



## Money and Mental Health Policy Institute response to the Treasury Select Committee call for evidence on Government's coronavirus financial package

### Executive summary

Problem	Response
Income shocks arising from the government's response to coronavirus leave people in difficult financial situations and damage their mental health	The government should: <ul style="list-style-type: none"><li>● Extend Statutory Sick Pay to the lowest earners and increase its generosity</li><li>● Offer guidance on compensation to those on zero hours contracts or who regularly work overtime</li><li>● Include the self-employed in the Coronavirus Job Retention Scheme, covering their recent earnings to the same extent as employees, making the Scheme accessible</li><li>● Improve and promote guidance on the rights of employees and the self-employed to help ensure the promised support reaches those who need it.</li></ul>
Benefit claimants, whether new or existing, struggle to get the payments they are entitled to as a result of changes to how people can seek work and engage with jobcentre staff	The DWP should: <ul style="list-style-type: none"><li>● Suspend award reviews and all forms of conditionality for a three-month period due to people's difficulties engaging and complying under current circumstances</li><li>● Extend the one-month timeframe for returning PIP claim forms</li><li>● Ensure there are sufficient telephone advisors available to support people with their claims and provide alternative communication channels</li><li>● Extend the timeframe from beginning a UC claim to making an appointment.</li></ul>
Demand on already overstretched debt advice providers is likely to increase, meaning those most in need of support may not receive it	The government should: <ul style="list-style-type: none"><li>● Provide grants to debt advice charities to allow them to offer support to more people</li></ul>



Essential services firms are more crucial than ever but customers falling into arrears and/or with mental health problems may struggle to make contact and face worse outcomes

Regulators should:

- Monitor the communications and actions of essential service firms, assessing how arrears are dealt with and the information provided to customers
- Ensure no customers are disconnected by telecoms providers during the response to the coronavirus
- Set out expectations for how firms should support customers who fall in to financial difficulty as a result of coronavirus-related changes.

Essential services firms should:

- Offer a variety of communication channels for customers seeking to make contact, whether regarding bills or the provision of services
- Emphasise to staff in direct contact with the public the burden placed on many people's mental health at this time and the need for understanding.

## Introduction and background

1.1 The Money and Mental Health Policy Institute is a research charity, established by Martin Lewis to break the link between financial difficulty and mental health problems. The Institute's research and policy work is informed by our Research Community, a group of 5,000 people with lived experience of mental health problems or of caring for someone who does. This evidence submission has been informed by this powerful lived experience testimony, as well as our wider body of research.

1.2 The spread of coronavirus and the necessary response taken by the government means everyone is facing an increased strain on their mental health. This includes the one in four of us in any given year who will experience a mental health problem which can affect cognitive and psychological functioning.<sup>1</sup> Common cognitive and psychological symptoms of mental health problems include:

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<sup>1</sup> 1 McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009



- a lack of motivation
- short attention span
- unreliable memory
- increased impulsivity
- reduced planning and problem solving ability.

1.3 These symptoms can make it difficult to engage with, understand and respond to the changes of the past two weeks. Support systems around people with mental health problems can be invaluable in coping with difficult times and the financial questions and pressures they bring. But with those organisations likely to be stretched as never before, the help many rely on may be impossible to access or delivered in a less effective way. And beyond those receiving support for a diagnosed condition, many people will be unaware that what they are experiencing is a clinical issue. Only a minority of people with a mental health problem at any given time will therefore be receiving treatment and support.<sup>2</sup> This means efforts to support people's finances and mental health in these challenging times should take a universal design approach, recognising that accessible services and support will benefit everyone.

1.4 This evidence submission brings together the findings of our past research and our most recent survey of 381 Research Community members conducted 20-23 March, focusing specifically on the impacts of coronavirus on money and mental health. All quotes in this submission are drawn directly from our Research Community.

## Employment

2.1 Respondents to our survey on coronavirus expressed mixed opinions on the government's actions to date. While some reported feeling "safer" financially as a result of the Coronavirus Job Retention Scheme, 56% agreed or strongly agreed they were worried about losing their job due to the impact of the response.<sup>3</sup> Others felt that they had not been protected, with their mental health a contributing factor in employers' decisions:

"I have been told that I will lose my job. I have been on reasonable adjustments within my organisation, while recovering from depression. The role I am doing is to be discontinued because the company has decided it can no longer 'carry' people. I am devastated at the actions of my employer of 15 years."

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<sup>2</sup> 39% of adults with a common mental disorder (different types of depression and anxiety) are receiving any treatment. McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

<sup>3</sup> Money and Mental Health survey of 381 people with lived experience of mental health problems. Relevant base for this item: 106 people.



2.2 For those that have been forced to self-isolate, the fall in income from moving onto Statutory Sick Pay has been sizeable. Concerns were also expressed by those on temporary contracts and those on zero - or low-hours contracts, where there is little clarity on how much pay they will receive and for how long.

2.3 The financial difficulties facing the self-employed have been widely discussed with indications that the government intends to bring forward greater support for this group shortly. But with this yet to be announced, self-employed respondents understandably worried about what the coming weeks and months would mean for their finances and the knock-on detriment to their mental health:

“My income has ceased, I expect this to be the case for some months. I am extremely worried about my mortgage, utilities, loans etc and don't know what to do about it. It seems to me that I fall into a crack in the Chancellor's rescue package. I feel really frightened.”

2.4 Regardless of employment status, many respondents to the survey underlined their uncertainty over what they should do and what they were entitled to. Without more clarity and guidance on what is being provided and how to access it, the colossal support set aside by the government may not reach those it is intended to assist through these challenging times.

## 2.5 Recommendations

The government should:

- Protect low-paid employees from income shocks due to illness by extending Statutory Sick Pay to the lowest earners and increasing its generosity
- Offer guidance to employers of people on zero hours contracts or those who regularly work overtime that they will be compensated relative to the average earnings over an appropriate recent period e.g. three months
- Support self-employed individuals at danger of missing out on support provided to larger businesses
  - Expand the Coronavirus Job Retention Scheme to the self-employed in affected sectors, covering 80% of average earnings over the previous three years, up to a cap of £2,500 per month
  - Use HMRC data on self-assessment returns to calculate entitlements, recognising the difficulties many will face in engaging with complex processes in this moment
- Improve and promote guidance on the rights of employees and the self-employed to help ensure the promised support reaches those who need it.

## Benefits

3.1 While the benefits system is intended to help people facing a loss of income from work, there was much concern among respondents to our survey about both the adequacy of the



support provided and the difficulty accessing it. Nearly two in three (64%) agreed or strongly agreed that they were worried about having to access the benefits system.<sup>4</sup>

3.2 This aligns with an earlier survey<sup>5</sup> of Research Community members with mental health problems who claimed Universal Credit, Housing Benefit, Employment Support Allowance, JobSeeker's Allowance, Council Tax Reduction or Personal Independence Payment (PIP) in the previous two years:

- Nearly all participants reported finding application forms difficult
- Four in five participants had difficulty finding the right information to send
- Over two thirds of participants said they always or often need help to attend appointments and assessments.

3.3 Given the extent of these problems and the increased demand in coming weeks and months, improving accessibility will be vital for new claimants. Survey respondents reported long waiting times on calls to jobcentres. This is likely to be particularly stressful for those with phone phobias who may previously relied on face-to-face discussions or help from a third party.

3.4 New claimants who do not arrange an interview with their local jobcentre, now a telephone interview, within one week risk their claim being cancelled. Claimants who require support to make appointments, and/or participate in telephone interviews may be disadvantaged and risk their claim being cancelled.

3.5 Existing claimants expressed similar fears over the inability to access services through any communication channel and thereby missing out on the payments to which they are entitled. A number of respondents highlighted ongoing appeals or reassessment processes and the difficulty in resolving these given the current strains:

“I got a letter from DWP saying I'd be getting a lot less ESA, but not why. There was a deadline but nobody to answer their phones because of the virus, it goes to machines, so I sent a letter, but I don't know what any of us will be able to do where we're not able to contact them about such issues.”

3.6 Other respondents in similar positions mentioned they would usually rely on face-to-face services like a Citizens Advice Bureau to help them complete forms correctly and on time. Without that, they now felt less able to complete forms in order to continue to access benefits.

### 3.7 Recommendations

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<sup>4</sup> Money and Mental Health survey of 381 people with lived experience of mental health problems. Relevant base for this item: 224 people.

<sup>5</sup> Braverman R, Bond N and Evans K. The benefits assault course. Money and Mental Health Policy Institute. 2019.



The DWP should:

- Suspend award reviews and all forms of conditionality for a three month period due to people's difficulties engaging and complying under current circumstances
- Extend the one month timeframe for returning PIP claim forms, and proactively follow up with claimants who have not returned forms within timescale
- Ensure there are sufficient telephone advisors available to support people with their claims, potentially by using staff no longer required in jobcentres
- Extend the timeframe from beginning a UC claim to making an appointment, to ensure people are not disadvantaged.
- Open new communication channels such as webchat, to facilitate new and existing claimants participating in assessments and being able to raise queries and manage claims

## Debt advice

4.1 Many respondents to our survey were worried that their financial situation would worsen as a result of the impact of the response to coronavirus. For some, this worsening comes on top of existing problems with debt. Two in five of our survey respondents agreed or strongly agreed that they already struggle to keep up with debt repayments.<sup>6</sup>

4.2 Debt advice is therefore likely to be crucial for those struggling to pay bills or repay debts. Already overstretched debt advice services<sup>7</sup> will now have to cope without face-to-face advice - often relied upon by those with the most complex financial or health situations - and with significant additional resource required in call centres and webchat functions to meet the demand. Ensuring that online and phone support is available and properly funded at this crucial moment should help those struggling with their mental health and finances to better cope.

## 4.3 Recommendations

The government should:

- Provide grants to debt advice charities to allow them to offer support to more people

## Essential services

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<sup>6</sup> Money and Mental Health survey of 381 people with lived experience of mental health problems. Relevant base for this item: 182 people.

<sup>7</sup> See, for instance, Wyman P. Independent Review of the Funding of Debt Advice in England, Wales, Scotland and Northern Ireland. Money Advice Service/Peter Wyman. 2018.



5.1 While the government's response so far has sensibly focused on keeping businesses afloat, protecting wages and strengthening the safety net, the role played by essential service firms - the regulated industries of financial services, energy, telecoms and water - is an important additional consideration.

5.2 A common consequence of a fall in income is a struggle to pay debts. People with mental health problems are three and a half times as likely to be in problem debt as those without<sup>8</sup> and half of adults in problem debt also have a mental health problem.<sup>9</sup> While the government has acted around some debts, including on housing, messaging has sometimes been confusing and understanding what you are entitled to on different debts is challenging, especially at a time of great stress. Just over half (53%) of our survey respondents agreed or strongly agreed that they were worried about creditors chasing them for money.<sup>10</sup>

5.3 Creditor behaviour will be a vital factor in how people feel about their debts but firms potentially facing cashflow problems may not follow best practice. While many essential services firms have contacted customers to reassure them, if the government's emphasis is on creating a sense of security and minimising uncertainty, explaining what happens after the temporary period of special measures would help people understand their entitlements and what creditors can and cannot do. Given the stress placed on those in this position, clear advice and guidance, communications on what is and isn't allowed and the consequences of delaying payments would be helpful in ensuring people do not attempt to work when they are unwell, either with mental health problems or coronavirus.

5.4 Many also mentioned concerns about how they will afford higher energy and telecoms bills due to being almost constantly at home. Specifically on telecoms, previous Money and Mental Health research<sup>11</sup> found that two thirds (67%) of our Research Community members surveyed find it difficult to manage their mobile phone account when unwell, and this rises to 77% for landline and home internet services. With phone and internet communication more critical than ever to people's mental health and finances due to social distancing, ensuring people do not lose out due to their health or money shortages is key.

## 5.5 Recommendations

The relevant regulators should:

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<sup>8</sup> Holkar M. Debt and mental health: A statistical update. Money and Mental Health Policy Institute. 2019.

<sup>9</sup> Holkar M. Debt and mental health: A statistical update. Money and Mental Health Policy Institute. 2019.

<sup>10</sup> Money and Mental Health survey of 381 people with lived experience of mental health problems. Relevant base for this item: 194 people.

<sup>11</sup> Holkar M. Failing to connect: mental health problems and telecoms. Money and Mental Health Policy Institute. 2019.



- Monitor the communications and actions of essential service firms, assessing how arrears are dealt with and the information provided to customers on their accounts
- Ensure no customers are disconnected by telecoms providers during the response to the coronavirus
- Set out expectations for how firms should support customers who fall into financial difficulty as a result of coronavirus-related changes.

Essential services firms should:

- Offer a variety of communication channels for customers seeking to make contact, whether regarding bills or the provision of services
- Emphasise to staff in direct contact with the public the burden placed on many people's mental health at this time and the need for understanding.