

## JLA/WASHSTATION MERGER INQUIRY

### Minute of Discussion with the University of Nottingham on 1 June 2018 at 10:00am-10:30am

#### Current contract for the managed laundry services

1. The University of Nottingham (UoN) explained that it has fifteen laundry rooms over two campuses, which vary in size and have from three up to eight machines. In total, UoN has 85 washers and 87 dryers.
2. Regarding the payment mechanisms, UoN uses a mixture of top-up card and coin operated machines. Washstation also provides an online system and app which both are pretty basic and used only for topping-up cards.
3. The last tender was issued in 2011 and Washstation won that tender. Only Washstation and Goodman Sparks submitted their bids in the tender, whereas JLA (Circuit) did not bid.
4. In terms of Washstation's performance, UoN used to have a dedicated engineer which was very convenient. However, UoN had to chase Washstation for commissions to be paid. The delay of Washstation's commission payments got worse towards the end of the contract. The commission level of Washstation was [redacted]% and was supposed to be paid on a quarterly basis.
5. UoN said that it decides on the price (it was indicated in the tender specification as well). Compared to other universities, UoN has a low price (currently it is £2 for a wash and £1 for a dry), however, in September those prices will increase.

#### The ongoing tender for managed laundry services

6. UoN said that the ongoing tender was going to be awarded on 4 June 2018. There were [redacted] expressions of interest<sup>1</sup>, [redacted] interested providers ([redacted]) turned up to the pre-tender site visit and UoN only received offers from [redacted] of them ([redacted]). UoN said that [redacted].
7. UoN is seeking for a vend sharing agreement (variable rental agreement) as a preferred option in order to prevent capital outlay and avoid any ongoing costs. They would therefore not consider fixed rental or sell agreements. UoN explained that even if the commission would have been cut by 5-10%, it is still difficult to say whether they would move to a fixed rental agreement.
8. UoN said that the washing machines are not treated with a lot of care by the students and it therefore would not consider installing private/domestic machines. Refurbishment is an essential part of the tender bid.

---

<sup>1</sup> [redacted].

9. UoN said that its students mainly complain about the non-functioning of the machines and not so much about refurbishment. Refurbishment is worn down after years of usage. The machines do not break down that often.
10. UoN issues a tender every time when the contract comes to an end. A contract is usually signed for five years with an option to extend for the next three years. UoN would have issued the tender this year in any case.
11. UoN explained that struggles with small number of laundry service providers in the market and that it is very difficult to get more bids than two. UoN added that different players operate in the market for hospitality sector and would not be interested in student accommodation laundry services.

#### **Changes of service level post-merger**

12. Shortly after the merger between JLA and Washstation, UoN had a meeting with Circuit, in which JLA informed UoN about the merger and explained that there was no need to novate the contract.
13. As regards a potential change in service level post-merger, UoN said that is receiving commission payments on time now and is also getting more information about the usage of the machines. In terms of service, there is a slight improvement.