



The case for insourcing Underground cleaning

An RMT Briefing

February 2021



TfL's contract with ABM

The Underground cleaning contract with ABM is the consequence of a tendering process that took place in 2016/17 after three cleaning contracts were concentrated into one on the basis of its greater efficiency and ability to cut transaction costs. The contract is worth at least £322.4 million over the 5 years and comes to an end in September 2022. According to a letter from Deputy Mayor Heidi Alexander from July 2020, the process of placing an advert in the OJEU seeking expressions of interest could begin as early as January 2021.¹

Figure 1: Redacted contract price document, obtained under Freedom of Information legislation.

Summary - Contract Price Summary				
Note to bidders - Please ONLY populate the cells shaded in WHITE				
Part A Contract Price				
Year	Cost Element			Contract Price
17 September 2017 - 16 September 2018				£56,544,416.22
17 September 2018 - 16 September 2019				£66,388,079.34
17 September 2019 - 16 September 2020				£66,388,079.34
17 September 2020 - 16 September 2021				£66,388,079.34
17 September 2021 - 16 September 2022				£66,388,079.34
				Total
				£322,096,733.57
Part B Mobilisation				
As part of the Contract Price, the following mobilisation costs shall apply and be payable by the Company on completion of all tasks in the agreed mobilisation plan.				
Activity	Comment	Total Cost		
		£	45,000.00	
		£	18,000.00	
		£	36,000.00	
	Total	£	297,000.00	
Part C Total Contract Price (including mobilisation cost)				
Total Contract Price including Mobilisation Cost			£322,393,733.57	

TfL's cost-cutting clause

TfL's Underground cleaning contract contains a 'Contract Innovation Efficiency' clause committing ABM to seeking to cut 1% from the contract costs every year. The proceeds of any savings made are split equally between TfL and ABM.²

As TfL itself acknowledges, cleaning is a labour-intensive industry. TfL's documents recognise that labour typically represents 85% of costs in cleaning contracts.³ Such a clause

¹ Heidi Alexander Letter to Navin Shah AM, 6th July 2020.

² The Contract Innovation and Efficiency mechanism is described in *1FM Bundle 5, Cleaning, Main Contract Part 6*, pdf pages 25 and 26 (see figures 1 and 2) and *1FM Bundle 5, Cleaning, Main Contract Part 9*, pdf page 34. (See figure 3) <https://www.contractsfinder.service.gov.uk/Notice/20eeefc9-07d0-44ae-a70a-3b0aa5a12fa4?p=2>

³ TfL acknowledge that labour accounts for 85% of costs in para 3.10 (g) of this document, presented to their Finance Committee in 2017 (<http://content.tfl.gov.uk/fc-20170313-item09-1fm-contract-pt1.pdf>)

can only result in directing the company's energies toward seeking 'efficiencies' through cutting staffing numbers or pressing down on wages, pensions and other employment conditions.

In theory, ABM's performance is measured using a series of KPIs embedded in a performance management matrix. As we will see, this isn't quite how it works in practice. However, even if things worked the way they are supposed to, the performance measurement matrix used by TfL reveals that only 8% of the company's quarterly score is based on how well it cleans the seats, hand rails, hangers, arms rests and floors of trains or how well they clean station platforms, seats and floors. By contrast, 30% of the company's score is judged according to how much effort goes into cutting money from the contract and how much is saved.⁴

The contract TfL signed with ABM provides the company with a massive incentive to cut costs and a performance regime that rewards them more for doing this than for providing a high quality service.

The number of cleaners working on the contract has been cut by 6% in three years

Figures released by the Mayor of London in July 2020 in answer to a question in the London Assembly revealed that since ABM took over the contract, the full-time equivalence of cleaners on the Underground had been cut in 2018 and 2019 and remained level in 2020, possibly because of the rehiring of cleaners to deal with the pandemic. There are 142 fewer Full Time Equivalent cleaners working on the Underground than there were in 2017.

ABM contract year	FTE⁵
17 September 2017 - 31 March 2018	2,314
1 April 2018 – 31 March 2019	2,245
1 April 2019 - 31 March 2020	2,175
1 April 2020 - 31 March 2021*	2,175

*Forecast

⁴ The cleaning standards used and the marking scheme used to assess performance in meeting them are contained in 1FM Bundle 5, Cleaning, Main Contract Part 2, pdf pages 7-84 and 1FM Bundle 5, Cleaning, Main Contract Part 5, Appendices 3, 4 and 5, pdf pages 44-71

<https://www.contractsfinder.service.gov.uk/Notice/20eeefc9-07d0-44ae-a70a-3b0aa5a12fa4?p=2>

The different weightings used to score ABM's performance against key indicators are in Schedule 12a, Appendix 2: Quarterly Contract Scorecard, on pdf page 75 of 1FM Bundle 5 - Cleaning - TfL 00929 - Main Contract_REDACTED_Part5.pdf (see figure 4). This shows that performance against the Contract Innovation Efficiency mechanism accounts for 30% of its score, while performance against the General, Fleet and Station Quality Marking Systems only accounted for 8%. (see figures 5, 6 and 7 below.)

<https://www.contractsfinder.service.gov.uk/Notice/20eeefc9-07d0-44ae-a70a-3b0aa5a12fa4?p=2>

⁵ <https://www.london.gov.uk/questions/2020/2361>

RMT believes the real headcount figure is far more and our cleaners estimate that there are around 500 fewer cleaners working on the contract than there were in 2017.

One of the stipulations of the contract was that the cleaners would be paid a Living Wage and that the successful company would commit to reducing the amount of agency work on the contract. Both of these are welcome objectives, but the fact is that ABM have achieved this by simply cutting and not replacing agency work, reducing the FTE of cleaners on the contract and, consequently, increasing workloads for those who remain.

The frequency of deep cleaning on trains was reduced on five Underground lines

In July 2020 Deputy Mayor Heidi Alexander wrote to Assembly Member Navin Shah providing answers to a range of questions raised about the Underground contract. One of these revealed that since ABM took over the contract the frequency of deep cleans on trains had been reduced on the Bakerloo, Central, Jubilee, Northern and Piccadilly lines.⁶

Once ABM had met its cost-cutting targets, TfL removed sanctions that would penalise the company for poor quality cleaning

In her letter of 6th July to AM Navin Shah, the Deputy Mayor revealed that TfL had lifted the ‘performance abatement regime’ which would have seen ABM fined for under-performing in its cleaning targets and for failure against other KPIs.

The explanation given for this was that ABM had met its Contract Innovation Efficiency targets:

“The Contract performance abatement regime was removed based on ABM meeting or exceeding agreed efficiency targets.”

In other words, as a reward for cutting costs from the contract, ABM would now not face sanctions for any ensuing degradation in the quality of service.⁷

ABM’s UK subsidiary’s profits doubled between 2018 and 2019

ABM Inc. is a US facilities management giant. Its operation in the UK is relatively small. ABM Facilities Services UK Ltd has a turnover of £146 million. Assuming ABM received their

⁶ Heidi Alexander Letter to Navin Shah AM, 6th July 2020.

⁷ Heidi Alexander Letter to Navin Shah AM, 6th July 2020.

scheduled contract payment for the year of £66 million, this means the Underground contract accounts for around 45% of the company's revenue.

The company's reported pre-tax profits almost doubled in the last accounting year, from £2.39 million in 2018 to £4.5 million in 2019. At the same time, more than 100 cleaners were removed from ABM's payroll on the Underground contract.

Impact of outsourcing on cleaners

Before the outbreak of the pandemic, RMT a survey open to ABM cleaners in the union's membership between 18 June and 4 July 2019.

The results showed that:

- 68% reported that they sometimes or regularly struggle to make ends meet;
- More than one in three (35%) said that they believed they had been treated unfairly at work or by your employer because of a personal characteristic (eg, gender, age, race, religion or belief, sexual orientation etc.);
- 68% said they believed their employer put profits before working conditions or passenger concerns with only 18% saying they believed their employer valued their workforce and only 37% agreeing that their employer was concerned about providing a safe and high quality service;
- 57% said that they thought that being outsourced made it harder for them to do a good job;
- 91% said they would rather be employed in-house;
- 76% said that they believed passengers would benefit more if their jobs were brought in-house.

Outsourced cleaning and Covid-19

For decades, cleaning has been outsourced on the justification that it was a 'non-core' activity that could be safely separated out and handed to private sector operators to run for profit on the assumption that there would be no impact on the operation of core services.

However, since the early 2000s, a series of academic studies based on data collected in the NHS and the US hospital system have demonstrated a significant problem with outsourced cleaning contracts. These studies have shown that there is a clear correlation between the outsourcing of cleaning and worse public health outcomes. In hospitals which had outsourced their cleaning, patient perceptions of cleanliness were worse. More significantly,

there were higher incidences of hospital acquired infections like MRSA. Outsourcing cleaning creates more risk of poor cleanliness and higher risks of infection.⁸

These findings are highly significant because they explode the idea that it is safe to outsource cleaning on the basis that it is 'non-core'. Instead, as the authors of one of these studies argue, it reinforces what they call the 'quality shading hypothesis'. Hospitals that have contracted out cleaning may save some money but they also have lower cleaning quality which also lowers the quality of patient health outcomes. Contracted out cleaning is 'cheaper but dirtier'.⁹

In the era of Covid-19 and other SARS-style infections, it is no longer sustainable to say that cleaning is 'non-core'.

Why is cheaper cleaning dirtier cleaning?

- Outsourcing companies typically cut labour costs by reducing the number of cleaners and not paying them proper sick pay. This means that fewer cleaners have to work more quickly and cut corners, while cleaners come into work while sick.
- Because of the low pay and poor working conditions, outsourcing can lead to high turnover among staff and the loss of skilled and experienced cleaners.
- In the workplace, fragmenting the workforce breaks up the connection between workers in the 'core' and so-called 'non-core' areas like cleaning. This makes it harder for people to work together to ensure that transport networks are being cleaned properly.
- In addition, outsourcing contracts can be complex to manage and difficult to change, making it hard for public transport systems to respond to crises quickly.¹⁰

As we've seen above, these factors can be seen at work in the Underground contract.

⁸ Jane Lethbridge, PSIRU, University of Greenwich, *Empty Promises: the impact of outsourcing on the delivery of NHS services* (2012); Veronica Torfolutti, Aaron Reeves, Martin McKee, David Stuckler, 'Outsourcing cleaning services increases MRSA incidence: evidenced from 126 English acute trusts', *Social Science and Medicine*, 174, (2017) pp. 64-69; Litwin, A. S., Avgar, A. C., & Becker, E. R. (2017). 'Superbugs versus outsourced cleaners: Employment arrangements and the spread of health care-associated infections' [Electronic version]. *Industrial and Labor Relations Review*, 70(3), 610-641. doi: 10.1177/0019793916654482, p. 61; Shima Elkomy, Graham Cookson, Simon Jones, 'Cheap and Dirty: The Effect of Contracting out Cleaning on Efficiency and Effectiveness' *Public Administration Review*, Vol 79, Iss 2, (2019) pp. 193-202

⁹ Elkomy, Cookson, Jones, 'Cheap and Dirty: The Effect of Contracting out Cleaning on Efficiency and Effectiveness', pp. 193-202.

¹⁰ Grimshaw, D, Cartwright, J, Keizer, A & Rubery, J 2014, *Coming Clean: contractual and procurement practices: Equality and Human Rights Commission Research report 96*, Equality and Human Rights Commission, Manchester, pp. 24-25; Lethbridge, *Empty Promises*, pp. ; See also, Ursula Huws, 'Outsourcing and the fragmentation of employment relations: the challenges ahead', ACAS Future of Workplace Paper discussion paper, August 2012, <http://www.acas.org.uk/media/pdf/p/8/Outsourcing-and-the-fragmentation-of-employment-relations-the-challenges-ahead.pdf>

TfL, cleaning and the response to Covid-19

Figure 4: 'Cleaning is not a core business for TfL' – Letter from Mike Brown, Feb 2019

In terms of your request to convene a working group in relation to settling the outstanding industrial issues of dispute between ABM and yourselves, ABM are committed to discussing the issues you have and have confirmed that you are in dialogue about those on an ongoing basis and remain open to continuing those discussions.

Referring to your point about bringing cleaners into direct employment, all outsourcing is subject to a business case which balances costs, operational risks and industry experience. **Cleaning is not a core business for us,** contracting with a global company such as ABM, who have valuable industry experience, allows us to have high calibre staff. As you know we outsourced cleaning over 20 years ago to enable us to have such experience and allow us to concentrate on our core business of running transport services in London.

MAYOR OF LONDON



VAT number 756 2769 90

In the current financial climate we are undertaking the biggest overhaul in our history to ensure we are financially sustainable for the future and by ensuring there is relentless focus on delivering safe and reliable transport services for London.

In February 2019, then Commissioner Mike Brown wrote to RMT refusing our request to convene a working party with the union to look at insourcing the cleaners and he justified this decision precisely using the term 'non-core' to describe cleaning.

By March 2020, the language around Underground cleaning had completely changed. The Mayor was photographed with ABM cleaners. They were described as 'doing an amazing job in these extraordinarily difficult times'. TfL's advertising has stressed the cleanliness of the Underground to passengers while it has commissioned Imperial College researchers to conduct monthly sampling for Covid-19 on the network, recognising that cleaning is of the utmost importance. By December, the Guardian was describing them as 'unsung heroes'.

Yet nothing has changed in the way they are treated on the ground. Instead, in an embarrassing episode, ABM decided to reward its 'unsung heroes' with a Christmas gift of a metal badge saying 'ABM Champion' which each cleaner was encouraged to wear.

What cleaners say about outsourcing and the response to Covid-19

The reality behind the effusive public praise is that cleaners are still being treated as second class workers, unworthy of equal treatment with their TfL colleagues and that outsourcing is hampering the response to the pandemic.

Between 28 September and 1st October, RMT conducted an online survey of cleaners on the Underground asking them specifically about their view of the company's response to the Covid-19 pandemic.

Underground cleaners confirmed what the Mayor's statistics indicated: 68% reported that the number of staff working on the Underground had decreased in the last three years. But deeply worryingly, almost 50% of respondents reported that the number of cleaners had decreased since the beginning of the pandemic, with only 3% reporting that it had increased and the rest reporting that it had stayed more or less the same. This is a disturbing view into the response to the worst crisis to hit the Underground in its history.

“Staff have been cut. More work, not enough PPE.. No recognition of being front line workers in a pandemic, just adding duties eg touch point cleaning to train litter pickers, station cleaners having 2 stations to clean and are always being asked to do favours and do more than 2 stations to cover up absences.. Every month another crazy scheme or plan from ABM to do extra or do things that are not pfeasable, all coming from profit driven people who've never done a days work as a cleaner in their life.. Profiteering at its worst, no praise just threats.” (ABM Cleaner, 28 September 2020)

64% of cleaners were not confident they had enough people working to do the job effectively. The cuts in staff have left them with too much work to do and the company appear reluctant to take on more to do the extra work that's needed. More work is falling on fewer shoulders.

Figure 2: Cleaners' perceptions of resourcing



“They are trying to avoid calling agency when missing staff, in some stations we are working with short staff some times, but when short, we do what can we do.”

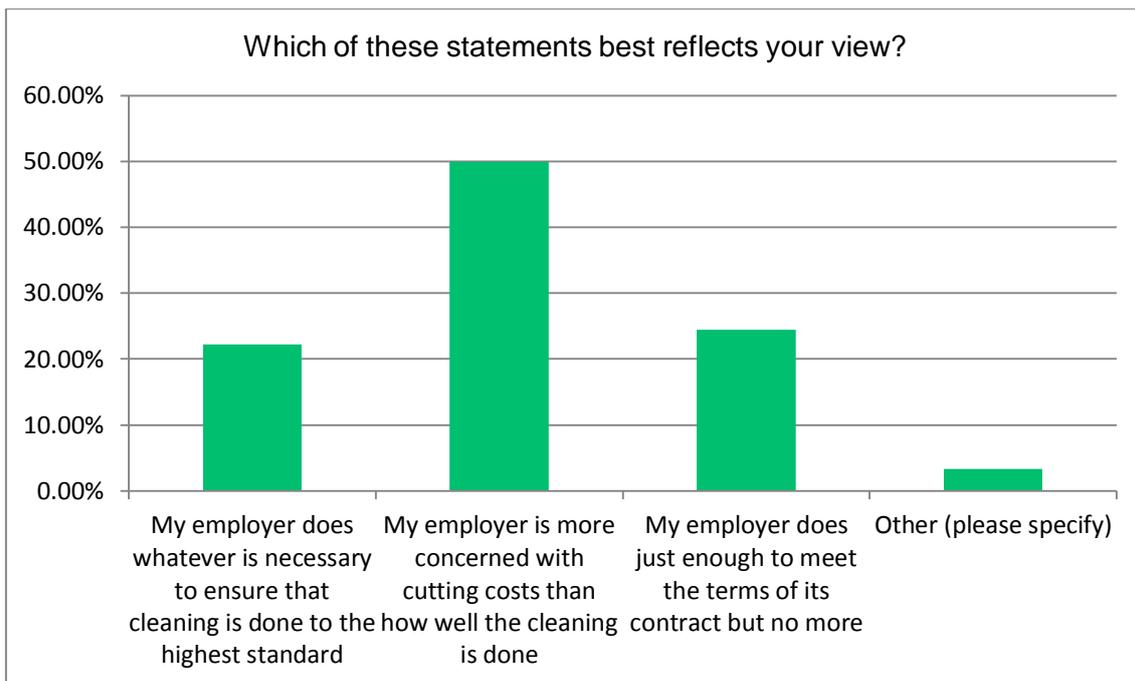
“The company don't cover the people on holiday and expect the same quality of work to be done from the rest.”

“They reduced the staff every year and make the job difficult for us.”

50% of respondents said they believed their company was more concerned with cutting costs than how well the cleaning is done and a further 24% said ABM only just did enough to fulfil their contractual obligations.

Only one in five said that they believed their employer would do whatever was necessary to ensure the highest standard of cleaning.

Figure 3: Cleaners' perception of their employer



“ABM is not good employer. They reduced the staff every year, put more pressure for other employees and sometimes is impossible to for us to do the job because is too much. The materials which they supply to us are not enough and with bad quality.”

“The company care much about itself than the employees”

“Profiting but not providing effect service (Deep Cleaning)”

“My employer is paying more attention to cutting costs than preventing the spreading of covid-19.”

Insourcing will drive up quality and working conditions

Insourcing the Underground cleaning would help drive up the quality of the service by:

- removing the profit-motive which drives a purely cost-cutting imperative, leading to fewer cleaners, less frequent cleans and less oversight of quality;
- enabling the improvement of cleaners’ pay and working conditions with funds redirected from profit-seeking, which would help reduce churn, improve retention and build commitment;
- remove contractual barriers which prevent rapid responses and changes to service levels in emergencies, such as the Covid-19 pandemic;
- overcoming the fragmentation that separates cleaning functions from other Underground operations, enabling efficiencies through the better integration of these functions.

Evidence from the local government sector suggests that many councils are turning to insourcing because of the failure of outsourcing to deliver efficiency and savings without affecting service quality and because of the greater control it gives authorities in innovating and integrating services. APSE data and the UNISON data coupled with the reports of insourcing post Carillion within local government suggest that there were at least 220 insourced contracts between 2016 and 2018 in UK local government.¹¹

In 2018/19, NHS estates brought its facilities management service back in house. On 1 December 2018, 1692 cleaning and facilities management staff were transferred into direct employment by NHS estates. Explaining the rationale for this move, Principal Services Assurance Manager Charlie Buck said:

“Insourcing cleaning services was a key milestone in delivering against our FM strategy. Cleaning is a core FM service to NHS Property Services and we want to be able to deliver this service via in-house resource wherever possible. This allows us to have greater control over our cleaning service provision, ensuring that our service offer to our customers is responsive, high quality, consistent and compliant with The National Specifications for Cleanliness in the NHS. With full control of the cleaning service, we are able to react quicker when there are emergencies or performance issues whereby this could be elongated due to contractual terms if delivered via a third party provider. We also want to focus on the emotional engagement with our NHS customers and we felt that cleaning services delivered by NHS Property Services to the NHS will help to improve this between clinical and FM teams.”

Insourcing could be better value for money

Insourcing could be better value for money through the eradication of:

- Profits taken out of the Underground by ABM that might have been reinvested in the service
- Additional charges for alterations to contracted services

When maintenance on the Jubilee, Northern and Piccadilly lines was brought in house, TfL said that it expected to ‘save at least £80 million over the next decade’ through the eradication of management fees. TfL and LU do not make a profit, with all savings and revenue put back into modernising the transport network’.¹²

NHS estates reported of their insourced cleaning: “There is also a substantial financial benefit to delivering these services in house and this will be directly re-invested back into the NHS system helping to improve the property environment across the country which

¹¹ *Rebuilding Capacity: The case for insourcing* (APSE, 2019), pp. 25-26.

¹² <https://www.london.gov.uk/press-releases/mayoral/moving-tube-maintenance-in-house-to-save-80m>

will positively impact our customers, patients and visitors ensuring that the NHS estate is fit for the future.”¹³

Transport for Wales insource cleaners

A large percentage of the cleaners who work on Transport for Wales’s Wales and Borders franchise were, until recently, outsourced to Axis Cleaning and Support Services. This contract was signed by Arriva Trains Wales and taken over by TfW Rail Services (Keolis Amey) when they took over the franchise in 2018.

In late June 2020, following intensive discussions between Transport for Wales and the Welsh government and between TFV and the RMT, TfW formally proposed the creation of a working group comprising RMT, Axis and KeolisAmey to work through the detail to support the cleaners moving to TfW’s direct employment on the model used to bring the catering staff in house. The first meeting took place on 13 July.

RMT has publicly welcomed this proposal, which is a product of our members’ determination for justice coupled with the positive approach to industrial relations and workplace issues taken by the Welsh government and Transport for Wales. The union believes that the approach taken by the Welsh government sets a valuable example both to the industry and to devolved authorities across the UK.

Growing political support for insourcing cleaning:

There is growing support for bringing these cleaners back in house within the London Labour Party.

- A majority of Labour’s candidates for the London Assembly elections signed a statement calling for the cleaners to be insourced.
- Around 100 Labour Councillors signed a letter in the Evening Standard making the same call;
- The issue of insourcing the cleaners was widely raised and supported at the London Labour Policy Forum tasked with discussing the Mayor’s Manifesto in February.
- The leader of the Labour Group in the London Assembly, Len Duvall, wrote to us on 25 February on behalf of the group, saying:

¹³ https://www.property.nhs.uk/media/1797/c-users-katherinemassie-onedrive-nhs-property-services-ltd-documents-case-studies-pdfs-nhs-property-services_in sourcing.pdf

“Thank you for bringing this campaign to my attention, I am replying on behalf of the Labour Group. We support action to secure better working conditions and job security for cleaners on the London Underground, as well as making the case for bringing cleaners in-house as a viable option for a new contract in 2022.”

- The Regional Executive of the London Labour Party met on March 9th to endorse the manifesto and there was a consensus that the manifesto should include a line about insourcing the cleaners.

On 8 February this year, Shadow Chancellor of the Duchy of Lancaster Rachel Reeves wrote:

“under Keir Starmer’s Labour government we will see the biggest wave of insourcing of public services for a generation. It is the common-sense conclusion after the failed experiments of outsourcing. It will save money and ensure better, more responsive, more resilient, accountable local services for all. From day one of a Labour government, we will give public services and local authorities the support they need to bring contracts back in-house as soon as they can. We will build up the resource, the capacity and expertise of our public services along the way.”¹⁴

In her speech she noted the progress already made under Labour in Wales.

Labour in London can continue that work.

The time to act is now

ABM’s contract runs out in July 2022 and the procurement process begins now. Already, TfL is listing the contract as an upcoming tendering opportunity.

Failure to act now will mean five more years of a failing outourced model which was designed on the basis of an outdated assumption that cleaning is ‘non-core’.

It will also mean turning our backs on working people who have put their lives on the line to make the Underground safe during the pandemic.

Conversely, this is a strategically important contract. Labour in London has the chance to set a fantastic example that will be seen by the whole country and show that it is on the side of the cleaners and other keyworkers who have kept our country running.

What we need now:

¹⁴ <https://labourlist.org/2021/02/its-time-to-take-back-control-of-public-services-rachel-reeves-full-speech/>

RMT and LESE are grateful for the support that the TUC and the London Labour movement have shown for this campaign. Now we are asking for this support to be turned into concrete action

- 1. Firstly, we're seeking a solid Manifesto commitment: "Labour will improve the quality, efficiency and value for money of cleaning on London Underground and ensure better conditions for cleaning staff by ending outsourcing and bringing these workers in-house."**
- 2. Secondly, because time is short and the contract is coming to an end, we need action from the Mayor now, directing TfL to begin open book negotiations with us to build a business case for insourcing.**