



Briefing 08-68 December 2008

Building cleaning: Trend analysis

This briefing provides details on the performance information available from APSE's performance networks service looking at performance indicators and current policy issues for councils who provide caretaking and building cleaning services to offices, schools and other buildings

Key issues

- Building cleaning services provided by local authorities support the smooth operation of a number of areas including schools and other educational establishments, offices and other areas such as housing and civic buildings.
- The sector has suffered from client pressures to contain the costs of building cleaning services and the fragmentation of the schools estate through Building Schools for the Future and the PPP programme in Scotland with the introduction of Academies has created new challenges for the service
- This briefing highlights some of the key performance indicators collected through APSE's performance networks services including cost, productivity and performance issues.

Introduction

The APSE performance networks programme for building cleaning provides performance indicators for price, service uptakes, key cost indicators, and productivity and qualitative measures for the service throughout the UK. This briefing aims to provide local authorities with a picture of what the service trends are, what this infers, and what further activity and analysis individual authorities and their benchmarking groups could consider. The analysis in this briefing is based on 'service wide averages' across all family groups for the past 9 years (from 1999/00 to 2007/08).

Trend analysis

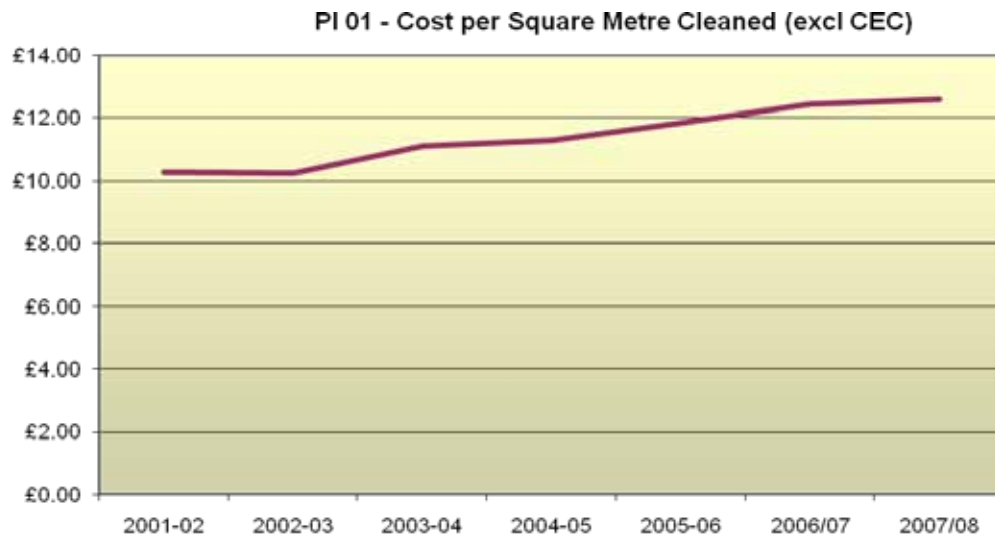
Particular points of interest are as follows:

Charge out costs

The average cost per square metre cleaned excluding central establishment charges for 06/07 was £12.45 but for 07/08 has risen to £12.60. Prices have generally risen by less than inflation and this year's increase reflects a similar pattern indicating good cost

management within the sector despite above inflation pressures such as implementation of equal pay.

There are no significant regional variations that appear to feature in terms of the average costs per square meter cleaned.



Key cost and productivity indicators

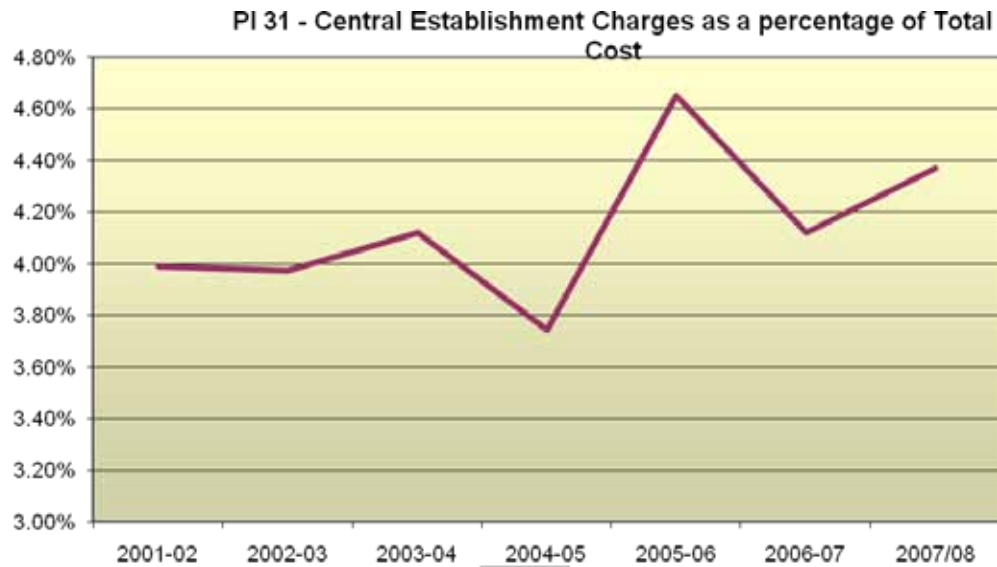
Productivity indicators (such as PI 16) shows an improvement on last year's data in the total square metres cleaned per FTE from 1284 in 06/07 to 1323 for 07/08 taking figures back up to the higher levels seen in 01/02. This indicator had previously shown a trend to declining productivity levels represented by the total number of square metres cleaned per employee and now shows a welcome reversal of this trend. This indicator could reflect the decrease in sickness absence levels as the sector has responded positively to absence management.

The number of paid staff hours per square metre cleaned has shown a slight increase but this does not create any significant ripples at a figure of 1.46 for 07/08. The highest levels were recorded at 1.54 in 01/02. It is nevertheless a significant indicator as this reflects the ability of building cleaning services to control both cost and productivity levels.

Central establishment charges are measured by PI 31 which continues to show a relatively high level of central establishment charges which affects overall business costs. As referenced in last year's analysis this appears to be as a result of the efficiency agenda whereby central or corporate services will seek to recover operating costs from departments using central services such as pay roll. The rise to 4.68% created a slight spike in 05/06 but this year's slight increase to 4.37% for 07/08 for central establishment charges does little to reverse the general pattern of increases in this area. Last year's figures sat at 4.18%.

The graph below demonstrates the slight reduction in central establishment charge costs from 05/06 but overall there does not appear to be a return towards central establishment charges sitting at less than the 4% level and in many participating

authorities it is markedly higher. The graph shows charges rising again to this year's figure of 4.37%.



In an area such as building cleaning where the labour cost ratio sits on average at around 85% there is little flexibility on costs as wage costs are determined by the local authority pay rates. Therefore the increase in central establishment charges creates a further burden on the service when clients are demanding cost containment.

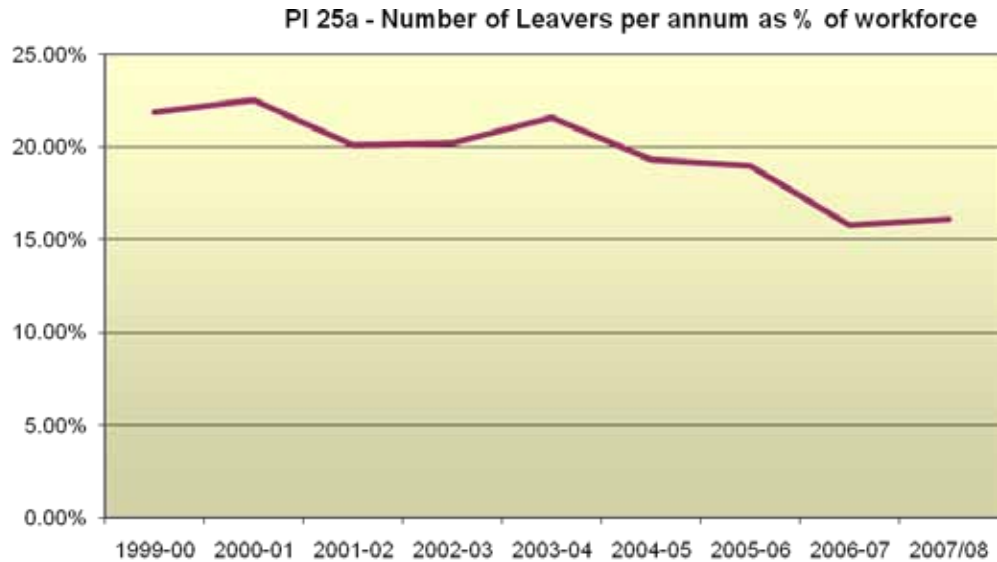
Starters and leavers

Building cleaning as a labour intensive service has suffered from recruitment and retention problems. As a result of these difficulties APSE has collected data to reflect not only the crude assessment of new starters and leavers but has drilled further into data to explore the numbers of leavers within the first twelve weeks of employment – reflecting the retention difficulties.

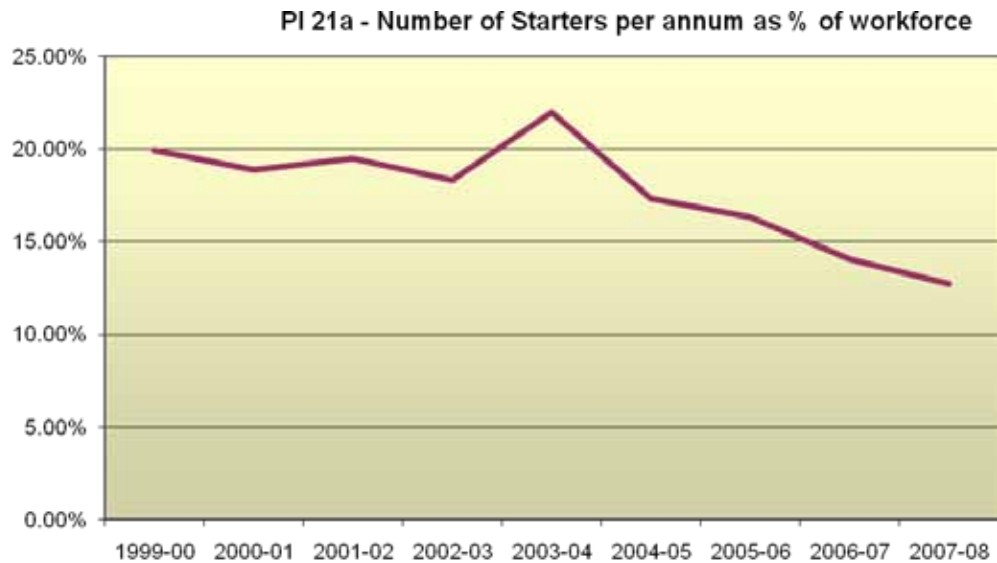
PI 25 (a) which measures the total percentage of workforce leavers showed a slight increase on 06/07 data at 16.10% as the total percentage of leavers for 07/08 compared to a low of 15.76% for 06/07. This figure has been in steady decline since the start of data a collection in 1999/00 which saw leavers at 21.85%. The graph below shows the pattern of improvement on PI 25(a).

PI (25b) has collated data on leaver's figures for those in employment for more than 12 weeks. The average for 2004/05 was 15.21% based on figures for first and second batch data. This was reduced to 12.46% for 05/06 and for 2007/08 whilst showing a slight increase to 13.33% creates an overall pattern of improvement.

Both PI 25(a) and PI 25 (b) appears to suggest that authorities are getting better at retaining staff. Some of these improvements will undoubtedly be due to increased attention to induction training and on-going employee development. In addition some authorities have reported a positive impact on both recruitment and retention as a result of job evaluation which has made the sector a better competitor on pay rates against areas such as the retail sector.



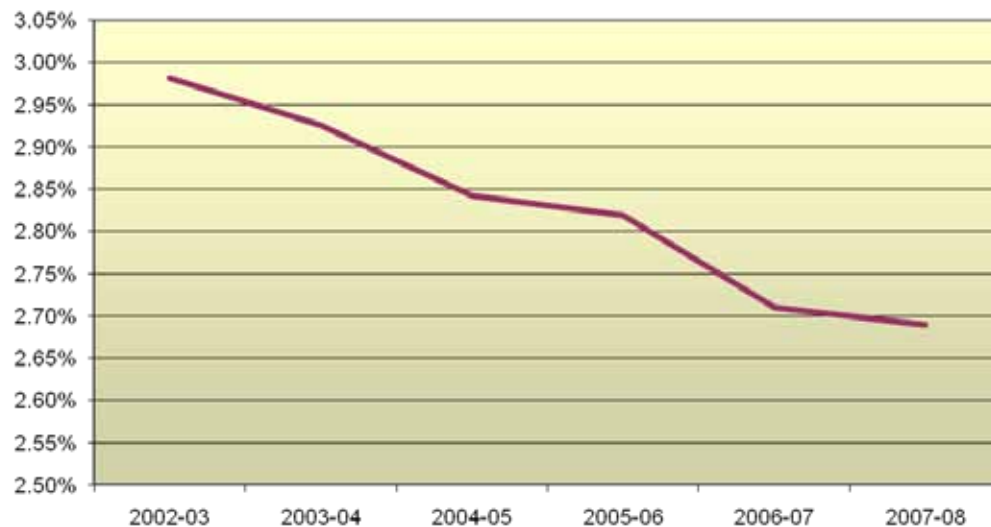
PI 21(a) for new starters as a percentage of the workforce is down to an all time low of 12.74%. This corresponds to the improvements shown in PI 25(a) and PI 25 (b) and shows a further improvement of 1.32% on 06/07 figures indicating that many authorities are managing to retain an experienced workforce.



Staff absence

The average score for PI 24(b) staff absence excluding long-term sickness absence (all staff) shows staff absences have remained low for the last three years. This year sees a further reduction to 2.68% with a marginal decrease to 2.69% for 07/08. This is shown in the graph below. Improvement to absence levels has had a positive impact on other areas of the service such as cost containment and productivity levels. In addition continuity of the individual with clients helps to improve customer satisfaction within the service.

PI 24b - Staff Absence excluding long term absence (All Staff)



Interpretation of data

Analysis of these trends and other data tends to support the following observations:

2007/2008 has shown a significant improvement in the figures for both starters and leavers with leavers decreasing and new starters being recruited. Staff retention whilst still a problem within the sector appears to be improving but a longer term trend analysis would be needed before significant weight could be applied to these findings as this could be related to the general economic downturn and national increases in numbers seeking work making public sector employment a more attractive longer term opportunity.

The number of new starters is again closely matching the volume of leavers, indicating that improvements on staff recruitment have continued. There is some anecdotal evidence of this being due to improved wage rates in the sector as a result of equal pay settlements

Staff absence levels, excluding long term sickness absence at 2.69% are the lowest recorded and reflect well on a sector whereby the majority of the workforce are part time staff where staff absence management is recognised as being a difficult area. In order to further assist members of APSE performance networks bespoke direction of travel statements and lists of all performance indicators collected under the service area are available to download within the performance networks web portal.

Future focus

As a service Building Cleaning continues to employ predominantly female part time staff. The sector has been developing strategies to implement equal pay and single status within local government. It is generally recognised as being one of the service areas likely to face increased wage bills as single status and job evaluation is implemented across local government with the implementation deadline of April 2007 already passed and now with over a third of employers reporting completion of the initial introduction of new pay systems. However the likely increases in labour costs is

not reflected in any significant price increases in terms of the Building Cleaning Service and costs; though notably increases have been generally well contained.

Services to schools are a key work stream for building cleaning direct service organisations and the impact of programmes such as Building Schools for the Future (BSF) , PPP within Scotland and the introduction of new academies should see a proactive approach by Building Cleaning Services to deliver early involvement in projects to guarantee not only the input of their expertise but also the best possible chance of the continuation of a public service provider in the delivery of caretaking and cleaning services in the new structures emerging within the education sector.

Many building cleaning organisations within local authorities are also recognising the importance of their service to the local economy in the employment of local staff. Building cleaning providers within a local authority can often provide stable employment opportunities in uncertain economic times, especially to those groups within society who are more likely to suffer the effects of short terms less permanent work i.e. part time females, as a result of vertical segregation in the UK jobs market.

Moreover the ecological impact of all public services is now at the foreground of government work on the environment and the sector must continue the work already in place in examining its service specification and its purchasing arrangements to ensure social and environmental considerations are maximised in the delivery of in-house cleaning services. Work on this area is improving with the introduction of a new suite of environmental indicators looking at broad compliance with the industry wide standards for cleaning product specifications and minimisation of water and energy use in cleaning. This will undoubtedly provide for an on-going workstream for the sector and data information on performance in this area will allow for the sharing of best practice in environmental performance in the future.

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