



Coming Clean: Procurement and Contract Practices in Commercial Cleaning

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Research report 96

Coming clean: contractual and procurement practices

Damian Grimshaw, Jo Cartwright, Arjan Keizer
and Jill Rubery, The University of Manchester
Manchester Business School, with Karl Hadjivassiliou
and Catherine Rickard, Institute for Employment Studies



**Equality and
Human Rights**
Commission

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The University of Manchester
Manchester Business School



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Contents

Executive summary	v
1. Introduction	1
Part one. Issues, context and research design	3
2. Fragmenting work: understanding how procurement and inter-organisational contracting shapes employment.....	3
2.1 Differences in the nature of contracting practices	4
2.2 Tailoring employment practices and conditions to the client	5
2.3 The role of trade unions	7
2.4 The influence of institutional rules	8
2.5 A framework for analysis	11
3. The labour market for low-wage work in Britain.....	13
3.1 The jobs recovery.....	13
3.2 Indicators of vulnerable work.....	19
4. Overview of the commercial cleaning sector	22
4.1 Key business and employment characteristics.....	22
4.2. Vulnerable conditions of work	25
4.3 Regulating and bargaining for improved working conditions	28
4.4 Summary.....	30
5. Research design	31
Part two. Six case studies of outsourced cleaning	37
6. AirportE and CleanA1.....	37
6.1 Background	37
6.2 Procurement.....	38
6.3 HR Practices	41
7. CollegeS and CleanA2	45
7.1 Background	45
7.2 Procurement.....	45
7.3 Employment and HR practices.....	48
8. HotelW and CleanB.....	52

8.1	Background.....	52
8.2	Procurement.....	52
8.3	HR practices.....	55
9.	HospitalE and CleanC	60
9.1	Background.....	60
9.2	Procurement.....	61
9.3	HR practices and employment conditions	64
10.	CouncilL and CleanD.....	69
10.1	Background.....	69
10.2	Procurement.....	69
10.3	HR practices.....	71
11.	BankL and CleanE	75
11.1	Background.....	75
11.2	Procurement.....	75
11.3	HR practices.....	77
	Part three. Identifying better procurement and employment practices	81
12.	Improving pay.....	81
12.1	Cleaners' pay in the six case studies	81
12.2	Downwards pressures on pay arising from contracting practices.....	82
12.3	Upwards pressures on pay	84
13.	Making working time and schedules more secure.....	89
14.	Encouraging skill development, worker discretion and career paths	97
14.1	Provision of training.....	97
14.2	Job design and worker discretion.....	101
14.3	Career paths	103
15.	Integrating the organisation of work	106
16.	Recruitment, retention and employment security	113
	Part four. Implications.....	118
17.	Implications for policy and practice.....	118
	References.....	130

Tables and figures

Figure 2.1	Factors influencing the impact of procurement on employment practices and working conditions	12
Figure 3.1	GDP and employment rate trends before and after the 2008-09 recession	15
Figure 3.2	Unemployment rates and long-term unemployment numbers by sex	16
Table 3.1	Employment composition by part-time, self-employment and temporary employment by sex, 2003-2013	17
Figure 3.3	Trends in low pay and the relative value of the national minimum wage	20
Table 3.2	Patterns of trade union density among UK employees in 2012	21
Figure 4.1	Composition of the cleaning workforce, 2013	23
Figure 4.2	Qualifications held by the cleaning workforce compared to total workforce, 2011	24
Table 4.1	Indicators of low pay among the cleaning workforce	26
Figure 4.3	Areas of training invested in by employers in the cleaning sector (during six months prior to survey, August 2012)	28
Figure 5.1	General case study design	31
Table 5.1	Summary characteristics of the six case studies	32
Table 5.2	Details about the case study outsourcing contracts	33
Table 5.3	Details of interviewees in the case studies	35
Table 9.1	Pay rates for CleanC cleaners at HospitalE	66
Table 12.1	Pay conditions for cleaners employed by cleaning companies	82
Table 12.2	Procurement and contracting practices with negative pay effects	84
Table 12.3	Procurement and contractual practices with positive pay effects	88
Table 13.1	Working-time contracts in the six case studies	91
Table 13.2	Patterns of shifts used, times of day and pay premiums	93
Table 14.1.	Types of training	99
Table 14.2	Job definition and worker discretion	104
Table 15.1	Examples of integration in the six case studies	112
Table 16.1.	Contract stability	114
Table 16.2.	Staffing arrangements	117
Figure 17.1	Procurement practices, associated conditions and the consequences for pay	119
Figure 17.2	Varying client engagement with supplier skill and training provision	121
Figure 17.3	Client and supplier influences on working time arrangements of cleaners	124
Figure 17.4	Conditions associated with an integrated cleaning workforce	126
Figure 17.5	Contracting practices and the multiple dimensions of instability	128

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Executive summary

A focus on the nature and influence of procurement is vital for an understanding of employment practices and working conditions in the commercial cleaning sector for several reasons:

- Like other business services, cleaning activities are often procured from specialist subcontractors rather than managed in-house.
- The strong cost focus of competition for contracts can exacerbate the vulnerable position of low-wage cleaners.
- Client organisations' procurement and HR practices can filter through the supply chain to shape employment practices in the contractor firm.

Using a novel analytical framework for understanding how procurement shapes employment, this report presents the results of six case studies of outsourced cleaning services and draws out key implications for improving policy and practice. Each case study is reported in the form of a narrative that highlights the specific characteristics of procurement practices and employment conditions. In addition, key thematic issues are explored by comparing the results across the six cases. The themes consider pay, working time, skill and job design, integration and employment insecurity.

Research issues

Evidence from international research confirms the significant effects of business strategies of procurement on many aspects of employment, including pay, working time, training provision and job security among others. Under certain conditions these effects destabilise employment, introduce new inequalities among workers and reduce worker integration. The varying conditions include:

- Differences in the nature of contracting practices (including levels of trust between contracting parties, relative dominance of the client or the supplier, price and duration of contract).
- Pressures to tailor employment practices to the needs of the client (that is, the adaptation of employment practices to fit client needs or requirements, versus the application of standard supplier employment practices).
- The role of trade unions (including innovative coalitions with suppliers and community groups).
- The wider institutional rules that can both protect workers from instability and level the playing field for labour costs (especially employment protection rules for workers transferred from one organisation to another).

Labour market context

The research for this report was undertaken during early 2014 at a time of recovery in job growth and signs of relatively stable economic growth and business confidence. Both male and female employment rates began to rise in 2012, some four years after the start of the recession, but unemployment rates have been slow to fall (especially long-term unemployment).

The quality of new job growth is also under question, particularly the tendency for employers to create short hours, insecure and low-paid jobs: the share of male workers in part-time work has increased and the share of all part-timers reporting involuntary part-time work has tripled; the use of zero hours contracts has increased (possibly linked to avoidance of the new Agency Worker Regulations); and the share of workers in low-wage jobs has remained unchanged at around 22% (and 41% among female part-time workers). A key problem in this context is the weak union representation of low-wage workers.

Commercial cleaning sector context

The cleaning sector employs close to half a million workers across more than 13,000 enterprises and generates an annual revenue of around £8 billion. Large firms dominate and acquisitions in the sector have increased the dominance of multinational corporations. The market for cleaning services is characterised by the extensive practice of outsourcing (or subcontracting). Research on the 'fragmenting of work' through subcontracting relatively low-skill services suggests this has a generally negative impact on pay and employment conditions in the cleaning sector.

The cleaning workforce has the following characteristics:

- Four-fifths are female
- Four-fifths work part-time
- Ethnic minorities are over-represented
- Migrant workers are over-represented
- Qualifications are lower than average.

Conditions of work in the UK cleaning sector are poor. It has the lowest level of median pay among all sectors and makes extensive use of the national minimum wage as the 'going rate' of pay; more than 70% of workers are paid less than the official low-wage threshold and two-thirds are paid less than the UK living wage. Employer investment in skills and training is patchy with most skills acquired through informal on-the-job training. As a consequence, staff turnover is high. The weak presence of trade unions means employers largely set wages and other conditions unilaterally. Nevertheless, the experience of living wage campaigns suggests forms

of collective action are possible, particularly for those cleaning in the public sector or who have transferred from a client organisation to a cleaning firm.

Case studies

Six case studies were selected for detailed investigation in different sectors, across England, Scotland and Wales and with a mix of public and private ownership of client organisations. By focusing on a number of different scenarios, they specifically captured the wider organisational and institutional context of the cleaning sector, providing insight into current practices. All cases involved a large or very large cleaning firm. Following a detailed sample design, the six cases are:

1. An **airport in England** with a current outsourcing contract that started in 2012 when around 70 staff were transferred. The current contract was awarded on price and the introduction of new zonal cleaning procedures.
2. A **college in Scotland** with a contract for cleaning services since 2008 when 30 staff were transferred.
3. A **hotel in Wales** that outsourced in 2004 to the present company and has since agreed three contract renewals.
4. A **hospital in England** that outsourced in 2001 as part of a large Private Finance Initiative to construct and service new buildings, involving 500 transferred staff.
5. A **local authority in London** that transferred around 75 staff in 2012 on a four-year contract, which included a requirement to pay the London living wage.
6. A **bank in London** that outsourced in 2010 on a three-year contract, extended to four, and included a requirement to pay the London living wage.

The intention was to illuminate key features of contractual and procurement practices that can have a positive effect on HR practices and employment conditions experienced by the cleaning workforce. In each case we endeavoured to interview a senior procurement manager, contract manager and HR manager in both the client organisation and the cleaning company, as well as one supervisor of cleaning workers. The report presents the six case studies as sketches that follow a similar template: sector and case study background; procurement characteristics; and implications for employment practices and working conditions. Thematic analysis of the issues arising in the case studies was also conducted; the key findings and resulting implications of this analysis are summarised below.

Identifying better procurement & employment practices

○ Improving pay

Cleaners' pay varied across the six cases from the minimum wage, £6.31, to the London living wage, £8.80. Only one case paid more for experience or qualifications and payment of enhanced rates for unsocial hours was mixed.

Contracting practices exerted both downwards and upwards pressures. Intensive market competition drives pay downwards both at the bidding stage of procurement and successive renewal and break-point stages, which provide for renegotiation by both parties part way through a contract. Clients tended to exert strong cost pressures (formally and informally) in all six cases, with clear evidence of a deterioration of conditions in some. Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) protect pay from downwards market pressures; five of the cases had some staff on TUPE protected pay, creating problems of inequality in the three cases where cleaning firms had not adjusted pay of non-TUPE staff upwards.

Unions played a significant role in the two London living wage cases and the hospital case as part of a wider initiative across the NHS to agree the Two Tier Code.¹ The two London client organisations committed to a living wage in procurement. The hospital, council and bank cases all attributed low staff turnover to the relatively high rates of pay.

○ Making working time and schedules more secure

Cleaning schedules are strongly influenced by the nature of the client business but the cases also reveal considerable scope for strategic choice. Only two client organisations are open continuously, the airport and the hospital. The other cases enjoy more options over scheduling. Part-time jobs are most common although the airport case uses full-time working. Four cases use zero hours contracts (with no guaranteed hours) but only the cleaning firm at the hotel uses only zero hours contracts, as a matter of national company policy. Only the college case makes no use of either zero hours or temporary agency workers. Avoidance of enhanced pay for unsocial hours (mostly for TUPE staff) was one reason for use of zero hours and agency workers.

While some positive efforts were made to address problems of too short hours or to attempt to meet staff preferences, a good deal of rescheduling arose out of clients'

¹ Introduced as a voluntary Code in the mid-2000s, the Two Tier Code encouraged unions, subcontractors and public sector client organisations to negotiate the extension of public sector terms and conditions to all workers employed by the private (or independent) sector subcontractor at that workplace. It lives on as a local annex in many Private Finance Initiative (PFI) contracts in the NHS.

concerns over costs, security, cleaning standards or business conditions. Some issues also arose from the cleaning company's independent efforts to reduce hours (such as use of agency staff at the hospital to avoid pay enhancements to regular staff).

- **Encouraging skill development**

There are limited opportunities for training and career development for subcontracted cleaners. Training tends to emphasise on-the-job training in narrow, functional skills and the development of rather basic literacy, numeracy and communication skills. Also, career paths are limited, reflecting the predominance of elementary positions in the occupation.

Nevertheless, the six cases display some variation in employer strategies for training. Some provide for NVQ qualifications (airport and hotel cases) or training in line with industry standards (airport, college, council cases). There are also many examples of further training – such as the regular 'toolbox training' at the bank (supported by additional supervisor led training).

The client organisation plays a strong role in three cases: the hospital leads training on hygiene standards; the college runs a child protection course; and the airport provides several courses including customer service training.

Work organisation varies somewhat also concerning the bundle of tasks, the potential for individual accountability and expected cover of non-cleaning tasks. Internal career paths are available in all six cases but for the most part quite limited by the high staff to supervisor ratios. In the hospital case, career paths also included a switch to work for the hospital itself, as a nurse assistant or ward housekeeper, which provided good opportunities but affected the cleaning company's ability to retain good staff.

- **Integrating the organisation of work**

In the case of subcontracting, cleaners are employed by a cleaning company but have to work at a client site and usually have to be familiar with employees from the client organisation and possibly others. Measures to promote more integration of cleaners and systems of work organisation may help contracting partners establish common goals and reduce conflicts or tensions among workforce groups.

TUPE rules that protect pay and conditions of employment for transferring workers can have positive effects. TUPE smooths frictions caused by worker anxieties about switching from one employer to another as contracts change hands. Moreover, transferred staff provide valuable knowledge of a client's operations to a new contractor company. The main challenge associated with TUPE is that it can divide workers into two tiers, one group with protected pay and conditions and the other on

lower conditions set by the cleaning contractor. Some managers have responded positively by levelling up conditions of all the workforce. Access to shared benefits can help create an integrated workplace. In the hospital case, shared benefits were underpinned by the formalised Two Tier Code agreement (but not extended to agency workers). But at the hotel case, the lack of shared benefits undermined a sense of belonging among cleaners.

Integrated work organisation can also benefit from managers' efforts to reduce the gap between client and supplier HR policies. For example, the airport explicitly sought to incorporate its indirect workforce in training schemes, employee recognition contests and approach towards team-working. The approach generated benefits for a unified customer service and, according to managers, for greater job fulfilment. In other cases, integration benefited from active efforts to move agency staff onto regular contracts or, in the case of the hospital, a willingness to facilitate promotion to jobs in the client organisation.

○ **Better recruitment, retention and employment security**

The evidence with respect to stability is mixed. On the one hand, recurrent changes in a cleaner's employer and high staff turnover make contract cleaning an unstable sector. Contracts are often very short – just three years in half the case studies. And poor employment conditions, associated with the demanding procurement and contracting practices, drive a vicious cycle of low training, low work commitment and poor quality work. Some cases involve relatively long contract durations, or have repeatedly renewed the contract with the same cleaning firm, but renewals typically involve reduced costs adding to the overall instability of employment experience.

On the other hand, job stability was protected in all six cases by TUPE regulations for transferring staff. TUPE does not however grant workers the right to refuse transfer nor does it protect work organisation (including working time). Labour turnover is in fact low in four cases, but high in the zero-hours hotel case and initially high at the college. For the most part, the workforce in this study was quite stable and tended to be locally based. Only the hotel and college cases made extensive use of migrant workers; in the hotel the reason may be because local workers were reluctant to accept work on a zero-hours basis, particularly if they were on benefits.

Implications for policy and practice

The six case studies and thematic analyses in this report illuminate the wide-ranging effects of procurement practices on employment. Key implications derived from this analysis are as follows:

For better procurement and improved pay:

1. Encourage suppliers of cleaning services to agree a collective framework

agreement that can be used by clients in the setting of baseline prices in contract tenders.

2. Promote the better practice of paying a higher service price for cleaning undertaken during unsocial hours, so that pay enhancements are affordable.
3. Consider re-establishing the Two Tier Code for all public service outsourcing and build on the positive experiences of PFI-related collective agreements in the NHS.
4. Encourage the cleaning workforce to join and participate in trade unions, for example, through direct subsidies for staff time used to mobilise new members.
5. Consider strengthening TUPE rules to include procedures for the regular upgrading of terms and conditions, while balancing against the negative effects of a two-tier workforce.

To encourage better training provision and better opportunities for career and skill development:

1. Consider extending 'License to practice' requirements to the commercial cleaning sector, since these upgrade the quality of training provision and may also upgrade the price of labour.
2. Promote the incorporation of minimum required training levels among qualified bidders in the procurement process to encourage better practice among suppliers.
3. Avoid short contracts because they are a disincentive against investment in skills.
4. Share the cost of of skill investment between client and supplier and provide a comprehensive set of training programmes for workers.
5. Provide suitable formal mechanisms for cleaning workers to influence the nature of their job definition, and improve opportunities for discretion over what tasks to do, with whom and when.

For policy and practice to establish better conditions for working-time and make schedules more secure for the subcontracted cleaning workforce:

1. Encourage clients and suppliers to agree contractual practices that prioritise workers' needs for working-time security and stability over cost considerations, including opportunities for workers to engage with and shape management change initiatives.

2. Encourage or require employers to avoid the use of zero hour contracts for new recruits, and convert existing zero hours workers to regular hours on the basis of their usual hours worked over for example the previous 12 weeks.
3. Encourage suppliers (in pay practices) and clients (in procurement prices) to recognise the need for significantly enhanced pay rates for unsocial hours working.

To better integrate subcontracted cleaners requires action at the level of management practice:

1. Encourage clients to integrate outsourced cleaning workers into human resource practices in the areas of non-pay benefit packages, employee recognition schemes and training.
2. Consider widening the scope of cleaners' job definition in order to integrate tasks with other closely related activities undertaken at the client site.

For policy and practice to encourage greater employment security among the subcontracted cleaning workforce:

1. Discourage the use of repeat, short-term subcontracting as a means to reduce staff numbers and labour costs.
2. Encourage joint client and supplier responsibilities for employment security, by promoting a greater awareness of the implications of procurement and contract renewal conditions, and the contribution to long term efficiency from a secure, locally-based workforce.
3. Consider extending the protection provided by TUPE to include security of work organisation (e.g. the number and regularity of weekly working hours).

1. Introduction

The starting point for this project is the proposition that to understand employment practices and working conditions in the commercial cleaning sector we need a clearer appreciation of the influence of procurement and contractual practices. This reasoning reflects several inter-related observations. Like other business services, many organisations prefer to procure cleaning activities from a specialist cleaning firm, or facilities management firm rather than manage cleaning in-house. Also, we know from other research studies that low-wage service sectors in particular are often characterised by a dominant influence of procurement on HR practices and working conditions of the employing firm (Neumann and Grimshaw, 2013; Rubery et al., forthcoming; Wills, 2009) and that the tendency for procurement to be driven by a focus on price can exacerbate the vulnerable position of workers employed in these low-wage service segments (Campbell and Peeters, 2008; James and Walters, 2011). More generally, research on the ‘fragmenting’ and ‘fissuring’ of contemporary low-wage workplaces (Marchington et al., 2005; Weil, 2011) demonstrates that client organisations and their associated procurement practices can filter through the supply chain to shape many of the core HR practices in contractor firms, including pay practices, working time, training and career development, use of agency contracts and equality practices among others.

The research project was, therefore, designed with the goal of interrogating the characteristics of procurement and contracting practices through six selected case studies, each involving a cleaning company and a client organisation, sampled across six different sectors (transport, education, hospitality, healthcare, local authorities and banking) in England, Scotland and Wales. While the intention was to fill a gap in knowledge, the project was sensitive to the fact that many other factors also shape HR practices and working conditions in the commercial cleaning sector. On the one hand, trade union presence is weak, there are few company collective agreements, there is limited pressure on firms to develop skills and accredited training programmes and the recent recession in the UK seems to have opened the door to employer experimentation with ultra-flexible forms of employment, such as zero hours contracts for example (Dutton et al., 2008; Rubery et al., 2014). On the other hand, a potentially positive role for procurement in improving conditions for workers delivering outsourced services is indicated by such developments as the campaigns around the living wage (especially in London) and for more regular working hours (in opposition to zero hours contracts), coupled with the continued application in the NHS of the Two Tier Code (despite its formal abolition by the coalition government in 2010) whereby NHS terms and conditions still apply to outsourcing agreements.

This report presents the findings from our research project. It was commissioned by the Equality and Human Rights Commission (EHRC) as part of its commitment to investigate how equality and human rights are protected and promoted for employees. A parallel report on workers' experiences complements our focus here on the role of procurement practices in shaping employment practices and working conditions.

The report is structured into four parts. Part I sets out the key research issues for an understanding of how procurement shapes employment, the general labour market context for low-wage services and the research design. Part II presents the six case studies in the form of a series of narratives, each of which identifies the key characteristics of procurement practices and HR practices. Part III consists of five thematic sections which compare and contrast the case study results in order both to interrogate the precise form of association between contracting practices and employment and to identify the potential for better procurement to improve employment. The themes consider pay, working time, skill and job design, integration and employment insecurity. Part IV concludes the report with a number of implications for policy and practice.

Part One. Issues, context and research design

2. Fragmenting work: understanding how procurement and inter-organisational contracting shapes employment

In today's workplace one can very often find multiple organisations, each responsible for delivering either a particular service or a specific input into a combined production process. The reason is that over the last two decades or so, the favoured business strategy has been to move away from hierarchically-organised, vertically-integrated structures by outsourcing activities, forging collaborative partnerships and strengthening networks with suppliers and clients. The consequences for employment are far-reaching and complicated. Fragmentation of a previous internalised workforce who may have been used to consistent employment conditions under the roof of a single employer may generate new problems of inequality of employment experience (Kalleberg, 2009). This holds, in particular, as outsourced employment may be less restricted by the customary practices or collective agreements governing the workforce at client firms. For example, a subcontracted security guard may receive no wage premium for a late evening shift while working at a bank branch where the directly employed bank staff do earn a premium. Also, the subcontracting of back-office administrative work to an expanding call centre based services industry may simultaneously close down more expansive and technically-oriented career paths that outsourced workers might have enjoyed in the client organisations, such as banking and telecommunications for example. And where a subcontractor organisation is used because it promises a better record in finding staff for difficult to fill weekend and evening shifts, this may lead to business pressures to experiment with ultra-flexible employment forms, which may have otherwise been restricted among the client workforce.

The empirical evidence from other research studies confirms the significant impact of business strategies of procurement on many aspects of employment, including pay, recruitment practices, working time conditions, training and career development and job security among others. Under certain conditions, the effects destabilise employment, inject new inequalities among workers and reduce worker cooperation and integration. However, the conditions vary, opening up the possibility for positive and negative effects. The literature shows that the precise effect depends on four key conditions:

- differences in the nature of contracting practices;
- pressures to tailor employment practices to the needs of the client;
- the role of trade unions;
- and the wider institutional rules that can both protect workers from instability and level the playing field for labour costs.

This section investigates the significance of these conditions by drawing on recent international research into procurement, contracting practices and employment. It concludes by presenting a framework for analysis that shaped both the design of the research and the data analysis.

2.1 Differences in the nature of contracting practices

A first reason for why contracting and procurement practices may have varied effects on employment is that subcontracting of a service or production-related activity is rarely a narrow, one-off transaction equivalent to an anonymised market exchange. Client organisations often seek to establish a degree of trusting relations with the supplier and to find ways of extending and deepening this relationship. This may make good strategic and financial sense for the client; it reduces the risk of opportunistic behaviour by the supplier, thereby reducing the costs of negotiating and monitoring that typify many transactional relationships, and also opens up the potential to discover new areas of complementarities, for example in the use of technology or marketing (Child and Faulkner, 1998; Sturgeon, 2002). A more collaborative and stable relationship may also have positive effects for employment. It can provide a cushion for managers in the supplier organisation to make long-term investments in training provision that can improve workers' skills tailored to the client organisation; workers therefore benefit from career development and decent pay prospects. Indeed, several studies suggest high-trust contractual practices can engender positive employment relations, better synchronisation of employment practices and a more integrated workforce.

However, it is difficult to build strong trusting relations; much depends on the organisational and market context (Marchington and Vincent, 2004) and strong high-level trust does not necessarily filter down to all levels of hierarchy in the two organisations. Contractual relationships often deteriorate when senior managers who negotiated the original contract move to other jobs and are replaced by managers who fall back on the formal interpretation of contractual details in the absence of tacit knowledge about shared informal understandings. Also, where a client's finance managers require regular market testing of a given contract, every two or three years say, operational and contract managers face a significant challenge to build confidence with the supplier (Rubery and Earnshaw, 2005). Moreover, business strategies and financial conditions change, such that the conditions underpinning a trusting relationship can very quickly transmute into conditions for a confrontational, transactional relationship.

The nature of procurement and its effects on employment also differ according to the relative dominance of one or the other of the contracting organisations. A client is likely to be the dominant partner where it is able to exercise power over the rules of contracting and the form of performance monitoring and/or where the supplier is

over-dependent on this particular contract for its revenue or faces very strong price competition for the subcontracted service (Grimshaw et al., 2002; Swart and Kinnie, 2003). In these circumstances, workers employed by the supplier are likely to depend indirectly on the client organisation for improvements in HR practices and working conditions because better conditions at a single supplier, for example through the successful organisation by workers, will price it out of the market (Wills, 2008). This awareness has informed living wage campaigns where unions have targeted the client organisation rather than the direct employer of cleaners to make their demand for a higher basic rate of pay. The relative success of these campaigns underpins a further observation, which is that an imbalanced contractual relationship does not necessarily mean the lead partner acts opportunistically; a more powerful client organisation may, for example, seek to share its expertise in pay practices or staffing arrangements with a less sophisticated HR team in a supplier organisation.

Many evaluations of the effects of trusting inter-organisational contract arrangements compare the results with those of less trusting, or transactional, contract arrangements and find relatively positive employment effects. However, even where procurement practices are characterised by strong trusting relations and a relatively balanced partnership, the implications for workers should also be compared to an arrangement where there is an integrated, internally organised workforce that is not subject to continuous market testing of performance and labour costs. The key effects here derive from the unbundling of an organisation's activities and the fragmentation of workforce groups across multiple employing organisations, through a process of marketization. As many studies have shown, it is the generic processes of benchmarking, market testing and recurrent contracting that pose the greatest risk for the degradation of employment conditions (Doellgast, 2012; Escott and Whitfield, 1995; Flecker and Meil, 2010), albeit with some variation in the degree of downwards market pressures by nature of contracting practice.

2.2 Tailoring employment practices and conditions to the client

Both the client and the supplier organisations exert influence over the degree to which the employment arrangements for subcontracted workers are tailored to the specific requirements of the client or to fit with the standard company-wide model of the supplier. The research to date suggests both strategies present possible upsides and downsides for the employers and workers. Where HR practices are designed with the specific needs of a client in mind, quite likely under pressure from the client organisation, then the supplier workforce may benefit where this entails the development of an extended skill-set, coordinated career paths across organisations or a shared benefits package for example. However, the experience may be negative where the client has negotiated a tight financial margin on the contract leading to downwards pressure on pay, or where the client specifies a key

performance indicator that can only be met through highly flexible staffing arrangements leading the supplier to make excessive use of agency workers or zero hours contracts for example. Even when the experience for the workforce is good, it can still create divisions and resentments within the supplier's overall workforce among those not benefitting from the better conditions required by a specific client (Scarborough, 2000; Rubery et al., 2004).

Much depends on the gap in quality of employment practices and conditions between client and supplier, as well as the willingness of the client to use procurement as a mechanism to exploit or bridge the gap. One method to bridge the gap is that of 'obliged job quality' in contractual practices, which involves the client organisation specifying core HR practices or employment conditions during one or more stages of the procurement process. Examples include the inclusion of a living wage clause in procurement, a preference for certain training standards among bidding contractors, or obliging the adoption of equality practices and health and safety standards. Such actions are usually undertaken out of a concern for corporate social responsibility, or under trade union and/or community pressure (Bibby, 2011; Wright and Brown, 2013). There is no requirement under British law for the client organisation to concern itself with the employment arrangements of a supplier's workforce, other than the kind of responsibility it would assume for visitors or customers to its premises.²

Alternatively, where a supplier organisation applies a standard raft of HR practices consistently to its workforce regardless of the requirements of a particular client or the specifications of a contract, again subcontracted workers may or may not benefit from the approach. On the one hand, standard company-wide conditions may protect those subcontracted workers at the wrong end of a tightly negotiated contract that would otherwise fuel low pay and insecure employment. A supplier policy that ruled out zero-hours contracts for example might enable it to build a reputation as a reputable employer and possibly encourage innovation in sophisticated forms of working-time scheduling that might be attractive to clients that value their brand as a decent site of employment. Moreover, standardised company employment practices may lessen the risks of 'lock-in' caused by over-investment in client skills and specific staffing needs that may be lost once the contract switches to another supplier. On the other hand, the approach may be interpreted by the client organisation as a rather non-cooperative approach, increasing the risk of non-

² In a Working Paper for the ILO, Bibby writes:

'In any contracting arrangement, the details of the agreement (including the price being charged and therefore, indirectly, the wages which will be paid) are made under contract law, and therefore the client company is generally entirely removed from having to concern itself with employment law in relation to staff who may, nevertheless, be working in the same premises as its own staff. ... Contracting can be seen as an effective way to avoid employer responsibilities.' (2011: 7).

renewal of contract and instability for workers. Company-wide standards may also of course be worse, from the workers' perspective, than those associated with the client organisation's approach to employment. For example, UK research on outsourcing of public services employment since the early 1990 suggests that rates of pay and pay enhancements for unsocial hours set by contractor companies in facilities management services are generally worse (Escott and Whitfield, 1995; Hebson et al., 2003).

2.3 The role of trade unions

Fragmentation of work has exacerbated the difficulties faced by trade unions in organising workers in the UK over the last three decades. An internalised workforce offers unions the opportunity to organise workers of different occupations, skill-sets and wages under one collective agreement. With the outsourcing of activities to multiple employing organisations - perhaps including back-office administration, security, cleaning and catering services, as well as agency workers - the unions must work with several employers to gain recognition agreements and then negotiate separate collective agreements where possible, in keeping with the single employer legal framework in Britain. As such, unions need to be far more attentive to the multiple strategies and overlapping interests of the different employers that are parties to outsourcing contracts; as Wright (2011: 26) argues in a specially commissioned study for the TUC, 'Union strategies focused on single employers are largely unviable in the context of this blurring between organisational boundaries.' Even information and consultation arrangements do not address the presence of multi-employers on the same site, such that workplace consultation is limited to only direct employees.

In Australia, the United States and other European countries, researchers make a similar point and press for union strategies, and where relevant support from employers or the state, that recognise the limited autonomy of a single employing organisation and the need to construct a bargaining structure and agenda that assigns a balance of accountability to all organisations in a network of contracting (e.g. Doellgast, 2012; Holmes, 2004; Wills, 2008). While unions face considerable challenges, there is some evidence that they can positively shape the form of outsourcing and subcontracting and the quality of associated HR practices and employment outcomes.

- In perhaps the most internationally well-known account of union strategies to raise the pay of subcontracted workers, that of the Justice for Janitors campaign in Los Angeles, Erickson and colleagues (2002) show how unions focused on the building owners and managers, not on the cleaning services companies. Unions built coalitions with organisations in the Latino community, as well as the police,

the church and politicians. Most importantly, unions turned an industrial relations issue of unfair subcontracting into a public relations event aimed at influencing public opinion;

- Doellgast's (2008) analysis of outsourcing of call centre operations in the telecommunications industries identifies several effective union strategies. In the United States, strategies include campaigns of strikes and public advertisements to bring services in-house at one company and an agreement at another to stop outsourcing certain jobs. In one of the German case studies, unions coordinated an agreement with Works Councils to bring some services back in-house, albeit with a pay cut at another company.
- Again in the United States, Houseman et al. (2003) show how unions in the auto supplier industry restrained unionised companies from subcontracting work to temporary agencies by equalising pay or making use of agency workers contingent on incumbent workers' refusal of overtime.
- In the UK, in the sector perhaps best known for its complex webs of subcontracting among firms and quasi-self employed, construction, the union UCATT negotiated with lead firms in Britain various 'framework agreements' that set minimum labour standards among subcontractors, in some cases using the threat of highlighting bad practices among subcontractors to damage the lead firm's reputation (Wright and Brown, 2013).
- Accounts of the emergence of living wage clauses in procurement contractors for low-wage services in the UK and the United States emphasise the effective coordination between unions representing subcontracted workers and other unions at the client organisations, as well as with community-based and alternative 'non-worker' organisations (Freeman, 2005; Wills, 2009).

2.4 The influence of institutional rules

Labour market and industrial relations institutions can play an important role in shaping the effect of procurement practices on employment practices and working conditions. The kinds of institutions that research studies suggest play a critical role include:

- employment protection rules for workers transferred from one organisation to another;
- collective agreements that are encompassing in nature (for example across organisations, at a sector level or even across multiple sectors);
- temporary agency worker regulations;
- and the relative level of the statutory minimum wage.

These institutions are likely to be especially critical in protecting terms and conditions of employment for subcontracted workers who no longer benefit from the protection

of internalised customary or formalised employment practices (Rubery et al., 2005a). The following brief analysis considers the evidence for these institutional effects.

The employment rights of workers whose jobs are transferred via the contracting of a business activity are protected by TUPE regulations (see box 2.1). Early UK research identified considerable confusion and variable interpretations of the significance of TUPE rules, as well as widespread evidence of the revision of protected terms and conditions following staff transfer through outsourcing and less than meaningful consultations with unions (Adnett and Hardy, 1998).

Box 2.1 TUPE rules in the UK

Transfer of Undertakings (Protection of Employment) (TUPE) regulations grant significant rights to workers who are transferred from one employer to another with the change of ownership of a business activity, which includes the case of subcontracted services. TUPE regulations derive from the 1977 European Transfer of Undertakings Directive, implemented in the UK in 1981, and in each member state they take on a specific form and have been interpreted in different ways, leading to differences in worker rights and employment conditions (Hartzen et al., 2008).

In the UK, TUPE provides consultation rights for workers and protection of pre-transfer terms and conditions of employment (pay, holidays, sick pay), excluding pension conditions. The consequence is that a subcontractor must take over the employment contracts of all workers deemed to have been employed in the delivery of the relevant activity immediately before the transfer. Where the TUPE protected conditions are more generous than those of its existing workforce, until 2014 the subcontractor was not able to attempt to harmonise them with its company policy; to do so would have constituted a breach of contract. New rules implemented since 2014 allow for a renegotiation of the collectively agreed terms and conditions one year after the transfer 'as long as the overall change is no less favourable to the employees involved' (cited in ACAS, 2014).

Subsequent studies analyse the limited scope of the legislation and the variety of 'exit options' subcontractors use in order to comply in a rather narrow sense with the legislation. Cooke et al.'s (2004) analysis of four detailed case studies of staff transfers emphasises the significance of alterations to customary working-time practices, changes to work intensity, managers' use of more stringent disciplinary procedures and increased job insecurity (caused by recurrent contracting). While UK TUPE rules in principle grant workers the right to refuse transfer, case law interpretation has 'made sure to empty it of any legal consequence' (Hartzen et al.,

2008: 9).³ Also, in a study of outsourcing by local authorities, procurement managers used strategies of ‘fragmentation’ to reduce the ability of transferring workers to claim they were associated with an outsourced service; subcontracted services were either broken up into smaller geographical entities or outsourced in small bundles incrementally over time to avoid TUPE rules (Grimshaw et al., 2012).

A second institutional effect concerns the encompassing scope of collective agreements. European comparisons show that employer strategies to fragment business activities have less deleterious effects in sectors and countries where there is generally high bargaining coverage in all sectors and/or coordination between collective agreements. In countries with decentralised bargaining and weak union representation, such as the UK, fragmentation is associated with wider variation in employment conditions and a greater risk that outsourcing will downgrade subcontracted workers’ conditions over time (Appelbaum and Schmitt, 2009; Doellgast, 2012). There are three possible scenarios:

- i) where suppliers are covered by the same multi-employer collective agreement as the client organisation, employment conditions are to some extent standardised (typical in Sweden for example);
- ii) where suppliers are covered by a separate collective agreement to the client but there is a gap between agreements in the quality of conditions and strength of collective representation (Pulignano and Doerflinger, 2013) - thereby also raising the risk, that the client organisation is using outsourcing to bypass their own more generous collective agreement conditions (Doellgast and Greer, 2007);
- iii) and where suppliers are not covered by a collective agreement but the client is, thereby generating a high risk of a deterioration in employment conditions, as well as a clear incentive for the client organisation to favour outsourcing as a means to reduce costs.⁴

Unions in the UK enjoy a very limited ability to make a collective agreement more encompassing, namely to extend from a client organisation to a subcontractor workforce. The only current example is use of the Two Tier Code in collective agreements. Introduced as a voluntary Code by the New Labour government in the mid-2000s, the Two Tier Code encouraged unions, subcontractors and public sector client organisations to negotiate the extension of public sector terms and conditions

³ The UK TUPE regulations allow for a transferee to object but he/she will be treated as having resigned rather than enjoying protection for wrongful dismissal or redundancy compensation. The exception is where the transfer can be shown to mean a significant deterioration in conditions.

⁴ This last scenario typifies many examples of public services outsourcing (Martinez Lucio, 2013).

to all workers employed by the private (or independent) sector subcontractor at that particular workplace. Abolished by the coalition government in 2010, the Two Tier Code lives on as a local annex to many Private Finance Initiative (PFI) contracts in the NHS and obliges the subcontractor, typically a supplier of facilities management services, to extend Agenda for Change conditions to its local workforce. Where applied, the Two Tier Code has standardised and raised employment conditions for subcontracted workers and also increased prospects for integration among supplier and client workforces (Grimshaw, 2009).

Regulations of temporary agency workers are a third influence on employment conditions of subcontracted workers. In the UK, agency workers are covered by the Agency Workers Regulations (from 2011), a response to the EU Temporary Agency Work Directive, that provides for equal treatment of pay and conditions with permanent employees after 12 weeks continuous employment doing similar work. The regulations reduce the incentives to outsource so as to avoid social dialogue with worker representatives or to reduce labour costs. In Germany, for example, a rapid rise in the outsourcing of jobs to temporary work agencies has been interpreted as a clear strategy by many organisations to avoid works council participation as well as to impose reverse pressure on internal collective bargaining conditions (Holst, 2013).

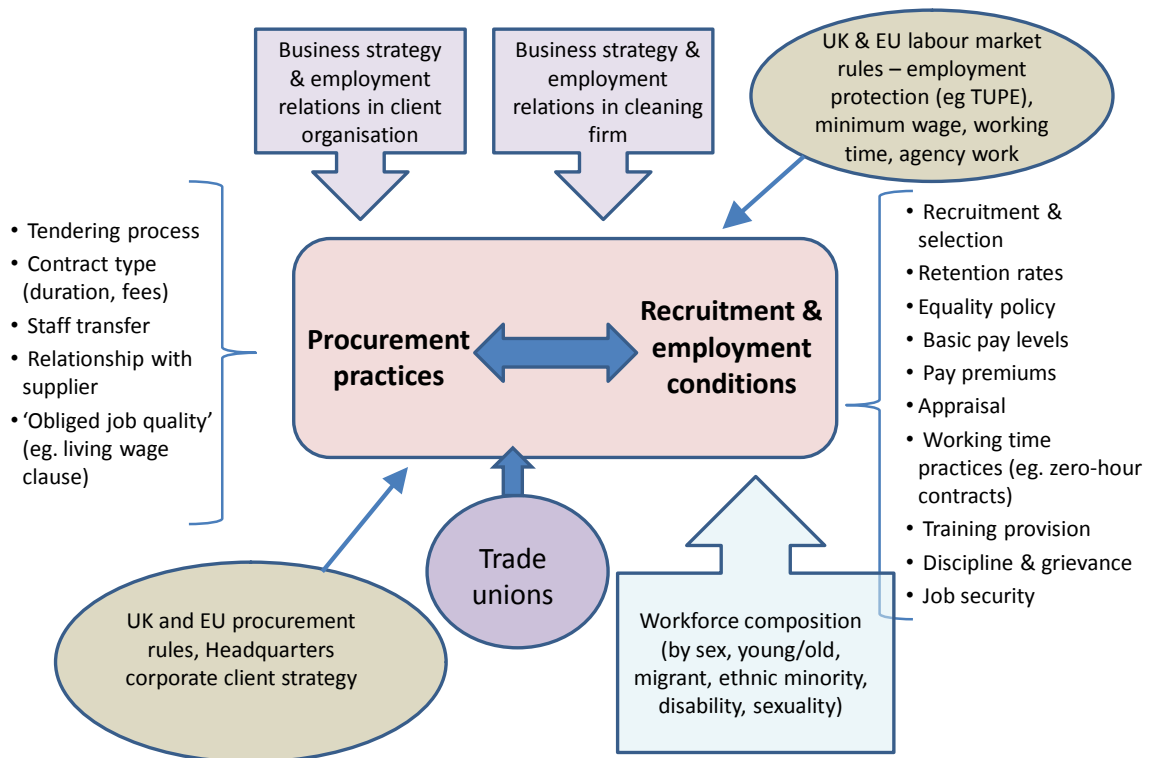
A final institutional effect arises from the relative position of a country's statutory national minimum wage. The higher the level of the minimum wage relative to client and supplier organisation's wage structures, the lower the cost incentives to procure services and the more limited the impact on pay for transferring workers. As shown in evidence of outsourcing of public services in France, where a rising minimum wage has tended to catch up with or even overtake the lowest rates of pay in a client organisation's wage structure, then one of the major cost components underpinning the subcontracting decision is neutralised (Grimshaw et al., 2012). A similar situation in fact describes the English local authority sector which is characterised by a base rate of pay only marginally above the national minimum wage, thereby reducing public-private cost differences (Johnson, 2014).

2.5 A framework for analysis

Drawing together these different themes and issues from the international research, Figure 2.1 presents a visual mapping of the key factors and inter-relationships that inform the questions and design of this project. It shows procurement practices can directly influence employment practices in subcontracting organisations, including pay, use of agency contracts, working time (part-time and zero-hours contracts), training, appraisal, discipline and grievance and equality policies. Also, while better procurement may improve employment practices and working conditions, the effect is mediated by contracting partners' business strategies. Wider institutional

conditions (especially related to TUPE protection and the role of unions) play a significant role in shaping the relationship.

Figure 2.1 Factors influencing the impact of procurement on employment practices and working conditions



3. The labour market for low-wage work in Britain

At the time of our research the British labour market was witnessing a recovery in job growth, in response to the movement back into relatively stable economic growth in 2013 and early 2014. However, the quality of new job growth is under question due to the seemingly growing tendency for employers to create insecure and low paid job opportunities, as evidenced by high use of zero-hours contracts and the increasing use of the national minimum wage as the going rate of pay. Such practices are made possible by an institutional context characterised by low trade union representation and very low collective bargaining coverage in low-wage sectors of employment. Moreover, reforms that have reduced welfare entitlements may have further limited workers' wage bargaining position. Two regulatory changes nevertheless have improved matters – the 2014 decision to significantly uprate the national minimum wage by more than inflation and the 2011 implementation of the agency workers regulations. This section considers these different issues.

3.1 The jobs recovery

The economic recession from the first quarter of 2008 to the second quarter of 2009 and the slow, sluggish recovery that followed had a negative impact on the share of working-age people in employment. While it is often commented that the 2008-9 recession had a less adverse impact on employment than previous recessions, the initial impact and delayed recovery were nevertheless significant. The total employment rate dropped by three percentage points, from 73% (early 2008) to 70% (early 2010). The impact was larger than among men than women; the male employment rate fell from 79% to 75% while among women the employment rate fell from 67% to 65%. For both men and women, employment only displayed signs of a sustained, albeit slow, recovery since early 2012, four years after the start of the recession (Figure 3.1).

More job opportunities have helped bring down the unemployment rate, but only after a very long period. Unemployment increased from 5.3% to 8% during 2008-2009, hovered around 8% until mid-2011, then increased further to 8.6% by late 2011 before eventually falling, down to 7% by the end of 2013. For both men and women the pattern is similar (Figure 3.2) with falling unemployment rates only registered since 2012 and rates still at very high levels at end of 2013 – 7.6% and 6.8% for working-age men and women, respectively. Associated with the much delayed recovery of unemployment figures are high numbers of long-term unemployed (more than 12 months unemployment). The stock of long-term unemployed rose with unemployment rates during 2008-2011 and has only very recently displayed signs of reduction. By late 2013, approximately 520,000 working-

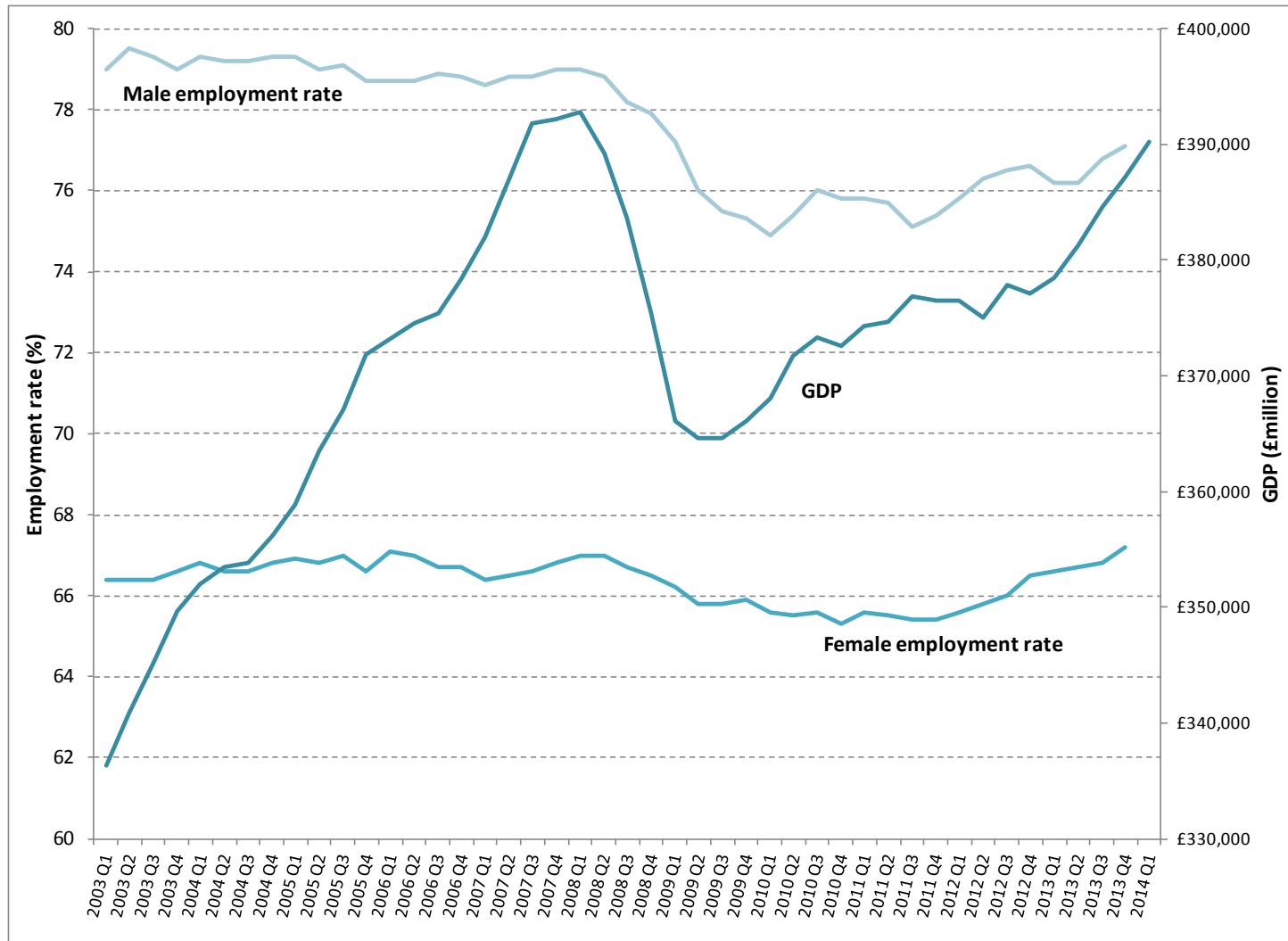
age men and 320,000 women had been unemployed for more than 12 months, more than double the pre-recession levels.

The current jobs recovery has, however, sparked concerns over the role played by non-standard employment forms, especially part-time work, self-employment and temporary contracts, as well as zero hours contracts, an issue we cover below; employer use of these flexible forms appears to have crowded out traditional full-time, permanent jobs with employee status. Table 3.1 summarises the changes in shares of male and female employment in these three different employment types. Note that the shares of part-time, self-employment and temporary employment are not additive categories since it is possible to be part-time and self-employed, full-time and temporary and so on.

Total numbers of part-time employment increased during the recession and especially during the recovery, by some half a million between early 2009 and late 2013. Significantly, this rise was especially driven by rising numbers of male part-time workers for whom the corresponding share in employment increased from 11.7% to 13.2% over the same period; the share of part-time work among female workers increased initially but then fell to around its pre-recession level of 42%. This rise in part-time work has also been associated with an increase in involuntary part-time working, from around 6% of part-timers in 2008 to over 18% in 2013 (Work Foundation, 2013).

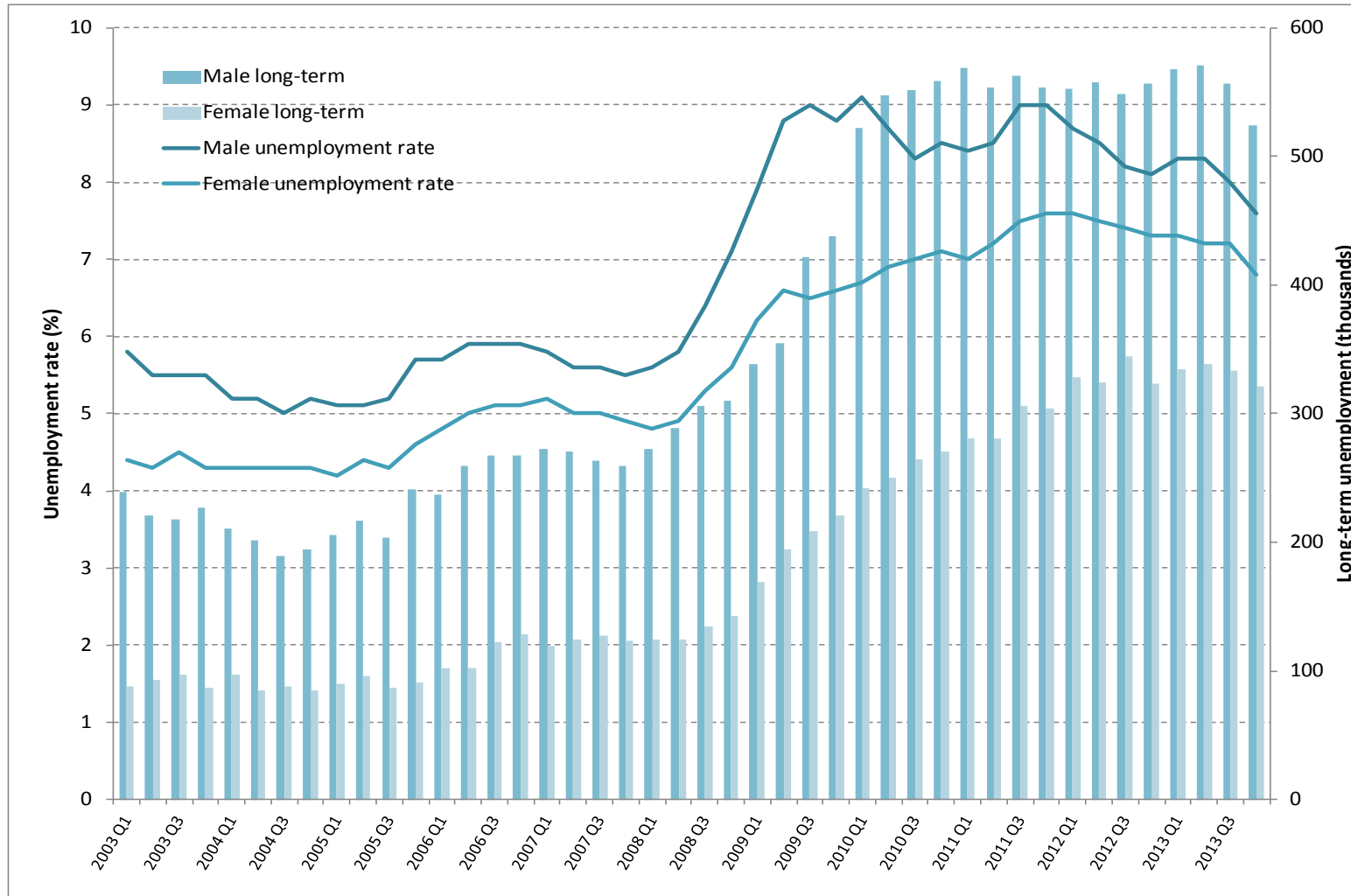
By contrast, self-employment has increased more among women than men. There was a net increase of around 295,000 women in self-employment and 275,000 men, compared to a rise in total employment of 650,000 and 780,000, respectively (first quarter 2009 to last quarter 2013); as such, self-employment has accounted for around 45% of women's total net employment growth and 35% of men's. This over-representation of self-employment represents a significant shift in the types of jobs being created during this recovery period. Finally, temporary jobs have now increased in number after an initial fall at the start of the recession when they were cut first. However, their share among men's and women's employment has not changed very much – by around one percentage point for men and half a point for women (Table 3.1).

Figure 3.1 GDP and employment rate trends before and after the 2008-09 recession



Source: authors' graphic using chained volume (real) GDP and headcount employment rates from ONS.

Figure 3.2 Unemployment rates and long-term unemployment numbers by sex



Source: authors' graphic using unemployment data for the working-age population (16-64 years) and long-term unemployment over 12 months, ONS.

Table 3.1 Employment composition by part-time, self-employment and temporary employment by sex, 2003-2013

	Part-time employment			Self-employment			Temporary employment		
	Total number '000s	% of male workers	% of female workers	Total number '000s	% of male workers	% of female workers	Total number '000s	% of male workers	% of female workers
Q1 2003	7,229	10.4	44.1	3,417	16.5	7.2	1,443	4.2	6.3
Q1 2004	7,421	10.5	44.6	3,606	17.3	7.4	1,433	4.3	6.0
Q1 2005	7,285	10.7	42.7	3,598	17.1	7.3	1,396	4.2	5.6
Q1 2006	7,341	10.7	42.6	3,714	17.4	7.7	1,418	4.0	5.9
Q1 2007	7,418	11.1	42.7	3,814	17.7	7.8	1,468	4.3	5.9
Q1 2008	7,503	11.3	42.2	3,867	17.7	7.8	1,366	3.9	5.5
Q1 2009	7,534	11.7	42.4	3,829	17.7	7.9	1,363	4.0	5.5
Q1 2010	7,699	12.4	43.2	3,934	18.1	8.7	1,414	4.4	5.6
Q1 2011	7,907	12.8	43.6	3,964	17.9	8.7	1,526	4.6	6.0
Q1 2012	7,963	13.4	43.3	4,163	18.6	9.3	1,505	4.5	5.9
Q1 2013	7,980	12.9	43.0	4,166	18.4	9.1	1,553	4.5	6.1
Q4 2013	8,038	13.2	42.0	4,394	18.7	9.7	1,649	4.9	6.1

Source: authors' own table from ONS data.

A particular growth area in non standard work is zero hours contracting. The exact numbers on zero hours and consequently the trend increases are not known due to ambiguities in definition and also due to differences in responses between workers and employers. Nevertheless there is convincing evidence that the trend is upwards.

A zero hours contract has no precise legal form but can be taken to occur when 'people agree to be available for work as and when required, but have no guaranteed hours or times of work' (ACAS, 2012). According to Labour Force Survey estimates, the number on zero hours have doubled over the last year from around a quarter of a million to over half a million (ONS, 2014a), though part of the increase may be related to more publicity related to zero hours contracts, such that some who previously have said they were on a part-time contract to reflect their actual hours may have identified themselves as on zero hours. Information from employers suggests this is still an underestimate; the CIPD survey of employers (CIPD, 2013) put the number at one million and the latest estimate by the ONS in April 2014 from a survey of employers raised the estimate further to 1.4 million zero hours contracts (ONS, 2014b), although the number of people holding such contracts may be smaller if individuals hold more than one such contract.

Zero hours contracts are used in a range of situations, for work which is genuinely intermittent, for example for holiday cover or one off events, to work that is regular but subject to variations in demand, so that zero hours contracts are used to vary paid hours of work on the day. This applies particularly to social care (Rubery et al., forthcoming) but also areas of cleaning such as hotel room cleaning (Dutton et al., 2008).

One issue is whether zero hours workers are regarded as employees or as workers (that is working under supervision but not under an employment relationship requiring both sides to be committed to providing and undertaking work) (BIS, 2013a). Employers appear to believe staff on zero hours contracts are not eligible for a range of employee benefits even when both workers and employees are legally entitled (for example holiday pay) and even when employers claim to be treating their zero hours staff as employees (CIPD, 2013). However, a key issue for some benefits is whether or not an employment relationship exists between periods of working. That is actually only determined if a case is taken to a high court (Deakin and Morris, 2012), so zero hours contracts do open up opportunities for avoidance of employee rights and benefits.

The growth in use of zero hours contracts may be linked to changes in the balance of power in the labour market and individual employment relationships since the recession, as we discuss below. One specific factor in the recent growth in zero hours may be the introduction of the Agency Worker Regulations in 2011 (see below). Since agency workers now have to be offered the same terms and

conditions as regular staff after twelve weeks of working, employers may be considering that agency workers offer few advantages over directly hired casual workers on zero hours, particularly as agency fees can thereby be avoided.

3.2 Indicators of vulnerable work

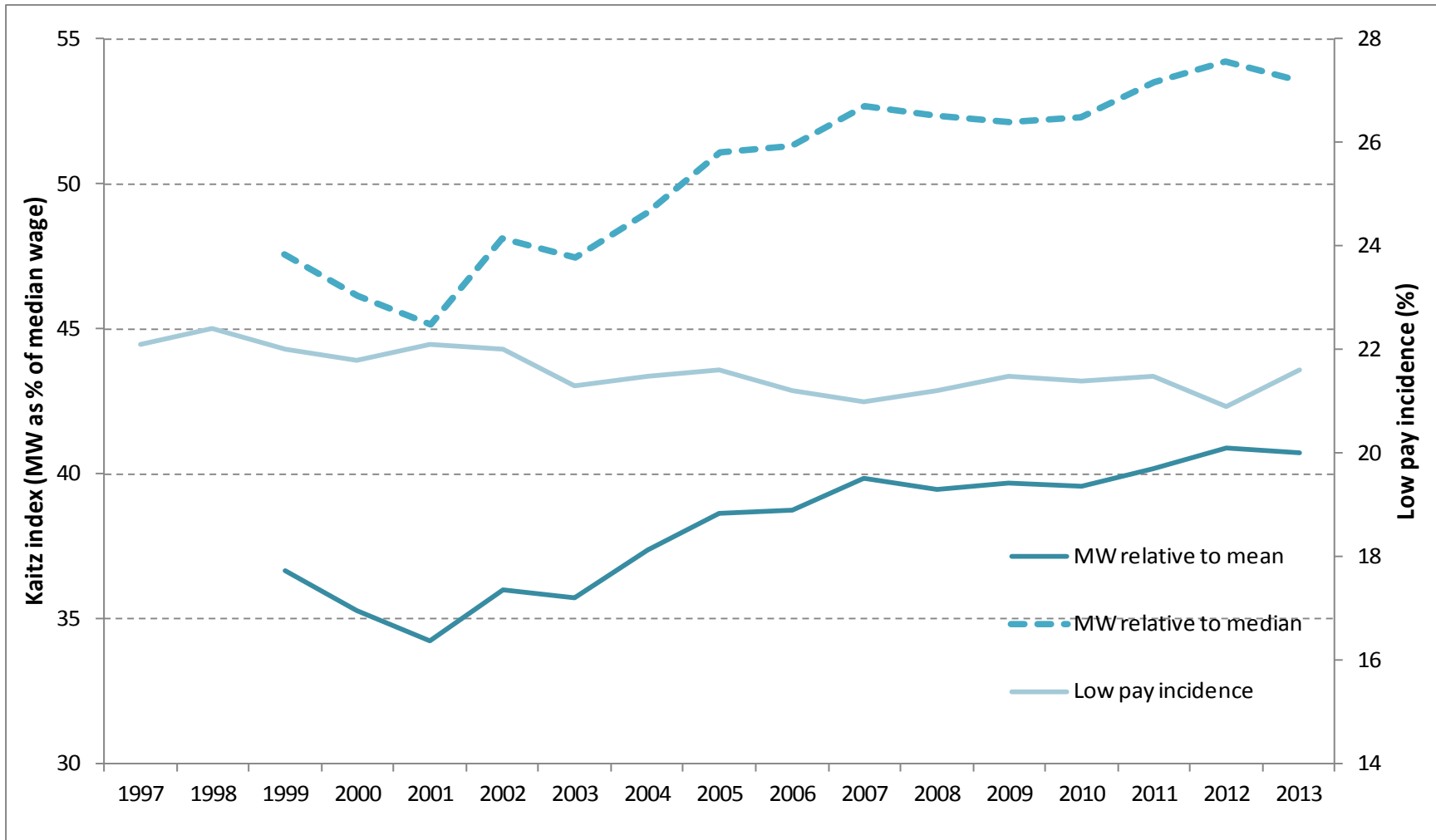
Several indicators suggest the recovery from recession is reinforcing vulnerability for many groups in the labour market, especially those in low-wage segments, defined by type of occupation, sector or workplace.

Low pay

One of the peculiar features of the British labour market in the last decade is that despite a rising relative value of the statutory minimum wage, the share of workers in low paid employment has stayed roughly the same. Using the international definition of low pay as less than two thirds of median gross earnings for all employees, the UK has recorded a 21-22% share of employees in low-wage work since the late 1990s. At the same time, the minimum wage has risen in relative terms during 2001-2013, both against median earnings (from 45% to almost 55%) and mean earnings (from 34% to 41%), although with a notable slow-down in the rise since 2007. As is well known, female part-timers are most at risk of low pay in the UK. Of the 5.2 million female part-time employees registered in 2013⁵, the earnings data suggest more than two in five (around 41%) were in low-wage employment; that is, approximately 2.1 million female part-time employees earned less than £7.71 per hour. As such, the battle against low pay must first target the problems facing low-paid female part-time workers.

⁵ ONS Labour market statistics, March 2014 release.

Figure 3.3 Trends in low pay and the relative value of the national minimum wage



Source: authors' graphic based on ASHE gross hourly pay data (excluding overtime, all employees); and authors' estimate of % in low-wage employment using published decile ASHE data.

Weak union representation

Low levels of trade union representation prevent many workers in low-wage segments from effectively bargaining for higher pay. Among both men and women, union density in the UK is low by international comparison at 23% and 29%, respectively. As well as the higher level among women it is also significant that overall/male union density has fallen relatively consistently since 1995 while among women it has held steady.⁶ The reason is largely women's higher union density among professional occupations than men's (mostly in the public sector).

Table 3.2 Patterns of trade union density among UK employees in 2012

	Male	Female	Full-time	Part-time
All employees	23.4	28.7	27.8	21.3
Permanent	24.3	29.5	28.5	22.2
Temporary	10.4	18.3	14.3	14.9
Weekly pay				
<250	9.6	15.8	10.9	15.3
250-499	22.4	32.3	24.6	44.6
500-999	33.0	49.8	39.3	38.0
1000+	18.3	29.9	20.9	n.a.

Source: authors' table from BIS (2013b: Table 3.3).

Employees with temporary employment status have significantly lower union representation than permanent employees, especially among men for whom the different densities are 10.4% and 24.3%, respectively (2012 data, Table 3.2). But perhaps the most worrying feature of the composition of union members is the dramatically low representation among the lowest paid, precisely those who arguably need collective representation the most: less than one in ten male employees and around one in six female employees earning below £250 per week were union members in 2012. It is notable, however, that union density is higher among low paid part-timers than among low-paid full-timers.

⁶ Labour Force Survey data.

4. Overview of the commercial cleaning sector

4.1 Key business and employment characteristics

Characteristics of the industry

The UK cleaning sector covers all forms of contract cleaning and encompasses the cleaning of buildings, vehicles, food premises, industrial premises, windows and facades, highways and land, and specialised cleaning (Asset Skills, 2013a). While our investigation has focused on the commercial cleaning sector, the available data encompasses both commercial and domestic cleaning. In 2013, the Office for National Statistics estimated the commercial and domestic cleaning sector included 13,385 enterprises, a workforce of 446,000 and an £8.1 billion annual turnover.⁷ The number of enterprises has increased during the recovery from the recession as a result of rising numbers of small and micro-sized companies. Although three in four enterprises had nine employees or less in 2013, most of the cleaning workforce, nearly two thirds, is employed in the 1.5% with 250 employees or more. The large firms include a growing presence of multinational services firms which have expanded on the back of large outsourcing contracts and tend to cover a bundle of facility management services including catering and building maintenance, for example, as well as cleaning. Examples of these global firms include Compass Group, Mitie, Rentokil Initial, Sodexo and ISS, among others.

Characteristics of the workforce

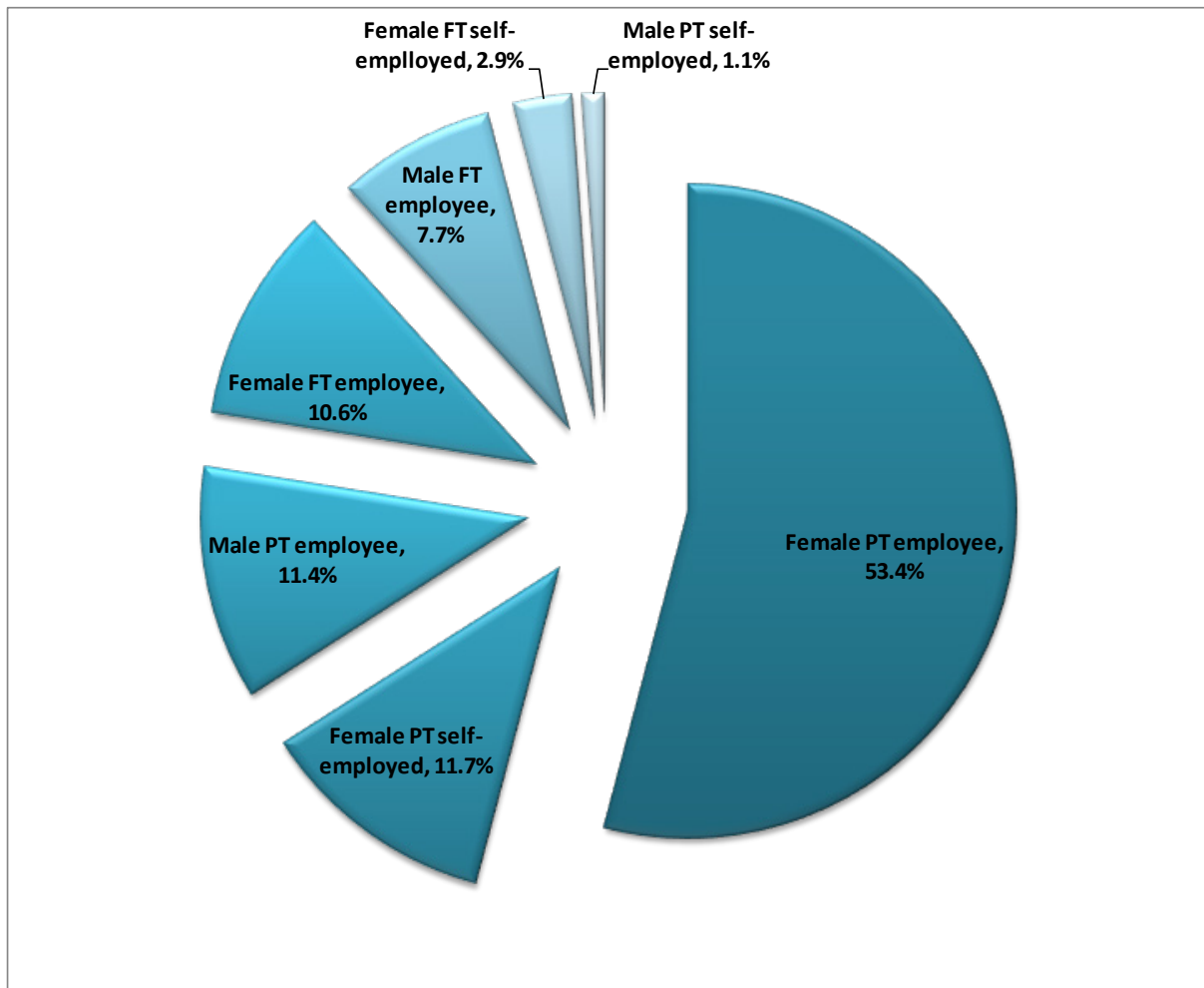
Labour Force Survey data suggest around four fifths (79%) of the cleaning workforce is female and almost four fifths work part-time (78%) (Figure 4.1). This feminised, part-time workforce is very different from the average for the UK workforce where women account for 47% of employment and part-time jobs for 27%. There is also a relatively large presence of ethnic minority workers and migrant workers in the cleaning sector. The sector employs a higher proportion of non-white employees than across all sectors in the UK. This relatively large presence is prevalent in England, where the non-white workforce in the industry stands at 16%, and in particular London where their share of employment is 44%. On the other hand, this share does not rise over 3% across the other UK nations (Asset Skills, 2013a).⁸ Also, around 136,000 migrants are estimated to work in cleaning occupations; that is, around 30% of the total workforce (UKCES, 2010).

⁷ ONS Business Population Estimates, which draw on HMRC tax data and Labour Force Survey data. Available at: www.gov.uk/government/collections/business-population-estimates.

⁸ The report is based on findings from the Asset Skills Barometer, which is an ongoing survey which Asset Skills undertakes among employers. The employers that join the Asset Skills Barometer panel complete a questionnaire on a six monthly basis, by telephone. The number of responses for the data in this report is not stated.

These characteristics drive many of the prejudicial assumptions about cleaning work, which tend to reinforce the conditions of vulnerability in the sector. Research suggests employers often presume the job can be undertaken by anyone with very minimal training and that women may be suited given their 'natural' experience of domestic work. In accordance with these views, employers sometimes prefer to put up with high staff turnover rather than invest in career paths and pay progression (e.g. Dutton et al., 2008).

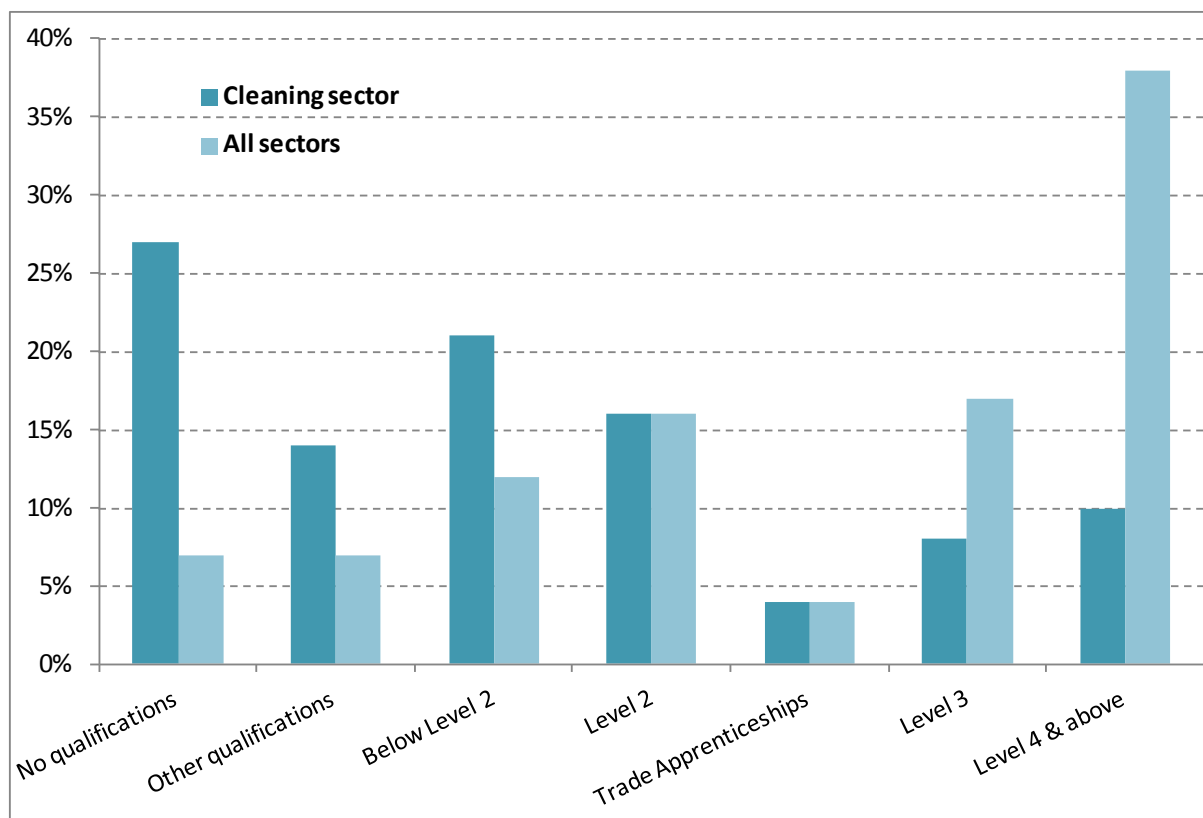
Figure 4.1 Composition of the cleaning workforce, 2013



Source: Office for National Statistics, 'Employment by occupation'.

The cleaning workforce holds lower level qualifications than the UK workforce overall; 27% have no recognised qualifications compared to 7% nationally. However, a significant proportion, almost one in five workers, hold qualifications equivalent to Level 3 and above – a fact that runs counter to casual impressions of the cleaning workforce as unqualified (Figure 4.2). The workforce is comparatively old, with those between 45 and 54 years accounting for 26% and the share of young workers (under 25 years) relatively low – 10% of 16-24 year olds compared to 13% nationally (Asset Skills, 2013b) – which may have a negative impact on future staffing in the industry.

Figure 4.2 Qualifications held by the cleaning workforce compared to total workforce, 2011



Source: Asset Skills (2013a: 27)

The dominance of outsourcing

The industry's growth since the 1970s reflects the extensive outsourcing of cleaning activities by organisations to specialised providers. This business practice has generated a strongly price competitive product market and a drive to reduce costs. Research suggests the balance of risk and distribution of profits may be unequal between cleaning firms and client organisations seeking to purchase contracted cleaning services. Large client organisations may be able to exploit their bargaining power by negotiating a lower unit cost with the cleaning firm. On the other hand, however, some cleaning firms may be able to withstand such pressures if the pool of potential subcontractors is limited, if the cleaning firm has greater expertise (either in the cleaning activities or the negotiation and management of contracts), or if the client has specific concerns about the quality of the services (Colling, 2000; Weinkopf et al., 2013).

A rather more standard finding in the research is the predominantly negative impact of outsourcing for pay and employment conditions, associated with a fissuring or fragmenting of employment relations (Marchington et al., 2005; Weil, 2014) as ostensibly peripheral jobs and activities are separated out from an integrated core

workforce (see section 2). In some cases, especially when outsourcing represents a privatisation of public services jobs, cleaners are dislocated from workplace collective agreements and union protection.

While many workers who transfer from a client organisation to a cleaning firm may retain their union membership, the fragmentation of employment presents a difficult challenge for unions to organise and sustain representation (Grimshaw et al., 2006). The diminishing of collectivist institutions that might protect cleaners against market-based cost competition is particularly significant in an industry where wages and conditions account for a very large share of overall costs. The subcontracting relationship can thus be said to generate a particular form of vulnerability in employment. This is confirmed by research which suggests that outsourcing of cleaning services has negatively impacted employment conditions, generating low pay, few additional benefits, unsocial working hours, work intensification and precarious contracts (Dutton et al., 2008). In a quantitative analysis Berlinski (2008) compares the wages of in-house and outsourced cleaners and attributes a 16% wage penalty to outsourcing. These studies confirm the link between procurement practices and employment conditions and suggest that better procurement practices can play a role in improving HR practices and pay and employment conditions in the cleaning sector.

4.2. Vulnerable conditions of work

Low pay

Of the low-paying sectors regularly investigated by the Low Pay Commission, median pay in the cleaning sector is the lowest – it was only 7% above the national minimum wage in 2013 (£6.65 and £6.19 respectively). The same earnings data (Annual Survey of Hours and Earnings) suggest around one quarter of all workers in the industry earned the minimum wage in 2013, rising to around one third among female part-timers. However, an industry survey in 2012⁹ suggests the figure is far higher – around 62%, up from 58% in 2011 – with £6.25, just 3% above the then minimum wage, acting as an effective ceiling.

Two pay equity indicators resonate with policy debates. The first is the low-wage threshold, defined as two thirds of median pay for all employees, £7.71 in 2013. At the median level of earnings, more than two thirds of cleaners (71%) working in the UK earned less than the low-wage threshold, rising to more than 80% among female and male part-timers (Table 4.1). A second pay equity indicator is the highly publicised UK living wage (outside London rate), somewhat lower than the low-wage

⁹ Survey data on the impact of the National Minimum Wage by the Cleaning and Support Services Association (CSSA) from September 2012. Companies employing a total of 48,000 workers responded to the survey

threshold, at £7.45 during most of 2013. At the median point, two thirds of cleaning workers earned below the UK living wage. The median pay for female part-time cleaners was 14% lower than the living wage in 2013 while female full-timers earned marginally higher (by 4%). Industry surveys suggest employers have responded to minimum wage rises in recent years by cutting pay differentials among cleaning staff (eg. between cleaners and supervisors), a finding that mirrors evidence for the social care sector (Machin and Manning, 2003)., The industry association has argued against minimum wage rises above expected inflation, even proposing a freeze in 2013 (CCSA, 2012: 6).

Table 4.1 Indicators of low pay among the cleaning workforce

	All employees	Female PT	Female FT	Male PT	Male FT
Pay at the 30 th percentile	£6.21	£6.19	£6.75	£6.20	£7.32
Pay at the median	£6.65	£6.44	£7.73	£6.50	£8.55
Pay as % above minimum wage	7.4%	4.0%	24.9%	5.0%	38.1%
Pay as % above UK living wage	-10.7%	-13.6%	3.8%	-12.8%	14.8%
<i>Share of workers below low wage threshold (approximate)</i>	71%	>80%	50%	>80%	36%
<i>Share of workers below UK living wage (approximate)</i>	67%	79%	45%	79%	32%

Source: ASHE, hourly pay excluding overtime; minimum wage was £6.19 and the outside London living wage £7.45 in April 2013 the time of the earnings survey.

Pay is not the only aspect of relatively poor working conditions in the industry, as illustrated by research in several European countries (Weinkopf et al., 2013): cleaning work is often ‘invisible’ since it is scheduled outside normal operating hours in early mornings, evenings and nights; cleaners often work alone or in small groups and are required to travel between various places of work; cleaning work can be physically demanding, requires regular use of chemical detergents and takes place in dirty and hazardous physical environments; and intensive cost competition through the procurement of cleaning services has contributed to work intensification with an increase in the average number of square meters that has to be cleaned per hour (Martinez, 2010, cited in Weinkopf et al., 2013).

Patchy investment in skills and training

The skill requirements in the industry are varied and dependent on the specific occupations. However, a number of skills are, in principle, required across the range of occupations including literacy and numeracy skills, communication skills, technical

skills and customer service skills. Other skills needed in the industry are management and leadership skills and procurement skills. Skill gaps exist in all these areas but most new employees have at least some if not most or all the skills required; one survey suggests this held for 71% of employees in August 2012 (Asset Skills, 2013a).

Training is usually provided on the job. Evidence of employer investments in training suggests a mixed picture that is likely to reflect the small sample size of survey data collected. Asset Skills (2014)¹⁰ finds that less than half of employers (46%) provided training to their cleaning staff in the six months prior to the survey, a 10% decrease on the previous year. Data on induction training is more positive, with three quarters of firms providing induction training, although most is likely to have taken place on the job (Figure 4.3). Also, a majority of cleaning firms invested in technical training and management and leadership training. In a large number of cases this training resulted in qualification, in particular for technical training (78%) but also for numeracy training (65%).

High staff turnover

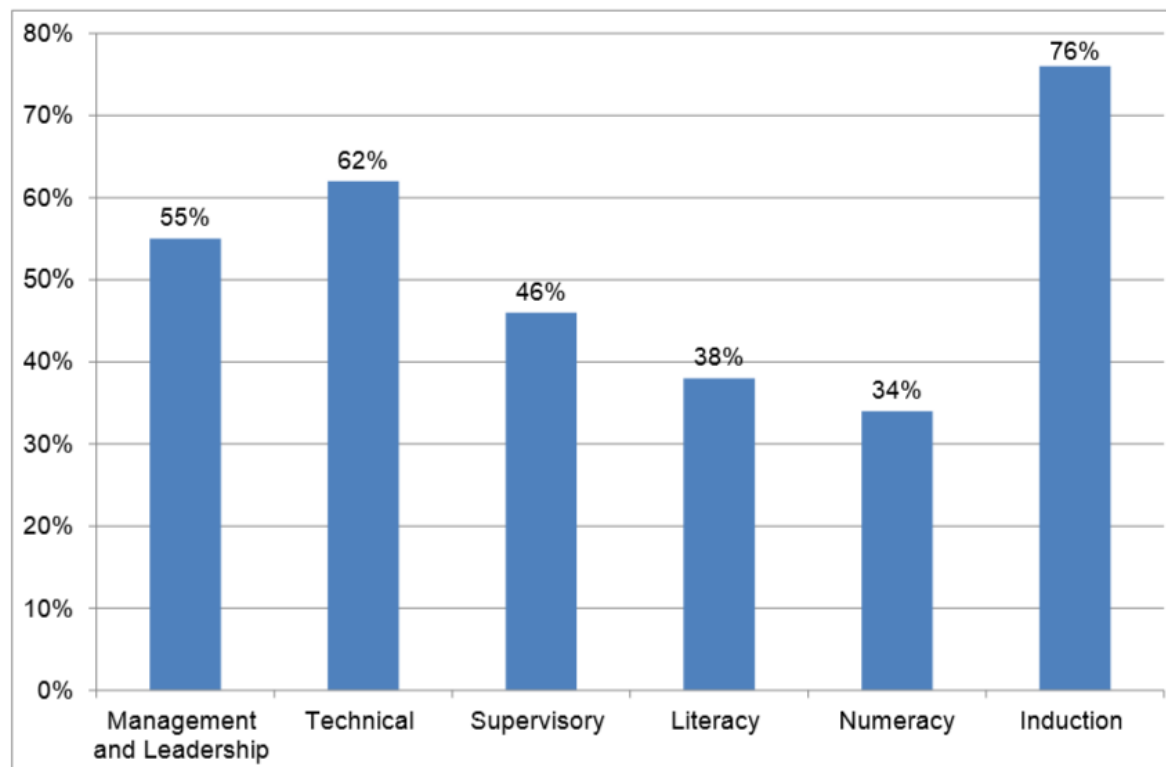
There are no clear data on labour turnover but it is estimated to be very high with estimates ranging from 50% to 100% (Asset Skills, 2010; Asset Skills, 2012; BICS, 2009; Wills, 2008 – all cited in Hulbert, 2012). The former industry body CSSA stated in 2009 that, 'for some contracts the churn rate can be as high as 100%, with cleaners remaining in employment for an average of just 12 weeks' (cited in Asset Skills, 2011: 120). Such findings have been ascribed to low pay, poor terms and conditions and redundancies. It can also be linked to a relative absence of career paths given the predominance of elementary positions.

High staff turnover may cause several problems such as an increase in staff costs, a decline in productivity and efficiency, an increased workload for remaining staff, and an unwillingness among employers to invest in training. At the same time, Asset Skills (2013c) reports that turnover was not considered a major concern for the 50 employers participating in the underlying survey with only 4% identifying turnover as 'high' and three in four companies (76%) reporting it as 'low', 'very low' or 'non-existent'. The employer respondents ascribed the low turnover to their attractive benefits package, good overall terms and conditions, job security, and the fact that they are a good employer. However, these findings are subjective and must be read in relation to high levels of turnover that have characterised the industry. Moreover,

¹⁰ The report is based on findings from the Asset Skills Barometer, the ongoing survey that Asset Skills undertakes among employers. In this case the report is based on 50 responses from cleaning companies across the UK (37 in England, 7 in Wales, 5 in Scotland, 1 in Northern Ireland).

they may be indicative of the small number of employers that participated in the survey.

Figure 4.3 Areas of training invested in by employers in the cleaning sector (during six months prior to survey, August 2012)



Source: Asset Skills (2013a: 26) (sample size data are unavailable - see footnote 7 for details).

4.3 Regulating and bargaining for improved working conditions

Regulating for better work

Besides the minimum wage legislation there have been few successful initiatives to improve working conditions within the industry. Previously, the Two Tier Code provided a basis for extending the pay and working conditions in the public sector to its contractors through local collective agreements (see section 2). The Code was abolished in 2010 but has been sustained in many agreements characterised by a long duration of the outsourcing contract; we explore this important policy issue in the Hospitale case study in Part Two.

The significant form of protection in the context of outsourcing and recurrent contracting takes the form of TUPE legislation, that is the Transfer of Undertakings (Protection of Employment) Regulations. As we described in section 2, TUPE aims to ensure that workers are not dismissed and maintain their terms and conditions of employment (excluding pension conditions) when they are transferred to another

organization in contracting arrangements. However, the share of employees protected through TUPE is likely to diminish over time as new recruits are hired under different conditions.

In addition, the working conditions of subcontracted agency workers, if present, have since 2010 been shaped by the Agency Worker Regulations which aim to increase their equality of treatment with directly employed employees. We will explore these regulatory issues in our data analysis in Parts II and III.

The evolving role of trade unions

In the outsourced low-wage service sector in Britain, trade union presence is weak. There are no sector collective bargaining agreements and only few company agreements as illustrated by evidence that the national minimum wage has become the main determinant of wages (Weinkopf et al., 2013). Unions face several challenges in this sector. They struggle to mobilise workers who are mostly on short, part-time contracts and organised in small teams across multiple worksites. Also, many of the fast-expanding facilities management firms have little tradition of a union presence. Nevertheless, several trade unions are very active in the industry, including Unison, GMB and Unite. Unison, the public services union, has a relatively strong presence among contractors to the public sector as they have followed cleaners who have been transferred from the public sector to private companies as part of outsourcing contracts.

At the same time, since the success of the 'Justice for Janitors' campaign in the United States during the 1990s (see section 2), cleaning has become an arena for union growth and cleaners have been described as 'an unlikely vanguard' of the labour movement (Wills, 2008: 306). In the UK there has been a growing Living Wage campaign in recent years. The campaign was launched in 2001 by an alliance of faith, labour and community organizations called the East London Communities Organization (TELCO) which targeted the east London hospitals (together with Unison) and high-profile financial companies at Canary Wharf to campaign for better wages and conditions for cleaners (Grimshaw, 2004). From 2004, the T&G (now part of Unite) started to organise the cleaning industry through a team of multi-lingual foreign-born organizers, many of them ex-cleaners. Within a few years the union had recruited well over 1,500 cleaners and signed agreements with almost all the leading cleaning contractors active in Canary Wharf and the City of London. Following the SEIU's Justice for Janitors campaign in the US, success was possible through a zonal approach which prevented contracts with alternative providers undercutting the gains made in organised workplaces. In addition, TELCO's campaign led to the introduction of a London living wage (Wills, 2008). This illustrates how trade unions have been able to respond to outsourced employment through a strategy that has been referred to as 'social movement unionism', 'networked trade unionism', or

'community unionism'. It shows how alliance building can allow workers to tackle the 'real employers' behind the outsourcing of activities (Wills, 2009).

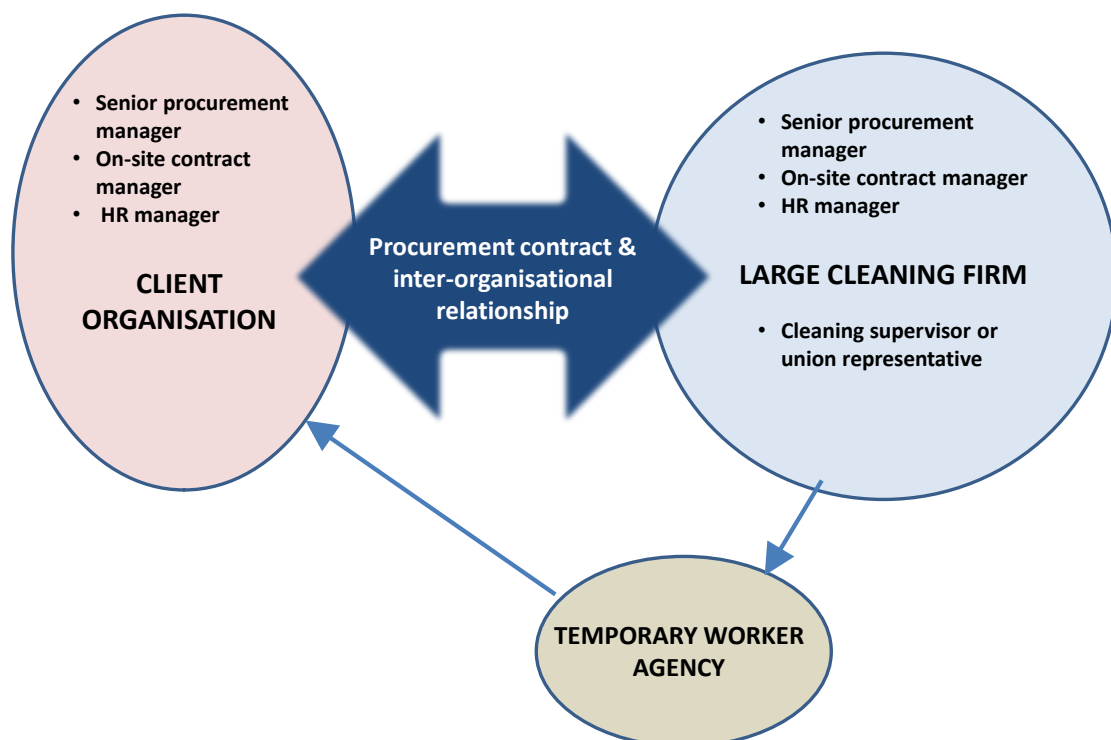
4.4 Summary

Procurement and contracting of services is a significant feature of the commercial cleaning industry and this appears to have contributed to the prevalence of low pay, high levels of labour turnover, and the challenges for successful organisation by unions within the industry. The role of regulation has been relatively weak to date and, in terms of its impact in promoting better employment practices and improved working conditions, is mostly limited to the national minimum wage and TUPE legislation. The lack of what we called in section 2 'encompassing collective bargaining', or other forms of inclusive regulatory or union-based worker protection, explains the strong focus of all types of organisations on business strategies of procurement to reduce costs and make staffing more flexible.

5. Research design

The aim of the project was to understand how cleaning services are procured, what pressures (if any) these outsourcing arrangements can place on cleaning firms, and what impact these in turn have on working conditions for cleaning operatives. To achieve these aims, the research design involved the careful selection of six case studies of outsourced cleaning services. Each case study involved two organisations – a client organisation, which procures the cleaning services, and a commercial cleaning firm (Figure 5.1). The case studies were not designed to be representative of the UK market for outsourced cleaning services. Instead, the intention was to illuminate key features of contractual and procurement practices that can have a positive effect on HR practices and employment conditions experienced by the cleaning workforce.

Figure 5.1 General case study design



Inclusion of both sides of the procurement relationship is essential for understanding the multiple dimensions of procurement, the conflicting pressures internal and external to both organisations that shape the nature of the services contract and the knock-on effects for the employment relationship (Marchington et al., 2005). It was equally important to include the views of a worker representative to check and balance management views. In addition, in those cases where the cleaning firm

makes extensive use of temporary agency workers we also interrogated the reasons for, and associated conditions of, this form of second-tier subcontracting - although we did not undertake interviews at the temporary work agencies. Other studies suggest employment conditions and informal employment practices deteriorate with distance from the primary client-contractor relationship (Allen and Henry, 2002; James and Walters, 2011).

Figure 5.1 also indicates the number and type of interviewees sought in each case study. While the focus was management level, we also gathered further information from an employee perspective through interviewing a cleaning supervisor or worker employed by the cleaning firm in each case; the related study by Sykes et al., (2014), also commissioned by the EHRC, provides a far more thorough investigation of workers' views and experiences. In total 34 interviews were conducted. Most participants were interviewed individually, although on four occasions interviews were conducted in pairs to accommodate managers' wishes; for example, the contract managers from the client and supplier partners at the airport case were interviewed together. The risk here is that multiple, conflicting views are stifled.

To appreciate the various scenarios of outsourced cleaning services, the case studies were selected to illuminate three specific *structural conditions* – country (England, Scotland and Wales), public-private ownership and sector (Table 5.1).

Table 5.1 Summary characteristics of the six case studies

Case	Geography	Client ownership and sector		Client code	Cleaning firm code	Temporary Work Agency
1	England	Public-private	Transport	AirportE	CleanA1	--
2	Scotland	Public	Education	CollegeS	CleanA2	--
3	Wales	Private	Hospitality	HotelW	CleanB	--
4	England	Public	Healthcare	HospitalE	CleanC	TempCo1
5	England/ London	Public	Local authority	CouncilL	CleanD	--
6	England/ London	Private	Banking	BankL	CleanE	--

Note: CleanA1 and CleanA2 are the same company.

While both public and private sector organisations face pressures to cut expenditures on ancillary services, we were interested in possible differentiation in the role of public and private sector organisational values, associated with different organisational objectives (profits and reputation in the private sector versus social objectives including the Public Sector Equality Duty in the public sector) and different

industrial relations traditions. However it was also recognised that in a period of severe public sector austerity, it may be public sector organisations that are under most budget pressure, with outsourcing a possible way to reduce costs.

Selection of different sectors reflects both the reality of outsourcing of cleaning activities across all parts of the UK economy and an interest in identifying particular sectoral conditions (of product and labour markets) that shape procurement and HR practices. We initially intended to incorporate a fourth condition, size of cleaning firm, but the size of the client organisations and their requirements (in terms of a wide array of required services in terms of the tender requirements) make it almost impossible for smaller cleaning firms to partake. We instead prioritised selection of cases by country and sector. In addition, the selection of two cases in London reflected a concern to include an urban labour market where there is a well-known over-representation of migrant and ethnic minorities. All interviews were recorded with the consent of the interviewee and transcribed. In the gathering of case study information, we have also sourced various types of secondary data from the internet and research papers, as well as company documentation on HR practices, financial conditions and contractual details (Table 5.2).

Table 5.2 Details about the case study outsourcing contracts

Case	Prior cleaning provision at client site	Start date of current cleaning company involvement	Staff transferred (approx)	Duration	Contract renewal?
AirportE-CleanA1	Outsourced	2012	70	5 years	2014 (new expanded services contract until 2019)
CollegeS-CleanA2	Outsourced	2008	30	3 years	One renewal in 2011, second due 2014
HotelW-CleanB	In-house	2004	10	3 years	Three renewals (2007, 2010, 2013)
HospitalE-CleanC	In-house	2001	500	35 years	Respecification in 2011
CouncilL-CleanD	In-house	2012	75	4 years	-
BankL-CleanE	Outsourced	2010	Not known	3 years extended to 4	5-year renewal under consideration

Research access and ethics

We faced significant challenges in agreeing access to the case study organisations. A total of 42 organisations were contacted to take part in the research across the six client sectors. This included: 13 in the hospitality industry, seven in education, banks and councils and four in healthcare and transport. Part of the problem was finding organisations which met our selection criteria. Some of the problems are detailed in the following:

- *Hospitality industry*: independent hotels tended to keep room cleaning services in-house so we focused on chain hotels. We had intended to include leisure facilities cleaning (e.g. spa facilities) alongside hotel room cleaning, but as this was often outsourced to a separate, specialist, cleaning industry we focused on hotel room cleaning only.
- *Transport industry*: Direct transport providers such as rail companies and airlines tended to keep cleaning in-house. We therefore focused on airport terminal cleaning services which were commonly outsourced to commercial cleaning firms.
- *Education industry*: we aimed to include a smaller cleaning firm for this sector as many small cleaning firms advertise this service. However we only identified larger firms with these contracts, possibly because they were more able to meet specific public sector legislation as noted in the findings for this case.
- *Banking industry and local authority*: the selection pool for these two London-based cases was limited by the decision to focus on organisations that requested the London Living Wage to be paid to cleaners. As a consequence it took longer to gain access to suitable organisations as there were fewer alternative sites to consider.

A total of 34 interviews were conducted across the case study organisations. Whilst we set out to interview seven participants per case the reality presented numerous difficulties. For example, at CollegeS changes in the HR department meant there was simply no one available who had knowledge of the cleaning contract and the client contract manager was on sickness absence when the interviews were conducted.

Whilst we started out with a set of types of participants to interview the reality was that management structures were more complex so the precise mix of interviewees varied across the cases. In the analysis of case study data in the report, we have largely standardised job titles for ease of comparability across the cases. However, it is important to remember there is variability in the basic job role functions and we have, therefore, detailed these for the client and cleaning firms separately in Table 5.3. We do not report the precise job titles in order to protect the anonymity of participants.

Table 5.3 Details of interviewees in the case studies**a) Client organisations**

Client organisation	Required area of expertise	Job Title	Responsibilities
AirportE	Procurement strategy HR strategy Contract management	Procurement manager HR director Contract manager*	-all outsourced contracts -HR strategy -daily operation of outsourced contracts
CollegeS	Procurement strategy	Procurement manager*	-all outsourced contracts
HotelW	Procurement strategy Contract management	Procurement manager Operations manager*	-all outsourced contracts for the hotel group -daily operation of the contract and managing rooms
HospitalE	HR management Contract management	HR director Facilities director	-HR strategy -all outsourced facilities services contracts
CouncilL	Procurement strategy HR management	Procurement manager HR manager	-all outsourced contracts -HR services and advice
BankL	Contract management	Facilities manager	-all outsourced contracts related to this particular building.

b) Cleaning firms

Cleaning firm	Required area of expertise	Job title	Responsibilities
CleanA1	Procurement strategy	Procurement manager	-manages tenders for transport
	Contract management	Contract manager	-daily operation of cleaning contract
	Supervision	Supervisor	-operation of contract
CleanA2	HR management	HR manager	-HR advice for contracts in Scotland
	Contract management	Contract manager	-several local cleaning contracts
	Supervision	Supervisor	-supervision of afternoon shift of cleaning workers
CleanB	Procurement strategy	Procurement manager	-produces all tender documents
	HR manager	HR manager	-HR information and advice for firm
	Contract management	Contract manager	-oversees all cleaning contracts in local region
CleanC	Cleaning work	Cleaning worker	-daily cleaning activities
	Contract management	Contract director	-oversees range of facilities services
	Contract management	Contract managers x 2	-one manages the hotel services function and the other domestic and linen services
	Supervision	Supervisors x 2	-operational side of the contract
CleanD	HR management	HR manager	-HR information and advice
	Contract management	Contract manager	-Oversees several cleaning contracts
	Cleaning work	Cleaning worker	-daily cleaning activities
CleanE	Contract management	Contract manager x 3	-one national account manager and two regional managers overseeing contracts
	Cleaning work	Cleaning worker x 2	-daily cleaning of this particular bank building

Part two. Six case studies of outsourced cleaning

6. AirportE and CleanA1

6.1 Background

The industry: UK airports and employment

Several aspects characterise UK airports and their employment. Most large and medium-sized airports are either fully owned by private investors (e.g. Heathrow Airport Holdings Limited is owned by a consortium led by Spain's Ferrovial Group) or have mixed public-private ownership. Also, several groups or holdings run more than a single airport. For example, Heathrow Airport Holdings Limited not only runs Heathrow but also Aberdeen, Glasgow and Southampton Airport.

Employment at airports is highly diverse including areas such as air traffic control, airport security, airline jobs (pilots, flight attendants, gate and counter personnel), baggage handling, terminal management, line jobs (guiding and fuelling planes), engineering, enabling functions such as HR and marketing, fire service, and custodial jobs like cleaning. In addition, there are many retail jobs across the concession areas. This means that employment conditions are diverse as well. There is little specific employment regulation but airports are classified as utility companies and therefore need to comply with the EU legislation on government procurement to advertise procurement contracts community-wide. With strong competition between airports, there is strong pressure to maintain service levels while minimizing costs. Many of the bigger airlines have reduced their number of flights and been replaced by low cost airlines and new carriers from the Middle-East and Asia. This has negatively affected the ability of airports to derive revenue. A particular challenge concerns the need for strong coordination between various, interdependent activities that are often the responsibility of different organisations. Airports are multi-employer sites involving 'a complex process of contracting and recontracting' (Rubery et al., 2003: 272). It means that the procurement of a support service like cleaning is not an appendix to core operations, as it may be in other industries, but one among many contracting relations that shape the quality of service provision.

The case study

AirportE is a medium sized airport in the UK and offers both domestic and international flights by various traditional and low-cost carriers. Its ownership structure is mixed, with both public and private investors. The cleaning services are provided by a large outsourcing company, CleanA1, which provides facilities, property and energy management for a wide range of public and private sector businesses.

6.2 Procurement

Reasons for outsourcing

AirportE had previously organised cleaning through a mixture of in-house and third party provision as it had outsourced cleaning for a newly constructed terminal while maintaining in-house provision for the existing terminal. The decision to outsource all cleaning came in response to the increased competitive pressures after 9/11 when several bigger airlines pulled out, and the ageing of the staff in the original terminal one. These workers were offered generous redundancy packages and many accepted this, also because they were often rather close to retirement. Only one or two workers moved into other airport jobs and a handful moved to the cleaning company under TUPE. The decision to outsource all cleaning activities was thus driven by a combination of costs and workforce considerations. The cleaning tasks at AirportE cover the terminals, all the common areas (everything except for the concession areas), the outline buildings, the air traffic tower, the office blocks, the police station, the fire services, the engineering department, the hangar and the transport link.

Tendering and the contract

In accordance with EU legislation on procurement by utility organisations, AirportE is required to publically announce any tender. Around 20 organisations typically express an initial interest at tender stage, but this is then whittled down to around six bidders based on their capabilities and experience as assessed through a Pre-Qualification Questionnaire (PQQ).

The contract with CleanA1 was agreed in 2012 when it took over from the previous provider. At the time, AirportE amalgamated different outsourcing contracts into one big contract which, besides cleaning, includes food waste recycling, washroom waste, and pest control. The contract involved the transfer of approximately 70 employees with TUPE protection; the large majority were on terms and conditions fixed by the previous cleaning firm but a very small minority were ex-airport employees who were TUPE transferred to the new cleaning firm on protected conditions. The contract runs for a minimum of five years and, unusually, is expected to roll on with CleanA1 as long as there are no issues and if costs can be renegotiated. This is explicitly stated in the contract.

Criteria for tender acceptance

Essential criteria when outsourcing the contract include financial stability, financial turnover within the business, the approach to managing contracts, whether the firm has contracts of a similar scale and scope, and whether it has experience working in public environments so that the cleaners are able to deal with the many travellers at

the airport. There are also health and safety and security requirements as the cleaners have to go airside.

The decision to select CleanA1 was informed by price, but also the ability to agree a contract on the basis of outputs rather than resource inputs. With the business under financial pressure, AirportE decided 'to take the plunge' and to go with an organisation that was 'looking at it differently' (AirportE, Procurement manager). CleanA1 proposed what was perceived as an innovative approach to the organisation of cleaning tasks through 'zones' (see below).

Fee basis

The procurement contract specifies output performance in the form of the cleaning requirements of each zone. CleanA1 charges a fixed amount per month per zone, but the areas covered within zones are adapted to reflect peaks and troughs in usage. The amalgamation of several different contracts in 2012 into one contract for CleanA1 was designed to achieve synergies across service activities because the different parts can help each other out if there are any issues. AirportE also required a single site manager to oversee the different activities rather than having to deal with five different contract managers. As a consequence, the CleanA1 Contract Manager is not only responsible for cleaning but also for all non-technical contracts, including the trolley service, the disabled passenger handling, the transport link, signage, and bussing. From an accounting perspective there is the advantage that the client only receives a single invoice while the 'cleaning' firm coordinates the implications among its various business divisions. (CleanA1, Contract manager).

The organization of cleaning activities

Zonal specification of cleaning is matched by a zonal approach to the allocation of tasks to cleaners. CleanA1 has divided the airport into 13 zones with a single member of the cleaning workforce responsible for each zone to reinforce a sense of accountability and ownership. When there is a problem in any of the zones, the Supervisor knows which cleaner to contact. The Procurement manager of CleanA1 described these zones as 'robust but flexible' as they had to be adjusted to the often changing circumstances.

The footprint of the airport is changing all of the time. They are constantly refurbishing this, or extending that, or taking away this, peaks and troughs of passengers is always changing, with concessions opening up they are redirecting the passengers through different areas of the airport so you constantly have to redefine your cleaning model. (CleanA1, Procurement manager).

The definition of each zone is supported through a team of 'Six Sigma' professionals employed by CleanA1. They propose process improvements through an analysis of the various tasks and required frequencies, while also taking into account any

irregularities anticipated in a crowded airport environment. Allocation of zones to individuals takes place on a daily basis during a briefing at the start of the shift. Most employees (8 out of 10) are moved around between the zones but there are some examples of people who tend to remain within one zone as they have really made it their own. Staff allocation to zones is believed to facilitate greater efficiency as the staff become familiar with the specific activities of the zone, including the working patterns of others, and can respond to customer queries.

Within their allocated zone, staff are expected to do more than cleaning by interacting with others in their area (e.g. those working at the concessions) and to assist them when necessary. It is for this reason that they are referred to as 'General Assistants'. In the summer when passenger numbers are high they may also assist baggage handlers or help out with the handling of e-tickets. They are paid extra for undertaking these additional tasks but managers claimed they particularly appreciated the variety it offers compared to their regular tasks.

Inter-organisational management and monitoring of the contract

The newly amalgamated contract facilitates important synergies between contracted services and profits from the presence of a single site manager. In addition, there are various strategies for, and indications of, a close relationship between AirportE and CleanA1. First, zonal allocation of individuals establishes clear accountability, which allows managers from both parties to address cases of poor service delivery. Airport managers walk around the terminal each day and contact the CleanA1 Contract manager if an area is not up to standard. Second, there are several joint meetings to further discuss performance: weekly meetings to discuss actual service delivery; a monthly unannounced walk around the airport by the counterpart Contract Managers; quarterly meetings to discuss formal aspects of the contract; and an annual audit to ensure all General Assistants have the relevant (functional, health and safety, customer service) training for the job. If there are ongoing problems with particular cleaners, they will be discussed by the Contract managers (e.g. have they been on customer service training? What's going wrong here?).

The monitoring of the contract is said to be strengthened by the transparent client-contractor relationship.

When we get the costing in for the contract I have got it broken down and I know how much everybody earns and I know what the profit margin is.
(AirportE, Contract manager]

[The client Contract Manager] knows everything ...we are on a site where the client is looking at us 24/7, it's not like we can only get away with providing one member of staff and then they disappear early. The client is on our doorstep and their chief executive is on our doorstep so we have to

make sure we are delivering to their expectations. There is no hiding.
(CleanA1, Contract manager).

Both Contract managers stressed their good and close relationship. They referred to a shared partnership goal that seeks to make the passenger experience a really great experience so that more people come back to the airport. In order to achieve this, CleanA1 seeks to work in partnership with AirportE and to understand its strategy. A customer service culture and the airport-wide people recognition scheme (see below) are important strategies to achieve this.

6.3 HR Practices

Employment contracts

CleanA1 employs staff on four different contracts: transferred with TUPE protection from the previous cleaning firm; transferred with TUPE protection from the airport; directly employed by CleanA1; and on zero-hour contracts. About 70 cleaning employees have been transferred with TUPE and a large majority of them comes from the previous cleaning firm with very few transferred directly from the airport. Only around 10 additional employees have been recruited by CleanA1 since the start of the contract in 2012. All these workers enjoy a permanent contract with guaranteed hours and most work 40 hours per week. A final group of around ten cleaners are employed on zero-hours contracts to cover busy periods, holidays and sickness absence. These contracts also offer managers the benefits of not having to pay enhanced rates for weekend cover (as required for TUPE transferred staff). Also, zero-hour staff are screened for new recruits to permanent contracts.

Recruitment

The gender mix of cleaners at AirportE is approximately 50-50. The staff is ethnically diverse and mostly local. Recruitment is under the full control of CleanA1. It views its staff as ambassadors and therefore seeks out individuals with good communication skills who will not be intimidated by questions from passengers. There is also the awareness that staff need to be on their feet for several hours and to undertake a job that not many people want to do. There are no specific skill requirements as CleanA1 can provide the necessary training but candidates need to have the basic capabilities. CleanA1 also works with Remploy 'to try and assist people and give them an opportunity to get back into work' (CleanA1, Contract Manager). When it concerns management positions, an AirportE manager may discuss the potential recruits to see whether they will fit in but any decision is taken by CleanA1.

For the position of Supervisor CleanA1 tends to recruit internally. Interested General Assistants are given the opportunity to shadow a Supervisor before applying for promotion. They can then work as Acting Supervisor and be promoted when a position becomes available. The Supervisor interviewed had followed this trajectory.

Pay

Pay differs between cleaning staff according to the four different contracts described above. Staff who did not TUPE transfer but were directly hired by CleanA1 are paid the adult national minimum wage (£6.31 per hour), which is also extended to staff younger than 21 years old. There is an enhanced pay of £7.31 per hour for night shifts but none for weekends. Staff on zero-hours contracts are also paid the national minimum wage of £6.31 per hour but do not receive enhancements for unsocial hours. TUPE transferred staff divide into two groups. Those transferred from the previous cleaning company are paid approximately £7.50 per hour with an enhancement to around £8.50 per hour for both night shifts and weekend work. According to managers at the current cleaning firm, these relatively generous rates and enhancements are a reflection of low unemployment when the original contracts were agreed. A second group of TUPE staff transferred from the airport's in-house team; they only work the night shift and earn an enhanced pay of around £9.50 per hour.

Other conditions are standard for all staff; for example, they all receive a free car parking pass. CleanA1 managers did not believe the rate of pay to be a major problem but the airport Contract manager did highlight how pay may be included when discussing the contract price for future years. This is possible through the transparency of the contract which enables AirportE to assess the various costs and profit margin of the contract.

Schedules

General Assistants are permanently assigned to one of three fixed shifts (6am-2pm, 2pm-10pm or 10pm-6am). The size of shifts differs, with the highest number of staff on the morning shift as it does the main cleaning, including the outside properties. Staff work 4 days and then have 2 days off. Supervisors work a standard 12-hour shift from 6am to 6pm. They work 4 days and then have 4 days off. As mentioned, most employees (8 out of 10) tend to move between the various zones. Managers told us the employees tend to like the rotations 'otherwise it gets stale, you have to keep it fresh' (CleanA1, supervisor).

Training

Training is quite extensive and is provided jointly by CleanA1 and AirportE. Functional skills are mostly taught through on-the-job training as new employees are partnered (buddy up) with experienced workers. The training meets the standards of the British Institute of Cleaning Science (BICS). CleanA1 also offers various additional types of training including numeracy and literacy skills, NVQs in cleaning and environmental standards and further training for Supervisors on risk assessment, people management and absence management. But most striking is

the customer service training provided by AirportE to all General Assistants consisting of five modules of three hours each. The training programmes seek to embed clear operational guidelines and performance standards, which are perceived as particularly relevant for changing customary practices among TUPE transferred staff. The training aims to help people understand how to cope with change given the many organisational changes at the airport. The Procurement manager of CleanA1 described the challenge when the firm took over the contract from the previous provider.

[W]hen people procure these things, they forget even if you are procuring a new company, the staff are transferring so it's the same people. So really it's all about that senior level management, operational from a senior level to instil and motivate the staff in different ways and make them feel valued and try and get productivity out of what has been people who have maybe worked there for 10 or 15 years doing the same thing day in, day out. (CleanA1, Procurement manager).

HR policies

The customer service training was part of a wider approach to improve overall service provision. The airport has defined five brand values, types of behaviour that all staff are expected to adhere to: responsible, cheerful, confident, intelligent and helpful. Each behaviour is defined further; for example, 'responsible' means making decisions, working as a team, taking ownership, being consistent, setting high standards, acting with integrity and doing as promised. There was the awareness that those values had to be shared by all employees across the airport, irrespective of their actual employer.

[W]hen somebody visits the airport they are not actually worried whether somebody actually works for the airport, they don't care if somebody works for Service Air or the Border Agency or whatever really, all they see is [AirportE], they aren't really bothered about the distinction – and why should they be really? (AirportE, HR manager).

This awareness has inspired AirportE to introduce a people recognition scheme that is open to all business partners. At the time of interviews, around 30 companies participated and more were expected to join. Staff are invited to nominate a colleague who has demonstrated or gone above and beyond any of the five brand values. Each quarter, winners receive a £250 catalogue voucher, presented by AirportE's CEO, along with a congratulatory note from AirportE's Contract manager. There is no particular limit for the number of winners and this will vary but the airport tries to at least have someone directly employed by the Airport and someone from any of the business partners. But there tend to be a handful of winners. According to the Contract managers, the initiative has promoted communication between different companies on site. Moreover, it has coincided with a fall in the number of customer

complaints. Also, while previous awards tended to recognise relatively basic activities, current nominations are of a much higher standard.

7. CollegeS and CleanA2

7.1 Background

Further education Colleges provide post-secondary school education and cover vocational as well as degree-level courses to students aged 16+. There are approximately 250,000 students enrolled in Colleges in Scotland, and the majority are aged between 16 and 24 years old (Colleges Scotland, 2013). The Scottish Funding Council reduced its funding from £555.7m in 2011/12 to £521.7m in 2013/14; a cut of £34m (Colleges Scotland, 2013). Colleges in Scotland have managed these cuts through strategic mergers and subsequent reductions in staff numbers. In 2011 there were 37 colleges in Scotland, reduced to 21 by the end of 2013 (Audit Scotland, 2013). Staff numbers have also reduced, from 19,546 in 2010/11 to 15,900 in 2011/12, as have student numbers, although a higher proportion of students are on full-time courses and more higher education is being delivered (Colleges Scotland, 2013).

The case study

CollegeS is a regional College of Scotland and was formed through a series of mergers. It provides post-16 education and training to 7,000 full time students and 12,000 part time students across a range of campuses and has an estimated turnover of £40 million; it is therefore substantial in size. It has a history of outsourcing which is more predominant than other Colleges in the region. In fact, around 60 per cent of its expenditure is outsourced and this includes catering, cleaning and facilities management. A 'business centric model' helps explain this where, according to a senior manager from the College, managers seek to run it as a private organisation and encourage flexibility of services while maintaining decent employment standards.

CleanA2 is a large cleaning firm which provides facilities management services, as well as property management, healthcare and energy services. It provides outsourced services to both public and private client sectors. The annual revenue of CleanA2 is nearly £2 billion and it employs over 70,000 staff across its operations; this organisation is therefore far larger than the client organisation, CollegeS. The current contract has run for nearly six years and is approaching its second renewal. The contract was previously run by a competitor, and prior to this, cleaning activities were performed in-house by CollegeS.

7.2 Procurement

Reasons for outsourcing

The decision to outsource was primarily shaped by internal factors including management's desire to improve the flexibility of the workforce, for example in terms

of working hours, which previously were difficult to manage in terms of fluctuations in staff. There were also other internal factors including problems managing cleaning activities in-house, which were previously done at night-time making monitoring difficult:

They used to work all through the night and we found out that they were having parties and such things, so that was one of the reasons [we outsourced] because we thought, well we aren't getting the management here that we really need. (CollegeS, Procurement manager).

Tendering process

The contract includes both cleaning and janitorial services. Around 20 cleaning firms expressed interest in the tender but only four to six were asked to make a bid. Cleaning firms were required to submit a pre-qualification questionnaire (PQQ) which allowed CollegeS to evaluate them based on a range of criteria.

Criteria for acceptance

Three criteria were important to be in competition for the contract: the cleaning firm's annual turnover (as an indicator of their size and aptitude for a contract of this size), the type of services offered (whether they had experience cleaning in the education industry), and whether they have offices locally (presumably for local management expertise). CollegeS also included two sets of employment criteria in its evaluation: i) all staff would be trained to the British Institute of Cleaning Science Standards (see below); and ii) evidence of how the cleaning firm would enforce the Public Sector Equality Duty under the Equality Act 2010. The reason a large firm won the contract rather than a smaller firm (which was also true for the previous contractor) was not only because of an aptitude to conduct large-scale cleaning activities, but also because CollegeS assumed a larger cleaning firm would be more able to implement equality legislation to the same standard as the College:

That's why we only tend to have larger firms go through to award because you aren't going to see small firms go through because typically they don't have that [implementation of equality policies]... They have to have a proper equality policy and enforced. It's got to be exactly the same as we would apply to our own staff. (CollegeS, Procurement manager).

Once these essential criteria were met, CollegeS then made the acceptance decision based on the most competitive price.

Fee basis

Fees are paid on a fixed price monthly basis and this is set in the contract according to the required number of cleaning hours submitted by the contractor. In the tendering process, cleaning firms were made aware of the scope of the contract with relevant information about the square footage of the premises (including the number

of rooms) and the frequency with which CollegeS expected the different areas to be cleaned (see below). It should be noted that CollegeS pay CleanA2 for 50 weeks of the year which includes two weeks off at Christmas when administrative staff do not use the buildings.

Monitoring the contract

CollegeS specify the frequency of cleaning activity for each area within the contract. 'Prestige areas' are expected to have a 'high impact usage' and must be cleaned at regular intervals throughout the day. 'Hygienically cleaned areas' such as toilet and changing areas must be cleaned on a one-off daily basis but monitored on an hourly basis to maintain standards. Finally, 'general and domestic areas' such as classrooms and libraries are to be cleaned on a daily basis.

There are weekly 'walk-arounds' by contract managers from both sides as well as quarterly meetings at which managers review the quality of cleaning using key performance indicators. CollegeS also monitor the number of cleaning hours submitted via a clocking in and out system; any 'missed cleans' are expected to be topped up at the end of the month. Underperformance is dealt with by more frequent and intrusive checks, although CollegeS argued this has rarely been necessary.

Inter-organisational management of the contract

There appears to be a relatively positive, stable relationship between CollegeS and CleanA2 managers. For example, CollegeS exercises strong control over the contract to ensure the provision and quality of outsourcing activities as specified. This suggests that the smooth operation of cleaning services is not possible without some inter-organisational management from the client:

I think if you relax into and say 'Well, it's not my problem anymore' then they [cleaning firm] will just ignore it. It's never not your problem: it is still your building, it is still your facility, it's still your entity, it's still your public perception of who you are – if your premises are dirty and not cleaned correctly then it's only going to reflect badly back on you. (CollegeS, Procurement manager).

CollegeS staff were able to report problems and/or complaints directly to CleanA2 which is again reflective of good working relations on both sides of the contract:

The [CollegeS] staff themselves can contact us if there are any issues that are going on or if there are any issues that they have found, or anything they are not happy with. They can also contact [CleanA2] directly and quite often they do so, so we don't always hear it straight away. (CollegeS, Procurement manager).

Furthermore, there was an example where a supervisor had transferred to CleanA2 under TUPE Regulations and identified more strongly with CollegeS than with her

legal employer CleanA2. This represented a clear benefit from the point of view of managers at CollegeS:

One of the cleaning supervisors...has been working with the College for over 20 years so she has been here through the entire process... She still works as if she still works for the college ... So she doesn't let anyone try and get away with something that she thinks isn't right – not that they do all that much -but she will say, she is very quick to say, "That should be done and that should be right and that should be done like this and I'm not happy". (CollegeS, Procurement manager).

7.3 Employment and HR practices

Employment contracts

The current cleaning workforce is made up of 20 staff employed by CleanA2, as well as four staff employed directly by CollegeS. In 2008, 30 cleaners were transferred to the cleaning firm under TUPE Regulations, although all but one of these members of staff (the cleaning supervisor mentioned above) have since left due to natural turnover as well as changes to the organisation of work (see below). Only five cleaning operatives work on a full-time basis, and the majority (15) work part-time, 20 hours per week. The four cleaning operatives employed by the College work part-time in a separate and much smaller building.

CollegeS does not set any requirements for the employment contracts of cleaners employed by CleanA2; instead the Procurement manager commented that, 'as long as we are getting the hours and the cleaning, that's fine'. The wider conditions of the education sector are an important explanatory variable. The College is able to predict, to a great extent, the likely footfall for each area of cleaning given prior knowledge of numbers of enrolled students and timetabled classes. This information is transferred to CleanA2. There is therefore a relatively high level of stability in cleaning schedules at CollegeS, which enables CleanA2 to provide cleaning staff with guaranteed hours. Moreover, it seems CleanA2 rarely uses temporary agency staff to meet fluctuations in demand, due to the need to apply for criminal record checks for staff working in a school environment.

Schedules

Cleaning staff work Monday to Friday during the day, which again reflects the nature of the education industry where weekend and unsocial hours cleaning is not necessary. There are four cleaners employed during 6am-2pm who clean up after the previous evening's night classes (held between 6pm and 9.30pm) and one 10am-6pm; both groups also make routine checks on 'high impact' areas like refectories. The majority of staff (15) are employed part-time from 6-10pm to who carry out the once-daily deep clean of the building.

There is no cleaning after 10pm due to both the costs of keeping premises open and past negative experience managing the in-house night-time workforce. The contract nevertheless stipulates that CleanA2 must provide certain cleaning activities outside the core operating hours of the College, which enables sensitive offices to be cleaned prior to use.

The organisation of cleaning activities

In 2012, CollegeS asked CleanA2 to review the efficiency of the contract, and to look for more innovative ways of working in order to cut costs:

We had to have an innovation for cutting costs – CollegeS wanted us to cut costs drastically... we didn't think we could do it to begin with. [Then] we thought well we have to do something and think out of the box.
(CleanA2, Contract manager).

CleanA2 responded to this by changing the organisation of work for the once-daily deep clean to a lean 'Six Sigma' approach (discussed in Section 14). The need for CollegeS to reduce contract expenditures reflects the wider context of education budget cuts since 2011:

People want value for money now, they don't want to pay – they want a clean building but the client doesn't want to pay for it, and they want cuts all the time and they want different ways of doing it and they are quite happy for certain areas not to be cleaned every day but certain areas done every day. (CleanA2, Contract manager)

Pay

Outsourced cleaners at CollegeS are paid £6.50 per hour which is just above the current National Minimum Wage. The charge hand and supervisor are paid £7 per hour and £7.61 per hour respectively. There is no night-time or weekend cleaning so enhanced rates are not applicable in this case. Cleaning staff employed by CollegeS have more generous terms and conditions of employment in terms of sick and holiday pay, but more specifically in terms of pensions (public service rates).

The contract manager at CleanA2 mentioned that CollegeS had informally discussed including a Living Wage in the next tender but raised concerns about whether CollegeS would make allowances for this in the fixed price fee. She believed instead they would expect CleanA2 to maintain the fixed rate fee and look for ways to make efficiency savings to meet the Living Wage increase, which she noted would lead to more staffing cuts as a consequence. The HR manager at CleanA2 also acknowledged the difficulties of including a Living Wage across other cleaning contracts in Scotland, describing how client procurement practices shape the extent to which it can be implemented:

To be honest every client is different, so we might have one situation where the client is really positive and they say, "yeah that's absolutely

fine, let's do it lets bring [the Living Wage] in!". And then we might have others that are dead set against it and do not have the capacity or the ability to pay us that extra part. We just have to manage them individually and be mindful of what the client wants and respect their wishes essentially. (CleanA2, HR manager).

Training and development

CollegeS stipulates in the tender that all cleaning workers must be trained to the British Institute of Cleaning Science standards (BICS) and the responsibility for this lies with the cleaning firm. New recruits will shadow a supervisor for a week as part of 'on the job' training. Supervisors themselves are trained off-site to enable them to teach to BICS standards. There are also further training courses for cleaning workers available on the CleanA2 intranet although these are not compulsory. CollegeS requires all staff working in the College to take an induction (on building rules and regulations such as health and safety) as well as a three hour child protection course (on working with vulnerable groups related to the disabled, abuse and so forth).

There is evidence of internal development within CleanA2, with the charge hand and supervisors developed from within. There were no examples of cleaning staff moving into CollegeS roles. Instead cleaning staff often moved on to better paying roles in the local area.

Recruitment

Recruitment is done through the local Jobcentre, Gumtree, or through word of mouth referrals from cleaning workers. No previous experience is necessary because all cleaners are required to be trained to BICS standards when they first start the job. Instead, the contract manager at CleanA2 looks for appropriate English Language skills (so cleaning workers understand health and safety aspects); in practice 85% of the cleaners are Polish. It should be noted that organisations in Scotland that work with children and vulnerable groups are required to take part in the Protecting Vulnerable Groups (PVG) scheme to ensure that all employees have no history of harmful behaviour. This is similar to the Disclosure and Barring Service (formerly CRB check) but is different in the sense that it gives employers real time updates if employees commit an offence. As such, the PVG check is part of the recruitment and selection of cleaning operatives. This was said to be costly and affected the profit margins of the contract given the relatively high turnover of staff on the basis that 29 of the 30 transferred staff left within a six year period.

HR policies

There is no recognised trade union for cleaners at either CollegeS or CleanA2. However, the contract manager at CleanA2 suggested that trade unions and ACAS have previously been involved in grievance and disciplinary hearings. Turnover of

cleaning staff at CleanA2 is relatively high, with an average tenure of two to three years but there are staff who have worked on the contract for up to seven years. Turnover for cleaning staff employed directly by CollegeS is much lower with the four staff having worked there prior to 2008 when the contract was outsourced; this might be explained by the college's public sector pension provision which is more generous than for workers employed in the commercial cleaning sector. Of the 20 cleaning staff employed by CleanA2, only three are men. The majority are from Poland and the age range is diverse, with some in their twenties and others in their sixties.

8. HotelW and CleanB

8.1 Background

Cleaning in the hotel sector is primarily concerned with room cleaning and this is often organised separately from other elements of cleaning such as leisure facilities and hotel public spaces. Room cleaning is known sometimes to be organised on a piecework payment system, that is payment made per room cleaned (Dutton at al., 2008), which may result, in some cases, in payment below the national minimum wage. These problems are also indicated by HMRC's targeted investigation of hotel cleaning contractors which found significant levels of underpayment (BIS, 2011). Concerns over potential exploitation in the hospitality sector, particularly room cleaners, were highlighted during the Olympics, with a BBC investigation finding considerable underpayment of migrant workers at top London hotels¹¹ and a new Staff Wanted Initiative (www.staff-wanted.org), funded by the Joseph Rowntree Foundation, launched to work with major stakeholders to reduce risks of exploitation.

Case study hotel

The hotel selected for the case study is part of a multi-brand international chain of hotels ranging from budget to high class. This case study belongs to a mid level brand which spans 3* and 4* categories but in this case is 4*. The decision to outsource is made by headquarters though individual hotels are able to bid to keep room cleaning services in-house; the other hotel belonging to this brand in the same city has done so successfully.

The cleaning company specialises in hotel guest room cleaning, responsible across the UK for 7 million rooms; it also undertakes window cleaning, marble cleaning and back of house (non guest areas). It employs a total of 2,200 staff, the majority on zero hours contracts. It has a very international staff with 72 nationalities represented.¹² The current three-year contract between HotelW and CleanB was renewed in 2013 for the third time amounting to ten years of operations overall. Previously the work was undertaken in-house and the current housekeeper employed by CleanB is the only one of the hotel staff transferred to CleanB still in employment at the hotel.

8.2 Procurement

Reasons for outsourcing

The decision to outsource has been taken at the group headquarters' level; according to HotelW's rooms division manager the main motivation was to reduce

¹¹ <http://www.bbc.co.uk/news/business-19746297>

¹² Data on the proportion of migrant workers for the hotel chain as a whole are not available.

costs and to ensure consistency across the various brands. However, although CleanB is the main contractor, other cleaning companies are also contracted by headquarters to maintain competition and to avoid becoming too reliant on one provider. Furthermore, HotelHQ will accept retaining cleaning in-house if the hotel can demonstrate a business case. In the other member of the hotel chain in the same city, the cost basis for keeping it in-house was that the management of room cleaning was undertaken by the hotel's duty manager; to put in a head housekeeper employed by a cleaning company would have added a layer of management and additional costs. According to HotelW's rooms service manager, most hotel managers would prefer to have the cleaning done in-house: 'in an ideal world we would all like it back that way!'

Tendering

The tendering is centralised at HQ level and HotelHQ makes the decision which hotel has a contract with which cleaning company. Room cleaning is bundled with public area cleaning but not conference/event room cleaning (included in event assistant roles) with leisure facilities which is now outsourced to another company. This was previously done in-house but standards were not high enough. External contracting is: 'all about taking the responsibility for someone else to do it so we can put the ownership on them really' (HotelW, Rooms manager).

Night time cleaning may be organised differently. In HotelW they have recently directly employed a cleaner for evening and night cleaning in public areas. HQ also allows each hotel to decide how to clean the leisure facilities; currently it is externally sourced from a different cleaning firm at the case study hotel but it is now mainly done at night after the leisure facilities close and is not maintained during the day.

Criteria for tender acceptance

Three quality criteria are important to be in competition for the contract: namely evidence of cleaning to high standards, evidence of respecting employment law and standards:

that's something that we look at with the supplier because it's very easy in this category to have companies who are cutting corners and not doing ... what they are supposed to be. (HQHotelW Procurement manager);

and how staff are managed and trained. But beyond meeting these three requirements the deciding factor is price. Companies choosing to, for example, follow the living wage were said to be likely to price themselves out of the contract. Staffing levels are not directly specified.

Fee basis

Fees to the cleaning company are paid on a per room cleaned basis, that is the contract price reflects the actual occupancy rate of the hotel plus public areas cleaning hours and costs of linen change and transportation. The fees are agreed on the basis of the business model assuming 2.4 rooms cleaned per hour for changes to occupants and 4 rooms per hour for those staying more than one night.

Monitoring of the contract by HQ

The Procurement manager at HotelHQ claims they monitor the pay bill of CleanB to ensure that staff are paid an hourly rate based on their signing in and signing out (linked also to possession of master keys) to ensure that although the contract is based on a per room basis that the staff are paid an hourly wage which is not less than the national minimum wage. The CleanB contract managers corroborated the signing in/out basis for payment of wages but were unaware of monitoring of the pay bill by HotelHQ. The use of an hourly pay rather than a piecework payment system is a distinguishing feature of this contract given the evidence of piecework payments elsewhere in the sector (BIS, 2011; Dutton et al., 2008). This practice is used throughout CleanB's contracts according to the CleanB procurement manager. Nevertheless there are strict piecework rates per hour of employment underpinning the business model and if staff take longer than the expected time they would still be paid but would have to provide a reason and would not be kept on after probation if fault lay with the member of staff (CleanB cleaner). HotelW managers do not directly monitor working hours, staffing levels and contracts of staff as these are seen as matters for the cleaning company. However, HotelHQ managers expect to see evidence of visa checks. CleanB would have to have permission from HotelHQ to subcontract and so far they have not requested to do that. Joint inspection of rooms on a monthly basis (10% of all rooms) is specified in the contract but carried out at hotel level with a CleanB Contract manager and the local hotel manager with responsibility for rooms.

Inter-organisational management of the contract at hotel level

The day-to-day management of room cleaning is undertaken by the head housekeeper who is a CleanB salaried employee. She has the responsibility for managing schedules, recruiting staff (though permission to recruit and job adverts are organised by CleanB's area contract manager) and dealing with any complaints. Managers from both sides confirmed that complaints would be taken first to the housekeeper and that the cleaner would not be contacted directly by the hotel staff. HotelW's Rooms Service manager provides the housekeeper with information on occupancy. The housekeeper attends the daily department managers' meetings; this practice may reflect the fact that the current housekeeper used to be employed

directly by the hotel, taking her turn as a duty manager, and is thus knowledgeable about, and integrated into, the hotel.

The housekeeper is currently on long-term sick leave, however, and both sides appear to be struggling without the presence of this longstanding member of staff on site who has knowledge of both companies. Much of her work is being undertaken by CleanB's Area Contract manager who visits the hotel at least weekly. The standard arrangement is for CleanB's Area Contract manager to undertake room inspections (10% of all rooms) twice a month jointly with HotelW's Rooms Service manager. CleanB's Area Contract manager is more positive about the working relationship and the problems of managing across the organisations than HotelW's Rooms Division manager, who identified several problems: difficulties with respect to demarcation of responsibilities – 'day to day bits and bobs can be a bit of a chore because one says "you're not paying for that" and the other says "that's not included in your contract"'; problems of mobilising cleaners at non standard times, for example to deal with late checkouts in the hope of reselling the room – 'it usually involves people coming in from other hotels within the chain within the cleaning contract, which if they haven't been to the property before and know how we do 4* standards it can be quite tricky to be honest'; and problems of responsibility for purchasing of toiletries and the like - 'At the moment, I've taken the ordering back at a hotel level while embedding in with the new Assistant Head housekeeper'. These frustrations led to the Rooms Division manager deciding to hire an evening cleaner as a directly employed member of the hotel staff. In answer to a question whether the hotel's staff ever had to get involved in cleaning she said:

Yes pretty frequently! Cause after 4 or 5 o'clock in the afternoon, they have all gone home so if anything happens or if someone had a 'do not disturb' [sign] but they want their room cleaned it's the reception team and my team downstairs that have to go up which is not ideal because they aren't trained housekeepers and they are just fudging their way through to get things done. So we do actually employ a late evening cleaner at a hotel level. We did try and source it through CleanB but nobody wanted to work here because it's a bit of a tricky role. (HotelW Rooms Division manager).

The hotel management had also recently asked for a major change in the organisation of the room cleaning so that all cleaning in future was to be completed by 2pm for prompt check in; this was leading to reductions in working times for room attendants and the need to hire more staff.

8.3 HR practices

Employment contracts

All room attendants are employed on zero hours in line with practices across the cleaning company. There appear to be only two employment statuses- that of zero

hours or salaried (HQCleanB HR manager). The only exceptions according to CleanB's procurement manager are those staff with contractual hours who are TUPE transferred when CleanB take over a contract. This is a relatively frequent occurrence but in this case study the transfer took place ten years ago. The policy of CleanB is that when someone with contractual hours leaves they are replaced by someone on zero hours. Explanations as to why some hours could not be guaranteed focused on either the lack of security in the contract or the need to treat everyone the same; in response to a question as to why a minority could not have guaranteed hours the HQCleanB HR manager replied: 'But how would you decide which 3 or 4 were going to do the work?'. Staff are treated as employees not workers and are offered paid holidays based on the previous 12 weeks earnings.

The zero hours were used to deal with peaks and troughs but the troughs did not lead to hours below 20 hours for any staff member so it was unclear why, say, 16 hours could not be guaranteed. The CleanB procurement managers stated that zero hours were built into the business model, but this referred to the need for some flexibility in hours due to varying occupancy rates which could be addressed through a mix of guaranteed and variable hours. The new arrangements requiring all cleaning before 2pm, resulting in maximum hours of 23.5 per week, may mean variations to a lower level but the main reason why some were not put on guaranteed hours was said to be fairness.

Staff were said to be paid without problem if they worked for longer than allowed for under the target room cleaning rate if there were good reasons - for example, late checkouts, trashed rooms and so forth. Any waiting time was said to be filled with more cleaning in the corridors etc. There were differences of view as to whether staff were asked to take holidays in quiet periods (for example January); the HotelW Rooms Division managers thought this did happen to offset the cutbacks in hours but the cleaner interviewed said this was not the case in part because this was just after staff, most of whom were Polish, had used their holidays to return to their homes for Christmas.

Pay

All staff below housekeeper were paid the national minimum wage except for one or two 'self checkers' who earn 20 to 30 pence more per hour and may supervise on-the-job training of new staff. This use of the national minimum wage as the standard rate plus very low differentials for the more experienced were in line with company policy on pay practices. Furthermore, no adjustments are made for working in higher quality hotels where higher standards were expected, except through different targets for rooms per hour to be cleaned, and no rewards were paid for experience even though new hires at HotelW needed one to two years' prior experience in a quality hotel.

Pay for cleaners employed directly by HotelW was similar, at the national minimum wage, but they were not on zero hours. The main source of complaint was that HotelW's directly employed staff had more access to discounts, benefits and recognition systems than CleanB's staff and the HotelHQ Procurement manager said the company was considering if they could extend these benefits to the external staff. The benefits the CleanB staff did receive included a lunch, opportunities to use the leisure facilities and occasional beneficial rates for hotel bookings for family etc. No premiums were paid for unsocial hours although these might be paid if there was any night work, according to CleanBHQ's HR manager.

Working time and schedules

Staff work five out of seven days with some flexibility over weekend working, according to whether it suits them or not. A standard pattern would be to work 5.5 hours per day, that is 27.5 per week, but actual hours varied between 20 and 35. The new arrangements to finish cleaning by 2pm would set a standard pattern of 23.5 hours.

Rotas were supposed to be drawn up one or two weeks in advance but according to HotelW's Rooms Division manager the notice is much shorter:

I've got to be honest, I think for the housekeepers the rota starts on a Friday and it goes out on the Tuesday. But in terms of the business we could take 40 extra rooms for tomorrow [Saturday] so that's going to completely change the rota again.

Hours were only guaranteed on the day and there appeared to be no CleanB company policy with respect to minimum notice or whether staff could be sent home after coming in to work. The CleanBHQ HR manager said in response to a question if they were ever sent home again, 'If they did come in we would expect that they would work. I can't imagine that we would have completely no occupancy. If we didn't we would cancel them beforehand.' And when asked if staff could be called early in the morning and have their shift cancelled, 'If necessary but that doesn't really happen; obviously the hotel has a booking system so we are always able to see what the bookings are for the next few days.' The CleanB Procurement manager stressed the need to provide more than a minimum shift, as 'you wouldn't pull somebody into the hotel for 2 hours work'.

Half the staff start at 8.30am and half at 9.30am; this allows them to take a break for lunch at either 12.30pm or 1.30pm. If they were short staffed or needed later cleaning one solution was to bring in staff from other hotels in the area but the HotelW's Rooms Division manager at the hotel was clearly unhappy about this as they often did not know the hotel's standards.

No transport for staff was provided at this hotel; in the cleaning company this was mainly provided for apartment cleaning in London as it involved multi-sites. Taxis were paid for at Christmas.

Training

The hotel sets the room cleaning standards but the cleaning company provides the training. The only training provided by the hotel relates to fire training for two hours. A new training scheme was being introduced by CleanB which was expected to make it easier to meet targets as it made the cleaning easier on the staff (called the 10 step programme but focused on how to bend and how to clean tiles with two hands for example).

However, HotelW managers are concerned that the standards set by CleanB are not the same as the hotel requires. In addition to this bespoke training, the cleaning company does train for NVQ qualifications.

Recruitment

According to CleanB's Area Contracts manager any recruitment has to be done through a formal advert which is also sent to head office to be placed at a Job Centre or Gumtree. Interviews are done by the head housekeeper. However, it is also noted that there are personal recommendations made and there tends to be clustering of staff with similar nationalities in the different hotels (Polish at HotelW but Portuguese at another hotel in the chain in the same area). Applicants must have experience:

People with experience for this property because it's a 4* hotel and I can't take people just from the streets which is probably what used to happen ... I will also be requesting a reference as well.... we are talking about 1 or 2 years' experience, not just a few months because it's not enough. (CleanB Area Contracts manager).

In practice 11 of the 15 room attendants are women and four men (for the heavy linen trolleys but at the same rate of pay) and four fifths are migrants, most from Poland. All have to have basic English to be hired. The age range is wide, from in their twenties to in their fifties. Criminal records checks are not used except for housekeepers. Zero hours contracts are recognised to be a possible explanation for the low share of non-migrants interested in a job and, if asked at the interview, CleanB would say they could not guarantee hours sufficient for someone on benefits.

It's difficult, sometimes they are being picky if I have to be honest – they don't want to clean rooms and they just don't go in to the interview if we say we can't guarantee the 16 hours so it might be a benefit issue. (CleanB Area Contract manager).

Occasionally they would adjust hours downwards for people who do not want to exceed 16 hours.

Turnover is quite high as many migrants have aspirations for better jobs (as did CleanB's Area Contracts manager who is Polish and has moved within the company from room attendant with no English language to Contracts manager). However, around 50% have worked 4-5 years at the hotel. The staff were reported to be unhappy about the cuts in hours. The cleaner interviewed expected that some would leave but that others might look for a second job.

HR policies

CleanB recognises trade unions for matters of grievance and discipline but not for bargaining. The GMB is the main union. No union is recognised at the hotel. CleanB's Area Contract manager was unclear if they had equality policies; she referred instead to health and safety regulations and there did not seem to be any training on equality issues for the head housekeeper who does the interviewing of applicants. They do, however, require detailed paper work in relation to work visas. Currently performance appraisals are only used for head housekeepers but there are plans to roll this out to room attendants but it is unclear who would have the time to do this. Responsibility for organising pay and rectifying pay discrepancies rests with the housekeeper and CleanB; the cleaner interviewed confirmed that they were able to query payments but that the process of rectifying mistakes could be rather long winded.

9. HospitalE and CleanC

9.1 Background

Cleaning in the public sector National Health Service in the UK is often subject to a high level of scrutiny by policy makers and media commentators due to valid public concerns over hygiene standards in hospitals, control of healthcare-associated MRSA and the controversial role of private sector, for-profit firms in the provision of publicly financed services within NHS hospitals. Procurement of hospital cleaning services, along with other ancillary services such as catering, portering and estates maintenance, has for many years been an integral component of mega-contracts for the building of new hospital buildings (or refurbishment) with private capital investment, known as the Private Finance Initiative (PFI). Each PFI contract is agreed by the local NHS hospital with a consortium of private sector partners and usually requires the transfer of all ancillary workers to one or more of the private sector consortium firms; these ancillary services are then sold back to the client NHS hospital for the duration of the contract, usually 25 or more years.

Staff transfer proved controversial in light of evidence of ‘two tiers’ of pay and employment conditions among transferred staff and other workers recruited by the private sector services firms. Long-running union campaigns during the 1990s and early 2000s eventually led the past New Labour government to introduce a Two Tier Code that enabled local partners to collectively negotiate conditions for all privately employed ancillary workers that essentially extended the NHS terms and conditions, known as Agenda for Change¹³ (Grimshaw and Carroll, 2008). The Code was formally abolished by the coalition government in late 2010 but it lives on in the NHS since it has been agreed with contractors as part of PFI agreements. Thanks to favourable industrial relations institutions, therefore, many contracts for outsourced cleaning services in the NHS provide for relatively decent terms and conditions, covering basic pay, unsocial and overtime hours pay premiums, sickness benefits and annual leave, among others.

Case study hospital

HospitalE is a large teaching NHS Trust, which outsourced its cleaning services, along with catering and estates maintenance services, as part of a large and complex PFI signed in 1998 and operational from 2001. CleanC is a multinational firm that started out as a catering firm specialising in winning public contracts, for example in schools and hospitals. Through acquisitions of other firms and growth in the outsourcing market it expanded quickly in the last two decades and today employs more than 400,000 employees in 80 countries. It earned a revenue of

¹³ ‘Agenda for Change and NHS Contractors Staff – a Joint Statement’ issued in October 2005; for further details see Grimshaw (2009).

around £15 billion in 2013 and offers a range of services – corporate, cleaning, catering, portering, estates maintenance, prison security and social care. It continues to expand its service offerings, extending most recently to property management services since 2011. Its total UK workforce is 35,000. Within the UK healthcare sector (public and private) it manages around 5,000 employees. In 2011 it signed a National Framework Agreement with the UK’s three main unions, Unite, Unison and GMB.

9.2 Procurement

Reasons for outsourcing

Cleaning services were outsourced because this was required under the rules of the PFI agreement, which in turn was the only means of raising capital for the needed building construction at the HospitalE site. As is typical of other PFI contracts, the original PFI contract involved a consortium of four private sector firms: a construction firm built the new hospital buildings (with around 400 patient beds); CleanC provided cleaning, catering, laundry and call centre services (so-called ‘soft’ facilities management); a building services firm delivered estates maintenance (‘hard’ services); and another firm provided design services. Some 500 ancillary staff were transferred from HospitalE to CleanC and the building services firm. A small unit of full-time managers, financed by the private sector consortium, has from the outset represented the firms in their relationship with HospitalE.

Tendering

The problem for HospitalE, as with other NHS trusts wishing to engage a PFI contract, is that the costs of bidding for these mega-contracts are considerable and make it difficult for a client organisation to generate a desirable level of competition. As Broadbent et al.’s (2000: 33) early study of PFIs argued, ‘the reliance on competition as a basis for achieving value-for-money is somewhat optimistic’. Bidding organisations (consortia of firms) had to submit highly detailed plans, as well as details of financial and legal arrangements. HospitalE in turn had to spend significant sums of money to verify and compare bids, with surprisingly limited transfers of knowledge and expertise from other parts of the NHS, as noted in other studies (Grimshaw et al., 2002).

Fee basis

The overarching PFI agreement was originally signed as a 35-year contract. There is a fixed monthly tariff with around £20-25 million for domestic services, plus adjustments (ad hoc supplements or deductions) for additional service requests and quality of services.

Ten years after the opening of the new buildings, CleanC was required to renegotiate the contract in order to win a further ten years. This process, conducted in 2011-12 and described as a 'benchmark test', was entirely internal with no outside bidders invited. HospitalE prepared for the negotiations by commissioning an independent benchmarking report to provide it leverage in arguing for cost reductions. Also, a major corporate acquisition in 2011 expanded the raft of services provided by CleanC to the Trust to include the estates management services previously delivered by the company it had acquired.

Monitoring of the contract

Monitoring of the contract for cleaning services has come under intense scrutiny recently due in part to a deterioration of HospitalE's financial status. While CleanC's stock price has doubled over the last five years, HospitalE was required to put into place a two-year recovery plan from January 2014 (with the help of McKinsey) following a Monitor-PwC enquiry into its short and long-term finances.¹⁴ A key problem cited in the evaluation was HospitalE's long-term PFI deal and the essentially ringfenced rising cost structure at a time when all NHS Trusts are required under the coalition government's austerity spending plans to find cost savings - estimated 4% year-on-year, 17% cumulative during 2011-12 to 2014-15 (NAO, 2012).

Renewal of the contract in 2011 involved a change from an output-based specification to the NHS 'gold standard' National Specifications for Cleanliness, which sets risk categories as low, medium, high and very high with guidelines on frequencies. CleanC was tasked with redeploying labour from low to high priority areas while also finding £350,000 cost savings.

A new monitoring system requires CleanC contract managers to self-monitor on a daily basis using a handheld tablet and to input the information to a database that is accessed by HospitalE managers. CleanC's monitoring system relies on an IT system that generates a random selection of areas to check each day – for example, it may be two four-bedded bays in ward A1 plus a side room and a treatment room. One problem, however, is that access to a room may be blocked (for a variety of reasons) which means it is not scored in the overall monthly report. CleanC managers are under pressure from HospitalE to undertake more monitoring but are reluctant to incur additional costs. Detected problems are rectified by CleanC staff within 24 hours.

While there are perceived flaws in the original specification of 60 Key Performance Indicators (KPIs) in the PFI agreement, the role of HospitalE, particularly its Infection

¹⁴ Information sourced from the *Health Service Journal* (2013). Full details withheld to preserve confidentiality.

Control Unit, is believed to be relatively strong in ensuring quality (HospitalE, Contract manager). HospitalE managers undertake their own monthly audits and also recently completed a survey of nurses and ward managers to assess staff satisfaction with hygiene levels. Five of the 35 questions concerned domestic services, including 'Is weekend cleaning acceptable?', 'When the regular domestic is not on duty are hygiene standards maintained?' and 'Do you believe your domestics have adequate training?'. Across the five questions, around half the responses were negative (respondents were only able to select satisfied or not satisfied) and some recorded very poor scores. Results are disaggregated by ward and show that the surgery ward (among others) recorded staff dissatisfaction with cleaning standards for all five questions.

Inter-organisational management of the contract

The inter-organisational relationship is described by both sides as something of a rollercoaster. The very long contract duration means that CleanC is strongly embedded within the NHS Trust – that is, this is not an arms-length, transactional contract. CleanC has a suite of offices inside the HospitalE main building that houses senior operations and human resource managers. Nevertheless, the relationship between organisations is described as far from perfect. From the point of view of HospitalE, a key problem is the constant churn of senior CleanC contract managers. The Contract manager at HospitalE has dealt with six or seven different Contract managers during the last decade. The problem is that CleanC offers senior managers many career opportunities so individuals are keen to move on and up (HospitalE, Facilities Director).

Renewal of the contract in 2011-12 involved a respecification of what level of cleaning activities were required. What is interesting in this case is that the strategic framework for identifying the different demands for cleaning across the hospital environment and the associated performance monitoring requirements are identified and regularly updated by the client, as part of the wider NHS organisation. Thus, in preparation for the renewal of the contract in 2011-12, CleanC followed the NHS risk assessment guidelines and restructured all cleaning tasks into four bands of activity - very high risk areas, high risk, significant risk and low risk – with appropriate recommendations of frequency of cleaning and performance monitoring (NHS, 2007).

In practice, this exercise was in fact undertaken jointly with experts from the client's Infection Control Unit. The senior CleanC Contract director emphasised the local discretionary power of this Unit (regarding frequency of cleaning as well as choice of cleaning products), which he felt hindered the implementation of a standardised CleanC approach across different hospital sites - 'We have to adapt [our standardised procedures]. The local rules take precedence'. Overall, the

respecification of cleaning tasks led to a reduction in frequency of cleaning of low-risk office space and public corridors to meet client cost considerations, but has been met with poor results in user surveys.

We did reduce our costs to the client but we also reduced our specification. ... I suppose from a procurement perspective our clients got what they wanted. They were given the figure that they wanted but you have a whole bunch of users that go, "How come my office only gets cleaned once a week now? CleanC are rubbish". (CleanC Contract director).

Client power in performance management in this case is potentially assisted by the high political and public profile of hygiene standards in NHS hospitals, as well as the scrutiny of overall performance of PFI contracts.

9.3 HR practices and employment conditions

This is a very interesting case because it involves various strong pressures emanating from the client on working conditions of the outsourced cleaning workforce. These include the strong influence of industrial relations traditions firmly established at the client organisation (as part of the National Health Service) and NHS investment in improving the specification of cleaning activities in hospital sites and good practice contract performance monitoring. However, the case also includes evidence of employer practices to evade institutionalised rules through the use of temporary agency workers.

Employment contracts

CleanC cleaning staff are employed on the same terms and conditions as NHS employees thanks to the Two Tier Code (see above). HospitalE and CleanC agreed to these conditions around 2008 through negotiations with trade unions (HospitalE, Contract manager). Therefore, all conditions agreed in the NHS sector agreement are in effect extended to cleaners (and other contracted workers) employed by CleanC and working at the HospitalE site. Moreover, when the PFI contract was informally renegotiated after ten years (in 2008), the extended conditions were confirmed.

While unions undoubtedly led this institutional reform at the national level, at local level our evidence suggests HospitalE and CleanC managers support (for different reasons) the upgraded conditions for cleaners and the harmonisation with the client's pay and employment conditions.

[Harmonised conditions] can be quite restrictive I do have to say. But I suppose at least everybody knows what it is, what they have bought into. They know if they are entitled to something different. ... So it makes it easier for attracting people. It's a fairly reasonable rate compared with the

likes of Tesco's, Morrisons and [other organisations] who are offering similar types of roles. (CleanC Contract manager1).

Nevertheless, not all domestic staff enjoy standard terms and conditions. A key instrument for CleanC is its use of TempCo, a temporary work agency, with an office along the corridor from CleanC senior managers on site. TempCo supplies a pool of 150 trained cleaners on 'derogated contracts', which provide equal treatment with CleanC employees only after 12 weeks work (in line with Agency Worker Regulations); in practice, CleanC converts these repeat-use agency staff to a CleanC employment contract on standard terms and conditions. An estimated 100 or so TempCo workers are contracted on a daily basis. During the initial 12 weeks, TempCo 'put them on the minimum we are able to put them on to retain them' (CleanC Contract director). Nevertheless, survey data produced by HospitalE suggests there are problems with agency use. When nurses and ward managers were asked the question 'When the regular domestic is not on duty are hygiene standards maintained?', nine in ten recorded a negative response. For HospitalE the difficulty is that, 'You can't KPI agency use. ... It's a fact that when you have a regular domestic who feels part of the ward team then standards are higher' (HospitalE, Contract manager).

Recruitment

CleanC employs around 350 cleaners on the HospitalE site. The workforce includes 200 designated as Patient Services Assistants, who are deployed on hospital wards, undertake cleaning and deliver food and drinks to patients. The other 150 staff work as domestics and have general cleaning duties outside the ward environment, for example in outpatient departments and administrative offices.

Pay

The Two Tier Code agreement results in relatively favourable pay rates for cleaners employed by CleanC at HospitalE. Basic pay is significantly higher than the statutory national minimum wage – a differential of between 16% and 24% depending on experience and supervisory responsibilities (Table 9.1). Both job roles, domestic and patient services assistant, at HospitalE earn the same rate of pay, despite the apparent wider duties of patient services assistants in handling food and making patient contact. The higher pay is perceived as helping sustain low rates of staff turnover: 'They might moan and grumble, you know, "Pay is rubbish and what have you", but they have been here for 30 years and if it is that bad surely you would go somewhere else' (CleanC, Contract manager2). The two supervisors confirmed the feeling that pay was okay relative to other jobs. Agency staff are treated differently and earn the national minimum wage.

Table 9.1 Pay rates for CleanC cleaners at HospitalE

	Annual full-time pay ¹	Hourly pay	Premium over NMW
Band 1 (April 2013-March 2014)	£14,294	£7.33	16-18%
-point 1	£14,653	£7.51	19-21%
-point 2	£15,013	£7.70	22-24%
-point 3			
National Minimum Wage			
-Oct 2012-Sep2013	£12,071	£6.19	--
-Oct2013-Sep2014	£12,305	£6.31	--

Note: 1. Equivalent to 37.5 hours per week as stipulated in the NHS sector agreement.

Working time schedules

Most cleaning staff, around nine in ten, work part-time hours. All cleaning staff employed by CleanC enjoy regular working hours. That said, working time schedules were changed for all staff as part of the 2011 respecification of the outsourcing contract. The general pattern has been a lengthening of shifts. For example, shifts for the 200 or so Patient Services Assistants previously scheduled at 8am-2pm were changed to 7.30am-3pm. Late shifts (referred to as 'back shifts') run from 3pm to 7.30pm instead of 2.30pm-7pm. Some of the other cleaning staff work evening shifts 5pm-9pm, Monday through Friday. The new schedules were designed to provide continuity of cleaning service on hospital wards, and to start earlier in order to incorporate delivery of breakfast. CleanC managers negotiated the change in schedules through one-to-one discussions that aimed to identify those cleaners interested in moving to weekend shifts. It was done on a voluntary basis, aided by the attraction for staff of earning enhanced pay for weekend working:

We didn't really have many fall out of it, unless they were adamant they didn't want to move when offered an alternative. There must have only been a couple. (CleanC, Contract manager1).

However, according to one of the supervisors, some staff could not adapt to the longer shift (from six to seven and a half hours) because of childcare duties: 'they lost out but at least they still had a job' (Supervisor1). This appears to have led to a common practice for cleaners and patient services assistants to work a double shift Saturday and Sunday, 7.30am to 7.30pm. Some 150 staff work a dedicated weekend shift, although some also combine with the Monday-Friday back shift.

CleanC faces difficulties filling unsocial hours shifts, weekends in particular, as well as finding cover for staff sickness absences and holidays. The problem appears to

be exacerbated by the very short three-hour shifts at certain times, such as 17.00-20.00. Payment of NHS enhanced rates ought to assist recruitment and retention; weekend enhancements as well as overtime premium pay over 37.5 hours per week. However, enhanced pay also presents a potential additional cost to CleanC given that its monthly tariff is based on the quantity and quality of cleaning services. A key issue for CleanC is therefore how to contain costs and boost contract margins while keeping within the constraints of the NHS sector agreement that applies to its employees on the site.

You can reschedule people, reprofile the role, retime the role. But to be honest you can only go back and do that so many times. (CleanC Contract director).

Use of agency workers supplied by TempCo provides a partial solution to the need for cover and the pressure to increase profit margins on the contract with HospitalE. After 12 weeks service, agency workers are moved to CleanC employment conditions but offered a flex-working time contract rather than a guaranteed hours contract as enjoyed by other CleanC staff. This practice may guarantee a minimum number of say 10 or 20 paid hours per week with an expectation of upwards flexibility to say 30 hours; the precise terms vary by employee. CleanC managers justified the practice as a measure that substituted for further use of agency workers.

Training and work organisation

Staff may be recruited for a particular role, either domestic or a patient service assistant, but are given the opportunity to train in both and are all trained in all four risk categories of cleaning. For both roles, CleanC training involves two weeks shadowing an experienced member of staff. The same practice applies to the deployment of agency staff from TempCo. Additional training is provided by HospitalE; all domestics attend a one-day induction course on NHS codes of conduct, fire safety and also participate in a course run by Infection Control on hygiene standards and use of chemicals (similar to the COSHH industry standard). HospitalE managers consider the course vital to integrate the staff with the Trust's ethos and culture. Career routes involve either progression within CleanC to team leader, senior team leader, deputy hotel services manager and beyond (with each step supported by training provision usually offsite), or a switch to working with HospitalE as a nurse assistant or housekeeper, for example. The two team leaders interviewed observed that CleanC managers preferred to promote internally largely due to the complexity of the physical site and the need 'to know everything about the ins and outs about the job' (CleanC Supervisor1).

As well as significantly altering working time schedules, renewal of the outsourcing contract also meant a reduction of around 20 Patient Services Assistants by changing the allocation from one per hospital ward to one per two wards. Staff with

the shortest service were moved into domestic jobs through consultation with union representatives.

There are several challenges in the coordination of work organisation and career paths at ward level between the two organisations. A first challenge centres on the working relationship between Patient Services Assistants and nursing staff. The contract manager from CleanC was frustrated that many times her staff deliver the food on the trolley but have to wait before a nurse is available to pass it to the patient: 'If we are stood at a trolley and...the food is going cold then things get a bit confrontational'.

A second challenge concerns the mechanisms used by HospitalE staff to request additional cleaning tasks from CleanC, which complicates the organisation of cleaning duties. CleanC developed a single point of contact for nursing staff and ward housekeepers to request a 'terminal clean' (following the departure of an infected patient from a ward or room), but the guidelines have been misunderstood and generated requests for additional cleaning with the departure of patients regardless of their infection status; requests for terminal cleans have escalated from 30 per month to 170-180, described by one Contract manager at CleanC as 'ridiculous' from a staffing point of view, although presumably a welcome increase in ad hoc payments for the company. Part of the problem is the failure of the original contract to specify additional cleaning by CleanC staff when a patient departs a bed; this duty must therefore be picked up by the nursing staff:

Now the trust is saying, "Hang on, we don't really want to be paying all that". And they are arguing as to whether they should be paying it or not. (CleanC, Contract manager2).

A third challenge concerns how to manage career progression when it often requires supporting the best performing cleaning staff to take up a position with HospitalE, seen as a natural progression for staff who enjoy their work with patients and nursing staff. On the one hand, standard terms and conditions (thanks to the Two Tier Code) ease the transition for staff from CleanC to HospitalE. On the other hand, CleanC Contract managers had mixed feelings about losing excellent staff: 'all the good ones seem to move on and you can't stop that, good luck to them' (CleanC, Contract manager1).

10. CouncilL and CleanD

10.1 Background

Local authorities have been significantly affected by the government's austerity programme, which has impacted services and the local government workforce, as councils restructure and reduce services; make staff redundancies and attempt to make efficiency gains. The 2010 Spending Review estimated that local government spending would fall 14% in real terms from 2010/11 to 2015/16. There have also been three years of zero-per cent pay increases from 2010. There is a Living Wage campaign in local government currently being spearheaded by the trade union Unison and research from the union in January 2014 found that over a quarter of authorities have adopted the living wage (LGC, 2014).

The case study

CouncilL is one of London's 33 boroughs and employed over 3,000 employees in 2012. Government funding announced in 2010 led to a restructuring programme, and CouncilL's headcount was reduced by 1,200 from a total workforce over 4,200. The local population covers over 250,000 people and is said to be diverse with extreme contrasts between areas which are among the most prosperous and the most deprived in London. The demographic background is relatively mixed, with a range of ethnic groups, which are predominantly White British, Black African and Black Caribbean. Its population also tends to be slightly younger than the national average.

CleanD is a multinational infrastructure group which provides a range of services including construction, professional and support. Its total revenue was recorded at over £10 billion in 2013 and it has over 40,000 employees. The current contract has run since November 2012 and is under a four year framework so a retender will be made in 2016. Previously, the cleaning was done in-house and staff were employed directly by CouncilL.

10.2 Procurement

Reasons for outsourcing

The decision to outsource was primarily shaped by cost. Management at CouncilL made a review of facilities management and decided the outsourcing would be more cost-effective because industry knowledge could be drawn upon to make cleaning more efficient, but also would facilitate benchmarking across the marketplace.

We had the desire to make some savings, so there was some, sort of management element to it...but also when we were reviewing our FM [Facilities Management] contracts for value for money, there is an established market out there with cleaning, so it was, in a sense, quite

easy to benchmark and to go out into the market place and say, well, you know, there's a developed market sector we didn't need to go to, you know, the companies and...industry. (CouncilL, Procurement Manager).

Tendering

The contract is for the cleaning of CouncilL buildings, including the civic centre, libraries and offices but excluding schools and public toilets; school cleaning is managed by individual schools and public toilets are cleaned by a specialist company because of the need to deal with hypodermic needles and so forth. Six tenders were received by CouncilL and their experience and capability were assessed in the first round using a pre-qualification questionnaire (PQQ).

Criteria for acceptance

Three criteria were important for this contract. The first was the quality of delivery and this was assessed by a methods statement which asked cleaning firms specific questions about their experience, management systems and evidence to support their case. The second criteria was the cleaning firm's ability to meet the London Living Wage, although CouncilL pointed out the difficulty with this because it could not be included as a contractual requirement:

You've got to remember it's not a legal obligation, so it does make it difficult in procurement, it can be challenged'. (CouncilL, Procurement Manager).

CouncilL informally asked cleaning firms in the PQQ stage to put a bid in which allowed for the London Living Wage. They also developed relationships with the cleaning firm to ensure this would be implemented:

We spent a lot of time with CleanD on this - just getting to that point where we were seeking confirmation that they would honour [the London Living Wage] going forward. (CouncilL, Procurement Manager).

Once these two criteria had been met, CouncilL made the final decision on price. CleanD won the contract because they met the quality and Living Wage criteria, but also offered the lowest price compared to other bids.

Cost savings were met through a restructuring of task allocations; instead of having a 'static team' across all sites, CleanD implemented a 'mobile' team working across smaller buildings such as park buildings which made cost savings by reducing the number of hours needed to meet the contract requirements:

So in that bid model, we'd said that we would operate at lower levels, lower hour levels than what we put in. And we went to a mobile solution for a number of buildings, so instead of a lot of people going into several buildings, we had a team of three driving to those buildings. (CleanD, Contract Manager).

Fee basis and monitoring of the contract

The fee is a two year fixed price of approximately £850,000 per annum. CouncilL managers monitor the contract on a weekly basis where contract managers from both sides meet and discuss issues around quality. There is a monthly meeting which focuses on the overall performance based on an agreed set of key performance indicators; for example, CouncilL expect year on year improvements in customer satisfaction and customer complaint letters. They also assess the number of missed cleans because of 'no shows'. Quarterly meetings focus on more strategic aspects; for example, making sure the contract is being delivered in the way expected and future plans for development.

Inter-organisational management of the contract

The relationship between CouncilL and CleanD is in the development stage. It appears to have started on a relatively transactional basis but is becoming more relational in nature. The contract manager at CleanD compared experiences with other clients and recognised there was still room for improvement:

If I'm really honest, it's still not as partnership as a number of our other contracts, and I don't know if that's because it's the service that we deliver, or it's just the clients, or if it's us, it could be us. But certainly with other clients, we're probably a little bit more joined up in terms of a partnership. (CleanD, Contract manager).

Furthermore, particular aspects of the contract were said to be still firmly transactional; for example, whilst CouncilL expected CleanD to meet the London Living Wage, this conflicted with its practice of procuring at a fixed annual price over two years. The contract manager at CleanD argued this left no room to amend pay in line with announced rises in the living wage without affecting the bottom line:

The contracts that encourage probably a bit more of a partnership recognise that inflation and indexation is a real cost, and keep it explicit. ... and most of the [contracts] we run, there is an indexation clause and it will refer to either RIX or average earnings, and we go on that. But on this contract, no, they didn't. (CleanD, Contract Manager).

10.3 HR practices

Employment contracts

There are 56 people employed on this contract, down from around 75 in 2012 when cleaning was managed in-house. The restructuring took place over six months and there were no compulsory redundancies; instead voluntary redundancies were available and any natural turnover of staff was not replaced.

Approximately 30 people work full-time on the contract (37.5 hours per week) and 23 part-time (typically 20-25 hours per week, but some as little as five hours per week

depending on the requirements of the worker). CleanD employ additional two or three people on zero hours contracts, used to cover sickness absence, holidays and special projects such as deep cleaning. Where a vacancy arises on this contract, zero hours workers are usually the first choice to fill the vacancy as they have worked for the company, the client and on-site before. It is rare for workers on zero hours contracts to be offered no work within a calendar month. Agency workers are not normally used for this contract. CouncilL make no stipulation about the number of staff they expect to deliver cleaning services and this is attributed to the tender specification which asked for a re-design and therefore enabled CleanD to manage staffing levels independently.

Schedules

The mobile team of 30 will split up into groups of three and will drive around to a range of council buildings within a particular location as allocated by management. These will normally be smaller council buildings such as park buildings and smaller libraries where the amount of work does not warrant its own cleaning workforce. The other 26 workers will be allocated to a particular building, for example larger libraries and offices, and work split shifts around three hours at a time (depending on the building) such as 5.30-8.30am and 5.30-7.30pm. Work schedules are usually Monday to Friday and during day-time hours although there is some variation across the different buildings. For example, libraries are cleaned early in the morning and lunch time whereas offices are mostly cleaned in the early morning and evening. There is no night-time work and minimal weekend cleaning (only two or three members of staff cover the necessary buildings at the weekend).

Pay

All general cleaning staff are paid the London Living Wage as stipulated by CouncilL in the PQQ stage of the tender. CouncilL has a commitment to fair pay, and is one of five London Borough Councils (at the time of data collection April 2014) to pay all its staff the London Living Wage (currently £8.80 per hour) and this extends to its indirect workers such as those employed by CleanD on this contract too. Cleaning supervisors are typically paid £1-£2 an hour more than the standard hourly pay of general cleaning staff. Workers employed on the 'mobile' team moving between different sites are also paid an enhanced rate to reflect their greater responsibility, including holding keys to libraries. There is no transport provided to this team of workers. There is an enhancement of 50% for weekend working but none for other unsocial hours such as evenings and early mornings. The London Living Wage is highlighted as a key factor underpinning low staff turnover:

Once you are set into a contract, and it's settled and then you have a living wage as a tool, then there is a high retention rate. So on some of our other contracts, like the....contract, which we implemented it a few

years ago, and we're delivering it, I would certainly say there's a much lower turnover rate than what we would have in other cleaning contracts. (CleanD, Contract manager).

Training and work organisation

Cleaning staff are trained onsite by their supervisors to the British Institute of Cleaning Science standards. There are an extra twelve modules which cleaning staff may choose to take on the CleanD intranet via e-learning. If a large number of people are undertaking the same training it may be delivered off site. Supervisors are trained off-site with BICS called 'Train the Trainer'.

Performance appraisals take place for cleaning staff on an annual basis, although they suggested this may be more often if management had the scope to do so; for example, if supervisors have only a few staff they may be able to have monthly appraisals too although this is not compulsory. Appraisals are done by the supervisor or line manager/cleaning manager. Performance is monitored on criteria and on a ranking from one to five. Various factors are assessed including conduct and punctuality. All performance reviews are recorded centrally on an HR system and these are reviewed by CleanD HR.

In terms of work organisation, the cleaning supervisor will advise cleaners about what needs to be done and there is often a task list to complete for each building. The supervisor will normally allocate the task between the team (typically made up of around three cleaners per building) but task allocation was at the discretion of team members; for example, the cleaning worker emphasised that she could choose to do the mopping one day if she wanted to.

Recruitment

Aside from the initial TUPE transfer of staff from CouncilL, staff are mostly recruited via referrals from existing staff, although CleanD have also advertised in the job centre and used agencies when necessary. It is worth noting that CleanD have not needed to recruit significantly for this contract because the restructuring in 2012 meant the natural turnover of staff (generally due to retirements) was not replaced. The majority of staff working on the CouncilL contract are women; only six out of 56 cleaning staff are men. The average age range tends to be between 40 and 50 years old. Workers tend to be from a Black African and Black Caribbean ethnic background, which is reflective of the local population of CouncilL.

HR policies

There are three recognised trade unions for the cleaning workers, UNISON, UNITE and GMB. Relationships with trade unions are considered to be relatively positive and they were heavily involved in the information and consultation stage of the restructure in 2012. Their main concerns at this time were regarding staff being

moved around other CleanD contracts as well as protecting the terms and conditions of employment:

If anything, the staff were a bit anxious really about the changes and why it was happening and how it would impact upon them and would they still only have to work within the borough or would they have to work outside of the borough if the contractor had other contracts outside of [CouncilL]. (CouncilL, HR Manager).

Management at CleanD were sympathetic, and this might be indicative of the good working relationships with trade unions in this case:

[The trade unions] were also extremely concerned about the London living wage and protecting that, quite rightly so, and the terms and conditions. Those tended to be the areas, quite understandably really, where, bearing in mind the demographics of the cleaning staff, you know, they were reliant on the union having those discussions with us and we had a very productive time. (Procurement Manager, CleanD).

Equality and diversity policies at CleanD were said to be similar to those implemented at CouncilL. Given the considerable size of CleanD, management argued they had HR infrastructure in place and experience dealing with public sector clients so their approach to equality and diversity was 'well established'. Management described monitoring by specialist managers as well as an approval and report system to verify that work is being undertaken in line with company policy.

11. BankL and CleanE

11.1 Background

Banking is a particularly interesting client sector for our investigation since it has been at the centre of public commentary and debate concerning escalating inequality in pay. Where banks continue to reward high level managers with above-average pay rises, stock options and bonuses in a manner that appears disjointed from overall corporate performance, the persistence of poor pay and working conditions for outsourced cleaning staff is all the more stark. The situation is not new. Several banks were among the first targets of the early 2000s living wage campaign in London, which demanded companies such as Credit Suisse and Barclays pay a living wage to workers providing facilities management services (Grimshaw, 2004). Partly in response to effective living wage campaigns in London, several UK banks signed up to a living wage and committed to incorporating it in their procurement policy; these include HSBC, Lehman Brothers, CitiGroup, Deutsche Bank and Royal Bank of Scotland (TUC, 2008).

Case study bank

BankL was purposefully selected from the sample of living wage banks with the aim of examining how its procurement strategy operates in practice. The overall contract for cleaning services between BankL and CleanE is organised by region and by type of bank premise – split between high street branches and Multiple Occupied Premises. Our investigation focused on cleaning services provided in six multiple occupied premises in London, although we also gathered information on retail premises where relevant for comparison.

11.2 Procurement

BankL's outsourcing model of support/soft services goes back a long way but has been reinforced in the last few years due to firm acquisitions. Since 2010, there has been an especially strong focus on market testing all services, not least because BankL has had to respond to a strategic objective to cut costs but also, according to senior managers interviewed, because it is considered good management practice.

Reasons for outsourcing

The main reasons for outsourcing were firstly economic, since it was considered a more cost-effective solution. In particular, BankL would be able to displace some of the overheads from its cost base. A second reason was managerial, since outsourcing enabled the bank to shift the responsibility for terms and conditions of cleaners onto the contractor.

Whilst you have a duty of care, the duty of care is defined within the roles and responsibilities of the employer but a lot of that then gets divested to

the outsource company, so those two areas I think make it attractive (BankL, Facilities manager).

Tendering practice

Since the mid-2000s, BankL has centralised procurement of cleaning services, shifting from a regional division of contracts with different cleaning companies to one national contract in 2010 with a single subcontractor, CleanE. As the Senior Procurement Manager at CleanE put it, 'It does make sense to have it all under one umbrella, especially when they are billing as well, and it makes it cheaper'. The centralisation strategy also works in favour of very large firms such as CleanE since few other companies can compete to run a contract of this size. The procurement strategy therefore creates an effective barrier to entry to the outsourced cleaning market.

Fee basis

CleanE follows a strategy of selling bundled services, with the goal of providing 'total facilities management', ranging from security services and maintenance of lifts to cleaning (Senior Procurement Manager, CleanE). This particular contract encompasses waste services and pest control alongside cleaning.

The contract is agreed in the form of a fixed monthly fee with discretion for either party to negotiate ad hoc payments for additional required services. The ability for CleanE to negotiate additional service work once it has won the contract in part compensates for the tendency of competing firms to undercut each other at the bidding stage. So a low basic price can be offered on the understanding that additional cleaning services (whether new tasks or increased frequency of existing tasks for example) can be offered and agreed at a suitable price. Nevertheless, CleanE recognises that each contract renewal presents a challenge of how to deliver better services for a reduced price. Opportunities to reduce costs include layering middle management and supervisors and extracting more value from suppliers of cleaning products.

Monitoring the contract

BankL appears to lead the specification of cleaning standards for each building, with a varying range of standards across regions, with London branches and offices benefiting from additional resources. Unusually, day to day client monitoring of standards is contracted to a second cleaning firm, CleanA, who play the role of 'customer liaison'; they observe sites and report any problems with cleanliness or site maintenance to BankL.

Inter-organisational management at establishment level

The contract is described by senior managers (CleanE) as ‘transactional’, with both parties keen to secure value. Yet on the other hand at the establishment level, there is some evidence of efforts by BankL to integrate cleaning staff (and managers) through for example extending invitations to Christmas parties and quiz nights (Contract Manager, CleanE).

11.3 HR practices

Employment contracts

The BankL premises investigated deploy a mix of full-time day staff and part-time evening staff mostly on guaranteed hours. No temporary work agency staff are used because of security issues at banking sites; nor are zero hours contracts used for experienced staff for similar reasons, although they are used for new recruits.

[In BankL branches] we want stability because we essentially are literally handing the keys to a branch to an individual. We are giving them the physical access to that building unescorted and alone. So it is in our interests to engage with them and not have them disappearing two minutes later. (CleanE, Contract manager).

Instead, CleanE relies on deployment of incumbent staff to fill positions. Typically, part-timers from the same or other neighbouring sites cover for daytime full-timers who may be absent due to holidays or sickness. This HR practice has the added benefit for CleanE of enabling managers to screen for potential full-time recruits.

Sometimes the part-time cleaners might come and say to me, ‘Oh, I want to work full-time’. So what we tend to do is then give them what we call cover work... Then they’ve been trained up, so it’s easier for us then to say ‘Right, I’ve got a full-time position for you now’, and they just automatically walk into it... So we try to get staff who are already on our books. It makes it so much easier. (Contract Manager, CleanE).

A small number of cleaners are recruited on zero-hours contracts to provide cover. CleanE managers (corroborated by the cleaning supervisor we talked with) explained this practice was designed in part to screen new recruits during a short period before moving them onto standard contracts.

Pay

Like several other UK banks, BankL adopted the Living Wage in the mid-2000s and is one of few living wage employers to have actively incorporated the Living Wage into its procurement policy. CleanE therefore was obliged to pay the living wage once it won the contract, an hourly rate of £8.80 at London sites. CleanE also adopted the living wage in 2012 as a company-wide strategy, supported by accreditation with the Living Wage Foundation. In practice, this means CleanE offers

all services payable at a minimum Living Wage as an option in all tender submissions. Managers claimed CleanE aspired to be among the highest payers in the industry. CleanE managers also argued the living wage was a major factor in attracting and retaining cleaners.

CleanE pays staff a supplement for weekend work (time and a half for Saturdays, double time for Sundays) but not for evenings, which is a common shift pattern. Neither does CleanE offer higher rates of pay for more experienced staff – an issue that provokes some disquiet among cleaning staff, despite the high flat rate of pay:

It's a flat rate for everyone. I know that there are different companies that do appraisals and ... [the pay] will increase, or it will stay. But obviously in here it's not the case. All on the same sort of rates. (CleanE, Supervisor).

Working time

At BankL multiple occupied premises, full-timers work regular eight-hour days, 8am-5pm Monday to Friday, and part-timers regular four-hour shifts in the evenings, 7pm-11pm, Monday to Friday. When CleanE took over the London contract with BankL in 2011 it agreed to change from night shifts to late evenings largely to help BankL reduce security risks and utility costs. A separate team of between six and ten staff work weekends, usually six-hour shifts. By comparison CleanE services at BankL retail branches were delivered by part-timers working either a two hour or hour and a half evening shift. In all cases, hours were guaranteed.

According to the cleaning supervisor some night shift workers, who worked regular full-time hours, were offered part-time evening shifts when night shifts were abolished and this has led to some dissatisfaction about lost earnings. CleanE managers recognised many part-timers sought additional hours; indeed they reckoned a majority had second jobs with other employers. The demand for additional work from incumbent employees enabled managers to cover for absent staff:

We do get staff who do work two hours [in one evening] and they will say, 'I am available if you have any additional hours for me.' And a lot of them are quite good for us because they do a lot of covering in the evening.... And that's good for us because then if I've got someone on holiday I will say, 'Look I've got a couple of weeks here, are you interested?' (CleanE, Contract manager).

We have the flexibility of the people [team of cleaners] that they do the cover for us ... The people that we have are reliable. (CleanE, Supervisor).

If tasks take longer than anticipated or there is a need to cover between the end of the day shift and start of the early shift (5pm-7pm) there appears to be a convention that extra time is paid. Where applicable, overtime is paid at an enhanced rate.

Recruitment

CleanE fills vacant posts in the London area by word of mouth, relying on either part-timers wishing to switch into full-time day positions or recommendations from incumbent staff of friends and relatives. Most staff at BankL multiple occupied premises in London are men, probably reflecting the high use of full-time posts, and most have an international background. In the retail branches, by contrast, most staff are women probably due to the early evening shifts which suit women with childcare responsibilities. CleanE's total UK workforce of 40,000 or so operatives has a 60% female share. Preferred applicants need some experience of cleaning and, especially in the multiple occupied premises of BankL, to be presentable. There is a general practice of hiring new recruits on zero hours contracts but then switching to standard guaranteed hours (full- or part-time) as and when a vacancy becomes available. Overall staff turnover is relatively low at less than 5%, which is perceived as a major achievement among CleanE managers:

The expectation is it's a huge churn. [The low turnover] is to do with the pre-employment screening and the process of getting people in. If people go through that process they are committing to you, because they have got to provide their references, their addresses, proof of where they have been for ten years. (CleanE, Contract manager).

The payment of a living wage is an important factor underpinning the low staff turnover, along with what managers refer to as robust recruitment screening to ensure a good job-person fit. The company nevertheless faces challenges regarding how to value cleaning staff more.

[The cleaning staff] need recognition as well. ... They want a little bit more, like, I don't know, probably a card, probably a voucher. But, as I said, it's a big company. (CleanE, Supervisor).

CleanE staff compare how they are treated by their employer by talking to other outsourced workers at the BankL site, each working for different subcontractor companies, including security staff, catering staff, window cleaners and reception staff.

The practice of transferring staff, under TUPE regulations, from the previous cleaning company to CleanE in the London area was described as positive since it provided CleanE with a readily available experienced cohort of cleaners. However, it also brought difficulties since 82 cleaners were found to be without valid work visas and were consequently made redundant. A further challenge presented by TUPE is that while protecting staff it was believed to reduce the possibility for CleanE to secure a competitive advantage through enskilling its workforce, since cleaning staff transfer to the new subcontractor with the transfer of the contract. It is inevitably

tempting therefore for a client such as BankL to favour a cheaper outside bid given the knowledge that cleaning staff will remain the same.

Training/job roles

Staff undertake a basic induction programme that involves instructions in the safe use of hazardous chemicals (in line with the Health and Safety Executive's COSHH regulations – namely, the Control of Substances Hazardous to Health), CleanE policies, procedures and standards, and a buddy system of learning on the job during the first day. Further training takes two forms. There is an annual 'refresher' session which must be signed by each member of staff to demonstrate they have updated the relevant competencies. In addition, cleaners meet each month with their supervisor who delivers a short, prescribed 'toolbox training' session (30-45 minutes) that provides a mix of generic CleanE skills and skills tailored to the BankL client. Videos are favoured according to the cleaning supervisor we interviewed since visual presentations compensate for language difficulties among some cleaning staff. Topics vary by type of site and often respond to newly identified risks of accidents either to staff or customers at the site.

Contract managers and cleaning supervisors attend various CleanE offsite training sessions (at a CleanE Training Centre) to learn how to deliver induction and toolbox training, as well as staffing issues related to disciplinary procedures for example. They are not trained in conducting appraisals, however, reflecting an absence of formal appraisal in favour of informal 'job chats'. The Senior Procurement Manager at CleanE admitted, 'I don't think we are as good at that [conducting performance appraisals] as we want to be if I'm honest'.

Cleaning staff are expected to do more than undertake cleaning tasks. CleanE managers request cleaners to play an active role in monitoring the overall standard of the interior building, referred to as 'reporting'.

Like if they went in a toilet and a light was out, people tend to walk in and don't take any notice where my staff would report it. So then we would go with odd jobs for the [maintenance subcontractor] to come and repair those.... Like if we saw a tile missing, it could be an accident, we would report that and automatically it gets repaired straight away. (CleanE, Contract manager).

While cleaners are expected to be capable of covering a range of different activities and receive 'cross training' to enable this, CleanE managers recognised that many cleaners preferred to stay in the same role since they had a better idea about how long the task took. This also has the advantage of enabling daytime cleaning staff to build relationships with client staff.

Part three. Identifying better procurement and employment practices

12. Improving pay

Evidence from the six case studies suggests that the extensive practice of repeat contracting under conditions of intense cost competition undoubtedly exerts strong downwards pressure on wages, especially in a context of high unemployment and financial pressures on client organisations in both public and private sectors. Nevertheless, our cases show that procurement practices can also play a positive role in improving pay in the commercial cleaning sector, often through an alliance with trade unions. This section first sets out the range of pay rates earned by cleaners in the six cases and then examines both the negative and positive effects of procurement and contracting practices on pay.

12.1 Cleaners' pay in the six case studies

The basic rate of pay for cleaners varies quite significantly among the six cases. In two (airport and hotel), the cleaning company pays some or all its directly employed staff the national minimum wage, £6.31. In the other cases, basic hourly pay is higher, ranging from £6.50 (college) to £8.80 (bank and council). Supervisory positions usually commanded a small pay differential of between £1 and £1.50, and at the council, cleaners in the mobile team earned a slightly higher rate of pay.

Five of the six cases did not pay higher rates to reward experience or qualifications. This should not be interpreted as an absence of requirements for experience and qualification for cleaning work. In the hotel, CleanB managers required job applicants to demonstrate one or two years of experience working in an equivalent high quality hotel but were unwilling to pay more than the minimum wage. Also, at the airport, managers stressed the need to recruit a person with good communication skills, a capability to learn on the job and 'to deal with being on their feet for several hours and also doing a job that not many people want to do' (CleanA1, Contract manager), yet again only paid the minimum wage. Some managers admitted their minimum wage policy meant they risked losing the more able staff; when asked why people leave, the Contract manager at CleanA2 said, 'Money, more money'. But, as other studies of low-wage sectors have shown, managers are often happy to put up with higher staff turnover to keep wage costs down. Moreover, only one cleaning firm (the hospital case) provided pay enhancements for all staff for overtime and unsocial hours working. As we discuss in section 13, the abolition of such enhancements is in line with those by employers in low-wage sectors in the UK over the last two decades or so.

Table 12.1 Pay conditions for cleaners employed by cleaning companies

	Basic pay	Standard company rate or specific to local contract?	Pay increment for experience or qualifications?	Pay enhancements for overtime and unsocial hours?
CleanA1 (airport)	TUPE staff from cleaning firm £7.50 TUPE staff from airport £8.50 Others £6.31	Non-TUPE staff on standard company rate	No	TUPE staff from cleaning firm yes (£1 per hour); TUPE staff from airport yes (£1.50 nights) Others (£1 per hour nights)
CleanA2 (college)	£6.50	Local rate	No	n.a.
CleanB (hotel)	£6.31	Standard rate - no supplement for 4* hotel	No	No
CleanC (hospital)	£7.33- £7.70	Local rate	Yes	Yes
CleanD (council)	£8.80	Local rate	No	TUPE staff yes (except overtime in social hours) Others no
CleanE (bank)	£8.80	Local rate (but seeking company-wide living wage)	No	TUPE staff yes (weekends not evenings)

Note: the National Minimum Wage for adult workers at the time of data collection (March-April 2014) was £6.31.

12.2 Downwards pressures on pay arising from contracting practices

The power of market competition to drive down pay

Cleaners in the commercial cleaning sector are subject to two powerful sets of market forces that, unchecked, tend to drive pay downwards. First, labour market conditions are rarely favourable since access to cleaning jobs is not regulated by skill requirements (as defined by an organisation or a sector-wide apprenticeship system for example) or membership of an occupational or professional community. Also, strict job search requirements on unemployment benefit claimants, coupled with a reduced real value of welfare payments, increase the competition among applicants

for vacancies. Second, competition for contracts among cleaning companies tends to be strongly influenced by price. The price focus translates into a need to reduce wage costs, given that labour costs make up the bulk of costs in this labour-intensive sector, which in turn can lead to a strategy to hold down pay levels, reduce hours of work or downsize staff.

In four of the six cases, price was the deciding factor in the selection of a successful subcontractor, along with other factors such as innovation, service quality and so on (Table 12.2). Many cleaning company managers identified the apparent oxymoron of a client request for high quality service at a low price. The consequences of the strong price pressures were twofold, either a focus on a low pay policy (as at the hotel and college cases) or a swift policy of downsizing. At the council, CleanD quickly reduced staff numbers from 75 (the number of transferred staff) to 56, involving a 35% reduction in hours delivered. In this case, CleanD had to honour a living wage payment while still making a cost reduction in cleaning services provision.

One consequence of the strong impact of price competition on a cleaning company's paybill is its association with a general absence of a company-wide approach to pay, except for a policy of complying with the national minimum wage in the hotel case. In all six cases, cleaning firm managers stressed the logic of matching the rate of pay with the fee earned in the local contract, a point not lost on the cleaning staff we interviewed who were fully aware that 'different contracts have different rates'. (CleanA2, Supervisor).

Contractual control over pay and performance

In addition to the pressure of market competition during the bidding for new contracts, cleaning companies face continuous accounting pressures to fit pay costs with what are often a set of relatively fixed financial conditions specified in the outsourcing contract. This can occur each year as new budgets are agreed with the client and especially at periods of renewal when clients seek to wrest new cost reductions, whether through an open competition or internal benchmarking exercise.

At five cases, client managers emphasised the need for ongoing cost reductions from the cleaning company contract. At the council, CleanD managers pointed out the tension in the client's procurement approach between requesting CleanD to meet annual rises in the London living wage but also setting a fixed per annum price in the contract; other CleanD contracts specifically included an index for annual earnings growth. At the college, CleanA2 managers complained about the 'drastic' cost cutting imposed by CollegeS managers, which led to a near halving of the workforce, imposed teamworking against the wishes of staff and led to a deterioration in

cleaning standards (CleanA2, Contract manager). The HR manager from CleanA2 was seeking to raise pay but could not reach agreement:

We can't implement it [a living wage] until the client is happy to do that because obviously we can't just pluck money out of nowhere. And that wasn't in the bid.'

Table 12.2 Procurement and contracting practices with negative pay effects

	Price is the deciding factor in selecting successful contractor	Cost pressures at contract renewal/ respecification to reduce costs
AirportE	Yes – along with CleanA1 ideas about zonal work organisation	Some indication of cost pressures regarding forthcoming discussions
CollegeS	No – work organisation critical	Yes – very strong, led to staff downsizing not pay or hour cuts
HotelW	Yes – once thresholds of quality and legal HR practices were met	Cost pressure through negotiations over number of rooms to be cleaned per hour
HospitalE	No – wider issues surrounding PFI contract critical	Yes – major pressure to rationalise and reconfigure services at lower cost
CouncilL	Yes – following a value-for-money review of facilities management services, led to staff downsizing	Yes – set a fixed price for contract duration
BankL	Yes – especially following centralisation of bank procurement policy	Yes – strong client pressures

12.3 Upwards pressures on pay

Our case study evidence suggests a range of formal and informal procurement practices can positively influence pay, or at least protect it from deterioration. Table 12.3 summarises the results from the six cases.

The first observation is that there is a longlasting influence of TUPE regulations on pay rates for many subcontracted cleaning staff. Transfer of Undertakings (Protection of Employment) regulations protect employees' terms and conditions, including pay, when an activity is transferred to a new employer (known as 'service provision changes'). Five of the six cases involved some cleaning staff on rates of pay that have been protected since their transfer under TUPE rules, although at the college only one of the 30 transferred staff remained six years after the contract

began. While beneficial for transferred staff, it can nevertheless create a problem of pay consistency with two or more tiers of conditions. At the airport, for example, there are three rates of pay among cleaners in similar jobs directly employed by CleanA1: staff transferred from the previous cleaning company are paid £7.50; a smaller group transferred from the airport's previous in-house team, all working the night shift, earn an enhanced pay of around £9.50; and all other staff are paid £6.31 an hour. Rather than harmonise pay upwards to the more generous TUPE rates, CleanA1 prefers to manage staff on unequal pay.

Informal diffusion of client expectations about decent pay

In all six cases, client organisations professed some degree of interest in the levels of pay earned by the subcontracted cleaners. At HotelW, senior procurement managers said they audited the payroll of the cleaning company and also kept a record of cleaners' signing in and out of the workplace – evidence of some concern that cleaners' pay complied with national minimum wage rules. In other cases, client organisations argued that cleaners' pay ought to align with standards enjoyed by the client workforce. For example, managers at CollegeS told us the college had a responsibility to ensure outsourced cleaners earned decent levels of pay, 'that we are paying fairly for what we are getting' (CollegeS, Procurement manager), and specified a minimum wage rate slightly above the national minimum wage at £6.50 into its contract price with CleanA2.

The role of the client, as noted above, is in some cases very influential in the run-up to budget agreements for the following financial year. While the airport had maintained a tight lid on previous annual budgets, the Contract manager was now considering uprating the fee to provide for higher pay in light of a shared recognition that 'there is a pay issue at the moment', both among minimum wage workers on CleanA1 contracts and other cleaners on protected pay conditions.

At the end of every contract year, when I'm preparing my budget I will say, what do I need to put in for my budget on cleaning – what are we going to do? Do you think minimum wage is going to go up?... If we give them a pay rise it will probably put them above minimum wage slightly... The general assistants will be over the moon about that even if it's only a few pence, it's that they have got a pay rise which they haven't had for a long time. (AirportE, Contract manager).

Union role

As might be anticipated, trade unions only exerted influence on pay conditions in the two public sector cases, the hospital and the council; unions did play a role for other groups at the airport (e.g. security workers) but not for the cleaning workforce. At the hospital, trade unions led a long campaign against two or more tiers of pay conditions among outsourced staff working in NHS hospitals of the sort observed in

the airport case described above. This resulted in a national Two Tier Code that encouraged parties to agree harmonised conditions and was agreed locally by CleanC and HospitalE managers with unions, just prior to the ten-year renewal of the cleaning contract. As a consequence, all CleanC cleaners working at the hospital enjoy NHS terms and conditions, which include a relatively high range of basic pay (starting at £7.33) with three pay points for progression.

At the council, unions had already worked with CouncilL managers to secure a London living wage for its lowest paid staff prior to outsourcing and both parties are committed to supporting suppliers to pay a living wage to subcontracted staff, which includes cleaners employed by CleanD. Council managers highlighted their 'very, very positive relationship' with the trade unions and welcomed the unions' insistence on challenging the need for outsourcing and ensuring that the living wage was protected and extended to all subcontracted staff.

Commitment to a living wage in procurement

A final positive practice associated with procurement policy is the living wage. Two of our six cases paid a living wage to the cleaning workforce and, indeed, were specifically selected so that we could investigate the processes involved. At the bank and council cases, client organisations emphasised the potential for legal challenges since a living wage cannot, under current European and UK legislation, be stipulated in the procurement contract, although there are interesting recent policy developments that suggest greater legal scope for the inclusion of a living wage at the pre-procurement stage, on the basis that a living wage can improve contract performance (Ramshaw, 2013, cited in Koukiadaki, 2014).

The two cases differ in that CouncilL already paid cleaning staff a living wage prior to outsourcing while BankL did not. The fact that a living wage had already been agreed pre-outsourcing made the council's goal of extending it to the cleaning company easier. TUPE regulations secured the living wage rates for transferring staff and CleanD only had to agree, in the form of a formal undertaking, to pay a living wage to all other staff on the CouncilL site (that is, new recruits plus any redeployed CleanD employees):

for us, the [living wage] policy is already there, so what we're doing is making sure this procurement policy aligns with our corporate policy, so in a sense we are in the right place in this case. (CouncilL, Senior Procurement manager).

At the bank, managers received a request from CleanE to pay the London living wage subject to their agreement, 'because we have to pick up the bill, whatever CleanE wants to do' (BankL, Property manager). For the bank, it was perceived as important for its corporate social responsibility agenda in London, and the public debate about unfair pay in the banking industry generally, to commit to the London

living wage. The extent to which the higher basic pay is absorbed fully by the bank or part subsidised by CleanE is unclear from our data, due to conflicting perspectives from contract managers interviewed. However, CleanE has made a policy commitment to seek to pay the living wage to all its UK workforce, although it emphasises that its pay policy is contingent upon client willingness to pay higher fees. It claims to be working with client organisations and includes a living wage option in all its new tender submissions. It remains to be seen how effective this policy will be.

Both parties to the contract identified several benefits of paying the living wage, including lower staff turnover and less sickness absence. As the Procurement manager at BankL told us:

From the contractor's point of view it's actually quite a benefit. You are not getting the [high] level of turnover and churn, so you're not continually having to recruit.

Table 12.3 Procurement and contractual practices with positive pay effects

	Role of TUPE in protecting pay	Informal diffusion of client expectations about decent pay	Trade union role in setting pay at cleaning company	Commitment to a living wage in procurement
AirportE	70 staff transferred from previous contractor, most on contractor pay rates but some still on rates from previous airport in-house arrangement	Client consideration of future rise in contract fees to support higher pay	None	No
CollegeS	30 transferred but only 1 remains in a supervisory post	Some consideration in setting the contract fee	None (only grievance/discipline)	No (although under consideration for 2014 contract renewal)
HotelW	Transfer of staff 10 years ago – only housekeeper on salary still remains	HotelW audits payroll of CleanB for minimum wage compliance	None (only grievance/discipline)	No
HospitalE	Approx. 500 transferred	No	Yes, very strong influence in extending hospital pay conditions to CleanC	No
CouncilL	Approx. 75 transferred	TUPE protected living wage rates of transferred staff	Strong (negotiated living wage with council pre-outsourcing and sustained it post-outsourcing)	Yes – council paid inhouse staff living wage prior to 2012 outsourcing
BankL	All terms and conditions remain the same, including pay. If pay is lower, it is brought in line with the contract pay rates	Formal diffusion via contractual agreement	Only if a dispute about rates applies	Yes – local contractual condition set by BankL; CleanE companywide commitment

13. Making working time and schedules more secure

Working time and scheduling issues are central to issues of job quality in cleaning. Cleaning is associated with working unsocial hours - early mornings, evenings, nights and sometimes weekends - and often with short or split shifts. It is also associated with problems of providing enough hours of paid work; cleaning is the occupation with the third highest share of people who feel they are underemployed at just over 30% (ONS, 2013). In part, this may arise from cleaning being confined to restricted hours, thereby limiting the scope to provide staff with extra hours. In this respect it is worth noting, as we discuss further below in relation to our cases, that the scheduling of cleaning is often a matter of strategic choice for the clients and, sometimes, the cleaning company. However, underemployment is also likely to derive from both the low pay in the occupation, such that some staff may constantly be in need of extra hours to get by, and the employment practice in some types of cleaning, such as hotels, where no or limited guaranteed hours of work are provided. The lack of guaranteed hours may be considered an outcome of competitive conditions in the sector and of fluctuating labour demand - as in room cleaning for hotels - but may also reflect the low bargaining power and/or status of the employees.

To explore these issues in relation to the six cases we first identify the factors shaping the scheduling of cleaning work. Although the nature of the client business and the characteristics of the client's premises constrain the organisation of cleaning work, the case studies reveal a fair degree of choice over the scheduling of cleaning. This is evident from the relatively major changes that have been introduced in the scheduling arrangements in a number of the case studies.

Only two of the cases have operations that are open 24 hours a day, seven days a week: the airport and the hospital. The airport maintains full 24 hours cleaning coverage although the numbers on the afternoon and night shift are much more limited than on the main morning shift. In the hospital, all cleaning finishes by 9pm at the latest and on most wards by 7.30pm; these arrangements are determined by the contract with CleanC. Urgent cleaning outside these periods, to allow changes in bed occupancy for example, should in principle be done by nurses who are employed directly by the client. It is not clear, however, how far this happens or whether beds are restricted overnight as a consequence.

Also, it is only at two organisations – the hospital and the hotel – where cleaning is a prior requirement for the business to function, rather than a general issue of hygiene and appearance. In hotels, rooms have to be cleaned in order that they can be sold, which generally restricts room cleaning to the morning. In the particular case of HotelW, increased pressure to provide all rooms at the advertised check-in time of

2pm, seen as part of a 4* hotel service, has led to changes in scheduling involving more room attendants and fewer average hours of work per attendant.

In the college, bank and council cases, operations are not 24/7 and cleaning is more related to hygiene and reputation. Consequently, there are more options over scheduling, particularly whether to clean during opening hours or out of hours. Out of hours options have traditionally been favoured in order to minimise disturbance from cleaning and, as a consequence, much cleaning has been done overnight. However, two cases have moved away from night cleaning; the college due to problems of control over night staff and the costs of keeping buildings open, and the bank due mostly to security concerns. Both have traded off potential disturbance from cleaning during the day and early evening in return for greater control over staff and security. Pressures in the contracts from clients to reduce costs through reducing cleaning hours has also led to changes in scheduling; in the hospital the reductions in dedicated personal service assistants on wards from one per ward to one per two wards led to earlier starts to shifts to facilitate the continued assistance with breakfast serving. In the council, the pressure to reduce hours led to the development of mobile cleaning teams, as the hours of work per building were becoming too short for this to be a viable job opening.

Working time patterns

The scheduling of cleaning coupled with arrangements for providing cover, either for variations in the amount of cleaning or for staff absences, has a major impact on the working time arrangements offered to cleaning staff.

Table 13.1 provides an overview of the staffing arrangements in our six cases with respect to working time, distinguishing between full-time and part-time guaranteed hours contracts and variable hours contracts (in practice, either zero hours contracts for direct employees or temporary work agency contracts with or without some hours guarantees).

These data reveal that although the majority of cleaners are working part-time, AirportE provides an example where full-time working is in fact the norm and, in BankL, full-time staff in the multi-occupancy buildings provide a substantial share of total cleaning hours, even if there are more part-time cleaners in total. The proportion of part-timers, according to Labour Force Survey data, for the occupation cleaners and domestics is around 78% (see section 4).

Table 13.1 Working-time contracts in the six case studies

	Client	Cleaning company staffing		Extra hours for staff with guaranteed hours	Extra hours through redeployment from other sites	Zero hours	Temporary Work Agency staff
	Directly employed cleaning staff	Full-time (f/t)	Part-time (p/t)				
AirportE	0	64 (40 hours)	16	Extra hours given first to zero hours	No	10	No
CollegeS	4 part-time	5	15 (20 hours pw)	Yes	Yes if CRB checked	0	No (due to CRB issues)
HotelW	1 full-time	0	0	n.a.	Occasional	15 (most 20-37 hours)	0
HospitalE	0 (ward housekeepers; nurses do urgent cleaning over night)	30 (37.5)	320 (20-35 hours)	Temps preferred	No	0	100 – after 12 weeks CleanC contract with guaranteed hours 10 to 20, flexibility up to 30
CouncilL	0	30 (37.5)	26 (from 5 hours pw, average 20-25)	Occasional, zero hours preferred	No	2-3	Very occasionally
BankL	0	8-10 f/t day staff per multi-occupancy building - 40 hours	16-30 p/t staff per multi-occupancy building-20 hours, 2-6 p/t staff per branch -10 hours	Frequent for p/t staff	No	2-3	No (due to security issues)

Four of the case studies use zero hours contracts but only one, the hotel, only uses zero hours contracts; the other three use zero hours contracts for new recruits, for cover and, in the case of AirportE, for seasonal variations. All three organisations stress the opportunity for these workers to move onto guaranteed hours, in some cases within two to three months. Only the hospital makes significant use of temporary work agency staff, and these staff provide the same kinds of flexibility as the zero hours staff in the airport, the bank and the council. The main reasons for using a temporary work agency (TWA) rather than directly contracted zero hours staff is that this enables the cleaning contractor to pay below NHS rates for up to 12 weeks. Three of the cases would have problems using TWA staff because of security issues. Only the college does not make use of either zero hours or TWA staff. It has relatively stable demand and the cleaning company uses overtime or cover from other sites for flexibility. These are also mechanisms used for providing flexible cover in other cases, with the bank particularly reliant on overtime by part-timers who want more hours and the hotel using staff in other hotels in the area to provide flexible cover when necessary.

The patterns of shifts reveal major differences between the organisations and sectors with respect to weekend working (Table 13.2). Only the airport requires all staff to participate in weekend working, though most staff at the hotel also work weekends, with some adjustment for preferences. Two organisations –BankL and HospitalE for the most part - have opted for dedicated weekend working shifts. There is limited or no weekend working at the council and college. The premiums payable for weekend working at both the airport and the hospital were mentioned as factors incentivising the use of either zero hours staff (in the airport case) or TWA staff (hospital) for cover as these did not receive the premium. While the premium in the hospital is still significant (time and a half Saturday and double time Sunday), measures were taken at the airport even to avoid a £1 an hour supplement.

Unsocial hours working – that is outside a weekday 8am-6pm window – is common to all the cases. Not paying a premium for early starts or evening work is clearly a long established practice in the sector. These unsocial hours arrangements are, apparently, not always regarded as inconvenient as some staff combine cleaning with other jobs or with childcare responsibilities, for which evening work may be more possible due to availability of childcare from partners. The discontinuation of night work by the bank was recognised to cause problems for staff who were not available for the full-time day shifts due to other commitments, resulting in their hours being cut from full-time to only four hours per shift.

Table 13.2 Patterns of shifts used, times of day and pay premiums

	Types of shifts	Times during weekdays	Extent of weekend working and staffing	Premiums for early starts/ evening work	Night premiums	Weekend premiums
AirportE	3 shifts - 24hour cover Fixed shifts	24 hours, most on morning shift	Same as weekdays- staff work 4 days on, 2 off	None	TUPE staff (cleaning contract) and regular staff £1 an hour Ex airport TUPE staff around £9.50 per hour total for night shift Zero hours none	All TUPE staff £1 an hour Others none
CollegeS	Daytime -f/t; Evening p/t	6-2pm f/t, 6-10pm p/t	None	None	n.a.	n.a.
HotelW	Morning shifts	8.30 or 9.30 start, variable finish according to demand	Same as weekdays- work 5 days out of 7 according to preferences	n.a.	n.a.	None
HospitalE	F/t 2 shifts P/t morning or early evening	F/t 7.30 to 3pm Part-time 3pm-7.30pm 8am-12pm, 4-8pm, 5-9pm	F/t shifts, sometimes double shift Most weekend only	+50% after 8pm	n.a.	+50% Saturday, +100% Sunday for CleanC staff not for TWA staff
CouncilL	F/t day shift for mobile teams P/t and split shifts (may be separate	Variable according to building- may be early start 5.30am or later	2-3 only work weekends	No	n.a.	No, only if overtime

	contracts)	Finish early evening				
BankL	F/t days P/t evenings	8-5pm days 7-11pm p/t or early evening 2 hours branches	Dedicated weekend team 6 hour shift	No	None unless overtime	Double time

Split shifts were mainly found in the council as buildings were cleaned early morning or early evening; however, these split shift arrangements in part arise from individuals contracting to clean at more than one site, rather than it being a schedule provided to the individual by the council.

Increased use of mobile teams with transport was implemented to reduce the number of fragmented short hour jobs within the council. Only the hotel used variable shifts determined on the day according to demand. The only example we came across where cleaners were able to leave early if finished without sacrificing pay were the bank retail cleaners, who were paid for two hours but could, in some cases, finish within one hour and a half.

Towards better working time practices

Among our case study organisations we can identify a range of problems with respect to working time. These include:

- the lack of any or significant premiums for unsocial hours working;
- the unwillingness to offer guaranteed hours for zero hours and TWA staff (all but CollegeS);
- the problems of too short shifts or lack of available hours, especially at: the bank, where the night/evening shift was cut from eight to four hours and the retail branch hours were limited to two; the council with its fragmented shifts at different buildings; the hotel, with an earlier finish time reducing the number of hours available; and the hospital, with problems of filling three hours for the early evening shifts; and
- changing schedules conflicting with other commitments (especially at the council and the hospital).

We can also identify some efforts to ameliorate the problems. For example, in all cases but HotelW, the policy was to offer zero hours and TWA staff access to vacancies with guaranteed hours as they arose. This did not apply at the hotel, the case study that did least to accommodate problems and insecurities, as there were no guaranteed hours jobs for anyone as they had a national policy of putting all room attendants on zero hours. The justification for the use of zero hours was, on the one hand, the variable fee linked to room occupancy and, on the other hand, a notion that it was fairer for all to be on zero hours:

We make it fair with everyone, I have always done that if I have to reduce the amount of hours and rooms they have to clean then I will do that for everyone. If we are talking about a day off, from two to three days off I will have to do that fairly with everyone. (CleanB, Area Contract manager).

This notion of fairness was not shared by the cleaner interviewed:

I think it doesn't give you any security. You know you have no security, you are on zero hours.It doesn't give you any sense of security knowing they could say to you, "well I'm cutting your hours in half", so obviously your pay then is cutting in half. (CleanB, Cleaner).

From the perspective of CleanB and the Procurement manager at the Headquarters for HotelW, they were doing more than was the norm in the industry by not paying on a piecework basis but ensuring that all were paid the national minimum wage for the hours actually worked.

Efforts were also made in some cases to address the issue of too short hours; at BankL extra hours were offered to staff who wanted them and those who provided cover were first in line for vacancies on the full-time day shift; at CouncilL mobile teams were being used to reduce the fragmentation of contracts to some extent:

So what they've decided is they can service that better by having a mobile team, rather than a one hour clean. If they were cleaning for one hour in these very small locations, they can actually employ a team and give them concentrated work and obviously resource a vehicle and do it that way. (CouncilL procurement manager)

When renegotiating staffing and schedules at the hospital some attempt was made to offer arrangements to fit the needs of staff - for example the dedicated weekend shifts had proved a popular alternative for some - but those who could not make the earlier starts had to settle for shorter hours.

A key issue for this study is the role of the actual contracting relations in shaping these working time outcomes. Much of the rescheduling arose out of clients' concerns over costs (the council, the college, the hospital), security (the bank, the college), cleaning standards (the hospital) or business problems (the hotel requiring an earlier finish to room cleaning). However, there is also evidence that some of the issues arose out of the cleaning contractors' independent efforts to reduce costs: for example, the use of TWA staff at the hospital to avoid premiums for unsocial hours, even though the PFI contract was negotiated on the basis of using NHS terms and conditions of employment for all subcontracted staff (via the Two Tier Code collective agreement). Likewise, at the airport, the contract would have taken into account the cost of TUPE transferred staff, but zero hours staff were used to provide cover for illness and holidays to avoid the premium overtime payment. Overall, the cleaning contractors were clearly of the view that, for the most part, premiums for unsocial hours, particularly for weekend work, were not a necessary part of employment terms and conditions, and even premiums for night work were either low or non-existent. This evidence suggests there has been a further reinforcement of the general trend already identified at the end of the 1990s for employers to regard every hour in the 24/7 calendar as equivalent and not commanding a higher price (Rubery et al., 2005b).

14. Encouraging skill development, worker discretion and career paths

The case studies largely demonstrate the limited opportunities for training and career development for cleaners. Training opportunities tend to emphasise on-the-job training in narrow, functional skills and the development of rather basic literacy, numeracy and communication skills. Also, the career options for cleaning staff are often limited, reflecting the predominance of elementary positions which constitute almost four-fifths of all jobs (Asset Skills, 2013a). At the same time, there is considerable diversity in employer strategies for training and job design and, to a lesser extent, career development. The case studies thus confirm how the characteristics of the commercial cleaning sector shape skill and career opportunities, but also allow for significant leeway in the organisation of work with important implications for training and career development. This section discusses the character of training, the definition of jobs, and the opportunities for career development.

14.1 Provision of training

Across all cases, basic professional cleaning skills are taught through on-the-job training, often through working alongside an experienced worker. This tends to be combined with an induction course on specific issues such as health and safety and the use of chemicals. This induction training can be provided by the cleaning firm but also by the client in case of specific requirements. For example, the college requires all staff to take a three-hour child protection course on working with vulnerable groups. And the hospital requires attendance at a one-day induction course which covers NHS codes of conduct, hygiene standards and use of chemicals. Client managers in both examples consider the shared induction vital to integrate cleaning staff with the client's ethos and culture (see, also, section 15).

Further differences exist in the provision of additional training and the extent to which training is accredited or linked to industry standards (Table 14.1). Two cleaning firms (the airport and hotel cases) provide training that may result in NVQ qualifications, the hospital's training is in line with the Control of Substances Hazardous to Health (COSHH) sector regulations, and three cleaning firms (the airport, college, and council cases) provide training in line with standards of the British Institute of Cleaning Science (BICS). This also holds for the additional training provided by CleanC at the hospital. BICS claims to be the largest educational body in the industry.¹⁵ Since 2011 it has offered the 'Cleaning Professional Skills Suite' (CPSS) which requires completion of three mandatory units in chemical competence, equipment safe use and care, and storage of equipment and materials. Additional

¹⁵ See information at <http://www.bics.org.uk/>.

skill modules include a long list of core skills such as mop sweeping, waste container clearance, kitchen surfaces and lifts. These are basic skills, as illustrated by the fact that a typical one-day course allows for the teaching of 4 to 5 skills.

The case studies also provide various examples of additional training. At the college, for example, staff have the chance to complete further, non-compulsory courses on the CleanA2 intranet. Also, CleanE at the bank offers continuous training. There is an annual 'refresher' session which staff must attend to demonstrate they have updated the relevant competencies. And cleaners meet each month with their supervisor who delivers a short, prescribed 'toolbox training' session, often by video, sometimes on generic CleanE skills and other times on a particular skill tailored to the BankL client (see section 16).

Lifts and lone working could be quite significant for us because ... we do have people working in buildings alone. If they get in the lift they can become trapped - that becomes a risk. So we would deliver that training and we record that they've signed for that training. (CleanE, Senior Procurement manager).

In addition, there is further training to support the role of supervisors and managers. At the bank, for example, contract managers and cleaning supervisors attend various sessions at a CleanE Training Centre to learn how to deliver induction and toolbox training, as well as handling staffing issues related to disciplinary procedures. At the airport, CleanA1 Supervisors attend off-site sessions on risk assessments and absence management, among other issues, and CleanA2 at the college provides off-site training for supervisors to enable them to teach to BICS standards.

In three cases, training for regular staff is not limited to generic cleaning skills and in all examples the client organisation appears to have spurred the initiative. We noted above the specialised training provided by the hospital and the college's training requirement in relation to child protection. Finally, at the airport there are several interesting types of additional training. CleanA1 offers workers the chance to improve numeracy and literacy skills; a dedicated trainer (subcontracted from an external training company) identifies those workers with difficulties and provides 30 minute sessions before or after their shift. Also, in what is perhaps the best example of additional training by the client among our cases, AirportE provides customer service training to all the cleaning staff consisting of five modules of three hours each, with a highly developmental focus:

It's more about individual development, or the new style of teaching. We get you to walk around the terminal as if you have never been in the terminal before, because that's what happens with passengers when they come, they have never been to this airport they are not going to read the signage and it's for you to understand what's going on in their minds. (AirportE, Contract manager).

Table 14.1. Types of training

	Induction & on-the-job training	Additional training	Accreditation/ qualification	Involvement of client organisation
CleanA1 (airport)	Recruits are partnered with experienced workers	Hired expert to teach numeracy and literacy skills. Off-site training for Supervisors on risk assessments, people and absence management.	BICS Standards NVQ qualifications	AirportE provides 5 modules of 3 hours each in customer service training to all cleaning staff.
CleanA2 (college)	Recruits shadow a supervisor for one week.	Further, non-compulsory courses on the CleanA2 intranet. Off-site training for supervisors to enable them to teach to BICS standards.	BICS Standards (required by tender).	CollegeS provides induction on building regulations (including health and safety) and a 3-hour child protection course.
CleanB (hotel)	Induction by supervisor Shadowing of supervisor depending on previous experience.	Introduction of a new 10-step cleaning scheme	NVQ qualifications	2-hour fire training.
CleanC (hospital)	Recruits shadow an experienced worker for 2 weeks and train in all 4 risk categories of cleaning (low, medium, high, very high).	Off-site training to support promotion to team leader, senior team leader, hotel services manager	HospitalE course follows COSHH industry standards Additional CleanC training to BICS standard.	1-day induction course on NHS codes of conduct, fire safety. A course run by Infection Control Unit on hygiene standards and use of chemicals.
CleanD (council)	Recruits follow 6 basic modules over 1 week (or more until completed)	12 extra modules offered to cleaning staff	BICS standards	

CleanE (bank)	Induction on use of chemicals and CleanE's procedures/standards Recruits shadow experienced worker on first day.	Regular 'toolbox training' sessions (30-45 minutes) on generic CleanE skills and skills needed at BankL site Annual compulsory 'refresher' session Off-site training for contract managers and supervisors on delivery of training and disciplinary procedures.
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The HR manager of AirportE described the character of the training as follows:

[I]t's really about changing people's behaviour and changing people's mind-set and really about people taking ownership of their own behaviours and thinking, "well if I want people to be civil to me, I need to think about what sort of emotional space they are occupying at that particular point". So, for example, if you are a security officer and you see a business person coming up who is in a bit of a rush then you have got to be quite business like and get them through quite quickly and no chit chat, whereas on the other hand if you have got a family coming through who are about to go on a holiday then you can deal with them differently where you can have maybe a bit more of a chit chat with them. (AirportE, HR Manager).

The airport's decision to invest in training its indirect workforce was said to be linked to its brand values and an awareness that passengers assess the airport in its entirety, and do not differentiate between the tasks performed by the different organisations involved.

14.2 Job design and worker discretion

Another area of difference between the case studies concerns the definition of cleaning jobs, the potential for individual accountability or responsibility, and managerial expectations about whether cleaning staff ought to cover non-cleaning tasks as well. A first issue concerns the definition of the cleaning task. To some extent, this seems largely determined by circumstances – room cleaning at the hotel, wards and corridors at the hospital and so on. However, all cases also illustrate how the definition of tasks has been a topic of discussion leading to periodic changes not always to the satisfaction of incumbent cleaning staff. For example, CollegeS requested CleanA2 to identify more innovative ways of working to deliver cost reductions. CleanA2 responded by changing the organisation of work for the once-a-day 'deep clean'. Managers introduced a lean 'Six Sigma' approach where cleaning operatives would work as a team to clean one level of the building before moving to the next level while alternating their respective tasks (to avoid repetitive strain, issues of boredom and so forth):

In tower I have like eight people in a team, so there are lots of floors so we work as a team on the same level – so there is two people doing dusting, two people doing hoovering, one doing bins, one in the toilet and two on the stairs - on the one floor, on the one level. So when we finish one level, we are going down. Before we go, I am going to check every single room if the standard is up and very good, if something is missed I am going to ask people to do it again. (CleanA2, Supervisor)

The new team approach reduced the cleaning workforce from 30 to 17; surplus members of staff were moved to other CleanA2 sites. Managers recognised cleaners were unhappy about the change, not only because their colleagues were

redeployed, but also because of the change in the nature of their work. Previously, each cleaner enjoyed a certain degree of ownership over a specific area, which generated a sense of fulfilment. At the bank, CleanE managers seem to have been more sensitive about worker responses; cleaning staff were provided with 'cross training' across multiple tasks but could exercise a preference to remain in the same role in recognition that some workers prefer stability to change.

At HotelW the new training system being introduced was ostensibly primarily concerned with methods of cleaning, with a focus on reducing physical strains on the cleaners. This was said to be because management was conscious the existing schedules were physically very demanding.

The way of cleaning is better and smarter with the bending and not using the back but the knees. If they scrub the shower they have to use both hands, like the girls would be used to do one hand for the shower. It's just to help the people and show them the better way of cleaning to make sure they are not too tired at the end of the day. We are talking about the shoes they are wearing, about having breakfast so very often when they come in they have just woken up with a coffee and cigarette and we need to make sure we look after the staff and they wear proper uniform and shoes so their feet are not going to be affected. We give them the tools and equipment to make their lives easier. (CleanB, Contract manager).

However, the new systems could also be a basis for further increases in rooms to be cleaned per hour, at least for some hotel contracts, as this system was being rolled out throughout the CleanB company.

At the airport, the direction of change in job definition is the reverse of what happened in the college case. CleanA1 implemented a strategy to develop skills and individual accountability allied with the decision to divide the airport in different zones. Most employees (around 8 out of 10) are moved around between the zones so that they learn the specific conditions in each zone and CleanA1 can increase its functional flexibility. Zones are allocated daily at the start of the shift during a briefing, where the workers are also given their equipment and informed about any special events such as the presence of a VIP. In practice, the specific cleaning tasks across zones are rather similar; the diversity in 'skills' is instead linked to an understanding of the specifics of each zone.

Cleaning staff] understand what is required in that area. They know the passenger movements so they know the peaks and troughs of that area because this is a 24/7 operation... They get to know some of the people around here, so for example if [fast-food outlet] are taking rubbish down to the bin and before they were leaving a trail of coffee behind – get to know the people in the area – it's about working together to make it safer for everybody. (CleanA1, Contract manager).

However, CleanA1 managers claimed to seek a balance between task flexibility, the preferences and talents of certain individuals and the specific requirements of a zone. For example, some individual cleaners might remain within one zone:

In the night shift we have a gentleman who works on the baggage hall and he takes so much pride in what he does that even within that zone he has earmarked different tasks that are above and beyond every night. So he will clean the toilets but then he will start washing the green wall in the baggage hall, maybe where trolleys have banged into the wall. So he has extreme pride that is his area. We know not to put anyone else in there because that's his. He's brilliant in there, why would we move him?
(CleanA2, Contract manager).

A third issue of variation among cases concerns whether or not cleaning jobs are extended to cover wider responsibilities that are not strictly cleaning tasks (Table 14.2). At the bank, for example, cleaners are also expected by their managers to monitor the overall standard of the inside of the building. Also, CleanC has defined two types of cleaning jobs at the hospital, 'domestics' and 'patient services assistant'; the latter group's responsibility includes the cleaning of hospital wards plus the delivery of food and drinks to patient beds (only nursing staff can deliver to the patient for medical reasons). The airport case is also illustrative of wider job responsibilities. In keeping with AirportE's customer service training, managers expect cleaning staff to interact with, and assist, passengers and workers from other organisations at the airport site:

We all expect anybody to help out, so if you are walking around and you see that person is having a bit of difficulty – regardless of who you work for, the airport company, for the cleaners, for the contractors who do disabled passenger handling – they are all trained to go and help.
(AirportE, Contract manager).

In addition, cleaning staff may be requested to assist in other tasks. When passenger volumes are high, for example, cleaners may assist baggage handlers in the baggage hall or with the handling of e-tickets. For this reason CleanA1 managers refer to cleaning staff as 'General Assistants'.

14.3 Career paths

At three cases, cleaning firms applied an explicit strategy for internal development and promotion of cleaning staff. At the airport, CleanA1 tends to recruit internally for the position of Supervisor. Interested General Assistants are given the opportunity to shadow a Supervisor, to work as Acting Supervisor and then to apply for promotion when a position becomes available. This process of shadowing is an interesting example of a practice that developed on the shopfloor, as it was first suggested by a member of staff interested in this promotion. The aforementioned customer service training has proven important in this respect as 'it has brought to the front [those]

who do want to develop' (AirportE, Contract manager). Similarly, at the college, internal development of cleaners to the positions of charge hand and supervisor is actively promoted by CleanA2 Head Office, as the contract manager commented:

We are "Investors in People" and we have always done that and we have always tried to train up so the next one can move up. It leads to the top you see. (CleanA2, Contract manager).

Table 14.2 Job definition and worker discretion

	Core job definition	Wider responsibilities
CleanA1 (airport)	Most staff work across different 'zones' to increase flexibility	Duty to assist customers/other employees Occasional requests to assist other airport staff with tasks (eg baggage handling)
CleanA2 (college)	Staff previously responsible for one area of the building, creating ownership; now staff work in teams, rotating tasks	n.a.
CleanB (hotel)	Staff are allocated rooms with allocated times per room, with public area cleaning included	n.a.
CleanC (hospital)	Change from one Patient Service Assistant per ward to one per two wards	Patient Service Assistants deliver food and drinks to patients in addition to cleaning hospital wards
CleanD (council)	Staff work at a particular location, unless they are part of the mobile team. Teams divide the tasks amongst themselves, subject to having the required training.	n.a.
CleanE (bank)	Opportunities to cover multiple tasks (supported by 'cross training') or single tasks	Role in monitoring overall standards of the building ('reporting')

At the hospital, CleanC provides opportunities for staff to progress to team leader, senior team leader, deputy hospital services manager and beyond. Each step is supported by training, usually offsite. CleanC managers preferred to promote internally, largely due to the complexity of the physical site and the need 'to know everything about the ins and outs about the job' (CleanC, Supervisor1). The hospital

also provides the only example of progression to the client organisation, as cleaning staff often switch to positions such as nurse assistant or housekeeper. It is seen as a natural progression for staff who enjoy their work with patients and nursing staff and often involves the best performing cleaning staff. This could cause frustration among CleanC Contract managers who expressed mixed feelings about losing excellent staff:

I have got one example today, [a move to] the acute Infection Control Unit... The one they love to bits. She is going to work for the trust. She is such a good domestic... And now they have given her a job. That happens quite a lot because they mentor them, prune them... And then next minute all the good ones seem to move on and you can't stop that, good luck to them. (CleanC, Contract manager1).

In the other five cases, when cleaning staff sought better opportunities outside the cleaning firm, it was usually to a better paying job at another organisation within the local area.

Overall, career opportunities remain limited for the majority of workers. Even in those cleaning firms that stress internal development, the accessible positions higher in the hierarchy are limited because of the predominance of elementary positions and the flat organisational structure within cleaning. The main exception concerns the availability of managerial positions within the large cleaning firms included here.

15. Integrating the organisation of work

Contracting between organisations has implications for the organisation of work and the experience of employment. This is particularly so where employees from different employing organisations work in the same workplace and contribute to a shared environment and business or service activity. Further complications arise if either organisation makes use of temporary work agencies or if the collaborating organisations are drawn from different sectors - particularly from across the public/private sector divide with their different cultures and organisational objectives (Rubery et al., 2002). Measures to promote the integrating of employees and the systems of work organisation may help establish common goals and reduce conflicts or tensions among the employee groups (Marchington et al., 2011). This section will use the findings from the case study organisations to show how better integration at the workplace can be beneficial in contracting arrangements. Three issues have emerged from the case studies:

- i) the role of TUPE, both positive and negative, in forging integration across the organisational divide;
- ii) the role of access to shared benefits in creating an integrated workplace; and
- iii) the role that a broader integration of HR policies can play in integrating the organisation of work.

The transfer of staff under TUPE regulations

The transfer of staff is very much assisted by TUPE regulations insofar as it smooths frictions caused by worker anxieties about switching from one employer to another which was not of their choosing. TUPE helps by guaranteeing continuity of employment contract during the transfer and also by protecting terms and conditions of employment. However, as we explored in section 12, staff transfer under TUPE regulations is potentially divisive because it involves a differentiation of terms and conditions for staff that are performing potentially the same type of work (Rubery et al., 2002). Whilst there was a history of TUPE transfers in all six case studies - as far as we can see from the evidence - there are no identifiable problems with TUPE; although our interviews were primarily confined to managerial staff and a different picture might have emerged from employee interviews. Significant differentiation was found in one of the cases: at the airport, staff on TUPE contracts were paid £1.19 per hour extra if transferred from the previous cleaning company and even more among former airport staff.

On the other hand, we found positive examples for the role of TUPE transfer in the integration of work organisation. At HotelW and CollegeS, staff transferred under TUPE regulations were considered to be a source of integration for the client

because of their knowledge of both sides of the contract which helped for a smooth operation:

I have to say in the four or five years [CleanA2] have been very good and we haven't had a problem with them at all. [It is] helped somewhat by having some of the staff here that entire time, so they understand the College very well ... and they understand what we are looking for. (CollegeS, Procurement manager).

The lady who was here had been here ten years and was originally part of the hotel then she got taken on by a separate company ...because of the way she is, she has always picked and done a bit more for the hotel which we have been really grateful for but she probably did get put upon from other departments to do things which aren't necessarily under her remit.(HotelW, Rooms division manager)

However, we found other evidence to suggest the role of TUPE may not always be viewed positively. The contract manager at CleanE emphasised the challenges posed by TUPE transfers because the knowledge and skill of the workforce moved with the contract rather than staying with the cleaning firm. This limited their bargaining power in the tendering process:

In the relationship you have, can you actually put a commercial value on the relationship you have with your team? And the reality is when you view it through that lens you cannot. Because under TUPE it's a very blunt tool. You just say "Well, if we'd swap suppliers we [ie the team of cleaners] will all go" ... You can argue which people go and which people don't, but predominantly you can say 'well, they'll all go anyway'. (CleanE, contract manager).

Thus the knowledge and experience of TUPE transferred staff may help in the smooth transition and day-to-day running of the contract, but may also pose a problem for cleaning firms since any knowledge and skill developed among the staff may move with the contract. This may both inhibit their competitive advantage in the tendering process and reduce incentives to train and develop the staff.

Shared benefits

Shared benefits between the client organisation and the cleaning company are a potentially important tool in the outsourced cleaning sector, because their implementation across organisational boundaries helps to develop a common environment at the workplace and, thereby, to promote collaboration over fragmentation. However, this type of HR integration may be more likely when the client organisation requires indirect workers to work closely alongside one another to achieve overarching organisational goals (Marchington et al., 2011). Amongst our cases we found only one case where access to shared benefits was accompanied by any real harmonisation for terms and conditions of employment. In the hospital case, HospitalE managers, CleanC managers and unions had agreed the

standardisation of NHS (Agenda for Change) rates of pay, including premiums for unsocial hours, weekend work as well as sick and holiday pay entitlement. Despite this, however, cleaning workers did not always integrate well with hospital staff and there were apparent examples where the public/private sector divide came into play:

Sometimes I think maybe because we are a private company it's easy to say well '[CleanC's] fault, [CleanC] did it' – and sometimes it gets quite frustrating'. (CleanC, Contract manager).

Furthermore these benefits were not extended to temporary agency workers until they were offered a CleanC contract after 12 weeks.

In another example, HotelW, we can see how a lack of shared benefits has potential negative implications for the integration of work. CleanB workers did have access to onsite leisure facilities and free lunches in the same way as direct employees of the hotel, but they were excluded from the monthly and annual recognition scheme as well as staff discounts. This had negative implications for the integration of work because they did not identify with the client organisation:

It's that sense of you feel like you don't belong, like employee of the month obviously we don't get nominated for employee of the month because we aren't employed by the hotel; so therefore we can't be nominated for employee of the year when some people work for the agency, work just as hard as the other guys in the hotel – so it's those sorts of things that, you know, "You don't work for the hotel, you work for somebody else", and you know you do and they know you do and I don't like it. (HotelW, Cleaning worker).

However, the lack of integration might be explained by the fact that the room attendants do not work closely alongside direct employees. There is thus apparently less incentive compared to, for example, HospitalE and AirportE where integrated working is more of a necessity. This theme is explored in further depth in the following section.

Integration of HR policies

Integration is achieved by reducing differences between HR policies used by different employers to help employees work towards a common goal and avoid the contradictions that may arise within a multiple-employer workforce with their own set of interests and HR policies (Marchington et al., 2011).

Two cases where there was evidence of HR policy integration are AirportE and HospitalE. At AirportE there was a clear effort to integrate indirect employees, with investment in a shared customer training programme as well as a recognition scheme which was open to all organisations operating within the airport. There was evidence of team-working across organisational boundaries - for example cleaning workers would help baggage handlers in the summer when the airport was busy. It

could be argued that team-working might have developed in any case as, for example, Rubery et al. (2003) identified a common interest among airport workers in collaborating to achieve on-time departures, even when relationships between employers were poor. However, in the case of AirportE, the overarching shared goal of customer service was explicitly promoted by client investment in HR integration. For example, the job title for cleaners at AirportE was 'General Assistant', adopted to reflect their broader role in the functioning of the airport. Because cleaners are often the most visible to passengers they tend to be asked for help and information and therefore played an important role in the airport's customer service culture:

I do find in some airports that the cleaning staff are looked upon as cleaning staff, AirportE is very different in that sense we are trying to have a culture where everybody feels they contribute to the running of the airport and that they are needed. (CleanA1, Contract manager)

Furthermore, there was evidence that AirportE managers adopted a flexible approach to contract requirements in line with a relational approach, in order to facilitate the integration of the organisation of work. For example, the Contract manager would use her discretion if cleaning was not performed up to standard but the cleaner responsible had been helping passengers or other workers:

So I can't hit [CleanA1 contract manager] if a cleaner is not doing their job because they are helping out a customer, but also I do hit her over the head because she still has to provide the cleaning – but customer service is still very important to us. We are all working to the same aim. (AirportE, Contract manager).

At HospitalE there was a similar effort by the client organisation to integrate staff across employers. Given the issues of health and safety in this sector, it is unsurprising that HospitalE required all domestic cleaners to attend an induction run by NHS staff from the Infection Control Unit on hygiene standards and use of chemicals (similar to the industry COSHH standard). They also ran a general induction on NHS codes of conduct and building fire regulations. Integration of staff in this way was argued to be 'vital' to the Trust's culture and ethos (HospitalE, Facilities manager). However, the success of this integrative approach was challenged by the use of agency workers to fill vacancies. A recent survey of ward staff attributed widespread problems in facilities services to the use of agency workers for domestic cleaning. The Trust Facilities manager added that HospitalE would prefer CleanC not to use an agency because of the regular churn of staff it implied and the implications of this for cleaning standards on the ward:

'It's a fact – when you have a regular employed domestic who feels part of the Ward team then standards are higher...My preference is that CleanC doesn't use agency. (HospitalE, Facilities director).

However, despite an obvious lack of integration between those employed by the agency and the Trust, CleanC managers failed to identify problems:

TempCo - we class them like as ours, we don't say, "that's TempCo, that's CleanC" - No! (CleanC , Supervisor).

Indeed, CleanC made efforts to integrate TempCo staff in their workforce, for example, sharing the same uniform despite working for different legal employers:

If you look outside now you won't see any [TempCo] uniforms – they have all got our uniforms ... It's not them and us. We are all here to do a job. We all work together. (CleanC, Supervisor).

However, the integration efforts stopped short of paying them the same NHS terms and conditions as CleanC staff until they reached 12 weeks of service and were put on a CleanC contract. The motivation of the TempCo staff to work effectively may have been lower than for the regular CleanC employees but, as we did not interview an agency worker, the reasons for the perceived poor quality of the TempCo staff remain speculative.

Career development across organisational boundaries may be a good indicator of effective inter-organisational integration. Given the significant investment in HR integration at AirportE, cleaning workers might be expected to be found moving into other airport jobs. However, we did not find any evidence of this kind and the only transition seemed to be directly within the internal labour market at CleanC.

If we take the case of HospitalE on the other hand, there was clear evidence of inter-organisational career progression; for example, it appears to be quite common for CleanC domestic workers to move up and into jobs in housekeeping and infection control (which were employed directly by the Trust), as already noted in the case study.

There was also clear evidence for inter-organisational career progression between TempCo and CleanC and the agency was often a 'way in' to a permanent job in the hospital:

I've been here now about four years but I used to work for TempCo before I worked here. I came in through the agency. But I used to work for ... but I was working nights and I didn't like nights, it didn't appeal to me. So I took a pay cut, I took an hour cut just to get into the hospital with TempCo. (CleanC, Supervisor).

Thus career progression may extend across the third to the second tier of contracting, as well as between clients and the main contractor.

One reason for the greater career integration in the hospital may be the emphasis on opening up career paths through the NHS national policy, known as the skills accelerator (McBride and Mustchin, 2007). In the airport, the wide range of diverse

employers may make it more difficult to put in place any structured career opportunities.

Towards better integration in the organisation of work

What we learn from the case studies is that the outsourcing of cleaning presents challenges for managers on both sides for integrating the organisation of work. Clearly there was a lack of integration in many cases as is well demonstrated at HotelW where a lack of access to shared benefits created problems of identification. Cleaning workers were expected, on the one hand, to work to the goals of the hotel (i.e. a quick turnaround of room cleaning to allow for more customers/revenue for the hotel) but, on the other, were excluded from HotelW recognition schemes (see Table 15.1). We also explored how the use of agency workers as a third level of contracting added another dimension to integration, which posed a new set of challenges at HospitalE for the organisation of work. The churn of agency workers appeared to be having negative implications for the quality of facilities services, and therefore patient care. However, efforts to address these issues were being made at, for example, both AirportE and HospitalE by integrating cleaning staff in the broader organisation of work through shared training, induction and recognition schemes. Furthermore, there is promising evidence of inter-organisational career development at HospitalE facilitated by a cross organisational approach to the management and delivery of healthcare, at least by the NHS client through its apparent identification of suitable candidates from the ward cleaning workforce, especially for progression to housekeeper and nurse assistant roles.

Whilst we recognise the potential benefits of integration, there was a mixed picture of implementation across the cases, and it was only really AirportE and HospitalE where there was any clear effort to integrate the organisation of work using HRM (see Table 15.1). Arguably, the insistence of the council and bank that the cleaning companies paid a London living wage to their cleaners on site is symbolic of some form of integrative approach, in the sense that it accords with an integrated approach or ethos towards fair pay. However, these two cases did not reveal further evidence of a shared HRM approach, encompassing training and career development for example. Overall, the internal factors that may inhibit wider integration of work organisation need to be recognised, in particular the role of the cleaning function in the broader goals of the client organisation. It is often when cleaning activities play a pivotal role that integrating the organisation of work makes sense to client organisations (e.g. AirportE and HospitalE) and not in the case of others (e.g. HotelW, CollegeS, BankL and CouncilL) although in some cases, such as HotelW, this may be to the detriment of the smooth running of the business.

Table 15.1 Examples of integration in the six case studies

Integration	Example	Cases	Other explanatory factors
Role of TUPE	<ul style="list-style-type: none"> • Source of integration – TUPE staff have knowledge from both sides 	<ul style="list-style-type: none"> • CollegeS, HotelW, HospitalE, BankL and CouncilL 	
Shared pay	<ul style="list-style-type: none"> • Living wage policy in client and cleaning company • Extension of client terms and conditions to cleaning company 	<ul style="list-style-type: none"> • BankL, CouncilL • HospitalE 	
Integration of HR	<ul style="list-style-type: none"> • Shared induction, training and recognition schemes • Inter-organisational career development • Integration issues with a third level of outsourcing using an agency 	<ul style="list-style-type: none"> • AirportE and HospitalE • HospitalE • HospitalE 	<ul style="list-style-type: none"> • The functional role of cleaners within the broader goals of the client organisation • Positively shaped by public/private sector divide where client jobs a 'step up' • Exacerbated by public/private divide – churn of agency workers at tension with patient care ethos

16. Recruitment, retention and employment security

Contract cleaning can be considered an unstable employment sector, with the instability stemming from two sources - staff turnover but also change in the employing organisation. The latter form of instability is associated with the contracting regime, both the length of contract and the emphasis at tender and contract renewal on new sources of cost cutting. Unstable employment environments may be associated with poor employment quality; this is because poor employment conditions encourage instability but also because instability may result in low training, poor communications, lack of work commitment and poor quality cleaning. The two sources of instability may be reinforcing, but not necessarily, as we illustrate from our six case studies.

The degree of employer instability varies among the case studies (see Table 16.1). In two, the main transfer of staff took place ten or more years ago and the employer has not changed since: this is true for the hospital case because of the 35 year Private Finance Initiative contract, but in the hotel case this is only because CleanB has won the contract three times in a row, so it is not guaranteed. CollegeS is a similar case where the work was outsourced in 2008 on a three year contract and has been renewed once, but will be tendered again shortly.

The three remaining cases are in the first phase of a new contract but in two (AirportE, BankL), this replaces a previous external cleaning contract. In both, the new contractor has become engaged in consolidated outsourcing of a wide range of activities, with renewal now planned on a five year basis or, in the case of AirportE/CleanA1, already implemented, with further renewal only subject to agreement on costs. This is increasing security of employer in both cases. In the case of the council, this is the first contract after cleaning was outsourced from the council itself in 2012. The contract is scheduled to run until 2016 and so renewal has not yet been under discussion.

The impact of outsourcing on staff transfer is summarised in the first two columns of Table 16.2. All six cases involved the transfer of a significant number of cleaning staff as part of the transfer of activities from one organisation to another; numbers ranged from 10 in the hotel case to around 500 in the hospital case. All staff transferred were protected under the Transfer of Undertakings (Protection of Employment) (TUPE) regulations (derived from the 1977 European Directive), which guarantee continuity of employment and protection of terms and conditions of employment at the point of transfer. Nevertheless, there are two obvious weaknesses to the implementation of TUPE: first, staff are not, in practice, able to

exercise a right to refuse transfer¹⁶ and second, employment protection does not extend to possibly more significant issues of work organisation, working time, job definition or pension protection.

Table 16.1. Contract stability

	Length	Renewal	Impact of tender on employment conditions
AirportE	5 years in 2012	After 5 years the contract is expected to roll on with CleanA1 as long as there are no issues and if costs can be renegotiated	New zonal arrangements outcome of tender
CollegeS	3 years, first contract in 2008	Renewed once already – coming up for second renewal	Sigma 6 system response to pressure to cut costs- new system of team working, led to turnover among TUPE transferred staff
HotelW	3 years	Renewed 3 times, now in 10 th year	Limited scope in tender to improve wage level; fees based on room occupancy used as reason for zero hours
HospitalE	35 years	Respecified in 2011-12 – internal tender for further 10 years	Change in specification led to changes in shifts and redeployment of staff
CouncilL	2012 4years	Not known	Took out 30% of hours, led to restructuring and mobile units
BankL	2010 3 years with one year extension	Renewal for five years under consideration	Change from night work to daytime and short evening shifts

In all six cases, TUPE transfer provided a core source of recruitment for the cleaning contractor following the winning of the outsourcing contract. This provided the contractor with automatic company access to a local workforce with the required experience and knowledge of the client premises, removing the need to recruit and train a new set of workers for the acquired activities. As one cleaning company

¹⁶ The UK TUPE regulations allow for a transferee to object but he/she will be treated as having resigned rather than enjoying protection for wrongful dismissal or redundancy compensation. The exception is where the transfer can be shown to mean a significant deterioration in conditions (Hartzen et al., 2008).

manager told us, '[TUPE transfer] was really good because most of the staff are familiar with the buildings so we didn't have to recruit' (CleanE, Contract manager).

In the case of the airport, the bank, the council and the hospital, many of the TUPE staff are still in employment, while for the hotel and college almost no-one remains from among those TUPE transferred. This situation is not that surprising in the hotel given the length of time since the transfer (ten years), but for CollegeS the new working arrangements following outsourcing appear to have had a more destabilising impact on staff than elsewhere. The turnover of TUPE staff has been low in the bank and the council, probably due to the payment of the London living wage. For the airport, the regular hours appear to have secured a stable workforce, although most of those due to be TUPE transferred from the airport's direct staff chose early retirement, and only a small number of ex-airport staff remain on the night shift.

Labour turnover appears to be low in four cases (the hospital also because of the decent pay conditions associated with the Two Tier Code), but high in the zero-hours hotel case and at least initially quite high at the college. Indeed, most of the cases do not fit the notion of an unstable workforce; the workforce tends either to be strongly locally based, often reflecting the local ethnic mix or reliant on women with childcare responsibilities seeking part-time work. Much of the recruitment is informal by word of mouth though in some cases there was also a stress on rigorous pre-employment screening (for example at BankL) and on the use of zero hours as a trial basis before offering guaranteed hours contracts (at HospitalE, AirportE and BankL). Only HotelW and CollegeS made extensive use of migrant workers. In the case of the hotel, it was suggested that local workers may be reluctant to take on the work on a zero-hours basis, particularly if they were on benefits. The degree of stability of the workforce is not, however, linked to the degree of experience required for a post; only the hotel requires over a year's relevant experience while most of the cases are happy to take people with minimum experience and training them themselves.

Thus the evidence with respect to stability is mixed. However, it should be noted that the process of repetitive tendering itself introduces high levels of instability into the system at the point of retender. Table 16.1 above presents the impact of tenders on work organisation and work intensity in the six cases to date. For example, in the case of CouncilL, in order to meet the requirement of paying the London living wage while reducing costs, it had to reorganise services to effect a staffing reduction of over a quarter. Similarly, at both CollegeS and HospitalE new contracts or the respecification in the case of HospitalE led to both reductions in cleaning standards and new modes of cleaning, such as the Six Sigma system. It is also clear that each tender brings new pressures to find new ways to cut costs with potentially new problems for the cleaning staff, even if the actual employer does not change. This is summed up by the CleanA1 Contract manager at the airport who told us:

You are constantly having to reinvent yourself. You can't think that once you are in there, this is how we are going to do it - "Here you go Mr Customer, that's how we are going to be cleaning your airport terminal for the foreseeable future.

Table 16.2. Staffing arrangements

	TUPE transfer	New hires- different terms and conditions	New hires- recruitment method	Use of migrant labour	Turnover rates
AirportE	Approx. 65 from previous contractor and 5 from the client.	No premiums for weekends but £1 on night shift, start on zero hours but move into vacancies	Airport website	Low Ethnically diverse	Low
CollegeS	30 from client (but only 17 kept on at college)	Mainly new hires, worse terms and conditions	Word of mouth or Job Centre, no experience required	85% Polish	High initially (only 1 of 17 TUPE staff left on site)
HotelW	10 from client	New hires, main difference is zero hours	Word of mouth plus job adverts. 1 to 2 years' experience at quality hotel required	80% Polish	Medium-high (50% have been there 4+ years but only Housekeeper left of initial TUPE team)
HospitalE	Approx. 500 from client	All CleanC employees the same due to Two Tier Code. TWA staff on minimum wage + short guaranteed hours for 12 weeks	Mainly via TWA staff	Low (mostly through TWA)	Low (but some difficulty to fill shifts)
CouncilL	Approx. 75 from client	Same conditions (although recruited from zero hours)	Word of mouth, Job Centre and agencies	Not migrants- Black-Caribbean	Low (due to London living wage, although initial downsizing 75 to 56 using voluntary redundancies)
BankL	<i>Data not available</i>	Full-time vacancies filled mainly from existing part-time staff, same terms and conditions	Word of mouth, focus on pre-employment screening- being presentable and committed	<i>Data not available</i>	Low due to living wage and screening

Part four. Implications

17. Implications for policy and practice

The six case studies examined in this report underline the importance of tying together procurement practices with their extended impact on the employment relationship in supplier organisations. Together with the thematic analyses, the case studies illuminate the wide-ranging effects of procurement practices on employment. They illustrate how this type of analysis is essential for understanding employment conditions in the commercial cleaning sector where procurement of cleaning services accounts for the bulk of revenue generation, and cleaning employees are expected to meet both the needs of the client and their employer. A triangular relationship between client, supplier and cleaning workforce is thus infused with conflicting business considerations (regarding, for example, alternative views about the nature of performance targets and profit margins specified in the contract), inter-organisational relations (between senior managers, operational managers and workers), different approaches to people management and challenges in fulfilling an integrated delivery of services. This section summarises these effects and draws out the implications for policy and practice.

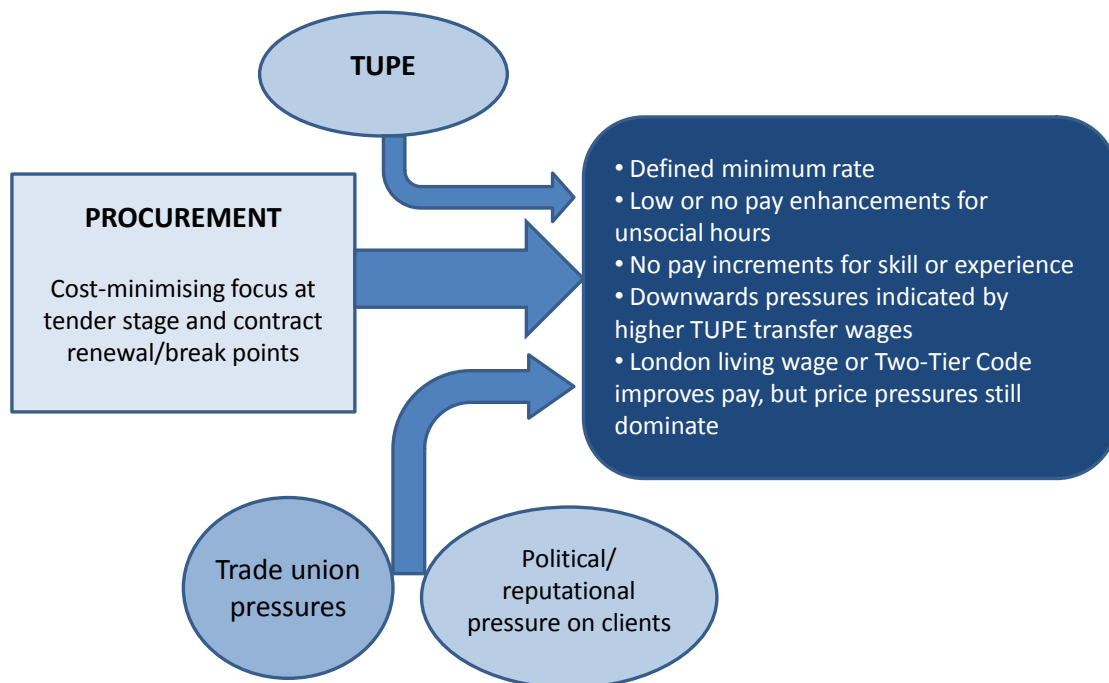
Better pay?

Traditional models of human resource management, for the most part, assume managers, sometimes jointly with trade unions, determine pay on the basis of considerations of a person's skill, experience and strategic value to the organisation, as well as labour market conditions (relative scarcity and price of the particular skill-set for example). Our case studies suggest such an approach does not fully capture the factors influencing pay and the management of pay. Cleaning firms need to win contracts to provide services, in which price often plays a major role, but also need to forge positive relationships with client organisations, where factors other than price may also matter. Figure 17.1 portrays the main pressures arising from procurement practices and associated regulatory and political/reputational conditions and their consequences for pay.

Outside of the regulatory protection provided by TUPE and the Two Tier Code, all six case studies show that workers providing subcontracted cleaning services pay a heavy price for client organisations' very strong emphasis on cost reduction at all stages of procurement – at tender stage, contract negotiation, internal market-testing and contract renewal. Subcontracted cleaners earn a defined minimum rate of hourly pay, often at the statutory national minimum wage but also, in two cases, at the level of the London living wage. In only one case (the hospital) was there evidence of additional pay in recognition of additional skills or experience, whether for additional qualifications demonstrated on entry to the organisation or acquired on the job. In all

six cases, promotion to the position of supervisor or team leader merited only marginal pay progression and all operational hours are treated as equivalent in the outsourcing contract, thereby discouraging suppliers from compensating for unsocial working hours. Contractual discussions, negotiations and respecifications clearly involve matters other than price – such as hygiene standards, innovations in work organisation, new time schedules, and so on – but the case study evidence suggests price is the decisive factor, generating the often-heard complaint (among suppliers and workers) about the oxymoron of increasing quality with lower cost.

Figure 17.1 Procurement practices, associated conditions and the consequences for pay



TUPE provides much needed protection of pay, including opportunities for pay progress and pay enhancements for transferred staff. TUPE protected pay provided a basis for upwards standardisation in the two London living wage cases and the hospital Two Tier Code case and, in the others, was higher than pay offered to other workers employed by the cleaning firm. Client and cleaning firm managers agreed TUPE protected conditions offered several benefits, including decent working conditions for cleaning staff, continuity of employment experience and a smoother transition process, thereby diminishing possible industrial relations tensions. However, these effects erode quickly over time largely due to employers’ reluctance to build on the positive opportunities TUPE offers. While more detailed investigation

is needed on this issue, the impression from our evidence is that cleaning firm employers do not extend TUPE protection to other workers unless subject to very strong union pressure, as in the hospital case, and even here prefer to exploit 'exit options' such as hiring many more agency workers on the minimum wage so as to avoid paying enhanced wages to TUPE staff for weekend or evening work.

Managers' unwillingness to engage more constructively with TUPE rules is, in part, a pragmatic response to the cost pressures of contracting practices, but also reflects a lack of sector level initiatives - such as multi-employer framework agreements to set more reasonable baseline unit costs in contracting, which might be considered a precondition for sustainable improvements in terms and conditions of employment in this sector.

Where clients are responsive to potential damage to their reputation as bad employers (associated with indirectly paying subcontracting workers the minimum wage or even less), cleaning firms and trade unions may be able to win improvements in the minimum rate of pay. The two London cases show the improvement can be considerable – the London living wage is almost £2.50 higher per hour than the statutory national minimum wage of £6.31. Nevertheless, workers (and cleaning firms) are likely to be required to make compensating adjustments; we found evidence of downsizing accompanied by work intensification. The freezing of the annual contractual price to the supplier in one case is likely to lead to further adjustments to working conditions.

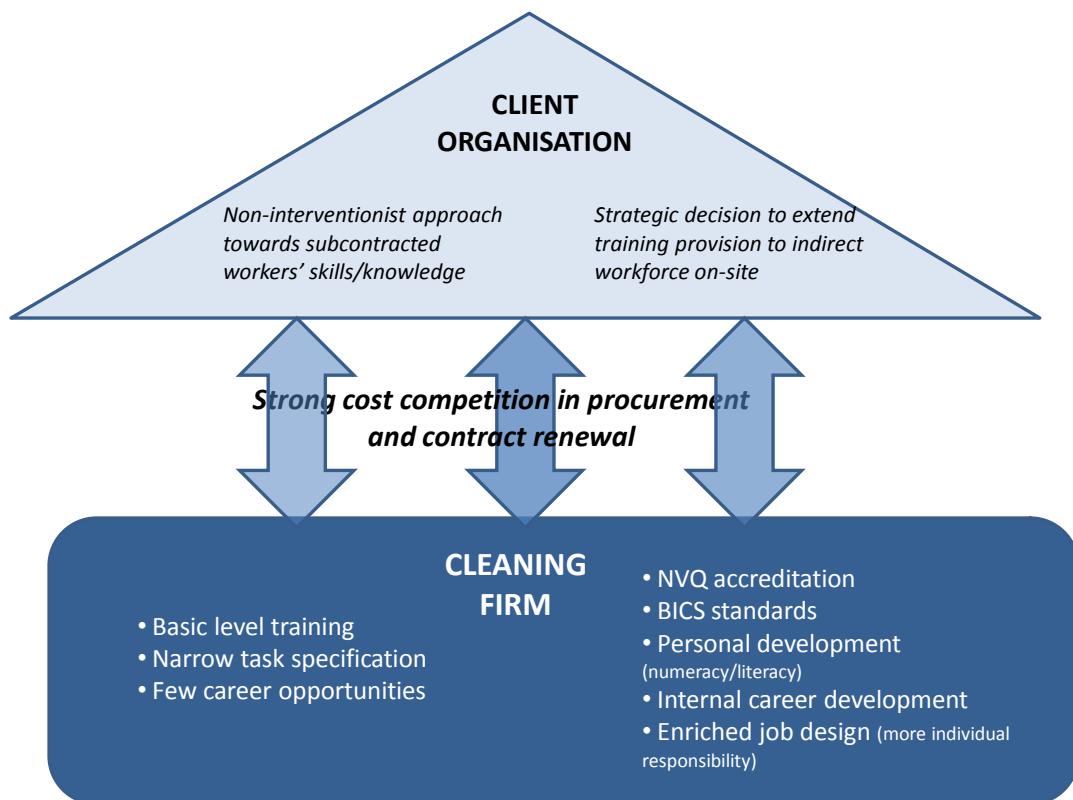
Drawing on the evidence of procurement practices and their pay effects we can identify the following **policy implications which, if implemented would lead to better procurement and improved pay:**

1. Encourage suppliers of cleaning services to agree a collective framework agreement that can be used by clients in the setting of baseline prices in contract tenders.
2. Promote the better practice of paying a higher service price for cleaning undertaken during unsocial hours so that pay enhancements are affordable.
3. Consider re-establishing the Two Tier Code for all public service outsourcing and build on the positive experiences of PFI-related collective agreements in the NHS.
4. Encourage the cleaning workforce to join and participate in trade unions, for example, through direct subsidies for staff time used to mobilise new members.
5. Consider strengthening TUPE rules to include procedures for the regular upgrading of terms and conditions, whilst balancing against the negative effects of a two-tier workforce.

Better skills?

As with many other areas of low-wage service work, the case studies provide considerable evidence of both underinvestment in training provision and development of career opportunities, and undervaluation of those skills and experiences that workers apply on the job. Two major influences on the underdevelopment of training and skill development are undoubtedly the feminisation of cleaning work, associated with a strong tendency among employers to presume that feminised work is low skill work (Grimshaw and Rubery, 2007), and the very limited union representation, which diminishes an important pressure on employers to incorporate wider and higher-level skill use into job design. These conditions define the context against which procurement and contracting practices, and the associated strong cost competition for contracts, shape a low-road approach to skill and training provision where employers commit to only weak investment in skill development, summarised in Figure 17.2.

Figure 17.2 Varying client engagement with supplier skill and training provision



The case studies confirm the predominance of basic-level training within the industry. Most training concerns skills taught during the very start of employment. In addition, most skills taught are quite rudimentary, as illustrated by the possibility to

teach four to five core BICS modules within a single day. At the same time, employer willingness to invest in training differs substantially across the case studies. At the airport, for example, the cleaning firm provided numeracy and literacy training and in several cases, cleaning companies offered additional training to selected members of the cleaning workforce to support internal career development, in two cases resulting in NVQ qualifications.

They also provide significant evidence for further variation in training provision shaped by the intervention of the client organisation. Several types of training were extended by the client to the subcontracted cleaning workforce, often as a means towards better integrating the indirect workforce with other workers at the client workplace. This both established a common unity of purpose among a fragmented workforce and inculcated a shared ethos to meet customer expectations about an integrated service delivery.

Such variation in the approach of clients (as well as suppliers), illustrates the fact that training is an area of strategic choice. In spite of the characteristics of the industry, including the strong price-led competition for contracts, our data suggest firms are able, but not always willing, to invest in training. Also, even where some training investment is made, this is not necessarily coupled with better pay, as discussed above. At least two further factors play a role. The first concerns the organisation of work. Relatively high investments in training tend to be linked to the wider involvement of staff in activities beyond strict cleaning tasks. The reshaping of job definitions is indicative of how better management practices can positively inform both training and job enrichment. The second factor concerns the important role of client organisations, shaped by the specificities of the local contract. It is striking that both the airport and the college subcontracted to the same company, CleanA. Yet while the airport extended part of its training programme to all subcontracted workers on site and encouraged a zonal approach to cleaning that fostered a greater sense of individual job responsibility, the college demanded a cost reduction strategy leading to a diminishing of working conditions and job satisfaction.

The following **implications for policy and practice to encourage better training provision and better opportunities for career and skill development** follow from our case study investigation of procurement and its employment effects:

1. Consider extending 'License to practice' requirements¹⁷ to the commercial cleaning sector since these upgrade the quality of training provision and may also upgrade the price of labour.
2. Promote the incorporation of minimum required training levels among

¹⁷ As applied in the private security industry for example (Fernie 2011).

qualified bidders in the procurement process to encourage better practice among suppliers.

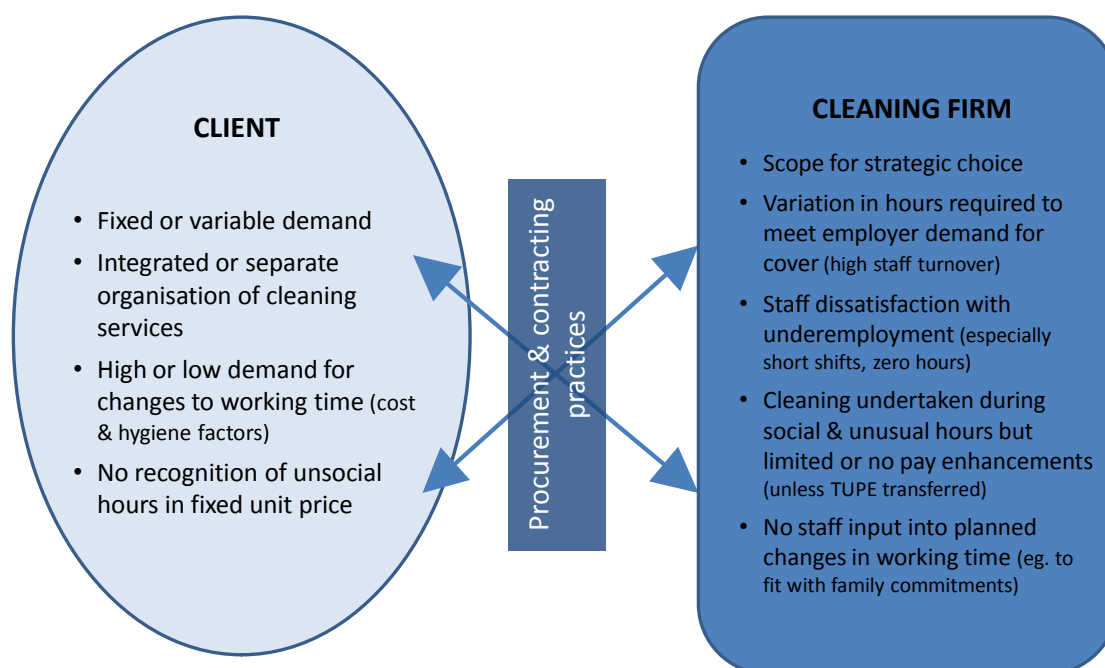
3. Avoid short contracts because they are a disincentive against investment in skills.
4. Share the cost of skill investment between client and supplier and provide a comprehensive set of training programmes for workers.
5. Provide suitable formal mechanisms for cleaning workers to influence the nature of their job definition, and improve opportunities for discretion over what tasks to do, with whom and when.

Better working time?

The issue of insecure working hours and limited worker control over assignment of schedules is one of the key problems to have emerged from our case study investigation. In some cases, the organisation of working hours is strongly influenced by the client's needs – the need to check-in new guests at the hotel, for example, or to meet the varying operational needs of different risk categories at the hospital. In some instances, such as the hospital, cleaning services may need to be more strongly integrated into the central business processes of the client organisation; there was considerable stress on the need for ward domestics, for example, to cooperate with client employees and to appreciate the shared objective of meeting patient needs. But employers also exercise strategic choice over when cleaning takes place - in the time of day, length of shifts, full or part-time and rotating days or fixed days. This was seen in the cases of the airport, college and council where suppliers suggested new ways of organising schedules and in the case of the bank, where it was the client who asked for a change of schedules for security reasons.

High use of part-time work was favoured in some cases, as it fitted with cleaning schedules designed to meet client needs. Employers were also able to fill vacant shifts with the knowledge that low paid, underemployed part-time workers would be keen to top up their weekly income with additional hours – which, moreover, would not count as overtime hours and therefore only paid at the basic rate. Indeed, we found that while there is some variability in client demand for cleaning services, most of the need for flexible working hours derives from employers' need to provide temporary cover, whether for shortfalls in staffing caused by high staff turnover, sickness or other reasons for absence. Influences on working time arrangements are shown in Figure 17.3.

Figure 17.3 Client and supplier influences on working time arrangements of cleaners



Zero hours were only used for all staff in the hotel case, but were used for new starters in other cases (the airport, council and bank). This reflected their increasing preponderance across the British labour market and an apparent failure of labour market regulation or trade union strategies to curtail their growing use. One further possibility is that employers have responded to the new restrictions imposed by the Agency Workers Regulations, introduced in late 2011, by hiring staff directly on zero hours as a cheaper and even more flexible alternative, as well as falling outside the scope of existing protective regulations, at least for now.

Finally, while cleaning staff are very often employed during unsocial hours so as not to disrupt other client operations on the site, there is, nevertheless, no recognition in procurement that unsocial hours operations might demand a higher fee to match the greater cost to a worker's leisure time of working during evenings and weekends. In some cases (such as the hospital and airport), pay enhancements were still provided, but the cleaning companies tried to avoid the additional costs by using agency staff or zero hours contracts who were paid the minimum wage for weekend work. Client and supplier managers also sometimes appeared rather insensitive to the capacity of an incumbent workforce to change working-time schedules to meet new cost imperatives imposed through the respecification of a contract price. The cases included examples of altering the early start time, extending shifts and shortening shifts, with negative consequences for the workers concerned in each,

whether because the schedule no longer fitted with family commitments or reduced their weekly income, for example.

There is an urgent need for **policy and practice** to establish **better conditions for working-time and to make schedules more secure** for the subcontracted cleaning workforce. Our evidence supports the following:

1. Encourage clients and suppliers to agree contractual practices that prioritise workers' needs for working-time security and stability over cost considerations, including opportunities for workers to engage with and shape management change initiatives.
2. Encourage or require employers to avoid the use of zero hour contracts for new recruits, and convert existing zero hours workers to regular hours on the basis of their usual hours worked over, for example, the previous 12 weeks.
3. Encourage suppliers (in pay practices) and clients (in procurement prices) to recognise the need for significantly enhanced pay rates for unsocial hours working.

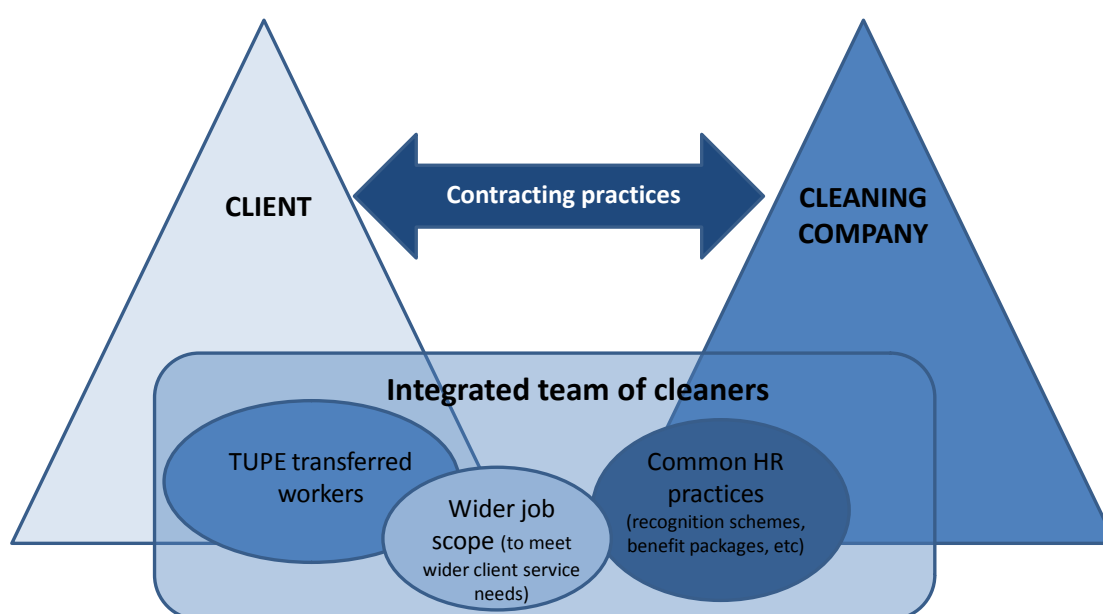
Better integration?

Procurement of cleaning services from an external organisation brings workers employed by different organisations together on the same site. In all six case studies the evidence points to real challenges for people management and workers' experiences of dealing with multiple identities and mixed notions of organisational commitment. Cleaners may feel some identification with their employer (the cleaning company), they may act towards the goal of satisfying the client organisation (either in response to the contractual specification or a legacy commitment to what may be an ex-employer) and they may seek alliances with the client organisation workforce. These different orientations may be riddled with contradictions and conflicts or may overlap to some degree, depending on the context of inter-organisational relations (see, also, Cooke et al., 2004). The six cases provide evidence of the tensions and problems of a non-integrated cleaning workforce, as well as examples of management and regulatory practices that establish better foundations for integration (see Figure 17.4).

The widespread practice of transferring incumbent cleaning staff to the new subcontractor under TUPE regulations establishes a strong basis for integration, since transferring staff brings much valued knowledge of client requirements and specific details about the site to the new cleaning company. Rather than recruit a wholly new team of cleaners, who would have to start from a position of 'outsiders',

the cleaning company can rely upon an already integrated workforce. Thus, this regulatory form of employment protection brings benefits to management as well as stability to employees who experience a change of employer.

Figure 17.4 Conditions associated with an integrated cleaning workforce



At the same time, cleaning company managers sometimes considered TUPE a possible hindrance to the integration of employment practices among its workforce. There is a risk that their investment in skills might not be recouped if the contract is lost at the next tender and trained staff are TUPE transferred to a new cleaning company. As we argued above, recurrent contracting and the unwillingness of client organisations to share the cost of training are major obstacles to the improvement of training provision for subcontracted cleaners.

Comprehensive harmonisation of benefits between client and supplier organisations is rare – despite the seemingly positive consequences for employee satisfaction. The hospital case provides our only example and even here a strong public-private divide hinders integration of workers' approach to service delivery. It seems clear from our case studies that investment in shared reward schemes, performance recognition, non-pay benefits, on-site facilities and training schemes can make a significant contribution to feelings of value and worth among the subcontracted cleaning workforce. Most cases displayed partial attempts towards such shared schemes and, where practised, the evidence pointed to the positive effects of integration as cleaners are no longer 'unknown citizens' within their workplace (CleanA1, Contract

manager). In the airport, for example, cleaners were integrated through inter-organisational team-working, shared training and integrated recognition schemes. Such practices had the effect of widening the job definition of a cleaner to expand the sense of service provision beyond the narrow fulfilment of a cleaning task.

Better integration of subcontracted cleaners requires action at the levels of policy and management practice to consider the integration of cleaning tasks in the client's service provision, strengthen the visibility of the work, raise awareness and respect for the workforce and to reap the potential benefits for customers from enjoying a better coordinated provision of services. Our evidence supports three key suggestions:

1. Encourage clients to integrate outsourced cleaning workers into human resource practices in the areas of non-pay benefit packages, employee recognition schemes and training.
2. Consider widening the scope of cleaners' job definition in order to integrate tasks with other closely related activities undertaken at the client site.

Better recruitment and security?

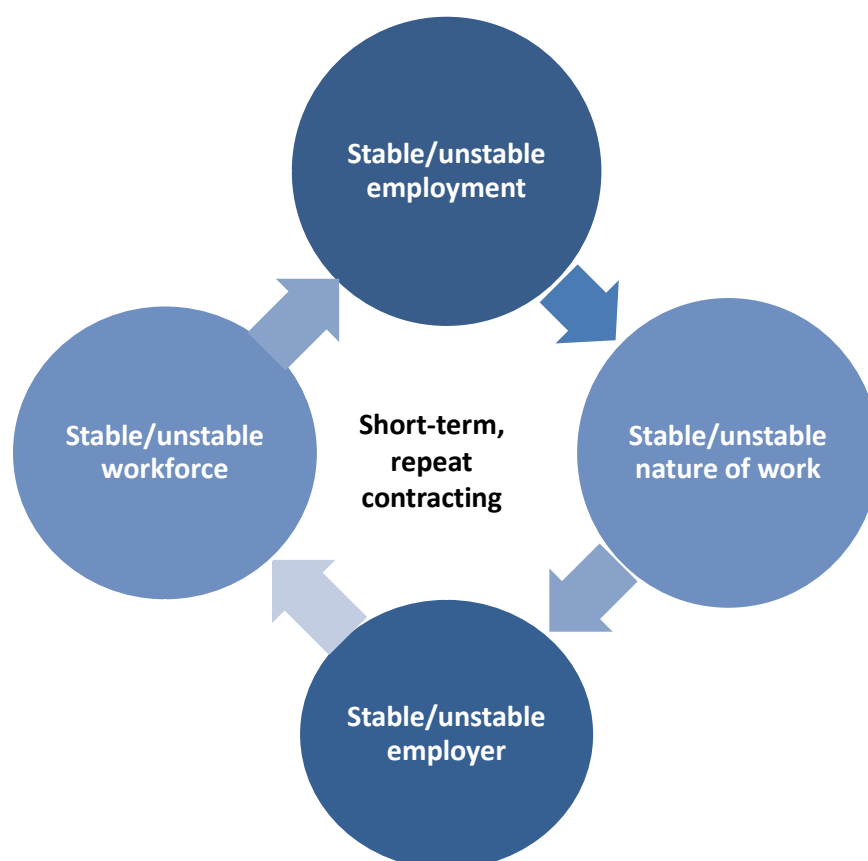
The practice of repeat subcontracting for outsourced services undermines job security among subcontracted workers. Conventional analyses of employment relations assume employees trade off subordination to the authority of the employer for provision of job security and integration within the organisation (Supiot 2001). However, in contract cleaning, employees often work for one client only which, if their employer loses just that one contract, increases the risk of job loss, transfer to another and not necessarily convenient location by their current employer or transfer to a new employer if subject to TUPE transfer. Repeat subcontracting introduces a set of destabilising pressures, as clients may seek to pass on their financial pressures to their contractors, and introduce new performance targets in the outsourcing contract or changes to length or cost-revenue margins of contracts (Figure 17.5).

Because contract instability is an ever-present threat, subcontracted workers always face the looming prospect of a change of employer or location if the contract changes hands. There is, nevertheless, evidence in some cases of repeated renewal of contracts for the cleaning company, suggesting that some clients appear to prefer retention of a given cleaning company, with potential benefits for workforce stability.

However, the institutional, industrial relations and economic context matters. Public sector austerity conditions affected our hospital and local authority cases and generated a great deal of pressure on the cleaning companies to reduce costs and

cut the workforce, despite otherwise positive deals for pay. Indeed, regardless of the contract term, all six cases witnessed the impact of respecification of contracts, the leveraging up of performance targets and alterations in a client's cleaning requirements, all of which generate new pressures for cost-cutting and restructuring.

Figure 17.5 Contracting practices and the multiple dimensions of instability



These insecurities may provide one explanation why in two of the cases, the cleaning companies are largely reliant on migrant workers, particularly when, as in the case of the hotel, the variability in fees within the contract is used to justify the provision of only zero hours contracts. However, in the other cases, the workforces were more locally-based with vacancies often filled through word of mouth referrals. This local workforce reflects the prevalence of both part-time and unsocial hours working which restricts recruitment over a wide geographical range. Transfer of the workforce through TUPE transfer following a change of contract reinforces the stability of the workforce over the stability of the actual employer.

In all six cases, TUPE protection was vital to securing a minimum decent standard of security for workers. And employers benefit a great deal from the stability of a TUPE protected, inter-organisational labour market; TUPE staff transfer reduces the uncertainty about how to manage staffing when a contract is won or lost since it

establishes an automatic staff adjustment (Grimshaw and Miozzo, 2009). Thus, the winning and losing of contracts, coupled with the protected trading of stocks of cleaning workers, reduces managers' uncertainty of how to match cycles of revenue input with fixed labour costs. However, this security for workers only applies to the protection of employment; incoming managers in some of our cases implemented some radical changes in work practices which effectively changed the nature of work and may have speeded up turnover rates among TUPE transferred staff, for example in the hotel and college cases.

The case study evidence suggests the following **key implications for policy and practice to encourage greater employment security** among the subcontracted cleaning workforce:

1. Discourage the use of repeat, short-term subcontracting as a means to reduce staff numbers and labour costs.
2. Encourage joint client and supplier responsibilities for employment security, by promoting a greater awareness of the implications of procurement and contract renewal conditions, and the contribution to long term efficiency from a secure locally-based workforce.
3. Consider extending the protection provided by TUPE to include security of work organisation (e.g. the number and regularity of weekly working hours).

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This report presents the results of six case studies of outsourced cleaning services and draws out key implications for improving policy and practice. First, it sets out the key research issues for an understanding of how procurement shapes employment and the general labour market context for low-wage services. Each case study then highlights specific characteristics of procurement practices and employment conditions. In addition, key thematic issues of pay, working time, skill and job design, integration and employment insecurity are explored by comparing the results across the six case studies.