MONEY AND MENTAL HEALTH POLICY INSTITUTE

Policy Note

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Reforming the Mental Health Act

Time to tackle the links between financial difficulty and acute mental illness

Introduction

It was very welcome when the new government signalled its intention to modernise the Mental Health Act as a priority in the first King's Speech.[1] The new Mental Health Bill is a once-in-a-generation opportunity to legislate that people's holistic needs, including finances, are considered as a key part of supporting recovery from a mental health crisis.

Addressing the psychological toll that money problems can have on those who are acutely unwell is key to preventing and mitigating future mental health crises. It aligns with the government's wider mission to shift the focus of the NHS from hospital to community, and from treatment to prevention.[2]

Up to a third of people with a mental disorder are in problem debt, and at least 20,700 people in England alone were struggling with problem debt while in hospital for their mental health in 2023.[3] The most recent detailed data from 2017 shows that over 420,000 people in problem debt thought about suicide, and 100,000 people in problem debt attempted suicide in that year alone.[4] But despite the high prevalence of financial problems for those experiencing a mental health crisis, and the devastating financial and mental health consequences that often result, this is largely ignored.

> *"I was never asked if there was anyone who was opening mail and keeping on top of my day-to-day living stuff... 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."*
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> Expert by experience

The Mental Health Act (1983) - the main piece of legislation that covers the assessment, treatment and rights of people with a mental health disorder - is outdated, unfit for purpose and fails to systematically address the significant financial needs of those who are acutely unwell with their mental health. As long as finances go unacknowledged, there is a risk that people will be discharged from secondary care and return to the same financial environment that contributed to their crisis in the first instance.

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[1] The King's Speech 2024. Gov.uk.
[2] Gov.uk. Secretary of State for Health and Social Care, Wes Streeting, speech at the Institute for Public Policy Research (IPPR)'s State of Health and Care Conference. 2024.
[3] In 2022-23, 89,308 adults were admitted to hospital for a mental health problem. The Adult Psychiatric Morbidity Survey indicates that 23.2% of people experiencing a mental health problem were also in problem debt. The rate of problem debt is likely higher among people experiencing a mental health problem that leads to hospitalisation. Jenkins et al. (2008), for example, found that 33% of all people with probable psychosis are in problem debt. Our estimate can thus be viewed as being highly conservative.
[4] Bond, N and Holkar, M. A Silent Killer. Money and Mental Health Policy Institute. 2018.
[5] Mental Health Act 1983. Legislation.gov.uk

We're calling on the government to make four relatively small changes, with very little cost to the public purse, that would make a transformational difference to support people in mental health crises with their finances.

1. Everyone receiving support from secondary mental health services should have a statutory right to request an advance choice document.
2. Advance choice documents should include financial matters as a specific section in the standard template format.
3. Care and treatment plans (CTPs) should include a routine enquiry into the financial circumstances of every patient.
4. Mental Health Crisis Breathing Space should be automatically offered to those detained under longer term sections of the Mental Health Act.

This is a vital opportunity to prevent illness, reduce waiting lists and help more people return to daily life, including work, more smoothly - all key to the government's missions to ensure everyone lives well for longer and kickstart economic growth. Our research shows that people experiencing financial difficulties are not only more likely to end up in a mental health crisis, but also experience more prolonged illness and challenges to recovery.[6]

In this policy note, we focus on changes that need to be made in the Bill, but we also highlight what would need to change in the accompanying code of practice to make the most of this vital chance to systematically address the financial needs of those who are acutely unwell with their mental health. This note draws on evidence from across our work, but relies principally on a survey of 200 respondents with lived experience of severe mental illness from Money and Mental Health's Research Community, carried out in January 2022.

The toxic links between money and mental health problems

For those who have been detained under the Mental Health Act, who are possibly too unwell to keep themselves safe, finances are understandably often the last thing on their minds. But that doesn't stop bills needing to be paid, debts mounting and collections activity escalating.

During a period of mental health crisis, the combination of fluctuating cognitive capacity, and typically being too unwell to work, keep up with benefit claims, or juggle bills, can put people at risk of a range of financial problems.

> *"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."*
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> Expert by experience

[6] Bond N. Breaking the cycle: The case for integrating money and mental health support during the cost of living crisis. Money and Mental Health Policy Institute. 2023.

Income shocks

People with a severe and enduring mental health problem already have lower average incomes than the wider population. The average annual income for a person with a severe mental illness is just 75% of the average of people without an SMI - an annual difference of £6,500.[7]

Requiring care and treatment can feed into this pattern, since, as our research has shown, nearly seven in ten (68%) people experience a drop in income while receiving support from secondary services.[8] This is often as a result of being too unwell to work, or benefit losses due to difficulties keeping up with requirements to maintain a claim. Some, including those who are self-employed and have no access to Statutory or Contractual sick pay, may lose their income altogether.

Reduced financial capability

An income drop can be detrimental at any time, but for people who are acutely unwell, it comes when their capability is compromised too. The cognitive and psychological symptoms of mental ill health can result in reduced financial capability and changes in behaviour, which make it harder to manage our finances, or access and engage with support.

For example, difficulties understanding and retaining information, or altered perceptions that result in people not exercising the same judgement as when they are well, can impair financial capability. Spending and borrowing may increase, or suicidal ideation can lead to people giving money away that they no longer see a need for, often to other residents on a hospital ward.

> *"With the second admission, as far as I'm concerned, I wasn't going to be alive for long. Therefore, I was frivolous with my money as such and I would buy presents... [for] my brother and my niece and things and wouldn't think about the financial consequences for the future."*
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> Expert by experience

Financial harm

The financial harms that this can cause are widespread and diverse, with more than eight in ten Research Community respondents (86%) experiencing financial harm when they were under the care of secondary mental health services.[9] Nearly three quarters (72%) of respondents said they struggled to pay for essentials such as food or heating, and more than half (55%) reported missing a payment for an essential bill, such as mortgage, rent or council tax.[10] Almost half (46%) were charged a fee or faced increased interest because of a payment they missed, too.

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[7] Bond, N. and D'Arcy, C. Mind the Income Gap. Money and Mental Health Policy Institute. 2020.
[8] Bond, N. and Preece, G. Not a Secondary Issue: Preventing and resolving financial difficulties for people in secondary mental health care. Money and Mental Health Policy Institute. 2021.
[9] Ibid.
[10] Ibid.

Case study

Suzanne, a nurse in the NHS, has been diagnosed with severe depression, anxiety and PTSD. She's experienced periods of acute mental illness in her adult life, which have led her to be admitted to hospital on multiple occasions.

After Suzanne was discharged from her second admission to hospital, she arrived home to find nearly three months' worth of letters on her doorstep, including one with "court summons" written in red font on the envelope. Since Suzanne was unable to access her post or respond while she was in hospital, she did not know that she had missed a council tax payment, and faced a court summons and additional charges as a result.

Still recovering from acute illness, Suzanne was overwhelmed and distressed at the thought of having to go to court, so she took out a high cost credit card to pay off the £1,000 she owed and prevent the debt from escalating further.

Charges on the card quickly started to rack up, and Suzanne found herself going back to work sooner than she was ready for, and working long hours at the expense of missing talking therapy sessions, in order to pay off the debt. This prolonged her illness and left its own mark on her mental health.

How the current system misses the chance to protect patients' finances

Despite abundant evidence, support is seriously lacking. Nearly six in ten (58%) respondents were not offered any support with their finances while under the care of secondary mental health services, and eight in ten (81%) said their crisis or relapse prevention plan did not mention finances.[11]

Services cannot rely on patients to tell them when they are facing financial difficulties. People rarely proactively tell mental healthcare professionals about money problems, often because they're too unwell or because the stigma that persists around the topic acts as a barrier to disclosure.[12]

Over the past several years there has been a welcome shift in emphasis across healthcare guidance, towards meeting the holistic and social needs of those with a severe mental illness, including housing, employment and debt.[13] However, while pockets of good practice do exist, this is largely where incredible staff go above and beyond for patients.

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[11] Ibid.
[12] Bond N. Breaking the cycle: The case for integrating money and mental health support during the cost of living crisis. Money and Mental Health Policy Institute. 2023.
[13] The NHS Long Term Plan, including the Community Mental Health Framework, outlines a shift to a 'whole-person' approach across health and care services.

In reality, this guidance is often overlooked when busy healthcare professionals are dealing with high levels of need and immediate health risks, or do not feel empowered to connect people to the right support.

Support that does exist is woefully underused

A key exception is the Mental Health Breathing Space (MHCBS) mechanism.[14] This is a vital tool that can protect people in a mental health crisis from the impacts of problem debt, by pausing enforcement action and contact from creditors, and freezing interest and charges on any debts.[15] If an Approved Mental Health Practitioner certifies that a person is receiving mental health crisis treatment, these protections are provided for as long as the treatment lasts, plus another 30 days. This ensures that people are afforded the time and space they need to focus on recovery, without having to worry about debts piling up or collection action.

However, without a system in place to inquire about people's finances in the first instance, thousands of people who would benefit from the support of this tool are missing out, simply because nobody asks. On top of this, awareness of the mechanism is extremely low among healthcare professionals, meaning that even where financial difficulties are spotted, that doesn't always result in people being accessing the protections the mechanism affords.[16]

As a result, current utilisation of MHCBS is significantly below its potential or the numbers forecast by HM Treasury, which estimated that 27,000 people would enter Mental Health Crisis Breathing Space in 2021-22, rising to 54,000 by 2030-31.[17] In comparison, there have been just 4,182 entrances to the scheme since it started in May 2021.[18]

Recommendations

Draft Mental Health Act reforms under the previous government proposed some welcome changes, including increasing choice and autonomy, and placing care and treatment plans on a statutory footing.[19] But the reforms should not miss the vital opportunity to systematically identify and address the often predictable financial needs of people using secondary mental health services.

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[14] The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020.
[15] Debt respite scheme (breathing space): Guidance on mental health crisis breathing space.
[16] Samuel, M. Debt support scheme for people in mental health crisis reaching just 3% of forecast number. Community Care. 2022.
[17] HM Treasury. Breathing Space Impact Assessment. 2019.
[18] Gov.uk. Individual Insolvency Statistics. August 2024. (Accessed: 08/10/24.)
[19] Gov.uk. Draft Mental Health Bill 2022.

Everyone receiving support from secondary mental health services should have a statutory right to request an advance choice document.

Advance choice documents (ACDs) are a preventative tool to enable those at risk of being detained to express their personal preferences for care and treatment preferences in the event that they experience a mental health crisis. This might cover objections to certain treatments, or what needs to be done to look after dependents or pets, for example. But it can also provide an opportunity for people to protect themselves from financial harm by putting in place planning and support for when they are unwell.

As other research has shown, ACDs can be transformative. They have the potential to reduce compulsory detention rates by up to 25%, improve recovery rates and reduce time spent in hospital.[20] This could minimise the scar that a prolonged hospital stay can leave on people's finances, while easing pressure on NHS workloads, too.

Putting these documents on a statutory footing is essential to ensuring that they hold weight in decision-making among healthcare professionals, and are used widely, given low levels of awareness of ACDs. Scotland's Mental Health Act 2003, which failed to include the right to an ACD on a statutory basis, makes clear the risk of failing to include this in legislation, as only 6.6% of those who received treatment that they did not, or could not, consent to, from June 2017 to December 2020, had an ACD in place.[21]

Advance choice documents should include financial matters as a specific section in the standard template format.

Aligning with the increasing focus across secondary healthcare services on the importance of holistic and preventative support, and combined with the evidence of the financial devastation that can be caused by mental health crises, we suggest that financial matters should be included as a specific section in the standard ACD template format.

This should include explicit prompts which encourage people to reflect on and stipulate their preferences around finances, such as how priority bills will be paid, preferences around access to credit, and advance planning to identify and empower a third party to manage their finances on their behalf, such as a Lasting Power of Attorney, or third-party mandate with their financial service provider. In addition to this, people should be able to access the support of a trained, independent person to develop their ACD.

By including a systematic consideration of finances in ACDs and offering explicit prompts, people can be supported to have greater control and choice, setting out key preventative measures to safeguard themselves from the financial harm that can be caused by, and also exacerbate, mental health crises.

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[20] Molyneaux et al. Crisis-planning interventions for people with psychotic illness or bipolar disorder: systematic review and meta-analyses. The British Journal of Psychiatry, 2019; 5(4); e53.
[21] Mental Welfare Commission for Scotland. Advance statements in Scotland. Statistical Monitoring. 2021.

Care and treatment plans (CTPs) should include a routine enquiry into the financial circumstances of a patient.

In addition to a consideration of finances as part of advance planning for a mental health crisis, there should be routine screening for financial difficulty when healthcare professionals are planning a patient's care and treatment, as soon as possible following being detained under the Mental Health Act.

Addressing finances is only one of the many factors that mental health practitioners must consider in their assessment and care planning, and service capacity means that this aspect of life is often overlooked. Making finances an explicit section as part of care and treatment plans - the document that healthcare professionals complete with all patients to outline their care and support needs - would bolster opportunities to safeguard patients from financial harm.

Crucially, this does not mean asking busy healthcare professionals to support people with their money in a way that they are not trained or intended to do. Rather, this is a case of empowering them to simply identify those in need and transfer them to the relevant welfare advisor in their service, so that healthcare professionals can focus on medical care.

There is clear and convincing precedent for this. Such changes to Care and treatment plans through the Mental Health Bill would take the lead from existing practice in Wales, where 'finance and money' is already included as a section in the CTP template.[22] Moreover, we urge the government to learn from issues around the generally poor quality of CTPs in Wales, which although are widely used, have limited the effectiveness of this important mechanism.[23] It is essential that there is training and monitoring in place to support sufficient uptake and effective use of CTPs in practice, so that all areas of care are considered with equal attention.[24]

Mental Health Crisis Breathing Space should be automatically offered to those detained under longer term sections of the Mental Health Act.

Automatically offering MHCBS to people detained for potentially longer-term admissions, including under section 3 and forensic sections of the Act,[25] would ensure that those whose incomes are likely to be adversely impacted by extended admissions can be supported. This intervention would target the core group that the mechanism was intended for.

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[22] Welsh Government. Care and treatment plan template. 2019.
[23] Mind Cymru. The Mental Health Measure: Ten Years On. 2022.
[24] In Wales, Care and treatment plans are already on a statutory footing and the care planning template includes a 'finances and money' section. While most patients will have a care plan, many will not have access to it or had involvement in its production. Crucially, often only the most pressing matters for treatment are noted, and other areas of life, including 'finance and money' are overlooked. Mind Cymru and others across Wales have highlighted the need for mandatory training to improve the quality of CTPs.
[25] Mental Health Act 1983. Including Sections 3, 37, 41 and 47.

To outline the possible reach of such a targeted intervention, in 2023-24 there were a total of 10,924 detentions under sections 3, 37, 41 and 47 of the Mental Health Act, representing 21% of all detentions.[26] Formalising the automatic offer of MHCBS to this targeted group would go a long way towards ensuring the mechanism supports the number of people HM Treasury forecast it to serve. And, crucially, after the Breathing Space period has ended, people are then offered formal debt advice, with specialist support for those who need it, to ensure that financial difficulties are resolved on a longer term basis.

Existing NHS guidance on acute inpatient mental health care already states that wards should offer MHCBS to those who need it.[27] While this is extremely welcome, this has had minimal tangible impact on take-up. The proposed addition to legislation would ensure that there is a statutory obligation to offer this mechanism to those who need it most, obliging services to be more thorough in its implementation, with greater levels of accountability.

> *"Breathing space... has totally changed my experience from feeling hounded and persecuted to supported and valued... Took away much fear and sleepless nights coupled with dire days of depression."*
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> Expert by experience

Conclusion

It's about time to modernise the over 40-year-old legislation that dictates the care and treatment that those who are most acutely unwell with their mental health receive. The new Mental Health Bill presents a once-in-a-generation opportunity to pledge in law that the significant financial needs of people who are detained under the Mental Health Act will no longer be ignored.

These small but transformational changes we are calling for will reduce waiting lists and help people return to daily life, including work. These are all things which are key to the government's mission to kickstart economic growth and ensure everyone lives well for longer. Most importantly, these changes will support the financial and mental health of thousands of people who need it most.

[26] NHS England. Mental Health Act Statistics, Annual Figures, 2023-24. 2024.
[27] NHS England. Acute inpatient mental health care for adults and older adults. 2023.