



Briefing 10-04 January 2010

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, offices, housing and civic buildings. It is often a bought service and operates in a semi-commercial, price sensitive environment
- 2008/09 contained the start of the economic downturn and for many the implementation of job evaluation. Even with these shocks, costs have been contained and staff turnover and absence continues to fall as local authorities increasingly become an employer of choice.
- Productivity has increased over the last year in both the area cleaned per employee and the corresponding hours per unit area. Central establishment charges have stabilised at just over 4% but the trend remains upwards.

Overview

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. The following summary aims to provide participating 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 executive summary is based on 'service wide averages' across all family groups for the past 8 years (from 2001/02 to 2008/09).

Trend analysis

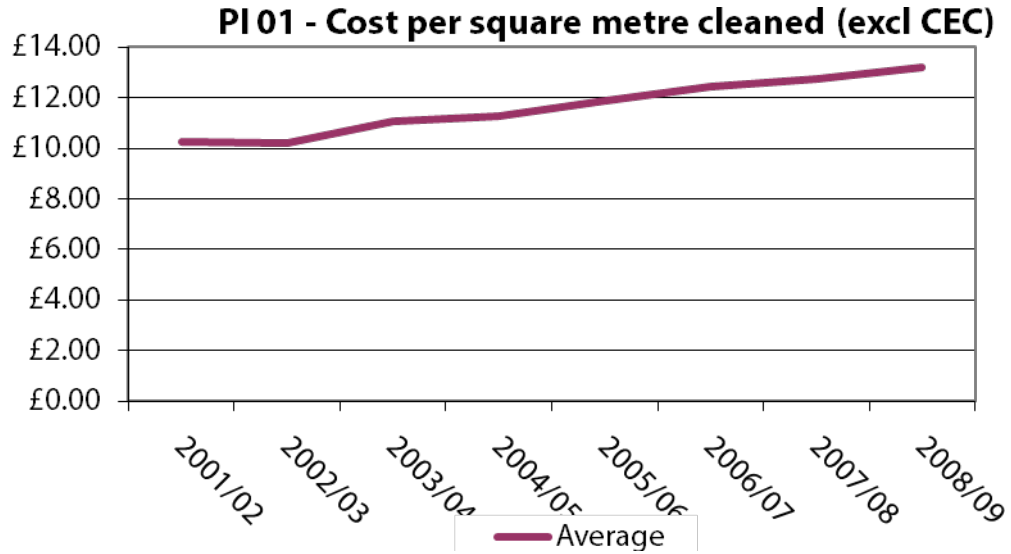
Particular points of interest are as follows:

Charge out costs

The average cost per square metre cleaned excluding central establishment charges has again risen by close to 4% from £12.74 in 07/08 to £13.21 in 08/09. Costs have generally risen by less than inflation although the end of 2008/09 saw the start of recession and a reduction in inflationary pressures. As wages costs are

the major element of cost we may now see somewhat of a divergence for the next year or so.

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

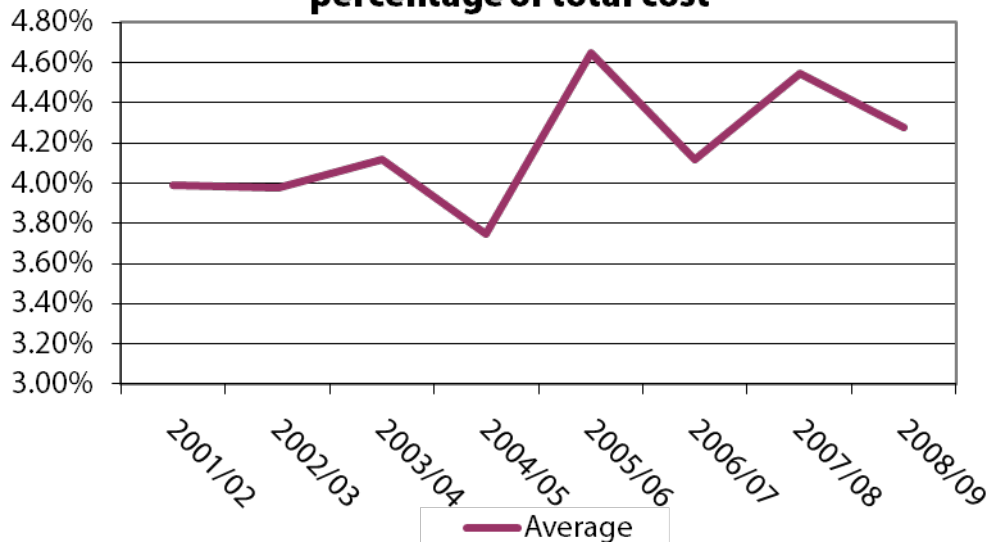
PI 16 represents the total number of square metres cleaned per employee and shows an increase on last year's data in the total square metres cleaned per FTE from 1323 in 07/08 to 1401 for 08/09. This completely reverses the slight productivity decline seen since 01/02.

PI 04 shows a slight decrease in the paid hours per measured square metre cleaned with a figure of 1.44 for 08/09. The highest levels were recorded at 1.54 in 01/02 and productivity has been improving ever since.

PI 31 continues to show an increasing level of central establishment charges which affects overall business costs with a figure of 4.28% for 08/09. The reason for the creeping rise is uncertain but may be the result of a more determined approach by central or corporate services to recover costs, driven by the efficiency agenda.

The graph below demonstrates the slight reduction in CEC costs from 05/06 but overall there does not appear to be a return towards CEC charges sitting at less than the 4% level and in many participating authorities it is markedly higher. The graph shows charges stabilising around 4.25%

PI 31 - Central Establishment Charges as a percentage of total cost



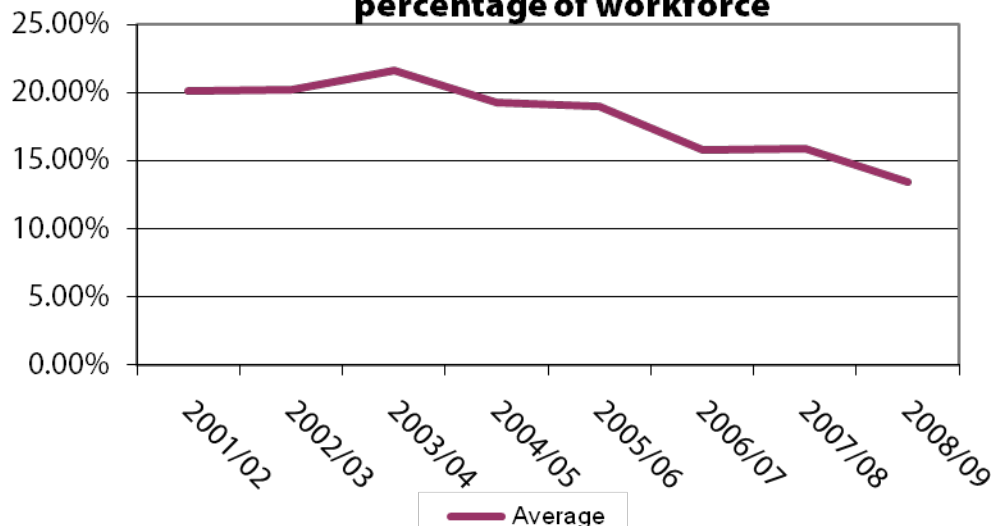
Starters and leavers

PI 25 (a) (number of leavers per annum as % of the workforce) showed a significant decrease at 13.43% compared to 15.85% for 07/08. This figure has been in steady decline since the start of data collection in 99/00 which saw leavers at 21.85%. The graph overleaf shows the pattern of improvement on PI25(a). Whilst too early to show definite proof, the decrease could demonstrate a tightening of the labour market.

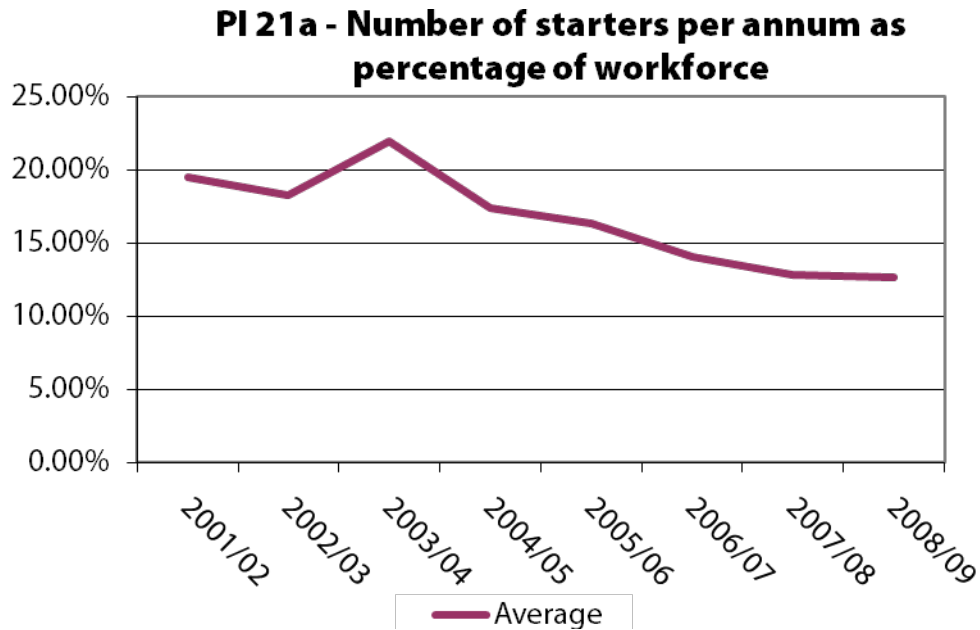
PI (25b) has collated data on leaver's figures for those in employment for more than 12 weeks. The average for 04/05 was 15.21% and has been gradually reducing since but has dropped substantially to 10.15% for 08/09.

Both PI25(a) and PI 25 (b) both suggest that authorities are getting better at retaining staff.

PI 25a - Number of leavers per annum as percentage of workforce

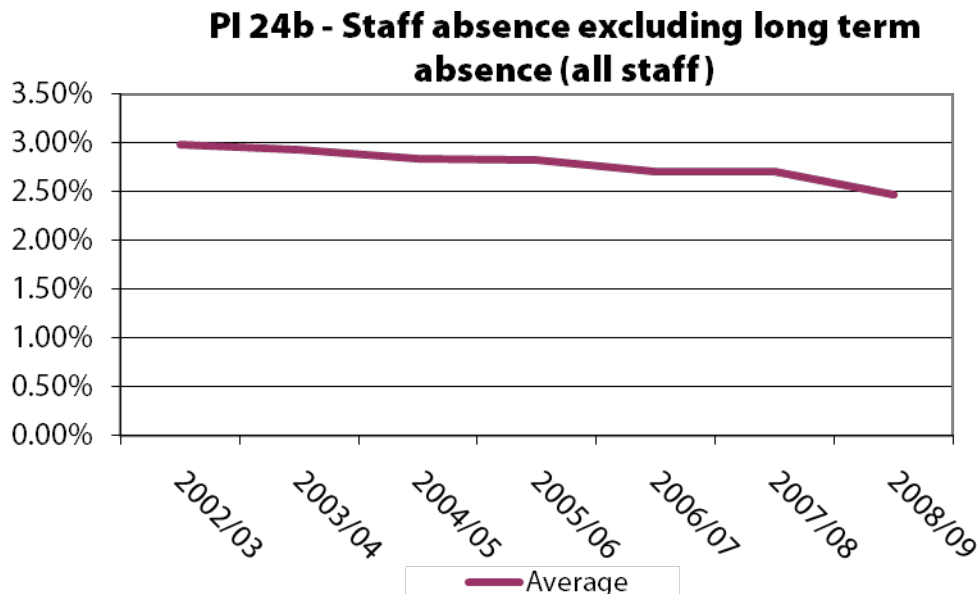


PI 21(a) for new starters as a percentage of the workforce is down to an all time low of 12.63%. This corresponds to the improvements shown in PI 25(a) and PI 25 (b) and reflects the tightening of recruitment.



Staff absence

The average figure 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 2.47% with a marginal decrease to 2.70% for 07/08. This is shown in the graph overleaf. This compares favourably with an average absence (excluding long term sickness) across all service areas of 2.44%



Interpretation of data

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

Whilst costs such as wages are set yearly and consequently lag major economic changes, the economic downturn has had a significant effect on the workforce. The perceived stability of public sector employment is likely to have made the sector a comparatively more attractive longer term proposition than other options. This coupled with weakened employment chances elsewhere has seen a large reduction in absence and staff turnover. There is also anecdotal evidence that improved wage rates in the sector, as a result of equal pay settlements, have boosted retention.

Staff absence levels, excluding long term sickness absence at 2.47% 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.

Future focus

In 2004 the Gershon efficiency agenda in England and Northern Ireland, paralleled with the Scottish Governments efficiency programme and Making the Connections in Wales, set out the process for creating greater efficiencies from public services. Since 2004, local government has over-reached the targets set and new targets of some £35 billion now exist for England, and in the next Spending Review period additional efficiencies to help support the economy and front-line services rising to £9 billion by 2013-14. The outcome of the Scottish Spending Review confirmed the Scottish target to deliver 2% increasing cash-releasing efficiencies each year, would amount to £1.6 billion in 2010-2011. Within Wales, the annual local government settlement discussions assume a 1% efficiency saving from the revenue support grant which equates to approximately £38m per annum. In order to achieve improvements in the quality and efficiency of public services in more challenging economic times, innovation and service redesign are deemed critical to achieving 'more for less'. Performance management within the public sector is seen as a means of ensuring the best use of limited resources and is therefore becoming more important to the future of local government.

The recent HM Treasury '**Operational Efficiency Programme**' has taken a close look at achieving greater efficiency in a number of cross-cutting areas. A number of themes emerged throughout the programme, building on the best of private and public sector practice to achieve:

- **consistent, comparable data** – organisations need consistent, comparable data to be able to benchmark their performance against others to know whether the services they deliver constitute good value for money. Both public and private sector best practice should be used to raise standards
- **incentives** – an effective system of incentives and sanctions across the public sector would create the right conditions for all organisations and individuals to maximise their contribution to the delivery of high quality public services in an efficient manner

- **structures and tools** – the right structures (e.g. shared service centres and professional buying organisations) and tools (such as software which allows access to collaborative procurement deals) need to be in place to help organisations and their staff achieve the savings they are being asked to achieve
- **accountability and performance management** – organisations should have the flexibility to decide on the most appropriate methods of delivering savings, suited to their circumstances, but all elements of the public sector must respond to the efficiency challenge. To maximise the benefits across the public sector, there is a need for robust, proportionate accountability mechanisms. With consistent, comparable data, those who are currently under-performing can be identified and supported to improve quickly

Source: HM Treasury website, 2009

In order to claim efficiencies under the Efficient Government initiative, Audit Scotland have reiterated the need for councils to demonstrate that service outcomes have been maintained or improved, and to evidence the link between resources and performance measurement. In Wales, the new local government (Wales) measure reinforces the importance of benchmarking and legislates for local authorities to have a duty to compare their performance using the most appropriate performance data. In Northern Ireland, Environment Minister Arlene Foster's statement to the Assembly in March 2008 on the future shape of local government highlights the need for performance management to deliver modern, high quality and efficient public services.

Across the UK, public sector performance management will form the basis of achieving efficiencies and value for money within local government. Performance management is about how the best use can be made of limited resources to maximise performance in terms of both cost and quality. Local robust performance measurement tools are increasingly being recognised as a means for improving services and as a result systems that have been developed and refined over the years by local authorities such as APSE's performance networks will be a more invaluable tool than ever.

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