



| Textile Services Association

# Workwear Code of Clarity

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## THE TSA

**The Textile Services Association (TSA) is the trade association for the commercial laundry industry, representing the leading providers of workwear rental services in the United Kingdom. The Code of Clarity replaces the TSA Workwear Charter but subscribes to the Charter principles.**

### WORKWEAR RENTAL

Business requires workwear to clothe its employees. Workwear can protect a wearer from the working environment (dirt, chemicals, cold, fire, static), protect a manufactured product from the worker (food, healthcare, cleanroom), provide a corporate image, and form an essential component of the wearer's PPE (Personal Protective Equipment). Workwear can be supplied through a variety of channels one of which is rental from a workwear laundry.

Workwear rental is a cost-effective solution to managing a company's workwear supply requirements. Whilst a company's product and service requirements will vary, a workwear contract can typically provide the following benefits:

- No capital outlay
- Professional laundering of the workwear
- Repair service
- Distribution from the laundry to the customer
- Distribution within a customer's site to point of use
- Measurement of staff to ensure correct garment sizing
- Rapid issue of standard garments
- Personalisation of garments through application of logos and name badges etc
- Tracking of individual garment movements to provide management information to ensure that the garment stock is optimally used
- Compliance with regulatory requirements (thermal disinfection, decontamination, health & safety etc)

Not surprisingly, workwear rental has been extremely popular, and has grown with the general workwear market. There are now a number of workwear rental suppliers providing competitive and high quality services. But some customers are reluctant to enter into a workwear contract because of the perception that the contract will be complicated, and expensive to change or terminate should the company's requirements change.



## PURPOSE OF THE CODE

The purpose of this code is to outline a set of fair contract principles. The over-riding principle is that by entering into a workwear rental agreement you are effectively entering a joint venture arrangement with the workwear supplier. Both parties will have obligations during the term of the agreement, and the interests of both must be fairly and openly stated. The principles will clearly identify what charges will be levied on contract termination and will give the customer confidence that these charges are fair. The principles will ensure that the workwear rental contract is transparent and that any charge to be made is explicitly stated.

The industry often operates a 'rolling contract'. Garments are rented, and each garment is depreciated from start value at its date of issue to zero over the depreciation period. If a customer signs a rental contract, and no additional garments are added to the contract at a later date, then the residual value of all garments on rental will fall to zero at the end of the agreed depreciation period. At any time after this, and subject to the notice period, the customer can cancel the contract and have no residual charges to pay. However, in most situations, a customer will require new garment for newly hired staff, and old garments will be replaced with new ones as they become unfit for purpose. These newly introduced garments each start depreciation from the point at which they are issued, and so for the garment stock as a whole a zero residual value is not normally reached. It is therefore important that the customer fully understands the methodology used to calculate residual values and can see that the charges are fair. Residual value charges must be present to allow the renter to recover the capital investment in the garments specifically made for the customer. The code principles ensures that these issues are clearly expressed in the contract and that they are therefore fully discussed and agreed prior to contract signature.

The code principles are not legal clauses. Each workwear rental supplier will have its own contract and contract terms. The TSA encourages all its members to apply to the terms of the code but it is a voluntary arrangement.



## THE CODE OF CLARITY PRINCIPLES

1. Every garment rented under the contract will be issued to the customer at a starting value. The starting value for each garment style should be explicitly stated in the contract documents. The starting value is normally calculated as the cost price of the garment to the workwear supplier marked, up by a set percentage (the added value percentage) to cover the supplier's costs of putting the garment into service with the customer. An allowable alternative to stating the starting value is to explicitly state in the contract both the cost price and the mark up percentage of each garment style.
2. Every garment entering service with a customer will be depreciated straight line from the starting value to zero over the depreciation period. The depreciation period will be explicitly stated in the contract. The depreciation will commence at the date that the garment enters service. The undepreciated value in a garment is known as the residual value.
3. The workwear supplier should be able to supply, for each garment style, the residual value at periods (usually weekly or monthly) from the date of issue of the garment to the end of the depreciation period and an illustration of any other contract termination costs which could be incurred.
4. If a garment is removed from service at a customer before it is fully depreciated, the workwear supplier will normally charge the customer the residual value of the garment. This is because the workwear supplier has made a financial investment in bringing the garment into service at a customer, and the residual value charge is purely to protect the investment made by the supplier on behalf of the customer. Reasons for garment removal which would trigger a residual value charge may include the following:
  - Damage to the garment by the customer. A new garment would normally be issued to replace the scrapped garment
  - Return of a garment that is no longer required by the customer (for example when a wearer leaves)
  - Loss of the garment
  - Contract termination
  - If deemed unfit for purpose by the supplier and beyond economic repair
5. If the workwear supplier rents a garment that will not withstand the rigors of normal industrial laundering by that supplier, or normal fair wear and tear by the customer in an environment and in an application which has been explicitly specified by the customer then replacement of scrapped garments should not trigger a residual value charge provided that the customer has taken all reasonable steps to alert the supplier of any foreseeable hazards in the application of the workwear and any relevant changes in working practices. The workwear supplier has expert knowledge in the selection of fabrics and garment styles and should be able to assist the customer in conducting an appropriate risk assessment to select garments that will be suitable for normal use. Normal use does not cover damage due to welding, chemicals, abnormal abrasion, fire etc.



## **THE CODE OF CLARITY PRINCIPLES ...cont'd**

6. Garments normally remain at all times the property of the workwear supplier.
7. Workwear suppliers may make a non-return charge for any garments that are not returned on contract termination. The basis of valuing a non-return charge must be explicitly stated in the contract. If the supplier does not make a non-return charge, this must be stated in the contract for clarity.
8. The contract may remain in force for an indefinite period of time after the agreed minimum contract period and can then be cancelled by the customer at any time subject to a notice period. The minimum contract term and minimum notice period must be explicitly stated in the contract.
9. Many workwear suppliers quality inspect each garment every time that it is laundered. If a garment is sub-standard, the workwear supplier will replace the garment with a new one as per the agreed terms. The assessment as to whether a garment is sub-standard should be made against a quality standard, and can often be tailored to the quality requirements of the individual customer. The workwear supplier should agree with the customer the quality standard used to replace garments. New replacement garments will normally enter service at the starting value and be depreciated over the use of the garment.
10. The customer may request the workwear supplier to stop making garment replacements. This is often done by customers when they wish to make a competitive analysis and prevent residual values from increasing in the contract while the analysis is completed. The request should be made in writing to the supplier stating the period that the stop on replacements applies to.
11. If a supplier stops making garment replacements for an extended period of time, it is likely that the quality of the garment stock will significantly deteriorate. The workwear supplier may therefore set a maximum time period for which it will suspend garment replacements. If this is the case, the maximum time period must be stated in the contract.
12. Upon request from the customer, the workwear supplier should provide a statement of the current residual value of the garments covered by the contract, and a projection for a future date assuming no new garment issues.
13. If any other charges are to be levied at contract termination, these should be explicitly stated in the contract.



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## **CONCILIATION AND ARBITRATION**

The TSA hopes, that by applying the principles of this fair workwear code to contracts, there will be clear benefits to both customers and workwear suppliers. However, in the nature of business there are occasional disagreements between the parties.

As the sponsor of the Code, the TSA will respond to general queries about workwear rental and the Code principles. The TSA will not, however, enter into any discussion or correspondence about specific contract related matters.





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## **TSA WORKWEAR CODE OF CLARITY CUSTOMER CHECK LIST**

There are four key points to check whether the contract you sign meets the TSA Code of Clarity principles:

**Agreed with the workwear supplier the garment numbers, styles and purpose?**

**Received details of the residual value charges/policies which apply to this contract?**

**Understand the minimum contract term and any notice periods which may apply**

**Understand that charges will be levied if you cancel this contract early**





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