

JLA/WASHSTATION MERGER INQUIRY

Minute of Discussion with Regent's Park College on 31 May 2018 at 2:30pm-3:15pm

Regent's Park College's tenders for managed laundry services

1. Regent's Park College (RPC) explained that it has one site with one laundry room which is used by 85 resident students.
2. Until January 2017 RPC's laundrette was managed by Circuit, a subsidiary of JLA, and it used to have three washers and three dryers. RPC's contract was originally with PHS LaundryServ, who had been bought out by JLA in 2015. RPC moved away from Circuit to Washstation in January 2017 and currently has two stacks. Washstation suggested installing two larger machines instead of three. RPC said that Washstation was very quick in installing the new equipment (within one day) and that the students rated the new machines more favourably compared to the machines used previously, a mixture of machines installed by PHS Laundryserv (now Circuit).
3. RPC explained that there is no central procurement for student accommodation among Oxford colleges, i.e. each college procures services separately.

Most recent managed laundry supplier selection process

4. RPC said that last time when it chose the managed laundry services provider (2017), it did not issue a formal tender. RPC contacted a handful of suppliers directly, invited proposals, and Washstation seemed to be the best option. Other notable providers were Armstrong (who found RPC to be too small), Goodman Sparks (who found RPC to be too small), Laundry365 and Warwick LPD (who could not offer a variable rental agreement). RPC found the potential providers via internet searches and from other people in colleges (who mostly used only Circuit) and other universities. The second provider RPC would have gone with was Laundry365, who were also offering a vend sharing model. RPC was fairly constrained in terms of other variable rental options.
5. RPC received offers from Circuit and Washstation and decided to award the contract to Washstation and keep the coin operated model, i.e. students pay as they use the machines and RPC gets a commission back from the service provider (the current commission level is [30%] offered by Washstation, and Circuit offered [30%] at renewal). The offers submitted by Circuit and Washstation differed with regard the quality of machines, level of commission, vend price and service level with Washstation scoring better in most of these criteria.

Factors considered when choosing a provider

6. Key factor when choosing the managed laundry provider is the vend price. RPC said that Oxford colleges may be more unique in this regard compared to other HE institutions, as they are smaller communities with greater student voice. It is therefore difficult for management to set high vend prices. Previous vend prices with Circuit were £1.40 for a wash and £1.40 for a dry. When RPC wanted to renew the contract, Circuit

was proposing to increase the vend price quite significantly, beyond £2 a wash/dry, and Circuit would not negotiate on this point. RPC went for Washstation who offered £1.60 for a wash and £1 for a dry. RPC said that the main factor is vending price [✂].

7. In the last tender, RPC considered fixed or variable rental agreements, as well as buying and servicing machines. However, RPC that explained that variable rental agreements are the [✂].
8. RPC said that a card system is not a key factor for them as they we prefer coin-operated systems for the following reasons:
 - a. With a coin-operated system an engineer has to come to the site to empty the machines and that enables RPC to discuss issues face-to-face with the supplier;
 - b. Card systems add complications for out-of-term conferences and summer school guests;
 - c. The students' experience of card systems (especially with Circuit) was poor, as they often cannot spend all the money on the card and it is difficult to get a refund at the end of their residence period.
9. In terms of other important factors when choosing a managed laundry supplier, RPC said that refurbishments, ads on the walls or tips on how to do laundry are a *nice to have*. However, response times to fix a broken machine and communication are more important. RPC reconfirmed that it was willing to flex around most things but vend price and response time.
10. RPC thinks that the higher education (HE) sector is not very different from other sectors and it is therefore surprising that there are not many more managed laundry services providers operating in this sector. RPC explained that it contacted other laundry services providers which were not active in HE, however, they showed no interest in supplying managed laundry services to RPC, mainly because RPC was too small as a customer and the providers would rather provide services to, for example, a nursing home.

Changes in service level post-merger

11. RPC said that they felt that the service level had changed after the merger between JLA and Washstation (the merger). Even though Circuit and Washstation did not have a great phone desk service previously, it was convenient to have, prior to the merger, an engineer who would visit the premises regularly every week for preventive maintenance, and talked with students and staff to identify any issues. This kind of engagement has stopped completely and now there is only one person from JLA that comes to the premises to collect the money. When working with Washstation, the service level was broadly set out in the contract with a repair guarantee within 24 hours. RPC and Washstation had an additional clarification and RPC would receive a £100 fee if a problem was not fixed on the same day provided that Washstation was informed of the problem between 9am and 4am.
12. Currently, Circuit does not inform or give updates to the accommodation management in case of a student complaint or call reporting an issue with the machines, and there is no tracking service. Washstation used to have an email system which sent notifications when a fault had been reported and when it had been fixed. Circuit has ads on the walls advising to report a problem, but in several cases of reporting, nothing had happened for a couple of days and Circuit reported having no record of the report. Even though the service post-merger has become disappointing, the students consider the machines in place to be more reliable than the old ones.

13. After the merger, RPC has been officially contacted by Circuit/Washstation once about the merger, when the Hold Separate Manager was appointed by the CMA. Post-merger, RPC has not been approached in relation to a vend price increase.
14. The current contract with Washstation (now Circuit) runs for seven years. [✂].

Alternative providers and RPC's plans when the current contract terminates

15. When the contract comes to an end, RPC explained that they would again look for alternative providers in a similar way to before: via internet searches, word of mouth, and reviewing who other colleges and universities use. [✂].
16. As regards alternative providers, RPC stated that most other colleges have contracts with JLA, Washstation or Armstrong. Armstrong has a good reputation, however, RPC was previously told that it was too small as a customer. RPC has not heard of Photo-Me.
17. All newly-built accommodation that RPC are aware of have laundry rooms rather than using domestic machines. RPC are currently phasing out domestic machines in student accommodation due to the expenses involved in their operation.

Views on the merger

18. RPC submitted that the first reaction after finding out about the merger was disappointment, as RPC had previously moved away from Circuit following a poor customer experience and a lack of interest from Circuit in contract renewal.