

# TSA Laundry Cost Index Bulletin

## June 2021



### Unprecedented Cost Pressure on Laundry Operational Wage Base

The TSA has been working to support the commercial laundry industry through the extremely difficult last 18 months of the pandemic which saw hospitality laundry volumes drop by up to 80% due to the government closure of the sector. Just as the industry started to re-open on the back of the reduction in COVID restrictions and the unexpected increase in demand for UK holiday's due to the current overseas travel bans, it has become apparent that a further challenge to the industry was waiting in the wings, **access to staff**. The industry is facing enormous **staff shortages** and this 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](#)".

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 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. The points below are also relevant throughout our supply chain.

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

Please note, the current laundry cost index for 2020/2021 FYQ4 is only 1.43% (FYQ4 constitutes data for January, February and March 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

## 2020/2021 FYQ4\*

Annual Increase from 2019/2020 FYQ4 to 2020/2021 FYQ4

Cost Centre	Increase	Weighting	Total
Labour	2.18%	40%	0.87%
Textiles	1.40%	15%	0.21%
Energy	-1.67%	10%	-0.17%
Diesel	3.35%	4%	0.14%
Other Transport	0.73%	8%	0.06%
Other	1.37%	23%	0.32%
<b>TOTAL</b>		<b>100%</b>	<b>1.43%</b>

\* FYQ4 constitutes data for January, February and March 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 (2017/2018 – 2020/2021)

Cost Centre	Increase	Weighting	Total
Labour	13.79%	40%	5.52%
Textiles	5.75%	15%	0.86%
Energy	8.82%	10%	0.88%
Diesel	4.44%	4%	0.19%
Other Transport	3.35%	8%	0.26%
Other	6.44%	23%	1.48%
<b>TOTAL</b>		<b>100%</b>	<b>9.19%</b>

### 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**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/973042/QEP\\_Q4\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/973042/QEP_Q4_2020.pdf)

**Gas and Electricity:** Table 3.3.2 current CCL” - Gas is weighted 75% and Electricity 25%

**Diesel:** Table 4.1.1

**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](http://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.