

Untapped potential: Reducing economic inactivity among people with mental health problems

People with mental health problems are core to the debate around economic inactivity

The share of people who are “economically inactive” - not in employment and not seeking work - remains above its pre-pandemic level. As Table 1 shows, poor mental health is common among people who are economically inactive, and its prevalence has grown in recent years.¹ Across 2022, one in four (26%) people who were economically inactive due to long-term sickness had a mental health problem as their primary health condition, while one in eight (13%) of those who were inactive for any reason had a mental health problem as their primary health condition.

Table 1: The links between mental health problems and economic inactivity

Year	Total inactive	Inactive with a mental health problem	Inactive due to long-term sickness with a mental health problem
2018	8,690,000	980,000	540,000
2019	8,570,000	1,020,000	550,000
2020	8,610,000	1,060,000	570,000
2021	8,760,000	1,090,000	590,000
2022	8,910,000	1,180,000	620,000
% change 2018-22	+3%	+21%	+15%

Source: Money and Mental Health analysis of ONS, Labour Force Survey, 2018-2022.

Notes: Analysis of those aged 16-64, regarding their primary health condition, including mental illness, depression and anxiety. The questions asked in the survey do not directly establish if the primary health condition was the reason why someone was inactive; people may, for instance, have a number of health conditions. Figures are averages of the four quarterly periods, rounded to the nearest 10,000. Change rates in the final row reflect growth in unrounded figures.

This has sparked discussion of what could be done to help more people with mental health problems enter and remain in employment. The Chancellor, for instance, has said it is time for “a fundamental programme of reforms to support people with long-term conditions or mental illness to overcome the barriers and prejudices that prevent them working.”² Ahead of March’s Budget, the government has suggested it would make a number of reforms to help more people into work.³

Despite this recent welcome attention, lower employment rates and higher economic inactivity among people with mental health problems are not new developments. As previous Money and Mental Health research has explored,⁴ people with mental health problems encounter a range of barriers in the labour market, many of which are longstanding.

From an individual point of view, these barriers prevent people from pursuing the opportunities and careers they want. Members of our Research Community - a group of nearly 5,000 people with lived experience of mental health problems - have told us of the disappointment and frustration they feel when encountering systems that don’t make the (often simple) adjustments that would help them find their way to sustainable work.

“My mental health issues were ignored and I was told what I can and cannot do by an adviser who didn’t care less. I felt uncomfortable and ignored.” Expert by experience

“I asked to reduce my hours at work and was told that my job required full time hours and it would be difficult to recruit someone else to part time hours. Unfortunately, my mental health deteriorated significantly and I was hospitalised. I had nine months off sick and I was dismissed at a hearing because I couldn’t confirm a return to work date. If they had been more reasonable I think I could have returned to work but now seven years later I’m not working.” Expert by experience

But these inflexible systems also represent a huge missed opportunity from a wider economic point of view. Half of us will have a mental health problem at some point in our lives.⁵ A failure to understand and respond to the needs of people with mental health problems means overlooking the challenges tens of millions of us will face in the years ahead. That is a recipe for lower employment rates, lower earnings, lower tax receipts and higher benefit expenditure.

As it stands, the systems that should help people with mental health problems to find and stay in appropriate jobs are not delivering. As we explore below, this is not an issue that can be addressed by a single policy announcement or even a set of changes from one government department. What’s required is a benefits system, an employment support system and a health system that all pull in the same direction and build in a genuine understanding of how mental health problems affect us practically, as Table 2 (on the next page) sets out. The impact of these symptoms on

our ability to secure and sustain work can be significantly reduced by designing systems and processes that understand these additional needs, as has been demonstrated with regard to some physical disabilities, for instance making workplaces wheelchair-accessible.

To help sketch what’s needed in the Chancellor’s “programme of reforms”, in this paper we set out **a cross-government plan to support more people with mental health problems to find and remain in work that meets their needs.**

Table 2: How common symptoms of mental health problems can make it harder to search for and remain in work

Common symptoms of mental health problems	How do they affect our ability to search for or remain in work?
Depleted energy levels and motivation	People struggling to attend to their basic self-care needs, such as washing or preparing meals, can find it hard to apply for jobs, complete forms and attend interviews or Jobcentre appointments.
Reduced concentration	Staying focused on work becomes more difficult. Processing thoughts and expressing yourself can be challenging.
Social anxiety and communication difficulties	Engaging with others in the workplace or Jobcentre staff can be hugely distressing.
Impaired planning and problem-solving skills	Faced with challenges in the workplace or complex tasks such as searching for work, people can struggle to think clearly and plan what actions to take.

Source: Money and Mental Health

A better benefits and employment support offer

While the focus in this paper is on supporting people to find sustainable employment, it is important to underline that for lots of us with mental health problems, work of any kind won’t be possible at times. For many, that will be a short-term state, while for others it will be longer-lasting. For both groups, a benefits and employment support system that tries to rush them back to work before they are healthy enough to do so will ultimately be self-defeating, propagating the “too ill to work, too broke not to” cycle.⁶

For those who are able to work or who are getting close to that point, well-designed support could help people to move into jobs that may boost their financial and mental health. Over the years, we have conducted several surveys and focus groups on this topic with Research Community members. A number of issues have repeatedly been raised as hindering respondents’ recoveries and journey to sustainable employment.

Poor understanding of the practical impacts of mental health problems means processes and individual staff working for the Department for Work and Pensions (DWP) are not well-equipped to respond flexibly and creatively to the challenges that symptoms of mental health problems can present. In past research,⁷ we found that complex and demanding administrative processes and inaccessible appointments and communications were contributing to people feeling misunderstood, confused and distressed.

“The focus the government provides for work support is very much 'one size fits all' and even when they talk about adjustments and considerations I feel their knowledge and experience is lacking.” Expert by experience

Inappropriate conditionality is another example of how an understanding of mental health problems is not currently built into the employment support system. A common complaint from our Research Community members is the pressure from Work Coaches to take any job, even if it presents serious concerns for the person's mental health. For those in part-time work, an emphasis from Work Coaches on moving to full-time hours - without recognising how their condition would be affected - was often noted. The Budget is expected to include a requirement that people work the equivalent of 18 hours at the minimum wage - rather than the current 15 hours - in order to avoid conditionality.

“My experience was haunting - I didn't have the voice to explain my anxiety and mental health issues which were compounded by the fact that I was then unemployed and had no money. But I remember the dread I felt when told I may have to retrain or take unpaid work.” Expert by experience

The dominance of 'sticks' over 'carrots' can mean the risk of entering work or increasing hours worked outweighs the potential reward. The design of the benefits system contributes to this. How much someone can earn before their benefit award begins to reduce - known as the 'work allowance' - remains low,⁸ reducing the incentive to increase the number of hours they work or to take on higher-paid roles. Once someone has exceeded their work allowance, a 'taper rate' applies. While a welcome cut to the taper rate was announced in 2021, at 55% it remains a much higher marginal effective tax rate than most workers face.

For those who do move into employment, there is a limited 'safety blanket' if the job a person takes turns out to be wrong for them. As explored further below, people are often required to have their capability for work reassessed after leaving a job, which can be a long, exhausting process and can result in their award being lower than before they took the job. Other research⁹ reported that people sometimes felt that undertaking a volunteering role was used against them by Work Coaches, interpreting it as a sign they were capable of more work rather than a helpful first step towards - but very different from - paid employment.

“If my contracted hours aren’t worked and my wage falls below a certain amount, Universal Credit arrange an interview and have me sign a commitment stating I will look for extra or higher paid income. I have to prove on an online account my 24 hours spent looking and applying for work. My mental health wasn’t taken into account in the slightest.” Expert by experience

High-stakes, stressful assessments of people’s health and ability to work generate huge amounts of stress and anxiety among Research Community members. Assessments are carried out without people being given prior sight of the questions. Mental health problems can make it difficult to think clearly, and being asked questions you haven’t had the chance to think about in advance can lead to people giving answers that may not accurately describe how their symptoms affect them. For most people, there is a lack of choice over how the assessment is carried out, meaning it can often be done in person, in a place that may be difficult to travel to and conducted by someone the person doesn’t know. All these can be distressing, particularly for people whose condition involves anxiety. That anxiety can be heightened by the impact that an assessment decision can have, potentially leaving people’s income hundreds of pounds lower per month. Taken together, this means assessments are often massively stressful events. Challenges to decisions made by assessors are frequently successful, suggesting their design and how they are conducted is ineffective at capturing a person’s capabilities.

The questions asked in assessments focus on physical health conditions. The Work Capability Assessment (WCA) is a set of questions intended to identify whether someone is able to work and what sort of tasks might be impossible for them. But the questions in the WCA appear written with mobility or dexterity primarily in mind, rather than how mental health problems can affect us practically and in a fluctuating way. It also acts as a blunt instrument that concentrates on the ability to do any work, with no part of the process examining what type and amount of work is most suitable to you. Ahead of March’s Budget, the government has suggested it plans to scrap the Work Capability Assessment.¹⁰ What it would be replaced with remains unclear, but many of the WCA’s design and delivery issues also apply to the Personal Independence Payment (PIP) assessment, the other major disability-related test.

Ineffective training limits what people with mental health problems get from employment support. We asked Research Community members to reflect on their experiences of being supported to prepare for and search for work over the last three years. Almost nine out of ten (87%) survey respondents disagreed that the DWP offers a good level of support to people with mental health problems to support them into work. We heard how Work Coaches failed to accurately understand a person’s mental health needs and pushed people down generic routes to prepare for work.¹¹ People told us that interventions to support them to prepare for work were not well-tailored to their mental health needs. People described being sent to CV writing workshops when their mental health problems meant they found group work challenging. Others were required to take self-directed training courses, even when they struggled to use the online systems and needed extra personalised support or did not have the levels of self-efficacy to complete the task.

“I am nowhere near capable of work. The courses offered seem promising, but I feel pressured to say I am improving when I am really not. Fear of being unable to pay rent and bills, so go along with what the coach wants me to do.” Expert by experience

A lack of trust is an understandable consequence of the above shortcomings. Such programmes are much more likely to succeed if the person receiving the support views it as something that is being done with them and for them, rather than done to them and without their health needs clearly in mind. Making these shifts - and particularly establishing trust - will not be achieved overnight. The government's intention to scrap the WCA in particular is likely to be a long process. But tangible changes to how employment support is delivered today and what the benefits system incentivises would start the process of reassuring those of us with mental health problems that this system understands our needs and helps people to find the right job, rather than any job.

Recommendations to reform the benefits system and employment support

Improve understanding of the practical implications of mental health problems

- Ensure all staff working directly with anyone in receipt of benefits receive frequent, high-quality training on how the symptoms of mental health problems affect us practically. One in four of us will have a mental health problem at any given time, and that proportion is even higher among those who are out of work.¹² Without appropriate knowledge regarding mental health problems, Work Coaches and those delivering training and other support will be missing the needs of a large proportion of their clients.
- Empower Work Coaches to use their improved knowledge to adjust conditionality requirements for people with mental health problems, to better reflect how different activities and jobs may affect their health.
- Training should be delivered in a mental health-informed way wherever possible, for instance providing it through a variety of channels to support those who may struggle with face-to-face or group learning.
- Provide reassurance that the DWP will not draw inadvertent conclusions about people's capabilities if they volunteer for, or engage in employment support. A commitment that voluntary engagement with employment support will not trigger a benefit reassessment would be a helpful step towards this

Provide more specialist mental health services

- Recruiting a mental health specialist Work Coach in every Jobcentre would complement the broader improvement in mental health knowledge called for above. A specialist would act as a leader within the Jobcentre on mental health issues, as well as working with people who may be in need of additional help.

Reform the delivery of health assessments

- Ensure the descriptors and general language in assessment forms better reflect how mental health problems affect us. If the government proceeds with scrapping the WCA and administering a single health-related assessment, it should improve on the current assessments by:¹³
 - amending all seven of the mental, cognitive and intellectual functions activities to reflect fluctuating conditions
 - introducing an activity descriptor for memory and the ability to retain information
 - introducing an additional activity that assesses a person's energy and motivation to complete specific tasks
 - amending the descriptor on hazards to include not just reduced awareness of, but reduced regard for, personal consequences to capture suicidality and risk to a person's own life.
- Provide people with the questions they will be asked before the assessment, allowing them to give more accurate answers and enabling a better assessment of their capabilities.
- Give people more options over how assessments are conducted. The DWP's Health Transformation Programme has taken welcome steps to change this by offering people the chance to do video calls but its rollout remains limited. Spreading this pilot to all assessments as quickly as possible would demonstrate more understanding of the challenges people with mental health problems can face.
- Offer clear guidance to health professionals who are providing medical evidence for assessments, making it more obvious what information is being sought and how it may be used. The current practice of requesting medical evidence from health professionals is opaque, with little advice on precisely what that evidence needs to contain. Without clearer guidance, health and social care professionals risk submitting evidence which simply details a person's mental health condition or diagnosis rather than how it impacts on them day-to-day.

De-risk taking a job

- Allow people who enter work to retain their benefit award at the same level as prior to taking the job for up to a year, making it more appealing to try employment.
- Promote the use of Access to Work for people with mental health problems - only 4% of claims are used for mental health purposes - and offer suggestions on how it could be used. Introduce more streamlined access to the scheme, and timescales for decisions and awards.
- Mental health specialists in Jobcentres should build a network of employers in the local area with a proven track record of supporting employees with mental health problems, raising the odds of a lasting job match.

Make progression support more tailored

- For people whose mental health makes full-time hours a challenge, Work Coaches should focus on helping them to find better-paying roles, or enhancing their skills and confidence to improve their ability to get such positions.
- Make mental health awareness a part of the new Progression Leads' skillset,¹⁴ factoring in that knowledge into discussions with employers.

A better employment landscape

The recent debate around economic inactivity has, understandably, focused on those who have recently left the labour market. But considering the issue solely through this lens misses out the importance of how people leave work and what happens in workplaces. There has been slow but noticeable change in the awareness and treatment of mental health at work. As the Chancellor noted, however, prejudice and discrimination remain issues that people with mental health problems - particularly those with more severe mental illness - encounter in the workplace.

While that positive attitudinal shift will hopefully continue, we can also look beyond individual views to how legislation relating to employment shapes what employers do or don't do, and what help is available to workers struggling with their mental health. The ideal outcome from everyone's perspective - the individual, the employer and the government - is a job match that sticks. The size of the opportunity is large. The Farmer-Stevenson review of mental health and the workplace found that 300,000 people with a long-term mental health condition lose their job each year,¹⁵ leading to turnover costs for employers of an estimated £8 billion a year.¹⁶

As with the benefits and employment support system, in several research projects¹⁷ we've explored how employment legislation falls short.

Statutory Sick Pay is ungenerous and too inflexible. For those who are temporarily too unwell to work and in receipt of Statutory Sick Pay (SSP) - currently paid at £99.35 per week - replacement incomes are often insufficient to live on. This can drive financial precarity for people with mental health problems, reinforcing the cycle of money difficulties and poor mental health.

"Due to long term sickness with mental health issues I was only paid SSP which didn't cover my bills each month so I had to get credit cards to pay bills and buy food. I've got about £4,500 on credit cards which is a massive worry." Expert by experience

As well as the low rate at which this is paid, the eligibility threshold for SSP (an average income of at least £123 per week) disproportionately disadvantages people with mental health problems who are overrepresented in low-paying and part-time roles.

The limited right to flexible working restricts people with mental health problems' ability to find appropriate work. Currently, workers can request a variation to their work to make it flexible, but there is little risk to employers in denying those requests. In national polling,¹⁸ we found that one in six (17%) working-age people with recent experience of mental health problems have asked for a reasonable adjustment in the workplace to support them with their mental health problems. Of those, only 29% had their request fully implemented with the remaining two-thirds (68%) made up of those who had adjustments partially implemented (48%) or rejected (19%). Protections under the Equality Act are poorly enforced, despite their potential to offer workers with disabilities - including mental health problems - the right to reasonable adjustments.

"Suitable work is good for my health but I don't ask for accommodations because I'm scared of discrimination." Expert by experience

Recommendations to strengthen rights for people in work

Make Statutory Sick Pay (SSP) fit for purpose

- Significantly raise the level of SSP to allow people to better maintain their standard of living while off sick, encouraging faster recoveries.
- Lower the SSP threshold to ensure more low earners can avail of it.
- Expand eligibility by paying SSP from day one of sickness absence rather than the day four as is currently the case.

Make work flexible by default

- Introduce the right to flexible working for all employees. Employers should be required to offer flexible working, unless this would be incompatible with carrying out the job. When refusing a request, the onus should be on the employer to explain why a role cannot be offered flexibility. This would create a process similar to that under the Equality Act 2010 which places a duty on employers to facilitate all reasonable adjustment requests for people with disabilities. This would open up more opportunities for people with mental health problems in the workplace and increase opportunities for income security.
- To discourage employers from denying such requests without appropriate cause, firms employing 250 or more staff should be required to publish the number of requests they receive, and the number of requests they refuse. This would provide the public and the media with an insight into which firms are committed to supporting the mental health of their staff.

A better healthcare system

The healthcare system is the third and final piece of the puzzle in supporting people with mental health problems. Any calls for the healthcare system to do more need to be weighed against the reality of its current situation, with backlogs, missed targets and well-documented issues with mental health services in particular.¹⁹ Those need to be addressed to prevent a potential worsening of inactivity, or growing inequality between those who can afford to go private to get treatment that speeds up their return to work, and those who can't and drift further from the labour market.

The potential of mental health services to help those receiving treatment to manage employment has already been acknowledged, for instance through Improving Access to Talking Therapies (IAPT), which was launched in part to help speed up returns to work. But beyond some key programmes, the potential of more joined-up systems remains untapped.

A lack of connection between employment and mental healthcare for people who need help other than IAPT but are not in secondary mental health services. While IAPT is well-connected to employment services, less is available for the group of people whose condition means they fall in the gap of having treatment needs that go beyond IAPT but are not receiving secondary care.

Financial problems and their link to employment are not considered enough when people are receiving mental health treatment, particularly secondary care. The National Institute for Health and Care Excellence (NICE), which produces guidance to improve clinical services, stipulates that assessments, care and crisis plans should consider patients' holistic social and living circumstances.²⁰ This wide brief encompasses issues including employment. In reality, the details of these can be overlooked when busy healthcare professionals (HCPs) are dealing with high levels of need and immediate mental health concerns, risking a lack of focus on how someone's employment situation is contributing to or will be affected by their mental health.

Recommendations to make healthcare more joined-up with employment support

Continue to strengthen the role of employment advisers in IAPT

- Working together, the DWP and Department for Health and Social Care (DHSC) should place a specific emphasis on learning lessons from what's working for people already in work and what needs to change for people out of work - who currently have less successful outcomes from the service.

Building a routine enquiry about employment into care

- Embed routine enquiry about employment and money worries through the implementation of statutory care and treatment plans. Failure to intervene in financial difficulties earlier can let problems spiral, ultimately delaying recoveries and increasing the odds of people falling out of employment.
- Develop a strategy to better support those falling between IAPT and secondary care with employment. With a range of actors potentially in contact with those in this position - GPs, social prescribers, link workers, health justice partnerships and other co-located services - an assessment of what support with employment could be offered by which players at which stage would lead to a more rounded offer for people with mental health problems.

Lasting support to help people with severe mental illness find and keep work

- Scale up the Individual Placement and Support (IPS) programme. IPS has been successful in supporting people with severe mental illness (SMI) to enter employment, offering tailored support to find the right job and in-work support for both the employee and the employer. Currently, however, IPS is not consistently resourced across the country. Directing more funding towards it would broaden its reach and allow more people with SMI to benefit from the ongoing help it provides.

Endnotes

¹ For more on the growth in poor mental health, see for instance: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/mentalhealth/articles/costoflivinganddepressioninadultsgreatbritain/29septemberto23october2022>

² <https://www.gov.uk/government/speeches/chancellor-jeremy-hunts-speech-at-bloomberg>

³ See for instance: <https://www.independent.co.uk/news/uk/politics/universal-credit-sanctions-hunt-budget-b2298836.html>

⁴ Bond N and D'Arcy C. Mind the income gap: How work and social security shape the incomes of people with mental health problems. Money and Mental Health. 2020.

⁵ Holkar M. Money and Mental Health: the facts. Money and Mental Health. 2019.

⁶ Bond N and Braverman R. Too ill to work, too broke not to: The cost of sickness absence for people with mental health problems. Money and Mental Health. 2018.

⁷ Bond N, Braverman R and Evans K. The benefits assault course: Making the UK benefits system more accessible for people with mental health problems. Money and Mental Health. 2019.

⁸ Households who have caring responsibilities for a child or a limited capability for work are eligible for work allowances. Work allowances are currently set at £344 for people who receive support with their housing costs and at £573 for those who do not.

⁹ Stacey B. Blunt, bureaucratic and broken: How Universal Credit is failing people in vulnerable situations. Z2K. 2020.

¹⁰ See for instance: <https://www.independent.co.uk/news/uk/politics/universal-credit-sanctions-hunt-budget-b2298836.html>

¹¹ Base: 46 people who have experience of claiming UC or ESA within the last three years who have been required to or voluntarily requested support to prepare for or search for work from the DWP.

¹² See for instance Bond N. Set up to fail: Making it easier to get help with Universal Credit. Money and Mental Health. 2021.

¹³ For more see: <https://www.moneyandmentalhealth.org/wp-content/uploads/2021/10/HD-GP-consultation-response-.pdf>

¹⁴ For more see: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1123353/helping-people-secure-stay-succeed-higher-quality-higher-paying-jobs.pdf

¹⁵ Farmer P and Stevenson D. Thriving at work: The Stevenson / Farmer review of mental health and employers. 2017.

¹⁶ Hampson E et al. Mental health and employers: The case for investment. Deloitte/ Monitor. 2017.

¹⁷ For a summary, see: Bond N and D'Arcy C. Closing the gap: the final report of the Mental Health and Income Commission. Money and Mental Health. 2021.

¹⁸ Ibid.

¹⁹ See for instance: <https://www.bbc.co.uk/news/health-60734769>

²⁰ NICE. People's experience in adult social care services: improving the experience of care and support for people using adult social care services. 2018.