
FINANCIAL RETURN ON EAPs 2020: HOW DOES YOUR ORGANISATION COMPARE?

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For every £1.00 spent on an Employee Assistance Programme (EAP) in the UK, employers see an average return on investment (ROI) of £7.27

This headline finding comes from the biggest data set on EAP usage, impact and financial returns in the UK: more than 2,000 calculations made via the EAPA UK ROI calculator since the beginning of 2019, representing anonymised information from four million employees.

The calculator, developed for EAPA by the Institute for Employment Studies (IES), is an open source tool for benchmarking. Free to use, it can provide an instant, snapshot in-sight into the ROI from an EAP; or, with more detailed information on absence and productivity, the kind of data that can be used for regular management reports on the re-turns from investment in employee wellbeing and resilience, as the basis for HR conversations with Directors of Finance.

Your results matter. In the context of the 2020 pandemic, wellbeing resilience is a pillar of organisational performance. An EAP isn't just another benefit but an essential support service that helps employees deal with the complexity of modern life – untangle issues of finances, rela-

tionships, stress and mental health – and stay focused, engaged and committed to their employer. An EAP has become increasingly important part of the employee's psychological bond. Their employer is the rock that people can rely on, who wants to do its best to help.

So HR need to ensure their EAP is working, in terms of what the most effective offering is for them and their employees, how it's communicated and understood, and the impact it provides. This can be checked via the ROI calculator. Benchmarked against competitors in the sector, regionally, and employers of the same size. It can also be used to look at the potential impact of trying different models of services, changing the level of investment or pushing promotional activity to up the levels of usage.

The data is just the start. The results are the opportunity to start conversations and planning for how an EAP can contribute more; be more about prevention and creating a healthy, resilient culture and how the ROI can grow. Your EAP provider and EAPA are here to help you do that.

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How the EAP ROI calculator works

The UK's first EAP ROI calculator was the result of a project led by Professor Stephen Bevan of the Institute for Employment Studies and funded by EAPA.

The calculator asks the employer to input data or informed estimates of the number of employees, annual cost of the EAP per person, absence data (days lost per employee per year, absence costs per employee (and if this figure isn't available a default figure from CIPD data is used), the reduction in absence levels estimated to be attributable to EAP use (again with a CIPD default figure if necessary); and productivity data: the percentage of staff using the EAP in the current year, the value of a fully productive employee and an estimate of the increase in productivity assumed to be achieved by reducing absence and presenteeism levels. Employers also enter an EAP service 'usage' figure. There is no standard method for this, but the great majority of calculator users enter a figure that represents the number of individual cases raised with an EAP.

The calculator then delivers a results page detailing absence costs, income from productivity gains, the cost of EAP intervention and an estimate of Return on Investment based on a simple estimate of the additional productivity benefits gained per £1 of intervention costs.

The key challenges to making a reliable calculation of the financial impact of a workplace health intervention are around estimating both the direct and indirect costs of sickness absence, and finding a credible way to account for the costs (and benefits) of productivity losses (and gains). Banks of previous research were used by IES to identify the approaches that deliver the most realistic results.

For example, when it comes to sickness absence costs, the calculator uses the basic 'human capital approach' – multi-

plying the number of working days lost by the direct daily salary costs – but takes into account the indirect costs of absence such as NI costs and the costs of benefits, bonuses, overtime payments, temporary 'cover', and the 'displacement' costs of line management and HR time in dealing with the consequences of absence.

For labour productivity costs and gains the calculator uses a method borrowed from human capital measurement and personnel selection. The 'standard deviation of job performance' approach to valuing employee productivity is based on experts – mostly super-visors – reviewing a range of employees and estimating the monetary value of different points over a spectrum of 'normal' job performance. In this way it's possible to make an estimate of the cost of productivity gains or losses as a proportion of average salaries.

The figures discussed in this report are based on data inputted independently by organisations. In order to generate the most useful insights, extraordinary results have been excluded.

Analysis 2020

UK employers contributing data to the calculator since January 2019 ranged from having five to 120,000 employees.

The average number of employees was 2,000. 34% of the employers were in the services sector; 14% in public administration; 12% charity; 11% manufacturing, 9% retail; 8% agriculture; 8% finance; and, 4% transport/utilities.

More than a quarter of the organisations represented operate nationally with employers based in a number of locations across the UK (27%). 30% were in the London and South-East; 9% in the North-West; 7% in the East Midlands; 7% in the South West; 5% in the West Midlands; 4% East of England; 4% Yorkshire; 3% North East; 2% Scotland; 2% Wales; and, 1% Northern Ireland.

Average ROI

For every £1.00 spent on an EAP in the UK, employers see an average ROI of £7.27.

A Deloitte report in 2020 (Mental health and employers: the case for refreshing investment), proposed that for every £1 spent on supporting their people's mental health in general, employers, on average, get £5.00 back on their investment as a result of reduced presenteeism, absenteeism and staff turnover.

The calculator results therefore suggest that EAPs specifically may be playing a more significant role in delivering ROI, a return from professional counselling services in particular.

Figures also demonstrate a relatively high level of consistency of ROI around the £7.27 level: whatever size company, sector, geographic location or service used, an EAP is delivering substantial financial returns.

There is a similar picture of consistency when it comes to usage. The average annual level of usage is 10.4% of the workforce, demonstrating how the majority of organisations are making broader use of EAPs as a wellness service, for early intervention and prevention.

The usage figure from the calculator is the crux to understanding the ROI outcomes.

Usage has been used as a standard indicator of the value of EAPs. But surveys have typically pointed to relatively low levels of usage by employees: the EAPA survey carried out by The Work Foundation in 2016 suggested an average of 5%; the 2017 Barnett Waddingham Workplace Wellbeing Index (145 UK employers with more than 250 employees) has claimed an average usage of 3%.

The calculator figure is high because the users are a self-selected group: HR professionals and managers with an active interest in the performance of their EAP. This is significant to the question of how to maximise ROI. The figures confirm that employers who are committed and engaged with their EAP – looking to find ways to promote services, ensure people have support – have higher usage and higher ROI.

ROI by sector:

Sector	ROI per £1.00	% of total calculations	Average usage
Services	£7.50	34%	11.1%
Public administration	£7.56	14%	10.2%
Charity	£7.11	12%	11.7%
Manufacturing	£7.68	11%	10.8%
Retail	£7.35	9%	10.3%
Agriculture	£4.12	8%	4.6%
Finance	£7.64	8%	10.2%
Transport/utilities	£8.61	4%	11.9%

The Agriculture sector figure is a demonstration of the potential impact of a dispersed workforce: where staff are less likely to be based centrally in office environment and without same level of access to HR, employer communications and manager presence. Lower usage, in this situation, appears to be related directly to lower ROI.

By contrast, in the Transport/utilities sector results, the largest usage figure leads to the largest ROI. Again, the calculator is evidence of how more pro-active interest in an EAP, encouraging awareness among staff and being alert to the issue of maximising value and returns from an EAP, is in itself linked to higher ROI.

ROI by region:

Region	ROI per £1.00	% of total calculations	Average usage
National	£6.61	27%	8.4%
East of England	£7.19	4%	10.5%
East Midlands	£7.63	7%	11.4%
London and South East	£7.42	30%	11.5%
North East	£7.96	3%	13.3%
Northern Ireland	£8.60	1%	10.2%
North West	£7.46	9%	9.4%
Scotland	£7.36	2%	10.6%
South West	£7.92	7%	10.1%
Wales	£7.07	2%	12.3%
West Midlands	£7.15	5%	10.2%
Yorkshire	£7.48	4%	12.2%

The lower ROI for organisations operating across a national network of sites is another indication of the impact of dispersed teams. Without a centrally based HQ, employees appear to be less engaged with EAP services and the breadth of their potential for providing support; the presence of HR and internal communications may be less overt.

There is an important lesson here for the post-Covid-19 environment and the anticipated increase in home working and flexible arrangements: the importance of regular communications on EAPs; making full use of the available support from EAP providers in raising awareness; and, ensuring that the role and range of EAP services is flagged at every key point in an employee's career: when they move between roles, from full-time to part-time, or change to flexible working.

ROI by size of workforce:

Size	ROI per £1.00	% of total calculations	Average usage
5,000 and above employees	£8.43	7%	9.95%
1,000-5,000	£8.47	16%	8.4%
250-1,000	£7.29	26%	9.6%
Fewer than 250 employees	£6.77	51%	11%

ROI by type of service:

Service	ROI per £1.00	% of total calculations	Average usage
Full EAP	£7.36	50%	9.6%
Not specified	£6.86	37%	11.2%
Telephone	£8.46	9%	11%
Embedded	£7.42	4%	9.6%

The 1,000-5,000 employee group includes a large proportion of public sector employers – NHS employers in particular. The high ROI is unsurprising in that health care organisations tend to be more aware of the value of support services like an EAP and know how to get the best from them, even if actual usage is lower.

For employers with fewer than 250 employees the ROI is still high (an employer of 200 people, for example, investing £1,472 can expect a ROI of up to £9,965 to the business in productivity gains, reduced absence and lower stress and anxiety in employees). SMEs also make above average usage of EAP services.

Five ways to improve your ROI

1. Communicate

An EAP is an important and valuable benefit – more so than ever before – and should be central to employee communications. The everyday role of an EAP for supporting health and wellbeing should be made loud and clear in both digital content and physically around the workplace.

That means making use of every format possible, posters, flyers, desk prompts and emails, but also infographics and video clips to get the message across about the range of services available and topics covered.

A proven approach for more effective comms is to focus on individual aspects of the EAP rather than the EAP as a whole, running campaigns around topical issues affecting employees – finances, sleep, stress, family relationships etc.

2. Encourage access

Keep reminding staff about all the access points available to engage with an EAP: phone, online, chatroom, app. Different kinds of conversation are best for different people. Experiences from EAP providers suggests that more working from home has meant less privacy, and some employees feeling unable to speak to an EAP.

More providers have been building their stocks of online resources, videos, webinars and podcasts, to help employees during the Covid-19 period.

3. Have active managers

Managers play a vital role in connecting their team members with the best support for them. They need to be alert to the needs of staff – the difference between someone having an ‘off day’ and needing particular help with an issue.

Managers need to be in a position to discuss the EAP during any one-to-ones with line reports, and make sure the EAP is being referenced regularly as part of conversations and not just when there’s an obvious problem. The EAP should be flagged at each new stage in the employee’s journey: induction, moving to a new role, a promotion, having a new manager etc.

4. Embed in standard materials

The EAP should be omnipresent as part of the HR offering in an organisation, with an EAP service link included in all the standard HR materials: in the footer on letters to employees, emails and memos.

5. Benchmark

Use the EAPA ROI calculator to check the progress of your organisation against others nationally, in the same region and same sector. Regular use means a way to provide a useful headline figure in management reporting, in budget discussions with Finance, and to explore the potential impact on ROI from making changes in levels of investment, awareness promotion and usage.



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