

Money and Mental Health's submission to the Work and Pensions Select Committee's inquiry into Disability Employment

Introduction

The Money and Mental Health Policy Institute is a research charity established by Martin Lewis to break the vicious cycle of money and mental health problems. We aim to be a world-class centre of expertise developing practical policy solutions, working in partnership with those providing services, those who shape them, and those using them to find out what works. Everything we do is rooted in the lived experience of our Research Community, a group of 5,000 people with personal experience of mental health problems.

This response draws on our wider body of research. Unless otherwise specified, all quotes in this response are drawn directly from the Research Community.

Background

- In any given year, one in four people will experience a mental health problem which affects their cognitive and psychological functioning.¹ Over a lifetime, this proportion rises to nearly half the population.²
- There is a large and sustained employment gap between people with mental health problems and those without. The size of this gap varies by condition: people with mild anxiety or depression had an employment rate 6 percentage points lower than the overall population in 2014, rising to 28 percentage points for those with severe anxiety and depression.³
- People with mental health problems are more likely than the rest of the population to receive benefits.⁴ A 2014 snapshot found that nearly half (47%) of working-age adults receiving an out-of-work benefit have a common mental disorder, such as depression or anxiety. People with more severe conditions were much more likely to receive Employment and Support Allowance (ESA), with it being claimed by more than one in five people with severe anxiety or depression (21%), post-traumatic stress disorder (22%), bipolar disorder (21%) or who had attempted suicide in the past year (23%).⁵

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: How work and social security shape the incomes of people with mental health problems. The Money and Mental Health Policy Institute. 2020.

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. The Money and Mental Health Policy Institute. 2020.

⁵ NatCen analysis of NHS Digital, Adult Psychiatric Morbidity Survey, 2014. Covers England only.

- Lower employment rates and lower wages when in work, combined with the low level of financial support benefits provide, mean people with common mental disorders like anxiety and depression have typical annual incomes of just two-thirds (68%) of those without those conditions. This is equivalent to a gap of £8,400 per year.⁶

Summary

- The government's strategies for mental health employment appear contradictory. While initiatives like Universal Support and Work Well promise tailored assistance, the wider Back to Work scheme emphasises punitive measures over personalised approaches.
- Meanwhile, Jobcentres remain ill-equipped to provide more customised support to people with mental health problems. Work coaches routinely fail to accurately understand a person's mental health needs and push people down generic routes to prepare for work.
- Employers and the government must take some critical steps to support more people with mental health problems in entering and thriving in work. Central to this is ensuring that our welfare system assists people with mental health problems in finding good-quality work well suited to their needs. Employers must also create workplaces that are supportive, flexible, and adaptable to the needs of people with mental health problems.

What progress has been made, especially since our 2021 report on the disability employment gap, on supporting disability employment?

The disability employment gap is stark. It was 28.9 percentage points in Q2 of 2023 - an overall decrease of 4.2 percentage points since the same quarter in 2013. The disability employment rate is lower for disabled people with a mental health condition,⁷ including for those with mild symptoms as well as those with more severe conditions.⁸ While the government has taken some steps towards addressing this mental health employment gap since 2021, action is being undermined by the DWP's approach to Jobcentre employment support.

Important progress has been made in integrating employment support with mental health services, including the initiatives detailed below:

- The expansion of Individual Placement and Support (IPS) in Secondary Care services - For years, the IPS scheme has successfully helped people with more severe mental health problems into work through providing individualised support via employment specialists.⁹

⁶ Bond N and D'Arcy C. Mind the Income Gap: How work and social security shape the incomes of people with mental health problems. The Money and Mental Health Policy Institute. 2020.

⁷ Department for Work and Pensions. Employment of disabled people 2023. 2023.

⁸ Bond N and D'Arcy C. Mind the Income Gap: How work and social security shape the incomes of people with mental health problems. The Money and Mental Health Policy Institute. 2020.

⁹ Picken N et al. Evaluation of IPS Grow: Final report. RAND Corporation. 2021.

- Employment Advisors in NHS Talking Therapies - Significant measures have also been taken with the delivery of employment advisers in NHS Talking Therapies services to support those with more common mental health problems. Individuals who engage with these advisers are both more likely to move into and remain in work.¹⁰
- The new Individual Placement and Support in Primary Care (IPSPC) programme - Our previous research has shown that many people are falling between the cracks of mental health services, and are unable to benefit from the above employment offers. In particular, we often hear of people being told they're too unwell for NHS Talking Therapies but not unwell enough to access services for more severe mental illness that provide IPS.¹¹ We have therefore welcomed the introduction of IPSPC which provides tailored employment support in primary and community NHS services,¹² and appears to be aimed at those not covered by NHS Talking Therapies or secondary care services.

Inadequate Jobcentre employment support

A critical success of the IPS model, of which IPSPC follows a modified version, is its focus on providing individualised support and helping people find jobs consistent with their preferences. This is at odds with the current approach taken within Jobcentres. 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.¹³

“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

This approach has become even more commonplace since the introduction of the Way to Work scheme, which requires people to start searching for any job - regardless of whether it aligns with their preference or not - from the fourth week of their claim instead of after what was formerly three months.¹⁴

We also routinely hear how Work Coaches fail to accurately understand a person's mental health needs and push people down generic routes to prepare for work. People often tell us that

¹⁰ Department for Work and Pensions, Employment advisers in improving access to psychological therapies: client research. 2022.

¹¹ Stacey, B. Joining the dots between mental health and employment support. 2023.

¹² Department for Work and Pensions. Guidance: Individual Placement and Support in Primary Care. 2023.

¹³ D'Arcy C. Untapped potential: Reducing economic inactivity among people with mental health problems. 2023.

¹⁴ Department for Work and Pensions. New jobs mission to get 500,000 into work. 2022.

interventions to support them to prepare for work are not well-tailored to their mental health needs. People describe being sent to CV writing workshops when their mental health problems mean they find group work challenging. Others are required to take self-directed training courses, even when they struggle to use the online systems and need extra personalised support or do not have the levels of self-efficacy to complete the task.¹⁵

“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

Little progress has been made in Jobcentres on supporting disability, and in particular mental health, employment. If anything, we have seen the DWP take an increasingly concerning focus on penalties as opposed to positive incentives when it comes to mental health employment. This can both exacerbate poor mental health and leave people at risk of having their vital income cut.¹⁶ The threat of losing your income is not conducive to people with mental health problems getting better or preparing for work. What’s more, from a public purse perspective, the November 2023 budget announcements of a stricter sanctions regime and mandatory work placements suggest both these changes will actually cost the government money.¹⁷

What should be the priority actions to enable further progress with supporting disability employment for: i) employers; and ii) the Government?

Half of us will have a mental health problem at some point in our lives.¹⁸ 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. There are, therefore, some essential steps that employers and the government must take to support more people with mental health problems to enter into and thrive in work.

Actions for employers

Discriminatory attitudes and a lack of knowledge can adversely impact people with mental health problems at all stages of employment, from recruitment and retention to progression opportunities. Tackling the discrimination and stigma people with mental health problems face in the workplace is

¹⁵ D’Arcy C. Untapped potential: Reducing economic inactivity among people with mental health problems. 2023.

¹⁶ Bond, N. Set up to Fail: Making it easier to get help with Universal Credit. Money and Mental Health Policy Institute. 2021.

¹⁷ Keep, M et al. Autumn Statement 2023: A summary. House of Commons Library. 2023.

¹⁸ Holkar M. Money and Mental Health: the facts. Money and Mental Health. 2019.

an ambitious task. Still, there is a clear moral and business case for employers to take immediate action to protect their staff, helping them to stay healthy and in work. This is why we would like:

- **Employers to provide mental health training to all line managers to assist them to support their teams.** Employers who proactively prioritise mental health and equip line managers with the knowledge and skills to better support employees will ensure fairer recruitment, retention, and progression practices.
- **Employers to identify mental health champions within their organisations, and equip them with mental health training, such as Mental Health First Aid training or an equivalent.** Importantly, this should be in addition to mental health-specific training for line managers rather than replace it.
- **Employers to offer roles flexibility by default.** Our research has highlighted that many people with mental health problems would benefit from more flexible working arrangements, enabling them to manage their mental health and income.¹⁹ Employers should consider how they can offer more roles flexibly - including flexing hours, workloads and support - both to existing staff and when recruiting new employees. Proactively advertising roles as offering flexibility should also make the job-search process less daunting for people with mental health problems, opening up more employment opportunities.
- **Employers to develop a list of reasonable adjustments for employees experiencing mental health problems and proactively offer them to staff.** Despite people with mental health problems having a legal right to reasonable adjustments in the workplace, our research has shown that employers vary in their willingness to consider and implement these requests. Employers should proactively offer reasonable adjustments to people with mental health problems. Where adjustments fall outside what is 'reasonable' under the Equality Act, employers should support employees in accessing the Access to Work scheme to help people remain in work.
- **Employers to offer secondments, shadowing, volunteering and buddying opportunities.** People with mental health problems may require support in the workplace to settle into new roles and to progress. However, a lack of effective support contributes to 300,000 people with mental health problems falling out of employment each year.²⁰ Employers should offer buddying systems to help people settle into new roles and mentoring and job shadowing to assist with progression. While a broad swathe of employees could benefit, introducing such schemes should be of particular benefit to

¹⁹ Bond N and D'Arcy C. Mind the Income Gap: How work and social security shape the incomes of people with mental health problems. The Money and Mental Health Policy Institute. 2020.

²⁰ Farmer P and Stevenson D. Thriving at work: The Stevenson / Farmer review of mental health and employers. 2017.

people who struggle with their mental health, helping them to sustain employment and progress in work, thereby protecting or increasing their incomes.

Actions for the government

There has been a slow but noticeable change in the awareness and treatment of mental health at work. While that positive attitudinal shift from employers will hopefully continue, we should also consider how employment legislation shapes what employers do or don't do to support workers with mental health problems. That is why we would like to see the government:

- **Make Statutory Sick Pay (SSP) fit for purpose.** The inadequacy of SSP means that those with mental health problems who are dependent on it lack an adequate financial safety net to fall back on when taking time off work due to sickness. As well as the low rate at which this is paid, the eligibility threshold for SSP disproportionately disadvantages people with mental health problems who are overrepresented in low-paying and part-time roles.²¹ The government should, therefore, 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 receive it; and 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.** 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, 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.²² 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%). This is why we want the government to introduce a 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. To discourage employers from denying such requests without

²¹ Bond N and Braverman R. Too Ill to Work, Too Broke Not to: The cost of sickness absence for people with mental health problems. The Money and Mental Health Policy Institute. 2018.

²² Bond N and D'Arcy C. Closing the gap: the final report of the Mental Health and Income Commission. Money and Mental Health. 2021.

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.

There are also important steps the Department for Work and Pensions must take to improve the employment support provided to people with mental health problems in Jobcentres:

- **Ensure all staff in customer contact roles receive regular, high-quality training on how the symptoms of mental health problems affect us practically.** A recent FOI we submitted revealed that as of November 2023, 38% of DWP staff in customer contact roles hadn't completed the Mental Health, Behaviour and Relationships training.²³ Without appropriate knowledge regarding mental health problems, frontline staff will miss the needs of a large proportion of their clients. Work Coaches should also be empowered 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.
- **To build upon the success of IPS, the DWP should pilot the delivery of employment and in-work support to people with mental health problems via specialist mental health Work Coaches.** Specialist coaches would help people secure employment that is suited to their skills and appropriately flexible and guide employers to make appropriate adjustments. This approach should help more people with mental health problems secure appropriate sustainable employment and provide a solid foundation from which to progress and increase incomes.
- **Suspend conditionality for those out of work due to mental health problems.** Conditionality and the threat of sanctions are a huge source of anxiety for people with mental health problems. The cognitive and psychological effects of many conditions can make understanding and adhering to conditionality a challenge. The threat of sanctions that accompanies conditionality can be overwhelming and debilitating.²⁴

How successful have policies, such as Access to Work and the Disability Confident Scheme, been at increasing employment rates among disabled people and ensuring disabled people stay in work? How could they be improved?

Access to Work offers crucial support with the expenses disabled people may encounter while fulfilling their job responsibilities. The take-up of Access to Work among people with mental health problems has been steadily increasing - the latest statistics showed that the largest customer

²³ The response we received to our FOI (FOI2023/77963) on the 7th November 2023 showed that the total number of DWP delegates who had completed the Mental health, Behaviour and Relationships training regardless of their current job role is 52,891. And the total number of staff currently employed by the Department for Work and Pensions was 85,942.

²⁴ Bond N and D'Arcy C. Closing the gap: the final report of the Mental Health and Income Commission. Money and Mental Health. 2021.

group in terms of number of payments by primary medical condition was those with a mental health problem (21% of the total number of customers). We have also been pleased to see an increase in the number of people who receive an Access to Work payment for Mental Health Support Services - increasing from 1,030 in 2015 to 2016 to 8,920 in 2022 to 2023.²⁵ However, further steps must be taken to raise people's awareness of and access to this scheme.

As of December 2023, there were a staggering 24,339 still waiting in the Access to Work backlog,²⁶ with people often waiting months before being able to access this support.²⁷ These wait times are causing many people to lose their jobs or prevent them from getting a start date until their application has been processed.²⁸ The DWP, therefore, must invest in the staff and resources needed to catch up with this backlog before more people lose their jobs and become discouraged from entering employment. This should be accompanied by the government increasing the promotion of the Access to Work scheme for people with mental health problems and streamlining access to the service.

Does self-employment provide a valuable route for disabled people to find and stay in work? How could support for self-employed disabled people be improved?

Self-employment can be an attractive option for many people with mental health problems. In addition to the personal satisfaction it can provide, it can offer more flexibility over how and when work is carried out than traditional employment. However, self-employment can also present difficulties. The uncertainty it can entail can be challenging, and the lack of support from an employer or the state can be difficult to manage at times, regardless of a person's mental health.²⁹

Self-employed people's interaction with the social security system presents particular opportunities for improvement. With part-time work common among those who have a mental health problem and are self-employed, the impact of the Minimum Income Floor (MIF) in Universal Credit (UC) is a particular concern. Analysis by Policy in Practice has highlighted how this leads to significant drops in income for those affected and could leave people better off financially being out of work.³⁰

To address this concern, the government should explore whether the policy has a disproportionate impact on people with mental health problems and, if so, explore alternative mechanisms or

²⁵ Department for Work and Pensions. Access to Work statistics: April 2007 to March 2023. 2023.

²⁶

<https://hansard.parliament.uk/commons/2023-12-18/debates/F0B4F293-3895-42F5-94FE-CCF61F39805B/AccessToWork>

²⁷ <https://www.disabilitynewsservice.com/dwp-makes-tiny-dent-in-access-to-work-queue-12-months-on/#>

²⁸ <https://www.disabilityrightsuk.org/news/access-work-wait-times-leading-lost-jobs>

²⁹ Bond N and D'Arcy C. Closing the gap: the final report of the Mental Health and Income Commission. Money and Mental Health. 2021.

³⁰ Tonutti G. What choices do self-employed people have with Universal Credit?. Policy in Practice. 2018.

support to ensure that the MIF does not discourage people from working or facing drops in their income for doing so.

How will the Government's announced reforms to disability employment support, such as Universal Support, WorkWell and the proposals in the Back to Work Plan, help close the disability employment gap?

The government's approaches to disability employment support appear contradictory. On one hand, recently announced schemes such as Universal Support and Work Well take welcome steps towards providing less generic and more personalised support for disabled people and those with health conditions. On the other hand, the government's rhetoric concerning back-to-work support and plans outlined in the Back-to-Work plan suggest punitive as opposed to personalised approaches are the main focus.³¹

We were particularly pleased to see the following commitments under the Universal Support programme:

- Participants will be introduced to suitable employers based on their preferences, strengths and any lessons learned from previous work experience to ensure they find a job that is right for them.
- Ongoing and wraparound support will be provided, which could include support to access debt advice, for example, to address any other challenges that are presenting as barriers to employment.³²

Similarly, WorkWell intends to provide tailored plans to help address the health-related barriers people face to work. It will also include referrals to clinical and non-clinical support, including more comprehensive community provision, including debt advice again, for example.³³

A shift to providing tailored support not penalties

However, the overarching Back to Work plan, which encompasses a number of the above schemes, clearly states that any additional support will come alongside tougher sanctions for people who don't look for work.³⁴ This focus on strengthening the UC sanctions regime to incentivise individuals to comply with their work search requirements and move into work is not an effective way to close the disability employment gap. For individuals experiencing mental health

³¹ <https://www.gov.uk/government/news/employment-support-launched-for-over-a-million-people>

³²

<https://www.gov.uk/government/news/25-000-people-to-be-helped-into-work-as-government-ramps-up-roll-out-of-flagship-universal-support-scheme>

³³ <https://www.gov.uk/government/publications/workwell>

³⁴ <https://www.gov.uk/government/news/employment-support-launched-for-over-a-million-people>



problems, these changes risk placing increased pressure on people who are already struggling, exacerbating mental health problems and pushing people further away from the labour market. Efforts to fill vacancies and get more people into work must look past these blunt policies. People with mental health problems require mental health support to recover and a welfare system which supports them to find good-quality work well suited to their needs.