



JUST LIVING AND COPING

The cost-of-living crisis and the nation's mental health

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EXECUTIVE SUMMARY

Centre for Mental Health was commissioned by Mind to carry out research into the mental health impacts of the ongoing cost-of-living crisis in the UK, especially for people who are living in poverty, those who are experiencing mental ill health, and those most significantly affected by the crisis.

We reviewed relevant literature and economic evidence about the links between financial difficulties and mental health; conducted a survey with 500 participants; and held in-depth discussions with 20 people experiencing mental health difficulties.

We found that the cost-of-living crisis is having a profound and serious impact on people's mental health. The effects are especially pronounced among those with the least resources.

The cost-of-living crisis is a health emergency, and it requires a concerted response from government and a wide range of public services.

The impacts have been acutely felt by people affected by mental health problems, including:

- ⦿ Acute stress and anxiety about meeting basic needs
- ⦿ Isolation and loneliness from being unable to spend on social activities or travel
- ⦿ Poorer access to healthy food and exercise
- ⦿ Additional worries relating to problem debt
- ⦿ Believing the future to be bleak and without hope.

The effects of the current crisis may be felt for some time to come. For many, it risks a legacy of missed opportunities (in education and career options), hopelessness about the future, loneliness and isolation.

More help and support are vital to protect people's mental health from the effects of the cost-of-living crisis. We found that:

- ⦿ Existing offers of support are not going far enough to protect people's mental health or their need for a basic standard of living
- ⦿ Urgent action is required to provide both financial help and mental health support to people who are struggling with both
- ⦿ Mental health support must be free to access, close to home, and combined with money advice, so that no one is left without essential help to survive the crisis and its effects.

The Government should act now to safeguard people's mental health and financial wellbeing. We recommend the following actions:

- ⦿ Ensure reforms of the private rented housing sector are equally effective for all renters
- ⦿ Increase benefit payments and the national living wage to boost the incomes of those in greatest poverty
- ⦿ Maintain and extend help to reduce the costs of basic services (such as energy bills) for those with the least money
- ⦿ Ensure that concessionary travel schemes include people with mental health difficulties on a par with those with a physical disability
- ⦿ Implement a 'mental health in all policies' approach to decision-making.

The NHS and its partners in health and care services can take essential steps to protect people's mental health and financial wellbeing. We recommend the following actions are taken:

- ⦿ Require all mental health services to offer people money, housing and welfare advice
- ⦿ Continue to expand Individual Placement and Support employment services
- ⦿ Implement evidence-based access and waiting time standards for mental health care
- ⦿ Work with community-led organisations to offer culturally competent mental health and financial support
- ⦿ Ensure mental health support is provided close to home to reduce travel costs for service users.



INTRODUCTION

The cost-of-living crisis in the UK has been widely reported to be affecting people's mental health nationwide, with particularly big impacts on people and communities living in greatest deprivation. People with mental health difficulties are more likely to be disadvantaged and live in deprivation, putting them at greater risk from periods of financial stress.

We wanted to find out what the cost-of-living crisis has meant for people across England and Wales, the impact it has been having on their mental health and their financial situation, and what they thought would help.

We used a mixed methods approach, including:

- ⦿ A literature review to understand what is currently known on this topic. This sought to capture key relationships between different aspects of poverty, associated challenges, such as poor housing, and mental health problems
- ⦿ An economic analysis to assess the general outlook of the current crisis from an economic perspective, analysing impacts, trends, and possible future scenarios
- ⦿ A public online survey with 500 participants, 41 of whom were from Wales
- ⦿ Interviews and focus groups with 20 participants, to build a deeper understanding of the impacts of the crisis on people's mental health. We have distilled from these interviews two anonymised stories that illustrate the struggles and challenges people are facing.

1 FINDINGS FROM SURVEY

RESPONDENT DEMOGRAPHICS

- ⦿ Participants were broadly representative of the population as a whole in terms of gender (with a slight overrepresentation of females), ethnicity, sexuality and geographical distribution
- ⦿ Most participants reported facing health challenges. 55% said that they had experienced mental health problems. Over a third (36%) use or had used mental health services. 68% said they considered themselves to have a long-term health condition or learning difference that has a substantial or long-term impact on their ability to carry out day to day activities
- ⦿ Some participants had caring responsibilities, with 11% reporting that they were looking after or caring for someone affected by poor mental health
- ⦿ The age of participants ranged from 17-78 years, with an average age of 32 years old.

THE COST-OF-LIVING CRISIS, POVERTY AND MENTAL HEALTH

At present, there is no shared consensus in the sector on how to best measure people's experience of poverty. For the purposes of this report, we are using Joseph Rowntree Foundation's **Minimum Income Standard** to measure adults' experience of poverty.

In our survey population, using this measure, over two-fifths of participants (43%) were at risk of poverty, a fifth (20%) were in poverty and 7% were experiencing deep poverty. Just 29% were not in poverty.

The vast majority of participants (84%) reported that the cost-of-living crisis had negatively impacted their mental health and wellbeing.

We compared differences in response to the following question, based on participants' experience of poverty: "To what extent has the cost-of-living crisis had an impact on your mental health and wellbeing?"

Table 1 shows that those living in poverty or deep poverty were most likely to report very negative impacts of the cost-of-living crisis on their mental health and wellbeing, at 47% and 61% respectively.

TABLE 1: IMPACTS OF THE COST-OF-LIVING CRISIS ON MENTAL HEALTH

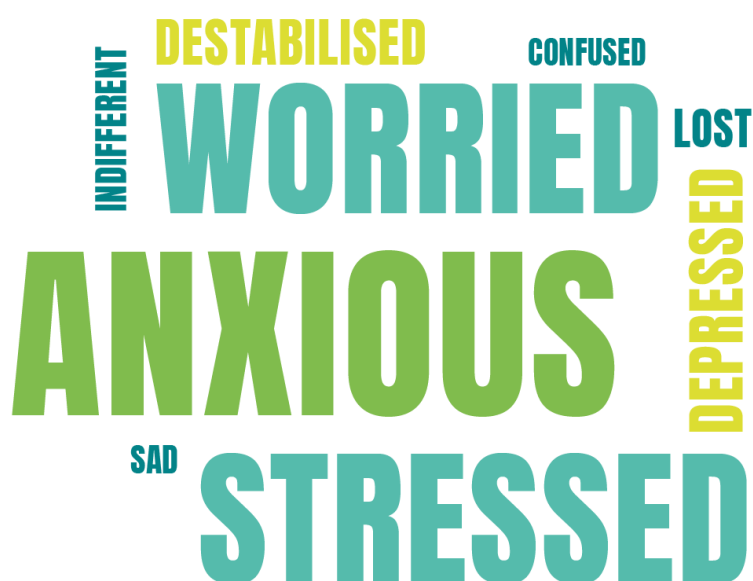
Responses to the question, "To what extent has the cost-of-living crisis had an impact on your mental health and wellbeing?"

	Very negatively	Somewhat negatively	A little negatively	Negatively	No change
Not in poverty	42%	17%	16%	1%	5%
At risk of poverty	24%	36%	16%	14%	2%
In poverty	47%	27%	8%	9%	3%
In deep poverty	61%	15%	6%	9%	0

EMOTIONAL IMPACTS OF THE CRISIS

Participants were asked to think about the cost-of-living crisis and how it made them feel, drawing from a list of possible answers. The most prevalent responses (Figure 2) were anxious (23%), stressed (19%) and worried (18%).

FIGURE 2: FEELINGS ABOUT THE COST-OF-LIVING CRISIS



Participants were asked "What was the impact of the cost-of-living crisis on the financial and mental health wellbeing of you and your close ones?" This was an open question.

Participants described feeling:

- ⊙ That daily life was 'hard and unbearable'
- ⊙ Unable to 'think straight' because of the pressure
- ⊙ Burnout and exhaustion
- ⊙ Low in confidence and self-esteem
- ⊙ Loneliness and isolation
- ⊙ Depressed and anxious from feeling that the 'future is bleak'
- ⊙ Unable to stay healthy day-to-day because of food prices.

WHAT SUPPORT WOULD BE HELPFUL?

Participants were asked, "In terms of services that would help you with your mental health and help you to better cope with the cost-of-living, what, if any, would these be?" This was an open question.

Responses highlighted that the following services would be beneficial:

- ⊙ Help to get more money coming in – for example through paid work
- ⊙ Help and advice with bills and costs – for example access to affordable, healthy food
- ⊙ Emotional or mental health support to cope with the impacts of financial difficulties
- ⊙ Peer support.



2 FINDINGS FROM INTERVIEWS AND FOCUS GROUPS

We spoke to a total of 20 people, all of whom identified as having mental health difficulties and had experienced the adverse impacts of the cost-of-living crisis. Ten were interviewed individually and ten in focus groups to understand their experiences, needs and preferences. We asked them about their housing and personal circumstances, experience of mental health difficulties, relationship to money, experience of accessing support during the crisis, and what better support would look like. We have distilled two composite anonymised and pseudonymised stories from the interviews, as an illustration of the ways in which the cost-of-living crisis has affected people's mental health.

THE IMPACT OF MONEY WORRIES AND STRUGGLES

Participants told us that financial concerns have taken centre-stage in the last 12 months and money worries are constant. They reported thinking about money more than ever before. The financial anxieties they were experiencing before the crisis began have been exacerbated, and many tried to get through the day without spending any money.



"Everything is going up at the same time and there is nothing left to cut. The last couple of months, the only thing coming into my head is asking how much can I squeeze myself and what else can I do. The mental and physical health impacts of this are huge. It makes the anxiety so much worse."

(Person with lived experience of mental ill health)

Many of our participants who were in work said that their wages are not enough to cover basics. Participants in low-paid jobs sought to increase their hours which led to exhaustion, isolation from family and friends, and worsened depression.




"My relationship with money has changed a lot in the last 12 months. I have had sleepless nights and dreams about it for the first time and feeling impotent in the face of it. Things that have happened at governmental level has made it sudden, dramatic and meant I can't protect myself against it."

(Person with lived experience of mental ill health)

Participants struggled to meet accommodation costs – rents and mortgage repayments were growing and showed no signs of slowing. Managing their homes was also hard, with participants citing mould and leaks as issues that needed attention but were beyond their reach.

Paying for food and feeding families is a challenge. Meals were regularly skipped. For participants with long term physical health conditions, for whom eating healthily was especially important, the cost of unprocessed food was prohibitive. Similarly, activities like going to the gym were no longer affordable.

Paying for travel – essential for seeing friends and family and getting to work, university and medical appointments – was challenging, sometimes impossible. Women felt unsafe, as they had no option but to walk or take buses late at night.



Resultant sacrifices included visiting family less and reducing treats or stopping social activities which, in turn, worsened their loneliness and undermined their resolve to face the future.



"Resilience is at an all-time low and it is like having a circular firing squad of pressures around you and you don't know when it is going to end.... It is impossible to give yourself firm foundations at the moment and to give yourself a life worth living."

(Person with lived experience of mental ill health)

Participants felt trapped by their growing debts and dwindling savings. They anticipated that their mental health would worsen over time. For young participants, the prospect of being independent is a long way off; for some it is a pipedream.

Not knowing what is coming – for example, bigger fuel bills, rent increases and soaring mortgage costs – is a source of significant concern. For example, one participant noted that having control over their finances is now 'something of the past'



"I used to have a credit union account, but I have had to take everything out just to survive this period. It has made me feel disappointed in myself. I don't know what to do, I didn't think the rainy days would last this long."

(Person with lived experience of mental ill health)

For people from racialised communities, racism and stigma compounded the challenges they faced. Finding services that were sufficiently culturally sensitive and understood the impacts of racism and trauma, as well as facing money problems, was challenging.

SUPPORT SERVICES

We asked focus group participants what help they had accessed, how useful it had been, and what else they would value.

Participants told us that they did not know what support was on offer, how it could be accessed, or what it could do. Where they had spoken to their GP, waiting lists for counselling and therapies were long, and private options were too costly.

Services were sometimes located too far from those who need them the most and were sometimes unwelcoming. The fact that a service was labelled as being a mental health service sometimes put participants off, especially where they felt ashamed of their circumstances. Some mainstream services were inaccessible to participants from racialised and LGBTQ+ communities.


On occasion, participants were able to access advice and no-cost and low-cost talking therapies through voluntary and community sector organisations. These experiences were helpful, and encompassed a range of activities including art, music and drama therapies.

Opportunities to have fun – for example yoga classes, tending to an allotment, poetry writing, dancing, and meeting others – were helpful, relieving stress and anxiety.



"I don't just want to be offered a pill, I would rather feel a sense of belonging, feel part of society."

(Person with lived experience of mental ill health)



The promotion of services through GP surgeries, pharmacies, public and college libraries, places of worship and social media had been successful. More activity in this regard was required. There were manifold opportunities, largely unrealised, for GPs, community workers and others to connect individuals with help and support.

Participants wanted to access services that were readily available, close to home, welcoming, respectful, empathic, culturally sensitive, reliable and confidential. Above all, they had to be free – this was crucial for people with little or no disposable income.



"I want to feel relieved, a sense of safety, a sense of comfort in being able to be honest about what you need. People not telling you what you need and [being] listened to."

(Person with lived experience of mental ill health)

Effective interventions were seen as those which gave people practical skills to cope as well as the opportunity to reflect on their wellbeing and seek help for their acute mental health needs.

Crisis cafes, one-to-one and group support from peers, psychotherapy and counselling were seen as effective. Participants identified both in-person and online interventions as useful, depending on individual needs and preferences.

Targeted support was helpful, including for students, people from minoritised communities, and LGBTQ+ people, who faced challenges in accessing mainstream services.

THE ROLE OF GOVERNMENT

We asked participants what they thought government could do to address the mental health consequences of the cost-of-living crisis. Ideas included:

- ⊙ Increase the living wage
- ⊙ Ease the financial burden of housing and household bills
- ⊙ Take decisive action in relation to tenants' rights in the private rental sector
- ⊙ Fund community-based support services, including debt advice, money management, and counselling
- ⊙ Invest in workforce development and train people to deliver relevant services in culturally appropriate ways
- ⊙ Reduce the costs of public transport
- ⊙ Tackle food waste in supermarkets and make food available free or at reduced cost.



KEVIN'S STORY

Kevin is 19. He moved into his flat in February 2022 from foster care. In December of that year, he quit his university course – he was unhappy and had run into money troubles – and got a job as a lab assistant. He enjoyed the job, but they paid him badly and he struggled to save.

The cost-of-living crisis tightened its grip. His rent, despite living in social housing, increased three times in twelve months. He had to replace a washing machine and buy a cooker.

Kevin left his job in May in the hope that he would find something better paid or closer to home. Unfortunately, he's still unemployed.

Pressure is mounting. Transport costs £5 a day. Food costs continue to spiral; he was spending £20 a week previously, and now it's £60.

Kevin is anxious about losing his home. Help with his basic living costs and transport would make a big difference. He thinks one-to-one support would be helpful.

'I have had so much to deal with that I now feel tired all the time. I feel like everything has caught up with me. I have become more introverted. I don't like human interactions as much anymore. I have become more anxious because I don't want to speak to people as much. This has been impacted by not seeing my friends and this has been made harder because of money.'

KIM'S STORY

Kim describes herself as a full-time mum and lives with her husband and three children aged 9, 8 and 4. She receives Universal Credit and volunteers for a charity. She's been doing some NHS courses in the hope of building her confidence.

Her husband is a taxi driver and has been working long hours over the past twelve months to make ends meet. Their weekly food shop used to cost around £45. It is now up to £90. 'We have to feed the children, so he has to work extra', Kim explains.

As a result, her husband is spending less time at home and with the children, which is taking its toll on Kim; she has all the domestic tasks to do as well as looking after the children.

Her mental health has been up and down. She's been 'in a dark place' and often feels alone.

She relies on online support and information provided by mental health charities to help her manage. Having one-to-one support from a trusted person would help with her mental health.

'I used to be able to buy food and not think twice about it too much, or get a bit of extra things for the house, but in the last year I can now only buy the absolute necessities. No treats or special things or anything extra. My weekly food shop has almost doubled but I am actually getting less food now than before. We would like to do extra things as a family but as a family we can't afford to do that and as a family we are just living and coping.'

These stories are anonymous composite accounts drawn from our interviews; names have been changed.

3 LITERATURE REVIEW

There is a toxic two-way link between poverty and mental health problems. Poverty – and its associated challenges, including racism – causes and exacerbates poor mental health, which in turn inhibits financial stability and impedes economic activity.

Unsurprisingly in this context, the cost-of-living crisis is having an acute impact on people with experience of both mental health problems and poverty. Impacts include worries about escalating and unserviceable debt, and, on occasion, thoughts of suicide.

THE LINKS BETWEEN MONEY AND MENTAL HEALTH

The literature evidences a clear link between low income, financial precarity, and mental health problems:

- ⦿ The income of people with mental health problems is one third (£8,400 every year) less than those without mental health problems (Bond & D'Arcy, 2020)
- ⦿ Mental ill health is the primary issue for 26% of people who are economically inactive due to long-term sickness (D'Arcy, 2023)
- ⦿ In 2019, more than 1.5m people in England had both mental health and debt problems (Holkar, 2019)
- ⦿ People with mental health problems are twice as likely to owe more than 50% of their annual net income in debt (Bond and D'Arcy, 2021)
- ⦿ People in problem debt are three times as likely to have thought about suicide in the past year (Holkar and Bond, 2018)
- ⦿ 28% of people with mental health problems owe more than they did a year ago (Bond and D'Arcy, 2021)
- ⦿ People in problem debt are four times more likely to still be depressed after 18 months than those who are debt-free (Skapinakis *et al.*, 2006)
- ⦿ More than 100,000 people in England attempt suicide while in problem debt each year (Holkar and Bond, 2018)
- ⦿ 43% of people with mental health problems are in work, compared to 65% with other health conditions and 74% of general population (NHS England, 2016)
- ⦿ Two-thirds (68%) of people who underwent a Work Capability Assessment for Universal Credit health benefit in the two years to February 2024 had a 'mental or behavioural disorder' as one of their identified conditions, though this was often alongside other conditions, and may not be the main reason for their claim (DWP, 2024)
- ⦿ Adults who reported borrowing more money or using more credit compared to a year ago because of the increased cost-of-living are twice as likely to report lower levels of happiness (ONS, 2023).



The literature has repeatedly shown that financial hardship can lead to mental health problems. A report from Holkar and Mackenzie (2016) which surveyed nearly 5,500 people with experience of mental health problems found that:

- ⊙ 86% say their financial situation worsened their mental health condition, and 72% said their mental health condition made their financial situation worse
- ⊙ When experiencing poor mental health: 93% spent more than usual, 92% found it harder to make financial decisions, 74% put off paying bills, 71% avoided dealing with creditors, and 56% took out a loan that they would not otherwise have taken out
- ⊙ 37% who have experienced mental health problems face significant anxiety when dealing with essential services, such as banks and energy companies
- ⊙ 75% of people who have experienced mental health problems have serious difficulties engaging with at least one common communication channel, such as using the telephone, face-to-face contact or opening post.

HOW FINANCIAL DIFFICULTIES AFFECT PEOPLE'S MENTAL HEALTH

The literature evidences a clear causal relationship between low income and experience of poor mental health. Those on the lowest incomes have the worst outcomes due to stress, lack of access to health opportunities, and distrust (Marmot, 2015). There is also evidence, at a societal and individual level, that higher income inequality leads to higher rates of stress, anxiety, mental illness and suicide (Wilkinson and Pickett, 2019).

Both the Covid-19 emergency and the cost-of-living crisis have exacerbated these inequalities, with the poorest suffering disproportionately larger falls in incomes and cost rises, with resulting magnified mental health fallout (Hackett *et al.*, 2020).

The literature evidences the link between experiencing poverty and being at increased risk of experiencing both mental and physical health problems:

- ⊙ Rates of depression, serious mental illness, and suicide, not to mention nearly every physical illness and injury, worsen with poverty and deprivation in a very clear dose-response relationship (Davie, 2022)
- ⊙ Low socioeconomic status is associated with increased risk for at least 16 diseases, including mental health problems, that form a 'cascade' of interrelated health conditions (Kivimäki *et al.*, 2020)
- ⊙ 66% of psychological therapists reported that cost-of-living concerns are causing a decline in people's mental health; 61% say that their clients are anxious about affording household bills; 49% say that their clients are cutting back on costs associated with activities that improve their mental health (BACP, 2022).

CHILDHOOD ADVERSITY

The literature evidences the link between experiencing adverse childhood events, and being at increased risk of experiencing poor mental health outcomes:

- ⊙ A 1% increase in UK child poverty is associated with an additional five children in every 100,000 entering care, mainly due to abuse and neglect (Bennett *et al.*, 2022)
- ⊙ The relationship between poverty and experiencing adverse childhood events such as violence may be causal, as the evidence suggests that cash transfers to households reduce intimate partner violence (Haushofer *et al.*, 2014)
- ⊙ 46% of individuals with depression (Nelson *et al.*, 2017) and 57% of people diagnosed with bipolar disorder (Post *et al.*, 2013) report high levels of childhood maltreatment.

CHILDHOOD POVERTY

Family poverty is a major risk factor for children's mental health, and having financial struggles also puts parents' mental health at risk (Rainer *et al.*, 2024).

- ⊙ Before the current cost-of-living crisis, more than one in three (36%) children in families with a child under five in the UK were living in poverty (Nuffield Foundation, 2021)
- ⊙ Over 70% of parents of young children report that being a parent is stressful and that they feel judged as a parent by others (Nuffield Foundation, 2021)
- ⊙ One in four children start school while living in privately-rented housing. Privately rented housing is over five times more likely to be over-crowded than owner-occupied housing (Nuffield Foundation, 2021)
- ⊙ The latest wave of data from the NHS children and young people's mental health survey for England found that over one in four (26.8%) children aged 8-16 with a mental health difficulty had a parent who could not afford for their child to take part in extracurricular activities (Newlove-Delgado *et al.*, 2023)
- ⊙ Similarly, 17-25 year olds with a mental health difficulty were three times more likely to be unable to afford to take part in recreational activities, such as sport and exercise, days out, and socialising with friends (Newlove-Delgado *et al.*, 2023).

RACIAL INJUSTICE

The evidence shows that people from racialised communities are disproportionately impacted by mental health problems, and are also at higher risk of experiencing poverty:

- ⊙ People from some racialised communities in the UK experience much poorer mental health outcomes than white British people and this intersects with levels of poverty. It is important to note that racism, in itself and independently of poverty, causes and worsens mental ill health (Paradies *et al.*, 2015)
- ⊙ Around 18% of Bangladeshi workers, 11% of Pakistani and Chinese workers, and 5% of Black African and Indian workers are paid below the National Minimum Wage, compared to 3% of white workers (Khan, 2020)

- ⊙ All racialised groups are more likely than white people in the UK to be living in poverty. In the UK, 22% of Indian people, 28% of people of 'Mixed' ethnicity, 29% of Chinese people, 45% of Bangladeshi people and 46% of Pakistani people are living in poverty – compared to 19% of white people (Khan, 2020).

Prior to the current cost-of-living crisis, The Runnymede Trust evidenced stark differences in income for families from racialised communities:

- ⊙ In the UK, Indian households have 90–95p for every £1 of white British wealth; Pakistani households have around 50p; Black Caribbean around 20p; and Black African and Bangladeshi approximately 10p (Khan, 2020)
- ⊙ White British job applicants received one interested response in every four applications submitted; equally well-qualified Black British applicants had to make seven applications to receive one positive response (Khan, 2019).

FUEL POVERTY

The prevalence of energy and fuel poverty has risen sharply in recent years, with impacts on mental and physical health:

- ⊙ Fuel poverty and cold homes exacerbate circulatory, respiratory, and mental health problems across all age groups and drive health inequalities (NHS Confederation, 2022)
- ⊙ Even considering the £400 cost-of-living rebate, household energy bills will push over two-thirds of UK households into fuel poverty (NHS Confederation, 2022)
- ⊙ Higher energy prices disproportionately affected poorer households (ONS, 2022).

HOUSING AND HOMELESSNESS

The literature demonstrates that poor quality housing conditions and homelessness have a direct impact on mental health and wellbeing:

- ⊙ Children living in poor housing conditions are at higher risk of having mental health problems and, on average, are more likely to have lower academic achievement and higher rates of absenteeism (Singh *et al.*, 2019)
- ⊙ Women living in poor housing conditions are more likely to experience depression and anxiety compared to men living in the same conditions, and are also more likely to be the primary carers for children, meaning that they bear the brunt of the negative effects of poor housing on children's mental health (Vásquez-Vera, 2022)
- ⊙ People from racialised communities are disproportionately likely to live in poor housing conditions. In 2020, 2% of white British households were overcrowded, compared to 24% of Bangladeshi, 18% of Pakistani, or 16% of Black African households (GOV.UK, 2020)
- ⊙ 45% of homeless people in the UK reported having a mental health problem (Crisis, 2020).



MENTAL HEALTH SERVICES

The numbers of people seeking formal help for their mental health has increased in recent years. Between 2016-17 and 2021-22, the number of people referred to NHS mental health services in England rose from 4.4 million to 6.4 million, and the numbers in contact with NHS mental health services increased from 3.6 million to 4.5 million (NAO, 2023). This is a long-term trend that was especially pronounced following the Covid-19 lockdowns, but has continued since that time.

NHS Providers, a representative body for NHS trusts in England, has reported that “Poverty is driving record demand for mental health services and contributing to more complex conditions among children and young people”, with the cost-of-living crisis exacerbating this trend in recent years (NHS Providers, 2024).

4 ECONOMIC ANALYSIS

The cost-of-living crisis and its aftermath are likely to leave a profound mark on the UK economy. While the previous government took some actions to mitigate the crisis, the new administration still has a key role to play in addressing it and its after-effects.

The wage squeeze – the longest and harshest in modern history since the Napoleonic Wars – is particularly difficult for those with lowest earnings, who have least reserves (e.g. from savings) and lower margins to adjust their spending. Food inflation (which reached 19.1% in March 2023) is especially harmful to people living in the greatest poverty, who spend a greater proportion of their incomes on food.

The evidence shows that inflation has a disproportionately negative impact on low-income households, who have fewer resources to start with:

- ⦿ Inflation is rising faster than wages (7.3% private sector, 4.2% public) meaning people have less money (ONS, 2023)
- ⦿ As inflation has risen, a wide range of services have seen an influx of people seeking support with debt, finance, housing and mental wellbeing issues. Increasingly, people with mental health problems are seeking support with benefits, emergency funds, or additional help to meet food and fuel costs (BBC, 2023).

Other consequences from the cost-of-living crisis could prove challenging for both the short- and long-term resilience of the UK economy, with potentially devastating effects in an already-fragile economic context. They include:

- ⦿ Malnourishment of children due to poverty may lead to hindered development and cognitive functions, translating into lower lifetime earnings and productivity
- ⦿ Increased stress and worsening living conditions could lead to population-wide decreases in public health, including mental health, and consequent impacts on the economy
- ⦿ Current reduced demand for consumer goods and services may cause longer-term reductions in economic activity if production follows suit
- ⦿ Decreased resilience and shock absorption capacity at economy-wide level may further weaken society's ability to withstand future economic shocks.



CONCLUSIONS

The cost-of-living crisis is putting people's mental health at risk. The experiences that people shared with us as part of this research corroborate the literature: that financial hardship is damaging to mental health. The biggest impacts on mental health are faced by people with the lowest incomes and those struggling the most to get by day-to-day.

The mental health implications of the cost-of-living crisis are likely to be profound for many people, including those who were affected by mental health problems before the crisis began. It is causing stress and anxiety about meeting basic needs, as well as harming people's physical health by limiting access to healthy food and opportunities for exercise.

The crisis is leaving people feeling isolated from being unable to afford social activities or travel, and fuelling additional worries as their debts mount up. It has left many people believing the future to be bleak and without hope. And it is driving more people to seek help, with higher levels of acuity, from mental health services that are struggling to keep up with rising demand.

The cost-of-living crisis may have long-term impacts on people's mental health, beyond the current period of inflation. It is a health emergency with the potential to cause disproportionate and lasting harm to people already living in poverty.

Help with the cost-of-living needs to focus on those with the fewest resources to fall back on. This requires systemic action from government and public services, both to address the crisis itself and to tackle the mental health fallout.

Mental health services cannot ignore people's financial problems. Help with money (including with debt, income, spending, housing and work) must be built into mental health support of all kinds and at every level. Existing offers of support are not going far enough to protect people's mental health or sustain a basic standard of living. Offering financial support will, however, enable mental health services to meet demand more effectively and prevent the escalation of people's needs.

RECOMMENDATIONS

Our findings evidence the need for policy decisions to protect the mental health and financial wellbeing of those at greatest risk of experiencing both mental health problems and poverty.

The Government should act now to safeguard people's mental health and financial wellbeing. We recommend the following actions:

1. The Government should ensure that its much-needed and welcome reforms of the private rented housing sector are equally effective for all renters, including for those living in poverty and those who have mental health difficulties.
2. The Government should increase both benefit payments and the national living wage to boost the incomes of the poorest. The Government's manifesto pledge to review the disability benefits system is a welcome further step, and it should be undertaken in a way that makes the system fairer and more compassionate, both for those who are in work and those who are out of work.
3. The Government should maintain and extend help to reduce the costs of basic services (such as energy bills) for those with the least money.
4. The Government and local authorities should ensure that concessionary travel schemes include people with mental health difficulties on a par with those with a physical disability.
5. The Government and local authorities should implement a 'mental health in all policies' approach to decision-making so that all policies and decisions are made with the public's mental health in mind (Young and Bell, 2024).

The NHS and its partners in health and care services can also take essential steps to safeguard people's mental health and financial wellbeing. We recommend the following actions:

6. NHS England and Integrated Care Boards (ICBs) should require that all mental health services offer people money, housing and welfare advice. This should be written into all contracts and service specifications.
7. NHS England and ICBs should continue to expand Individual Placement and Support (IPS) employment services to enable people to secure paid work that meets their needs.
8. NHS England should implement the access and waiting time standards set out in the Clinically Led Review of Standards (NHS England, 2022) to reduce long waits for mental health support.
9. ICBs and NHS mental health service providers should work with community-led organisations to ensure people are offered culturally competent mental health and financial support.
10. ICBs and NHS mental health service providers should ensure mental health support is provided close to home, minimising people's need to use costly transport to get to appointments or services.

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