Case M-006

School Uniforms Market Study Report

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1. Executive summary

1.1 This report sets out the Jersey Competition Regulatory Authority (**the Authority**)'s findings and recommendations for the school uniforms market study. The study has been completed in line with the Terms of Reference published in December 2022[1], with work being carried out between December 2022 and March 2023.

1.2 A market study is the analysis of a market as a whole or features of a market. For this market study, the Authority considered consumer demand, the factors that may affect competition and the characteristics of supply. This allowed for an assessment of how well the market is working, and if any changes should be recommended to help improve consumer outcomes.

1.3 The Authority recognises the potential benefits of school uniforms and associated policies, e.g., identity and alleviating certain social pressures. However, realising these types of benefit need not be inconsistent with a competitive market and good consumer outcomes. The Authority's market study adopts a pragmatic approach and seeks to appropriately balance different issues.

1.4 The study findings indicate a high proportion of school wear items are branded and/or compulsory; it is not uncommon for the number of such items to be greater than 40% of the total number of listed school uniform items. This represents an additional consumer expense, when compared to fewer branded items, or non-branded (generic) school wear items.

1.5 The supply of school uniforms on-island is relatively concentrated; characterised by three main retail suppliers, with much of the market still supplied on so-called 'exclusive' terms. The interaction of school uniform polices with the characteristics of market supply is a key feature of the school uniforms market in Jersey.

1.6 Current market practice also does not appear to be adhering to previous Authority guidance in this market, e.g., the use of formal competitive tenders by schools when selecting a single supplier. Where it is economic to do so, the Authority consider it is important for schools to help ensure consumers are able to benefit from an effective competitive process.

1.7 The study sets out three recommendations designed to improve consumer outcomes in this market (see section 9 for full details). These will help to re-frame the market, improve competitive discipline, and bolster the competitive process. The recommendations are:

- Recommendation 1: Government to further consider policy developments and practice in other jurisdictions (notably the UK).
- Recommendation 2: Schools to conduct regular reviews of all contracts and supply arrangements relating to school uniforms.
- Recommendation 3: The Authority to develop more specific guidance on the design and operation of competitive tenders (for school uniforms).

1.8 Working with Government and other stakeholders, the Authority's aim is for these recommendations to be taken forward this year (2023) and given full effect for the start of the next academic year (September 2024).

[1] All case documents can be found at: https://www.jcra.je/cases/2022/m-006-school-uniforms-market-study/

2. Background

2.1 This section is split into five subsections, which cover in turn:

- The role of the Authority;
- Overview of market studies;
- Terms of reference;
- The market study process; and
- Structure of report.

The role of the Authority

2.2 The Authority is responsible for promoting competition in the supply of goods and services in Jersey, together with the economic regulation of the ports, postal and telecommunications sectors.

2.3 As an independent regulator, the Authority has ambitious aims to help shape and sustain the Island's economic future, for the benefit of Jersey consumers, citizens and businesses. These aims are captured in the Authority's Strategic Plan.[2] This plan is the guiding framework within which the Authority shapes, prioritises and delivers its annual Business Plan.

2.4 Competition law and economic regulation seek to achieve economic efficiency and sustainable competition. This allows consumers to have the benefits of fair prices, desirable goods and services and the opportunity to choose what they want to buy. This can be challenging at times in a small market, such as Jersey, given understandable economic constraints. But equally, can present opportunities to consider pragmatic approaches tailored to market needs.

Overview of market studies

2.5 A market study is a flexible tool to explore whether a market, or a feature of a market, is working well for Jersey consumers. Broadly, it considers the relationship between consumer behaviour in a market, the behaviour of businesses in that market, the market's structure and other factors relevant to the performance and/or operation of a market. By looking at these issues, the Authority can determine whether action that can encourage change will help address any actual or potential constraints to competition.

2.6 While the Authority will seek to apply a consistent approach and 'template' to each market study, a market study is not a formal competition investigation, and the Authority has wide discretion in how it frames a market study and the analytical framework it chooses to apply to any market study.

2.7 The outcomes of a market study may be one or more of the following:

- A clean bill of health for the market
- Consumer/business focused action; and/or
- Recommendations to Government/Authority.

[2] See: https://www.jcra.je/strategic-plans/strategic-plan/strategic-plan/

2.8 An important point to note is that the focus of a market study is not the actions of any specific business or firm, but rather the functioning of the market as a whole. It should be noted that, if as part of a study, evidence emerged to suggest a more formal investigation were to be required under Competition Law, the appropriate tool would be competition enforcement, not a market study. In this scenario the market study would be stopped and instead a formal investigation launched.

2.9 Further background information on market studies, including a visual guide and an overview of previously completed studies is available on the Authority website.[3]

Terms of reference

2.10 The study was carried out against published terms of reference which are included in the box below. These were set by reference to representations, public and media interest, engagement with Government, international approaches and previous Authority guidance relating to this market.

Box 1: The study terms of reference

The Authority will carry out a market study into the supply of school uniforms. The study will consider survey and other market data, and current market practice relative to previous Authority findings. It will also review UK developments and policy to help understand whether there are elements of the market which could be addressed to help improve consumer outcomes.

In particular, the study will consider:

- market structure, including consumer demand and broad market outcomes.
- the characteristics of market supply (and possible interactions with school uniform policies).
- market practice relative to previous Authority guidance; and
- relevant developments in UK policy (and statutory guidance).

Subject to the above, the study will set out recommendations intended to help improve the competitive process and consumer outcomes. Further, while the Authority recognises the wider impact of school uniform policies on both schools and pupils, the study will focus on the economic and competition aspects.

2.11 The study is a targeted review of the on-island supply of school uniforms. While the study has necessarily considered elements of the overall supply chain, it is not a full market study. Therefore, it has not, for example, encompassed a review of all the structural, behavioural, and other factors relating to market outcomes. Moreover, as set out in the terms of reference, while the Authority recognises the wider impact of school uniform policies on both schools and pupils, the study has focused on the economic and competition aspects of school uniforms.

[3] See: https://www.jcra.je/competition-and-regulation/market-studies/

The market study process

2.12 The Authority has considered school uniforms in the past, notably in 2011 when a review was carried out and Guidance was issued to schools on best practice.[4] In August 2022, the Authority received public representations on the cost of school uniforms; simultaneously, there was significant local media interest in the issue. This coincided with media attention in the UK, driven largely by the UK's new statutory guidance on school uniforms which is discussed in section 7.

2.13 Further to this interest, in September 2022, the Authority engaged with Government indicating that the Authority could support Government policy in this area, for example through a market study. In discussions it was clear that a market study would be consistent with wider Government policy intentions in this area, and not undermine or cut-across any future potential Government programmes of work. The study was also assessed against the Authority's prioritisation principles and this highlighted the benefits of a market study as:

- in the context of the current economic climate, increasing inflation and the 'cost of living', consumers are already facing additional expenditure pressures.
- school uniforms can pose a significant expense on household expenditure (particularly where there are multiple items of uniform, where items are either compulsory, or 'crested' in some way - or indeed both).
- the Authority remains keen to support Government policy; and to that end, ascertain the extent to which previous Authority guidance has been given effect.

2.14 Therefore the Authority formally announced its intention to undertake a targeted market study of school uniforms on 13 December 2022.[5] Based on the published terms of reference, the Authority has sought to gather and analyse information on the market which is presented in this document. This has been achieved using different methods, including the following:

- the use of a survey sent to all schools, this survey was completed with the help of Government officials and sought information on school uniform requirements and potential costs. In total, data was collected from 38 schools and further background detail on the survey is included in Annex 1;
- interviews with stakeholders with an interest in the market, this included the three leading on-island retail suppliers of school uniforms, JSSK, Lyndale and Redvers as well as engagement with UK based wholesale suppliers;
- high-level pricing comparisons on selected school uniform items with a supplier in the UK;
- analysis of precedent and case studies, both local and in the UK; and
- information requested from market participants.

2.15 Moreover, while Government officials have effectively managed engagement with the schools; the preliminary data findings have also been shared with the schools to help ensure accuracy,

[4] Previous Authority work on school uniforms is available at: https://www.jcra.je/cases/2010/c58010-school-uniforms/

[5] The study was launched with the release of the terms of reference, frequently asked questions document and media release. See: https://www.jcra.je/cases/2022/m-006-school-uniforms-market-study/

and to ensure full account is taken of all relevant representations. This has complemented engagement with other interested parties, for example the Jersey Consumer Council, earlier in the process to ensure wider representation and input.

2.16 The Authority would like to thank all participating stakeholders for their help and cooperation in the delivery of this market study.

Structure of the report

2.17 This report is structured as follows:

- Section 3 provides an overview of the school uniform market in Jersey, including the illustrative market size, consumer demand and Government policy and support available;
- Section 4 sets out the characteristics of market supply, considering the distribution, supply chain and interaction with school uniform policies;
- Section 5 provides a high level comparative pricing review of different items of school uniform;
- Section 6 discusses market practice relative to previous Authority Guidance issued in 2011;
- Section 7 sets out the relevant developments in the UK, including the different approaches adopted in England, Wales and Scotland;
- Section 8 sets out the Authority's key findings, drawing on the evidence set out in sections 3-7; and
- Section 9 concludes by setting out the Authority's recommendations, which aim to increase competition and benefit consumers.

2.18 The report also includes one annex, Annex 1, which provides an overview of the survey sent to schools about their school uniform policies.

3. The school uniform market in Jersey

3.1 School uniforms and school uniform policies are common practice across education both in Jersey, the UK and elsewhere. In Jersey, nearly all schools adopt a form of school uniform policy. Indeed, from the survey of 38 schools only one school did not have a uniform policy, or a specific requirement for school wear. While requirements and uniform policies tend to differ between schools on-island, school uniform is clearly a feature of Jersey schools.

3.2 This section of the report provides an overview of:

- Illustrative market size;
- Consumer demand; and
- Government policy and support available.

Illustrative market size

3.3 According to Government data[6], in 2021 there were over 14,000 pupils of all ages in all schools on-island. This number has fluctuated only a little since 2017; it has remained broadly stable over the last five years, as have the relative proportions of (Government) primary and secondary school pupils, at circa 6,600 and 5,000 respectively, with the remaining pupils attending non-provided schools.

3.4 This represents a sizeable potential market and a starting point for its analysis the Authority has sought to estimate annual expenditure on school uniforms on Jersey. In terms of specific comparative on-island school costs, or definitive estimates of annual expenditure or average costs, it is difficult to derive a concise measure from the survey and available data. Therefore, to help inform the analysis, the Authority has considered various on-island estimates (sourced from the survey data), relative to other externally available estimates of expenditure on school uniforms including those with a focus on compulsory/branded items. Data points considered include:

- Data from the UK's School Wear Association. This was also suggested to the Authority by an on-island retailer. The School Wear Association suggest that, following a survey of school uniform suppliers, the average cost of compulsory secondary school uniform and sportswear items in England in 2022 was £95.68 per pupil.[7]
- Another externally available source is a recent survey conducted by the Children's society in 2020, which estimated the annual expenditure/average cost of school uniforms in the UK to be a much higher amount, at circa £300.[8]
- Data was also available from the survey carried out by the Authority to all schools. A simple average of the on-island measure, covering both primary and secondary schools, generates an average cost of £115 for branded and compulsory items. To note, when minimum and

[6] Schools, pupils and their characteristics, Academic year 2020/2021. Government of Jersey, January 2021.
[7] See: https://schoolwearassociation.co.uk/average-cost-of-school-uniform-2022/
[8] See: https://www.childrenssociety.org.uk/sites/default/files/2020-10/the-wrong-blazer-report-2020.pdf

maximum values in the survey data are extracted from the estimation, the simple average is greater than £100.[9]

*Table 1: Illustrative average annual cost of compulsory school uniform items (per pupil)**

	School Wear Association	Children's Society report	Authority survey data (38 schools)
Estimated average annual costs	£95.68	~£300	-
(Simple) average	-	-	£115
Maximum price	-	-	£294

* Note, for simplicity, these estimates do not adjust for either VAT (UK) or GST (Jersey); correcting for either would not materially affect the estimates.

3.5 Therefore, a workable estimate of the total annual market expenditure for secondary school pupils on-island would be somewhere in the region of circa £0.7m. Assuming a similar level of expenditure in respect of primary schools would suggest an estimated total annual market expenditure on school uniforms on-island in the region of circa £1.6m.

3.6 As noted, given the different patterns of demand, assumptions and source estimates, it is difficult to accurately assess the exact level of total annual expenditure. Therefore, this estimate of total annual market expenditure, while illustrative, may be conservative and at the lower end of actual annual expenditure on school uniforms. Information obtained through engagement with on-island retail suppliers generally supports the illustrative estimate of annual expenditure.

3.7 While illustrative, the estimate of total annual expenditure on school uniforms represents a significant aggregate expense. This is reinforced when considered relative to general on-island household expenditure. For example, the most recent statistics on household expenditure (for 2014/15) indicated that weekly expenditure on clothing and footwear was circa £25; within this context, across the year, expenditure on school uniforms could be estimated to be up to 10% of weekly spend.[10]

3.8 Further, in the context of the current economic climate, increasing inflation and the 'cost of living', consumers are already facing additional expenditure pressures. As at December 2022, the All Items Retail Prices Index (**RPI**) for Jersey, which is a measure of the extent of increase in prices on an annual basis, increased by 12.7%.[11] This increase was the largest since the early 1980's.

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[9] As set out further below under consumer demand, the range in uniform costs is primarily a function of the number of compulsory and branded items, whether relating to a primary or secondary school. Further, the level of expenditure is also shown to vary by the type of school-type, although this is not a consistent trend (when considered across all the data).
[10] See: https://www.gov.je/Government/Pxages/StatesReports.aspx?ReportID=2084
[11] See: https://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=5646

3.9 While the increase in the All-Items Price Index appears to be driven primarily by price increases on items other than clothing and footwear, this category alone experienced an annual price increase - to December 2022 - of circa five percent. In the absence of more effective competition to help mitigate the effects of inflation; and, given the largely non-discretionary nature of demand for school uniforms (see below), consumers have little choice but to meet these additional costs.

Consumer demand

3.10 Consumer demand for school uniforms should be considered differently to demand for general and/or discretionary items, whether general clothing or otherwise. This is because, in most cases, demand is non-discretionary and product choice is often constrained in some way by policy, e.g., a specific colour, item or branding etc. This is illustrated on-island by the very different types of school uniform adopted and used by each primary and secondary school.

3.11 There are 42 primary and secondary schools on-island, each with a distinct uniform policy, while demand is also characterised by the bespoke nature of items (and any associated branding). Many schools, for example, differentiate by colour, and the type and number of required items (and crest). As a result, consumer choice is effectively constrained and can often only be exercised on the more generic uniform items, e.g., socks, shoes etc.[12]

3.12 Further, consumer demand is determined both by the number of items of school uniform and perhaps more significantly, by the number of 'compulsory' and/or branded items of uniform. The survey data indicates that the number of branded and/or bespoke items can be as high as 16 (including PE/sportswear). Further, it is not uncommon for the number of compulsory and branded uniform items (including PE/sportswear) to be greater than 40% of the total number of required uniform items.

3.13 The figure overleaf provides an overview of the survey data. It sets out the number of required uniform items as listed by each of the schools in the survey, and relatedly, the number of branded items. It also shows the number of items that were listed as branded and compulsory (by each school).

[12] Although in many cases, the proportion of generic items relative to the total number of items may be small, and any potential cost savings on these items could be outweighed by the cost of compulsory/ branded items of school wear.

Table 2: Overview of survey data: school uniform items (total, branded and compulsory)[13]

	Number of listed items (in uniform policy)	Number of branded items	Number of branded & compulsory items
School 1	16	10	7
School 2	20	3	2
School 3	21	15	10
School 4	20	15	13
School 5	17	8	7
School 6	21	8	6
School 7	17	1	0
School 8	17	5	4
School 9	16	8	5
School 10	14	6	4
School 11	19	12	6
School 12	11	6	2
School 13	15	5	4
School 14	0	0	0
School 15	18	5	3
School 16	17	10	7
School 17	14	7	5
School 18	13	5	5
School 19	22	16	11
School 20	13	5	5
School 21	21	4	4
School 22	18	8	5
School 23	15	10	9
School 24	13	5	5
School 25	23	11	9
School 26	18	6	4
School 27	17	7	6
School 28	19	8	8
School 29	21	9	7
School 30	17	7	4
School 31	19	3	3
School 32	14	8	2
School 33	19	6	5
School 34	14	7	6
School 35	14	11	9
School 36	12	6	6
School 37	23	13	11
School 38	21	7	6

[13] Note, the order of the schools has been randomised and numbered and they are not presented in alphabetical order.

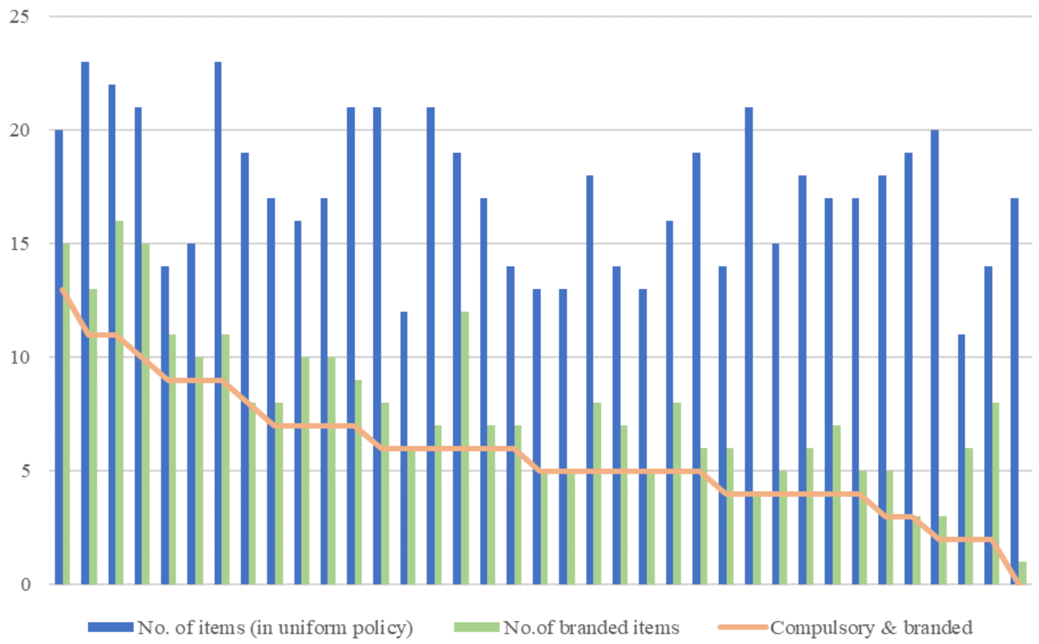
3.14 The survey data shows that all but one school have a form of policy regarding school uniforms. While the number of listed uniform items appears to vary considerably across schools, for example, from greater than 20 items down to 0, the arithmetic average number of listed items is still relatively high at 17 items. It is important to note that, in each case, the total and average number of listed items is a function of the survey responses; respondents may list certain items that could also be used or worn outside of school, e.g., shoes, trainers, socks etc.

3.15 The data indicates that the number of branded and compulsory items of uniform is relatively high. This would appear to be generally consistent with the on-island approach to school uniform policies, e.g., different colour schemes and bespoke uniform items. Again, there appears to be a relatively wide dispersion in the number of branded items required by different schools, between 0 and 16, while the average number of branded items is 8. The number of branded items required by non-government provided schools tends to be higher than those listed for government provided schools.

3.16 In terms of the 'compulsory' items, the average number of compulsory items is generally somewhat lower than the total number of listed uniform items (on average 30%), whereas the percentage of branded items considered as compulsory can be relatively high. For example, 18 of the schools require a greater number of compulsory and branded items than the estimated average, while for 12 schools, compulsory and branded items can represent greater than 40% of the total number of school uniform items.

3.17 The figure below provides a summary of the above high-level results and findings. This figure displays the same data as table 2 above, but the way the data is set out is different. Schools have been ordered by the number of compulsory and branded uniform items in their policy.

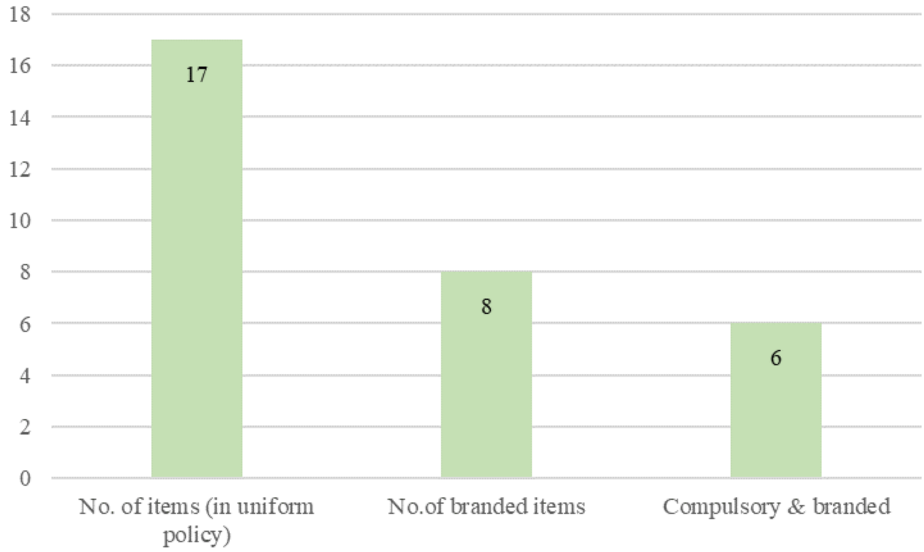
Figure 1: Illustration of school survey data, ordered by compulsory & branded item numbers



Note: The school with no uniform policy has been removed from the above analysis and chart.

3.18 The data suggests a relatively wide range of results, albeit with an underlying 'floor' on the total number of listed uniform items, which does not fall below 11. Further, for some schools, the quantity of branded items required can be higher than the total number of listed items required at some other schools. More detail on average uniform requirements is set out below in Figure 2.

Figure 2: Average uniform requirements



3.19 It seems clear that an average of 17 listed uniform items would likely represent a significant expense to consumers (irrespective of the nature of each item). Even where the number of listed uniform items is at its lowest; according to the survey data this is 11, the potential consumer expense is still likely to be significant. Similarly, when the proportion of compulsory and/or branded items is measured relative to the total number of listed items, consumers will likely incur additional cost – in some cases, potentially quite significant additional expense.

Government policy and support available

3.20 The Education (Jersey) Law 1999 (the Law) does not set out any legal requirements for school uniforms. With respect to cost, Article 24 of the Law states that the Minister may provide articles of clothing or footwear which is necessary, when the child is unable to take advantage of the education provided due to inadequacy or unsuitability of the child's clothing or footwear.

3.21 In practice support for school uniforms is treated differently between primary and secondary school:

- For primary schools, support is available from the Variety Club of Jersey. The Variety Club is a charity funded by donations and financially supports families who require help with the purchase of school uniforms for their children. According to BBC News in 2021 it helped about 200 families and expected to help a greater number in 2022 with vouchers with a total value of up to £11,000 being distributed.

- For secondary schools, support is available from a grant provided by Government. This is either accessed through a secondary schools Education Welfare Officer. In 2021 680 pupils were supported by the grant.[14]

3.22 A further avenue of support is available from schools themselves, with 90% of the schools surveyed running a second-hand uniform shop. Access to second-hand uniform items can help to mitigate the overall cost to consumers and their role is discussed further in section 6, paragraphs 6.10-6.11.

[14] See: https://www.gov.je/Education/Schools/SchoolLife/pages/schooluniform.aspx and https://www.bbc.co.uk/news/world-europe-jersey-62645073

4. Characteristics of market supply

4.1 This section of the report addresses the supply-side of the market for school uniforms in Jersey. It provides a brief description of the structure of the supply-side of market, and how it has evolved. It also sets out observations on how the supply-side of the market necessarily interacts with schools' uniform policies.

Distribution of supply

4.2 The retail supply of school uniforms arguably reflects the characteristics of an on-island small economy and market. The data illustrates that the retail supply – of branded and bespoke – school wear is relatively concentrated[15], with essentially three main retail suppliers of branded (and generic) school uniform items: JSSK, Lyndale and Redvers. While there are also other retail suppliers, based on the available data and survey responses, the Authority estimates that the three main retail suppliers effectively supply up to 90% of all branded school wear on-island.

4.3 Each of the three main retail suppliers has been an established provider of school wear for some years, and all were in operation at the time of the Authority's previous review of this market (in 2011). In discussion with key stakeholders and suppliers, the Authority was informed that the market has evolved and changed via different means. For example, one supplier choosing to develop a greater presence in the school wear market in response to a reduction in other commercial channels. And, how another supplier's business has effectively grown as a result of being directly approached by schools (and taking on that school's existing stock).

4.4 There have also been some changes in the structure of the market since the Authority's previous review; some of the main retail suppliers have continued to grow their operations and school uniform shops now have a less prominent role in supply. The overarching theme appears to be consolidation in the market for the supply of - branded – school wear. For example, two of the main retail suppliers have significantly increased their share of supply – on 'exclusive' terms - since the previous review. To note, changes and growth in market share and are not inconsistent with a competitive process, and this may be a feature of general market conditions and competitive behaviour between suppliers.

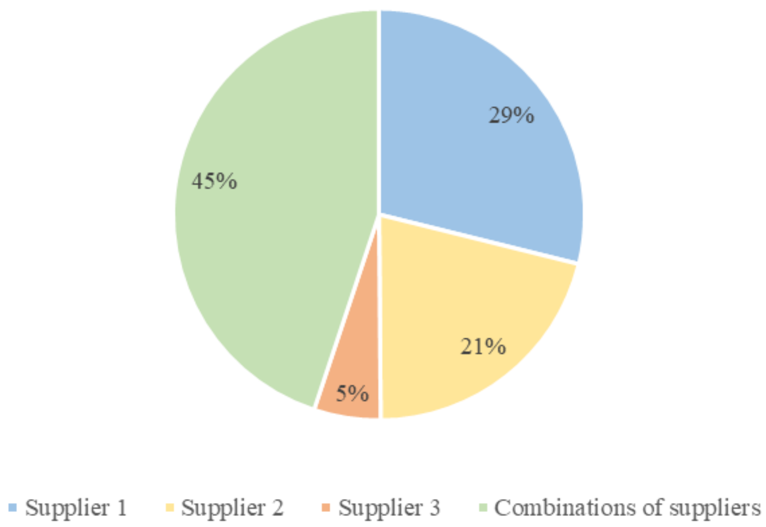
4.5 The survey data also serves to illustrate the relatively concentrated nature of supply. Figure 3 below sets out an estimate of the current distribution of supply. This shows that more than 50% of the schools surveyed are supplied on so-called 'exclusive' terms, that is, by a single on-island retail supplier. This observation is consistent with the Authority's previous review in 2011, which stated that "*more than half of all schools in Jersey continue to rely on a single retailer to supply bespoke school uniform items to parents and carers.*"

4.6 The figure also provides an estimate of the relative share of the distribution of supply (applying to each of the three main retail suppliers). The same retail suppliers also operate in the portion of the market that is not supplied (by them) on 'exclusive' terms. Therefore, approximately 45%

[15] This term is used descriptively as opposed to it being representative of a specific measure or estimate of market concentration.

- 55% of the distribution of supply is also 'shared' between the three main retail and other - albeit marginal - suppliers.

Figure 3: Distribution of supply and indicative market share (based on schools surveyed)



4.7 The Authority notes that, in its previous analysis and findings, a key concern related to 'exclusive' supply arrangements, whereby a single supplier was being used by multiple schools. This still appears to be a strong feature of the school uniform market in Jersey. While 'exclusive' supply arrangements can sometimes hinder the competitive process and competitive outcomes, particularly given the duration of some of the arrangements, the Authority considers that the economic fundamentals may sometimes lend themselves to a single-supplier model. This important issue is discussed in further detail in both Section 5 and 6.

Overview of the supply chain

4.8 The structure of the (immediate) supply chain for school uniforms is relatively straightforward. Based on discussion with the retail suppliers, it would appear also that (wholesale) supply has tended to consolidate to a small number of UK wholesale suppliers, e.g., David Luke, Banner, William Turner and Trutex. It is understood that all the main on-island retail suppliers use the same wholesale suppliers, and that consolidation in wholesale supply would appear to have emerged largely for reasons of certainty and business continuity, as well as product quality.[16]

4.9 While the retail supply of uniforms in the UK also involves certain or 'designated' retail suppliers; whereby a retailer is recommended or 'designated' by schools[17], it is clearly less concentrated than on-island. There is, by definition, a far greater number of pupils, schools and potential retail suppliers in the UK. School uniform shops often play a key role in the supply-chain, and the role of school shops is discussed in more detail below.

[16] The Authority also assumes that (wholesale) cost will be a key consideration in retailers' procurement activities, e.g, scale and scope economies.

[17] The term 'designated' is used in the Office of Fair Trading (OFT) report: OFT, Supply of school uniforms review, Report of GfK NOP findings, September 2006.

4.10 The proportion of specialist or so-called 'designated' school uniform retailers may also reduce with the continued growth in online purchasing, although the Authority notes that on-island the proportion of online supply remains relatively small. One of the main on-island retail suppliers does not operate an online channel (with no intention to establish one), while the other retail suppliers indicated that online sales tended to be 5% – 6.5% of all sales (with differing views as to the future proportion of online sales).

Interaction with school uniform policies

4.11 The Authority recognises the value in schools adopting a form of uniform policy, not least, in relation to identity and a sense of community. School uniforms may also reduce the administrative burden on both parents and children, as well as other social and peer related pressures.

4.12 Stakeholders and suppliers were also keen to emphasise the wider benefits and social aspects of school uniform policies, and Box 2 below provides a short summary of stakeholder observations and comments on this matter.

Box 2: Outline of stakeholder comments on the benefit of school uniform policies

- Creates cohesion

  With school uniform, all children wear the same clothing and this helps to level the playing field. Removing any preconceived ideas about what to wear, allowing for greater group cohesion and commonality.

- Reduces the potential for bullying

  School uniforms can help to reduce the potential for bullying by making all children wear the same clothes, avoiding the potential for divisions and disparities. For example, socioeconomic differences between children will not be as obvious as they might be if a child were to wear the same non-uniform clothes every day.

- Alleviates peer pressure

  As every pupil is essentially wearing the same thing, there is a reduced level of peer pressure to wear certain fashion styles or purchase specific clothes brands. This makes it possible for pupils to build more solid relationships with their peers.

- Increases pupil safety

  School uniforms help teachers identify who is a pupil and who isn't, even from a distance, helping keep pupils safe. For example, on school trips, uniforms are easier to spot and keep track of among large crowds.

- Easier economics and administration (for parents and guardians)

  School uniforms help ensure children dress appropriately, in clothes suited to a day of learning and help streamline any morning routine. A consistent uniform can also help ensure that the uniform can be purchased straightforwardly.

4.13 The ability to realise and capture these wider benefits and values should not, however, be inconsistent with the competitive provision of school uniforms (to the economic benefit of all islanders). In short, the Authority does not consider that there is a trade-off between competitive market outcomes and the ability of school children to also capture the wider benefit from a school uniform.[18]

4.14 It is understood that it is not a matter for the Authority to advise schools as to the design or requirements of school uniforms. However, to the extent these designs, requirements and other matters may result in higher consumer costs, and these higher costs are the result of the interaction between school uniform policies and competition policy, it is a matter for consideration by the Authority.

4.15 School uniform policies on-island do interact with competition policy, for example, demand for school uniform is effectively non-discretionary and product choice can be artificially constrained in some way by school uniform policies, e.g., specific colours, items and/or branding. It is intuitive that a significant number of compulsory and/or branded uniform items can add to consumers' expense. Moreover, where uniform items are supplied on 'exclusive' terms, particularly over a long period, there may also be a concern that competitive incentives - to reduce prices etc. - are materially weakened.

4.16 It seems clear that school uniform polices and their implementation can have a bearing on market behaviour and consumer outcomes. Therefore, the Authority's analysis must take some account of schools' approach to uniform policies, and ensure these polices help to support, and not hinder, competitive market outcomes.

[18] The Authority has not considered in detail the prospective need and benefit of gender-neutral uniforms, but recognises both the importance, and the key role of schools and Government in that regard.

5. Pricing and high-level comparative review

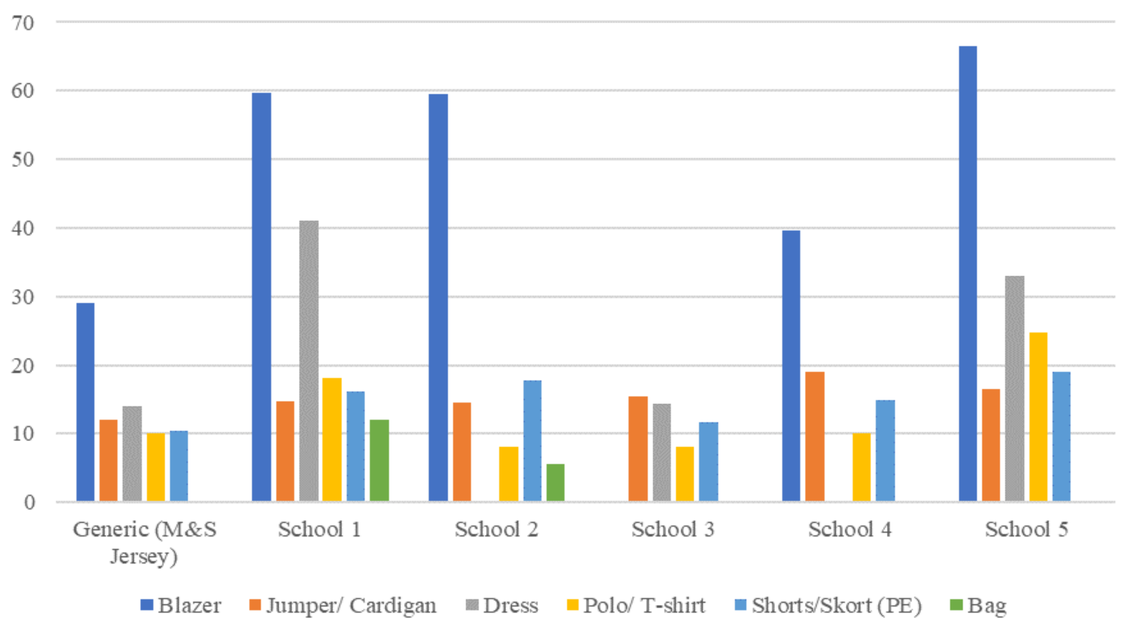
5.1 To support the study, the Authority has carried out high-level pricing analysis and price comparisons. These are intended to facilitate an understanding of pricing and related factors within the context of the competitive process, the school uniform market and market outcomes in England. England has been chosen as the comparator as it now has firm Statutory guidance on school uniforms and provided a readily accessible source of data on pricing.

5.2 As discussed in Section 3, it is often difficult to derive a concise and accurate measure for each relevant variable or price. A definitive comparison of a particular item would require assessment of “like-for-like” (the same size, fabric, configuration etc.), and might also take account of other factors affecting the price, e.g., cost of supply, labour rates, procurement volumes etc. Nevertheless, high-level comparisons can still provide very useful insights on the conditions of competition and operation of the market.

5.3 Figure 4 below utilises the survey data to construct a table of representative school wear items, e.g., blazer and skirt/dress etc., for a cross-selection of schools included in the survey. This cross-selection is also representative of the different types of school on-island, and a mix of primary and secondary schools.

5.4 The price for each item used in the comparison, and for each of the schools selected, is effectively the lowest stated price available at either Supplier 1 or Supplier 2. The prices of these branded items supplied through either Supplier 1 or Supplier 2 is then compared to the price of the same item, albeit generic and non-branded, available at a leading household brand school wear supplier – M&S Jersey. These estimates do not adjust for either VAT (UK) or GST (Jersey); correcting for either would not materially affect the estimates.

Figure 4: Illustrative price comparison of school uniform items[19]

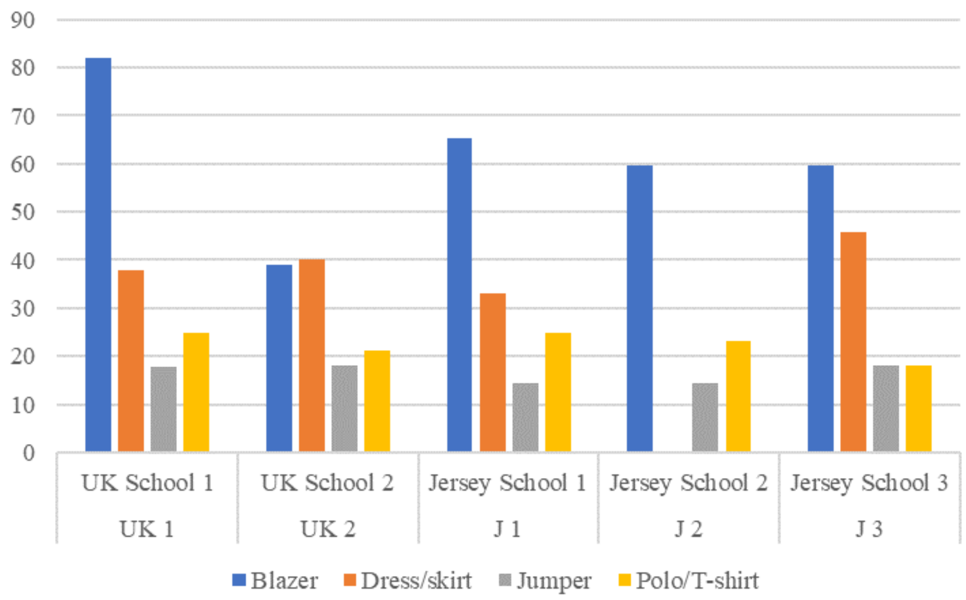


[19] Note, the numbering of Schools in this section is separate to the numbering in Table 2.

5.5 It is perhaps unsurprising that, in most cases, the price of a branded item of school wear supplied by one of the 3 main retail suppliers on-island, is greater than the price of the same generic (non-branded) item obtained through an alternative main supplier. In some cases, the prices for certain items are not materially higher, however, for others, the price of a branded item can be more than 100% higher than the price for the same generic (non-branded) item. The greatest difference in prices would appear to relate to blazers and other main items of school wear.

5.6 The survey data suggests that prices of certain branded items might also relate to the type of school (and more 'bespoke' uniform requirements). Therefore, the Authority has also sought to compare the on-island prices for branded items, as supplied by Supplier 1, Supplier 2 and others with equivalent items supplied to similar types of schools in the UK.[20] The sample is necessarily small, and again takes a condensed sample of school wear items. Figure 5 below illustrates the high-level results.

Figure 5: Illustrative price comparison of school uniform items (relative to the UK)



5.7 In this high-level comparison the price differences are variable, that is, for some items and schools, the price in the UK would appear to be somewhat higher. In other cases, the UK price for certain items is materially lower than in Jersey. Absent a full review of prices on a significantly larger sample of items (and schools) it is of course difficult to determine a precise price comparison. The Authority notes also that the supply of school uniforms in the UK is subject to ongoing review, and the UK prices for school wear – used in this comparative review - may already be considered relatively high.

5.8 As outlined in Section 4, one of the primary areas of concern for the Authority previously (in 2011), and currently, relates to the prevalence of 'exclusive' supply arrangements. Competition may be restricted by 'exclusive' supply contracts (market entry is less likely and prices may be

[20] Stevenson's (web site), Hampshire UK private schools, week commencing 23 Jan 2023.

higher etc.), and it has been established that a significant proportion of the market for uniforms in Jersey is accounted for by single supplier ‘exclusive’ arrangements.

5.9 However, the high-level analysis of price differentials, as between ‘exclusive’ supply and ‘non-exclusive’ supply arrangements, is not conclusive. This is based on a limited and small sample of the available pricing data. Absent underlying cost data, more relative prices and other information, it is difficult to determine whether ‘exclusive’ supply arrangements are giving rise to consumer detriment.

6. Market practice relative to previous Authority guidance

6.1 The survey that was sent to all schools was also used to gain further insight and data on the operation of the market from the perspective of schools and consumers. In particular, the Authority was keen to understand and assess its previous competition guidance in the context of current market practice. Broadly, the Authority's previous guidance for this market encouraged schools to:

- Ensure that school uniforms are available from several retailers;
- Where the use of multiple retailers was not possible, schools were encouraged to engage in (competitive) tender processes when selecting retailers; and
- When reviewing uniform policies, schools should consider whether items of uniform need to be bespoke (crests, logos etc.). Support was also noted for schools to provide their own sources of uniform supply i.e. through second hand shops.

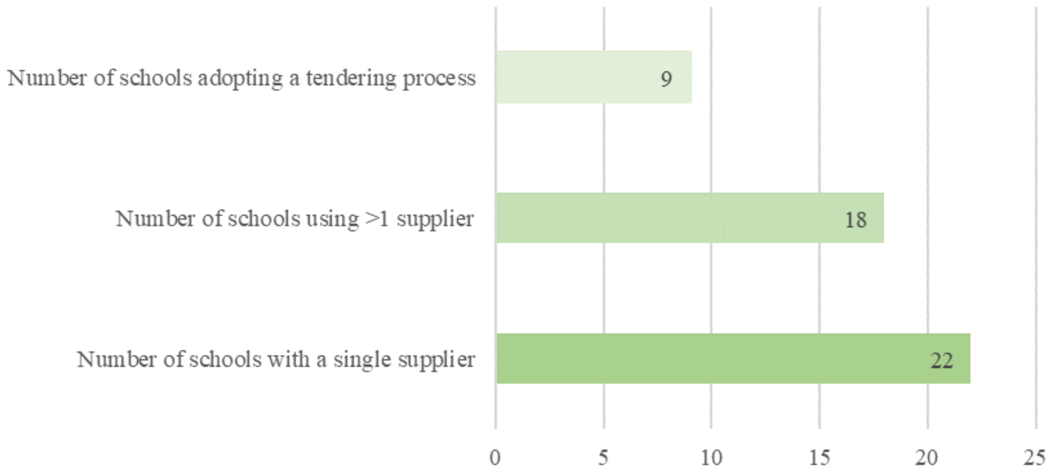
6.2 The Authority's analysis indicates that over 50% of respondents to the survey used a single supplier - 18 schools referenced being supplied by more than one supplier. Where schools indicated in their survey response that they were supplied by more than one supplier, in the vast majority of cases, it was just two suppliers (and these appeared to be the same source across each of those schools referencing more than one supplier). In short, just two retail suppliers serve approximately 45% - 55% of the market.

6.3 In terms of the Authority's earlier guidance on competitive tender processes, that data suggests that there has been some adoption of tender processes when selecting suppliers. However, only 24% of the schools using a single supplier engaged in some form of competitive tendering for supply. Relatedly, in several of the single supplier cases, tenders were last conducted four or more years ago, with one respondent indicating that it last carried out a tender process in 2013. Some of the respondents' replies on this issue were unclear, in that information on this issue was either not supplied or marked as unknown.

6.4 Discussions with stakeholders and suppliers around tenders, largely confirmed the data points obtained through the survey. One of the main retail suppliers referenced participating in a single tender process within the last five years, whereas another supplier indicated that they had participated in the same tender, as well as an additional tender process for a different school, also in the last five years.

6.5 Using the information obtained through survey, Figure 6 below provides an overview of the number of tenders in the context of current supply arrangements. The information concerning tenders - obtained through the survey - is broadly consistent with information sourced directly from stakeholders.

Figure 6: Overview of tenders and current supply arrangements



6.6 The Authority recognises that in some circumstances it may not always be economic to take supply from more than one supplier, e.g., in the context of specific or limited sizes, or generally smaller total volumes of potential orders. However, where supply is already relatively concentrated (see discussion in Section 4), a regular competitive tender process can help to ensure that - where a single supplier is to be appointed – schools and consumers are nonetheless benefitting from competitive outcomes in the form of lower prices, service and product quality.

6.7 It is clear from the data that a measurable proportion of schools do use multiple suppliers, albeit in most cases no more than two. Accepting that schools will vary in the number of pupils and types of uniform requirement, the data does indicate that there is at least scope for more schools to consider sourcing uniforms from multiple suppliers. Moreover, given the estimated (simple) average number of uniform items, and those generally listed as branded/compulsory, there would seem to be sufficient volume at most of the schools surveyed to support a multiple supplier approach.

6.8 In terms of competitive tenders, the Authority recognises the likely administrative requirements posed by regular competitive tender processes, and therefore, understands that such processes may only be taken forward by schools where the volume of uniform items (and the proportion of pupils required to wear those items) is considered sufficient. For example, where the number of branded and compulsory items is few, and/or the items are to be worn by a small number of pupils, it is understood that a regular competitive tender process may not be proportionate.

6.9 The Authority's previous guidance (2011) also referred to school uniform shops (as operated by schools as opposed to specialist retailers), noting that, "*where appropriate, schools should provide their own sources of uniform supply*". Further stating that, "*where schools do not currently operate uniform shops or do not currently supply badges/patches, we would strongly recommend that head teachers consult with PTAs to ascertain whether there is demand among parents for those products and services.*"

6.10 While the Authority's previous guidance sought to address both new and second-hand uniform supply, reflecting circumstances and analysis at the time, it is nonetheless encouraging to note that 90% of the schools surveyed indicated that they now operate a second-hand uniform shop. Even though arrangements for second-hand uniforms appear to vary across each of the school uniform shops, e.g., in scale and approach, the Authority considers that access to second-hand uniform items can help to mitigate the overall cost to consumers.

6.11 Further, to the extent there is a second-hand 'market' for goods; in this case school wear items, this can sometimes help constrain retail prices to consumers. This is of course dependent on a number of factors, not least, the scale of the second-hand market and substitutability of the items. The analysis indicates that, while second-hand uniform shops and facilities are a feature of the market, it is not clear that this results in additional competitive pressure on new prices and retail services.

7. Relevant developments in UK policy

7.1 There have been significant developments in UK policy since the issue of school uniforms was first examined by the Office of Fair Trading (OFT) in 2006. This initial review was driven by complaints from parents and carers for many years about the price and quality of school uniforms.[21]

7.2 Since then, the UK Competition and Markets Authority (CMA), the successor body to the OFT, has undertaken further work on school uniforms.[22] For example in 2015 it wrote to 30,000 headteachers, school governing boards as well as school uniform suppliers in England to remind them about their obligations to parents and carers under Competition Law. Alongside this in 2015, HM Treasury set out plans to put best practice procurement approaches to school uniforms on a statutory basis. This noted:

"The government wants to ensure that effective competition is used to drive better value for money and will therefore put existing best practice guidance for school uniform supply in England on a statutory footing. This will ensure that schools deliver the best value for parents by avoiding exclusivity arrangements unless regular competitions for suppliers are run."[23]

7.3 Guidance having statutory footing, means that schools and their governing boards must have regard to it when developing and implementing their uniform policies. The Guidance itself was not introduced until November 2021 and its release followed further representation from the CMA in 2019. A summary of the Guidance for schools in England is set out in Box 3.

Box 3: Summary of Statutory Guidance in England on school uniforms[24]

- Schools need to ensure that their uniform is affordable.
- In considering cost, schools will need to think about the total cost of school uniforms, taking account of all items of uniform or clothing parents will need to provide while their child is at the school.
- Schools should keep the use of branded items to a minimum.
- A school's uniform policy should be published on the school's website, be available for all parents, including parents of prospective pupils, and be easily understood.
- Schools should ensure that their uniform supplier arrangements give the highest priority to cost and value for money (including the quality and durability of the garment).
- Single supplier contracts should be avoided unless regular tendering competitions are run where more than one supplier can compete for the contract and where the best value for money is secured. This contract should be retendered at least every 5 years.

[21] https://webarchive.nationalarchives.gov.uk/ukgwa/20140402181611/http://www.oft.gov.uk/OFTwork/markets-work/othermarketswork/school-uniforms#named5

[22] An overview of the CMA's work on school uniforms can be found at: https://www.gov.uk/government/collections/school-uniforms

[23] See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/480797/a_better_deal_for_families_and_firms_print.pdf

[24] See: https://www.gov.uk/government/publications/cost-of-school-uniforms/cost-of-school-uniforms

- Schools should ensure that second-hand uniforms are available for parents to acquire. Information on second-hand uniforms should be clear for parents of current and prospective pupils and published on the school's website.
- Schools should engage with parents and pupils when they are developing their school uniform policy.

7.4 Similar policy initiatives on school uniforms have been taken and adopted in both Wales and Scotland. In Wales for example, in addition to existing Statutory guidance on school uniforms,[25] the Welsh Government has consulted further on whether schools should have no logo or use iron-on logos (free of charge).[26] This is designed to help reduce the financial burden on families.

7.5 In Scotland, the Government consulted in May 2022 on updating their school uniform guidance, again a key driver for the work being the need to reduce the financial burden on families.[27]

7.6 It is clear from the research and the ongoing policy activity in other jurisdictions that the cost of school uniforms represents a significant policy issue, and an ongoing concern to both consumers and those institutions tasked with ensuring consumers' interest are protected. It is also recognised, however, that policy measures will vary across jurisdictions, reflecting the different market characteristics and other factors.

7.7 Therefore, some of the policy measures adopted in these other jurisdictions may not be proportionate or appropriate to the Jersey market. For example, it may be considered disproportionate to adopt a policy similar to that which has been consulted on in Wales, e.g., with no logoed school items and/or limiting the number of school branded items to one item.

[25] See: https://www.gov.wales/school-uniform-and-appearance-policy-guidance-governing-bodies-html
[26] The Consultation closed on 28 November 2022 and details of the outcome are not yet available, see: https://www.gov.wales/changes-statutory-guidance-school-uniform-and-appearance-policies
[27] The Consultation closed on 14 October 2022 and details of the outcome are not yet available, see: https://consult.gov.scot/learning-directorate/school-uniforms-statutory-guidance-scotland/

8. The Authority's key findings

8.1 In this section, the different strands of the analyses are brought together to provide the Authority's overall key findings with respect to the school uniform market. The findings are broadly in line with the Authority's previous analysis and guidance, and with the findings of the CMA in the UK.

Key finding 1: Demand for school uniforms represents a sizeable potential market

8.2 Section 2 of the report sets out estimates of the size of the market for school uniforms in Jersey. While the Authority's estimates are necessarily illustrative, they provide a clear indication of the likely size and turnover of the on-island school uniform market - it is not insignificant. The high-level estimates suggest that the total turnover in the market, when taking account of all school uniform items, may be greater than £1.6m.

8.3 Consumer and household expenditure on school uniforms will tend to vary across schools and by other key factors, not least, number of children. In any event, and particularly in the current economic climate, expenditure on school uniforms is likely to represent a notable cost for most families in Jersey.

Key finding 2: Supply of school uniforms remains relatively concentrated

8.4 Since the Authority's previous guidance in 2010/11, there appears to have been little structural change in the market for the supply of school uniforms. The market remains relatively concentrated, with three main retail suppliers serving over 90% of demand for all branded school wear on-island. Moreover, the market is still characterised by 'exclusive' supply arrangements, to the extent that circa 50% of all demand is met through such contracts and arrangements.

8.5 High-level price comparisons, as between generic/non-branded and branded uniform items, shows that consumers pay considerably more for branded items of school wear; in some cases, well over 50% more (for branded items relative to an unbranded/generic item). The Authority's high-level analysis of comparable UK items and prices, and the price levels under 'exclusive' supply arrangements, are less conclusive.

Key finding 3: For a number of schools the proportion of branded and compulsory uniform items appears high

8.6 It is intuitive that there is correlation between the volume of branded and compulsory items and consumer expenditure on school uniforms. The survey data reveals that the percentage of branded items considered as compulsory can be very high. For example, over 45% of the schools surveyed required a greater number of compulsory and branded items than the arithmetic average (over all schools). Indeed, the analysis suggests that the number of compulsory and branded items can reach 60% of the total number of listed items for the same school.

8.7 The Authority notes the potential wider benefits and value arising from school uniform policies. However, the direction of school uniform policy in other jurisdictions is tending toward fewer branded, logoed, and compulsory school uniform items. Consumer expenditure on school uniforms could be materially reduced simply by means of a reduction in the proportion of branded and compulsory items.

Key finding 4: Current market practice does not appear to align with previous Authority guidance

8.8 Previous Authority guidance for this market noted the 'exclusive' supply arrangements, and in these circumstances, advocated the use of competitive tenders: "*where it is undesirable for school uniforms to be available from multiple retailers, schools should engage in rigorous tender processes when selecting retailers*". However, this study indicates that there have been very few competitive tenders over the last five to ten years, despite further market consolidation and more 'exclusive' supply arrangements.

8.9 The Authority accepts that economic fundamentals may determine the feasibility of a school undertaking a tender, or a supplier's potential participation in any tender. However, given the scale of the Jersey market, the extent of consumer expenditure and the scope of many schools within the market, the Authority considers more could be achieved in respect of competitive tenders.

9. The Authority's recommendations

9.1 The recommendations from the study aim to increase competition and benefit consumers. They are set out in the figure below, alongside supporting rationale. Consistent with the Jersey market study framework, the recommendations are for the consideration of Government, schools and the Authority itself.

Table 3 – Overview of the Authority's recommendations

Recommendation	Description and rationale
Recommendation 1: Government to further consider policy developments and practice in other jurisdictions (notably the UK).	Government is advised to consider issuing guidance to all schools on uniform policy, to include: • Measures designed to reduce the number of branded and compulsory school wear items; and • To ensure schools take full account of prospective consumer costs when developing uniform policy. This is consistent with practice elsewhere and reflects the finding that for a number of schools the proportion of branded and compulsory items remains high. Reducing the number of branded and/or compulsory items will reduce the level of (non-discretionary) demand, and thereby, the annual cost to consumers. This will effectively shift the 'cost curve' down and help to improve overall consumer welfare.
Recommendation 2: Schools to conduct regular reviews of all contracts and supply arrangements relating to school uniforms.	Schools are advised to adopt a more rigorous and formal approach to all school uniform supply arrangements and any related contracts, to include: • Continuing engagement with parents, guardians and pupils to ensure uniform policy reflects their interest (in their capacity as consumers); • Regular and scheduled contract and supply reviews (with all suppliers), not less than every five years; and • Ensure all contract engagements (and contract awards) follow a structured process (consistent also with any forthcoming Government guidance on school uniform polices). This is aligned with the findings on limited tendering activity in the market, and the market for supply remains concentrated.
Recommendation 3: The Authority to work with Government on developing more specific guidance on the design and operation of competitive tenders (for school uniforms).	In consultation with the Government department for Children, Young People, Education and Skills, the Authority will support the development of additional guidance concerning the design, general approach to, and operation of competitive tenders (for school uniforms). Additional guidance will help embed recommendation 2 and support schools when considering their approach to future tenders for school uniform providers.

9.2 If these recommendations are implemented, the Authority expects to see a number of positive impacts for consumers and competition in Jersey:

- Government guidance on school uniform policy will help to re-frame the market and reduce some of the (non-discretionary) demand for bespoke, branded, and compulsory school wear items. Subject to ongoing pricing developments and other matters, this will reduce the annual average cost to consumers.

- By schools adopting a more structured approach to supply arrangements, and in better alignment with the consumers' interest (and any Government policy), this will help improve the competitive discipline on suppliers to continually improve pricing, service and quality etc.
- Competition for the market will also be improved and help to deliver better consumer outcomes. Where appropriate and proportionate, the effective design and implementation of competitive tenders will further bolster the competitive process (to the benefit of Jersey consumers).

9.3 The Authority recognises the seasonal and cyclical nature of the school uniform market; any proposed recommendations must also take account of this issue for both administrative and commercial reasons. For example, it is understood that suppliers may already be processing orders, acquiring stock and incurring costs in preparation for the next academic year (September 2023). Further, from an administrative perspective, schools must be given sufficient time to plan and implement any proposed recommendations.

9.4 Therefore, the Authority would encourage Government and schools to progress the Authority's recommendations with a view to implementing new measures and policies toward the end of this calendar year (2023). This would help ease any additional administrative burden and provide suppliers with advance notice of any policy changes, to be given effect for the academic year starting in September 2024.

Annex 1: School uniform survey sent to schools

The survey below was sent out to all schools in Jersey by Government Officials and has been used by the Authority as a key data source to inform the market study. The survey was completed in the Autumn of 2022 and had two parts:

- Part 1 covered key information on the school uniform policy, including information on uniform suppliers, the relevant tendering process (if appropriate), details on school second-hand shops .etc.
- Part 2 was more specific and split between school uniform and physical education items. Its aim was to secure information on an item by item basis, with a focus on securing price information where items were both branded and compulsory.

The Authority would like to thank both the schools which provided the information and the Government Officials who helped circulate and collate the results of the questionnaire.

Part 1: Key information on school uniforms

School:	
Number of uniform suppliers:	
Name/s of uniform suppliers:	
Is single supplier, when was the contract last tendered?	
If single supplier, how long is the contract for?	
Is the school uniform policy published on the school website?	
If yes, please provide link:	
Does the school have a second hand uniform shop or similar? If yes, please provide details	
Does the school ensure uniform is not listed as gender specific?	
Any other comments on school uniform:	

Part 2: Specific school uniform information

Please populate the tables, split between school uniform items and PE kit/school sports clothing. For each item please identify if it is included in the uniform policy. If it is, please identify whether it is a generic or branded item and whether it is compulsory or optional. Where an item is included in the uniform policy and is both branded and compulsory, please provide price information.

School uniform item	Item included in uniform policy	Generic or branded item (logoed/specific colour .etc.)?	Compulsory or optional	Supplier 1 (name)	Price (£)	Supplier 2 (name)	Price (£)
Bag							
Blazer							
Bookbag							
Cardigan							
Dress							
Hat/cap							
Jumper							
Pinafore							
Scarf							
Shirt/blouse							
Shorts							
Skirt/kilt							
Specific type of coat							
Specific type of shoes							
Specific type of socks							
Sweatshirt							
Tie							
Trousers							
Other item - not listed, please add							
….							

PE kit/school sports clothing	Item included in uniform policy	Generic or branded item (logoed/specific colour .etc.)?	Compulsory or optional	Supplier 1 (name)	Price (£)	Supplier 2 (name)	Price (£)
Fleece							
Shorts							
Specific type of shoes							
Specific type of socks							
Tracksuit							
T-shirt							
Other item - not listed, please add							
…							