

# Mental health in the workplace during 2020

## Introduction

Physical safety, personal protective equipment and social distancing in the workplace are consuming current public discourse. Given that the health hazards associated with the Covid-19 pandemic are more immediately threatening than those concerned with psychological wellbeing, this should come as no surprise.

However, there is no doubt that we are facing a mental health crisis in the UK. Research prior to Covid-19 showed that poor mental health costs the government between £24 billion and £27 billion per year (a combination of benefits costs, lower tax revenues and cost to the NHS).<sup>1</sup> In 2019, mental ill-health cost the UK economy between 3.6% and 4.9% of its total GDP.<sup>2,3,4</sup>

For employers, mental ill-health was the highest cause of long-term absence from work in 2018, accounting for at least 57% of lost working days.<sup>5,6</sup> Absenteeism, combined with presenteeism (showing up to work when ill, resulting in lost productivity) and staff turnover (with associated recruitment and temporary staff costs), resulted in a total cost to employers of £42 billion to £45 billion. This equates to an average cost per employee of £1,652 in the private sector.<sup>7</sup>

These cold statistics pay little credit to the human suffering that is a daily reality for millions. Millions, who, often, carry the burden of mental ill-health in silence. The human cost should not be forgotten: one in six of the total population is currently experiencing a mental health problem,

the great majority of whom are of working age.<sup>8,9</sup> Among the adult population, one in four has a mental health issue in any given year.<sup>10</sup> One in five adults has considered taking their own life at some point.<sup>11</sup>

This was before Covid-19, which brought with it a unique range of psychological stressors: a government-enforced lockdown, rigorous social distancing measures and strict quarantine rules. For nearly six months, schools, universities, non-essential shops, cafes, restaurants and bars were shut. Workers who could, were forced not only to work at home, but to stay at home too. A report by Simetrica-Jacobs and the London School of Economics and Politics Science estimated the daily wellbeing cost to adults during this time at £2.25 billion. Or £43 per adult per day.<sup>12</sup>



### Why are we addressing poor mental health?

As investors, we want the companies in which we invest to be successful. We believe that the stark human and economic costs associated with poor mental health represent a substantial obstacle to this success. Put simply, employers are losing billions of pounds because employees are less productive, off sick or leaving work all together.<sup>13</sup>

Yet, while the workplace can be a root cause of poor mental health – or make an existing mental health disorder worse – it is also a setting that can assist in the identification of mental illness and facilitation of proper treatment.<sup>14</sup>

There is a wealth of data to demonstrate that in the long-term, the most successful and competitive companies are those that have the best health and safety records, and the most physically and mentally healthy workers.<sup>15</sup> As investors, we try to be responsible stewards of our clients' assets; we also aim to invest in successful companies. Pushing for progress in workplace mental health is a moral and economic imperative.



### What have we done?

CCLA's mental health engagement programme was launched in February 2019. We used the recommendations set out by the government-commissioned 'Thriving at Work' report, and the input of an expert advisory committee (including representatives from Public Health England and Mind), to create a set of five, workable best practice measures.

We took these measures to a select group of 11 investee companies, with an underlying workforce of approximately 400,000 people. While some of the businesses had gone above and beyond legislated minimum standards, others had made little or no progress. Most organisations were making tangible efforts to improve workplace mental health; the bad news is that we were told we were the only investors asking questions about mental health and wellbeing.

Covid-19 gave the engagement programme a new lease of life. In April 2020, within a week, we built a coalition of investors (with a total of £2.2 trillion in assets under management) and wrote on their behalf to the CEO of every FTSE 100 company. The letter urged them to take steps to protect the mental health of their employees during the pandemic.

Should management take heed, the investor coalition could have a positive impact on the mental health of the 4.7 million workers employed by these 100 companies.

### What have we found?

- Of the 100 companies targeted, 73 have now responded to the engagement, with wide disparity in the quality of responses received.
- The good news is that most respondents have now acknowledged the problem of mental ill-health in the workplace and are taking steps to address it.

- 89% of respondents either have an Employee Assistance Programme (EAP) or equivalent and have been signposting the resource throughout the crisis.
- More than half of the companies that responded offer specific, targeted mental health training for line managers.
- 38% of replies were signed by the company's leader, with some showing real commitment.
- Companies across the board have made efforts to offer flexible working arrangements to employees during the pandemic, adjusting working hours, environment and routines to help their employees navigate the crisis.
- At a basic level, hardware was made available to home workers, additional flexibility granted in holiday allowance, and physical safeguards introduced where appropriate.
- One company supported approximately 3,000 employees over the age of 70, as well as vulnerable and pregnant staff, with 12 weeks' fully paid absence.
- Less encouraging was the revelation that only 10 companies (14%) said that they had relaxed or reviewed performance appraisals in light of the crisis.
- In addition, while EAPs are widely offered, usage is rarely monitored. We await responses from the remaining 27 companies.

### What next?

Through our work to date, it is apparent that we cannot solve this problem in isolation. Poor mental health is a systemic, rather than a company-specific problem. It requires greater transparency, disclosure and reporting. It requires greater pressure from stakeholders as well as more progressive public legislation. Whilst we were encouraged by our initial engagement findings, there is little commonality in

approach, very little monitoring or public disclosure and a lack of commitment by senior leaders in the majority of cases.

Consequently, we are now in advanced discussions to create the first ever investor-led corporate mental health benchmark. The benchmark will act as a framework for investors to assess how companies compare on safeguarding the mental health of their workforce. By introducing an element of competition – currently lacking – it will incentivise companies to address poor workplace mental health head on. It is the indisputable next step if we are to make a meaningful difference in this sphere.

While a highly infectious disease continues to consume public rhetoric, we are focusing on an invisible, non-communicable disease, in the belief that if left unaddressed, mental illness could become the next global pandemic. The associated human and monetary costs could be colossal.

### FTSE 100 INITIATIVE

CCLA thanks the following investors for their support:

- Aviva
- BMO
- Boston Common Asset Management
- Brunel Pension Partnership
- Central Finance Board of the Methodist Church
- Church of England Pensions Board
- Church Investors Group
- Epworth Investment Management
- EOS at Federated Hermes (on behalf of its stewardship clients)
- GAM Investments
- Joseph Rowntree Charitable Trust
- Lankelly Chase Foundation
- Norwegian Church Endowment Fund
- Polden-Puckham Charitable Foundation
- Schroders
- West Midlands Pension Fund

## Endnotes

- 1 Stevenson, D. and Farmer, P. (2017), 'Thriving at Work: The Stevenson/Farmer Review of Mental Health and Employers'. Online at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/658145/thriving-at-work-stevenson-farmer-review.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/658145/thriving-at-work-stevenson-farmer-review.pdf)
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- 12 Fujiwara, D., Dolan, P, Lawton, R, Bahzadnejad, F., Lagarde, A., Maxwell, C. and Peytrignet, S. (2020), 'The Wellbeing Costs of COVID-19 in the UK', London: Simetrica-Jacobs and London School of Economics and Political Science. Online at [www.jacobs.com/sites/default/files/2020-05/jacobs-wellbeing-costs-of-covid-19-uk.pdf](http://www.jacobs.com/sites/default/files/2020-05/jacobs-wellbeing-costs-of-covid-19-uk.pdf)
- 13 Stevenson, D. and Farmer, P. (2017), *ibid.*
- 14 World Health Organization (2010), 'WHO Healthy Workplace Framework and Model: Background and Supporting Literature and Practices'. Online at [www.who.int/occupational\\_health/healthy\\_workplace\\_framework.pdf](http://www.who.int/occupational_health/healthy_workplace_framework.pdf)
- 15 *Ibid.*

## Disclosure

The views expressed do not constitute financial, investment or professional advice.

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