

# Study estimates mental health impact of welfare reform, Universal Credit, in Great Britain

February 28 2020

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The 2013 Universal Credit welfare reform appears to have led to an increase in the prevalence of psychological distress among unemployed recipients, according to a nationally representative study following more than 52,000 working-age individuals from England, Wales, and Scotland over nine years between 2009-2018, published as part of an issue of *The Lancet Public Health* journal on income and health.

Specifically, the analysis suggests that the introduction of Universal Credit was associated with a 6.6% increase in the prevalence of [psychological distress](#) among recipients, equivalent to an estimated 63,674 unemployed recipients experiencing clinically significant levels of psychological distress between April 2013 and December 2018, of whom over a third (21,760) may have become clinically depressed.

Universal Credit was launched in April 2013 in a bid to simplify the benefits system and help more people into work, but has been the subject of controversy from the start, with reports of long delays in payments and increased use of sanctions. Replacing six existing benefits, this major welfare reform has been rolled out in stages, and by the end of 2018, 1.6 million people were receiving Universal Credit in England, Scotland and Wales, including 73% of [unemployed people](#) (990,000).

"Our study supports growing calls for Universal Credit to be fundamentally modified to reduce these [mental health](#) harms", says Dr.

Sophie Wickham from the University of Liverpool, UK, who led the research. "So far, the government has only looked at the impact of Universal Credit on the labour market, and there are no plans to assess its effect on [health](#) and wellbeing. With a further 5.5 million recipients of existing benefits expected to claim Universal Credit over the next few years, this expanding group may exacerbate pressures on already stretched mental health and social care services."

The study is the first to quantify the possible impact of Universal Credit on mental health, and underscores the importance of evaluating the potential health effects of changes to welfare systems worldwide. However, the authors caution that Universal Credit has been implemented within broader welfare changes that may have contributed to the mental health toll.

Previous qualitative studies suggested that the Universal Credit claims process and sanction threats may exacerbate long-term health problems and negatively affect mental health. Doctors have also raised concerns that the reform is harming the mental health of claimants and increasing the workload of General Practitioners.

In this study, researchers analysed data from 197,111 interviews with 52,187 people of working age (16-64 years) conducted between 2009 and 2018 as part of the Understanding Society UK Longitudinal Household Panel Study—a nationally representative survey. People out of work with a disability were excluded because they claim disability benefits, rather than unemployment benefit, and were not enrolled onto Universal Credit at the time of the study. Mental health was assessed by trained interviewers using the General Health Questionnaire, with a higher score indicating psychological distress. Participants were also asked about their employment status, area of residence, and demographic information.

Modelling was used to compare changes in psychological distress between people who were eligible for Universal Credit and those who were not unemployed (eg, employed, self-employed, retired) before and after the reform was rolled out in their local authority area.

The analysis suggested that the introduction of Universal Credit was associated with a 6.6 percentage point increase in the prevalence of psychological distress among recipients, compared to those who were employed or retired, after adjusting for a range of influential factors including age, sex, education level, and marital status.

Interestingly, the researchers found all socioeconomic groups were affected similarly. However, the researchers speculate that the mental health of people with low levels of education will be more affected by the reform because they are more likely to be unemployed, potentially widening health inequalities.

Further analyses suggested that Universal Credit did not appear to affect the physical health of unemployed recipients. They also found no evidence that the welfare reform was associated with more people entering employment.

"Given the mounting evidence of substantial mental health harms related to Universal Credit, it is crucial that the government conducts a robust health impacts assessment of all welfare reforms, including Universal Credit", says co-author Professor Dame Margaret Whitehead from the University of Liverpool, UK. "With nearly two-thirds of households in the UK receiving some kind of welfare benefit, any changes to the welfare system—even those with small individual effects—could have major implications for the nation's health."

According to senior author Professor Ben Barr from the University Liverpool, UK, "Our findings have international importance for health

professionals who are responding to the rising mental health needs of populations and for policymakers weighing up the costs and benefits of changes to welfare policies. Other countries considering similar changes to their welfare systems, such as introducing a digitalised service, paying monthly in arrears rather than prospectively each week, and stricter sanctions, should take into account the potential serious consequences for population mental health."

The authors say that future studies should assess other groups of people who might be affected by Universal Credit (eg, employed people who currently receive working tax credits or those receiving child tax credits); and try to disentangle which elements of this reform might be driving the negative effects on mental health, such as the longer wait for payments (there is a five week delay in payment following a new claim) and stricter sanctions.

The authors acknowledge that their findings show observational associations rather than cause and effect. They note several data and methodological issues that might affect the accuracy of the estimates including that unemployment and mental health were based on self-reported data; and that the negative impact of the reform is likely to be underestimated because not all unemployed people have moved on to Universal Credit, and some participants in the comparison group would have become eligible and moved on to Universal Credit during the study period (eg, employed people on tax credits in some areas).

Commenting on the implications of the findings in a linked Comment, Dr. Peter Craig (who was not involved in the study) from the University of Glasgow, UK says that the findings have important policy implications: "Universal Credit may be unique to the UK, but many of its features are common to welfare reforms in other countries, so Wickham and colleagues' findings have much wider implications for how welfare changes are evaluated; an exclusive focus on employment-

related outcomes is clearly no longer adequate. Policy makers must take seriously the health effects of reforms of the kind associated with Universal Credit, which newly expose a large swathe of the population to an unfamiliar regime of sanctions and conditionality and to a claim process that for many is worryingly opaque and uncertain."

In a modelling study published at the same time in *The Lancet Public Health* journal, researchers evaluated how effective certain taxation and welfare policies could be at reducing health inequalities, by comparing how 12 policies might affect a representative sample of Scottish households across various levels of social deprivation.

"Our estimates suggest that the most effective policies for improving health and reducing health inequalities in Scotland would be those that disproportionately increase incomes in the most deprived areas", says Dr. Elizabeth Richardson from the Public Health Observatory, NHS Scotland, UK, who led the research. "Policies that increase incomes are likely to result in the biggest reductions in mortality rates and advance the Government's aim of making Scotland a healthier place."

In a third paper published in that same issue, researchers reviewed the existing evidence on the public health impact of income or tax interventions similar to the concept of basic income, in which individuals or families receive a regular, largely unconditional sum of money from the government.

"The evidence on the health impact is mixed, with some strong positive effects on birthweight, infant obesity, nutrition, and mental health, but we found small and inconsistent effects on health service use, work missed due to illness, and chronic health impairment measures", says Dr. Marcia Gibson from the University of Glasgow who led the research. "While reductions in employment were mostly small for men, with larger reductions for mothers of young children, more evidence is needed to

understand the wider health, economic, and social implications of basic income."

**More information:** *The Lancet Public Health* (2020).  
[www.thelancet.com/journals/lan ... \(20\)30005-0/fulltext](http://www.thelancet.com/journals/lan... (20)30005-0/fulltext)

Provided by Lancet

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<https://medicalxpress.com/news/2020-02-mental-health-impact-welfare-reform.html>

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