

Submission to the Young People and Work inquiry (Milburn review)

Introduction

The Money and Mental Health Policy Institute is a policy, research, and campaigning charity established by Martin Lewis in 2016 to break the vicious cycle of money and mental health problems. We aim to be a world-class centre of expertise developing practical solutions, working in partnership with those providing services, those who shape them, and those using them, to find out what really works.

Martin set up the organisation as he saw countless people struggling with both money and mental health issues. He calls this a ‘marriage made in hell’ as financial difficulties and poor mental health negatively affect each other. Martin’s goal was to create an institute focused on better understanding these issues and developing practical policy solutions to address them at a systemic level.

Everything that Money and Mental Health does is rooted in the lived experience of our Research Community, a group of around 5,000 people with personal experience of mental health problems. These members are all signed up to our online research platform and regularly surveyed by our research team.

Background

- Every year, one in four people will experience a mental health problem which will impact their cognitive and psychological abilities.¹ Over a lifetime, this proportion rises to nearly half the population.²
- In 2023-24, around two in five adults who were unemployed (40%) or economically inactive (38.8%) had a common mental health condition, more than twice the rate among employed adults (18%).³
- Only half (49%) of disabled people for whom a mental health problem is their main health condition are in work, compared to 82% of non-disabled people.
- The income gap for those of us with mental health problems is significant. People with mental health problems have a median gross annual income of £2,400 less than people without mental health problems.⁴

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 Adult Psychiatric Morbidity Survey: Survey of Mental Health and Wellbeing, England. 2023/4.

⁴ Lees C and Stacey B. Always on your mind. Money and Mental Health. 2024.

1. What is stopping more young people from participating in employment, education or training?

A toxic combination of money and mental health problems

Our research shows that 3.4m people across the UK are experiencing mental health problems and financial difficulty. These two issues when working in tandem are a marriage made in hell, as they negatively feed off each other and make it harder for people to recover or get on top of their finances.

Mental health problems can affect our finances in a number of ways, from limiting the income we receive to impacting how we manage and spend our money. In turn, our financial situation can play a big role in our mental health, with stress and anxiety caused by financial difficulties often driving and exacerbating mental health problems.

It is challenging to pinpoint exactly how pervasive this issue is amongst young people, particularly in the NEET category of 16-24 year olds. However, if we examine a broader grouping of young people we can see some evidence to suggest this is a major factor.

Money and Mental Health has previously analysed how our age interacts with our money and our mental health and found that younger people with mental health problems are more affected by the toxic cycle of money and mental health problems than compared to older people with mental health issues.⁵

Similarly, younger people with mental health problems are also more likely to say that thinking about their financial situation makes them anxious and are less likely to be debt free. This is reflected in a recent poll of young people which found that the top three contributors to anxiety were financial worries (37%), work pressure (23%) and job insecurity or unemployment (20%). And when respondents were asked what would make them happier, the most popular answer was higher wages/ financial stability (41%).⁶

Compounding this issue are long waits for vital treatment. In 2023/24, there were 78,577 young people waiting over a year for mental health treatment from the NHS, with 44% of these waiting over two years.⁷ And then 59% of young people have reported that their mental health has worsened during the wait for support.⁸

Alongside this existing evidence base, Money and Mental Health will also be launching a new programme of work on younger adults and their experiences of money and mental health, drawing on our Research Community of people with mental health problems. If there are

⁵ Stacey B. Through the lens: Age, money and mental health. Money and Mental Health. December 2022.

⁶ The John Smith Centre UK Youth Poll 2025, run by Focaldata, representative sample of 2,039 16-29-year-olds.

⁷ YoungMinds: Increase in youth waiting over a year for support.

⁸ YoungMinds: Deconstructing the system, Mental Health Report.

specific questions or policy ideas the review team would like to explore as its ideas develop, we would be happy to discuss how we and our Community members could offer feedback or test emerging ideas.

2. What would make the biggest difference to support more young people to participate?

Half of us will have a mental health problem at some point in our lives.⁹ Yet support systems have failed to properly understand and adequately respond to the employment needs of young people with mental health issues. Without major changes both from government and employers, we risk missing a ‘golden opportunity’ to get more young people into sustained work, boost tax receipts, reduce benefit expenditure, and bring about higher living standards.

The following are essential steps the government and employers must take to support more NEET young people with mental health problems to enter into and thrive in work.

Embedding mental health expertise in employment services

We need to ensure all staff in customer contact roles receive regular, high-quality training on how the symptoms of mental health problems affect us practically. We submitted an FOI that revealed that as of November 2023, 38% of DWP staff in customer contact roles hadn’t completed the Mental Health, Behaviour and Relationships training.¹⁰

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.

The ‘right to try’ guarantee

We support government plans that will enable people with mental health problems who attempt work to not have to fear an immediate reassessment or award review of their benefits.

If work becomes unmanageable due to mental health problems, benefits should be automatically reinstated to previous levels without delay. It needs to be made clear that people can build up hours without sudden income shocks. People should also receive clarity on what trying work means for their benefits, including linked support like council tax reduction or free prescriptions, and assurance these will be protected or reinstated quickly if needed.

Employer led occupational health support

⁹ Holkar M. Money and Mental Health: the facts. Money and Mental Health. 2019.

¹⁰ 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.



The call for evidence noted the success of the Netherlands in having a much lower proportion of people who are NEET. They are a good model to study, as they not only make it easier for young people to enter the labour market but to stay there - something that is strongly tied to the country's culture of employee wellbeing and a healthy work-life balance.

The stats are impressive, including being able to successfully reduce their economic inactivity rate by eight percentage points between 2010 and 2023. Specifically on the latter, their approach to preventing and addressing long-term sickness is built around a system of strong financial incentives for employers to retain workers and prevent them from falling out of the labour market due to sickness.

Dutch employers are legally required to pay at least 70% of a sick worker's salary for up to two years. Many offer full pay for several months. In the UK, it's only 19%, with Statutory Sick Pay lasting only 28 weeks. Because of this extended responsibility, Dutch employers are incentivised to collaborate with occupational health services to create effective return-to-work plans.

Many employers also provide support like one-on-one therapy, coaching, and 24/7 helplines. They also have a high level of protection against dismissal whilst someone is sick, which is not allowed during the first two years of sickness unless they decline to cooperate on return to work efforts.

A Job Guarantee scheme for young people with integrated mental health support

Any 'right to try' scheme will only succeed if there are appropriate opportunities for work available that meet an individual's health needs. Previous governments have introduced job guarantee schemes to prevent long-term unemployment and create employment opportunities. These were largely targeted at young people and temporary measures in response to significant labour market shocks (financial crisis 2008-2009 and Covid-19).

The government should examine the success of these schemes to explore how a national Job Guarantee scheme for young people with integrated mental health support could be implemented to support those looking to move into employment. The Marienthal Job Guarantee pilot in Austria should be carefully considered as a potential model.

Case study - Marienthal Job Guarantee

Overview: Designed by Oxford University economists and run by the Austrian Public Employment Service which ran between 2020-2024. The scheme created jobs for local people who had been unemployed for over 12 months. It was voluntary and all were paid at or above the minimum wage. Participants started with two-months of support that provided personalised training, counselling, and help from social workers and psychologists. People



were then matched with suitable jobs or supported to create their own, which were tailored to their skills, health needs and requirements of the community.

Impact: The pilot eliminated long-term unemployment in the area. Participants' incomes and financial security increased. They were happier, more satisfied, and felt more in control of their lives. The cost of the scheme was marginally less per person than equivalent Austrian unemployment benefits. This does not account for longer-term economic and social benefits from supporting more people into employment. The trial's success has led the Austrian government to announce substantially more funding to further roll-out the job guarantee.¹¹

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. This is why we would like:

Mental health support hardwired into organisations

Employers should 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 should also identify mental health champions within their organisations, and equip them with mental health training, such as Mental Health First Aid training or an equivalent.

Designing job roles with in-built flexibility as default

Employers should design roles with in-built flexibility in mind, as default. Our research has highlighted that many people with mental health problems would benefit from more flexible working arrangements, enabling them to better manage their mental health and income.¹²

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. This is crucial as only one in 26 vacancies (3.8%) on the government's 'Find a Job' portal includes an option for such work.¹³

¹¹ Briefing: Universal Job Guarantee Boosts Wellbeing & Eliminates Long-Term Unemployment, Oxford University. 2025.

¹² 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.

¹³ Beyond the Office? How remote and hybrid working can help close the disability employment gap, Interim report of the Inclusive Remote and Hybrid Working Study, Work Foundation. 2025.