



TSA Laundry Cost Index Bulletin

July 2021

Unprecedented Cost Pressure on Laundry Industry

Following on from last month's Bulletin, the commercial laundry industry is continuing to experience unprecedented cost pressures. Like many industries, the pandemic has been extremely difficult for commercial laundries which saw volumes drop by up to 80% due to the Government closure of the sector. Since the reopening the industry is facing new challenges with the most severe being staff shortages, and now also experiencing supply chain issues which are impacting both operationally, but they are also dramatically changing the cost base.

Staff shortages is only being addressed by paying significant increases in wages to attract suitable applicants. This issue is being reported throughout the hospitality and supply chain industries. The TSA is lobbying government to allow greater access to overseas workers and has requested further classifications of workers to be added to the "[shortage occupations list](#)". Some of the figures being reported by our commercial laundry members:

- Drivers' wages up to 25% increase
- Production wages up to 10% increase
- Wage gap inflation in other roles up to 10% increase

The most serious supply chain issues are focused on textile supply, although utilities and chemical costs are also rising at alarming rates.

Some of the figures being reported from the supply chain sector:

- Container freight costs up 300%
- Sheeting and bedding up by 55%
- Chemical costs up 15%

The current laundry cost index used by both laundries and end-users to track the cost base indices of the sector does not currently allow for this significantly large movement in wages, textiles and other costs. Firstly, because of a time lag, the indices are generally three months behind. Secondly, in relation to salaries it only tracks minimum wage which currently is not reflective of the present reality. **Laundry Operators are reporting the current cost pressures are impacting the cost index with a double-digit percentage rise which is clearly unsustainable without pricing adjustments.**

Please note, the current laundry cost index for 2021/2022 FYQ1 is only 3.26% (FYQ1 constitutes data for April, May and June 2021). The purpose of this bulletin is to inform 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 FYQ1*

Annual Increase from 2020/2021 FYQ1 to 2021/2022 FYQ1

Cost Centre	Increase	Weighting	Total
Labour	2.18%	40%	0.87%
Textiles	1.36%	15%	0.20%
Energy	5.27%	10%	0.53%
Diesel	19.01%	4%	0.80%
Other Transport	1.29%	8%	0.10%
Other	3.32%	23%	0.76%
TOTAL		100%	3.26%

* FYQ1 constitutes data for April, May and June 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 (2018/2019 – 2021/2022)

Cost Centre	Increase	Weighting	Total
Labour	13.79%	40%	5.52%
Textiles	5.67%	15%	0.85%
Energy	10.11%	10%	1.01%
Diesel	0.98%	4%	0.04%
Other Transport	3.62%	8%	0.28%
Other	7.55%	23%	1.74%
TOTAL		100%	9.44%

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/q6sn/ppi?referrer=search&searchTerm=q6sn>

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 current CCL” - Gas is weighted 75% and Electricity 25%:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/973042/QEP_Q4_2020.pdf

Diesel: Table 4.1.1:



https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/97483/other_transport_energy_prices_june_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.