

JLA/WASHSTATION MERGER INQUIRY

Minute of Discussion with the University of Leeds on 31 May 2018 at 1pm – 2:30pm

Current managed laundry system used by the University of Leeds

1. The University of Leeds (“UoL”) explained that it has 12 student accommodation sites in total, i.e. 11 major sites and a grouping of small properties. Different accommodation sites vary in size: from a site with a small number of beds to a site with 979 beds. The small properties have individual washing machines and dryers on fixed lease, whereas the larger ones have laundry rooms (washing facilities). From the 12 accommodation sites: eight sites have managed laundry facilities provided by Circuit; three new-built facilities have leased domestic machines. The twelfth site used to have a managed laundrette system provided by Circuit, however, after major refurbishment works, they will be using leased domestic machines from September 2018.
2. UoL said that it is gradually moving away from managed laundrette systems to individual leased machines. The reasons for moving away from managed laundrette system is basically feedback from students. Key factors for students are convenience and access to machines. Under a managed laundry contract, the ratio is 1 machine per 70 students. With leased domestic machines it is 1 machine per 6-8 students. Students get free use of leased domestic machines, as the costs are recovered within the rent.
3. UoL said that it would depend on each university whether they would/could move to a ‘leased domestic machines’ model. The transition from managed laundrettes to individual leased machines will only occur on a site-by-site basis, when opportunities occur to redevelop or undertake a major refurbishment. This is also subject to the internal floor space available in communal kitchens for a washer/dryer to be installed.
4. UoL submitted that in those sites where they will be able to create some space, they will introduce leased domestic machines in the future. For example, one of the refurbished sites which is going to be finished in September 2018, will have smaller domestic machines. In terms of potential providers of these machines, UoL does not know who is going to submit bids yet, as the tender is in an early stage.
5. The smaller domestic machines were procured through the normal tender process, which was awarded to a local SME. This provision includes planned and reactive maintenance and in the event of a breakdown, down time is minimal.
6. The commission level is negotiated as a part of the tendering process. Currently, UoL has a variable rental agreement and gets a share of the generated revenue back from the provider. The unified contract for all sites also covers the commission level which is [✂].
7. As for the payment systems, students use an app. UoL stopped using coin-operated machines in 2009 due to security reasons.

Tenders for managed laundry services

8. In 1999, UoL had two providers of managed laundry services, i.e. Circuit and Stanland, each of them providing services to an equal number of sites.
9. The contact person of UoL said that he was involved in the tender processes in 2009 and 2016. In 2016, UoL went out on OJEU (ie the Official Journal of the European Union) using an Open Procedure and had [X] expressions of interest: [X]. [X] has never approached UoL.
10. The next tender for managed laundry services is planned to take place in 2023.
11. From its experience with Circuit, UoL was aware of the managed laundry providers' ability to provide online services. Back in 2009, UoL was one of the first universities involved in the pilot study for using online systems for managed laundry services. UoL trialled such an online system in one of its sites and required such a system when issuing a tender for managed laundry services. However, at that time only Circuit matched this tender specification. In 2016, [X] approached UoL and ensured that they could deliver same offering. Circuit scored higher than [X] and has been awarded the contract. The tender originally required the supplier to install new machines, however in the end, Circuit re-used the existing machines due to sustainability reasons. This may have affected the commission level that UoL is getting. The tender was awarded against the published specification and criteria, however [X].
12. The split of scoring in the tenders is [X] for quality (service delivery, tender specification, customer management, environmental sustainability and any other add-on value) and [X] for costs. In general, Circuit had a better proposition, whereas [X]. UoL also conducted financial checks of the [X] potential providers, and Circuit seemed to be more financially reliable and sustainable.
13. Under the current provision, students are estimated to use 20 washes per year. Students use the app which has 20 free washes pre-loaded and it is covered with the rent fees.
14. In terms of refurbishment, other than machines, UoL also requires vinyl flooring, some decorative services, and painting. When submitting their bids, companies provide schematics of their plans. The two shortlisted bidders provided schematics for each site and at bid clarification both brought samples of finishes etc to support their submission.
15. UoL submitted that they have not noticed any changes in the level of quality of the services after the merger between JLA and Washstation. The quality of the services (respond times; engineer services) has been fairly consistent since August 2016.