

The Sector Skills Council for
the places in which we live and work

asset  skills



Skills Needs Assessment for the Cleaning Industry May 2006

For further information, please contact:

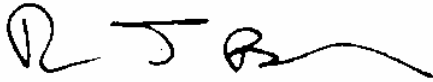
Dr Sally Walters
Head of Research
Asset Skills
Sol House
St Katherine's Street
Northampton
NN1 2QZ
Telephone: 01604 824109
email: swalters@assetskills.org

Foreword

"Quality labour market information is key to developing a skills and recruitment strategy that will lead to an effective workforce and, thereby, to greater efficiency and effectiveness right across the workplace. Asset Skills has divided its analysis both geographically and sectorally as the vital first stage of developing its Sector Skills Agreement across the UK.

We commend this report to you and ask that you read it critically, and feed back to us any comments you may have. Armed with this information we can work with employers and partners, to develop a meaningful strategy to meet employer requirements and develop a world class workforce."

24th March 2006.



Richard Beamish, Chief Executive, Asset Skills.

Acknowledgements

This report was produced by David Payne and Mick Feloy at Labour Market Solutions, and managed by Dr Sally Walters at Asset Skills. Asset Skills would like to acknowledge the following:

- The Asset Skills Cleaning Sector board for their comments on an earlier draft
- Ci Research.
- Dr Rob Wilson at the Institute for Employment Research at Warwick University for the bespoke employment projections

Executive Summary

Analysis of the Annual Business Inquiry (ABI) indicates that over the period 1998-2004 the number of workplaces in the Cleaning Industry decreased by –10%, from almost 30,500 in 1998 to just under 27,500 in 2004. However, these changes were not evenly spread geographically, with a particular decline evident in both Wales and Scotland over this period (-26% and -25% respectively).

The analysis also indicates that employment within the Cleaning Industry is particularly concentrated in the regions of London (14% of all employment in the sector), South East (15%), East of England (11%) and North West (11%). These four regions collectively account for about 51% of all such employment in the UK. Map 1 highlights particular concentrations of employment within the industry at a local authority level within Great Britain.

By comparison with the average for all sectors of the economy the occupational distribution within the Cleaning Industry is characterised by a very high proportion of those working in elementary occupations (82% compared with 12% in all sectors).

Just over half (52%) of employment within the Cleaning Industry in the UK is part-time, a much higher proportion than the average for all sectors (26%).

In terms of working patterns by gender within the Cleaning Industry, 46% of the workforce is male and 54% female. This compares with an average for all UK sectors of 54% male and 46% female.

Available evidence indicates that average turnover per employee within the Cleaning Industry in the UK in 2003 was about £25,000, which is less than a quarter (23%) of the average figure for all UK sectors (£111,019).

The average figure for Gross Value Added (GVA) per employee for the Cleaning Industry was less than £16,000 per employee, less than half of the average for all UK sectors.

Evidence from the Labour Force Survey 2003 indicates that 39% of the UK workforce within the Cleaning Industry has no qualifications. This compares with an average for all UK sectors of about 11% with no qualifications. It is also clear that the Cleaning Industry has a much higher proportion of individuals with Level 2 qualifications or below (84%). Clearly a very high priority needs to be placed on up-skilling within the Cleaning Industry.

More detailed analysis of the Cleaning Industry indicates that the occupations with the highest percentage of the workforce without a qualification are road sweepers (52%), domestic cleaners domestic and launderers, dry cleaners and pressers (both 48%) and elementary cleaning operations (42%).

In 2005 about 6% of Cleaning Industry establishments in England reported hard to fill vacancies, similar to the economy as a whole, and 3% of establishments faced skills shortage vacancies, somewhat below the figure of 5% for the economy as a whole.

More detailed analysis of the National Employers Skills Survey 2005¹ indicates that in relation to the Asset Skills sector as a whole one of the most frequently cited specific hard to fill vacancies were elementary cleaning occupations such as domestics and cleaners, cited by more than 500 employers.

12% of employers within the Cleaning Industry in England reported staff with skill deficiencies in 2005. This was marginally higher than the figure for the Asset Skills sector as a whole (11%), but less than the figure reported across all sectors in England (16%).

The main occupation where skills gaps occur within the Asset Skills sector as a whole is within elementary occupations (accounting for 33% of staff with skill gaps). This is a major challenge to the Asset Skills sector, particularly when compared to England where only 20% of staff with skill gaps are within elementary occupations. Given the very high concentration of elementary occupations within Industrial Cleaning, this further underlines the need to address upskilling of the cleaning workforce.

Adult literacy and numeracy is a key strand in Asset Skills' development activity as well as across the Skills for Business Network. Addressing these issues is a particular concern in relation to the Cleaning Industry workforce, given the high concentration of those with no qualifications within the industry.

Staff turnover within the Cleaning Industry staff is frequently reported as being very high with an average of three months length of stay often quoted². A case study produced by the Research Team in Asset Skills in 2005 reported an annual staff turnover rate of 70% amongst larger companies in the sector³. Pay is considered to be an important factor in this, although a number of other factors are also important.

By contrast with other Asset Skills industries, the Cleaning Industry is projected to experience significant declines in employment, with the loss of almost 90,000 jobs between 2004 and 2014. This pattern of decline mirrors forecasts of declining employment prospects over the whole of the UK manufacturing sector.

Although a significant net decline is expected within the Cleaning Industry over the period 2004-2014, available projections for the Asset Skills footprint as a whole point to the need to replace significant numbers of elementary workers as they leave for retirement or other reasons, implying a positive total requirement.

The priorities for action are set out in Chapter 6 under the following headings:

1. Customer service training for the sector as a whole
2. Qualification frameworks that reflect the workplace
3. Delivering functional ICT skills to the sector as a whole
4. The delivery of management upskilling throughout the sector
5. Focusing resource to mirror demand in London, the South East and East of England
6. Delivering Adult Literacy, Language and Numeracy in the Workplace
7. Delivering pathways to learning for those most disadvantaged in the workforce

¹ The National Employers Skills Survey 2005 only allows analysis by 3-digit SOC and therefore only provides a broad indication of the occupations within the Asset Skills sector in which employers are experiencing recruitment difficulties

² Asset Skills, September 2004, Employment & Skills in Asset Skills SSC Area, p.23

³ Asset Skills Research Team, August 2005 (a), Cleaning Case Study, p.1

8. Raising the profile of the sector
9. Addressing workforce retention issues
10. Increasing our understanding of the sector

Each of the priorities for action is considered in relation to short, medium, long and on-going timeframes for implementation.

The need to address particular skill gaps in the current workforce is reflected in priorities 1, 3, 4, 5, 6, 7 and 9.

Many of these priorities will have a particular impact on the Cleaning Industry.

Contents

	Page
1. Introduction	7
1.1. Background	7
1.2. Definition of the Cleaning Industry	7
1.3. Sector Skills Agreements	8
1.4. Research methodology	9
1.5. Policy context	10
1.6. Structure of the report	12
2. Profile of the Cleaning Industry	13
2.1. Size and structure	13
2.2. Profile of the workforce	14
3. Factors driving the demand for skills	20
3.1. Introduction	20
3.2. Key drivers of change	20
3.3. Recent performance of the sector	22
4. Current skill needs	23
4.1. Introduction	23
4.2. Current skills and qualifications	23
4.3. Recruitment issues and skills shortages	26
4.4. Overall skills gaps	28
4.5. Adult literacy, numeracy and language	28
4.6. Retention and labour turnover	30
5. Future skills needs	32
5.1. Introduction	32
5.2. Bespoke Economic Forecasting	32
5.3. Expansion demand	33
5.4. Replacement demand and total requirement	34
6. Priorities for the Sector Skills Agreement	35
6.1. Introduction	35
6.2. Short term	35
6.3. Medium term	36
6.4. Ongoing	37
Appendix 1: Occupations covered by the Cleaning Industry	40

1. Introduction

1.1. Background

Asset Skills is one of 25 Sector Skill Councils (SSCs) that have been established by government to tackle the skills and productivity needs of their sector throughout the UK. They are independent employer-led, UK wide organisations that cover different business sectors of economic or strategic significance.

Each SSC agrees sector priorities and targets with its employers and partners to address four key goals:

- Reducing skills gaps and shortages
- Improving productivity, business and public service performance
- Increasing opportunities to boost the skills and productivity of everyone in the sector's workforce, including action on equal opportunities
- Improving learning supply, including apprenticeships, higher education and national occupational standards

The key mechanism for identifying and articulating how industries are going to raise their performance in tackling these goals will be through the development of Sector Skills Agreements. The Sector Skills Agreements are intended to place employers' needs centre stage and give them a powerful voice in how public money on skills is spent.

The Skills Needs Assessment represents the first stage in the development of a Sector Skills Agreement for Asset Skills. Whilst the Sector Skills Agreements will be applicable to the whole of the Asset Skills sector, it is felt to be important that the needs of each specific industry within the UK Asset Skills sector are also considered separately as part of the needs assessment process. The production of a Skill Needs Assessment for Cleaning, which is one of the key industries within the wider Asset Skills footprint, therefore forms part of a process of needs assessment being undertaken by Asset Skills within the UK. Although this is a self-contained report about skill needs within the Asset Skills Cleaning industry in the UK, the report also relates to the UK wide Skill Needs Assessment that has also been developed by Asset Skills.

1.2. Definition of the Cleaning Industry

Asset Skills is responsible for the skills interests of employers in the Property, Housing, Facilities Management and Cleaning sectors. It represents organisations throughout the UK that provide services to owners and occupiers of all types of property (commercial, public and private). Broadly speaking the sector covers the following four areas⁴:

- Acquiring, planning, surveying & valuing of commercial and residential property;
- Selling, letting and managing of commercial and residential property, including social housing and the work of local authorities and Housing Associations;
- Cleaning and maintenance; and
- Facilities management.

⁴ These areas will be referred to as the four Asset Skills industries throughout this report.

The sector covers private, public, voluntary sector and not-for-profit organisations, all of which are seen as equally important, representing a wide range of activities and forms of businesses ranging from small organisations including residential and registered social landlords, tenants and sole traders, through to the very large private and public sector organisations which provide a full range of services such as the MITIE Group and Rentokil Initial.

In terms of the contract with the Sector Skills Development Agency (SSDA), Asset Skills is responsible for organisations which fall under SIC codes 70 and 74.7. Table 1.1 sets these out in more detail.

Table 1.1: Asset Skills SIC codes

Sector	Sic Code	Definition of Industry Group
Property and Housing	70.11	Development and selling of real estate, own property
	70.12	Buying and selling of own real estate
	70.20	Letting of own property
	70.31	Real Estate Agencies
Facilities Management	70.32	Management of real estate on a fee or contract basis
Cleaning	74.7	Cleaning activities

Source: Office for National Statistics, Standard Industrial Classification, 2003

These SIC codes are quite narrow, and for this reason Asset Skills includes areas or occupations that fall outside of these sectors. The remit of Asset Skills extends beyond the SIC codes listed above to encompass approximately 1.4 million employees, many of whom work in the public sector⁵. For example it is estimated that there are some 2.3 million⁶ people working in the public sector in the UK (these are not included in SIC 70 or 74.7). These include cleaners, housing staff, and facilities managers who are employed in the public sector

This report focuses on SIC code 74.7 (Cleaning activities)⁷. However, it does need to be recognised that, throughout this report, the information collected and analysed from national surveys does not reflect the whole Cleaning Industry.

1.3. Sector Skills Agreement

Sector Skills Agreements (SSAs) are UK wide agreements designed to ensure that employers have a workforce of individuals with the necessary skills for their organisations to be effective, productive and competitive. They are created by a process which involves a number of partners including employers, trade associations / employer bodies, and organisations that supply and fund education and training.

There are five stages to the process:

⁵ Asset Skills is in the process of signing a 'Memorandum of Understanding' with the Employers' Organisation for Local Government to ensure the skill needs of employees within the sector are covered.

⁶ 'Local Government Workforce Profile and its top ten skills shortage areas – 2005', Employers' Organisation for Local Government, page 1.

⁷ The activities covered by the Cleaning sector will be collectively referred to as the 'Cleaning Industry' throughout this report.

1. A sophisticated assessment is made of each sector to determine short-term, medium-term and long-term skills needs and to map out the factors for change in the sector
2. Current training provision across all levels is reviewed to measure its range, nature and employer relevance
3. The main gaps and weaknesses in workforce development are analysed and priorities are agreed
4. A review is conducted into the scope for collaborative action – engaging employers to invest in skills development to support improved business performance – and an assessment is made into what employers are likely to sign up to
5. The final outcome is an agreement of how the SSC and employers will work with key funding partners to secure the necessary supply of training

This document presents research findings and analysis which forms part of the first stage of Asset Skills SSA, the 'Skills Needs Assessment'. The purpose of this report is to set out the skill needs facing businesses within the Asset Skills Cleaning industry.

Evidence is also presented at a UK wide level for the Asset Skills sector as a whole⁸, and is based on a comprehensive data report, which is available for downloading at: <http://www.sna.assetskills.org.uk/>

1.4. Research methodology

A comprehensive research process lies behind the development of the SSA. This includes:

- A detailed literature review of skills needs in each of the four Asset Skills industries and policy papers for the four devolved administrations and nine English regions
- An analysis of national datasets for the Asset Skills sector
- The commissioning of bespoke econometric employment projections to enable resource planning for the sector
- A series of focus groups with employers on the drivers of skills demands and employment projections
- An employer survey conducted for the Asset Skills sector, which gathered responses from some 2,226 employers in the nine English regions, Scotland, Wales and Northern Ireland
- Semi-structured, in-depth interviews with 48 employers in the sector, and four nominated professional associations, on the key drivers of skills demands
- Four in-depth case studies (one per sub-sector) on the relationship between workplace learning and organisational performance
- A series of whole day 'scenario planning' events for senior employers in the sector

Further detail on these methods is discussed in an appendix, available for downloading at: <http://www.assetskills.org/site/Portals/0/SNA/Appendices.pdf>

⁸ The following reports will be available by the end of March 2006: four separate reports for England, Northern Ireland, Wales and Northern Ireland. In addition four sub-sector reports (cleaning; housing; property; facilities management) will available by the end of April 2006.

1.5. Policy context

A number of key drivers of strategic importance nationally need to be considered as an essential policy context in relation to the Skill Needs Assessment process.

Within England, these include:

The national skills strategy for England⁹, launched in July 2003, examined the state of skills in the UK and came to the conclusion that that the UK was suffering from a skills deficit compared to countries with similarly advanced economies within Europe and the USA.

The 14-19 Education and Skills White Paper¹⁰, which sets out a number of proposals building on the existing education system.

The Skills White Paper 2005, 'Getting on in business, getting on at work'¹¹, which focuses on the skills of adults already in, or seeking to enter, the labour market. The aim is to help even more adults get the skills they need to move from welfare into jobs, and to progress in their careers.

Agenda for Change, in which the Learning and Skills Council¹² sets out a number of key proposals for enhancing current and future workforce skills.

Within Scotland, three key documents define the way in which work in relation to skills is directed:

- The Framework for Economic Development in Scotland¹³
- A Smart Successful Scotland¹⁴
- Life through Learning; Learning through Life¹⁵

Although all three documents predate the development of Sector Skills Agreements, they all touch upon the aims of Sector Skills Agreements, which will go some way to delivering these strategies.

Within Wales:

- The Welsh Assembly Government aims for a Wales where everyone has the skills, motivation and opportunity to obtain good quality jobs that meet their aspirations and abilities, and where employers work with their employees and public sector agencies to raise skills to the highest possible levels to support high quality jobs in a growing economy¹⁶.

⁹ 21st Century Skills – Realising our Potential, The National Skills Strategy for England, July 2003.

¹⁰ The 14-19 Education and Skills White Paper, Department for Education and Skills, February 2005.

¹¹ Skills: Getting on in business, getting on at work, The Government Skills White Paper; March 2005.

¹² Agenda for Change, LSC, August 2005.

¹³ The Framework for Economic Development in Scotland, Scottish Executive, 2004

¹⁴ A SMART, SUCCESSFUL SCOTLAND, Strategic direction to the Enterprise Networks and an enterprise strategy for Scotland, Scottish executive, 2004

¹⁵ Life Through Learning; Learning Through Life, The Lifelong Learning Strategy for Scotland, February 2003

¹⁶ National Assembly for Wales, January 2005, Skills and Employment Action Plan for Wales 2005, p.5

- The Skills and Employment Action Plan for Wales has a key role in implementing this vision and it is intended to inform the delivery strategies of ELWa, the Higher Education Funding Council for Wales, Careers Wales, ACCAC, Jobcentre Plus and other key partners.
- Wales 'A Vibrant Economy' sets out a vision of 'A vibrant Welsh economy delivering strong and sustainable economic growth by providing opportunities for all' and key priorities to:
- Across Wales, all sectors will need to address the long-term agenda for sustainable communities as demonstrated in the Egan Skills Review in England. In particular, the Welsh Regeneration Plans will impact on all economic activities and opportunities in Wales¹⁷.
- Specifically in relation to skills, a number of policies, strategies and plans have a key role in determining the delivery of skills and training across Wales including the Basic Skills Strategy (April 2005, Wales – a Better Country (The *Welsh Assembly Government's (WAG) key strategy for the country as a whole*), *Learning Pathways – 14-19, Reaching Higher and the Knowledge Economy Nexus (launched in 2003)*, *Iaith Pawb* and *Cymru ar lein: Iaith Pawb (The National Action Plan for a Bilingual Wales, Winning Wales; The national Economic Development Strategy for Wales(2002), Communities First; (A comprehensive approach to area-based regeneration that will apply to many of Wales' most deprived communities), Wales Spatial Plan, ELWa Priorities and WBL Improvement Plan*

Within Northern Ireland:

- The Economic Vision for Northern Ireland October 2004 set out a strategic vision for the Northern Ireland economy. It focused on how Northern Ireland can be a more competitive and productive region, as well as a fairer society.
- Specifically in relation to skills, in 2004, the Department for Employment and Learning within the Northern Ireland Executive launched the Skills Strategy for Northern Ireland, setting out five key challenges for the region in terms of ensuring future competitive success. These challenges included raising the general level of skills and addressing the high level of economic inactivity in the economy.
- Within the Strategy there is a clear commitment from the department and Invest NI to work with SSCs to address the major skills concerns of each sector¹⁸. As such SSCs are developing local representation and liaison arrangements to increase employer engagement.
- In October 2002, the Minister for Employment and Learning launched the Essential Skills for Living Strategy and Action Plan for Adult literacy in Northern Ireland, informed by the findings from the 1996 International Adult Literacy Survey, which identified some 24% of the working age population in Northern Ireland as having low levels of literacy and numeracy¹⁹.

¹⁷ Asset Skills, May 2005, Management and Leadership in Wales Strategy and Action Plan, p.4

¹⁸ DELNI, November 2004 (a), Skills Strategy for Northern Ireland, p.36

¹⁹ DELNI, November 2004 (b), Labour Market Bulletin 18, p.125

- The creation of the Essential Skills Research programme, which is currently on-going, has been specifically developed to address the low levels of literacy and numeracy. Given the high concentration of the Asset Skills workforce with no qualifications, implementation of the Essential Skills for Living Strategy and Action Plan for Adult literacy in Northern Ireland will have a particularly important bearing on the activities of the workforce development activities of Asset Skills in Northern Ireland.
- The recently published skills strategy for Northern Ireland²⁰ set out the rationale for putting in place an overarching framework for the development of skills. The Department for Employment and Learning has also recently published a programme for implementation for the skills strategy²¹.

1.6. Structure of the report

The research findings and data analysis conducted for the Cleaning Industry Skills Needs Analysis are divided into five further chapters:

Chapter 2 sets out a profile of the Cleaning Industry, including details on the size and structure of employers and a detailed workforce profile.

Chapter 3 outlines the key drivers of demand influencing skill needs in the Cleaning Industry. It also highlights issues concerning sector productivity at a national level.

Chapter 4 details the nature and composition of current skills needs in the Cleaning Industry including recruitment issues and skill shortages, skill gaps and retention and labour turnover. Particular attention is also paid to the qualification levels of the sector.

Chapter 5 presents a vision of the future for the Cleaning Industry by discussing the bespoke employment projections created for the industry.

The final chapter outlines priorities for action for the short, medium and longer term, for the whole of the Asset Skills sector.

²⁰ Success through Skills: The Skills Strategy for Northern Ireland, DELNI, February 2006

²¹ Success through Skills: The Skills Strategy for Northern Ireland: A Programme for Implementation, DELNI, February 2006

2. Profile of the Cleaning Industry

2.1. Size and structure of the sector

The Annual Business Inquiry (ABI) is used to gain an accurate picture of the number of workplaces within the Asset Skills' sector²². Analysis indicates that over the period 1998-2004 number of workplaces in the Cleaning Industry decreased by -10%, from almost 30,500 in 1998 to just under 27,500 in 2004. However, these changes were not evenly spread geographically, with a particular decline evident in both Wales and Scotland over this period (-26% and -25% respectively).

Table 2.1 examines the geographical location of Cleaning Industry businesses within Great Britain (numbers and percentages). The analysis indicates that in the context of Great Britain:

- London and the South East have the highest proportion of Cleaning Industry workplaces (16% respectively), but this simply reflects the distribution of workplaces in all sectors.
- Scotland has a somewhat higher concentration of Cleaning Industry workplaces, by comparison with the average for all sectors.

Table 2.1: Number of workplaces within the Asset Skills' sector in Great Britain by country and region, 2004

Geography	Industrial Cleaning	Industrial Cleaning	Asset Skills	All Sectors
Great Britain	27,446	100%	100%	100%
England	23,617	86%	90%	88%
Scotland	2,981	11%	7%	8%
Wales	848	3%	3%	4%
East Midlands	1,621	6%	6%	7%
Eastern	2,986	11%	10%	10%
London	4,397	16%	22%	16%
North East	1,079	4%	3%	3%
North West	2,321	8%	9%	10%
South East	4,390	16%	16%	16%
South West	1,969	7%	9%	9%
West Midlands	2,319	8%	8%	9%
Yorkshire & Humber	2,535	9%	8%	8%

Source: ABI 2004, ONS

In terms of the company size profile, the cleaning industry broadly mirrors that of all industries in Great Britain, with about 84% of all cleaning establishments employing between 1-10 people and about 12% employing between 11-49 employees.

²² The ABI excludes Northern Ireland and the self-employed.

2.2. Profile of workforce

2.2.1. Employment

In order to gain the most accurate profile of the Asset Skills' workforce, data from the Annual Population Survey (APS) 2004 is used²³.

Table 2.2 presents data from 2004, which shows that 236,488 people were employed in the Cleaning Industry across the UK.

The analysis also indicates that employment within the Cleaning Industry is particularly concentrated in the following regions, which account for about 51% of all such employment in the UK:

- London (14% of all employment in the sector)
- South East (15%)
- East of England (11%)
- North West (11%)

Table 2.2: Number and percentage employed in Industrial Cleaning

Geography	Industrial Cleaning	Industrial Cleaning	Asset Skills	All UK sectors
England	204905	87%	87%	84%
Wales	9400	4%	4%	5%
Scotland	17587	7%	7%	9%
Northern Ireland	4596	2%	1%	3%
North East	8535	4%	3%	4%
North West	24966	11%	10%	11%
Yorkshire & Humberside	19877	8%	7%	8%
East Midlands	15903	7%	6%	7%
West Midlands	20615	9%	9%	9%
East of England	25309	11%	10%	10%
London	32788	14%	17%	12%
South East	36515	15%	16%	14%
South West	20397	9%	9%	9%
UK	236488	100%	100%	100%

Source: Annual Population Survey 2004

2.2.2. Sub regional concentrations of employment

The purpose of this section of the analysis is to identify sub regional concentrations of employment within the Cleaning Industry within Great Britain, using location quotients.

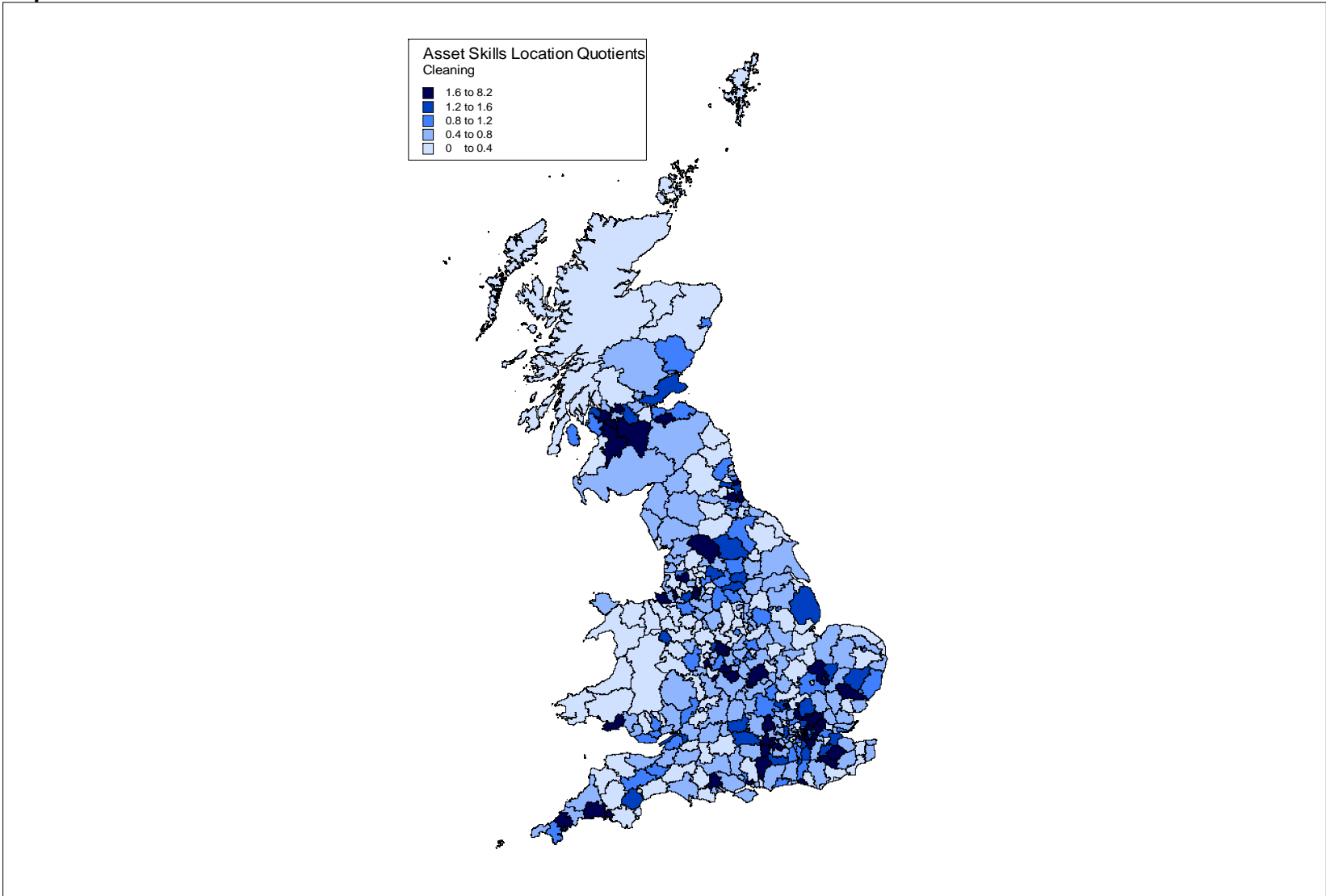
²³ The ABI can also be used to provide a picture of the size of the Asset Skills' labour market, but does not include Northern Ireland and excludes self-employment. For data on employees, the APS data is used, which combines the results from the Labour Force Survey and English Local Labour Force Survey, in order to provide enhanced annual data for the UK.

Location quotients compare the local share of British employment for the Cleaning Industry with the local share of British employment for all sectors. The difference gives an indication of whether there is a higher level of employment in the Cleaning Industry than average, or a lower level.

In relation to location quotients for the Cleaning Industry the share of British employment for each local authority has been calculated to give an average for all sectors. This average is represented as 1.0. Employment within the Cleaning Industry in each local authority has been benchmarked against this average to determine the relative concentration of employment within the Cleaning Industry. A figure below 1.0 indicates an under-representation of employment and a figure above 1.0 represents a relative concentration of employment.

Map 1 below identifies spatial differences in location quotients for the Cleaning Industry in Great Britain.

Map 1



2.2.3. Occupation

Tables 2.3 indicates that by comparison with the average for all sectors the occupational distribution within the Cleaning Industry is characterised by a very high proportion of those working in elementary occupations (82% compared with 12% in all sectors).

Table 2.3: Profile of employment by occupation (numbers)

Occupation	Industrial Cleaning	Industrial Cleaning	Asset Skills	All UK Sectors
Managers and senior officials	22490	10%	20%	15%
Professional occupations	167	0%	5%	12%
Associate professional and technical	1813	1%	13%	14%
Administrative and secretarial	5867	2%	14%	13%
Skilled trades	1916	1%	4%	12%
Personal service	6368	3%	3%	8%
Sales and customer service	1529	1%	5%	8%
Process plant and machine	1929	1%	1%	7%
Elementary	194409	82%	34%	12%
Total	236488	100%	100%	100%

Source: Annual Population Survey 2004

It is also possible to examine the employment profile of those specific occupational groups falling within the Cleaning Industry. The analysis set out in Table 2.4 underlines the dominance of cleaners and domestics, in terms of numbers employed, which account for 46% of all those people working within the Asset Skills sector that fall within the Asset Skills occupational footprint²⁴.

Table 2.4: Occupational profile of employment within the Cleaning Industry within the UK

SOC	Specific occupation	Number employed	% employed
9231	Window cleaners	31629	9%
9232	Road sweepers	890	0%
9233	Cleaners and domestics	155824	46%
9234	Launderers, dry cleaners, pressers	1770	1%
9239	Elementary cleaning occupations nec.	2167	1%
	Total (Asset Skills sector)	337832	100%

Source: Annual Population Survey 2004

²⁴ This analysis excludes many people working in the Asset Skills sector that do not fall within the Asset Skills occupational footprint (for example, many administrative and secretarial roles are not included).

2.2.4. Working status and gender

Table 2.5 indicates that just over half (52%) of employment within the Cleaning Industry in the UK is part time, a much higher proportion than the average for all sectors (26%). This figure varies from 60% in the North East and North West to 41% in Northern Ireland.

Table 2.5: Profile of employment in Cleaning Industry by working status

Country / Region	Cleaning		All UK sectors	
	Full-time	Part-time	Full-time	Part-time
England	48%	52%	74%	26%
Wales	44%	56%	74%	26%
Scotland	45%	55%	75%	25%
Northern Ireland	59%	41%	78%	22%
North East	40%	60%	75%	25%
North West	40%	60%	75%	25%
Yorkshire & Humberside	41%	59%	73%	27%
East Midlands	46%	54%	74%	26%
West Midlands	44%	56%	74%	26%
East of England	51%	49%	73%	27%
London	61%	39%	79%	21%
South East	49%	51%	73%	27%
South West	41%	59%	70%	30%
UK	48%	52%	74%	26%

Source: Annual Population Survey 2004

Table 2.6: Gender of workforce within Cleaning Industry; country and region in the UK

Country / Region	Cleaning				
	Male	%	Female	%	Total
England	94090	46%	110815	54%	204905
Wales	4417	47%	4983	53%	9400
Scotland	6178	35%	11409	65%	17587
Northern Ireland	3028	66%	1568	34%	4596
North East	3715	44%	4820	56%	8535
North West	12209	49%	12757	51%	24966
Yorkshire & Humberside	8225	41%	11652	59%	19877
East Midlands	6959	44%	8944	56%	15903
West Midlands	10418	51%	10197	49%	20615
East of England	12552	50%	12757	50%	25309
London	14382	44%	18406	56%	32788
South East	16111	44%	20404	56%	36515
South West	9519	47%	10878	53%	20397
UK	107713	46%	128775	54%	236488

Source: Annual Population Survey 2004

Table 2.6 indicates that within the UK Cleaning Industry, 46% of the workforce is male and 54% female. This compares with an average for all UK sectors of 54% male and 46% female.

There are some significant differences in working patterns within the Cleaning Industry at a Country and regional level. For example, 66% of the Cleaning Industry workforce in Northern Ireland is male, while the respective figure for females in Scotland is 65%.

2.2.5. Age

With regard to the age profile of workers in the Cleaning Industry workforce within the UK, 58% of the workforce is aged between 25 and 50. This is marginally lower than the proportion aged between 25 and 50 in the UK economy as a whole. The proportion aged between 16-24 mirrors the UK economy as a whole (15%), but a marginally higher proportion aged between 50-64 is evident (28% compared with 25%).

As is the case with workforce patterns by gender, there are some variations in these patterns by country. For example a relatively young Cleaning Industry workforce is evident within Northern Ireland, with 21% aged between 16-24, with a higher concentration of older workers in Wales, with 35% aged between 50-64.

Table 2.5: Workforce age within Asset Skills industries by country and region in the UK (by age band)

Age Band	Cleaning				
	England	Wales	Scotland	Northern Ireland	UK
16 -17	3%	3%	1%	3%	3%
18 -19	3%	2%	4%	6%	3%
20 - 24	9%	13%	7%	12%	9%
25 - 29	9%	5%	8%	18%	9%
30 - 34	11%	12%	12%	0%	10%
35 - 39	13%	12%	11%	20%	13%
40 - 44	14%	8%	15%	11%	14%
45 - 49	12%	11%	15%	5%	12%
50 - 54	10%	13%	10%	5%	10%
55 - 59	11%	14%	12%	16%	11%
60 - 64	7%	8%	4%	4%	7%

Source: Annual Population Survey 2004

3. Factors driving the demand for skills

3.1. Introduction

The factors driving the demand for skills within the Cleaning Industry are varied and complex. Many of these factors, such as globalisation or technological advances, are not unique to Industrial Cleaning, but nevertheless have a considerable impact on the demand for skills within the industry. An understanding of the factors driving skills change is therefore crucial in understanding how skill requirements for the sector are likely to change.

Outlined below are some of the factors identified as particularly important in influencing changing skill demands within the Cleaning Industry. This chapter draws heavily on information contained in the UK wide Skills Needs Assessment, which should be consulted for a more detailed insight into the factors driving the demand for skills within the Cleaning Industry.

3.2. Key drivers of skill demand

3.1.1. A steep increase in the use of technology

The use of IT has become ubiquitous amongst many of Cleaning Industry firms and is not only changing the way businesses are run, but also changing the way in which services are delivered. Progressively more and more workers are expected to make use of ICT as part of their daily tasks, requiring further development of operatives' skills.

According to research undertaken by the DTI in 2003 there were seen to be clear opportunities for industries reliant on new technology to benefit from improved use of science and technology.²⁵ For example, in relation to cleaning a number of companies highlighted the benefits of investing in new technology:

"We are looking to purchase computer software packages that calculate the number of cleaners that are required for a building."

"We have moved to electrical cleaning machines. It has changed how we operate. It has made us more professional".

3.1.2. Supplier Power

Outsourcing can make a contract viable but it can also hinder it due to mounting costs, especially if the supplier demands more money as the contract grows. This has the effect of reducing already narrow profit margins and making the contract too expensive to take on. Suppliers can also demand certain conditions that may impact on the equipment used or they may have a desire to prioritise certain customers for example, which can cause a conflict of interest.

Cleaners that use high technology may be affected by rising costs incurred for improved equipment, which may deter them from investing in the apparatus altogether.

²⁵ DTI, December 2003, Competing in the Global Economy: The Innovation Challenge. P.52

The workforce supplied to parts of the sector has a large amount of power due to legislation and the regulations imposed on employers. For instance, the national minimum wage has seen a steep increase in the remuneration packages available for cleaners. Also the contractual agreements have improved to protect workers from poor treatment and to improve their benefits.

3.1.3. Barriers to entry/exit

The UK has been able to cope with turbulence in the global economy due to its reformed macroeconomic framework, which has provided much greater stability. In turn, this has created a positive environment for Asset Skills' companies to compete in.

The barriers to entry are quite low in cleaning. It is relatively simple to set up a small, domestic, cleaning company and start trading. However, low margins of profit may deter a lot of start-ups, as they will struggle to cover costs and build up clientele. To invest in specialist cleaning products, a larger firm would be required to effectively perform enough business to pay for advanced technology. The barriers to exit are also relatively low as many contracts are on a short-term basis and the investment is often at sub-optimal levels amongst smaller cleaning firms.

3.1.4. Competitive Advantage

Competition across the sector is extremely intense and given the relatively low profit margins outlined earlier in this chapter it is clear that the sector has been competing on terms other than price. Increasingly clients are evaluating levels of services in terms of more generic customer service skills such as communication and professionalism.

There is a drive to compete for long-term contracts amongst our sectors so that efficiencies can be realised on a much larger scale. The level of experience and knowledge that is built up through working with customers over a long period of time will provide added value that is both invaluable and unique. Cleaning firms have been adopting this strategy to help them capture and retain competitive advantage.

Within the cleaning sector there was not much value placed on benchmarking against international comparators. However, with the increasing amount of European contracts available and the important contribution that the sector could make to Asset Skills productivity levels as a whole, this issue may need to be revisited.

3.1.5. Investment

The UK continues to suffer from low levels of capital investment²⁶. It is seen as a national weakness that these low levels of investment continue to hold back UK productivity and prosperity. However, there have been signs of improvement over the last five years and the current macroeconomic climate is also seen as being more conducive to encouraging investment.

To raise productivity levels in the sector, there has to be a commitment to invest in the people, the processes and the infrastructure of businesses.

²⁶ DTi, November 2003 (a), DTI Economic Paper No.6: UK Productivity and Competitiveness Indicators, p.29

Changing the focus of a business requires investment in new skills levels. Improving productivity means the need to improve skills. The Cleaning Industry has the need to specialise in order to provide to emerging markets and meet rising performance levels. In making the sector more professional, a higher emphasis will be placed on skills. Having the right levels of experience and qualifications will become more necessary and more stringently tested. This will enable consumers to inject more confidence into people delivering those services, resulting in positive and efficient provision and repeat business.

However, investment in training and skill development is often met with barriers.

“In the cleaning industry it is very difficult for small business to train because earning potential is lost and because of the times of work, for example, two hour shifts. It is difficult when staff are part-time. Where does the money come from?”

3.2. Recent Performance of the Sector

3.2.1. Gross Value Added

The main source of information on productivity relating specifically to the Cleaning Industry is provided by an analysis of Gross Value Added (GVA) and turnover per employee, which provide two slightly different measures of productivity.

Turnover per employee is simply a measure of the average financial turnover each employee within a business generates each year.

Gross Value Added is an important indicator of economic prosperity. It measures the contribution to the economy of each individual producer, industry or sector. GVA per employee measures this as an average contribution per employee.²⁷

Table 3.3 indicates that average turnover per employee within the Cleaning Industry in 2003 was about £25,000, which is less than a quarter (23%) of the average figure for all UK sectors (£111,019).

The average GVA per employee for the Cleaning Industry was less than £16,000 per employee, less than half of the average for all UK sectors.

Table 3.3: Gross Value Added and Turnover per Employee

Activity	% of total Turnover	Total Turnover per employee (£)	% of total GVA	GVA per employee (£)
Industrial cleaning	22%	24,984	23%	15,886
Asset Skills Total	100%	56,160	100%	33,987
All sectors	-	111,019	--	34,984

Source: ABI 2003; ONS

²⁷ GVA is the difference between gross output and intermediate inputs. Gross outputs of a production unit or service during a given period is equal to the gross value of the goods and services produced during the period recorded at the moment they are produced, regardless of whether or not there is a change of ownership. Intermediate outputs refer to the value of goods and services used in the production process/service provided during the accounting period.

4. Current skill needs

4.1. Introduction

This chapter of the Skills Needs Assessment assesses the character and composition of current skills needs within the Cleaning Industry. The chapter presents a summary of evidence from national surveys²⁸ to address the following key themes:

- Current skills and qualifications held
- Recruitment issues and skills shortages
- Skills gaps (including generic and technical skills)
- Adult literacy, numeracy and language
- Retention and labour turnover

4.2. Current Skills and Qualifications

4.2.1. Qualification levels

Table 4.1 highlights the highest qualification held by individuals in the Cleaning Industry workforce and benchmarks this against the highest qualification levels of the UK workforce and the Asset Skills sector as a whole.

Table 4.1 shows that 39% of the workforce within Cleaning Industry has no qualifications. This compares with an average for all UK sectors of about 11% with no qualifications. It is also clear that the Cleaning Industry, which has a much higher proportion of individuals with Level 2 qualifications or below (84%). Clearly a very high priority needs to be placed on up-skilling within the Cleaning Industry.

Qualitative feedback from employers and industry representatives provides further insights of issues relating to skill and qualification levels within Industrial Cleaning.

Evidence suggests that the take up of training and qualifications within the Cleaning sector has been traditionally low²⁹. However, there is evidence to suggest that the take-up of NVQ/SVQs at Level 1 has increased among new entrants to the industry³⁰. Research undertaken in 2002 points out how, from the cleaning providers perspective the argument remains that clients too frequently underspecify and therefore under value projects, which leaves no margin for training³¹. However, where staff had recognised cleaning qualifications the perception was that they could offer a consistency of service that demanded higher fees.

²⁸ The main data sources used in this chapter are the Labour Force Survey 2004 and the national employer surveys undertaken in England, Scotland and Wales. For Northern Ireland, information is presented from the Asset Skills 2005 Employer Survey.

²⁹ CINTO, August 2002, A Market Assessment for Standards and Qualifications in the Cleaning Industry Sector, p.5

³⁰ Pye Tait, September 2004, Asset Skills Consolidated Workforce Development Plan, p.18

³¹ CINTO, August 2002, A Market Assessment for Standards and Qualifications in the Cleaning Industry Sector, p.5

Table 4.1: Highest Qualification held by Asset Skills’ workforce compared with the UK

Qualification level	Industrial Cleaning	Industrial Cleaning %	Asset Skills %	UK All sectors %
NVQ Level 5	452	0%	3%	6%
NVQ Level 4	10276	5%	19%	14%
NVQ Level 3	26467	12%	19%	12%
NVQ Level 2	43352	20%	23%	25%
NVQ Level 1	23083	11%	7%	19%
Other Qualification	28457	13%	9%	13%
No Qualifications	85973	39%	20%	11%
Don't know	1022	0%	0%	1%
Total	219082	100%	100%	100%

Source: Office for National Statistics, Labour Force Survey, 2003.

4.2.2. Qualification levels by occupation

Tables 4.3 and 4.4 set out an analysis of the highest qualification held by people working within specific occupational areas within the Cleaning Industry. The following occupations show the highest percentage of the workforce without a qualification:

- Road sweepers (52 %)
- Cleaner’s domestic and launderers, dry cleaners and pressers (both 48 %)
- Elementary cleaning operations (42 %)

Table 4.3: Highest qualification held by SOC (percentages)

Occupation	Level 5	Level 4	Level 3	Level 2	Level 1	Other	No Qualifications	DK
Window cleaners	0%	5%	21%	21%	15%	4%	33%	1%
Road sweepers	0%	1%	8%	15%	11%	13%	52%	0%
Cleaners, domestics	0%	2%	9%	17%	10%	13%	48%	1%
Launderers, dry cleaners and pressers	0%	6%	8%	17%	8%	12%	48%	2%
Elementary cleaning occupations (nec).	0%	0%	23%	8%	13%	14%	42%	0%

Source: Labour Force Survey 2003

Table 4.4 Highest qualification held by SOC (numbers)

Occupation	Level 5	Level 4	Level 3	Level 2	Level 1	Other	No Qualifications	DK	Total
Window cleaners	0	1344	5281	5168	3746	986	8218	278	25021
Road sweepers	0	149	774	1521	1103	1261	5126	0	9934
Cleaners, domestics	133	14412	53519	103764	56692	78951	284603	4496	596570
Launderers, dry cleaners and pressers	0	2281	3109	6787	3107	4634	19193	737	39848
Elementary cleaning occupations (nec).	0	0	2436	823	1331	1457	4440	0	10487

Source: Labour Force Survey 2003

4.3. Recruitment issues and skills shortages

Table 4.5 presents information from the 2005 National Employers Skills Survey (NESS) for England³². The Table indicates that about 16% of all establishments in the Cleaning Industry in England face vacancies (about 2,000 establishments), a similar proportion of vacancies to the economy as a whole and the Asset Skills sector in England. About 6% of Cleaning Industry establishments report hard to fill vacancies, similar to the economy as a whole, and 3% of establishments face skills shortage vacancies, somewhat below the figure of 5% for the economy as a whole.

Table 4.5: Level of current vacancies, hard to fill vacancies and skills shortage vacancies.

Indicator	Cleaning Industry (Number)	Industrial Cleaning (%)	Asset Skills	(Whole Economy) England
Establishments with vacancies	2000	16%	17%	17%
Establishments with hard to fill vacancies	700	6%	6%	7%
Establishments with skills shortage vacancies	400	3%	4%	5%

Source: National Employers Skills Survey 2005.

More detailed analysis of the National Employers Skills Survey 2005³³ indicates that in relation to the Asset Skills sector as a whole one of the most frequently cited specific hard to fill vacancies were elementary cleaning occupations such as domestics and cleaners, cited by more than 500 employers.

Qualitative feedback from employers and industry representatives and evidence from elsewhere provides further insights into the nature of recruitment and skill shortages within the Cleaning Industry. A number of areas of skill shortage were described within the Cleaning Industry, which can be summarised as:

- Management and Leadership Activity
- Technical Skills
- Basic Skills (Literacy, numeracy, ESOL and Skills for Life)

It was felt that the true extent of basic skills gaps remained largely unknown due to the fact that many employees were adept at ‘covering’ for such deficiencies. However, as the demands on the industry for increased regulation and visibility were increasing it was felt that it was only a matter of time before these skills needs were exposed.

Skills in communication, time management and common sense were referred to under the category of Skills for Life and these were seen to be linked to the ability to deliver against increasing customer expectations. As such, as a minimum introductory training was seen to be essential:

³² About 87% of all Cleaning Industry employment in the UK is located in England and this is considered to provide a robust insight into Cleaning Industry recruitment issues and skills shortages within the UK.

³³ The National Employers Skills Survey 2005 only allows analysis by 3-digit SOC and therefore only provides a broad indication of the occupations within the Asset Skills sector in which employers are experiencing recruitment difficulties

“We should not let our staff loose on someone else’s site without them going through some degree of training first.”

Again, the importance of skilled staff in securing and improving customer perception of the service delivered was cited as important.

The range of skills shortages included some that were perhaps harder to quantify but that had a similar degree of impact on personal development and company performance:

“There is a professional skills shortage definitely. People believe that they don’t need an education background to be a cleaner, but we believe once people are educated they can go further.”

“Recruiting people with basic skills is a problem – the language barrier is small, but it can be an issue.”

In terms of recruitment, a number of issues were raised, particularly relating to the attractiveness of the industry, particularly to young people:

“We don’t get any young people. No young people turn up to the training sessions. For example, at one training session only one 18 year old turned up and he left after fifteen minutes. All the other people that turned up were in their late 30’s/40’s.”

“The lay person’s opinion is that if all else fails, they can go into cleaning or catering...and that is probably the opinion of most and we have to make sure they fully understand what they are taking on.”

The recent expansion of the European Union has meant that there are now further options for recruitment, although respondents found this difficult to describe on occasion:

“We do have [a recruitment strategy] – to get as many people as we possibly can. Because of the new laws it is far easier to get in workers from Eastern Europe – this is a labour pool that we are increasingly looking to exploit.”

Demographics were a significant concern for one respondent who cited the changing population in their locality as a cause for significant concern.

“There are 13 areas of population within the county, and in 3 of these it is nearly impossible to recruit staff into the area; because it is close to the border people are either moving out of the area, or people of retirement age are moving in.”

Significant concern was also expressed regarding the lack of understanding of the need to have skills to work in the cleaning industry, which was perhaps more important than the perceived skills shortages:

“I wouldn’t say there were skills shortages within the industry. I think there is ignorance in terms of understanding that there is a skill involved in cleaning. Although they learn on-the job I guess that if they came into the industry with more knowledge, and a better perception of the industry (gained at school/colleges) it would be really nice – and it would prove that there is skill involved.”

However, respondents also recognised their own responsibility within the context of the industry as a whole to ensure individuals who arrived without skills were able to gain the skills they needed and that individuals undertook some degree of assessment at entry into the sector:

“Within the company I try very hard to make sure that everybody has a reasonable amount of skills and there is training available and competency checks...but overall I think there should be some standardisation across the whole industry.”

“You can’t just assume that everybody has all the ability to do even the basic cleaning functions, so this is all checked. You know, using a mop, using electrical items, a person’s ability to be able to do this all has to be checked.”

4.4. Overall Skills Gaps

12% of employers within the Cleaning Industry in England reported staff with skill deficiencies in 2005. This was marginally higher than the figure for the Asset Skills sector as a whole (11%), but less than the figure reported across all sectors in England (16%).

Table 4.10: Incidence and number of skills gaps

Indicator	Cleaning Industry	Asset Skills	Whole Economy (England)
% of establishments with any skills gaps	12%	11%	16%

Source: National Employers Skills Survey 2005

The main occupation where skills gaps occur within the Asset Skills sector as a whole is within elementary occupations (accounting for 33% of staff with skill gaps). This is a major challenge to the Asset Skills sector, particularly when compared to England where only 20% of staff with skill gaps are within elementary occupations. Given the very high concentration of elementary occupations within Industrial Cleaning, this further underlines the need to address upskilling of the Cleaning Industry workforce.

4.5. Adult Literacy, Numeracy and Language

Adult literacy and numeracy is a key strand in Asset Skills’ development activity as well as across the Skills for Business Network. Addressing these issues is a particular concern in relation to the Cleaning Industry workforce, given the high concentration of those with no qualifications within the industry. Across the four home nations it is described differently (Skills for Life in England, Basic Skills in Wales, Essential Skills in Northern Ireland and Adult Literacy in Scotland) and the approaches vary in each country. However, the goal remains the same of improving the workforce’s language, literacy and numeracy skills.

Reports produced by the Learning and Skills Council have frequently referenced the fact that feedback from employers has been that too many young people leave education without the basic skills needed to move into employment. Research reported in 2004 suggested that around a third of employers had had to give school leavers basic training in literacy and numeracy³⁴.

The Skills for Life Survey has identified that around 17.8 million adults in England had literacy skills at Level 1 or below, while 5.2 million adults had Entry Level 3 or lower literacy Skills³⁵. Around 23.8 million adults had numeracy skills at Level 1 or below, while 15 million adults in England had Entry 3 or lower level numeracy skills and 6.8 million of those were classified at Entry Level 2 or below³⁶.

Therefore nearly half (47%) of all adults aged 16-65 were classified at Entry Level 3 or below in at least one of literacy or numeracy. Asset Skills is heavily involved in the Skills for Life Agenda, being the lead SSC for Skills for Life in the Skills for Business Network. The UK wide Asset Skills Needs Assessment uses national employer surveys to identify the literacy, language and numeracy skills required across the Asset Skills sector as a whole. However, reporting at an Asset Skills level often hides the diverse and often greater needs of certain industries within the sector, particularly the Cleaning Industry and it is for this reason that qualitative information has been included in the narrative within this section.

Qualitative feedback from employers and industry representatives provides further insights of issues relating to skill gaps and needs within individual Asset Skills industries.

According to the Asset Skills Needs Assessment 2005, communication skills were the most frequently cited skill need amongst Cleaning Industry establishments (17% of employers), followed by customer handling skills (12% of employers).

A number of issues were raised by respondents regarding generic and cross sector skills within the Cleaning Industry. It is important to note that the discussion also raised issues regarding aptitude and the willingness to learn which were seen as being as significant as the skills required. When asked, respondents cited the following as key skill needs:

“We need people that have the motivation, that want to do the job, that we can train and they can retain that info and work with it. If we can identify that in people then there will be no barriers in terms of progression within the organisation.”

“Yes, I think skills are needed across the industry as a whole. Increasingly our cleaners work during the day and have contact with our clients, so we have to make sure they have the ability/skills to be able to work in this environment – and from what I can work out everybody wants to move towards this goal.”

However, not all companies were able to clearly define what was needed in order for their staff to have the right skills to be successful:

“Overall it is difficult to say. I think we need to scan down and look at what are people’s individual needs – it can be very basic.”

³⁴ LSC, December 2004, The Skills We Need: Our Annual Statement of Priorities, p.6

³⁵ DfES, 2003, The Skills for Life Survey, p.1

³⁶ DfES, 2003, The Skills for Life Survey, p.2

According to in-depth employer interviews, where employers were willing to invest in training there were often logistical reasons, which prevented participation. The practicalities of releasing employees to attend training courses, normally for at least a day at a time, were regarded as important barriers to training and development due to the restrictions of contracts and the unwillingness of employees to attend courses in their own time. Such courses were especially unviable for small to medium sized employers.

4.6. Retention and Labour Turnover

An element of labour turnover can be seen as a positive force within a company in terms of introducing new blood. However, the negative aspect of labour turnover includes the cost of recruiting new staff, wasted training, loss of skills and experience, impact of service delivery, increased stress and low moral among the remaining staff³⁷.

Qualitative feedback from employers and industry representatives provides further insights of issues relating to retention and labour turnover within the Cleaning Industry.

Turnover within Cleaning Industry staff is frequently reported as being very high with an average of three months length of stay often quoted³⁸. A case study produced by Asset Skills Research Team in 2005 reported an annual staff turnover rate of 70% amongst larger companies in the sector³⁹. Pay is considered to be an important factor in this. However, other explanations of this high turnover rate include⁴⁰:

- Inadequate recruitment skills of employers
- Lack of long term investment in staff
- Staff shortages which increases 'poaching'
- Level of work intensity
- Management styles

According to the Industry Board, retention and staff turnover were driven by a range of factors. Pay was clearly identified as one key factor although this has to be seen in the broader context of the income received by the individual, for example their ability to access benefits such as Working Tax Credits. The need to ensure that it is worthwhile for individuals to work and to retain competitive pricing is seen as a significant tension across the sector.

The National Insurance Threshold was identified as a factor affecting retention rates, especially in low-skilled occupations. Benefit fraud was also of concern to a number of employers. This issue of retention was also linked to perceived poor earnings potential, especially in comparison with other sectors. Without investment in training and without the promise of progression, there was seen to be little to generate loyalty amongst employees.

³⁷ Housing corporation, November 2004, Staying on, Retaining staff in Housing Associations, Pg 4

³⁸ Asset Skills, September 2004, Employment & Skills in Asset Skills SSC Area, p.23

³⁹ Asset Skills Research Team, August 2005 (a), Cleaning Case Study, p.1

⁴⁰ Asset Skills, September 2004, Employment & Skills in Asset Skills SSC Area, p.24

For some employers, high turnover and difficulties with retention were seen to be simply a part of belonging to the cleaning industry, a factor that could to be included in business plans and as such, replacement strategies could be developed. However, employers acknowledged that at times this left gaps in the workforce, which were worsened by difficulties in recruiting new employees into the workforce. This was linked to a perceived negative image for the sector, generated by stereotypical images of employees in the sector, where cleaning staff were seen to be “the lowest common denominator”. While this was seen to contribute to low numbers of applicants for some positions it was also seen to have a negative impact on employees willingness to participate in training and development as they were keen to leave the industry as soon as possible rather than commit to a career in what they saw as to be an unattractive industry.

Employers were, to an extent, resigned to turnover as a matter of course:

“...at the end of the day staff are only going to stay for a couple of years anyway – there is a very high turnover rate in the Cleaning industry. We do have retention issues. Obviously offering training has helped this problem and we do have a lower than average retention rate, although it is still reasonably high. As a local authority we can also offer certain benefits to encourage staff retention.”

Retention issues were also identified as having a knock on effect in terms of competition as some companies saw those staff that had left creating their own cleaning businesses:

“It’s very difficult to retain staff, as they see that it is something that they can do themselves and therefore go off and set up their own cleaning business.”

The image of cleaning is identified as having a significant impact on retention as well as recruitment and the creation of a positive image for the sector and those working in it were seen as essential:

“Cleaning’s image is of a middle-aged woman with a mop and bucket. Until we dispel this perception and until we value what cleaners do, this perception which impacts upon recruitment and retention will not go away.”

However, not all respondents were experiencing retention issues to the degree that they had in the past. In some instances, economic uncertainty and the lack of other available employment opportunities meant that the situation was changing:

“It is a problem although in the last six months it has slowed down. There is no local reason that I can think of, but perhaps people’s financial circumstances have made them a little bit more conservative and have made them think twice and stay where they are.”

Clearly, retention was a key issue for the sector although the degree to which it is accepted as ‘the way the industry operates’ was of significant concern. A more stable workforce may provide greater business stability and the ability to plan more effectively, but this did not appear to be seen as being significant enough to want to address as a priority.

5. Future skills needs

5.1. Introduction

This section of the report creates a vision of the future for the Asset Skills sector and within this the Cleaning Industry through the use of bespoke economic forecasting undertaken at a UK wide level⁴¹.

A forward looking component of this report is especially important for the sector as it means that this document will be relevant over a number of years, and will enable a much better understanding of the dynamics of the future change in the sector.

However, it needs to be recognised that economic forecasting and the development of scenarios can only provide a guide as to what might happen in the future. Different forecasts and different scenarios can lead to significantly different projected figures and trends depending upon the assumptions underpinning each.

This is clearly the case with the two different economic forecasts utilised for Asset Skills, which are based on different forecasting methodologies. While there are a number of broad similarities between the two forecasts the extent of change differs markedly.

5.2. Bespoke Economic Forecasting

Employment projections are forecasts generated by economic models that are based on what has happened in the past. They provide a guide for what might happen in the future if employment patterns continue in the same way as they have in previous years and based on other assumptions that might impact on these trends.

Two sets of forecasts are set out in this section; both based on the IER *Working Futures II projections to 2014*:

- The first which sets out forecasts that will be termed Asset Skills ‘Main’ projections use the Working Futures II data projections to provide an initial set of projections for the Asset Skills sector as a whole⁴².
- The Institute for Employment Research (IER) at the University of Warwick were specifically commissioned to develop the second set of forecasts for each of the activities falling within the Asset Skills footprint, again up to 2014, based on the Working Futures II data. These will be termed the Asset Skills ‘Alternative’ projections

It is these ‘Alternative’ projections of expansion demand, replacement demand and total requirement demand for the sector up to the year 2014 that are outlined in this chapter.

⁴¹ Bespoke forecasts for the Asset Skills sector in Northern Ireland are not available as the basis for the projections is the Annual Business Inquiry survey, which is not conducted in Northern Ireland. The Chapter therefore sets out projections for the UK, which are likely to be broadly applicable to the Asset Skills sector in Northern Ireland.

⁴² The figures generated by Working Futures 2004-2014 are based on the SIC codes that best represent our sector. These include: 70.11, 70.12, 70.20, 70.31, 70.32, and 74.7.

5.3. Expansion Demand

Expansion demand is the net change in employment levels due to either growth or decline in the sector.

Table 5.1 below outlines projections for 2004-2014 for the whole of the UK. Projections are reported both as absolute employment levels and as average annual growth rates over this period. These estimates are again for the whole of the UK.

Table 5.1: Projected change in numbers employed in Asset Skills sub-sectors

Activity	Estimated numbers employed 2004 (000s)	Estimated numbers employed 2014 (000s)	Change 2004-2014 (Numbers)	Average Annual Growth Rate 2004-2014 (%)
Cleaning Industry activities	409	317	-92	-2%
Asset Skills	824	866	42	1%

Source: Derived from Employment Projections for Asset Skills, IER, May 2005

In relation to the Asset Skills sector as a whole, the Alternative projections are expected to show only modest growth in employment of around 40 thousand jobs over the period 2004-2014. This is a much more pessimistic picture than the Main employment projections suggest.

In contrast, the Cleaning Industry is projected to experience significant declines in employment, with the loss of almost 90,000 jobs between 2004 and 2014. This pattern of decline mirrors forecasts of declining employment prospects over the whole of the UK manufacturing sector.

Projections for the detailed occupations covered by the Cleaning Industry have also been developed, although these projections only cover a sub-set of the occupational groups falling within Cleaning Industry activities⁴³. Again, these projections are only indicative but do highlight the pessimistic outlook for employment within the Cleaning Industry. In particular:

- Cleaners and domestics dominate the occupations highlighted and are expected to lose some 170,000 jobs through to 2014.
- Elsewhere, other manual trades, such as window cleaners, road sweepers and other elementary cleaners are also forecast to have declining employment opportunities.

⁴³ These forecasts have been developed by the Institute of Employment Research at Warwick University. The occupations highlighted exclude many non-manual occupations, such as corporate managers, managers and proprietors, administrators and business/public service professionals and associates employed in sectors, which fall within Asset Skills remit. All these occupational groups are forecast to have growing national employment into the medium-term. If these groups were taken into account as well, then the projections would be more consistent with the industry forecasts. However it is not possible to simply add them into the projections based on the SOC footprint due to overlaps and double counting problems.

Table 5.2: Projected average annual rate of change; 2004-2014

Occupation	Total employment 2004 (000's)	Average annual rate of change - 2004-2014
Window Cleaning	42	-3%
Road Sweeping	13	-2%
Cleaners and Domestics	756	-2%
Launderers	50	0%
Elementary Cleaners nec.	13	-3%

Source: Derived from Employment Projections for Asset Skills, IER, May 2005

5.4. Replacement demand and total requirements

Replacement demand takes into account the need to replace those who leave their jobs because of retirement or other reasons. **Total requirement** is the sum of the expansion demand and replacement demand.

Although a significant net decline is expected within Cleaning Industry over the period 2004-2014, available projections for the Asset Skills footprint as a whole point to the need to replace significant numbers of elementary workers as they leave for retirement or other reasons, implying a positive total requirement.

6. Priorities for the Sector Skills Agreement

6.1. Introduction

This chapter presents the key skills priorities emerging from the empirical research and analysis of national datasets conducted for Asset Skills' 'Skills Needs Analysis'. The priorities outlined here will form an overarching framework for our Sector Skills Agreement in Phases 2-5 of the process, and will make positive changes to the nature and volume of skilled individuals in the sector. Many of these priorities will have a particular impact on the Cleaning Industry.

The priorities for action are set out below under the following headings:

- Customer service training for the sector as a whole
- Qualification frameworks that reflect the workplace
- Delivering functional ICT skills to the sector as a whole
- The delivery of management upskilling throughout the sector
- Focusing resource to mirror demand in London, the South East and East of England
- Delivering Adult Literacy, Language and Numeracy in the Workplace
- Delivering pathways to learning for those most disadvantaged in the workforce
- Raising the profile of the sector
- Addressing workforce retention issues
- Increasing our understanding of the sector

Each of the priorities for action is considered in relation to short, medium, long and on-going timeframes for implementation.

The analysis across different countries and regions indicates that skill gaps amongst current employees are much more of an issue than hard to fill vacancies. The need to address particular skill gaps in the current workforce are reflected in priorities 1, 3, 4, 5, 6, 7 and 9.

6.2. Short term

Priority One: Customer service training for the sector as a whole

Available evidence indicates that a common issue across each Asset Skills industry is the need to deliver higher quality in customer services. This was also reflected as a common theme across different regions and countries.

In many instances, job roles are shifting from a focus on technical attributes to customer facing skills. The whole sector sees this as a challenge and the ability to deliver appropriate customer facing skills could make a significant difference to perceptions of service, customer satisfaction and perceptions of the sector as a whole.

Asset Skills is developing a range of activities to take forward the customer service skills agenda including participation in an SSDA project to benchmark existing practice and promote the use of customer service national occupational standards.

Asset Skills is identifying relevant customer service standards and codes of practice within the sector and will promote their use linked to detailed customer service templates related to individual job roles.

Priority Two: Qualification frameworks that reflect the workplace

Across the sector there was a mixed response to the qualifications available, which encompassed a number of key issues:

- Access to professional qualifications should not be available solely through the graduate route
- NVQs need to be reviewed as frameworks and may not reflect current working practices
- Qualifications should contain both technical aspects and operational aspects linked to functions
- Qualification structures need to reflect the sectors and specific demands within each job role as much as is practical
- Accreditation and recognition is desirable at all levels across a range of occupations

6.3. Medium term

Priority Three: Delivering functional ICT skills to the sector as a whole

Technology is having a dramatic impact on the sector as a whole, in the way that individual's work and the manner in which companies conduct their business. Change is inevitable and the rate of change is likely to remain at best static and at worst accelerate. IT and ICT skills were a common thread across each sector as an area where skills development was needed. Such increases in demand for these skills are likely to continue to accelerate. The desire for such skills goes beyond ICT literacy and is moving on to functional ICT skills – i.e. the need to be able to utilise ICT in a way that complement and enhance work activity. The ability for functional ICT skills to be delivered to individuals will determine the degree to which ICT will become an enabler or barrier to growth.

Asset Skills has developed an IT User strategy designed to encourage organisations of all sizes in the sector to make greater use of IT business solutions linked to national initiatives such as the IT Skills Passport and IT User skills framework. This is linked to the planned development of individualised IT skills profiles for specific job roles so that employers can match applicant skills and identify training needs. Asset Skills will also be expanding its Learning Online and Open Learning offer as well as other e-learning initiatives.

Priority Four: The delivery of management upskilling throughout the sector

A common message from each sub-sector was the need to deliver better quality managers in order to foster growth.

Survey evidence from employer skill surveys undertaken within each country in the UK has identified skill gaps amongst managers.

Programmes of continual, professional development will be vital to ensuring that the sector has managers who can adapt to and thrive in conditions of continual change.

A number of core elements were cited for management programmes:

- Communication
- Negotiation
- Project Management
- Financial management
- Leadership

Asset Skills has developed an integrated strategy to take forward the sectors' management and leadership needs in each of the four Home Countries. Individualised plans for England and Wales have already been developed and similar plans for Scotland and Northern Ireland are in hand. A series of developmental workshops are planned to deal with the core elements identified above. A key area of support will be to provide organisational needs analysis to organisations and broker access to both funding sources and training provision. Particular emphasis is given to engagement with small, medium and micro organisations including support for a new Solutions4Business web-based business development tool.

Priority Five: Focusing resource to mirror demand in London the South East and East of England

More than forty percent of our employer base is located in the South East and Eastern corner of the UK. The location quotient analysis undertaken as part of the Skill Needs Assessment has also identified particular local authorities within these regions that have particularly high concentrations of employment within the Asset Skill' sector. Whilst it is important to recognise that issues exist elsewhere and that regional approaches are appropriate, a focus on upskilling in London, the South East and Eastern England will provide a 'quick win' in terms of reaching the largest segment of companies and the largest number of employees.

However, it is important to reiterate that this does not negate regional action elsewhere and UK wide approaches but it would appear that such a concentration of labour merits focused actions.

6.4. Ongoing

Priority Six: Delivering Adult Literacies in the Workplace

Adult literacy and numeracy is a key strand in Asset Skills' development activity as well as across the Skills for Business Network.

The concentrations of those with no qualifications in the sector, particularly in the case of Cleaning Industry underlines the particular need to address adult literacy, language and numeracy. Given the polarised nature of the Asset Skills workforce, a highly targeted focus on those workplaces with the highest concentrations of those in most need of such support is likely to prove the most effective approach. As part of this approach it will be important to continue to:

- Raise employer awareness of the business case for engagement with the adult literacy, language and numeracy agenda
- Roll out the 'Ambassador' programme across the UK
- Promote the use of organisational analysis of adult literacy and numeracy needs based on business drivers and workplace skills

- Develop business case materials and case studies which promote best practice
- Support the SSC-wide introduction of work-based support for adult literacy and numeracy across the four Home Nations

Priority Seven: Delivering pathways to learning for those most disadvantaged in the workforce

Linked to the priority for adult literacy, language and numeracy support is the need to provide clear pathways to learning for those most disadvantaged in the sector. Evidence presented in this report indicates that about a fifth of the Asset Skills workforce has no qualifications. This group is particularly concentrated within Industrial Cleaning.

Available evidence indicates that just under half of those employed within Elementary occupations have no qualifications, with the highest concentrations of those with no qualifications being in the specific occupational groups of road sweepers, cleaners domestic and launderers, dry cleaners and pressers, elementary cleaning operations and caretakers.

If the Cleaning Industry is to successfully meet the increasingly challenging environment, upskilling of the existing workforce will be essential. This will necessitate an innovative and targeted programme of flexible support to engage those most disadvantaged in the industry in learning.

Priority Eight: Raising the profile of the sector

As a Sector Skills Council, Asset Skills has one of the lowest incidences of skill shortage vacancies. However, it is also clear that significant recruitment difficulties do exist in relation to specific groups, particularly residential wardens, domestics and cleaners, estate agents, town planners and surveyors.

It is also clear from the available evidence that the poor image many people have of work within a number of Asset Skills activities needs to be addressed.

A structured programme of awareness raising of the different employment opportunities available in the sector will be needed, not only to help address the specific areas of recruitment difficulty identified above, but also to encourage entry into other Asset Skills employment activities.

There is a crucial need to raise the profile of the sector with young people and to make them aware of the many and varied career opportunities available. Asset Skills is a leading partner in the new 14-19 Vocational Diplomas which will provide opportunities for all learners to gain an understanding and experience of the skills needed to work within the built environment. This will act as a showcase for our sector and encourage young people to look at our contribution to the wider community.

Priority Nine: Addressing workforce retention issues

Workforce turnover within the Cleaning Industry is frequently reported as being very high, with an average of three months length of stay often quoted and annual staff turnover rates of 70% amongst larger companies in the sector commonplace.

Although staff turnover rates are lower in other Asset Skills' industries this masks more localised or specific issues. For example, within Housing, larger Housing Associations and those in London experience particular staff retention issues.

Pay is considered to be an important factor impacting on staff retention. However, other factors impact on high turnover rates, including the recruitment skills of employers, lack of long time investment in staff, staff shortages (which increase poaching), level of work intensity, management styles, and poor earning potentials.

It will be important to provide ongoing support to employers in order to encourage actions that address these issues, such as increased levels of training, easier access to training, flexible working patterns, encouraging a better work life balance, clearer career progression pathways and appropriate management training.

Priority Ten: Increasing our understanding of the sector

Although a comprehensive research process has been undertaken in relation to the development of the Skill Needs Assessment, it is also clear that there remain a number of gaps in our knowledge and understanding of the sector that have an important bearing on the effectiveness of targeting future action to address skill development needs within the sector. These gaps in our knowledge and understanding can be summarised as follows:

- A more in-depth understanding of the Facilities Management industry. The SIC code 70.32 has been used as the only available proxy for Facilities Management activities throughout the Skill Needs Assessment. However, this does not reflect a significant range of Facilities Management activity undertaken within large organisations (i.e. local authorities and banks). The SIC code also includes certain activities such as rent collecting that do not relate to Facilities Management. Asset Skills will therefore seek to work with the professional associations within the Facilities Management industry in order to develop a more relevant and appropriate profile of the sector and its skill development needs
- The determining the profile of the workforce at a sub regional level. In order to effectively target activities (for example under priorities 6 and 7) there will be a need to develop a greater understanding of the sub regional concentrations of activity by different industry and occupation. It will also be important to consider the workforce profile in relation to gender and ethnicity at a sub regional level if effective targeting of action is to take place. This will be particularly important in targeting learning and skill development activities within the cleaning industry.

If Asset Skills is to be effective in targeting activity and maximising the use of resources then research in relation to both these areas will be a key and on-going priority for the Council.

Appendix One

Occupations covered by the Cleaning Industry

Broad occupation	SOC code	Specific Occupation
Elementary Occupations	92310	Window cleaners
	92320	Road sweepers
	92330	Cleaners, domestics
	92340	Launderers, dry cleaners, pressers
	92350	Refuse and salvage occupations
	92390	Elementary and cleaning occupations nec.