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NHS talking therapies bring long-term economic returns to England

Mental health treatment improves workers' employability and increases their earnings. Klaudia Rzepnicka, Emma Sharland, Marta Rossa, Ted Dolby, Ekaterina Oparina, Rob Saunders, Daniel Ayoubkhani and Vahé Nafilyan conducted the first nationally representative analysis of how psychological therapies in England affect people's work outcomes. They found evidence of the benefit of public investments in talking therapies.

Common mental disorders such as depression and anxiety affect not only individual wellbeing but also economic productivity. People suffering with poor mental health are more likely to be **economically inactive**, face longer periods of unemployment and experience reduced earnings, which leads to significant costs for themselves and the national economy.

In 2019, poor mental health in England was estimated to cost **£100 billion**, approximately five per cent of GDP. These costs occur because poor mental health tends to reduce people's labour market participation, causing staff turnover, increased sick leave and presenteeism (when people feel compelled to go to work even when they are not feeling well). This underscores the urgent need for effective interventions to improve mental health.

Recognising this challenge, successive UK governments have committed to expanding access to the NHS Talking Therapies (**NHSTT**) programme – formerly known as Improving Access to Psychological Therapies (IAPT). NHSTT offers evidence-based talking therapies for adults with common mental disorders. While the programme's primary goal is to improve mental health symptoms, an anticipated by-product was increased productivity and improved labour market participation. A growing number of governments worldwide have also been investing in mental health services based on the NHSTT model to facilitate access to psychological therapies.

Our recent **research**, using a unique dataset created by linking national treatment programme data from NHSTT with administrative data on employment and census records in England, provides

evidence of the long-term economic benefits of these psychological therapies. Our analysis looks into the effects of completing NHSTT treatment on employment and earnings over the years following treatment.

The economic payoff

Overall, completing NHSTT treatment increased average monthly earnings, with the maximum increase of £17 in the second year after treatment. More remarkably, this effect on earnings was sustained, remaining at £10.6 more per month even six years after treatment.

The study also demonstrates a clear link between completing therapy and an increased likelihood of paid employment. Seven years after the start of treatment, those who had completed therapy were 1.5 percentage points more likely to be in paid employment than those who didn't. It's a seemingly modest percentage point increase, but it translates to an additional 10,000 individuals being in work each year based on 2023/24 NHSTT completion rates.

Impacts

Impact of NHSTT across patient groups

Unemployed - looking for a job
People who reported being "not working, seeking work" at the beginning of therapy experienced the most substantial gains. They had a maximum average increase in pay of £63 per month by the seventh year after completing the treatment. Their likelihood of paid employment also increased by a max 3.1 percentage points in the fourth year, with this increase remaining high at three percentage points by year seven. This suggests that NHSTT can be particularly effective in helping the unemployed return to work.
Unemployed - not looking for a job
Those who were "not working, not seeking work" had smaller effects: a modest increase in the probability of employment and no impact on monthly earnings.
Employed
People who self-reported as employed at the time of referral followed a decreasing trend in monthly earnings. This seemingly counterintuitive finding might be explained by individuals reducing their working hours to prioritise their mental health, avoid burnout or transition to less demanding but perhaps lower-paying jobs that improve their overall wellbeing.
Age
The largest positive effects on employment were observed in the 25-34- and 35-44-year-old age groups, which experienced sustained increases in the probability of being in paid employment up to seven years after treatment. For those aged 55-60, completing the treatment didn't influence the situation. While they might have experienced improved mental health, this didn't necessarily translate into improved long-term employment outcomes, possibly due to factors like early retirement.

We looked at people who demonstrated reliable recovery or improvement in mental health symptoms, comparing them to those who showed no change or whose mental health deteriorated. Achieving positive treatment outcomes was strongly linked to larger and more sustained improvements in both monthly earnings and the likelihood of being in paid employment.

This further highlights a clear connection between mental health improvements delivered by NHSTT and economic gains.

Implications

Our findings of sustained improvements in employment and earnings provide a strong economic rationale for investing in and expanding mental health services like NHSTT. By reducing the economic burden associated with common mental disorders and increasing labour market participation, such investments can contribute to overall economic growth. The finding that those “not working but seeking work” benefit significantly highlights the potential of NHSTT to support individuals back into employment, aligning with government initiatives aimed at increasing workforce participation.

Earlier research based on **short-term effects** found the programme to be cost-effective. Now we find that the economic benefits extend beyond the short term and continue to accrue over several years without incurring additional costs, making it even more cost-effective.

Limitations

There are limitations to our findings. First, the definition of “completed treatment” relied on clinician reports, which may have been applied inconsistently. Second, the inclusion in the non-exposed group of individuals who may have left therapy early due to recovery could lead to an underestimation of the true effectiveness of treatment, suggesting the current estimates are a lower bound. Third, the study’s reliance on HMRC Pay-as-you-earn (PAYE) data limited the employment analysis to paid employees, excluding the self-employed and those with other income sources. Finally, the study was a non-randomised comparison, although sophisticated statistical methods were used to reduce bias. This design might have resulted in an **underestimation** of the labour market effects compared to randomised controlled trials.

Talking therapies can unlock potential

Our study provides compelling evidence for the long-term economic benefits of government investment in psychological therapies for common mental disorders. The sustained increases in both employment and earnings following completion of therapy underscore the programme’s value, not only for individual wellbeing but also for the broader economy. Future work will look at the impact of NHSTT treatment on benefits receipt and healthcare use.

By effectively treating common mental disorders, talking therapies can unlock individual potential, reduce economic inactivity and contribute to a more prosperous and productive society.

Policymakers could consider these findings when making decisions the future of mental health services, such as NHSTT, to reduce the impact of common mental health disorders on the economy.

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The authors

Klaudia Rzepnicka is a Senior Research Officer in the Health Research Group at the Office for National Statistics.

Emma Sharland is a Principal Research Officer in the Health Research Group at the Office for National Statistics.

Marta Rossa is a Senior Research Officer in the Health Research Group at the Office for National Statistics.

Ted Dolby is a Principal Data Engineer for the Health and International Directorate at the Office for National Statistics.

Ekaterina Oparina is a Research Economist at the Centre for Economic Performance at London School of Economics.

Rob Saunders is an Associate Professor of Mental Health Data Science at UCL and Co-Director of the CORE Data Lab, UCL.

Daniel Ayoubkhani is Head of the Health Research Group at the Office for National Statistics.

Vahé Nafilyan is Deputy Director for Health Data and Analysis at the Office for National Statistics.

About the author



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