



West Midlands  
Regional  
Observatory

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# Mental Health and Employment in the West Midlands

## Briefing Paper September 2009

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# 1 Background

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The [Baseline Report on Economic Inclusion](#) in the West Midlands 2009 found that mental health is a significant issue in the region and is a major contributor to the region's high levels of worklessness.

This briefing paper aims to examine the issues surrounding mental health and employment in greater depth in order to increase understanding among the region's policy makers of the underlying issues.

The report begins by examining mental health as a growing issue. We then provide key information for the West Midlands Region, including employment and unemployment rates. The report then examines the issues underlying low take up of employment, and goes on to examine the policy arena and responses to the problem.

This briefing paper forms part of a series of 'spotlight reports' following on from the Economic Inclusion Baseline Report and focussing in on the key issues highlighted for the region. Other reports in the series can be downloaded when complete from our website and cover:

- [Youth unemployment](#)
- [Economic inclusion and older people](#)
- Minority Ethnic Groups and employment (Due November)

## 2 Mental health and employment

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### 2.1 The importance of mental health

Work is widely recognised as having a positive impact on mental health, while unemployment has a negative effect and often leads to deterioration in mental well-being. In the West Midlands, around 96,000 people are claiming Incapacity Benefits or the new Employment & Support Allowance for mental or behavioural disorders<sup>1</sup>.

Mental health problems are widespread and affect people both in work and out of work. In the UK, it is estimated that:

- 1 in 4 people will suffer some form of mental health problem during their lives
- At any given time 1 in 6 working age adults have symptoms associated with mental ill-health (e.g. sleep problems, fatigue, etc) which do not meet the criteria for diagnosis
- A further 1 in 6 working age adults experience diagnosable mental health problems (e.g. depression, anxiety, etc) at any given time
- An estimated 1%-2% of the population (a proportion stable over many years) have severe mental health problems (e.g. schizophrenia, bipolar disorder, etc)<sup>2</sup>

Mental health problems have increased rapidly across developed countries over the past 50 years and represent a major challenge to social and economic well-being. The World Health Organisation predicts that depression will become the most common cause of disability by 2020<sup>3</sup>.

The Sainsbury Centre for Mental Health<sup>4</sup> has estimated the annual costs of mental health problems in England to be £77.4 billion. More than half of the total is accounted for by the imputed cost of impaired quality of life. If this is removed, the estimated cost of mental health problems in England and Scotland is £39.5 billion. About 35% of this sum is accounted for by the costs of health and social care and 65% by lost economic activity.

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<sup>1</sup> As at October 2008

<sup>2</sup> The Royal College of Psychiatrists: Mental Health and Work 2008

<sup>3</sup> World Health Organisation, The World Health Report 2001. Mental Health: New Understanding, New Hope, 2001

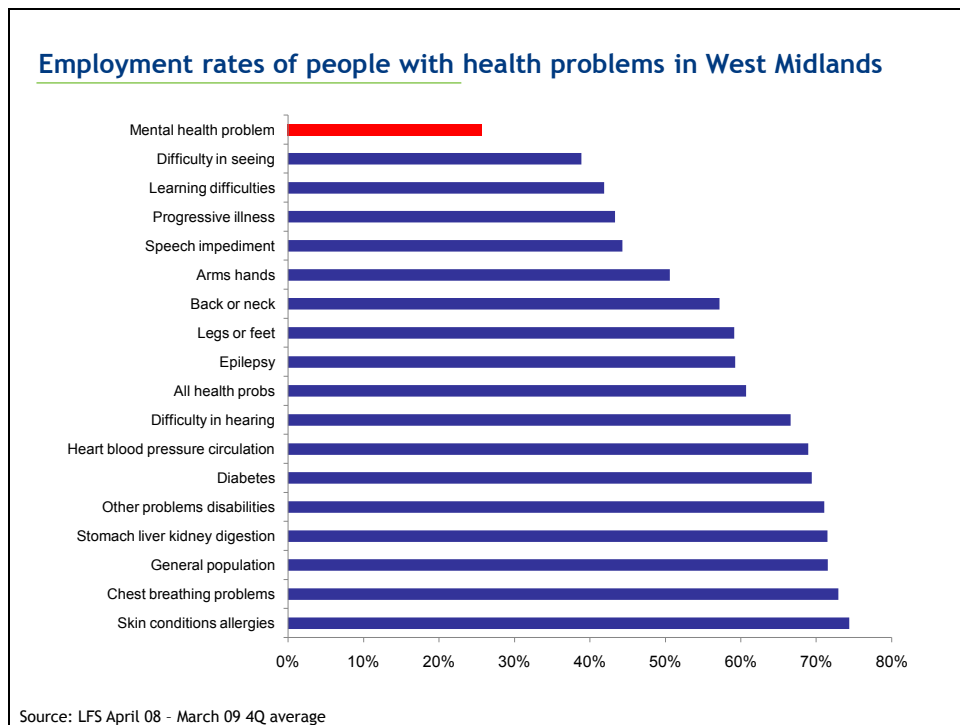
<sup>4</sup> Sainsbury centre for Mental Health 2003 and 2007

The estimated national annual cost of absenteeism due to mental ill health is £8.4 billion. The Centre has also estimated that impaired work efficiency ('presenteeism') due to mental ill health costs £15.1 billion. This means that as much as 60% of the employment related costs of mental illness are due to presenteeism. This could be because people with mental health problems lack obvious outward signs and are reluctant to have to 'prove' they are ill because of the resulting stigma.

### 3 The regional picture

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In the year to March 2009 in the West Midlands, only 29% of people with a mental health problem<sup>5</sup> were in employment in the West Midlands, compared with 61% for all those with health problems, and 72% for the general population<sup>6</sup>.



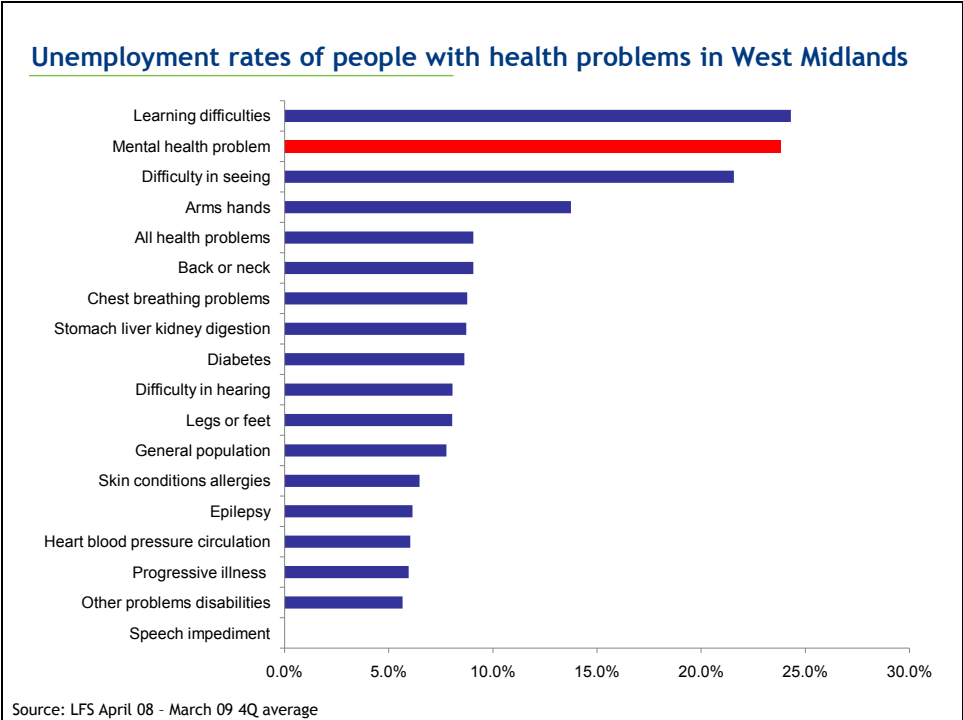
Having a long-term health problem is a significant barrier to accessing employment, but the employment rates for people with different types of health problem vary significantly. Those with mental health problems have the lowest rate of employment at 29%. Among people with chest / breathing problems the employment rate is 73% while people with heart, blood pressure or circulation problems have an employment rate of 69%.

<sup>5</sup> Self-reported health problems lasting longer than a year. 'Mental health problem' here excludes learning difficulties.

<sup>6</sup> Estimates for those with 'severe and enduring' mental health problems indicate even lower rates of employment, although reliable data for the region is not currently available.

Many people with mental health problems are economically inactive, and have been out of work for a prolonged period of time, but many are actively seeking work. A higher rate of unemployment indicates a real problem in accessing employment despite actively seeking work. The ILO unemployment rate<sup>7</sup> (people who are actively seeking and available for work) for people in the region with mental health problems is 24%, compared with 9.1% for all health problems and 7.8% for the general population.

As the chart below shows, having a mental health problem puts people at greater risk of unemployment than any other kind of health problem other than learning difficulties<sup>8</sup>.



Almost a quarter of a million people in the region are claiming Incapacity Benefit<sup>9</sup> (IB): 40% of those, or 96,000 people, are claiming for a mental or behavioural disorder.

<sup>7</sup> The unemployment rate is officially calculated as a proportion of the economically active population, not the whole working age population. This is in order to give a more accurate reflection of the labour market as the economically inactive are excluded.

<sup>8</sup> In some definitions, including NOMIS data, learning difficulties are combined with mental health problems. We have separated the two here to increase clarity.

<sup>9</sup> New claimants now claim Employment & Support Allowance, with IB claimants migrating to the new benefit by 2013

Over the past decade the proportion of Incapacity Benefit claimants claiming for a mental health problem has risen from 26% to 40%. It is now the most prevalent cause of sickness benefit claims.

The duration of IB claims is long - almost 90% have been claiming for longer than a year and 60% for longer than five years. The pattern is the same for those claiming for mental and behavioural disorders. These individuals are likely to be disengaged from the labour market, having lost confidence and employability skills, and will have skills issues combined with their health issues.

**Table 1: Key Facts for the West Midlands**

West Midlands Region		Rate (%)
<b>Employment</b>	All health problems	60.7
	Mental health problems	28.9
	General population	71.6
<b>ILO Unemployment</b>	All health problems	9.1
	Mental health problems	24.0
	General population	7.8
<b>Sickness benefit claims</b>	IB claims for mental or behavioural disorders	40% of IB claims - 96,000 people
Source: Labour force Survey April 08-Mar 09 four-quarter average		
<i>N.B. Health problems here refer to self-reported health problems lasting longer than a year</i>		

## 4 Understanding the problem

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### 4.1 Worklessness and mental ill-health: a two-way process

Mental ill-health is not just a cause of unemployment. It is also recognised that a period of unemployment can have a prolonged negative effect on mental health.

Although work can be a stressor for some people in some circumstances, a recent comprehensive review of the research<sup>10</sup> concluded that overall:

1. Work is beneficial to health and well-being.
2. Lack of work is detrimental to health and well being. The unemployed consult their GPs more often than the general population and those who have been unemployed for more than 12 weeks show between four and ten times the prevalence of depression and anxiety. Unemployment is also associated with increased rates of suicide.
3. For people without work, re-employment leads to improvement in health and well-being and further unemployment leads to deterioration.
4. For people who are sick or disabled, placement in work improves health and psychosocial status.
5. The health status of people of all ages who move off welfare benefits improves.
6. These benefits apply equally to people who have mental health problems including those with severe mental health problems. There is no evidence that work is harmful to the mental health of people with severe mental illness.

Work has a positive role in promoting mental well-being. As well as providing the monetary resources essential for material well-being, work links the individual to society. Work gives the worker a social identity and status; social contacts and support; a means of structuring and occupying time; activity and involvement; and a sense of personal achievement<sup>11</sup>.

Unemployed people do not tend to exploit the extra time they have available for leisure and social pursuits. Their social networks and social functioning decrease, as do motivation and interest, leading to exclusion and apathy.

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<sup>10</sup> Waddell and Burton, 2006

<sup>11</sup> Royal Collage of Psychiatrists 2008

People with mental health problems are especially sensitive to these negative effects of unemployment. The social exclusion that they experience as a result of mental ill health is reduced by work and aggravated by unemployment<sup>12</sup>. Work is therefore central to two of the values that underpin mental healthcare for people with severe mental illness - social inclusion and recovery<sup>13</sup>.

That as many as 90% of workless people who use mental health services wish to work<sup>14</sup> suggests that people with mental health problems are aware of the benefits of employment.

Promoting understanding of the positive benefits of work for mental health is a key theme of the forthcoming Mental Health and Employment Strategy (see section 5.1.1)

## 4.2 Treatment and medicalisation

Inappropriate medicalisation of mild and treatable conditions has led to many people losing contact with the workplace. The existing system of sick notes issued by GPs has contributed to people being deemed sick rather than focussing on what they could do with the right support. This system has made it difficult for many people to remain in work, or to return to work quickly.

In a national survey, more than 80 per cent of GPs openly admitted over-prescribing anti-depressants such as *Prozac* and *Seroxat* to patients suffering from depression, anxiety or stress<sup>15</sup>. They cited lack of availability of the more appropriate psychological therapies as the reason for this.

Nearly one-fifth of respondents to a Social Exclusion Unit consultation argued that mental health services needed to become more **socially focused** and less medical in their approach. This includes offering more social activities and talking therapies rather than medical solutions to mental health problems.

This over-medicalisation is a major focus for the Black Review and improvements in this area will form part of the National Mental Health and Employment Strategy (see section 5.1.1).

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<sup>12</sup> Social Exclusion Unit, 2004

<sup>13</sup> Royal Collage of Psychiatrists 2008

<sup>14</sup> Grove, 1999; Secker et al., 2001

<sup>15</sup> Norwich Union Healthcare, Health of the Nation Report, 2004

## 4.3 Barriers to work

Stigma and discrimination, both realised and perceived, are major barriers to employment.

People with mental health problems can and do make full and lasting recoveries with the right support and treatment. However, too many people have become isolated from the labour market, and encounter stigma and discrimination when attempting to return to work.

### 4.3.1 Stigma

Mental health problems are not unusual, and yet stigma means they are often misunderstood, especially in the workplace. Stigma is the greatest challenge for individuals hoping to return to work.

People with mental health problems face more stigma and discrimination than do people with physical health problems, with the exception of those with HIV/AIDS. This adversely influences recruitment practice and treatment in the workplace<sup>16</sup>.

A recent survey commissioned by [Time to Change](#) in July 2009, at the height of the current recession, and at a time when mental ill-health as a result of the recession is increasing, found that 92 per cent of the British public believes that admitting to having a mental illness would damage someone's career. The study asked more than 2000 people around the UK to imagine that they were interviewing someone for a job, and the interviewee admitted that from time to time they suffered from depression. Despite the respondents considering this person the best candidate for the job, more than half (56 per cent) would not employ them because of their mental illness<sup>17</sup>.

Work to challenge and reduce stigma is underway with two major national initiatives (see section 5.1.8)

### 4.3.2 Employer discrimination

Research<sup>18</sup> shows that many employers are reluctant to employ people with a history of mental health problems:

- Fewer than four in ten employers would consider employing someone with a history of mental health problems, compared to more than six in ten for physical disability, and almost eight in ten for long-term unemployed.

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<sup>16</sup> Royal College of Psychiatrists 2008

<sup>17</sup> Time to Change 2009

<sup>18</sup> Social Exclusion Unit: Mental Health and Social Exclusion 2004.

- Three-quarters of employers believe that it would be difficult or impossible to employ someone with schizophrenia, even though schizophrenia can be controlled with medication and would not require physical adaptations to the work environment.
- HR officers are more likely to request ‘further information’ when an applicant has declared a mental health condition

In one study<sup>19</sup>, 200 personnel managers were asked to assess the employment prospects of two job applicants who were identical save that one was diagnosed with diabetes and the other with depression. The applicant with depression had significantly reduced chances of employment.

In a recent survey by the Chartered Institute for Personnel Development (CIPD)<sup>20</sup>, around a half (52%) of UK organisations responding to the survey had no experience of hiring applicants with a history of mental ill health. Only 11% had employed someone who had been claiming IB for a mental health problem while 28% had hired those with mental health problems who were already in work, indicating that barriers are increased further for those out of work (see table 2 below).

This apparent reluctance to hire on the part of many employers is particularly high in the manufacturing and production sector, private sector services and among small and medium-sized firms, where around two-thirds report that they have never recruited from any of the groups listed

**Table 2: Core jobless groups hired by employers**

Percentage of employers who have hired from each group	
Incapacity Benefit claimants/long-term unemployed who have a history of mental ill health	11%
Short-term unemployed who have a history of mental ill health	15%
Incapacity Benefit claimants/long-term unemployed who have an impairment or disability	16%
Those with a history of mental ill health who are already in employment	28%
<i>Source: CIPD Labour Market Outlook November 2007</i>	

<sup>19</sup> N Glozier, ‘The workplace effects of the stigmatisation of depression’, *Journal of Occupational and Environmental Medicine*, 1998

<sup>20</sup> CIPD Labour Market Outlook November 2007

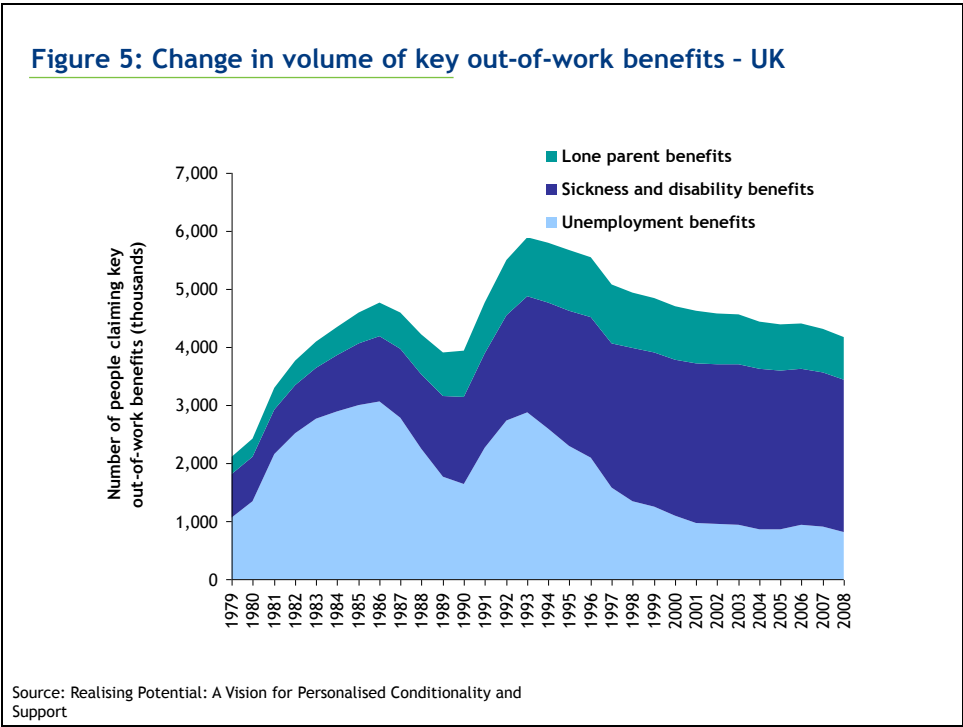
The CIPD survey went on to ask those who had employed those with a history of mental health problems about their experiences of employing these people. Almost two-thirds (61%) of employers rate their experience as positive. This compares with 15% who report having a negative experience.

One-third of people with mental health problems report having been dismissed or forced to resign from their job<sup>21</sup>. Almost four in ten felt they had been denied a job because of their previous psychiatric history, and over two-thirds had been put off applying for jobs for fear of unfair treatment.

The mental health charity [Mind](#) calls for the use of pre-employment questionnaires which focus on mental health history or details of hospital admissions to be banned so employers can't require people to disclose their mental health when applying for jobs.

### 4.3.3 Benefits system

Following previous periods of rapid decline in demand for labour there was a conscious shift of the unemployed from unemployment benefits onto sickness benefits. This was a major contributor to the present heavy sickness benefit caseload. Over the past 15-20 years thousands of people have been signed off sick with mild and treatable mental health problems such as depression, stress and anxiety. The chart below shows the increases in sickness benefit caseload over the past 30 years.



<sup>21</sup> Social Exclusion Unit: Mental Health and Social Exclusion 2004.

Due to the benefits system in place over this period (which is now being reformed with the introduction of Employment & Support Allowance) there was no contact with the labour market, and people were not encouraged to maintain a link with the workplace. Many of these people never moved back into work, with the effect that their mental health deteriorated further.

The benefits system can act as a powerful disincentive to a return to employment for people with mental health problems. Flexibility in employment can be crucial to overcoming barriers and re-entering the workforce, but lack of flexibility in the operation of the benefit system can leave people fearful of the transition period if they seek and find work.

Parts of the region where the demand for labour deteriorated rapidly, such as Stoke-on-Trent, have very high rates of incapacity benefit claimants and a lower proportion of workless people actively seeking work.

## 5 Policy responses and interventions

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### 5.1.1 Black Review and National Mental Health and Employment Strategy

Dame Carol Black's review of the nation's health<sup>22</sup> has led to a recommendation to replace the current sick note with a 'fit note'. A 'fit for work' service would aim to provide early access to psychological services and maintain the link to the workplace.

Dame Carol Black is due to release a cross-departmental national Mental Health and Employment Strategy on World Mental Health Day on 10<sup>th</sup> October. The strategy is being created by a steering group drawn from a broad range of experts.

The strategy will aim to ensure a co-ordinated response across Government to the challenges faced by people of working age with mental health conditions and to improve the support available to help them find and retain work.

### 5.1.2 Perkins Review

On 21<sup>st</sup> May 2009 Work and Pensions secretary James Purnell appointed Dr Rachel Perkins to lead a review into how more people with mental health problems can be supported into work.

Dr Perkins has led on the use of the Individual Placement and Support (IPS) model (see below) at South West London and St George's Mental Health Trust, which has successfully got many people with severe mental health conditions into employment.

The review is due to report ahead of the pre-budget report in November 2009.

### 5.1.3 PSA 16 and Mental Health and Employment Delivery Strategy

Public Service Agreements (PSAs) are high level target areas for government departments which enable them to focus on key outcomes. PSA 16 concerns socially-excluded adults and seeks to monitor improvements in employment and accommodation outcomes for four key client groups:

- Adults with learning disabilities
- Adults in contact with secondary mental health services

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<sup>22</sup> Black 'Working for a healthier tomorrow' 2008

- Care leavers
- Former offenders

A regional task group is engaged in work around the PSA 16 area, engaging regional partners.

There are significant challenges surrounding the provision of data around the circumstances of each of these client groups. As the 'mental health' client group focuses on those in contact with secondary services, the data produced in monitoring the PSA will show very different numbers to those used in this report, which are from labour market surveys and examine the circumstances of people who self-define a long-term health problem.

The development of the PSA 16 Mental Health and Employment Delivery Strategy, 'Work, Recovery and Inclusion', will tie into the work of the Perkins Review. Both pieces of work have an interest in helping those with the most severe mental health conditions back into work, and encouraging widespread use of evidence-based employment programmes, such as the Individual Placement and Support Programme.

'Work, Recovery and Inclusion' will go into greater depth on plans for delivery and include a detailed timetable as well as a longer term vision for changes. It is due to be published in autumn 2009. It will also support the National Strategy for Mental Health and Employment being led by Dame Carol Black.

#### 5.1.4 Talking therapies

The government have made significant investment in Increased Access to Psychological Therapies (IAPT) across the Country. In March of this year they announced a further £13 million in 'talking therapies' to avert a surge in people suffering depression as a result of the recession. This comes in addition to £170m already promised to improve GPs' ability to refer patients with mild to moderate depression to talking therapies services. Rollout is currently underway across the region. In addition there is a pilot underway in Shropshire using a share of £4 million of DWP funds to test the effectiveness of IAPT in employment retention.

### 5.1.5 Regional Employment Teams

The 'Reaching Out' report produced by the Cabinet Office in 2007 called for setting up of Regional Employment Teams (RETs). Their focus is to increase the employment and retention rate of people with mental health issues, particularly severe and enduring mental health. In this region the work is being led by the West Midlands Regional Development Centre (WMRDC) and the Deputy Regional Director in Government Office. This work is linked to the delivery of PSA16 and national indicator NI150. WMRDC have produced a leaflet around managing mental health following redundancy, currently being circulated to Jobcentres, GPs, and other frontline service providers.

### 5.1.6 Individual Placement & Support

There is strong evidence that Individual Placement and Support (IPS) is the most effective method of helping people with severe mental health problems to achieve sustainable competitive employment. It consists of intensive, individual support, rapid job search followed by placement in paid employment, and time-unlimited in-work support for both the employee and the employer. This model of support has been championed by the Sainsbury Centre for Mental Health and is currently being promoted as best practice by the Regional Employment Teams.

### 5.1.7 Welfare reform

In October 2008 the government introduced a range of welfare reforms aimed at reducing the numbers claiming incapacity benefits and the numbers of lone parents claiming benefits. The changes make a number of important changes to the way people are defined as eligible for benefits, and the requirements on them as claimants.

#### 5.1.7.1 Employment and Support Allowance (ESA)

This is the new benefit that replaced Incapacity Benefit and Income Support on incapacity grounds for new customers from October 2008. This is a more proactive benefit than IB and is supposed to be a temporary benefit for the majority of claimants. There is a new assessment test (the Work Capability Assessment) which assesses what work people can do rather than what they can't do. The WCA will assess whether people are:

- Ready to look for work immediately - in which case they will not be eligible to claim ESA and will be required to claim Jobseekers Allowance instead.

- Require support to be able to return to work - these people will be placed into the 'Work Related Activity Group' of ESA. About 90% of ESA claimants are expected to be in this group. They will be provided with a personalised programme of support and may face sanctions if they do not participate in some work related activity.
- Are not able to take part in work related activity - these are the people with the most severe health problems who will be placed in the 'Support Group'. They will receive a higher level of benefit and will not face any sanctions or be expected to take part in any work related activity.

The Government plans to transfer all existing IB claimants onto ESA between 2010 and 2013 and so the number of people affected by this change will increase over the coming years. The Government estimated in its proposals that around 1 million people would move off incapacity benefits and into work by 2013. The regional share of this figure would equate to around 88,000 individuals moving off incapacity benefits and into employment.

### 5.1.8 Pathways to Work

The Pathways to Work programme aims to provide people on Incapacity Benefits and Employment Support Allowance with integrated support to overcome their health problems and return to work.

### 5.1.9 Anti-stigma initiatives

Major national initiatives are underway to attempt to improve people's perceptions of mental ill-health, and the latest Department of Health-published statistics on attitudes towards mental ill-health shows areas of improvement<sup>23</sup>. The 'Shift' and 'Time to Change' programmes are working with employers to encourage greater understanding and challenge negative attitudes towards mental ill-health:

- [Time to Change](#) is led by Mind, Rethink, Mental Health Media and the Institute of Psychiatry. It is the largest ever multi-media awareness campaign (launched in January 2009) for mental health.
- [Shift](#) is funded by the Department of Health. It includes practical advice and guidance on how best to support and manage people with mental health conditions or disabilities at work.

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<sup>23</sup> TNS 'Attitudes to mental illness' 2009

## Full document information

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Title	Economic Inclusion: briefing paper: mental health and employment in the West Midlands
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