

0-36). We estimated difference-in-differences models to explore the heterogeneous causal effects on mental health of workers participation and exit from the furlough scheme. We further considered the effects of being furloughed contrasted with becoming unemployed during the pandemic

Results: The estimated average treatment effect (-0.53 [95% CI: -0.91 - -0.16]) suggests that being furloughed had significant positive impact on mental health, while exiting from furlough due to changes requiring workers to work minimum hours increased the incidence of poor mental health 0.41 [95% CI: -0.11 - 0.92]. However, compared to becoming unemployed, being furloughed improved mental health by around -0.42 [95% CI: -0.75 - -0.09] GHQ points.

Conclusions: Policies that mitigate the economic impact of the pandemic also had psychological effects on the population. Even though there were mixed effects of coronavirus-induced social restrictions and lockdowns. Furlough reduced the psychological risks associated with the pandemic job loss, while exiting the scheme increased the incidence of poor mental health. This could be explained by substantial decline in the generosity of the scheme by up to 40%.

Key messages:

- Job loss during the pandemic had deteriorating mental health effects.
- Government contribution to furloughed workers' wages minimizes the incidence of mental health distress.

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The impacts of UK coronavirus virus job retention (furlough) scheme on mental health

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Background: In March 2020, the UK government introduced the pandemic-induced job retention scheme, known as furlough. The scheme provided grants to employers, to retain their workforce by subsidizing up to 80% of wages. While the scheme was aimed at preventing unemployment during lockdowns, it also came with wage loss, with implications for mental health for affected workers, although evidence is limited. Therefore, we aimed to explore the impact of the furlough scheme on mental health in the UK

Methods: We explored longitudinal data from the UK's Understanding Society Survey between 2019 and 2021, including nine COVID waves. We matched a sample of furloughed and non-furloughed workers using various covariates. Mental health was measured using General Health Questionnaire (GHQ-12, scored