

What's it worth now?

The social and economic costs of mental health problems in Scotland

Executive summary



FOREWORD

What's it worth? That was the question SAMH posed in 2006, when we published the first figures on the social and economic costs of mental health problems in Scotland. The answer was £8.6 billion: a figure that at that time was greater than the entire NHS budget in Scotland.

Dismissed? That's a question we've been asking recently. It's the title of our current campaign for fairness in mental health and employability, and it came about for two reasons. The first and most important reason is that our service users and members told us they wanted us to campaign on employment and on welfare benefits. The second reason is that the statistical evidence told us that our service users and members were right: employability is the crucial issue of the moment.

- Forty-five per cent of Incapacity Benefit claims are made on the basis of a mental health problem¹
- Seventy-nine per cent of people with serious, long-term mental health problems are not in employment²

- Less than 40% of employers would employ someone with a mental health problem³

That's why, as part of our Dismissed? campaign, we chose to revisit the What's it Worth? research, this time with a particular focus on employment. SAMH has always been clear on the moral and legal drivers for including mental health in employability. This new research makes clear that there is also an economic driver.

The social and economic costs of mental health problems in Scotland are so great that we simply cannot afford to ignore them any longer. With major welfare reform taking place at the same time as cuts to services on a scale unseen for generations, we must take these research findings seriously.

Mental health is fundamental to our identity. We can now see that it is also fundamental to our economy.

That's why we commissioned this report to answer the question: what's it worth now?



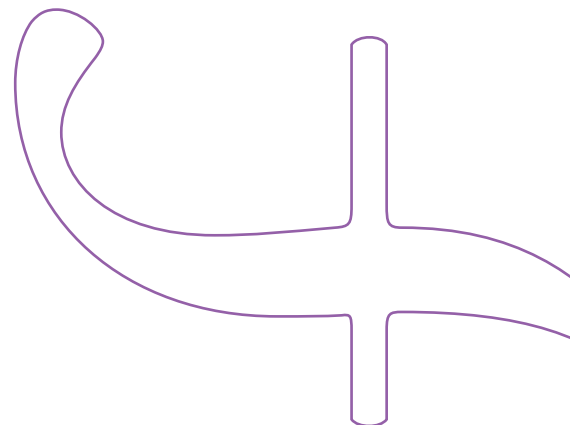
BILLY WATSON
CHIEF EXECUTIVE, SAMH

DISMISSED? SAMH

Dismissed? is a campaign that focuses on the employability journey of people with mental health problems. From claiming benefits to which people are entitled when they are sick or disabled, to applying for, getting and keeping a job, people with mental health problems are currently disadvantaged in employability.

The Dismissed? campaign works with employers to help them save money by managing mental health in their workplace, and seeks to influence the benefits system to make it fairer and easier to navigate.

There are many ways to get involved in the Dismissed? campaign. Visit www.samh.org.uk to find out more.



PART ONE: THE SOCIAL AND ECONOMIC COSTS OF MENTAL HEALTH PROBLEMS IN SCOTLAND

Mental health problems impose very high costs, both on individuals and their families and on society as a whole. These problems are extremely common, with a strong tendency towards persistence and recurrence throughout the life course, and they adversely affect many different aspects of people's lives.

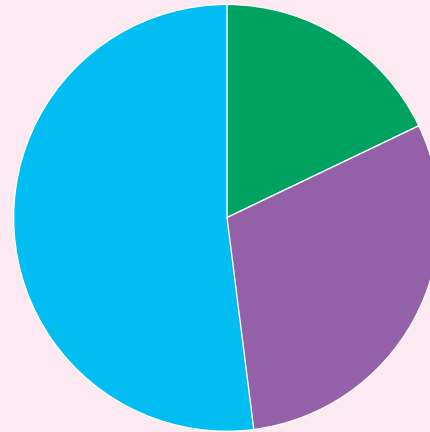
In a report published in 2006 we estimated that the total cost of mental health problems in Scotland in 2004/05 amounted to £8.6 billion⁴. A straightforward updating of this estimate to 2009/10 indicates that the aggregate cost has increased by nearly a quarter, to £10.7 billion.

The costs of mental health problems can be described and evaluated under three headings:

- The costs of **health and social care** for people with mental health problems, including services provided by the NHS and local authorities
- The costs of **output losses** in the economy that result from the adverse impact of mental health problems on work and employment
- The less tangible but crucially important **human costs** of mental health problems, representing their negative impact on the quality of life

Within the total of £10.7 billion, the costs of health and social care are estimated at £1.9 billion (17.9% of total), output losses at £3.2 billion (30.1%) and human costs at £5.6 billion (52.0%).

TOTAL COSTS 2009-10

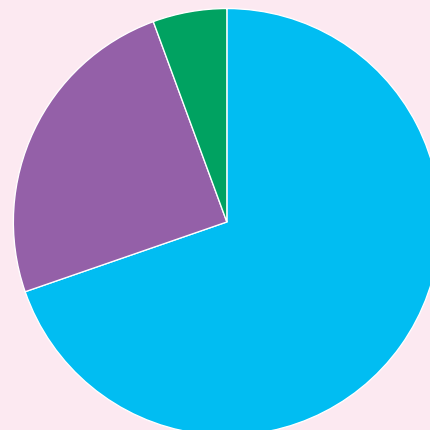


Human costs	£5,576m	52%
Output losses	£3,228m	30.1%
Health and social care	£1,920m	17.9%
Total	£10,724m	100%

THE COSTS OF HEALTH AND SOCIAL CARE

The estimated costs of health and social care for people with mental health problems in 2009/10 are given below. As can be seen, the main elements are public spending on mental health services and the attributed costs of informal care.

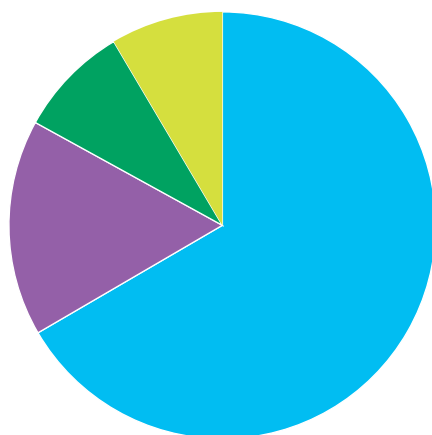
THE COSTS OF HEALTH AND SOCIAL CARE



NHS and social care services	£1,338m	69.7%
Informal care	£475m	24.7%
Other	£107m	5.6%
Total	£1,920m	100%

Between 2004/05 and 2009/10, spending on mental health services by the NHS and local authorities increased by 26%⁵. In comparison, spending by the NHS on all health conditions combined rose by 39%, while spending on all social care by local authorities increased by 36%⁶. The share of mental health in aggregate public spending on health and social care thus declined, from 10.6% to 9.7%.

THE COSTS OF NHS AND LOCAL AUTHORITY CARE IN SCOTLAND 2009/10



■ NHS hospital and community services	£891m	66.6%
■ GP consultations	£219m	16.4%
■ Drug prescriptions	£114m	8.5%
■ Local authority social care services	£114m	8.5%
Total	£1,338m	100%

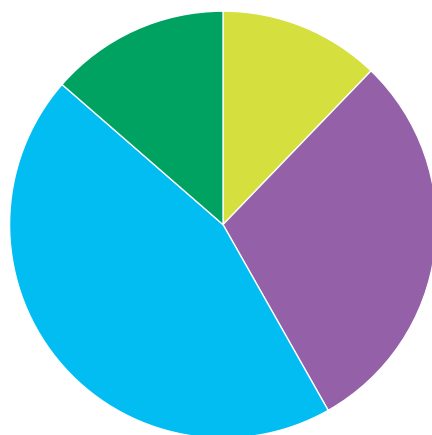
THE COSTS OF OUTPUT LOSSES

Mental health problems have a variety of adverse effects on employment and output. Costs to the Scottish economy, based on the methods used in our 2006 report, are shown below. Adjusted estimates, taking into account recent developments in costing methodology, are discussed in the next section.

THE HUMAN COSTS

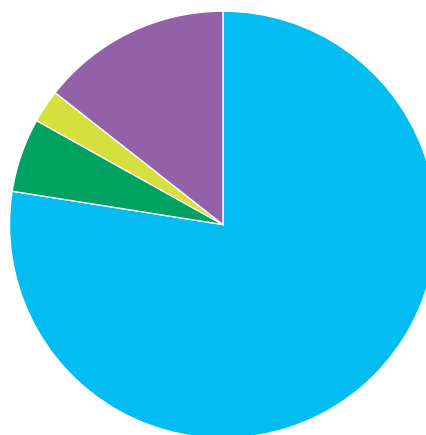
The remainder of this report will focus on the effect on the Scottish economy of the costs of mental health problems experienced by people who are both in work and out of work. However, among the most important and compelling costs of mental health problems are the less tangible ones of suffering, distress and disability. A broad estimate of the human costs of mental health problems in Scotland is shown below.

THE COSTS OF OUTPUT LOSSES



■ Worklessness	£1,440m	44.6%
■ Losses of unpaid work	£954m	29.6%
■ Sickness absence	£439m	13.6%
■ Premature mortality	£395m	12.2%
Total	£3,228m	100%

THE HUMAN COSTS



■ Household population - adults	£4,321m	77.5%
■ Premature mortality	£803m	14.4%
■ Household population - children	£314m	5.6%
■ Institutional population	£138m	2.5%
Total	£5,576m	100%

PART TWO: MENTAL HEALTH AND EMPLOYMENT

Mental ill health is now the dominant health problem of working age. Its impact falls mainly on people during their working lives, whereas most of the burden of physical ill health falls in the post-retirement years.

There is compelling evidence to show a positive link between employment and mental health. People enjoy better mental health⁷ when they are in work and worse mental health when they are out of work. The longer they are workless, the more damaging the consequences for their mental health.

For people with mental health problems, work can be therapeutic. A return to work improves mental health as much as the loss of employment worsens it. Some aspects of the work environment can pose a risk to mental health, but the overall balance of evidence is not in doubt: work is good for mental health.

MENTAL HEALTH PROBLEMS AMONG PEOPLE IN WORK

Contrary to popular belief, the majority of people with a mental health condition have a job and are almost as likely to be working as anybody else⁸. On average, employers should expect that at any one time, nearly 1 in 6 of their workforce is affected by a mental health condition such as depression or anxiety⁹. Only a small proportion of this ill health is directly caused by work or working conditions.

The high prevalence of mental health problems in the workplace imposes a substantial financial burden on employers, although much of this could be avoided through effective action.

Many employers underestimate the prevalence of mental health problems at work and many of the costs associated with these problems take hidden forms such as presenteeism (people coming to work even when unwell and consequently functioning at less than full capacity) rather than the visible form of sickness absence.

New estimates prepared for this report suggest that mental health problems at work cost Scottish employers over £2 billion a year, broken down as follows:

	TOTAL COST	COST PER AVERAGE EMPLOYEE
Sickness absence	£690m	£310
Presenteeism	£1,240m	£560
Staff turnover	£220m	£100
Total	£2,150m	£970

The large scale of these costs highlights the fact that mental health is – or should be – important to all employers as a business matter, and there is now an increasingly strong body of evidence to support the business case for intervention.

For example, BT has reported that its mental well-being strategy has led to a reduction of 30% in mental health-related sickness absence and a return-to-work-rate of 75% for people absent for more than 6 months with mental health problems.¹⁰

Financial modelling of a workplace health promotion and well-being programme undertaken in the UK offices of a large multinational company suggests that every £1 spent on the programme has generated savings of nearly £10 in terms of reduced sickness absence and presenteeism.¹¹

Research on an Australian programme of early identification and treatment for depression at work shows financial benefits in terms of higher productivity which are nearly five times the annual cost.¹²

Evidence suggests that the key ingredients of an effective workplace programme are:

- **Recognition** by employers that work is good for mental health and also that people do not have to be entirely symptom free to work successfully
- **Prevention** of mental health problems, including the provision of mentally healthy working conditions and access for all employers to generalised health promotion and well-being programmes
- **Early identification** of emerging problems, with any unexplained change in an employee's productivity at work being treated as a possible warning sign
- **Awareness training** for line managers, to increase their knowledge and understanding of mental health issues

- **Better access to professional help**, which wherever possible enables people to carry on working at the same time as receiving support
- **Effective rehabilitation** for those who need to take time off work, including regular contact with employees during periods of absence

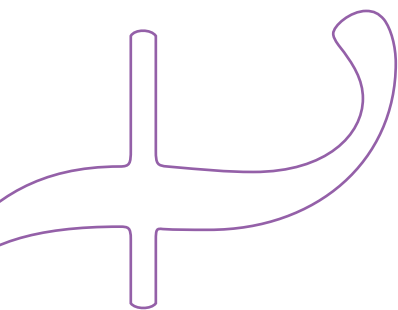
Common to most if not all of these ingredients is that they essentially involve no more than good management. Implementation does not require the availability of costly or specialised resources such as a large in-house occupational health department. Perhaps the most important first step is simply better understanding of mental health issues among senior managers.

MENTAL HEALTH PROBLEMS AMONG PEOPLE NOT IN WORK

There are currently around 1 million people of working age in Scotland who are not in work and the numbers in this group have increased by 125,000 since 2005, largely because of a sharp rise in unemployment caused by the recent recession. Ill health is the single most common cause of worklessness and mental ill health accounts for about 45% of all people not working for this reason.¹³

It is estimated that social security spending on workless people in Scotland who are in receipt of health-related benefits because of a mental health condition amounts to about £800 million a year.

One way of reducing these costs is to improve job retention, as much long-term unemployment can be avoided if the right steps are taken when employees' health problems are first identified at work. Early intervention is particularly important, as the longer a person is off sick, the lower the chance of a successful return to work and the



higher the risk of permanent job loss.

More emphasis should also be given to helping people to stay in work with health problems and to return to work as soon as possible after any spell of absence. This means overturning traditional views, e.g. that it is inappropriate for people to be at work unless they are 100% fit or that being at work usually impedes recovery from a health problem.

Only about a fifth of people with severe and enduring mental health problems are in work, the lowest employment rate of any of the main groups of disabled people¹⁴. This is not because of an unwillingness to work, as most people with severe mental illness want to find employment¹⁵. Nor is this an unrealistic aspiration, as severity of illness is a poor indicator of employability and the best predictor of success is a strong desire to work¹⁶.

There is now very strong evidence from around the world that the best way of helping those with severe mental illness is by models of supported employment such as Individual Placement and Support (IPS) which emphasise getting people into competitive employment as quickly as possible, with training and support being provided on a continuing basis after job placement, not before (as in more traditional approaches). Research shows that IPS not only gets more people into work, it also leads to long-term savings in health spending, as stable employment promotes recovery for people with severe mental illness, leading to a better quality of life and reduced use of mental health services.

The prevalence of severe mental illness is relatively low and the great majority of workless people with poor mental health suffer from the so-called common mental health problems such as depression and anxiety. Many in this group have been out of work for long periods: more than two-thirds

of all existing Incapacity Benefit claimants have been claiming for five years or more and after such lengthy periods of detachment from the labour market people are more likely to retire or die than to work again. It will be particularly important to ensure that those who have lost jobs during the recent recession do not suffer this fate.

Workless people with mental health problems need coordinated support from a range of services and agencies, and a key requirement is the development of better links between health and welfare-to-work services.

It remains to be seen whether the new Work Programme being introduced by the coalition Government will be more successful than previous mainstream employment programmes in helping people with mental health conditions into work. Also of critical importance are reforms in the social security system, including the replacement of Incapacity Benefit by Employment and Support Allowance, with eligibility determined by a new work capability assessment, and the proposal to replace all existing means-tested benefits for people of working age with a single Universal Credit, aimed at ensuring that work always pays.

All of these changes raise concerns for people with mental health problems who are currently out of work, but they also offer opportunities. Employment is a realistic goal for most people with mental health conditions and a very desirable one, given the many benefits of work including better mental health. The challenge now is to ensure that these opportunities are taken.

*This is a summary of the full report. To read the full version of *What's it Worth Now?* visit www.samh.org.uk*

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SAMH

SAMH is the Scottish Association for Mental Health, a charity working across Scotland. Every year, we provide over a million hours of support to people who need our help. Every week, we work with around 3,000 individuals in over 80 services. Every day, we campaign for better mental health for the people of Scotland.

To find out about making a donation, volunteering or training your staff in managing mental health at work, visit www.samh.org.uk or call 0800 917 34 66.

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