

Money and Mental Health submission to the Scottish Government's statutory debt solutions and diligence: policy review response consultation

Theme 1 - Protections, information and advice prior to debt solutions

What are your views on each of the proposals outlined below?

Proposal 1.1 Design detailed proposals for the introduction of a specific mental health process as part of the statutory moratorium - in collaboration with mental health and debt specialists.

Agree

Disagree

Neither agree or disagree

Please add any further comments on this proposal in the box below:

The Money and Mental Health Policy Institute welcomes the Scottish Government's decision to design detailed proposals for the introduction of a specific mental health process as part of the statutory moratorium. We have outlined some key principles below that we would like these proposals to include.

In any given year, one in four people will experience a mental health problem which can affect their cognitive and psychological functioning.¹ Over a lifetime, this proportion rises to nearly half the population.²

Experiencing a mental health problem can adversely impact the income we receive - people with mental health problems are less likely to be in work, overrepresented in part-time and low-paying roles,³ and more likely to receive benefits.⁴ Common symptoms of mental health problems, like low motivation, unreliable memory, limited concentration and reduced planning and problem-solving abilities can make managing money significantly harder.⁵ As a result, it is estimated that people with mental health problems pay up to £1,550 more per year for essential services than people without mental health problems.⁶

The combination of low incomes and difficulties managing money contributes to people with mental health problems faring significantly worse financially. People with mental health problems are three and a half times more likely to be in problem debt than those without, and half (46%)

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

² Mental Health Foundation. Fundamental facts about mental health. 2016.

³ Bond, N. and D'Arcy, C. Mind the Income Gap. Money and Mental Health Policy Institute. 2020.

⁴ NatCen analysis of NHS Digital, Adult Psychiatric Morbidity Survey, 2014. Covers England only.

⁵ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

⁶ Rogers C, Poll H and Isaksen M. The mental health premium. Citizens Advice. 2019.

of adults in problem debt also have a mental health problem.⁷ Mental health and financial problems can form a devastating, self-reinforcing cycle. Over 420,000 people in problem debt consider taking their own life in England each year, and more than 100,000 people in debt actually attempt suicide.⁸

“My mental health was so bad I didn't care. I didn't have the interest or motivation to worry about money or paying bills. The more I didn't care, the bigger the problems became and the more depressed I became. And that was when I made my most serious attempt at ending my life. I couldn't see any way out of the mess I was in.” Expert by experience

When the UK government proposed its Debt Respite Scheme or “Breathing Space”, we were concerned that people experiencing a mental health crisis were at risk of being excluded from these vital financial protections. The expectation that people receiving mental health support in a hospital setting would be able to access debt advice to get a referral to Breathing Space was unrealistic. As was limiting the length of time support was provided - there's no predicting how long a mental health crisis will last.

That is why we called for an additional protection targeted at individuals receiving mental health crisis treatment. The result was the statutory Mental Health Breathing Space (MHBS) mechanism, which is available to anyone in mental health crisis treatment. It provides a period of protection for the term of someone's crisis treatment, with an additional 30 days once the crisis treatment has ended. There is no limit on the number of times an individual can apply for a MHBS. Referral to the MHBS is made by an Approved Mental Health Professional (AMHP), who certifies that a person is receiving mental health crisis treatment. This evidence can then be used by a debt adviser to start the process.

When designing proposals for a mental health process as part of the statutory moratorium, we would like to see the Scottish Government build on and learn from the MHBS, with particular reference to how people access the scheme, and the length and level of protection it provides.

Accessing the scheme

The England and Wales MHBS has the potential to assist tens of thousands of people each year,⁹ and prevent problem debt and consequent collections activity hindering their recovery.¹⁰ Yet it is currently underutilised. HM Treasury forecast the number of people entering the scheme would be 27,500 in 2021-22, rising to 54,000 by 2030-31.¹¹ The service as it is currently configured is falling significantly short of reaching this number, with just 1,123 registrations in

⁷ Holkar M. Debt and mental health: a statistical update. Money and Mental Health Policy Institute. 2019.

⁸ Bond N and Holkar M. A silent killer: Breaking the link between financial difficulty and suicide. Money and Mental Health Policy Institute. 2018.

⁹ HM Treasury. Breathing Space Impact Assessment. 2019.

¹⁰ Bond, N. Braverman, R. and Clarke, T. Recovery Space. Money and Mental Health Policy Institute. 2018.

¹¹ HM Treasury. Breathing Space Impact Assessment. 2019.

the first year of the scheme.¹² This shortfall is not a reflection of the level of need for the service,¹³ but is indicative of implementation challenges, including a lack of awareness of the scheme among a wider range of professionals and process difficulties whereby AMHPs are the only professionals who can sign off that a person is in crisis and therefore eligible for the scheme.

To help address this and ensure the scheme better meets the needs of people with mental health problems, we are calling for MHBS in England and Wales to be systematically offered to all people formally detained under longer-term sections, including section 3 and forensic sections of the Mental Health Act.¹⁴

We would like to see the Scottish mental health process for the statutory moratorium be more ambitious than the current MHBS in England and Wales, and be automatically offered to anyone who is receiving support from a mental health crisis team or mental health treatment in an inpatient setting. In England in 2018, 23,000 people were struggling with problem debt whilst in hospital for their mental health, with thousands more managing debt in the care of a crisis team in the community.¹⁵ Given the high levels of problem debt among people who are experiencing a mental health crisis, automatically offering this protection to anyone receiving mental health crisis treatment, would act as a preventative measure to shield people from the financial harm that is often caused by a crisis itself.

As a minimum, we would like the Scottish scheme to match MHBS in England and Wales, and be made available to everyone in a mental health crisis, with other people - including carers, mental health nurses and social workers - being able to apply for it on an individual's behalf.¹⁶

The duration of protection

A mental health crisis can affect anyone at any time. For some, the onset of a crisis will be sudden; for instance, a response to extreme stress or personal difficulties, where a person was previously managing work, family life and finances with relative ease. For others, a crisis can be the result of more ongoing difficulties managing relationships, employment and money.¹⁷

¹² The Insolvency Service. Official Statistics - Monthly Insolvency statistics May 2022. Published June 2022.

¹³ Bond, N. Braverman, R. and Clarke, T. Recovery Space. Money and Mental Health Policy Institute. 2018.

¹⁴ Mental Health Act 1983. Including Sections 3, 37, 41 and 47.

¹⁵ Bond, N. Braverman, R. and Clarke, T. Recovery Space. Money and Mental Health Policy Institute. 2018.

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<https://www.gov.uk/government/publications/debt-respite-scheme-breathing-space-guidance/debt-respite-scheme-breathing-space-guidance-for-creditors>

¹⁷ Bond, N. Braverman, R. and Clarke, T. Recovery Space. Money and Mental Health Policy Institute. 2018.

The time it takes to stabilise someone's mental state and begin the process of recovery can vary considerably. Across England, the median length of an inpatient stay in a psychiatric unit is 34 days¹⁸ with a mean of 92 days, revealing a long tail of very lengthy admissions.¹⁹ With wide variation in how long mental health crises last, putting a time limit on the scheme's protections would be arbitrary and counterproductive. Cutting support during a mental health crisis risks exacerbating that person's difficulties with their mental and financial health. This is why we urge the Scottish Government to take a similar approach to that taken in England and Wales, and provide people whose mental health crisis exceeds the length of the standard moratorium period with protections for the duration of their crisis, plus 30 days after they are discharged from treatment.

For people who have severe and enduring mental health problems, such as schizophrenia, bipolar or a personality disorder, episodic crises may be a recurring feature of their illness.²⁰ The proposals for this mental health scheme must therefore contain no limit on the number of times an individual can apply for it.

Freezing interest and charges on debt

When a mental health crisis emerges suddenly, people can be left without a chance to put alternative arrangements in place. This can quickly lead to them experiencing severe financial difficulties. During a crisis, people are often completely unable to engage in financial management. The result can be people leaving hospital and being confronted with mounting debts, putting their mental health under additional pressure at a time when they are most in need of support.²¹

"If you've got any spare energy you get a drink, go to the toilet, climb up in bed trying to sleep. So, financial stuff just doesn't come into it. I've come out of a two-year depression in the past and checked my post box and there's two years' worth of post stuffed inside." Expert by experience

"I was never asked if there was anyone who was opening mail and keeping on top of my day-to-day living stuff. Thinking about that stuff terrifies me at the best of times but it never occurs to me to think about it when I'm ill. It would have been helpful for someone to remind me that my day-to-day life was still going on, and needed attention and servicing. It's always the same. I go in for treatment and come out to find my financial world is in a bigger mess than when I went in. The resultant terror, shame and guilt undoes all the work of the treatment and I am back in crisis again." Expert by experience

¹⁸ Health and Social Care Information Centre. Mental Health Bulletin: Annual Statistics 2014-2015. Unfortunately median stay data has not been published in more recent bulletins.

¹⁹ Money and Mental Health analysis of NHS Digital. Mental Health Bulletin: Annual Statistics 2016-17.

²⁰ Bond, N. Braverman, R. and Clarke, T. Recovery Space. Money and Mental Health Policy Institute. 2018.

²¹ Bond, N. Braverman, R. and Clarke, T. Recovery Space. Money and Mental Health Policy Institute. 2018.

This is why we'd urge the Scottish government's proposals for a mental health process as part of the statutory moratorium, to include a pause on fees, charges and interest which may accrue while a person with mental health problems is too unwell to manage their own finances. This would reduce the likelihood of these debts escalating out of control, minimising defaults, homelessness and other related issues, while allowing both service users and healthcare staff to focus on treatment, in turn promoting recovery.

Next steps

As the Scottish Government sets about developing these proposals, we welcome its commitment to bring together specialists in the provision of debt counselling, mental health care provision and other key stakeholders.

A challenge with the MHBS in England and Wales is a lack of awareness of the scheme among a wider range of professionals involved in mental health care provision, which is part of why take up is so low. Working to design Scotland's scheme in collaboration with those who will be involved in its delivery, will help promote awareness of it, in turn supporting increased take-up upon implementation.