



Building Cleaning: Trend analysis 2015/16

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 deliver building cleaning services.

Key issues

- The cost per square metre cleaned continues to climb from a low of £12.36 in 2012-13 to a 5 year high of £14.01 in 2015-16, predominantly due to increased wage costs.
- The percentage of staff leaving is now at parity with those starting showing a return to stability.
- Staff absence (excluding long term sickness) at 1.69% remains close to all-time lows

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 executive summary aims to provide participating authorities with an overview of service trends, what this infers, and what further activity and analysis individual authorities and their benchmarking groups could consider.

In this report, 2015/16 data currently covers returns made by circa 36 local authorities across the UK with a combined service value of approximately £128 million. As in previous years, second batch reports tend to reflect a rise in the number and value of returns, which is likely to enhance the validity of the year on year trend analysis otherwise made and reported below.

Trend analysis

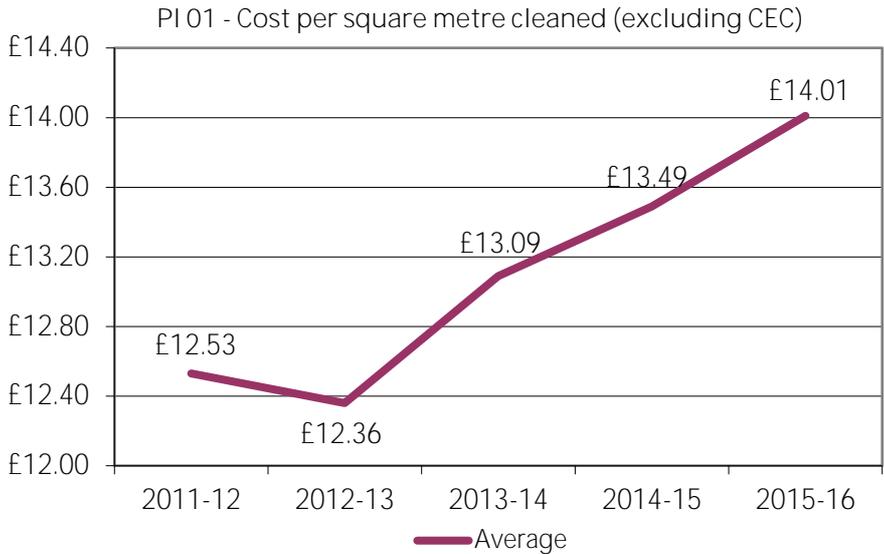
The trend analysis in this executive summary is based on 'service wide averages' across all family groups for the past 5 years. These averages across all returns to the programme can contain spikes or variations caused by any change in the profile or number of subscribers making returns to the programme. However, separate analysis of those authorities who have

consistently made returns over the last 5 years, suggest validity in the observations and particular points of interest which follow:

Charge out costs

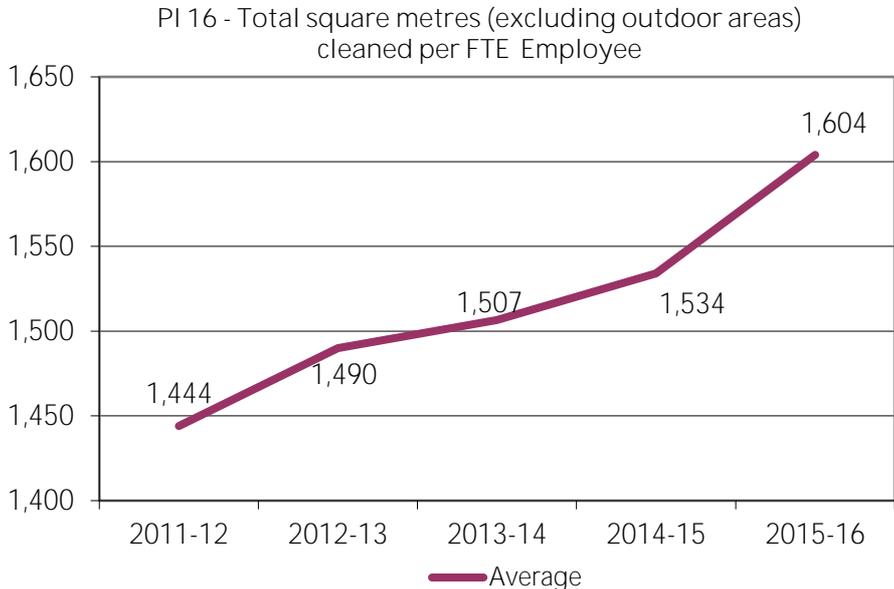
After four years in which the cost per square metre cleaned (PI 01) fell consistently, data for 2013-14 showed a marked increase and this trend has continued into 2015-16.

When measured against reported outcomes in 'productivity' over the same period (see PI 16 overleaf), this highlights the impact on cost outcomes that job evaluation has on the service, then locally implemented and now, the national 'living wage' has and will have on this service, where staff costs still account for over 85% of total operational expenditure.



Key cost and productivity indicators

PI 16 represents the total number of square metres cleaned per FTE employee per year. 2015/16 has shown another marked improvement, continuing the trend seen over the last 5 years and at 1,604, is over 25% up on the levels being achieved 10 years ago.



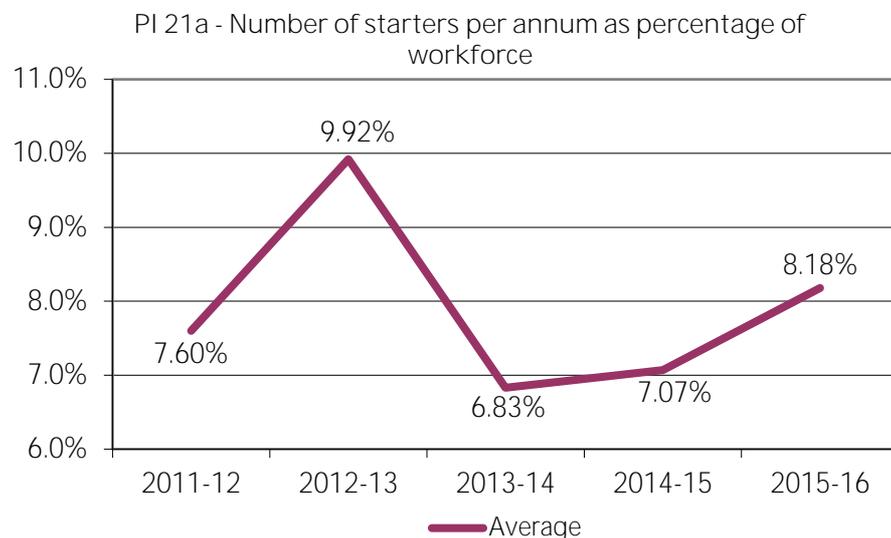
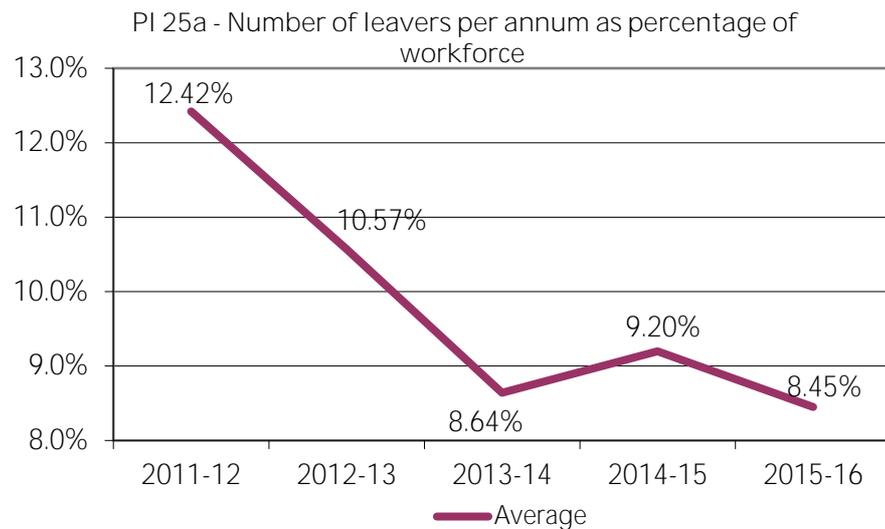
Analysis of other 'productivity' PIs (the 'ratio of square metres to annual scheduled hours' for each building type), suggest an increased focus on productivity within schools and larger office buildings and this years 'State of the market' survey reports a continued drive towards 're-negotiating' SLAs/contracts and a move towards 'output' specifications (enabling review of cleaning frequencies and methodologies).

It also highlights an increase in 'mechanical and robotic cleaning and reduction in cleaning management and admin staffing levels.

Starters and leavers

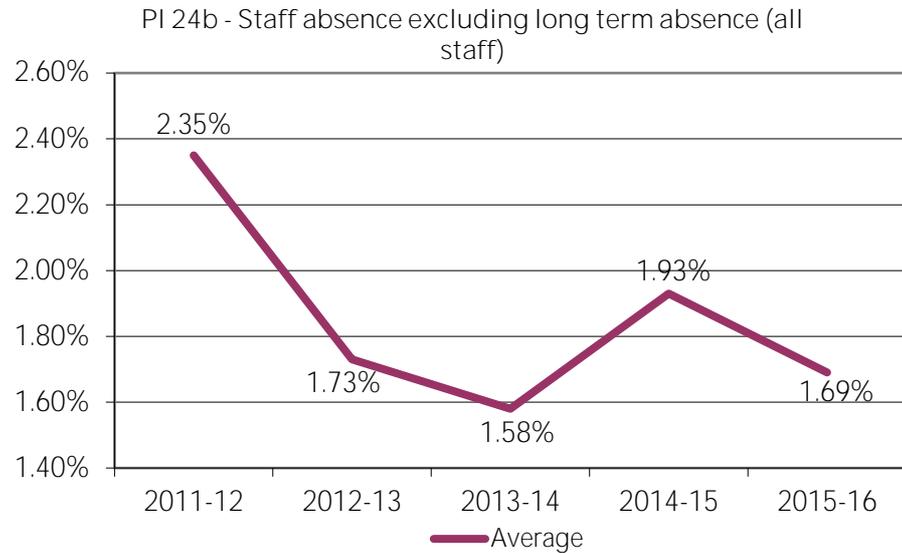
After the small spike reported last year, PI 25a (the number of leavers per annum as a percentage of the workforce) shows a return to the long term of reduction in staff turnover.

Both PI 25b (leaver's figures for those in employment for more than 12 weeks) and PI 21a (percentage of new starters – shown below), show a reduction in the variance with all leavers (PI 25a) which may reflect the improvement in pay rates and the easing of conditions within the wider jobs market reported last year.



Staff absence

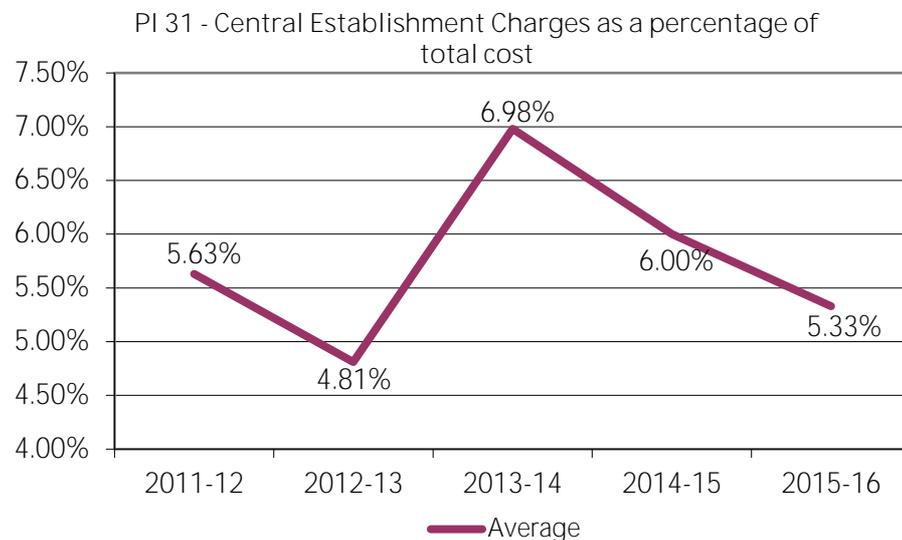
The average figure for PI 24b (All staff absence excluding long-term sickness), has fallen against the small spike reported last year and maintains a 4 year average that is still well below that often reported across local authority services and the public sector as a whole.



With the absence indicator for 'front line staff only' (PI 20a) being reported at 5.09% and **excluding long term sickness' (PI 20b)** being reported at 1.6% for 2015/16, local authority providers have and should maintain their focus on long term absence management and continue to invest in training and the general health and wellbeing of their staff as a critical driver on standards and cost containment in this still labour intensive service. Of all respondents to this years 'State of the market' survey, 21% reported that absence levels were still too high.

Selected other cost indicators

Following a steady rise from circa 4% 10 years ago, to an average of 7% in 2013/14, central establishment changes (CECs) have fallen over the last two years to a reported 5.33% of total service expenditure in 2015/16.



Given that some local authority providers report 'Departmental/Admin' costs as or within their CEC charges, it should be noted that the combined average has also fallen from 7.4% last year, to 6.45% (as a percentage of total service expenditure) in 2015/16.

Cleaning materials costs (as a percentage of total service expenditure) have fallen by half a point to 2.95% in 2015/16, which may reflect a rationalisation in or the use of sophisticated measuring equipment for chemicals and or an increase in chemical free cleaning areas, methods and equipment.

At an average of 1% of total service expenditure, there has however, been no notable movement in the spend on cleaning equipment, the highest percentage spend across all submissions in 2015/16 being 2.7%

Interpretation of data

Against a further and notable improvement in productivity across the service, staff costs remain at an average of over 85% of total service expenditure and the marked improvement in pay rates and conditions over recent years, continues to impact upon unit costs and charge rates in this service.

Whilst the introduction of a national 'living wage' may help to close the competitive gap, changes to pension regulations still afford opportunities to reduce employment overheads making competition on price with the private sector difficult for local authority service providers.

Indeed, we reported last year that many local authority providers offer staff the opportunity to have multiple jobs within the service (or wider authority) and provide and promote pension schemes that optimise the employment package available to their staff carrying employment **overheads (in the form of employer's contribution to NHI and pensions)** that are often higher than those carried by private sector providers offering similar basic rates of pay. Again, as reported last year, this remains a qualitative consideration for many school and internal clients and can support decisions to reject the lowest cost options otherwise available to them.

Central establishment charges have fallen over the last two years (but remain a potential driver for considering self-operation of this service, particularly from Schools) and other service overheads have largely been maintained (or reduced as a percentage of total service costs) and are seen as being generally competitive with alternative/private sector provision.

Reflected in the overhead and expenditure ratios above, there has been no notable change or move towards investment in mechanical, robotic or other equipment (as a means of reducing unit cost outcomes in the longer term).

Against this background, **this year's performance networks** data returns indicate that there has been a further small increase in the areas being cleaned, the average across 2015/16 returns being 0.6% (or 4.1% over the last two years).

Going forward, APSE's 'State of the market' survey indicates that maintaining a focus on reducing staff turnover and absenteeism and negotiating and reducing hours/cleaning frequencies will remain a key focus for future cost reductions.

Further, whilst the survey suggests that there has been no significant change in number of authorities operating within a central facility management structure, some see the packaging of this alongside other services (particularly to schools and academies) as offering some level of security and or marginal costing opportunities to support retention and growth in the service going forward.

Alongside advisory group and APSE briefing papers, performance networks will continue to provide a basis for learning from and sharing best practice and the measurement of outcomes in and for this service.

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