

From: Ann Pope
Senior Director, Enforcement

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Dear Head teacher, governing board, school uniform supplier,

School uniform prices

I am writing to you about the appointment of exclusive suppliers for school uniforms. There is strong evidence that this practice has increased the cost of uniforms significantly - **by as much as £5 to £10 per item** - and this is a real concern to large numbers of parents and carers across the country, who have to foot the bill. Head teachers, governing boards and school uniform suppliers are all in a position to influence the arrangements which schools put in place for the supply of uniforms to help ensure that prices are competitive and deliver good value for money.

The remainder of this letter contains more detailed information about the Competition and Markets Authority's (CMA) concerns and powers in this area. Please read it carefully and consider whether the arrangements you have in place are likely to lead to competitive prices and good quality.

Background

The beginning of another school year has brought fresh complaints from parents and carers about the price and quality of school uniforms to the attention of the CMA. These complaints question whether it is legitimate for schools to appoint exclusive school uniform suppliers or retailers and so prevent parents and carers from buying cheaper, and sometimes better quality, school uniforms from alternative outlets, such as supermarkets.

An Office of Fair Trading (OFT)¹ report in 2012 (which followed earlier work by the OFT in this area in 2006)² highlighted the problem of schools restricting the number

¹ The OFT closed on 31 March 2014 and its work and responsibilities have passed to the Competition and Markets Authority (CMA) from 1 April 2014.

² <http://webarchive.nationalarchives.gov.uk/20140402142426/http://www.oft.gov.uk/OFTwork/markets-work/othermarketswork/school-uniforms#named5>

of outlets where uniforms could be bought. The report found that where schools restricted the availability of items of uniform, prices could be as much as £5 to £10 higher per item leading to parents and carers paying more than £50m in higher costs.³

Following the 2012 report, the OFT wrote to the Head teachers of over 30,000 state primary and secondary schools in the UK to raise awareness of the issue and encourage them to review their existing school uniform arrangements. Head teachers were asked to ensure that steps were taken to end any arrangements with a single retailer or supplier and, where these arrangements were considered unavoidable, to introduce competition into the process of choosing retailers or suppliers.

Why competition amongst businesses that supply school uniforms is important

Competition benefits school uniform suppliers and retailers and their customers (schools and parents and carers). Customers benefit from lower prices, better quality goods and services, new and innovative products and greater choice. For suppliers and retailers, competition allows them to offer better deals than their rivals and win custom. This in turn drives their rivals to be more competitive.

Where suppliers and retailers enter into arrangements which restrict the ability of rivals to compete for that business competition is weakened and it can lead to higher prices, poorer quality products and services and more limited choice for their customers.

In the case of school uniforms, which can be expensive purchases - particularly for low income and large families - where there are no restrictions on the number of outlets selling their children's uniform, competition is likely to provide parents and carers with greater choice and encourage shopping around. In order to win custom, suppliers and retailers of school uniforms may be incentivised to offer the best deal possible. This in turn should bring down the prices of uniforms and improve their quality.

Potential anti-competitive arrangements and conduct

Where schools appoint uniform suppliers or retailers, they, and their uniform suppliers or retailers need to be aware that their arrangements or conduct may be scrutinised under competition law.

Problematic arrangements may include long term exclusive arrangements between schools and uniform suppliers or retailers, or where these arrangements provide

³ <http://webarchive.nationalarchives.gov.uk/20140402142426/http://www.of.gov.uk/OFTwork/markets-work/othermarketswork/school-uniforms>

uniform suppliers or retailers with a local monopoly and they abuse that position by, for instance, charging excessive prices. These types of arrangement or conduct may break competition law and could be investigated formally by the CMA, particularly where the conduct of suppliers or retailers is suspect. Businesses that are found to have broken competition law can be fined up to 10% of their annual turnover and ordered to change their behaviour.

What you need to do

The CMA welcomes the positive action that some schools, suppliers and retailers have taken in reviewing their arrangements. However competition concerns persist and there is still scope to do more to drive competition in the sale of their uniforms, bring prices down and promote better quality and choice.

The CMA is today issuing this open letter to Head teachers, governing boards, school uniform suppliers and retailers to advise them to check that their current arrangements do not break competition law. Given that assessing whether arrangements comply with competition law can be a complex business, the CMA has published a range of guidance on its website to help businesses comply with competition law, including a quick guide to competition law compliance.⁴

The Department for Education has also published school uniform guidance aimed at helping schools and local authorities make decisions on school uniforms.⁵ The guidance recommends that in setting its school uniform policy, the school and governing boards should ensure that parents are getting good value for money.

In the meantime there are specific steps you can take:

- **As a Head teacher & governing board** you need to ensure that you take on board parents' and carers' views on school uniform policy and that you prioritise providing value for money when selecting your school uniform suppliers and retailers. In addition we strongly recommend that you call for a review of your school's current uniform arrangements with any exclusive supplier or retailer with a view to ensuring that future school uniform policy looks to drive competition between suppliers and retailers, whether by appointing several outlets, or where there is a specific justification for not doing so, ensuring that the sole outlet is subject to a competitive tender on a regular basis.
- **As a school uniform supplier or retailer** if you have an exclusive arrangement, check that it and your pricing policy do not break competition law. If you are finding it difficult in getting schools to agree to you selling their uniforms because of exclusive supply arrangements please consider raising

⁴ <https://www.gov.uk/topic/competition/competition-act-cartels>

⁵ <https://www.gov.uk/government/publications/school-uniform>

any issues you have with the CMA. You can contact us on 0203 738 6000 or email a reporting form.⁶

School uniform case study

One example of how a school and its governing board successfully worked together to ensure parents were getting value for money in relation to school uniform can be found at Caldew School in Cumbria.⁷ The governing board at Caldew were determined to ensure that their school uniform was affordable and parents had a wide choice of suppliers to purchase from. The school now allows more generic school uniform items to be worn, such as shirts and trousers, and these can be purchased from many different outlets including supermarkets. The school also regularly meets with its supplier to ensure quality and affordability are maintained.

Further work by the CMA

In addition to monitoring whether school uniform arrangements or related conduct are anti-competitive and should be prioritised for enforcement action, the CMA intends to engage with the National Governors' Association and the Parent Teacher Association UK to try to galvanise the sector to bring about change and become more competitive.

We hope that this letter helps you understand how important it is for healthy competition to exist in the supply of school uniforms, so parents and carers are able to buy good quality, affordable items of school uniform from different outlets.

Yours faithfully

Ann Pope
Senior Director, Enforcement

⁶ <https://www.gov.uk/government/publications/report-anti-competitive-or-market-issues-to-the-cma>

⁷ <https://www.gov.uk/government/publications/school-uniform>