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POVERTY AND MENTAL HEALTH:

**CHALLENGES AND OPPORTUNITIES FOR
CHILDREN AND FAMILIES**

SUMMARY

Poverty is among the most pressing problems in our society right now, and in recent years, the rate of people living in poverty has been steadily rising. In the UK, an estimated 4.3 million children and young people were living in poverty in 2022-23. That is the same as 9 children in an average classroom.

Some groups are disproportionately affected by both poverty and mental health, such as those from racialised backgrounds, care experienced children, children whose parents have mental health problems and disabled children and parents.

Research demonstrates that poverty and financial inequality are linked to a range of adverse outcomes, including mental health difficulties such as anxiety and depression, for people of all ages and this is a causal relationship, not an association.

While there is a growing recognition of the links between poverty and mental health, too many children and families are left without a financial safety net and emotional support. And more and more families are under strain than ever because of the rising cost of living.

Both the poverty and mental health policy landscape are multifaceted, involving a range of programmes aimed at supporting families at both the national and the local level. However, many families have been pushed further into poverty over the past few decades due to a myriad of factors. And while there has been investment into mental health services, communities experiencing deprivation and inequalities are less likely to benefit from this.

To tackle these issues, there are growing calls from civil society for more concerted action to address the root causes of poverty, mitigate its effects and ensure that those requiring mental health support can access appropriate and timely help.

CHILD POVERTY AND MENTAL HEALTH IN THE UK

Despite being one of the wealthiest nations in the world, the UK struggles with significant and growing levels of poverty. In the year 2022-23, there were 14.3 million people living in relative poverty after housing costs. This figure includes 4.3 million children and young people which is equivalent to 30% of children in the UK or around 9 children in an average classroom (DWP, 2023). This is up from 3.6 million in 2010-11 (Ibid) and sadly rates are projected to continue to rise and reach their highest levels since the late 1990s by 2028 (Safeguarding Network, 2024).

What do we mean by poverty?

There are two main definitions of poverty used in the UK:

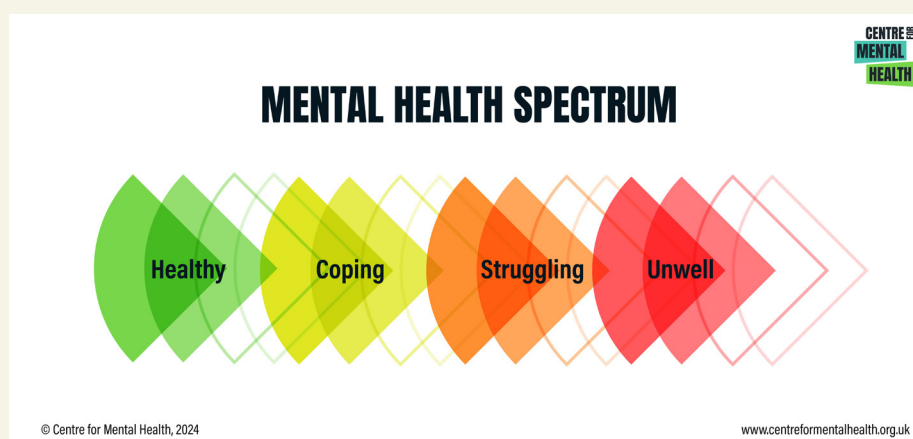
- 1. Relative poverty:** refers to individuals living in households where the total income is below 60% of the median in that year. The median is the point at which half of households have a lower income, and half have a higher income. This measure examines the inequality between lower and middle income households.
- 2. Absolute poverty:** refers to individuals living in households with income below 60% of median income in a base year, usually 2010/11. This measurement is adjusted for inflation. By using an income threshold that is fixed in time, this measure looks at how living standards of low income households are changing over time (House of Commons Library, 2024).

The rising cost of living has also been pushing families to the brink and forcing them to make difficult decisions, such as choosing between heating or eating. In 2023, the Joseph Rowntree Foundation reported that an estimated 1.8 million households experienced destitution in 2022, a 64% increase since 2019 (Joseph Rowntree Foundation, 2023). People are considered destitute if they cannot afford to buy the essentials they need to eat, stay warm and dry, and keep clean (Joseph Rowntree Foundation, 2020).

Some groups are more likely to experience poverty than others. For example, 47% of children from Asian and British Asian families and 51% of children in Black African/Caribbean and Black British families are in poverty, compared to 24% of children in white families (CPAG, 2024). Care experience children and young people, young carers, children living in lone parent households and those living with a caregiver who experiences mental health problems are also among groups at greatest risk (Centre for Mental Health and CYPMHC, 2024). There are also stark regional disparities with child poverty rates (after housing costs) highest in the Midlands, the North of England and London (House of Commons Library, 2024). It is impossible to overestimate how much poverty influences the problems facing children, young people, and families, and this includes mental health difficulties.

What do we mean by mental health?

Mental health is like physical health, everybody has it and needs to look after it. It can be thought about in terms of being on a spectrum ranging from good to poor, or healthy to unwell (see figure below). At any one time, people will be somewhere on the spectrum and children and families will require different kinds of information, advice, and support at different points.



THE LINKS BETWEEN POVERTY AND MENTAL HEALTH

The evidence is clear, poverty is detrimental to mental health, and there has been a link in recent years between the rise in poverty and the rise in mental health problems. According to the latest data, an estimated 1 in 6 adults say they have experienced a common mental health problem (such as anxiety and depression) in the past week (NHS Digital, 2014) and in 2023, about 1 in 5 children and young people aged 8 to 25 years reported a common mental health problem (NHS Digital, 2023).

Children and families may experience a variety of short to long-term mental health effects because of poverty, financial inequality, and financial stress. Research finds that children from the least well off 20% of households are four times as likely to have serious mental health difficulties by the age of 11 as those from the wealthiest 20% (Gutman, L. et al., 2015). According to the latest NHS Digital prevalence study on children's mental health, children with an identified mental health problem are significantly more likely to live in households experiencing financial pressures. For example, children aged 8 to 16 years with a mental health problem were more than twice as likely to live in a household that had fallen behind with rent, bills, or mortgage (18.7%) than those without a mental health problem (6.8%) (NHS Digital, 2023). Furthermore, there are growing concerns about the rising numbers of young people who are unable to work due to mental ill-health who in 2023 were more likely to be economically inactive due to sickness than people in their forties (Resolution Foundation, 2024).

The mental health and wellbeing of parents and carers also suffers because of financial hardship. According to a report by The Children's Society, 54% of parents and carers in households facing financial strain also reported low wellbeing (The Children's Society, 2023). And there is also a strong association between persistent poverty and worsening parental mental health overtime (Treanor et al., 2023).

Many of the same groups who are at greater risk of experiencing poverty are also those who are disproportionately impacted by mental health problems, emphasising the need for comprehensive and joined up action in this area.

THE CURRENT STATE OF SUPPORT FOR CHILDREN, YOUNG PEOPLE, AND FAMILIES

There are a number of agencies surrounding children, young people and families affected by poverty that can and do often respond to the aforementioned challenges to various degrees. This includes the Government, local authorities, education, mental health services and the voluntary and community sector.

Households in poverty often turn to the social security system for financial assistance and other forms of support. However, changes to the ways in which people receive income support through benefits payments, such as the Universal Credit scheme, have impacted families. Although changes made to the social security system were focussed on getting people into full time employment, getting into work alone does not mean that families escape poverty. According to recent analysis by Action for Children, there are almost 300,000 families with children who are living below the poverty line despite all parents working full-time in the UK suggesting that work by itself doesn't lift families out of poverty (Action for Children, 2024).

Housing policies also play a significant role in children and families' lives as access to safe, warm, and affordable housing is a fundamental determinant of financial security and mental health. A recent report by Centre for Mental Health found that the limited availability of affordable housing, inflating rental prices, overcrowding, and housing disrepair were all factors having a negative impact on the mental health of children, young people, and parents in London (Davie et al, 2023).

In recent years, the Government has been rolling out family hubs as part of the Best Start for Life programme to provide families with integrated support, particularly those facing disadvantages. This includes parenting programmes, financial advice and information and mental health support and builds on initiatives such as children's centres. In England, only 75 local authorities have received funding to deliver them to date creating a post-code lottery in provision.

The education system can either mitigate or exacerbate the links between poverty and mental health for children and young people. For example, the provision of free school meals supports many families on low incomes and education can unlock opportunities for a better life for young people, but it can also reinforce the effects of poverty, for example, children and young people growing up in poverty can struggle to keep up with the costs of school uniform, trips, and other extracurricular activities. Children living in poverty are also disproportionately impacted by school behaviour and attendance policies.

The mental health system can also play a key role in supporting families impacted by persistent poverty. While

recent policy initiatives such as the Transforming children and young people’s mental health: a green paper and the NHS Long Term Plan have committed to improving access to mental health support for children, young people, and adults alike, too many continue to face barriers to help and there remain inequalities in access, experience and outcomes, particularly for those experiencing poverty (Rainer and Abdinasir, 2023) and (Centre for Mental Health, 2020).

The Office of the Children’s Commissioner for England estimates that there are around 1 million children with lower-level and emerging mental health needs who would benefit from some form of mental health support but do not require specialist care from NHS Children and Young People’s Mental Health Services (Children’s Commissioner, 2019). However, spending on prevention and early intervention services has been significantly declining over the past decade. A Pro Bono Economics report found that local authority spending on early intervention support services (including mental health) declined by 48% between 2010/11 and 2019/20, whilst expenditure on late interventions has increased by 34% (Williams and Franklin, 2021). As a result, the proportion of children’s services budgets now being spent on preventative early interventions has declined from more than a third of total expenditure in 2010/11 to less than a fifth in 2019/20 (Williams and Franklin, 2021).

HOW WELL UNDERSTOOD ARE THE LINKS BETWEEN POVERTY AND MENTAL HEALTH?

Understanding the complex interplay between poverty and mental health is vital for developing effective and sustainable solutions that seek to both eradicate poverty and boost people’s mental health. In recent years, there has been growing recognition of how financial inequality and poverty harms children and young people’s mental health with many voluntary and community sector organisations explicitly including this within their organisational strategies and offers. While this is welcome, much more is needed to tackle the intersecting forms of shame and stigma facing communities impacted by poverty and mental ill-health and raise greater awareness among decision-makers and commissioners.

A Mentally Healthier Nation, a cross-sector manifesto coordinated by Centre for Mental Health, calls for a ‘mental health in all policies’ approach, so that all government departments promote and protect mental health (Centre for Mental Health, 2023). Policies seeking to eliminate poverty in the UK should also be viewed as essential mental health interventions in and of themselves, particularly given the rising rates of poverty and the fact that poor mental health in England currently costs £300bn per year (Cardoso and McHayle, 2024).

Within mental health services, there is also a need to adapt interventions to address poverty and its effects, such as, providing money advice for parents within NHS Children and Young People’s Mental Health Services (CYPMHS), not requiring people to travel long distances for support, and signposting families to foodbanks. Mental health support and services should also be made more widely available and be low or no cost to families. Staff working within mental health settings should also understand the impacts of poverty and treat people with respect for their daily struggles to get by.



WHAT IS NEEDED AND HOW MIGHT FUNDERS RESPOND TO THESE CHALLENGES?

There are several ways funders, and the philanthropic sector can work together to address these challenges and boost the wellbeing of children and families impacted by poverty. Below are six key areas:

- 1. Invest in expanding the evidence base:** While the evidence base in the UK around the links between poverty and mental health is established and growing, there are areas in which funding for research would be useful to help inform policy and practice. This includes:
 - Targeted research funding examining the impact of poverty on mental health across key child development stages, looking at the risk and protective factors and experiences and a deeper dive into the experiences of different groups children and young people (poverty at the intersections).
 - Exploration of rural/coastal isolation, poverty, and mental health as well as 'hidden poverty' in more affluent areas.
 - Research into parental mental health, substance use and child poverty, and support for families living in poverty and with mental illness. This could explore ways to both ways to reduce the poverty they face and action to mitigate its effects, e.g. access to parenting support.
 - A review into whole household impacts of poverty and effective interventions.
 - Funding into research led by/for communities impacted by poverty and inequality.
 - An update of the 2006 analysis on the 'cost of eradicating child poverty' commissioned by the Joseph Rowntree Foundation.
- 2. Advocacy and influencing:** Funders can support coordinated advocacy and influencing activities across the mental health and poverty sectors. This should involve amplifying and centring community-led action to address poverty and mental ill-health which can be about empowerment and identity just as much as it is about practical action. Funders can also play a role by boosting regional networks and efforts to tackle poverty at the local authority and NHS Integrated Care System (ICS) levels.
- 3. Invest in innovative and effective practice solutions:** There are proven and innovative interventions that can prevent or reduce the negative mental health impacts of poverty. For example, cash transfer schemes and evidence-based parenting interventions offered via family and early support hubs.
- 4. Provide more unrestricted funds for the VCSE sector:** The pandemic and subsequent rise in the cost of living has significantly reduced the sector's capacity to respond to these challenges in a sustainable way and to advocate alongside communities. Greater levels of unrestricted income should be made available, and this should be offered alongside a robust evaluation process to capture and share learning across the sector.
- 5. Support campaigns to tackle the overlapping stigma of poverty and mental ill health:** A coordinated campaign that seeks to address the dual stigmas of poverty and mental ill-health could be vital in reducing the discrimination children and families currently face. It can also support early intervention by encouraging people to seek advice and support at an early stage. Campaigns can also help foster a sense of community and belongingness and create the conditions for impactful policy change.
- 6. Collaborative funding calls:** There are growing numbers of funders interested in making a positive difference in the areas of child mental health and child poverty. Funders could make a greater and lasting difference by working together strategically and pooling funding where possible, i.e. through 'A funders tackling poverty consortium'.



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