

The David Hume Institute
Seminar Wednesday 14th March 2007

“Mental Health and Public Policy”

Sponsored by ESRC

Speaker: Lord Richard Layard
Chair: Dr Harry Burns, Chief Medical Officer

Lord Layard presented the Institute with what can be described as an elegant talk. He successfully combined an area of personal interest with his professional expertise to give a clear policy objective.

To those of us trained in quantitative techniques the concept of happiness as both an objective and a measurable objective is - well different! It may well be as he suggested that his approach has more in common with the concepts of well being espoused during the Enlightenment than the more direct relationship between change in GDP and change in happiness or well being that is common today.

The particular aspect of happiness that Lord Layard centred on was depression/anxiety.

Starting with the Psychiatric Morbidity Survey's conclusion that 16% of the adult population suffered this disability at some time, he noted that only a small percentage of NHS expenditure (2%) addressed the area. In terms of the active age group, something slightly more than 40% were on incapacity benefit; a percentage that equates to around 1m individuals costing in lost GDP terms £11b per annum.

While 2% of NHS expenditure being spent on current forms of treatment – mainly pharmaceutical - seems low it may be that the appropriate denominator is the healthcare expenditure on the active population given the bias of healthcare expenditure on the last few years of life.

However what is indisputable is the juxtaposition of the 16% of the adult population and the large cost to the economy at large. (A GDP cost!)

Lord Layard then moved relentlessly into an area that must be a minefield for economists - the relative attractiveness or otherwise of treatment regimes. This rapporteur is not going there. Suffice to point out that Cognitive Behavioural Therapy is reported as having very significantly better non relapse rates than alternative treatments for depression. While there seems to be agreement as to the efficacy of CBT, it is not widely available in spite of being recommended by NICE.

Given the support for CBT it was perhaps surprising to learn that the extra months of employment per treated person in the first two years only reached 0.92 months.

It was here that Lord Layard combined the disability and the treatment into a cost benefit analysis. Over the years such studies have been at the heart of many policy choices. The seductive appeal of reducing policy decisions to the simplest arithmetic

believes real difficulties of definition. Do I feel comfortable delegating the policy conclusion to a combination of estimated costs and qualitative magnitudes such as QALY's (Quality Adjusted Life Years)? Probably not and, even allowing for a freely admitted ignorance of the make-up of the term, a strong sense of Hume scepticism must surely question it given that its scale was three times the size of any other part of the analysis.

Lord Layard's conclusions were clear. The use of evidence based CBT to treat depression would dramatically benefit the economy. On an on going basis he estimates, that with certain assumptions around the number of therapists that can be trained etc, then by 2016 there would be a reduction of 150,000 on incapacity benefit, an annual saving to the Treasury of £1.5b, all at an annual cost of £0.4b. This arguably does not allow for any up front costs or the opportunity cost to other parts of the economy from training 8,000 therapists.

This was an extremely interesting and informative talk enjoyed by some 80 to 90 guests. Questions and answers both after the formal session and around the dinner table were stimulating and raised extensions to the central theme of the evening which may provide an outline for a future follow up occasion.

Without going systematically through all the questions, areas covered did include:

- The role the private sector and employers could play
- The importance (or not) of today's culture to the prevalence of depression
- How do you actually go about persuading the Treasury to adopt the policy?
- What is the situation in a devolved Scotland?

Perhaps Lord Layard's most tantalising remarks came right at the end when he described, in response to a question, the alternative policy choice of prevention. He indicated an involvement with schools in preparing children to deal with disappointments (risks) and thus hopefully reduce that 16% figure and the associated costs of depression.

An excellent evening!

Ken Lyall (DHI Trustee)