



Mental Health and the Benefit System – A Call for Change

July 2020



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Introduction

Mental health is a growing problem across the private and public sectors. **1 in 4 people in the UK** experience a mental health problem each year, with corresponding costs to the employment sector, the NHS, and various public services.

Because mental health issues leave many people either unable to work or with additional costs and expenses to pay, they often rely on claiming benefits.

- [Fundamental Facts about Mental Health](#), a 2016 study by the Mental Health Foundation, found that people claiming help with their housing costs were more than twice as likely to have issues with their mental health as those who did not claim it.
- [Information is Power](#), a 2019 report by the Money and Mental Health Policy Institute, established that people with mental health problems are at significantly higher risk of financial difficulty

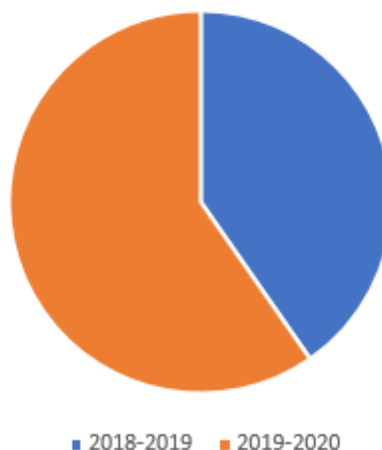
However, clients with mental health issues seen by North Tyneside Citizens Advice are often finding that dealing with the benefits system:

- **Makes their mental health worse**
- **Presents administrative problems they are unable to deal with**

[Effects on mental health of a UK welfare reform](#), a 2020 large-scale controlled study published in the Lancet, found that the introduction of Universal Credit led to an increase in psychological distress and mental health difficulties among those affected.

The number of residents we see with mental health problems is also **increasing year-on-year**. In 2019-20 we saw **1,113 clients** with mental health problems – a **48% increase** on the same period a year before.

Mental Health Clients



In order to make the benefits system fairer for people with mental health issues, we're calling for the following issues to be addressed.



Digital by Default

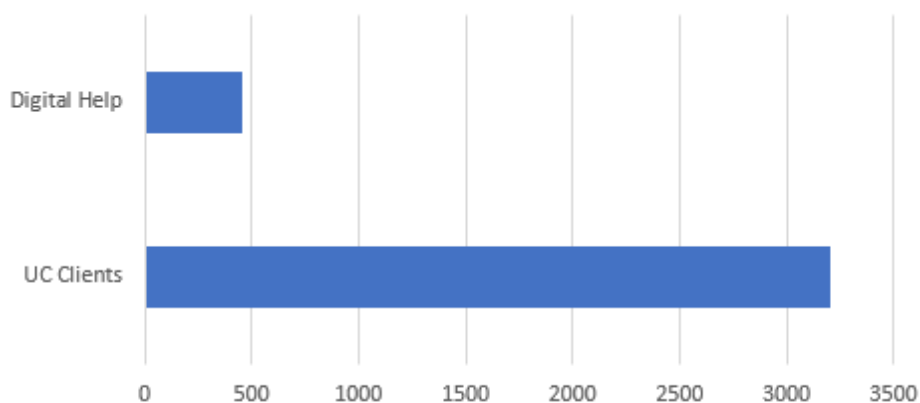
Many people with mental health issues struggle to manage the complex digital claims process when claiming universal credit. This either delays their claims – causing them to lose out on payments – or sometimes **excludes them from the benefit altogether**.

Although claims can theoretically also be made by telephone, the long waiting times and lack of support make it impractical for many claimants – and this still excludes people whose condition means they would find it easier to claim through a paper claim form.

The [Office for National Statistics UK Internet Users Survey for 2019](#) says that **22% of disabled UK adults are not recent internet users**, (is this people with mental health issues or 'disabled' adults only- including physically disabled??.) meaning they hadn't accessed the internet in the last 3 months. This compares to only **5%** of the adult population.

Out of Universal Credit claimants seen by North Tyneside Citizens Advice in 2019-20, **14%** (453 people) needed help with the online claims process.

North Tyneside UC Clients Needing Digital Help





The 5-Week Waiting Period

Universal Credit does not provide any payment on new claims for the first five weeks, leaving many people **struggling to pay for essentials or at risk of getting into debt.**

Although it is possible for people to claim an advance payment, this then reduces their future payments of benefit, making it harder for them to budget in the long run.

[Achieving Income Security for All](#), a 2019 report by Citizens Advice, has shown benefit claimants losing sleep over money worries – and for people who are already struggling from mental health issues this will only serve to exacerbate their conditions.

The Citizens Advice 2019 report, [Managing Money on Universal Credit](#), says the 5-week wait is one of the key factors driving claimants into hardship, as does [the 2020 briefing by the Scottish Campaign on Rights to Social Security](#).

Out of people with mental health problems helped by North Tyneside Citizens Advice with making a new claim for Universal Credit in 2019-20, 38% needed help with Advance Payments because of the initial wait.

Mental Health Universal Credit Claims





Lack of Payment Flexibility

Universal Credit is normally paid monthly in arrears, and payments for housing costs are paid directly to claimants rather than being paid to their landlords, making it difficult for them to budget and causing many to fall behind on their rent.

Although alternative arrangements can be requested, the DWP will only allow these on a case-by-case basis and often only when someone has already fallen into rent arrears, and many claimants who might benefit from these arrangements are not aware they can request them.

Because of these problems with the Universal Credit payment system, many claimants with mental health problems **struggle to budget and manage their money effectively.**

Out of people with mental health problems who came to see North Tyneside Citizens Advice about Universal Credit in 2019-20, **42%** (465 people) also needed Debt advice.

Above reports by Citizens Advice and the Scottish Campaign on Rights to Social Security have both called for people to be given more control over the frequency of their payments.





Disability and Sickness Assessments

- If someone on benefits is unable to work due to long-term illness, they must pass a **Work Capability Assessment** (for Universal Credit or ESA)
- If someone wishes to claim benefits for long-term daily living or mobility problems, they must pass a **Personal Independence Payment** (PIP) assessment

However, a significant number of claimants seen by Citizens Advice, especially those with mental health problems, are encountering difficulties with the assessment processes for both these benefits. Many of them need to appeal against the decisions on their claims.

- A 2017 High Court case, [RF v Secretary of State for Work And Pensions \[2017\] EWHC 3375](#), found that the PIP assessments of the time were discriminatory against people with mental health problems
- [The Benefits Assault Course](#), a recent report by the Money and Mental Health Policy Institute, said that 93% of claimants interviewed felt their condition deteriorated as a result of the assessment process.

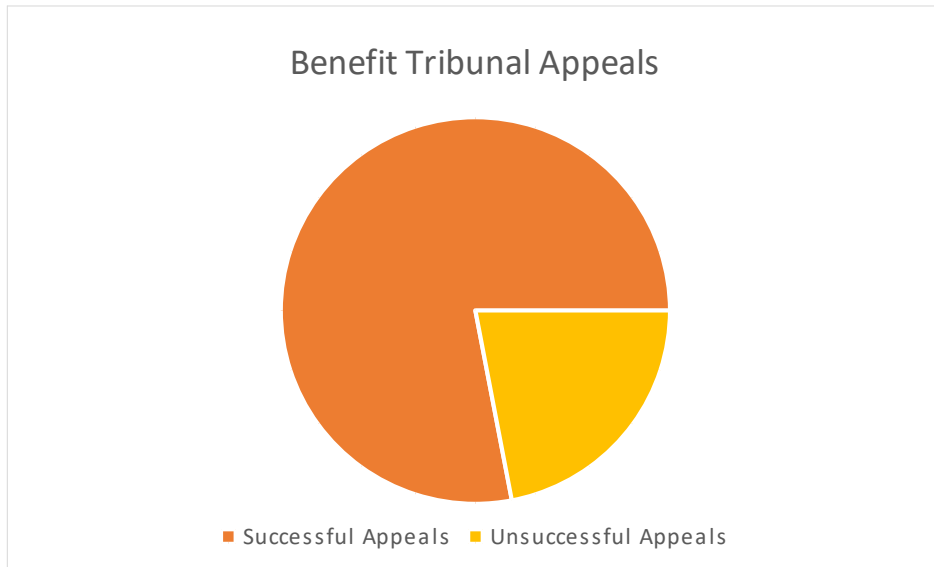
Before they can appeal against a decision about their health, benefit claimants must first go through a process called mandatory reconsideration, where they ask the DWP to look at the decision again.

- Official DWP [PIP statistics to July 2019](#) showed that only 21% of mandatory reconsiderations resulted in any change in a decision
- HMCTS [Tribunal Statistics for the following quarter to September 2019](#) showed that PIP appeals had a **76% success rate**

The complexity of the two decision-making processes suggests that the problems with the assessment process extend up to the mandatory reconsideration stage. Mandatory reconsiderations do not impose a time limit on the DWP when resolving them, meaning that claimants are often waiting extended periods of time only to then discover that their decision has not been changed. We are concerned that having to go through this additional stage with a low chance of success presents **an additional barrier to claimants with mental health problems**, who will find the process stressful or difficult to engage with, and that this then increases the likelihood of their being excluded from claiming benefit.

In 2019-20, North Tyneside Citizens Advice has advised 778 people about mandatory reconsiderations and appeals against these assessments – 13% of all benefit clients we dealt with during the period. In a sample of cases that went through to full tribunal appeal, **we successfully overturned the original decision 78% of the time.**

Disability and Sickness Assessments continued





Loss of Disability Premiums and Components

The transition to Universal Credit from previous benefits has left some disabled people financially worse off.

Disabled people in work have more of their earnings deducted than they did under older benefits, and people on long-term sickness who expect to return to work also lose an additional weekly component under Universal Credit.

- A 2018 Citizens Advice Report, [Universal Credit for Single Disabled People](#), found that some disabled people could lose over **£300 per month**



Late Payments, Overpayments and Official Error

Many claimants on Universal Credit have encountered delays on their claims or been paid too much benefit due to errors by the DWP, which they are then expected to pay back. Unlike the older benefits system, all Universal Credit overpayments can be recovered by the DWP, even if they were caused by the DWP's own mistakes. Parliamentary [Universal Credit written question 5466](#) shows that in 2018-19 the DWP recovered **£19 million in overpayments that were caused by official error**

This only serves to further exacerbate mental health problems for claimants who are already struggling to manage on the monthly payments and other issues covered above.



Early Intervention Advice

North Tyneside Citizens Advice believes that **early-intervention advice** should be a priority for all services dealing with clients with mental health problems.

[2017 research by Citizens Advice shows](#) that people with mental health problems are more likely to face **multiple, complex problems** than our other clients.

All of the above problems with the current benefit system mean that people with mental health issues have particular problems managing their money, meaning that encountering one issue, such as their benefits being reduced, often leads to other serious issues such as rent arrears.

[The forthcoming 'Breathing Space' scheme](#) for managing debt makes particular allowances for people in mental health crisis, and we believe this approach should be reflected more widely across benefit and financial systems.

In order to try to address the complex financial issues and crisis situations faced by many of our clients with mental health problems, we've recently run [a pilot in partnership with the local NHS Foundation Trust](#)

In the pilot, mental health practitioners referred their patients to us for early-intervention advice, in order to:

- Improve access to early intervention advice, for people using mental health services, particularly debt, benefit, housing and employment advice
- Help resolve the practical aspects of clients' problems to enable engagement with mental health practitioners to be more effective
- Help reduce anxiety and stress in a potentially vulnerable population and reduce the likelihood of emergency or crisis situations

Out of the clients referred to us in the pilot:

- 75% needed Benefit Advice
- 39% needed Debt Advice

We've seen positive client feedback from this pilot:

"It's helped me get help to manage money better. I have a carer who helps me look after my money now and stuff, so all in all its helped me learn really how to budget and pay bills"

"Gave us peace of mind. Means that I can get on with trying to get well in the head again, you know, gave us time and space to recover from the mental illness"

"It was very confusing and they helped us go through every step, they were very good"

Early Intervention Advice continued

Case Studies:

One claimant had her child benefits and tax credits stopped when her daughter turned 18 and moved to higher education. The resulting drop in her income left her struggling to pay her essential bills, and caused her to get into arrears with her rent and be threatened with eviction. Because she was now living alone, North Tyneside Citizens Advice were able to identify an additional disability premium she could claim as part of her Employment and Support Allowance. The backdated money from this allowed the claimant to pay off the majority of her debts and remain in her home.

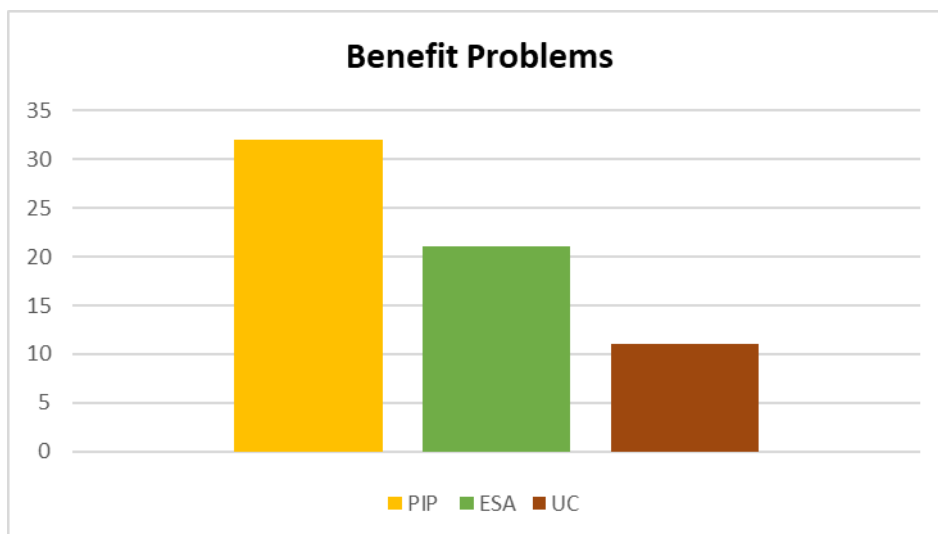
Another client was struggling with maintaining her benefits due to the complexity of the Capability for Work forms she had been told to complete, even though previous assessments had found her not fit for work and she had a long-term condition that showed no prospects of improving. She had accumulated catalogue debts as well and had had to sell her furniture in order to have enough money to live on.

North Tyneside Citizens Advice helped her complete her Capability for Work questionnaire and ensure her benefits were being properly paid, as well as arranging an affordable payment plan for her debts.

Pilot Results

- We helped clients gain an average **£3,521.64** per person
- For a total of **£91,562.60** income gained per year
- Benefiting **31%** of people referred
- And we helped people bring **£40,722** of Debt under control

The most common Benefit problems were **PIP, ESA and Universal Credit:**





Conclusion

People with mental health problems encounter numerous barriers when dealing with the benefits system, and mental health is also a growing social issue – seeing a 78% rise among clients of North Tyneside Citizens Advice. Although some improvements have been made over the last year through the Severe Disability Premium gateway (which prevents some disabled people without carers from transferring to Universal Credit), a significant number of issues remain for claimants struggling with their mental health.

In order to prevent this potentially vulnerable group of people from being disadvantaged when claiming benefits, we recommend the following measures:

- **Offer Alternatives to Digital Claims where appropriate**
- **Abolish the 5-Week Waiting Period**
- **Greater Payment Flexibility for those who need it**
- **Better Decision-Making and Support on Work Capability and PIP Assessments**
- **Restoration of lost Disability Elements and Premiums**
- **Overpayments from Official Error to no longer be recoverable**
- **Early Intervention Advice being made a priority**