



TSA Laundry Cost Index Bulletin

November 2021

Industry Wage Survey Shows Ongoing Cost Pressure

The TSA's wage survey shows that the commercial laundry industry is continuing to experience unprecedented cost pressures. The latest Cost Index does not reflect this pressure, because of the ways the data is gathered. This Bulletin reflects the reality.

Staff shortages continue and are only being addressed by paying significant increases in wages to attract suitable applicants. To further understand the impact this is having on the industry's cost base, the TSA commissioned, through their auditors, a wage survey comparing October 2020 to October 2021. Over 86% of the membership responded to the survey and the results show that laundry labour costs have increased on average by 14.25%. (The current Cost Index tracks NLW and is only showing a 2.18% increase). This increase in wages alone takes the 'real' Cost Index rise into double figures.

If we then take into account other laundry costs, we see that they are all experiencing exceptional upward pressure, with none remaining static. For example, the following numbers are being reported:

- Energy costs up 100-300%
- Insurance costs up 100%
- Pension cost pressure
- Textiles costs up 50%
- Chemical costs up 15%

These combined increases are placing extraordinary pressure on the commercial laundry market. So much so that, without implementing price increases, the sector will not be viable.

Please note, the current Laundry Cost Index for 2021/2022 FYQ2 is only 5.92% (FYQ2 constitutes data for July, August and September 2021). The purpose of this Bulletin is to inform you that the current Cost Index does not reflect the current cost base.

For more information on the Laundry Cost Index, please go to our website: [Laundry Cost Index](#)

If you have any queries with regards to the above or the laundry cost index in general, please do not hesitate to get in touch with us either via email or phone:

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Textile Services Cost Index

2021/2022 FYQ2*

Annual Increase from 2020/2021 FYQ2 to 2021/2022 FYQ2

| Cost Centre | Increase | Weighting | Total |
|-----------------|----------|-------------|--------------|
| Labour | 2.18% | 40% | 0.87% |
| Textiles | 1.79% | 15% | 0.27% |
| Energy | 28.81% | 10% | 2.88% |
| Diesel | 15.97% | 4% | 0.67% |
| Other Transport | 1.57% | 8% | 0.12% |
| Other | 4.81% | 23% | 1.11% |
| TOTAL | | 100% | 5.92% |

* FYQ2 constitutes data for July, August and September 2021 months as per the latest release of quarterly energy prices by BEIS (Department of Business, Energy and Industrial Strategy).

Increase in the Last Three Years (Q2 2018 to Q2 2021)

| Cost Centre | Increase | Weighting | Total |
|-----------------|----------|-------------|---------------|
| Labour | 13.79% | 40% | 5.52% |
| Textiles | 6.79% | 15% | 1.02% |
| Energy | 14.20% | 10% | 1.42% |
| Diesel | 1.76% | 4% | 0.07% |
| Other Transport | 3.41% | 8% | 0.27% |
| Other | 8.16% | 23% | 1.88% |
| TOTAL | | 100% | 10.17% |

Sources:

For the purpose of all calculations, the latest available quarterly or monthly numbers have been applied.

Labour: UK Government

<https://www.gov.uk/national-minimum-wage-rates>

Textiles: Office for National Statistics (Textile costs)*

New Index used from August 2020:

<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/g6sn/ppi?referrer=search&searchTerm=g6sn>

Previous Index used until August 20:

<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/k37r>

Energy and Diesel: Department of Business, Energy and Industrial Strategy

Gas and Electricity: Table 3.3.2 - Gas is weighted 75% and Electricity 25%:

<https://www.gov.uk/government/statistical-data-sets/industrial-energy-price-indices>

Diesel: Table 4.1.1:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1021927/Quarterly_Energy_Prices_September_2021.pdf



Other Transport: Office for National Statistics*

New Index used from August 2020:

<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/g6wh/mm22?referrer=search&searchTerm=g6wh>

Previous Index used until August 20:

<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/k38a/mm22>

Other costs: Office for National Statistics

www.ons.gov.uk/economy/inflationandpriceindices/timeseries/chaw

* Please note the previously used indexes for Textiles and Other Transport have been discontinued and replaced with new indexes due to recent methodology changes by the Office for National Statistics.