



Key Note

Market Report 2015

24th Edition April 2015
Edited by Katie Hughes

ISBN 978-1-78304-292-0

Contract Cleaning

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Introduction & Definition

REPORT COVERAGE

This Key Note Market Report analyses the contract cleaning market in the UK, specifically relating to the outsourcing of cleaning activities to a contractor. However, analysis excludes in-house cleaning, in which cleaning activities are undertaken by an organisation's employees. In practice, cleaning may be carried out using a combination of these activities. Generally, however, contract cleaning activities are outsourced to either an independent operator or to large facilities management (FM) companies — which can provide a range of other contract services, such as catering, building services or maintenance — either as a single service or as part of a bundle of services.

For the purposes of this report, Key Note has assessed the value of the contract cleaning sector using Government statistics provided in the *Annual Business Survey* (ABS). The survey collects financial information for around two-thirds of the UK economy, covering a range of different business sectors, including contract cleaning, which is classified under Section 81.2 and refers to 'Cleaning Activities' as defined by the Standard Industrial Classification (SIC) 2007 system.

MARKET SECTORS

Under SIC (2007), Section 81.2 — Cleaning Activities — covers a range of general and specialised activities divided between three main sectors:

- SIC (2007) 81.21 — general cleaning of buildings
- SIC (2007) 81.22 — other building and industrial cleaning activities
- SIC (2007) 81.29 — other cleaning services.

Detailed explanations of activities and services covered under these three segments, and within the scope of this report, are included below.

General Cleaning of Buildings

SIC (2007) 81.21 — General Cleaning of Buildings — covers the following activities:

- general, non-specialised cleaning activities of all types of buildings, such as offices, houses or apartments, factories, shops and institutions
- general, non-specialised cleaning of other business and professional premises, and multi-unit residential buildings.

These activities relate primarily to interior cleaning, although it can cover the cleaning of associated exterior areas such as windows or passageways. However, for the most part specialised activities — such as window cleaning, chimney cleaning or the cleaning of fireplaces, stoves, furnaces, incinerators and similar units — are excluded from this category.

Other Building and Industrial Cleaning Activities

The SIC (2007) 81.22 — Other Building and Industrial Cleaning Activities — covers a range of activities, each of which have been sub-divided into four separate five-digit SIC categories, including:

81.221 — Window Cleaning Services

This subclass includes:

- cleaning of windows in dwellings and other buildings
- cleaning services for exterior windows using swing stages.

81.222 — Specialised Cleaning Services

This subclass includes:

- cleaning services for hospitals and computer rooms
- specialised cleaning services of reservoirs and tanks that are part of either industrial sites or transport equipment
- decontamination services
- cleaning services of heat and air-ducts
- sterilisation of objects on premises, as in operating theatres.

81.223 — Furnace and Chimney Cleaning Services

This category covers chimney cleaning, and the cleaning of fireplaces, stoves, furnaces, incinerators and boilers. However, maintenance services related to central heating installations are excluded.

81.229 — Building and Industrial Cleaning Activities

This subclass includes building and industrial cleaning activities other than window cleaning, specialised cleaning, and furnace and chimney cleaning services. This covers the following:

- exterior cleaning of buildings of all types
- cleaning of industrial machinery
- other building and industrial cleaning activities not elsewhere classified.

Other Cleaning Services

Other cleaning services cover various specialised activities not covered in SIC (2007) 81.21 and 81.22. Activities are divided between two sub-categories, consisting of:

81.291 — *Disinfecting and Extermination Services*

This subclass includes:

- disinfecting of dwellings and other buildings
- exterminating insects, rodents and other pests
- fumigation services and pest control services.

81.299 — *Cleaning Services Not Elsewhere Classified*

This sub-category includes cleaning services, other than disinfecting and extermination services, not elsewhere classified. Activities include:

- swimming pool cleaning and maintenance activities
- cleaning of trains, planes, buses, etc.
- cleaning of the inside of road and sea tankers
- bottle cleaning
- street sweeping and snow and ice removal
- rental of lavatory cubical
- other cleaning activities not elsewhere classified.

1. Executive Summary

The UK contract cleaning market is estimated to have grown in value by 1.5% in 2014, as the market returned to growth following 2 consecutive years of decline in 2012 and 2013. Despite the recent contractions in market value, the contract cleaning market has performed relatively strongly in recent years, remaining a growth market during the period of economic recession and reduced business expenditure.

The recent market decline is attributable primarily to the impact of public-sector spending cuts under the Coalition Government's austerity programme, which have led to reduced departmental budgets and falling expenditure in local government. Private demand for cleaning, in comparison, is estimated to have grown since the economic recession in 2009 and the turbulent period immediately after.

Cleaning contracts in the UK continue to be dominated by the major facilities management (FM) firms. This sector has seen significant growth over the last few decades, with significant demand for simple, bespoke multi-service contracts — which can range from cleaning, grounds maintenance and landscaping, through to energy management and security — from a single provider. As these firms have grown, specialist cleaning service providers have struggled, particularly following the downward pressure on contract prices as competition for contracts intensified during the recessionary period.

Other trends affecting the market include issues relating to the environment and sustainability. With increasing Government and public scrutiny on corporate environmental performance, 'green' issues have become an important factor for clients within the cleaning sector. In response, cleaning firms have developed various 'green' practices to meet this demand, with various developments allowing reduced usage of cleaning chemicals or otherwise reducing energy or water consumption.

Owing to the ongoing economic recovery, demand from the private sector is expected to rise and drive growth in the contract cleaning market over the next 5 years. However, total market growth is expected to be limited, with relatively subdued annual value increases as a result of public-sector austerity. Potentially, the current programme of austerity could finish toward the end of the decade — although it is incredibly difficult to predict with any certainty, particularly prior to May's General Election — which would provide a considerable boost to the market.