

FAN LED REVIEW OF FOOTBALL GOVERNANCE

November 2021



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Foreword

**NO
BALL
GAMES**

Foreword



Like millions of other children my first experience of football was playing it in the street outside my childhood home. I would play for hours with the boys on the estate only pausing for the cars to pass or being called in for tea. My love developed from kicking a ball to watching it on TV, going to Reachfields to cheer on Hythe Town, to collecting Panini stickers, coaching girls and finally getting a season ticket at Spurs.

Despite being banned from playing football at school, simply for being a girl, the passion for the sport has stayed with me throughout my life. Four decades ago while kicking a ball against a wall with 'NO BALL GAMES' pinned to it I would never have dreamt that English football would have been

bouncing from one crisis to another and that I'd be charged with helping the nation's favourite pastime navigate its way beyond and on to a brighter future.

It has been an absolute privilege to chair the Fan Led Review of Football Governance working alongside an exceptional panel and a brilliant team of officials. Since the Review began, triggered by the European Super League (ESL) debacle, the Review team heard over one hundred hours of evidence from passionate fans, club leaders, interest groups, football authorities, financial experts and many others who engage day in and day out with football.

The commitment and passion of the fans who have contributed to the Review has been genuinely humbling to see. Where this passion had been betrayed by owners it has been heartbreaking – and testimony from those who had lost their club in Bury particularly so. The sophistication of thought about the problems of the game and solutions presented by those fans was also remarkable. It is often said that football would be nothing without the fans. The same can be said for this Review and I want to thank each and every one who has contributed.

The Review has formed the firm belief that our national game is at a crossroads with the proposed ESL just one of many, albeit the most recent and clearest, illustrations of deep seated problems in the game. I believe there is a stark choice facing football in this country. Build on its strengths, modernise its governance, make it fairer and stronger still at every level, or do nothing and suffer the inevitable consequences of inaction in towns and cities across the country – more owners gambling the future of football clubs unchecked; more fan groups forced to mobilise and fight to preserve the very existence of the club they love and inevitably more clubs failing with all the pain on communities that brings. As was remarked to the Review, for all the good owners in the game clubs are only one bad owner away from disaster.

For those who say that English football is world leading at club level and there is no need to change I would argue that it is possible simultaneously to celebrate the current global success of the Premier League at the same time as having deep concerns about the fragility of the wider

foundations of the game. It is both true that our game is genuinely world leading and that there is a real risk of widespread failures and a potential collapse of the pyramid as we know it. We ignore the warning signs at our peril and I hope this Review protects the good and the special but sets a clear course for a stronger national game with the interests of fans at its heart.

The Review concluded that English football's fragility is the result of three main factors – misaligned incentives to 'chase success'; club corporate structures that lack governance, diversity or sufficient account of supporters failing to scrutinise decision making, and the inability of the existing regulatory structure to address the new and complex structural challenges created by the scale of modern professional men's football. Football is a sport but it is also big business. As the game has grown and developed its governance has failed to grow and modernise with it.

The Report sets out the conclusions of the Review as to how to address these structural challenges but it is important to stress that the recommendations should be considered holistically and not as a set of individual options from which football can cherry pick. Stronger regulation, better corporate governance, and enshrined protection on heritage issues all lead to greater confidence in the redistribution of finances. Only if taken together can we ensure the long-term sustainability of football.

The main recommendation is for a new Independent Regulator for English Football (IREF) established by an Act of Parliament, which will be focused upon specialist business regulation adapted to the football industry. This would operate a licensing system for professional men's football. The licensing conditions should focus upon measures to ensure financial sustainability via financial regulation (which should be a new system based upon prudential regulation in other industries) and improving decision making at clubs through items such as a new corporate governance code for professional football clubs, improved diversity and better supporter engagement. The licensing system would also allow IREF to protect key items of club heritage via a 'Golden Share' requiring supporter consent to certain actions by a club. Football clubs are important cultural assets and must never be the playthings of owners who are simply their custodians.

The Report also contains important recommendations on parachute payments, alternative revenue sources for other parts of the pyramid and grassroots football (including a new solidarity transfer levy), women's football and player welfare. All of which I hope will be adopted by football and the Government.

I do not apologise for the length of my Report into the Review. The issues are complex legislatively and financially. I hope that when read as a whole it is recognised that a great deal of thought, time and energy has gone into consideration of the contributions which have been made to the Review by fans and others across the game, and in consideration of the recommendations.

The final conclusions reached in the report are mine, but in reaching these conclusions I was assisted by a remarkable Panel of Experts whose commitment to the Review was incredible. Their wisdom and counsel was invaluable and I express my sincere thanks to Dawn Airey, Denise Barrett-Baxendale, Clarke Carlisle, Danny Finkelstein, Roy Hodgson, Dan Jones, David Mahoney, Kevin Miles, Godric Smith, and James Tedford for giving up their time for free. I would also like to acknowledge the assistance of and thank several additional experts who also voluntarily gave their time and assistance to the work of the Review, and in particular Kieran Maguire, Nick Hulme, Anthony Pygram, Tony Burnett, Ashley Brown, Lynsey Twedde, Anna Donegan,

Alexander Juschus, Reuben Wales, Tim Williams, Craig Gleeson and Mark Phillips. I am also very grateful for the input of officials at the Department for Business, Energy & Industrial Strategy, the Department for Levelling Up, Housing & Communities, the Home Office and HM Revenue and Customs. Finally, I would like to sincerely thank the dedicated team of officials who worked on the Review throughout – Chris Anderson, Adam Crockett, Laura Denison, Joanna Braine, Fiona Wood, and Tom Mills.

My happiest football memories include the times I pretended to be Clive Allen weaving around flowerpots to score imaginary cup final goals against the backdoor. The darkest days have been watching clubs like Bury and Macclesfield Town disappear from our communities. Past and present Sports Ministers have often said “football is in the last chance saloon” when it comes to reform. The saloon should be closed. Now is the time for an independent regulator to take on the reform that fans have been crying out for but which the authorities have failed to deliver, and it needs to be done now.

Tracey Crouch MP

Chair of the Independent Fan Led Review of Football Governance

Executive Summary



Executive Summary

“Football clubs should be classed as heritage. They are integral to many families and to cities and towns in a way that’s not replicated in other businesses. Clubs need to be protected from asset stripping and situations such as Bury...”

Contributor to Fan Led Review Online Survey

Background to the Review

1. The Fan Led Review of Football Governance ('the Review') was the result of three points of crisis in our national game. The first – mentioned by the contributor above – was the collapse of Bury. A club founded in 1885, which had existed through countless economic cycles, several wars and 26 different Prime Ministers ceased to exist in 2018-19 with a devastating impact on the local economy and leaving behind a devastated fan base and community. This led to the commitment in the 2019 Conservative Party manifesto to 'set up a fan-led review of football governance...'.
set up a fan-led review of football governance...'
2. The next crisis was COVID-19. For the first time since the Second World War, club football was brought to a complete halt, threatening the continued existence of many professional football clubs. Fortunately, the clubs survived due to a combination of government support and commitment from many football stakeholders, including fans, club owners, and – eventually and after a delay of 6 months – the leagues and Football Association (FA). However, the pandemic and its effects laid bare the fragile nature of the finances of many clubs, as well as the structural challenges of the existing domestic football authorities.
3. The final crisis was the attempt to set up a European Super League (ESL) in April 2021. This new competition would have involved six English clubs as founding members, protected from relegation. It was a threat to the entire English football pyramid and led to an unprecedented outpouring of protests from fans, commentators, clubs and Government. As a result, the Secretary of State for Digital, Culture, Media and Sport (DCMS) announced to Parliament on 19 April 2021:

“.. it’s clearer than ever that we need a proper examination of the long-term future of football. To many fans in this country, the game is now almost unrecognisable from a few decades ago. Season after season, year after year, football fans demonstrate unwavering loyalty and passion by sticking by their clubs. But their loyalty is being abused by a small number of individuals who wield an incredible amount of power and influence.

If the past year has taught us anything, it’s that football is nothing without its fans. These owners should remember that they are only temporary custodians of their clubs, and they forget fans at their peril.

That’s why over the past few months I have been meeting with fans and representative organisations to develop our proposals for a fan-led review. I had always been clear that I didn’t want to launch this until football had returned to normal following the pandemic.

Sadly, these clubs have made it clear that I have no choice. They have decided to put money before fans. So today I have been left with no choice but to formally trigger the launch of our fan-led review of football.”

4. The terms of reference for the Review were issued on 22 April 2021. These charged the Review with the aim to ‘*explore ways of improving the governance, ownership and financial sustainability of clubs in English football, building on the strengths of the football pyramid.*’ The full terms of reference are included at Annex B.

Review

5. The Review Panel met for the first time in late May 2021. After this, evidence was heard from a wide range of football stakeholders, including representatives of supporters of over 130 football clubs, the Football Supporters’ Association (FSA), Kick it Out, the Football Association (FA), the Premier League, English Football League (EFL), National League, League Managers’ Association and Professional Footballers’ Association (PFA). The Panel also heard from football club owners, including the so-called “Big Six” and others throughout the pyramid. A number of evidence sessions were also held with experts in finance and other relevant areas as well as interest groups including Our Beautiful Game, FA Equality Now, and Fair Game. In all, over 100 hours of evidence was heard by the Review Panel or Chair, and a list of those who contributed evidence is at Annex C.
6. In July 2021, the Review also conducted an online survey seeking views on the issues being considered. This received over 20,000 responses and the results are summarised at Annex D.

7. Following this initial phase, the preliminary findings of the Review were published on 22 July 2021. Since the publication of these preliminary findings the Review has continued to investigate the issues and is grateful for the contribution of the many experts who were willing to assist its work, including the supervision team at the Financial Conduct Authority (FCA) and others.
8. The Review was primarily set up to address the challenges encountered in men's professional football and the evidence that it received was overwhelmingly focused on these challenges. Unless otherwise stated, the findings of this Review and the recommendations set out in the report relate to men's professional football. However, the passion of those involved and their commitment to the development of women's football was incredible and the unique issues of women's football are specifically addressed in a dedicated chapter 10.

The Findings of the Review

9. This report sets out the conclusions reached by the Review and its recommendations to ensure the future of English club football.
10. There is much to celebrate about English football. The Premier League is the leading football league in the world and one of the biggest leagues of any sport. The Championship is by far the biggest 'second division' in football. The strength and depth of the English football pyramid is admired across the globe, and the development of women's football in recent years has been remarkable. The work of clubs in their communities has always been incredible and a source of real assistance to many in need but was demonstrated more than ever during the height of the COVID-19 pandemic. Given all of the above, it is even more important that the future of football clubs is ensured by addressing the challenges faced by the game.
11. **Chapter 1** explores the structural challenges facing English club football that result in the need for reform. The key findings of chapter 1 are:
 - a. The incentives in the game are leading to many clubs with fragile finances which were further exposed by COVID-19.
 - b. Many clubs are poorly run, with reckless decision making chasing an illusion of success and a disconnect between the interests of fans and owners.
 - c. Regulation and oversight of the game at the domestic level is not up to the challenge of solving the structural challenges and specialist business regulation that will be needed.
12. **Chapter 2** considers options for addressing the structural challenges identified in chapter 1. To ensure that a long-term and healthy future is possible the Review has concluded that sophisticated business regulation tailored to the specifics of the football industry is needed. This is very different to traditional sports regulation. The Review considered several regulatory models and concluded that this regulation needs to be led by an independent regulator, created by an Act of Parliament. This regulator should be independent from football clubs and government, and have a clear statutory objective with strong investigatory and enforcement powers. The new Independent Regulator for English Football (IREF) would not operate in areas of traditional sports regulation which will be left to the existing authorities.

13. The Review also concluded that the new regime should be delivered through a new licensing system, administered by IREF which would apply to the professional game (i.e. the top division of the National League and above). This creates a mechanism for IREF to enforce its requirements on clubs. It also allows IREF flexibility to introduce requirements tailored to address the problems identified in the industry, adjusted for different sized clubs, as well as to adapt these over time as the landscape changes.
14. **Chapters 3 – 8** set out the Review's recommendations for licence conditions to be introduced by IREF to address the problems identified by evidence received.
15. **Chapter 3** sets out a new approach to the financial sustainability of clubs based on regulatory models operated by regulators in other industries such as the Financial Conduct Authority. The Review considered that in the context of football, any financial regulation needs to consider five important factors:
 - a. ensuring long-term financial stability – clearly the single most important factor in the context of the challenges facing English football,
 - b. avoiding monopolisation of leagues,
 - c. international competitiveness,
 - d. minimising burdens on clubs or an expensive system and
 - e. ensuring compatibility with other rules (for example UEFA).
16. The Review looked at models of financial regulation operated in many sports around the world, including the existing approaches to financial regulation adopted by the Premier League and EFL. It concluded that none of these approaches balanced the factors outlined sufficiently to be an effective long-term solution.
17. The Review therefore concluded that a new system was required. The proposed system is based on capital and liquidity requirements used alongside the financial resilience supervision model operated by the FCA (similar rules are used by the Prudential Regulation Authority and are currently being considered in the energy supply industry in light of recent company failings in the market). At its core, this is a relatively simple system and would be adapted to the nuances of the football industry. Clubs would work with IREF to ensure they have adequate finances and processes in place. Firstly, clubs would be obliged to ensure they have enough cash coming into the business, control of costs and suitable processes and systems to ensure the sustainability of the business. Clubs would need buffers in place for shocks and unforeseen circumstances. IREF would look at clubs' plans, conduct its own analysis and if a club plan is not credible, does not have enough liquidity, costs are too high or risk not accounted for properly, IREF would be able to demand an improvement in finances (e.g. inject some cash into the business or lower the wage bill).
18. Under the proposed new approach, a club would be able to invest in order to seek to improve its competitive position but this will no longer be to gamble with a club's future. For a club to do this, the money would need to be in the club upfront and committed. Further, the Review has concluded that, on balance due to the fragile state of club finances, if the activity of one or a few profligate clubs driven by owner subsidies are objectively

assessed as being destabilising to the long-term sustainability of the wider league in which it competes, IREF should be able to block further owner injections on financial stability and proportionality grounds.

19. The Review has also concluded that the new financial system should involve real time financial monitoring, with an ability to intervene at an early stage if required. As a last resort, clubs would also be required to have a transition plan – an agreed series of actions to undertake triggered by certain financial markers to ensure stability of a club whilst a new owner is sought. This will mean that IREF would intervene well before financial collapse, which is not necessarily true of other possible approaches.
20. The system of financial regulation outlined above would be a significant change for the industry. In order to smooth the transition to the new system and allow it to operate as soon as possible after the relevant legislation is passed, it is recommended that IREF be set up in '*shadow form*'. This would involve IREF being set up and the recruitment of experienced regulators, particularly on prudential regulation, who would work with the industry before the related legislation receives Royal Assent.
21. **Chapter 4** considers who should be allowed to be the owner or directors of a football club. These are the parties whose actions can lead to the success and growth of a club or to disaster. An owner should be a suitable custodian of a community asset. A director should have the necessary skills and experience to run a football club.
22. Having considered the existing tests operated by the Premier League, EFL and FA, the Review has concluded that IREF should replace these tests with a single test for owners, and a different test for directors. In both tests, the applicant should be disqualified if they are subject to one or more disqualifying conditions, which shall initially be the same as those provided for in Section F of the Premier League handbook. Further, each test should contain an element of ongoing monitoring and, in the case of owners re-testing on three yearly intervals.
23. *Owners' test* – The Owners' test should apply to any party (or parties acting in concert) who hold voting rights of 25% or more of the club's share capital as well as to the ultimate beneficial owner(s). In addition to not being subject to any disqualification criteria, prospective new owners should also be required to:
 - a. submit a business plan for assessment by IREF.
 - b. evidence of sufficient financial resources to cover three years.
 - c. be subject to enhanced due diligence checks on source of funds to be developed in accordance with the Home Office and National Crime Agency (NCA).
 - d. pass an Integrity Test.
24. *Directors' test* – The directors' test should apply to all directors, shadow directors and senior club executives (as well as any 'advisers' or 'consultants' who perform a similar function). In addition to not being subject to the disqualification criteria, a prospective director should be required to:
 - a. demonstrate that they have the necessary professional qualifications, and/or transferable skills, and/or relevant experience to run the club.

- b. pass an integrity test in the same manner as prospective owners.
- c. declare any conflicts of interest.
- d. declare any personal, professional or business links with the owner of the club in question, or any other club owner (past or present).

25. In both cases, the integrity tests would subject applicants to more scrutiny than has been applied to football in the past, but which is known in other industries. The Review has concluded that an approach based on that used in financial services, including the '*Joint Guidelines on the prudential assessment of acquisitions and increases of qualifying holdings in the financial sector*'¹ should be adopted. This would involve an assessment by IREF of whether the proposed owner or director is of good character such that they should be allowed to be the custodian of an important community asset. The proposed approach should be (but not limited to):
- a. A proposed owner be considered as of good character if there is no reliable evidence to consider otherwise and IREF has no reasonable grounds to doubt their good repute;
 - b. IREF would consider all relevant information in relation to the character of the proposed owner, such as:
 - i. criminal matters not sufficient to be disqualifying conditions.
 - ii. civil, administrative or professional sanctions against the proposed acquirer.
 - iii. any other relevant information from credible and reliable sources.
 - iv. the propriety of the proposed acquirer in past business dealings (including honesty in dealing with regulatory authorities, matters such as refusal of licences, reasons for dismissal from employment or fiduciary positions etc).
 - v. frequent 'minor' matters which cumulatively suggest that the proposed owner is not of good repute.
 - vi. consideration of the integrity and reputation of any close family member or business associate of the proposed owner.
26. **Chapter 5** considers corporate governance, noting that good corporate governance can help better decision making by subjecting the actions of a club to proper scrutiny and challenge, as well as skills based recruitment, and diversity of skills and experience. The chapter recommends that there should be a new, compulsory corporate governance code for football. This should be based on the UK Sport and Sport England Code for Sports Governance, including proportional requirements with greater demands on clubs in the PL as compared to National League clubs. This will include mandatory requirements for items such as independent non-executive directors, skills based recruitment of directors and an express recognition of the stewardship duty owed to a community asset such as a football club (i.e. that an owner/director should be required to operate to ensure the club should exist long after they have departed).
27. **Chapter 6** addresses equality, diversity and inclusion. Aside from a clear moral case, improving diversity is also a key aspect of driving better business decisions by football clubs. Diverse companies perform better with detailed long-term studies by McKinsey & Co

¹ https://esas-joint-committee.europa.eu/Publications/Guidelines/JC_QH_GLs_EN.pdf

reporting that *‘the business case [for diversity] remains robust but also that the relationship between diversity on executive teams and the likelihood of financial outperformance has strengthened over time’*.²

28. In order to achieve this improved performance from diversity, the Review considers that each club should be required to have an Equality, Diversity & Inclusion (EDI) Action Plan, which would be assessed as part of the annual club licensing process. These plans would set out the club’s objectives for EDI, and importantly, how the club is going to achieve them for the upcoming season. IREF would then scrutinise these documents for approval at the start of the season, ensuring they are robust and challenging. As part of the annual licensing process, IREF would also consider the performance of the club against its previous plan. If IREF deemed there to be insufficient progress made against the organisation’s plans, it would be able to enforce financial or regulatory punishments.
29. The Review also concluded that the football authorities should work more closely to ensure consistent campaigns and where possible, pooling resources to increase the impact of these important initiatives. There should also be a new, single depository for reporting and collecting reports on discriminatory incidents.
30. **Chapter 7** considers ways to improve supporter engagement in the running of their clubs. As well as the importance of supporters having a voice in a significant cultural part of their lives, it makes business sense for clubs to liaise closely with their most important stakeholder and develop plans with their views at the forefront.
31. The Review investigated a variety of approaches for supporter engagement. The Review concluded that IREF’s role is to set a minimum baseline of engagement across all licenced clubs. It therefore could not set multiple requirements as these would not be deliverable across all licenced clubs, though clubs should consider multiple engagement strategies, including town hall style fan forums, structured dialogue, fan elected directors, shadow boards and supporter shareholders.
32. Chapter 7 sets out the Review’s conclusion that each club be required to have a ‘Shadow Board’ of elected supporter representatives which would be consulted by the club on all material off pitch matters. The mechanism for selecting the Shadow Board members should be independent of the club, and result in members from a cross section of the supporter base. In order to allow full discussion, the members of the Shadow Board should be subject to suitable confidentiality obligations though these obligations should allow members of the Shadow Board to discuss most matters, although not confidential items including financial matters, with the wider fan base.
33. **Chapter 8** provides for measures to protect club heritage. The loss of club heritage, most frequently stadiums, is often a consequence of badly run clubs. The Review also considered that in recognition of the cultural, civic and community role of clubs there should be additional protection for key items of club heritage, including preventing the club from joining new competitions not affiliated to FIFA, UEFA and the FA.

² <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

34. The Review has therefore concluded that each club should be required to provide for a special share – a ‘*Golden Share*’ – in its articles of association. This share should be held by a democratically run Community Benefit Society formed under the Cooperative and Community Benefit Societies Act 2014 for the benefit of the club’s supporters. In most cases, this can be an existing Supporters’ Trust, provided that the constitution of such a Trust meets specified requirements. The Golden Share would require the consent of the shareholder to certain actions by the club – specifically selling the club stadium or permanently relocating it outside of its local area, joining a new competition not affiliated to FIFA, UEFA and the FA, or changing the club badge, the club name or first team home colours.
35. The Review is confident that this model can work and heard from several clubs that they would be comfortable with the proposal as well as from others who are already working on similar models with their own fan base. The Review notes the successful operation of this model by Brentford.
36. The Review also noted that the Golden Share approach has limitations, and accordingly it has also considered other ways that might provide protection for items such as club stadiums. This included investigation of items such as planning law, and the Review has concluded that the government should explore ways to clarify some aspects of planning law to provide additional protections.
37. **Chapter 9** considers financial distributions and specific reforms that might assist the revenue and sustainability of clubs at the lower levels of the pyramid.
38. The Review carefully investigated these issues, including the financial disparity between the leagues (particularly between the Premier League and Championship), measures taken to address these to date such as parachute payments (i.e. payments to relegated teams to soften the financial blow of relegation) and the impact this disparity has on the pyramid. It concluded that there is a strong case for some additional distributions from the Premier League to the rest of football. In simple terms, even modest additional funding allied with sensible cost controls could secure the long-term financial future of League One and League Two clubs as well as make a substantial contribution to the grassroots game.
39. The Review considered carefully whether the Review or IREF itself should directly intervene on the question of financial distributions. On balance, it considered that it would be preferable that this should be left to the football authorities to resolve. However, given the poor history of the industry reaching agreement, IREF should be given backstop powers that can be used if no solution is found.
40. The Review also carefully considered the question of so-called parachute payments. On balance, the Review concluded that although the intention of parachute payments is laudable the system should be reformed as part of wider reform of distributions. This reform needs to deliver an evidence based solution, with compromises on both sides and creative thinking to resolve the apparent impasse between the Premier League and EFL on this issue. The Review was made aware that the Leagues are in discussions on parachute payments, and it is hoped that they will reach a mutually beneficial conclusion. If football

cannot find a solution by the end of the year, the Review has concluded that the Premier League and the EFL should jointly commission external advice to develop a solution to parachute payments as well as wider distribution issues.

41. However, if football cannot find a solution ahead of the introduction of legislation to implement the reforms set out in this report then IREF should be given backstop powers to intervene and impose a solution. The formation of IREF is therefore a deadline for the football authorities to resolve this issue or face an imposed solution. External involvement in this process would be another example of football's failure to put aside self interest and protect the long-term interests of the game.
42. The Review also investigated the impact of salary costs, by far each club's biggest cost, in a relegation scenario. The Review concluded that a pragmatic solution would be for a new clause to be introduced to player contracts adjusting salaries by a fixed percentage on both promotion (upwards) and relegation (downwards). In this way, relegation risks can be mitigated but players can also be rewarded for success. Providing for a fixed percentage increase or decrease also avoids the amount of the uplift or decrease becoming part of a competitive recruitment scenario.
43. In addition to consideration of increasing distributions and reforming parachute payments, the Review has also considered other possible approaches to provide greater support throughout the football pyramid. Of these, the Review considered that the most progressive intervention is a new solidarity transfer levy paid by Premier League clubs on buying players from overseas or from other Premier League clubs. This would work in a similar way to stamp duty and distribute revenues across the pyramid and into grassroots.
44. If a 10% levy had been applied in the last 5 seasons, an estimated £160 million per year could have been raised for redistribution. This would be a relatively modest cost to Premier League clubs (particularly given the relative financial advantage of the Premier League over other European leagues because broadcast income will grow in years to come) but annually, could be game changing to the rest of the football pyramid. One year's payments illustratively could fund all of the below, which would benefit men's, women's, boys' and girls' football for the long term:
 - A grant to ensure that League One and League Two clubs broke even³
 - 80 adult 3G pitches
 - 100 adult grass pitches
 - 100 children's/small sided grass pitches
 - 30 two team changing rooms (including referee facilities).⁴
45. The final aspect of chapter 9 is consideration of ways that lower league clubs might generate additional revenue for themselves. In particular, it notes that there are two areas that clubs are being prevented from doing so by regulation and law – the use of synthetic pitches in League Two and sale of alcohol. Given the widespread acceptance of use of modern synthetic pitches at the highest levels of the game – including by UEFA in the

³ Deloitte (2021) Annual Review of Football finance. This is illustrative and any funding would not directly be paid to offset losses per se as this could encourage further loss making

⁴ Sport England – 2nd quarter 2021 facility cost updates

Champions League – the Review concluded that clubs should be allowed a degree of flexibility in the use of pitches. This might involve a ‘grace period’ before they are required to change to a grass pitch.

46. In regard to alcohol sales, the Review concluded that in light of the potential benefits to club sustainability and doubts about the effectiveness of the current law, the possibility of amending the law should be explored via a small scale pilot scheme at League Two and National League level carefully designed in conjunction with police advice alongside a possible review of the legislation, which would be the first such review in nearly 40 years of its existence.
47. **Chapter 10** moves from considering issues in men’s football to considering ways to grow women’s football. Although the bulk of the evidence to the Review concerned men’s football it also heard from many involved in the women’s game. It is clear that women’s football has an exciting future. All those involved in this – including the FA – deserve great credit.
48. The Review also heard that despite this success and women’s football being, today, the top participation sport for women and girls in England⁵, it faces its own significant challenges which are very different to those faced by the men’s game. The Review concluded that there is a potential for women’s football to have a powerful future, but that it is clearly at a crucial point in development. There are a number of fundamental issues that require resolution in women’s football to allow it to move forward on a sustainable footing for the future. Crucial issues, such as establishing the value of women’s football, its financial structure, support from the Premier League, and league structure cannot be resolved in isolation. They require a holistic examination, research and evidence based resolution to enable the sport to move forward strongly.
49. The Review concluded that it is only right that exactly 100 years after the FA banned women’s football, the future of women’s football is the subject to its own separate review to fully consider the issues. The Review therefore recommends that women’s football should have a dedicated review to consider the issues in detail and provide tailored solutions.
50. **Chapter 11** addresses issues of player welfare. Although this was not directly included in the Review’s Terms of Reference, the Review was presented with some concerning evidence regarding the impact of involvement with professional football on young and retired players. The common theme linking those exiting the game at academy stage and post professional career is an apparent gap in provision of aftercare. The Review concluded that football needs to do better and be more joined up in its approach – including better sharing of best practice. This should involve as an urgent priority, football stakeholders working together to devise a holistic and comprehensive player welfare system to fully support players exiting the game, particularly at Academy level but including retiring players, including proactive mental health care and support.
51. The comments in the preceding paragraphs related to club academies, but there were also additional and greater concerns regarding private academies which are not affiliated to clubs or the FA. The Review therefore concluded that the FA should proactively encourage

⁵ <https://www.thefa.com/womens-girls-football>

private football academies to affiliate to the local County Football Associations to ensure appropriate standards of safeguarding and education for young players, including exploring ways to incentivise this affiliation, perhaps through operation of a 'kite mark' scheme or similar and prohibiting registered academies from playing friendly matches against unregistered private academies.

Strategic Recommendations

- 52.** The Review makes a number of detailed recommendations, which each relate to an overall strategic recommendation. The full list of recommendations is summarised at Annex A, and the strategic recommendations are:
- (A)** To ensure the long-term sustainability of football, the Government should create a new independent regulator for English football (IREF)
 - (B)** To ensure financial sustainability of the professional game, IREF should oversee financial regulation in football.
 - (C)** New owners' and directors' tests for clubs should be established by IREF replacing the three existing tests and ensuring that only good custodians and qualified directors can run these vital assets.
 - (D)** Football needs a new approach to corporate governance to support a long-term sustainable future of the game.
 - (E)** Football needs to improve equality, diversity and inclusion in clubs with committed EDI Action Plans regularly assessed by IREF.
 - (F)** As a uniquely important stakeholder, supporters should be properly consulted by their clubs in taking key decisions by means of a Shadow Board.
 - (G)** Football clubs are a vital part of their local communities, in recognition of this there should be additional protection for key items of club heritage.
 - (H)** Fair distributions are vital to the long term health of football. The Premier League should guarantee its support to the pyramid and make additional, proportionate contributions to further support football.
 - (I)** Women's football should be treated with parity and given its own dedicated review.
 - (J)** As an urgent matter, the welfare of players exiting the game needs to be better protected – particularly at a young age.

Chapter 1. The Case for Reform



Introduction

- 1.1** As noted in the introduction to this report, this Review was established in response to three crises – the collapse of Bury, COVID-19 and finally the attempt by six English clubs to join a new European Super League – an existential threat to the English football pyramid.
- 1.2** The Review benefitted from over 100 hours of engagement, involving representatives of over 130 clubs, approximately 21,000 survey responses and the benefit of extensive expert input and research. This has identified a number of structural challenges which are set out in this chapter. Subsequent chapters will consider solutions to these problems.

Why does football matter?

- 1.3** Football is the national game and most popular sport in England. It boasts 14.1 million grassroots players⁶, 35 million fans attending the top four leagues per season and over 40,000⁷ association football clubs – more than any other country. England also has the oldest national governing body in the Football Association (FA), the joint-first national team, the oldest national knockout competition (the FA Cup) as well as the oldest national league, the English Football League (EFL).
- 1.4** The English Premier League (Premier League), established in 1992, has also grown into one of the most famous and lucrative sports leagues in the world. It is the most watched league on earth⁸, featuring the most games covered of all European leagues per season. Out of the top 30 global highest revenue-generating clubs in the Deloitte Football Money League, 12 are English, more than double the next most represented country.⁹
- 1.5** Football clubs also sit at the heart of their communities and are more than just a business. They are central to local identity and woven into the fabric of community life. The rich history surrounding football clubs is invaluable to their fans, with many clubs having existed for over one hundred years. They play a huge and often invisible role in unifying communities across generations, race, class and gender. They are a source of pride, and often in hard times comfort as well as practical assistance. In many places they are also a crucial part of the local economy.
- 1.6** Through evidence gathered from fans and Supporters' Trusts, the Review heard from a substantial number of clubs who have strong bonds with their communities, stretching further than their fan base. One example is Brentford Football Club who engage with thousands of young people across West London each year, offering initiatives such as weekly multi-sport sessions, mentoring, volunteering and training opportunities for young people. There are many other excellent similar examples at all levels of the football pyramid.

⁶ The FA – The Social and Economic Value of Grassroots Football in England

⁷ From a study by Fifa 2006 – there are around 40,000 clubs registered with the FA, which is 11,000 more than any other country, the closest being the Brazilian Football Confederation who have 29,000 registered clubs

⁸ <https://www.premierleague.com/this-is-pl/the-fans/686489?articleId=686489>

⁹ Deloitte (2021), Football Money League

What is the economic impact and how does the market work?

- 1.7** English football generates significant levels of income and its growth has out-performed international comparators. In the last season of the old football system 1991/1992, the 22 clubs in the top division had collective revenues of £170 million a year. By the 2018/19 season, the collective turnover of the 20 Premier League clubs had increased to £5.15 billion.¹⁰ The Premier League has revenues far in excess of any other country – €2.4 billion more than Spain, the next biggest league in terms of revenue.¹¹
- 1.8** Nor is it just the Premier League that has experienced growth or that outperforms comparative leagues in Europe. In the second, third and fourth tiers of English football, revenues have increased from £93 million in 1991/92, to just under £1 billion in 2019/20.¹²
- 1.9** This success generates vast economic activity. Premier League transfers totalled £1.8 billion during the 2019/20 season, with a further £266 million in transfers from the EFL clubs' transfer combined expenditure. The Premier League also exported £1.1 billion of broadcast rights around the globe in 2016/17.¹³ International broadcast revenues were higher than the combined total of the other four major European leagues. In comparison to other major global brands, Ernst and Young (EY) estimate the Premier League overseas rights are more than twice the combined value of the broadcast exports of the major North American sports leagues.¹⁴
- 1.10** The unparalleled commercial value of the sport supports the provision of public services, with £2.2 billion of taxes paid to the UK Government during the 2019/20 season.¹⁵ It also creates jobs at home, with over 12,000 FTE jobs directly supported by the Premier League and a further 52,000 indirectly supported down the supply chain.
- 1.11** In addition to the commercial value of the sport, the elite game inspires both participation and significant investment in grassroots football. The Premier League funding of the Football Foundation since 2000 has contributed almost £500 million towards new facilities for schools, local clubs and communities.¹⁶

What are the structural challenges in football?

- 1.12** Since the Premier League started, the popularity of football has soared, television audiences have grown across the globe, sponsors have seen opportunity, and external investment has poured into the game. Football has been outstanding at increasing income. This success story of English football is a credit to the hard work and vision of countless people over many years but it is possible to simultaneously celebrate this achievement at the same time as having serious concerns about the future viability of football in this country. This Review has seen significant evidence of a range of impending financial problems in football. This brings the risk of significant long-term damage to the game and widespread failures by clubs.

¹⁰ Deloitte (2021) Annual Review of Football Finances – Databook

¹¹ *ibid*

¹² *ibid*

¹³ EY(2019) The Economic and Social Value of the Premier League

¹⁴ Including NFL, NBA, MLB and NHL (excluding Canada)

¹⁵ Deloitte (2021) Annual report of football finance – Databook

¹⁶ This is Premier League: Commitment to communities

1.13 There are three main reasons why football clubs are at this precipice, which are set out in more detail below:

- a. The incentives of the game mean many clubs are gambling for success, leading to clubs facing financial distress.
- b. Clubs are too often being run recklessly, owners make decisions with personal impunity frequently leaving communities and others to deal with the consequences/fall out of their decisions and fans are cut out of their clubs and key decisions.
- c. The regulations and oversight of the game are not up to the task of ensuring a sustainable future for clubs.

A. The incentives in the game are leading to many clubs facing financial distress

1.14 The incentives of the game drive reckless decision making seeking to gain, and then maintain, the financial rewards of competing at a higher level. Deloitte estimates that promotion to the Premier League is now worth £170 million to a promoted Championship club. European competition revenues are also significant – particularly playing in the Champions League. At the 2021 Champions League final, Chelsea reportedly received £95 million in prize money, which included money earned by progressing through each stage of the tournament, with the true number likely to have been much higher.¹⁷

1.15 Clubs see the riches at the top of the game and therefore chase success, or are driven by fear of relegation. They recruit new talent and increase the wage bill, in the hope this will improve on pitch performance. To stay competitive, other clubs are forced to spend as well. In the Championship, this is exacerbated by relegated clubs with parachute payments which massively boosts the income of relegated clubs as compared to others. Evidence provided to the Review has shown these clubs can ‘gazump’ rivals for the best talent or at the very least push wage costs up. This creates a perpetual vicious cycle as other clubs try to compete. In such a market, it is easy to see how wage costs could rise significantly but relative performance remains unchanged.

1.16 As a result, many English clubs are spending far more than they should, particularly on wage costs. UEFA has undertaken analysis which indicates that to have a chance of breaking even, total wages as a proportion of turnover should not go above 70%. However, in the Premier League this rate is 73% on average. Outside the six teams with the highest turnover, it is 87%. In the Championship, the rate is even worse, at 120%. In some instances, this figure is almost 200%. Rick Parry, Chairman of the English Football League and former Chief Executive of the Premier League, has described the speculative financing as *‘the most expensive lottery ticket on the planet’*.

1.17 Nor does the financial situation necessarily improve once a club wins the lottery by getting to the Premier League as they are driven to spend to avoid relegation or try to progress to competing in Europe. A recent example of this can be seen in Brighton and Hove Albion¹⁸ which has shown that just trying to remain in the Premier League is costly. The club’s costs mainly relate to players, in the form of wages and transfers. In reaching the Premier

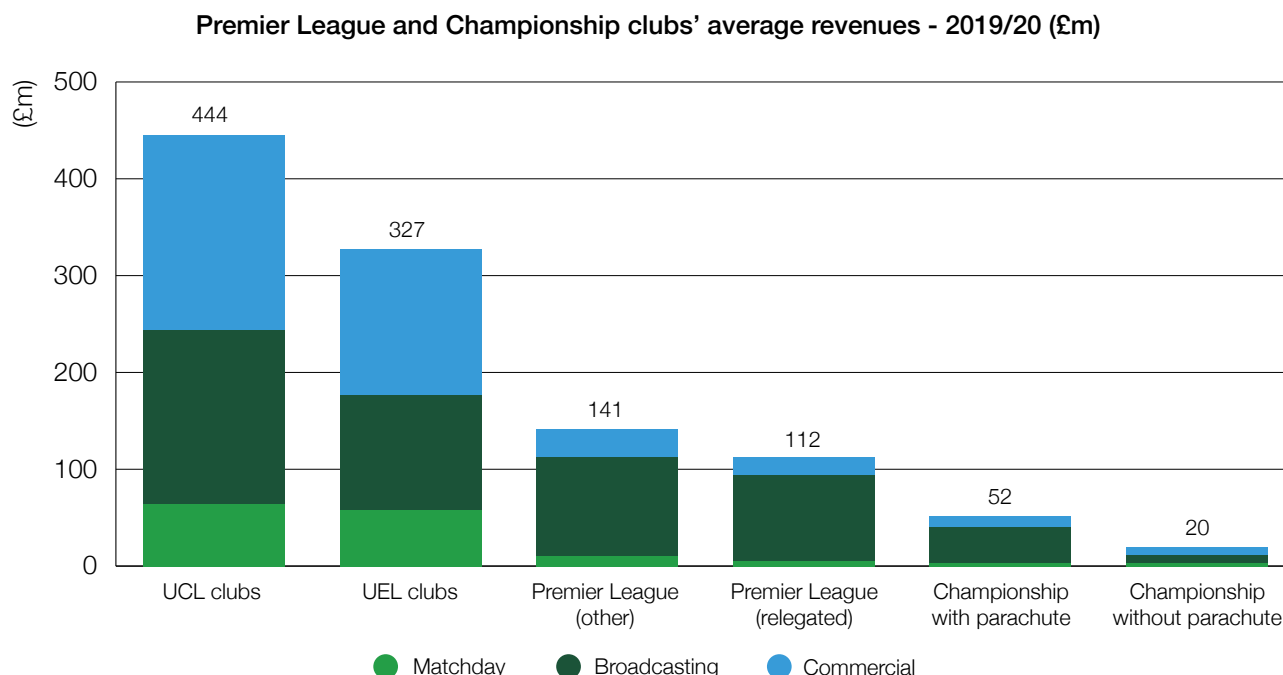
¹⁷ <https://www.football.london/chelsea-fc/how-much-prize-money-chelsea-20708028>

¹⁸ Brighton case study <http://priceoffootball.com/brighton-2019-20-reel-around-the-fountain/>

League, Brighton made an operating loss in every year from 2011 to 2017, operating in its 2017 promotion season with a record loss of £38.9 million and a wage/income ratio of 138%. In the first season in the Premier League, income increased significantly and the club made an operating profit of £12.8 million. The club avoided relegation in that season – and went straight back to making operating losses (£19.4 million and £63.9 million in subsequent seasons alongside wage/turnover ratios above the UEFA ‘safe’ figure of 70% in both seasons). The club’s debt increased to over £300 million from £191 million in 2017. Brighton’s on pitch performance resulting from this spending is credible, but in none of the seasons covered by these financials did it finish higher than 15th. So despite achieving and maintaining Premier League status at a modest level, Brighton’s financial position was no better in 2020 – and arguably worse – than it was in 2017 despite the huge increase in its income.

- 1.18** The result is unsurprising. In the Premier League, pre-tax losses were £966 million in 2019/20, with huge losses expected for the 2020/21 season due to the additional COVID-19 impact. Since the 1999/2000 season 17 out of the 21 (80%) seasons of the Premier League have seen collective pre-tax losses. Further, despite the huge revenue generation, collective losses in that time have been almost £3 billion as clubs spend high to stay in the league, and spend higher to compete or try to compete for a chance in the Champions League.
- 1.19** In the Championship, losses have been even worse as clubs spend well beyond their means in aim of promotion to the Premier League, exacerbated by relegated clubs with parachute payments. Since 2010/11, Championship clubs have made a loss every season. Those pre-tax losses have been almost £2.5 billion – almost as much as the Premier League but in half the time and despite significantly lower revenues compared to Premier League clubs. In both leagues, debt is also rising significantly and currently stands at an aggregate £5.3 billion.

Chart 1: Premier League and Championship club revenues 2019/20 (£m)



Note: UCL clubs comprised Manchester City, Liverpool, Chelsea and Tottenham Hotspur. UEL clubs comprised Arsenal, Manchester United and Wolverhampton Wanderers. Championship clubs with parachute comprised Cardiff City, Fulham, Huddersfield Town, Stoke City, Swansea City and West Bromwich Albion.

Source: Premier League; UEFA; Deloitte analysis

- 1.20** Since the formation of the Premier League in 1992, clubs have fallen into administration 62 times, some more than once. A number of these clubs have survived, for example Leeds United, Leicester City, Portsmouth, and Exeter City. Some of the clubs which have gone into administration have gone on to be promoted through the leagues and are now financially stable. Although none of these administrations was 'pain free' for those involved these clubs at least survived. There is also an unacceptable number of clubs who could not be saved: Bury, Macclesfield Town, and Rushden & Diamonds – all falling into liquidation, and taking with them huge chunks of history, heritage and the hearts of a community.
- 1.21** The Review has therefore concluded that the financial incentives of the game are warping decision making, at all levels of football. Clubs are locked into perpetual cycles of spending far more than they should. Losses are accumulating and debts rising. Clubs are completely exposed to the good will of owners and lenders and there is no in-built resilience in clubs as a result. Clubs, on a wide scale are facing the financial precipice and the consequences of widespread losses would be catastrophic. Change is needed and it needs to be bold.

B. Clubs can be poorly run, with poor decisions and there is a disconnect between the interests of fans and owners

- 1.22** The long-term health of football relies on clubs being run sensibly, making rational decisions and planning for a long-term sustainable future. A common theme in clubs facing difficulties is owners and directors making reckless short term decisions which result in negative outcomes for the club aided by a lack of good corporate governance structures to challenge decisions, consistent financial losses, poor fan engagement and as a result, unstable futures. A good example is Birmingham City where evidence, submitted during the Review, alleged that the club is currently over £100 million in debt, has breached Profit and Sustainability rules and is in a situation where the club and the ground are owned by different people, under a complicated offshore ownership structure.
- 1.23** Good corporate governance can help with decision making, providing a diversity of opinion and expertise to clubs' decisions, as well as transparency and accountability. This ensures good decisions are more likely and improves the confidence of fans in the running of their club.
- 1.24** However there are many examples in football of corporate governance that would not be tolerated in other industries. This is true even in the Premier League, where arguably the worst example in recent times was Newcastle United which, until the recent takeover, has had a Board of one, the person in question being also the company's top executive officer. Other obvious examples of poor governance include Reading and Derby County which both appear to lack proper board structures. Reading spent approximately twice its revenue on wages in 2019/20 and Derby County has just gone into administration. A proper system of corporate governance would have subjected the very risky business decisions by these clubs to scrutiny and challenge.
- 1.25** Engaging with fans is also an important part of good club decision making. There are a number of clubs and owners who follow strong fan engagement practices. However, the evidence from the Football Supporters' Association is that despite existing EFL and Premier League rules containing requirements for fan consultation, there '*...has been limited progress on delivering the relatively unambitious minimum standards...*'.¹⁹ The European Super League is the highest profile example of a massive disconnection between clubs and their fan bases, and a clear example of why better fan engagement is needed.
- 1.26** Another outcome of poor business decisions and lack of engagement with fans is the loss of club heritage. According to the Football Supporters' Association, in the last 25 years, more than 60 clubs have lost ownership of their stadium, training ground or other property. Clubs who lose ownership of their ground have also often been forced to relocate away from their hometown. The highest profile example is Coventry City which played in Northampton between 2013 – 2014, and in Birmingham in 2019 – 2021. However, there are many others including Darlington which spent 5 years playing 13 miles away from Darlington, Scarborough Athletic which was based 18 miles away from its home town for 10 years, and most infamously Wimbledon – moved to Milton Keynes as a new team MK Dons.

¹⁹ FSA Evidence Submission to Review, para 40 page 142 (available at <https://thefsa.org.uk/wp-content/uploads/2021/07/FSA-FLR-Evidence-Submission-v3-DIGITAL.pdf>)

- 1.27** The Review have also seen evidence of decision making where no regard has been given to the fans and communities of those clubs. There have been attempts to change club names (Hull City), and changes to strip (Cardiff City) and location (MK Dons/Wimbledon). Although these case studies are less frequent, the importance of club heritage to local communities and fans means that there is a special case to offer additional protections as is done in order to protect other items of non-sporting cultural heritage.

“Owners have driven century old clubs to ruin. Above all else this is the issue, no one should lose their club due to its community value. Clubs and assets should be protected from vultures”

Contributor to Fan Led Review Online Survey

- 1.28** The evidence of poor decision making by clubs at the very least raises questions of whether or not the right people are becoming the owners or directors of clubs. The Review has seen evidence of numerous failings of the current Owners' and Directors' tests ('ODT'), with the resultant acquisition of clubs by owners unsuited to the custodianship of important cultural, heritage assets, as well as the appointment of unsuitable directors who do not effectively contribute to the running of the club. Examples of unsuitable owners include, but are not limited to:
- a. Owners with long histories of prior business bankruptcies
 - b. Owners who acquired clubs without proof of funds (albeit that such loophole has apparently been closed);
 - c. Owners who have subsequently been imprisoned for offences including money laundering;
 - d. Owners with serious criminal convictions;
 - e. Clubs changing from stability under long-term owners to near extinction in three years;
 - f. Owners who engaged in multiple legal disputes with the club, other owners and fans;
 - g. Offshore hedge funds with unclear ownership acquiring clubs;
 - h. A club being put into administration by an owner who had only purchased the club two weeks earlier;
 - i. Owners who appear to have done little or no diligence prior to acquiring the club; and
 - j. Directors appointed to club boards despite no significant prior experience.
- 1.29** It would be wrong to put all owners into the same box. The Review has also seen examples of owners who have supported their club for no other reason than commitment to their local area and done it well, like Accrington Stanley. The Review has also seen evidence of successful owners, those who make selfless investments into their club year after year, who are good people with sound motives without whom many clubs would not exist but living in a system where the price of prudence and sound finance is often 'failure' on the pitch given the unreasonable incentives and lack of controls. Rotherham United is a good

example of a club with an owner who seems to try and run the club on a sustainable basis yet who are disadvantaged in trying to compete in the Championship. And even where the current owner of a club is ‘good’ as said by one fan group in evidence ‘A club is only one bad owner away from disaster’ or the system can drive a well meaning owner to make reckless decisions.

“I’m a Wycombe Wanderers fan and the current owners are superb. But in the past we have had terrible owner who tried to sell our ground. So it shows for every good owner there is a bad one”

Contributor to Fan Led Review Online Survey

C. Regulation and oversight of the game is substandard Loss of public confidence

- 1.30** Lack of public confidence likely stems at least in part from a system that is confused and where clarity on the roles of regulators is opaque. Evidence taken through the Review showed key stakeholders have lost confidence in the current domestic football authorities. This was echoed in the results of the Fan Led Review Online Survey, which ran in July 2021, and amongst other questions, asked “How do you rate the performance of each of the following regulatory bodies as regulators in English football?” The table below sets out the results, which shows the number of people rating the performance above average (good and very good), particularly of the FA, Premier League and EFL, is low. With the exception of the National League, the majority consensus from this survey was that the performance of the authorities is below average (poor and very poor).

Table 1: Fan perception of football authorities’ performance

Authority	Good and Very Good	Average	Poor and Very Poor	Don't Know	Total Responses
Football Association	15%	37%	44%	3%	17,907
Premier League	15%	27%	56%	2%	17,819
EFL	14%	27%	49%	10%	17,832
National League	16%	23%	26%	35%	17,773

Source: Fan Led Review Online Survey

- 1.31** Of course, the financial instability and other severe problems faced by the game itself questions the efficacy of the existing regulatory system. It was this system under which the problems arose. As football has grown, the complexity, sophistication and range of

challenges has expanded, likely to a point beyond what could have been foreseen when the current structures were created, thus straining the ability of the current domestic authorities to address the many problems arising.

Conflicted Regulators

- 1.32** The constitutional set up of the existing authorities is also inherently conflicted, with the rules of regulation being set by the parties that are to be regulated. In the Premier League for example 14 votes from clubs are required to pass a rule change and in the EFL for a change in regulations to be carried, it must be passed by a majority of votes cast by all member clubs, and at the same time, passed by a majority of the votes cast by all member clubs in the Championship. Understandably, clubs are incentivised to prioritise their own interests rather than taking a long-term view of what is best for the game. One example of this is the EFL's corporate governance reforms. The EFL instructed a leading sports QC to recommend improvements to its governance but did not adopt the recommendations in full with member clubs rejecting fully independent EFL board membership in favour of retaining club appointed directors.
- 1.33** There is also an inherent conflict with an organisation taking disciplinary action against their own shareholders, particularly where that action might have significant negative commercial impact on the organisation. This can disincentivise enforcement action, or even the allocation of sufficient resources to investigation and enforcement functions.

Lack of resource

- 1.34** Even where there are rules in place, the Review has heard that the authorities are under-resourced, particularly when faced with enforcing rules against sophisticated modern businesses. An effective regulatory system should undertake investigation and reach a conclusion in a timely manner; but this is not always the case in football leading to an unsatisfactory situation that suits no-one involved. As noted by the Court of Appeal in a recent judgement relating to a legal action involving Manchester City and the Premier League:

*“ This is an investigation which commenced in December 2018. It is surprising, and a matter of legitimate public concern, that so little progress has been made after two and a half years – during which, it may be noted, the club has twice been crowned as Premier League champions. ”*²⁰

²⁰ Manchester City Football Club Limited v The Football Association Premier League and Others [2021] EWCA Civ 1110

Missed opportunities for reform

- 1.35** In the past, the domestic authorities have had multiple opportunities for reform with little or no progress made. The 2011 DCMS Select Committee's report set out a package of conclusions and recommendations including the creation of a modern, accountable and representative FA Board; the implementation of a licensing framework administered by the Football Association in close cooperation with the professional game; and changes to the decision-making structures within the FA, specifically in relation to the Council.
- 1.36** There was also an expectation following the 2011 DCMS Select Committee's report that the football authorities would agree and publish a joint response setting out the process for how they intend to take forward their plans to address these immediate priorities – this was not produced.
- 1.37** Another example was the unanimous resolution passed by the FA Council in October 2019, which also called on the FA to produce proposals for reform. The resolution stated *'it believes that these failures [failure of Bury and others] indicate that the current financial and governance regulatory framework in the professional and semi professional game needs strengthening'* – this proposal has not been acted on.
- 1.38** In fairness, it should be noted that the domestic authorities have all taken some recent steps to improve the way in which they operate. The National League has undertaken significant constitutional reform by addressing the difficulties in its voting structure. The FA has taken small steps towards a more modern independent board with the creation of two new independent non-executive director roles. The Premier League is working towards reforms of its own constitution by adopting the Wates Corporate Governance principles for large private companies. Further it is understood that the EFL is taking steps to improve its own financial enforcement mechanisms. All these steps are welcome and the authorities are strongly urged to continue the process of reform. However, many of these simple changes have been called for by stakeholders for some time – including the 2011 DCMS Select Committee report some 10 years ago. They still do not go far enough. The problems football is facing are complex and pressing and cannot wait for further reform – which there is no guarantee the authorities will be able to deliver.

Lack of one voice

- 1.39** When the COVID-19 pandemic struck, football clubs stepped up right across the country underlining the deep roots and connection to their communities. Many clubs up and down the country were at the forefront of the response to COVID-19. Many turning themselves almost entirely into community support organisations to help provide practical and moral support. Whilst all this was happening many were internally questioning their own future viability as businesses.
- 1.40** The football authorities' response to the dire financial situation they, and many businesses, found themselves in during the pandemic perhaps best illustrates the different vested interests at play within the game and how they can restrict the ability of the authorities to take unified action. The Government made it clear early on in the pandemic that it was not going to provide specific funding for Premier League and EFL clubs given the billions spent in the transfer window that summer (2020). Despite this, it took until December for the two

organisations to come to an agreement on a financial support package for the EFL. The issue was characterised by one commentator as *‘nearly six months of gridlock, uncertainty and bickering with the government’*.²¹

Lack of accountable leadership

- 1.41** The system lacks clearly accountable leadership. As an example, Leyton Orient had stable ownership for many years but was transferred to new ownership, leading to dramatic consequences for the club. Instead of intervening, the EFL maintained that they were “only a competition organiser”, a phrase we heard repeatedly throughout the Review including from Bury fans. And failures of the EFL to intervene during a turbulent period for Charlton Athletic, despite supporter pleas, leading to legal action. Similarly, several fans groups reported to the Review that the FA offered no assistance when they were faced with difficulties threatening the viability of their clubs. It is not clear to clubs and fans if the authorities do not want to or cannot intervene, or if the system prevents them from doing so.
- 1.42** A sub-standard regulatory system has overlaps and underlaps of regulation. Oversight should look across issues and competitions, to deliver for the whole game. But there are varying levels of oversight, including the Premier League, EFL, National League, and the FA. Issues can fall between bodies; the European Super League proposal was an issue without a clear lead body to deal with it. Owners’ tests or financial rules have interest from all competitions, although in some instances no clearly accountable body. This is not conducive to good outcomes.

“Football authorities have shown they are either not willing or capable of doing this, particularly league authorities, and therefore change should be forced upon them”

Contributor to Fan Led Review Online Survey

The Need for Action

- 1.43** Some will argue, given the apparent success of English football, why change? The Review has formed the firm belief that our national game is at a crossroads with the proposed ESL just one of many, albeit the most recent and clearest, illustrations of the many deep seated problems in the game. It is at real risk of widespread failures and a potential collapse of the pyramid as we know it. There is a stark choice facing football. Build on its many strengths, modernise its governance, make it fairer and stronger still at every level or do nothing and suffer the inevitable consequences of inaction in towns and cities across the country –

²¹ <https://www.theguardian.com/football/2020/dec/03/premier-league-agrees-bailout-with-efl-to-help-struggling-clubs>

more owners gambling the future of football clubs unchecked; more fan groups forced to mobilise and fight to preserve the very existence of the club they love and inevitably more clubs failing with all the pain on communities that brings.

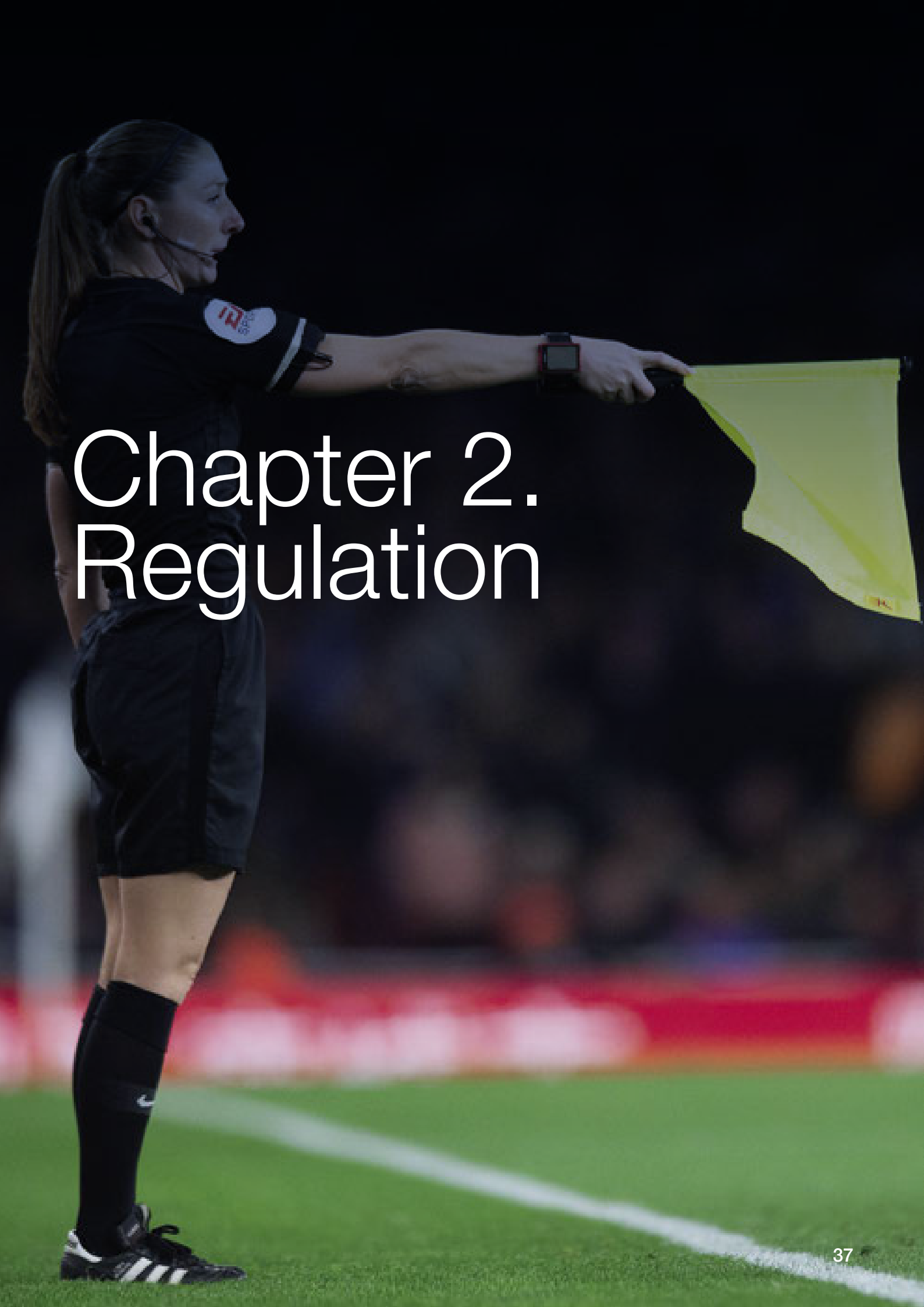
- 1.44** Action must be taken, and with the previous track record of the authorities not responding to advice there is no evidence to suggest that this time it will be different. The time has come for the Government to take action, that is why a new independent regulator is needed to help fix the rising problems and ensure the future stability of our beautiful game.

Summary

- 1.45** In summary, the Review has concluded that:

- The men's game is at the financial precipice, because the incentives are driving poor and reckless decision making.
- This is exacerbated because corporate governance in clubs can be poor, there is too often too little diversity of thought and owners can act with impunity, ignoring the interests of fans.
- Added to this, the short term interests of owners and long-term interests of fans are not always aligned.
- The system of regulation in place is poorly designed, there is a conflict of interest as regulations are overseen by those that are regulated, football is unable to act at pace or make changes to its setup and there is a lack of clear regulatory leadership.
- Fans have lost faith in the football authorities.

- 1.46** It is for these reasons that this Review has concluded that change must follow to ensure the long-term health of the men's game.



Chapter 2. Regulation

Introduction

- 2.1** Chapter 1 has shown a clear problem in football. The Review has concluded that there is a strong case that without intervention, football at many levels risks financial collapse.
- 2.2** Ensuring a long-term and healthy future is possible, but football needs radical reform, with a complete overhaul of the existing approach to business regulation. The Review has considered how best to do this including whether the Government should intervene. The Review started from the point that the bar for Government intervention is high and assessed the alternatives. The Review has considered four alternatives:
- A.** Leave poorly run clubs to collapse and allow the market to resolve issues
 - B.** Allow a football led solution, building on 150 years of self-regulation
 - C.** A co-regulatory approach
 - D.** Independent regulation.

Option A – Leave to the market

- 2.3** If football governance is left as is then there is an existing system for club failures. Clubs either go into administration or, in extreme, liquidation. In fact, the current football system and UK insolvency system have engaged in a number of times.²² The last two years have seen collapses at Bury, Bolton Wanderers, Derby County, Macclesfield Town, and Wigan Athletic.
- 2.4** In an administration, the legally appointed administrator will attempt to keep the club going by resolving or restructuring debts and seek a new owner for the club. League rules also impose some bespoke requirements as compared to an administration in other industries. The highest profile is the ‘football creditors’ rule whereby a protected class of creditors must receive full payment before a club is allowed to continue in the league. In a liquidation, the club is wound up and its assets sold to try to discharge the club’s debts. Ultimately, another club will replace the club in the league. The existing club ceases to exist, though a ‘phoenix club’ can be created in the same community which then restarts at a lower point in the pyramid.
- 2.5** This system generally leads to: non football creditors being repaid a fraction of what they are owed; significant job losses in a club; the club’s best players being sold; a long distressing period of uncertainty for a club’s fans; vulnerability to unsuitable owners looking to take advantage of a club and points deductions impacting the sporting outcome of competitions. In extreme, clubs go out of existence with a devastating impact on local communities. Given the perilous state of the game, and the systemic nature of problems identified, it is not unreasonable to consider that wide scale failures could happen at the same time.

²² At least 48 times since 2000

2.6 Consequently, this approach is deeply unsatisfactory. There are superior options.

Option B – A football led response

- 2.7** When it comes to the rules of the game, the model of self-regulation has operated for 150 years, having been created at a time when regulation of any kind was uncommon in society. However, society has changed a lot since then, and football itself has changed hugely in the last 30 years. It is no longer just a sport – it is big business. In 1991/92, the revenue of the top 22 clubs was £170 million combined. Premier League revenues were over £5 billion before the pandemic.²³
- 2.8** The range of issues faced by those overseeing the current regime has correspondingly increased in complexity. The set up of the system, with regulation split across several bodies, is not optimal – a regulator should be thinking about issues in the round and connecting different parts of the regime. The bodies that make the rules lack the clearly defined objectives of a normal regulator. They also have strong commercial interests and are effectively controlled by those that are to be regulated. That is a clear conflict and makes meaningful change hard to achieve.
- 2.9** The nature of regulation is changing and faces sophisticated businesses, complex market shaping regulation and distributional issues. Original regulations covered team kit, the rules of the game or eligibility of players. However, given the nature of the problems, reform needs to include complex issues like cost controls. This involves designing a system to prevent clubs going out of business while balancing competing factors like avoiding red tape and ensuring healthy competition. These are not the areas of traditional sports governance and to regulate them effectively will need new skills and expertise not currently in the game. The problems to be addressed are not core football regulation addressed by traditional self regulation, but specialist business regulation.

Option C – Co-regulation

- 2.10** Co-regulation usually involves the industry or professions developing and administering its own rules but with the Government providing legislative backing to enable the arrangements to be enforced.²⁴ This approach can strengthen a self-regulatory system as requirements being enforced are set out in law. While a self-regulation model is in essence a voluntary system, co-regulation can be stronger because of its legal footing.
- 2.11** A system of co-regulation could be employed in football. However, in this case it is not viable for a number of reasons:
- Problems would remain around the constitutional setup of the leagues and authorities that would enforce this system. These bodies have commercial interests and are made up of the clubs who are to be regulated, both representing a conflict of interest and an unsatisfactory approach to regulation.
 - The issue of the current system being overseen by several bodies, who are disjointed and disconnected, with overlaps and underlaps of oversight, still remains.

²³ Deloitte (2021) Annual Review of Football Finance – Databook

²⁴ <https://www.oecd.org/gov/regulatory-policy/42245468.pdf>

- Football authorities would need to come back to Parliament to request new and additional regulation if new issues occur. Legislative change can be slow, therefore this model is slow and lacks agility.
- As with self-regulation new and complex issues are business regulation that sports and football currently do not have experience or expertise.

Option D – Independent regulation

2.12 The terms of reference for the Review specifically included considering calls for an independent regulator in English football. The Review has assessed this option against the three root causes of problems identified in chapter 1:

- the incentives of the game mean clubs are at the financial precipice
- the way clubs are run and the misaligned interests of fans and owners
- the existing regulatory setup is not able to correct problems.

2.13 Finances – Given the dire state of football finances, bold leadership and difficult decisions are needed. Current oversight of financial rules is led by leagues, made up by the clubs that will be regulated. Taking bold decisions and being able to secure support for that change is very difficult. Most importantly, there is a clear conflict of interest between the interests of clubs and their direct or indirect involvement in oversight of the system that regulates them. Independent regulation is the only way to overcome this issue as it will not have a conflict of interest. As a statutory body with a clearly defined purpose an independent regulator will listen to but not be constrained by the voices of clubs, enabling it to effect change in a timely way.

2.14 How clubs are run – If football led, oversight of this issue would be led by the leagues, which are run by the clubs. By definition, this must tip interests in favour of owners. It seems unrealistic that leagues (that would enforce rules) would be able to objectively balance the range of stakeholders in the same manner as an independent body. These are complex issues and an independent regulator should have a statutory objective to look after the interests of fans but also reflect the views of all parties.

2.15 Regulatory setup – The Review has considered best practice in other important industries where a proactive regulator helps shape that industry to deliver good outcomes – for example in financial services. While many of these systems have their own rules and industry codes in a similar manner to football, oversight of the system by a regulator has been a force for good. It is hard to argue that football would not benefit from a regulatory system overseen by an independent body focused on the long-term interests of fans, clubs and the wider game.

2.16 An independent regulator can also be more adaptable and flexible to problems in football. Unlike the other options considered, where regulatory change requires securing a mandate or approval from clubs or the Government, an independent regulator can take a swifter approach to updating regulations – especially on contentious issues. In the other models considered, securing agreement from enough clubs could be difficult. Taking action and enforcing against the biggest and most powerful clubs is an issue in self-regulation (for

example, there may be commercial or political reasons why enforcement is constrained). However, an independent body is free to take action against offending clubs, separate from large or influential clubs.

- 2.17** An independent regulator is a holistic solution. It would involve just one body thinking about a whole football solution to business regulation problems, rather than the current system where problems are thought of in isolation, on a league-by-league or issue-by-issue basis. An independent body would be well placed to see the bigger picture and think across issues and competitions. A system with an independent regulator also avoids duplication of work or the risk of problems falling between bodies. Instead there would be a single, clearly accountable body addressing the identified problems.
- 2.18** As noted above, the problems faced by football and potential solutions involve complex issues of specialist business regulations rather than traditional sports governance. This is a specialist area and an independent regulator could be set up to be more focused on these issues than traditional sports regulators, including the recruitment of staff with skills and experience from regulators in other industries that have faced similar problems.
- 2.19** The Review has therefore concluded that regulation needs to be led by an independent regulator, created by an Act of Parliament. This would mean the system has the strongest legal footing available, with a clear purpose and powers set out as law of England. All of the necessary design features, including clear objectives, flexibility, acting at speed, thinking across issues and avoiding conflicts of interest can be built into the DNA of IREF, through the legislation. In order to regulate clubs, a clear legal footing is needed to ensure compliance with obligations and to avoid challenge. This body would be created with the intention of objectively supporting the industry to a long-term sustainable position, protecting historic civic and cultural assets and allowing football to continue to bring joy to millions of fans every weekend.

Strategic Recommendation (A)

To ensure the long-term sustainability of football, the Government should create a new independent regulator for English football (IREF)

- 2.20** The following sets out what a new regulator should be responsible for and how it would work.

How should IREF operate?

- 2.21** IREF needs to be a modern, nimble and forward thinking regulator. Bold decision making will be key. Leadership and staff will need to be of the highest calibre and IREF should be actively encouraged to use the powers Parliament gives it in order to effect real change.
- 2.22** This can be achieved through a clear objective, a sensible scope and the way it is set up and resourced. IREF should have the flexibility to be able to adapt to issues of the day, using a range of tools and relying on upfront rules, advocacy or enforcement to achieve

its objective. As part of this, IREF should use a collaborative model of regulation, working alongside clubs to deliver good outcomes for the benefit of fans. It should of course impose sanctions where needed, but it may be quicker to work with clubs to solve issues rather than instantly jumping to enforcement or new regulation.

- 2.23** Swift action is also crucial and IREF should have a statutory duty to operate in a speedy way. It must be evidence driven, proportionate and only intervene when necessary. These are all principles of good public policy and are complementary with better regulation best practice. This can create a world-class body that will be helpful to industry as a whole and maintain the stability of the game for the benefit of fans and communities.
- 2.24** As discussed below, IREF will also need to be accountable: to fans, communities, clubs and to Parliament. It should be given clear measures of success. It must also demonstrate value for money and achieve its goals while balancing its operating costs.

Footing and set up

- 2.25** IREF should be the independent regulator of English football, established in statute. Independence means operations and decision making are independent from the Government and political interference. IREF should also be independent of the FA, the Leagues, and the football clubs that will be regulated.

IREF's objectives

Primary objective

- 2.26** IREF will need a clear statutory objective, which the IREF board and employees would need to achieve. A clear remit sets its purpose and dictates to the board and its employees what it is trying to achieve, how it should assess any given problem and the outcomes it should deliver. It is absolutely crucial to both the operations and the future success of IREF.
- 2.27** The objective set for IREF needs to tackle the problems identified and also dictate what it is aiming to achieve. The Review has heard evidence of a number of problems as set out in chapter 1, including poor management of clubs, sub-standard corporate governance, a lack of fan involvement in key decisions, unsustainable financial gambling and costs that have spiralled out of control. The long-term health of football is under threat. Any objective should be seeking to resolve these issues.
- 2.28** This is a fan-led review and football is clearly not always working in the long-term interests of fans. The Review has also heard considerable evidence of the benefit that football clubs provide to local communities. The Review has already demonstrated the important role football plays for fans and local communities. For these reasons, the objective should include acting in the interests of fans and communities. There is no one else more important.
- 2.29** As will be discussed in chapter 3 on financial regulation, thinking about some of the policy issues in isolation will lead to poor outcomes. Accordingly, competitiveness of, and within, English football should also be a part of the objective of IREF. IREF should be tasked with

thinking dynamically about the way the industry operates, and not solely focus on one issue. This should allow investment to continue to flow, our teams to do well in international competitions and to keep English football as the world's premier club competitions.

Recommendation 1

IREF should have a statutory objective of ensuring English football is sustainable and competitive for the benefit of existing and future fans and the local communities football clubs serve. It should have further duties to promote other aspects of the game.

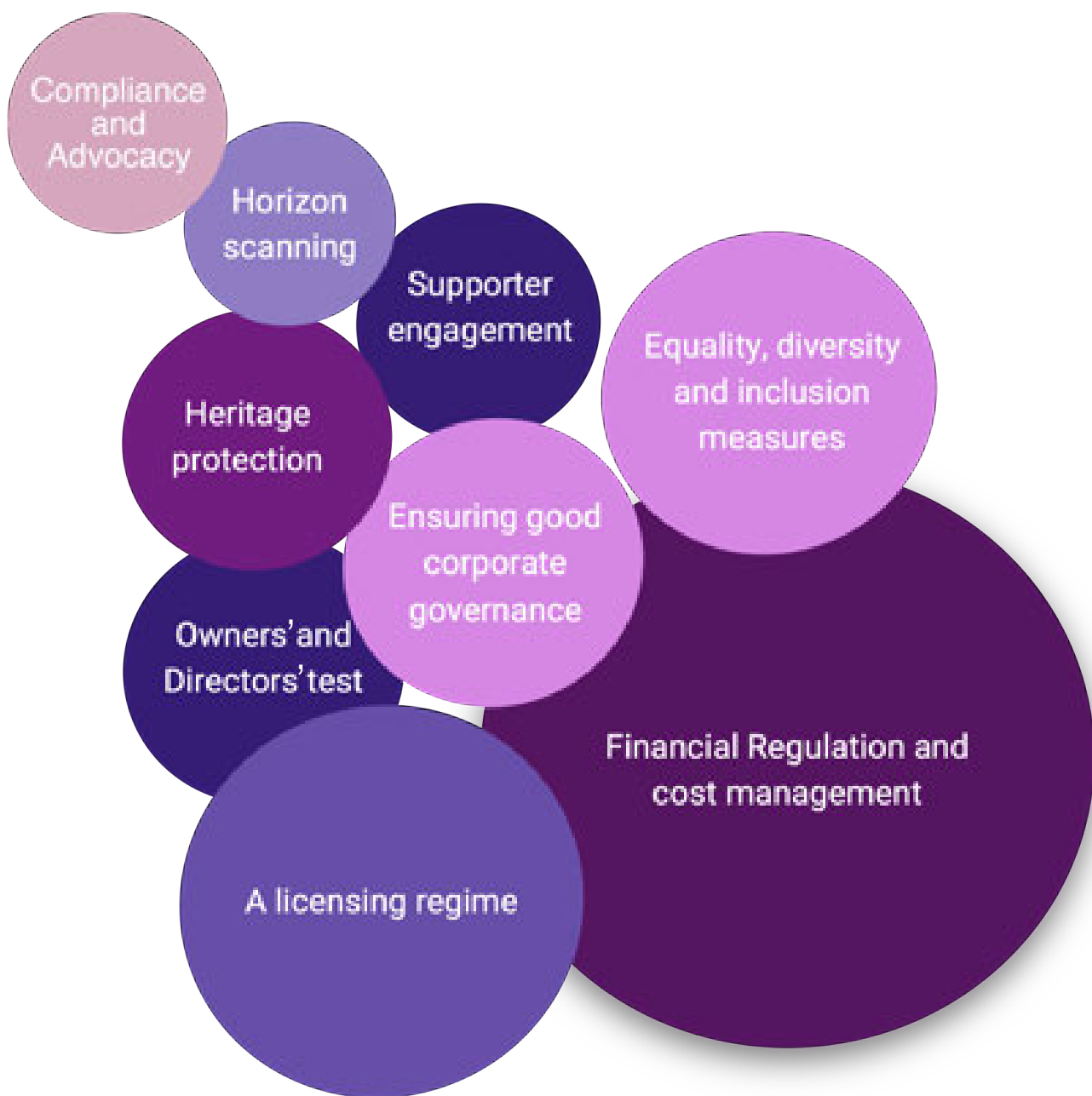
Duties

2.30 It is common practice for regulators to have duties, and IREF should be no exception. These are secondary objectives that regulators must take account of in exercising their functions. For IREF, duties would include (but not be limited to):

- A duty to assess, report and act on the health of finances in football and on distributions and flows in the game.
- Having regard to English football's position as the premier global location of domestic football.
- To undertake its work in a timely manner.
- Ensuring equality, diversity and inclusion is a key part of the set up of clubs.

The scope of activities

2.31 Based on the problems identified by the Review, the initial focus of IREF should be on financial sustainability requirements. More detail on this is discussed in chapter 3. This should include measures on finance but also to try to improve decision making by clubs by implementing measures such as good corporate governance and improved diversity. Through the licence regime referenced below, IREF will ensure clubs only play in FIFA, UEFA and FA sanctioned leagues. The diagram below shows the activities IREF would oversee.



2.32 It is also important to be clear on issues that are out of scope. IREF should be focused on addressing the problems identified in the Review and ensuring a future for the game. The proposed objectives for IREF would mean that it should not be responsible for matters related to commercial decisions of clubs or sporting matters such as the rules of the game. While it is a legitimate area of significant interest to fans, IREF should not set the level of ticket prices or merchandise prices. These are commercial decisions that clubs should be free to make. The system is only concerned with activity by clubs that presents a risk to sustainability of a club or the game, or compromises IREF's ability to meet its statutory objective. The rules of the game are and should remain for the national and international associations and organising committees.

Licensing

- 2.33** IREF will need a way to give regulation effect. The Review has concluded that the new system should be delivered through a new licensing system, administered by IREF. Introducing a requirement for a club to have a licence creates a mechanism for IREF to enforce its requirements on clubs, as well as giving it flexibility to introduce requirements tailored to address the problems identified in the industry as well as to adapt them over time as the landscape changes.
- 2.34** Under this system, any football club playing in professional men's football, i.e. Step 5 or above of the football pyramid (the Premier League, English Football League or National League) will need IREF to grant a licence to be able to operate. This is the level of the game that substantively is professional and the regime does need limits. Further, it is likely that compliance burdens would be disproportionate for semi professional teams, below level five in the pyramid.
- 2.35** It is envisaged that the club will be the licence holder. Clubs will need to apply for a licence and confirm annually that they are compliant with their obligations. Non-compliance with these licence conditions could lead to a range of sanctions.
- 2.36** The proposed model would mean that IREF creates a series of licence conditions that would need to be adhered to, with the intention of achieving a sustainable future for the game. These licence conditions would seek to address the key problems identified in the game, which could of course evolve over time.
- 2.37** Other models such as a statutory code of conduct or prescribing detailed obligations for clubs in legislation are inferior. They are slow to respond to new and emerging issues; any response to a new issue would need legislative change to give effect, which can take years. Such models favour a one size fits all approach and are highly prescriptive whereas in contrast a licence condition could be drafted with simpler obligations for smaller clubs. Therefore, to meet the goal of a nimble and bold regulator, the Review thinks a more flexible licensing regime is best.
- 2.38** As part of this flexibility, IREF should be able to amend licence conditions over time in order to respond to any changes in the football industry. It should be able to create new licence conditions after consultation with the industry, if it deems necessary in order for it to meet its statutory objective. It should also be able to remove licence conditions if they are no longer necessary. Licence conditions should only be included or removed if necessary to IREF achieving its statutory objective. There will also need to be an appeals mechanism for regulatory changes or decisions like licence changes (or enforcement). Appeals should be designed to be swift but avoid undue claims or swamping of IREF.

Recommendation 2

In achieving its objectives, IREF should utilise a licensing system under which each club operating in professional men's football, i.e Step 5 level (National League) or above would be required to hold a licence to operate, and be subject to various licence conditions. Licence fees should be based on a sliding scale of broadcast revenue.

Enforcement, powers and advocacy

- 2.39** Within any regulatory system, there needs to be a way of ensuring compliance with rules and regulations. When football clubs are suspected of breaching a licence condition, IREF should intervene to stop and turnaround poor behaviour and/or open an investigation which could result in sanctions to penalise clubs/owners.
- 2.40** Given the difficulties that the existing authorities have faced in investigation and enforcement, as well as the current risks to football's long-term health, it is clear that IREF must have significant investigatory and enforcement powers. Without this threat, problems will get worse, not better. However, investigations and sanctions are not the only compliance mechanisms. It is common practice in many regulators to practice 'advocacy and compliance' at an early stage, i.e. working with clubs to steer them to good behaviour.
- 2.41** The table below sets out the three key parts of the regime and our vision for how suspected issues in the industry should be resolved.

Table 2: the three stages of investigation

01	Advocacy and compliance	<ul style="list-style-type: none"> Enforcement is not always the most effective solution This is a new regime and will need a bedding in period IREF should work with clubs, steering them to be compliant, when possible It would help them understand obligations/best practice
02	Investigation	<ul style="list-style-type: none"> When advocacy doesn't work or isn't appropriate, investigations will be needed Information gathering powers are needed to build robust legal cases Statutory timetable - ensuring timely conclusions
03	Enforcement and Sanctions	<ul style="list-style-type: none"> Choosing the right penalty is hard Guiding principle of avoiding impacting on fans, where possible Include fines, points deductions, transfer bans, individual sanctions and in the most extreme IREF administrators

2.42 Powers – In order to be effective, IREF will need strong investigatory powers and the following prerequisites:

- IREF regulations/licence requirements have to be adhered to.
- IREF will be able to demand proportionate information from clubs, to assess compliance. Information must be provided in a timely way and be accurate, with legal mechanisms for IREF to obtain information even if a club is reluctant or not cooperative.
- IREF should have interim powers for suspected licence breaches in order to immediately stop or alter particularly heinous actions by clubs, pending an investigation. This will, of course, need appropriate checks and balances.

2.43 Investigations – IREF should have a statutory timetable for investigations to ensure penalties are applied as quickly as possible. Licence holders would not be able to act in a way to frustrate this statutory requirement. A licence breach will need to be clearly demonstrated, to a high legal and analytical standard, consistent with administrative models of investigatory work in other regulators.

2.44 Sanctions – If a club is found to have breached its obligations, sanctions will be needed. The Review has considered this issue and concluded that wherever possible, sanctions should avoid penalising fans of affected clubs, but instead ownership and/or management. If sporting advantage has been gained, other sanctions should be available. IREF should publish guidelines on how it would make an assessment of the relevant sanction, driven by a guiding principle of avoiding sanctions which unfairly affect fans, wherever possible.

2.45 Sanctions are the deterrent effect to non-compliant clubs and the ‘teeth’ of the regime. IREF should have a range of sanctions including:

- Compelling/ordering a club to stop non-compliant behaviour or forcing a club to meet its obligations.
- Compensating those that have been adversely affected.
- Reputational regulation – e.g. naming and shaming.
- Fines.
- Points deductions (and relegations).
- Transfer bans.
- Individual sanctions against owners and directors, including bans from involvement in football.
- At the most extreme end, owners could be forced to pass stewardship/control of certain decisions within a club, to an IREF appointed administrator.

2.46 Decisions – Case work and enforcement are complex and will require specialist expertise. As is the case with other regulators, an independent panel of experts should be appointed to decide on contested cases, both on whether a breach has occurred and the level of any sanction. This would call on experts from the finance, legal, economics and football industries.

Recommendation 3

IREF to operate a system of advocacy to help clubs comply with rules, but also have strong investigatory and enforcement powers.

The board, operations and governance

- 2.47** IREF will need a board and a chair. It is recommended that the chair and board would be appointed by a panel of experts, itself separate from the Government. Rules in sport mean that authorities should be outside the scope of government influence – hence the need for this separation. IREF's board would make decisions that deliver its objectives. The board should be independent of clubs. It should have a range of expertise, from a range of industries, with outstanding expertise of successfully working on boards. As the national governing body of English football, observer status for the FA on the IREF board should also be considered.
- 2.48** IREF's board will need to be accountable for its actions, decisions, how it operates and for providing value for money. IREF will be accountable to Parliament, and the Digital, Culture, Media and Sport Select Committee should meet the IREF Chair and or Chief Executive at least once a year. This will include an assessment of operational performance and value for money.
- 2.49** IREF should publish an annual report setting out its operational and financial performance for the previous year. This report should set out its performance in achieving its statutory objective. IREF should have specific quantified performance measures that all stakeholders can hold it to account to.

Recommendation 4

IREF should have a chair and board with expertise from a range of industries, appointed by a panel of experts separate from the Government. The FA should have observer status on the IREF board.

Recommendation 5

IREF should publish an annual report setting out its operational and financial performance for the previous year and be accountable to Parliament, meeting with the Digital, Culture, Media and Sport Select Committee at least once a year to review its operational performance and value for money.

Staff and expertise

2.50 IREF will need staff with a range of expertise at all levels of the organisation. This will include people with a deep understanding of the football industry and how clubs are run. Understanding of company finances, corporate governance and sector regulation will also be essential. In addition, expertise in financial services, accountancy, policy and economics will be needed. IREF will need legal staff as well as staff with expertise in regulation, enforcement and casework. Knowledge and experience of licensing regimes, including granting licences, will be necessary. To maintain independence we recommend that IREF staff are not civil servants which also allows more flexible recruitment.

Location

2.51 There are benefits and challenges of creating IREF as a new standalone body or within an existing body. If it was part of, or incubated in, an existing body it would receive welcome initial support in establishing itself. It could call on expertise and back office support to help its success. However, it is not clear which other body IREF could be located in due to the range of issues in its remit, though perhaps the Financial Conduct Authority (FCA) comes closest.

2.52 Within football, as has been noted, the leagues are run by their clubs, who vote on key issues. Due to the risk of regulatory capture, the need for sensitive work away from those that are regulated and the importance of full independence, it is not credible that those that are to be regulated would house and run IREF.

2.53 The Review has considered whether there is a role for the FA to either become or house IREF in the short term. As set out in the letter to the Secretary of State which presented the interim findings for this Review, the FA might at some point be a suitable location for IREF. This is part of the reason that the Review has recommended that the FA have observer status at the board of IREF. However, the Review has concluded that this is not appropriate at this time. It is important that IREF is free to make the tough decisions the proposed new regime will require, free from pressure from clubs and interests it would be regulating. The existing constitutional setup of the FA would not allow this.

2.54 In addition, the FA's current constitutional and governance arrangements inhibit the FA's ability to effect change, for instance in those matters where the FA Board can be overruled by the FA Council. The FA Council, committee and shareholder set up is archaic and not sufficiently reflective of the modern game, or fans. More importantly, the FA Board itself retains a majority of professional game and national game representatives (with a former Premier League CEO also retaining observer status). The addition of two additional independent non-executive directors and appointment of Debbie Hewitt as Chair is a welcome step but these changes still do not deliver a majority of independent non-executive directors on the FA Board. The constitution and governance of the FA needs significant further reform to allow the independent and timely decision making necessary for IREF.

2.55 The FA has also not played a significant role in directly regulating many of the matters proposed to be covered by IREF at club level. Whilst it has powers to authorise competition rules, it does not set the rules of professional leagues nor have the ability to impose rules

on the leagues that it considers in the best interests of the game. The rules of the FA (Rule B) that relate to competition authorisation have been strengthened recently and this is welcome. However, the reform needs to go much further if there is to be confidence in the FA as a potential independent regulator.

- 2.56** Finally, because the FA has not played a direct role in most of club regulation it is questionable if its current regulatory resources and mechanisms are anywhere near sufficient. There would need to be a huge investment in the regulatory function, and large scale recruitment of staff with experience of (economic) regulators to enable the FA to handle the complex issues of business regulation that it is proposed will be addressed by IREF.

Funding

- 2.57** It will be a matter for the Government and industry to determine the costs of introducing IREF. After it is established, it will need to be funded sustainably and it seems most logical that the industry which will benefit from the introduction of IREF should pay the costs. Accordingly, it is recommended IREF should calculate the licence fee based on a sliding scale of the value of revenue received by a club from broadcasting. Each club in the same division will pay the same fee, with clubs in leagues that earn more broadcast revenue paying a higher proportion of the running costs of IREF. The majority of these costs will fall on Premier League clubs, but the Review does not expect the cost per club to be excessive – especially relative to the important role this new body will have. Fines and revenues from enforcement of the regime could be used to offset some of IREF's operating costs.

Shadow Regulation

- 2.58** The new regulatory regime is likely to be a step change for football. It will introduce new ways of operating and new obligations. In order for IREF to become operationally functional as soon as legislation receives Royal Assent, it should be set up in a non-statutory form before legislation is complete. Some initial funding may be needed to be provided by the Government in order for the system to be operational as early as possible
- 2.59** The Government should seek a world-class interim leader for IREF and start recruiting staff, ahead of legislation. This new unit would work with clubs, leagues, fans, other regulators and bodies like UEFA to build its capability and expertise. It should start developing interim advice and guidelines on the new regime, how it would work in practice and best practice. Where possible, it could also start to implement and run aspects of the regime, where it can seek agreement from clubs.

Recommendation 6

IREF should be set up in a shadow form, working with the industry to ensure it is operationally functional as soon as legislation comes into force.

Chapter 3. Financial Regulation



Match N

GROUND
ADMISSION PRICE

ADULTS	£10
CONCESSIONS	£5.
JUNIORS (UNDER 16)	£2.

**MAIN STAND
TRANSFER** £2.

“No club should be allowed to go out of business. They should be protected like a graded building. Football means so much to communities and to see a club like Bury disappearing is an absolute tragedy”.

Contributor to Fan Led Review Online Survey

Introduction

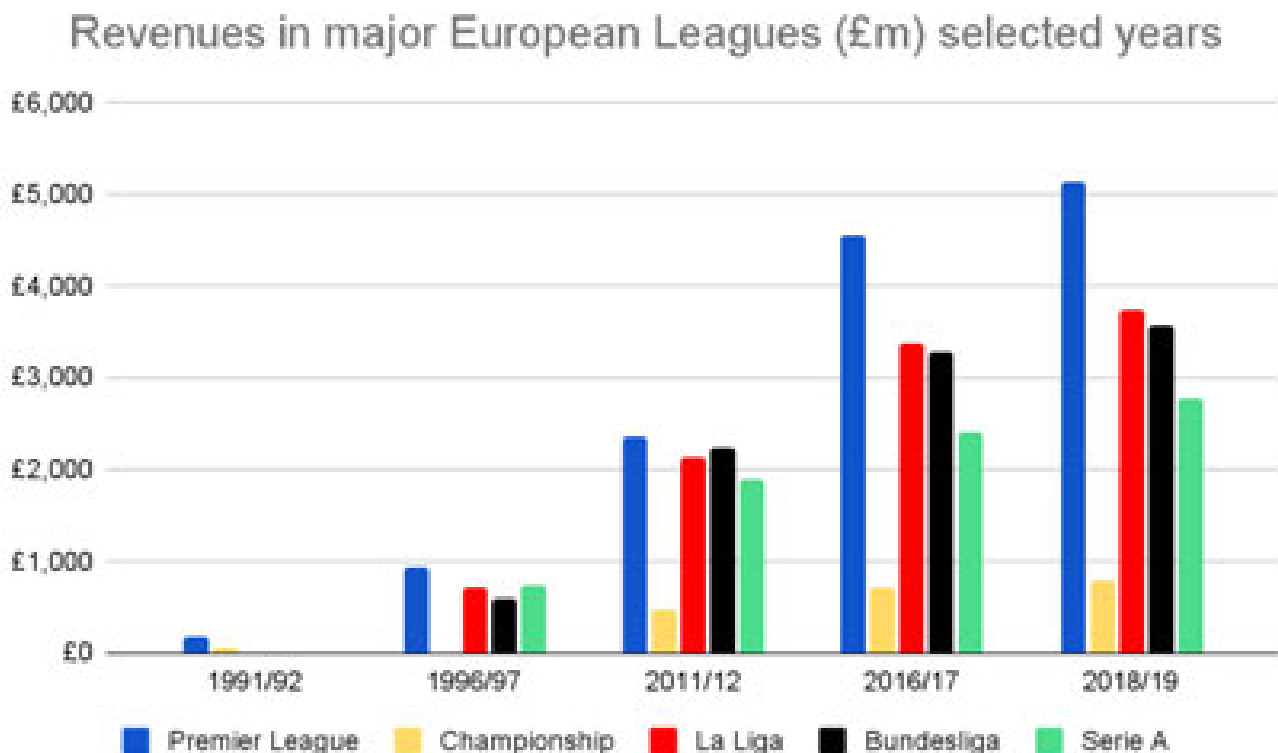
- 3.1** In many ways football is the same as it has always been. But one of the biggest changes in football, particularly since the inception of the Premier League, has been the financialisation of the game. Money is now crucial to success. It allows clubs to invest in training facilities and academies to develop better talent. It allows clubs to invest in their stadiums to allow more fans to watch games in good, safe, and accessible facilities. It also allows clubs to invest in their playing squad and improve fortunes on the pitch. Whether we like it or not, finances are a central part of football.
- 3.2** As the Review concluded in chapter 1, large numbers of football clubs are at a financial precipice and without intervention dire consequences will follow for fans, players and the local communities that clubs serve. This has led to industry analysts stating that club finances are ‘*fragile and highly operationally geared*’ which has been only further ‘*exposed by revenue losses caused by COVID-19*’.²⁵ A long-term, sustainable solution is needed.
- 3.3** As set out in chapter 2, oversight of solutions and a financial regime needs to be independent, avoiding vested interests. Tough decisions will be needed, away from undue lobbying and the ability to be radical will be crucial. And it will need to be done in a joined up way, alongside wider reforms. The introduction of IREF gives an opportunity to do this and to address the financial problems of clubs. A key focus of IREF’s licensing system should be to introduce conditions which provide a solution to the fragility of club finances.

The Financial Context

- 3.4** English football generates significant levels of income. Its financial performance has been a great success far out-performing our international comparators.

²⁵ Deloitte (2021) Annual Review of Football Finance

Chart 2: Selected revenue generation of European football leagues

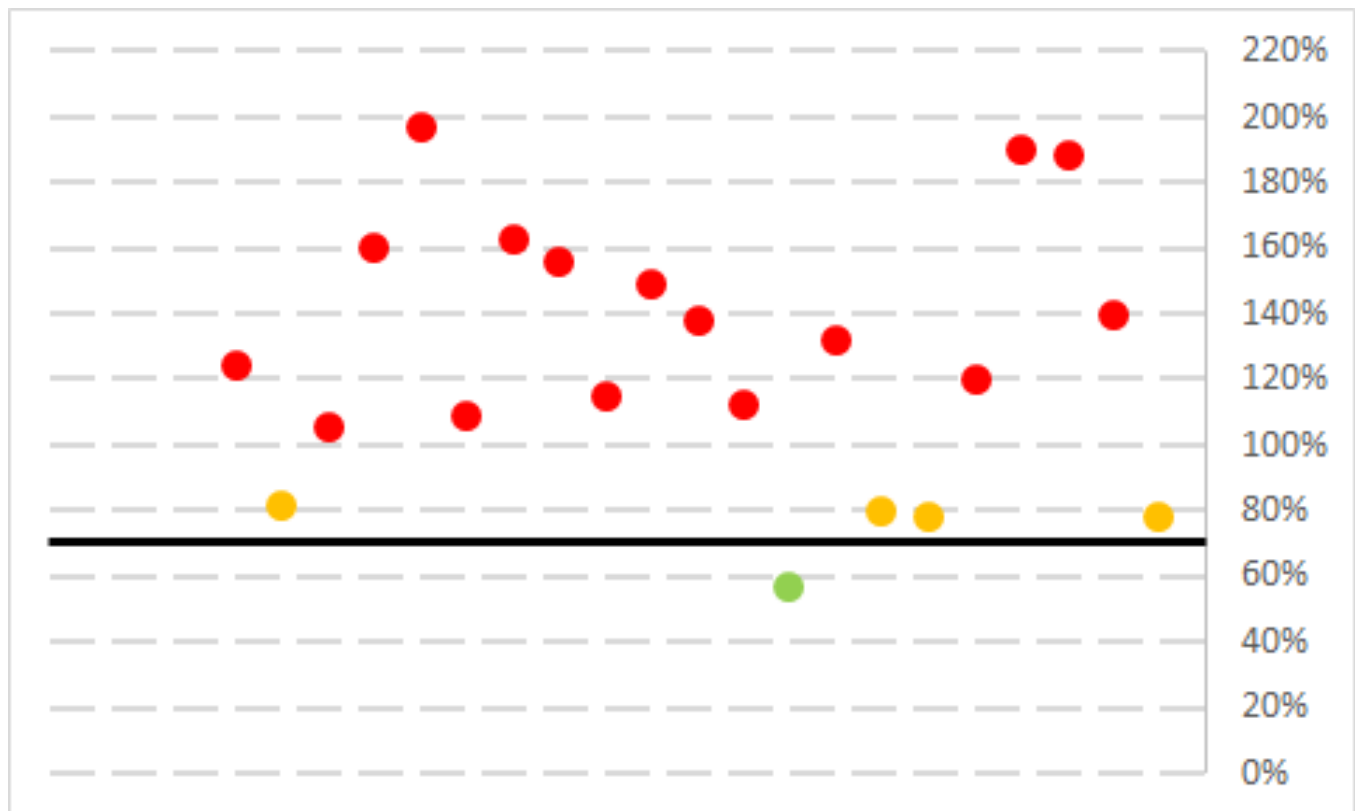


Source: Deloitte, Eurostat, DCMS analysis. No data for European leagues 1991/92

- 3.5** Despite football's ability to generate huge sums of money, the finances in parts of the game are in a perilous state. In chapter 1, the Review has shown just how stark these figures are.
- 3.6** Evidence to the Review showed that the biggest cause of these financial problems is out of control costs at almost every level of the game. This is mainly driven by player wage costs. UEFA considers that for clubs to have a chance of breaking even, total wages as a proportion of turnover should not go above 70%. However, in the Premier League this rate is 73% on average. Outside the 6 teams with the highest turnover, it is 87%. In the Championship, it is even worse, at 120%. The chart below shows for 2019/20 the turnover of Championship clubs as a percentage of turnover. The axis is set at UEFA's recommended maximum ratio of 70%. Only one club was below that level, and it was in receipt of parachute payments. Sixteen were spending more just on wages than they received in revenue. Seven were above 150%.²⁶

²⁶ Deloitte (2021) Annual Review of Football Finance

Chart 3: Championship club wages as a percentage of turnover 2019/20



Source: Deloitte

The current system of regulation and oversight

- 3.7** Many sports have cost or financial regulations. The Premier League and Championship have a system called '*profit and sustainability*' rules. EFL League One and League Two use a different system called salary cost management protocol, capping wages as a proportion of turnover.²⁷
- 3.8** Under profit and sustainability rules, clubs are allowed to incur a certain level of losses over a three year period, dependent on their league. Not all of a club's expenditure counts towards their profit and sustainability under existing rules; for example, stadium investment is not included in the calculation. The rules apply differently to the Premier League and Championship:
- Premier League clubs are allowed to incur £105 million of permissible losses on a rolling three year period.

²⁷ <https://www.efl.com/-more/governance/efl-rules--regulations/efl-regulations/appendix-5-financial-fair-play-regulations/>

- Championship clubs are allowed to incur £39 million of permissible losses on a rolling three year period (though clubs who have spent part of the period in the Premier League are permitted higher losses).

- 3.9** In addition, clubs entering European competitions must comply with UEFA's rules. Under UEFA's current system, clubs are limited to losses of €30 million over three years, although clubs can spend as much as they like on infrastructure. UEFA is currently consulting on changes to its regime, including requirements around club balance sheets, capping salary costs as a proportion of turnover, and potentially a luxury tax imposed on clubs spending over a set limit.
- 3.10** The Review has concluded in chapter 1, as have many in football, that the existing approach is clearly inadequately constraining reckless financial spending. The current regime of financial regulation is not forcing clubs to act in a long-term, sustainable way; clubs can gamble up to the point where they are at financial ruin and before the current rules kick in. Clubs have also been able to find novel ways to circumnavigate the rules, for example selling stadiums and leasing them back. Owners can walk away and leave a club in a dire financial state. And enforcement and deterrence are minimal, with action slow to conclude or non-existent. The rules and regulations need to change.
- 3.11** The Review has looked at the evidence, taken representations from all parts of the industry and considered the existing system and bodies. This includes experts in economic regulation and detailed, expert advice from members of the Supervision team at the Financial Conduct Authority (FCA). As a consequence, many different models of regulation and how they would be implemented have been considered.

The objectives of financial regulation

- 3.12** To get costs under control and do financial regulation well, lessons can be taken from other industries where there is a substantial body of literature on how to achieve good outcomes in a market. While those industries are often concerned with price or allowable revenues, there is still significant relevance to intervening on costs. In the context of football, any financial regulation needs to consider and balance five important factors:
- a. ensuring long-term financial stability.
 - b. avoiding monopolisation of leagues.
 - c. international competitiveness.
 - d. minimising burdens on clubs or an expensive system.
 - e. ensuring compatibility with other rules (for example UEFA).
- 3.13 Ensuring long-term sustainability** – this ensures that clubs, at all levels, have a long-term future. This is the core problem evidenced to the Review and was at the heart of the original reasons for it. It is therefore the most important objective for financial regulation in order to secure the future of the game, though the Review considers that approaches meeting multiple objectives are possible.

- 3.14 Avoiding concentration of power by one or two teams** – healthy in-league competition brings excitement to fans and retains interest in the league. Regulation could lock in incumbents, leading to further dominance of English football or closing off improvements for aspirational clubs. It could also mean the same clubs are promoted and relegated each season throughout the pyramid.
- 3.15 International competitiveness** – English clubs are successful internationally and this should be retained, where possible. Clubs should continue to be able to compete to attract and retain the best talent, relative to their international competitors. To fans of the largest clubs, this is among the most important considerations, though it is unsurprisingly less important for fans of clubs lower down the pyramid. UEFA's actions, including its own cost control regime, will also have a role in influencing international competitiveness.
- 3.16 Business burdens** – any regime should avoid being unduly burdensome and costly to those it is regulating. Otherwise, it adds unnecessary costs and reduces the impact of the intervention.
- 3.17 Compatibility with other systems** – any regime needs to be consistent with or complementary to other regimes. If requirements on Premier League clubs were at odds with UEFA requirements, then the intervention will not work.
- 3.18** All these factors have been carefully considered. However, the biggest issue seen by the Review, and the biggest threat to the future of English clubs and the heritage they embody, is about costs and sustainability. Therefore any regime should prioritise long-term sustainability and cost controls.
















Strategic Recommendation (B)

To ensure financial sustainability of the professional game, IREF should oversee financial regulation in football.

Assessing different approaches to financial regulation

- 3.19** As has been noted above, financial regulation is common across many sports. The Review has spoken to a number of experts and assessed a number of existing approaches to financial regulation in sport.
- 3.20** The table below shows our assessment of some of the different approaches to financial regulation in sport. As UEFA is currently finalising its reforms we have not included compatibility as a criteria in our assessment.

Table 3: Assessment of the effectiveness of existing financial regulation in sport²⁸

Type of regulation	Financial sustainability	International competitiveness	Domestic competitive mix	Avoidance of red tape/ cost effectiveness
Profit and sustainability				
Fixed salary cap				
Fixed salary cap with a luxury tax				
Wages capped relative to turnover				

- 3.21 Profit and sustainability** rules have clearly not succeeded in promoting sustainability across the Premier League and EFL. Reform and better enforcement might improve these rules to the extent that they are able to promote sustainability. However, there are no guarantees that this reform or enforcement would happen due to the concerns about the ability of this system to operate in a holistic, non partisan manner in the best interests of the overall game. The other weakness in this approach is that clubs could effectively continue to spend to the point they run out of money. There is no buffer in the system, if say, an owner pulls funding without needing to pre-fund long term commitments to cover expenses that might be beyond the means of a club.
- 3.22 A fixed salary cap** is common in American sports. This approach would aid the competitive mix of English football and because it only requires an assessment of costs, may be relatively easy to administer. However, this approach could simply shift spending to transfer fees, with selling clubs knowing buying clubs were cash rich. Internationally, it may also put English clubs at a competitive disadvantage.
- 3.23 A fixed salary cap, combined with a luxury tax** is the approach used in Major League Baseball. Clubs are limited in what they spend on player costs, but are allowed to go above this cap if they pay an additional tax to the benefit of its competitors. However, as with the fixed salary cap, this approach may just encourage spending on transfer fees and it may simply entrench dominance of the very wealthiest clubs who can incur the luxury tax costs. Profligate owners would have no constraint on continuing to spend, undermining long-term sustainability and incurring additional tax costs as they do so. The system could also be burdensome as calculating the cap, the tax and administering the system would be challenging.

²⁸ More footballs means the system is better at meeting the objective

- 3.24 Capping wage costs as a proportion of turnover** has some merit, and a variant of this is currently in place for Leagues One and Two. It is likely the option that most entrenches dominance of the richest clubs in a division. In this instance the clubs with the largest turnover will be able to spend highest on its team, leading to dominance on the pitch. Success will lead to more prize money and sponsorship, thus increasing their turnover and amount the club can spend on wages, therefore perpetuating the cycle. That said, if the turnover of clubs is more even, and as a measure to get costs under control, this approach could effectively ensure sustainability.

Proposed Capital and Liquidity financial regulation

- 3.25** An advantage of a Review such as this is the freedom to consider different approaches in trying to reform how football finances work, to get costs under control, for the benefit of the long-term health of the game. The Review spoke to a range of industry, academic and technical experts as well as experts from other industries. This has included the FCA, which has provided invaluable advice that has shaped the preferred approach to financial regulation. The approach below delivers the best mix of sustainability, domestic competitive mix, international competitiveness and minimises burdens.
- 3.26** At a high level, the proposed system is based on capital and liquidity requirements used by the FCA and the financial resilience supervision model also operated by the FCA (similar rules are used by the Prudential Regulation Authority). At its core, this is a relatively simple system. Clubs would work with IREF to ensure they have adequate finances and processes in place to keep operating. Firstly, clubs would be obliged to ensure they have enough cash coming into the business, control of costs, and suitable processes and systems to ensure the sustainability of the business. Clubs would need buffers in place for shocks and unforeseen circumstances. IREF would look at clubs' plans, conduct its own analysis and if the club plans are not credible, does not have enough liquidity, costs are too high or risk not accounted for properly, IREF would be able to demand an improvement in finances (e.g. inject some cash into the business or lower the wage bill) and ultimately have the necessary powers to force the club to do so.
- 3.27** This is a proven model that can accommodate organisations of many different sizes in a flexible manner and without imposing a disproportionate administrative burden. Further, the proposed approach seeks, by placing the onus on clubs, to drive good behaviours at clubs by forcing them to think through financial requirements and risk management. It should ensure financial sustainability of clubs, allow for investment and support competition. Unlike other models, it offers clubs significant flexibility. On the other hand, the proactive engagement between clubs and IREF would mean that issues are identified early and intervention is made long before the club is at risk of collapse.
- 3.28** The following is not intended to settle the detailed requirements of the proposed system. Regulation is needed that adapts to the nuances and specifics of football. In order to get the individual requirements right, IREF will need to undertake detailed consultation with the industry.

Recommendation 7

The Government should introduce a financial regulation regime operated by IREF based on prudential regulation.

Overarching requirement

- 3.29** The overarching purpose of the proposed system will be for IREF to impose a licence requirement for clubs **to have adequate financial and non-financial resources** (e.g. cash in the business and processes or risk planning) in order to meet their committed spending and foreseeable risks.

Capital and liquidity requirements

- 3.30** In demonstrating adequate financial resources, clubs would be required to hold sufficient capital (in order for the club to be able to absorb losses or respond to shocks) and liquidity (in order for the club to be able to operate and meet its obligations). This can come from its normal business operations, or from a subsidy from owners. Clubs would need to demonstrate that they have the required cash and this cannot be pulled out of the business.
- 3.31** It is important to note that any requirements will relate to the financial resources of the English or Welsh incorporated company that is the member of the relevant league. It will be a requirement that capital and cash be held in the local entity that holds the licence without the club owner and/or other companies being able to withdraw cash.
- 3.32** In outline, the proposed system for development will be as follows:
- a.** The cash and capital requirements will be assessed on an individual club basis. Each club will be required to submit documentation setting out its planned income and expenditure, business plan, as well as the risks considered by the club and its plans for managing such risks. This will propose capital and cash requirements for an appropriate period of time set by IREF.
 - b.** IREF will review the documents submitted by the club and if this identifies a problem, or IREF considers that a club has been too optimistic in its projections or cavalier regarding risk, then IREF will have the power to impose remedial solutions, including increasing capital and/or cash if IREF considers necessary.

Owner Subsidies

- 3.33** One of the most difficult issues to deal with is the question of owner subsidies. There are examples within the English game where wealthy owners have transformed clubs into champions (Manchester City and Chelsea) or even allowed a smaller club to operate above

its natural means to the benefit of its city and supporters (Brighton & Hove Albion). The openness to investment and opportunity for development of clubs is generally perceived to make English football attractive for investment.

- 3.34** On the other hand, the many clubs where owners have ceased to be willing or able to continue to fund losses have encountered deep difficulties. As noted in the report of the independent QC into the failure of Bury:

*“the real cause of Bury FC’s collapse is the fact that Clubs are able to fund player wages not just from normal operating income but by means of cash injections from their owners. This can make Clubs completely reliant on owner funding to remain competitive on the pitch. If such an owner becomes no longer ready, willing and/or able (for whatever reason) to provide such funding, the Club is inevitably plunged into deep financial crisis. In such cases, unless a new owner comes along with sufficient funding to meet the Club’s commitments, there is nothing that the EFL can do to save the Club.”*²⁹

- 3.35** Further, even where an owner is able to continue to fund an individual club, the activities of that club may cause disruption at other clubs as they overspend in order to compete. This will ultimately inject wage inflation, destabilise football and it is questionable whether or not a credible regulator could allow this.
- 3.36** The proposed approach of setting capital and liquidity requirements based on the club’s plans will allow clubs to invest utilising owner funding but will reduce the risk involved in reliance on owner funding. A club will be able to invest in order to seek to improve its competitive position but this will no longer be gambling with a club’s future. For a club to do this, money will need to be in the club upfront and committed.
- 3.37** The most difficult question is whether or not there should be a limit on the amount of money an owner can inject. If there is no limit, a club would be able to grow rapidly but at risk of destabilising other clubs, injecting inflation as others are forced to invest to try to compete with the growing club. If a limit is imposed the opportunity for short term club growth would be limited and English clubs may be less attractive for future investment.
- 3.38** On balance, due to the fragile state of club finances, the Review considers that IREF should have a proportionality mechanism when assessing owner injections. In outline, this would involve a limit being set on the level of owner subsidy based on the size of a club’s existing finances (which would grow over time if the investment was successful and the club grew).

²⁹ <https://www.efl.com/siteassets/image/201920/governance-reviews/bury-review..pdf---adobe-acrobat-pro.pdf>

In addition, if the activity of one or a few profligate clubs is objectively assessed as being destabilising to the long-term sustainability of the wider league, IREF would be permitted to block further owner injections on financial stability and proportionality grounds.

Recommendation 8

IREF should have a proportionality mechanism managing the level of owner subsidies based on the size of a club's existing finances or if owner injections at one or a few clubs is destabilising the long-term sustainability of the wider league.

Real Time Financial Monitoring

- 3.39** IREF will monitor compliance with a club's financial requirements throughout the licence period on a real time basis. This will involve regular filings by the clubs during each season which will be monitored by IREF.
- 3.40** In the event that this monitoring shows any reasons for concern at a club, IREF will have powers to gather information, engage with the club to improve its position and address problems at an early stage. In the event that IREF and the club are unable to agree solutions, IREF will also have powers to force the club to take remedial action to improve its financial situation and/or prevent the club from worsening the situation by, for example, spending further money on new player acquisitions.

Risk Planning and Transition Plan

- 3.41** The fourth element of the proposed new system will be a requirement for each club to undertake and implement planning for business risks. This will include a requirement to provide 'stress tests' to IREF (i.e. reports as to the impact on a club's business of certain negative scenarios) and to have a 'transition plan' which is agreed with IREF. The transition plan would be a plan for the most extreme negative scenarios and operate to buy time for a club to transition to a new ownership structure. The aim of this approach is to end the practice of clubs continuing with failing business plans and/or making a bad situation worse gambling on an upturn in 'on pitch' fortunes until they fall into administration. The proactive nature of this system should mean this is only engaged very rarely, if at all. But it is still prudent to have a planned system in place for this eventuality.
- 3.42** The transition plan will consist of certain steps that will be taken by the club if the club's financial resources fall to a set trigger point. The trigger point will be agreed with IREF on a club-by-club basis.
- 3.43** The transition plan will be required to be a credible and realistic assessment of how financial and non-financial resources will be maintained at a club while ownership of the club changes under stressed circumstances. The key principle is survivability of the club whilst avoiding insolvency until a new owner can be found.

Regulating Agents

- 3.44** One aspect of the regulatory environment in football that was raised as a significant contributor to the inflationary pressures on club finances is the activity of football agents. The Review was also aware that there have been real difficulties encountered by domestic and international governing bodies in trying to regulate agents.
- 3.45** It is not hard to credibly argue that spending by football clubs on agents has contributed to the financial pressure on clubs. Information published by FIFA on international transfers over a ten year period showed a 69.1% increase in the involvement of agents, and an increase in fees paid to agents from \$131.1 million in 2011 to \$640.5 million in 2019.³⁰ This figure was reportedly four times that in 2015 when the previous FIFA regulatory regime was ended – leading to ‘de-regulation’ of the industry. In total, FIFA reported that agent fees for the period were over \$3.5 billion – a figure which does not include any fees paid for domestic transfers, or for contract renewals.³¹
- 3.46** English football is the world’s biggest market for agents. The same FIFA report lists agent fees by Member Associations – with England comfortably at the top with a total spending over the decade covered by the report of \$919.5 million. Again, it bears stating this number does not include fees paid for domestic transfers or contract renewals. It is significantly more than was spent by other Member Associations – including the other major European leagues. Italy’s reported spending was closest to England with \$761 million, but other major leagues such as Germany (\$375.7 million), Spain (\$263.8 million), and France (\$189.7 million) were dwarfed by English spending.
- 3.47** There have also been a number of concerning media reports of involvement by agents in criminal matters, including:
- a. bribery and corruption involving a club official in England.³²
 - b. prohibited approaches to and dealings with young players.³³
 - c. people smuggling of young players from Africa.³⁴
 - d. money laundering.³⁵
 - e. fraud.³⁶
 - f. involvement in organised crime.³⁷

³⁰ FIFA (2021) Ten years of international transfers

³¹ Ibid

³² <https://www.telegraph.co.uk/news/2020/01/17/football-sale-agents-manager-sentenced-corruption-scandal/> and <https://www.thesun.co.uk/sport/football/8951950/fa-bans-ten-agents-breaking-rules/>

³³ <https://www.bbc.com/news/uk-58600845>

³⁴ <https://www.dailymail.co.uk/sport/football/article-9257739/How-Manchester-Uniteds-new-38m-prodigy-Amad-Diallo-trafficked-Africa.html>

³⁵ <https://www.getfootballnewsfrance.com/2019/bakari-sanogo-tottenham-midfielder-moussa-sissokos-agent-caught-up-in-legal-trouble/> and <https://www.bbc.co.uk/news/world-europe-49662132>

³⁶ <https://www.goal.com/en-us/news/agent-who-negotiated-casillas-move-to-porto-has-four-year/1269gkpqw8yll1kisdc8j8ve1>

³⁷ <https://www.dailyrecord.co.uk/news/scottish-news/agon-youn-scots-footballer-stars-23807915>

- 3.48** It is concerning that English clubs appear to pay so much more money to agents than any other. It is also concerning that the lack of regulation of agents could not only be costing clubs money that could otherwise be better spent, but that criminal activity may also be involved, including exploitation of children. Further, Her Majesty's Revenue and Customs (HMRC) has had concerns for many years regarding losses to the Treasury caused by the artificial structuring of agent activity.
- 3.49** As English football is spending the most money on agents, it has potentially the most to gain from improvements in the situation. However, as the FIFA and newspaper reports make clear the issues are not unique to the English game. The Review has therefore considered that an international, game wide solution would be preferable to any attempt by IREF to regulate agents. Further, the Review considered that regulation of agents would be beyond the natural scope of the recommended objectives and would result in a significant increase in costs.
- 3.50** The world governing body for football, FIFA, has recognised the need for better international regulation and raised significant concerns regarding the functioning of agents in the game, referencing *'the law of the jungle currently in place, with conflicts of interests rife and exorbitant "commissions" being earned left and right.'*³⁸ FIFA has therefore proposed a number of reforms, including a proposed cap on commissions.
- 3.51** Given the potential benefits to the finances of English clubs of a more sensible agents market, as well as the moral case for protecting players and clubs from criminality and limiting tax evasion, the Review considers that the government should work with FIFA to support its efforts to improve regulation of agents.

Recommendation 9

The Government should explore ways to support the regulation of football agents operating in English football by working with relevant authorities including FIFA.

Next steps – Shadow regulation

- 3.52** The system of financial regulation outlined above will be a significant change for the industry. As set out in chapter 2, in order to smooth the transition to the new system and allow it to be operable as soon as possible after the relevant legislation is passed, it is recommended that IREF be set up in shadow form. This would involve IREF being set up and the recruitment of experienced Regulators, particularly on the prudential regulation, who would work with the industry before the legislation receives Royal Assent.

³⁸ <https://www.fifa.com/legal/football-regulatory/stakeholders/fifa-fund-for-players/news/reform-proposals-concerning-football-agents-regulations>

- 3.53** In the interim, once set up, the shadow team should work with the football authorities and take on ownership of football financial regulation, as transition to the new model takes place. This would mean oversight and enforcement of Profit and Sustainability and the Salary Cost Management Protocol. Part of the reason for this is to build understanding and relationships with the industry. But equally important, developing the right approach to the transition in football to the new capital and liquidity model.

Chapter 4. Tests for Owners and Directors of Football Clubs



“The fit and proper persons test has failed to stop many owners who are not ‘fit and proper’. It’s a disaster of a system”

Contributor to Fan Led Review Online Survey

Introduction

- 4.1 Football clubs are among the longest surviving institutions in English life – with some existing professional clubs having been founded as far back as the 1860s. Any club owner is merely the latest in a long line; a temporary custodian of a community asset which hopefully will continue to exist for centuries after they have departed. The owners and directors of a club are the parties whose management decisions can lead to a club’s success and growth or which can lead a club to ruin. The Review has seen too many examples of the latter, and therefore alongside the financial regulation recommended in the previous chapter, ensuring the right people are involved in running clubs will be an important task for IREF.
- 4.2 The approach of the current Owners’ and Directors’ Tests is to look objectively at any areas which might prohibit an individual from becoming a new owner or director (including shadow directors) of a football club. This includes matters such as criminal convictions, bans by sports professional bodies or breaches of certain football regulations ie. match fixing. However, as set out in chapter 1 there have been many instances of owners and directors whose suitability is at the very least questionable.
- 4.3 The introduction of IREF provides an opportunity to take a fresh look at who is permitted to be an owner or director of a football club. If sustainability of clubs is to be achieved, IREF will need to ensure that any prospective owner is a suitable custodian of this valuable community asset and that any directors have the skills and experience to contribute to the day to day running of the club.
- 4.4 It is not inconceivable that ensuring clubs have suitable owners and better qualified directors will also help to achieve better business decision-making, as part of addressing the unsustainable financial operations of clubs. In simple terms, better owners should make better decisions and experienced directors should be better able to offer challenge and scrutiny of a club’s proposed actions.
- 4.5 This chapter recommends an approach to replace the current Owners’ and Directors’ Tests used in football. For the purposes of this chapter, we will use the term ‘Owner’ to include the ultimate beneficial owner or person with significant control of a club. This should be applicable to all those who own a minimum of 25% share in the club (or any parties acting in concert who, in aggregate, hold a minimum of 25% shares in the club).

- 4.6** The term ‘Director’ will include shadow directors and should also extend to any key individuals at the club, who are not on the Board, but who are discharging executive management functions, or advisory roles similar to those of an executive manager or director regardless of the title that such advisor might have.

The Tests

- 4.7** Currently, there are three Owners’ and Directors’ Tests in English football. The Premier League and EFL separately administer an Owners’ and Directors’ Test for clubs in their own leagues. The FA administers an Owners’ and Directors’ Test to clubs in the National League, the three leagues below, the Women’s Super League (WSL) and the Women’s Championship.
- 4.8** The creation of a IREF offers the opportunity to introduce consistency of approach in men’s professional football by having a unified approach. IREF will be able to introduce tests that owners and/or directors of clubs will be required to pass in order for a club to obtain a licence.

Strategic Recommendation (C)

New owners’ and directors’ tests for clubs should be established by IREF replacing the three existing tests and ensuring that only good custodians and qualified directors can run these vital assets.

- 4.9** The respective roles, duties, and obligations of club owners, and the directors appointed to oversee their management, are, and should be, different. It is therefore logical that this difference should be reflected by specific requirements in the tests. It is proposed that there be two tests – one for owners and one for directors.

Recommendation 10

Through licence conditions, the new Owners’ and Directors’ Test should be split into two parts, one test for owners’ (i.e. those who own a minimum of 25% shares in the club alone or acting in concert with others) and one test for directors as well as shadow directors, executive management and any individuals holding those roles regardless of job title.

Test Criteria

Disqualifying Conditions

- 4.10** Though varied, the three tests in operation today broadly cover objective factors that disqualify individuals from being an owner or director of a football club. These include past involvement with club bankruptcies, dishonest dealings with the football authorities, control or influence at multiple clubs, criminal convictions (including overseas), personal insolvencies, suspension or ban from another sport, being barred from entry to the UK, and being a football agent. These are assessed at the point that the individual seeks to become an owner or director of a club, and the individual is required to sign an annual statement lodged with the relevant authority that they remain free from any of the disqualifying factors.

Owners' Test

- 4.11** As temporary custodians of a community asset, the Owners' Test should, in addition to any disqualification criteria, check an individual's integrity, their ability to ensure the club is financially stable, and that they will run the club sustainably and in accordance with the relevant financial rules and regulations. In order to consider these factors, the new Owners' test should involve the review of a business plan, a check of financial resources and enhanced due diligence on the source of such resources, as well as an integrity test based on existing integrity tests which have already been developed by the Financial Conduct Authority, Prudential Regulation Authority, Ofcom and the Home Office.
- 4.12** The Owners' Test should be applicable to all those individuals who own more than a 25% share in the club (or any parties acting in concert who in aggregate hold 25% or more of shares in the club).
- 4.13** It is envisaged that an enhanced due diligence check on source of funds will be designed and developed by IREF with relevant stakeholders including the Home Office and National Crime Agency. The test should include banking checks and ensuring the individual(s) have no links to money laundering or other criminality.
- 4.14** When providing evidence of sufficient funds the owner should be required to evidence funds for club's financial plans for at least a three year period.
- 4.15** The owner should also be required to submit a business plan for assessment by IREF outlining:
- a.** their strategy for the club
 - b.** how they will run the club as financially sustainable
 - c.** their plans regarding the community and heritage assets attached to the club,
 - d.** financial projections
 - e.** proposed corporate structure of the club post acquisition
 - f.** proposed corporate governance structure of the club post acquisition, including how it will meet the requirements of the proposed new Football Code
 - g.** commitment to an Equality, Diversity and Inclusion action plan
 - h.** declare any conflicts of interest to IREF, to consider and manage.

- 4.16** As set out in the proposals for financial regulation, if IREF is concerned about the financial resources of the owner and/or the feasibility or level of risk in the business plan then in addition to refusing the application, IREF would have the option of imposing capital and cash requirements.
- 4.17** As noted, the new integrity test is based on those developed in other industries and will be an assessment by IREF of whether the proposed owner is of good character such that they should be allowed to be the custodian of an important community asset. Based on best practice in other industries, the proposed approach should be (but not limited to):
- a.** A proposed owner be considered as of good character if there is no reliable evidence to consider otherwise and IREF has no reasonable grounds to doubt their good reputation;
 - b.** IREF will consider all relevant information in relation to the character of the proposed owner, such as:
 - i.** criminal matters not sufficient to be disqualifying conditions.
 - ii.** civil, administrative or professional sanctions against the proposed acquirer.
 - iii.** any other relevant information from credible and reliable sources.
 - iv.** the propriety of the proposed acquirer in past business dealings (including honesty in dealing with regulatory authorities, matters such as refusal of licences, reasons for dismissal from employment or fiduciary positions etc).
 - v.** frequent ‘minor’ matters which cumulatively suggest that the proposed owner is not of good reputation.
 - vi.** consideration of the integrity and reputation of any close family member or business associate of the proposed owner.

Recommendation 11

In addition to not being subject to any disqualification criteria based on existing rules, prospective new owners should also be required to:

- a.** submit a business plan for assessment by IREF (to include financial forecasts).
- b.** evidence sufficient financial resources to meet the requirements of the business plan.
- c.** be subject to enhanced due diligence checks on source of funds to be developed with the Home Office and National Crime Agency.
- d.** pass an integrity test.

Directors' Test

- 4.18** A director should also be tested whether they possess the necessary skills and experience to be able to suitably contribute to, and manage, the affairs of the club on a day-to-day basis thus helping to ensure the stability of the club.
- 4.19** There are, of course, multiple ways that directors might be able to contribute to a board, and that diversity of boards is to be encouraged, it is not proposed that there should be an overly prescriptive approach to what constitutes suitable skills and experience. It is also important not to unduly restrict access to boards to those who may be able to contribute but who have not come from a traditional background or career path. It is therefore recommended that this criteria should be able to be fulfilled by completion of an IREF approved directors course with an organisation such as the Institute of Directors.
- 4.20** Directors will, of course, operate a position of trust in a community asset. It is therefore appropriate that each director should also be subject to an integrity test.

Recommendation 12

In addition to not being subject to the disqualification criteria, a prospective director should also be required to:

- a. demonstrate that they have the necessary professional qualifications, and/or transferable skills, and/or relevant experience to run the club.
- b. pass an integrity test in the same manner as prospective owners.
- c. declare any conflicts of interest.
- d. declare any personal, professional or business links with the owner of the club in question, or any other club owner (past or present).

- 4.21** In recognition of the proposed new Code for Football Governance set out in chapter 5, each club will be expected to demonstrate what recruitment process it followed that has led to the proposed appointment.

How will IREF facilitate the test?

- 4.22** One criticism of the existing Owners' and Directors' Test is that they are facilitated on entry only, with any future checks on owners or directors limited to filing of an annual compliance statement. However, whilst it might be desirable to test all owners and directors on an annual basis, to do this across 115 clubs each year would be impractical for IREF. In the case of directors, this would also make little sense given the criteria – by definition a director will not have become less experienced after joining a club board.

- 4.23** The Review has therefore sought a middle ground between the existing ‘entry only’ approach, and annual checks. Whilst the current approach seems sensible for directors, in regard to owners it is recommended that the full test on entry and annual compliance statements of the current approach be supplemented by a three yearly review of each owner. It is likely that subsequent tests will be less burdensome as they will be able to build on the initial tests.

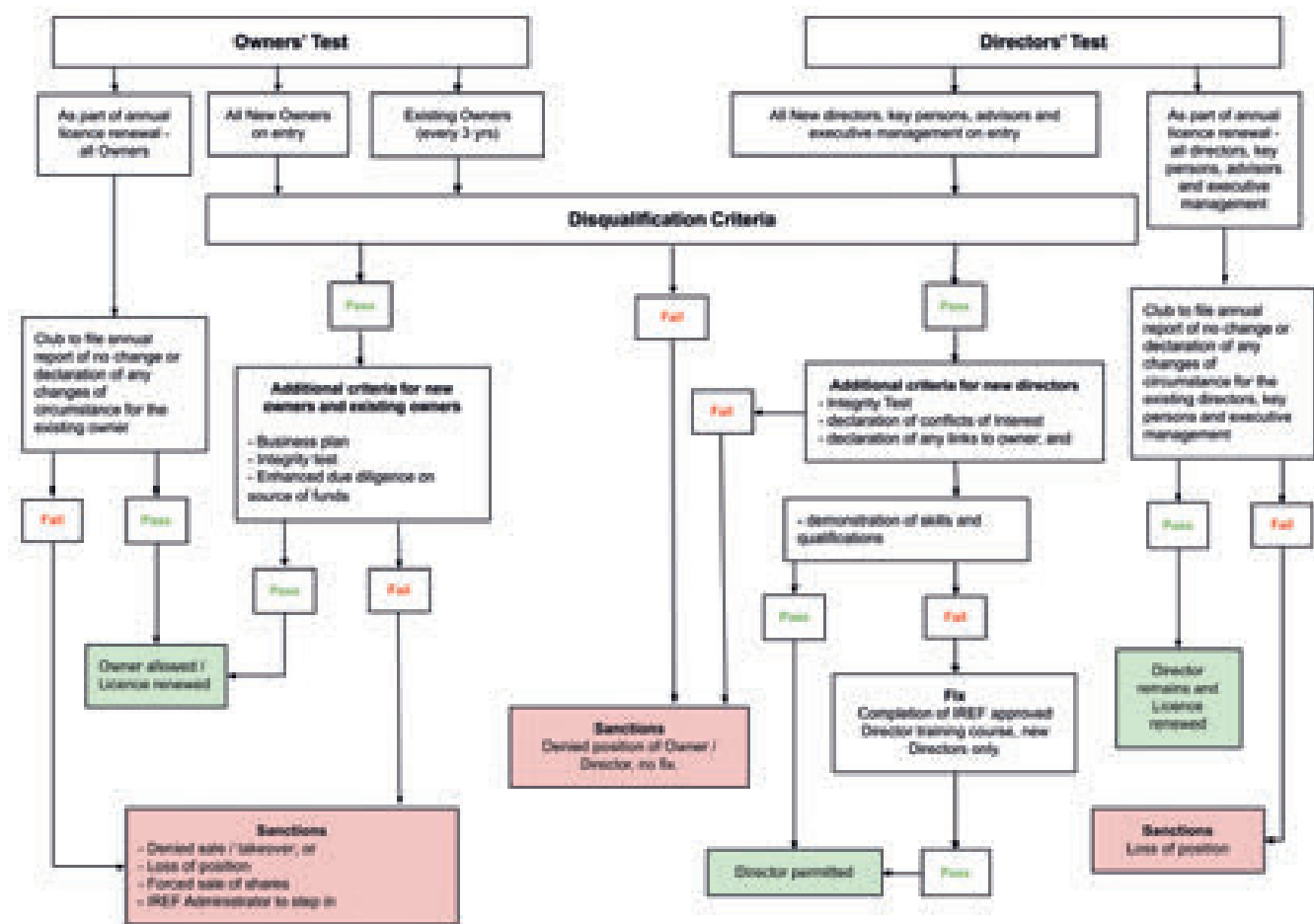
Recommendation 13

IREF should conduct, and where possible, publish the results of the Owners’ Test and the Directors’ Test:

- a. on entry – for any new owner or director.
- b. annually – any appointed owner or director should be required to declare to IREF, as an annual compliance statement, any changes in circumstance within one month of said change, or at the stage of annual licence renewal, if no changes have occurred.
- c. every three years – for owners only. Any existing owner should re-pass the test on a three year review.

- 4.24** Moving to a new system of regular checks on owners will clearly not happen overnight. It is therefore recommended that tests be conducted on owners on a staggered basis over three years, with the ‘highest risk’ clubs and owners being prioritised in year one. Thereafter, in addition to new club owners being tested on entry, in order to avoid an undue burden on IREF owners should be tested on a staggered three year rolling basis such that in any one year only one third of club owners will be subject to review.
- 4.25** In order to improve confidence in the operation of the national game, and clubs in particular, the outcomes of all tests should be made public. IREF may need to withhold details that are of a sensitive nature.

Chart 4 – Operation of the new Owners’ and Directors’ Test.



Sanctions and Consequences

- 4.26** Under the proposed system, a club will hold a business operation licence issued by IREF, which will include conditions that its owners and directors must pass. Utilising this licence condition, IREF should have full powers to block an individual becoming an owner and director of a club, including revoking licences. However, this will clearly be a last resort and will have severe consequences for a club and its fans.
- 4.27** It is therefore recommended that IREF should also have the power to impose a range of disciplinary sanctions for breaches of licence conditions, including (in the case of breach after an initial approval) on any individual owner or director. IREF should also have power to appoint an administrator to run a club in serious situations short of licence revocation.

Recommendation 14

IREF should have a range of sanctions to enforce breaches of Owners' and Directors' tests.

- 4.28** For accountability and transparency it should be a licence condition that clubs declare to IREF the identity of the Ultimate Beneficial Owner (UBO) of the company. This is especially important where clubs are owned by offshore entities, and where the investors in those entities are unknown, or where clubs are controlled by complex company structures.

Recommendation 15

It should be a licence condition that the identity of the Ultimate Beneficial Owner (UBO) of a club be declared to IREF.

Chapter 5. Corporate Governance



Introduction

- 5.1** A test for Owners and Directors of football clubs should be designed to ensure that the right people with the right skills are in the right positions. However, even the right people can make poor decisions. No system can prevent this entirely and it is generally accepted that good corporate governance can promote better decision making. This chapter considers corporate governance in the context of football clubs and promoting their sustainability.
- 5.2** Corporate governance at its most basic level, is a system of rules and practices that determine how a company operates and how it aligns the interests of all of its stakeholders. Good corporate governance should not be seen as a challenge, but as an opportunity. It delivers better business outcomes, ensuring effective decision making through diversity of opinion and expertise. It can help a company regulate and reduce risk as well as allowing challenges on unilateral decision making and accountability for business actions, which can lead to positive performance and financial viability.
- 5.3** The Review heard numerous examples of reckless ‘gambling’ behaviour in pursuit of on the pitch success, as well as some highly questionable business ventures pursued by clubs. It is reasonable to believe that some of the worst decisions that have been made by football clubs in the past would have at least been less likely if the relevant club had adopted proper governance practices, as such decisions would have been subject to review and independent scrutiny.
- 5.4** Good corporate governance will also help demonstrate to all stakeholders in a club that it is well managed, allowing fans to have confidence that their club is being well run with properly scrutinised decisions and actions. This will go some way to establishing trust between fans and those running their clubs. It will also allow the Government to have greater confidence that the current custodians of clubs as civic, cultural and heritage assets will act in responsible ways.
- 5.5** Football is a unique business in its nature. The fan loyalty of a football club is nothing like a customer of a normal business. This fact, coupled with the unlikelihood of removing poor performing club owners, means that there is no incentive for league clubs to implement good corporate governance frameworks. It is therefore right that IREF should impose corporate governance requirements as part of its licensing regime.

Strategic Recommendation (D)

Football needs a new approach to corporate governance to support a long-term sustainable future of the game.

- 5.6** A corporate governance code is a proven model for improving corporate governance. In sport, the UK Government's strategy for an active nation, 'Sporting Future',³⁹ led to the introduction of The Sport England and UK Sport Code for Sports Governance ('Sports Governance Code'). This aims at protecting the value for money the public receives from investment into sport and to maximise the effectiveness of those investments. Under this approach, sports bodies in receipt of public funding are required to implement the Sports Governance Code.
- 5.7** It is distinctly odd that, due to the work of UK Sport and Sport England, many English sports and teams, often with a fraction of the resources of even lower league football clubs, are operating (or at least working towards) significantly better corporate governance standards than some of the country's biggest sporting institutions.
- 5.8** Unfortunately, the Sports Governance Code has not reached into professional men's football as clubs are not generally in receipt of public funds. The requirement for a licence and the related conditions offers an opportunity to address this. The Review has therefore concluded that a licence condition should be introduced for a new Code for Football Club Governance based on the Sports Governance Code.

Recommendation 16

A new Code for Football Governance based on the Sports Governance Code should be introduced for licenced clubs, with compliance being a licensing condition.

- 5.9** As it is envisaged that the licensing process shall be annual, this means that clubs should be required to provide evidence of how they are meeting the Football Code on an annual basis. In order to ensure that clubs are operating in a transparent manner, and to give fans confidence in the way their club is run, these details should be published on the club's website.

³⁹ <https://www.gov.uk/government/publications/sporting-future-a-new-strategy-for-an-active-nation>

Recommendation 17

As a condition of the licence, clubs should be required to publicly present evidence of compliance with the Code for Football Governance on an annual basis.

How to make the code proportionate?

- 5.10** Introduction of new corporate governance requirements will be a positive development for English football, but it is important to avoid placing an undue burden on clubs. The Sports Governance Code sets out an overriding series of principles, with detailed requirements under each. The requirements for the Sports Governance Code are set out in three ‘tiers’, with Tier 1 applying to smaller investments, Tier 3 applying to the larger investments, and Tier 2 for situations where UK Sport and Sport England considers that the requirements should exceed Tier 1 but it would not be proportionate to apply the full Tier 3 requirements.
- 5.11** The Football Code, on design, should align closely to the Sports Governance Code whilst also reflecting the particular issues heard in the evidence to the Review. In particular, it is recommended that the Football Code adopt a tiered approach to accommodate the vast difference in scale and resources of the clubs across the pyramid. This would involve a bottom tier, ‘Tier C’, of minimum mandatory requirements, a ‘Tier A’, as the top level of mandatory requirements, and a ‘Tier B’ which transitions clubs towards the top Tier.

Recommendation 18

The Code for Football Governance should adopt a model which includes a proportionate approach to the governance requirements. Tier A should involve the highest level of requirements and should apply to Premier League and Championship clubs, with Tier B applicable to Leagues One and Two, with minimum standards applying to Tier C to the National League.

- 5.12** The recommended application of this approach to the club structure proposed is:
- a. Premier League – Tier A.
 - b. Championship – Tier A.
 - c. League One – Tier B.
 - d. League Two – Tier B.
 - e. National League – Tier C.

- 5.13** In this approach, clubs will be required to improve their governance as they progress up divisions. In order to avoid placing an undue burden upon clubs in the often short period between promotion being achieved and a new season, an appropriate transition period should be allowed for clubs as they progress. However, once a club is operating at a higher tier of governance the burden of continued compliance is minimal. It is therefore recommended that the requirements operate with a ‘ratchet’, in that once a club complies with a higher governance tier they should continue to be required to operate at that tier regardless of the division in which they play.

Recommendation 19

The Code for Football Governance should also operate with a ‘ratchet’ system in that a club cannot drop a Tier in its governance. The Code for Football Governance should allow a period of settlement for clubs who are promoted and therefore required to adhere to new requirements.

- 5.14** Although most clubs covered by the licence will be solely UK based, there is a significant minority of clubs with overseas entities in their ownership chain. As it is proposed that the licence will be held by the English incorporated entity that is the member of the relevant league, the governance requirements will apply to that entity and not any overseas parent company.

Principles and Requirements

Principles

- 5.15** Like the Sports Governance Code, it is recommended the Football Code should also be based around five principles with bespoke requirements for football clubs developed under each:
- a. Structure** – Clubs shall have a clear and appropriate governance structure, led by a board which is collectively responsible for the long-term success of the organisation and exclusively vested with the power to lead it. The board shall be properly constituted, and shall operate effectively.
 - b. People** – Clubs shall recruit and engage people with appropriate diversity, independence, skills, experience and knowledge to take effective decisions that further the organisation’s goals.
 - c. Communication** – Clubs shall be transparent and accountable, engaging effectively with stakeholders and nurturing internal democracy.
 - d. Standards and Conduct** – Clubs shall uphold high standards of integrity, and engage in regular and effective evaluation to drive continuous improvement.
 - e. Policies and Processes** – Clubs shall comply with all applicable laws and regulations, undertake responsible financial strategic planning, and have appropriate controls and risk management procedures.

- 5.16** In addition to the five principles, in recognition of the societal role of football clubs, it is recommended that stewardship is at the heart of the Football Code. This is the essential duty to protect the club and to ensure its sustainability for the community on which it relies. This duty should be reflected through the Football Code.

Requirements

- 5.17** IREF should develop detailed requirements for the Football Code in accordance with each of the five principles. These should utilise the minimum requirements of the Sports Governance Code. In addition to such minimum requirements, and in recognition of the evidence presented to the Review of the problems within football, it is recommended that the basic mandatory requirements, to be included across all tiers, include some additional items which should apply to all licenced clubs:
- a. Independent Non-Executive Directors** – each club should have a board, 30% of which should be independent non-executive directors, to provide expertise as well as challenge and scrutiny to decisions. In this context an independent director should have no close association with the club owner, whether in a personal or business context and will cease to be considered independent after an appropriate length of time on the club board.
 - b. Director appointments** – all clubs should be required to maintain and regularly review a board skills matrix to ensure that the board has the appropriate composition to effectively manage the day-to-day running of the club. Clubs should adopt a formal, rigorous, inclusive and transparent merit based approach for all board appointments.
 - c. Disclosure of director remuneration** – for transparency of those charged with running a community asset and to allow all stakeholders to have confidence in the functioning and independence of board members, there should be disclosure of all benefits received by non executive directors, including salary, free tickets and hospitality, and any gifts or other benefits (such as foreign trips paid for by the club owner). The individual and total value of non cash items should also be disclosed.
 - d. Equality, Diversity and Inclusion Action Plan** requirements should be mandatory for all clubs. The board shall set out, promote, and support the implementation of minimum good governance standards, with respect to diversity and inclusion throughout its club; and within its fan base.
 - e. Financial Transparency** – to provide transparency for fans and other stakeholders, all clubs should be expected to publish high quality easy to understand financial information. In this, it is recommended that the excellent approach adopted by Plymouth Argyle that present the club's financial information in freely available and easily understood terms should form the basis of the regulatory requirements.
 - f. Engagement** – to improve general engagement, each club shall develop and deliver a people plan and strategy for engaging with, and listening to, its fans, community and stakeholders. (In line with the recommendations being made on fan engagement in chapter 7 of this report).
 - g. Welfare, Safety and Safeguarding** – the board should appoint a director as its lead in this area to ensure appropriate prioritisation and focus on the welfare and safety of the club's players, staff and match day fans;

- h. Stewardship** – to reflect the civic and community importance of clubs, all club boards should be expected to report on how it is discharging its role as a temporary steward of that precious community asset.

Recommendation 20

The Code for Football Governance should adopt basic minimum requirements which will apply to all clubs including those in the Sports Governance Code, and additional minimum requirements relating to directors, equality and diversity, fan engagement, welfare and stewardship.

Apply and Explain

- 5.18** The traditional UK approach to corporate governance is to provide for a ‘comply or explain’ model of governance requirements. However, given the relative immaturity of the football corporate governance structures it is recommended that an ‘apply and explain’ model, advocated by the King IV Report on Corporate Governance in South Africa,⁴⁰ would be more appropriate to the Football Code.
- 5.19** This approach would mean all requirements set out under the key principles must be applied by all clubs, in an understandable way, most suitable to that club in their appropriate tier. This would require all clubs to comply with all the requirements but allow them to provide an explanation as to how the principles of the code were applied. IREF should consider the best approach alongside development of the Football Code.

Recommendation 21

The Code for Football Governance should adopt an ‘apply and explain’ model for implementation of its requirements.

Corporate Governance within the Authorities

- 5.20** Whilst this chapter is focussed on improving governance within clubs, the corporate governance of the English football authorities is also vital to the future of the game. The Review heard repeated evidence from numerous sources that decision making has been subject to the control of vested interests within the game.
- 5.21** Existing football authorities have taken some steps to recognising the importance of improving corporate governance as recognised in chapter 1. These attempts are welcomed.

⁴⁰ <https://www.adams.africa/wp-content/uploads/2016/11/King-IV-Report.pdf>

- 5.22** However, in order to improve their own decision making, and to give the public confidence in their operation, it is recommended that the English football authorities continue to improve their corporate governance and independence from the vested interests of the game. In particular, boards that consist of a majority of independent directors and are able to securely act in the best interests of the game without fear of losing their position should be considered as a minimum requirement. The Review would also like to see historic oddities such as the need for the FA Chair to be approved by the FA Council removed.

Recommendation 22

The English football authorities should continue to reform their own corporate governance to create independence in decision making from the vested interests in the game, including boards of at least 50% independent directors and the removal of historic oddities such as the need for the FA Chair to be approved by the FA Council.

Chapter 6. Equality, Diversity and Inclusion



Introduction

- 6.1** Football should be a game for all. The England Men's incredible journey to the Euro 2020 final was underpinned by a diverse group of players from all corners of the country. The sport has led the way on diversity in many ways on the pitch, with 25% of all Premier League players either black or dual heritage.⁴¹
- 6.2** However, this acts as a disguise for other groups that are not as well represented and for areas of the game that are not as diverse:
- a. In 2019 there were 10 British Asians out of a total of 4,000 professional players in the English game.⁴²
 - b. Despite evidence of more inclusive attitudes inside football academies, no active male professional player has felt able to publicly acknowledge their homosexuality since Justin Fashanu over thirty years ago, a stark contrast to women's football.
 - c. There is just one black or Asian referee in the professional game and no black or Asian person has ever officiated at a major final in the 150-year history of English football.⁴³
 - d. At the time of writing, there are currently only seven black managers in the 92 professional football clubs in England and Wales.⁴⁴
 - e. In 2019, the law firm Farrer & Co found that across all professional football clubs, only 7% of board directors were female, with just one club meeting the 30% target of other industries and only 7% of clubs having a woman in a leadership position on the board.⁴⁵
- 6.3** Aside from a clear moral case, improving diversity is also a key aspect of driving better business decisions by football clubs. Diverse companies perform better, with detailed long-term studies by McKinsey & Co reporting that *'the business case [for diversity] remains robust but also that the relationship between diversity on executive teams and the likelihood of financial outperformance has strengthened over time.'*⁴⁶
- 6.4** It would be wrong not to acknowledge that there has been some action taken by the football authorities. The FA's "Football Leadership Diversity Code", launched in October 2020 and focused on improving diversity in recruitment of senior club positions, is a step in the right direction. The Premier League also updated its own Equality, Diversity and Inclusion Standard (PLEDIS) in 2021 to build on the Premier League Equality Standard, which was created in 2015.

⁴¹ Kick It Out

⁴² Kilvington, Daniel (2019)

⁴³ The Football Association

⁴⁴ Kick It Out

⁴⁵ <https://www.farrer.co.uk/news-and-insights/professional-sports-clubs-bottom-of-the-league-on-female-representation-53-have-no-women-on-their-board/>

⁴⁶ <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

- 6.5** There has also been great work to drive inclusion and diversity in the stands with the introduction of multiple new supporter groups representing diverse sections of the supporter base through the “Fans for Diversity” movement. There are now over 50 LGBTQ+ fans groups, providing a great opportunity to promote a more inclusive culture. This has been crucial in helping to make football grounds places where LGBTQ+ fans feel a sense of safety and belonging.
- 6.6** Similar progress has been made with the recruitment of diverse fans groups across other underrepresented groups. This is to be encouraged and will help drive change to behavioural standards within a small group of fans inconsistent with the inclusive culture we want to see within football.
- 6.7** Although these efforts are leading to welcome change in the game, there was a significant amount of evidence to the Review that there is still much work to be done to ensure the game is open and welcoming to people of all backgrounds. It is clear that football still needs to put in place some basic first steps towards increasing diversity.
- 6.8** The introduction of IREF presents an opportunity to set clear equality, diversity and inclusion (‘EDI’) objectives and standards that clubs should be meeting as part of their licensing conditions. There will also be an important and ongoing role for the existing football authorities. However, in seeking to make improvements to diversity, experts made clear to the Review that there is a delicate balance to be struck between making interventions to ensure real change and reducing action to a “box-ticking” exercise.

Strategic Recommendation (E)

Football needs to improve equality, diversity and inclusion in clubs with committed EDI Action Plans regularly assessed by IREF.

Equality, Diversity and Inclusion Action Plan

- 6.9** EDI should form a strong pillar of good corporate governance. It should be seen as a central part of any organisation’s business plan and not an ‘add on’.
- 6.10** The FA’s “Football Leadership Diversity Code” (FLDC) is an important piece of work that, it is hoped, will encourage diversity and inclusion within football. It includes requirements for the creation of an EDI plan, annual reporting and “comply or explain” expectations, all of which are welcome. The first annual FLDC progress update was published in November 2021 and showed that only two out of the eight recruitment targets set were met. The publishing of this data is an important step but also demonstrates there is still a way to go on EDI within football.
- 6.11** However, the FLDC is currently voluntary. It is also focused only on senior leadership and coaching, and only includes two characteristics (ethnicity and gender). It could, and should, go further to include other underrepresented groups such as LGBTQ+, disabled people, and people from lower socioeconomic groups. PLEDIS has introduced more extensive

requirements for Premier League clubs but of course this only applies to Premier League clubs – 20 of the 115 teams proposed to be covered by an IREF licence. There is therefore an opportunity for IREF to accelerate change by mandating an EDI Action Plan as part of the business documents it requires from clubs every year.

- 6.12** Sport England and UK Sport committed to refreshing its Code for Sports Governance for publishing later this year. Major changes have been announced on EDI, including the requirement for those at the top level of funding to agree a Diversity and Inclusion action plan with Sport England and UK Sport. These plans are expected to be *“ambitious and robust and set out clearly how partners will work to improve diversity and inclusion across their whole organisation”*.⁴⁷
- 6.13** This best practice should be replicated by IREF, with each club presenting a robust and transparent EDI Action Plan for the upcoming season as part of the licensing process.
- 6.14** The EDI Action Plans should set out the club’s objectives for EDI, and importantly, how they are going to achieve them for the upcoming season. IREF would then scrutinise these documents for approval at the start of the season, ensuring they are robust and challenging. As part of the annual licensing process, IREF would also consider the performance of the club against its previous plan. If IREF deemed there to be insufficient progress made against the organisation’s plans, it would be able to enforce financial or regulatory sanctions.
- 6.15** It is important that these EDI Action Plans do not duplicate or add unnecessary burden on the many clubs that are already doing impactful work on EDI. The plans should utilise the expertise already built up through the FLDC and PLEDIS. Club EDI Action Plans should also be published in order to improve transparency and provide a reputational incentive for clubs to achieve their stated aims.
- 6.16** The advantage of IREF’s approach will be that it can cover all clubs in the English professional football pyramid – providing clear and consistent objectives at every level. This lack of consistency and clarity was repeatedly named in evidence to the Review as one of the major obstacles to driving positive change within football. It will also include other underrepresented groups (e.g. all characteristics protected under the Equality Act 2010 as well as lower socioeconomic groups) and includes all aspects of the organisation, not just leadership and coaching.

Recommendation 23

IREF should mandate that each club has an Equality, Diversity and Inclusion Action Plan, focusing on the organisation’s EDI objectives and how it is going to achieve them, assessed as part of the annual licensing process.

⁴⁷ <https://www.sportengland.org/news/changes-made-strengthen-code-sports-governance>

Duplication of Effort

- 6.17** Although IREF will create an exciting opportunity to improve club action on EDI, there will be an important and continuing role for the existing football authorities.
- 6.18** As noted above, there have been efforts made within football to tackle discrimination and promote EDI. In addition to the FLDC and PLEDIS, there has been the Premier League’s “No Room For Racism” campaign and other similar initiatives by the EFL. These are commendable and positive projects. However, the Review heard evidence that the number of different initiatives and campaigns risks confusing stakeholders and diluting the clear message.
- 6.19** Discrimination and EDI exist in the same forms between different leagues but there is not one consistent approach. The Review heard that this leads to a duplication of resources and effort. As well as the various campaigns, there is a lack of a consistent expectation and format within football to share any representation or discrimination data. There are many duplicative requests of clubs, which only serves to reduce clarity and offer excuses to those looking for them.
- 6.20** The football authorities should therefore be encouraged to work more closely with stakeholders, including Women in Football and Kick It Out, to clarify and distill their message and requirements. They should also look to pool their resources and reduce silo working to ensure an even greater and more meaningful impact.

Recommendation 24

The football authorities should work more closely to ensure consistent campaigns across the various organisations, and where possible, pooling resources to increase the impact of these important initiatives.

Lack of Data

- 6.21** The Review received consistent testimony that a lack of data collection and reporting is one of the major factors limiting efforts to improve diversity and tackling discrimination within football.
- 6.22** Across English football, the evidence suggests that representation data is sporadic, particularly outside of the professional field of play. The mandating of EDI Action Plans will help improve collection of this data in the first instance.
- 6.23** There is also an issue around reporting incidents of discrimination. There has been evidence that a new single repository for reports of discrimination, in a consistent format, would be beneficial and help provide a focused forum to address the current fragmented reporting landscape. This could also look to improve the publicising of the outcomes of these reports, demonstrating progress in addressing complaints and incidents.

Recommendation 25

The Government should work with the football authorities to explore the possibility of a new, single repository for reports of discrimination.

Chapter 7. Improving Supporter Engagement

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TALKS!



FOOTBALL IS
NOTHING WITHOUT
FANS.

Introduction

- 7.1** As part of trying to drive better decision making by those running clubs, the Review considers that there should be a licence condition requiring better supporter engagement.
- 7.2** A lack of supporter engagement is an enormous missed opportunity by clubs. Fans are a vital part of the culture of the club and also generate a significant portion of the income that helps every club survive and grow. As well as the importance of supporters having a voice in these cultural institutions, it makes business sense for clubs to liaise closely with their most important stakeholder and develop plans with their views at the forefront. If IREF is to help stabilise clubs, it should therefore look to ensure that minimum standards of fan engagement are met.
- 7.3** It is not fair to state that there is universally bad fan engagement. The Review heard evidence that the introduction of structured dialogue following the recommendations made by the Government Expert Working Group on Football Supporter Ownership and Engagement (EWG)⁴⁸ has improved matters. In addition, at the time of writing, 12 clubs have entered into Memorandums of Understanding with their supporter groups on fan engagement. Both the Premier League (Section R) and the EFL (Regulation 127) also now have supporter engagement included within their respective rules.
- 7.4** However, evidence to the Review has been clear that the standards of fan engagement are highly variable, including:
- a.** consultation often being limited solely to match going issues with no consideration of fan views on any strategic or commercial matters;
 - b.** a lack of any mechanism to assess compliance and delivery of fan engagement, with both the Premier League and EFL criticised for not sufficiently enforcing existing rules;
 - c.** clubs neutering fan engagement mechanisms via methods such as control over selection of fan participants and the issues brought forward for consideration;
 - d.** clubs having discretion to withdraw or suspend fan engagement, which some clubs are reported to have done on receipt of any criticism;
 - e.** a ‘tick box’ approach to supporter engagement from many clubs, often leading to a significant gap between club and supporter perception of the provision of fan engagement; and
 - f.** mixed reports of the effectiveness of the position of Supporter Liaison Officers.
- 7.5** Fans and clubs are not enemies. A genuine two way consultation between fans and clubs can be mutually beneficial. It can be an asset to the club by opening club decisions to constructive input from a uniquely important stakeholder. Equally, fans who are kept

⁴⁸ <https://www.gov.uk/government/publications/government-expert-working-group-on-football-supporter-ownership-and-engagement>

informed by clubs may be more understanding and less unfairly critical of decisions made by club executives who are often seeking to act in what they consider to be the best interests of the club.

- 7.6** This chapter considers different approaches to fan engagement by clubs and the football authorities, and makes several recommendations to improve the standards of engagement in English football.

Club Supporter Engagement

- 7.7** There are a range of options for supporter engagement that offer different environments in which to discuss different matters. These are not mutually exclusive, and a good supporter engagement programme could involve some or all of these options.

Fans' Forum

- 7.8** This is a congregation of fans which is akin to a 'town hall meeting'. It can be attended by anyone, with the content of the meeting and its operation usually controlled by the club. It often consists of a club presentation followed by a question and answer session. Although the questioning is open, the format rarely allows for detailed discussion or follow up questions.

Structured Dialogue

- 7.9** The EWG recommended a new approach to dialogue whereby supporter representatives were given opportunities for regular formal, structured dialogue with relevant senior club personnel, including owners, directors and senior management. The EWG did not set out a specific form for structured dialogue in order to allow for flexibility reflecting local circumstances.
- 7.10** The EWG recommendations led to both the Premier League and EFL adopting new rules regarding club level engagement with supporters, as well as engagement with the football authorities themselves. Evidence to the Review found that this has had mixed success in improving fan engagement, with variance in relation to the quantity and quality.

Fan Elected Director

- 7.11** A fan elected director (FED) is a full club director who is appointed by supporters. The FED is a full legal participant in the club decision making process and has the same rights as any other director. However, the FED also shares the same responsibilities, including confidentiality and to act in the best interests of the company as any other director.
- 7.12** There have been examples presented to the Review where a FED on a club board has worked well. However, support for FEDs as a concept has been mixed amongst the supporter groups that gave evidence to the Review. Evidence has also been received from current or former FEDs that it can be an extremely stressful position, with the FED caught between fans and the club. A FED will also have fiduciary responsibilities and confidentiality clauses which mean a fan director rarely delivers on fan expectations.

Supporter Advisory/Shadow Board

- 7.13** This is a 'board' of a number of diverse supporter representatives which would discuss the business and strategy of the club in more detail than other forms of engagement. A shadow board is not a formal legal board, so members would not risk the liabilities of a full company director but would be expected to discuss a wide variety of matters in detail with the club.

Supporter Shareholders

- 7.14** In addition to these measures, a small number of Supporters' Trusts who gave evidence to the Review raised the issue of supporters acquiring shares in a club, with some going as far as forcing club owners to sell shares to supporters. It is difficult to generalise on this issue, and there are certainly clubs where having fan shareholders can and does offer benefits to those running clubs. This has been recognised by some clubs and the Review was made aware of efforts by Manchester United, for example, who have created a fan share scheme in cooperation with supporters. On the other hand, only a small number of supporter groups raised the issue in evidence to the Review. Further, the Review considered that there were other methods to achieve effective fan consultation which did not involve the logistical and legal difficulties of forced sales of shares.
- 7.15** In relation to supporter shareholders, one approach that was considered by the Review pursuant to its Terms of Reference was the so-called '50+1' model. This is a model adopted by most German clubs whereby supporters by law hold a minimum of 50% plus one shareholdings in clubs. The Review considered this model and took evidence from representatives from German supporter groups. Ultimately, it concluded that this model was not realistically achievable in English football. German clubs started from a position of 100% supporter ownership, whereas in many cases English clubs are starting from a position of 0% supporter ownership. The cost involved in creating the model in England would be in the billions. The Review also concluded that the ultimate objective of 50+1 advocates – better fan consultation and involvement in key decisions – could be better achieved by other means.
- 7.16** The Review also heard from supporter owned clubs. This may not be a viable option for some clubs, and some clubs who have been supporter owned are not any longer, but it is true that many clubs would not exist if not for supporter ownership. The hard work and commitment of supporters who have saved their clubs and continue to give up their time to keep them running deserves a great deal of credit. Although the Review was focused on solutions that could be applied to all clubs and therefore it was not within its remit to endorse or reject any particular ownership model, it is clear that supporter ownership is a legitimate model for many clubs.
- 7.17** Each of the possible mechanisms for fan engagement has strengths and weaknesses. Each method can serve a purpose in ensuring effective engagement by a club with its fans and a best practice programme would likely involve the utilisation of several of the mechanisms outlined. As noted, the Review believes that a best practice programme will benefit the decision making of clubs. It is firmly recommended that clubs adopt multiple methods of supporter engagement and consultation.

Improving Club Supporter Engagement Standards

- 7.18** The creation of IREF will present an opportunity to improve the consistency of fan engagement across the game. The operation of a licence system allows IREF to impose licence conditions related to a minimum level of supporter engagement.
- 7.19** Any such condition imposed by IREF needs to strike a balance between enforcing productive supporter engagement and mandating an undeliverable burden on smaller clubs who may lack the capability or capacity to deliver on the full range of supporter engagement options.
- 7.20** The objectives of any IREF mandated supporter engagement mechanism should be to ensure that fans are consulted on material issues in a manner that allows for open discussion and effective feedback to ensure a fan voice is heard by the club on key issues. It is not the objective of supporter engagement that the rights of owners should be undermined, but to ensure that in taking key decisions they have consulted with and heard the voice of supporter representatives. Clubs should employ an “engage and consult” ethos. It will also have an important role in providing transparency for the wider fanbase.
- 7.21** Of the various mechanisms outlined, a Shadow Board appears to offer the best approach to achieve these objectives. Provided that the mechanism for selecting the members is independent of the club, and that it results in members from a cross section of the supporter base, the limited size of the Shadow Board should allow for effective consultation. Further, if the members of the Shadow Board are subject to suitable confidentiality obligations then there is no barrier to open discussion on key matters.
- 7.22** Having considered various models and approaches, it is recommended that the mandated Shadow Board should:
- a. Operate according to written terms of reference registered with IREF, which should be based on a standard IREF template (which may be varied to allow flexibility according to local circumstances if so requested by supporters and the club);
 - b. Consist of 5 – 12 members appointed according to a democratic process;
 - c. Have a Chair appointed from among its members on an seasonal basis;
 - d. Have reserved seats for representatives from key supporter groups including: representatives of the body holding the Golden Share; Equality, Diversity and Inclusion representatives; youth supporters; and international supporters (if relevant);
 - e. Members should be subject to retirement by rotation, ensuring both that there is a regular turnover of members but also that at any one time there will be a number of experienced members on the Shadow Board; and
 - f. Hold at least quarterly meetings with club executives, with guaranteed attendance from the club CEO or equivalent twice per year.

Strategic Recommendation (F)

As a uniquely important stakeholder, supporters should be properly consulted by their clubs in taking key decisions by means of a Shadow Board.

What issues should the Shadow Board be consulted on?

- 7.23** The aim of the Shadow Board would be to improve transparency between the club and its supporters. It is also aimed to offer supporters an opportunity to be consulted on some of the major decisions being taken within the club and for the club to take advantage of consulting with some of its most important and committed stakeholders. Given the uniquely important status of fans and the potential benefit to clubs of better consultation, the default expectation should be that the supporters are consulted, via the Shadow Board, on all material 'non football/off pitch' business and financial matters.
- 7.24** In order to ensure productive, open, discussions the Shadow Board members will need to enter into a confidentiality agreement with the club to ensure certain commercially sensitive discussions remain private. This should allow for information on most matters to be shared with the wider fan base, whilst also allowing a space for the Shadow Board to help the club by consulting confidentially on certain key matters.
- 7.25** It is recommended that the Shadow Board be engaged and consulted on (without limitation):
- a.** The club's strategic vision and objectives;
 - b.** Short, medium and long-term business plans;
 - c.** Operational matchday issues of concern to supporters;
 - d.** Any proposals relating to club heritage items;
 - e.** Marketing, merchandising and sponsorship plans and performance. This would not involve consultation or approval on specific contracts or proposals but, for example, the club Commercial Director should meet the Shadow Board at least once per season to explain the club's commercial strategy and how the club is performing in relation to such strategy. Similarly, the club Marketing Director would be expected to present once per season on the club's marketing strategy and performance;
 - f.** Stadium issues and plans; and
 - g.** The club's plan for broader supporter engagement.
- 7.26** As part of the consultation process Shadow Board meetings should also receive suitably redacted club Board papers (including any parent company boards that make relevant decisions on club operations) in advance of any meetings. This would accord with common practice for Shadow Boards in other industries.

- 7.27** It is important to emphasise two aspects of the Shadow Boards. Firstly, they should be seen as a minimum level of consultation, and clubs are encouraged to adopt additional mechanisms as appropriate for their circumstances. Secondly, the Shadow Board will not be a forum for supporters to discuss football matters with the club (e.g. formations, player performance). Meetings will be solely focused on the business side of the club.

Recommendation 26

A Shadow Board should be a licensing condition of IREF. The club should engage and consult this Shadow Board on all material ‘non football/off pitch’ business and financial matters.

Premier League and EFL rules on Supporter Engagement

- 7.28** The Review received evidence that although both the Premier League and EFL have rules on supporter engagement these are not sufficiently enforced. This includes the consistency and emphasis placed on the role of the Supporter Liaison Officer. The evidence indicated a significant variance between the importance and effectiveness of this role at different clubs.
- 7.29** The existing football authorities should be encouraged to better enforce their existing rules, which could quickly improve the quality and consistency of supporter engagement.

Supporter Engagement with the Football Authorities

- 7.30** In addition to club supporter engagement, the Review also received evidence relating to supporter engagement with the football authorities. This evidence suggests that structured dialogue between supporter groups and the Premier League and EFL, which the Football Supporters’ Association (FSA) help coordinate, has been productive. Following the publication of the Review’s Interim Report, the FSA and FA have also engaged in welcome development of new proposals for engagement.
- 7.31** However, more could be done and the football authorities should continue to progress embedding supporter engagement within their own decision-making processes.

Independent Football Ombudsman

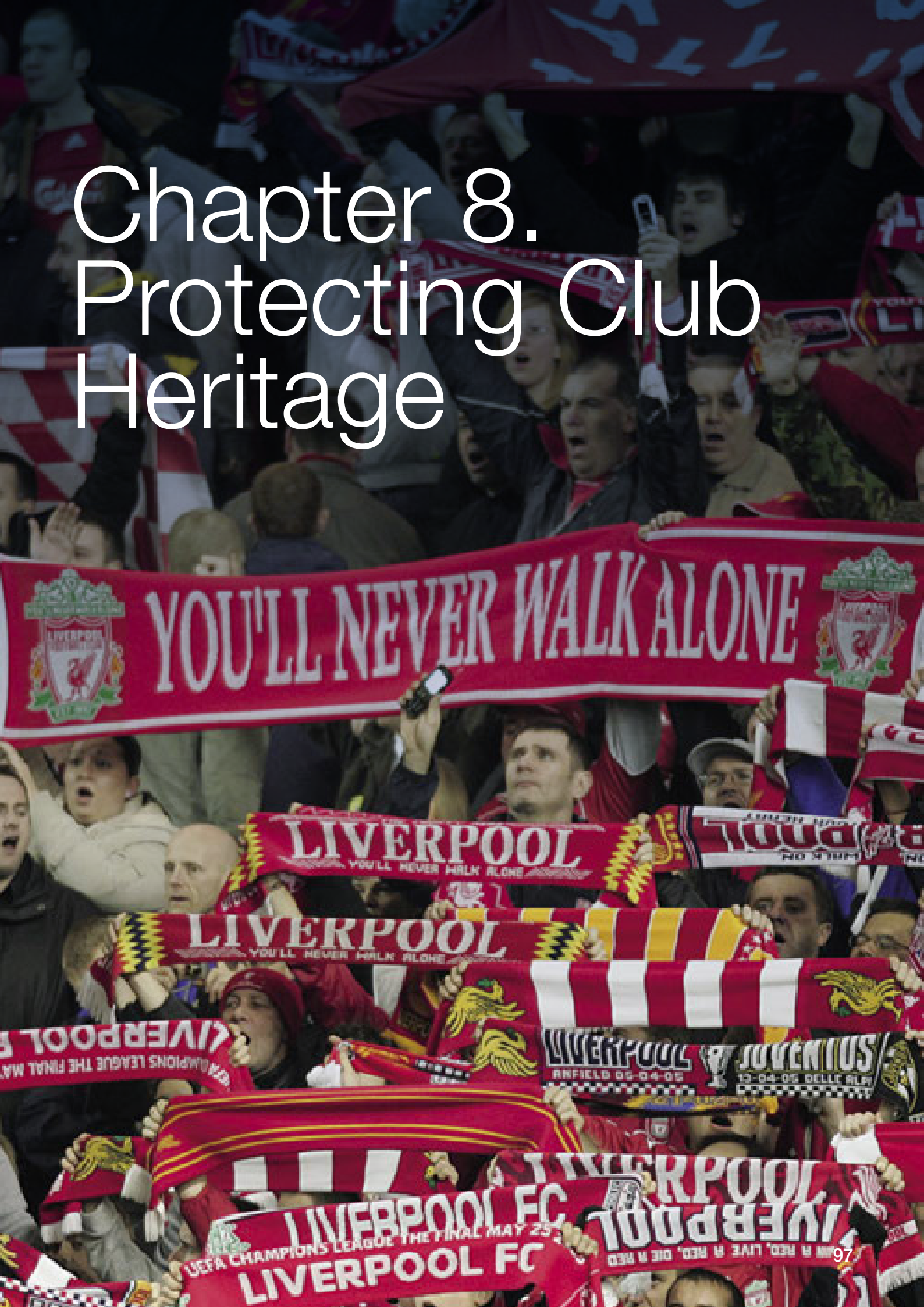
- 7.32** A final aspect of supporter engagement that was raised in evidence to the Review is the operation on the Independent Football Ombudsman (IFO). The IFO was established in 2008 by the football authorities (The FA, The Premier League, and EFL), alongside the Government, to investigate supporter complaints that have not been resolved. These focus on customer issues such as ticket disputes, merchandise issues and away match arrangements, rather than the regulation of clubs. However, there is strong feeling within some supporter groups that the IFO is not effective in its current constitution, because too few fans are even aware of the IFO’s existence and because its recommendations are not binding on clubs.

- 7.33** The Review does not propose that IREF deals with customer and consumer affairs, therefore IREF is not expected to replace the IFO nor establish an Ombudsman within its own structures. However, a number of reforms to the existing IFO structure were proposed to the Review by fan groups, including strengthening judgements to ensure they are binding on clubs and the football authorities. It is therefore strongly recommended that the football authorities work with the FSA to upgrade the current IFO so that it meets the criteria for full membership of the Ombudsman Association, with a sound governance structure, appointments based on Nolan principles, and realistic levels of funding to provide an effective service.

Recommendation 27

The football authorities should work with the FSA to upgrade the current Independent Football Ombudsman so that it meets the criteria for full membership of the Ombudsman Association.

Chapter 8. Protecting Club Heritage



Introduction

- 8.1** As noted throughout this report, football clubs are not simple economic assets, and are part of the heritage and culture of their local communities and the country more generally. Items such as club stadium, colours and badge are an important part of this, and the Review heard passionate evidence from many groups on the impact of threats they have faced to this heritage – often as a consequence of poor financial management of their clubs by owners.

Strategic Recommendation (G)

Football clubs are a vital part of their local communities, in recognition of this there should be additional protection for key items of club heritage.

- 8.2** In response to the problems and threats identified, this chapter recommends utilising a so-called ‘Golden Share’ which will require the consent of fans to certain heritage matters. It also sets out the headline details of this approach, though further development work will need to be undertaken by IREF and government in consultation with football stakeholders.
- 8.3** In addition, in recognition of the limitations of the Golden Share approach, this chapter also makes recommendations in relation to planning and development threats to club stadiums.

Golden Share

“I am from Brentford.... We pioneered the Golden Share idea and it was absolutely crucial in preventing the loss of our club because of an unscrupulous owner. Football clubs should not just be considered as ‘businesses’ but instead should be formally designated by Local and county authorities as a key part of the historical and cultural heritage of their areas and communities.”

Contributor to Fan Led Review Online Survey

- 8.4** The common thread in situations where club heritage items have been threatened has been a lack of legal powers held by those most emotionally invested in the heritage items – the fans and local communities. Accordingly, the Review has considered ways in which greater legal protection could be given to heritage items and in particular how the voice of those to whom the heritage of a club is most important – club supporters – can be prioritised.
- 8.5** Based on this work, and consideration of the operation of similar models both in sport and other industries, the Review has concluded that it should be an IREF licence condition that the articles of association of a club provide for a special share – the ‘Golden Share’. Under this approach, the holder of the Golden Share would be required to consent to any changes to heritage items.
- 8.6** Some progressive clubs already provide for a Golden Share, most notably Brentford whose successful model provided certain veto rights over a stadium move. This ultimately did not prevent the club from moving its stadium, but ensured that fans were supportive of the move. This is a good case study demonstrating that Golden Share rights can operate in a positive manner to the benefit of all concerned.
- 8.7** However, creating a Golden Share requires a club to adopt relevant provisions in the club articles of association, which requires approval of a sufficient number of shareholders. As Brentford’s example demonstrates and as several club owners confirmed in evidence to the Review, owners who are truly custodians of their club should have no objection to doing this. However, such custodians are, ironically, the ones whom a club least needs protection from. Other, less suitable owners may not be keen on adopting a Golden Share provision but are the ones whose clubs most need the Golden Share protections.
- 8.8** The creation of IREF and the licence system it operates gives an opportunity to address this problem. In short, it would be open to IREF to introduce a Golden Share licence provision requiring licence holders to include a relevant provision in their articles of association.

Recommendation 28

It should be a licence condition that all licenced clubs should include within their articles of association a Golden Share requiring democratic consent to proposed actions relating to identified heritage items. Each Golden Share right should have circumstances in which it will not apply.

- 8.9** In order to implement this approach, the following will need to be addressed and headline recommendations are below:
- a.** characteristics of Golden Share;
 - b.** who holds the Golden Share?;
 - c.** how are Golden Share rights exercised?

Characteristics

8.10 The proposed key general characteristics of this Golden Share are:

- a. it shall not have any financial value or be capable of being transferred or otherwise disposed of other than to an alternative supporters body that also meets the required criteria;
- b. as it is not intended to convey ownership rights, it shall carry no rights to receive notice of or attend at a general meeting of the club or any rights to vote on any ordinary or special company resolution;
- c. the rights attaching to the special share shall not be capable of variation other than with the consent in writing of the holder of the share and IREF.

8.11 The proposed items for which the consent of the shareholder will be required are:

- a. sale of club stadium (including the grant of security over a club stadium);
- b. re-location of club outside of the local area (excluding temporary relocation as part of an actual (i.e. not just planned or hoped for) development of an existing stadium e.g. Tottenham's relocation to Wembley);
- c. the club joining a new competition that is not affiliated to FIFA, UEFA and the FA and/or leaving a competition in which it currently plays. This would mean that a future European Super League would not be possible without fan consent;
- d. club badge;
- e. first team home shirt club colours; and
- f. club name (i.e the team playing name rather than the name of the legal entity owning the club).

8.12 These items should be seen as a minimum requirement – it will remain open for clubs/ supporters to agree additional items be subject to the Golden Share veto rights.

8.13 The Golden Share will also not operate to give the holder the right to initiate actions such as leaving a competition. Instead, it will operate as a check on proposals made by club owners.

Recommendation 29

The consent of the holder of the Golden Share should be required for the sale of the club stadium, relocation outside of the local area which is not a temporary part of a redevelopment, joining a new competition that is not approved by FIFA, UEFA and the FA and/or leaving a competition in which it currently plays, club badge, first team home colours, and club playing name.

Who holds the share?

- 8.14** The objective of the Golden Share is to provide legal protection for heritage items and ensuring fans are considered in any action relating to these items. As a result, it is therefore proposed that the Golden Share be held by a fan representative body.
- 8.15** A Community Benefit Society ('CBS') formed under the Cooperative and Community Benefit Societies Act 2014 offers many of these features. These are a specific type of company which exist for the broader benefit of the community which could be applied to the supporters of a specific football club. A CBS:
- a. is incorporated and has legal personality;
 - b. has community benefit written into its governing documents and must conduct business for the benefit of their community;
 - c. must operate on a democratic one-member-one-vote basis;
 - d. cannot distribute profits among its members;
 - e. are subject to regulation by the Financial Conduct Authority; and
 - f. are an asset locked organisation meaning any rights or assets owned by it are protected and cannot easily be transferred.
- 8.16** A fan representative CBS will be in an important position, and it is therefore crucial that it is constituted and operates according to high standards. The key document in a CBS is the rules document. This sets out the rules that govern key items such as membership, voting, and office holders. The governing legislation gives a great deal of discretion to each CBS but these rules must be registered with the FCA. Any subsequent alteration to the rules must be registered with the FCA.
- 8.17** In order to ensure consistency, it is recommended that IREF will adopt a set of model rules agreed with the FCA. These requirements shall provide for, among others:
- a. minimum standards of corporate governance (including election of office holders and term limits for office holders);
 - b. membership open to any individual fan over the age of 16 who wishes to join (including international fans);
 - c. minimum standards for office holders (which should include a requirement for mandatory training to seek to ensure that the shareholder CBS operates according to the highest standards as well as rules barring unsuitable individuals);

- d. grounds for removal of office holders by the CBS members on the basis of poor conduct (such as discriminatory behaviour) and/or performance;
- e. Inform and consult requirements in relation to a vote, including non member fan groups;
- f. a requirement to hold a vote on whether or not to exercise any Golden Share powers. In order to avoid artificial manipulation of votes the members of the eligible constituency on a particular vote will require to have been eligible at a point several months before the date of the vote.

8.18 Seventy three League clubs currently have a CBS in the form of a Supporters' Trust. It should be open to existing Supporters' Trusts to be the Golden Shareholder, provided that they adopt and operate according to the standardised IREF rules.

Recommendation 30

The Golden Share should be held by a Community Benefit Society formed for the benefit of the club's supporters operating under standardised rules set by IREF in conjunction with the FCA.

How are Golden Share rights exercised?

8.19 In order to give effect to the Golden Share protections, it is proposed that the club's articles of association incorporate standard provisions (to be developed by IREF) which contain the following and seek to strike a balance between the heritage protections and not unduly hindering club operations:

- a. The club will not be able to enter into a contract or take other material steps which will alter any of the items covered by the Golden Share without serving written notice upon the holder of the special share.
- b. The holder of the special share will then have 45 days from the date of receipt of the notice to serve a formal notice specifying consent or veto of the proposal upon the club.
- c. If the club receives consent of the holder of the Golden Share, or does not receive a formal notice of rejection within 45 days, then it will be able to proceed with the matter.
- d. If the club receives a formal notice rejecting the proposed matter, then subject to any right of appeal or dispute resolution mechanism it is unable to enter into the agreement and/or take the proposed steps.

8.20 As noted at paragraph 8.14 it is proposed that any decision to consent (or not) to a proposal relating to Golden Share items should be subject to a democratic fan vote. The question of the 'correct' voting constituency for the exercise of a Golden Share is a difficult one, particularly in clubs with large global fan bases. There is a natural desire to involve as many fans as possible, but it is also recognised that defining a 'fan' in a way that provides enough legal certainty for the purposes of a vote is difficult. Further, the impact of items protected by the Golden Share are arguably much greater for some fans than others

– for example, the relocation of a club from its city will have very little impact on many international fans, but would have a significant impact on local match going fans (and the local economy).

- 8.21** It is therefore proposed that the IREF/FCA model rules for the CBS holding the Golden Share provide that the following will be able to vote on the exercise or not of a Golden Share:
- a.** Members of the CBS holding the share (which will be required to be open to all so could potentially include international supporters);
 - b.** Season ticket holders at the relevant club; and
 - c.** Supporters who have attended at least one home match in the previous season.

Recommendation 31

Clubs should be required to provide formal notice of any intention to take any material steps or enter into a contract to alter any of the items covered by the Golden Share to which the holder of the Golden Share will have 45 days to notify rejection.

Disputes

- 8.22** The Golden Share needs to strike a balance between protecting club heritage and allowing commercial development which will benefit the club. Each Golden Share right should therefore have (1) a mechanism for independent dispute resolution if the club feels that the shareholder is exercising rights unreasonably in a manner that prejudices the development of the club and (2) certain criteria under which the rights will not apply. An obvious example of the latter would be the ‘move’ of Tottenham Hotspur to its new stadium from the old White Hart Lane in which there was only a very short physical move, with the stadium largely being on the same site.
- 8.23** Clearly in both cases the drafting and definition of the rights or appeal mechanism will be key. Having considered dispute resolution precedents, it is recommended that an arbitration mechanism be developed, which will form part of the club’s articles.
- 8.24** IREF will need to do detailed development work in order to ensure that the arbitration appeal rights strike the right balance without undermining the effectiveness of the protections afforded. IREF itself is arguably best placed to be the arbitrator (or at least to appoint the arbitrator). Further, in order to ensure ‘equality of arms’ and a fair process it is recommended the club should pay the reasonable costs of both parties to the arbitration regardless of outcome, excluding costs for any unreasonable or unfounded litigation behaviour.

- 8.25** In relation to criteria under which Golden Share veto rights will not apply, precedents include a new stadium located in certain specified postcodes (Portsmouth) or that meets certain criteria in the local area (Brentford). IREF can consider these precedents and provide guidelines on the criteria, but it will be difficult for IREF to be across all local issues.
- 8.26** Accordingly, it is suggested that IREF will not look to dictate the detailed exceptions for every licenced club. Instead, it is recommended IREF require that the club agree the detailed exceptions with the shareholder body. In order to protect the fans' interest such exceptions should be subject to approval by IREF and be embodied in the articles of association.

Recommendation 32

There should be an arbitration mechanism, at the club's expense, which allows for resolution by IREF or a party appointed by IREF of an appeal by the club of any decision to withhold consent by the holder of the Golden Share.

Planning

- 8.27** The Golden Share approach outlined in this chapter will be a significant step forward in protecting the heritage of clubs and the interests of fans. However, there are limitations to this approach and the Review has therefore given consideration to other ways that may protect heritage items.
- 8.28** In relation to existing stadiums, one area that was considered by the Review was planning law. The existing National Planning Policy Framework (NPPF) provides that existing provisions (including football club grounds) should not be built on unless they are replaced by equivalent or better provision in a 'suitable location'. However, evidence was presented to the Review that clarification of these provisions would significantly help clubs in dealings with developers, particularly in relation to the quality of alternative provision and when it must be provided by developers.
- 8.29** The Government is also actively considering planning reform and has published a planning white paper 'Planning for the future' for consultation. This proposes reforms of the planning system and one of the proposals is for clearer, more up to date and more certain local plans which will assign land into different area types 'up front'. Accordingly, football grounds not specifically marked for development would be better protected.
- 8.30** The reforms will also offer an opportunity for a new NPPF to be produced and published. It is understood that any new NPPF is likely to contain enhanced development management policies which will provide more consistency to decision making and provide a less discretionary based system.

- 8.31** In light of the on-going government review of planning and balancing the need to protect clubs whilst not unduly inhibiting necessary local development, it is recommended that the Government:
- a.** take account in the development of the new planning approach of the civic and historic importance of football clubs to their local communities; and
 - b.** clarify the NPPF (whether as part of the planning reforms or otherwise to provide that if an existing football stadium is permitted for development (other than development of the stadium itself where the club is not going to permanently relocate) then before any development can be commenced, the developer is required to provide the club with new ‘equivalent or better’ facilities (including replacement of items necessary for the conduct of the business of a club including stands/seating, office space and gym facilities on the site for development) in the same local area (which need not be the same site or postcode but must be sufficiently close to the current stadium unless the supporter base agrees).

Recommendation 33

The Government should take account of the importance of football clubs to their local communities in planning reform.

Recommendation 34

The Government should amend the National Planning Policy Framework to impose requirements on developers of an existing football stadium to provide new equivalent or better facilities in the same local area before any development work is started.

Alleviating Development Pressure

- 8.32** Additional protection for clubs’ stadiums via planning law will help, but issues with loss of stadiums arise before planning becomes relevant. This was made clear during the review by the cases of Whyteleafe and Abingdon Town, both of which were forced to withdraw from their respective leagues due to being unable to reach agreements with a Singapore based property developer, Irama Sport, which had acquired their respective grounds.

- 8.33** There is no logical reason for a foreign property development company to acquire the land on which lower league football clubs are based other than to seek to develop them. Certainly, it is unlikely they will obtain a financial return from the clubs alone. The Whyteleafe and Abingdon cases indicate that at least some developers are willing to acquire land and make it difficult for clubs to remain as a prelude to development.
- 8.34** It is therefore recommended that the Government should explore the viability of introducing new security of tenure rights for clubs when land on which their stadium is based is acquired.

Recommendation 35

The Government should explore the viability of introducing new security of tenure property rights for clubs where the club does not own the stadium in which it plays.

Existing Protections

- 8.35** It should be noted that the FA does have certain powers to protect some heritage items. However, these do not cover all the important items of heritage. The Review has also heard from fan groups that even where the FA procedures have worked to protect heritage items (as they did in the Hull City name change case) the process was difficult and unnecessarily stressful for supporters.
- 8.36** However, any additional protection for heritage items would be welcome, and it is noted that the FA would be able to reform its rules relatively quickly to provide additional protections before IREF is in operation. It is therefore recommended that the FA amend its rules and procedures for dealing with heritage items proposed to require the consent of the holder of the Golden Share.

Recommendation 36

The FA should amend its rules to provide for protection of the additional heritage items identified by this report, to prioritise the voice of supporters in any decision, and to provide clarity on the procedures that will be followed in regard to any heritage changes.

Chapter 9. Finances and Distributions in Football

BLYTH SPARTANS AFC

Introduction

- 9.1** As set out in the case for reform (chapter 1) and the section on financial regulation (chapter 3), football has moved a long way from its amateur roots and has become big business. Finances in football are crucial to on field success and long-term sustainability but club finances are fragile and without intervention football clubs at many levels risk serious failure and potential collapse.
- 9.2** There are, of course, two aspects to finances – money coming in and money going out. The issue of cost control was addressed earlier in this report as part of the proposals for a new licensing regime. This chapter considers financial flows and distributions to the football pyramid, the main issue raised in evidence in relation to ‘money in’. It also considers specific reforms that might assist the revenue and sustainability of clubs at the lower levels of the pyramid. Reforms to revenue and cost control should be assessed as one; delivered in isolation or partially will only shift the problem or delay inevitable club failures. The incremental and pragmatic reforms recommended in this report will help to ensure a long-term and sustainable future for football.

Strategic Recommendation (H)

Fair distributions are vital to the long term health of football. The Premier League should guarantee its support to the pyramid and make additional, proportionate contributions to further support football.

A. Distribution of FA revenues

- 9.3** The interim findings letter for this Review of 22 July 2021 set out that the FA should have more flexibility in the use of the money that it generates than it is permitted under the current funding formula. The current formula requires an equal split between the professional and amateur games. The Review has concluded that this formula should be abolished, and the FA allowed to redistribute its surplus towards the grassroots, amateur and women’s game as it sees fit.

Recommendation 37

The FA should scrap its current formula for distributing revenue it generates. The FA should have more flexibility to redistribute revenues as it sees fit, based on its assessment of where funding is most needed in the game.

B. Distribution of finances in football

- 9.4** In considering ways to improve club finances amongst lower league clubs, the issue of financial distributions was raised by a number of parties in evidence to the Review. In particular, the distribution of money from the Premier League to the rest of the pyramid was forcefully raised by the English Football League.
- 9.5** There are clearly huge disparities between the finances of the Premier League and the rest of the football pyramid. The value of promotion to the Premier League is now estimated to be worth at least £170 million.⁴⁹ Evidence submitted by the EFL stated that in the 2018/19 season, Huddersfield Town, the club that finished in last place in the Premier League, received £96.8 million in central distributions while Norwich City, the winners of the Championship, received £8.5 million – just 9% of the money paid to the club finishing one place higher in the pyramid.⁵⁰ This report sets out in chapter 1 how this incentivises risk taking behaviour contributing significantly to the precarious position of Championship clubs.
- 9.6** The Premier League's own data projects that it will pay £1.23 billion of funding to the EFL and football pyramid between 2019 and 2022.⁵¹ £647 million of this is paid in parachute payments (or 52% of total funding provided to the pyramid). The Premier League states it provides an aggregate 47% of the total turnover in the Championship. In addition to the EFL funding, the Premier League also provides funding to the National League, to women's and girl's football, and to the grassroots game.
- 9.7** There is a clear case for the Premier League to continue to support the wider pyramid. Clubs in lower leagues are of immense cultural and historical importance to local communities and the Premier League's support helps to preserve these assets. In addition, grassroots football and lower league football is an important feeder of talent into the Premier League. The value of the wider pyramid and the need for continuing support is recognised by the Premier League.
- 9.8** The EFL considers the current distributions from the Premier League to be insufficient. The EFL told the Review that its clubs get about 16% of Premier League broadcast revenues and most of this goes on parachute payments. The EFL argues that an increase of distribution of revenues to an aggregate 25% is needed. Before the Premier League was created, the second, third and fourth divisions earned 50% of broadcast revenues.

⁴⁹ Deloitte (2021) Annual Review of Football Finance

⁵⁰ EFL submission to the Review

⁵¹ Premier League submission to the Review

- 9.9** As shown in chapter 1, there are a range of problems in football finances. Greater financial support from the Premier League would clearly help improve the income of clubs in the EFL and wider pyramid. However, it should not be the only consideration. Improving the commercial performance of the EFL will also increase the income of their clubs and this must be part of the league's long-term strategy.
- 9.10** The Review also recognises that in isolation, simply raising revenues is no guarantee that clubs will become more viable. As noted, part of the solution has to be about financial regulation and cost control measures which was discussed extensively in chapter 3.
- 9.11** It is not for this Review to decide on the detailed future allocations of revenue between the respective leagues. However, based on the work undertaken by the Review there is a strong case for some additional distributions from the Premier League to the rest of football. In simple terms, even modest additional funding allied with sensible cost controls could secure the long-term financial future of League One and League Two clubs as well as make a substantial contribution to the grassroots game. Given the vast wealth at the top of football, the continued levels of investment, the growth of international broadcast deals, and the leadership of the game it provides (domestically and internationally) it is not unreasonable that the Premier League supports wider football to an even greater level. This will mean football can thrive across the country, which ultimately will benefit the Premier League.

Parachute payments

- 9.12** A key part of the issue of distribution of income in the game is parachute payments, something that was addressed by many who gave evidence to the Review. Parachute payments are payments to clubs that have been relegated from one league to another, including from the Premier League to the Championship. Under current arrangements a club that has been relegated from the Premier League can expect to receive a payment in the region of £40 million per year.⁵² These payments are intended as a means of financial support as clubs adapt to lower revenues outside the Premier League. They are also intended to give promoted clubs the confidence to invest as they are aware that if they are relegated, they will still receive substantial income to cover costs incurred to compete in the Premier League.
- 9.13** Before the introduction of parachute payments, relegated Premier League clubs often struggled to get costs under control and adjust to significantly reduced revenues. Administrations were common. This is not something that anyone wants to see return to the game.
- 9.14** While the intention of parachute payments is clearly laudable, their unintended consequences have been significant. In simple terms, parachute payments give relegated clubs significant financial clout compared to Championship rivals which have a number of consequences:

⁵² <https://www.premierleague.com/news/1939288>

- a. The Review heard evidence from senior members of Championship clubs that parachute payments inject wage inflation into the league thus compromising sustainability.
- b. Clubs in receipt of parachute payments are estimated to be twice as likely to be promoted to the Premier League and the risks of relegation to League One are also reduced significantly.⁵³
- c. The existence of parachute payments can encourage gambling with these payments as a means of returning to the Premier League. As an example, if Aston Villa had lost the play-off final to Derby County in 2019, they faced significant financial distress. The club appears to have risked its long-term future by spending its parachute payments to chase a return to the Premier League.⁵⁴

9.15 Parachute payments also absorb financial resources that could otherwise be used as solidarity payments to the wider pyramid. According to the Premier League, 52% of the total money it pays to EFL clubs is parachute payments. By definition, this means the majority of Premier League money goes to a handful of clubs. A more even distribution of these funds would support the sustainability of the pyramid, raise the level of competitiveness in the leagues and help create a more diverse and competitive set of entrants to the Premier League.

9.16 There is clearly no desire to return to the regular administrations of the pre parachute payment era. Parachute payments do perform an important economic function in helping clubs transition to a new economic reality and mitigating the risk of a financial collapse for a club that has been relegated. Accordingly, the Review has concluded some form of financial support for clubs following relegation to the Championship is necessary. However, the impact of the current system on the Championship in terms of both competition and the economics of the league means that reform is needed.

9.17 Detailed consideration has been given to what reform could look like. Any solution is likely to be challenging to design and implement and would need to manage competing objectives of:

- a. giving promoted clubs confidence to invest/compete.
- b. avoiding collapse for relegated clubs.
- c. stopping the distorting effects on competition and wages in the Championship from parachute payments.

Who should solve distributional issues?

9.18 Whilst additional support for the wider pyramid is desirable, it is more difficult to determine how this is achieved and who resolves this. When it comes to football finances, the existing authorities and leagues within the game have a poor track record of resolving issues. The perilous state of finances in football, even in the wealthy Premier League, indicates that the status quo would not be guaranteed to fix this issue. For example, the pandemic led to

⁵³ Harris et al. (2018) Parachute Payments in English Football; Softening the Landing or Distorting the Balance?

⁵⁴ Derby County lost that game and is now in deep financial stress, having employed an alternative, but equally risky strategy to chase promotion.

significant financial distress to clubs, with some clubs close to collapse. But despite this, it took over six months to agree a package of financial support for the wider pyramid (and only after significant pressure from the government).

- 9.19** The Review has considered whether IREF should intervene to redistribute Premier League broadcasting money. In intervening on distributions, IREF would be independent and required to operate in accordance with its statutory objective of promoting a sustainable future of the game. With no vested interest, it could theoretically make an objective assessment of the need for redistribution and level of any redistribution, as well as balancing competing views.
- 9.20** However, issues of redistribution are complex and it is usually left to the Government to intervene to redistribute income. Any judgments made by IREF on issues of distribution would likely be labour intensive, controversial and have the potential to distract it from core activities where it can most benefit the game.
- 9.21** However, given the poor history of the football authorities reaching agreement, IREF must have backstop powers to intervene if no solution is found. All sides are strongly encouraged to try to resolve these issues without the need for IREF to intervene, while stakeholders have the chance to shape the outcome, and to do this at pace. Football should be able to resolve this issue itself – however, if it is unable to, IREF should have backstop powers in legislation which allow it to intervene.

Conclusion on distributions

- 9.22** Distributions is an issue that football itself can resolve. The Review was made aware that the Leagues are in discussions on distributions including reform of parachute payments, and it is hoped that they will reach a mutually beneficial conclusion. However, it will need compromise, an evidence based solution and creative thinking to resolve the apparent impasse between the Premier League and EFL. A negotiated football led agreement would be the best solution. However, if no agreement is reached before the end of 2021, the Premier League and the EFL should jointly commission external advice to develop a solution to redistribution, including parachute payments.
- 9.23** However, if football cannot find a solution ahead of the introduction of legislation to implement the reforms set out in this report, then IREF must be given backstop powers to intervene and impose a solution. Such powers should not be needed – IREF intervention on parachute payments would be inferior to the Leagues developing a solution themselves. Any solution IREF develops may well be a worse outcome than one the parties could have negotiated themselves.
- 9.24** All sides are strongly encouraged to compromise, and resolve these issues at pace without the need for a regulator to intervene while they have the chance to shape the outcome. If they do not, a solution will be imposed. External involvement in this process would be another example of football's failure to put aside self interest and protect the long-term interests of the game.

Recommendation 38

Football should seek to resolve distribution issues itself. If no agreement can be reached by the end of 2021, the Premier League and EFL should commission research to find a solution, with backstop powers for IREF if a solution is still not found.

Salary costs

- 9.25** The main issue that parachute payments were designed to alleviate is the impact of salary costs when a club is relegated. Salary costs are the biggest source of expenditure for football clubs by far. Relegation leads to reduced income and can leave a relegated club with a squad of players beyond its means. This can mean that clubs are forced to sell a player below their market value, in order to lower the wage bill or to operate a wage bill that is too high contributing to financial losses. There is another side to this – when a club player is promoted, players may receive a bonus, but it would be equitable that the players' contract reflected the division a player is playing in. Some clubs have player contracts that automatically adjust to the division a player is playing in, while others do not.
- 9.26** Some of the difficulties faced by clubs on relegation could therefore be addressed if player contracts automatically adjusted the level of salary depending on the league they are playing in. Equally, players who are part of a team promoted to a new division would see their salaries increase. This would be a pragmatic way of aiding the sustainability of football clubs by reducing the impact of relegation and need for parachute payments but also fairly rewarding players in event of promotion.
- 9.27** Clauses that automatically adjust player salaries by a standard rate will need to be part of the standard playing contract in order to succeed. If not, then in a competitive recruitment scenario player agents may be able to negotiate the clause out of the contract. The Review encourages, the Professional Footballers' Association, leagues and clubs to work together to consider how this could be done as a standard term of player contracts for the good of football.

Recommendation 39

The Leagues, FA, and PFA should work together to include a new compulsory clause in the standard player contracts that provides for an automatic adjustment to player salaries at a standard rate upwards on promotion and downwards on relegation.

Solidarity transfer levy

- 9.28** In addition to consideration of increasing distributions and reforming parachute payments, the Review has also considered other possible approaches to provide greater support throughout the football pyramid. Of these, the most promising and progressive intervention is a new solidarity transfer levy paid by buying Premier League clubs. This would work in a similar way to stamp duty and revenues would be distributed among the pyramid.
- 9.29** The levy would be paid by Premier League clubs on any player transfer within the Premier League or any international transfer. IREF would ensure funds have been paid. Clearly, this will be a significant development and accordingly the rate of levy, whether player loans are captured, the scope of the levy and its distribution should be finalised after consultation.
- 9.30** This levy could raise significant sums for the pyramid. Transfer fees can be opaque, but based on estimated values in the last five years, Premier League clubs have spent in the region of £9.9bn on transfer fees.⁵⁵ If a 10% levy had been applied in that period, excluding transfers from EFL clubs, an estimated £160 million per year⁵⁶ could have been raised for distribution.
- 9.31** This level of support, annually, could be game changing to the pyramid. One year's payments illustratively could fund all of the items below, which would benefit men's, women's, boys' and girls' football for the long term:
- A grant to ensure that League One and League Two clubs broke even⁵⁷
 - 80 adult synthetic pitches
 - 100 adult grass pitches
 - 100 children's/small sided grass pitches
 - 30 two team changing rooms (including referee facilities).⁵⁸
- 9.32** The solidarity levy is progressive, transferring finances from wealthy and high-spending clubs to the rest of the football pyramid. It would allow wealthy clubs to invest, but in return for payments that ensure the long-term, sustainable health of the pyramid. About half of the revenue raised in the last five years would have been paid by the six richest clubs in English

⁵⁵ Transfermarkt

⁵⁶ Analysis assumes that fees previously paid were the maximum total fee affordable to buying clubs.

⁵⁷ Deloitte (2021) Annual Review of Football finance. This is illustrative and any funding would not directly be paid to offset losses per se as this could encourage further loss making

⁵⁸ Sport England (2021) 2nd quarter 2021 facility cost updates

football (Arsenal, Chelsea, Liverpool, Manchester City, Manchester United and Tottenham Hotspur). But if the levy was introduced then heavy spenders, backed by wealthy owners, would also have contributed significantly to the sustainability of the pyramid. Equally, Premier League clubs that are not heavy spenders would not pay very substantial solidarity levy payments.

- 9.33** By excluding EFL players from the levy, they become more attractive, shifting money back to the EFL. This would encourage domestic player development. In addition, EFL clubs are excluded from the levy on transfers they make, which is an indirect form of support. All considered, this proposal would be a substantial source of support to EFL clubs.
- 9.34** The levy would not be without consequences. Primarily, it would add costs to some parties in the industry. Premier League clubs are already required to provide a 4% levy on transfers to fund the Professional Footballers' Pension Scheme. Clubs may soon have to pay a FIFA solidarity payments of 6% (up from 5%) on relevant transfers.
- 9.35** The levy would also mean that international transfers are relatively more expensive for Premier League teams, which might put them at a competitive disadvantage in recruiting players. However, English clubs are very wealthy in comparison to other European clubs – an advantage that will grow in the next broadcast cycle as other leagues have seen broadcast income fall but the Premier League has been able to preserve value due to government intervention in allowing the existing Premier League broadcast deal to 'roll over'. The additional costs of such a levy would likely still be within the means of clubs.
- 9.36** To illustrate the impact, the table below sets out the impact on a £20 million transfer, with no levy, a levy of 5% or a levy of 10%, on an international purchase, by a Premier League club. The table includes reforms proposed by FIFA and would break down as follows:

	No new levy	5% solidarity levy	10% solidarity levy
Base fee	£20,000,000	£20,000,000	£20,000,000
Premier League levy	£800,000	£800,000	£800,000
FIFA levies ⁵⁹	£1,200,000	£1,200,000	£1,200,000
New solidarity levy	£0	£1,000,000	£2,000,000
Total cost	£22,000,000	£23,000,000	£24,000,000

- 9.37** On balance we consider the costs to be manageable and affordable by the Premier League clubs whose league will enjoy an even greater relative income in years to come, is progressive and has the potential to provide game changing funding to help save football.

⁵⁹ FIFA is currently consulting on proposals to reform its levies, which currently are poorly enforced

Recommendation 40

A solidarity transfer levy should be introduced for Premier League clubs, to support the football pyramid and overseen by IREF. Its level and whether loans should be included should be determined through consultation.

Reporting on financial flows and distributions

- 9.38** In considering the evidence presented to the Review, it was striking that there is no single source of objective evidence on financial flows and distributions in the game. In an easily digestible format, this would be an invaluable piece of evidence and aid objective discussion on flows and distributions.
- 9.39** This type of report is typical for an industry regulator and a useful means of market monitoring, identifying current problems and horizon scanning emerging issues. The report might show a different distribution is appropriate or be used to aid negotiations between parties on appropriate distributions. Such transparency can only be good for football.
- 9.40** An additional benefit of this report is that it could be used as a means of assessing the performance of IREF. The report would also allow it to fully understand how the football industry is working and to judge if its interventions are working.

Recommendation 41

IREF should produce or procure on a regular basis an assessment of financial flows, distributions and costs in football to aid policy debate on football finance.

A. Income Generation by EFL Clubs

- 9.41** Alongside consideration of the ‘macro’ finance issues, it is clearly crucial for the sustainability of clubs, especially those in the lower leagues, to be able to generate income from their assets to contribute to their sustainability.
- 9.42** In relation to lower league clubs three specific areas were identified in evidence to the report where they are being artificially prevented from doing so. These are the level of the broadcasting deal the EFL negotiates, the selling of alcohol during a match in the National League and League Two; and the current EFL rules to allow the use of synthetic pitches in the lower leagues.

EFL broadcast deal

- 9.43** Broadcasting revenue is a key part of football finances. The Review has heard evidence that the value of the EFL's broadcast deal could be higher than is currently being realised. In addition, the nature of the contracts mean that when games are shown, they can clash with important Premier League games or English teams competing in European competitions. The evidence on this was not unanimous and the review has not been able to conclude whether the EFL is achieving its full commercial potential.
- 9.44** The Review recommends that the EFL considers whether more could be done to raise the value of its broadcast deal, seeking advice and guidance from suitable parties to ensure it is achieving its full potential.

Sale of Alcohol

Commercial Benefit to Clubs

- 9.45** In evidence to the Review, Dulwich Hamlet, playing in the National League South, highlighted how the successful running of a bar contributed significant income to the club. However, if promoted to the National League, the club would be compelled to discontinue such commercial activity because of alcohol restrictions in The Sporting Events (Control of Alcohol etc.) Act 1985 prohibiting the sale of alcohol in sight of the pitch. Evidence from the club to the Review stated that this would cost the club around 40% of its income and that the club could therefore not afford to be promoted – a perverse outcome which undermines the merit based system of the English football pyramid.
- 9.46** Comparative figures provided by the EFL of average spend on food and drink per head at rugby matches played in the same stadiums at EFL matches (where the Act does not apply) with the proceeds achieved at football matches suggest that the legislation costs football clubs roughly £2 per head each match. If this is projected for a League Two average attendance of 4,000 across 23 home matches then approximately £184,000 is being lost per club, or £4,416,000 across the League. Clearly, this is a significant loss of revenue that might otherwise contribute to sustainability.

Safety concerns of current approach

- 9.47** Evidence from the Sports Grounds Safety Authority (SGSA) to the Review also highlighted that the current regulations on sale of alcohol caused some safety issues. In particular, the current legislative approach meant that stadium concourses are crowded with spectators using the short half time window to purchase alcoholic drinks. This crowding could be eased if alcohol was available throughout the game, as there would be a wider opportunity, and therefore less pressure for purchases to be made. Such an approach is also relevant in this time of pandemic to support social distancing measures.
- 9.48** In their evidence, the SGSA said they would be supportive of any piloting of alcohol sales at National League level, but recognised that there would be significant push back from the police on pilots, and any move to reform the existing legislation.

Challenges to existing approach

“Some of the draconian rules directed only at football supporters need to be revised – specifically not being allowed to consume alcohol in view. I am a middle aged senior professional with an honour and I still get treated like a criminal just for enjoying attending football matches – it’s not the 1980s anymore.”

Contributor to Fan Led Review Public Survey

- 9.49** The Football Supporters’ Association (FSA) maintains that the existing alcohol legislation is outdated and cites the change in football culture over the years. Few would dispute that this has altered radically for the better since the 1980s when the legislation was passed – not least by the formation of the Premier League. The FSA also highlight the incongruous nature of the existing legislation which enables supporters’ to drink on a five-hour train journey to a match, drink at a designated away pub for an hour before the game, even drink at the bar in the back of many grounds’ stands, but for the 45 minutes either side of half-time there is a blanket ban on intake.
- 9.50** The EFL also advocates an update to the legislation. The EFL stress the inconsistency with the current law that treats football differently in comparison to other sports – and sometimes in the same stadium where football and other sports are played – and every other form of public gathering, including music events.
- 9.51** The EFL stressed that the Sporting Events (Control of Alcohol etc.) Act 1985 does not prevent fans who want to drink alcohol from drinking on match days, often to excess. Instead it leads to fans ‘loading up’ ahead of matches and largely consuming alcohol away from stadiums in a way that has implications for individual policing operations and police budgets.
- 9.52** It is notable that this very concern was raised by the Association of Chief Police Officers during the passage of The Sporting Events (Control of Alcohol etc.) Act 1985. In the Bill’s Second Reading on 3 July 1983 then Home Secretary, the late Rt Hon Leon Brittan MP, raised the objections of the police at the time to the proposed new legislation as follows:

*“the Association of Chief Police Officers, with its members’ extensive experience of policing the grounds of major league clubs, has told us clearly that it does not favour a total ban. In its view, strictly controlled drinking inside grounds is easier to police than increased and more dispersed drinking in pubs and in the streets away from the ground.”*⁶⁰

- 9.53** The EFL makes the point that it is unfair on private businesses that wish to be able to sell alcohol to the many law-abiding citizens attending matches who wish to be able to drink and who pose no threat at all to public order. The EFL proposes that where there is clearly a low risk of disorder, as is the case for most EFL matches which have minimal policing requirements, that fans should have the ability to consume alcohol in some parts or all of the stadium during matches if they so wish.
- 9.54** The EFL also believes that whether or not clubs should be permitted to let fans consume alcohol in sight of the pitch at each game could be determined as part of the pre-match planning process, either through the safety certificate or licensing processes. This would give the relevant police force the opportunity to make suitable representations relating to potential disorder at matches. For the avoidance of doubt, the EFL have been clear that they would not support the consumption of alcohol in sight of the pitch at matches where there is a high risk of disorder.
- 9.55** As far back as 2008, UEFA announced changes to its own rules on alcohol⁶¹ – allowing its sale at Champions League and Europa League games, albeit subject to local laws such as the English prohibition on drinking in sight of the pitch. The Executive Director of Football Supporters Europe said of the UEFA change of policy, noting the lack of evidence that limiting alcohol sales had any impact on preventing football related disorder stated: *“Supporters felt that the alcohol banning policy was paternalistic, as there is absolutely no evidence or research to suggest that banning alcohol in a stadium has any bearing whatsoever on preventing or curtailing football-related disorder in and around it.”*
- 9.56** It is not only the football supporter groups and leagues that brand the current alcohol legislation as outdated. Writing in a personal capacity in the recent edition of Policing Insight,⁶² Owen West, former Chief Superintendent, crowd policing specialist, and Senior Lecturer in Policing, Law and Criminology at Edge Hill University, stated that the policing narrative on the sale of alcohol in sight of the pitch is “unevidenced” and lacks coherence.

⁶⁰ Hansard: Sporting Events (Control of Alcohol etc.) Bill, HC Deb 03 July 1985 vol 82 cc333-470, <https://api.parliament.uk/historic-hansard/commons/1985/jul/03/sporting-events-control-of-alcohol-etc>

⁶¹ ESPN 2018

⁶² Policing Insight, dated 5th October 2021

- 9.57** In the case of the alcohol ban, West points to evidence that the measure is actually counter-productive and self-defeating. His article also noted that as long as a decade ago football policing scholars concluded that “*alcohol bans did not appear to achieve their aims, either in terms of reducing the drunkenness of fans in stadia or in reducing the potential for violence and disorder*”.⁶³
- 9.58** West further argues that alcohol bans, be it on so called ‘dry trains’ or stadium bans, tends to lead to ‘pre-loading’ or excessive consumption before the game by supporters. He also noted that the rules can lead to excessive and arguably dangerous congestion in the concourses at half time where hundreds, sometimes thousands, of fans rush into enclosed spaces to get a drink before the shutters come down. This echoes the SGSA’s evidence to the Review.

Football related offences evidence

- 9.59** The arguments presented by the FSA, EFL and experts highlighted above appear compelling but it is important to consider the available evidence. The UK Football Policing Unit (UKFPU) produces annual statistics on football banning orders issued and football related arrests for each season. Figures for the 2019/20 season (the latest available), indicate that there were 1,089 football related arrests under Schedule 1 of the Football Spectators Act 1989 (as amended), a 21% decrease on the previous season.
- 9.60** The commentary to accompany the UKFPU’s figures acknowledges that ‘football-related arrests continue to decrease’. It goes on to note that for the 2019/20 season, there were 1,089 football-related arrests (excluding British Transport Police arrests) ‘...in connection with regulated international and domestic football matches involving English and Welsh clubs and the national teams. This is a 21% decrease (-292) compared with the previous season and, although in part affected by the COVID-19 pandemic, continues the overall downward trend over the last 9 seasons, with the number of football-related arrests falling by 65% since the 2010/11 season (from 3,089 to 1,089).’ However, it should be noted that there were significant arrests in response to the disorder at this summer’s Euro 2020 final between England and Italy at Wembley Stadium. The FA has commissioned an independent review into the trouble both before and after the game, chaired by Baroness Casey of Blackstock, to report on the facts and circumstances involved.
- 9.61** In the face of compelling arguments regarding the change in football culture, expert views such as that of Owen West and a long-term trend for reduction in football related arrests, there is a strong argument that The Sporting Events (Control of Alcohol etc.) Act 1985 should at least be reviewed to consider if it remains fit for purpose. The legislation is nearly 40 years old, has never been reviewed and the commercial benefits to lower league clubs could go some way to helping ensure their sustainability for their communities.
- 9.62** However, no one wants to see a return to the football culture of the 1980s, and any such review will need to form evidence based conclusions. It is for that purpose that it is recommended that a small scale and limited pilot scheme be designed and operated in League Two and the National League. The design, implementation and assessment of the pilot should closely involve the DCMS, Home Office and the UKFPU.

⁶³ ‘On the Lash’ – revisiting the effectiveness of alcohol controls at football matches, Geoff Pearson & Arianna Sale, published online: 06 Feb 2011

Recommendation 42

The Department for Digital, Culture, Media and Sport works closely with the Home Office, the UK Football Policing Unit and other stakeholders to design, agree, manage, and review a series of small scale, limited, pilots of the sale of alcohol in sight of the pitch, at matches between clubs in the National League and League Two.

- 9.63** In addition to the proposed pilot, it would be good practice to review any legislation that is nearly 40 years old. This is particularly true given the huge change in football culture since 1985. It is therefore recommended that alongside any pilot, a review of The Sporting Events (Control of Alcohol etc.) Act 1985 should be carried out.

Recommendation 43

The Home Office should review the Sporting Events (Control of Alcohol etc.) Act 1985 to establish whether its measures are still fit for purpose in 2022 and beyond, and that it reflects the football culture of the present day; and to provide robust evidence in its conclusion of such a review.

B. Synthetic Pitches

“It’s crazy and wasteful for clubs to be given grants for artificial pitches only to have to rip them up if promoted to the EFL. They become essential community assets and a source of finance to the clubs concerned and therefore contribute to the club’s success.”

Contributor to Fan Led Review Online Survey

- 9.64** In 2016, the National League changed its rules to allow synthetic pitches to be used for league matches.⁶⁴ The FA has also allowed artificial surfaces to be used in all rounds of the FA Cup⁶⁵ since 2014. Article 31 of the Regulations of the UEFA Champions League⁶⁶ state that artificial turf pitches are permitted to host matches (not the final) of that competition, provided that the surface is certified by UEFA and maintained to a proper standard.
- 9.65** Given the widespread acceptance of the use of artificial playing surfaces, including at the UEFA level, it is odd that such playing surfaces are not permitted by the EFL. This has a material impact on the finances of clubs promoted from the National League, who face a double financial hit of having to replace an artificial pitch alongside losing the 7 day per week revenue it can generate utilising this pitch.
- 9.66** Sutton United provides an illustration. The club was promoted to the EFL for this season, and the club's chairman estimated it will lose over £200,000 a year from the loss of community use of their synthetic pitch. Alongside this, it had to incur a further £500,000 to convert to a grass pitch.⁶⁷ This is a material sum of money for a National League/League Two club – and at a time it most needs resources to compete in a higher division. In light of the accepted need to promote financial sustainability of clubs and the widespread acceptance of the use of synthetic pitches this is not logical.
- 9.67** The Review did consider if there might be a player injury issue in relation to use of synthetic pitches but could not find conclusive proof of an increased risk of injury. It also noted that the pitches under discussions have been utilised in the National League for many years without apparent difficulty.
- 9.68** It is therefore recommended that the EFL relax its rules to allow use of artificial pitches. At the very least, clubs promoted to League Two from the National League should be allowed a grace period on promotion to change their pitch rather than being forced to incur the expense straight away as well as giving time to replace any income lost from converting an artificial pitch to grass.

Recommendation 44

The EFL should review its rules on artificial pitches, and at the very least relax its current rules on artificial pitches to offer flexibility to newly promoted clubs, giving them a 3 year grace period to convert to grass pitches.

⁶⁴ The Non-League Paper, January 2016

⁶⁵ <https://www.thefa.com/news/2014/mar/24/3g-pitches-given-green-light>

⁶⁶ <https://documents.uefa.com/r/Regulations-of-the-UEFA-Champions-League-2021/22-Online>

⁶⁷ Sutton United's push for promotion to League Two hits a plastic pitch snag, The Guardian, 5 May 2018

Chapter 10. Growing Women's Football



Introduction

- 10.1** The Review benefited from evidence contributed by supporters and clubs involved in women's football, and the passion for the game of all involved was clear. It was also clear that there is a strong desire to further develop women's football and address the difficulties that it faces – but in the right way.
- 10.2** From its earliest origins in the 1890s, to record breaking crowds during the First World War, and being banned in the 1920s until as late as 1971, women's football has gradually re-emerged to become the top participation sport for women and girls in England today, with almost 3 million registered players.⁶⁸
- 10.3** Even after the ban on women's football the FA only took direct control of women's football in 1993. Whilst this offered some direction to the sport, the game's development centred on participation growth, rather than commercialisation, spectator support, and media interest.⁶⁹
- 10.4** This initial approach has legacy consequences which are affecting the growth of the game to this day. However, the advent of the Women's Super League (WSL) in 2011 was a hugely positive development and has catapulted women's football into the modern era. The WSL has clearly shown the popularity and hunger for the sport in this country. One survey suggested that one-third of adults now consider themselves interested in the women's game and 69 percent of those believe that women's football deserves the same profile as the men's game.⁷⁰
- 10.5** The potential for women's football was also seen in the multi million-pound agreement between the FA and Sky Sports announced in March 2021. Sky will show the top tier of women's football for the first time and has the right to show up to 44 matches. A minimum of 35 will be screened across Sky Sports Main Event, Sky Sports Premier League and Sky Sports Football with some matches also shown simultaneously on Sky Sports Mix and Sky One.⁷¹ Increased coverage and profile is clearly a welcome development.
- 10.6** However, the Review heard that women's football continues to face multiple, interconnected challenges. It is clear that there are many difficult decisions to be taken in coming years that will dictate the shape of women's football for many years to come.

⁶⁸ <https://www.thefa.com/womens-girls-football>

⁶⁹ Williams, J. (2003). The fastest growing sport? Women's football in England. *Soccer & Society*, 4(2–3), 112–127. <https://doi.org/10.1080/14660970512331390865> [Taylor & Francis Online], [Google Scholar]

⁷⁰ <https://home.barclays/news/press-releases/2019/09/third-of-brits-now-fans-of-women-s-football/>

⁷¹ <https://womenscompetitions.thefa.com/Article/Broadcast-announcement-20210322> 21 March 2021

Strategic Recommendation (I)

Women's football should be treated with parity and given its own dedicated review.

Valuing Women's and Girls' Football

- 10.7** In evidence to the Review concern was frequently expressed that there was a culture of 'dispensibility' and short-termism prevalent around women's and girl's football. Women's teams had been wound up or significantly scaled back as early cost cutting measures at clubs. Supporters felt there was a need for women's and girl's football to be championed for their own sake and value, and for the FA and clubs to make the case for women's football more strongly.

“Women's football should be treated equally in this day and age. Players have fought long and hard to be recognised over many years, and it's about time they were given the same kudos as in the men's game.”

Contributor to Fan Led Review Online Survey

- 10.8** The Review heard frequently expressed desire for the women's game to learn from the mistakes made by the men's game and to be a better model for the future of football. There was also widespread acceptance that much work needed to be done before this could become a reality. In evidence to the Review, the FA stated that it was one of their priorities to actively advance women's and girls football.

Independent Teams or Affiliation to Men's Teams?

- 10.9** One of the key issues that came from evidence to the Review was the difficult question of whether women's football teams should be affiliated to men's teams or be an entirely independent entity.
- 10.10** Evidence to the Review presented benefits of both models. On one hand, there were a number of cases presented where poor performance by men's teams had resulted in cuts to the women's team which were seen as an 'easy financial cut'. On the other hand, there were recognised advantages to partnering with the men's team. Examples given included opportunities for brand recognition, access to a fan base and access to facilities. However, all linked teams are not equal (Bristol City are clearly not the same as Manchester United).

10.11 It was also heard that some linked women's clubs struggle to access the facilities of the men's club. There is no reason why this continues to persist. As one former manager of Manchester City Women's Team was reported as stating *'It was really simple for us – all it took was that the staff didn't have a negative perception of the girls in the women's game. When I look at maybe teams not training at their facility or playing on different grounds, I just think it's crazy. Not crazy, but I see how simple it was for us that I don't see why that doesn't happen at other clubs. We have found it so easy. It comes from the top.'*⁷²

10.12 Strong views were also expressed that the structure of women's football should be flexible enough to accommodate both independent and linked teams. As part of this, evidence was received that the structure of the women's game should ensure that if men's teams do support women's teams the independent women's teams should not be unduly disadvantaged.

Finance

10.13 The issue of finance for women's football touches on all of the issues it currently faces. The sport must be properly funded to enable women's football to grow and flourish and the Review often heard that there was a significant need for greater investment across women's and girl's football both at grassroots and elite levels.

10.14 There was clear evidence given to the Review of positive commercial developments. However, concerns remain around the long-standing disparity in sponsorship spending between men's and women's sport, which has seen women's football clubs restricted to a small pool of potential sponsors.⁷³

10.15 Concern was also raised that a damaging wage race was developing in the women's game. This in turn resulted in a concern that if the women's game became uncompetitive, with success concentrated in a few wealthy clubs linked to men's teams, this could hurt the commercial development of women's football.

10.16 Further, there was a related concern that as spending increases on wages, opportunities for homegrown talent were being restricted by the influx of foreign stars. In the Women's League Cup final, for example, out of 22 players only seven qualified to play for England – though of course, many have argued that a similar influx in men's football was good for the game and raised standards.

10.17 The professionalisation of women's football is also having an impact on the finances of the game. The beginning of the 2018/2019 season saw the advent of the professionalisation of the WSL. This was seen as a major milestone in the development of the elite women's game. The FA approved proposed changes to Super League licences and clubs were encouraged to meet new criteria in order to secure professional status.⁷⁴

⁷² Why won't clubs invest properly in their Women's Super League teams?, Suzanne Wrack, The Guardian, 12 February, 2020

⁷³ Image and Investment: Sponsorship and Women's Sport, Sally Shaw and John Amis, Journal of Sport Management

⁷⁴ Covid-19: Reflections on threat and uncertainty for the future of elite women's football in England Beth G. Clarkson, Alex Culvin, Stacey Pope & Keith D. Parry. Published online: 14 May 2020

- 10.18** Amongst these new licence criteria was included a minimum of 16 hour contact per week for players; a minimum level of investment per club; the addition of an academy as part of club; and, financial fair play and salary cap. In the Women's Championship, the second tier of the game is now made up of 11 teams who meet part-time criteria.
- 10.19** These developments are positive, but some media commentators have argued that this overall growth in the women's game has stretched the existing infrastructure and commitment of men's clubs to the women's game. They also believe that wealthy parent clubs could do much more to ensure better quality pitches, and noted continued poor wages, short term contracts and inadequate conditions.⁷⁵
- 10.20** Prize money is also a key issue for women's football at every level. This issue is of course linked to the perceived value and esteem of women's football. There was strong evidence for the need for competition at every level to offer sufficient prize money.
- 10.21** Evidence presented to the Review cited the FA Cup prize money for the 2020/21 season as being around £16 million for men and only £300k for women. The total prize pot in the qualifying rounds of the men's competition is almost £2 million, which is approximately 6 times the total prize money available across the whole of the Women's FA Cup. This substantial gap reportedly undermined attempts to improve the esteem given to the women's game.
- 10.22** It also had practical consequences, with many clubs losing money from playing in the FA Cup. Witnesses to the Review gave an example of a women's team making a 260 mile round trip to play a match for which the club received £150. The money was not sufficient to even cover petrol costs, and by comparison a match in the same round of the men's FA Cup would have given the winning team £1800, and in the FA Vase £650.
- 10.23** Some who gave evidence to the Review felt that this was an area where meaningful change could be quickly achieved. It was also suggested that prize money for the women's FA Cup should be weighted to earlier rounds in order to better support a wider number of clubs in the pyramid.
- 10.24** It was also felt by many that the Premier League should have a key role to play in levelling up the investment in the women's game by providing direct funding. This should be for the whole game and not just for Premier League clubs with women's teams. A meaningful and significant mandated percentage of revenue for distribution into the women's pyramid would give women's football the cash injection it needs to reach its true potential.
- 10.25** Some have also suggested that women's football might look to alternative sources of short-term funding via crowdfunding⁷⁶ and/or to consider how it can exploit one of the key advantages that it has over the men's game – the greater access it offers to fans to players – as a unique marketing feature for sponsors.⁷⁷

⁷⁵ Why won't clubs invest properly in their Women's Super League teams?, Suzanne Wrack, The Guardian, 12 February, 2020

⁷⁶ Abdourazakou, Y., & Leroux-Sostenes, M. (2016). Crowd funding: The new frontier of sports sponsorship? *International Journal of Kinesiology & Sports Science*, 4(2), 18–26. <https://doi.org/10.7575/aiac.ijkss.v4n.2p.18>

⁷⁷ Covid-19: Reflections on threat and uncertainty for the future of elite women's football in England Beth G. Clarkson, Alex Culvin, Stacey Pope & Keith D. Parry. Published online: 14 May 2020

Structure of the Game

- 10.26** A number of those giving evidence to the Review also raised concerns that there was a damaging gap developing between the top of the game and the FA National Women's League. There was recognition that the FA had done well growing the game at WSL and Championship level. However, it was reported that one consequence was that it had become very hard for any club not linked to a men's Premier League club to rise up the pyramid from the National Women's League.
- 10.27** There was also criticism that the FA has failed to keep up with providing adequate infrastructure for women's football, and cannot keep pace with the popularity of the game. For example there are reports of inadequate refereeing and Baroness Sue Campbell, the Head of Women's Football at the FA has admitted that the sport lacks the coaches to deal with the explosion in interest in the game, '*...because we hadn't expected the amount of influx we've had*'.⁷⁸

Helping women's football to grow

- 10.28** When all the issues raised are considered, it is clear that women's football in this country is at a crossroads. There is great enthusiasm for the game in this country, with current players inspiring the next generation, and with a fanbase encompassing both genders. The FA announced an ambitious four year strategy for women's and girl's football in October 2020 and launched a new four year grassroots strategy in March 2021. There is huge potential for the game to grow further, but to make this a reality there needs to be serious investment in women's football, in its finances, in its infrastructure, and in the administration of the game.
- 10.29** However, there are a number of fundamental issues that require resolution in women's football to allow it to move forward on a sustainable footing in the future. Crucial issues, such as establishing the value of women's football, its financial structure, support from the Premier League, and league structure cannot be resolved in isolation. They require a holistic examination, research and evidence based resolution to enable the sport to move forward strongly.
- 10.30** The potential exists for women's football to have a powerful future, and it is only right that exactly 100 years after the FA banned women's football, that the future of women's football is the subject to its own separate review to fully consider the issues. It is therefore recommended that women's football should have a dedicated review to consider the issues in detail and provide tailored solutions.

Recommendation 45

Given the many, but interconnected, issues affecting a meaningful future for women's football needing to be addressed and resolved successfully, the future of women's football should receive its own dedicated review.

⁷⁸ Why won't clubs invest properly in their Women's Super League teams?, Suzanne Wrack, The Guardian, 12 February, 2020

Chapter 11. Player Welfare



Introduction

- 11.1** Although player welfare was not a direct focus of the Review, the Review was presented with some concerning evidence regarding the impact of involvement with professional football on young and retired players. It therefore felt that it would be irresponsible not to address this evidence in some way. At the top level, football players can seem to have an incredibly glamorous and rewarding life. However, and perhaps surprisingly for some, the Review saw evidence of a significant problem with player welfare for those who leave the game at youth levels and on retirement.

Strategic Recommendation (J)

As an urgent matter, the welfare of players exiting the game needs to be better protected – particularly at a young age.

*“[There should be] Proper care and support for young players
let go from Academies.”*

Contributor to Fan Led Review Online Survey

- 11.2** The Elite Player Performance Plan (EPPP) is a youth development scheme initiated by the Premier League, and adopted by the member clubs of the EFL in 2011. The aim of the EPPP is to improve the quality and quantity of home-grown players produced by top English clubs. Whilst this has apparently been achieved, and was a major contributor to the recent success of the England team, significant concerns about the side effects of the system were raised in evidence to the Review.
- 11.3** The main area of concern was the potential impact that involvement with this system has on the large number of young players involved who do not go on to gain a professional contract. At any one time, there are between 10,000 and 12,000 boys in football's youth development system.⁷⁹ 99% of these are being released before their scholarship and of the small number that become scholars 85% are ultimately released.⁸⁰

⁷⁹ Sky News, 24 February 2021, accessed 11/10/21

⁸⁰ A literature review exploring the mental health issues in academy football players following career termination due to deselection or injury and how counselling could support future players. Richard James Wilkinson, 14 May 2021 <https://onlinelibrary.wiley.com/doi/full/10.1002/capr.12417>

- 11.4** The Review heard evidence that these children, and their families, often spend most of their formative years focused on the dream of a successful career in football to the exclusion of other aspects of their lives. Many of those young people who are released will have lived and breathed the academy way of life from very young ages. The Review heard concerns that this may negatively impact their development, and ultimately their mental health, wellbeing, and future course in life.
- 11.5** Worryingly, there are numerous media accounts of released academy players suffering from severe mental health issues as a result of losing their dream to play professional football, with some ending in suicide; or others turning to drug dealing and other offences as a way of maintaining a lifestyle that they had expectations of living as a successful professional footballer.⁸¹
- 11.6** Earlier this year, ITV News carried out a survey⁸² on over 100 players who had been released from the 92 league clubs. This found that 72% of players felt they were not given enough support by the club that released them. 90% of respondents also reported depression or high levels of anxiety after being released from their club’.
- 11.7** This accords with academic research reporting psychological distress in players released by academies carried out by Dr David Blakelock, an Health and Care Professions Council and British Psychological Society Registered Clinical Psychologist, and academic from Teesside University which indicate mental health distress in many players released by academies.⁸³
- 11.8** The football authorities have taken some steps to address this. Whilst it is surprising that the FA appears to play a limited role, the regulations for the EPPP provide for a mandatory “transition strategy” for players leaving a club. However, there has been criticism that whilst the model supports players through education it does not provide sufficient emotional and psychological support for players before, during and after deselection.⁸⁴
- 11.9** The Professional Footballers’ Association does offer a range of help and advice to those academy players who become club scholars at age 16. However, as noted earlier, most players who come into contact with the academy system do not reach this stage.

Retired Players

- 11.10** While active in football, players are told what to do and where to go. Everything is planned for them and their identity is shaped around their profession. Unfortunately, the Review heard evidence that when this stops - often suddenly and invariably at a young age, the transition to ‘normal life’ can be difficult to deal with.

⁸¹ Sky News, 24 February 2021 <https://news.sky.com/story/youth-football-what-happens-to-those-who-dont-make-it-12226577>

⁸² ITV News website accessed 06/10/21 <https://www.itv.com/news/2021-02-04/exclusive-disturbing-findings-of-itv-news-survey-of-released-young-footballers>

⁸³ ‘Football’s biggest issue’: the struggle facing boys rejected by academies, The Guardian, 6 October 2017 and Blakelock, D.J., Chen, M., & Prescott, T. (2016). Psychological distress in elite adolescent soccer players following deselection. *Journal of Clinical Sport Psychology*, 10, 59-77

⁸⁴ A literature review exploring the mental health issues in academy football players following career termination due to deselection or injury and how counselling could support future players. Richard James Wilkinson, 14 May 2021 <https://onlinelibrary.wiley.com/doi/full/10.1002/capr.12417>

11.11 After retirement players may experience a loss of identity, of grief and of mourning, for which they are unprepared for. A 2018 State of Sport survey from the Professional Players' Federation found half of former professional athletes have mental wellbeing concerns, with retirement bringing a sense of "loss" and "regret". Other notable results from this research found that:

- Only 40% of those who felt they had an issue with their mental and emotional wellbeing had sought help.
- Fewer than 10% of former players had sought help for drug, alcohol or gambling problems.
- Only 30% of former players were able to choose when they stopped playing professional sport.
- Over half of respondents reported financial difficulties in the five years after stopping playing.

11.12 Turning to crime is another symptom of fallout for those exiting the game, which largely seems to affect younger players. The *i* newspaper cited figures as of October 2015 which indicated that 141 former players were in the British prison system at the time. Around 90% of these offenders were reported as being under the age of 25, with a similar percentage incarcerated for drug-related offences. The article noted that '*...many more are believed to be in the young offenders system.*'⁸⁵

Addressing Player Welfare

11.13 The common theme linking those exiting the game at academy stage and after professional careers is an apparent gap in provision of aftercare. There is an apparent assumption among several groups that it is for 'someone else to address' – be that the PFA, or clubs, or leagues. Football needs to do better and be more joined up in its approach – including better sharing of best practice on player welfare. The Review was made aware that work is underway in this sphere, and it is recommended that the authorities give this a high priority.

Recommendation 46

As a matter of high priority, the football stakeholders, including the FA, men's leagues, PFA, clubs and women's leagues work together to devise a holistic and comprehensive player welfare system to fully support players exiting the game, particularly at Academy level but including retiring players, including proactive mental health care and support.

⁸⁵ They think it's all over... why former footballers struggle with retirement, *i*, dated 2 February 2017

Private Academies

- 11.14** The comments above relate to academies and clubs within the football club system. However, concerns were raised to the Review regarding the proliferation of private football academies. These private academies are not subject to the oversight of any of any club, or the football authorities.
- 11.15** The FA's jurisdiction over such private academies is limited and extends only to precluding them from using registered referees and playing against affiliated clubs in sanctioned competitions. However, it is understood that such academies can and do play clubs in '*behind closed doors*' friendly matches at club academies. The opportunity to play in such games is then utilised by the private academies to 'sell the dream', and charge fees, to children and parents. This dream, unlikely enough in club academies, is of course even more remote in private academies.
- 11.16** The FA, Premier League and EFL should consider whether this is appropriate, and explore if it is open to them as part of the EPPP regulations or otherwise to prohibit clubs from playing '*behind closed doors*' matches against private academies.
- 11.17** There is no easy solution to bringing these independent academies into the wider oversight of the FA, or to ensure that standards of safeguarding and education are maintained. FIFA is aware that private academies are able to circumvent existing rules on player movement and are currently exploring an accreditation scheme for private academies to eliminate this loophole.
- 11.18** The FA have suggested that one approach would be to encourage private academies to affiliate to their County FAs, and so raise standards in this way. Of course there is no incentive to guarantee that private academies will want to do this. However, any steps in this direction are to be welcomed. The FA should incentivise such affiliation by the introduction of a 'kite mark' scheme or similar, achievement of which might permit the continued playing of behind closed door friendly matches or similar.

Recommendation 47

The FA proactively encourages private football academies to affiliate to the local County Football Associations to ensure appropriate standards of safeguarding and education for young players. The FA should explore ways to incentivise this affiliation, perhaps through operation of a 'kite mark' scheme or similar and prohibiting registered academies from playing friendly matches against unregistered private academies.

- 11.19** The need has also been highlighted to the Review for better education of parents of young players about the calibre of football academies available, including private academies. As the governing body of the game, the FA should be tasked with making a range of resources and education available to parents of young players, involving other stakeholders as required.

Annexes



Annex A – Summary of Recommendations

No	Recommendation
(A)	To ensure the long-term sustainability of football, the Government should create a new independent regulator for English football (IREF)
1.	IREF should have a statutory objective of ensuring English football is sustainable and competitive for the benefit of existing and future fans and the local communities football clubs serve. It should have further duties to promote other aspects of the game.
2.	In achieving its objectives, IREF should utilise a licensing system under which each club operating in professional men's football, i.e Step 5 level (National League) or above would be required to hold a licence to operate, and be subject to various licence conditions. Licence fees should be based on a sliding scale of broadcast revenue.
3.	IREF to operate a system of advocacy to help clubs comply with rules, but also have strong investigatory and enforcement powers.
4.	IREF should have a chair and board with expertise from a range of industries, appointed by a panel of experts separate from the Government. The FA should have observer status on the IREF board.
5.	IREF should publish an annual report setting out its operational and financial performance for the previous year and be accountable to Parliament, meeting with the Digital, Culture, Media and Sport Select Committee at least once a year to review its operational performance and value for money.
6.	IREF should be set up in a shadow form, working with the industry to ensure it is operationally functional as soon as legislation comes into force.
(B)	To ensure financial sustainability of the professional game, IREF should oversee financial regulation in football.
7.	The Government should introduce a financial regulation regime operated by IREF based on prudential regulation.
8.	IREF should have a proportionality mechanism managing the level of owner subsidies based on the size of a club's existing finances or if owner injections at one or a few clubs is destabilising the long-term sustainability of the wider league.
9.	The Government should explore ways to support the regulation of football agents operating in English football by working with the relevant authorities including FIFA.

No	Recommendation
(C)	New owners' and directors' tests for clubs should be established by IREF replacing the three existing tests and ensuring that only good custodians and qualified directors can run these vital assets.
10.	Through licence conditions, the new Owners' and Directors' Test should be split into two parts, one test for owners' (i.e. those who own a minimum of 25% shares in the club alone or acting in concert with others) and one test for directors as well as shadow directors, executive management and any individuals holding those roles regardless of job title.
11.	<p>In addition to not being subject to any disqualification criteria based on existing rules, prospective new owners should also be required to:</p> <ul style="list-style-type: none"> a. submit a business plan for assessment by IREF (to include financial forecasts). b. evidence sufficient financial resources to meet the requirements of the business plan. c. be subject to enhanced due diligence checks on source of funds to be developed with the Home Office and National Crime Agency. d. pass an integrity test.
12.	<p>In addition to not being subject to the disqualification criteria, a prospective director should also be required to:</p> <ul style="list-style-type: none"> a. demonstrate that they have the necessary professional qualifications, and/or transferable skills, and/or relevant experience to run the club. b. pass an integrity test in the same manner as prospective owners. c. declare any conflicts of interest. d. declare any personal, professional or business links with the owner of the club in question, or any other club owner (past or present).
13.	<p>IREF should conduct, and where possible, publish the results of the Owners' Test and the Directors' Test:</p> <ul style="list-style-type: none"> a. on entry – for any new owner or director. b. annually – any appointed owner or director should be required to declare to IREF, as an annual compliance statement, any changes in circumstance within one month of said change, or at the stage of annual licence renewal, if no changes have occurred. c. every three years – for owners only. Any existing owner should re-pass the test on a three year review.
14.	IREF should have a range of sanctions to enforce breaches of Owners' and Directors' tests.
15.	It should be a licence condition that the identity of the Ultimate Beneficial Owner (UBO) of a club be declared to IREF.

No	Recommendation
(D) Football needs a new approach to corporate governance to support a long-term sustainable future of the game.	
16.	A new Code for Football Club Governance based on the Sports Governance Code should be introduced for licenced clubs, with compliance being a licensing condition.
17.	As a condition of the licence, clubs should be required to publicly present evidence of compliance with the Code for Football Governance on an annual basis.
18.	The Code for Football Governance should adopt a model which includes a proportionate approach to the governance requirements. Tier A should involve the highest level of requirements and should apply to Premier League and Championship clubs, with Tier B applicable to Leagues One and Two, with minimum standards applying to Tier C to the National League.
19.	The Code for Football Governance should also operate with a 'ratchet' system in that a club cannot drop a Tier in its governance. The Code for Football Governance should allow a period of settlement for clubs who are promoted and therefore required to adhere to new requirements.
20.	The Code for Football Governance should adopt basic minimum requirements which will apply to all clubs including those in the Sports Governance Code, and additional minimum requirements relating to directors, equality and diversity, fan engagement, welfare and stewardship.
21.	The Code for Football Governance should adopt an 'apply and explain' model for implementation of its requirements.
22.	The English football authorities should continue to reform their own corporate governance to create independence in decision making from the vested interests in the game, including boards of at least 50% independent directors and the removal of historic oddities such as the need for the FA Chair to be approved by the FA Council.
(E) Football needs to improve equality, diversity and inclusion in clubs with committed EDI Action Plans regularly assessed by IREF.	
23.	IREF should mandate that each club have an Equality, Diversity and Inclusion Action Plan, focusing on the organisation's EDI objectives and how it is going to achieve them, as part of the annual licensing process.
24.	The football authorities should work more closely to ensure consistent campaigns across the various organisations, and where possible, pooling resources to increase the impact of these important initiatives.
25.	The Government should work with the football authorities to explore the possibility of a new, single repository for reports of discrimination.
(F) As a uniquely important stakeholder, supporters should be properly consulted by their clubs in taking key decisions by means of a Shadow Board.	

No	Recommendation
26.	A Shadow Board should be a licensing condition of IREF. The club should engage and consult this Shadow Board on all material 'non football/off pitch' business and financial matters.
27.	The football authorities should work with the FSA to upgrade the current Independent Football Ombudsman so that it meets the criteria for full membership of the Ombudsman Association.
(G)	Football clubs are a vital part of their local communities, in recognition of this there should be additional protection for key items of club heritage.
28.	It should be a licence condition that all licenced clubs should include within their articles of association a Golden Share requiring democratic consent to proposed actions relating to identified heritage items. Each Golden Share right should have circumstances in which it will not apply.
29.	The consent of the holder of the Golden Share should be required for the sale of the club stadium, relocation outside of the local area which is not a temporary part of a redevelopment, joining a new competition that is not approved by FIFA, UEFA and the FA and/or leaving a competition in which it currently plays, club badge, first team home colours, and club playing name.
30.	The Golden Share should be held by a Community Benefit Society formed for the benefit of the club's supporters operating under standardised rules set by IREF in conjunction with the FCA.
31.	Clubs should be required to provide formal notice of any intention to take any material steps or enter into a contract to alter any of the items covered by the Golden Share to which the holder of the Golden Share will have 45 days to notify rejection.
32.	There should be an arbitration mechanism, at the club's expense, which allows for resolution by IREF or a party appointed by IREF of an appeal by the club of any decision to withhold consent by the holder of the Golden Share.
33.	The Government should take account of the importance of football clubs to their local communities in planning reform.
34.	The Government should amend the National Planning Policy Framework to impose requirements on developers of an existing football stadium to provide new equivalent or better facilities in the same local area before any development work is started.
35.	The Government should explore the viability of introducing new security of tenure property rights for clubs where the club does not own the stadium in which it plays.
36.	The FA should amend its rules to provide for protection of the additional heritage items identified by this report, to prioritise the voice of supporters in any decision, and to provide clarity on the procedures that will be followed in regard to any heritage changes.

No	Recommendation
(H)	Fair distributions are vital to the long term health of football. The Premier League should guarantee its support to the pyramid and make additional, proportionate contributions to further support football.
37.	The FA should scrap its current formula for distributing revenue it generates. The FA should have more flexibility to redistribute revenues as it sees fit, based on its assessment of where funding is most needed in the game.
38.	Football should seek to resolve distribution issues itself. If no agreement can be reached by the end of 2021, the Premier League and EFL should commission research to find a solution, with backstop powers for IREF if a solution is still not found.
39.	The Leagues, FA, and PFA should work together to include a new compulsory clause in the standard player contracts that provides for an automatic adjustment to player salaries at a standard rate upwards on promotion and downwards on relegation.
40.	A solidarity transfer levy should be introduced for Premier League clubs, to support the football pyramid and overseen by IREF. Its level and whether loans should be included should be determined through consultation.
41.	IREF should produce or procure on a regular basis an assessment of financial flows, distributions and costs in football to aid policy debate on football finance.
42.	The Department for Digital, Culture, Media and Sport works closely with the Home Office, the UK Football Policing Unit and other stakeholders to design, agree, manage, and review a series of small scale, limited, pilots of the sale of alcohol in sight of the pitch, during matches between clubs in the National League and League Two.
43.	The Home Office should review the Sporting Events (Control of Alcohol etc.) Act 1985 to establish whether its measures are still fit for purpose in 2022 and beyond, and that it reflects the football culture of the present day; and to provide robust evidence in its conclusion of such a review.
44.	The EFL should review its rules on artificial pitches, and at the very least relax its current rules on artificial pitches to offer flexibility to newly promoted clubs, giving them a 3 year grace period to convert to grass pitches.
(I)	Women's football should be treated with parity and given its own dedicated review.
45.	Given the many, but interconnected, issues affecting a meaningful future for women's football needing to be addressed and resolved successfully, the future of women's football should receive its own dedicated review.
(J)	As an urgent matter, the welfare of players exiting the game needs to be better protected - particularly at a young age.

No	Recommendation
46.	As a matter of high priority, the football stakeholders, including the FA, men's leagues, the PFA, clubs and women's leagues should work together to devise a holistic and comprehensive player welfare system to fully support players exiting the game, particularly at Academy level but including retiring players, including proactive mental health care and support.
47.	The FA should proactively encourage private football academies to affiliate to the local County Football Associations to ensure appropriate standards of safeguarding and education for young players. The FA should explore ways to incentivise this affiliation, perhaps through operation of a 'kite mark' scheme or similar and prohibiting registered academies from playing friendly matches against unregistered private academies.

Annex B – Terms of Reference

The independent review's aim will be to explore ways of improving the governance, ownership and financial sustainability of clubs in English football, building on the strengths of the football pyramid.

The review will add to the recommendations of the English Football League's Governance Review and the government's 2016 Expert Working Group on Football Supporter Ownership and Engagement. The review will be expected to engage extensively with fans to ensure any recommendations are led by fans' experience and interests.

The Chair will meet regularly with the Minister for Sport to keep him informed of progress. The final report will be presented to the Minister for Sport, Secretary of State for Digital, Culture, Media and Sport, and The Football Association (FA) on what steps can and should be taken, and how to implement them through legislative and non-legislative means. The final report will be laid before Parliament and published.

The Review will:

- Consider the multiple Owners' and Directors' Tests and whether they are fit for purpose, including the addition of further criteria;
- Assess calls for the creation of a single, independent football regulator to oversee the sport's regulations and compliance, and its relationship with the regulatory powers of The FA and other football bodies;
- Examine the effectiveness of measures to improve club engagement with supporters, such as structured dialogue, that were introduced on the back of the Expert Working Group;
- Investigate ways league administrators could better scrutinise clubs' finances on a regular basis;
- Examine the flow of money through the football pyramid, including solidarity and parachute payments, and broadcasting revenue;
- Explore governance structures in other countries, including ownership models, and whether any aspects could be beneficially translated to the English league system;
- Look at interventions to protect club identity, including geographical location and historical features (e.g. club badges);
- Examine the relationship between club interests, league systems and their place within the overall football pyramid.

Annex C – Contributors to the Review

Below is the list of all those who gave evidence, or submitted evidence to the Fan Led Review of Football Governance.

The Chair also had a significant number of meetings with representatives across football, and with wider stakeholders.

The Chair and Advisory Panel thank all those who gave evidence in person or who submitted evidence to the Review, and to the 60 individuals who submitted evidence through the Fan Led Review's mail box.

#tell your story	Andy Roberts
Accrington Stanley owner, Andy Holt	Andy Walsh
Adam Wilerton	Angus Kinnear, Managing Director, Leeds United
AFC Bury	Anielka Pieniazek
AFC Wimbledon	Anna-Maria Hass
(AFC Wimbledon) Dons Trust	Anwar Uddin
Alan Bush	Arsenal Supporters' Trust
Alan Dawkins	Ashley Brown
Alan Hanson	Barry Frenchman
Alasdair Bell	Ben Clasper
Alistair Mackintosh, Fulham, CEO	Bik Singh
Amirah Rahman	Blues Supporters' Trust (Birmingham City)
Andrew Godden	Blackburn Rovers Supporters' Trust
Andrew Madaras	Blackpool Supporters' Trust
Andy Higgins	

Bolton Wanderers Supporters' Trust	Dave Beesley
Bees United (Brentford Supporters' Trust)	Dave Kelly
Bruce Buck, Chairman, Chelsea	Dave Netherstreet
Campbell Tickell	Dave Pennington
Carl Barratt	David Bedford
Caroline Barker	David Bernstein and Gary Neville, on behalf of 'Our Beautiful Game'
Charlton Athletic Supporters' Trust	David Blackmore
Chelsea Pitch Owners	David Johnston
Cheltenham Town Supporters' Trust	David Michael
Chester	David Minchley
Chris Paouros	Deborah Dilworth
Chris Stockdale	Deborah Henry
Chris Tymkow	Derby County
Christian Purslow, Chief Executive, Aston Villa	Dulwich Hamlet Supporters' Trust
Ciaran Barker	Ed Woodward, CEO, Manchester United
Clapton Community	Eric Salama
Cliff Brown, Brentford, Chairman	Everton Fans' Forum
Cognisant Research	Exeter City
CoOperatives UK	Exeter City Supporters' Trust
Crewe Alexandra	FAEqualityNow
D M Withers	Fair Game
Dafydd Hughes	Ferran Soriano, CEO, Manchester City
Daniel Harrison	Fifa Ethics and Regulations Watch
Daniel Levy, Chairman, Tottenham Hotspur	Fiona Lynch

Football Beyond Borders	Jim Wheeler
Football Supporters' Association	Jo Bailey
Forever Bury	Joe Blott
Gareth Cummins	John Anderson
Gateshead Soul Supporters' Trust	John Hobson
Gemma Teale	John Morgan
Geoff Biebley	Jonathan Kaye
Glyn Jarvis	Jordan Tyms
Grace Mckenna	Jordan Wimpenny, Team manager, Huddersfield Town Women
Graham Kelly	Jude Morris-King
Harpeet Robertson	Karen Dobres
Heather McKinlay	Karen Pond
Hull City Supporters' Trust	Katrina Law
Humayun Islam	Kerrie Evans
Ian Bason	Kevin Blowe
Ian Bridge	Kick It Out
Ian Kyle	Kieran Maguire
Ian Todd	Kristine Green
James Young	Leeds United Supporters' Trust
Jamie Dapaah	Level Playing Field
Jane Hughes	Lewes
Jazz Bal	Liam Bushnell-Wye
Jenny Hancock	Liam Tinkler
Jill Neville	Liga Nacional de Futbol Sala

Lincoln City	Matthew Kempson
Linda Magner	Merthyr Town
Luke Cox	Michael Brunskill
Luton Town Supporters' Trust	Michael Cunnah
(Macclesfield Town) Silkmen Supporters' Trust	Micky Singh
Maik Strothmüller	Neil Le Milliere
Malcolm Clarke	Neil Pinkerton
Manchester United Supporters' Trust	Newcastle United Supporters' Trust
Manuel Gruber	Nick De Marco QC, Blackstone Chambers
Maria Ryder	Nick Duckett
Mark Gregory, Ernst & Young	Nick Hawker
Mark Harris, Chairman, Northern Premier League	Nicola Cave
Mark Inskip	Nigel Davidson
Mark Palios, Tranmere Rovers, Owner	Nigel Kleinfeld
Mark White	Nilesh Chauhan
Markus Sotirianos	Oliver Ash
Martin Ball	Onward
Martin Cloake	Our Beautiful Game
Martin Endemann	Paul Kirton
Martin French	Paul Larter
Martin O'Hara	Paul Marks
Martin Parker	Paul Millington
Matt Johnson	Pavinder Samra
Matthew Benham, Brentford, Owner	Peter Leatham

Peter Thomson	Sheffield Wednesday Supporters' Trust
Peter Walton	Sheffield Working Group
Phillipa Whittaker	Sian Wallis
Portsmouth Pompey Supporters' Trust (Portsmouth)	Spirit of Shankly
Portsmouth Women	Sports Broadcasters Group
Power to Change	Sports Ground Safety Authority
Pride In Football	Steve Gibson, Middlesbrough Owner
Push The Boundary (Oldham independent fans group)	Stacey Hawkins
Rebecca Caplehorn, Director, Tottenham Hotspur	Steve Moulds
Richard Irving	Steve Richardson
Richard Stanley	Steve Walmsley
Richard Tomkins	Stuart Barker
Rob Dickinson	Stuart Fuller
Rob Street	Sue Watson
Robbie Whittaker	Sunderland Supporters' Trust, women's game
Roger Ellis	Surinder Aujila
Roger Titford	Suzanne Wrack, The Guardian
Sachin Patel	Ted Morris
Sally Harris	The English Football League
Sandra Schwedler	The Football Association
Sarah Stelling	The League Managers' Association
(Scunthorpe United) The Iron Trust	The National League
Shahan Miah	The Premier League
	The Professional Footballers Association

Thomas Concannon

Tim Chown

Tim Hillyer

Tim Payton

Tom Greatrex

Tom Werner, Chairman, Liverpool

Tony Hector

Tony Sampson

Tony Wilkinson

Tony Wilson

Torquay United Supporters' Trust

Tottenham Hotspur Supporters' Trust

Trevor Bull

Trevor Inns

Tristan Wooler

UKAD

Vinai Venkatesham, CEO, Arsenal

Vysble

Walsall

Watford Supporters' Trust, women's game

Women in Football

York City Supporters' Trust

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Annex D – Fan Led Review Online Survey

Fan Led Review Online Survey

Football fans played a key role in the Review of Football Governance. As part of the Review an online survey ran between the 19th and 30th July, and sought the views of fans on the issues that were of most concern to the Fan Led Review, including the establishment of an independent regulator for football.

The survey consisted of 47 questions and free text boxes for questions 10, 15, and 39 where respondents could expand on answers given to those specific questions. The questions are provided in the text below.

Summary

The survey received 20,841 responses in total. These responses were a mixture of full and partial survey responses. The majority of respondents were not a member of a Supporters' Trust and were primarily supporters of clubs in the Premier League.

Respondents showed strong support for the key proposals which were set out in the Review's interim findings. These were to:

- Establish an Independent Regulator: 93% (16,658 out of 17,938))
- Greater regulation of club finances: 89% (14,328 out of 16,085))
- Fans to have a Golden Share: 81% (14,035 out of 17,329))
- Improve Corporate Governance: 84% (14,461 out of 17,259))
- Establish a Supporter Shadow Board: 74% (12,400 out of 16,772)

There was also strong support for changing the system of financial distributions to clubs with 92% (14,890 out of 16,228) saying more revenue should be shared across the pyramid, and 95% (15,000 out of 15,771) asking for a greater sharing of Premier League revenue.

There was strong support, 82% (13,270 out of 16,232), for the Premier League to provide a guaranteed, ring fenced, sum to women's football as well as to organisations such as Kick it Out and the Football Supporters Association.

There was more support for ending parachute payments than retaining them but this was supported by less than half of respondents, 49% (7,984 out of 16,237), with 40% (6,481) respondents in favour of retaining them. 11% (1,772) were unsure.

There was also strong support, 87% (15,458 out of 17,878), for a supporters' right to buy shares in their club. 48% (8,595 out of 17,873) of respondents stated that they were 'very likely' to buy shares if they were available and 53% (7,857 out of 14,641) stated that they would only be willing to invest £500 or under (with 7%, (970) respondents to this question, willing to invest over £5,000).

Data Presentation

The survey is a snapshot of the views of a proportion of football fans on the issues that were the concern of the Fan Led Review of Football Governance. The survey was only available for 14 days, and so was only able to capture the views of those fans who were able to complete the survey over that period. The survey results can therefore be used for illustrative purposes only, and to provide an impression of football fans' views on the subjects of concern to the Fan Led Review.

Not all respondents answered all the questions.

Question by Question Analysis

Football clubs and matches

Questions 2 - 6 asked respondents a number of different questions about the football club that they supported; the number of matches watched live at a stadium during a year not affected by a pandemic and the number of matches watched live on television during a year not affected by a pandemic.

Question 2: In what league does the main club that you support play?

Of the 19,684 respondents to this question, the majority, 64% (12,688), supported clubs in the Premier League, but also include supporters of teams in the Championship, 14% (2,857), League 1, 8% (1,651), League 2, 4% (827), National League, 2% (481), National League North or South, 2% (463), Women's Super League, less than 1% (36), Women's Championship, less than 1% (5), and other teams, 3% (294).

The large response from supporters of Premier League clubs may be due to the large supporter bases for these clubs, which in turn may have generated greater awareness of the survey through their promotion of it.

Question 3: Do you have a season ticket for your main club?

Of the 19,666 respondents to this question, the majority, 59% (11,579), said they were not season ticket holders at their main club, while 41% (8,087) of respondents said that they did hold a season ticket with their main club.

Attending and Watching Matches

Questions 4 and 5 asked respondents about match attendance in person during a normal season, and watching live matches on television in a season not affected by a pandemic.

Question 4: In a season not impacted by a pandemic, how many matches would you usually attend in person?

33% (6,460) of those who responded said that they usually attended 21 or more matches in person in a season not affected by the pandemic. 10% (2,000) said that they would attend 16-20 matches in person, with 25% (4,830) attending 1-5 matches per season. 12% (2,450) said that they did not attend any live matches in a normal season.

Question 5: In a season not impacted by a pandemic, how many matches would you usually watch live on television?

23% (4,453) of those who responded watched over 80 live games on television, with a further 33% (6,552) stating they watched between 31 and 80 live matches on television in a season not affected by a pandemic.

Supporters' Trusts

Question 6 asked respondents if they were a member of a Supporters' Trust. A Supporters' Trust in this instance is defined as a formal, democratic and not-for-profit organisation of football fans who attempt to strengthen the influence of supporters over the running of the club they support.

Question 6: Are you a member of a Supporters' Trust?

The majority of respondents to the question 62% (12,110) were not members of a Supporters' Trust, with 38% (7,510) identifying as members of a club's Supporters' Trust. The survey drew responses not only from supporters' trusts but a large number of fans who were unaffiliated to a trust. This indicates there is a wide interest across football fans in how football is governed.

Regulation

Question 7: Do you consider the current English football regulatory structure fit for purpose?

The response was strong, with the great majority of those who responded showing dissatisfaction with the current regulatory structure and its fitness for purpose. 84% (15,120) of these respondents felt that the current regulatory regime in English football was fit for purpose. Only 6% (1,100) of respondents considered the current regulatory arrangements fit for purpose.

This marked response shows that respondents are concerned about the current regulatory regime that governs football in this country today.

Regulation

Questions 8 to 10 asked respondents questions about the regulation of football, including how they rated the performance of each of the current regulatory bodies as regulators in English football; whether they would support the introduction of a new regulator for football that is independent of the existing authorities; and if so, which of the areas should it regulate.

Question 8: How do you rate the performance of each of the following regulatory bodies as regulators in English football?

15% (2,755) of those who responded rated the performance of the Football Association as a regulatory body as Very Good or Good. 15% (2,677) of those who responded rated the performance of the Premier League as a regulatory body as Very Good or Good. 14% (2,499) of those who responded rated the performance of the EFL as a regulatory body as Very Good or Good. 16% (2,812) of those who responded rated the performance of the National League as a regulatory body that was Very Good or Good.

44% (7,924) of those who responded rated the performance of the Football Association as a regulatory body that was Poor or Very Poor. 56% (9,976) of those who responded rated the performance of the Premier League as a regulatory body as Poor or Very Poor. 49% (8,840) of those who responded rated the performance of the EFL as a regulatory body as Poor or Very Poor. 26% (4,680) of those who responded rated the performance of the National League as a regulatory body as Poor or Very Poor.

Question 9: Would you support the introduction of a new regulator for football that is independent of the existing authorities?

93% of those who responded (16,658) supported the introduction of a new regulator for football that is independent of the existing authorities. Only 3% (456) objected to the proposal for a new regulator for football.

Question 10: If there was an independent regulator, which of the following areas should it regulate .

17,839 responded to question 10. Respondents could tick as many measures as they wanted. In order, the most options were supported as follows:

- 13.** owners' test - 94% (16,734) of those who responded thought it should regulate the owners' test
- 14.** club financial regulation - 87% (15,458)
- 15.** directors' test - 83% (14,794) thought it should regulate the directors' test
- 16.** distribution of finance in English football - 81% (14,456) said it should regulate the distribution of finance in English football
- 17.** sale or disposal of club assets (e.g. stadium or training ground) - 77% (13,787) thought it should regulate the sale or disposal of club assets
- 18.** player agents - 75% (13,465) thought it should regulate player agents
- 19.** Premier League / EFL / National League governance - 66% (11,779) thought it should regulate authority governance
- 20.** structure of English football pyramid - 62% (11,007) said it should regulate the structure of the football pyramid.
- 21.** club corporate governance - 55% (9,856) thought it should regulate club corporate governance

22. youth development - 46% (8,232) said it should regulate youth development

23. Other - 6% (1,070) said it should regulate other matters

Share Ownership

Questions 11, 12 and 13 concentrated on various aspects of share ownership in football clubs, including the appetite for fans buying shares and the preferred rates for share ownership.

Question 11: Do you support the call for fans to be given a right to buy shares in their club?

The right for fans to buy shares in their club was strongly supported by respondents, with 87% (15,480) of those who responded in favour of this proposal, and only 6% (1,150) against the proposal.

Questions 12 and 13 drilled down further into the matter of football club share ownership amongst respondents.

Question 12: If shares were available in your club, how likely would you be to buy them?

Nearly half of those who responded to this question 48% (8,600) felt that they were 'very likely' to purchase shares in their club, with 34% (6,100) 'somewhat likely' to buy shares.

Question 13: How much would you be willing to invest?

The survey found 42% (6,157) of those who responded willing to invest between £100 - £499; 21% (3,012) were willing to invest between £500 - £999; and 19% (2,803) of respondents willing to invest between £1000 - £4999. Only 7% (969) agreed to investing £5000 or greater.

Questions 14 to 18 concentrated on the proposal of a Golden Share in a football club to be held by a fan group or other entity which had veto rights over certain items linked to the club.

Question 14: There has been discussion of introducing a Golden Share. This would be a special share held by a fan group which had veto rights over certain items. Would you support the introduction of an arrangement in English football, whereby a fan-held special share would hold veto rights over certain specified items?

A large majority of those who responded to this question 81% (14,035) supported the introduction of a Golden Share, with 8% (1,307) disagreeing.

Question 15: If fans were to have a Golden Share who should it be held by?

The vast majority of respondents - 94% (16,060) - agreed that a recognised legally constituted democratic supporters' trust or other independent supporter association should hold the Golden Share.

Question 16: If fans were to have a Golden Share, which of the following items should be subject to a veto by the holder of the fan Golden Share?

90% (17,179) of respondents supported the Golden Share rights covering a change of club name; 83% (17,019) supported covering any change of club badge; 87% (17,020) supported covering a change of club colours; 84% (17,076) supported covering any sale of stadium or other key assets (excluding players); 86% (16,989) supported covering any relocation of club home games; and 81% (16,829) supported covering entering into new competitions. A minority 38% (16,629) supported a fan veto on a club's annual budget being covered by the Golden Share.

Question 17: Would you support legislation providing additional requirements to allow a club to sell its stadium, for example a local referendum?

64% (11,150) of those who responded agreed to the proposal, with 19% (3,330) against and 17% (2,880) did not know.

Question 18: Should this be in addition to the Golden Share?

77% (8,540) of those who responded agreed, with 9% (960) disagreeing and 15% (1,620) unsure.

Corporate Governance

Questions 19, 20, 21 and 22 covered issues around corporate governance of football clubs.

Question 19: Do you consider that the current board of directors at your club is fit for purpose and doing a good job running your club?

39% (6,790) of those who responded agreed, with over half of respondents 55% (9,570) disagreeing. 5% (910) of respondents did not know.

Question 20: Do you support measures to improve corporate governance at your club?

Of those who responded the vast majority 84% (14,460) agreed 6% (1,090) disagreed and 10% (1,710) of respondents did not know.

Question 21: Which of the following measures applicable in other businesses would you support?

Question 21 provided a list of measures common in other businesses and asked respondents which measures they supported. Respondents could select as many of the available options as they wanted. The list of measures were: appointment of at least two independent directors; appointment of a board with majority of independent non executive directors; fan appointed director; independent chair; published board and sub committee terms of reference; and other.

89% (12,185 out of 13,754) supported the appointment of at least two independent directors; 53% (7,030 out of 13,287) supported a fan appointed director; and 89% (11,853 out of 13,386) supported published board and sub committee terms of reference.

The least popular measure was the appointment of a board with majority of independent non-executive directors with 47% (6,257 out of 13,287) followed by the suggestion of an independent chair 28% (3,794 out of 13,379).

Question 22: Do you think a supporter advisory board consisting of representatives from all recognised fan groups which then advises the club board would be an effective measure to improve the operation of your club?

The vast majority of those who answered the question 74% (12,400) were in favour of this proposal for an advisory board. A further 14% (2,310) were unclear on the proposal and 12% (2,060) opposed the proposal.

Transparency of club information

Questions 23 to 25 dealt with issues of transparency of information from football clubs.

Question 23: Excluding regular operational matters such as transfers is your club sufficiently transparent on: financial matters; strategic matters.

The majority of those who responded felt that their club was not sufficiently transparent on both financial and strategic matters. 61% (9,937) of respondents felt that they were less sighted on strategic club matters, with 54% (8,938) feeling unsighted on financial matters.

Of those respondents who felt that their club was sufficiently transparent on these two matters; 37% (6,701) felt more informed on financial matters, with only 31% (4,995) feeling more informed on strategic matters.

Question 24: Does your club regularly disclose the following items?

Question 24 asked respondents whether their club regularly disclosed a list of items: Annual Report and Accounts; Management Accounts; Multi year strategy and business plan; and Annual Financial Budget for the forthcoming season. As the graph below shows 61% (10,103) of those who answered the question were aware of the publication of their club's annual report and accounts, with 26% (4,198) aware of the publication of management accounts; 17% (2,709) aware of the publication of multi year strategy and business plans; with only 11% (1,747) aware of the club's annual financial budget for the forthcoming season.

Question 25: How would you rate the quality of information shared with supporters by your club?

54% (8,915) of respondents to the question thought the quality of such information was either 'average' or 'very poor'. 9% (1,404) found the quality of information supplied by their club 'very good'.

Financial Revenue and the Football Pyramid

Questions 26 to 33 considered the sharing of financial revenues in football across a number of different scenarios, including whether so-called parachute payments to clubs relegated from the Premier League should continue. Respondents were also asked if they would like to see a greater sharing of revenues to women's football, and if the funding provided by the football authorities for groups such as Kick it Out or the Football Supporters' Association should be guaranteed.

Question 26: Do you think there needs to be more sharing of financial revenue across the English football league system (commonly known as the football pyramid)?

A vast majority of those who responded agreed with this question - 92% (14,890 respondents), with only 5% (790) disagreeing, and 3% (550) unsure.

Question 27: Would you support greater sharing of Premier League revenue across the pyramid?

95% (15,000) respondents to the question agreed with this proposal, with 5% (770) disagreeing.

Question 28: Should payments to teams relegated from a league to a lower league (e.g. teams relegated from the Premier League receiving payments from the Premier League for a number of seasons after relegation) - commonly known as "parachute payments" continue?

There were mixed views on this question, with 40% (6,480) of those who answered agreeing that parachute payments to clubs relegated from the Premier League should continue, whilst 49% (7,980) disagreed. A further 11% of those responding did not know whether parachute payments should continue to be made.

Question 29: Would you support greater sharing of UEFA competition revenue with clubs in English football that have not qualified for UEFA competition?

59% (9,580) of respondents who answered said yes to this proposal, with 31% (5,024) disagreeing, and 10% (1,620) undecided.

Question 30: Would you support women's football being given a guaranteed amount annually from the Premier League for distribution by the FA into the women's game?

There was strong support for this proposal with 73% (11,860) of those who responded to the question agreeing to the proposal; with 19% (3,014) against, and 8% (1,350) did not know.

Question 31: Would you support the funding provided by the football authorities for groups such as Kick it Out or the Football Supporters' Association being guaranteed - commonly known as being 'ring fenced'?

Kick It Out is English football's equality and inclusion organisation, and works throughout the football, educational and community sectors to challenge discrimination, encourage inclusive practices and campaign for positive change. The Football Supporters' Association (FSA) is the national, democratic, representative body for football supporters in England and Wales.

82% (13,270) of respondents who answered the question agreed with the proposal, with 10% (1,610) against. 8% (1,350) of respondents did not know.

Question 32 : Would you support increased regulation of club finances in English football?

Over four in five respondents to this question answered yes for this proposal 89% (14,330). Only 5% (860) answered no to the proposal with a further 6% (893) of respondents responding that they “don’t know”.

Question 33: Which of the following measures would you support?

Respondents could tick as many measures as they wanted. In order, the most options were supported as follows:

- a. limiting club debt levels (82% (12,776)).
- b. limiting owner subsidies coming in as the second most popular choice amongst those who responded with 54% (8,494).
- c. compulsory relegation clauses in player contracts was the third most popular option chosen by 50% (7,761) of respondents.
- d. A salary cap based on a percentage of club revenue chosen by 48% (7,590) of those who responded.
- e. abolishing rules requiring clubs and players to be paid first in any club insolvency - commonly known as the football creditors rule, chosen by 44% (6,921).
- f. a requirement to break even on a cash basis, chosen by 43% (6,776).
- g. requiring owners to lodge a cash bond for all committed expenditure, chosen by 43% (6,730).
- h. salary cap set to a fixed amount, chosen by 41% (6,386).

Women’s Football

Questions 34 to 38 explored questions concerning women’s football and covered topics ranging from financial support for the women’s game to affiliation of women’s teams to men’s teams.

This section received a lower number of responses than the rest of the survey. Question 34 received 12,923 responses; Question 35 received 3,785 responses; Question 36 received 3,735 responses; Question 37 received 2,601 responses; and Question 38 received 14,288 responses.

Question 34: If your main club is a women’s team, is it linked to a ‘parent club’ in the men’s game?

30% (3,870) of respondents who answered the question answered that their women’s club was linked to a ‘parent’ club in the men’s game. A further 29% (3,740) answered that it was not, with 41% (5,320) of those who responded did not know.

Question 35: Would you prefer your club to be independent of the men's club?

The majority of respondents to the question, 75% (2,840), did not want to see their women's club independent of the men's club. Only 8% (310) wanted their women's club to be independent from the men's club, with 17% (640) undecided.

Question 36: How would you rate the support received from the men's club?

Respondents could choose a rating of either 'Very Poor', 'Poor', 'Average', 'Good' or 'Very Good' in reply to this question.

32% (1,188) of respondents to the question rated the support received from the men's club as 'Good', with 24% (888) rating the support 'Very Good'. 26% (966) felt that the support given was 'Average', while 12% (438) rated the support 'Poor', and 7% (255) rated the support as 'Very Poor'.

Question 37: Would you support the 'parent club' board having a dedicated women's football representative?

There was strong support for this proposal from those who responded, with 92% (2,400) agreeing, in contrast to the 8% (200) who disagreed.

Question 38: Should it be a condition of membership of the men's English football league system (Premier League and English Football League) that clubs provide support for a women's team?

There was strong support for this proposal from respondents to the question with 57% (8,150) agreeing, in contrast to 43% (6,140) who disagreed.

Comments on the Review's Terms of Reference

Question 39 : Please use the following box to convey any other views or thoughts you have on the review relating to the terms of reference

Question 39 asked respondents for any comments they wished to make about the areas of interest covered by the Fan Led Review, some of which have been reproduced throughout the body of the Review's Final Report.

Demographics of the Respondents

Questions 40 to 45 asked respondents about themselves.

Overall, the majority of survey respondents were in the 25-44 or 45-54 age groups and were male and white.

Age

Question 40: Age range

Of 15,878 respondents, 42% (6,699) came from the 25-44 age group, with 34% (5,370) in the 45-54 age group. 12% (1,966) were in the 16-24 age group, with 10% (1,586) in the 65-74 age group. 2% (257) were in the +75 age group.

Sex

Question 41: Sex (M/F/Prefer not to say)

Of those who responded, 92% (14,550) described themselves as male. This contrasted strongly with only 7% (1,080) of those who responded and described themselves as female.

Gender

Question 42: Is the gender you identify with the same as your sex registered at birth?

98% (15,455) of respondents answered yes, with less than 1% (60) saying no. 2% (310) of respondents indicated that they preferred not to say.

Ethnicity

Question 43: Which of the following best describes your ethnic group?

The vast majority of respondents, 88% (13,951) identified themselves as white English/Welsh/Scottish/Northern Irish/British, with the next highest group of respondents 4% (560) identifying themselves as Any Other White Background. 2% (380) of respondents identified themselves as Irish, with 1% (210) identifying themselves as Indian.

Physical and Mental Health

Question 44: Do you have any physical or mental health conditions or illnesses lasting or expected to last for 12 months or more?

Of those who responded to this question, the vast majority, 84% (13,212) answered no, 11% (1,789) answered yes and 5% (763) of respondents preferred not to say.

Sexuality

Question 45: Which of the following options best describes how you think of yourself?

Question 45 gave respondents a number of options. Respondents could choose from: Heterosexual or Straight/Gay or Lesbian/Bisexual/Other/Prefer Not To Say.

91% (14,450) of those who responded described themselves as heterosexual or straight; 5% (780) preferred not to say. All other options had a proportion of 1% or less.

Respondents and their relationship with football

Questions 46 and 47 asked respondents about their relationship with their club, and with the football governing bodies and leagues.

Question 46: To what extent do you agree that your club supports and stands for your beliefs and identity?

Respondents were given a choice of responses. These were: 'Strongly Agree' , 'Agree' , 'Neither Agree or Disagree' , 'Disagree' or 'Strongly Disagree'.

55% (8,724) of those who responded either 'Strongly Agreed' or 'Agreed' with this statement. 17% (2,690) of either 'Disagreed' or 'Strongly Disagreed' with this statement.

Question 47: To what extent do you agree that the football governing bodies and leagues support and stand for your beliefs and identity?

Respondents were given a choice of responses - 'Strongly Agree' , 'Agree' , 'Neither Agree or Disagree' , 'Disagree' or 'Strongly Disagree'.

26% (4,051) of respondents to the question either 'Strongly Agreed' or 'Agreed' with this statement. 40% (6,318) either 'Disagreed' or 'Strongly Disagreed' with this statement.

Annex E – Glossary

CEO - Chief Executive Officer	IREF - Independent Regulator for English Football
DCMS - Department for Digital, Culture, Media and Sport	LGBTQ+ - Lesbian, Gay, Bisexual, Transgender, Queer/Questioning, Plus
EDI - Equality, Diversity and Inclusion	NPPF - National Planning Policy Framework
EFL - English Football League	ODT - Owners' and Directors' Test
EPFP - Elite Player Performance Plan	Ofcom - The Office of Communications
ESL - European Super League	PFA - Professional Footballers' Association
EWG - Government Expert Working Group on Football Supporter Ownership and Engagement	PLEDIS - Premier League Equality, Diversity and Inclusion Standard
FA - Football Association	SGSA - Sports Grounds Safety Authority
FCA - Financial Conduct Authority	UEFA - Union of European Football Associations
FED - Fan Elected Director	WSL - Womens' Super League
FIFA - Fédération Internationale de Football Association	UBO - Ultimate Beneficial Owner
FLDC - Football Leadership Diversity Code	UKFPU - UK Football Policing Unit
FSA - Football Supporters' Association	

