



options

Cash Counts

The Impact of Mental Health Problems on Family Finances

supporting families since 1869



“Cash Counts”

The impact of mental health problems on family finances

Key Findings:

Overall Findings:

- Interviews indicated that parental mental health problems and family finances are locked into a two-way negative relationship. The onset of mental health problems can cause financial problems associated with Employment, Benefits, Debt and Housing; but financial problems in these areas also cause and further exacerbate parental mental health problems.
- Parents with mental health difficulties need both family focussed early intervention services and a more adequate welfare system to support them to be parents; and to ensure the Government meets its statutory target to eradicate child poverty by 2020

Section Findings- (1) Employment

- In many cases parents with mental health problems find that they are unable to remain in work as a result of their illness. Aside from the direct impact of the illness itself, further barriers may include employer attitudes, and difficulties with childcare. (p8-12)
- Our findings suggest the importance of opportunities for flexible working could help parents with mental health problems to structure their work around their needs. (p8-10)
- Family Action is concerned that changes to Disability Living Allowance and Employment and Support Allowance will make it harder for parents to get additional financial support (potentially worth several thousand pounds per year) on moving off benefits and back into work (p12-13).

(2) Benefits

- Parents with mental health problems may be entitled to a wide range of benefits to provide them with financial support whilst they are ill. However, they suggested that in some cases, despite accessing a number of services which may have been able to help them, parents may not be aware of all of their potential entitlements. (p13-15)
- In particular, interviews suggested lack of knowledge about potential DLA entitlement, with some disabled service users coping for years without any additional assistance, and potentially losing many thousands of pounds of support each year. (p15-16)
- Interviews also suggested that where entitlements were known, in some cases, applications for benefits were proving difficult and in some cases, deeply upsetting. In particular, interviewees raised concerns about the conduct of the face-to-face medical assessment undertaken as part of the application for Employment and Support Allowance (ESA). (p18-21)
- There is also evidence from both Family Action, and many other organisations working with disabled people, of poor results from these medical assessments. We are concerned that people being inappropriately found fit for work could lead to them both losing financial support, and the imposition of unsuitable requirements to seek work. This can also affect their entitlement to financial support to help them move back into work, potentially making it harder for them to move back into work. (p21-22)
- In addition, problems with ESA medicals were found to be causing knock on problems with entitlement to DLA. Where a failed ESA medical is a cause of the loss of DLA, this can have an extremely severe impact on family income, as with ESA, it can also affect their entitlement to financial support to help them move back into work. (p17)
- On some occasions parents faced problems with their benefit payments. In some cases, a significant proportion of benefit payments were stopped for significant periods – in the worst case, one interviewee had her Housing Benefit stop for three months, and all of her other benefits apart from Child benefit stop for one month – leaving her with about £20 per week to live on in that period. This caused her enormous difficulties and greatly exacerbated her mental health problems. (p26-27)

(3) Debt

- Some interviewees reported problems with budgeting as a result of their mental health problems, which in some cases led to the accumulation of personal debt. It was indicated that weekly payment of benefits would

help clients to improve their budgeting. We are concerned that the Universal Credit is moving towards longer rather than shorter payment periods. (p25-26)

- In some cases, parents reported that they had periods where they found it difficult to control their spending as a result of their mental health problems. In particular, interviewees talked about excessive spending when they felt “on a high” followed by difficulties with coping with repayments when they felt low. We think the Government should put further investment into services, such as Family Action services which can help families with their budgeting. (p28-29)
- Problems with spending can be exacerbated by credit providers giving unrequested increases on credit limits to consumers. We welcome some of the changes which were negotiated with credit providers last year, but think that the provision of unrequested credit should be stopped altogether. (p29-30)

(4) Housing

- If families are unable to afford good quality housing in a suitable location, this may have a severe impact on their mental health. (p33-34)
- It is already the case that many low income families can struggle to find affordable housing which meets their needs, particularly given limited access to social housing. As a result, we are very concerned about the impact of Housing Benefit changes on families affected by mental health problems. Local Housing Allowance caps, could force families with mental health problems to move away from social networks and support services which help them to manage their mental health condition. (p32-33)
- We are also concerned that 10% reductions for households in receipt of JSA for more than a year, could disproportionately affect families with mental health problems who are moved onto JSA having failed the Work Capability Assessment for ESA, but nonetheless face significant barriers to labour market participation. (p22)

1) About Family Action

Family Action has been a leading provider of services to disadvantaged and socially isolated families since 1869. We work with over 45,000 vulnerable families and children a year by providing practical, emotional and financial support through over 100 community-based services across England. Additionally in 2009-2010 we distributed 4,218 grants totalling over £1,104,883 to families and individuals in financial hardship throughout the UK. Family Action won the 2009 Charity Awards Foundation award for effectiveness and jointly with CAB, Gingerbread and our sponsors Barclaycard the 2010 Third Sector Award for best corporate partnership for Horizons, an integrated welfare advice, training and educational grants package for lone parents. Find Family Action on the Web at www.family-action.org.uk.

Family Action works with vulnerable families in the home, providing early intervention services that strengthen families, assisting them to take more responsibility for their lives, parent their children, and where appropriate, helping them to move towards employment. In a majority of the families we support there are mental health problems or difficulties with emotional well-being.

This job of supporting parents is made significantly harder where mental health problems have caused financial problems for families, for example, as a result of having to move out of employment, problems with claiming and maintaining benefits, and with dealing with debts and housing problems.

The impact of the onset of mental health problems on parental finances, also has a direct impact on Child Poverty. It is therefore vital for the Government to address issues of parental mental health, both through early intervention and income measures, to address its statutory target to eradicate Child Poverty by 2020.

This briefing addresses a wide range of financial problems faced by parents who have mental health problems. It explores both how mental health problems can cause financial difficulties for families, but also the way in which financial problems can cause or exacerbate mental health problems. We thank both our workers and service users for contributing their experiences and personal information to this report.

The report is based on focus groups and one-to-one interviews with service users themselves affected by mental health problems, as well as with Family Action staff working with families with mental health problems.

The report provides some key findings which will be further developed as part of our "Against All Odds" campaign on the impact of mental health problems on parenting and families to further explore some of the key issues that emerge in the course of this initial work.

2. Case Studies

A key part of this project was to undertake detailed interviews with Family Action service users. These cases, combined with the results of focus groups and interviews with service providers, are drawn on throughout the rest of this report. Names in these case studies are changed to preserve anonymity.

A selection of these cases are presented below (names have been changed to preserve anonymity):

Case 1. Angela and Family

Angela moved to London with her two children to take care of her ill father. Although her husband also came to live in London he did not stay with them because of a falling out between him and Angela's father.

Having taken care of her father for some time, his illness meant that they fell out, and she no longer felt she could live with him. The family were housed in very poor quality temporary accommodation, and her husband moved back in with them. However, shortly after which point her husband had a break down which caused him to leave his job, and he had to be hospitalised for a short period.

Although Angela had been working full time before moving to London, when she was here she was taking full time care of her father and as a result was not in employment.

Some time following her husband's breakdown, Angela herself underwent a mental health crisis, and found it difficult to cope with her children. In particular, panic attacks in public spaces meant that she struggled to get them to school, and as a result Social Services became involved with the family. At this point Angela was also referred to a Family Action service.

Partly as a result of mental health problems through this time, Angela and her husband had not realised they had to tell the relevant benefit agencies that they had moved back in together. As a result of this, many of their benefits stopped for a considerable period – including over Christmas, leaving them struggling to cope.

Following the onset of these mental health problems, Angela applied for ESA, and her claim was accepted. Having found out about DLA from caring for her sick father, she also applied for DLA. Initially she was turned down, but she chased up the appeal for the claim herself, and was eventually awarded mid rate care and low rate mobility components.

The DLA transformed their lives. For instance, as a result of the extra money, Angela is able to afford to take her children to school by taxi on occasions when she can't cope with going out in public.

However, Angela and her husband are extremely concerned about potentially devastating financial problems coming up as a result of changes to Housing Benefit. Angela's family currently live in a privately rented 3 bedroom, ex council house. The rent is currently £438 per week. This would be £98 per week above their relevant Housing Benefit cap of £340 per week. Angela is very worried that following the introduction of the changes the shortfall will be unaffordable, and they will no longer be able to afford to live in their current home, and may have to move away from their current community and social support services which have been invaluable to them. Angela is concerned this could risk slowing the recovery of both her and her husband, and there is a risk that it could make their mental health problems worse.

Case 2, Emily and Tom

Emily was working at a local supermarket before the birth of her son Tom. Shortly following the birth of her son, she began to suffer from severe depression, feeling extremely low and finding it difficult to cope with her responsibilities as a single parent. She said that although she was coping with the demands of her baby she found it extremely hard to take care of herself.

Family Action met Emily when she took part in Newpin, a long-term programme for parents of young children. The programme is based in centres and is for families where the children's development is at risk because the parent's mental health issues are preventing them from bonding with them.

Emily attempted to return to her job following a period of maternity leave, but found it very difficult to cope. She only worked part time but still found it extremely hard to deal with the demands of working and bringing up her child. She was using informal childcare through her mother and her son's godmother, but the travel distances put her under additional strain.

Because she was working under 16 hours, and her earnings were low enough for her to be in receipt of Income Support, she also saw little financial benefit from working. Since, after a small income disregard, her earnings were directly deducted from her benefit receipt. She noted that after paying for travel costs, the only real financial benefit she received from work was her staff discount.

Her depression became more severe and she started to become very upset and tearful at work. As a result she left work altogether.

In addition, Emily started to notice that her son was becoming increasingly difficult to cope with. Sometime later he was diagnosed with Asperger's syndrome. Eventually, Emily received DLA for her son on account of his disability, but despite contact with a number of different services, she was not advised about the possibility of claiming DLA until somebody from Family Action suggested it to her, and this was only after a long period of coping without the extra money she desperately needed.

The extra help transformed Emily's life. She started to be to replace key items that her son had worn out, like his bed, and to buy him new clothes. His illness meant that Tom found it difficult to leave the house early in the morning to get the school bus, but because of the DLA She was also able to afford for him to go to school by train, which meant he could leave the house significantly later.

Case 3, Carol and Sophie

Carol was a professional, self employed woman with a relatively high income before the onset of mental health problems. She found that her freelance self employment was extremely stressful, and she started to feel like she was "treading water" with no clear progression in her work. She particularly found the financial administration involved in her job was very difficult to cope with. Difficulties in her job were combined with the stress of bringing up her daughter Sophie on her own.

The impact of this was that she started to work less and less. As a result she was earning decreasing amounts of money. This itself led to he starting to worry about being able to pay her mortgage and made her mental health problems worse.

As a result, she eventually found she couldn't cope. She ran away from home for several days. Following this episode she was unable to work. At this point she was referred to a Family Action service.

As a result of having always been in relatively well paid work, Carol had not previously had significant contact with the benefits system. This meant that she felt extremely unprepared to deal with the system when she needed it. Her lack of knowledge about the system was also compounded by her mental health problems which made it hard for her to complete complex forms.

Carol initially received help with applying for Incapacity Benefit, but it appears to have been some time before she received help to apply for Income Support to provide help with Mortgage Interest. She says she is having continuing problems getting Support for Mortgage Interest paid to her, and payment of the mortgage is a significant ongoing concern.

Carol said that her Family Action worker had been hugely important with sorting out her benefit entitlements, and helping her with the forms. She said that it was that she "treated her as a person" and gave her the holistic support which identified all of the help that she might need, and how the help could be provided.

3. Mental health and employment

For many families, one of the first impacts of the onset of a mental health problem is the difficulties it creates with retaining, or moving back into, employment. A 2004 report from the Social Exclusion Unit highlighted that only 24% of adults with long-term mental health problems were in employment at that time, a rate that is lower than any other main group of disabled people (Office of the Deputy Prime Minister, 2004)¹.

Family Action interviewees discussed problems that they had with employment as a result of their mental health problems. In many cases, service users had left employment as a result of the onset of mental health problems, in many cases they now struggled to re-enter employment.

"Q: When you decided to stop working- did that relate to your own depression?"

A: Yes! I was going to work one day and I was crying- the tears just did not stop coming. I was always suffering from depression but I did not want to give up work. You hear all these things about single parents not wanting to work, sitting at home- it is not like that. You do want to work, but I know me working- with my health getting worse- my son is getting worse. So I didn't want to give up work because of the stigma that is behind it. But at the same time I knew I had to give up the work. I was always depressed about going to work; coming up to working time I was always depressed, but on that day the tears would not stop coming. In fact, they took me upstairs- the managers did and said, "This can't go on. Today has to be your last day; you have to take a year off." And I took a year off initially thinking I can go back, but after the year off was wearing off I was even more depressed! I think it's the thought of all going to work, dealing with, dealing with you know- it's not easy."

In some cases the impact of mental health problems on employment is not immediate, and is a two-way relationship. One interviewee noted that as her earnings declined, the financial problems that this created meant that she became more ill:

"The year before I was becoming ill I earned very little. That was one of the reasons I became so ill. Because I knew the money was not coming in to cover the mortgage... It all got into an incredible muddle."

¹ The Social Exclusion Unit (2004) "*mental health and Social Exclusion: Social Exclusion Unit Report*" The Office of the Deputy Prime Minister: London

One service user noted that since her husband ran his own business, she is able to work flexibly within the business. She can work when she feels able to, and is able to stop working when she finds it difficult.

Some Family Action services are able to offer volunteering and paid employment opportunities to service users with mental health problems. Family Action's expertise in providing support to people with mental health problems means that they can offer a flexible and supportive environment to returning to sustainable paid employment.

More flexible employment opportunities for people with mental health problems could help parents to move sustainably back towards the Labour Market.

Policy recommendation – the Government should promote flexible employment opportunities for people with mental health problems. Services, such as some Family Action projects, which offer employment opportunities to people with mental health problems offer one way of reintegrating people into paid employment.

3.1. Concerns about employers' attitudes to people with mental health problems

In addition to the direct impact of mental health problems on parents' ability to remain in employment, we are also concerned that some parents face problems remaining in, or returning to, employment as a result of employer attitudes.

People with mental health problems are frequently concerned about the attitudes of employers and colleagues within their working environment.

"I am in a business where it is very- everybody pretends to be ok. Very strong, not macho culture, but you know (people who work in my profession) are very hardnosed people and they do not want to employ somebody who is ill or has been ill."

Concerns about facing such attitudes can make it harder for people to remain in, or make the move back into, employment.

In addition, one service user raised concerns that if they were able to successfully make the move back into employment before they felt fully ready, they would then have to take time off as sickness absences. They were concerned this could then affect their work record, and harm their employment prospects further in the future. As the interviewee, herself coping with mental health problems and also caring for a disabled child, remarked:

"You want to work, but you know that your work record would be worse than if you didn't work.... You can easily say I am at home taking care of my child who

has some form of disability. Where as if you are at work and you are always taking time off your record is she's always off."

Policy Recommendation: Government and business need to work together to ensure that employers they are flexible enough to meet the needs of people with mental health problems, and provide a secure route back into employment.

3.3. Concerns about the impact of moving back to work and the impact on family benefit receipt.

Service users also expressed concern about how moves back into work could affect their benefit receipt. Discussions in focus groups suggested that many people thought that they were likely to be better off on benefits than in work. In many cases, concerns such as this could be addressed by promoting knowledge of in work benefit entitlements and support (such as the disability element of Working Tax Credit) for people moving into work from benefits.

In some cases, concerns about not being better off in work may reflect an underlying reality. Many people with mental health problems and care responsibilities, may only be able to undertake a small number of hours of work each week. However, despite having mental health problems, many parents may receive almost no financial benefit from working under 16 hours per week². For example, one parent interviewed noted that although affected by depression, they received income support on account of caring for their son. As a result they were not entitled to do work under the permitted work rules³, and saw very little financial incentive to work:

"Everything I made I had to- literally they took it away and I was only left with £25 a week. But again it was the stigma of not working- I would rather say I am working, but really I am not if you get me because after everything I am left with £25- that just about paid for my transport.

Q: So that just about covered the cost of your transport?

A: But I had the discount from working at Tesco- I had a staff discount so you try and convince yourself that you are better off, but you are not.

Q: So basically all you got was your staff discount at Tesco- Basically.

² In some circumstances parents with mental health problems may be able to work under 16 hours and keep most or all of their earnings without deduction from their benefit – if they are entitled to undertake “permitted work” and subject to the permitted work higher limit then for up to 52 weeks (or indefinitely in some circumstances) they can earn less than £93 per week without deduction from their benefit (see CPAG (2010) p158-159.)

A: That's it. That's it and the £25 – which is not extra on top of everything."

Many Lone Parents currently see extremely little benefit from work when they are working under 16 hours because of 100% withdrawal rates from Income Support above very low income disregards. After paying for travel to and from work, and potentially paying for childcare costs, some parents can receive no benefit from work at all, or even end up paying for the work they do.

By increasing income disregards, and reducing benefit taper rates, the introduction of the Universal Credit could substantially improve financial incentives to work under 16 hours per week for lone parents. We very much welcome this change which we believe would substantially help many parents with mental health problems to move into employment of a few hours per week.

Policy recommendation: We welcome the intention of the Universal Credit to improve financial incentives to work for Lone Parents working under 16 hours per week. We believe this is one of the key potential advantages of the Universal Credit.

3.4. Problems with dealing with childcare

Problems with dealing with childcare can also add considerable additional stress to parents balancing work with family commitments, particularly where a parent is also coping with mental health problems.

One interviewee discussed the impact of complex childcare arrangements on her ability to stay in work, and the impact that this had on her mental health:

"Q: That period, up till 2005, when you were occasional working, how did you sort out child care?"

A: It was... my mum- and that is another reason why I wanted to move into this side of the borough because she lives in Lewisham so it would be easier to drop him off, pick him up. Because before when I lived in Charlton and worked in Brixton I would have to leave the house 7:00 in the morning with him- imagine a 10 month old baby? Drop him at my mums, go to work. I finished at 4 and get home 10 to midnight. I was like, no this can't go on!"

In this case, the parent would not have been entitled to help with the costs of formal childcare because she was working under 16 hours per week. Extending help with childcare costs to Lone Parents working under 16 hours per week could help with this, reducing parents' reliance on informal childcare (there are some indications that this may be achieved through the introduction of the Universal Credit⁴, and we would very much welcome this change.)

⁴ DWP (2010) "Universal Credit: Welfare that works" London: The Stationery Office, p22

However, we are concerned that in other respects, help with childcare costs could be reduced through the Universal Credit. Family Action's policy briefings on the Universal Credit⁵ have highlighted that in some cases families can currently receive up to 97% of their childcare costs covered through the benefits and tax credits system. This is through (1) the childcare element of Working Tax Credit, which currently covers up to 80% of childcare costs, and (2) a disregard of childcare costs from Housing Benefit and Council Tax Benefit. However, Family Action's briefings suggest that help under the Universal Credit may reduce this assistance in two ways: (1) the Government are reducing support through the childcare element of Working Tax Credit to cover a maximum of 70% of childcare costs from April 2011⁶, it seems likely that this rate may be reproduced in the Universal Credit, and (2) there being no stated plans to replicate support given through the current income disregard within the Housing Benefit and Council Tax Benefit system.

Policy Recommendation: Extending help with childcare costs to Lone Parents working under 16 hours could help to increase their ability to work under 16 hours, this could have particular benefits for parents with mental health problems, who may find it difficult to work 16 or more hours per week. It has been suggested that this might be achieved through the Universal Credit, and we would very much welcome this.

However, we are concerned that help for childcare costs in other respects may be reduced through the introduction of the Universal Credit. Family Action strongly recommend that help with childcare costs is introduced as a Universal Credit element covering at least 80% of childcare costs.

3.5. Welfare changes and moving back into work

Now is a period of considerable change which is likely to affect people with mental health problems and their financial incentive to move back into employment.

The introduction of the new Employment and Support Allowance benefit has already raised concerns that people are being inappropriately found fit for work (see below). With the national roll out of the benefit for existing claimants of Incapacity Benefit and those claiming Income Support on account of ill health or disability due to take place over the course of the next couple of years, it may be expected that considerably more people currently on incapacity related benefits will be found fit for work, and (where eligible) moved onto Job Seekers Allowance.

Similarly, changes to Disability Living Allowance which will see it reformed as the "Personal Independence Payment" (including the possible removal of one of the

⁵ Family Action (2010) *"The Universal Credit: Marginal Returns?"* London: Family Action
Family Action (2010) *"Marginal Returns? Part 2: dealing with childcare costs"* London: Family Action

⁶ HM Treasury (2010) *"Spending Review 2010"* London: Family Action

rates of the care component) are planned to deliver a 20 per cent reduction in caseload and expenditure⁷.

We are concerned that reduction in caseload for DLA and for ESA will mean that increasing numbers of families lose entitlement to support to return to work. For example, receipt (or receipt within the last 28 weeks) of ESA, or receipt of DLA are two key routes through which entitlement to the disability element of Working Tax Credit can be claimed.

The disability element of Working Tax Credit is an important benefit for parents with mental health problems since it can significantly increase overall tax credit entitlement. The disability element can be worth up to £2570 per year. (working people with a "severe" disability, which means they receive the higher rate care component of DLA or Attendance Allowance, can receive up to a further £1095.) This can be substantial additional support for people moving into work.

If it results in lost entitlement to the disability element of Working Tax Credit, the changes to ESA and DLA could have a severe impact on the ability of parents with mental health problems to return to work.

Policy Recommendation: A test for disability which puts a person at a disadvantage in getting a job, should be introduced as an alternative to the qualifying benefit conditions for receipt of the disability element of Working Tax Credit. This test would require a lower level of disability than that required to pass the limited capability for work test for ESA, and would reflect the fact that many people who are found fit for work under the Work Capability Assessment, still have health problems which mean they require additional support to move into work.

4. Mental health and benefits

Families affected by mental health problems may be entitled to a range of benefits and tax credit entitlements. These include:

Employment and Support Allowance (ESA) – ESA is a new benefit (introduced in 2008 for new claimants) for people who are unable to work as a result of illness or disability. (Claimants who have been receiving out of work benefits on account of illness or disability for some time may instead be receiving Income Support or Incapacity Benefit. – the national process of transferring people onto ESA will begin this year.)

In many cases, client experiences indicate that people with serious mental health problems are failing the medical assessment, known as the Work Capability Assessment, on which entitlement to ESA is normally based (see section 4.2), and as a result are claiming Job Seekers Allowance (JSA) rather

⁷ http://www.hm-treasury.gov.uk/d/junebudget_costings.pdf

than ESA. Claimants in receipt of this JSA will be expected to be available for, and actively seeking, work.

Disability Living Allowance (DLA) – DLA is a non-means tested benefit paid to people on account of their additional care or mobility needs resulting from their disabilities. DLA is a non-means tested benefit, and can be paid to people both in and out of work. DLA can be claimed on account of a disabled working age adult, or for a disabled child (DLA for children).

The rate of DLA paid will vary greatly between claimants since there are two types of DLA (for help with additional mobility needs, and help with additional care needs.) In addition, these different types of DLA are each awarded at different levels: DLA care component has three levels, the DLA mobility component has two levels.

In addition, receipt of DLA can “passport” claimants to entitlements to other benefits.

Carer’s Allowance – is a benefit paid to people providing “regular and substantial”⁸ care for somebody living with a severe disability.

Housing Benefit and Council Tax Benefit (HB/CTB)– provide help with rent and council tax. They are means tested benefits, but are available to people both in and out of work. HB/CTB can be claimed by people with a disability as well as people without.

Tax Credits – are paid to people who are in-work, and/or are caring for children. Working people with a disability may be entitled to the disability elements of Working Tax Credit, which gives them additional support in moving into work.

Families with disabled children may be entitled to the disability elements of child tax credit, which provide them with additional support for coping with their disabled children (whether they are in or out of work.)

Child Benefit – is a non means tested benefit paid to families with children.

Interviewees discussed the relation between the onset of mental health problems, and the receipt of benefits and tax credits. It was clear that for some families, the onset of mental health problems can lead to them having to leave work, and claim out-of-work benefits. However, mental health problems can also create additional care and mobility needs, which create additional costs for the family. For this reason many families also claim Disability Living Allowance.

⁸ CPAG (2010) “Welfare Benefits and tax credit handbook: 2010/11” London: CPAG

Many respondents not only noted problems with gaining entitlement to benefits they apply for, but also with lack of knowledge about their possible benefit entitlements. This seemed particularly true for people who had had little or no interaction with the benefits system before becoming ill as a result of being in relatively high income paid work:

"I had nothing to do with the benefit system all my life. I had no idea what I was entitled to and what I was not entitled to."

4.1. DLA

Disability Living Allowance can transform the lives of families with mental health problems.

One service user (who herself suffers from mental health problems, but also cares for her son who has a severe disability) discussed in detail the daily stress that not having enough money caused her because of the additional demands of coping with her son. Following an application for DLA she now gets high rate care and low rate mobility for her son.

She told us that the money was life changing. Before she received DLA her son slept in a bed with an old mattress that was extremely warped in the middle, he had no wardrobe, and it was a struggle to pay for heating bills. Her son's Asperger's meant that he found it very difficult to leave the house early, but she couldn't afford the trains, so he would have to take the early bus.

After receiving the DLA, she is able to afford to care for her son in the way that she wants to. He no longer has to sleep in a warped bed, and on difficult days, when his behaviour is more challenging, she can afford a taxi to take him to school on time.

Another respondent also noted the help that DLA (which she receives on account of her own physical and mental health problems) has provided in dealing with her children, and overcoming the problems that mental health difficulties created in doing so. This client suffered from mental health problems which meant that she found it difficult to cope in public spaces. This in turn meant that she sometimes found it difficult to get her children to school. She discussed how DLA has helped with this, enabling her to live a more full and independent life, and care for her children in the way which she wants to:

"The DLA has... helped with the kids. If I am having a really bad day I will force myself to go and get the kids from school, but I can't face going on the bus so I will get a taxi home. Some people might say that is a waste of money. But it actually enables me to go and do more things with my children."

However, we are very concerned that many service users who would be entitled to DLA are not putting in claims because of a lack of knowledge about potential entitlement to the benefit.

One service user with mental health problems was also coping with a child with severe disabilities as a result of Asperger's syndrome. Despite repeated contact with a number of different health services and clinics over a number of years, the possibility of claiming DLA for her son was never raised, until a Family Action worker mentioned the possibility.

Other interviewees similarly highlighted problems that despite repeated contacts with various different service providers, they were not given advice about claiming DLA.

Family Action is extremely concerned that lack of uptake of DLA is exacerbating mental health problems in parents, and making it harder for them to bring up their children.

Policy Recommendation: the Government should promote knowledge about and take up of DLA (and other benefits) through a wide range of service providers, such as health services. For instance, the day to day support which Family Action services provide to service users, puts them in a very good position to identify where people may be entitled to DLA.

We are also concerned that plans to reform DLA and replace it with the "Personal Independence Payment" (PIP) could limit access to this important benefit, since these reforms are planned to deliver a 20 per cent reduction in caseload and expenditure⁹.

In particular we are very concerned about possible plans to remove one of the care components of DLA in the new benefit, mentioned in the consultation document on DLA reform¹⁰. We are also very worried about the introduction of a face-to-face medical assessment for PIP, since we have deep concerns about the medical assessment as it is currently being carried out within the Work Capability Assessment for Employment and Support Allowance (see section 4.2).

Policy Recommendation: The Government should not introduce a face-to-face medical assessment for PIP until current problems with the similar medical assessment for ESA are resolved. All current care components should remain in the new benefit.

Service users also raised concerns that the DLA form is a long and very complicated form, requiring detailed analysis of key conditions. Some service users expressed

⁹ http://www.hm-treasury.gov.uk/d/junebudget_costings.pdf

¹⁰ DWP (2010) "Disability Living Allowance reform" London: The Stationery Office

that they found it difficult to complete without assistance. In some cases it was clear that completing the form was an upsetting process. Without advice on filling in the form, many claims are likely to be turned down. Many services are able to help people to identify possible entitlements to DLA, and assist them with the forms, but require further training in order to be able to do so.

Policy Recommendation. The Government should invest in providing funding for services to get training on DLA awareness, and completing claims for DLA. This would help to improve advice about DLA in key locations including GP surgeries and schools, and from organisations such as Family Action, which assist families in their own homes.

Family Action is also extremely concerned that ESA medicals are being used as evidence for assessing DLA claims.

One Family Action client is a lady in her late fifties. She suffers from severe arthritis and depression and hears voices in the night time.

The voices tell her to leave the home, and she has previously been found wandering in the street. They have to lock the door at night now to ensure that she doesn't leave in the night time.

She remains under psychiatric care, as she has been for a number of years and sees a psychiatrist for review approximately every 6 months.

She found the ESA work capability assessment very tense. The assessor seemed very rude and she was told not to tell them anything unless asked.

Her daughter had to be present as she was told to bring an interpreter. The interview upset her daughter a great deal.

Following failing the medical assessment for ESA she received a letter from the disability and carers service saying that her DLA was to be stopped, partly on grounds of evidence from the medical assessment.

Where DLA is removed partly as the result of an ESA medical, claimants may be left with very little income at all. Given our concerns (outlined below) about the quality of ESA medicals, we do not think it is appropriate for these medical tests to be used in assessing entitlement to DLA.

Policy Recommendation. We are very concerned about the use of ESA medicals in the reassessment of claims for DLA. Given questions about the effectiveness of the ESA medical assessment, we strongly feel that the Government should stop using ESA medicals as any part of the assessment or reassessment for DLA.

One service user also expressed concern about the appeals process for DLA, and in particular, problems with assessing progress on her appeal:

"(The DWP) said to me, if you want to attend (the DLA tribunal) we will be in contact, but I never heard anything from them. I had just assumed that they turned me down. Because I literally heard nothing; I didn't even get a letter telling me when the tribunal would be. And I phoned up a couple of times in the mean time saying "do you know what the status is with this?" They just said its with the tribunal at the moment. So there is no way of contacting the office of the tribunal. I tried several different numbers and its like they are a secret organisation."

Since the client did not receive any information about the tribunal, it seems likely that in this case the claim was allowed on reconsideration by the DWP, without it having gone to tribunal. It is very concerning that the client had the level of difficulty she did in getting further information about her claim. This could cause enormous anxiety for clients with mental health problems who may already find it difficult to administer their benefit claims, without being faced with additional administrative problems.

Policy recommendation: DWP need to improve training for staff on help lines in order to ensure that they are able to identify the status of a claim, and properly advise clients of the situation.

4.2. ESA

Family Action staff and service users have reported widespread problems with claims for Employment and Support Allowance. ESA is a key benefit that supports people who find it difficult to move into work because of mental health problems.

ESA is an important benefit for two reasons, firstly, claimants in receipt of ESA may be entitled to higher rate of benefit than if they were in receipt of Job Seekers Allowance. Secondly, whilst they may have to undertake some work focussed activities to prepare them for returning to work, they do not have to be "available for and actively seeking work" as they would on JSA.

Normally, applicants for Employment Support Allowance fill out an initial questionnaire about their condition (known as the ESA50), but in most cases will also be required to attend a face-to-face medical assessment (the face-to-face Work Capability Assessment (WCA)), with a medical practitioner from Atos (the company contracted to provide these assessments,) where the claimant's physical and mental health condition is assessed.

Using this report, a Jobcentre Plus Decision Maker decides whether their illness or disability means that they have limited capability to move into work. If it is found that they do have significant difficulties with work, then they are put into one of two groups. The first, and largest, group is called the "Work Related Activity Group" (for

people who have limited capability for work, but are considered ready to undertake some initial assessment and potentially training, to think about moving into work at some point in the near future.) The second group is called the “support group”, and is for the most severely disabled people who are not likely to be ready to move back into work in the near future.

Service users, service providers and focus groups all highlighted a number of problems with Employment Support Allowance.

4.2.1. Problems with the conduct of medical assessments.

Service Users expressed a range of problems with the arrangement and conduct of the face to face medical assessments. In one case a service user indicated that a face to face medical assessment was arranged but that they found it very difficult to attend because of their mental health problems. Despite speaking to Atos about the medical assessment, they were offered no advice about help travelling to the medical, or of alternative arrangements for those unable to travel.

"Q: How did you find the medical test?"

A: I thought it was terrible. I thought it was a scandal. An absolute scandal. I was still pretty ill and it was over in (name of location). At that time I could just get to the park and back on a really good day. I managed to phone then up and said, "do I really need to go to (name of location)?" "yes you do." If you don't turn up that is it you've had it. So I got myself to (name of location)- I do not know how I got myself to (name of location) but I did."

Problems with getting to medical assessments can have a direct link with financial problems for people with mental health problems. In one case, a service user with severe mental health problems did not attend a medical as a result of getting confused about the location of the assessment centre, and failing to find it. As a result their ESA was stopped.

Problems with travel to medicals reflect concerns raised in a recent DWP research report on claimant experiences of Employment and Support Allowance medical assessments. As the report put it:

"Travel to the face-to-face WCA was problematic for many of the customers in the study, especially for those with mobility problems or mental health conditions. This was exacerbated where local transport was poor or where customers had attended during the icy weather conditions in early 2010. Customers appeared to have received a rather inconsistent level of service regarding information on their possible eligibility for assistance with transport, and some had made difficult journeys unnecessarily as a result."¹¹

¹¹ Barnes, Aston and Williams (2010) "Employment and Support Allowance: Customer and staff experiences of the face-to-face Work Capability Assessment and Work Focussed Health Related Assessment" London: Department for Work and Pensions, p

Policy Recommendation: The Government need to ensure that all customers are aware of assistance available to travel to the medical assessment centre, and of the possibility of domiciliary appointments. This should be included in all letters sent to service users from Atos about the medical assessment. It should also be mentioned over the telephone where customers call to confirm their appointment.

It should also be included in the Atos "customer charter" which (in their response to a recommendation in the Harrington review) the Government have said they will ensure Atos produce¹².

Secondly, for those who managed to attend their medical assessments, there was concern that medical examiners were discussing very personal issues with little sympathy or sensitivity:

"There was in front of me a woman... the doctor- in front of a computer. And she didn't look up from that screen, barely, 3 times to look at me. She wasn't just brisk I felt she was hostile. I really felt she was hostile. And of course this is just- at the time- I was weeping and I said, "please can I just calm down for a minute," and she looked at me- I will never forget this- she went out the room, she came back with another women who sat in the corner with her arms folded staring at me. And I said "what is going on?" And she said, "I thought you were becoming hostile."

"The people asking the questions didn't appear to have- I don't know maybe it was the women I met- but she didn't seem to have any medical training whatsoever. She upset me so much I was floods of tears. I was hysterical. And she didn't even have a box of tissues."

This reflects findings from the first independent assessment of the Work Capability Assessment, conducted by Professor Malcolm Harrington. His report mentions a number of claimant experiences being submitted to his review where claimants highlighted impersonal treatment, including "not being listened to, no eye contact, and not being treated with respect"¹³

Policy Recommendation: The Government need to ensure that medical assessors perform ESA medical assessments with sensitivity, recognising that they are dealing with extremely personal issues.

¹² <http://www.dwp.gov.uk/docs/wca-review-2010-response.pdf>

¹³ Harrington (2010) "An Independent Review of the Work Capability Assessment" London: The Stationery Office, p44

Thirdly, problems were also noted with interpretation at medical assessments for people with English as a second language. One service provider highlighted problems with one claimant who was asked to provide own interpreter, and had to bring a member of their family. For some people, it may be difficult for them to talk about sensitive issues with a member of their family there.

Policy recommendation: The Government need to ensure that interpretation services are offered prior to the medical assessment to all clients who are unable, or do not wish, to provide their own interpreter.

4.2.2. Problems with ESA medical assessments – problems with results/ having to appeal.

As well as problems with the conduct of the medical assessment, Family Action service users have also seen problems with the results of medicals, with concerns raised that people are inappropriately being found fit for work. For example:

One service user is a lady of about 50 years old, having been forced into a marriage in (name of Country) at the age of 14, she was seriously burned by her husband when she was still a teenager. Following this she came to the UK.

She has been in this country ever since, except for a brief period in 2009, but she returned to the UK in 2010. When he returned to the UK she applied for ESA on account of ongoing mental health problems and because she struggles with a bad back.

She is not currently under Psychiatric services, but she has had repeated suicide attempts in the past. She is extremely depressed and anxious. She sleeps very little through the night. She talks of self harm and suicide frequently. She says that the only reason she is alive is because of her children.

The service user doesn't eat well, when she is left alone she will eat very little if at all. She is constantly disturbed by thoughts of the attack she underwent when a teenager. She constantly postpones undertaking activities such as housework as a result of problems with her concentration.

Despite this, she was awarded 0 points on an ESA medical assessment.

Widespread examples of problems with the medical assessment for ESA have been noted by many charities working with ill and disabled people. The Citizens Advice report "Not Working"¹⁴ overviews problems with the ESA medical assessment. Their report finds that seriously ill people are being inappropriately subjected to the

¹⁴ Citizens Advice (2010) "Not Working: CAB Evidence on the ESA Work Capability Assessment"
London: Citizens Advice

WCA, that the assessment itself does not satisfactorily measure fitness for work, and that the application of the assessment is producing unsatisfactory outcomes. With regard to the final point they note in particular that claimants face problems of poor recognition of mental health problems.

Family Action is very concerned about the impact of the new Work Capability Assessment on parents such as this. Failing the ESA medical may not only mean that claimants do not get the additional benefit entitlement provided for people who pass the medical assessment for ESA, but we are also concerned that if they are moved onto JSA they could also face considerably more stringent Labour Market requirements which are inappropriate to their circumstances.

Failing the ESA medical may also have knock on effects on entitlement to Disability Living Allowance, since ESA medicals are being used in the assessment of entitlement to this benefit (see section 4.1 above). The potential impact of this on a family's benefit receipt is addressed in the model family case given in section 7.

We are very concerned that the programme of reassessment for ESA (the process by which people still receiving the older style incapacity benefits which ESA replaced, are transferred onto the new benefit¹⁵), will lead to more of our service users being inappropriately found fit for work, and losing entitlement to support not only to ESA, but potentially also to DLA.

Policy recommendation – reassessment for ESA should be delayed until the Work Capability Assessment has been substantially improved.

We are also very concerned about the impact of reassessment for ESA in the context of ongoing reforms to the welfare system.

In particular, reforms to Housing Benefit which mean that people claiming JSA for more than a year will lose 10% of their Housing Benefit are likely to have a particularly severe impact on people with mental health problems who fail their Work Capability Assessment.

As a result of multiple barriers to the Labour Market families are at particular risk of being excluded from employment, and at risk of losing help with Housing Benefit.

This could put families with mental health problems at severe risk of falling into deep poverty.

Policy recommendation – The Government should reverse its decision to cut Housing Benefit by 10% for people on JSA for more than a year.

¹⁵ <http://www.dwp.gov.uk/adviser/updates/ib-reassessing-claims/ib-reassessment-process/>

4.3. Problems with claiming benefits and administering own benefit receipt when affected by mental health problems

Respondents noted a number of problems with claiming benefits and with administering their benefit receipt when they suffer from mental health problems. For instance, one interviewee (who both herself, and her partner, suffer from mental health problems) discussed the problems they had with using the phone to administrate their benefit receipt:

"Kevin won't contact anybody. He just won't. At the best of the times, he found it very hard to contact people. He just doesn't like phones. And so when he is not well its all been on my head and I just feel overwhelmed and I will put things off. Not because I don't want to do it, but because- once or twice when I've phoned up and spoken to somebody and they have been really quite narky down the phone and I just had to hang up... I just had to put the phone down. I couldn't cope."

In other cases, (and as previously noted with specific regard to DLA) respondents highlighted problems of dealing with the forms:

"Q: Do you think there is a potential problem of- particularly when you are suffering from mental health- problems to be able to deal with the forms?"

A: Absolutely. I think it is the number one thing you know. Because it requires you to- as I say- not to only answer them in a particular way, but it requires a logical sequential thinking. And when you have a mental illness it is one of the first things that goes out the window- is your ability to think in that kind of sequential way that the form requires."

Claimants are at particular risk of facing problems with their benefit receipt at times when their circumstances change. For instance, one Service User mentioned that confusion when their partner moved in with them led to them being paid the wrong benefits. When they informed the benefit office of the change, they were told a new claim was needed. This caused much of their benefit entitlement to stop for several weeks – including over the Christmas period in 2009.

In many cases they welcomed any good quality support which was available to help them with this. As one service user noted the help they received from a Family Action worker:

"I thought she was fabulous. It is not that she knew a lot about the benefit system because she doesn't really. She knows the basics. It was that she looked at me as a person. And understood that despite the fact I have had a great education a very successful career I was absolutely at sea. I couldn't even fill out a form partly because you know I was very needy in that respect. And she

didn't look at me like other people throughout this journey who have looked at me as if to say, "well of course you can fill in a bloody form. You have a degree you have worked (in a professional career)...what's the matter with you." And that I found- viewing me as a person- it was just incredibly supportive."

Policy recommendation: The Government needs to provide additional assistance to people with mental health problems and learning difficulties with claiming benefits, and administering their benefit claims.

Many benefits have extensive income reporting requirements. This can make it harder for claimants to successfully administer their benefits. It may also add to the amount of stress the claimant can feel they are under.

Extensive income reporting requirements can be particularly onerous when claimants are working for just a few hours each week. One service user was working for a few hours each week, with variable hours between weeks, whilst in receipt of income support. This meant that they had to report their working hours on a regular basis.

"I was on wages and benefits. If you are earning a certain amount you can be on both. And then the DSS was to see your payslip every single quarter and if you so much as earn a penny more- and you don't even know you've earned a penny more- your benefit gets reviewed and then they write you saying you should've told us you are earning a penny more..."

Q: Did you have problems with your benefits in that period?

A: Yes you do. Because if you earned maybe £5 in that month or when they've done all the reviews for that 3 months payslip and they see £5 that you are not aware of- your benefit will stop because they think it's fraud -whilst they are dealing with. They will put it back, but obviously they have to give you a telling off then they put it back. But at the time the stress of that- it's all too much."

Q: How hard did you find it to keep telling them how much you are earning?

*A: It is really hard if your work forgets to give you a payslip and you are not there on the day they are giving out the payslips you are b*****d because you have to have the physical payslip. Otherwise you have to go to the cash office and if you are not working the day the cash office is open you have to leave a note or you have to in and chase them on your day off and that is all I was doing all the time; chasing somebody for a payslip. And if you post it to the DSS it gets lost in the post and they haven't received it. It was all that to deal with as well."*

Policy recommendation. The Government need to work to find ways to reduce the income reporting requirements on people with mental health problems. We

hope that the use of a Real Time Information system within the Universal Credit will help with this, by integrating PAYE information with benefit data¹⁶.

Family Action also have some concerns about the movement towards increasingly “online” focussed benefit claim and administration processes. For example, the Universal Credit White Paper proposes a “digital first” principle to “meet the growing demand for flexible and comprehensive online services”¹⁷. Whilst we recognise that for many families, online services may be a convenient way to organise their claims, many families have no, or limited, access to the internet, and may find online services extremely difficult to deal with. We recognise that the White Paper acknowledges that such a group exists and the need to ensure that some form of alternative access routes are provided, we are nonetheless concerned that reserving access to offline access routes to those who “really need it”, may push some claimants down online access routes in circumstances where these do not best meet their needs.

4.4. Timing of benefit payments

Some interviewees also noted problems with dealing with the timing of benefit payments. In particular it was noted by interviewees that they received their benefits at different times during the course of the month, and this made it difficult to budget.

One service user noted that she receives her Income Support fortnightly, her Tax Credits weekly, her DLA every four weeks, and her Child Benefit every four weeks. She noted that it is complicated to know what you are getting when, and that this makes it difficult for her to plan in advance. She said it would be much better if everything was paid together, and that this would help her to stay out of debt.

In many cases, mental health problems can lead to problems with dealing with personal budgeting, as another service user noted:

"A: You get your ESA every two weeks which is annoying.

Q: Why is that? How often would you like it?

¹⁶ The Universal Credit White Paper announced that the Universal Credit will utilise a “real time information system to identify earnings and to calculate the net Universal Credit payment due by applying the appropriate taper to the gross payment. This means that those recipients who receive earnings through Pay As You Earn will not need to inform us for payment purposes if the amount of their earnings change.” (DWP (2010) “Universal Credit: Welfare that Works” London: The Stationery Office, p35)

¹⁷ DWP (2010) “Universal Credit: welfare that works” London: The Stationery Office

A: Every week. I just feel money coming in every week is just so much more useful. For people who can't budget. Because I know how much money I am supposed to spend every week, but it is very hard for me to keep it in that. I always forget something.

Q: Is that to do with your mental health problem?

A: It is unfortunately. One thing with Bipolar is a lack of judgement... I go through phases getting obsessed with buying all sorts of foods. At one point my husband had to tell me to stop buying butter because I was buying it every time I went out thinking we were running out. Because I couldn't judge how much was being used."

The same service user went on to explain that they thought that weekly benefit payment periods would help them to better manage their money:

Q: So with all of that you think money weekly would help?

A: Oh god it would make a big difference. The way it is at the moment, I have ESA every other week. One of the weeks I do not have ESA, I have the DLA which kind of covers. So three weeks I have roughly the same amount of money coming in and I have one week where I am actually £300 short. Which for any normal person it wouldn't be a problem because all they would have to do is take a bit out of those weeks and leave it for the last week. Some months I am actually quite good and I manage to do but the next month I am... you know? And then I get afraid to look at the bank account and that is when it gets bad."

The Government have suggested that when it is introduced the Universal Credit should have monthly payment periods¹⁸. We are concerned that this could exacerbate budgeting problems which many of our service users with mental health problems already face.

Policy recommendation: Benefit claimants with mental health problems should have the option of having all their benefits paid weekly in order to ease the burden of administering their claim. In particular, when it is introduced, the new Universal Credit should have to option of being paid weekly. This would help claimants to budget clearly and to stay out of debt.

4.5. Problems with benefit payments

Interviewees mentioned that on some occasions, problems occurred with their benefit payments. This can have an immediate and substantial impact on family finances. In some cases a combination of different benefits may stop being paid altogether. For example:

¹⁸ DWP (2010) "The Universal Credit: Welfare that Works" London: The Stationery Office, p34

One service user had their benefit claim interrupted as a result of a fraudulent claim made for Housing Benefit in their name.

As a result of the fraudulent claim, their Housing Benefit stopped for 3 months, and at one point their Income Support also stopped for one month, and because the claimant received the child premium on her Income Support rather than Child Tax Credit, she was left with only her Child Benefit to live on (about £20 per week). This created intense financial problems and led to worsening mental health problems. As she put it when asked how she coped in the month her Income Support was stopped:

"I didn't. I was constantly crying- depressed. Constantly at the GPs. It was hard with my son- that was the worst point. That was around the time he started counselling. He was such an emotional child and by November he was far gone. I had to move him from his school to another school in December 08. It was just rough. That is when he started seeing a therapeutic social worker. Everything just went. The school was having difficulties with him. The school rang me everyday."

As discussed above, mental health problems can make it harder to administer benefit claims, including by making it harder to get claims back into payment when problems occur. However, it is clear that mental health problems may also be exacerbated by problems occurring with the payments of benefits.

Family Action is concerned that problems with benefits being stopped could become more severe under the Universal Credit. The current system provides partial protection for claimants, through having several different benefits, so that even if there is a problem with one benefit, others may continue in payment. By simplifying the benefits system by wrapping several different benefit payments into one single Universal Credit payment, households facing a problem with the payment of the Universal Credit could lose almost all of their benefit income at once (This would not affect child benefit or DLA since these are likely to be kept outside of the system.)

Policy Recommendation: There is a need to better ensure that people with mental health problems get the support they need to ensure that where problems occur with their benefit payments, they are able to get the problems resolved as quickly as possible.

In addition, the Universal Credit needs to ensure that different elements are "firewalled" to ensure that a problem with one element does not mean that all elements of the credit stop at the same time.

5. Mental health and Debt

There is a clear relationship between mental health and debt, which has been noted in previous research. One quantitative study by Jenkins et al. (2008)¹⁹ found that 23% of people with a mental health problem were found to be in debt, compared to 8% of people without a mental health problem.

Several Service Users we spoke to talked about their problems with debts, and the relation that this had to their mental health problems. For instance, when asked about how their debts made them feel, one service user said:

"Tired. Frightened. Stopped me being able to think clearly, concisely and logically about the steps to take really. Kept me awake at night- insomnia led to less logical thinking- it was a snowball."

Interviewees discussed problems of over-spending when feeling "up". They commonly then faced difficulties coping with repayments when they were "down":

"When I am feeling good I want to buy people stuff. I want to be generous. I start off paying things back, not just minimal payments, but 50% each month. Because this usually happens when I am working; when I do have sufficient disposable income. As I am feeling better and better and better and I am getting higher and higher and higher the spending gets worst, but then when I reach the pinnacle of feeling great that's just the high before the fall...the other side is then I am depressed and I cannot work and the debts are there and they need to be paid."

This problem connects to the previously mentioned issue that many people with mental health problems can face problems with budgeting.

Policy Recommendation: In their 2008 report on mental health and Debt²⁰, Mind similarly noted problems of compulsive spending amongst people with mental health problems. They asked for banks to allow customers to ask to put "flags" on their account so that the bank would question erratic spending. This could have the potential to act as a safeguard system against unwise financial decisions when people are unwell.

Family Action services can provide assistance with budgeting to help families avoid getting into debt as a result of mental health problems. For example one Family Support Service run by Family Action in Norfolk, recently ran an initiative called "Frugal February" which worked with parents to think of creative, practical and long term ways in which families can reduce their spending.

¹⁹ Jenkins R; Bhugra D; Bebbington P; Brugha T; Farrell M; Coid J; Fryers T; Weich S; Singleton N; and Meltzer H, (2008) "Debt, income and mental disorder in the general population," *Psychological Medicine*, 38 (10): pp. 1485- 93.

²⁰ Mind (2008) *"In the red: debt and mental health"* London: Mind

As noted previously, weekly periods between benefit payments can also help to improve family budgeting, and reduce the chance of families getting into debt.

Policy Recommendation: The Government should provide additional financial support to services which provide assistance with budgeting, to help families with mental health problems to avoid getting into debt.

Where people do get into debt, there needs to be improved access to debt support, particularly for hard to reach groups, to help them with managing their debts and to ensure that repayments are affordable.

Interviewees gave more details about how their debts arose. One service user particularly noted problems of ease of access to extensive credit which she was unable to afford.

"Q: How much debt did you build up last time?"

A: About £5,500.

Q: Was this mostly on cards?"

A: It was on two credit cards and three catalogues. Most of it was on the catalogues.

Q: And this was when you were on benefits?"

A: Yes

Q: And they were still offering you credit cards? How much were you offered?"

A: To start with I was offered £250. It is when you start making the payments. To start off I paid off the whole card for the shopping to be delivered, but they don't offer it to you they just send it to you. That is the problem. They don't actually send you a letter saying would you like it and then you have to make a conscious decision and sign a form. They just send you another card or just send you a letter saying that your spending allowance has been increased by another £500. It's just insane. The logical part of my brain knows it's insane. When I am actually in a good place I would pay off credit cards, but I can't keep track of what I have spend. And then it would just get to the point when I don't open them anymore.

Q Is that when you are starting to feel down? You just stop opening them.

A: Yes"

In 2009, a USwitch briefing highlighted that in the 12 months prior to their briefing, 5.7 million people received an increase in the credit limit on their credit card without

their consent – a total of £8.8 Billion of unrequested credit²¹. We welcome reforms since then which mean that people have to be provided with notice if they are to be sent unrequested credit²², but do not think these go far enough.

Policy Recommendation: The Government should altogether end the provision of unrequested credit, particularly when this is given to people with mental health problems. They should also work to improve access to affordable credit, for instance, through credit unions and loans through the Social Fund.

In many cases debts may arise for families as the result of financial emergencies which trigger necessary spending (for example the breakdown of a key domestic appliance such as a washing machine or a cooker,) combined with the inability to pay for these emergencies by putting money aside week by week, because of low rates of benefit payments.

Family Action run a small grants programme which provide welfare grants to people who need support to buy small value items (typically grants are made for around £100 - £300)²³. One of our priority areas for the provision of these welfare grants is to support people with mental health problems. These grants can help families affected by mental health problems from getting into unaffordable debts with high interest rate credit providers.

Family Action are only able to provide grants to help a very small proportion of those in need. The number of families we are able to support has also been reduced as a result of the financial crisis, and an increase in VAT rates. In 2009/10 Family Action provided 2975 welfare grants to families and individuals in need. Last year, as a result of the economic crisis and a massive drop in our investments, and to December 2010 we've only been able to help 1000 families.

The VAT increase will mean it will cost more for these essential items that families rely on and we'll be able to help even less. We'd have needed an extra £12,000 in 2009/10 to cover the grants we provided. Our calculations suggest that we will be

²¹ USwitch (2009) "Credit Card Providers throw £8.8 billion of unrequested credit at consumers"
<http://www.uswitch.com/press-room/press-releases/credit-card-providers-throw-%C2%A38.8-billion%5B1%5D-of-unrequested-credit-at-consumers-1393.pdf>

²² The Department for Business Innovation and Skills agreed with Credit Card providers last year that customers will be given notice of any increase in their credit limit and the right to reject that increase: "**A new credit limit increase communication will be sent to consumers offered an increase in their credit limit at least 30 days before the change. This will explain in clear and simple language how their limit is changing and what they can do if they wish to reject the new limit. The communication will reassure consumers that their card company will not treat them any differently simply because they have exercised their right to reject a limit increase or reduce their limit.**"

<http://www.bis.gov.uk/assets/biscore/corporate/docs/c/10-808-consumer-credit-store-cards-joint-commitment.pdf>

²³ <http://www.family-action.org.uk/section.aspx?id=8301>

able to support around 70 less families this year as a result of the increase in VAT rates.

In many cases, families come to us who already have significant debts, and where they are unable to obtain help in the form of grants and interest-free loans from the Social Fund, often because they have already received one or more loans from the fund. We believe that improving access to the Social Fund would help to ensure that more families with mental health problems are able to avoid getting into debt with high interest credit providers.

Policy Recommendation: the Government needs to improve access to both grants and loans through the Social Fund for more families in need of support, to help them to avoid getting into debts with high interest credit providers.

6. Mental health and Housing

For some service users, their mental health problems are deeply connected with their housing situation, and in particular with issues of paying for their housing. When she started to become ill, and her earnings decreased as a result, one Family Action service user said that she started to worry about how she was going to be able to afford her mortgage. This made her mental health problems worse. As she put it:

"I was worried about losing my house. I was worried about not having a roof over my head. How can I get well with that hanging over me? How can I think about work with that hanging over me?"

We are very concerned about the reforms to Housing Benefit and their impact on families affected by mental health problems. The reforms to Housing Benefit include:

1) The Government is introducing caps on Local Housing Allowance entitlements, which would limit the maximum amount of help through Housing Benefit that a family in privately rented accommodation can receive.

Local Housing Allowance Rates will be capped at £250 per week for a one bedroom property, £290 per week for a two bedroom property, £340 per week for a three bedroom property and £400 per week for four bedrooms.

2) The Government is also changing the way in which local entitlements to Local Housing Allowance will be calculated. At present, maximum Local Housing Allowance rates are set at median rents for an area. In future, they will be set at the 30th percentile of local rents.

3) From 2013-14, Local Housing Allowance rates will be uprated in line with CPI (rather than rental prices as at the moment).

4) From 2013, household benefit payments will be capped on the basis of median earnings after tax for working households, estimated to be around £500 per week by the time the cap is introduced. All Disability Living Allowance claimants, War Widows, and working families claiming the working tax credit will be exempt from the cap. This change could affect families affected by mental health problems which are not in receipt of DLA.

5) Housing Benefit awards will be reduced to 90 per cent of the initial award after 12 months for claimants receiving Jobseekers Allowance. This will be introduced in April 2013.

We are concerned that this could disproportionately affect people with mental health problems who are found fit for work following an ESA medical. In many cases, these people are likely to be considerably further from the Labour Market than average, and as a result more likely than average to be on JSA for more than 12 months.

One interviewee currently has a rent of £438, as a result of the introduction of housing benefit caps they would face a Housing Benefit cap of £340 per week – potentially leaving them with a shortfall of £98 per week.

"Our tenancy comes up for renewal in April and I don't know and nobody can answer me what is going to happen. Islington Council don't know. Social services don't know. They don't know if there is extra money."

The family is enormously worried about how the cuts will affect them. If they have to move as a result of the cuts, they are concerned they could lose access to local mental health services which have helped them. They may also have to move their children away from the local schools. This all risks making their mental health condition worse, and make it harder for the family to return to work:

"If we could be left where we are now, with the benefits we have now and we could continue to access all the services we have at the moment I do think give a couple of years (my husband) will back at work and we would be on less and less benefits. The problem I have now is all of these cuts that are coming up."

Policy recommendation: Reforms to Housing Benefit need to be introduced in a way which does not cause families affected by mental health problems to lose access to vital support services because they can no longer afford to live in a particular area.

We are also concerned that the changes could lead to some families ending up in poor quality, substandard or temporary accommodation. This can have a severe impact on their mental health. One interview respondent noted that poor standard accommodation had led to her husband suffering a severe mental health crisis, which led to him being placed in a psychiatric unit overnight:

"We were put into temporary accommodation. It was really, really awful. We were only there for four days and we had to go back down to (our local housing department) to try and get them to change it because it was totally infested with cockroaches. It was really bad. (My husband) had another day in hospital because that set him back."

Another interviewee was living in a mother and baby unit with her young son Andrew. She said she found her Mother and Baby accommodation stressful because the private space is too small for Andrew to crawl and play in; it is too noisy because of the number of children and different babies waking up in the night; and the cooker in the kitchen often breaks down and there is a long wait before it is mended. She talked about the impact that this has had on her mental health:

"It's very hard to feel private there, and stressful with other mothers and kids around. On the other hand if I stay in my room I get depressed looking at the four walls and there's not enough room for Andrew to play. I can't feel settled here."

Policy Recommendation: The Housing Benefit reforms must be introduced in a way which does not result in families being placed in substandard accommodation which could exacerbate mental health problems.

7. Case study – the impact of the onset of mental health problems on an example family.

The following example summarises the potential impact of the onset of mental health problems on family finances. The following family are not a real family, but the problems they face dealing with the onset of mental health problems, are issues taken from the previous cases described above.

The study considers the impact of fluctuating employment and benefit income and changes in help with housing. The summary does not consider the impact of debts on finances, but this is likely to exacerbate other problems.

7.1. Income in employment

Sophie is a Lone Parent with two children (a girl and a boy) aged 9 and 11. She works 30 hours per week and earns £15000 per year. She privately rents a house in inner London. As a result of high local rents her rent is £400 per week, and she currently gets some housing benefit to help her with this. She also pays council tax of £20 per week.

Income in employment:

Net Earnings: £235.44
Tax Credits: £123.01
Child Benefit: £33.70
Housing Benefit: £323.07
Rent: -£400
Council Tax: -£20

Total disposable income: £295.22

Sophie has suffered from occasional bouts of depression ever since she was a teenager. However, the combined impact of coping with work and the demands of bringing up two children mean that she sinks into a particularly severe period where she suffers from depression and panic attacks. Although her employers are sympathetic, she has to take time off work on sick leave, and receives Statutory Sick Pay, during this period they are treated as in full time work for Tax Credit purposes.

Statutory Sick Pay: £79.15
Tax Credits: £187.18
Child Benefit: £33.70
Housing Benefit: £382.95
Council Tax Benefit: £14.76
Rent: -£400
Council Tax: -£20

Total: £277.74

7.2. Income following award of benefit

Sophie is unable to return to work following her period on Statutory Sick Pay. She then makes an application for Employment and Support Allowance on account of her mental health problems. In her initial period on ESA (known as the Assessment Phase, and is the period prior a decision being made about capacity for work following a medical assessment) she receives £65.45 in ESA, her total income is as follows:

ESA: £65.45
Tax Credits: £98.84
Child Benefit: £33.70
Housing Benefit: £400
CTB: £20
Rent: -£400
Council Tax: -£20

Total: £197.99

Following an ESA medical Sophie is found to have limited capability for work, and is placed in the ESA Work Related Activity Group. As a result her income increases:

ESA: £91.40
Tax Credits: £98.84
Child Benefit: £33.70
Housing Benefit: £400
CTB £20
Rent: -£400
Council Tax: -£20

Total: £223.94

Some time later, Sophie is then advised to apply for Disability Living Allowance to help her with the additional costs resulting from her mental health problems. Having received help with the form, she is awarded the low rate care component and the low rate mobility component. Following this decision, her income increases:

ESA: £91.40
Tax Credits: £98.84
Child Benefit: £33.70
DLA (Care): £18.95

DLA (Mobility): £18.95

Housing Benefit: £400

CTB £20

Rent: -£400

Council Tax: -£20

Total: £261.84

7.3. Income following removal of benefits

However, the following year, Sophie is asked in for another ESA medical. Although she feels no better, on this occasion she is found fit for work, having been awarded 0 points on her Work Capability Assessment. As a result she loses her entitlement to ESA, and is advised to make an application for Job Seekers Allowance. Because of receiving DLA she does however, continue to be entitled to a similar amount of JSA as she received in ESA, since she receives the disability premium.

JSA: £93.45

Tax Credits: £98.84

Child Benefit: £33.70

DLA (Care): £18.95

DLA (Mobility): £18.95

Housing Benefit: £400

CTB £20

Rent: -£400

Council Tax: -£20

Total: £263.89

However, her DLA comes up for review shortly afterwards. Using evidence from her ESA medical it is determined that she is now no longer entitled to DLA. As a result her DLA stops.

JSA: £65.45

Tax Credits: £98.84

Child Benefit: £33.70

Housing Benefit: £400

CTB £20

Rent: -£400

Council Tax: -£20

Total: £197.99

7.4. Income following implementation of Housing Benefit reforms.

As a result of living in inner London, Sophie's rent, and as a result, Housing Benefit entitlement is high. Following the introduction of caps on maximum Housing Benefit payable, Sophie's eligible Housing Benefit is capped at £340 per week. As a result she loses £60 per week from her housing benefit award.

JSA: £65.45
Tax Credits: £98.84
Child Benefit: £33.70
Housing Benefit: £340
CTB £20
Rent: -£400 Council Tax: -£20

Total: £137.99

As a result of the reduction in help with rent, Sophie's family struggle to afford to live in their current home. However, Sophie considers the impact it would have on them to move away from family support, friends, from any future employment prospects, and from services which have helped Sophie to deal with her mental health problems. She decides that it is worth paying the additional housing costs from her benefit receipt.

However, as a result of this reduction in benefit Sophie's mental health deteriorates. She finds it even more difficult than she did before to enter employment. As a result, she remains on JSA for more than one year. As a result her Housing Benefit is cut by a further 10%.

JSA: £65.45
Tax Credits: £98.84
Child Benefit: £33.70
Housing Benefit: £306
CTB £20
Rent: -£400 Council Tax: -£20

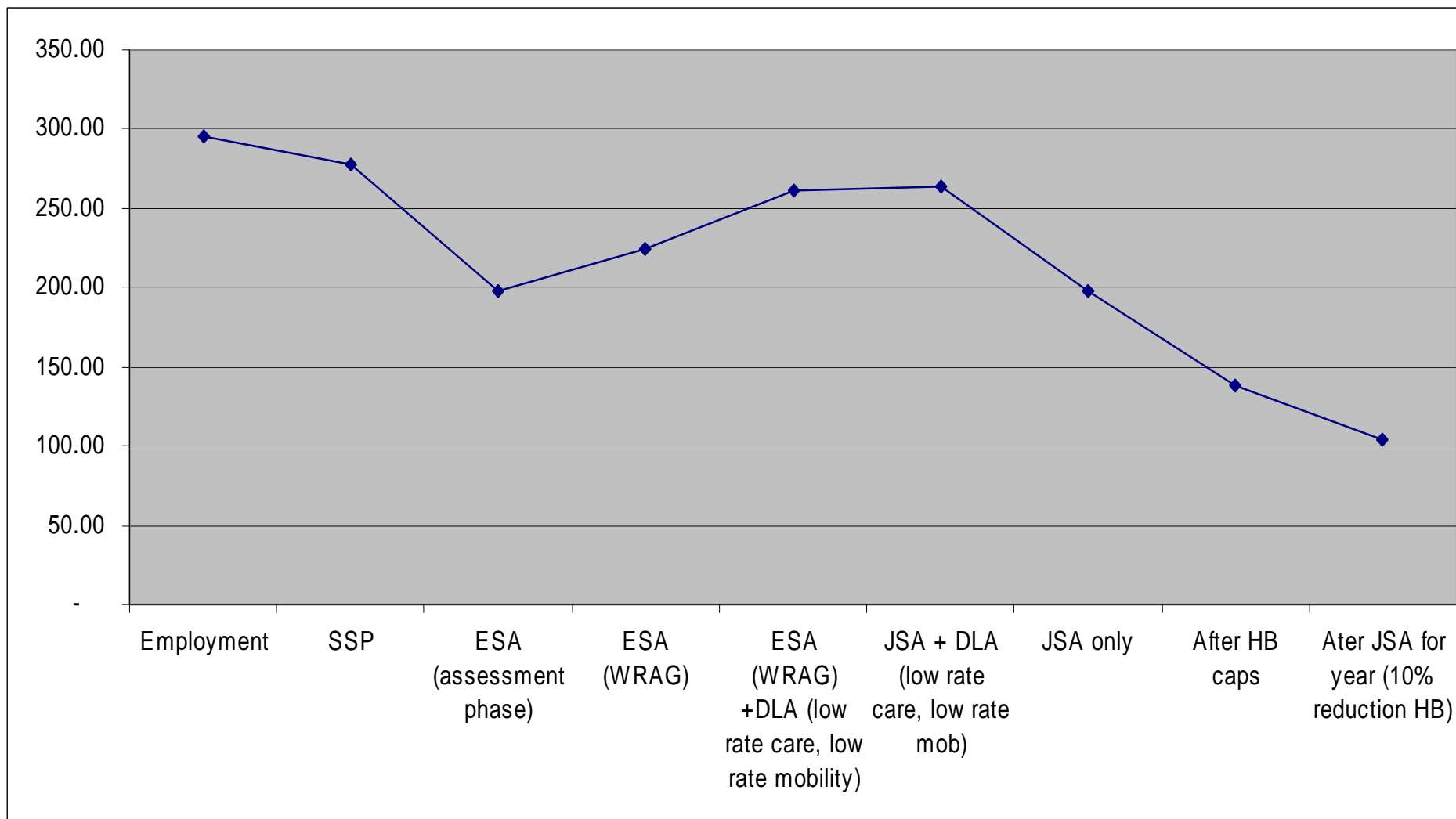
Total: £103.99

The further cut in benefit, exacerbates Sophie's mental health problems and makes it even harder for her to return to employment. Unable to afford this level of shortfall on her rent, she may also have to move to a new area.

As a result of losing her entitlement to ESA and DLA some time ago, Sophie also loses her entitlement to financial assistance to help her to move back into work through the disability element of Working Tax Credit. This would mean that she would find it still harder to make a sustainable move back into employment.

Sophie's fluctuating income is plotted on graph 1 on the following page.

Graph 1: Sophie's family: Income after housing costs during work and benefit transitions caused by mental health problems



8. Conclusion and summary of policy recommendations

Results from these interviews and focus groups indicate highlight a downward spiral connecting financial problems and mental health problems. As mental health becomes worse, financial needs rise (there is increased need for help with care and mobility,) and income may shrink as they move out of work, and then if they face problems with escalating debts, housing, or with their benefit receipt. However, at the same time, falling income can lead to worsening mental health problems, with worries about paying for things such as housing and debts.

This reflects previous findings. For instance, the National Institute for mental health noted that inequality and social exclusion are the both a “cause and consequence” of mental health problems.²⁴

This report has highlighted a number of key ways in which the onset of mental health problems can affect family finances. These are overviewed in the table below. Some of the recommendations highlighted in this section could help to interrupt the negative spiral of mental health and financial problems faced by families affected by mental health problems.

This report gives an overview to a wide range of issues. Later reports contributing to Family Action’s “Against All Odds” campaign will probe in more detail, specific aspects of the findings addressed here.

Key Issue Area	Issue	Impact on finances	Key Policy Recommendations
Employment	Reduced hours or loss of employment	<i>Can directly reduce family income.</i> <i>Working under 16 hours per week can pay almost nothing – particularly where people aren’t entitled to do permitted work.</i>	The Government should promote flexible employment opportunities for people with mental health problems, including through supporting services such as some of those provided by Family Action.
	Problems moving back into employment following mental health problems	<i>Can keep family income low, may also lead to problems with welfare reforms in coming years.</i>	Employers need to ensure that they are flexible enough to meet the needs of people with mental health problems, and provide a secure route back into employment.

²⁴ National Institute for mental health in England (2005) “*Making it possible: improving mental health and well-being in England*” London: National Institute for mental health in England. p.17.

			In work financial assistance for people with mental health problems (such as the disability element of Working Tax Credit) should be further extended through the introduction of a new "Disadvantage in getting a job" disability test.
	Problems with childcare	<i>Can put additional pressure on parents with mental health problems, which makes it harder for them to stay in work.</i>	<p>Make sure people are aware of current availability of assistance with childcare, and extend to Lone Parents working under 16 hours. We welcome the possibility that such an extension of help with childcare costs could be provided through the Universal Credit.</p> <p>It should be ensured that help with childcare costs is not substantially reduced through the introduction of the Universal Credit. A Universal Credit childcare element worth at least 80% of childcare costs is introduced within the Universal Credit system.</p>
Benefits	Problems with knowing about entitlements both in and out of work (especially DLA)	<i>Can keep family income low, make it harder to deal with the additional care and mobility needs associated with disability.</i>	As part of the Big Society programme, the Government should promote knowledge about and take up of DLA (and other benefits) through a wide range of providers.
	Potential problems with the replacement of DLA with the "Personal	<i>Cutting DLA expenditure and caseload by 20% could lead to many parents with mental health problems losing access to financial support.</i>	The Government should not introduce a face-to-face medical assessment for PIP until current problems with the similar medical assessment for ESA are

	Independence Payment”		resolved. All current care components should remain in the new benefit.
	Problems with complicated forms	<i>Can affect the likelihood of being awarded the benefits needed.</i>	The Government should invest in making training on awareness of DLA, and making claims for DLA more widely available to staff in key locations including GP surgeries and schools, and to organisations which assist families with their benefit claims, such as Family Action.
	Problems with administration of ESA medical assessments	<i>Can cause considerable distress, and may affect the likelihood of being awarded benefit</i>	<p>DWP need to ensure that all customers are aware of any assistance available for those with difficulty travelling to medical assessments. This should be included in all letters sent to service users from Atos about their medical assessment. It should also be mentioned over the telephone where customers call to confirm their appointment.</p> <p>The Government need to ensure better practice for ensuring that medical assessors perform ESA medical assessments with sensitivity, recognising that they are dealing with extremely personal issues.</p> <p>The Government need to ensure that interpretation services are offered prior to the medical assessment to all clients who may be unable, or do not wish, to provide their own</p>

			interpreter.
	Problems with ESA medical assessments	<i>Failed medical assessments can lead to very substantial reductions in family income, affecting not only ESA, but also DLA receipt.</i>	<p>Given questions about the effectiveness of the ESA medical assessment, we strongly feel that the Government should stop using ESA medicals in the assessment of DLA.</p> <p>Reassessment for ESA should be delayed until the Work Capability Assessment has been substantially improved.</p>
	Problems with administering benefit receipt	<i>Problems with administering benefits, caused by mental health problems, can lead to overpayments and/or to benefits stopping.</i>	<p>There is a need to better ensure that people with mental health problems get the support they need to ensure that where problems occur with their benefit payments, they are able to get the problems resolved as quickly as possible.</p> <p>In addition, the Universal Credit needs to ensure that different elements are “firewalled” to ensure that a problem with one element does not mean that all elements of the credit stop at the same time.</p>
	Problems with income reporting requirements	<i>Creates complexity and distress for the claimant, can lead to problems with benefits stopping/ overpayments</i>	<p>The Government need to work to find ways to reduce the income reporting requirements on people with mental health problems. We welcome the possibility that the Real Time Information system for Universal Credit could assist with this.</p>

	Problems with benefit payment periods	<p><i>mental health problems can cause difficulties with budgeting over extended periods.</i></p> <p><i>In some cases clients talked about getting into debt as a result of lengthy periods between benefit payments.</i></p>	<p>Benefit claimants with mental health problems should have the option of having all their benefits paid weekly in order to ease the burden of administering their claim.</p> <p>In addition, when it is introduced, the new Universal Credit should have to option of being paid weekly. This would help claimants to budget clearly and to stay out of debt.</p>
Debt	Problems with overspending as a result of mental health problems	<p><i>Some clients talked about getting into debt as the result of overspending caused by mental health problems.</i></p>	<p>The Government should provide additional assistance with budgeting and financial management to help people with mental health problems from getting into debt.</p> <p>Where people do get into debt, there needs to be better access to debt support, to help them with managing their debts and to ensure that repayments are affordable.</p>
	Problems with unrequested, unaffordable credit	<p><i>Unaffordable credit can push people into debt</i></p>	<p>The Government should stop the provision of unrequested credit. They should also work to improve access to affordable credit, for instance, through credit unions.</p>
	Problems with access to grants and affordable	<p><i>Lack of access to affordable loans through the social fund can make it more likely</i></p>	<p>The Government needs to improve access to both grants and loans through</p>

	loans through the Social Fund	<i>that families</i>	the Social Fund for more families in need of support, to help them to avoid getting into debts with high interest credit providers.
Housing	Concerns about housing benefit caps/ changes in the way LHA is calculated	<i>Housing benefit cuts may force families to either move away from social support they receive, or to face substantial shortfalls on benefit receipt.</i>	People with mental health problems should be exempt from the Housing Benefit cap, in order to ensure they are able to remain living within their local community and keep their links to vital services.
	Concerns about 10% reduction in HB	<i>People with mental health problems who fail the ESA medical and move onto JSA, are particularly likely to be unable to move back into work and so remain on JSA for more than one year. As a result may lose 10% of HB.</i>	The Government should reverse its decision to cut Housing Benefit by 10% for people on JSA for more than a year.