



Mental Health
Foundation



The COVID-19 pandemic, financial inequality and mental health

Mental Health in the Pandemic Series

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Introduction



We all can experience mental health problems, whatever our background or walk of life. But the risk of experiencing mental ill-health is not equally distributed across our society. Those who face the greatest disadvantages in life also face the greatest risk to their mental health.

The distribution of infections and deaths during the COVID-19 pandemic, the lockdown and associated measures, and the longer-term socioeconomic impact are likely to reproduce and intensify the financial inequalities that contribute towards the increased prevalence and unequal distribution of mental ill-health.

This briefing discusses the mental health effects of these financial inequalities in the context of the COVID-19 pandemic. It draws evidence from the "*Coronavirus: Mental Health in the Pandemic*" research – a UK-wide, long-term study of how the pandemic is affecting people's mental health. The study is led by the Mental Health Foundation, in collaboration with the University of Cambridge, Swansea University, the University of Strathclyde and Queen's University Belfast.

Since mid-March 2020, the project has undertaken regular, repeated surveys of more than 4,000 adults who are representative of people aged 18+ and living in the UK. The surveys are conducted online by YouGov.

They shed light on people's emotional responses to the pandemic, the key social drivers of distress, coping mechanisms and suicidal thoughts. A diverse Citizens' Jury is contributing qualitative information, personal insights and comments on the data generated by the study. Ethical approval has been obtained from the Cambridge Psychology Research Ethics Committee.

To contextualise our findings, first we review existing knowledge on the links between financial inequality, employment and mental health; then we review what official figures are telling us about the financial consequences of the COVID-19 pandemic. This review provides the backdrop to our own survey data and Citizen's Jury findings. We conclude with recommendations to UK central and national governments.

Financial Inequality, Employment and Mental Health: what did we already know?



The link between poverty and mental health has been recognised for many years and is well evidenced. In general, people living in financial hardship are at increased risk of mental health problems and lower mental wellbeing.¹ It is well established that people in the lowest socioeconomic groups have worse mental health than those in the middle groups, who in turn have worse mental health than those in the highest. This 'social gradient' means that mental health problems are more common further down the social ladder.²

The evidence of this social gradient in the UK is clear and has been established repeatedly. For example, the Health Survey for England has consistently found that people in the lowest socioeconomic class have the highest risk of having a mental health problem.³ As another example, a 2017 survey commissioned by the Mental Health Foundation with participants from across the UK found that 73% of people living in the lowest household income bracket (less than £1,200 per month) reported having experienced a mental health problem during their lifetime, compared to 59% in the highest household income bracket (more than £3,701 per month).⁴

The mental health risk of economic hardship starts early in life. Socioeconomically disadvantaged children and adolescents are two to three times more likely to develop mental health problems.⁵

The World Health Organization (WHO) has concluded that material disadvantage "trumps" emotional and cognitive advantages.⁶ In other words, people from poorer economic circumstances are still more likely to have worse mental health, even if they have been supported to develop good personal coping and cognitive skills. People with an existing psychiatric diagnosis are also at greater risk of financial inequality and less likely to be in employment, fuelling their experience of multiple disadvantage.

Furthermore debt itself is an issue: people in debt are more likely to have a common mental health problem,⁷ and the more debt people have, the greater is the likelihood of this.⁸ One in four people experiencing a mental health problem is in problem debt, and people with mental health problems are three times more likely to be in financial difficulty.⁹

Employment is one of the most strongly evidenced determinants of mental health.¹⁰ Lack of access to either employment or good quality employment can decrease quality of life, social status, self-esteem and achievement of life goals.¹¹ In the Mental Health Foundation's survey across the UK in 2017, 28% of people who identified as unemployed reported current experience of negative mental health, compared to 13% of people in paid employment, 20% of people in full-time education and only 9% of people who had retired.⁴



Studies have found that unemployment has a range of negative effects, including relative poverty or a drop in standards of living for those who lose a job, stresses associated with financial insecurity, the shame of being unemployed and in receipt of social welfare and loss of vital social networks.¹² The Organisation for Economic Co-operation and Development (OECD) has described how job loss has a traumatic and immediate negative impact on mental health and noted that there is further damage where unemployment continues into the long term.¹³

A meta-analysis has shown that unemployment is associated with varieties of distress including mixed symptoms of distress, depression, anxiety, psychosomatic symptoms and drops in subjective wellbeing and self-esteem. The same study found that 34% of unemployed people experienced mental distress, compared to 16% of those in employment. Importantly, the analysis showed that unemployment causes this distress.¹⁴

Research also consistently shows that unemployment has been associated with lower wellbeing.¹⁵ Furthermore, job insecurity and restructuring also have negative impacts on employee wellbeing over time.¹⁶

It is not only having a job that can benefit mental health; the OECD has recognised that the quality of employment also matters for supporting mental wellbeing.¹³ In its 2008 Employment Outlook report, the OECD found that work-related mental health problems occur more often for employees with detrimental working conditions (e.g. toxic stress, discrimination, and bullying).¹³

The conclusion that good quality work is important for fostering good mental health has been affirmed by successive UK policy reports and was emphasised by Farmer and Stevenson in their 2017 review of mental health and employment.¹⁷ In their report, they incorporated good working conditions (e.g. fair pay, job security, education and training, and staff consultation and representation) as one of their proposed mental health core standards.¹⁷

Some groups of self-employed workers are also vulnerable to lower mental well-being. One quarter of self-employed workers in Europe are in situations characterised by economic dependence (i.e. dependent on a single employer for their source of income), low levels of autonomy and financial vulnerability, and people in this category have reported lower levels of mental well-being than self-employed workers with more stable work.¹⁸

The Financial Inequalities of the COVID-19 Pandemic and Mental Health



The Institute for Fiscal Studies (IFS) has stated that the economic downturn resulting from the COVID-19 pandemic “will have significant consequences for people’s health outcomes in the short and longer term.”¹⁹ There is no health without mental health and the negative effects of economic recessions on people’s mental health are already well-evidenced.²⁰

In April of this year, the IFS pointed out that: “Groups that are vulnerable to poor health are likely to be hit hardest even if the crisis hit all individuals equally, but evidence is already emerging that the economic repercussions of the crisis are falling disproportionately on young workers, low-income families and women (Joyce and Xu, 2020).”⁽¹⁹⁾ The Breugel agency has also noted that among workers across Europe, the self-employed are being hit hardest by the work-related effects of social distancing measures.²¹

In terms of the scale of potential need, the IFS cites Janke, et al. (2020) in stating that if the economic downturn were similar to that after the 2008 financial crisis, then the number of people of working age suffering from poor mental health would rise by half a million. Research in England on the 2008-10 recession showed 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.²² We know that the mental health impacts of job loss and economic or employment uncertainty, compounded by financial worries about

housing, heating and food, can be serious. They can also contribute to feelings of hopelessness. This may be what lies behind the high rate of suicidal thoughts and feelings among unemployed people. We don’t know yet whether the COVID-19 pandemic will affect suicide rates but we do know that suicide is potentially preventable, if we take action to mitigate those effects early rather than waiting for the number of suicides to rise.

In May this year, the Office of National Statistics (ONS) published statistics on COVID-19 deaths broken down by local area and socioeconomic deprivation. These revealed that the age-standardised mortality rate of deaths involving COVID-19 in the most deprived areas of England was 55.1 deaths per 100,000 population, compared with 25.3 deaths per 100,000 population in the least deprived areas (see <https://www.ons.gov.uk/releases/spatialanalysisondeathsregisteredinvolvingcovid19>), showing that people living in deprivation are bearing the brunt of the pandemic in the UK.

The report further showed that for most socio-economic groups, the number of COVID-19 deaths broadly maps the existing social gradient of health, with the proportion of COVID-19 deaths much worse in the three most deprived deciles when compared with overall deaths. In mental health terms, this further suggests that the burden of excess bereavement and trauma will fall most heavily on those who are already most disadvantaged.

Our Survey Data

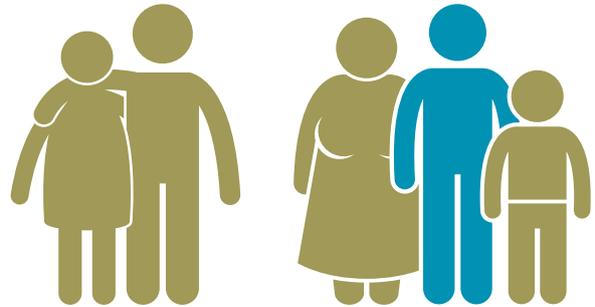


The impact of financial inequalities on mental health during the pandemic is becoming evident in our longitudinal research.

Worries about employment

One in five

people surveyed (**20.55%**) – and more than one third (**34.01%**) in full-time work – are **concerned about losing their job**.



One fifth

(**19.70%**) of people surveyed who identified as unemployed have **had suicidal thoughts** and feelings in the last two weeks – this is compared to **8.64%** of people in employment.

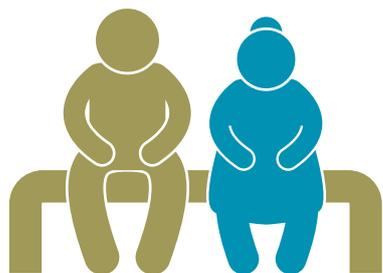
People most worried about **financial concerns** are people in **middle age**.



Coping

Twice as many

unemployed people (**25.85%**) surveyed say they are **not coping well** with the stress of the pandemic compared to people in employment (**12.25%**).



Over one in 10

(**10.93%**) unemployed people surveyed say **nothing has helped** them cope with the stress of the pandemic.

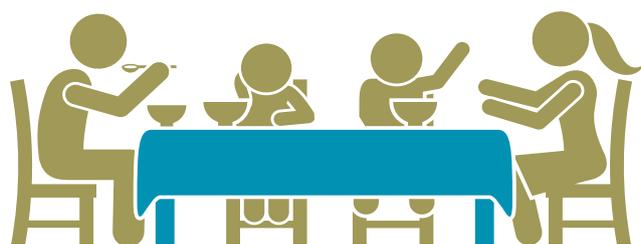


Worries about finances, debt and having enough

Whilst the overall picture for many is improving,

one third (**32.66%**)

of UK adults say they are **worrying about their finances**, such as bill payments and debt.



Using a broad categorisation, people in lower socioeconomic groups (C2DE) (**35.11%**) are

more likely to have **financial concerns** than people in higher groups (**ABC1 – 30.81%**).

Almost half of people

surveyed who are unemployed (**44.7%**) say they were worried about having **enough food to meet their basic needs** in the past two weeks, compared to **29.32%** of people in employment. Since early April, unemployed people are the only group for whom worry about this issue has not reduced.



The Verdict of Our Citizens' Jury



Our Citizens' Jury stressed that although the coronavirus pandemic is felt across most of the world, and the UK lockdown measures apply across the country, not everyone experiences its consequences in the same way. The Jury expressed the need to view health and financial security as equally important.

While there will be generic worries about the future across the population, the detailed picture is far more nuanced. People are affected in different ways depending on their age, demographic background, employment sector, type of job and contract, geographical area, membership of at-risk groups and more. Self-employed, small businesses, people with disabilities,

people from Black, Asian and Minority Ethnic background, domestic abuse survivors and informal carers were considered high risk groups in this context.

They also felt that financial security and related worries and mental health problems are also an evolving situation (dynamic not static). In other words, someone might be fine now but perhaps not in three or six months' time.

They expressed worries that these shifts have been happening since the start of the pandemic and other factors – such as Brexit – might further exacerbate financial insecurity and inequality in the UK.

"I think, to some extent, it depends where people start. Because, you know, many people were in insecure jobs, gig economies, part-time jobs, etc, to begin with. And, you know, this has had a massive impact on them. I think the other different impact is people who thought they were in secure positions, so they were in full-time jobs, you know, and generally had enough money to survive, however that was defined, and suddenly find themselves in a very different position. Or, I know some people, to give another example, who are currently furloughed on 80 per cent, or 100 per cent wages, and therefore, in the short term, are okay, but worry whether they will ever have a job to go back to [...] So there are so many nuances to this for so many different people."

Citizens' Jury member





“We’ve got Brexit that’s still in the background, and how is that going to affect the price of food, the availability of food? Personally, I need fresh green, it’s very helpful for my condition, where is the guarantee that the prices of simple foodstuff isn’t going to go through the roof?”

Citizens’ Jury member



The voluntary sector is crucial in the coronavirus response, because it supports and safeguards large parts of the population (including those who may be digitally excluded), and the level of financial and other support from the government should reflect that. Any government support should be equitably distributed and should safeguard the diversity of the sector.

Overall the Citizens’ Jury validated the view that protecting people’s mental health is of critical importance during this period. A fear was expressed that if the lockdown is very prolonged and/or repeated – the UK might lose more people to the social and economic consequences of the lockdown than to the virus itself.

“I think it’s worth remembering that, like, within charities, we’re all humans, too, and a lot of the charities are paralysed because of the sheer number of demands upon them. So in terms of what Government and large charities can do, it’s actually supporting that specialist work, to make the community based stuff happen. Otherwise, yeah, a lot of really small specialist places are going to go, I think, unfortunately”.

Citizens’ Jury member



“It really links in around trauma, and that a lot of people we support, they are dealing with ongoing, quite difficult mental health backgrounds, and different experiences. And I think it’s not so much that people are suddenly plunged into destitution, but that, I think our concern is around, if they start to struggle financially, that’ll be kind of the straw that broke the camel’s back. And that you might see more people in sort of mental health crisis, where it’s been really quite seen as medicalised, or as a disorder, when in fact, it’s really about their financial situation that they have been put in. [...] And that I think it’ll be hard, but I think it’s quite important to stay quite focused on social causes of the crisis and difficulty at this time.”

Citizens’ Jury member

Recommendations



Before the pandemic, it was already evident that higher national levels of financial inequality are linked to a higher prevalence of mental health problems, and that as countries become richer but remain unequal, the rates of mental health problems increase. This is an important risk for the UK government to take into account as the recovery from the pandemic begins.

We can expect that the financial inequalities that lead to the increased prevalence and unequal distribution of mental ill-health will be intensified and the benefits of recovery will not be reaped equally by everyone.

To address this, we need to see immediate and concerted policy action based on evidence. We recommend the following actions:

Economic security

As a first step, the Universal Credit advance payment should immediately be made a grant, removing the current requirement to repay it over the following 12 months. For the duration of the pandemic and the follow-on economic downturn this grant should be given to all applicants, regardless of their circumstances. In the medium term the Government should convene an expert Taskforce to consider the learning from the Covid-19 crisis and develop proposals for reducing economic insecurity on a long-term basis.

Tackling the debt crisis

Many households will face a financial cliff-edge unless urgent action is taken on debt. According to the Office of National Statistics, the average UK household credit card and personal loans debt in 2019 was £9,400. Importantly, the poorest households have the highest debt-to-income ratio. This means that households will not be in a position to borrow their way out of this crisis; substituting wages with loan debt will only make people's finances worse given the medium to long-term economic uncertainty.

Government and all private sector providers should pause all debt collection, bailiff visits, interest accrual on debt and deductions from benefits during the pandemic. This will provide a degree of security for people who fall behind on their bills.

We are also calling on the UK's energy suppliers to immediately halt their use of debt collectors to retrieve unpaid bills and uphold the agreement they have signed with Government to help households during the pandemic.

Finally, with the support from central government, local authorities should ensure that payment holidays on rent and council tax are being offered to those who need them.



Action on Child Poverty

The sharp increase in foodbank use, particularly among families with children, is a real cause for concern. Those who relied on community and school resources such as breakfast clubs, or grandparents to help with childcare, are suddenly having to cope on their own. More time spent at home means higher bills and fewer opportunities to shop around for affordable food. The Government should temporarily increase Child Benefit, the child element of Universal Credit and Child Tax Credit Payments to help low income families weather the storm.

We are also calling for the two-child cap and the benefit cap to be lifted to prevent households being pushed further into poverty.

In-work poverty

The immediate priority must be to guarantee economic security for all. However, research shows that more than half of people in poverty now live in a working family. Too many people are being trapped in poverty by low wages, zero-hour contracts and job insecurity. Key workers such as social care staff have been paid less than the Real Living Wage for too long. Governments across the UK must ensure that all key workers are paid the Real Living Wage. On a medium-term basis, governments across the UK must honour their commitments to tackle low pay across the board.

Prevent stress due to the risk of eviction

The Government should extend the current prohibition of evictions for at least another three months after the

end of any lockdown period, and keep this under review with potential for further extension.

Ensure business changes are working for vulnerable customers

Government should monitor the measures being undertaken by businesses to support their vulnerable customers (including those with existing mental health problems) during the pandemic to ensure that these measures are effective.

Targeted outreach to people who are unemployed

The Department of Work and Pensions should make free psychological support available to all unemployed people and inform them of how they can access it.

Improve infrastructure for social connectedness

National governments should provide a designated funding stream for local authorities to support community development initiatives, including peer support, to promote public mental health. This should be available to all communities and include targeted initiatives for vulnerable communities.

A Whole-Government COVID-19 Mental Health Response and Recovery Plan

The UK Government and devolved governments should ensure a cross-governmental approach to mental health and reducing health inequalities during the COVID19-crisis and in the recovery phase by drafting a Whole-Government COVID-19 Mental Health Response Plan.

Conclusion



The COVID-19 pandemic is putting a huge strain on people's mental wellbeing. Our longitudinal study on the mental health effects of the pandemic, shows that the burden of mental distress is borne disproportionately by those with less economic security. In some cases, these are people facing considerable existing challenges, such as those with existing mental health problems surviving in a destructive cycle of poverty and mental distress, or those facing structural inequalities due to belonging to an ethnic minority group.

Unless action is taken to protect vulnerable people's economic security and support them in dealing with the resulting stress, mental health inequalities are likely to be exacerbated as the pandemic and the ensuing economic downturn proceed.

There will be no vaccine for these population mental health impacts of the COVID-19 pandemic. Instead, we should urgently invest in meeting our fundamental and complex human needs, starting from addressing the key issue of financial inequality in our societies.

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