

# Finances and mental health during the COVID-19 pandemic

Findings from the Understanding Society COVID Study

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29<sup>th</sup> April 2021



# Study background

- In March 2020, UK government restrictions to protect population health impacted many individuals' ability to do their jobs and to earn money to support themselves and their families.
- Financial wellbeing is linked to mental health.
- This investigation looked at which groups in society were the most badly affected financially, how they were affected, and what impacts this had on their mental health.



# Understanding Society COVID Study

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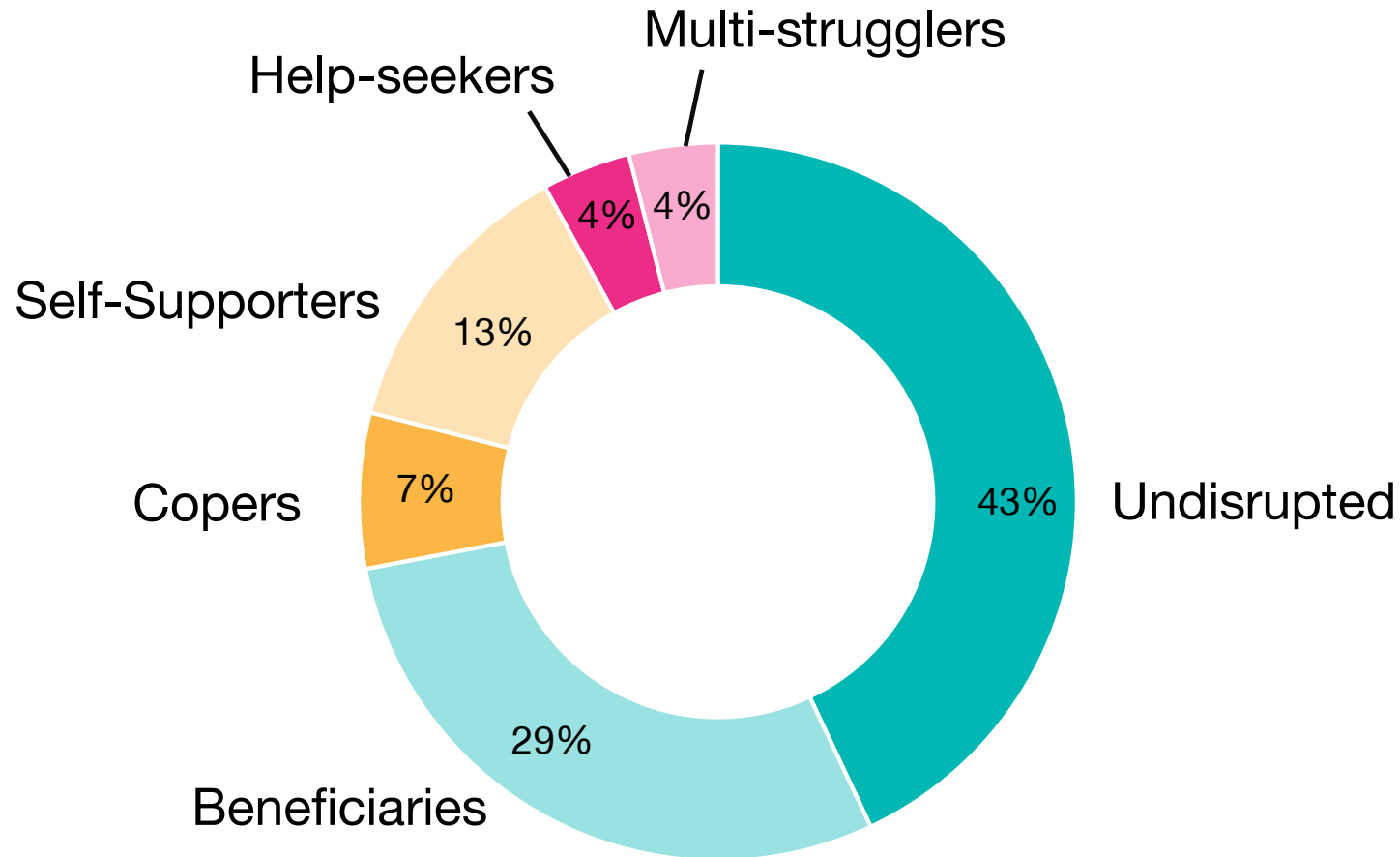
- In April 2020 approximately 20,000 participants from the main Understanding Society sample completed a short web-survey.
- Information on individuals' financial circumstances and levels of mental distress during COVID (April 2020 to January 2021) was linked to their responses to the main Understanding Society study between 2017 to 2020.
- The link between financial experiences and mental distress during the pandemic was tracked in 12,426 people aged 16 or older living in private residences.
- Focus groups with 14 people discussed lived experiences of dealing with mental illness during the pandemic.

# Understanding Society COVID Study

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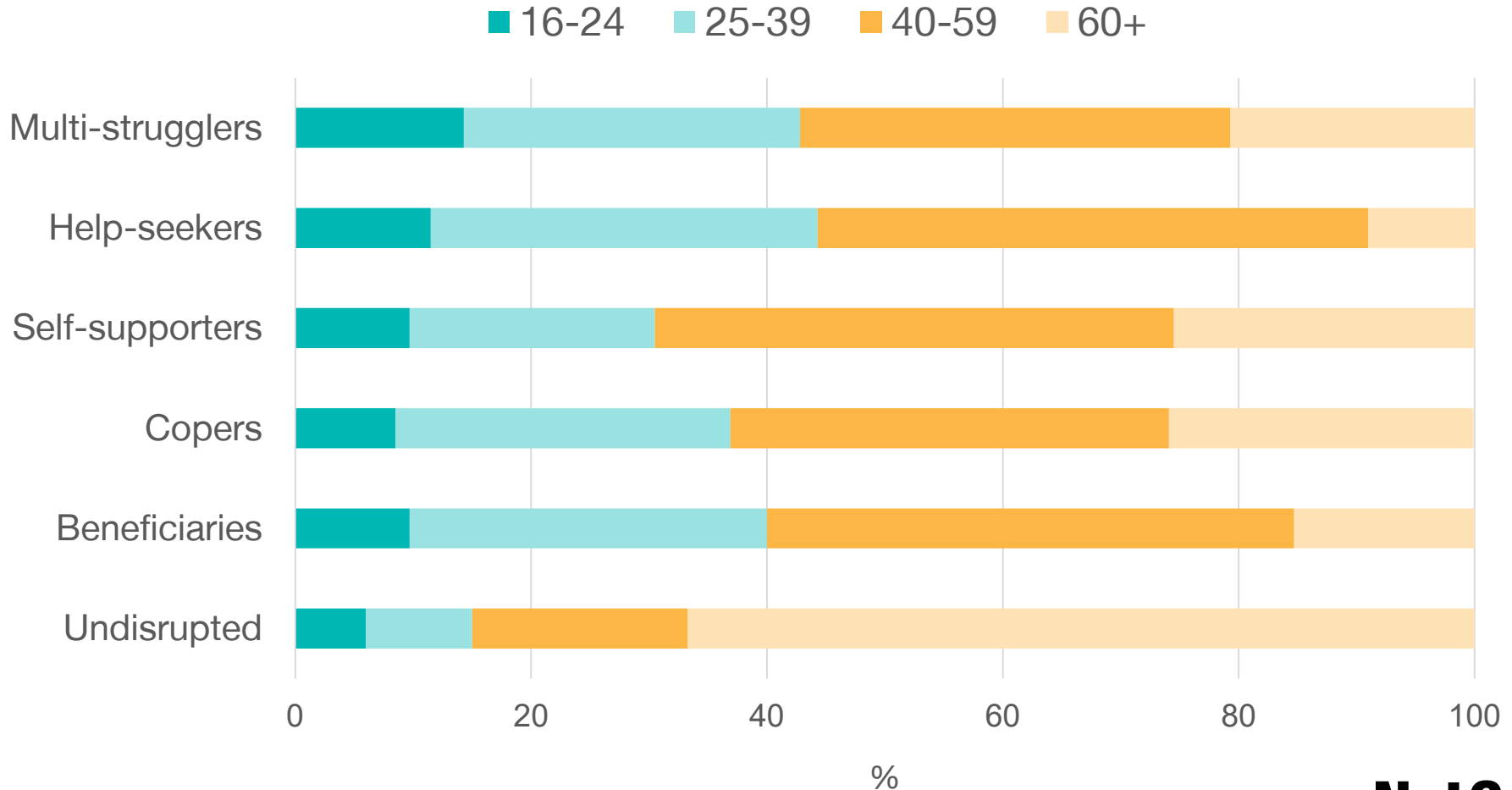
- Mental distress was measured using the GHQ-12.
  - Cut off score of  $\geq 4$  to indicate clinically relevant risk of non-specific distress.
- Financial experiences during the pandemic, up to November 2020.
  - Change in household/individual earnings and benefits since Jan/Feb 2020.
  - Change in debt in past 4 weeks.
  - Change in amount of spending compared to same month last year .
  - Whether or not taken specific steps to cover losses in earnings since Jan/Feb 2020.
    - Reduced spending, used savings, borrowed from bank, borrowed from family/friends, found new work, accessed/reduced contributions to pension, claimed new benefits, took other action.
- Latent Class Analysis was used to group together people with similar financial experiences

# Financial pathways through the pandemic



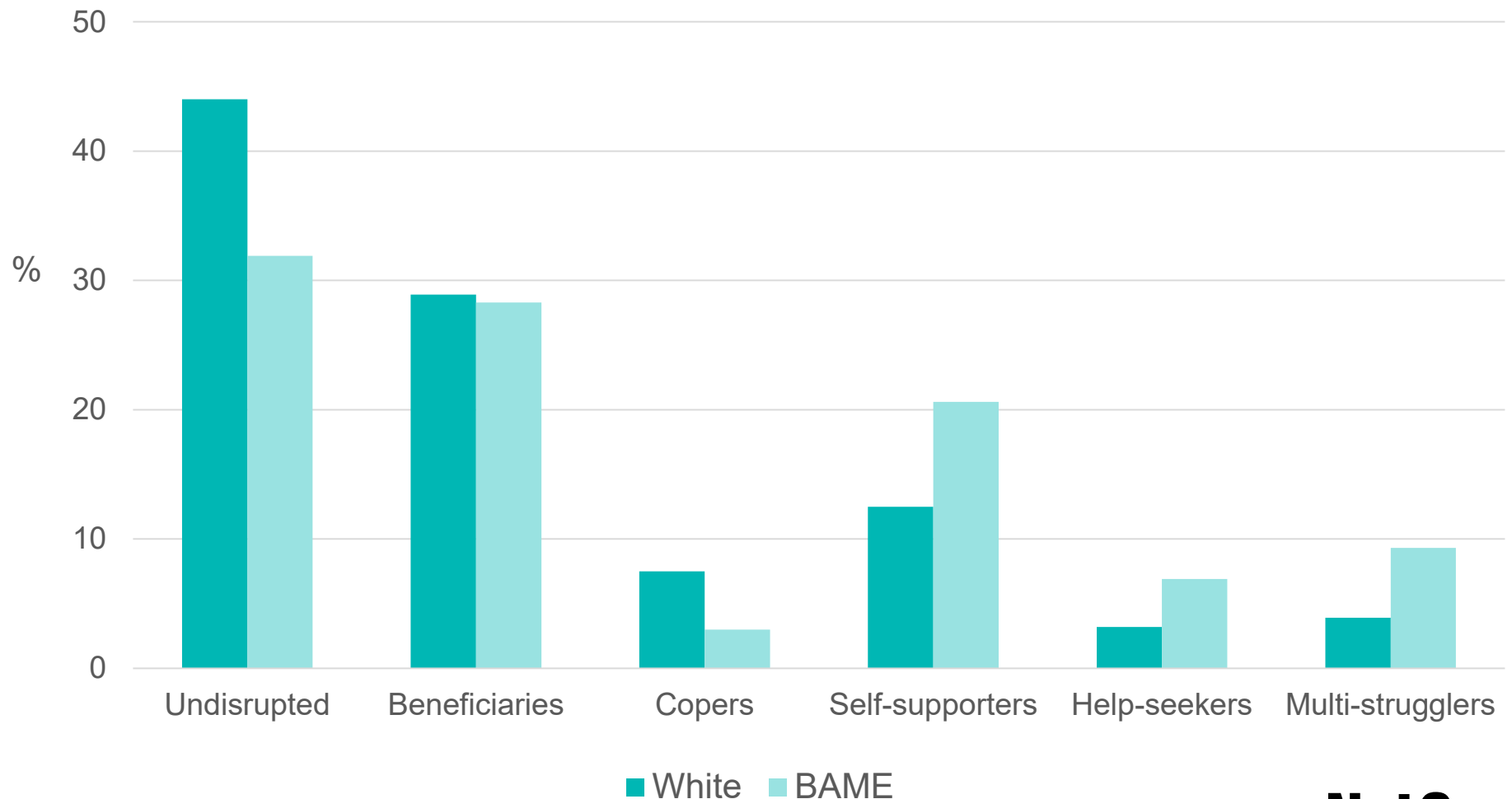
4 Base: Adults aged 16 and over in the United Kingdom

# Some were younger than others



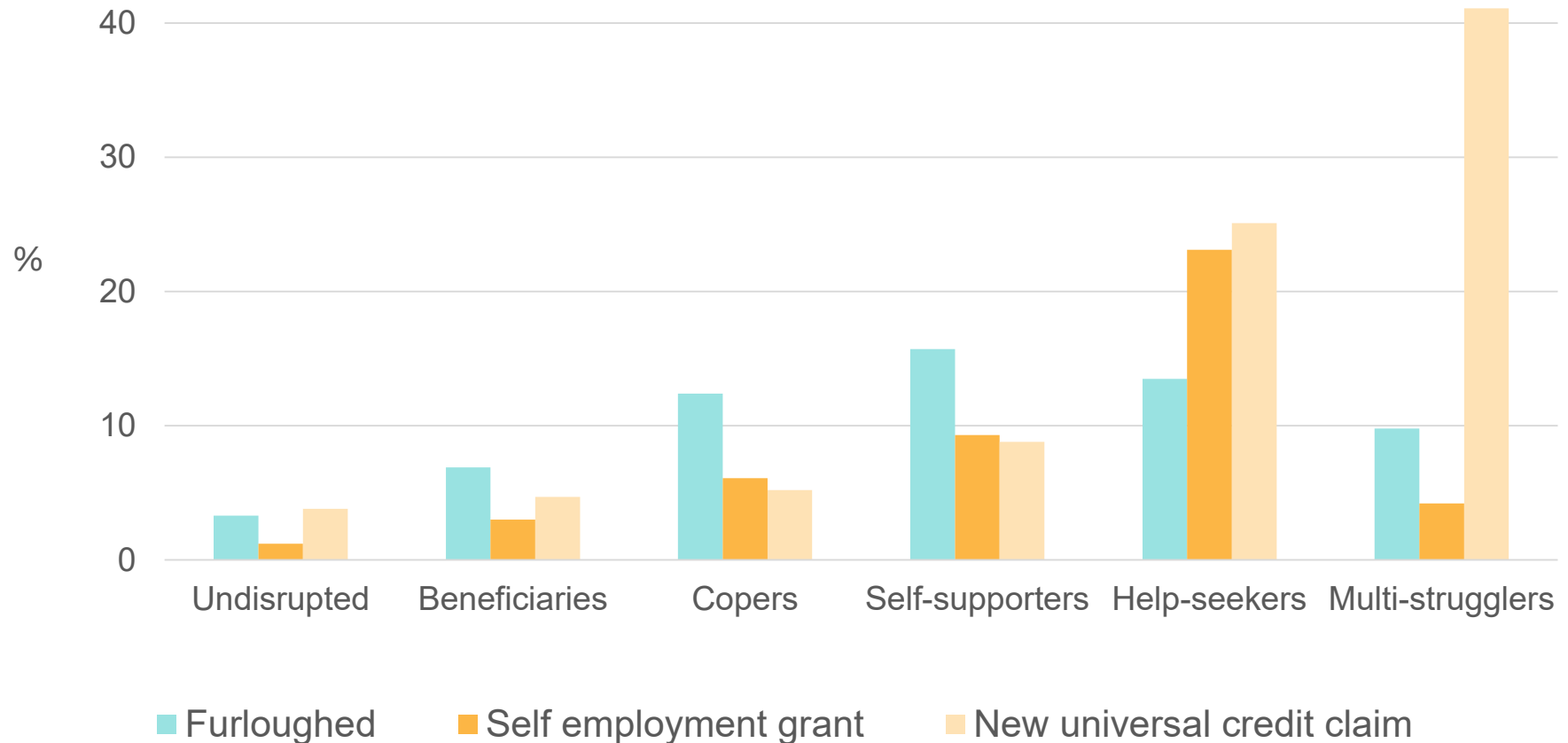
5 Base: Adults aged 16 and over in the United Kingdom

# Ethnic minority groups were disproportionately affected



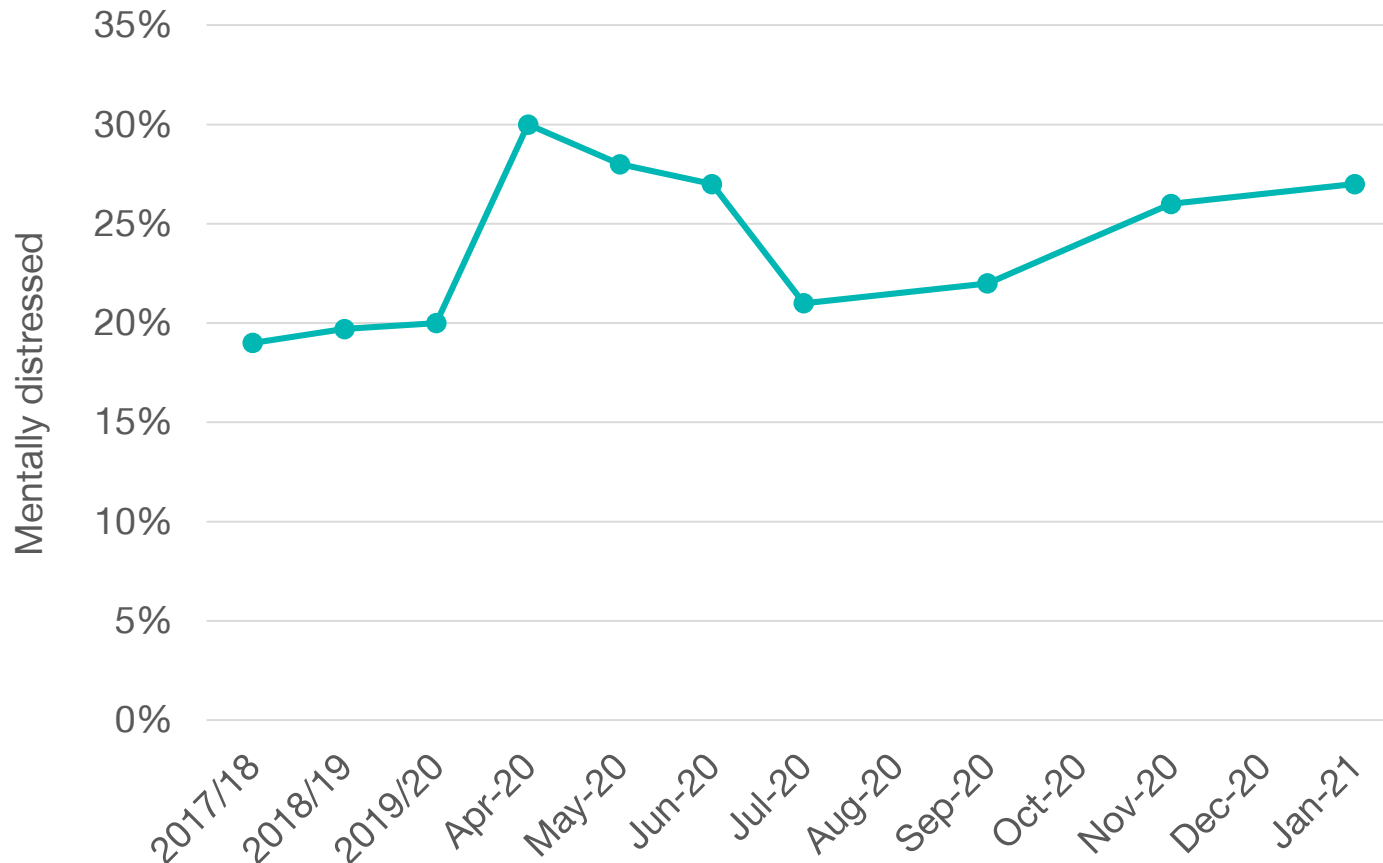
6 Base: Adults aged 16 and over in the United Kingdom

# Patterns of support varied by need

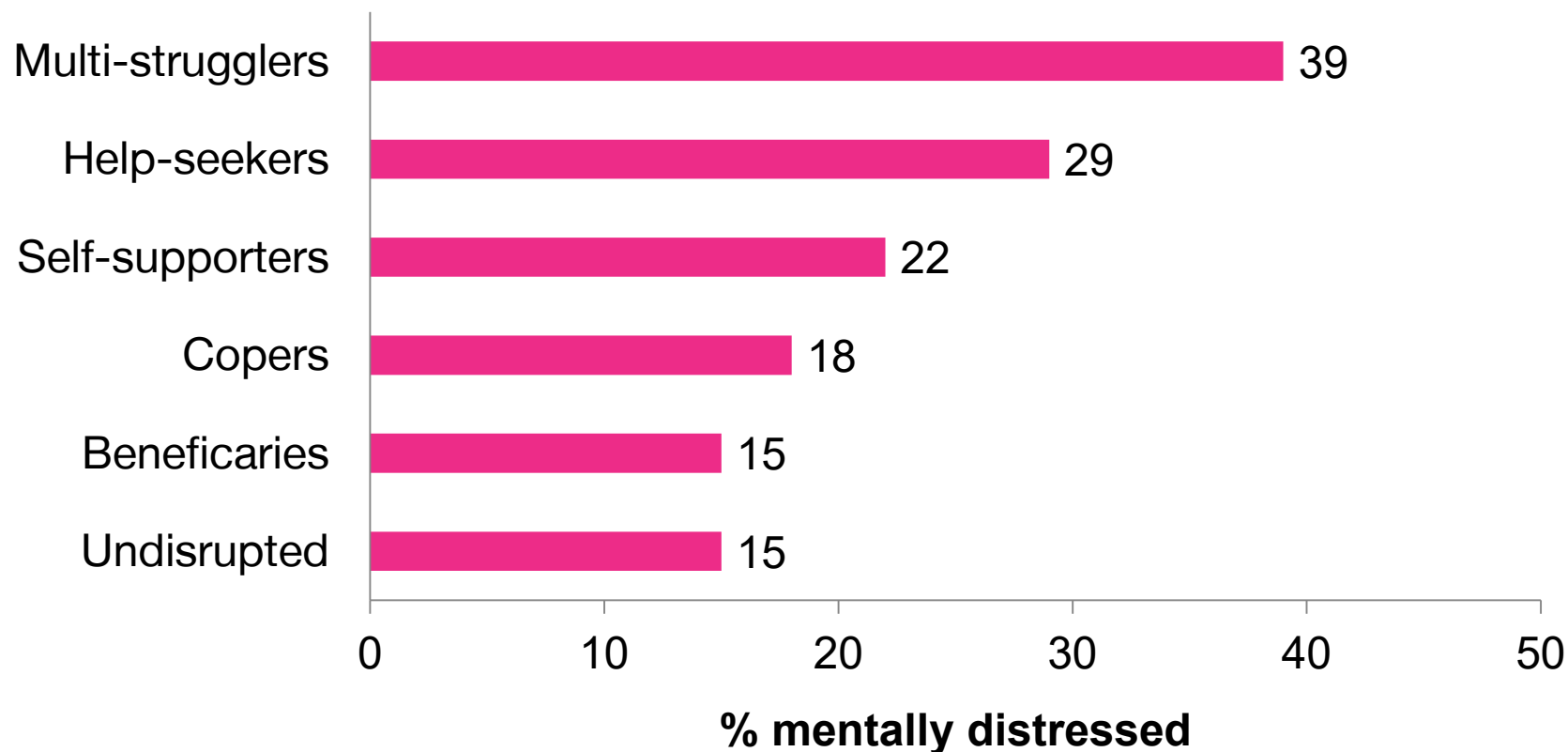




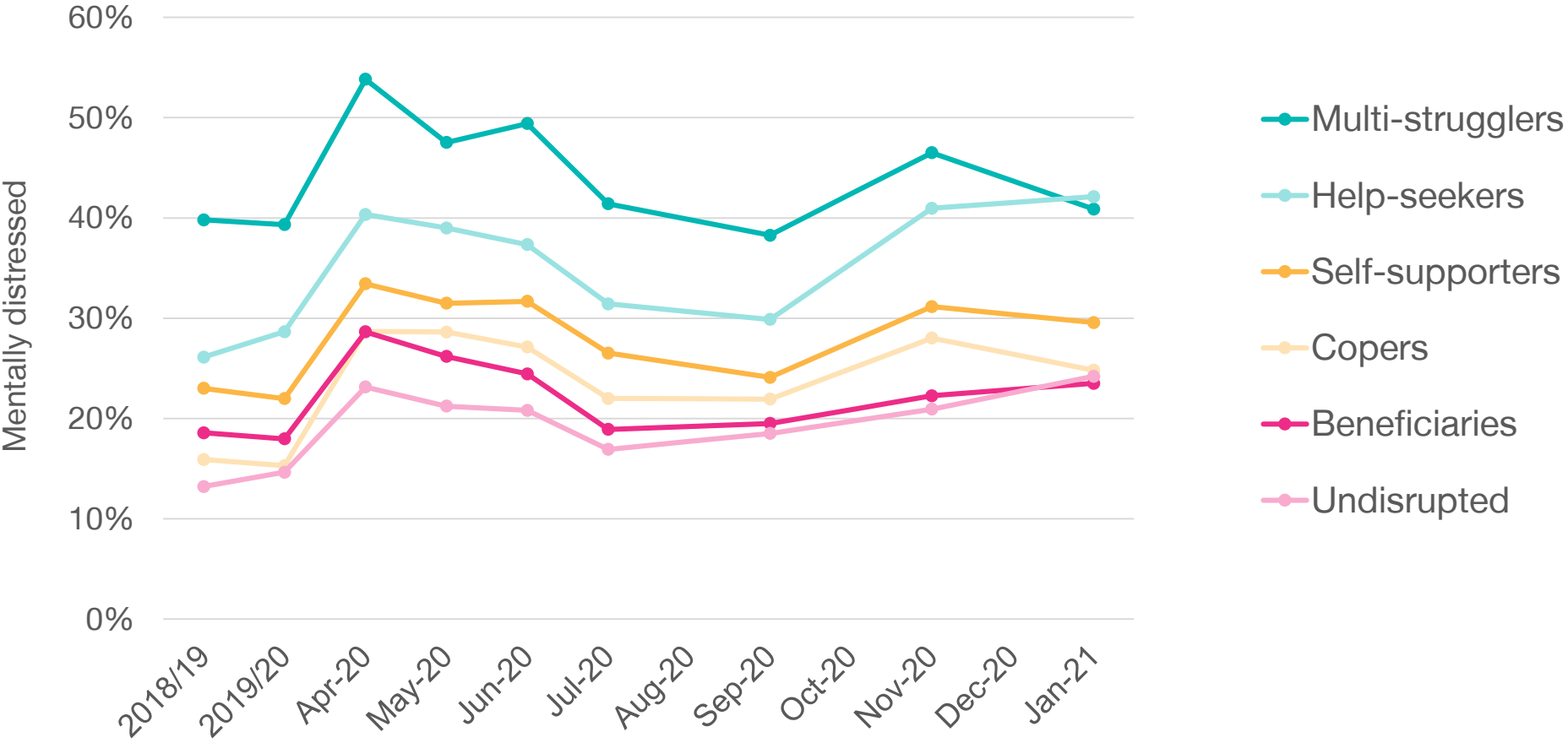
# Mental distress moved up and down with national lockdowns



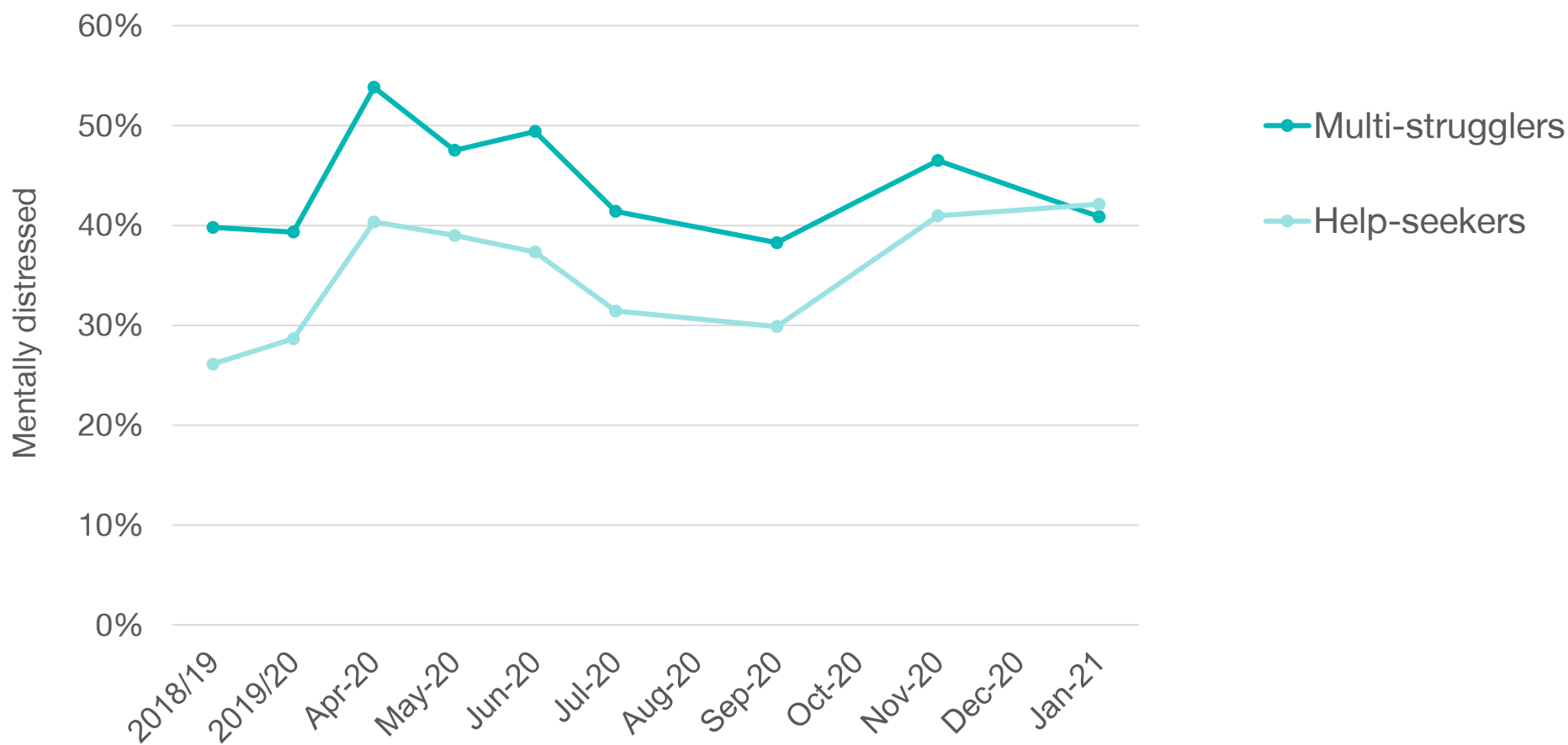
# Pre-pandemic mental distress was highest for those who struggled the most



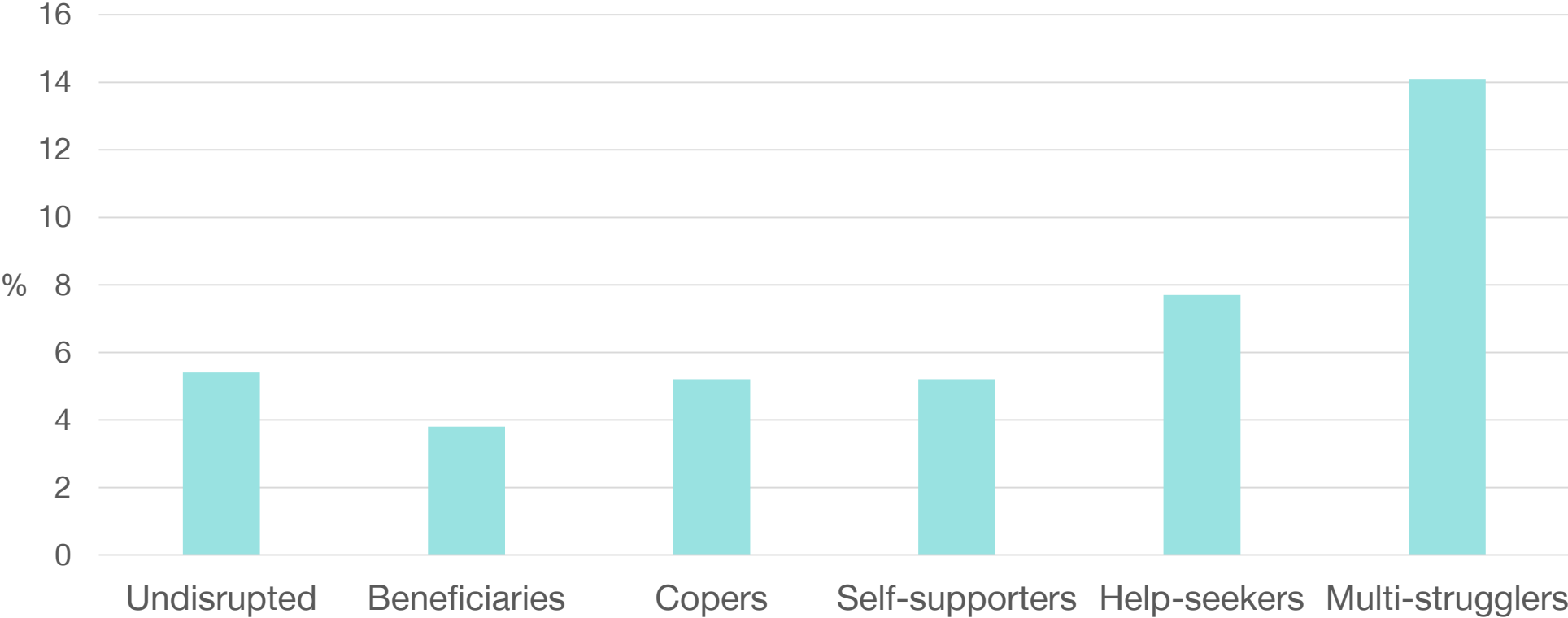
# All groups experienced more mental distress during the pandemic



# All groups experienced more mental distress during the pandemic – some more than others



# New diagnosed mental illness increased for those struggling with multiple financial issues during the pandemic



12 Base: Adults aged 16 and over in the United Kingdom (Diagnosed between May 2020 and Jan 2021)

# Lived experiences, widening inequalities

“I wouldn't show I needed time off [when unwell with mental health problems]. There was a real appetite to cut costs and use COVID as an excuse.”

“None of these [new interventions] were applicable to me as I'm on 'legacy' benefits, so I've had nothing to help cover the extra costs a disabled person faces under COVID.”

# Learning from lived experiences

“I found dealing with DWP a little bit easier during COVID. Still completely stressful as a disabled person trying to cope with the system...but the extensions and non-face to face stuff have made things a little better.”

“My mental health has been very up and down due to extreme anxiety and PTSD. [My employer] has been great... flexible working, buddying and a mentor at work to talk to when anxiety is high.”

# Key findings

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- Increases in mental distress occurred in all groups, but the largest increases were felt by society's financial 'help-seekers' – the people needing new financial support after the pandemic hit their income.
- People already struggling financially when the pandemic hit have continued to struggle with high levels of mental distress throughout the crisis.
- The steepest increases in mental distress have not translated into new mental health diagnoses.
- Most economically vulnerable before the pandemic have recorded significant increases in new diagnoses.



# What can we do about declining mental health?

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- Recognise a link between pandemic-specific financial circumstances and mental health.
- If financial interventions have prevented larger declines in mental health...
  - Withdrawal of interventions may lead to further decline.
- If financial interventions have failed to support some groups leading to larger declines in mental health...
  - Targeted services for mental health.
  - Additional intervention for financial support.
- On-going monitoring needed as part of the recovery and “levelling-up”.

# Contact

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