

A State of the Sector Report

The Cleaning Sector March 2010

Introduction

Asset Skills is one of 25 Sector Skills Councils (SSCs). Our purpose is to improve productivity, efficiency and effectiveness in the industries which we cover – property, planning, housing, facilities managements, cleaning and parking¹.

The cleaning sector covers all forms of contract cleaning, including building interiors; transport vehicles; food premises; window and facade cleaning; highways and land and specialist cleaning.

This report is part of a suite of documents that have been produced by the Asset Skills Research Team. For more detailed information on the cleaning sector please refer to our Sector Skills Assessment (SSA) which was published in February 2010.

Recent Economic Performance

The economic recession in the UK has proved to be deeper and longer lasting than many were expecting. Gross Domestic Product (GDP) figures for the third quarter of 2009 reported a contraction of 0.2%².

Cleaning has been referred to as being more 'recession proof' than other sectors due to the fact that it is an essential service. However, the economic downturn has still had a significant impact on the sector. There is now greater competition for contracts and customers expect more at a lower cost.

Increasing customer demands have made it increasingly important for cleaning companies to be able to recruit and retain experienced staff. Other challenges highlighted by employers in the cleaning sector as a result of the economic climate included the need to keep costs down and remain profitable and educating clients on quality over cost³.

The demands brought about by the changing economic climate have meant that those working within the sector have had to display a number of different skills. There is now a demand for greater customer service skills. The ability to retain business and negotiate contracts which ensure that the company remains profitable has also become vitally important.

Gross Value Added (GVA) per worker (measured as the average financial contribution each employee within a sector generates) in the cleaning sector was £21,000 in 2007⁴, compared to an average across Asset Skills sectors of £43,800.

¹For information on the parking sector, please refer to the Parking Sector Skills Agreement which is available at www.britishparking.co.uk

²www.statistics.gov.uk

³ Asset Skills Barometer, October 2009

⁴ Annual Business Inquiry, 2007

The top 10 companies in terms of their market share (based on latest sales figures), in 2008 is documented in Table 1 below.

Table 1: Market share, 2008

Company	Latest sales
MITIE Group Plc	£1.2 billion
OCS Group Ltd	£632.9 million
Veolia ES Cleanaway (UK) Ltd	£612.2 million
OCS Group UK Ltd	£403.1 million
Veolia ES (UK) Ltd	£356.5 million
Rentokil Initial Facilities Services Ltd	£228.6 million
SITA UK Ltd	£205.3 million
ISS Mediclean Ltd	£201.4 million
MITIE Cleaning & Support Services Ltd	£182.7 million
Maclellan International Ltd ⁵	£152.7 million

Source: Plimsoll Portfolio Analysis (Contract Cleaning), April 2008

According to market research firm MTW, the overall value of the contract cleaning sector has shrunk to levels last seen in 2004⁶. However, the company also predicts that the businesses in the sector are now ready for better times, predicting that rising business confidence and a more stable economy should result in a return to growth for the contract cleaning sector during 2010. Issues such as hygiene in the workplace and virus/infection control may also offer the sector new opportunities in the coming year.

Staff Retention & Turnover

The cleaning sector has traditionally experienced difficulties when it comes to retaining staff and staff turnover is reported to be extremely high within the sector. The Cleaning and Support Services Association (CSSA) stated last year that 'for some contracts the churn rate can be as high as 100%'⁷. It is possible to link this problem to a number of factors, such as the lack of opportunities to develop a career within the sector and the fact that cleaners are often required to work long hours at unsociable times which can lead to poor morale amongst staff.

One possible solution to staff recruitment and retention problems is a move towards daytime cleaning. Working more sociable hours is likely to lead to a rise in both staff morale and productivity, which are crucial in tough economic times. It is also possible that this will lead to improvements in staff retention as daytime working hours fit in better with family life and also deal with other issues associated with cleaning at night, such as isolation. Daytime cleaning also allows cleaners to work more closely with the client which can lead to better communication⁸ and can ultimately prove crucial in times of recession when it comes to renewing contracts with existing clients. The increase in visibility that daytime cleaning gives the profession can also have a positive effect on the industry's image as a whole.

⁵ Maclellan became a part of Interserve in 2006

⁶ www.i-fm.net – smaller contract cleaning sector ready for growth in 2010.

⁷ CSSA Newsletter, 20th October 2009

⁸ www.cleaningmag.com (July 2009)

The Barometer

In July 2008, Asset Skills launched 'The Barometer'. This survey is designed to periodically sample employers' response to skills and productivity issues at six monthly intervals and therefore better understand the current performance of, and challenges to, companies within the sectors and nations.

The latest survey reported in October 2009 included 77 cleaning companies across the UK.

When asked to describe their company, 55% of respondents described themselves as 'mature' and a further 42% fell into the category of 'going for growth'.

Each company was asked to rate their performance or confidence over the last six months (compared to the same time last year) on a scale of 1-10 (with 1 being the least optimistic). The following tables and charts show the average score by nation and for the UK.

Table 2: Mean scores for current business performance

	Optimism	Effectiveness
Oct 09	6.9	7.2
May 09	6.4	5.9
Change	+0.5	+1.3
Explanation	(private companies) Thinking about your current business opportunities, how optimistic do you feel?	(not-for-profit companies) Thinking about your current effectiveness in meeting your agenda, how confident do you feel?

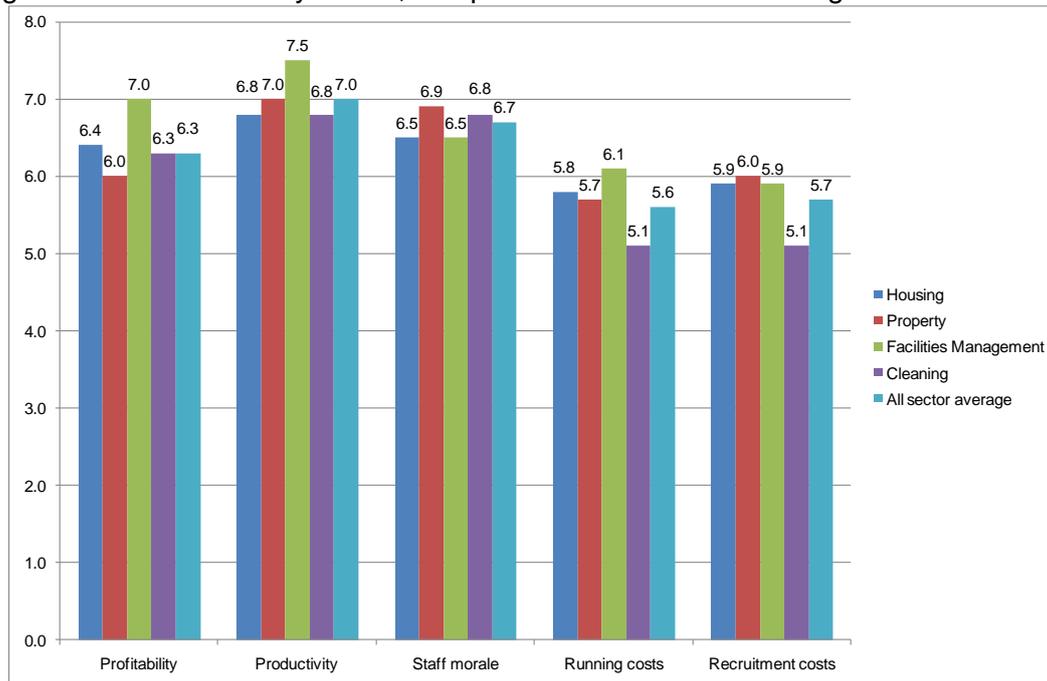
See footnote for base companies⁹
Source: Barometer 2009

Table 2 shows that there has been an increase in the level of optimism within private companies (up by 0.5 points). An even greater increase was reported by 'not-for-profit-companies' in terms of effectiveness.

⁹ Cleaning Optimism =68, Effectiveness = 9.

Figure 1 details the scores reported by cleaning companies compared to other sectors in the Asset Skills footprint and the all sector average.

Figure 1: Performance by sector, compared to an all sector average



Source: Barometer, October 2009

Profitability – The cleaning sector produced an average profitability rating of 6.3 points, a positive move from the 5.9 points achieved in the previous survey.

Productivity – Cleaning companies cited an average of 6.8 points in the area of productivity, an increase of 0.1 points since the last survey.

Staff morale – Cleaning companies rated their staff morale at 6.8 points, this was again an increase on the performance reported in the previous survey and is perhaps a reflection of improvements in performance in other areas (e.g. profitability and productivity).

Running costs – Running costs for cleaning organisations continued on the trend seen in the previous survey, again dropping 0.1 points, to 5.1 points this time around. This score was the lowest across all four sectors¹⁰.

Recruitment costs – Recruitment costs appear to be at the highest that they have been for some time, achieving a score of 5.1 points which was lower than the score seen in each of the last two surveys.

¹⁰ A rise in the score reported by companies in running and recruitment costs represents a fall in costs in this area.

Each cleaning company was asked to cite their top three challenges. The following table includes some of their responses:

Table 4: Challenges to the cleaning sector, 2009

Challenges
Staffing <ul style="list-style-type: none"> • Recruiting experienced staff and retaining staff. • Training of staff, particularly in leadership and management.
Financial <ul style="list-style-type: none"> • Keeping costs down and remaining profitable.
Market Share <ul style="list-style-type: none"> • Dealing with competition from abroad. • Gaining more clients and increasing sales. • Educating clients on the value of quality over cost.

Source: Barometer, 2009

Cleaning companies that had taken part in the survey previously were re-interviewed in October 2009¹¹. During interviewing, companies were reminded of their previous challenges and asked whether they had changed. 22% of all companies said that they had. Within cleaning the main challenges still related to dealing with the impact of the recession and issues such as retaining existing business and remaining profitable.

Skills and Learning

The level of qualifications held by individuals is widely used as a proxy for skills. Historically, the take up of qualifications within the cleaning industry has been low and recent figures suggest that 37% of the workforce in the cleaning sector hold no qualifications at all, compared to the UK average across all sectors of 9%¹². Furthermore, the majority of employees in the sector (70%) hold a Level 2 qualification or below – compared to 41% across the Asset Skills footprint.

A major challenge to employers looking to increase skills in the sector is how to combat the high levels of staff turnover that are typical in the sector. Cleaning employers often find it difficult to hire skilled employees and also find it difficult to develop these staff as they are often not retained. Improving the image of the industry and making people aware of the possibility of a career in cleaning is key to dealing with this issue.

Many employers within the cleaning sector are unconvinced about the appropriateness of certain qualifications, such as the Cleaning NVQ - suggesting that it is too complicated and it takes too long¹³. Asset Skills has recently revised the National Occupational Standards at Levels 1 and 2 in response to this, however it is too early to assess the impact that this has had on the take up of qualifications.

Migrant workers have become increasingly important to the cleaning sector - an area which Asset Skills has researched specifically¹⁴. As a result, the importance of English for Speakers of Other Languages (ESOL) is on the rise. Whilst migrant workers pose certain challenges in terms of skills needs employers are keen to work with them due to the issues they solve in terms of retention and recruitment in particular.

¹¹ Asset Skills Barometer, October 2009

¹² Annual Population Survey, 2008

¹³ Employer Survey, 2007, SSSA

¹⁴ The Importance of Migrant Workers to the Cleaning Industry, Labour Market Solutions and Asset Skills, 2007

Skills vacancies – a lack of people applying for jobs in the sector

The problem for employers within the cleaning sector when it comes to skills vacancies is usually three-fold. Firstly, there is a lack of people wanting to do the kind of work associated with the sector due to the poor image that it currently has. This then leads to a low number of applicants, which is compounded by the fact that, frequently, a low proportion of applicants possess the attitude and motivation required.

The latest data available on skills vacancies is derived from the 2007 National Employer Skills Survey (NESS)¹⁵. This has been an on-going survey since 2003 and provides comparable data from that time. It is important to bear in mind that this survey was completed before any sign of the credit crunch or current recession was apparent.

The NESS 2007 data indicates that 16% of establishments in the Asset Skills footprint had vacancies at the time of the survey, reporting some 24,700 vacant jobs.

Of the 13,000 establishments reporting vacancies 16% were in cleaning. Table 5 shows that the majority of vacancies within the cleaning sector were within elementary occupations. This is unsurprising given the significant proportion of the elementary workforce within the sector.

Table 5: Vacancies by Occupation

Occupation	Cleaning and support services	Asset Skills as a % of all establishments reporting a vacancy
Managers	3%	12%
Professionals	0%	7%
Associate Professionals	1%	19%
Administrative / clerical	10%	27%
Skilled trades	4%	4%
Personal service	0%	4%
Sales and customer service	5%	23%
Machine operatives	8%	2%
Elementary	77%	19%

Source: National Employer Skills Survey, 2007

Changing people's perception of the cleaning sector and offering workers the opportunity to develop a career within the sector is vital to minimising skills vacancies in the long term. Whilst the proportion of companies reporting these vacancies in the sector (18%) is currently lower than across the Asset Skills footprint as whole (33%), it is possible that this may change in future if companies within the sector decide to expand their range of services or are forced to comply with new and changing regulations.

¹⁵ Data for the 2008 survey is expected to be available in March 2010.

Skills gaps – a shortfall of skills in a company’s workforce

A third of all companies have skills gaps within elementary occupations. Additionally, over a quarter of all companies recognise a skills gap in their managers.

A lack of experience and staff motivation were seen as key issues contributing to the skills gaps. Nearly half of all companies said they would increase their training activity to overcome this non proficiency in staff. However, very few companies said they would employ more innovative ideas such as buddying or a change in working practice or seek to increase motivation. 14% of companies stated that they would take no action at all¹⁶.

Skills gaps in a number of areas have been identified within the cleaning sector, namely:

- Management and leadership
- Technical skills
- Literacy and Numeracy
- English for Speakers of Other Languages (ESOL)

There are increasing demands being placed on the industry due to increased regulation and visibility, which in time, it is anticipated will reveal greater skill needs.

The Barometer survey asked companies whether anything had changed within their organisation which had created the need for additional skills, 32% of cleaning companies stated that such a change had occurred. Responses can be divided between external and internal changes:

Table 6: Nature of change experienced by organisations, 2009

External
<ul style="list-style-type: none">• There have been increases in, and changes to, health and safety legislation.
Internal
<ul style="list-style-type: none">• Access to IT and IT training skills.• Younger people are being employed and not all staff are from the sector.• First aid training.• Criminal Records Bureau checks for those working within schools.• Staff will need to be trained up on food hygiene as they may be required to clean and serve food in hospitals.• New supervisory roles have been created and, as a result, new skills are required.

Source: Barometer, 2009

Cleaning companies were asked if they were planning to move into new areas of activity and the extent to which they felt that their staff were already equipped with the skills and knowledge to undertake this.

24% of the cleaning companies indicated that they had plans to expand into new areas of activity. Of these:

27% reported that staff did not have the skills to undertake new activity whilst 29% were confident that they did and 44% were unsure.

¹⁶ National Employer Skills Survey, LSC, 2007

Qualifications

Asset Skills is responsible for maintaining and developing National Occupational Standards (NOS).

The NOS for cleaning has been revised for functions at Levels 1, 2 and 3 and a new Level 2 cleaning and support services N/SVQ has been approved. Asset Skills has migrated all the cleaning and support services NOS onto the new Qualifications and Credit Framework (QCF) and defined qualification structures for certificates in this area at Levels 1, 2 and 3 in the QCF. It is hoped that the new qualifications on the QCF, funded by the LSC, will be available in September 2010.

NOS set out measurable performance outcomes and are developed in conjunction with employers across the UK. NOS define the skills, knowledge and understanding required to perform competently in the workforce.

A new Apprenticeship Framework for cleaning and support services has been approved and is now available for delivery. Work is underway to gauge the potential demand for an Advanced Apprenticeship (Level 3) in cleaning and support services.

The Local Environmental Services qualification at Level 2 has now been reviewed and additional units of NOS included dealing with Pest Control. It is aimed at personnel who perform a mix of street cleaning / amenity, horticulture and pest control functions. The NOS are now being migrated to the QCF and will be available to awarding organisations shortly after March 2010.

Size and Structure

The sector employs 448,400 people, in 32,300 companies. Table 7 details this information between 2005 and 2008.

Table 7: Asset Skills companies and employees in the cleaning sector, 2005 - 2008

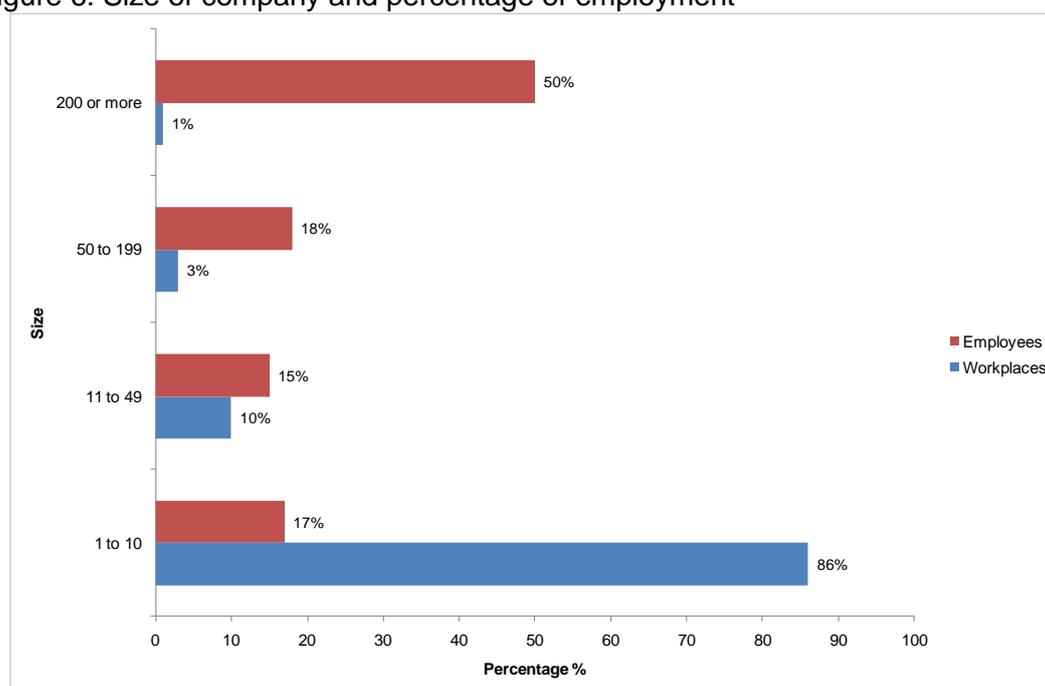
Year	Asset Skills	Cleaning	
	Companies	Companies	Employees
2008	162,000	32,300	448,400
2007	154,700	32,300	449,700
2006	147,300	31,600	451,000
2005	140,900	29,400	440,200

Source: Annual Business Inquiry, 2005 – 2008

The number of cleaning workplaces throughout the UK has remained fairly constant in the last 12 months, whilst the number of employees has fallen slightly.

The number of employees within the cleaning sector rose by 2% between 2005 and 2008 despite the fact that a slight fall in the size of the workforce was seen between 2007 and 2008.

Figure 6: Size of company and percentage of employment



Source: Annual Business Inquiry, 2008

86% of all cleaning companies within the Asset Skills footprint have 10 or less employees. These small companies account for 17% of the cleaning workforce. Despite the fact that only 1% of companies employ more than 200 workers, these companies account for 50% of all cleaning staff.

88% of all companies and all employees within the cleaning sector in the Asset Skills footprint are located in England. The distribution by nation is shown below.

Table 8: Distribution of Asset Skills employees and companies across the UK in 2008

Nation	Employees		Companies	
	Number	%	Number	%
England	393,100	88	28,200	88
Scotland	42,400	9	3,000	9
Wales	12,900	3	1,000	3
Total	448,400	100	32,300	100
Northern Ireland	9,100 ¹⁷	-	200 ¹⁸	-

Source: Annual Business Inquiry 2008, Northern Ireland Census of Employment, 2007

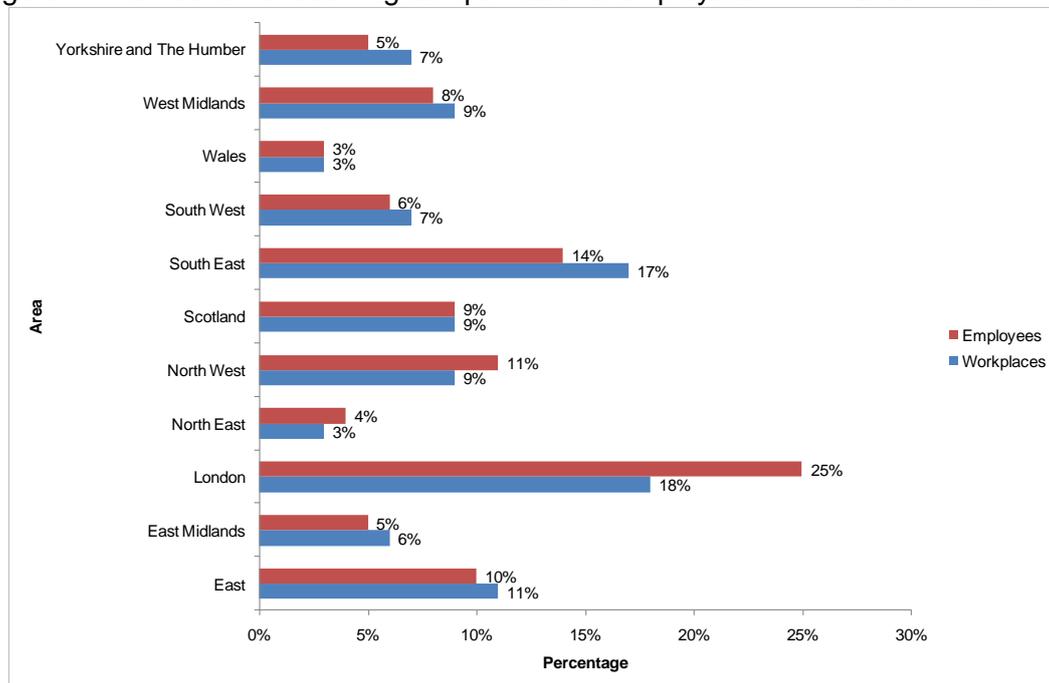
Note: The sum may differ from the total figure due to rounding

¹⁷ Northern Ireland Census of Employment, 2007. Data for Northern Ireland is not comparable with Great Britain.

¹⁸ Inter Departmental Business Register (IDBR) 2008

Figure 7 shows the regional distribution of cleaning companies and employees.

Figure 7: Distribution of cleaning companies and employees within Great Britain



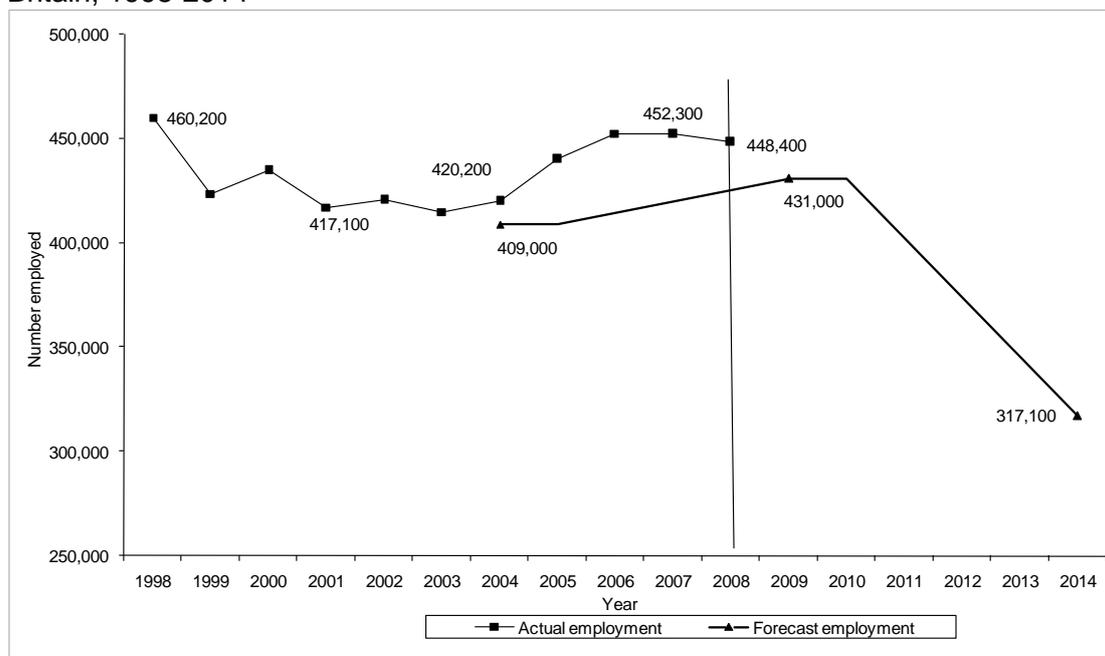
Source: Annual Business Inquiry, 2008

The greatest numbers of employees are based in London (25%), whilst a further 14% are based in the South East.

Employment Projections

Figure 8 shows past and predicted employment levels within the cleaning sector. The data was produced in 2004 (thus it does not factor in the recession) and predicts employment up to 2014.

Figure 8: Actual and forecasted employment levels in the cleaning sector in Great Britain, 1998-2014



Source: Annual Business Inquiry 1998-2008, Working Futures II, IER 2004, (2004 base year)

The number of employees within the cleaning sector has fallen slightly in the last year. According to projections this fall will accelerate up to 2014.

Horizon Scanning¹⁹

This section presents the key trends and events that are expected to have an impact on the cleaning sector in the next five years.

The four Asset Skills Industry Boards were asked to participate in a series of workshops in 2009²⁰ which were designed to identify the main sectoral drivers which were likely to have the greatest impact on their sector over the next five years.

The following drivers were identified as likely to have the most significant impact on the cleaning sector to 2015²¹. The drivers are listed in order of priority from highest to lowest.

Table 9: Drivers within the cleaning sector, 2009

Driver	Explanation
Increased customer demands	There is evidence that clients are becoming increasingly sophisticated and looking at contracts and procurement processes in greater detail than previously.
Changing composition of the workforce which will have significant ESOL implications	Migrant workers will continue to be of importance within the sector.
Economic stability	Given the severity of the recession, economic stability was raised as a key requirement for future productivity within the industry.
Changing working patterns	Fewer individuals employed on a full time basis, delivering the same (or similar) number of hours of cleaning, but in different working patterns (full time, night shift or day-time cleaning).
Industry reputation / professionalism	This was seen as a significant problem in terms of effective recruitment and retention of staff.
Government policy	This has been identified by many as a key driver, particularly with regards to sustainability and health and safety legislation.
Sustainability	This is becoming increasingly important within the cleaning industry, and has been identified as an area in which significant skills gaps currently exist ²² .

¹⁹ Horizon defined as present to 2015.

²⁰ Approach adapted from 'Investing in the Future of Jobs and Skills' (May 2009), TNO Netherlands Organisation for Applied Scientific Research; SEOR Erasmus University Rotterdam; ZSI Centre for Social Innovation.

The 'meta-driver approach of identifying main sector-specific drivers starts from a more generic list of drivers derived from a literature search, and subsequently prioritises the drivers to a set of more relevant and credible drivers. It does so by combining expert (sector) knowledge. By asking respondents to score the different drivers on a range of characteristics, including relevance, uncertainty and expected impact, a corroborated and conclusive list of sector-specific drivers can be derived.

²¹ Meta Driver Analysis, Asset Skills Cleaning Industry, 2009

²² Asset Skills Barometer, 2009

Future Competencies

Taking into account the future drivers, the following skills were identified as being important to the future of the cleaning sector:

- 1) Management and leadership.
- 2) Communication skills.
- 3) English for Speakers of Other Languages (ESOL).
- 4) Knowledge and awareness of 'green' products.
- 5) Customer services skills.
- 6) Adult Literacy Language and Numeracy (ALLaN).
- 7) Employability skills for those entering elementary job roles.

A commitment to training is strongly supported and promoted across the four Asset Skills Industry Boards, demonstrating a need for employers to focus and dedicate their time towards up skilling employees and helping them gain the skills listed above. However, in order for employees to fully benefit from training, a number of barriers which currently exist will have to be overcome, including, time, financial constraints and language barriers.

Information from the Delivery Plan

Asset Skills has Delivery Plans relating to all parts of its footprint. These plans are owned by the individual sector boards and are updated after every board meeting. The latest updates for the cleaning sector are outlined below.

Table 10: Delivery Plan update

Aim: Development & Promotion of cleaning as an attractive and diverse option	
The development and creation of broader and more structured and coherent career pathways to promote the idea of an attractive career option in cleaning.	Updated Level 2 launched - Local Environmental services launched to combine cleaning/low level horticulture. Cleaning Levels 1-3 in development. Update of employability toolkit for cleaning in development.
Raise the profile of the different roles that exist within the cleaning sector.	Updated career profiles for a range of general and specialist roles that exist within the sector.
Aim: Develop & Promote pathways in cleaning sector	
Encourage the trend towards daytime cleaning/ working day cleaning and longer contract hours which improve access to training.	Daytime cleaning guide promoted and available on Asset Skills website. Develop a career pathways guide showing career routes and supporting qualifications in the cleaning sector.
Aim: Support skills issues identified by the sustainability agenda	
Encourage, promote and develop nationally recognised qualifications as the preferred method of promoting good practice and environmental awareness.	Generating a series of articles within the industry press promoting good practice through accredited qualifications as a way ensuring sound environmental values.
Aim: Making it more attractive for employers in the cleaning sector to undertake training and development activities	
Empower and up skill the cleaning professionals thus tackling the high proportion of cleaning operatives with low level or no qualifications and their skill gaps.	Developing an employer's guide to cleaning qualifications and funding. Promoting offers which are linked to cleaning apprenticeships – including employer bonus' and pilots offered by training providers which support employment costs.
Encourage longer hours of work and daytime cleaning	Daytime cleaning guide promoted and available on Asset Skills website.
Development of supervisory, team leader and management skills.	Development and promotion of an industry specific qualification (Level 3) for supervisors/team leaders in cleaning which supports higher technical knowledge.

Source: Asset Skills Action Plan 2009

Conclusions

The cleaning sector has had to deal with a number of challenges from different areas, some of which have materialised in the last 18 months or so and are a consequence of the recession, and others which are longer term and relate to improving the image of the sector and the issue of poor levels of staff retention.

The demands brought about by the changing economic climate have meant that those working within the sector have had to display a number of different skills. There is now a demand for greater customer service skills for example as clients demands are increasing. It is also likely that this will lead to a change in working practices with a shift towards daytime cleaning improving the visibility of those working within the sector and bringing operatives closer to customers.

The latest Asset Skills Barometer survey, which took place in October 2009, indicated that those within the cleaning sector may feel the worst effects of the recession have passed. Optimism and effectiveness scores were higher than was reported in May and staff morale was above the Asset Skills average. However, it is also interesting to note that recruitment and running costs appear to be higher amongst cleaning organisations than is typical across the Asset Skills footprint.

Those working within the sector are not typically well qualified which is not surprising when considering the fact that a high proportion of employees work in elementary occupations. 37% of employees hold no qualifications, compared to just 9% across all sectors in the UK. In order to tackle this problem the sector will have to convince potential employees that it is possible to have a successful career within cleaning and retain workers for longer periods, as it is not possible to train people to a high standard if they can't be retained.

The sector currently employs 448,400 people, in 32,300 companies however, projections suggest that the number of people employed within the sector will fall by 2014. Unsurprisingly, 88% of all companies and all employees within the cleaning sector in the Asset Skills footprint are located in England.

In order to remain profitable in the future cleaning companies will need to ensure that staff are well trained and possess strong customer service skills so they can meet increasing customer demands. In order to achieve this it is likely that the sector will have to reduce staff turnover and retain staff more effectively than it has done in the past. A number of factors will have to be addressed in order to improve staff retention, however a move towards daytime cleaning may be a part of a possible solution, as the more sociable and convenient working hours that it offers may encourage more staff to remain in the sector for longer periods.

All reports cited in this report are available on our website – www.assetskills.org or by contacting the research department on 01604 233336 or research@assetskills.org

Asset Skills welcomes any comments which you may have on this document.