncertainty was an important factor of concern across the UK throughout the period of the pandemic. Almost half of UK adults have struggled to cope with the uncertainty of the pandemic.¹⁹ People are now experiencing uncertainty in relation to the Cost-of-Living Crisis:



“The lack of information on how/when the energy payment will be in place causes distress. People have spent what little money they had put away thinking they would get the £400 soon. It’s now coming towards Christmas, and no sign. The fact that it’s going onto their energy bill rather than directly into their pocket means they can’t replenish the money they’ve spent.”

Healthy Living Centre, NI,
Staff Member



People with pre-existing mental health problems are among those at greatest risk from the Cost-of-Living Crisis. They are 3.5 times more likely to have been in financial difficulty before the crisis hit,²⁰ and more than twice as likely to have relied on credit or borrowing to cover everyday spending — for example, on food or heating - during the pandemic (26% compared to 11%). They are also much more likely to have no savings.²¹

Gender is also an important factor to consider, given that women are more likely to experience poverty and lower incomes. Worrying evidence has emerged of the challenges facing women on low incomes over summer/autumn 2022. In-depth qualitative research carried out by the Poverty Alliance with 18 women on low incomes in Scotland describes their “deepening experiences of poverty and hardship including hunger and being cold”.

The participants’ diary entries showing their increasingly difficult choices and increased deprivation are deeply disturbing, and emblematic of the impossible situations people face daily. Not surprisingly, most participants reported negative mental and physical health effects of their economic stress, with feelings of disconnectedness and increasing isolation prevalent. Specifically, the authors reported that:

“Several participants discussed having panic attacks and for those with experience of more complex or long-term health conditions, low income had often impacted their recovery or management of their mental health. Multiple participants highlighted experiences of historic trauma such as trafficking, bereavement, and gender-based violence, and that current increased stress was making past trauma more difficult to cope with.”²²

Another group with distinctive challenges is rural households. Rural households may face higher costs than urban households, for example higher food costs due to lack of supermarket choice, and a lack of affordable transport, while also having fewer services.

Families subject to No Recourse to Public Funds (NRPF) are highly vulnerable to poverty and destitution.²³ Research commissioned by Citizens Advice at the end of 2021 of a representative sample of 397 people with NRPF found that 18% were unable to feed themselves or their household because of this policy. Additionally, more than four in five (83%) people with NRPF said that this stipulation has had a negative impact on their mental health, with one in two people reporting that it has had a very negative impact.²⁴

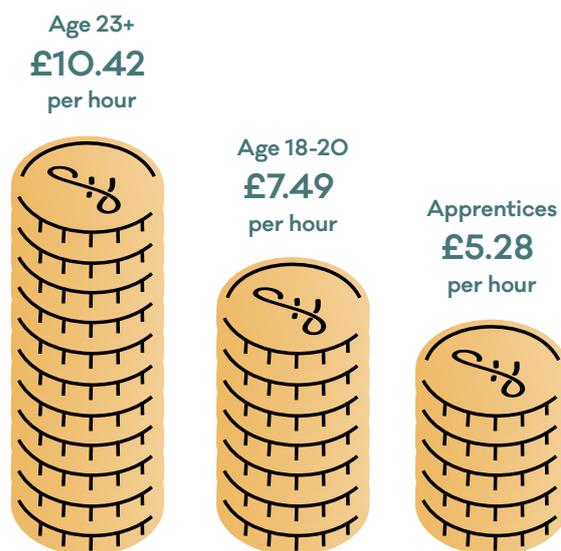


UK and devolved Government interventions to date

Some UK Government interventions have already been made to alleviate the effects of rising costs, on top of existing income and energy bill supports.

These include the £400 electricity bill discount through the Energy Bills Support Scheme²⁵ and the £200 oil bill payment in Northern Ireland, as well as the Energy Price Guarantee which will see average energy bills of £2,500 until 31 March 2023. The UK Government's Autumn Statement confirmed that the £2,500 cap would remain in place throughout winter, then rise to a £3,000 cap in April 2023. However, many people may be left out of these initiatives, or may have higher needs not recognised by these measures, including households on pre-payment meters, larger families, some disabled people, and people living in poorly insulated homes.²⁶

The UK Government's Autumn Statement also confirmed that it would increase benefits by the September 2022 rate of inflation (10.1%) from April 2023. This includes means-tested working age benefits such as Universal Credit as well as the State Pension and Pension Credit, and is being



Minimum wage from April 2023

applied by the Scottish Government for the social security benefits under their devolved responsibility. The UK Government also committed to additional, one-off Cost-of-Living payments in the financial year 2023-24 for: households receiving means-tested benefits (£900), pensioners (£300), and individuals on disability benefit (£150).

The Autumn Statement confirmed that the National Minimum Wage would increase by 9.7% to £10.42 per hour for workers aged 23 and over from April 2023, with similar percentage increases for workers between 16-22 and apprentices. Because wages for younger workers and apprentices start at a lower baseline, these increases mean a worker aged 18-20 will rise to £7.49 per hour, while wages for apprentices will only rise to £5.28 per hour.

Further action is being taken by governments in the devolved nations. For example, in Scotland measures include expanding free school meals, increasing Child Payment by £5 per week (to £25) as of 14 November and expanding eligibility to families with children up to age 16, doubling the value of the Scottish Child Bridging Payment from £130 to £260, introducing a rent freeze and moratorium on evictions until March 2023, and introducing a Winter Heating Payment of £50 for low income households.²⁷

Similarly, recent Welsh Government policy changes have included an announcement of free school meals for all primary age children in Wales (starting with all reception-age children from September, 2022) and a pilot of Universal Basic Income for care leavers. The Welsh Government has also increased payments available through the Winter Fuel Support and Voucher Schemes and introduced a one-off Cost-of-Living payment of £150 to eligible households. It is likely that individual local authorities will also take similar action across the UK.

While these interventions are welcome, increasing benefits and the minimum wage, alongside cost of living payments, will not come into effect until April 2023, leaving households to face a difficult winter of rising costs. And because people on lower incomes spend a greater proportion of their income on essential costs such as food and energy, they face an even higher rate of inflation than headline estimates. This means these interventions will still leave millions of people facing poverty and increased financial stress.



Many of these interventions also miss out high-risk groups, including people who have no recourse to public funds due to their immigration / residency status – including asylum seekers. In April 2022, the UK Government increased Asylum Support Allowance to £40.85 per week from £39.63, despite calls from organisations working with asylum seekers to increase the allowance to be at least 70% of the value of mainstream benefits.²⁸ Asylum Support Allowance is considerably lower than other mainstream benefits including Universal Credit. As of the time of writing, the UK Government has not stated whether it will increase Asylum Seeker support in light of the Cost-of-Living Crisis.

Despite the Government interventions made thus far, there is uncertainty about how long the crisis will last; in feedback from Northern Ireland Healthy Living Centres and from the Foundation's Diverse Experiences Advisory Panel, concern was expressed that there appears to be no end in sight to the Cost-of-Living pressures,

with some voicing scepticism that the crisis will be resolved within two years.

There is also a sense that the response to this crisis is more individualistic across society, in contrast to a more community-orientated response to the pandemic.

"With Covid, you felt that it was something we are all in together; with this, there is fatigue; it doesn't feel like everyone is in it together."

Healthy Living Centre, NI,
Staff Member



"[The] Cost-of-Living Crisis and mental health is another pandemic; [we have] already [had] stress for two years and now it's another two years; it's impossible to be healthy." "

Diverse Experiences Advisory
Panel member, Scotland



Research overview:

The mental health effects of financial crises

According to David McDaid (LSE) “We might expect to see major adverse impacts probably greater than those seen during the financial crisis of 2008/2009 if there is not investment in social protection”.

McDaid notes that such impacts are often delayed as people run down any savings they have *private communication*.

Arising from past crises, Wahlbeck and McDaid report that “a substantial body of research signposts that additional mental health risks emerge in times of economic change”.²⁹ However, regarding the 2008-9 recession, they pointed out that the negative mental health outcomes were avoidable.

People living with financial stress are at increased risk of mental health problems and lower mental wellbeing.

A recent systematic review found that there are consistent links between financial stress and depression, considering a variety of financial stress measures including

household income, debt, financial hardship, and subjective financial strain.³⁰ This review has a high degree of variation in the financial stress measures, covering both objective and subjective measures. Another systematic review found that “the evidence was consistent that economic recessions and mediators such as unemployment, income decline, and unmanageable debts are significantly associated with poor mental wellbeing, increased rates of common mental disorders, substance-related disorders, and suicidal behaviours.³¹ In terms of income, Osafo, et al. found that household relative income was a more consistent predictor of depression than absolute income.³²

Current financial hardship (material deprivation) is positively associated with depression, as is subjective (self-perceived) financial strain.³³

This is supported by recent research in the US, which found that people with higher levels of financial worries had higher levels

of psychological distress³⁴ and by new research from Beyond Blue, Australia, showing that people experiencing financial challenges are at least twice as likely to encounter mental health issues than those who are not³⁵.

Relevant to the current crisis, one study (in Belgium) found that worsening financial

strain over time was significantly associated with the increased risk of depressive symptoms and of cases of depression.³⁶

High frequencies of common mental disorders and suicide are associated with poverty, poor education, material disadvantage, social fragmentation and deprivation, and unemployment".³⁷

Members of the Diverse Experiences Advisory Panel (DEAP) in Scotland and the Foundation's Young Leaders group' highlighted a variety of negative effects from financial stress:

- **Mental drain or exhaustion** – DEAP panel members highlighted the cumulative impact of everyday worry involved in trying to make ends meet, navigate complex systems, and make decisions around essential costs. Panel members spoke of the all-encompassing nature of the crisis, which made it difficult to plan ahead or think about the future.
- **Stigma** – DEAP panel members and Young Leaders spoke of internal feelings of guilt, shame, burdensomeness, and self-blame, as well as the stigma from other people, services and systems. In particular, panel members highlighted experiences of stigma and discrimination when trying to claim support they were entitled to.
- **Hopelessness** – Young Leaders described feeling hopeless and that there is "no point in living".
- **Loneliness** – A Young Leader spoke of how "you can often feel alone even if you're going through the same thing as everyone else - everyone's situation is completely different."
- **Physical health problems** – DEAP panel members highlighted the direct impact of cost of living on physical health – such as not being able to afford nutritious food or heating – as well as the physical impact of increased stress – such as poor sleep, digestion problems and increased blood pressure.

Continued...

- **Strain on family and relationships** – DEAP panel members and Young Leaders highlighted the impact on relationships and family, particularly in households with children.
- **Limiting opportunities** – a DEAP panel member highlighted how the lack of accessible and affordable transport, particularly in rural areas, prevented them from accessing paid employment, getting to appointments or taking part in social activities. This is especially a challenge for disabled people.
- **Self-fulfilling cycle** – DEAP panel members spoke of the cycle of financial strain affecting mental health and physical health. This in turn affects people's ability to find employment / maintain employment, and to access relevant support, thereby increasing financial pressures.



Financial stress, through its influence on parental mental health, marital interaction, and parenting, impacts on the mental health of children and adolescents.

The impact of extreme poverty on children may include deficits in cognitive, emotional, and physical development, and the consequences for health and wellbeing may be life-long.³⁸

It is important to note that the mental health effects of financial strain may operate on a gradient. In a study of the effects of universal basic income on young people's mental health, the authors found

that "... individuals at each higher point on the scale of [financial] strain have an increased probability of anxiety and depression symptoms." This relationship appeared to be more straightforward than household or individual income among the young people studied.³⁹

Someone from a Black, Asian or minority ethnic group is twice as likely to experience poverty as someone from a white Scottish or British background. This indicates that people from minority ethnic populations are likely to be among those hit hardest by increasing costs of living and to experience related mental health problems.⁴⁰

The mental health effects of financial strain may operate on a gradient.

Furthermore, debt is a risk factor for poor mental health. People in debt are more likely to have a common mental health problem, and the more debt people have, the greater the likelihood of having a mental health problem.⁴¹ According to Lea (2021), specifically, being in debt is associated with a wide range of psychological ill effects, ranging from high levels of anxiety and depression, to reduced marital satisfaction and job performance, and suicide, attempted suicide, and suicidal ideation. Lea notes that most of the studies of such associations are correlational, limiting the potential to attribute causality.⁴²

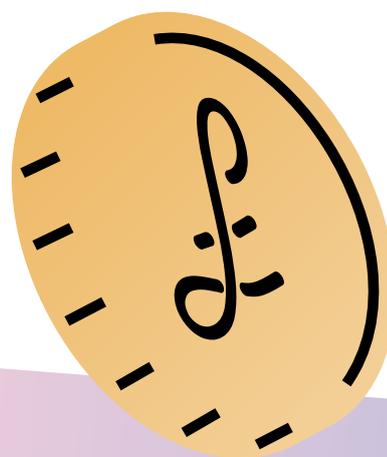
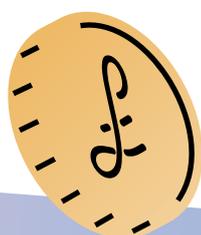
Debt is a risk factor for poor mental health.

The type of debt makes a difference to the link with depression. The association between household debt and depressive symptoms is predominantly driven by short-term debt (i.e. unsecured debt).⁴³ Importantly, high-cost credit products are often used by people on low incomes to buy essential items and large purchases, because they are less likely to have access to lower-cost credit options.⁴⁴ The implications of this tendency is that those more at risk of poor mental health are also at most risk of falling prey to short-term, high-cost debt that leads to worsening mental health.

Unemployment, which may rise if the UK goes into recession, is a substantial driver of poor mental health.⁴⁵

According to research commissioned by the Mental Health Foundation, 70% of UK adults think unemployment or job loss has a negative effect on mental health, and 1 in 4 adults who had experienced job loss or unemployment felt unsupported at the time.⁴⁶

“There is also an association between unemployment and suicide. A time-trend analysis of the 2008-2010 economic recession in England identified that each 10% increase in the number of unemployed men was significantly associated with a 1.4% (0.5% to 2.3%) increase in male suicides. About two-fifths of the increase in male suicides during this period can be attributed to rising unemployment.”⁴⁷

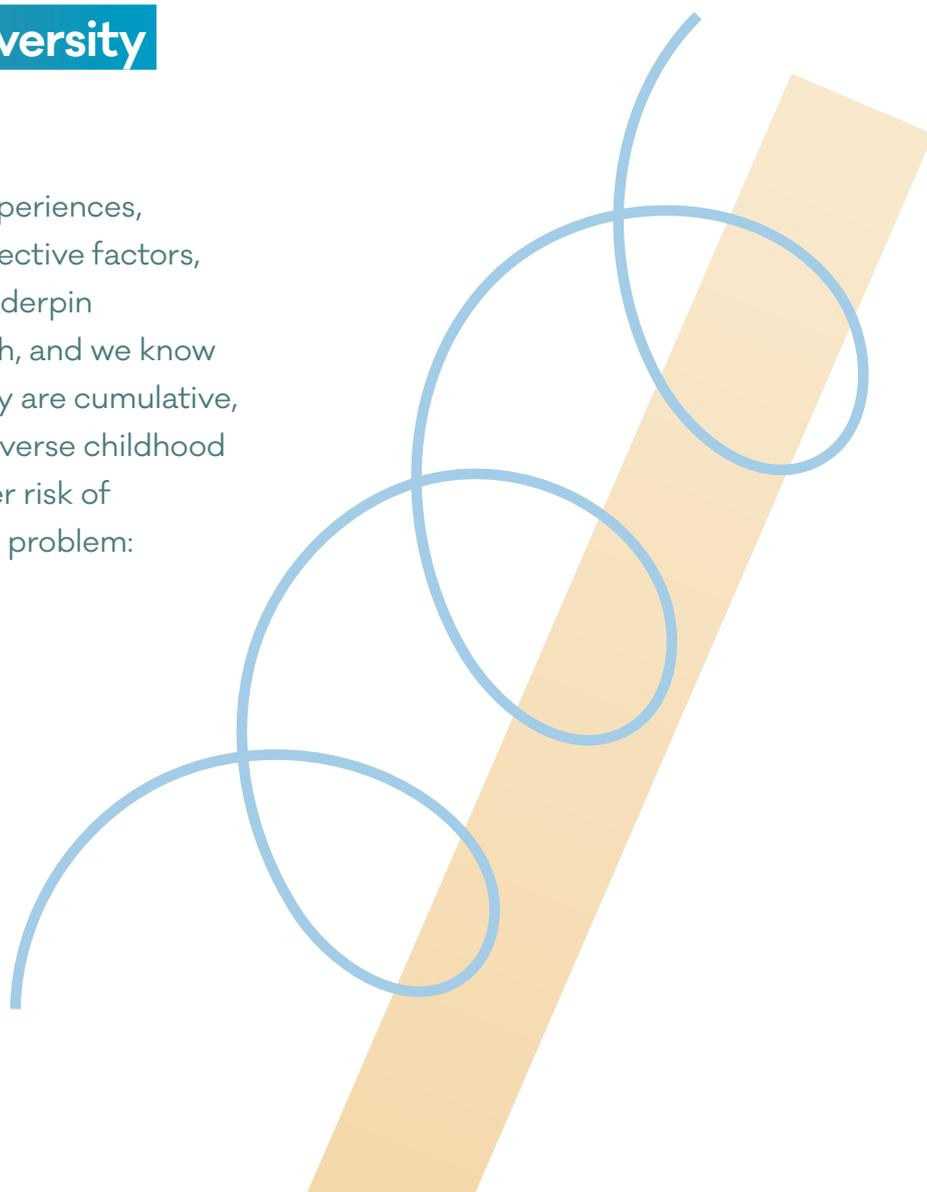


Unemployment and job insecurity are more likely to affect certain groups of people, such as lower income workers and those who experience long-term as opposed to short-term unemployment, more negatively than others.⁴⁸ Asylum seekers do not have the right to work in the UK – and can only apply for permission to work if they have been waiting for a decision on their case for over 12 months, which is not necessarily granted. A report by the Centre on Migration, Policy and Society at the University of Oxford reported that this period of inactivity and uncertainty about accessing the labour market that asylum seekers face can have long-term consequences for their mental health.⁴⁹

“...the link between social status and mental health problems is the level, frequency and duration of stressful experiences and the extent to which these are buffered by social and individual resources and sources of support. These stressful experiences (including poverty, family conflict, poor parenting, childhood adversity, unemployment, chronic health problems and poor housing) occur across the life course and contribute to a greater risk of mental health problems if they are multiple in nature and if there are no protective factors to mitigate against their negative impact.” (NHS Health Scotland, Inequality Briefing 10: Mental Health, 2017).

The effects of adversity are cumulative.

Higher rates of stressful experiences, coupled with reduced protective factors, have been evidenced to underpin inequalities in mental health, and we know that the effects of adversity are cumulative, with a higher number of adverse childhood experiences linked to higher risk of developing a mental health problem:



“There’s no real end in sight.”

Diverse Experiences Advisory Panel member



“It’s all-encompassing.”

Diverse Experiences Advisory Panel member



Poverty stigma

Poverty stigma is another area that the Foundation has been working on, specifically a rapid review in partnership with The Poverty Alliance (Scotland), the University of the West of Scotland and the University of Strathclyde.⁵⁰

‘Poverty stigma’ as a concept can include experiences of stigma related to living in poverty, as well as experience of using services for low-income groups designed

to alleviate poverty (e.g. social security). Experiences of poverty stigma were found to be associated with specific aspects of mental health and wellbeing, including: negative self-evaluations; diminished social wellbeing; and mental ill health. It is important to use non-stigmatising language when communicating about the issue of poverty, and to root communication in the perspectives of people with lived experience.

“Sometimes the lack of sharing of people’s experience can make people feel even more isolated in their experience.”

MHF Young Leader



“Working-class people tend to work even harder and do lower paid jobs and still people think lowly of them.”

MHF Young Leader



“[There is a] fear of being a drain on society.”

Diverse Experiences Advisory Panel member



“[It] can make you feel guilty, like you are not trying hard enough to get the money that others have.”

Diverse Experiences Advisory Panel member



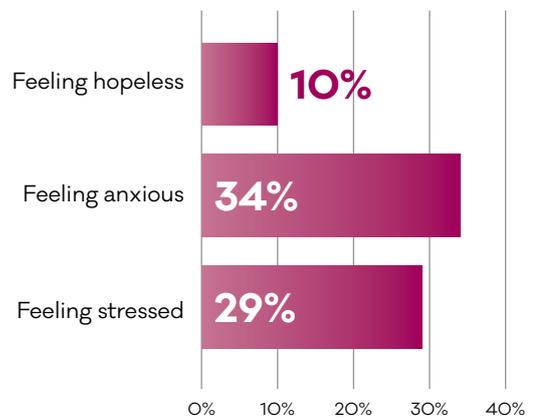
UK evidence on the mental health effects of the current crisis

In the UK, people are already reporting negative mental health effects both in large-scale representative surveys and smaller scale, qualitative research.

The Mental Health Foundation’s representative survey of UK adults in November 2022 found that 10% had felt hopeless because of financial worries during the previous month, while 34% felt anxious and 29% felt stressed.⁵¹ In Scotland, the figures were higher, with more than one in nine adults (13%)’ saying they had felt hopeless due to financial worries, while four in ten (40%) felt anxious, and one third (33%) felt stressed in the past month.⁵²

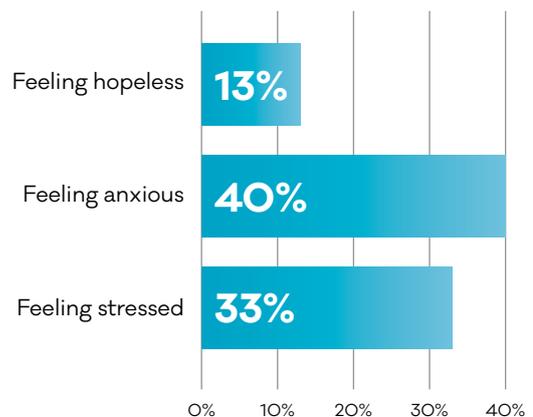
UK poll (adults)

November 2022
Due to financial circumstances in the previous month:



Scotland poll (adults)

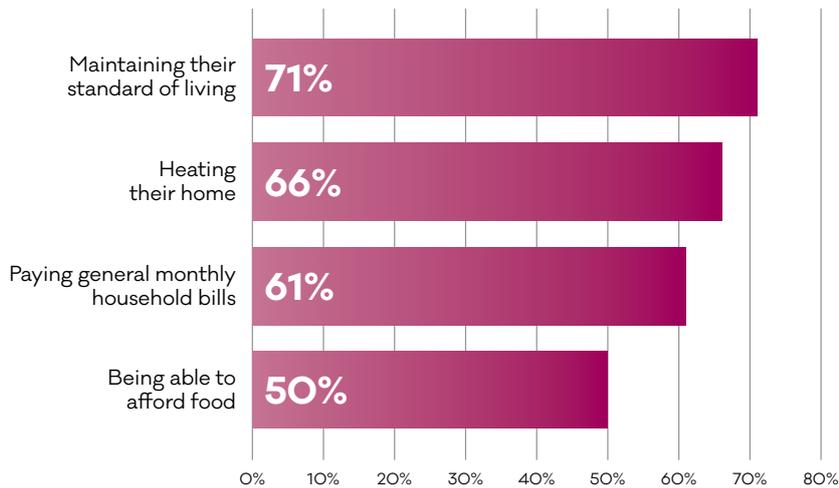
November 2022
Due to financial circumstances in the previous month:



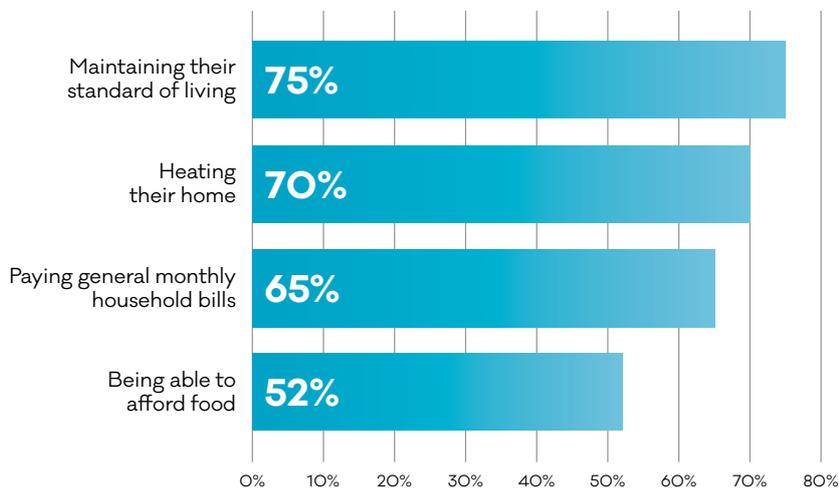
When thinking about the next few months, UK adults are concerned about not being able to maintain their standard of living (71%), heat their home (66%) or pay general monthly household bills (61%). Significantly, half (50%) of UK adults were at least a little worried about being able to afford food over the next few months, rising to 67% of younger adults aged 18 to 34. Again, figures were higher in Scotland, with three in four (75%) of adults

saying they were concerned about not being able to maintain their standard of living, while 70% were concerned about heating their home and 65% were concerned about paying monthly household bills. More than half (52%) of adults in Scotland were at least a little worried about being able to afford food over the next few months, rising to 69 per cent of those aged 18-34.

UK poll (adults) November 2022
Thinking about the next few months, UK adults are concerned about:



Scotland poll (adults) November 2022
Thinking about the next few months, adults in Scotland are concerned about:



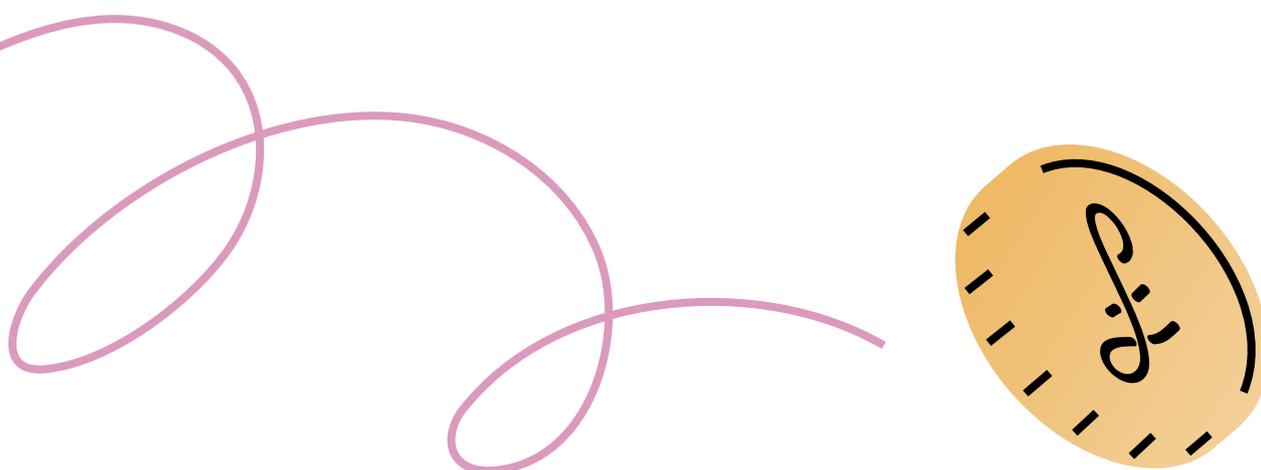
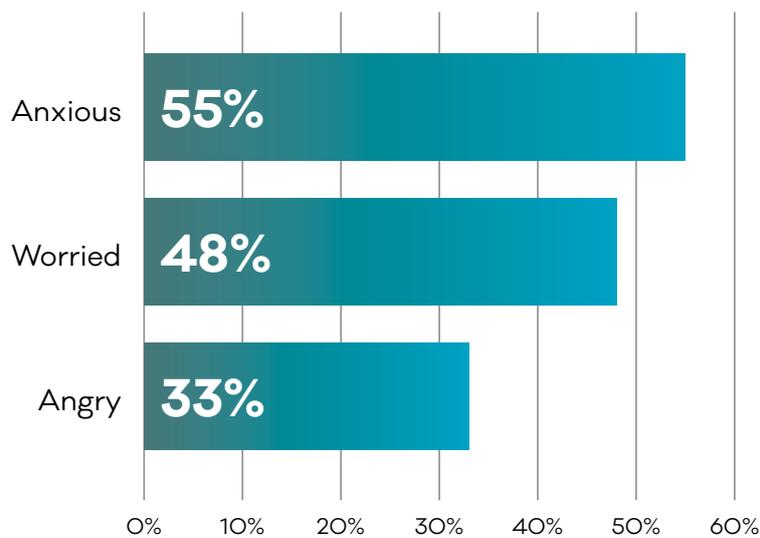
A survey conducted for the Mental Health Foundation in Northern Ireland found that almost half of adults were anxious (44%) or worried (41%) about their money situation, with this number rising for the younger (18-45) age group to over half (55%) anxious, 48% worried, 33% angry.⁵³ When asked what would reduce worry about their financial situation, 41% said flexibility from energy companies, while nearly 20% said

an increase in social security benefits and affordable transport would help.⁵⁴

These recent findings are supported by research by the Money and Mental Health Institute,⁵⁵ the Joseph Rowntree Foundation on the situation in Scotland⁵⁶ and the Bevan Foundation in Wales. In Wales, as of July, 43% of people reported that they have seen their mental health deteriorate as a result of their financial position.⁵⁷

Northern Ireland poll (adults) November 2022

Feelings of adults about their financial situation



“For those who are already not in the best financial situation, this crisis can make them feel that there is no hope and no brighter future, which is a scary and dangerous place for people to be in, especially when in the near future it doesn’t seem that things will get better.”

MHF Young Leader



“[There is] the mental drain of checking and re-checking the best deals, ways to save etc.”

Diverse Experiences Advisory Panel member



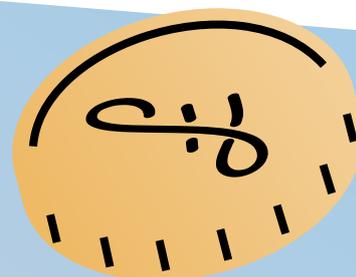
“[It’s a] constant cycle of worry and anxiety.”

Diverse Experiences Advisory Panel member



Evidence is emerging of especially high rates of negative mental health effects among young people. Young adults were already disproportionately negatively affected by the pandemic. The Institute for Public Policy Research has also recently found that they are most vulnerable to being inactive in the labour market due to a mental health problem, with young adults age 20-29 50% more likely to report being inactive due to a mental health problem than older working adults age 60-65.⁵⁸ The poor mental health of young adults in financial strain is underscored by the Foundation’s Thriving Learners reports

of university and college students. Both these groups have shown high rates of food insecurity alongside poor mental wellbeing.⁵⁹ Also, Leaders Unlocked’s report on young people’s experiences during the cost-of-living crisis has found that already, young adults’ physical and mental health has been severely affected. Among 340 people aged 16-30 surveyed, nearly half (47%) of all respondents reported that the crisis was having a ‘large’ or ‘catastrophic’ impact on their mental health.⁶⁰



"Since Cost of Living, it's gotten worse. I can support myself food-wise but mum can't and it can be frustrating. A lot of people are struggling but some of my friends are well-off still; [it's] difficult to see them... joke about it, Cost of Living, they don't quite understand it. I might say 'I'm having beans on toast for dinner' and I can feel their judgement. It can be quite embarrassing and frustrating, they laugh/joke about not having heating even though they can [have enough]. Some people don't realise how much more people are struggling, particularly those who were already in poverty."

MHF Young Leader



“You feel so hopeless you want to give everything up. You go through school and other things to still suffer, it can make you want to give up on everything. It’s easier at the beginning, but as things become worse, it’s easy to become hopeless, overworked and unhappy. This affects everyone across generations, the adults and children.”

MHF Young Leader



“Youth services are reporting young people feeling the impact and talking about how they know their families are under pressure. It’s causing them anxiety, and they want to know how they can help.”

Healthy Living Centre, NI, Staff Member



Protective psychological factors and coping strategies

Frankham, et al. systematically reviewed the psychological factors that may mediate between financial strain and mental health and found that “the studies of personal agency suggest that a sense of skill and control is important in ameliorating the detrimental effects of financial strain on mental health.” The studies investigating self-esteem predominantly supported the idea that high self-esteem is protective of mental health in the context of subjective financial strain, though objective financial hardship has a detrimental effect on self-esteem. The

authors also found that the ability to cope with and adapt to financial difficulties may be protective of mental health.⁶¹

In terms of potential avenues for mental health-specific interventions, experience from the pandemic may have useful learnings. The Foundation’s [Coronavirus: Mental in the Pandemic Study](#) found that many people drew upon positive coping strategies to protect their mental health and wellbeing. However, inequalities occurred in the extent to which these coping strategies were utilised.

During the pandemic:

- Going for a walk was the main coping mechanism for the UK public, followed by contacting family or friends. Both exercise and maintaining social connection are well-evidenced protective behaviours for mental health.
- However, all coping mechanisms (contacting family or friends, going for a walk, maintaining a healthy lifestyle, and keeping up to date with relevant news) were consistently more accessible to those in the ABC1 bracket rather than the C2DE bracket throughout the pandemic period.
- Critically, but perhaps unsurprisingly, maintaining a healthy lifestyle was consistently the least accessible coping mechanism for those in the C2DE bracket compared to those in ABC1, with a 12% difference.
- Also, 9% fewer people in the C2DE socioeconomic group contacted friends than did people in the ABC1 group.

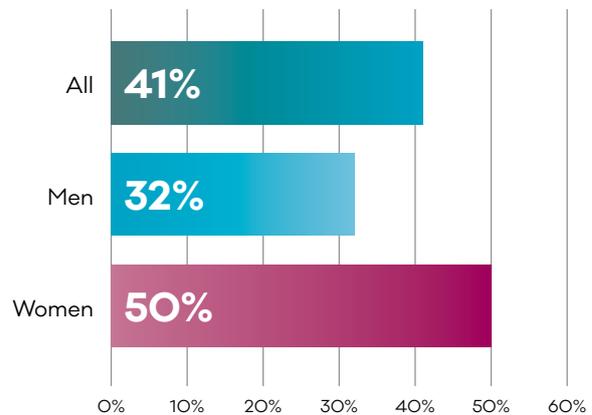
Healthy lifestyle and relationships are critical to our mental health, but in our pandemic study we have seen that they are not equally accessible to all – an important lesson for the Cost-of-Living Crisis.

The Foundation has identified through its cost-of-living surveys evidence of a Cost-of-Living paradox: some of the behaviours that are protective of mental health are the very behaviours that people are reducing to cope with the rising cost of living, such as sleeping well and maintaining social connections.

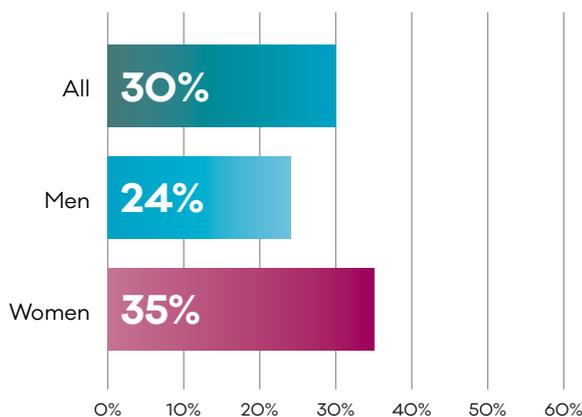
In the Foundation’s mid-November 2022 population survey, the most common actions that have been taken by UK adults as a result of their financial situation over the last month were: not putting on the heating at home (41%), having poorer quality sleep (30%), and meeting with friends less often (23%). These three actions were taken significantly more frequently by women, with more women than men not putting on the heating (50% versus 32%), having poorer quality sleep (35% versus 24%), and meeting with friends less often (26% versus 20%).

The most common actions that have been taken by UK adults as a result of their financial situation over the last month:

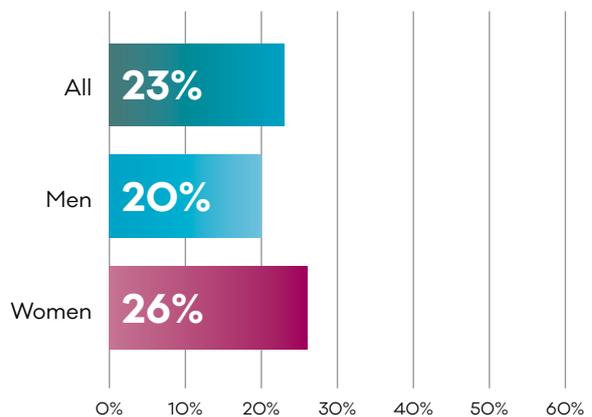
Not putting heat on at home



Having poorer quality of sleep



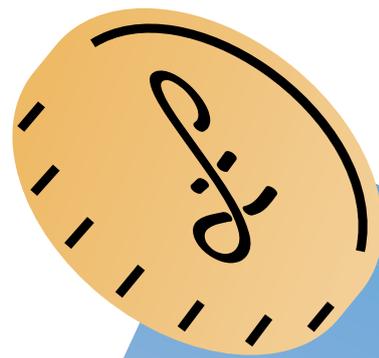
Meeting friends less often



Specifically for people from minority ethnic backgrounds, a study of the Poverty Related Stress Model among an ethnically-diverse, low-income population found that poverty-related stress was indirectly associated with higher depressive symptoms through less social support and less use of coping strategies that actively engage with one's emotions (known as 'engagement coping'). Importantly, it found that having a strong sense of ethnic identity was indirectly linked with lower levels of depression symptoms, which was a result of having greater social support and a greater use of effective coping strategies for their emotions. Its authors

also concluded that clinical and preventive interventions targeting depression in low-income parents could benefit from focusing on improving low-income parents' use of engagement-coping and perceived social support. Ethnic identity is a promising target as it protects against the negative impact of poverty-related stress on coping and social support.⁶²

However, Mayo, et al. point out that, while active coping is most often associated with positive outcomes, opportunities to avail of active coping are scarcer in situations of poverty.⁶³



What UK and devolved Governments can do

We suggest that UK and national Governments take a proportionate universal approach to alleviating financial strain, that is, they should take action to benefit everyone, as well as targeted action for high-risk groups. High risk target groups include but are not limited to: unemployed people, people on benefits and low incomes, parents, young adults aged 16-24, older people, people from Black and minority ethnic communities, asylum seekers and refugees, people with disabilities, and people with a mental health problem. Many of these are the same groups that were at high risk of poor mental health as a result of the Covid-19 pandemic.

It is also important that supports and language are non-stigmatising.

Emerging evidence shows that poverty stigma is associated with worse mental health outcomes. While income supports are preferable, it is important that where other emergency supports such as emergency food and warmth services are provided, this is done in a non-stigmatising manner.

The scale of the impact warrants a similar level of effort as for the Covid-19 pandemic. Many of the actions put in place for the pandemic are relevant, including:

- Ongoing, high-level stakeholder engagement to plan responses.
- Engagement with inequalities and lived experience groups through stakeholder forums and representative organisations, in particular the voluntary, community and social enterprise sector (VCSE).
- A public mental health campaign such as 'Clear Your Head', 'Every Mind Matters', etc., with clear links from government 'cost of living' portals, which should themselves also host public mental health advice (see for example the UK Government's 'Help for Households' portal [helpforhouseholds.campaign.gov.uk/] and the Scottish Government's website 'Health and wellbeing - Cost of Living Support Scotland' [campaign.gov.scot/]). Information provision should include how to look after your own and others' mental health and how to access mental health support, with outreach to

Continued...

isolated communities and information produced in a variety of languages and accessible formats. In this regard, it may be useful to explore developing a money and mental health online self-help tool.

- **Increased awareness and information provision campaigns on cost of living supports.** A significant barrier to receiving income supports can be lack of awareness of one's entitlements. Especially at a time when people may be having their first experience of financial strain, it is important that information on social security entitlements is widely available and accessible. It is also important that Government messaging incorporates a solidarity ethos similar to that for the pandemic. Government messages that 'we are all in this together' will be less stigmatising than those that identify people who are struggling financially as different from others.

Our top four recommendations directly related to preventing mental health problems are for governments to:

1. Support social networks, resources and community resilience

As recommended by Wahlbeck and McDaid (2012):

"In times of economic crisis, social capital can be an important protective factor. Social networks, as represented by trade unions, religious congregations and sports clubs, seem to constitute a safety net against the adverse effect of rapid macroeconomic changes.⁶⁵ Participation in group activities and greater levels of perceived helpfulness within communities have been associated with better levels of mental health.⁶⁶ In contrast, poor levels of interpersonal trust between individuals

is associated with increased risk of depression."⁶⁷

The World Health Organisation in Europe has stated that building resilient communities and supportive environments are crucial protective factors for public health.⁶⁴ Community asset-building is a key means of developing community resilience. This approach looks to the positive capacity of individuals and communities, rather than focusing on their needs and problems. "Assets" are strengths, identified by a community as valuable to them, that when exposed to the right conditions can be used to positively transform that community.



During the pandemic, community-level resilience was evident in some communities where both spontaneous and organised community supports developed.⁶⁵ There is some evidence that such community responses supported social bonding and was protective of mental health.⁶⁶ However, it is important that community resilience is supported on an equitable basis, with extra support for more vulnerable communities, because some communities have more resources, capacities and access to power than others.⁶⁷

In this regard, we recommend fast-track access to funding, especially support for grassroots organisations or initiatives that are likely to support them. Many grassroots organisations are likely to be struggling with rising energy and food costs. UK and devolved administrations should provide additional funding to organisations to cover these rising costs as well as to increase capacity to support social connection and mental health.

We recommend fast-track access to funding, especially support for grassroots organisations.

As during the pandemic, resources should be provided for local community projects to support and protect mental health in local authorities with high levels of multiple deprivation through provision of funding similar to the £15m Better Mental Health Fund, which has run for a year in England

as part of the Covid-19 Mental Health and Wellbeing Recovery Action Plan, or the £15m Community Mental Health and Wellbeing Fund in Scotland. Timeliness of support for community organisations is important. We are hearing that some community organisations are struggling to access promised support because of bureaucratic hurdles.

2. Assess the mental health impact of all Government policies and decisions to address the Cost-of-Living Crisis

Mental health and wellbeing should be at the heart of every government policy. This should be supported by a mental health policy assessment tool such as the one currently being developed by the Department of Health and Social Care in England. Such a tool would provide a common framework for departments to assess their level of actual and potential mental health impact.

A Mental Health Impact Assessment Tool needs to define mental health and mental wellbeing, explain why prevention of mental health problems and boosting wellbeing is important, and describe the groups that face inequalities in mental health and wellbeing outcomes. It must then consider the crucial factors that influence people's mental health and wellbeing. Finally, it must consider the practical steps that can be taken by the relevant government department to prevent or mitigate any negative mental health impacts, and to strengthen the positive impacts, of policy-

making. This final step would include guidance on carrying out an assessment of the impact of the policy or policy options on mental health and wellbeing, an assessment template, and the practical steps that can be taken following an assessment.

We also note that the Equality Act 2010, which is relevant to England, Scotland and Wales, contains a socio-economic duty (SED) which has the potential to influence strategic governmental decisions. There is no equivalent socio-economic duty in Northern Ireland.

As reported by the Equality and Human Rights Commission,

The 'socio-economic duty' (SED), Part 1 of the Equality Act (2010), aims to deliver better outcomes for those who experience this disadvantage. The duty states that certain public bodies, when making strategic decisions on, for example, priorities or objectives, must consider how their decisions might help to reduce the inequalities associated with socio-economic disadvantage. Such inequalities could include inequalities in education, health, housing, or crime rates. The SED came into force in Scotland as the 'Fairer Scotland Duty' (FSD) in April 2018. It is due to come into force in Wales on 31 March 2021. The UK Government has no plans to introduce the SED in England, although a number of English local authorities (such as Newcastle City Council and the North of Tyne Combined Authority) have adopted the duty voluntarily.⁶⁸

By supporting action to reduce socio-economic inequalities, implementation of this duty could positively influence public mental health.

3. Leadership: ensure energy companies, other essential service providers and creditors have policies and procedures that underpin a compassionate response to customers

Energy, water, telecoms and other utility companies and creditors are in direct contact with customers who may be experiencing distress due to rising prices.⁶⁹ As recommended by the Money and Mental Health Policy Institute,⁷⁰ they should be encouraged to promote appropriate and supportive collections activities, provide social tariffs and other options available to customers; and review their communications to limit the distress caused by letters, emails and phone calls to people who have fallen behind. In this regard, it is important that leadership is shown at the highest levels of essential service companies and creditors, and throughout management, so that frontline customer service staff (including call-centre staff) are empowered to act with compassion.

4. Ensure that frontline workers know how to respond effectively to the mental health effects of financial stress and strain

Frontline workers in health, social care, money and debt advice services and anti-poverty, and other community organisations, as well as energy companies, water and telecoms services and private financial services companies, have regular contact with individuals who may be experiencing mental distress due to the Cost-of-Living Crisis. It is important to ensure that this interface is a supportive experience for people, and does not stigmatise or distress them. This can be done by building the capacity of frontline workers in a variety of community and service settings to be able to sensitively respond to mental distress and signpost to support. This includes call-centre staff, who are often the first point of contact with people in distress. Specifically, agencies and companies should:

- Ensure all mental health professionals consider financial strain as a cause of symptoms, and can signpost to money advice
- Ensure that all social prescribers in primary care are well-trained in identifying financial strain and signposting to relevant services
- Ensure all organisations working on the frontline with people experiencing financial strain (e.g. utilities and other call-centre staff, food banks, anti-poverty community organisations, money advice services) have the capacity to provide basic mental health interventions and signposting
- Ensure all crisis support services (Samaritans, NHS 111, Scottish NHS 24-hour hub, Lifeline NI) have effective signposting to money and debt advice and support.



On a wider basis, we support the following measures to reduce the negative effects of poverty and financial stress:

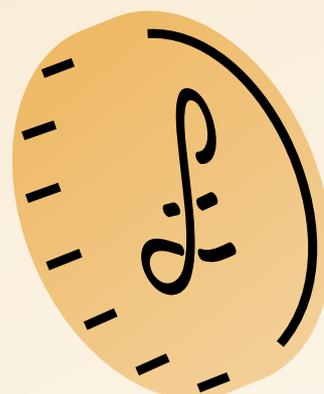
5. Ensure everyone has an income that enables them to live a dignified life

The single most important preventative intervention will be financial support schemes that prevent people from experiencing poverty and financial strain (David McDaid, *private communication*). According to Wahlbeck and McDaid (2012) countries with strong social [security] safety nets see smaller changes in the mental health of the population related to economic downturns.⁷¹ Similarly, a more recent systematic review has found that unemployment insurance supports are correlated with better health outcomes.⁷² Furthermore, there is evidence of public support in the UK for financial measures as a means of improving mental health.⁷³

The Joseph Rowntree Foundation has developed a Minimum Income Standard for the UK based on a process undertaken with members of the public:

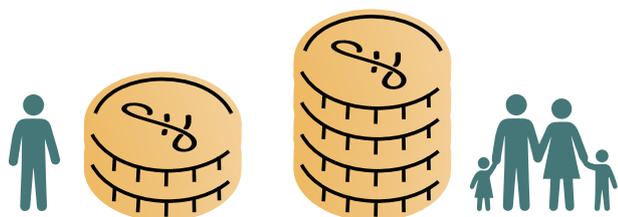
“The Minimum Income Standard (MIS) is the income that people need to reach a minimum socially acceptable standard of living in the UK today, based on what members of the public think. It is calculated by specifying baskets of goods and services required by different types of household to meet these needs and to participate in society. Based on consultation with groups of members of the public in the original research, this minimum is defined as follows:

A minimum standard of living in the UK today includes, but is more than just, food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.”⁷⁴



According to the Joseph Rowntree Foundation,

a single person needs to earn £25,500 a year to reach a minimum acceptable standard of living in April 2022. A couple with two children needs to earn £43,400 between them.



The Foundation's review of Universal Basic Income found that removing the conditions associated with traditional welfare benefits was associated with improved mental wellbeing among adult participants, suggesting this holds considerable gains for population mental health. In the studies of unconditional cash transfers for children, we identified significant and long-lasting benefits in their mental health, particularly when these were introduced early.⁷⁵ This should be borne in mind when designing income supports.

In the short-term, the UK and devolved Governments must provide income supports that enable people to cope with the rising cost of living.

UK and devolved Governments should also explore the potential for a Minimum Income Guarantee that would ensure everyone has an income at a level that would allow them to live a dignified life. In our view, rolling out this Minimum Income Guarantee to identified high-risk groups such as people with disabilities, people with disabling mental health problems, young people, care leavers and unpaid carers would provide some targeting while introducing universality within particular target groups, and also reducing eligibility requirements.

In order to prevent destitution and its inevitable negative mental health consequences, people with No Recourse to Public Funds (NRPF) should be included in Cost-of-Living support measures, and for any support provided to benefit recipients there should be an alternative way for people with NRPF to claim the support. Additionally, the Asylum Support Allowance should be reviewed in the context of the current crisis, to ensure that this payment allows people to meet their cost of living. The Home Office should also take action to improve the speed at which asylum support applications are processed, to ensure both Asylum Support Allowance

and accommodation is provided without delay when a person qualifies for these.⁷⁶

New refugees frequently become destitute upon being granted leave to remain in the UK – as, once a person claiming asylum is given refugee status, Asylum Support Allowance stops 28 days after the decision, and the individual will only have 28 days to find accommodation and apply for mainstream benefits before being evicted from asylum accommodation.⁷⁷ Research by the British Red Cross found that finding work, somewhere to live, and applying for benefits often takes longer than 28 days, and in some cases can take up to three months.⁷⁸ Therefore, many new refugees experience a sudden loss of income. The British Red Cross and the London School of Economics and Political Science estimated that extending this move-on period to 56 days could benefit the UK economy by £4-£7 million annually. The UK Government should consider extending this 'move on' timeframe to provide new refugees with more security during the current crisis.



6. Provide adequate debt-relief schemes

A key challenge is ensuring that debt advice reaches those groups who would benefit most, early enough.

Wahlbeck and McDaid (2012) reported that reducing debt has been shown to improve mental health outcomes.⁷⁹ They note that in Sweden, people in high debt who had been granted debt relief had better mental health than those who had not, while a controlled trial of access to debt management services in England and Wales reported improvements in general health, anxiety, and optimism. A more recent study found that having an additional-debt account paid off reduces the likelihood of exhibiting anxiety by 11%.⁸⁰ In this regard, it is important to ensure that relevant public authorities are commissioning sufficient debt advice services in their local areas. A key challenge is ensuring that debt advice reaches those groups who would benefit most, early enough. Integrating debt advice with other services, such as GP surgeries, mental health services and housing associations, can make it easier to access, and this needs to include face-to-face provision of support.

7. Ensure that anyone who is unemployed has access to a peer support group



Peer support is a valuable means of preventing mental health problems

It has been reported that job search groups for unemployed people promote their mental health and are cost-effective, resulting in higher earnings and fewer job changes (Wahlbeck, et al. 2017). The authors also report that “evidence for group-based mental health promotion interventions for unemployed people indicate a robust beneficial effect on mental health” (Wahlbeck, et al. 2017). In the Foundation’s view, peer support is a valuable means of preventing mental health problems, with job clubs a good example of this.

8. Ensure that everyone can afford and has access to good public transport, including in rural areas

Social isolation is a risk factor for mental health problems, while increasing social connectedness is protective of mental health. Being able to use an efficient and affordable public transport system enables people to maintain their social connections, attend their mental health appointments,⁸¹ and go to work: it should be seen as a public mental health measure. For people living in rural areas, rural transport schemes are vital resources for maintaining social connection. The Diverse Experiences Advisory Panel in Scotland highlighted to us the importance of having affordable and accessible transport for people with disabilities. There are negative impacts for people with disabilities of cuts to local schemes, who paid for private hire transport to appointments and other activities. Furthermore, according to the Poverty Alliance, privatisation of bus services has led to less accessible and affordable transport for people on low incomes.



UK and devolved Governments and local authorities have a responsibility to ensure provision of an affordable transport network for work, accessing health services, and social connection. As part of this, they should expand free and/or concessionary travel schemes to all young people up to age 26 and all people on low incomes, and extend concessionary schemes for public transport to people with severe mental health problems. There must also be assurances that the travel services and timetables offered meet the needs of the community.

Other supports

We also support wider calls for free period products to be available across the UK, as they are currently available in Scotland and in public buildings in Northern Ireland.



What communities and individuals can do

In our survey of UK adults who had experienced job loss or unemployment, the most common sources of support were family members (47%), a partner or spouse (44%) and friends (34%).

Comparatively few people had reached out to more formal sources of support such as local council services (7%), voluntary organisations (5%), or online resources (4%). A substantial minority of adults who had experienced job loss or unemployment said they did not receive any support from formal or informal sources during this time (22%). This is crucial, as our group discussion highlighted the importance of both social support from family and friends, and support from more formal services.⁸²

Our general evidence-based best tips may be helpful, though at times of financial strain some of them may be difficult to fulfil, and local and/or national government action is required to enable people to benefit from them: [Our best mental health tips - backed by research | Mental Health Foundation](#)

Our advice on debt and mental health may be relevant: [Debt and mental health | Mental Health Foundation](#)

Our advice on stress may be helpful, though again, some of the suggestions may be difficult for those experiencing financial strain: [Stress | Mental Health Foundation](#).

The Foundation published guidance on the Cost-of-Living Crisis on 30 September with evidence-informed suggestions: [The cost of living and your mental health | Mental Health Foundation](#).



References

1. In this paper, 'poverty' refers to nationally-recognised measures of inadequate income, 'financial stress' refers to the objective circumstances of not being able to meet basic needs or afford normal purchases and activities, and 'subjective financial strain' refers to the self-perception of having financial difficulties. Many people who experience 'financial stress' or 'subjective financial strain' may not fulfil the standard definitions of 'poverty'. This is especially the case in the context of the rapid price increases of the Cost-of-Living Crisis.
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