apse membership resources

Briefing 11-71 December 2011

Building cleaning: Trend analysis 2010/11

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 is one service that survives through selling its service to schools and offices in a semi-commercial and price sensitive market. With near 90% of costs related to staffing, it has responded rapidly to the changing economic environment.
- Staff turnover has plummeted during 2010/11 with 11.65% of staff leaving during the year compared to rates of 22% in the early noughties. Economic uncertainty combined with marginally better pay rates have also seen absence fall.
- Productivity has increased rapidly during 2010/11 in both the area cleaned per employee and the corresponding hours per unit area. Costs per square metre have also fallen to levels last seen in 2007/08.
- Central establishment charges have increased by an average of 10% over the year

Overview

The APSE performance networks programme for building cleaning provides performance indicators for price, service uptake, key cost indicators, productivity and qualitative measures for the service throughout the UK. The following summary aims to provide an overview of service trends and what this infers. For those members who participate in APSE performance networks a significant amount of additional data is available allowing detailed individual analysis. The analysis in this summary is based on 'service wide averages' across all family groups for the past 10 years (from 2001/02 to 2010/11). This year it covers approximately £200 million of cleaning services across 55 participants with 128 authorities having participated since inception in 2001/02

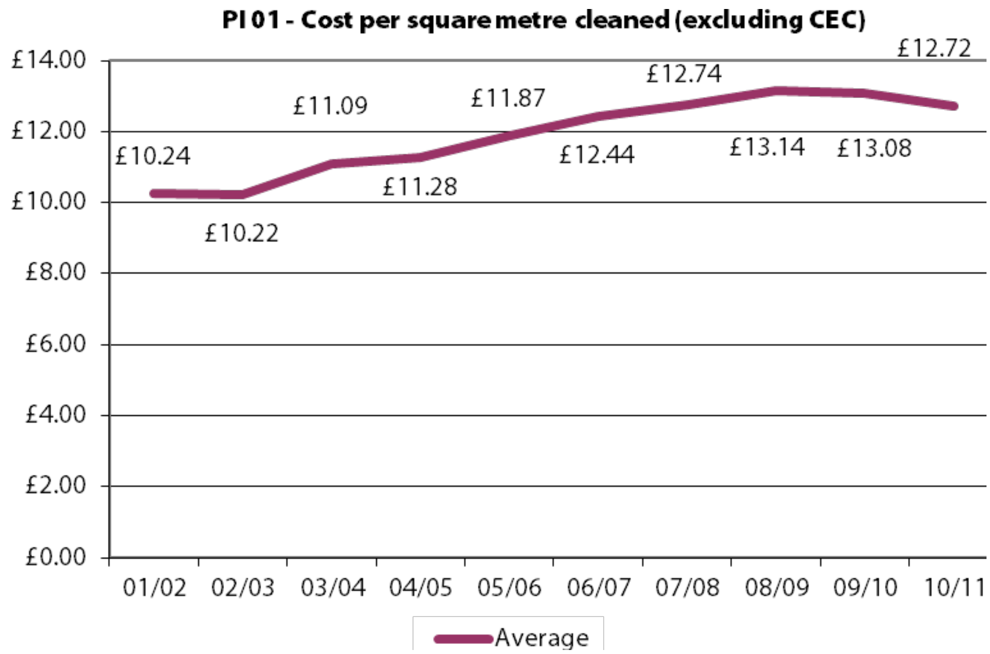
Trend analysis

Particular points of interest are as follows:

Charge out costs

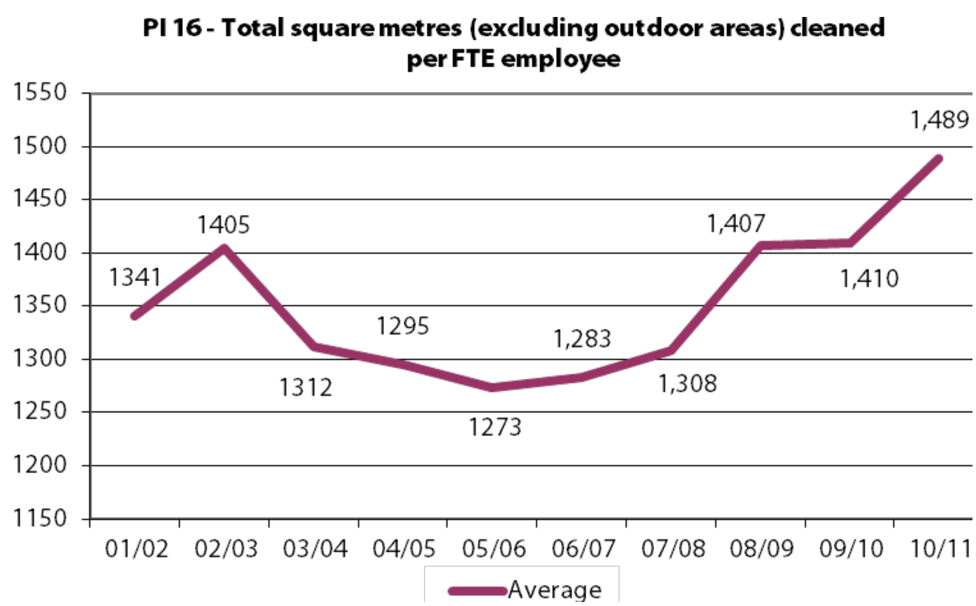
After several years of modest rises, the average cost per square metre cleaned excluding central establishment charges peaked in 2009/10 and over the last year saw a marked decline from £13.14 down to £12.72. Across a basket of indicators, which will be outlined later, productivity is now rising steadily reflecting a renewed pressure on costs and consequent reductions in staffing hours for the same space.

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

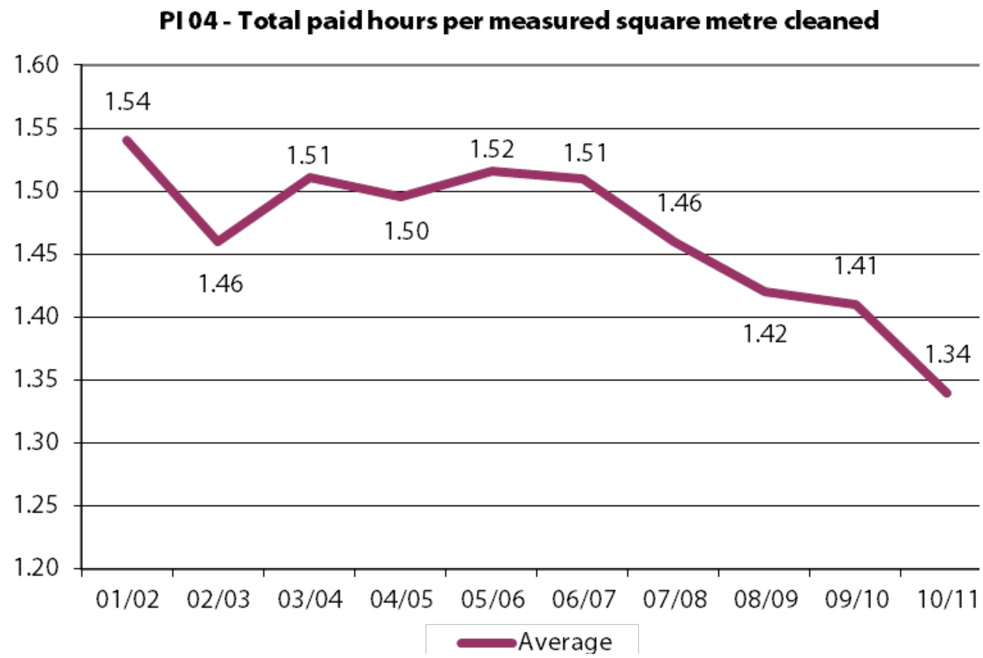


Key cost and productivity indicators

PI 16 represents the total number of square metres cleaned per employee per year. 2009/10 saw a peak figure repeated of 1405 square metres cleaned per FTE. In 2010/11 the trend accelerated upward with in excess of 5% increase to 1489 square metres cleaned per FTE.

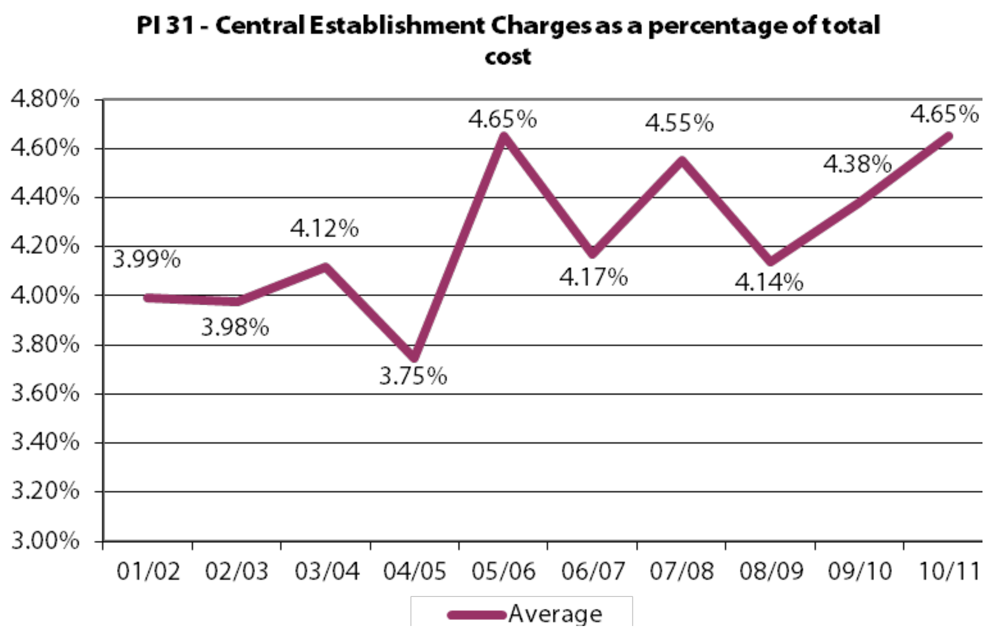


PI 04 shows the total number of paid hours per measured square metre cleaned. The long term trend is now well set from a high of 1.54 in 01/02 down to 1.34 in 2010/11 although the productivity appears to be accelerating to the better.



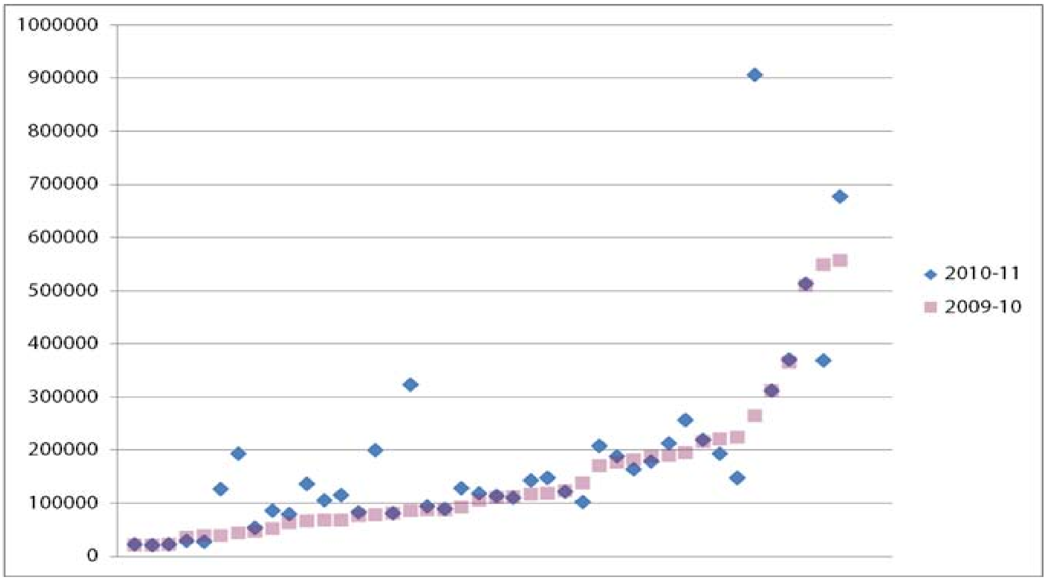
Central establishment charges

PI 31 measures central establishment changes (CEC's) as a proportion of overall business costs with a figure of 4.65% for 2010/11. As is now clearly apparent, cleaners are making a determined effort to reduce costs, however central establishment charges remain stubbornly high and are consequently rising as a proportion of service expenditure.



Whilst the yearly results are subject to fluctuation, the long term trend has seen a significant rise from less than 4% to the current 4.65% with the last 2 years alone have seen a proportionate 12% increase. Even if central charges remained static, their proportional increase would indicate cleaning services as reducing costs faster than the centre.

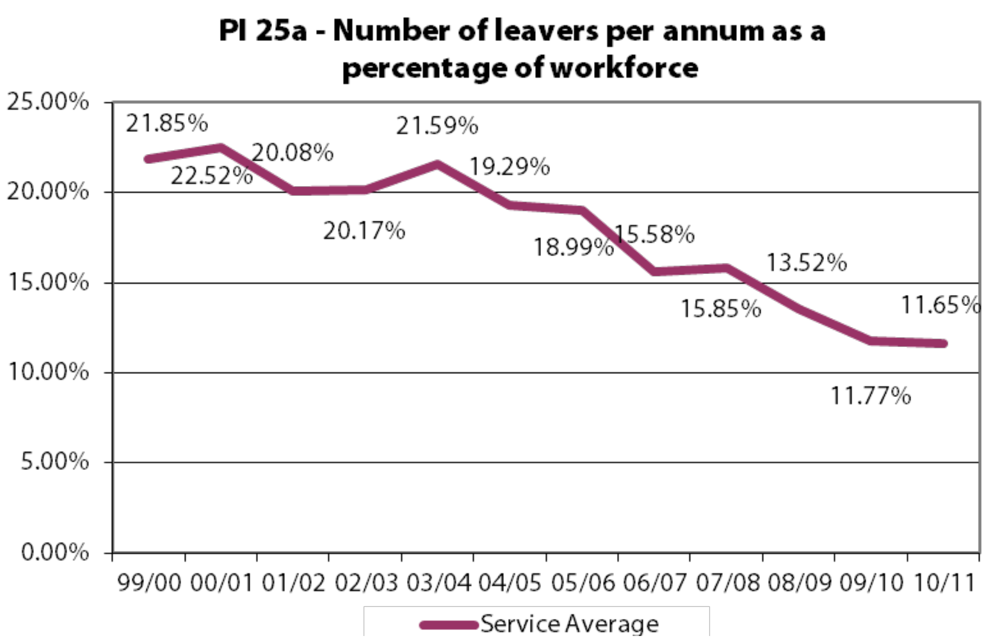
Further analysis confirms that despite a reduction of 16% in average number of staff members employed and a 15% reduction in overall building expenditure during 2010/11, CECs have increased in real terms by an average of 10%. The graph below details the increase for each authority over the year.



Starters and leavers

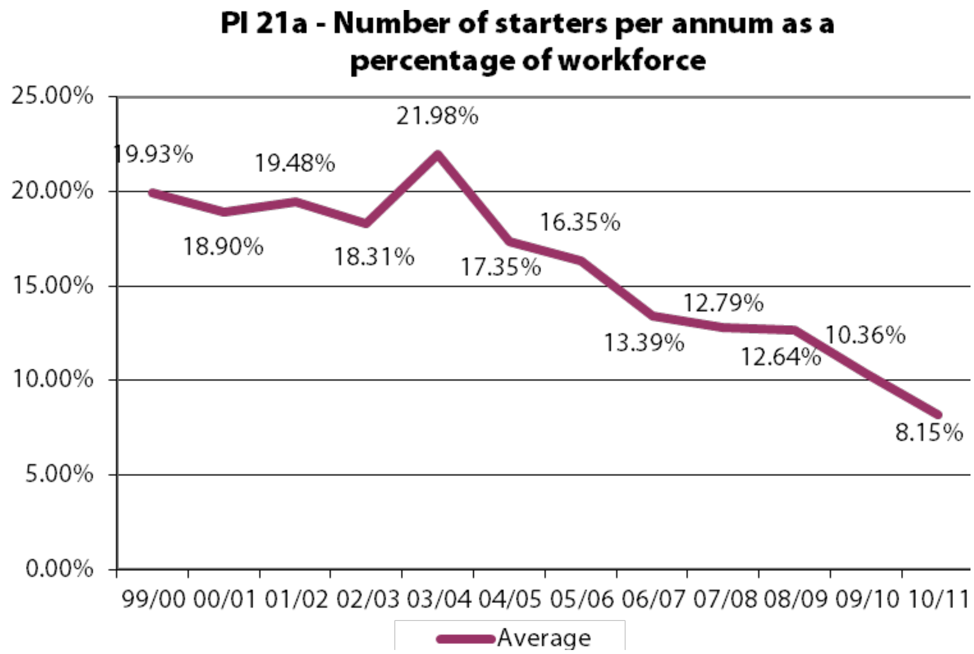
PI 25a, number of leavers per annum as a percentage of the workforce, showed a continued although slowed decrease down to 11.65% compared to 11.77% in 2010/11. This figure has been in steady decline since the start of data collection in 1999/00 which saw leavers at 21.85%. The graph below shows the pattern of improvement on PI25a. The decrease could be attributed to factors such as a tightening of the labour market but also an improvement in the relative level of cleaning wages compared to other areas of the economy.

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% and has been gradually reducing since but has stabilised at 10.83% for 2010/11.



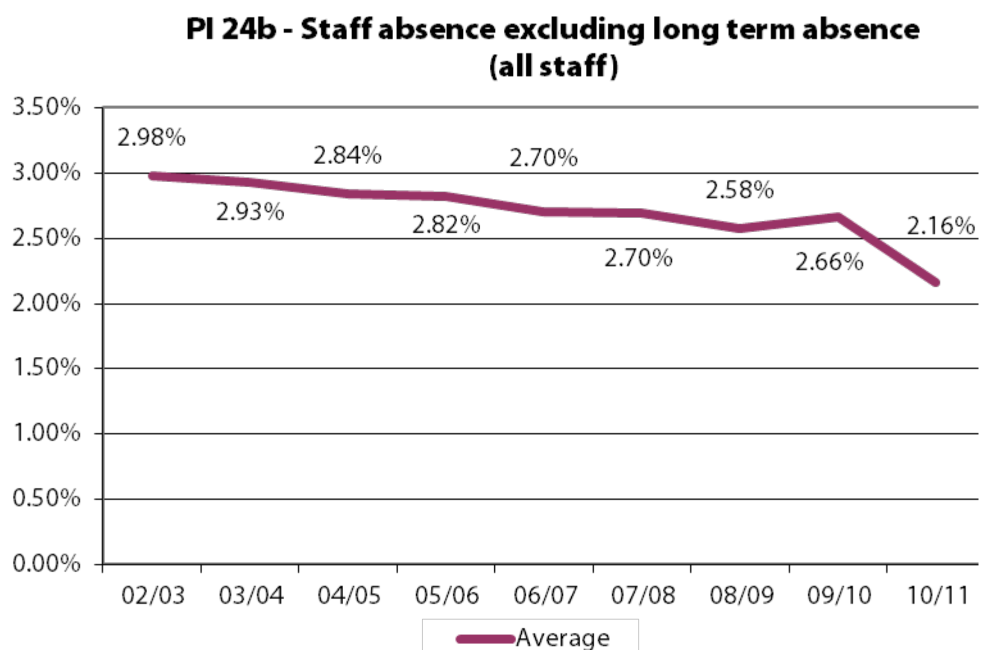
Both PI25a and PI 25b both suggest that staff retention is becoming a lesser issue for authorities.

PI 21a for new starters as a percentage of the workforce is down to an all time low of 8.15%. This corresponds to the improvements shown in PI 25a and PI 25b and reflects the tightening of recruitment



Staff absence

The average figure for PI 24b staff absence excluding long-term sickness absence (all staff) shows staff absences continue to decline. Over the last 8 years sickness levels have declined by almost 28% to a current low of 2.16% for 2010/11 with a step change in improvement this year.



Interpretation of data

The year 2010/11 contained a change of National Government and heralded, if not necessarily implemented within the financial year, substantial reductions in the budgets of all local authorities.

That insecurity, has led to an increased focus on absence management and a reluctance to hire new staff anticipating potential consolidation of building stock and staff reductions in the 2011/12 financial year. In some cases formal recruitment freezes have been introduced. With fewer alternative opportunities for employment elsewhere and a slight relative improvement in wages rates since job evaluation, staff turnover continues to fall.

Ahead of those budget cuts, many authorities are revisiting their productivity and are identifying any excess hours and opportunities to remove cost with renewed vigour. This explains the upturn in recent productivity for cleaning. It is anticipated that productivity rates will continue to rise in the short to medium term as authorities reduce the frequency of cleaning and seek additional cost reductions. In educational establishments, with devolved budgets, there is often some reluctance to reduce the cleaning hours so the effect on productivity may be less marked compared to corporate buildings.

Rob Bailey

Principal Advisor, APSE