

The recession, austerity measures and health

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GoWell is a planned ten-year research and learning programme that aims to investigate the impact of investment in housing, regeneration and neighbourhood renewal on the health and wellbeing of individuals, families and communities. This paper summarises key findings from a qualitative study investigating the relationships between financial difficulties and health.

The recession, austerity measures and health

Financial difficulties and debt in particular are often associated with impacts on mental health and wellbeing. In addition, health inequalities can be expected to increase during a recession, affecting those who already experience poverty and poor health the most. There is real concern that the impact of financial difficulties on health may reduce some of the potential positive effects accruing from housing improvements and area regeneration. GoWell surveys carried out in 2006, 2008 and 2011 in deprived areas of Glasgow found that people in specific 'at-risk' groups (i.e. under-occupiers, large families, disabled people, single parents and part-time workers) who reported increased difficulties in paying for fuel, council tax or food, were much more likely to report new problems of depression, stress or anxiety and to consult their GP about it (Curl and Kearns, 2013).

GoWell developed a qualitative study to investigate the relationships between financial difficulties and health in more depth. Twenty-five semi-structured interviews were carried out between April and June 2014 across all of the GoWell areas. Participants were recruited from people in the 'at-risk' groups listed above who had reported increased financial difficulties in the 2011 survey wave. Fieldwork followed the implementation of some of the measures included in the Welfare Reform Act 2012 (e.g. under-occupancy penalty, capped benefit payments) and preceded further substantial benefit changes that will take place in the coming years (e.g. the phased introduction of Universal Credit). This study took a broad approach to both financial difficulties – considered as the combined effects of welfare changes, the global economic crisis and rising prices – and health, including both mental and physical wellbeing. In addition, interviews explored participants' awareness, expectations and preparedness in relation to forthcoming welfare changes.

The rest of this paper outlines the key findings of this study, identifying two areas where innovative interventions could be devised in order to mitigate the potential negative effects of financial difficulties on health.

People in GoWell areas are increasingly struggling financially

Interviews began by asking participants how they were managing financially. While answers ranged from "*reasonably OK*" to "*I was made bankrupt earlier this year*" the vast majority of participants said they were "*struggling*" or just about "*getting by*" financially. Participants expanded on these perceptions, explaining what it meant to "struggle" financially. In particular, participants identified two broad issues as the causes of their financial problems, including:

- A major cost of living crisis due to benefits and wages failing to match the rate of inflation, which generated a substantial reduction in real terms income.
- Difficulties with scheduling bill payments – although this is a pre-existing issue, the increased cost of living has exacerbated an already difficult situation whereby households tend to budget only for the very short term (i.e. daily or weekly).

Importantly, participants expressed the view that these issues affected both people who relied solely on benefits and those in employment, who were described as the "*working poor*" (examples of jobs mentioned in interviews included, among others, bus drivers, school janitors and canteen workers).

Key benefit changes are associated with periods of extreme financial hardship

Although only a few of the measures included in the Welfare Reform Act 2012 have been implemented in Scotland so far, two of these changes were associated with periods of extreme financial hardship and intense stress by participants, including:

- The under-occupancy penalty for social tenants (the spare room subsidy, known colloquially as the 'bedroom tax'), which directly affected five of the participants interviewed in 2013 before they were granted discretionary housing payments, and was mentioned by 12 other participants as a cause of income reduction and stress for friends and relatives.
- Increased sanctions (e.g. temporary benefit suspension or reduction) for Jobseekers Allowance claimants, which participants said are now applied "*for the most trivial of things*".

In addition to benefit cuts, nearly half of the participants also expressed concern about changes to the ways in which benefits will be administered once the new system has been fully implemented, with particular reference to the monthly frequency of Universal Credit and plans to make recipients directly responsible for rent and council tax payments. These concerns are particularly relevant in light of the difficulties experienced in scheduling bill payments highlighted above.

Fuel and food have become increasingly less affordable for people in GoWell areas

The item of expense that participants consistently referred to as least affordable was fuel (gas and electricity), closely followed by food, council tax and clothing. Although several participants were in arrears with their rent, housing as a source of financial difficulty was mentioned by only four people. This resonates with the findings of GoWell surveys (Curl and Kearns, 2013), which found that housing costs had become more affordable between 2006 and 2011. An explanation for this is that, for most participants, housing benefit covers all or most of their rent. In light of this, rent may require monitoring as the administration of housing benefit payments changes with the introduction of Universal Credit, which will be paid once a month directly to recipients who will then be responsible for paying their own bills such as rent and council tax.

Some of the strategies adopted to keep household budgets under control in the wake of increased financial difficulties have perverse economic effects in the long term

Efforts to keep finances under control have involved difficult choices for households in GoWell areas in the past two years. In particular, participants felt the need to:

- Prioritise between items of expense: While fuel was the least affordable item of expense, it was also the top priority for most participants; gas and electricity were prioritised at the expense of other budget items, most commonly food and council tax.
- Priorities between household members: Income was generally concentrated on providing for those perceived as being most 'in need' within the household – usually children – meaning 'cuts' for others (e.g. parents skipping meals or not buying any new clothes for themselves).

Furthermore, a range of strategies adopted in order to save money had unintended financial effects in the long term, effectively amounting to false economies. The most common of these included:

- Preferring pre-paid gas and electricity meters to regular bills: this was very widespread (16 participants) and consistently referred to as a useful way to “see what we’re burning” although pay-as-you go rates are comparatively more expensive than paying regular bills.
- Switch to a day-by-day shopping pattern: this involved relying on small local shops, which may be more expensive and stock a much smaller range of foods than bigger supermarkets, and may encourage over-reliance on ready-made frozen or microwavable meals, which tend to have a lower nutritional value and a high fat and salt content.

Psychological responses to financial problems put people in GoWell areas at risk of both worsening mental health and further economic precariousness

Participants from the GoWell households interviewed adopted a series of strategies to cope psychologically with the consequences of increased financial difficulties and the prospect of additional cuts in the near future. The most common coping mechanisms included:

- Trying to ignore debt problems: participants cited the fear of falling into further depression as the rationale behind this approach – this created a vicious circle by which bankruptcy became the most viable option to ‘manage’ debt and relieve stress among six of the 25 interviewees, with an additional interviewee considering it.
- ‘Blocking out’ information about the welfare reforms: while some participants blamed the agencies responsible for administering benefits for not providing sufficient information, no one had actively looked for more details about forthcoming welfare changes; awareness of the welfare reform was therefore very limited among all participants, creating a situation of uncertainty and un-preparedness for the future.
- Avoid opportunities to talk to others: opportunities to talk to others about these issues were generally dismissed due to the perceived stigma associated with them and the belief that finances are “private matters”. In addition, peer networks were avoided also for fears that listening to other people’s “horror stories” might further worsen one’s depression and anxiety.

Constraints which may hinder the ability of GoWell residents to take control of the situation

Interviews showed that households in deprived areas were determined to respond to the challenges posed by increased financial difficulties, but that several constraints limited their ability to do so effectively. These included:

- Lack of time and 'head space': the need to address daily challenges severely limited people's opportunities to plan ahead, perpetuating a situation of protracted financial 'emergency'.
- Lack of choice: a general tendency to operate on a 'zero reserves' basis (i.e. no savings to cover emergency expenses) and certain housing infrastructure elements (e.g. storage heaters in high-rise buildings) often left participants with few or no options to choose from.
- Lack of information: the lack of detailed information about forthcoming welfare changes was a further barrier to the ability of households in deprived areas to adequately prepare for new benefit regulations, putting them at risk of further impoverishment in the near future.
- Lack of group awareness: the preference for participants to avoid discussing financial difficulties and benefit changes in peer networks made collective initiatives to influence the decisions of policy-makers in the area of welfare less likely; this was further restricted by the use of 'benefit scrounger' rhetoric, which pervaded several interviews and supported divisions between those affected by the welfare reform.

Increased financial difficulties are associated with worsening mental and physical health

Overall, financial difficulties and the associated responses outlined in this paper were associated with a deterioration of people’s health, both physically and mentally. Participants were clearly aware of this, but did not always seek help from health services that might provide support and mitigate the health problems, suggesting that the negative impact of financial difficulties and welfare changes on the health of those living in deprived areas might be even broader than originally envisaged. Health issues that can be linked to one or more responses to increased financial difficulties are summarised in the table below.

Response to financial difficulties	Mental health	Physical health
Difficult choices: grocery shopping changes	<ul style="list-style-type: none"> • Worry over feeding family 	<ul style="list-style-type: none"> • Unintended weight loss • Poor diet – the low nutritional value and high fat/salt content of ready-made meals could generate or aggravate long-term health problems
Prioritise other household members (children)	<ul style="list-style-type: none"> • Lowering sense of self-worth • Fewer opportunities to express anxiety/need to suppress negative feelings 	
Avoid thinking about welfare changes	<ul style="list-style-type: none"> • Uncertainty about future fuels anxiety and stress, including the onset, re-occurrence or aggravation of depression 	<ul style="list-style-type: none"> • Sleep deprivation • Smoking to relieve stress, feel ‘satisfied’ or curb hunger: 18 participants smoked and most of them had tried to stop but felt the financial incentive did not provide them with a strong enough motivation – some people had reduced the amount they smoked, but no one had stopped • Alcohol consumption: two participants had re-lapsed into harmful levels of alcohol consumption in order to take ‘time off’ from financial worries
Withdraw from local networks and social occasions	<ul style="list-style-type: none"> • Worsening isolation, loneliness and depression • Tendency to bypass GPs – new conditions or aggravations of existing ones remain undetected; patients continue medication courses (repeat prescriptions which do not require a consultation) that may no longer be suited to their condition(s) • Miss out on opportunities for peer knowledge exchange on how to address stress 	<ul style="list-style-type: none"> • Less active lifestyles – sport and leisure activities (including holidays and daytrips) almost entirely eliminated due to costs despite perceived health benefits among participants

Priority areas for intervention

Overall, this study highlighted the importance of developing innovative initiatives in two main areas in order to help hard-to-reach 'at-risk' groups in deprived areas respond effectively to financial difficulties and their health consequences. These include:

- Finding ways to break through the barrier of 'fear' that surrounds the welfare reforms to provide detailed information that supports preparedness and encourages more effective responses to financial difficulties.
- Reach those who self-exclude from existing health services (in particular GP practices) and other support networks at an early stage in order to contrast the onset of severe mental health problems, and provide income maximisation and other forms of support for people experiencing financial stress and associated health issues.

Addressing these issues as a matter of priority is essential in order to mitigate the negative consequences that further welfare cuts and changes to benefit administration are otherwise likely to have on the health of people living in deprived areas.

References

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