



FAN-LED REVIEW OF FOOTBALL GOVERNANCE

**EVIDENCE SUBMISSION
BY THE FOOTBALL SUPPORTERS' ASSOCIATION
JUNE 2021**

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This report was co-authored by Ashley Brown, Dave Pennington and Roger Ellis - the FSA would also like to thank James Young and Jon Sams for their contributions.

Additional thanks go to Greg Campbell and Radojka Miljevic from Campbell Tickell and Will Reddie, Dom Pereira and Astrid Ainley of HFW, as well as Robbie Whittaker. All provided valuable help and support with Chapter Four.

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CHAPTER ONE

OVERVIEW OF EVIDENCE TO THE FAN-LED REVIEW

EXECUTIVE SUMMARY

1. In this overview, we summarise the main issues facing men's and women's football in England, from the point of view of supporters. We set out our rounded analysis of the problems, with some case studies from the point of view of supporters at a number of clubs in Chapter Two. We then put forward a set of proposals for change in the following areas:

Chapter Three

A new duty of Stewardship for club owners and a club licensing system.

Chapter Four

The creation of a new Independent Regulator for English Football.

Chapter Five

Proposals for reforming the ownership of football clubs, creating new rights for supporters.

Chapter Six

Improvements to the requirements for and conduct of supporter engagement, nationally and at club level.

Chapter Seven

Suggested measures to protect some key aspects of the game and to develop and improve others. Most of the above apply equally to men's and women's football but we outline some initial ideas on reforming women's game.

Chapter Eight

Proposed changes to the sharing of finance

throughout the pyramid and controlling expenditure by clubs.

Chapter Nine

New measures to protect football grounds and other capital assets.



This chapter gives an overview of each of those listed topics. Our main analysis and detailed recommendations are in the chapters listed. There are strong links between the individual parts that make up our evidence. This overview explains the full package but the detail on each area covered appears in the following chapters and their appendices.

Introduction - The Future of Football

2. At present, professional football is run by the owners of clubs, primarily for their own benefit. Many owners are highly responsible but too many gamble with their club's future, seeking a share of riches which are unfairly hogged by those at the top. Some buy and run clubs directly for their own financial gain, selling assets or extracting excessive funds whilst others seek to gain reputation, brand value, or 'sports-washing', motives wholly unrelated to the game of football.

3. Players are used as commodities, sources of wealth for their agents, and they are open to abuse and discrimination. Fans are often treated as mere customers and an atmosphere-generating backdrop - rather than the essential lifeblood of the game, in the communities which clubs represent.

4. Self-regulation and an obsession with secrecy have proved ineffective to prevent disastrous problems at many historic clubs and the threat of dismantling the English football pyramid and the heritage of its cup competitions.

5. Increased revenue in the game, particularly at the highest level, has mainly been spent on rising player transfer fees, high wages for players at the top, and massive fees for agents. There is nothing wrong with high wages for players, per se. What is wrong is paying vast sums of money which a club cannot afford, thereby endangering its future existence.

6. In future, football should be run for all its stakeholders in a balanced and responsible way, with new concern for the interests and concerns of fans and the communities where they are based. Players should be treated with respect

and protected from abuse. Owners of clubs should conduct themselves as responsible stewards, as temporary custodians of vital, permanent community assets, in full compliance with a new licensing system.

7. There must be a much stronger emphasis on inclusion, diversity and environmental sustainability. Football, as a whole, must be regulated independently, not by the owners and directors of clubs, in the long-term interests of the communities the game serves. Football requires a new culture of transparency and new rights for supporters to be fully involved in the running of the game nationally and at their clubs.

8. A century on from the disgraceful banning of women's football and just 50 years on from its reopening, we want to see significant growth and development of the women's game in a sustainable manner.

9. The football pyramid should be highly competitive; clubs should rise and fall and be entered into European and global competitions entirely on the basis of current on-field results. Finance should be shared more equitably amongst all clubs and the use of that finance should be effectively scrutinised. We need better football not more football. The game should address excessive agents' fees and seek to prevent unreasonable sums being extracted from clubs by their owners.

10. In this evidence we seek to put forward a rounded, complete set of proposals covering all the major issues affecting the future of our national sport.

The Football Supporters' Association (FSA)

11. The FSA was formed in 2018 when two organisations - the Football Supporters' Federation and Supporters Direct - came together to create a unified voice for football supporters in England and Wales. The FSA is the leading advocate for supporter ownership, better fan engagement, cheaper ticket prices, the choice to stand at the match, protecting fan rights, good governance, diversity, and all types of supporter empowerment.

12. The FSA is a democratic organisation run by its members. We include 218 Affiliate organisations, who are either legally constituted Supporters Trusts or other bodies with a formal constitution and democratic rules, and 164 Associates, who are other groups of football supporters. We estimate that these member organisations themselves have a total of 600,000 members. In addition, FSA itself has approximately 53,330 individual members.

13. The FSA holds an annual AGM and Conference and has an elected National Council and Board. We employ 16 staff who work alongside volunteers from the membership on a wide range of initiatives. We operate through a series of seven networks, bringing supporters together based on the various 'tiers' of the game and reflecting particular topics.

Those networks are:

Premier League

Women's Game

Championship

Fans for Diversity

League One and League Two

Community-owned clubs

National Game (non-league)

THE FSA AND FOOTBALL GOVERNANCE

14. The FSA and its predecessor organisations have worked for many years, campaigning for radical change in the way the game is run. Those campaigns have sought to promote supporter involvement in the running of the game generally and specifically in the ownership and management of football clubs.

15. Over recent years, much of that work has focussed on the inadequate responses of the football authorities (the FA, the English Premier League (EPL), the English Football League (EFL) and others) to a series of crises which have arisen at far too many of our historic clubs. Chapter Two of this evidence summarises some examples of such crises. The fan-led review panel will hear directly from a number of clubs' supporters, explaining the challenges they have faced.

16. Attempts over many years by the football authorities to 'self-regulate' have stumbled through one problem after another. After each, we are told that the issues at the club in question were entirely individual and that "lessons have been learned." A common complaint from the officials tackling those cases was that firmer regulations and more decisive action was needed but that the people controlling the authorities - particularly EPL and the EFL - would not allow that. Those people, of course, are themselves mostly the owners and directors of football clubs in those leagues. They have resisted moves for effective regulation and

only slow, incremental, belated change has been agreed.

17. As a response to this and following an apparent increase in the number and seriousness of club crises, the FSA's two predecessor organisations prepared formal proposals for the reform of regulation in English football. Those proposals are Chapter Three of this evidence. Those were formally-adopted by the FSA at its inaugural general meeting and were then submitted to the FA Board in November 2018. Subsequently, in October 2019, the FA Council resolved as follows, with no votes against:

"Council notes with regret and alarm the demise of one of our long-established community clubs and former FA Cup winner, Bury FC, and the threat to the continued survival of several other clubs. It believes that these failures indicate that the current financial and governance regulatory framework in the professional and semi-professional game needs strengthening. It further believes that the FA, as the governing body of the game, has a leadership and integral role to play in ensuring that such a strengthening occurs, in conjunction with the leagues in which those clubs play. It notes the Football Supporters Association's proposals for reform in this area presented to the FA Board, and requests the executive, in consultation with all stakeholders, including the Taylor review to be undertaken by the EFL, to take the lead in ensuring, as a matter of high priority, progress on the production of firm proposals for such regulatory reform."

FSA'S 2018 PROPOSALS (CHAPTER THREE)

“Stewardship” - club licensing

18. The main proposed changes were as follows. Except where stated below, we still advocate the adoption of these proposals as a package of reforms.

19. In 2018, we felt that good progress was being made by the FA and the professional leagues in a number of aspects of governance and regulation of the game. However, there are still a number of instances where clubs face crises which bring them into serious conflict with their supporters. Our proposals were intended to equip the football authorities to tackle those cases but without the need for legislation.

What did we propose?

Responsibility for regulation and the licensing of clubs

20. That the regulation of club football at every level of the game to be with the FA. This point, for reasons stated below, has now been overtaken by a firm view that a new, statutory Independent Regulator is required. We deal with our proposals for the Independent Regulator in Chapter Four.

21. We propose a rolling process of review, rather than an annual licensing process, to reduce the administrative burden and the resource implications. The regulatory system should:

- suitably reward clubs that are well-run;
- help clubs where there are problems with expertise and practical support;
- sufficiently enforce penalties for clubs and persons of significant control that do not cooperate and change when offered support.

Avoiding conflicts of interest

22. The making of rules and regulations about football clubs and decisions on their application should not be taken by professional football clubs or by people who own and manage them. Regulatory decisions should be taken by people with a suitable level of independence from the regulated clubs.

The stewardship of football clubs

23. Reform is needed to protect key aspects of football clubs, which owners should be obliged to cherish and sustain, in the long-term interests of the fans and the communities the clubs represent. We propose a new Code of Practice on the Stewardship of Football Clubs, to secure protection of club's major traditions and assets (name, colours, badge, home ground, etc.) and to require clubs to develop positive relationships with local and national partners and with supporters.

The roles of owners and directors

24. As the respective roles of the owners of clubs and the directors appointed to oversee their management are in many ways different, changes are needed to govern those differing roles. This difference should be reflected by specific requirements in the tests which, for the first time, will assess the capability of owners and directors.

New tests for club owners

25. Before there is any change in a person with significant control of a club (i.e. owning 25% or more of its shares), that person should be required to pass a new owner's test, based upon the relevant parts of the existing owners' and directors' tests, with some new requirements. They should be required to submit a business plan outlining how they will run the club sustainably, in accordance with the relevant financial rules and regulations and in accordance with the Code of Practice. They must show that they will appoint people with the skills and experience to run the club in accordance with those requirements and have satisfactory proposals for engagement with the club's supporters and other stakeholders.

Prohibit leveraged buyouts

26. We proposed that owners should be prohibited from using the shares in a club as security to raise funds to complete the purchase of a club, with the debt on the club balance sheet and the club paying the interest.

New tests for directors

27. Directors of football clubs should demonstrate that they have the necessary skills and experience to run the club. There are currently similar requirements for coaches employed by clubs.

Current Owners' and Directors' Tests

28. It would be helpful to amalgamate the separate but similar tests of the EPL, the EFL and the FA into a single set of regulations, retaining many of the current features. Also, the matters which lead to disqualification of owners and directors under the existing tests should be made more consistent and adopt the highest of current standards. We believe that a single set of tests for owners and directors at all

levels of the game is workable. We do not believe its standards would be unduly onerous even for clubs at level six in the men's game. In administering the tests, the Independent Regulator may need explicit powers to take account of the context of each relevant club's position in the game.

Financial and property matters

29. In addition to the changes to the regulatory regime proposed above, there are certain other important matters needing attention. These include the protection of club assets; a new net assets test; consideration of restrictions on the amount of sums withdrawn from club accounts by owners and directors; and restrictions on the type, scale and terms of loans taken out.

30. There should be an absolute prohibition on:

- offering club property as security unless in connection with a capital expenditure project e.g. construction of new stand;
- moving a club out of the area with which it is by name or history traditionally associated.

The process of regulation

31. The regulatory body must be suitably staffed, with financial resources agreed with stakeholders, and funded. The regulatory body would produce regulations and compliance documentation. The Regulator should examine other well-established regulatory organisations to identify and adopt best practice.

Monitoring

32. The Regulator must monitor clubs on an ongoing basis and identify steps needed to meet the regulatory requirements. There should also be some way for the regulator to secure delivery of promises on the part of the owner. That might take the form of a bond delivered to the regulator.

33. Clubs should periodically supply updated business plans, showing how the club will be operated in a financially sustainable manner and in accordance with relevant regulations and the Code of Practice.

34. There should be continuing monitoring of clubs' expenditure and income, on a 'real-time' basis. There should be as much transparency as possible subject only to essential commercial confidentiality.

35. When clubs submit their audited accounts, they should submit a factual report, describing how they have complied with the relevant regulations and the Code of Practice during the relevant year. There should also be a formal annual statement signed by the person(s) with significant control and the directors as to the identity of the person with significant control and directors, including any shadow directors, so that all stakeholders, including supporters, can know exactly who owns and controls their club.

Special status of football clubs

36. We suggested a number of detailed suggestions on existing regulations covering a range of areas from extraction of money from the game, to protection of football assets.

Why do we propose this?

37. Professional football clubs are not just ordinary businesses. They have a special status in their communities, built upon the loyalty of fans over generations and the important part football clubs play in the lives of millions of ordinary people. They are the greatest expressions of community identity in our nation and need to be suitably protected.

38. Regulatory decisions should be taken by people with a suitable level of independence, avoiding any suspicion of conflicts of interest. Clubs facing serious problems have not been tackled effectively by the football authorities, who complain that their own rules and regulations do not equip them to do so - and then fail to improve them.

39. The fallout from 'failing' clubs distorts the magnificent work going on in the game. A combination of identifying and incentivising good practice and providing more support to clubs that need it, and are willing to be helped, will ensure more positive stories and attract more suitable custodians to club football.

Since our 2018 proposals

40. In the period after the FA Board presentation in November 2018 there were amicable discussions with officials of the FA, EPL and EFL as well as representatives on the National League, the Isthmian League and the Northern Premier League.

41. Sadly, also in that period there were further high-profile crises at a number of EFL clubs, notably Bury, Macclesfield, Bolton, Wigan and others which are continuing. The EFL commissioned its own review in the wake of the liquidation of Bury and some detailed changes in rules and practice were agreed. But it is the firm view of the FSA that the fundamental problems remain - ineffective self-regulation in a highly secretive and defensive way, led by club owners primarily concerned to protect their own interests.

42. In 2018 we thought that reforms to governance and regulation could be delivered within the football authorities. That was why we proposed a solution led by an independent regulatory function within the FA. Sadly, events since have caused us to lose all confidence in self-regulation as a viable approach.

43. Those events include:

- Moves to reorganise European Competitions;
- The stumbling and inconsistent response to the Covid pandemic; and
- A series of disjointed, incoherent and self-interested attempts by the richest clubs to restructure the game, claiming to be acting to benefit of the whole game but in fact promoting their desire for even greater domination of the way the game is run and where its riches go. The so-called 'Project Big Picture' and the 'European Super League' debacle are the most shameful examples of this.

44. As a result, the Fan-led Review has been brought forward, apparently backed by almost universal agreement that football should be independently regulated, organised and run sustainably for its fans, protecting the heritage, tradition and immense community value arising from the vibrant pyramid that is the English professional game.

45. The FSA has no doubt that the short, medium and long-term future of the game depends on a move to independent regulation and robust club licensing. Thus, in addition to our 2018 proposals, most of which remain entirely valid and necessary, we are also now proposing the following:

AN INDEPENDENT REGULATOR FOR ENGLISH FOOTBALL (CHAPTER FOUR)

46. English football seeks to regulate itself. Regulation is in the hands of the clubs who make up the leagues. Club owners set the rules which club owners must follow. Alleged breaches of rules by club owners are assessed by club owners. The allocation of funding to clubs is determined by clubs. Little account is paid to the interests of the range of other stakeholders in the game or to the long-term interests and viability of the game itself.

47. Recent years have seen a continuing series of problems:

- Historic clubs have been beset by crises caused or exacerbated by their owners;
- The gap in wealth between the clubs at the top of the game and the rest has widened and attempts to introduce probity, effective controls on overspending and fairness have failed;
- Attempts claiming to improve or save the game (the European Super League, Project Big Picture) have been patently self-serving bids by powerful clubs for an even greater share of the game's wealth.

48. Self-regulation does not work: it does not protect the history and traditions of the game; it allows community assets to disappear; it widens the wealth gap.

Statutory Independent Regulator

49. To tackle this, we propose the establishment of a new Independent Regulator for English Football, created by statute and answerable to the game's stakeholders and to Parliament.

The Regulator will have two key tasks:

- To oversee the running of the game by the football authorities, with powers to prevent changes which damage the pyramid of English football;
- To run a licensing system for Clubs in the top six tiers of the men's game and the top two in the women's game.

Licensing of clubs

50. The licensing system will follow the approach advocated in our 2018 proposals - a new explicit duty of stewardship for club owners, stronger owners and directors' tests, constantly assessing their fitness to run clubs based on their own plans and how they implement them, in accordance with a Code of Practice on the Stewardship of clubs.

Powers of Intervention

51. The Independent Regulator will seek to identify and spread the good practice which is evident in many clubs and to spot and tackle emerging problems at clubs, before they become crises. But it will also have new statutory powers to remove the licence to run a club from owners and directors who are responsible for failure. The Regulator will have intervention powers to send in temporary custodians and then to seek new owners, through an auction of the club and its assets.

Regulatory Model – 'The REF'

52. The Independent Regulator may be new to football but is well-precedented in other areas of UK business activity. In particular, we suggest that it should follow a model that works well in the financial services sector. We suggest that the funding of the Independent Regulator should be taken wholly or mostly from within football, via fees and levies from sources such as gambling sponsors and agents' fees. We propose that the Independent Regulator should be known as the Regulator for English Football – "the REF."

Implementation

53. Our proposals to the fan-led review are not merely for the establishment of an Independent Regulator, but a whole new architecture for the game, including club ownership and governance.

54. The scale of the changes being proposed are likely to mean that it could be years before all of the issues are resolved, the legal and other challenges tackled, and genuine progress achieved in the interests of supporters and other stakeholders.

55. The will to make a major push for change may lose momentum if we can't develop an initial programme that wins widespread support, can be relatively quickly implemented, and can achieve 'early wins.'

56. In particular, it is important to recognise that the new regulator will have a whole team to recruit and train, including some to be transferred from the football authorities. Giving the independent regulator a very wide remit, e.g. in terms of the numbers of clubs for which it is responsible from day one may risk it achieving relatively little, certainly in its first few years.

57. In order to achieve initial success and provide a sound basis for delivering positive results that can be built on as regulatory principles are understood and extended, the introduction of regulation should be based on:

- Phasing the regulator's purview, starting at the top tiers, where the challenges are arguably greatest, or at least attract most attention;
- A realistic programme and timescale for setting-up the regulator, staff recruited and trained, standards and protocols developed, consulted-upon and implemented;
- A built-in programme of reviews of the regulator's achievements and effectiveness, say after one year and three years of operation of the new regime, which can be used as the trigger to extend the regulator's purview downwards through the pyramid.

CLUB OWNERSHIP AND SUPPORTERS' RIGHTS (CHAPTER FIVE)

58. Many critics of the current structure of English football advocate the adoption of the "50%+1" model adopted in Germany, Sweden and elsewhere. However, clubs in those leagues have always operated as member-owned. 50%+1 in Germany is a recent dilution to permit additional investment. With the members retaining the majority rights, enabling them to control major decisions. In practice, there are also weaknesses with that model where it operates and achieving a situation where all English clubs were majority-owned by supporters, whilst possibly desirable in an ideal world, would be impossible to achieve in practice. However, we propose a suite of measures that draw on the principles of the 50%+1 model and collectively could achieve the same or even improved, outcome - better management of clubs, with control of major decisions in the hands of supporters.

A golden share for supporters

59. Company Law allows for the creation of a special category of share with special rights for those who own it. We propose that, at every regulated club, there should be a golden share granted to the club's Supporters Trust. That share should give the Trust the power to approve or veto decisions on certain matters vital to the heritage and the future of the club.

60. The Independent Regulator, supported by the FSA, would work to ensure that all clubs have viable Supporters Trusts capable of exercising the new powers. There are already examples of such golden share arrangements agreed between owners and supporters of clubs, for example at Brentford FC. In Chapter Five we set out a number of specific matters that should be subject to these reserved powers including heritage, stadium changes, competition changes and key business and financial decisions.

Right to Invest

61. Although it would not be possible swiftly to achieve the 50%+1 share ownership by supporters that exists elsewhere, nevertheless we see great advantages in promoting the purchase of shares through supporters' trusts, over time.

62. There are already dozens of clubs owned in whole or in part by their supporters and that number is growing. This would get new impetus if supporters had the right to purchase numbers of shares, at a value agreed with their current owner or set by the Regulator through arbitration.

63. New requirements for Supporters Trusts to submit bids to buy clubs following insolvency events would further assist this move towards supporter ownership. We recognise the challenges of establishing Right to Invest, in a business environment where most clubs are privately-owned, but have set out how they may be mitigated.

Right to buy stadiums

64. In recent years we have seen numerous grounds lost through property development, or the separation of those grounds from the club ownership or their future risked by use as security for debt. Such moves risk the loss of these community assets forever.

65. Giving supporters a right to acquire just the ground at an agreed price or independently determined valuation and place it under the ownership of a community (supporter) trust would be an excellent way to protect these historic and important assets, particularly for some clubs in the lower tiers of the pyramid where the security of their stadium may be at risk.

Supporter directors and independent directors

66. A few clubs already have supporters on their board of directors, but these appointments are largely limited to community-owned clubs or clubs where supporters have an existing equity stake. A direct supporter voice on the board provides both insight (a supporters' perspective on business decisions) and oversight of how their club is being run.

67. This should become mandatory for clubs. We have proposed elsewhere that all club directors should have to demonstrate their skills and knowledge to be able to act as such. Subject to that, we propose that every licensed club should be required to appoint at least one supporter director, to be nominated by the club's Supporters Trust.

68. At present, in clubs where relations between the owners and supporters are not good, any such appointed supporter director(s) may find it difficult to exercise their roles. Despite rights and powers in company law, such individuals have to struggle for acceptance, to get access to information and meetings and to be treated with respect.

69. We also propose that supporter directors should be explicitly permitted to act as representatives of supporters, a role which company law makes very difficult at present. We suggest that, in addition to directors' statutory rights, the Independent Regulator should oversee the way supporter directors are treated as part of the monitoring of the club's performance under its license.

Independent Non-Executive Directors

70. Despite their role as vital community assets, many football clubs are run solely by their owner and the owner's appointed directors. Unless the club is a UK publicly-listed company, appointed directors do not have the duty to monitor management decisions from an independent viewpoint and they often seem unwilling to challenge proposals from the owner where they may not be in the long-term interests of the club.

71. We suggest that all football clubs be required to conform to the UK Corporate Governance Code as applicable to publicly listed companies, and to appoint at least two independent non-executive directors to its board, with a statutory duty to act in the interests of all stakeholders and a specific football custodian duty, in particular for supporters and the community.

Summary Recommendations

- A "golden share" held by supporters' representatives, enabling them to approve or refuse significant decisions, defined as "reserved matters";
- Rights for supporters to invest in their club to develop supporter ownership over time, where it can be made to work effectively;
- A right for supporters to buy their stadium, to protect it from development or loss to football; potentially supported by grants and loans from the Government's Community Fund;
- A requirement for all clubs to appoint at least one supporter director to its main board, with new legal protections for the rights of such directors;
- All licensed clubs to appoint two independent non-executive directors, with a statutory duty to ensure that the board acts in the interests of all stakeholders, particularly supporters and the community.

SUPPORTER ENGAGEMENT (CHAPTER SIX)

72. If fans really are the 'lifeblood of the game' and 'football is nothing without fans', as has been said regularly during the Covid pandemic, and latterly, in the wake of the European Super league debacle, it is essential that clubs and the leagues and competition authorities that they play should engage effectively and seriously with supporters

73. Current dialogue with supporters is primarily on match-going issues – policy decisions, match-going experience, providing information, advice and assistance. It should also cover bigger/strategic issues affecting the club, community and supporters. As well as directly meeting the immediate needs of supporters, dialogue and inclusion gives them sense of being closer to the club and encourages and strengthens their loyalty. The most effective and wide-ranging dialogue needs to be based on trust and mutual respect.

74. Conversely when dialogue does not happen, is deficient or one-sided, it creates disputes and potential alienation. Failure to engage on major decisions and to understand the fans' perspective can have major consequences for clubs, as has been evident most recently by the ill-fated announcement of the European Super League.

Key conclusions and challenges

75. The recommendations of the DCMS Expert Working Group in 2016 on supporter engagement and structured dialogue with clubs and league bodies have not been met.

76. While there have been some significant improvements and exemplary delivery by a few clubs, the scope and quality of engagement varies significantly between clubs and across leagues.

77. The absence of any real mechanism to assess delivery and to intervene to improve it where failing is a contributing factor. The leagues in particular have failed to sufficiently oversee and ensure compliance with their own rules.

78. There has been belated recognition of the need for supporters to be listened-to and taken notice of. Better attention to that could have avoided recent ill-considered changes such as Project Big Picture and the European Super League. Those fiascos have raised the bar for the required scope and standard for genuine two-way engagement.

79. Implementing and maintaining an improved and expanded process of supporter engagement will need resources and time.

Key Recommendations

- An early comprehensive independent assessment of the scope and quality of current supporter engagement, through its various channels;
- New mandated frameworks for how clubs at each league level engage with their supporters to ensure that all policies that affect supporters are made through genuine consultation with supporter groups, ideally under the remit of a formally constituted Fan Advisory Board that would supplement if not replace set piece Fans Forums/Parliaments;
- Structured dialogue between FSA networks and league authorities to be strengthened and to be extended to cover the National League, the FA and the Women’s game;
- A formal process of monitoring the delivery of new standards with a process to deliver improvement where that is failing;
- A review of Supporter Liaison Officers (SLOs) to ensure they deliver the required two-way interface with supporters, police, safety authorities and opposing clubs as per UEFA guidelines;
- The appointment of supporter representatives to the boards of the leagues and the FA;
- Training and development of supporters’ representatives by the FSA, (which will need funding);
- A role for the new Independent Regulator in assuring the establishment and delivery of new standards for supporter engagement.

PROTECTING AND DEVELOPING THE GAME (CHAPTER SEVEN)

80. There have been a number of actual and abortive schemes that posed threats to the football pyramid, the health of the game and the careers of players. In order to protect key features of the game and develop it further, in addition to the changes to regulation of the game and the ownership and running of clubs, we have proposals on six topics:

- Competition structures
- The role of supporters
- Diversity and inclusion
- Climate crisis and sustainability
- Players, youth and academies
- Agents

Competition structures

81. We believe that the structure of the game, the competitions in which clubs take part, are basically sound, well-regarded and form an important entity - the 'pyramid.' To protect this we want to see:

- A continued system of promotion and relegation between all the leagues in our domestic game, based solely on on-field success;
- Access to European competitions based on on-field success in the previous season only and steps to prevent an increase in European games damaging the domestic pyramid through fixture congestion;
- Maintained importance of cup competitions, especially as opportunities for lower league teams to have exciting opportunities to play against the teams at the top;
- Reserve weekends for domestic competitions;
- Continue the 3pm Saturday domestic TV blackout, subject to a review of the iFollow (and similar) schemes' experience during the Covid pandemic.

The role of supporters

82. In addition to new rights for supporters at club level, we want to see more active involvement on the part of supporters in the running of the game through:

- A reform of the FA to involve more supporters' representatives on its Council.
- Supporters' representatives on the boards of the EPL, EFL, NL, Women's Leagues etc. These could be nominated by the FSA under a process approved by the Independent Regulator.

Diversity and inclusion

83. Football could do more to ensure that the diversity of people involved in running, playing and supporting the game fully represents the communities it serves. We recommend that diversity and inclusion objectives are set for clubs, monitored and enforced by the Independent Regulator.

Climate crisis and sustainability

84. The whole nation faces a mounting crisis due to climate change. Tackling that is the responsibility of all citizens. Although football alone could not solve all the problems, the entire industry and all its stakeholders have a contribution to make. We suggest that all clubs should set targets and take practical steps to minimise the carbon emissions that arise through their activities, notably in relation to the travel of players, officials and supporters to games and through the energy consumed at stadiums. These measures should also enable clubs to save money, over time.

Players, young people and academies

85. The future health of the game depends on excellent processes for identifying, developing and nurturing talented young players, in a safe, responsible way.

86. We recommend:

- Controls on and oversight of the way young players are recruited, with restrictions on the involvement of agents in that;
- A reform of the Elite Player Performance Plan (“EPPP”), to reduce the power of the top clubs to monopolise the most talented young players, encouraging the development, growth and viability of academies at lower league clubs;
- An improved loan system, to ensure that all players have ample opportunities to develop by playing competitive football, with limits on the size of individual clubs’ academies and rules to ensure that competition is not distorted;
- Better concern for the safeguarding of players and attention to their future careers after football, especially if they don’t “make-it” in the professional game.

Agents

87. The fees paid to players’ agents represent a massive drain of funds out of the game, for little noticeable benefit. The practice whereby some agents purport to represent not just a player considering a transfer but also both of the clubs party to that transaction is a flagrant conflict of interest.

88. We propose:

- firmer regulation of agents’ activity in our game;
- a ban on conflicts of interest, restricting agents to representing players only, if those players wish to use their services;
- Restriction of the involvement of agents in the signing of young players;
- levies on fees.

THE WOMEN'S GAME

89. Until recently there were no organised groups of supporters in the women's game and therefore no-one with whom FSA could work on the topic. The FSA has worked hard to establish a number of such groups and more are in development.

90. We have expanded our constitution and structures so that the women's game is fully involved, about a century since the shameful ban by the FA and half a century since that was lifted. We are delighted to see progress being made in the women's game, with the development of its competitions and clubs and in the growth of player and supporter numbers, with new revenue streams.

91. Our aim is to support the further development of the women's game, to place it on an equal level to the men's game.

92. At the present time a number of challenges need to be addressed in the women's game. Many clubs, particularly the more successful ones, are backed by wealthy men's clubs. Those without such financial support struggle to compete. If the women's game is to have a great future, its clubs need to become more self-sufficient, less dependent on support from individual men's teams, playing in a well-funded, well-run sustainable competition.

93. There needs to be more discussion about this, amongst the women's clubs and their supporters and in football more widely, to devise and implement a highly competitive, sustainable model, that encourages more players and supporters. We propose to bring forward further proposals in the light of such discussions.

We propose:

- The top two tiers of the women's game be included within the remit of the proposed Independent Regulator; and that;
- Decisions are taken about an overall level of financial support for the women's game from the men's game collectively.

FINANCING FOOTBALL (CHAPTER EIGHT)

94. Huge sums are earned by football from many sources, making our game the richest in Europe. Despite this, a variety of poor managerial and regulatory practices have led to some alarming financial problems:

- Many clubs operate huge annual deficits, usually at high levels explicitly allowed by their supposed regulators;
- A huge gulf exists between the riches of EPL clubs and the rest, leading many owners to gamble with their clubs' survival in a quest for financial glory;
- Parachute payments, intended to soften the blow of relegation from the Premier League, benefit a very small proportion of EFL clubs and their players but exacerbate the financial injustices between clubs;
- Controls on clubs' spending on wages and Financial Fair Play schemes seem over complex and too easy for clubs to avoid.

95. We propose a number of changes to even the spread of resources through our national game, to enhance competition by ensuring that promotion and relegation deliver interest and excitement. At all levels, promoted teams must have a fair chance to survive and prosper whilst relegated teams must not face ruin but have a fair chance to regain promotion. Our proposals cover financial solidarity and financial controls.

Financial solidarity

96. Clubs playing at the highest level will always be richer. We need a model which allows for clubs to rise and fall, based on footballing merit and which shares an element of its wealth to sustain the collective pyramid. It is the strength and depth of our pyramid which makes our national game attractive across the world.

97. We propose that, amongst other measures:

- TV rights must only be for sale collectively not by individual clubs;
- The EPL should share a greater proportion of its resources across the game, possibly involving measure such as a levy on European competition income and foreign transfer monies;
- Parachute payments should cease;
- The EPL should continue to fund charities, stakeholder groups, the grassroots and the Football Foundation at least to the 5% level initially promised.

Financial controls

98. The FSA are concerned about a number of financial challenges in the game, including the affordability of some players' wages, increasing debt levels at clubs, leveraged buy-outs, extraction of money from clubs via high interest rates, disposal of capital assets, and 'financial doping' to buy success.

99. We propose the following, amongst other measures:

- Controls on players' (and managers) wages should be based on a proportion of each club's revenue, backed-up by mandatory "relegation clauses" in player and other relevant contracts and not by a crude cap;
- Borrowing not allowed to cover wages but permitted to ease cash-flow and for capital purposes;
- Permitted losses in successive years to be reduced or eliminated;
- Owners' investments in team development to be allowed in the form of equity and limited to the length of contracts;
- Assets, such as grounds, to be retained in club ownership;
- Leveraged buy-outs no longer allowed and transfers of ownership not allowed if they increase the level of a club's debt;
- Licensed football clubs to be run by companies domiciled in the UK and subject to UK reporting standards;
- Standardised public reporting of financial and other information and a new annual solvency test;
- Prohibit forced buy-back of supporters' shares;
- Greater transparency in the management for clubs' affairs and in the application of sanctions for rule breaches.

PROTECTING FOOTBALL ASSETS (CHAPTER NINE)

100. A few years ago, Supporters Direct carried out a research project on the protection of football assets. This resulted in the publication of a paper in 2018, which is reproduced as Chapter Nine of this evidence. The paper contains a number of recommendations. The paper was presented to both the FA and Government, following a request coming-out of a Commons debate about the ground situation at Dulwich Hamlet FC. No action followed from this. We therefore ask the Fan-led Review to consider them and to take the recommendations forward.

Background

101. In the last 25 years more than 60 clubs in the top five professional football leagues have seen the separation of the ownership of a ground, training ground or other property from their club with some, or all, of the land value going to private interests rather than the clubs concerned. Many clubs relocated during this time (often 'out of town'), dramatically changing the local benefit that communities derive from these sporting assets.

102. The separation of a sporting asset from a club has caused huge damage creating uncertainty, unsustainability and in some cases loss of clubs and assets from football. The results can be catastrophic to communities and the fallout is damaging to football as they often become big local and national stories. New owners, supporters and the community are then left to pick up the pieces by establishing new

clubs or working to build new facilities, or (often worse) inheriting facilities with landlords demanding unrealistic rents/buy back arrangements and broken local relationships.

103. The 2018 report made recommendations as to how problems could be prevented both through legislative means and changes to football regulation. The paper contains a selection of case studies provided by supporters/club officials, who have all suffered, or are suffering, from problems relevant to this review, which have informed our recommendations. These feature clubs at all levels of the game, in all areas of the country and contain both live and historical examples.

104. The 2018 report was submitted to both the FA and the Government, but no action has so far been taken on its recommendations.

Recommendations

“ACV” - Assets of Community Value

105. The Localism Act 2011 gave communities the right to nominate ‘Assets of Community Value’ with the local authority. If successful, the asset is listed on a register and the nominator will be informed if it is marketed for sale within a five-year period. If it is up for sale the community can enforce their right to trigger a moratorium period of six months to determine if they can raise the capital to purchase the asset.

106. Supporters Direct (SD) helped more than 40 groups list football assets as ‘Assets of Community Value’ and there are believed to be more than 100 sports assets listed. SD witnessed a number of challenges with the current legislation and opportunities to modify which would better protect football assets at all levels. Chapter Nine makes a number of detailed recommendations to change ACV legislation to better protect football assets.

League rules

107. FA and league rules in relation to grounds allow too much scope for speculative interest in the development potential of club property, in particular their stadia, and need to be made more restrictive. Chapter Nine makes recommendations to strengthen League rules to better protect football assets.

Role of the FA and Independent Regulator

108. Many (if not all) of the circumstances leading up to the transfer or loss of football assets can be attributed in part to failings in the current regulatory regime. In 2018 our view was that the regulation of club football at every level of the game should be with the FA. As explained, we now propose that regulatory function should pass to an Independent Regulator.

109. We believe that there should be as much transparency as possible subject only to the need for commercial confidentiality. This will be essential to ensure that supporters and other stakeholders can have confidence in the regulatory process, and with regard to protection of football assets provide an early warning system to potential problems.

110. Recommendations to change the role of the FA to better protect football assets include:

- In Chapter Three we propose a rolling process of review, intervening whenever there is evidence of problems, offering help, guidance and practical support to those who need it.
- Chapter Three recommends a new Code of Practice on the Stewardship of Clubs, which sets out new guidance for clubs on the matters which have caused difficulty in many clubs over recent years, including the location and improvement of grounds, training facilities and academies. Any approval of changes relating to a club's assets would be conditional, inter alia, on the club being fully compliant with best practice on stewardship. This would mean that:
 - a club is not moved to another location; or
 - club owners are prohibited from securing debt arising from trading deficits on stadia; or
 - club owners are prevented from separating the ownership of grounds from their clubs;
- without proper consultation and approval from local communities, supporters, leagues and interested stakeholders as part of an objective process overseen by the Regulator.

Planning controls

111. Government planning policy could have a decisive impact on the future retention of football stadia and help to prevent the separation of land from the ownership of the club. Government policy in the National Planning Policy Framework, contains no specific references to football grounds. The section on Main Town Centre Uses refers to 'leisure, entertainment and more intensive sport and recreational uses', although many football grounds are now outside town centres.

112. Local planning authorities should be encouraged to include sports stadia within their plans. Any potential relocation should take into account the benefits compared to the existing location in planning terms, matters such as transport accessibility and impacts on the local economy, should the best place for a stadium be the existing location then protective planning policies could be put into local plans to ensure that any development that is permitted must demonstrably enhance or improve the stadium or its facilities and its relationship to the community and economy of the area.

113. Chapter Nine contains recommendations to strengthen planning to better protect football assets.

CHAPTER TWO

A SUMMARY OF CRISIS CLUBS IN RECENT YEARS

Background

1. Recognising that not all supporters will get a chance to tell their story and wishing to highlight that in recent years we continue to see crisis in clubs, we have asked for supporters to provide a short summary of what has happened at some of these clubs.
2. This list is not comprehensive; it is presented in order of submission. There are countless more examples small and large of mismanagement and worse across the pyramid, although we feel this selection is enough to prove the point that football remains unable to govern itself effectively.

BURNLEY – EPL 2020-21

3. Over the years there has been plenty of media focus on the Glazers' leveraged takeover at Manchester United, and the belief was we had seen the last of those and yet the EPL allowed another to take place at Burnley just a few months ago.
4. Burnley has been an excellently-run club, a prolonged and sensibly managed run in the EPL allowed it to build significant cash reserves, its most recent accounts showing no real debt and £42m in the bank.
5. As part of the takeover by an American group approximately £60m has been borrowed from MSD holdings (a company known to have lent to at least four other clubs), this money was used to fund the takeover and was immediately put as debt against the club, charged against the ground and the club itself.
6. It is the club that needs to repay this debt, estimated to be charged at a 9% interest. Further it is understood that a significant amount of club reserves was also used to pay off outgoing shareholders.
7. It looks as though a club who pre-takeover was in a healthy position is now circa £90m worse off with interest to pay.

DERBY COUNTY – EFL CHAMPIONSHIP 2020-21

8. As debt steadily increased at the club between 2014 and 2019 it looked to be in an increasingly perilous position. On release of the 2018-19 accounts a profit was announced, this in itself seemed odd until it became clear that the club had sold of its ground, Pride Park to the club's owner for a reported £80M, with an agreement to lease it back for £40M.

9. The club were charged with financial wrongdoing and inflating the price of their stadium, although surprisingly (or not perhaps) were found not to have broken any rules.

10. It has since become clear that the stadium acquisition was financed by a company with links to the Swiss-Turkish businessman Henry Gabay. Gabay – who was arrested in France last year in relation to a German tax evasion scandal.

11. Subsequently MSD holding have lent £30m, mortgaged against both the ground and training ground. The EFL appealed the decision of financial wrongdoing and a further panel agreed the club was guilty, theoretically this should end with a points deduction which would relegate the club to League One if applied in the 2020-21 season and yet we are now into June and there is no clarity regarding what the sanction will be.

Portsmouth – EFL League One 2020-21

Submitted by the Pompey Supporters Trust

12. Pompey are the only EPL club to ever go into administration, and it is fair to say that some lessons have been learnt. Two years after that insolvency event Pompey were back in administration, throughout a crazy few years Pompey's owners included:

- A Russian national whose father (the most likely real owner) had his assets frozen for African gun running;
- International money lenders who had a long running dispute with the above
- A Saudi owner who, if they existed, did it as a front for someone else;
- A UAE owner who acquired the club with a £5m investment which it turned out he had stolen from his wife;
- A Lithuanian who had an extradition order issued due to a multi hundred-million-dollar bank fraud within his home country.

13. The club was in over £100m of debt, nobody wanted to touch it and during its second administration, it was the fans who rallied to save it. Raising £6m, taking the club out of administration and fighting a high court battle with a previous owner.

14. On completion the club was a mess, all surrounding land had been extricated from the club, the ground was in poor condition, there was no training ground, no team, no kit deal, no commercial deals.

15. Under fan ownership the club became solvent, breaking even, developed a new training ground and spent several million pounds doing safety and improvement work on the ground. In the fourth year the club achieved promotion to League One. Supporters Trust ownership had built a stable club whose reputation across the city and community had been transformed for the better.

Blackpool – EFL League One 2020-21

Submitted by the Blackpool Supporters' Trust

16. Blackpool FC had been owned by Owen Oyston since 1987 and his relationship with the supporters was never good. However, promotion to the Premier League in 2010 following investment from minority shareholder Valeri Belokon brought around £100 million into the club.

17. Oyston chose to siphon off large amounts of this football money for himself and his other business interests, leaving the club to disintegrate and withholding monies due to Mr Belokon

18. When trying to deal with the situation and save the club, supporters came up against numerous obstacles, mainly:

- Football clubs are currently treated as any other business and therefore owners can run them as they like
- The football authorities are incapable of dealing with rogue owners by intervening in any meaningful way. Oyston was not breaking the law, therefore they could not act, even though he was not a fit and proper person to own a club and brought the game into disrepute.
- The EFL refused to retrospectively apply their own regulation (that a convicted rapist cannot own a football club), even after a respected QC dismissed the EFLs arguments as to why they could not.
- The EPL do apply this regulation retrospectively but failed to enforce it in Oyston's case.
- The EFL and EPL did not liaise over this matter at the time of Blackpool's relegation from the EPL back to the Championship, thereby allowing Oyston to continue as owner, with no desire to compete for promotion as it would mean he would have to sell the club. The competition was therefore severely compromised.

19. As supporters we had nowhere to turn for help and the authorities only wanted to sweep mistakes under the carpet. Blackpool FC was in danger of collapse as Owen Oyston refused to budge and supporters refused to attend or contribute financially until the club was sold.

20. Thankfully, a private action brought against Oyston by the minority shareholder provided the means for the eventual removal of the entire Oyston family. Without that legal process coupled with a five-year supporter campaign and boycott, Blackpool FC could well have been another casualty of a governance system which is not fit for purpose.

Coventry City – EFL Championship 2020-21

Submitted by the Sky Blue Trust

21. Coventry City FC was bought by the SISU group of companies in 2008. The Club then played in the Championship at the Ricoh Arena, a stadium owned by Coventry City Council and managed by Arena Coventry Limited, a company owned by the Council and a local charity.

22. After several years of losses, in 2012, the Club ceased paying rent for the Ricoh. A high court judgement against them was made in August 2012. As the debt remained unpaid, the landlords sought to place Coventry City into administration but the club's major creditor, a lender to SISU, secured the appointment of an administrator in March 2013. The administration in effect terminated the club's lease at the Ricoh.

23. The administrator secured several bids for the club and in June 2013 accepted one - from Otium Entertainment Ltd, another SISU-owned company. The next month, the EFL approved an application for the club to play their "home" games at Northampton's Sixfields Stadium, despite massive supporter protests. The Club stayed there throughout the 2013/14 stadium, playing to tiny crowds. During that period, as the Club had declared an intention to build their own new stadium in the Coventry area, the Council had granted a long lease to Wasps Rugby Club to take over occupation and running of the Ricoh.

24. The Club returned to play games at the Ricoh Arena in September 2014, on a short-term basis of three years plus an extra two, to allow them time to build their own stadium. By the end of the 2018/19 season, no new stadium had been built and there was no evidence of progress towards building one. Having failed to secure an extension to their use of the Ricoh, the club obtained EFL approval to play their 'home' games at Birmingham City's St Andrew's stadium. They played there during the curtailed 2019/20 season and throughout the 2020/21 season.

25. An agreement has been reached for the Club to return to the Ricoh Arena (now known as the Coventry Building Society Arena) for a period of ten seasons, with a "break" option after seven, to allow the Club to move to its own new stadium, should one be built. The Club says it is working on a plan to build a new stadium, inside Coventry, on the campus of Warwick University.

LEYTON ORIENT – EFL LEAGUE TWO 2020-21

Submitted by the Leyton Orient Fans' Trust.

26. What happened at Leyton Orient Football Club from 2014 to 2017 offers a concentrated example of how a club owner can almost destroy a football club from within, with the football authorities powerless and helpless to intervene.

27. In June 2014 Francesco Becchetti bought Leyton Orient from Barry Hearn, who in his 18 years as owner had covered the club's yearly circa £500,000 trading loss through various means.

28. When sold to Becchetti, the club was stable and had a reputation as a well-run community club that paid its bills and staff on time. But the following three years saw sustained chaos; £10m of debt was added to the club (owed to Becchetti) through the recruitment of players on inflated wages, and 12 managers were hired and fired in that time. Becchetti himself was banned from the ground for a period after assaulting a member of the coaching staff on the pitch.

29. The instability in ownership was mirrored on the pitch; as the club plummeted from the top of League One to relegation into the National League, Becchetti lost interest and walked away, but refused to either sell the club or let it fall into administration.

30. During the first half of 2017, suppliers and staff went unpaid as the club faced winding-up orders for the first time in its 130+ years of existence. When Becchetti finally sold up in June 2017, after stalling for months in negotiations, he left behind a shell of a football club: no senior players, a handful of junior players, no bank account, no card payment facility, and a trashed reputation as a community club.

31. The club came within days or weeks of the fate that later befell Bury FC. All the while the owner was uncontactable, unaccountable and his business dealings - his wealth came from his family's waste-management operations in Italy and Albania - shrouded in secrecy.

32. What was clear in the first half of 2017 was that the football authorities do not have the power or ability to protect football clubs as community assets. The Owners and Directors Test is woefully inadequate when an owner runs a football club into the ground, leaving the club's fans powerless other than to protest; the EFL in particular hides behind its status as a "competition organiser", a members' club with other clubs as its members. It is a structure only suited to the gentlemen's amateur game of over a century ago, not the modern multi-million-pound sport that even lower league football has become.

33. Leyton Orient would have been better protected for its fans and its community if an independent football regulator managed a club licensing system. Club owners are temporary custodians, they must be prevented from saddling clubs with eye-watering levels of debt and running those clubs into the ground, and they must be required to work with democratic supporters' groups in protecting those clubs for future generations of fans.

Reading FC – EFL Championship 2020-21

Submitted by STAR – Supporters Trust At Reading

34. The club has faced recurrent financial crises:

- 1983: under-investment and threatened merger;
- 1990: over ambitious and unsustainable investment;
- 2014: failure of overseas investor to provide promised funds;
- 2017: failure of overseas consortium to agree on / provide appropriate investment.

35. Throughout this period there has been the potential and the supporter base to sustain the club at the second tier of English football – and indeed we will have had 20 consecutive years at or above this level.

36. Currently the lure of a return to PL status and revenue has tempted the new owner (since 2017) into investment and debt that leaves the club in a perilous position should he change his personal priorities.

37. The infrastructure of the club and its potential support would sustain a position in the EPL – essentially, we're no different to Watford or Brighton – but we may go bust trying to get there. In effect the assets of the club – hotel, car parks, stadium, old training ground – have been hived off to support this ambition.

38. The owner has invested circa £200m in just four years. For the year ending June 2020 the club lost £42m and now stands £66m in debt, thus owing more than it owns.

39. Our relationship with the owner is impersonal and distant and therefore the Trust doesn't have a sense of his medium-term 'attitude' to this situation, other than believing that he's not happy with the outcome – as a turnover of four CEOs and five managers in four years might suggest.

40. As supporters we have no complaint with the level of investment (new training ground; maintaining Category One Academy status; good ticket pricing; even free coach travel to many away games) but the quality of investment in players and senior staff has been an issue (where is his advice coming from?).

41. The major concern is how completely dependent we are on a single Chinese owner who we have never met, whose sustained enthusiasm for football we cannot take for granted (his clubs in China and Belgium haven't done well either) and whose freedom to continue to invest in us might be suddenly impacted by geo-political events and changes. As a Trust our relationships with club staff up to and including the present CEO are very good.

BASINGSTOKE TOWN FC – ISTHMIAN LEAGUE SOUTH CENTRAL 2020-21

42. Non-League Basingstoke Town (formed in 1897) were seen as having the potential to reach at least National League level. The club had enjoyed playing success, possessed a spacious ground (donated by philanthropist Viscount Camrose on a 100-year lease restricting use to sport at a peppercorn rent expiring in 2053; with a third of the site leased from the council), capacity of more than 4,500, financial support from a large social club and the advantage of being based in a prosperous and expanding town.

43. Multi-millionaire Rafi Razzak, whose locally-based IT company Centerprise International sponsored the team, persuaded the club members at the 2001 AGM to transfer the ownership to a new private company as the only means of meeting ambitions.

44. He gave assurances that the company would raise capital investment of £1m (200 shares at £5,000 each), settle outstanding debts and safeguard the continuance of football at the Camrose Ground through a 'golden' / preference share. Fans too could combine to purchase shares.

45. With the share issue vastly undersubscribed, Razzak took full and effective control of the club removing any transparency or accountability to the supporters. While rising to National League South, unsustainable debts of some £1.5m were incurred.

46. When his proposed move to a Council-owned site was thwarted by a planning refusal, a frustrated Razzak decided on action threatening the club's very existence. In 2016 he bought the freehold of the Camrose from the trustees to redevelop the ground for personal financial gain.

47. In April 2019, in a new Community Club format with a completely new board, the club were evicted and forced into an uneconomic ground share at Winchester City (20 miles away) with the loss of a range of income sources at the Camrose.

48. A temporary, hired lifeline has been provided at the Hampshire FA-run facility at Winklebury, Basingstoke but with a cap on league progression and restrictions on club development and income generation.

49. Following planning refusal to develop housing at the Camrose, the new community-owned club have reinvigorated a campaign to save the Camrose as a community sports hub. The aims include raising finance, securing Council and football authorities' support and persuading Razzak to recognise his stewardship obligations and protect his legacy by returning the now deteriorating ground to football.

50. The campaign seeks greater protection to prevent other clubs suffering the same plight. Measures are needed to stop property speculation on football facilities, prevent grounds being used as security to raise funds and stop ground closure without a suitable alternative being available.

51. Section 106 protection needs strengthening to ensure that suitable alternative provision goes to the club suffering the loss of facility, and not spread across a range of unconnected items.

Sheffield Wednesday – EFL Championship 2020-21

Submitted by SWFC Supporters Trust

52. In our view the Championship is affected by:

- The enormous gap in resources between the EPL and the Championship so that so many club owners strive to get to the PL to access those resources.
- Those teams who are relegated from the EPL come down with parachute payments and are allowed higher allowable losses under the Championship Profit and Sustainability rules (FFP)
- The financial advantage that parachute payments gives to certain clubs leads to a competitive advantage, see the findings of Rob Wilson, Girish Ramchandani and Dan Plumley in their research report *Parachute payments in English football: Softening the landing or distorting the balance*.
- The drive to try to compete with the clubs with a financial advantage leads other club owners to take considerable risks trying to compete.

53. One of those clubs who have tried to compete is ours, Sheffield Wednesday. We fully-accept that the rules were clear and that rules were broken by our owner. But are clubs being properly reviewed and regulated so that potential breaches are stopped at source?

54. The people who have suffered more are the fans. Our club has been hit by transfer embargoes, points deduction, and the owner utilising EFL regulations (put in place to mirror PL regulations) that allow the owner to sell the stadium to a separate company, that company being owned by the club owner, the purpose being to plug the FFP gap in the club's financial figures. The points deduction was the difference to the club being relegated to League One.

55. The fans had no part in this but had to suffer the consequences. Now, our historic home is not owned by the club and the club will have to pay rent to use it for the next 30 years.

56. In order to create greater stability and competitiveness in the Championship the financial gap between the EPL and the EFL Championship needs to be narrowed. Regulations should not allow an owner to sell the club stadium to plug financial losses. The Profit and Sustainability (FFP) regime needs a total rethink as it leads to neither profit being made, nor the sustainability of clubs or the league itself.

Charlton Athletic – EFL League One 2020-21

Submitted by the Charlton Athletic Supporters Trust (CAST)

57. The very existence of Charlton Athletic was put in doubt in January 2020. This came about as a direct consequence of the EFL, a members' organisation also acting in the role of governing body, having totally inadequate rules to enable it to ensure that the club could not fall into the ownership of people without the ability, financial means, or apparent intent to run it as a community-based football club. The inadequate rules allowed people to purchase the club for £1 and then take it to the verge of insolvency.

58. In summary, what occurred was as follows:

To be able to own/run an EFL club, owners and directors must not be subject to a disqualifying condition under the EFL's Owners' and Directors' Test and be notified by the EFL of this. In parallel, they must provide proof of source and sufficiency of funds to the satisfaction of the EFL.

The fact that EFL rules and Company Law are unable to prevent the purchase of a company, having the right to participate in the EFL, without acquiring EFL approval, placed Charlton Athletic in a potentially perilous position. The completion of purchase of Charlton Athletic by East Street Investments (ESI) was announced on 2 January 2020. It is now common knowledge that neither test had been passed at the time.

Those purchasing the club did satisfy the EFL at a later date that they were not subject to a disqualifying condition. The recorded prior business dealings and the ongoing behaviour of some of purchasers during their period of ownership has convinced many to conclude that the EFL disqualifying rules are totally inadequate.

At no point did the purchasers ever provide the EFL with proof of source and sufficiency of funds. It is understood that no investment was ever made.

What did the EFL do? It was totally opaque as far as supporters were concerned. At the time the buyer and seller announced the conclusion of the takeover, the EFL remained silent. A private

EFL investigation commenced. Whilst the new owners were making a lot of noise about signings and future strategy etc. The EFL placed Charlton Athletic under a registration embargo but this information was not made public. Supporters therefore remained in ignorance about the perilous nature of the club's situation. The embargo punished the club and its future viability and not the individuals causing the problem.

Supporters became increasingly concerned about the future of Charlton Athletic but had nobody to turn to. CAST first requested a meeting with the EFL in March 2020. This finally took place in September despite the rapidly deteriorating situation in between.

Throughout the ESI period of ownership, the financial position of Charlton Athletic deteriorated. Money was spent on a fleet of luxury vehicles, accommodation, and other unnecessary items. Charlton Athletic was on a downward path to insolvency.

On 10 June 2020, an announcement was made that the company owning Charlton Athletic had been taken over by other individuals. Again, the Owners and Directors Test and Proof of Funds tests had not been satisfied. The subject of the legitimacy of this purchase went to court.

The downward spiral continued. The 2020-21 season arrived with Charlton now under a full transfer embargo and close to insolvency.

59. In summary – Charlton Athletic was purchased because the EFL were unable to prevent it.
60. The EFL punished the club because the individuals had not met their requirements.
61. The process of punishment was opaque to the outside world for a considerable time. The club appeared to be financially-mismanaged throughout and its financial position deteriorated to a point that insolvency was a distinct possibility.
62. Charlton were close to becoming another Bury. There had been total disregard for the supporters and the Charlton community throughout. Charlton and its community are fortunate that at the last minute a truly “fit and proper” person acquired it. This should never be allowed to happen to any club again.

Sunderland AFC– EFL League One 2020-21

Submitted by the Red and White Army

The Purchase of SAFC

63. In April 2018, American Billionaire Ellis Short sold SAFC to majority shareholder Stewart Donald, writing off around £200m of debt in the process. This occurred after successive relegations that took the Club from the EPL to League One, creating the pretty rare scenario where a League One Club was due to receive around £35m of parachute payments over two seasons.
64. Most people in football would agree that a Club with a 30,000-average attendance (in League One) that is debt free and about to receive £35m of parachute payments would at best be bouncing straight back up, or at worst have few financial concerns once Premier League players left the club.
65. The new owner brought with him minority shareholder Charlie Methven (we understand he took a 6% share in exchange for his expertise and role). Shortly after the sale, Uruguayan businessman and politician Juan Sartori took 20% shares.
66. At the time the reported price paid for SAFC by Madrox (the company set up to acquire SAFC) was £40m. In one of the first press conferences held by Donald and Methven they pointed out that they owed Short £25m of the purchase price which they would repay in instalments to ease strains on cashflow.
67. They explained that the money owed to Short was secured on the next two season’s parachute payments. It was emphasised that this security was for Short’s peace of mind. Charlie Methven said at the time:

"People have been saying about Ellis Short taking the parachute payments - that is not the case. Ellis Short is enabling us to pay for the club over a period of time to try and ensure we've got enough cash flow in the meantime to actually put right some of these things that need to put right. If we had to pay him the full £40 million up front and then cover everything you need to cover in the short term, well that would be difficult for almost anyone. That's an awful lot of cash."

68. It later transpired that Donald had paid £37m for the club, following an amendment to the deal after a significant liability was discovered (Ricky Alvarez case). Donald had paid an initial £5m from himself and £9.6m from the club accounts. The owners would also later admit to supporters that they did not undertake proper due-diligence prior to purchase.

69. Once supporters and the press began to understand the detail of the transaction and questioned the owners, the story changed. The original deal was always about paying Short's remaining debt of £25m – the parachute payments were always going to be used for this.

70. To this day Donald's narrative is he paid £37m for the Club and therefore when he looked to sell relatively soon in his tenure, this was the minimum he would sell for.

Short Termism

71. The majority of Sunderland supporters believe that Stewart Donald saw an opportunity to 'flip' the club. On the evidence of such things as capex it seems there was a plan to slash running costs to the bone, get promotion in the first season and sell for a handsome profit on their 'purchase price' as a large club back in the Championship, debt free and with lots of potential.

72. We did not achieve promotion. SAFC are the only club to have received two seasons of parachute payments in the third tier of English Football and remain there.

73. Sporting achievement aside, as time went on there was a growing feeling amongst fans that the owner could not afford to run the club. Costs can only be reduced so much when there is an infrastructure as large as SAFC's which includes one of the country largest stadiums and a Category One Academy.

74. With promotion not being achieved in that first season supporters began to see the cracks.

75. As is often the case in football, there is a 'honeymoon' period when ownership changes. It's well-named – it provides a new owner the opportunity to tap into the romance of football and capitalise on the renewed hope of a fanbase. Ownership usually changes when a club is at a low ebb – supporters can become desperate and willing to believe in a new vision without too much interrogation of the detail.

76. Sunderland fans had heard very little from Short during his ownership – he was almost a reclusive figure. Most fans would agree that he meant well but ultimately ran the club badly, wasting millions.

77. Donald and Methven courted supporters at every opportunity which of course supporter groups, fanzines, podcasts and the general fanbase embraced. It felt like 'footy fans' running the club. Supporters accepted the aims of self-sustainability and gradual growth. This made it a very bitter pill to swallow when the truth emerged about how they bought the club and the apparent attempt to 'flip' it.

The Sale of Sunderland AFC

78. There is evidence to suggest Donald was attempting to sell the club in his first season, prior to the play-off final defeat by Charlton Athletic. Businessman Mark Campbell was a guest of Donald at the final and visited the club regularly during months of protracted discussions. It would transpire that Campbell would never show proof of funds.

79. Supporters, through publicly available information, discovered that Campbell had a long list of failed businesses and a very questionable reputation. There was absolutely no evidence he should be anywhere near running any football club, let alone a club the size of SAFC. Donald or one of his staff could have saved months of negotiation by spending 10 minutes on Google.

80. A serious bidder then came to the fore in the form of FPP – a consortium of American Billionaires that individually happened to form part of the Dell investment group. They were serious enough in their intentions that they set up a business specifically for the purchase, with the registered office as The Stadium of Light.

81. It is understood by supporters, that after extensive due diligence FPP would not pay Donald his minimum £37m (he wanted much more) as they had the full picture of how much Donald had actually paid for the club from his own funds and how their purchase from Ellis Short was completed.

82. The deal collapsed with Donald and Methven airing thinly-veiled views that it was the intensity of Sunderland supporters that might have influenced FPP decision not to proceed.

83. People close to the deal understand that FPP recognised that Donald did not have the funds to run SAFC in the medium-to-long-term and were concerned what further measures might be taken to raise funds. With this, FPP maintained a link with the club by agreeing a line of credit to Madrox of around £10m secured on the Club's assets, chiefly the Stadium and Academy of Light, in effect throwing a safety net around the club's assets and preventing the third-party sale of such fundamentally-important assets to the club. Donald described this as "investment" in him. It's understood that the term of the loan included conditions on how the £10m could be spent and that it had to be paid back in full if Donald was to find another buyer.

84. This also brought into sharp focus that Madrox still effectively owed SAFC something in the region of £25m. When challenged on this Donald and Methven stated that whilst there was not a legal requirement to pay back the parachute element of the purchase price, they seemed to agree there was a moral obligation.

85. A later set of accounts would reveal that Madrox had written off this obligation.

86. Supporters put pressure on the ownership for a sustained period by asking pertinent questions and pushing back on suggestions that SAFC supporters can be particularly problematic. This culminated in the resignation of Methven in his role (citing more time to spend with family) and later the resignation of Donald as chair.

87. SAFC now has Kyril Louis-Dreyfus as the majority shareholder with 60% of the shareholding after agreeing a deal with Donald. Louis-Dreyfus is a 24-year-old beneficiary of a multi-billion-pound trust fund and part of a family dynasty of global business success. Madrox own 40% and have representatives on a newly-formed board although it seems to have been recognised that the idea of Donald or Methven having a place on the board would be untenable. Juan Sartori is on the new board – he has been largely an absent figure on Wearside.

Summary

88. The general feeling amongst many fans is that Donald could not afford to run SAFC – yet he was somehow allowed to buy it.

89. It is generally believed that the FPP loan was used to 'keep the lights on' at the club over the final 10 months or so of Donald's majority shareholding. Covid no doubt accelerated the financial pressure, but the writing was on the wall before the pandemic hit. Donald had been trying to sell the Club 10 months or so into his ownership – way before the supporter pressure built and fans asked him to sell to a reputable buyer at a reasonable price.

90. If Louis-Dreyfus had not decided to take a punt who knows what position SAFC would now find itself in, but the general consensus is that they would have been in deep trouble. The club may well have been saved from hitting a financial wall by the roll of the dice from a 24-year-old, billionaire Marseille fan. No club should have to rely on such twists of fate to survive, let alone such an historically significant institution as SAFC that is the epicentre of the local community.

91. As for now, supporters are in the honeymoon period again but there is certainly a feeling of 'once bitten...'. Whilst cautiously optimistic there is a feeling that they may have dodged a bullet. It has inspired fans to take a much greater interest in the governance of the club. A Supporters Trust has been formed and huge efforts are taken to engage thousands of fans in the Structured Dialogue process. But greater protection is need for an entity of such heritage and of such local and national importance.

SWINDON TOWN – EFL LEAGUE ONE 2020-21

Submitted by Trust STFC

92. The uncertainty as to who owns Swindon Town FC and the real possibility of the FA finding the current owner guilty of breaking their football governance rules regarding the funding of the club comes down to a lack of control from the football authorities.

93. There was no control as to the Fit and Proper Person Test at the time our club was put up for sale in 2013.

94. There has been a lack of governance since, given that during the period since 2013 there have been two court cases surrounding the ownership of STFC (2014 and 2020, which is ongoing).

95. At no time during the existence of these court cases has there been proper engagement from the EFL or the FA with supporters groups as to their thoughts and concerns over what has been a declining football club which now finds itself in the worse position it has been in its 142-year history. Our club could well be the first club to have played in the Premier League to drop out of the Football League.

96. If a proper process was put in place when the transfer of the ownership of a football club takes place, along with appropriate ongoing monitoring then the position that STFC finds itself in with regard to the uncertainty of ownership, FA charges and the Club being in debt by circa £9m (circa £3.5m external debts) could have been easily avoided.

97. During this period a strong Supporters Trust has been in existence and a substantial legacy from a fan is in place to support the club, but due to lack of trust with the current owner and his business practice of starving the club of investment there has not been the right of level of engagement which could have ensured that STFC (which serves a football catchment area of more than 500,000 people) would have been in a much stronger and healthier position at the heart of its local community

AFC RUSHDEN & DIAMONDS – SOUTHERN LEAGUE PREMIER CENTRAL 2020-21

98. The ownership of Rushden & Diamonds was handed over to the supporters' trust from the Dr Martens owner, Max Griggs, in 2005, before quickly agreeing to relinquish control (in 2006) to a private investor, Keith Cousens.

99. Unfortunately, the club continued to lose money and finished bottom of League Two that year, dropping to the National League and eventually being liquidated in 2011. The new phoenix club, AFC Rushden & Diamonds now plays in the Southern League Central Division at Step Three of the non-League pyramid.

WHYTELEAFE – ISTHMIAN LEAGUE SOUTH EAST 2020-21

100. A Singapore-based company called Irama have started to buy a number of non-League football grounds. These include Brighouse Town, Abingdon Town and Whyteleafe.

101. The sale prompted some fans to investigate Whyteleafe FC's finances and they uncovered debt in excess of £200,000. It is the supporters' belief that the club is now unsustainable at Step 4 of the non-league pyramid and, with that amount of debt, there is unlikely to be a suitable buyer so the club may well be close to collapse.

102. We are monitoring the situation (as are the FA and Isthmian League) and potentially looking at a phoenix club led by those same supporters of the club.

MACCLESFIELD TOWN – NO TEAM IN ANY LEAGUE 2020-21

103. Promotion to League Two in 2018 should have been a high point for Macclesfield, but financial mismanagement off the pitch dogged them from their return to League football. The club was ultimately wound-up in September 2020 after a process that began in January 2019 and had been adjourned 12 times.

104. Their owner, Amar Alkhadi, had serially failed to pay wages leaving to the departure of club-favourite manager John Askey, who was owed £170,000, and the ultimate indignity of the players going on strike and fielding a youth team in the FA Cup after repeated problems with being paid.

105. EFL points deductions were issued on three occasions due to failure to pay wages and failure to fulfil fixtures, and they were ultimately wound up after being relegated to the National League.

DARLINGTON – NATIONAL LEAGUE NORTH 2020-21

106. The club's move from their old Feethams stadium to a new and vastly over-sized stadium on the edge of town, built with the hubris of former owner George Reynolds, is at the root of a lot of Darlington's problems.

107. The biggest ground in League Two was struggling to attract more than 2,000 fans with a capacity of 25,000, which itself was limited to 10,000 on the grounds that there wasn't sufficient public transport to get that many fans to the ground. The overheads of the arena and poor financial decisions left the club with unmanageable debts.

108. The global financial crisis of 2008 put paid to development plans around the stadium, and the club entered administration. They were back in administration again in 2011 having been relegated out of the Football League, despite winning the FA Trophy.

GATESHEAD – NATIONAL LEAGUE NORTH 2020- 21

109. Hong-Kong-based businessman Rangan Varghese took over the club in 2018, aided by Joseph Cala. Within months it became clear that rent and other bills weren't being paid, and it emerged in December 2018 that the club were under a transfer embargo.

110. The club were evicted from their offices and training facilities at the Gateshead International Stadium due to unpaid bills, and the players threatened to go on strike in March 2019 due to unpaid wages. The club teetered on the brink of going out of business, before a takeover bid backed by local businessman and a supporters' group rescued the club from the abyss in the summer of 2019.

ALDERSHOT – NATIONAL LEAGUE 2020-21

111. The club were declared insolvent in July 1990 after amassing debts of close to £500,000. The winding up order was lifted when 19-year-old property developer Spencer Trethewy paid £200,000 to save the club and allow them to start the season.

112. Within a matter of months, however, it was discovered that Trethewy didn't have the promised funds, and he left the board in November 1990. The club struggled on for another 18 months before eventually going out of business and resigning from the league in March 1992.

ARSENAL – PREMIER LEAGUE 2020-21

113. Arsenal supporters held shares as individuals in Arsenal until they were compulsorily taken over by current owner Stan Kroenke in 2018.

114. At the time of the takeover the Arsenal Fanshare scheme, which had been established by the Arsenal Supporters' Trust to enable supporters to own shares within a collective pool, was the third largest shareholder in Arsenal.

115. Many of those who had owned shares had held them for generations and did not want to sell. Arsenal enjoyed their most successful times when there was a plurality of shareholders – at one stage almost 20% of the club was held by supporter shareholders.

116. By being shareholders Arsenal supporters benefited from the protections that company law provides to shareholders including the right to attend an AGM, question the board of directors and access to report and accounts that were published in a timely and comprehensive way.

117. Having a stake in the club also generates a feeling of custodianship and shared ownership that reflects the club's position as a public asset that many have a strong connection to.

118. Where clubs have Independent non-executive directors, they would have a key duty to liaise with and represent the interests of all shareholders.

HEREFORD FC – NATIONAL LEAGUE NORTH 2020-21

119. Hereford United are probably best known for a football match played in 1972, when as a Southern League club, they defeated First Division Newcastle United in an FA Cup Third Round replay in front of BBC 'Match of the Day' cameras with memorable commentary by the young John Motson. Subsequently the club enjoyed 31 years in the Football League over two periods. In 2012 they were relegated to the National League and in 2014 the owner sold the club.

120. The new owners promised to pay the club's football debts as required by National League rules to ensure it was permitted to continue its league status. This never happened and the club was relegated two divisions without kicking a ball. A fans' boycott then followed leading to winding up in December 2014.

121. From this trauma a phoenix club was created in 2015, Hereford FC. Starting out in Step 5 of the non-League pyramid, the club has enjoyed three promotions and two Wembley finals, all this achieved under 50/50 ownership between individual supporter investors and the Supporters' Trust.

NUNEATON BOROUGH – SOUTHERN LEAGUE PREMIER DIVISION CENTRAL 2020-21

122. In 1919 the club purchased land in Nuneaton which became Manor Park, home to the then Nuneaton Town FC and home to the town's football club for 87 years. In the early years of the 21st century the club sold their long-time home for £3-4 million and entered into an agreement with a national building company.

123. They bought land from Nuneaton Rugby Club, built a new stadium and moved into their new home at Liberty Way. There was an agreement that gave the Rugby Club a guarantee that their matches could be played within the stadium.

124. In 2007-08 the club was the subject of an 'aggressive' takeover and was put into liquidation and started afresh in the Southern League Midland Division.

125. Despite the new owner's reputation the people of Nuneaton bought into the new club and there was a period of success during which the club reclaimed their place at the top of the non-league pyramid.

126. During this time the then chairman reneged on the agreement with the Rugby Club, who later retaliated by blocking access to the main turnstile blocks at both the home and away ends of the ground.

127. Meanwhile, the ownership of the ground had been housed in the owner's business which went bust shortly afterwards. He then entered into a partnership with an ex-Kettering Town director, who took over as chairman of Nuneaton Town.

128. A couple of years later, the previous chairman carried out a vicious assault on a former board member at a children's charity event at the Ricoh Stadium and was portrayed as no longer being with the club, although some people suspected that he was acting as a phantom director.

129. In 2018 the chairman walked away from the football club, leaving them hundreds-of-thousands-pounds of debt.

130. Norman Smurthwaite, chairman of Port Vale stepped into the breach before being knocked back by the FA, who said his takeover would fall foul of their rules. Legend has it that he bought Liberty Way for the price of a second-hand Bentley and two dilapidated terraced properties in Derby. In a meeting with the Supporters' Co-operative Mr Smurthwaite described the Liberty Way stadium as a 'piece of grass in Warwickshire'.

131. So, barely ten years after selling their home of 87 years, Nuneaton Borough became tenants. Mr Smurthwaite handed the ownership of the club over to Nick Hawkins. The latest chairman was quickly found out and beat a swift retreat before turning up at Ilkeston Town, who he soon left 'by mutual consent'.

132. The ownership of Liberty Way then passed into the hands of Neil Robinson, who was closely associated with Nuneaton Rugby Club.

133. In 2019, the town's football club, now Nuneaton Borough once again, appealed for help in addressing the debt left by previous owners. The Co-operative contributed £10,000 of its members' money towards saving the club in exchange for the promise of a seat on the board and a 7-10% ownership of the club.

134. The club is now in the hands of former Barwell FC manager Jimmy Ginnelly, who is a Nuneaton man, but change seems off the agenda. The Co-operative are not invited to meetings and play no part in the running of the club even though they have invested many hundreds of man hours in tidying and repairing the stadium. Sadly, our place at the table is as elusive as ever.

135. We realise that we made a heart-over-head-decision in trying to help bail out the club and that we must shoulder the blame for acting in that way.

CHAPTER THREE

IMPROVING THE REGULATION OF PROFESSIONAL FOOTBALL CLUBS

Summary

1. This chapter contains the 2018 proposals developed by FSA and submitted to the FA in November 2018. It proposed:

- That the regulation of club football at every level of the game to be with the FA;
- A new Code of Practice on the Stewardship of Football Clubs;
- That owners have duties different from those of directors, which should be reflected by new requirements to assess the capability of owners and directors;
- A number of detailed suggestions on existing regulations covering a range of areas from extraction of money from the game, to protection of football assets.

As we have explained elsewhere, we now think that the regulation function should be given to a new Independent Regulator for English Football. With that one exception, all of our other proposals in the 2018 papers remain unchanged.

BACKGROUND

2. The FA Chair invited the representatives of the national supporters' organisations on the FA Council to make a presentation to the FA Board to lay out proposals to improve the regulation of professional and semi-professional clubs. We believe our proposals, which are summarised in this chapter, would improve the long-term health and success of football in England. Our proposals are intended to be applied to clubs in the Premier League, the English Football League and the National League System, steps 1-4 (i.e. the clubs to whom the FA's licensing system applies.)

3. In recent years, whilst we have seen a pleasing reduction in the number of clubs facing insolvency, we have also seen an alarming rise in the number of clubs facing issues which go to the heart of the identity and wellbeing of the clubs, causing significant conflict with their supporters. These conflicts have not been tackled effectively by the football authorities, due in large part to the authorities' belief that their own rules and regulations do not equip them to do so. This has seriously damaged the reputation of the authorities in the eyes of football supporters.

4. The proposals are designed to strengthen the regulatory framework to protect the clubs, their heritage, their stakeholder relationships and their assets through rules that will focus on the minority of poor performers, rather than the majority of well-managed clubs. Our proposals are designed to equip the football authorities with the powers they need to prevent the serious crises that have besmirched our national game and to deal with such issues, if they arise.

5. There are perceived conflicts of interest in the way that rules and regulations are set and administered by the leagues, where some of the decisions on the conduct of owners and directors of clubs are taken by the owners and directors of other clubs. Supporters believe that those considering how to respond to allegations may be reluctant to take the robust action required when they may, themselves, have to face such allegations in future. We are also concerned that the considerable "churn" of ownership of clubs might leave the league organisations with relatively limited experience amongst non-executive representatives.

6. Our overriding concern is to secure a system of regulation which fosters continuous improvements in club governance - commending those clubs which are well-run and supporting the improvement of those who face problems. We suggest that this would best be achieved by concentrating regulatory responsibilities within the FA. We propose a rolling process of review, intervening whenever there is evidence of problems, offering help, guidance and practical support to those who need it.

PRINCIPLES

7. We are not putting forward comprehensive proposals to change every aspect of the regulation of football. Many aspects of the system work well and we know that the football authorities themselves have regulations under regular review. Our proposals are intended to enable the authorities to deal with the matters which have caused great concern to many supporters in recent years, where failure to act effectively has seriously damaged the reputation of the authorities in the eyes of supporters. Our proposals have two key principles:

The community significance of football clubs

8. Professional football clubs are not just ordinary businesses. They have a special status in their communities, built upon the loyalty of fans over generations and the important part football clubs play in the lives of millions of ordinary people. Professional football clubs are the greatest expressions of community identity in our nation. Recently, however, it seems that too many club owners have disregarded the overriding welfare of the clubs themselves and their community significance, matters over which they, for the time being, have custody and treat their supporters' interests as subordinate to their own commercial interests. It is our firm view that reform is needed to apply better protection to certain key aspects of football clubs, which owners should be obliged to cherish and sustain, in the long-term interests of the fans and the communities the clubs represent.

Avoiding conflicts of interest in regulation

9. The FA, as the governing body of the whole game, has a historic role in the governance of football, recognised by FIFA. We propose that regulatory functions exercised by competition organisers (leagues) should be under the auspices and overall control of the FA. The Football Association is the primary custodian of the game and should have clear responsibility for setting rules, regulations and standards of conduct for those running professional clubs. The professional league organisations (The Premier League, The English Football League and the National League) are primarily the organisers of competitions with a key role in developing the commercial interests of the game, subject to the overall regime set by the FA.

10. The making of rules and regulations about professional football clubs, the setting of standards for the way they are run and decisions on their application should not be taken by professional football clubs or by people who own and manage them. Regulatory decisions should be taken by people with a suitable level of independence from the regulated clubs, taking advantage of external expertise where that is necessary and helpful, avoiding any suspicion of conflicts of interest. We propose that the regulation of clubs should be the clear responsibility of the FA. Although they may wish to delegate some aspects to the leagues, so long as conflicts of interest are avoided, the FA should be recognised as the regulator of the game. In this chapter and the accompanying Appendices that is what we mean by "the regulator."

PROPOSALS

Code of Practice on the Stewardship of Football Clubs

11. The Football Authorities already have in place rules, regulations, policies and guidance for clubs on many important matters, including financial management, the recruitment and development of young players, ground safety, etc. We propose that a new Code of Practice on the Stewardship of Football Clubs is needed. The code should set out new guidance for clubs on the matters which have caused difficulty in many clubs over recent years: such as relationships with, and engagement of, supporters; partnerships with other stakeholders (local authorities, police, education, businesses); changes in names; playing colours and badges of clubs; location and improvement of ground; training facilities; and academy; etc.

12. Attached in Appendix A is an outline of such a code, listing some of the matters to be covered and including draft wording for sections covering recent matters of controversy

Owners and Directors

13. Many of the concerns about football club management have focussed on the wording and application of the current Owners' and Directors' Tests. There are currently three sets of such tests for, respectively: The Premier League (PL), the English Football League (EFL) and the National Leagues (NL). Our belief is that some aspects of these work well. It would be helpful to amalgamate them into a single set of regulations, retaining many of the current features. However, we feel that as the respective roles of the Owners of clubs and the Directors appointed to oversee their management are in many ways different, changes are needed to govern those differing roles. We are aware that at its summer 2018 meeting the EFL discussed the possibility of taking action against individuals and not just clubs, which in principle we would welcome. We understand that although there have, as yet, been no changes to the EFL rules in this regard, the possibility of a policy on this is being actively considered by the EFL Board. We look forward to hearing the outcome of those discussions and having the opportunity to comment upon them.

14. Also, the current tests require reporting by clubs to disclose whether any matters exist which might disqualify someone from acting as an owner or director. This deliberately places emphasis on the possible negative factors defining unacceptable aspects of club owners and directors. We believe the test or tests should continue to do that but should also focus on more positive matters which identify and encourage features which should exist within, or be developed for, those running our clubs. Therefore, the tests should be extended to deal not just with reasons for disqualification but also to stimulate good practice in the running of clubs by the individuals to whom the tests apply.

People seeking to become owners of clubs

15. Before there is any change in the identity of a person with significant control of a club (i.e. owning 25% or more of its shares), that person should be required to pass a new Owner's Test. That test should be based upon the relevant parts of the existing Owners' and Directors' Test. However, we suggest some extra new requirements. People seeking to become owners of football clubs should be required to submit a business plan outlining how they will operate the business. They must demonstrate that their business plan contains satisfactory proposals for running the club sustainably, in accordance with the relevant financial rules and regulations and in accordance with the Code of Practice. They must show that they will appoint people with the skills and experience to run the club in accordance with those requirements and have satisfactory proposals for engagement with the club's supporters and other stakeholders.

16. Proposed owners should continue to be subject to requirements like those in existing regulations as to criminal records, involvement in previous insolvencies, ownership of more than one club, etc. In addition, proposed owners should be prohibited from using the shares in a club to raise funds to complete the purchase of a club. This restriction is intended to avoid repetition of recent instances where new ownership of a club has brought with it significant new debt attached to the club rather than personally incurred by the new owner.

17. The regulator should monitor actions on an ongoing basis and work with the clubs to identify steps needing to be taken to meet the regulatory requirements. There should also be some way for the regulator to secure delivery of promises on the part of the owner. That might take the form of a bond delivered to the FA by the proposed owner which would be forfeited if key assurances were not honoured, for example in the event that there is a likely default in payment of wages, tax payments, etc.

18. Attached in Appendix B are some detailed proposals showing how this might be made to work.

People seeking to be directors of clubs

19. Owners' and directors' roles are different. Directors are appointed by owners to run and manage the day-to-day operations of the business. Whilst it is quite possible for someone to become an owner of a club without any experience or knowledge of the running of a football club, people seeking to become directors of football clubs should be required to demonstrate that they have the necessary skills and experience to run the club in accordance with the relevant financial rules and regulations, the Code of Practice and to deliver the proposals in the club's business plan. Like owners they too should still also be subject to requirements like those in existing regulations as to criminal records, involvement in previous insolvencies, running more than one club, etc.

20. In Appendix C are some detailed proposals showing how this might be made to work.

Oversight of clubs

21. The leagues already have regulations requiring certain information, mostly financial, to be submitted periodically. These allow for intervention in certain circumstances. We believe that these should be extended so that, when clubs submit their financial forecasts for each coming season, they should also supply an updated business plan, showing how the club will be operated in a financially sustainable manner and in accordance with the other relevant regulations and the Code of Practice. In this context we noted that before the Department for Digital, Culture, Media and Sport (DCMS) Parliamentary Select Committee hearing on the possible sale of Wembley to Shahid Khan, Sport England indicated in evidence that they would run a stronger owners test than currently run by the football authorities for ownership of clubs, including a requirement for a robust business plan.

22. Also, when clubs submit their audited accounts for each completed financial year, they should submit a factual report, describing how they have complied with the Code of Practice during the relevant year. There should be a formal annual statement signed by the person with significant control and the directors as to the identity of the person with significant control and directors, including any shadow directors.

23. Although some of these matters are already subject to annual reporting, the nature and format of the information is often opaque at best and kept confidential at worst, even where commercial confidentiality is not threatened. We believe that a system of greater transparency is needed. There should be as much transparency as possible, subject only to the need for commercial confidentiality. This will be essential to ensure that supporters and other stakeholders can have confidence in the regulatory process.

Further changes in regulations

24. In addition to the changes to the regulatory regime proposed above, we believe that there are certain other important matters needing attention. These include the protection of club assets; a new net assets test each year; consideration of restrictions on the amount of sums withdrawn from club accounts by owners and directors; and restrictions on the type, scale and terms of loans taken out.

25. There should be an absolute prohibition on:

- offering club property as security unless in connection with a capital expenditure project e.g. construction of new stand. Consents granted should be publicised; and
- moving a club out of the area with which it is by name, or history, is traditionally associated.

26. Attached in Appendix D are some detailed proposals on these, and other detailed matters.

27. Also, we have considered the matters which lead to disqualification of owners and directors under the existing tests. Attached in Appendix E are some detailed proposals on these matters.

STRUCTURAL AND PROCEDURAL CHANGES NEEDED TO IMPLEMENT PROPOSALS

28. We are aware that many of the changes we propose may require amendments to the decision-making structures and processes within the football authorities. We have not presented any suggestions on what such new arrangements might look like in practice. We believe that it is better to concentrate, for now, on the principles and the nature of new regulations needed. The necessary structure and procedural changes can be addressed at a later stage, on a 'form follows function' basis. We know there are a range of options and factors to consider such as a satisfactory appeals process.

29. Clearly, the administration of these recommended changes would have resource implications. In our view, the current arrangements, which lack satisfactory means of challenging poor management practice, already impose costs on the football authorities. Within the FA, the regulatory body will need to be suitably staffed, with financial resources agreed with stakeholders and funded by the clubs on a proportional basis along with such other sources of income as may be identified and agreed.

30. The regulatory body would be responsible for the production of detailed regulations and compliance documentation to demonstrate to clubs how the regulator may be satisfied that the club is being run in accordance with the regulations (which should be objective, rather than prescriptive).

31. The FA should examine other well-established regulatory organisations to identify and adopt best practice. We suggest that two useful examples to consider are the Civil Aviation Authority and the Dutch FA.

CONCLUSION

32. In our view, if the measures proposed in this chapter and the attached Appendices are put into force, and if they are then robustly implemented, we will see a significant reduction in the number of cases where crises at football clubs bring the whole game into disrepute. Without such measures, the supporters of the clubs affected will continue to be victims of poor corporate governance in football and the reputation of those overseeing it will suffer further damage.

Football Supporters' Federation and Supporters Direct (May, 2018)

APPENDIX A

CODE OF PRACTICE ON THE STEWARDSHIP OF FOOTBALL CLUBS

Background

1. In recent years there has been an overall improvement in standards of financial management amongst senior football clubs in England, there having been very few recent club insolvencies. In addition, a number of clubs have introduced new measures to develop and sustain positive relationships with their supporters and others. However, sadly that is not the full story. There are still some clubs where financial concerns exist. In addition, in a significant number of high-profile instances, relationships between clubs' owners/directors and their supporters have come under severe strain. Such clubs have seriously alienated their supporters and other key stakeholders by their behaviour and their approach to club management.

2. Such breakdowns have had many local variations in nature and substance, but they have tended to share one common feature: Club owners and directors who regard football clubs just as any other business and as a piece of property to deal with as they wish. This attitude overlooks key aspects of football clubs in our nation. They are of huge significance to the lives of many people. They are of great value to the communities in which they are based. They are the greatest expression of community identity in cities, towns and smaller settlements. As an institution, each major football club is a community asset for the area it serves, akin to other privately owned assets of great public value which have high levels of legal protection, such as listed buildings, conservation areas and national parks.

3. This Code of Practice is an addition to the current regulatory regime which applies to the senior levels of football in England - by which we mean the clubs in the Premier League, the EFL and the top four tiers and the National League system. This is not intended to mean that clubs below those levels have less significance or importance to their supporters and their communities. It simply reflects a view about the need for and practicality of new administrative tasks being placed upon smaller clubs' management.

4. The Code spells out a new obligation upon the owners and directors of such clubs to exercise stewardship over their clubs in such a way as to safeguard, sustain and enhance the value of clubs to the communities they serve and the supporters upon whom they all depend. Not all of its requirements are new to all clubs. For example, following the Government's Expert Working Group on Supporter Ownership & Engagement in June 2016, the EFL introduced new regulations requiring club leaders to engage with their supporters in a structured and regular manner.

5. The following are the proposed new requirements of the Code of Practice.

Stewardship

6. The value of a club to its supporters, its stakeholders and its community is based on the following matters:
7. The club's sustainable future as an organisation, playing professional football and entertaining its supporters, giving pride to its community.
8. The local base, for playing, training and recruiting young players, as the focus of the club, within the community from which it draws much of its support and which is reflected in its name.
9. The role of the home ground as the physical expression of the club's identity, the place which is associated with the club's traditions, its history and the memories of its supporters.
10. The key assets of the club and how they are maintained and improved each year.
11. Other aspects of the history and traditions of the club including its name, its badge, its playing colours and similar matters.
12. The relationship with its supporters, respecting their role in the life of the club and the importance of the club in their lives.
13. The way in which the club works in partnership with its stakeholders.
14. Clubs which show respect and care for all the above matters can be said to exercise sound stewardship of the club's community value. Those who fail to do that need help, encouragement and support. Only where there is disregard for such support and where stewardship is not improved as a result, should sanctions be considered to remedy the failures.

Planning for the exercise of good stewardship

15. This Code of Practice seeks to bring about a high, and improving, overall standard of good stewardship and to raise the standards of those who fall short. It seeks to do so not by adding a significant extra administrative burden but by building on existing practices. All well-run clubs will already have a business plan which spells out their aims and objectives for the coming period. They already have to submit financial forecasts to the football authorities for their expenditure and income, showing how they will comply with regulations on financial matters. This Code envisages that the new stewardship requirements will be covered by simple extensions to those existing processes.
16. Upon the proposed purchase of a club by a new owner or owners and each year, before the start of a new playing season, the club's proposed or existing owners and directors must submit a business plan to the FA which explains how they will comply with the duties of stewardship in relation to the club. The plan must show:
 17. How the owners and directors will work to secure a sustainable future for the club.

18. How they will safeguard and develop the ground and other facilities for the long-term benefit of the club.
19. What steps they will take to protect and enhance the club's heritage as expressed in its name, its badge, its colours, its local traditions and its role in the local community.
20. How they will engage with their supporters to develop and maintain a relationship of trust and partnership, based on mutual honesty and openness, employing democratic processes and meaningful consultation over issues of interest and concern.
21. What they will do to develop and maintain good working relationships with all stakeholders, including the football authorities, other clubs, local authorities, the police, educational and health bodies, businesses and suppliers of goods and services and the media.
22. How they will promote all aspects of equality and diversity in the way they operate as a business, at their stadium and other premises, in their conduct and promotion of the game and in their dealings with players, employees, supporters, the local community and other stakeholders.
23. What steps they will take to safeguard the health, wellbeing and safety of all their employees, suppliers, supporters and other customers.

Demonstrating effective stewardship

24. Some of the matters covered by this Code of Practice are of such significance that they require special protection. Thus, by regulation, clubs should be required to demonstrate evidence of majority support amongst supporters for certain proposals which might damage the community value of the club. This could apply to matters such as the name of the club, the colours of the team, the club badge and the location of the home ground. Other regulations are required to govern changes in ownership and the use as security for borrowing of club's home ground, training and academy facilities and other capital assets.
25. Periodically, each club's owners and directors must supply to the FA details of the steps they have taken to exercise good stewardship of the club, in relation to the above matters. Those details should include practical examples of steps taken and brief evaluation of its effectiveness. Clubs should share the details with recognised supporter organisations and invite their comments, which should be included in the information sent to the FA. These details should be published on the club's website.
26. The details sent to the FA should also be examined by a person with an appropriate level of independence from the club's owners and directors, such as their auditor, so that the facts claimed can be verified against evidence.

Drafted by Football Supporters' Federation and Supporters Direct (May, 2018)

APPENDIX B

PEOPLE SEEKING TO BECOME OWNERS OF FOOTBALL CLUBS

Who are the owners of football clubs?

1. The current rules of the PL, the EFL and the FA (which apply to NL clubs) do not currently define the “owner” of a football club. Instead, in identical words, they refer to the “Person having control of the Club.” “Control” is defined in the three sets of regulations, amounting, in brief, to:

- the power to appoint and/or remove all or a majority of voting members of the Club’s board; and/or
- holding the beneficial interest in at least 30% of the voting rights at general meetings of the club.

2. In addition, the regulations define directors of clubs as including “shadow directors” - i.e. people who can give directions or instructions to the club’s directors and people exercising powers that are usually associated with directors.

3. The importance of the latter is that it brings within the scope of the Owners’ and Directors’ Tests, for example, people who may lead, or have relevant responsibility within, a financial institution which owns the majority shares in a club but who do not themselves do so and may therefore not meet the definition of a “person having control.”

4. For the sake of simplicity (and brevity) in this evidence, we use to term “owner” to cover those people within the above definitions.

5. It is unclear why “control” relates to at least 30% of voting rights. In UK company law, from April 2016, the Small Business, Enterprise, and Employment Act 2015 introduced the term “People with Significant Control” (PSC) a term used to identify key people within a company. They are those who own or control 25% of voting rights/shares. There is an obligation under the Act to register the names, date of birth, home and work addresses, manner of control and other details of each PSC with the government via Companies House.

6. We would suggest that the football authorities’ regulations should be brought into line with UK company law by reducing the relevant percentage from 30% to 25%.

The roles of the “owner” and director compared

7. The precise role of the owner of a UK football club varies according to the ownership structure. Some clubs are wholly or mainly owned by individuals. Others are owned by larger companies or other financial institutions. Some are owned by a consortium of individuals or companies. Others, particularly fan-owned clubs, are owned through a trust following a community share issue. It is unusual for a football club to be owned by a large number of separate shareholders, for example as a “public company” traded on a Stock Exchange. Whichever model of ownership applies, the owners tend to take the major decisions affecting the club: prior decisions on purchase and later decisions on sale; major investments; financial restructuring and dividends; appointment and dismissal of directors.

8. The board of directors are in charge of the management of the business, making the strategic and operational decisions of the company and ensuring that the company meets its statutory and regulatory obligations. An individual director participates in board meetings to enable the board to reach these decisions and make sure that the company’s obligations are fulfilled. The directors are effectively the agents of the company, appointed by the shareholders/owners to manage its day-to-day affairs.

9. These roles bring us to the conclusion that, whilst much of the current Owners’ and Directors’ Tests should continue to apply to both categories of people, there are some important distinctions which require new separate requirements if the football authorities are to be able to assert satisfactory control over their conduct.

10. This section concentrates on our proposals relating to new requirements to be placed upon people seeking to become owners of football clubs and, through ongoing review of their conduct, such owners wishing to continue in that role.

Proposed acquisition of a football club

11. The acquisition of a football club can come about in a number of ways, typically though a sale by agreement or following an insolvency event. The existing rules require a club to give notice of any acquisition of at least 10% of a club’s shares. Such an interest is defined as “significant” and specific restrictions apply to it, over and above the Owners’ and Directors’ Test.

12. In addition, if a person proposes to become the owner of a club - the meaning of which term is defined above - the club must give 10 working days’ notice of that along with details of the person. The football authorities then have five working days within which to confirm whether or not the person may become the owner or whether he/she is disqualified. The regulations define a list of disqualifying conditions. There is no current discretion to disqualify a proposed owner for any other reason. We agree that such tests should continue to apply and comment upon the detail of the disqualifying conditions in Appendix E.

13. Our most significant recommendation for change envisages the regulator having to conduct a form of due diligence prior to any acquisition of control of a club, to satisfy itself that the regulations as they apply to clubs and the proposed Code of Practice on Stewardship will be complied with.

Submission of business plan

14. We understand that the current practices of the football authorities vary as they consider each proposed acquisition. To some degree, that will continue to be necessary because of differences in scale and complexity. However, we propose that a single, core process should be applied in all cases. All clubs will have a business plan and prior to acquisition, prospective new owners will prepare such a document, to outline their objectives for the business and how it should be run.

15. We propose that new regulations should require each person seeking to become an owner to produce to the regulator a business plan for the club. As a minimum, this should include details of the following:

- the new owner's aims and objectives for the club;
- projected income and expenditure, showing how the relevant financial regulations, including those on Financial Fair Play, will be complied with;
- a summary of the capital assets of the club, with detail of any proposals for investment, disposal or acquisition of such;
- an explanation of how the club will comply with the football regulations applying to the club; and
- details of how the club will comply with the requirements of the Code of Practice for the Stewardship of Football Clubs.

Assessment of Business Plan

16. The business plan, excluding any necessarily confidential details, should be published on the club's website before or at the same time as it is submitted to the regulator. Supporters' organisations should be entitled to submit comments upon the plan to the regulator and supply information in support of such comments. The regulator should assess the business plan along with any comments and associated information from supporters' organisations, in order to ascertain whether it contains satisfactory proposals for the running of the club in accordance with the relevant regulations and the Code of Practice. If they are so satisfied and, in the absence of any disqualifying condition(s) applying to the proposed owner, they shall confirm to the club that the acquisition may proceed.

17. If they are not fully satisfied, they may either:

- confirm that the acquisition may proceed but subject to required changes and/or conditions on which they must be satisfied within a specified period; or
- indicate that the acquisition may not proceed.

18. The timescales for submissions of the business plan, assessment of it and delivery of a decision will need to be considered. They are likely to require more time than the 10 and five working days specified at present.

Review by the regulator

19. We propose that this assessment of clubs' business plans should be subject to ongoing review by the regulator. Doing this on a rolling basis will reduce resource requirements. Updated business plans should be submitted whenever the club's financial forecasts are amended and sent to the regulator under the existing arrangements. At the same time, any changes in the ownership of the club, past or proposed, should be disclosed and the absence of any such should be certified.

20. Similar powers to those envisaged upon acquisition should be held by the regulator to deal with annual business plans upon review. In the case of serious failures, following the unsuccessful imposition of required changes and/or conditions, sanctions could include fines and penalties upon owners (and, see below, directors) and/or compulsory sale of the owner's interest in the club, by auction or other means to secure its market value.

Drafted by Football Supporters Federation and Supporters Direct (May, 2018)

APPENDIX C

PEOPLE SEEKING TO BECOME DIRECTORS OF FOOTBALL CLUBS

Who are the directors of football clubs?

1. The regulations which set out the Owners' and Directors' Tests of the PL, the EFL and the FA (for the NL) are in many respects wholly or substantially identical. However, their definitions of "director" differ markedly but seem to be intended to cover the same people. The regulations do not even use the same terms - the PL refer to "director;" the EFL refer to "relevant person;" and the FA to "officer." We have not carried out any further detailed textual analysis of the respective definitions, but we suggest that they be harmonised.

2. In this Appendix we will use the simplest of the three - that of the PL, which defines "director" as people occupying that position and required to be registered as such under the Companies Act, including "shadow directors" - i.e. people who give directions and instructions to directors despite themselves not being appointed as such and the owner (explained in Appendix B.)

The role of directors

3. As a reminder, the board of directors are in charge of the management of the business, making the strategic and operational decisions of the company and ensuring that the company meets its statutory and regulatory obligations. An individual director participates in board meetings to enable the board to reach those decisions and make sure that the company's obligations are fulfilled. The directors are effectively the agents of the company, appointed by the shareholders/owners to manage its day-to-day affairs.

Proposed appointment of directors

4. Under the current regulations, clubs are required to give notice prior to the appointment of new directors, including shadow directors. We agree that should continue and the disqualifying conditions (subject to suggested changes outlined in Appendix E) should continue to apply.

5. However, our key recommendation for change is that, as we suggest for the proposed acquisition of a club, prior to the appointment of club directors, the football regulator should carry out a form of due diligence. For owners, that due diligence relates to the nature and content of the proposed owner's plan for the club. As the directors will be responsible for delivering that plan, prior to their appointment, we propose that new regulations should require each person seeking to become a director to produce to the regulator evidence of the skills and experience which will enable him/her to run the club in accordance with the club regulations and the Code of Practice for the Stewardship of Football Clubs. There are already requirements for managers of teams at certain levels of the game to hold specified coaching qualifications. Supporters would be reassured if an appropriate level of skills and experienced were required for those managing the business affairs of clubs.

6. That evidence should include, as a minimum:

- details of their relevant professional qualifications, if any;
- details of their previous involvement, if any, in business management or administration or as a company director;
- details of their previous involvement, if any, in football, as a player, coach, director, business manager, administrator or any other relevant capacity;
- an outline of the skills and experience which would enable them to discharge the responsibilities of director of a football club and to ensure compliance with the relevant regulations and the Code of Practice;
- for those clubs who appoint supporter directors, evidence of their involvement in the running of supporters' organisations would be taken into account along with the other matters listed above.

Assessment of proposed directors

7. The regulator should assess any proposed directors in order to ascertain whether they have the necessary skills and experience to be responsible for the running of the club in accordance with the relevant regulations and the Code of Practice. If they are so satisfied and, in the absence of any disqualifying condition(s) applying to the proposed owner, they shall confirm to the club that the appointment may proceed.

8. If they are not fully satisfied, they may either:

- confirm that the appointment may proceed but subject to required changes and/or conditions (such as the supply of additional information and/or relevant training) on which they must be satisfied within a specified period; or
- indicate that the appointment may not proceed.

9. The timescales for submissions of the details of each proposed director, assessment of it and delivery of a decision will need to be considered. They are likely to require more time than the 10 and five working days specified at present.

Review

10. We have recommended a rolling review of clubs' business plans, taking account of performance against aims and objectives. We suggest a similar process for directors. With their regular submission of financial projections and updated business plan, the club should confirm who are the club's directors and give detail of any proposed changes. Only proposed new directors would automatically be subject to the assessment outlined above. However, review of the suitability existing directors may be included at the discretion of the regulator if circumstances require it.

11. Similar powers to those envisaged upon appointment of new directors should be held by the regulator to deal with any concerns arising upon the annual review of business plans. In the case of failures, the regulator should be empowered to require action to be taken in respect of club directors responsible for those failures to comply with regulations or the Code of Practice. Such sanctions could include requirements to undergo training, to bring-in additional professional support, fines and penalties upon directors and/or the dismissal of those directors.

Shadow directors

12. It is, in our view, important to maintain the current requirement for shadow directors to undergo and pass the Owners' and Directors' Test. As an individual may be in a strong position of power and influence over a club - being, for example, a leader of, or person with relevant responsibility within, a financial institution which owns a club on behalf of investors but not themselves the owner - they may have even more day-to-day control over the business than the appointed directors. Thus, in addition to the continued application to shadow directors of the Owners' and Directors' Tests' disqualifying conditions, shadow directors should also be subject to the due diligence process we propose, so that their skills and experience can be assessed and, if necessary, they can be held responsible for failures.

13. In addition, the current arrangements for application of the Owners' and Directors' Test are not sufficiently transparent to enable supporters and stakeholders to understand clearly who the people are who own and manage the business of their club. We propose that the regulator should publish details of the name and role of every person to whom the test and our proposals for due diligence are applied, indicating the outcome of that.

Drafted by Football Supporters Federation and Supporters Direct (May, 2018)

APPENDIX D

FURTHER CHANGES IN REGULATIONS

1. The majority of the recommendations summarised below are improvements to existing regulations that currently can be found in the relevant league rulebook or league policy.

Ownership structures

2. The level of opacity in disclosure of actual ownership of clubs is unsatisfactory. Solutions might include the following:

3. Enhanced disclosure obligations regarding ultimate ownership on club websites. Disclosure needs to be expanded to include the identity (and % shareholdings) of all intermediate holding companies. Consideration should be given to requiring full disclosure of up-to-date accounts (prepared to an acceptable standard) for each such company, even where the relevant jurisdiction may not require such disclosure. Complete transparency should be a condition of ownership. These requirements should extend to those in beneficial ownership of at least 1% of a club's shares.

4. Prohibition on shares in a football club being pledged as security for borrowings by an owner. This could be enforced in the UK. Although it would be difficult to prevent an owner securing a loan in another country, an owner found to have breached such a rule should face onerous sanctions.

5. Any rule changes would need to recognise that conditions such as those recommended would constrain the rights usually enjoyed by a shareholder under UK company law and would therefore need careful drafting.

Funding of clubs

6. There are numerous examples of clubs borrowing significant sums from, and charging their assets to, obscure lenders based overseas, in places such as the Cayman Islands, Bahrain, Hong Kong and other 'offshore' locations. The lack of transparency of such arrangements and the complex legal consequences of lending from a foreign jurisdiction can cause serious difficulties. The regulator should be empowered to ask questions when such funding arrangements are proposed by clubs.

7. The powers available to the leagues when they have concerns about the source and/or sufficiency of funds being provided by a new owner on a takeover are inadequate, other than following an insolvency event. A number of potential solutions might be considered.

8. A particular concern is that current FFP regulations' focus on profitability (or limiting the scale of losses) rather than debt and solvency. Recommendations are made to address this later.

9. The PL and EFL are to be commended for introducing regulations which will only permit the assignment of central broadcast distributions or future transfer fee instalments to FCA-regulated lenders and there would be merit in extending these regulations to all loans. This would exclude entities such as those presently lending to certain clubs at usurious rates of interest as well as the non-UK lenders at other clubs.

10. The NL proposal to require loans to be unsecured, unless in relation to capital expenditure projects, has much to commend it.

11. As a minimum, owners (or related parties to owners) should not be permitted to hold security over a club's assets. This would also make it harder for owners to transfer a stadium or training facility away from club ownership with a view to redevelopment.

12. PL and Championship FFP regulations refer to the concept of "Secure Funding", to be evidenced to either league when a club's forecasts indicate it might breach FFP regulations. As defined, this may not be a loan but can be either equity investment or an irrevocable commitment to a future equity investment evidenced by a binding personal guarantee from the club's owner or letter of credit from a financial institution, all subject to approval from the regulatory body. This requirement could be extended to other circumstances (i.e. demonstrating source and sufficiency of funding on a takeover) and not just a breach of FFP loss thresholds.

Club stadiums and other property

13. FA and league rules in relation to grounds allow too much scope for speculative interest in the development potential of club property, in particular their stadium, and need to be made more restrictive.

14. Regulations should be modified so that formal consent is required from the regulator not only for a club to relocate its ground but also for any "proposed change in its circumstances relating to the occupation of its ground". Changes in circumstances should include the sale, transfer or assignment of any material part of the site and should also include any proposal to pledge the ground as security. Consent would be conditional, inter alia, on the club being fully compliant with best practice on stewardship as recommended elsewhere.

15. The requirement for consent might be extended to all the club's property assets, for example including training grounds and academy facilities. These occasionally do have redevelopment potential and, before any consent is granted, the regulator should be satisfied that the club has made appropriate commitments to replace the facility and that any surplus will be retained within the club and not distributed to the owner(s).

16. A club would have to have the same rights of occupancy for the new facility as it had for the old: For example, it would be unacceptable for it to be foregoing a freehold title to its former stadium in exchange for a leasehold interest in a new stadium paying rent, say, to the club owner or a third party.

17. Moreover, as suggested elsewhere and as mooted by the NL, there might be an absolute prohibition on offering club property as security unless in connection with a capital expenditure project, for example the construction of a new stand. The terms of any consents granted under these requirements should be publicised.

Extraction of money from game

18. There have been some high-profile instances where club owners and their associates have withdrawn large sums from clubs, for no justifiable reason - e.g. performance-related.

19. A range of options might be considered and we believe it would be healthy for the game to come together to agree a position.

20. It is unlikely that historical FA rules barring directors earning salaries and limiting dividends could ever be reintroduced, but there would be merit in attempting to impose realistic caps on what could be withdrawn from clubs in terms of salaries, fees, dividends or interest. A suitable level of transparency would be required. We do not intend that this should apply to playing and coaching staff, expenditure on whom is already covered by FFP rules.

21. Any amounts so withdrawn should be publicised in 'real time'.

22. There should be an absolute prohibition on loans being made by a club to connected companies or related parties. Restrictions should be placed on the types of loans clubs can take, covering levels of interest rates. Loans from sources other than owners and directors should come from credible and financially registered sources. Interest rates should not be excessive.

23. Complete transparency would be called for, with all financial dealings with related parties fully disclosed on club websites in 'real time' and not retrospectively on publication of a club's historical financial results.

24. There would also need to be strict anti-avoidance provisions, with meaningful sanctions, to address the risk of disguised withdrawals through related parties or failure to make full disclosure. If appropriate rules were introduced alongside those recommended elsewhere regarding ownership and funding, there would be less opportunity for owners to withdraw funds.

Financial Fair Play

25. Existing rules in the PL and EFL (both Championship FFP and Leagues One and Two Salary Cost Management Protocol) focus on short-term profitability, or limited losses, rather than debt or solvency. Thus, clubs can comply with the rules whilst, at the same time, leaving themselves with huge debts. A range of measures would be required to address this and might require a transitional period.

26. Alongside the existing rules there should be a fundamental requirement for solvency, measured as positive net assets on a club's current and forecast balance sheet. For the purpose of this exercise, accounting adjustments such as revaluation of property assets would be disregarded.

27. Moreover, clubs should be required to submit an integrated cash flow, reconciling forecast trading profit/loss with the projected cash position at the end of the period under review. Any borrowing requirement highlighted by this forecast would need to be covered by agreed borrowing facilities or “secure funding”. A projected balance sheet at the end of the period under review should also be submitted.

28. These initiatives would be introduced alongside recommendations for limiting borrowings and requiring additional funding to be by way of equity.

29. Rules applying to National League clubs should also include a requirement for a positive net assets test. Those rules should be modified to include retrospective verification of budget figures by reference to annual accounts.

Insolvency

30. The following recommendations would ensure a balance between the equitable treatment of creditors and an absolute prohibition on owners benefiting from an insolvency by shedding liabilities while retaining control of the club or its assets.

31. The rules should bar any owner/director involved in any previous personal or corporate insolvency.

32. NL regulations should be aligned with the EFL’s, at least for clubs relegated while the subject of an insolvency event. The removal of the need for a CVA would limit the voting influence of former owners with soft loans.

33. Consideration should be given to the formal subordination in an insolvency of all soft loans from owners or related parties. The NL is understood to be considering a diluted form of this proposal.

34. Governing bodies’ insolvency policies should be published in full so that clubs, and their creditors, are fully aware of the implications of a club insolvency.

35. Proposals to tighten regulations on loans and granting security over club assets, if implemented, would reduce the incidence of club insolvencies. Again, the NL is considering barring the granting of security, other than in respect of capital expenditure projects.

Sanctions

36. Adoption of many of the recommendations made in the foregoing sections would almost certainly limit the frequency of sanctions being imposed. However, the following changes are recommended.

37. The criteria for both the registration embargo and the budgets to which clubs in breach of financial regulations must adhere should be more closely defined. These should include a prohibition on payment of any transfer fees or agent's fees, a limit on squad size (arguably more stringent than the current 24) and capping the wages for any replacement players at a modest level. The controls should be extended to support staff costs where any staff turnover should require a reduction in wage cost above a certain threshold. If the consequence is that clubs need to rely on academy players and struggle competitively that is a price to be paid for previous overspending.

38. Further sanctions should be considered against club owners for persistent non-compliance. Existing rules already allow for this, but they are rarely applied. A modification of the rules to make it clear that repeat offences will result in escalating sanctions to include fines or the withholding of central distributions would ensure that clubs would be aware of the impact of any transgressions.

39. Sanctions should also be considered against club owners and directors. Again, the rules already exist and should be modified to allow for repeated non-compliance to result in fines, suspension or, ultimately, disqualification as a director.

40. Finally, the NL initiatives of a bond to be deposited with the league or the threat to exclude from membership, clubs in a poor financial condition would give the EFL, especially, real power to enforce improvement in a club's financial stability. Alongside the recommended changes above, it is likely that such a deterrent would rarely if ever need to be invoked.

APPENDIX E

PROPOSALS IN RELATION TO OWNERS AND DIRECTORS TESTS' "DISQUALIFYING CONDITIONS"

Background

1. There are three different Owners' and Directors' Tests applying to football clubs - approved by the PL, EFL and FA (for NL clubs.) Each test is differently worded. Whilst some of the differences are purely stylistic or reflect varying approaches to drafting, there are some important differences in the matters covered.

2. We have compared the way in which the tests define the "disqualifying conditions." These are the matters set out in each test which, when found to apply to an owner or director (including shadow directors) will lead to their disqualification. In this Appendix, we set out:

- some suggested improvements to the tests by harmonising the definitions; and
- some other suggested improvements in the matters covered.

Harmonising the tests / Criminal matters

3. All three tests include certain criminal matters as disqualifying conditions. Each test includes two broad kinds of offences - those which have resulted in an unsuspended sentence of at least 12 months imprisonment and those involving dishonesty and a list of other specific matters, regardless of the sentence imposed. There are several important differences in the way the three tests deal with such matters:

4. The PL test says that offences involving dishonesty will be disqualifying conditions "and, for the avoidance of doubt, irrespective of the actual sentence involved". The EFL test does not include those clarifying words. Also the FA test does not include those words. However, that test does not include a wider disqualifying condition relating to offences which have resulted in an unsuspended sentence of at least 12 months imprisonment. The FA test only applies to offences of dishonesty and other listed matters.

5. The EFL and FA tests list, in the same words, a number of types of offence, including those involving dishonesty. The PL list includes most of the same matters but does not include the following, which are in the EFL and FA version: “corruption, perverting the course of justice and serious breaches of the Companies Acts”.

6. The FA test requires owners and directors to certify that they are not currently subject to any criminal proceedings in relation to the listed offences. The PL and EFL tests do not.

7. The PL and EFL tests apply to convictions for offences throughout the world. The FA test only applies to offences in England and Wales.

Bribes, gifts and rewards

8. The FA test has a disqualifying condition where a person has breached or admitted breaching the FA’s rules relating to bribes, gifts and rewards. The PL and EFL tests do not seem to include such provisions.

Director of expelled football club

9. Also, the FA test disqualifies anyone who has been a director of a football club expelled from a list of leagues, including the PL, EFL, NL and others. The PL and EFL tests do not include such provisions.

Involvement in another club

10. All three tests disqualify people who have involvement in another club. The PL and EFL tests only apply to other clubs in the PL and EFL. The FA test covers “another football club against which the club may play fixtures in a competition sanctioned by The Association”. Thus directors of PL and EFL clubs may also be involved with a club lower in the football pyramid against whom the PL or EFL club may play FA Cup matches.

11. We recommend that a single test should apply to all three sets of clubs including all the matters mentioned in paragraphs three to 10 above.

Other suggested improvements

12. The conditions relating to criminal convictions are all subject to the Rehabilitation of Offenders Act, which defines certain past convictions as “spent” after a period of time has elapsed (which varies according to the nature of the offence and the sentence). However, it is understood that the football authorities may be reluctant to apply the test to unspent convictions and to people on the Sex Offenders Register where the relevant conviction or the person’s entry on to the Register pre-dated the relevant football regulations. We suggest that words be added to make clear that such previous offences may be regarded as disqualifying conditions.

13. All three tests include various insolvency and bankruptcy matters as disqualifying conditions. They include the previous involvement in two or more insolvency events at football clubs (i.e. either two at the same club or one each at two clubs.) In addition, the tests apply to people currently subject to various bankruptcy orders but not to people previously subject to such. Thus, people who have been responsible for serious insolvency matters at football clubs are not prevented from ‘having another go’ at a new club or indeed the same club. Supporters have difficulty trusting such people with their club after they have led it or another club into bankruptcy.

14. We suggest that all previous involvement in insolvency at a football club should be declared to the regulator and explained. The regulator should be empowered to disqualify such people if they are not satisfied with the explanation given. Of course, like all other decisions under the tests, such a disqualification would be subject to a right of appeal.

Drafted by Football Supporters Federation and Supporters Direct (May, 2018)

CHAPTER FOUR

INDEPENDENT REGULATION IN FOOTBALL

The need for independent regulation

1. The requirement for independent regulation in football is evident from the background to the launch of this review. In recent years we have seen a number of damaging and potentially catastrophic developments in our national game, such as:

- A series of crises at historic clubs in the English leagues, for example, leading to those clubs ceasing to exist, or moving many miles from their hometowns and cities, causing severe distress for their fans, the employees of the clubs and the economies of the areas in which they are located. Such problems are continuing to arise at the present time.
- The growth of an alarming gap in the wealth of clubs, with a super-rich clique at the top and absurdly large gaps between the tiers in the pyramid, resulting in club owners gambling with their future in a desperate bid to share the vast sums at the top.
- Attempts to reform European competitions, such as through the abortive European Super League, avowedly to “save the game” but which primarily benefit the affluent elite.
- Other self-serving initiatives such as Project Big Picture.
- The difficulty in bringing financial sanity and fairness to the game through workable and clear rules preventing financial losses, securing financial fair play, curbing excessive spending on salaries, transfer fees and agents.

2. Much of the regulatory decision-making - the setting and enforcement of rules - takes place in secret. The lack of transparency prevents a shared understanding of the reasons for decisions and the nature of the choices faced by the game. The football authorities assert that the game is safe in their hands, claiming that each successive crisis is an unfortunate one-off which will not be allowed to happen again. And then more problems arise. They claim that lessons are learned from failure, but the football authorities have no rules/penalties to prevent these things happening again, and no rules/sanctions to ensure that lessons are actually learnt.

3. For example, in the wake of the tragic demise of Bury FC, the English Football League (EFL) appointed Jonathan Taylor QC, an eminent sports lawyer, to review their rules and processes and make recommendations. He submitted his report and proposals to the EFL in 2020. His proposed procedural changes were approved but his recommended changes to the structure of the EFL Board were rejected by the Board.

4. The core problem, not just in the EFL but throughout the game, is that regulation is in the hands of the clubs who make up the leagues - the entities which are themselves to be regulated. Club owners set the rules which club owners must follow. Alleged breaches of rules by club owners are assessed by club owners. The allocation of funding to clubs is determined by clubs.

5. Little account is paid to the interests of the range of other stakeholders in the game or to the long-term interests and viability of the game itself. In the wake of the European Super League fiasco, the leagues have suddenly woken-up to the importance of supporters and vow to place the supporters at the heart of the game. Supporters have no confidence that self-regulation of clubs, and the competitions in which they play, by those clubs will deliver sustainable change to protect and enhance the vital role that football plays in the life of the nation and the communities served by the clubs.

6. This is demonstrated by the results of a survey of supporters' views, published in the Daily Telegraph on 17 May 2021, which showed that 80% wanted an independent regulator, 83% wanted protection of supporters' interests via a 'golden share' (which we propose elsewhere) and 90% wanted legislation to protect the football pyramid. Regulation in the self-interest of club owners will always involve insoluble conflicts of interest. Independence is essential to sustain the game.

7. Under the pressure of recent events, such as the fan-led overthrow of the European Super League, the current authorities and 'elite' clubs may make apparently generous gestures and give assurances that "things will change." But unless progress is underpinned by legally-binding, permanent organisational change and genuine independence, the likelihood is that, over time, the interests of club owners will once again prevail and short-term gains will be lost and the future of the game itself will be jeopardised.

Could independent regulation be within the Football Association?

8. In our 2018 proposals (see Chapter Three), we proposed that regulation of football should be independent of those being regulated - the owners and directors of football clubs. At that time we suggested that an Independent Regulator could be located within the FA, recognising its historic role as the guardian of the game. We did not then believe that creating a new organisation to act as the Regulator was necessary or, in the absence of legislation, possible.

9. We presented our proposals to the FA Board in November 2018. The Board asked us to discuss the proposals further with their officials, which we did. Then, in October 2019, the FA Council passed the following resolution, no-one voting against:

“Council notes with regret and alarm the demise of one of our long-established community clubs and former FA Cup winner, Bury FC, and the threat to the continued survival of several other clubs. It believes that these failures indicate that the current financial and governance regulatory framework in the professional and semi-professional game needs strengthening. It further believes that the FA, as the governing body of the game, has a leadership and integral role to play in ensuring that such a strengthening occurs, in conjunction with the leagues in which those clubs play. It notes the Football Supporters Association's proposals for reform in this area presented to the FA Board, and requests the executive, in consultation with all stakeholders, including the Taylor review to be undertaken by the EFL, to take the lead in ensuring, as a matter of high priority, progress on the production of firm proposals for such regulatory reform.”

Despite the request in the resolution for *“the executive...to take the lead in ensuring, a matter of high priority, progress on the production of firm proposals for such regulatory reform”* other than a few amicable, low-key meetings, no progress was made.

10. In the period since 2018 serious problems have continued to develop in the game but we have seen a complete lack of “high priority” being given to the need for regulatory reform on the part, not only of the FA, but also the EPL and the EFL. Furthermore, over that period, there have been a number of expressions of concern by figures in the game at the FA’s structure and its working methods.

11. This lack of urgency to reform led us to the conclusion that it is now necessary to propose the establishment of a new regulatory body, for the men’s and women’s game, with statutory powers to regulate both the clubs, who were our previous focus for attention and to oversee the running of the game itself, by the FA, EPL, EFL, NL, FAWSL, and FAWC. We are driven to the conclusion that the football authorities themselves need regulatory oversight by the series of events of the last year or so.

12. In the future, if there is evidence that the FA has become enthusiastic about reformed regulation, totally independent of the owners and directors of regulated clubs and fit for the purpose of carrying it out, then perhaps it could take on the role. However, there would need to be some mechanism for ensuring it was constantly delivering on that role and achieving the objectives of good regulation.

Regulation in the football context - key aims

13. Introducing independent regulation into sectors where it has previously not operated in such a manner is always a considerable culture shock for the sectors concerned, and the bodies that operate within them. Football is not likely to be any different.

14. A new regulatory body needs to:

- ensure the stewardship of football clubs, as vital assets to the communities they serve, akin to listed buildings and national parks and requiring similar legal protection;
- pre-approve and supervise owners of clubs, and those responsible for the day-to-day running of clubs (e.g. directors and shadow directors);
- be able to promote and protect the quality and fairness of sporting competition;
- protect financial sustainability, business probity and integrity - of clubs, competitions and leagues;
- oversee the competitions that make-up the national game;
- protect the interests of supporters, club employees and local economies;
- gather intelligence and data about the performance of regulated clubs such that it can take action that mitigates problems quickly;
- identify and promulgate good practice;
- undertake regular, set-piece reporting on the overall health of the game as a whole;
- be transparent and responsive to all stakeholders including supporters.

At the moment, none of these outcomes are being achieved. Indeed, some of them are not even being attempted by the bodies who currently have the powers to regulate clubs.

15. There are strong precedents for such an approach. Some, or all, of the above features are routinely found in the *raison d'être* for the regulators that already exist in the UK. The last two of these are a key part of the work of the main Ombudsman bodies and ensure that the accountability for maintaining and improving standards continues to be rigorously applied - and reported to Parliament. The role of the current, in our view mostly-ineffective, Independent Ombudsman for Football established and run by the FA, the EPL and the EFL is considered below.

Key features of the Independent Regulator

16. A new Independent Regulator will need:

- to be established by legislation to give it due rigour and new legal powers over the regulated bodies;
- a clear and transparent basis of operation, ensuring that the running of competitions and the regulation of clubs is carried out in a satisfactory sustainable way, which is understandable for all stakeholders and which acts transparently, in the interests of all stakeholders, for the long-term benefit of the game itself;
- to be accountable in whole, or part, to Parliament. Any wholly non-Parliamentary alternative would have to meet the same standards of accountability. (Both are considered in more detail below.)
- to have real power to sanction clubs, owners and those responsible for the day-to-day running of clubs;
- regulated bodies will bear a significant proportion of the cost of regulation, through levies or fees. (An early issue for discussion is the extent to which Government is prepared to meet some of the costs of regulation through grant - and whether that is desirable. We believe that might be helpful but may be unnecessary.)
- legislation will need to address the executive functions of the Regulator (such as recruiting staff; spending money; securing premises) as distinct from its operational functions (e.g. carrying out audit and inspection work; managing cases; set-piece reporting.)

Scope and content of legislation

17. Our aim is to ensure that the content of any legislation following the Fan-led Review is:

- Comprehensive
- Robust
- Flexibly drawn where possible
- Effective
- Appropriate

18. An additional source of value for us will be in the extent to which the legislation is bold, radical, and significantly changes the way in which the game is governed and establishes a regime whereby the independent regulator takes all stakeholders' views into account, in the exercise of its functions.

FUNCTIONS/ACTIVITY WITHIN THE SCOPE OF THE LEGISLATION

19 This will require careful drafting, and this evidence can hardly be exhaustive, but the Independent Regulator should be responsible for:

- Stewardship of clubs and competitions
- Financial and budget management
- Corporate governance
- Management of risk
- Management of physical assets
- Maintenance of clubs as community assets, including heritage issues
- Supporter engagement
- Compliance (with competition rules, statute)
- Business planning
- Human resource management
- Leadership.

20. This is not simply a question of looking at individual clubs in isolation from one another, nor simply about measuring individual clubs against high standards of probity, although both are clearly important and are part of our proposals. It is also about ensuring that the League pyramid remains robust, populated by clubs who are operating on a secure footing and are able to compete effectively with one another, within a framework where rules and standards are consistently set and applied.

21. It is also about maintaining the sustainability of the individual clubs playing within the pyramid. Healthy competition thrives on clubs being able to be promoted and relegated, and when they do move between tiers of the pyramid, they should be able to continue to compete without having to make drastic changes to the way in which they manage their affairs.

22. At present, the lack of fairness in the way that money flows through the pyramid is leading to some perverse consequences, most obviously in the EFL Championship where a worrying number of clubs are spending beyond their income, and in some cases putting assets at risk in an attempt to win the disproportionate rewards on offer in the EPL.

23. These iniquities are compounded, to some degree, by the fact that there are currently multiple bodies exercising regulatory functions, and in some cases applying different rules and standards to similar issues, many of which are rules in name alone, and actually provide no real constraint against reckless owners. The creation of a single regulatory body will remove much of this uncertainty and will be accompanied by rules and sanctions that have real teeth.

24. For all these reasons, the Independent Regulator will need flexibly-drawn powers that allow not only for measuring compliance at the club level but also the ability to work holistically across the piece as needed, looking at multiple clubs, competitions and leagues as appropriate. This widely-drawn, discretionary ability to act is the best way of ensuring that the broad framework of rules that govern the various leagues supports the broad aims described above.

25. We envisage that the activities of the Independent Regulator should be proportionate to the quality of management of the organisations regulated, so that the level of regulation is appropriate to the circumstances. Where problems start to arise, the response from the Independent Regulator should be one of support, guidance, encouragement and assistance, with training provided to those who need help. But if attempts to prevent and resolve failures are ineffective or disregarded, then firmer action will be needed backed-up by statutory powers of intervention.

26. The regulation of clubs should have as a basic objective the ability to spot emerging problems before they become crises and to prevent catastrophic failures by early support and intervention. For this to work successfully, the Independent Regulator must be able to require clubs to provide 'real time' information on clubs' activities and particularly expenditure and income against business plan and budget forecasts, on a regular, prompt basis. Year-end published accounts will not suffice.

27. A complaint we have heard from those currently attempting to prevent clubs' financial failure is that they had to ask, time and time again, for accurate financial information, sometimes in vain. The Independent Regulator will need management information, which is current and clear. We propose that it would be mandatory for the management information to cover certain matters which are listed in the legislation, so that there is no room for clubs to pick and choose the information they send or attempt to pull the wool over the Regulator's eyes. If that is withheld, the Regulator should be able to send in auditors to gather the necessary information, without delay.

28. It is also important that the Independent Regulator is able to access information and concerns from stakeholders with an interest in the continued existence and prosperity of clubs - their supporters, business partners, local communities, etc. Those stakeholders should be able to alert the Regulator to emerging concerns and be able to access real-time factual information about their club.

29. There is also a role to prevent business and financial malpractice – actions that may benefit owners that are clearly contrary to the interests of supporters and communities. Such prevention may be through prohibition, decisions being subject to supporter consent through a 'golden share' or ongoing monitoring and/or intervention by the Independent Regulator.

BODIES TO BE WITHIN SCOPE OF THE LEGISLATION

Clubs

30. It is axiomatic that clubs will fall within scope of the legislation. But which clubs? Our 2018 proposal was that, in the men's game the Independent Regulator should cover all clubs in the EPL, EFL, the three Divisions that make up the National League, and the tier below that (level seven).

31. We tried to achieve a balance between the need to have effective regulation to protect and enhance historic clubs and to avoid placing an extra administrative burden on small businesses. We now propose that the seventh tier might be excluded from the remit of the Independent Regulator, as initially introduced, but that possible extension to that could be considered at a later stage, should it become necessary. Legislation could empower ministers to determine the tiers of clubs covered by the Independent Regulator by statutory instrument.

32. In the Women's Game, our proposal is that the remit of the Independent Regulator should cover all clubs playing in the Super League and in the Championship.

33. Excluding men's clubs at level seven and below and women's clubs below the Championship would not remove from their supporters the provision of new rights proposed in Chapter Six on Club Ownership and Supporters Rights, so long as the relevant criteria set out are met.

34. The Independent Regulator will have responsibility for the licensing of clubs, as proposed by us in 2018 in those leagues, ensuring that owners and directors are fit, proper and competent for their roles in exercising stewardship over clubs and that they have satisfactory plans for running clubs sustainably, within rules, conditions and Codes of Practice set by the Regulator. The Regulator must have powers to grant, renew, suspend or withdraw licences, in appropriate circumstances.

Other bodies

35. A wide interpretation of the principles of good governance and the regulatory standard set out above suggest that the legislation's reach should also extend to include at least some of the supervisory functions carried out by

- the Football Association (FA)
- the English Premier League (EPL)
- the English Football League (EFL)
- the National League (NL)
- the Women's Super League (FAWSL)
- the Women's Championship (FAWC)

There are currently 158 men's clubs and 23 women's clubs in those competitions.

36. We envisage that the legislation will define the current structure of competitions (both leagues and cups) in the men's and women's game, often known as "the pyramid." Any changes proposed to those structures would only be permitted after following a robust process of consultation and with the approval of the Independent Regulator. The Regulator will also have responsibility to oversee the basis for sharing, throughout the game, funds, from television contracts and other collective activity.

37. The relationship between the Independent Regulator, the FA and the leagues described above will be important. The fact that the Regulator will be taking on a significant swathe of the functions previously carried out by those bodies will require some separation of functions between the two. But the detailed manner in which the leagues are managed, and day-to-day decisions about competition rules will be the continuing responsibility of the current competition organisers. The Regulator would maintain an overview of the way those operational matters are handled but not interfere in the detail.

38. The relationship between Independent Regulator and the Football Association (and its Council) is especially delicate. The FA, uniquely, sits at the apex of our domestic game, and has international obligations - and lines of accountability - by virtue of its relationship with both UEFA and FIFA. It is said by some that the FA needs to change the way it is structured and the way it operates. We have not yet had the opportunity to consider precisely what changes might be necessary. More work needs to be done on this.

39. A further issue worthy of consideration is whether the current fragmented division of responsibilities for running the game, between the various leagues and the FA makes sense. We do not at this stage have a settled view on this, but the Independent Regulator might also consider whether a single organisation responsible for operating all the league competitions subject to regulation might be more coherent and efficient.

40. A key issue for the Fan-led Review relates to the sharing of Premier League TV rights income throughout the men’s and women’s games. We comment on this in more detail in Chapter Nine on Football Finance. The Review may express a view as to the future levels of such ‘solidarity’ funding and the mechanisms for keeping it under review. The basis for that may need to be covered by the legislation. However it is achieved, the Regulator will need to be able to monitor that and ensure that the outcomes of the Review are achieved and maintained. The Independent Regulator should be able to issue reports on any concerns, comment - perhaps in an annual report - on how the matter is being dealt with and alert ministers to any concerns or failures.

These relationship management issues, and how they impact upon the powers of the Independent Regulator are considered below.

COMPETITIONS WITHIN THE SCOPE OF THE LEGISLATION

41. We propose that the Independent Regulator should oversee the running of all the competitions which clubs in the legislation’s scope play in, and/or those that are administered by any of the other bodies named above.

That would give a list of competitions that includes:

- English Premier League
- English Football League (all Divisions)
- National League (all Divisions)
- Level seven, taking in the Northern Premier League, Southern League and Isthmian League (if these are included, which we do not recommend initially)
- FA Cup
- EFL League Cup (Carabao Cup)
- EFL trophy
- FA Trophy
- FA Women’s Super League
- FA Women’s Championship
- Women’s FA Cup

(The remit of the Independent Regulator should also extend to any new competitions that regulated clubs might play in, to cope with any future changes.)

42. The operation of the competitions would continue to be administered by the current football authorities (subject to any future changes in those.) The Independent Regulator’s role would be to monitor that and ensure that the competitions are run in a sound, responsible and sustainable way, taking full account of legal requirements, codes of practice and the interests of all stakeholders, including the supporters. The Regulator will need powers to prevent proposed changes in European and global competitions which have implications for the strength of the pyramid and the viability and attractiveness of domestic competitions

POWERS OF THE INDEPENDENT REGULATOR

43. The bullet points above which describe the regulatory standard put a clear emphasis on protecting stakeholder interests, preventing serious or endemic failure and highlighting and promulgating good practice.

44. The ability to gather relevant intelligence in a timely manner will therefore be very important and suggests that the ability to carry out audit and inspection functions is the minimum that an Independent Regulator should reasonably expect. If it is also to contribute to the maintenance of competition integrity, provide early warning of poor performance and raise expectations (and outcomes) in terms of good governance, the Regulator will require a mixture of mandatory and discretionary powers to act.

45. A key part of the Regulator's club licensing role will be to assess how well clubs comply with the requirements of the *Code of Practice on the Stewardship of Clubs*. The Regulator could publish regular benchmarking information, based on 'real-time' data from clubs, about this so that good practice is highlighted and is therefore available to assist clubs to learn from each other and improve.

46. It may be helpful at this stage to differentiate between the **executive functions** of the Independent Regulator - what it does to manage itself and its **operational functions** - what it does in pursuance of its statutory role.

Operational functions

47. The working assumption here is that the Independent Regulator will:

- have a range of powers, both explicitly drawn and discretionary;
- perform both programmed and more ad hoc work; and
- be able to do investigative as well as factual reporting.

48. As a minimum, it will need powers to:

- grant, renew, suspend or withdraw licences to own and operate clubs;
- commission and undertake programmed audit and inspection of regulated bodies;
- keep under review the structure and effective of the bodies responsible for running the game and its competitions;
- commission and undertake bespoke audit and inspection of regulated bodies.

49. Specifically, in order to perform its investigative and inspection functions, it will need powers to:

- examine any documents held by and/or generated by regulated bodies;
- interview club owners, staff and board members employed or retained by regulated bodies;
- commission or undertake research on its own behalf or that of the sponsoring Government Department;
- undertake specialist diagnostic work (e.g. on financial health, corporate health, accounting practice) on one or more regulated body as it deems appropriate;
- Offer and facilitate training, support and guidance to regulated bodies.

50. Our definition of good regulation includes an ability to protect the integrity of regulated bodies, and to identify and promulgate good working practice. In this regard specifically, the regulator will probably need powers that provide for:

- publishing individual case reports;
- undertaking and publishing ad-hoc reports on generic issues;
- issuing guidance or publishing Codes of Practice to be followed by regulated bodies, and monitoring compliance with them;
- making binding recommendations to regulated bodies about remedial action required to remedy failure and improve performance and /or the FA on issues of national importance, which might include revenue distribution, asset management, supporter involvement, owner and director conduct; **
- making non-binding recommendations to the sponsoring Government Department. The nature of recommendations - and the extent to which they need to be prescriptive - needs careful handling.

51. It is impossible to anticipate all the circumstances in which the need for the Independent Regulator to make such recommendations to the FA will arise. But one example where it would be helpful for it to be able to do so would be in respect of the way that the FA manages its own system of corporate governance. It would be helpful, as suggested above, if the Regulator were to consider the manner in which the FA National Council operates and is constituted.

52. The powers relating to sanctions of licensed clubs' owners and directors are necessary to make a licensing system effective. We are less sure that such powers are necessary or appropriate in the case of the FA, EPL, EFL, NL, FAWSL and FAWC. We do not propose a licensing system for those bodies. However, the Independent Regulator should monitor their performance against legal requirements and the outcomes of the Fan-led Review. The Regulator should be able to require them to put right any deficiencies or failures found through that monitoring, coupled with powers to report concerns to the minister and to refer to the Courts any apparent breaches of legal duties.

53. Similarly, the relationship between the Independent Regulator and the sponsoring Government Department is such that the former will only be able to recommend, rather than insist upon action in relevant areas.

Executive functions

54. The Independent Regulator will need powers to:

- Spend money (i.e. incur revenue and capital costs)
- Hire and pay staff
- Operate business premises.

RELATIONSHIP WITH SUPPORTERS AND OTHER STAKEHOLDERS

55. All of the functions described above are designed to allow for a corporate approach to managing performance. But there is, and will continue to be, a need for an effective process whereby supporters' groups, individual supporters and other members of public can raise with the Independent Regulator issues of concern about a regulated body.

56. Our working assumption is that, as now, the first port of call for someone with a concern about a regulated body should be the regulated body itself. Where that does not lead to resolution however, there should be a clear process for matters to be raised with the Independent Regulator. There would be a need, at the first point of contact, for a distinction to be drawn between matters of individual concern - relating to customer service or other personal issues - and to matters which have a wider regulatory significance.

57. There is now an Independent Football Ombudsman (IFO). We propose that the IFO be transferred to the Independent Regulator. Matters of individual concern mentioned above would be referred internally to the IFO. Regulatory issues would be dealt with separately. We see advantages in both functions sitting within the same organisation as intelligence from one 'side' of the work can inform the other.

58. This new body would be quite different from the current IFO. Our proposal is that it would be:

- wholly independent of the leagues and other regulated bodies
- take balanced decisions in the interests of all stakeholders.

TACKLING SERIOUS FAILURE

59. It is a fact of life that there will be poor practice, improper conduct and failure, and the Independent Regulator will need a sliding scale of powers in respect of those. We propose a wider range of powers, which could include powers to:

- impose fines on regulated bodies and/or named individuals (such as owners and directors) therein;
- impose non-financial penalties on regulated bodies and named individuals, such as owners and directors
- suspend or withdraw licences;
- require regulated bodies to carry out specific actions;
- require regulated bodies to accept external support;
- require regulated bodies to co-operate with person(s) appointed by the regulator, including delegation of functions to such person(s).

SANCTION POWERS

60. Moving straight to the exercise of the formal powers described would have to be considered according to the circumstances of the individual case. However, one of the most unsatisfactory aspects of recent, high profile cases is that it has been the supporters of the clubs concerned who have suffered the most as a result of the mismanagement of their club rather than the owners and directors responsible. The supporters of Bury and Macclesfield Town lost their football club. Those towns lost valuable community and economic assets. We need to create a suite of powers that provide for this scenario to be tackled effectively.

61. We are proposing a power to apply sanctions, whereby the owners and directors of regulated bodies might be excluded entirely from the management of them, for a period, or altogether. These are envisaged as being used only in the most serious cases where failure or non-compliance has been, or is serious, persistent or wilful.

62. In such a scenario, the solution should be sanctions against the owners of the club, rather than against the club itself. Under the current rules, it is the club and the supporters who lose out when the club is expelled from the league.

63. Therefore, we propose that the Independent Regulator will have the power to:

- Suspend the owners' involvement in the club (potentially, but not necessarily, by application to the Court). This would be a bit like applying an 'emergency handbrake', as it would be a way of halting their control, and stopping things getting worse.
- Suspend the involvement in the club of any directors appointed by the owners. As above, this is part of the "emergency handbrake".
- Appoint:
 - independent interim directors to run the club; and/or
 - the relevant Supporters' Trust (as holder of the "golden share") to run the club in the interim, until new owners are found. (Might not be appropriate where the Supporters' Trust lacks individuals with the necessary expertise, which is why it should be an option for the Independent Regulator, rather than a requirement, to be exercised only when the Regulator, taking advice from the FSA, is satisfied that the Trust includes individuals capable of running the club on an interim basis, who themselves could pass the relevant Owners and Directors test.)
- Require the owners to sell the club (again, potentially by applying to the Court) by way of an auction process on the open market, supervised by the Independent Regulator or the Regulator's appointee. Such quasi-company auctions are well-established processes for selling legal entities, where, over a specified period, potential bidders could be invited to review and speak to people at the club and submit an offer. If the legislation requires an auction process this would prevent an owner dragging its feet and saying that it cannot find appropriate bidders; an auction process would bring the bidders to the owner and force it to sell.

64. The legislative regime may of course have to contain limits on what a club operating under the 'interim control' referred to in point 3 above can do. For example, the club might be prohibited from selling major assets, signing players without the Independent Regulator's approval and so on. This would be necessary to preserve the club as much as possible for the prospective owners. We propose that a central fund is established (funded by levies on clubs) to be used to keep clubs going in such situations although prompt action, with intervention before operating deficits become too great, may minimise the need to draw on this fund.

65. Providing the Independent Regulator with the powers set out above would allow it to target and sanction the owners (and the directors they have appointed), and effectively extricate the club from their control. The club itself would maintain its league position and would retain all its playing staff, stadium, training ground and other assets (to the extent they are owned by the club) as a legal entity capable of being sold to new owners.

66. These are clearly far-reaching proposals and may meet with some resistance. We will continue to refine them. Without powers such as these, the only potential consequence following a total failure of the stewardship of club owners is that the supporters see their club disappear. We are determined to find a way of preventing that from happening. We believe that powers like these, exercised professionally and promptly, could have saved Bury and Macclesfield from extinction.

DUTIES OF THE INDEPENDENT REGULATOR

67. This list is not exhaustive, but could include:

- a duty to report annually to Parliament on all matters under its purview, and to submit to such other scrutiny as Parliament requires
- a duty to report publicly on any specific matters of concern arising out of its programme for work (this could equally be a power)
- a duty to make non-binding recommendations to the sponsor Government Department and / or FA on issues of national significance and/or those commissioned by the sponsor
- a duty to report on key metrics of performance
- a duty to publish accounts

COMMENCEMENT

68. This is necessarily wholly uncertain as things stand but we may wish to take a 'horses for courses' approach to this issue:

- specifically, it would probably be sensible for legislative provisions that create executive functions to commence immediately upon Royal Assent;
- there may be some operational provisions that we wish to treat in the same way - those around evidence gathering, identifying and commissioning research, interviewing key people are examples of this;
- other provisions - particularly those that impose a duty upon the Independent Regulator - should commence on an agreed date after Royal Assent that will reflect a balance between not creating unnecessary delay but aligning the new arrangements with key dates in the annual football calendar.

WHAT ORGANISATIONAL FORM SHOULD THE INDEPENDENT REGULATOR TAKE?

69. In preparing this paper we have looked at a range of models, most of which feature in the UK regulatory landscape already and thus offer useful precedents. In particular, we have been assisted in the development of this paper by the regulatory team in the London office of HFW, an international law firm.

70. Attached as Appendix A to this chapter is a document prepared by them showing how the form and approach to regulation of the UK's Financial Services sector could be adopted in the context of football.

71. When people analysed the financial crisis after 2008, the then existing form of regulation was viewed as a disaster. Part of the reason for this is that it was a 'tick box' system. In other words, if a company was able to prove that it followed the overly-prescriptive rules (e.g. "you must have a director who is responsible for treating customers properly"), the company wasn't to blame if in practice those rules didn't result in a good outcome (e.g. that actually the director was terrible at his/her job, and customers were treated badly).

72. As a result of the crisis, the entire financial regulatory system was completely overhauled. This included (for example) the previous regulator being disbanded and replaced in 2013, and vast changes being made (particularly in 2016) to the way in which financial services entities are regulated. The rules and regulations are now unrecognisable to those existing in 2008, particularly for banks and insurance companies.

73. The changes included reshaping the system to focus on the *outcomes* of the rules – to use the example above, the post-crisis version of that rule would be "You must ensure that customers are treated properly" (i.e. if you don't, you've breached the rule). The new regulators were also given much greater powers

to police and enforce the rules. If anything, the financial regulators are these days accused of being *too* consumer-friendly – our equivalent would be a regulator which is too supporter-friendly, which wouldn't be a bad thing!

74. The key questions are:

- the nature of the Independent Regulator's relationship with its sponsoring Government Department and Parliament; and
- how it is funded - and by whom.

75. There are some clear advantages in creating a body which has strong Parliamentary oversight. It adds a degree of extra rigour to the system, reflects the national cultural significance of the sport and offers the Independent Regulator certainty and security about its status and longevity.

76. However, this is not the only possible approach, and we have looked at a non-Parliamentary alternative. This would clearly still have a strong degree of rigour, drawn from the statute that establishes it. But such a model might be constructed in such a way as to mean it is wholly funded from within the football world itself, perhaps via levies on gambling, broadcast revenues, agents' fees, or a combination of all these things.

77. Such financial self-reliance would clearly bring some political advantages, albeit ensuring that the Independent Regulator is itself subject to strong scrutiny would be very important and need careful consideration.

78. Details of two models, with a brief summary of benefits and disadvantages, are as follows:

Regulatory Models

1. Non-Parliamentary Body

This option would involve the establishment of a body similar to other well-established independent regulatory bodies, such as the Financial Conduct Authority and the Prudential Regulation Authority. We envisage that it would be:

- accountable to a Stakeholder Board drawn from across the Industry;
- funded by regulated bodies, possibly through levies from broadcast revenues, gambling, and agent fees
- re-allocation of resources currently earmarked for regulatory work by the leagues
- and have a range of regulatory/scrutiny/reporting functions conferred by statute

Pros

- Can draw on good practice in other regulated sectors
- Can minimise disruption in transition from current arrangements to new
- Would probably encounter limited resistance from otherwise hostile quarters
- Not reliant upon financial support from Parliament

Cons

- New regulatory powers would require legislation
- Funding arrangements might inhibit challenge and innovation

2. Non-Ministerial Department

- May have no direct political oversight (by a named minister)
- headed by a recruited CEO on civil service terms
- typically used for regulatory or inspection bodies
- legal status therefore chosen to offer protection from political interference
- accountable to Parliament and the Courts
- funding usually comes from Treasury (rather than sponsoring Department), plus a levy or fees paid by regulated bodies
- Examples OFWAT, OFGEM

Pros:

- strong degree of autonomy
- strong precedents for the regulatory function
- mixed funding regime
- strong accountability mechanisms
- status in law confers weight

Cons:

- mixed funding regime will put spotlight on value for money
- lacks Ministerial clout if headed at official level

Regulatory decision-making

79. Whatever legal form is chosen, the Independent Regulator should have a board responsible for key decisions on the running of the organisation and on the conduct of regulatory functions - such as setting rules and standards, agreeing Codes of Practice, approving changes to competition structures and deciding on sanctions to be applied for breaches of licence conditions.

80. The board could be appointed by the relevant minister after consulting a group of stakeholders including the football authorities, the FSA, and the PFA. Care would need to be taken to avoid concerns (for example on the part of FIFA) about political interference in the game. An alternative would be for a panel of stakeholders' representatives to appoint the Board. A problem with that would be greater potential for conflicts of interest if regulated bodies are themselves able to appoint (and remove) board members, which must be avoided.

81. It is suggested that the Regulator and hence its board must be independent of those individuals and organisations being regulated. Therefore, it should not have nominees from the football authorities (EPL, EFL, FA, NL, FAWSL, FAWC) and should not contain owners and directors (including shadow directors) of football clubs or people who have held such roles in the previous, say, three years.

82. It could comprise people such as former players and managers, from both the men's and women's game, professionals such as an accountant and a lawyer experienced in sporting matters, supporters' representatives nominated by the FSA, an academic with experience in football matters, and others with experience in regulatory work in other sectors.

APPENDIX A

A NEW INDEPENDENT REGULATOR FOR FOOTBALL

LEGAL FRAMEWORK

A. OVERVIEW

This paper sets out:

- An overview of what the regulators in the financial services sector do and how they carry out that role.
- An explanation of how a similar regulator could be created for football, and why it would work.

The UK financial services sector has two regulators which supervise the conduct of financial services businesses and individuals, and set specific standards that these entities and individuals must comply with. The general aim of the regulators is to make the financial markets work well and to promote the safety and soundness of businesses that they regulate, in order to protect the economy and the interests of consumers. These aims align nicely with the aims of a new independent regulator for football, which we will refer to in this paper as the Football Regulation Authority ("**FRA**"), e.g. "to make football clubs work well, and to promote the safety and soundness of clubs, in order to protect the economy and the interests of supporters and other stakeholders."

This paper focusses on particular areas of the financial services regulators' work that could be applied to the regulation of football. It sets out how the financial services regulators operate in these specific areas, and explains how such practices could be applied to a regulatory framework for football. It also shows that such a regime already exists and works well in the financial services sector, so is the perfect model for an independent football regulator.

This paper does not seek to set out the detail of all of the proposals, but to explain the legal framework for those proposals. The detail (for example, the exact types of financial controls) can be populated using the FSA's existing work¹, or the work of others. Instead, we are proposing the framework, areas of jurisdiction, and enforcement powers for the FRA.

¹ References are made throughout this paper to the FSA's existing proposals as set out in its Policy on Football Reform 2021 ("Reform Policy") and proposals to the FA – Improving the regulation of professional football clubs ("Regulation Proposals").

B. WHY WOULD THIS MODEL WORK IN FOOTBALL?

There is no reason that the government cannot introduce legislation covering all of the proposals set out below, and the proposals set out in more detail in the FSA's Reform Policy and Regulation Proposals.

The UK has a legislative regime which applies to banks, insurance companies etc. – some of the largest companies in the world. If independent regulators can regulate these types of companies, there is no reason that the FRA cannot do the same to a football club. For example, the table below sets out a comparison between the figures of Munich Re (one of the largest insurers in the world, and which is regulated by the UK's independent regulators) and Liverpool for their pre-Covid 2019 financial year. This shows that even the biggest clubs do not really compare in scale to the businesses regulated by the financial services regulators.

	Munich Re	The Liverpool Football Club and Athletic Grounds Limited
Turnover	€51.457bn	£533m
Profit	€2.7bn	£33.39m
Number of staff	39,662	853

Although football clubs are smaller than banks/insurers, they are of equal (if not greater) non-quantifiable/intangible importance to the community.

The idea that EPL clubs are "too big" for the regulatory regime, or have some special status that would mean it should not apply to them, would not stand up to any scrutiny. The financial services regulatory regime applies to everyone within it, although certain rules apply to different extents – for example, some rules may be inapplicable to smaller clubs. However, the point is that, if anything, the larger clubs should be *more* regulated. In the financial services sector, a large insurance company is not *less* regulated than a small one, so it cannot be argued that EPL clubs should be *less* regulated than EFL clubs.

Having an independent regulator would not make the English game unattractive. The pyramid has to compete with overseas leagues, in the same way that banks/insurers can choose to sell their products in the UK or not. The UK's financial regime is recognised as tough and a "gold standard", but one which people want to be part of. In other words, there is no reason why tough regulation cannot attract the best, or will put off international business. The UK is the home of football, and establishing the FRA is a way to lead by example

<u>(1) Topic</u>	<u>(2) How does it work in the financial services sector?</u>	<u>(3) How would this work for football regulation?</u>
<p>Change in control approval</p>	<p>Individuals or companies that wish to acquire or increase control in a regulated entity must seek prior approval from the regulators.</p> <p>The requirement to obtain approval applies to anyone seeking more than 10% control, and approval is needed when crossing further thresholds of 20%, 30% and 50%.</p> <p>Disposals of ownership that cross these thresholds also need to be notified.</p> <p>The regulators consider the suitability and experience of the controller by assessing the following:</p> <ul style="list-style-type: none"> • Planned changes in business activities, strategy and governance arrangements. • The rationale for the appointment and suitability of members of the board. • Source of funding and projected financials. • Detailed ownership charts. • An understanding and mitigation of the risks in the controller's business model. • Current and potential conflicts of interest, and how these will be managed. • Individuals intending to acquire a more than 50% control must submit a business plan. 	<p>The FRA could scrutinise incoming owners in the same way as the financial services change in control regime. This would be consistent with the FSA's Reform Policy and Regulation Proposals.</p> <p>The FRA change in control framework should be more robust than the current limited OADTs, thereby addressing the concerns. The FSA's proposals suggest a new Owner's Test to approve ownership of >25% of a club, with additional requirements that crossover in many ways with the FCA/PRA requirements (e.g. submission of a business plan, projected financials, appointment of individuals with necessary skills and experience).</p> <p>We recommend more control thresholds (i.e. 10%, 20%, 30%, 50%) and taking into account additional factors such as those required by the FCA/PRA (e.g. detailed proof of funds, ownership structures, conflicts of interest).</p> <p>The FCA's proposals envisage a regulator conducting a form of due diligence prior to any acquisition of control of a club. Such due diligence could include any additional factors listed in column 2 which are assessed by the financial services regulators.</p> <p>The FSA has proposed revisions to the current timescales for a change in control approval process. We recommend that the FRA adopts a period closer to the financial services 60 working days assessment period. The FRA should also have the ability to request additional information during this period and be given additional time to assess any further information provided.</p> <p>The football authorities could make it a criminal offence if an owner acquires control in a club without obtaining prior approval from the FRA. However, achieving this would require government intervention as the criminal nature of the offence would be set out in legislation.</p>

		<p>The regulators have up to 60 working days to assess a change in control case, and can ask for additional information during this period.</p> <p>It is a criminal offence if you fail to get the financial regulator's approval before acquiring control in a financial services entity. The regulators can fine anyone who acquires control without getting approval.</p>	<p>The FRA should also be granted powers to impose fines against the incoming owners.</p> <p>Any sanctions imposed by the FRA would not have to (and indeed in these cases should not) apply to the club in question; financial regulation works perfectly well by punishing incoming owners, rather than the entity itself.</p> <p>The FSA's view is that a revised OADT must include fan consultation. The FRA could invite further fan/stakeholder input on its assessment of a change in control application (in addition to the fan/stakeholder representation already on the FRA board).</p>
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<p>2.</p>	<p>Ongoing conduct standards</p>	<p>Individuals who exert significant influence (including directors) over authorised entities must be approved by the regulators. Approved persons must:</p> <p>Satisfy standards of conduct that are appropriate to their role (the ‘fit and proper’ test, but one which has real teeth and is actually difficult to pass. It is also a continuing obligation).</p> <p>Comply with the regulators’ principles, codes of practice and individual conduct rules.</p> <p>Such obligations include:</p> <ul style="list-style-type: none"> • Acting with honesty and integrity. • Acting and managing the company with due skill, care and diligence. • Observing proper standards of market conduct. • Dealing with regulators in an open and cooperative way. • Directors are also required to ensure good corporate governance (i.e. the ways in which companies are directed and controlled), which includes: • Engaging with employees, suppliers and customers and reflecting on the long-term consequences of decisions in respect of employees, suppliers and customers. • Having regard to the interests of the local community and environment in the company. 	<p>Some of the existing financial services conduct requirements could be incorporated into the FSA’s proposals for a new Code of Practice, to be applied by the FRA as ongoing conduct standards for club owners and directors.</p> <p>The financial services regulators’ general requirements as to observing “proper standards of market conduct” and a corporate governance approach that focuses on long-term community/customer engagement could be adopted by the FRA. Such community/stakeholder-facing principles should be broad enough to cover anything of relevance to community/supporter interest.</p> <p>The FRA could cite the specific considerations that owners and directors must take into account as an ongoing obligation, such as the sustainable future as an organisation, key assets of the club, relationship with supporters and partnership with stakeholders.</p> <p>The FRA conduct standards specific to community engagement could include the FSA’s proposed requirement that clubs should be required to demonstrate evidence of majority support amongst supporters for certain proposals which might damage the club’s community value.</p> <p>The FRA could also adopt the following financial services requirements:</p> <p>Ongoing satisfaction of the ‘fit and proper’ test for club directors to demonstrate their suitability to run the club.</p> <p>“Dealing with regulators in an open and cooperative way”, which would encourage club directors to satisfy the FSA’s aim of fostering greater collaboration and transparency between clubs and the football authorities.</p>
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		<p>An approved person is individually regulated and therefore personally accountable to the regulators. The regulators can take enforcement action against approved persons if they do not comply with the regulators' principles or are knowingly involved in a breach by the company of regulatory requirements.</p> <p>Sanctions include fines, suspensions and restrictions, bans from working in financial services, withdrawal of approval and issue of a public statement of misconduct.</p>	<p>The FRA could adopt similar enforcement mechanisms to the financial services regulators to ensure that club owners and directors comply with a Code of Practice on an ongoing basis. Such mechanisms could supplement the enforcement powers envisaged in the FSA's proposals to sanction directors. In particular, the FRA's ability to issue of a public statement of misconduct could achieve the FSA proposal of increasing transparency on individuals who own and manage clubs.</p> <p>If EFL discussions on the possibility of taking action against individuals and not just clubs progress and are introduced across the pyramid, then such action could be codified as the part of the FRA's powers covering the whole pyramid rather than just the EFL.</p>
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<p>3.</p>	<p>Prudential / financial standards</p>	<p>Financial services entities are regulated and supervised in accordance with prudential standards that require such entities to maintain sufficient capital and have adequate risk controls in place to reduce the chance of getting into financial difficulty.</p> <p>The intent of the close supervision under these standards is to ensure that the regulators have a comprehensive overview of a business' activities so that they can step in if they are not being run in a safe and sound way.</p> <p>Regulatory supervision can be broken down as follows:</p> <p><u>Tailored supervision</u>: each entity is supervised according to its needs and the impact it would have on the economy, should it fail – one size does not fit all.</p> <p><u>Adequate resources</u>: entities are encouraged to hold adequate financial resources, specifically capital and liquidity, to ensure business continuation.</p> <p>The financial services regime also contains rules on the outsourcing of key functions, which include:</p> <ul style="list-style-type: none"> • Expectations during the pre-outsourcing phase as to the materiality, risk assessment and businesses' due diligence of outsourcing and other third party arrangements. • Some outsourcing/third party arrangements require prior notification to the regulator. 	<p>The FRA could adopt a set of financial standards similar to the financial services sector to protect the financial status of clubs. This would be in the form of a single set of standards across all EFL divisions and the EPL, as envisaged in the FSA's Reform Policy.</p> <p>This framework should include tailored supervision, with different requirements depending on the size, revenue etc. of a club, which would allow FRA supervision to cover the differences between the EPL, EFL and NL (as identified in the FSA's Reform Policy) and provide clarity to clubs as to the applicable standards. This tailored approach would also enable the FRA to apply less onerous standards to smaller clubs, whilst placing stricter requirements on larger clubs. This approach is adopted in the financial services sector, where some smaller business are exempt from certain rules and large entities are more heavily regulated.</p> <p>The FRA could adopt certain fiscal controls that can look at a club as a whole and provide a wide-ranging overview of a club's activities. For example, the FRA could set criteria that include non-playing staff within the scope of certain rules relating to wages, so that clubs cannot circumvent rules by shifting expensive individuals into non-regulated parts of their budget. This links to the FSA Reform Policy's emphasis on clearly defining the scope of salary costs.</p> <p>This should be accompanied by specific rules regarding playing staff, e.g. salary controls as proposed in the FSA's Reform Policy. Any new regulatory framework should include separate caps on wages for playing staff, or clubs could spend more of the overall pot on players simply by laying off non-playing staff, which would clearly be counter-productive.</p> <p>As per the Reform Policy, a wage cap should take into account the nature of a club's revenue; the financial services sector works this way (e.g. X% of an entity's capital can be held as type Y of asset). This will ensure that the rules work whatever the size of the club. This would also ensure that well-supported clubs in a "lower" division are not unfairly disadvantaged by using gate receipts for wages.</p>
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		<p>Regulated entities are required to provide regular regulatory returns:</p> <ul style="list-style-type: none"> • These include both qualitative (i.e. figures/data) and quantitative (i.e. descriptive) information relating to the business' solvency and financial condition. • The regulators publish templates which entities can use to submit their financial information. • Some of the financial regulatory returns are made available to the public. • Financial returns are generally submitted on a quarterly or annual basis. 	<p>As recognised in the Reform Policy, any standards that are measured against income would require tight controls on and a clear definition of what constitutes "income" to avoid artificial inflation of revenue by clubs. For example:</p> <ul style="list-style-type: none"> • Income could include equity or gifts, but must not include debt. • There should be tight controls around non-arm's length deals to avoid "financial doping" with related parties (as noted in the Reform Policy) e.g. owners providing backdoor income through inflated "sponsorship" contracts. <p>Such controls on related party transactions could be based on the outsourcing rules and regulator assessment of such arrangements in the financial services sector, so there is no reason for the FRA not to have rules on naming rights, external sponsorship, contracts with agents and other "key contracts" of a club.</p> <p>Clubs could also be required to obtain prior approval by the FRA of their business plan (e.g. wages, transfer budget etc.) and/or be subject to controls on how much can be spent on certain things, e.g. wages, agent fees. This requirement for FRA approval could be linked to the Reform Policy's proposal of an annual solvency test, which could be enforced by restricting transfer window spend. However, as noted by the FSA, enforcement action should be a last resort and the FRA can be a proactive regulator calling out concerns and working with clubs to develop appropriate financial strategies.</p>
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			<p>The financial reporting framework in the financial services sector overlaps with many of the proposals set out in the Reform Policy and Regulation Proposals on expanding the reporting by clubs, such as:</p> <ul style="list-style-type: none"> • Standardised template-based financial reporting. The use of detailed reporting templates would also go some way to satisfying the FSA redline of absolute clarity on what is included in revenue and cost calculations. • Financial returns from clubs monitored on an ongoing basis with set reporting periods for submission to the FRA (pre, mid and post season returns, with the FRA able to request additional information at any point), and an obligation on clubs to report any actual or potential material (to be defined) departures from such submissions. • Transparent reporting, with some submissions made available to the public. • A combination of figures/data and descriptive information provided to the FRA. The latter could be in the form of the FSA's proposed requirements for an updated business plan showing how the club will be operated in a financially sustainable manner and a factual report describing compliance with the Code of Practice.
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<p>4.</p>	<p>Enforcement</p>	<p>The financial services regulators’ enforcement divisions ensure that there are real and meaningful consequences for both businesses and individuals who do not comply with the relevant rules and/or meet the regulators’ standards.</p> <p>Their enforcement powers are wide-ranging and consist of the following:</p> <ul style="list-style-type: none"> • Withdrawing an entity’s authorisation. • Prohibiting an individual from working in the financial services sector. • Suspending/restricting businesses and individuals from undertaking regulated financial services activities. • Issuing fines against businesses and individuals who breach rules or commit market abuse. • Issuing fines against businesses breaching competition laws. • Making a public announcement when beginning disciplinary action and publishing details of any action taken. • Conducting interviews with individuals of regulated entities. 	<p>The FRA needs real teeth and ability to take action in order to deter improper conduct by clubs, owners and individuals involved in the running of the club. The FRA should be granted wide-ranging powers similar in scope to those available to the financial services regulators.</p> <p>The FRA could levy sanctions, e.g. fines, transfer bans. As proposed in the FSA’s Reform Policy, the available sanctions could be set out in a standard tariff system of penalties made public and applied when rules are broken. The sanctions could be set on a sliding scale which increase in severity depending on the nature of any breaches and whether the club or individual in question is a repeat offender.</p> <p>The FRA should have the power to take action against all relevant parties i.e. owners and those individuals involved in running clubs, in addition to the clubs themselves (as proposed in the Regulation Proposals). This would deal with situations where the club itself has not done anything wrong, or where it would be inappropriate to punish the club.</p> <p>We understand that the EFL has considered the possibility of taking action against individuals; if these discussions progress, they may be the ideal springboard for granting an independent football regulator the power to take action against owners and individuals across all of the divisions.</p> <p>The FRA should have the power to prevent (pre-emptively or by removing them from their post) owners and individuals being involved in owning or running football clubs. The FSA proposals suggest that the existing rules should be modified to allow for repeated non-compliance to result in fines, suspension or, ultimately, disqualification as a director. All of these options are open to the financial services regulators in relation to sanctioning individuals, so it is not unreasonable to propose such powers for the FRA. In fact, we suggest that repeated non-compliance does not need to be a condition to such enforcement action, and that if a one-off offence is serious enough in itself, this should be sufficient for the FRA to take such action.</p>
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			<p>The power to suspend or disqualify an owner or individual should be for a much broader range of reasons than the current test and not just based on, for example, fraud. This ties in with the proposals regarding the expanded scope of change in control considerations and ongoing conduct standards as set out above.</p> <p>The FRA could also be granted the power to publish public enforcement notices setting out certain information about enforcement action. This would inform all supporters and stakeholders of any misconduct by clubs, owners and individuals, maximise the deterrent effect of enforcement action and ensure that the FRA's decisions are transparent (the latter, a key proposal under the Reform Policy).</p> <p>The Reform Policy proposes that in order to aid effective reporting any breach discovered retrospectively through misreporting could be more severely punished. However, the FSA also wants an independent regulator to take a collaborative approach with clubs to ensure their compliance with the relevant standards. Therefore, the FRA could bring about such collaboration by giving clubs the chance to rectify any breaches as soon as they become aware of a breach. Enforcement action would follow if the club fails to take any rectification steps. A similar approach could also be taken in relation to breaches discovered retrospectively through misreporting; more severe punishment should only be handed out by the FRA if the club in question misreported fraudulently or fails to rectify the breach once discovered.</p>
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<p>5.</p>	<p>Structure of the FRA</p>	<p>The financial services regulators are independent public bodies that generate income to pay for their work.</p> <p>The regulators are not a company, but are nationalised. However, they have been granted independence in some areas of their work to ensure that decisions are free from political influence.</p> <p>They are publicly held to account by the Treasury and/or Parliament:</p> <p>Parliament's committees regularly ask the chief executives and other senior representatives to explain how and why the regulators arrive at their decisions.</p> <p>In particular, the committee asks questions about the regulators' approach to monetary policy, financial stability and prudential regulation.</p> <p>Parliament also questions new members of the regulators' policy committees before they start their role.</p>	<p>The structure of the FRA should follow the precedent set by the financial services regulators, in that it is not a company but rather an independent public body.</p> <p>The FRA should be given an appropriate amount of independence from the government to ensure that its decisions are free from political influence and avoid any inference that the FRA is operating as a branch of government.</p> <p>However, the public accountability of the FRA could be reinforced by making the regulator and its individuals subject to regular questioning by committees run by the government and/or the football authorities. In particular, proposed new members of the FRA's decision-making bodies should be vetted by such committees before they start their roles.</p> <p>The FRA's exact governance can be determined later and is something of a technicality. However, there are particular aspects of the financial services regulators' structures that could be incorporated.</p> <p>The appointment of an externally-facing chair with responsibility for engaging with stakeholders would ensure that a focus on supporter engagement filters down through the regulator from the top.</p> <p>This should be complimented by a board that contains a mixture of independent experts (some of whom would potentially not have a football background in order to add their expertise of regulation). Of course, at least one board place should be reserved for a supporter/community representative. This is consistent with the FSA's key proposal of a regulator's board comprising of a mixture of stakeholders and independents. Board members could be appointed by the football authorities and/or government.</p> <p>Any committees/divisions of the FRA should include external individuals who have the relevant knowledge and experience as well as an appreciation for the community importance of the game, in line with the Reform Policy's redline of a regulator that is independent of owners but inclusive of stakeholders.</p>
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		<p>The regulators' structure includes the following key positions:</p> <ul style="list-style-type: none"> • The Chair, who has an important externally-facing role with stakeholders. • Chief executive. • Board of directors, whose members are appointed by the government. • Committees, to which the Board delegates certain functions/powers (e.g. Regulatory Decisions Committee). The committees include people from outside the regulators who have relevant knowledge or experience. 	<p>Such separate committees/divisions of the FRA could be divided by responsibility for different functions, e.g. a change in control division, an ongoing supervision division, an enforcement division.</p>
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<p>6.</p>	<p>Jurisdiction, and interaction with other regulatory bodies</p>	<p>The UK's approach to financial services regulation involves several regulators/bodies, each with their own responsibilities and objectives. These bodies include:</p> <ul style="list-style-type: none"> • Financial Conduct Authority (the "FCA") • Prudential Regulation Authority • Bank of England • Financial Policy Committee • The Treasury <p>Such bodies cooperate closely with each other as well as with other UK agencies, government departments and regulators.</p> <p>The regulators have a list of designated professional bodies and other financial services organisations with which they regularly engage.</p> <p>The regulators are required to consult on the impact of their work with independent statutory panels. These panels represent the interests of consumers and practitioners, including smaller regulated firms and financial market participants.</p> <p>The aim of these panels is to play a role in both advising and challenging the regulators, and to bring a depth of experience, support and expertise in identifying risks to the market and to consumers. The regulators consider their views when developing their policies and when deciding and implementing other regulatory interventions.</p>	<p>The existence of the FA, EPL and EFL should not be a barrier to the formation of the FRA; as seen in the financial services sector, it is entirely possible to have more than one regulator.</p> <p>This model would be based on the various existing football bodies interacting and cooperating closely with the FRA and each other, each with their own responsibilities and objectives. This allows the separate bodies to focus on their specific areas, whilst ensuring that all areas of the game are sufficiently regulated. For example, the Lloyd's insurance market has its own regulator (Lloyd's), but entities operating at Lloyd's are still subject to the overall regulation of the financial regulators.</p> <p>In the same way, the FA, EPL and EFL would be free to administer their competitions etc., but within the overarching supervision and regime of the FRA. Certain functions would be left to the FA, EPL and EFL. For example, it seems there would be no reason for the FRA to be concerned with matters such as on-field discipline, which could be handled by the FA.</p> <p>The FRA's jurisdiction could also be limited to certain clubs. For example, the FA could be left to regulate the non-league pyramid. This could easily be addressed in the legislation setting out the FRA's functions, which can set these parameters on the FRA's role.</p> <p>There is no reason for the FRA not to implement stricter rules than those specified by FIFA (subject to FIFA rules). For example, when the UK was still a member of the EU, it had to take account of European regulation but for certain regulations was allowed to (and indeed did) go beyond the standards specified by the EU.</p> <p>To ensure sufficient stakeholder engagement, the FRA could adopt the financial services approach of designating specific football bodies and organisations with which it must regularly engage (e.g. the FSA and other supporter groups).</p>
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		<p>For example, the panels include:</p> <ul style="list-style-type: none"> • Consumer panel, which monitors how far the regulators fulfil their statutory objectives in relation to consumers. It is independent and free to publish its views on the regulators' work and to commission research on consumers' views. • Practitioner panel, which provides the regulators with external and independent input from the point of view of the industry as a whole. • Smaller business panel, which represents smaller regulated firms, who may otherwise not have a strong voice in policy making. 	<p>The FRA could also adopt a similar concept to the financial services statutory panel consultation process. Such panels could include separate ones relating to supporters, players, owners, club directors and the authorities. In particular, a panel could be created which represents smaller clubs to ensure that they have an equal opportunity to contribute to policy discussions. This would sustain constant dialogue with the various stakeholders and participants in the game and enable the FRA to develop its policies and regulatory inventions in line with such parties' concerns.</p> <p>The panels would be independent and free to publish their views on the FRA's work and to commission case studies on stakeholders' views, as done by the financial services panels.</p>
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<p>Complaints process</p>	<p>The Financial Ombudsman Service (“FOS”) is the independent body set up by Parliament which settles complaints about financial services businesses.</p> <p>The FOS is a free and easy-to-use service that settles complaints between consumers and businesses that provide financial services.</p> <p>If a financial business and a customer cannot resolve a complaint themselves, the FOS gives an unbiased answer about what has happened. If it decides someone has been treated unfairly, it will use its legal powers to resolve disputes fairly and impartially. The FOS’ ombudsmen make final decisions in cases where the FOS cannot resolve a consumer’s complaint about a business more informally. If someone who has made a complaint accepts an ombudsman’s final decision, the business involved has to do what the decision says.</p> <p>Each board director, who is appointed by the FCA, is independent and does not represent any particular group or sector. They are also “non-executive”, which means they do not get involved with individual complaints.</p> <p>All businesses that are covered by the FOS’ service and are regulated by the FCA pay an annual levy to contribute to the FOS’ costs (see below). Businesses may also have to pay an individual case fee when the FOS handles a complaint about them. The FOS service is free to use for consumers.</p>	<p>A key proposal in the Reform Policy is the replacement of the Independent Football Ombudsman (“IFO”) to allow stakeholder parties to formally lodge complaints.</p> <p>We understand that the IFO was established by the FA, EPL and the EFL to investigate complaints that were not resolved by those bodies. The overall concept of the IFO does not appear too dissimilar to the financial services FOS, in that they are both independent bodies that deal with complaints.</p> <p>However, if an independent football regulator such as the FRA is established, the function of the IFO (or its replacement) could be performed by the FRA. In the financial services sector, although the FOS is a separate entity from the FCA, the FCA still publishes the FOS’ official rules and appoints its chairmen and directors, so the regulator and the complaints service are not far removed from each other. Bringing the function of the IFO into the FRA would ensure that the complaints service adequately understands the FRA’s regulations and expectations and would enable the FRA to identify issues that should be addressed in the regulations.</p> <p>The FRA should also be given the power to appoint the complaints service officials/directors. We understand that such power currently resides with the FA, EPL and EFL. The transfer of this power to the FRA would ensure that such appointments are made on the basis of all of the regulatory considerations that are taken into account by the FRA as an overarching independent regulator.</p> <p>The complaints service could be funded in a similar manner to the FOS/FCA in the financial services sector. This would involve annual levies paid by clubs (see below for further detail) which would mean that the resolution of complaints would make no difference to the funding the complaints service receives, thereby ensuring that sure decisions are impartial.</p> <p>We understand that the IFO produces an Annual Report to the Minister for Sport and the football authorities which is made publicly available. To increase accountability, a new complaints service could also adopt the FOS practice of running a public consultation on its proposed plan and budget for the year ahead.</p>
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		<p>To ensure accountability, every year the FOS:</p> <ul style="list-style-type: none"> • Runs a public consultation on its proposed plan and budget for the year ahead. • Publishes its annual plan and budget online. • Submits its annual report and accounts to Parliament. • Is audited by the National Audit Office. 	<p>A new complaints service would be based on the principle that “stakeholders” can complain to the service/FRA about matters for which the FRA is responsible (this would not include incidents which occur on the field of play or for referee performance). “Stakeholders” would include fans and players. The complaints service should regularly meet and engage with stakeholder groups to raise awareness of and explain the support it offers to such parties, and to improve its understanding of the needs of such parties.</p> <p>Some complaints could also be kept anonymous, rather than the IFO’s current approach of publicly publishing all of its adjudication reports online, to encourage whistleblowing by players.</p>
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	<p>Funding of the FRA</p>	<p>Since the regulators are independent of government, they charge fees to the businesses that they regulate to finance their work.</p> <p>These fees include:</p> <ul style="list-style-type: none"> • Application fee, when the regulators authorise a business. • Periodic fee, which is payable each year. <p>A business' annual fee is calculated depending on:</p> <ul style="list-style-type: none"> • The type of regulated activities the business carries out. • The extent of the business' activities (amount of business undertaken). • How much it costs the regulators to regulate these types of activities. <p>The regulators' collection of fees and levies pay for the costs of other related services such as the:</p> <ul style="list-style-type: none"> • FOS (see above). • Financial Services Compensation Scheme ("FSCS") (see below). 	<p>The Reform Policy's proposal that an independent regulator be funded through levies is an approach that is already successfully used in the financial services sector.</p> <p>The FRA could adopt such an approach which involves the payment of an annual (or such other suitable period) levy by clubs. The periodic fee would be calculated on a case-by-case basis, based on factors such as a club's income. As set out in the Regulation Proposals, the FRA's financial resources can be agreed with stakeholders and funded by the clubs on a proportional basis along with such other sources of income as may be identified and agreed.</p> <p>An application fee could also be charged for newly registered clubs.</p> <p>These funds would then be used to fund the FRA (e.g. its employees, operations etc.) and an associated independent complaints service (as set out above).</p> <p>The FRA could also adopt the financial services model of using levies to fund a compensation service. The FRA could charge a further levy which contributes specifically towards a compensation pot for clubs and/or players etc. These funds would be held in a central pot by the FRA, to be distributed in accordance with decisions by an independent and free to use compensation service similar to the FSCS.</p> <p>Fines on clubs (e.g. for breaches of conduct rules) could contribute to the FRA's funding, to the compensation pot and/or be invested in the grassroots game. To the extent that financial penalties received are retained as FRA funding, the FRA could use such retained penalties to reduce the levies payable by clubs (with the exception of fees levied on clubs which paid out the penalties).</p>
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		<p>The FSCS is the independent body which handles claims for compensation from consumers when regulated financial services businesses become insolvent.</p> <p>If a regulated financial services entity has gone out of business and cannot pay a claim, the FSCS can step in to pay compensation to the consumer.</p> <p>The FSCS service is free to use. Consumers keep all the compensation they are owed when they claim directly through this service.</p> <p>The regulators pay the Treasury all financial penalties received, apart from certain enforcement costs incurred in generating these penalties in the same year. The regulators use these retained penalties to reduce the fees payable by businesses, apart from the fees levied on the penalty payer itself.</p>	
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CHAPTER FIVE

CLUB OWNERSHIP AND SUPPORTERS' RIGHTS

SUMMARY

1. In this paper, having taken account of the relevant issues and challenges from our papers on *Protecting and Developing the Game (Chapter Seven)*, *Clubs in Crisis (Chapter Two)* and *Football Finance (Chapter Eight)*, we consider how they could be addressed through better models of ownership and supporters' rights.

2. For these solutions we examine and draw conclusions from club operating models in other European countries, particularly Germany, to develop a model appropriate for the English game.

3. Underlying our consideration and proposals is the current imbalance in the governance of clubs between owners and supporters who are often insufficiently recognised an important stakeholder.

4. We set out a series of proposals and recommendations that collectively create a new model of football ownership in England that

ensures that football remains the people's game, that fans' voices are heard at every level of the game and that clubs are recognised as community assets, with owners having a responsibility to work with their supporters and communities. These core principles will be delivered by giving supporter member organisations certain reserved rights to:

- Protect their club's identity, location and long-term future
- Be represented on the boards of each and every club in the country
- Invest to own an equity stake in their clubs
- Protect their stadiums as community assets

ISSUES IDENTIFIED IN OUR OTHER EVIDENCE PAPERS

5. A number of key issues that have been identified in our evidence papers can be addressed through changes to ownership and supporters' rights.

In *Protecting and Developing the Game* (Chapter Seven) we identify that:

- Some clubs, particularly but not just elite Premier League clubs, are making decisions in their own sole interest to enter or leave competitions that are the fabric of our game
- Self-interest decisions on many issues compromise the stability of the football pyramid and the other clubs that are part of it
- Similar self-interest (primarily revenue/profit centred) decisions are contrary to the interests of their own supporters and local communities
- These situations and decisions are able to occur due to the lack of engagement with fans and the lack of effective oversight of their governance and stewardship of the club

In *Football Finance* (Chapter Eight) we identify that:

- Some owners take unsustainable risks in the pursuit of success
- Owners are able to profit through practices including leveraging personal debt onto the club's books and extracting excessive profits through dividends or other payments
- Owners can escape transparency and scrutiny of their financial and other business actions, through how and where the business is registered

In *Clubs in Crisis* (Chapter Two) we identified that:

- Bad owners have taken actions that are fundamentally against the interests of supporters and/or the local community where their club is based that have no respect for its heritage and traditions
- Bad owners have been able to sell assets (including stadiums and other facilities) or otherwise extract significant sums of money from a club that they have bought
- Too many clubs have been forced into bankruptcy or administration through the unfettered actions of their owners

WHAT CAN WE LEARN FROM OTHER OPERATING MODELS FOR CLUBS?

6. The German model of supporter ownership, typically referred to as '50%+1' is frequently cited as the ideal model. Swedish clubs are also majority or wholly-owned by the 'members', as are some of the biggest clubs in Spain. The appendix to this chapter provides some more detail on how these clubs operate. Research, however, highlights some key differences and limitations that limit the potential for clubs in the English pyramid to move wholly and directly to these models. Notably:

- Clubs in these countries were originally formed as membership models, whereas in England most of our clubs developed and remain as businesses where the equity is owned by individuals or consortiums who would need to agree or be required to sell on their terms (unless the club has suffered an insolvency event) to relinquish control.
- The 50%+1 model in Germany is actually a relatively recent dilution from being fully (100%) member-owned, as a means of permitting additional equity funding from new investors to enable clubs to grow and be more competitive. The rights of those new investors however are legally constrained by the original members club retaining majority voting rights over much of how the clubs are run.
- Members rights are not the same in all clubs that have moved away from 100%-member ownership. Some are extensive whilst others may be limited to appointing directors who then run the football business on behalf of the members. whilst the appointed directors (a CEO in Germany or a President in Spain) are appointed on a finite tenure, insufficient oversight and/or their unrealistic ambitions during that period can be problematic. There is a growing movement for the current regulations to be revisited to consider a return to a model closer to the original full membership concept
- whilst some German clubs have created loopholes to replace genuine supporter control through the membership club with majority commercial and private investor interests, the model has enabled stability without compromising the competitiveness of major teams both domestically and in Europe. 'Bad owners' are unable to acquire and run clubs to the detriment of supporter and community interests. There are few, if any, examples of crisis clubs as continue to occur in this country.

What is the current club ownership picture in England?

	Number of clubs	Community Owned or Majority Supporter Owned (more than 50%)	Minority Supporter Share (under 50%)	Current Supporters Trust
Premier League (EPL)	20	0	0	15
Football League (EFL)	72	3	Tbc	56
National League (NL)	68	4	Tbc	25
Steps 7-8	247	18	Tbc	16
Total	327	25	Tbc	112

7. No current Premier League club is even partly supporter-owned with very few instances in the EFL. Community owned clubs are more prevalent in the lower tiers of the pyramid but still a minority - below Step 8 there are a further 21 community-owned clubs. There are registered Supporter Trusts at a majority, but not all PL and EFL clubs but none have any formal regulatory powers and the extent of their relationship with their clubs is subject to local agreement.

AN OWNERSHIP SOLUTION FOR THE ENGLISH GAME

8. An optimum governance model in this country, must take account the different ownership model starting point, weaknesses in the other models, and the scope and depth of the English pyramid, where some clubs are supposedly worth several billion pounds but most others worth a fraction of this, to create opportunities for improved ownership, along with secured representation of supporter interests at all levels of the game.

9. To achieve this ambitious but important objective we need to:

- Create a membership organisation that can properly represent the paramount interests of supporters and the local community
- Provide that body with appropriate rights and the powers to execute them, both through:
 - direct voting on reserved matters (a 'golden share') and
 - representation on the club's governing board
- Enable supporters, where they choose, also to:
 - acquire equity (shares) in the club alongside, and potentially in the right circumstances to replace current owners; or
 - purchase their club's stadium and/or protect it as an Asset of Community Value

10. We will need to create these powers through strengthened football regulation, if necessary underpinned by Government legislation. We propose that the Independent Regulator requires these standard rights in the Articles of Association for any club provided a license to play.

11. We also propose that the legislation includes a minimum list of reserved matters which are mandatory for all clubs. Clubs should be given the flexibility to have additional reserved matters, i.e. an option to give a Supporters Trust more power.

12. Consideration needs to be given to the justification and practicalities of such comprehensive regulation as we progress down the football pyramid. We envisage that the full proposals should be applicable to the EPL and the EFL, possibly also the NL subject to further consideration – a 'slimmed down' version may be an option.

13. However, the right to buy to become a full community owned club (whereby definition supporters have all of the powers in our new model) is particularly attractive and more feasible for clubs at the lower levels of the pyramid.

14. Consideration should be given to the fact that one of the main prohibitors for community ownership higher up the pyramid is the lack of financial control and competition integrity. If financial controls are strengthened, community ownership becomes more viable, all clubs are run sustainably and with the restriction on debt for players competition for sustainably run clubs becomes more viable. Support for attaining community owned club status at all levels therefore needs to be an outcome of this Review.

OUR PROPOSAL

CREATING A MEMBERSHIP ORGANISATION

15. Exercising the significant new supporter rights that we put forward in this evidence cannot be left to clubs to organise and manage - they must be independent of the club. Neither can they be left to selected individuals or groups of fans who are unable to fairly represent the views of the full fan base.

16. The existence of Supporter Trusts for the majority of clubs in the 'elite' tiers of the pyramid provides an obvious solution. A Trust is constituted as a Community Benefit Society and as such bound by certain restrictions ensuring it acts in the interest of its community (a club's fanbase) and not for profit. The Trusts are already overseen by both the Football Supporters Association (FSA) and the Financial Conduct Authority (FCA), they must be democratic, open to all, and be transparent with their finances. Further, only one Trust may exist as a connected party with each club.

17. Where a Supporters Trust does not currently exist fans would need to mobilise and create one (or another existing supporters association can convert), the formation of which must be approved and supported by both the FSA and FCA. Some existing Trusts may also need support to build their competency in order to take on

these important broader responsibilities. If Trusts are to be awarded additional powers, the Regulator may also need to play a role, along with both the FCA and the FSA to ensure the Trust is fit for purpose.

18. Clubs must be required to respect the development of Supporters Trusts and to provide reasonable assistance where required, and must subsequently engage fully with it, including facilitating necessary access to the fan base.

19. The performance of Trusts in exercising their new responsibilities may require an appropriate oversight process. Serious failure to meet the defined requirements could result in an investigation into the group's operation by The FSA with final arbitration by the Independent Regulator. In extreme circumstances, powers including the Golden Share might be held in abeyance.

20. If the rights and powers outlined in this chapter are to be extended to National League clubs and possibly beyond, it may be necessary to create a 'lite' version of a full Supporters Trust that still enables supporter input on a democratic basis.

Protected rights for supporters – the golden share

21. Protected rights are needed so that supporters can collectively veto or approve specified key decisions that affect them without buying and controlling more than 50% of the equity.

22. Those decisions may range from heritage and community issues, such as selling or moving the ground to another town, changing team colours, team name, or other things that impact on the local community and its economy, whether to leave or join new competitions (the recent case of the European Super League is an obvious example), and key elements of the business strategy to ensure that the club operates on a secure financial footing and in the interest of supporters not external shareholders.

23. Protected right decisions would be classed as 'reserved matters' and would be administered through a single specific class of share to which specific rights are attached - a 'golden share' (that would have no financial equity value).

24. The 'golden share' provision would be set out in the Articles of Association of a club. We believe that existing company law is already sufficient to allow for 'golden shares' to be issued in these circumstances. However, there will need to be an absolute requirement that all designated clubs comply. Government must create the new rights and those rights cannot be removed or diluted. The 'golden share' would be transferable in certain circumstances to another supporter-controlled body, but it must not be possible for club owners to buy the share or require it to be transferred.

25. Implementing these new reserved matters rights, and the necessary protections, could initially be enabled through new rules that the relevant league authorities could include in their competition rule books, but we believe that it would also be necessary for them to be embedded and protected through powers of the proposed new Independent Regulator.

Our recommendations:

26. We propose that all clubs at designated levels of the football pyramid be required to issue a **'golden share'** to be administered through an established democratic supporters' body (a Supporters Trust) that would hold rights of approval or veto on specified reserved matters.

27. Those matters should contain the following absolute rights of approval or veto:

- Heritage issues including change of crest, club primary colours, name
- Plans to relocate or significantly alter a stadium
- Plans to play competitive homes games at anywhere other than their typical home stadium
- The competitions the team play in
- Key business and financial decisions including:
- sale of the primary tangible assets such as ground and training ground, or for them to be used as any security unless for the benefit of capital investment in the club
- The club business plan and annual budget.
- Dividends and other withdrawals of money from the club;
- Major borrowing or Capital expenditure (including those that might compromise the security of the club)
- Significant changes to the legal structure of the club, including changes to the Articles of Association

28. The Supporters Trust, through the exercise of its golden share, should also be entitled to:

- Appoint a full voting Director to sit on the club board
- Call an EGM
- Require the club to hold an AGM (that is accessible to supporters)
- Examine the accounts of the club

29. Where the relationship between the club and its supporter group is well developed, they may choose to extend the scope of the reserved matters and this should be welcomed. The ultimate extension of this partnership is of course a fully community owned club whereby definition it's supporters and community representatives have full control.

30. Whilst we would expect most reserved decisions to approve or veto to be taken democratically by the full supporter base, it may be necessary for reasons of business or commercial sensitivity for some to be taken directly by the elected Trust Board or the appointed supporter director together with the other independent directors. Our proposals for these new director appointments are set out later in our evidence.

31. Whilst the above may be a fully-binding control over the club's owners, other issues that are of material interest to supporters may also be referred back to the Supporters Trust on a genuine consultative basis. These could include matters relating to the match-going experience (such as season ticket/ticket pricing policy and loyalty schemes). This role is set out in more detail in our evidence on *Engagement and Structured Dialogue with Supporters (Chapter Six)*

APPOINTMENT OF SUPPORTER AND INDEPENDENT DIRECTORS

32. A further way of supporters having a greater involvement over the running of their club is for a supporter representative to be appointed to their club's board. In 2018, The Financial Reporting Council (FRC) issued a new *UK Corporate Governance Code* applicable to the boards of public listed companies. This requires them to properly engage with their stakeholders and to appoint stakeholders to their boards.

33. Most clubs in this country are private companies and some are registered in territories outside of the UK, so are not legally bound to this governance code. The many examples of their poor governance and lack of regard for their key stakeholders makes a compelling case for this to be the standard for the future.

34. Football fits this stakeholder model better than any other. Supporters understand the club, the community, the heritage and of course the fanbase. They can provide a legitimate and helpful voice in board discussions - a recent example would have been to foresee the reaction of the catastrophic European Super League announcement.

35. A supporter director will provide greater insight on a club's wider connection and engagement with the supporter base, to ensure that strategic and operational decisions take necessary account of supporter views and interests, as well as its financial and operational plan and delivery. They could also act as a conduit with the Supporters Trust board on golden share/reserved matters.

36. We recognise that an appointed supporter director must meet a minimum standard of competency and qualification (as we propose should be the case for all club directors) and may be bound in some circumstances by business and commercial confidentiality. A straightforward popularity contest through an open vote could result in some unsuitable candidates and may result in some difficult scenarios for the clubs. We would propose that the club's Supporters' Trust nominate this position and that the candidate would either be a member of their own democratically-elected board or someone that the Trust's board identifies as being most suitable.

37. Whilst supporter directors are best placed to provide the voice of the fans into many operational and strategic decisions, club boards also need genuine independent non-executive directors (INEDs) to provide critical oversight on every aspect of how the business is being governed and run in the interests of all of its stakeholders, and to hold the executive directors to account. Currently, as private companies (and/or being registered outside of UK jurisdiction), most clubs are not required to appoint such independent directors with those powers and duties.

38. We, therefore, need to ensure that all club boards, irrespective of their corporate structure, be required to appoint genuine INEDs, to exercise that broader statutory duty to all stakeholders, and in particular to supporters and the community.

39. We also propose the addition of a 'custodian duty' to be added to the duties of executive directors as well as those who are independent. This duty should include a requirement to ensure effective dialogue with supporters and to consider all club decision-making on the basis of the long-term sustainability of their business model.

40. Alongside this, the custodian duty would include a requirement that all decision-making should recognise the need to protect and enhance the football pyramid and its competitive balance. This Custodian duty could be added to the football rule book, for instance through the Premier league's proposed owners' charter, and should be part of an improved Owners and Directors Test.

41. The selection and appointment process for INEDs also needs to be transparent and subject to scrutiny by the Supporters Trust. All Independent directors should have fixed term contracts for a set number of years to ensure they can operate without the threat of removal for upholding their statutory duties.

42. Where the club is incorporated as part of a larger corporate business (as is the case with some Premier League clubs in particular,) supporter directors and independent directors must be appointed, with full duties and responsibilities, to the Board where the interests of the club are controlled.

Our recommendations

43. Our proposal is that supporter and independent directors are appointed and that:

- The board of every club should include at least one director appointed through the fan base, whose remit is to represent the views and interests of supporters, and have unfettered board access and voting rights;
- The supporter director(s) should be elected and appointed through the Supporter Trust, subject to the appointee meeting or acquiring a minimum standard of relevant competency, and to any necessary ongoing obligations of business confidentiality;
- The Board of every club should include at least one (for larger clubs at least two) appropriately qualified independent non-executive directors with a statutory duty to act in the interests of all stakeholders and a specific football custodian duty, in particular for supporters and the community;
- Where clubs are part of a wider corporate structure, these appointments must be to the Board of the company that exercises the controlling interest in the club.

RIGHT TO INVEST (EQUITY OWNERSHIP FOR FANS)

44. We view club owners as temporary custodians of institutions that are steeped in their long history and heritage centred around their local community and fan base. Owners, players and managers come and go but the supporters are there to stay - allegiances are not swapped, and often they are inherited rather than chosen. This is why fans should be granted the opportunity to be equity custodians of their club.

45. Of course, not all owners are bad. There are many good ones, some already in part ownership with fans, others inviting supporter representatives on to boards, and recognising the benefit of such partnerships.

46. Allowing supporters to invest in their clubs ensures that their collective voice is heard through their Supporters Trust. However, many fans don't just want to invest to exercise that control. Some want to help their club to grow and develop. Many see their personal part ownership, however small, as a tangible expression of their passion for their club that is such an important and integral part of their life – their shares won't be sold for profit and will typically be passed on as inheritances.

47. It has been suggested that investment by fans should be made available at either a time of crisis or when an owner considers selling, but the FSA believes that this should be an absolute right to buy and should be available either as a single purchase or as a rolling right to buy shares in stages as funds become available.

48. We have noted earlier that very few clubs in the higher levels of the pyramid have offered supporters the opportunity, usually by necessity, to hold even a small equity stake in their club and there is a clear demand for such a right that may then be exercised at clubs where there is sufficient support. Requiring clubs to offer shares to supporters through even a small initial holding also has the benefit of bringing those clubs under the regulatory controls and scrutiny of UK Company Law. That, alone, may itself be a positive influence on how clubs operate. This would include the holding of an Annual General Meeting (AGM) at which the Directors can be asked questions and the timely publication of Report and Accounts.

49. We propose that all clubs should be required to offer and facilitate the purchase of a collective equity stake (shares) for supporters to the extent, over time, that those supporters have the desire and the resources to do so.

50. Creating this new right for fans to invest in clubs that are currently wholly or majority-owned by another party or parties creates some challenges that will need to be addressed:

Challenge One: Mechanism for Fan Investment

51. Whilst shares could be offered directly to supporters as individual shareholders, the costs and practicalities of small individual share dealings can sometimes be prohibitive for many, and their effective voice and exercise of their rights as a shareholder could be limited.

52. So, we propose that clubs establish a scheme to facilitate shares being purchased through the Supporters Trust. The mechanism(s) for such a scheme will need further consideration so as to be appropriate to clubs throughout the pyramid and some may require current Trust constitutions/rules to be modified. Legal advice, training and support would also be needed to administer and deliver.

Challenge Two: Owners' willingness to sell or reduce their holding/control

53. Current owners must be required to offer shares to supporters through an appropriately- authorised and administered scheme. They would be able to divest some of their current holding or issue new shares that would add to the current equity of the club. The latter would enable investment in specified infrastructure, from which supporters as well as the club itself would benefit.

54. In the event of an insolvency event, administrators could be required to formally provide a Supporters Trust with a first option/right to buy (where they can secure the necessary funds rather than just the current 'invitation to bid'). Such purchases could be assisted by use of Government-provided community funds that we refer to later in this evidence.

Challenge Three: Valuing shares

55. The majority of clubs are not listed on a stock exchange and therefore the value of a club and its shares is typically whatever is agreed by the relevant parties in any such transaction. The Regulator, perhaps utilising independent accounting firms, would need to be available to adjudicate where fair valuation could not be agreed. It might even be possible to produce a standard valuation process for clubs.

Challenge Four: Limits on investment from fans

56. To ensure continuing stability of the club, and recognising the interests of current owners who will themselves have invested money, expertise and commitment, we propose an initial right to purchase a minority holding, to the extent that they can initially afford, followed by further fan investment over an agreed timescale to the maximum level that fans collectively are able to make.

57. Notwithstanding any additional rights through a 'golden share', a 25% stake would provide a blocking power for special resolutions and 50%+1 equity would give full majority control (and an absolute right to appoint a director). But ultimately a thriving 100% supporter owned club is a realistic goal for some, as more than 40 such clubs, including Exeter City, AFC Wimbledon, Newport County and Portsmouth and many other clubs below EFL level, have shown. Indeed, bringing in tougher regulation around the finances of clubs, as we propose elsewhere in our evidence, will help to level the playing field and allow supporter owned clubs to compete. A significant increase in the number of fully community-owned clubs should be both a desired and an expected outcome of this Review

Challenge Five: Rights and protections for shares bought by fans

58. Whilst some, hopefully many, current owners will welcome new investment by fans with a common goal of growing and running their club with common interests and priorities, controls will be needed to protect against unreasonable actions by a few.

59. In particular the following controls, with appropriate regulatory force, are needed:

- Shares purchased and held by fans must have equal rights with those held by the owners and/or other major shareholders, particularly on voting rights. Different categories of share are permitted in UK Business / Corporate Law but are rare (typically to preserve rights of original company founders) and we see no place for this arrangement for clubs.
- The ability for current or future new majority owners to compulsorily re-purchase supporter held shares must be prohibited. Again this is permissible in UK Business/Corporate Law above set criteria on shareholdings but would compromise the whole concept of fans' Right to Invest.
- Protections may be needed in the case where the actions of majority owners result in liquidation or significant loss of value of shares.

Challenge Six: Creating the right to buy/invest

60. These rights and protections could be enabled quickly through agreed inclusion on the respective league's (i.e. PL, EFL and NL) rule books that set out conditions under which clubs can participate in their competitions, and/or their Owners and Directors Tests. It may however also be prudent, indeed necessary, to make them irreversible by mandating appropriate rights/powers through the proposed new Independent Regulator, and/or through other legislative provisions.

RIGHT TO BUY STADIUM AND/OR PROTECTING THEM AS COMMUNITY ASSETS

61. In recent years we have seen numerous grounds lost through property development. A more recent development is the separation of those grounds from the club ownership or for the club's future to be risked by using them as security for debt. If something is not done to protect these community assets they may be lost forever, a much-loved community facility replaced by properties or on occasion even left to rot.

62. It is already possible for supporters to apply for their stadium to be registered as an Asset of Community Value (ACV) that limits the right of owners to make significant changes (including selling it) without the assent of the local community. However, this is a complex process providing only temporary rights that need to be renewed, and many applications have failed or lapsed.

63. The reality is that the current ACV legislation is not fit for purpose in the support of football stadia. We cover some specific recommendations on how football stadia can be protected, including how ACVs and planning regulations/guidelines could be strengthened in our 2018 paper *Protecting Football Assets*, (Chapter Nine)

64. The purchase of football stadia by communities might seem a far-fetched aim when thinking of our EPL clubs, but there are many grounds across the country across the pyramid and it is usually these smaller, less glamorous but equally-important locations that are most at risk. We only envisage this being an option that local supporters would consider where the future security of the stadium is at real risk. Community ownership of stadiums might not be the right answer everywhere, so if we cannot support the acquisition of each of the stadia by community bodies then we must at least ensure they are all protected.

65. To further the recommendations in our 2018 paper we are making additional recommendations to secure stadia as community assets, we propose:

- An extension of the right to buy to specifically acquire just the ground and place it under the ownership of a Community (Supporters) Trust would protect these historic and important assets.

FINANCIAL SUPPORT AND ASSISTANCE TO BOOST SUPPORTER OWNERSHIP

66. In order to trigger and support a step change in supporter ownership, and the application of other reserved rights, Supporters Trusts could benefit from Government financial assistance in the way of both grants and soft loans.

67. The Government has already announced a community fund that can be utilised to assist community groups in purchasing their club, and we recommend an extension and increase in funding of this, giving access to groups to acquire either club and ground or just ground, thus securing them as security assets. Clearly not all clubs can be purchased as viable assets and checks must be undertaken to confirm that a solid business plan exists, where there is concern might give good reason to why the ground could be acquired thus protecting it from property speculation.

68. Earlier in 2021, a report entitled: Power to Change - These Clubs are Ours called for similar protection, and government support, specifically:

- A £400m Community Club Ownership Trust to purchase clubs in crisis or when they come up for sale.
- It would give supporters a window of opportunity to raise the capital required for community ownership, by ensuring those with a sensible business plan and genuine appetite and opportunity to take control of their club have the 'day one' capital they need.
- It would be capitalised from a levy on football TV revenue or through a levy on the hugely profitable football betting industry and underwritten by Government.
- It could put tens of clubs into community ownership in the next decade by issuing

long-term loans with favourable repayment terms to supporters' trusts willing and able to buy clubs in crisis.

- A strengthening of existing Community Right to Bid powers into a more powerful Community Right to Buy.
- This would give Supporters Trusts or other local groups which mobilise to register their local stadium or ground as an Asset of Community Value vital leverage over club owners seeking to dispose of cherished football grounds.
- A trial of a Back the Fans policy for clubs in administration, to replace HMRC's preference for liquidation.
- Given the greater financial sustainability of community ownership over traditional ownership models, HMRC could trial a policy of accepting Company Voluntary Arrangements in cases where a Supporters Trust or similar entity has a viable business proposal and is in a position to take on ownership of the club.
- The full report (Power to Change - These Clubs are Ours) is included as

69. We also propose that the costs of establishing and administering Right to Invest (and the golden share) could be covered by a small levy on clubs based on their turnover.

70. Where true not-for-profit-club ownership exists through Supporters Trusts we also recommend that the government looks to provide tax breaks, in the same way as charities and other not-for-profit organisations benefit

SUMMARY

We ask the Review to agree to:

- Protected rights awarded to supporters through current or newly formed democratic Supporters Trusts – the golden share
- Introduction of a Right to Invest scheme - empowering supporters to become shareholders, granting them both a custodian role and the protections provided by company law
- Extend the Right to Invest scheme to include buying the stadium of a club where that provides a better local solution
- Protecting supporter-owned shareholdings against compulsory transfer, re-purchase or dilution of shareholding by issuing additional shares
- Mandating the appointment of supporter and independent directors
- Providing financial assistance and other support to promote and incentivise the new right to invest and to protect community assets

71. These are radical and ambitious proposals, but essential, proposals that should be seen as a collective package that together create the new rights and powers that are needed by supporters of clubs and their local communities to address the fundamental problems within football that our wider evidence has identified.

72. There will be many challenges required to shape them into workable rules that are robust and watertight and we have tried to identify and address some of them at this early stage. They also sit alongside and link with other proposals elsewhere in this evidence, including the role of the proposed independent regulator that will be the vehicle for delivering many of the changes.

APPENDIX

CLUB OWNERSHIP MODELS IN EUROPE

GERMANY

We often hear of the great German 50%+1 club-ownership system, but do we really understand it?

The first thing to note is that, in Germany, most clubs are actually a sports club, with football only being one of those sports, although often the largest.

Originally these sports clubs were fully member-owned with two exceptions: Bayer Leverkusen and Wolfsburg, the former a Bayer works sports club, the latter the Volkswagen works sports club.

There have been three significant moves which have meant Germany has moved away from 100% member-owned.

In 1998 it was decided that, in order to encourage limited investment, they would move to what we now know as 50%+1, this meant that an investor could buy into 49% of the club, and although they could continue to invest beyond that equity stake, they would always be out-voted by the members, effectively the supporters.

The real vote of significance is always the appointment of the board and, on occasion, executive. They will stand for election on a particular manifesto and be expected to deliver on it, else they risk removal and replacement. Few clubs then engage with fans on issues that affect them – in that respect a lot of our clubs have better, if still far from perfect, ongoing dialogue.

The second, in 2009, was Red Bull's purchase of fifth tier club SSV Markranstadt, rebranding it RB Leipzig. Red Bull were allowed to invest significantly and control the club as albeit it remained effectively a member club, its members are a small number of Red Bull employees. The club has climbed the league and now competes in the top-flight 1.Bundesliga.

The third, in 2014, was when Dietmar Hopp invoked a rule that had been included in the original 1998 changes, stating that if a single investor invested in one club continuously for more than two decades, they could take majority control of the club. He was allowed to take control of Hoffenheim. Both RB Leipzig and Hoffenheim are hated by the majority of German football fans due to how they have broken the model.

German fans are actually in the process of protesting regarding revisiting the 50%+1 rule asking that it be strengthened and the supporters' role across both national and club level of football be secured. Their key proposals are:

- Football as the people's game
 - Fans actively shape the game and are more than consumers and must be considered an "elementary component of the game". Their voices must be represented and heard at every level of the game.
 - Integrity of the competition
 - Fans recognise the game is becoming dominated by a decreasing number of super clubs raking in the majority of football's money. This financial distortion encourages other clubs to risk bankruptcy by building unwieldy debt, sale of assets etc. The beauty of the game has always been the competition: The ability to win, to lose, be relegated, be promoted. To maintain this integrity
- there must be a fairer distribution of funds from the sale of TV rights.
- Clubs as democratic organisations
 - In simple terms the aim is to end the exceptions, no more Hoffenheim or RB Leipzig, perhaps even creating a 75%+1 rule, and perhaps the concept of a golden share for fans.
 - Social responsibility
 - Fans demand that football takes its role in the world seriously, for example diversity, sustainability, working conditions, youth football and reputable partnerships.
 - Each of these proposals can be aligned to ones that the FSA seeks in changes to the English game.

Sweden

Clubs in Sweden also operate a version of the 50%+1 model that applies equally to all clubs. This dates back to the early 1900s when the Swedish sport structure and ethos aimed to be fully democratic. This concept remains, while Swedish clubs must also be majority owned by non-profit, membership-based association.

Although there have been challenges to this in the last decade or so, they have all been successfully fought-off and the principle remains intact.

Spain

Most clubs in Spain are also technically member-owned (by socios who just pay an annual fee rather than buy shares). They elect a president but then have little real say on how the club is run during that president's tenure. You can see the results of that with candidates for president courting the popular vote by making unaffordable and potentially-ruinous promises. It is that profligacy that has led FC Barcelona and Real Madrid to support the European Super League to mitigate their own financial crises.

CHAPTER SIX

SUPPORTER ENGAGEMENT

Introduction

1. Engagement' and 'dialogue' both infer a two-way exchange process - not just informing but also understanding and taking necessary account of the fan perspective, taking them into account when making decisions on relevant issues. In practice, that full definition is not always met, as this chapter outlines.

2. If fans really are the 'lifeblood of the game' and 'football is nothing without fans', as has been said regularly during the Covid pandemic, and latterly, in the wake of the European Super league debacle, it is essential that clubs and the leagues that they play in should engage effectively and seriously with supporters.

3. Current dialogue is primarily on match-going issues – policy decisions, match-going experience, providing information, advice and assistance, but it should, also cover bigger/strategic issues affecting the team, club, community and supporters. As well as directly meeting the immediate needs of supporters, dialogue and inclusion gives them sense of being closer to the club and encourages and strengthens their loyalty. The most effective and wide-ranging dialogue needs to be based on trust and mutual respect.

4. Conversely when dialogue does not happen, is deficient or one-sided, it creates disputes and potential alienation. Failure to engage on major decisions and to understand the fans' perspective can have major consequences for clubs, as has been evident most recently in the ill-fated announcement of the European Super League.

5. This chapter sets out the current requirements and expectations for engagement and dialogue with fans, identifies where it is deficient (and sometimes exemplary), and makes proposals accordingly.

EXECUTIVE SUMMARY

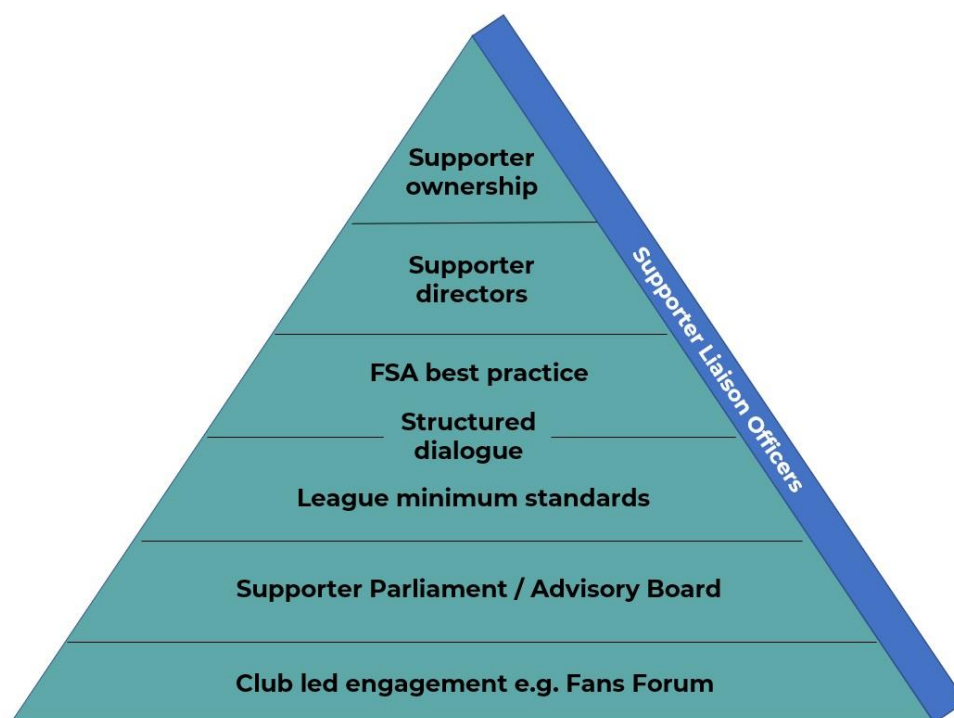
Key Conclusions and Challenges

6. The recommendations of the DCMS Expert Working Group (EWG) in 2016 on supporter engagement and structured dialogue with clubs and league bodies have not been met. While there have been some significant improvements the scope and quality of engagement varies significantly between clubs and across leagues.
7. The absence of any real mechanism to assess delivery and to intervene to improve it where failing is a contributing factor. The leagues in particular have failed to sufficiently oversee and ensure compliance to their own rules.
8. There has been belated recognition of the need for supporters to be listened-to and taken notice of. Better attention to that could have avoided recent ill-considered changes such as Project Big Picture and the European Super League. Those fiascos have raised the bar for the required scope and standard for genuine two-way engagement.
9. Implementing and maintaining an improved and expanded process of supporter engagement will need resources and time.

Key Recommendations

10. An early comprehensive independent assessment of the scope and quality of current supporter engagement, through its various channels.
11. New mandated frameworks for how clubs at each League level engage with their supporters to ensure that all policies that affect supporters are made through genuine consultation with supporter groups, ideally under the remit of a formally constituted Fan Advisory Board that would supplement if not replace set piece Fans Forums/Parliaments.
12. Structured dialogue between FSA networks and league authorities to be strengthened and to be extended to cover the National League, the FA and the Women's game.
13. A formal process of monitoring the delivery of new standards with a process to deliver improvement where that is failing.
14. A review of the role and monitoring of Supporter Liaison Officers (SLOs) to ensure they deliver the required two-way interface with supporters, police, safety authorities and opposing clubs as per UEFA guidelines
15. The appointment of supporter representatives to the Boards of the Leagues and the FA.
16. A role for the new Independent Regulator in assuring the establishment and delivery of new standards for supporter engagement.
17. Training and development of supporters' representatives by the FSA, (which will need funding).

CURRENT REQUIREMENTS FOR STRUCTURED DIALOGUE



The Best Practice Pyramid – All clubs should utilise the bottom three tiers, and work towards tier four: “FSA best practice”. Supporter Liaison Officers should work across all tiers.

18. The current framework for supporter engagement stems from the recommendations of the DCMS led Expert Working Group on Football Ownership & Engagement as set out in its final report in January 2016. The engagement recommendations themselves considered and built on previous engagement initiatives including the establishment of Fans Forums and the appointment of Supporter Liaison Officers (SLOs).

How Well is it Working?

The Expert Working Group Recommendations

19. The recommendations relating to supporter engagement are provided at Appendix One. A high-level consideration of those recommendations, against latest actual practice, suggests that while progress has been made and, in some clubs, engagement goes beyond the formal, much remains to be done on both the scope of engagement structures, consistency and quality of delivery between clubs and at different levels of the pyramid. Appendix One highlights where progress is least developed. The following paragraphs consider each of the strands of engagement in more detail.

Fans Forum and Supporters Parliament/Advisory Board

20. Club level engagement with their supporters is required through the EPL and the EFL Rule books as set out in Appendix Two. Although recommended by the EWG Report, there are no equivalent formal rules/requirements for the National League or lower. The FSA has been liaising with the FA on this topic around the women's game, but nothing has yet been agreed or implemented.

21. Most EPL and EFL clubs operate some form of supporter engagement, referring back to the engagement pyramid some already operate any multiple levels whilst others only at one or even in a few cases none. A typical fan forum is a large-scale question and answer event which, although useful, does not allow for any structured discussion or collaboration on projects.

22. An advisory board, and/or structured dialogue can deliver the right level of both

operation and strategic consultation. However, in some existing cases fan delegates have effectively been selected by clubs and thus the board immediately loses its purpose as a fan representative body.

23. Delegates have limited access to fellow supporters to be able to represent their views. Meetings vary in frequency (minimum of two per year). scope of topics, the extent of genuine exchange or informed policy formulation. Crucially, for the body to be independent, the election of representatives, agenda, chairing of the meeting etc should be determined by the fans and not controlled by the clubs.

24. Few, if any therefore reach the standard of what would be expected from a true Advisory Board, indeed such a forum is not specified in current league rulebooks.

Other structured dialogue between clubs and their supporter groups

25. Some, but by no means all, clubs also engage on a regular or occasional basis with one or more supporter groups outside of these boards, offering the opportunity to discuss match-going and occasionally more strategic issues on a more genuine policy formulation basis. The scope, openness and maturity of that engagement varies significantly between clubs, and may be changed, scaled back or even ended at the club's discretion.

26. Whilst most clubs do engage with their official Supporters Trust to some degree, a few have had the 'privilege' withdrawn or suspended, again at club discretion. Genuine engagement on policy formulation (mainly match-going) dialogue with other supporter groups in a club is also discretionary. There are too many examples of clubs at all levels where such a local dialogue outside of the formal Forums is minimal and/or problematic.

27. Best practice clubs are the ones with several layers of fan engagement – set piece Fans Forums, supplemented by scheduled and ad-hoc meetings with smaller groups of 'active' fans drawn from fan groups on mutual interest topics such as disability access, match ticketing and atmosphere. Discussions may be supplemented by surveys to properly gauge fan opinion. A small number of clubs have formalised their

engagement with supporters with a mutually agreed Memorandum of Understanding (MoU).

28. At EPL level there are some excellent examples of a mature working relationship, but there are also examples of a complete breakdown leading to the recognised supporters trust being marginalised and excluded by the club.

29. At EFL club level, with the huge range and breadth of the 72 clubs, effectiveness and quality of dialogue ranges from excellent to dismal. At some clubs, true partnerships are developing between clubs and their supporters. At others, owners openly resent the input from any supporters who voice even the mildest criticism and actively seek to undermine those who argue for substantial change.

30. Dialogue between National League clubs and their supporter groups and supporters is extremely variable, although it should be recognised that available resources are limited. Supporter-owned clubs, and those where supporters have a minority shareholding at National League level, unsurprisingly engage with their supporters/members to a greater extent. Dialogue between Women's team supporter groups and their clubs is embryonic with some establishing regular or occasional meetings while others have not.

Structured dialogue between Supporter Groups and the PL, EFL, NL and FA

31. In addition to dialogue at club level, the EPL and the EFL also committed to at least biannual meetings with supporter groups. Since the merger between the FSA and Supporters Direct in late 2018 this has been managed through the respective FSA League Networks.

32. Dialogue with the EPL has matured to the extent that it is now a constructive two-way exchange on key issues for match-going supporters, and recent events have enabled, indeed required, that to extend to more strategic issues including the Covid pandemic, Project Big Picture and the European Super League (on which respective interests were more aligned.) There are still limits to the fans voice being heard, particularly where commercial interest related to broadcasting remain paramount.

33. The equivalent dialogue between the EFL and representatives of fans has been more challenging. The larger number of clubs (72 vs 20) is a logistical challenge. That dialogue began as a fairly patronising 'structured monologue' as supporters were lectured by officials of the League. However, it has matured considerably and is now becoming a serious, open and

purposeful forum for engagement, although more could be done to make the meetings, and follow-up actions, efficient and speedy. The meetings only involve executives on the League side and should, from time to time, include board members too.

34. Structured dialogue with the National League has not been implemented, indeed it remains unspecified in the League's own rules, despite the EWG recommendation for it to be established (see Appendix One paragraph 3.40).

35. Whilst there is no laid down process for structured dialogue between supporter groups and the FA, the FSA has two representatives on the FA Council (with the potential to increase this through the current expansion of the Council). Over recent years there have been occasional meetings with senior FA executives mainly where match-going issues have been discussed, particularly relating to the FA Cup. Dialogue with the FA on the Women's Game is currently informal and conducted solely at FSA level.

Supporter Directors

36. The EWG report recommended that, while the appointment of supporter directors by football clubs was challenging, it should be considered. Four years on, little if any progress has been made outside of supporter-owned clubs. Our new proposals for the Fan-Led Review recognise supporter directors as an essential element of a comprehensive solution to redress the balance and as such is covered in Chapter Five on Club Ownership and Supporters' Rights.

Supporter Liaison Officers (SLOs)

37. The appointment of SLOs has been a requirement for the Premier League since 2012 and for EFL clubs since 2014. While their main role is to provide direct advice and support (problem solving) for individuals or groups of match-going supporters, they should have the wider perspective of supporter needs to input also to match-going policy development and decisions.

38. Only a minority, however, have followed the intent and spirit of the original UEFA concept by appointing an active supporter to the role, and they may not all undertake the full scope of the role as per UEFA guidelines covering the interfaces with supporters, police, safety authorities and opposing clubs.

38. SLO's are typically employed by the club, some with a much broader and traditional 'customer service' remit. Their employed status inevitably constrains their ability to fully speak out for and represent the fans' interests. They may also operate from a low level of seniority in the club which limits their authority and empowerment.

39. There are some excellent examples of fan-centred SLOs in a paid club position but again consistency is the issue – it is questionable how many SLOs genuinely carry out the expected role of proactively 'providing a key interface between clubs and fans on a wide range of issues.'

GENERAL CONCLUSIONS

40. There has been limited progress on delivering the relatively unambitious minimum standards that the EWG set out in its final report in January 2016. The quality of application by clubs in delivering the full intent and spirit of two-way dialogue and involvement in decision making remains inconsistent, and there has been little delivery at National League level.

41. Poor standards in some clubs are offset by high standards in some others but there is no consistent and effective process of monitoring, intervention or improvement support. We would like to see better learning between clubs and more purposeful enforcement of the minimum standards set in the Leagues' rules.

42. The degree of control exercised by clubs in engagement is at best unhelpful and at worst unacceptable. They are able to limit the scope of discussions including any real involvement of supporters in the formulation of policies and practices that affect them, whether to extend engagement beyond the scheduled periodic set piece meetings, how members are selected and whether to exclude established supporter groups and/or individuals from the process. Arguably centring supporter engagement through the current framework for Fans Parliaments is no longer fit for purpose.

43. The recent recognition, triggered by the European Super League debacle, that supporters

need a stronger voice has further raised the bar on what is required to deliver it. Moreover, the recognised need for supporters to have a significant say, and in some cases a veto, as is set out in Chapter Five, creates the need for a democratic process that potentially also provides a vehicle to deliver a far more effective engagement process across issues that fans have a direct interest in. While direct dialogue will typically be in meetings with smaller groups, they must be able to represent the views of the fan base.

44. In creating a new framework, while the principles need to be consistent throughout the football pyramid, we need to take account of the relative size, scale and 'complexity' of clubs. The arrangements for clubs with much larger and potentially dispersed fan bases need to be more comprehensive than for much smaller and locally-centred clubs lower down the pyramid – subject of course to an improved new minimum standard that is met by all.

45. We should not underestimate the commitment and dedication needed by supporters who spend time and energy engaging with their clubs on behalf of their fellow supporters on a voluntary basis. That expertise needs to be supported and nurtured as the extent and quality of beneficial supporter engagement at any club is reliant on it.

RECOMMENDATIONS

46. The standard for the operation of Fans Parliaments needs to be revised and strengthened so that all such constructs, operate as a genuine consultative body particularly where they are the only supporter engagement channel.

47. Premier League and Championship clubs should be required, and other EFL clubs encouraged (at the request of their supporters), to establish a 'multi-layered' engagement standard, with the periodic set piece forums supplemented by regular dialogue with the Supporters Trust and other recognised supporter groups on current and emerging issues, so that policy is genuinely made on a consultative basis. This could be achieved through the establishment of a formally constituted Advisory Board with a wide-ranging remit on all operational and strategic issues that affect supporters.

48. Agreed new engagement frameworks need to be formalised in League rules, and at club level (as an MoU or in the club's Articles of Association).

49. The proposed role of Supporters Trusts to administer new 'reserved matters' (the golden share) will require their dialogue with the club to be broadened to more strategic issues. Trusts themselves will need to engage with the wider fan base, potentially through the Advisory Board to deliver this.

50. Structured dialogue between FSA networks and the relevant football bodies should meet

new minimum scope and standards, and this structured engagement should be extended to include the National League, the FA and the Women's Game.

51. A formal process for monitoring the delivery of new standards, particularly at club level needs to be established and used constructively to enable improvement.

52. Supporter Liaison Officers (SLOs) must be a genuine two-way interface between fans and the club. Where possible, appointees should be drawn from the active supporter base in line with the original concept so that the role is not compromised or constrained by being accountable to the club and/or being employed by it. Their remit should cover the interface with supporters, police, safety authorities and opposing clubs as per UEFA guidelines for bigger clubs the SLO role might be best delivered by the appointment of a supporter nominated volunteer working alongside the current club-employed SLO.

53. For the voice of fans to be truly reflected and articulated in the governance of football, there should be supporter representation on the Boards of the Leagues and the FA

54. The Independent Regulator should have a role in assuring the delivery of supporter engagement standards by clubs. This could include the setting of new standards and League rules and overseeing compliance, including through the application of sanctions where necessary.

What would be needed to make these proposals happen?

55. An early comprehensive independent assessment of the scope and quality of current supporter engagement at club level through its various channels (Fans Forums, structured and ad-hoc dialogue and SLOs across the Premier League, EFL and National League) to set a baseline and identify improvement needs.

56. Create and agree new, fit-for-purpose, engagement frameworks for each League and embed them into League rules.

57. Initial discussion and work to create appropriate engagement frameworks that set both minimum and further aspirational new gold standards, and a fit-for-purpose monitoring framework.

58. Setting-up both the clubs and their supporter groups to deliver, will require support including guidance and education and training, and potentially a triggered support intervention process with clubs. Funding would be required to provide this.

59. We should recognise that the required step change in supporter engagement will take time as well as resources to deliver fully. To avoid repeating the delivery failings of the 2016 Expert Working Group recommendations, it may an implementation plan, with phased targets and annual reviews, is recommended.

Appendix A: Recommendations from the 2016 Expert Working Group

(Areas where the recommendations have not been fully and consistently delivered are in **bold text**)

3.31 The Group has developed a model for a minimum level of structured engagement and dialogue between clubs and fans which will deliver the commitments made by the Premier League and the Football League in their response to the Secretary of State for Culture, Media and Sport in 2012. This is a significant step change in ensuring that clubs give supporters **regular opportunities to discuss the issues which matter to supporters with relevant senior club personnel.**

3.32 This new model will assist clubs, and their management boards, meet the obligations of the Companies Act, which requires all businesses in the UK to take regard of the need to foster the company's relationship with its customers - in the case of football, the fans – and the impact of the company's operations on the community.

3.33 The Leagues will recommend to their member clubs that the 2012 undertaking and the subsequent application of the relevant League rules will be met by meeting a representative group of supporters at least twice a year to discuss major issues.

3.34 The Leagues will recommend that this representative group of supporters includes the club's Supporters Trust. The Leagues will advise clubs that no individuals should be excluded from the meetings without good reason, and, if attendances at these meetings is restricted to a small group of supporters – which is the preference of SD/FSF– **a significant proportion of this representative group of supporters should be elected, selected or invited to these meetings in line with basic democratic principles.**

3.35 Senior representatives from the clubs – either club owners / directors and/or senior executive management should represent the club at these meetings. The Group recognises the **importance of Supporter Liaison Officers and their roles in providing a key interface between clubs and fans on a wide range of issues** - and this should continue - but this formal, structured dialogue should be led by owners / directors / senior executive management.

3.36 The Group recognises that there is not a 'one size fits all' approach to either clubs or Leagues and that the fans' appetite for specific information, and to discuss specific issues will vary from club to club. **Whilst SD and FSF believe these meetings would be most productive with a tighter, independently democratically elected representative group of supporters with an interest in strategic and governance issues, the PL and FL support clubs having the flexibility to invite a broad and open group of supporters.**

3.37 Each of the Leagues will therefore provide a template to clubs outlining the minimum level of information which should be shared at these meetings. Although **the focus of these meetings will be on strategic and major issues, all parties will be able to table additional topics where relevant and timely, to ensure that the issues which matter to supporters and clubs are discussed.**

3.38 **It also aims to develop and improve relationships between fans groups and their clubs which may, over time, facilitate new opportunities for fans to invest in their clubs and encourage opportunities for collective share ownership. Building trusted partnerships can be a step towards a sensible, managed exit route by owners who intend to sell, and giving supporters a transparent and visible view of the strategic direction of a club, is a good backdrop for dialogue on potential supporter ownership/ investment opportunities.**

3.39 The Leagues will oversee these commitments and, if needed, clarify them in their rule books and will take into account any feedback received from SD and the FSF on the effectiveness of this approach.

3.40 The Premier League and Football League will lead with the new structured dialogue model. **The proposed new Licensing System for the National Leagues will be reviewed to ensure that due consideration is given to structured dialogue and engagement when licensing clubs to operate in the National Leagues.**

3.41 **The football authorities have also committed to meeting fans groups who may have concerns about governance standards at their football clubs, or the way their football clubs are run.** Whilst this happens formally and informally anyway, the football authorities have stated for the record that they are committed to listening to fans who have such concerns and will meet legitimate fans groups seeking a meeting on significant issues.

APPENDIX B

Current League Rules on Structured Dialogue with Supporters

EFL

- 112.1 Clubs shall hold at least two meetings/fans' forums per Season to which its supporters (or representatives) are to be invited in order to discuss significant issues relating to the Club. The framework for these meetings shall be documented in the Club's customer charter, but are subject to the following minimum criteria:
 - 112.1.1 Clubs must be represented by the Club's majority owner, board director(s) or other senior executive(s);
 - 112.1.2 where meetings are not open to all supporters wishing to attend, the supporter representatives must be elected, selected or invited in line with basic democratic principles; and
 - 112.1.3 individuals cannot be excluded by the Club without good reason (the Club acting reasonably)

Premier League

- R.3. A Club's policy with regard to its Stakeholders should:
 - R.3.1. provide for consultation with them on a structured and regular basis through forums, questionnaires and focus groups and by the publication of current policies on major issues in an easily digested format; and
 - R.3.2. promote supporter and community liaison and provide for the establishment of liaison structures where none exist

CHAPTER SEVEN

PROTECTING AND DEVELOPING THE GAME

BACKGROUND

1. Following the release of the FSA Proposals on the Regulation of Clubs in 2018 (Chapter Three) the reform debate has both increased and widened. The collapse of clubs such as Bury and Macclesfield; the administrations of Bolton and Wigan; Project Big Picture; the threat of a European Super League and the impact of COVID-19 have all played their part.

2. The whole of the football pyramid is hugely important to the English game, albeit a number of our proposals focused around the Independent Regulator are targeted at the elite game (steps 1-6). We must consider each and every football club to be of equal importance to those who play, support, volunteer and indeed work for them.

3. It is only in recent years that a few clubs have shared the majority of trophies between themselves. Since the formation of the Premier

League (EPL), 50 clubs have played in it. That figure is 64 if you include the previous incarnation of which 23 have been crowned champions. It is the belief that any club can climb the pyramid and reach the top, which makes the English game so loved, with fans of clubs big and small starting each season with their refreshed dreams.

3. Promotion might be the dream, but it cannot happen without relegation, the threat of which is equally part of the excitement created by a true pyramid. Relegation from the EPL keeps the season alive, and in fact is often of more interest in the last section of the season than who will win the title. Recent research by the University of Liverpool suggests the battle for the EPL title and the relegation battle are two of the key drivers of TV audience. The Champions League places are significantly less important – a strong argument of the pyramid benefitting the EPL.

INTRODUCTION

4. The huge sums of money generated through EPL TV revenues have been both a positive and a negative for the game of football. Although a small proportion of clubs relegated from the EPL have benefited greatly from parachute payments, most clubs have not benefited to the same extent from solidarity payments. This disparity has created issues, the gamble culture to reach the riches at the top has increased and continues to spread down the pyramid. Furthermore, the gulf between leagues steadily increases, this gulf is most significant between the EPL and the Championship, but actually exists throughout the whole football pyramid.

5. In recent years, other revenue streams have been cut, for example the Elite Player Performance Plan (EPPP) reduces the ability of clubs outside of the EPL to benefit from developing and selling talent. We now face a threat to the structure of cup competitions, another source of income (and excitement for their fans) for lower league clubs) and the potential of further erosion of traditional kick-off times from the increased number of live TV games. Much less money now flows through the pyramid naturally. Huge sums end up with foreign clubs and agents, whilst top clubs monopolise young talent some of which unfortunately never get the opportunity to flourish. In FIFA's 2020 transfer report for the previous year, it states that English clubs paid US\$340m to Spanish clubs, \$261m to Portuguese clubs, \$244m to German clubs, \$216m to French clubs and \$148m to Dutch clubs, along with transfer fees paid to many other countries.

6. Integrity of the competitions is important to supporters and clubs alike: The dreams of climbing the leagues or winning a cup must be kept alive; the threat of relegation, realistic. The pyramid provides routes into and out of paid employment in football for players and others who work in the game, thousands are employed outside of the EPL.

7. Football is an economic driver as well as being a part of the social and community fabric in a local area. The depth of our football pyramid helps provide a route for young people playing sport into adulthood with all the health and welfare benefits. The sport also provides opportunities and an environment where adults can gain skills in coaching and community organisation, all of which would be reduced or lost without the multitude of clubs outside of the EPL, those in the EFL, through the entire non-League system and into grassroots.

8. Some clubs are bought primarily or solely for business reasons not related to football supporters or the community. The complex corporate structure of some clubs makes it difficult if not impossible to identify the true owners, particularly where they are registered outside of the UK and can take advantage of different, often less stringent, regulatory oversight. Many clubs are overstretched financially, dependent on owners and outside loans and mortgages. We need to address the unsustainability before more historic football clubs disappear. The pyramid must be protected and strengthened. Clubs at all levels must be operated sustainably based on affordable business plans – excessive spending to 'chase the dream' is as damaging as lack of necessary investment. We must ensure fair competition whilst still allowing for the opportunity for all clubs to flourish. Supporter, community, grassroots, minority and stakeholder groups must all be well-funded, recognised and engaged with as stakeholders, both locally and nationally.

9. We must also address how women's football is governed and how it is supported financially going forward. The current model has been to push the top levels of the game whilst those lower in the pyramid feel abandoned. Solidarity for the women's game sits directly within the discussions impacting the men's game, but more work is required on how best to make the women's game sustainable and structured in a way to ensure it has its own strong pyramid and player pathway. Clearly there is a role for the Independent Regulator across both men's and women's football, and although it must be included in the solution, we must recognise that different problems exist, and alternate solutions may be required.

10. This evidence provides some detailed proposals on these challenges by tackling a number of different areas of focus that reach across four themes that are not tackled elsewhere in our evidence. We will break these down into the following areas of work

- Competition structure
- Who are supporters and what role do they play?
- Movement of players, elite youth and academies
- Agents and intermediaries

COMPETITION STRUCTURE

11. We focus on domestic competition but must also recognise how European competition can impact the domestic game. Through our partners at Football Supporters Europe, we have submitted our proposals to UEFA on competition structure and, therefore, those are not an explicit part of our submission to the Fan-Led Review, although we should consider how our clubs are allocated their place in annual UEFA club competitions, and how the additional revenue generated by clubs who compete in those competitions can impact on the competitiveness of the Premier League in particular. We wish to see the Independent Regulator have powers to intervene if proposed changes to European or global competitions have a damaging effect on the domestic game, to prevent a recurrence of the European Super League (ESL) debacle.

12. The concept of merit being rewarded is fundamental to football. The game did not develop historically based on who possessed the deepest pockets, but on how well a team played. Now it is a combination of the two. We recognise that football has evolved over time and that money has brought many good things to the game, but we are reaching a point where these two elements are becoming out of balance and endangering the pyramid construct.

13. Fans quickly made their voices heard regarding the European Super League. No fans, including those of the 'rebel six' clubs, wanted their team to play in the ESL. There is no interest in playing Real Madrid four times a year with no threat of relegation. Undoubtedly, big European nights can be special occasions, treasured for years, but it is their infrequency and the work put in to achieve them that makes them special. Just as special are the historic local derbies and rivalries built up over many years.

14. Football has flourished because it is a collective endeavour where all parts of the system are vital. Those at the top of the pyramid have a responsibility to those at the bottom - without them the magic is lost. Merit should be rewarded and there should always be a disparity between the monies received at each level. We have no wish to 'penalise' those who are successful through hard work and footballing ability. But excessive disparity and the 'financial doping' which some pursue to buy success must not create a closed shop at the top. The reality is that football supporters are happy with the structure of the pyramid and associated historic competitions - there is no need for further tinkering for the benefit of a few.

15. Finances are covered elsewhere in our evidence, but in relation to integrity of the pyramid we have three basic proposals which we believe must be central to the report and enshrined in the formation of an independent regulator.

- Promotion and relegation between all leagues in the pyramid
- Must be based on merit only, although play-offs are acceptable for final places (N.B. We accept that certain leagues have additional ground and logistical requirements.)
- Qualification for European competition on previous season's domestic success only
- Integrated oversight and regulation throughout that pyramid

16. The growth of European competition continues to threaten the domestic calendar, which we believe must be protected. The number of extra European games will threaten not just league fixtures but also domestic cup competitions. An extension to European fixtures will just create more wealth for the few and further increase the gap between the haves and have nots, where we must look to level-up. It is not just the increased revenues from European competition but also the knock-on effect of reduced revenues for those left behind. Fewer domestic games for all to accommodate more European games for a few would mean less revenue.

17. Cup competitions are woven into the fabric for football. Many fans dream of their team appearing in, and perhaps winning, a Wembley final as they do winning their league. But every fan has a different expectation for the cup, for non-League supporters their 'FA Cup Final' might be reaching the first round proper, or perhaps as far as the third round when the EPL and Championship teams enter the draw. For a EFL League One or League Two club the dream might be a tie against one of the EPL elite, perhaps even a replay to capture the revenues of a home and away tie. A number of clubs, such as Exeter City and Cambridge United, have effectively balanced their books for a number of years based solely on one such tie and replay.

18. A stretched fixture schedule for elite clubs combined with their desire to control young talent has created the concept of Under-23 (U23) or B teams competing at a professional level. This offers no interest for supporters of either the B team clubs themselves, or their opponents. U23 teams have entered the EFL Trophy for a number of years with attendances for the matches with U23 teams always lower than those without. Furthermore, these teams have had little on field success in such games.

19. We must also negate the threat of B teams by stealth, where clubs play weakened or youth teams in competitions, they deem to be less worthwhile. Remember that cup and league competitions are for all, and not created at the whim of the few. Of course, we must look for ways to challenge our youth players and develop young talent and we address those later in this chapter.

20. To ensure the domestic calendar continues to create these opportunities for increased revenue and to fulfil the dreams of fans, we make the following proposals:

- Weekends held for domestic competitions
- Review to look at whether the EPL and EFL should be brought back together as single competition and entity
- No reduction in number of teams in the EPL or EFL
- No regionalisation of the top five divisions, including the National League.
- Protect the FA Cup and its replays, fixtures should be played at weekends (except replays)
- All teams must compete from third round
- EFL Cup should continue with all EPL clubs taking part utilising their core squad
- No B or youth teams in the pyramid or any cup competition in which professional clubs first teams compete
- EFL Trophy – could consider replacing B teams with National League sides

21. One traditional rule that has been challenged in the last year is the 3pm Saturday TV blackout. The ruling made historic sense: live football should not be shown on TV at 3pm, to protect the gates at live football matches throughout the pyramid, including non-League.

22. Clubs outside of the EPL rely heavily on gate receipts and associated match day revenues, and we should work to protect those. However, relaxation of this rule created a temporary opportunity during the COVID pandemic for fans to access matches they were unable to attend, as well as a revenue generator for clubs, particularly through the EFL’s iFollow service. This has kicked-off a discussion around whether even in normal times a methodology could be created to allow access to iFollow and equivalent services under certain circumstances, e.g. a sell out. It is a debate that needs to be had although we must not forget the impact on clubs throughout the non-league pyramid.

23. FSA current policy remains in support of the blackout and as such our recommendation is:

- Protect the principle of the 3pm blackout, whilst recognising that COVID and access to games outside of the EPL has created a wider debate amongst clubs and supporters which should continue to determine whether modifications are required.

WHO ARE SUPPORTERS AND WHAT ROLE DO THEY PLAY?

24. It is sometimes asserted, patronisingly, that football supporters lack the necessary skills and experience to run professional football clubs. In fact, football supporters come from a very-wide range of personal and professional backgrounds. There is a very broad range of knowledge and expertise that could be utilised in improving the way our game and its clubs are run.

25. As such the breadth of knowledge and expertise that can be utilised is huge. A common remark from within the ivory towers of football is that “supporters cannot run football clubs” or “supporters cannot sit on boards when all they want to do is pick teams.” Rich owners and their friends assert “well, we are all fans, so we don’t need any more directly involved.” These and similar remarks not only show the arrogance and patronising approach of some people in football, they are also disparaging of the collective football fanbase. This blinkered approach by some continues to damage the game from within. The collective voice of supporters must be welcomed and appreciated if our national game is to be protected.

26. Although many retain a stereotypical view of a football supporter, the reality is that our game has always had a diverse fanbase and in recent years has worked hard to become a welcoming, diverse and inclusive community for all supporters. There is of course a long way to go and we must continue work to bring women, the LGBTQ+ community, multiple ethnicities and others through the turnstiles and create fans of the future.

27. As such we believe that both supporters in general and specifically equity, inclusion and diversity (EDI) must be central to all aspects of the game going forward. Ensuring that clubs identify and understand the landscape of their community and fan base to allow a progressive relationship to be developed between these key groups. This will ensure the terraces more closely reflect the towns and cities where the clubs are located. In turn this will allow the clubs to play a key role within their communities.

28. The average age of season ticket holders has risen steadily in many clubs reflecting reduced attendance by younger (16-25) supporters. This can be attributed to the combined impact of rising ticket prices, more ‘social life’ options and new digital ways of watching and following your football team. Match going fans who are ‘lost’ in their late teenage and tertiary education years may never return. As we such we believe that both supporters in general and inclusion/diversity must be central to all aspects of the game going forward.

29. Elsewhere in our evidence we have presented proposals for supporter influence in clubs (Chapter Six), but they must also be represented along with other stakeholders on national bodies and leagues. Placing supporters at every level of decision-making in the game’s administration should be a core aspect of the review’s recommendations. It must look to break down the closed-shop, protectionism and obsession with secrecy that exists amongst the football hierarchy, locally, nationally and internationally. And getting this right also needs the shoring up of the culture of football, both internally and externally, from the top down and the bottom up to ensure that we have a sustainable game going forward.

30. The FSA proposes:

- Formally embedding the currently voluntary diversity code; including sanctions for those who don't address identified issues
- A dedicated EDI officer in every professional club
- Mandatory EDI training and ongoing education in all aspects of the game (from grassroots, to professional clubs, to governing bodies)
- Aggregated reporting to identify where the issues are and funding to address them (also feeding into the training outlined above)—both for supporters and those who work in the game
- Stronger powers to address discrimination and hate
- Reform of the FA Council, creation of a debating chamber for football, including complete reform of its membership to reflect the stakeholders of the game, whilst continuing to recognise the importance of non-league and grassroots.
- Inclusion and diversity embedded throughout every aspect of the game and its governance and representatives within the game
- Supporter representatives on all relevant controlling boards e.g. the Regulator, the FA, EPL, EFL, WSL, NL etc. These could be appointed via the FSA with a process approved by the Regulator
- Secured long-term funding for groups supporting diversity/inclusion, supporters and supporter groups, those opposing hatred and promoting good practice/behaviour
- More information on this topic appears in Chapter 7 on Supporter Engagement

MOVEMENT OF PLAYERS, ELITE YOUTH AND ACADEMIES

31. In recent years, changes have meant the top clubs control much of the young talent and yet, with the influx of numerous foreign players, much of that young homegrown talent does not have the opportunity to shine, as some clubs favour expensive signings for instant success. Lower league clubs question the value of their own academies due to costs and limited sell-on opportunities and we risk opportunities for young players being focused in areas where there is a prevalence of elite clubs.

32. The FSA supports a healthy academy system across all 92 clubs and beyond, allowing for fair allocation of talent and opportunity to benefit from their success. We also believe that more is required to improve the treatment of academy players and consider the impact on their wellbeing brought by the 'churn them out factory' mentality that creates. As part of any review, we should understand the impact Brexit may have had on young players from abroad joining academies, and whether there is an opportunity to develop more homegrown talent.

33. Of course, not all young players can make it, but many will still have a pathway into football or sport and care should be given to them following their release. Football pathways at as many local clubs as possible deliver so many benefits not just to children's education, physical and mental health, but also in the development of talent to support our clubs and national team. Non-League and grassroots clubs working all the way to the bottom of the pyramid provide essential coaching and development of youngsters from every ability and background. Ensuring that opportunity is not stifled and that talent is allowed to develop locally has proved successful elsewhere. Ensuring facilities are of a decent standard across the country will also help deliver these programmes. Every parent, player, coach and club secretary knows of the frustration of cancelled matches during winter months, and lack of access to all weather facilities.

34. Prior to the Elite Player Performance Protocol (EPPP) changes, players were allowed to develop locally with the best moving into professional football, many debuting for their local clubs and the best players commanding transfer fees as they climbed the pyramid. That important financial lifeline that has been cut off by the EPPP. Top clubs now hoover-up talent from across the country, and albeit rules should prevent it, clubs will still occasionally offer incentive to parents if their child signs for them. Further, agents now prey on young talent, signing players unofficially as their own investment.

35. As part of the review the FSA believes a fairer system must be created, rather than money being at the centre it should be the young players themselves. Allow these players to develop locally utilising good facilities and qualified coaches. As a player moves towards being a professional, it should be the local club that has invested in them who benefits alongside the player.

36. We would like to draw your attention to a couple of stories that are worth reading that relate to Max Thompson. In April 2021 Max launched a mental health campaign focused on academy football and in particular the impact being dropped from an academy had on him. Quite ironically the second story, only one month later, tells the story of how Max found out he was being released after someone left a piece of paper in the canteen that listed those being released.

- [Meet Max Thompson: the Watford academy player encouraging his peers to speak out on depression and rejection \(inews.co.uk\)](#) – Also included as Appendix A
- ['I found out I'd been released after a coach left a piece of paper on the canteen table' – The Athletic](#) – Also Included as Appendix B
- We have included a case study as appendix three, it is the views and story of one parent whose son has been through the academy system and is now a scholar at a EPL club.

37. The FSA proposals are

- Restriction of affiliate clubs operating within the same football pyramid
- Restrictions on parents being offered incentives to sign child to an academy
- Restrictions on agents representing minors
- Continued safeguarding improvements and measures
- Regulator to lead a review of how the academy system operates to include
 - How academies are monitored and audited
 - Whether academies fulfil their educational welfare duties
 - the process by which young players are rejected by academies, a more rigorous duty of care is required and the regulator should ensure this is in place at every club academy
- A national helpline and information system for players and parents
- EPPP reform - more control back to lower league academies to allow talent to develop locally
- A healthy loan system should be encouraged but structured in such a way that it does not lean towards the creation of feeder clubs or B teams by proxy
 - Encourage young talent to go out on loan, but continue to limit the number of loan players
 - Limit on number of outbound loans per club would be important in creating a natural limit on the size of academies, reduces the incentive to hoard talent
 - Review the extent with a view to limiting teams loaning players to other teams in the same league

Agents and Intermediaries

38. Football agents are out of control throughout global football. Huge amounts of money exit the game and yet no real regulation exists. In the year leading up to February 2021 EPL clubs spent a total of £272m on agent fees, Championship clubs £40.7m, League one £3m and League two £1m. These huge sums leave the game and go into the pockets of a few. Clearly those at the top of the game require representation, but it should be for the players to pay for that representation from their own money, and not the clubs.

39. Only in football could an agent be paid to represent the player, the club he is leaving, and the club he is joining. Yet on occasion this absurd and flagrant conflict of interest, which would be completely unacceptable in any well-regulated industry, happens. Furthermore, in certain circumstances agents holding the ear of the owner, can have an unduly important and self-interested influence on the appointment of managers and coaches and subsequent player transfers.

37. The FSA is concerned about agent activity and the money leaving the game, it seems little action is taken, and when it is it's often repeat offenders.

- As of the 26th April 2021 the FA say there are just six intermediaries (agents) suspended/banned.
- Three of these are interim – two of which are from several years ago, and are unexplained (in fact one of the agents is pretty much retired)
- One is a permanent ban from several years ago
- One is a suspension for six months
- One is a suspension for three months

38. And we recommend:

- Review of agent activity and creation of regulation either under existing football authorities or the new Independent Regulator to include:
- Licensing of agents, which should be more than the current tick box exercise

39. More transparency regarding agent sanctions.

- Tougher restrictions on agents acting for minors
- More action against unregistered agents
- Annual Agent Declarations – are they transparent and are they relevant? The agent declarations are certainly a step forward, and the data in the report is the one area the FA have improved (if ever so slightly) over the last 2 or 3 years. However, the declarations do not provide adequate information, there is lot of misinformation and doesn't give an adequate representation of the actions of agents.
- Report should be in a standardized format and made public
- Agent Conflicts of Interest (transparency and regulation) including:
 - relatives of players who 'work' for agents
 - agents who represent managers and players (same club and other clubs)
 - agents switching back and forth between working as club officials, and then re/de-registering as an agent again
 - agents with shared business interests of club owners (and players)
 - governance officials (e.g. FA) and club officials who go to work for agents, or as agents (and vice versa)
- Agents to represent players only
- A levy to be applied to agent fees, the proceeds to help fund their regulation and potentially grass roots etc

APPENDIX A

Meet Max Thompson: the Watford academy player encouraging his peers to speak out on depression and rejection

By Sam Cunningham - April 23, 2021 9:00 pm

“It felt like somebody ripped something out of me,” Max Thompson says, pausing to collect his thoughts. And perhaps the most striking thing about what led him to feel this way, aged 16 and having left Chelsea after half-a-lifetime, is that his experiences in academies will be familiar for many talented footballers around his age.

What sets Thompson apart is that he is still in the system, at Watford, yet has bravely spoken for the first time about his struggles in the aftermath, and of the lack of mental health support available. Thompson does not point the finger at Chelsea – it was ultimately his decision to leave – but urges the game to change its culture so that others do not have to suffer alone.

Thompson, 18, has been through enough and seen enough – the tragic death last year of Jeremy Wisten shortly after being released by Manchester City, the intense feeling of loss and despair at leaving behind a life, other players he predicts will struggle if they do not make it – to know that something needs to be done about young footballers not receiving enough wellbeing support when they are released.

I always tell young players to use social media sparingly – greater regulation is needed to stop online abuse

“I’ve never spoken to anyone about this,” he tells i. “I hid myself away for a couple of days, shut myself in my room, thought to myself: what next? Where do I go from here?”

Thompson grew as a person with Chelsea. It became his everything, formed his identity: from 14 spending seven to eight hours a day with team-mates who became mates through all the schooling, training, playing competitively together.

Some footballers have been exposed to extraordinarily bad experiences in academies that have impacted their mental health after being discarded – some considering suicide, some tragically following through with it, others suffering depression and anxiety that stays with them.

After eight years of devotion, Thompson was told that he could have a two-year scholarship deal but that game-time might be limited. He made the agonising call to find another club. It was, nonetheless, crushing. By then he had left school and the mates he grew up with, left his family home, left any sense of familiarity.

“When that’s taken away from you it’s almost like you question yourself: what else have you got to offer and what else is there for you?”

One of Thompson's earliest memories is his dad taking him to the 2009 League Cup final at Wembley, when Manchester United, his team back then, beat Tottenham Hotspur on penalties. Aged seven "I was a proper United fan," he says, "United all over the room, flags up, tickets."

They went on a Wembley stadium tour and after his first live game – drinking in the energy, emotion and passion – Thompson was hooked. "That initial buzz that you get from the stadium and the fans and the atmosphere, I'd never experienced it before," he says.

He wanted to be on that pitch, playing in front of those fans. And it turned out Thompson had some ability to make what remains only a dream for most children into the prospect of reality.

He grew up in Eastbourne, on the south coast, and played on the AstroTurf at the local All Star Academy, run by Anthony Storey, a former Middlesbrough player. Soon, he was spotted by Crystal Palace, although the lengthy commute meant they allowed him to keep training in Eastbourne and only travelled to play on Sundays.

It would prove a blessing. One week, an All Star Academy side travelled to Chelsea to play their development squad and won 10-0. Thompson scored all 10.

Naturally, it caused a stir. Coaches scrambled to find out more about this unknown striker who had run rings around their best kids. A week later he was a Chelsea player.

For six years, Thompson's dad, Matt, drove him on the three-hour round-trip to and from training after work on Tuesdays and Thursdays, back again for training on Saturdays and back once more for a Sunday game. From eight years old, 12 hours per week in a car, often back late, with school the next day.

At 14, he was taken out of school and moved into digs near Chelsea's Cobham academy. "I was around the lads a lot more, that adds to when you leave," he says.

When he left "it almost felt like everything was taken away from me, being there for so long". The decision was Thompson's, but for many others it is taken out of their hands. "Just by clicking a finger it's gone like that. There's no support after that to try to help players mentally cope with the pressures. Because the pressures come from everywhere.

"No one sees that side of it. You get pressures from your family, you get pressure from your mates, you get self-doubt that you're not good enough. That help afterwards is, I feel, needed."

It is for this reason he is launching the Tape 2 Talk campaign – an initiative hoping to encourage players to wear special tape on their socks to raise awareness of the issues academy footballers face. It will be worn across Watford's youth teams this weekend. There is hope that the EFL will give permission for the first-team to wear it, but, already inspired by Thompson, the club spoke to Mind, the mental health charity, who will have a virtual match-day takeover of their game against Millwall on Saturday.

"Some clubs don't care as much as others what happens to their players in the future," Thompson says.

"That needs to be addressed. You could be at a club for eight, nine, 10 years and you're gone just like that. Somebody who you could speak to would be a big help. Once you leave a club, they almost forget about you straight away."

It should, ultimately, not be up to an 18-year-old to explain in detail what the ideal support mechanism should look like. Football has enough money to throw at problems it wants solved. Still, Thompson believes that the solution is simple.

“Just somebody to speak to, whether that’s somebody from the club you’ve just been released from offering something back to you as support mentally, or if that’s from the Premier League and they give you someone you can speak to straight away, rather than them leaving you to try to sort it out yourself.”

Who that responsibility should fall upon is uncertain. Should it be left to the individual clubs? Should it be left to the leagues – the Premier League and the EFL – to sort? Should the Football Association, the supposed guardians of the game, not take this on? The Premier League are looking at the problem, but then what about the other 72 clubs in the EFL? That the mental health of academy teenagers is a buck that any of English football’s stakeholders want to pass elsewhere is an unpleasant prospect.

In conversation with England manager Gareth Southgate recently he pointed out that for a youngster the person they become closest to is often a football coach. But overnight that person can be whisked away, too. Clubs may not even know about the problems their former players go through when they leave. The mask players wear to the training ground, Thompson explains, is often different to that which they display away from it.

“Footballers have a personality at the training ground and when they’re playing games but they also have a different personality when they’re at home or with their family. You don’t see that when you’re at the club.”

Hopefully, Thompson’s story will open football’s eyes to what is happening.

APPENDIX B

'I found out I'd been released after a coach left a piece of paper on the canteen table'

By Adam Leventhal, May 21, 2021

"It was a mistake by a coach who left a piece of paper out on one of the canteen tables and the players found it," Max Thompson tells *The Athletic*. "I was in the gym at the time, doing my own thing, then came back to the changing room to a message from our coach saying that we needed to meet in the classroom.

"The coach who left the piece of paper was apologising for what he'd done, saying it was a mistake and if anyone wanted to speak to him they could. I wasn't sure what he was apologising for. I was just confused."

That piece of paper left in Watford's canteen had handwritten lists on it of the players who were to be released or retained from the club's under-18s team at the end of this season.

"Back in the changing room, the captain came up to me and said, 'Do you not know about the decision?'" adds Thompson, "which I didn't. He explained the situation, and I could tell by his expression that it wasn't good news."

The 18-year-old, who had spent two years at Watford's academy, was one of three players who would not be offered a new contract. "I accepted it and had a meeting but the way it happened left me quite upset," he says. "I don't blame the club, who were good to me for the two years I was there, but I don't want anything like that to happen to anyone else.

"It's a dream to make it at a club for so many young footballers and then it feels like your whole life has been taken away from you because it becomes your life, your daily enjoyment; being taken away from the environment, your team-mates, and football, in general, is hard to deal with."

Around the time he was let go by Watford, Thompson was working in conjunction with the club to launch an initiative called Tape 2 Talk, which aims to raise awareness of the challenges faced by young players who get released by football clubs. It included academy teams wearing branded sock-grips and a photoshoot with first-team players.

"Troy Deeney was the one that spoke to me the most," says Thompson, "and he said, 'Well done', and was pleased that I was doing it and was interested in the whole thing and what it stands for."

Thompson's exit was therefore an awkward coincidence after a particularly difficult year for him.

"Decisions are difficult for most clubs because of that period of time not seeing players play or train," he says. "My consistency levels weren't always there due to injuries and I also had COVID over Christmas, which affected my fitness, so it was a messy period of time."

Before joining Watford in 2019, Thompson had made the difficult decision to turn down a two-year scholarship at Chelsea after being told his opportunities there would be limited. The young striker had

been with the west London club since the age of eight after scoring 10 goals in a trial match against a Chelsea XI for local side All Star Academy in Eastbourne, on the south coast of England.

Leaving Chelsea hit him hard and he admits to locking himself away in his room at first. “When you’ve never experienced it, it can be difficult knowing how to talk about it and tell people how you’re feeling,” he says. “It may sound stupid, but how do you tell your mates, or your family? Do you call or just send a message?”

Dealing with it this time has also been tough, but the Chelsea experience helped him to prepare. “You know what emotions to expect and how it can affect your mental health,” he says. “It means that when it happens you can guard against those negative thoughts, even though it is a shock, and work out what you’d like to do in the future.”

The mental turmoil faced by young footballers was brought into sharp focus when former Manchester City academy player Jeremy Wisten took his own life in October last year at age 18. Wisten’s death, and Thompson’s own experiences, inspired the Tape 2 Talk project to encourage more open conversation about mental health issues.

“It’s definitely helped me with the mental side of things and I want it to help others who’ve been through the same things,” says Thompson. “It’s important to support them and be there for them. They might put on a mask but you need to be cautious because it can be a really tough time.

“It’s also for friends and family. Some parents may not understand the way their kids are feeling after being released because it’s difficult when they’re nine or 10 years old. It’s really tough being released when you’re really young.”

Although Thompson won’t be working in partnership with Watford any longer, he’s still in conversation, along with his agency Coda Independent Sports (CIS), with the EFL’s official mental health charity Mind about growing the initiative. The ultimate aim is to have a platform and support network for young players both when they are with and without football clubs.

“The brutal reality is that it shouldn’t take a young player dying to make football wake up to the fact that there are thousands of young players going through a system where maybe only one will go on and make a career out of football and it doesn’t prepare the other 999 of what happens in life,” says Luca Hodges-Ramon from CIS. “This has to be a top-down approach and all stakeholders should have to agree a set of standards and procedures related to a duty of care during and after they play for clubs. That’s psychological help but also alternative pathways.”

Thompson has spent time with his family back in Eastbourne since leaving Watford last month.

“I’m trying to take my mind off it really for a bit, going for runs and keeping myself fit and healthy,” he says. “There are lots of options, including going on trial at other clubs when pre-season starts, playing men’s football at a lower or local level or going to America to try the scholar-athlete route probably next year. That would be a great experience, not only for the football but also education and life skills.

“Once you’ve had experience of being away from home for quite a long time (from 14, he lived near Chelsea’s Cobham training ground with a host family) it gives you the confidence to go a bit further. Having been with Crystal Palace, Chelsea and Watford from the age of eight to 18, it would be great to try something new.”

Thompson is acutely aware not every young player will see setbacks the way he now does. His altruism in promoting greater mental health provisions, while going through a tough time himself, is laudable. It's clear the game as a whole still has work to do.

“Football as an industry needs to alleviate some of the pressure and make footballers aware that there are so many other options, even within the game, if you don't make it to the top,” says Hodges-Ramon. “It means they don't develop an identity that is simply confined to being a footballer.”

APPENDIX C

The following is the case study drawn from the parents of a boy who had been through the academy system and is currently a 17-year-old scholar at an EPL club. Although the FSA has spoken to the parent to confirm this story they have requested to remain anonymous as their son remains in the academy system.

“Over the years communication to the parents has been awful. If you compare it to the way a school works and how they are expected to communicate with you it is so far removed from that. Yet, these are still children spending huge amounts of time in the academies care.

“Our feeling is that the clubs fail to acknowledge that these are children, they don't realise the parental support should be present across everything they do and how they communicate that to the children.

“As parents we have spent years driving our son to training straight after school and not returning until 9pm - a 40 minute drive each way in good traffic. On returning, our son would have to do his homework and eat before bed. This is hugely demanding on the child, but equally tough on the parents and siblings, who in our case were often dragged along as well and missed the opportunity to do their own social activities.

“For many years our son had only one kit, so every night we also had to get that washed before the next day's training. On occasions when our son went straight from school he often had nothing to eat, I suggested to the club they might want to put a toaster in, something simple to provide a snack for the kids but they ignored me.

“Coming straight from school There seemed to be little respect for the parents or understanding of the difficulties they went through to enable their child's potential career.

“As parents we were lucky that we were able to facilitate this, but have encountered numerous others who couldn't, and as a result the boys missed out.

“This has a knock-on effect in selection, and it appears to me that many of the most talented drop away as their parents were unable to support the schedule. It undoubtedly means that academies are not as inclusive and diverse as they either should or could be.

“During one of his trials he ended up with the club for four months without anyone giving an indication of when it might end, or if he was being signed, nor was any feedback being given on how he was doing.

“At the age of 16 all communications are switched directly to the boys, with an expectation they relay this to us as parents, this is certainly not the way a sixth form college would operate. Our son is expected to live away in digs, and his time home is limited.

“It seems that the educational knowledge is missing. If you think about how schools and sixth form colleges operate, the parents are central to what is happening, they are kept informed and although the kids are encouraged to learn and mature, it is recognised that they are still children. Plus of course children mature at different times. If a school or college acted in the way the academy did they I'm sure Ofsted would take action.

“It doesn’t help that both children and parents are scared to complain or even question as they fear it will be detrimental to their son’s chances. This even happens when boys get injured, I’m not convinced they were always getting the best and correct care, but parents don’t want to question the club and so the boys’ welfare is potentially at risk.

“Luckily the parents support and guide each other, I’ve personally helped many over the years. You have to seek out your own information.

“I believe some flexibility is required. I saw many talented kids fail, not because they weren’t good enough, just because their family life could not support the demands the academy placed on them. It is pretty obvious that it is often kids from certain backgrounds who suffer and so the academies are not as inclusive and diverse as they should be.

“I think academies need to be assessed more on their approach to welfare, and how they communicate with boys and their parents. The best coaches my son has had in his time at the academy were all ex-teachers. At one club our son was at I became a parent rep and I think that concept is a good idea.

“Also, the FA could do more, perhaps provide a confidential helpline, and information leaflets to guide parents and children on what should and shouldn’t happen.”

CHAPTER EIGHT

FOOTBALL FINANCE

SUMMARY

1. There are two main areas of finance and football we wish to address: financial solidarity and financial control. The latter topic is also covered in some detail in our paper 2018 FSA proposals on the Regulation of Football. (Chapter Three)

2. Football in England generates huge revenues and yet we still look jealously at other European countries with far better grassroots access to usable facilities. Further we continue to see clubs in financial crisis and huge debts built up at clubs across the pyramid. In *Home Truths: Deloitte's Annual Report on Football Finance for 2020* the following facts (reporting on the 2018/19 season) jump out:

- Nine EPL clubs made a loss
- Cumulative net debt of EPL clubs in excess of £3 billion
- Only two Championship clubs made a profit
- Championship clubs announced combined operation losses of £382 million
- Eight Championship clubs had net debt in excess of £50 million, for of those in excess of £100 million
- Total club debt in the Championship totalled in excess of £1.1 billion

3. As clubs progressively release their accounts for 2019/20, we see the pattern continues. Of the 32 clubs who have published some results to date in the EPL and Championship there is a total of day-to-day losses of £1.653 billion. Clubs are averaging losses of £660,000 per week in the Championship & £1.25 million per week in the Premier League. If there is one overriding argument to show that football has failed to regulate itself it is this, even with the huge wealth of the EPL clubs lose money, this cannot be allowed to continue.

4. It is impossible to correct the debt outside of the EPL with a change to solidarity, the EFL has tried and failed to control spending in its own leagues, so to achieve sustainability across the pyramid we must look at both solidarity and tougher controls in tandem.

5. One area we must focus attention on is parachute payments, these are both a symptom and a cause of issues in the pyramid and the review. The reality is that the vast majority of parachute payments goes straight into the wage packets of players. They distort the competitive balance of the league and should be stopped, the redistribution of these payments alone would bring huge benefit to the pyramid at no extra expense to the EPL (more detail provided in appendix one), although the FSA believe the EPL should share more. The imbalance is obvious, in the 2018/19 season the combined payments to just eight clubs in receipt of parachutes was 2.6 times more than the total solidarity payments made to the other 64 EFL clubs.

6. We must create a system that provides a basis for promoted teams having a reasonable chance of staying up, and those that are relegated not being unfairly advantaged in the Championship.

7. If we are to cease parachute payments, we must also tackle the main reason for their existence head on, player wages. The FSA believes we must bring player wages under control, in the 2018/19 season Deloitte report that Aston Villa had a wage bill of £95 million, 12 times that of the club with the lowest wage bill, Rotherham United. A number of clubs operated a wage to revenue ratio in excess of 100%, with two clubs approaching 200%.

8. To assist clubs in controlling wage bills the review should mandate that all player contracts hold relegation clauses, stating the wages the player earns depends on the level they are playing at. In recent years, significant sums of money have ‘left’ football in the form of agents’ fees. A practice has developed whereby, when negotiating transfers of players between clubs, agents purport to ‘represent’ not only their primary client - the player - but also both clubs who are parties to the transfer. Not only does this involve a flagrant conflict of interest, unknown in any other sphere of business activity, but also the fees paid to agents for all three of the clients drain large sums from the game. In the period to February 2021, the following totals of agents’ fees were paid:

EPL	£272,220,223
EFL Championship	£40,753, 529
EFL League One	£3,082,105
EFL League Two	£1,069,115
TOTAL	£317,124,972

9. The period in which these colossal fees were paid was the first year of the COVID-19 Pandemic. Despite that, the total level of fees was almost unchanged from the total amounts paid in previous years.

10. In our view, far better use could be made of this money, by keeping it within football, perhaps helping fund the regulator, grassroots and stakeholder bodies/charities. We suggest that the Independent Regulator should explore ways in which agents should continue to be able to represent players, where players wish that service, but should not be permitted to represent and charge fees to clubs. The savings to clubs generated by that would enable more generous solidarity payments to be paid throughout the pyramid and more funding to be made available to grassroots football and to various charities.

FINANCIAL SOLIDARITY & HOW TO FUND IT?

11. This section looks at how money could be shared more fairly across the pyramid, along with how this might be funded.

12. The FSA recognise that the clubs playing at the highest level will always be richer, what is important is that we have a model which allows for all clubs to climb and benefit from the reward system, but also one that shares an element of its wealth to protect and strengthen the pyramid that holds it up.

13. We must acknowledge that the football pyramid is a collective, it is the strength and depth of our pyramid that has made our national game attractive across the world. An acceptance of collective responsibility will help ensure the game flourishes at all levels for years to come, a regulator is required to stop small cabals of clubs attempting to negotiate their own TV and commercial rights. A system is required to negotiate collectively and distribute fairly.

A NEW FINANCIAL MODEL FOR ENGLISH FOOTBALL

Context

14. The history of the regulation of the English game is one of a continuing effort to balance finance and competition. Until the 1960s, the regulatory framework included restrictions on player wages and contractual freedom, a limit on shareholder dividends, prohibition of paid directors, and revenue sharing, initially of gate receipts, and later on the revenues from TV rights.

15. In a series of decisions beginning with the removal of the minimum wage in the 1960s and ending with the Bosman ruling in 1995, the various components were removed and replaced by a model based largely on the sharing of EPL TV rights. Although additional regulations have been introduced separately by each professional division over time, compared to North American sports, financial regulation of English football is very much a 'light-touch' model. Viewed in this context, the financial challenges of the English game are therefore unsurprising

Objectives

16. A clear set of objectives is required to set the framework for developing the details of a new financial settlement and associated financial control regime. The FSA proposes the following:

- Protect and strengthen the pyramid;
- Ensure the sustainability of well-managed clubs;
- Create fair competition within and between all divisions while allowing clubs to pursue their ambitions; and
- Support for the wider football community.

17. With the precarious state of English football’s finances beyond dispute, it is important that any measures both support the generation of future commercial revenues from the game and incentivise investment. The objectives set out above are consistent with these aims: a healthy competition with promotion and relegation has been shown to increase the game’s commercial appeal; a strong pyramid keeps the game fresh and provides a source of new talent and opportunity as well as retaining the game’s community linkages; and a strong national game retains and boosts interest in the sport. A well-designed financial framework benefits all the game’s stakeholders.

The challenge

18. The key issues the framework needs to address are:

- Ensuring owners do not take unsustainable risks in the pursuit of success;
- Maintaining a reasonable competitive balance in each division by limiting the impact of significant differences in the financial resources available to clubs;
- Smoothing the cliff edges between divisions;
- Balancing the interests of all stakeholders, potentially requiring action to restrict the bargaining power of elite players, protecting supporters from excessive pricing of tickets, TV rights etc;
- Creating the right incentives for investment in talent development, facilities and the wider game;
- Protecting the English game, for example, by creating incentives for investment in the domestic game and ensuring English clubs are not disadvantaged in the international game due to unfair practices by clubs in other countries.

19. Proposed approach:

More equal revenue sharing within the Premier League

The 2020/21 season has shown that the gaps between the richest clubs and the rest are not unbridgeable. Reducing the revenue disparity between clubs by an additional amount compared to the current model should ensure a more competitive Premier League.

The FLR should consider a more equitable sharing of TV rights revenue between the 20 clubs by reducing merit payments to clubs qualifying for Europe. Currently clubs finishing in the European places both receive a higher share of TV rights revenues and an additional payment of European TV rights – a double benefit;

Increased EPL revenue sharing across the pyramid

A higher share of revenue across the pyramid is required to ensure financial sustainability. The exact amount to be shared requires further analysis, although Project Big Picture suggested 25%, if this or similar percentage model were to be agreed upon it must include all TV revenues and not allow for rights of certain games to be sold outside of this. The FSA would welcome more time to discuss potential models with other parties.

Parachute payments should be replaced by a promotion adjustment mechanism that will

include: contractual wage reductions/rises on promotion/relegation; a mechanism for allowing clubs to make a one-off adjustment on relegation to write off transfer fees, pay-off contracts that must be owner-financed and shown to be affordable. This allows clubs to compete effectively but reduces the ability to retain an unfair competitive advantage on relegation.

Relegation adjustment mechanisms across all divisions.

Additional measures to incentivise financially and economically-efficient behaviour

Squad salary caps based on wage/revenue ratios applied consistently across all divisions – these will act to reduce spending on wages, thereby reducing pressure on wage levels across the pyramid and allowing Premier League clubs to reduce spending so making the greater revenue sharing affordable.

A levy on foreign transfers and on agents' fees to: raise revenue to go towards revenue sharing; reduce outflow from the English game; and incentivise investment in developing domestic talent that will lead to more revenues circulating between English clubs (also may want to suggest investment in English coaching and managerial talent).

Reform of the academy system and Elite Player Performance Protocol (EPPP) to support the efforts to develop domestic talent.

Use of new immigration rules to ensure foreign talent is adding to the English game.

Protection for supporters from the threat of price rises to generate income to compensate for higher revenue sharing.

Moves to ensure English clubs remain competitive internationally. Some form of international regulation on the lines outlined above limiting owners and states from unfair practices is required.

20. The FSA further recommends that:

- Collective TV rights only, clubs cannot sell their own TV rights either individually or in small groups.
- We recognise the existence of iFollow in the EFL, and equivalents in non-League, the review should acknowledge the difference to these which must be considered in the overall solidarity share discussion.
- EPL must continue to support for charities, stakeholder groups, grassroots and the Football Foundation. The review should look at whether the original five per cent revenue commitment should be enforced or even increased.
- In Appendix One we cover some revenue distribution models as an example of what could be achieved. We do not suggest that these are what should be enforced, but would prefer more time to work through these models with football finance experts. The review should consider proposing this in its draft report for completion prior to the final report.
- An ongoing level of support for the women's game is agreed.
- An ongoing level of support for grassroots is agreed.
- An ongoing Level of support for charities and stakeholder groups (including supporter organisations and diversity/inclusion focused groups), is agreed.

FINANCIAL CONTROLS

21. We have covered a significant element of financial controls in our evidence, this chapter is both a refresh and addendum to some of that detail. We provide a summary of proposals in this section along with further reading in appendix two and three.

22. We believe there needs to be some continuity on financial regulations across the elite leagues. Promotion and relegation on a seasonal basis means there is some sense in an alignment of rules. Financial Fair Play (FFP) rules have made some improvements, however they have not stopped the problems occurring, tougher, tighter and more transparent financial regulation is required. The Regulator with Government support must also look to find ways for rulings to be successfully challenged and reviewed by a higher body such as Court of Arbitration for Sport, football ought to be able to regulate itself in most instances.

23. The FSA is concerned about a number of areas regarding financial control of football clubs:

- Player wages, including revenue-to-wage ratio
- Excessive payments to shareholders and connected parties
- Certain types of loan
- Financial doping, meaning the ability for some clubs to bend FFP rules via the owners' connected companies and partners paying over the odds for commercial contracts.
- Debt, both amount of and type of
- Lack of transparency and continuity of reporting
- Leveraged buy-outs of clubs
- Annual losses
- Disposal of assets

24. Depending on the level in the pyramid we tend to see different problems, and certainly a different scale of problem. What is clear is that at many clubs, football's finances are out of control. Sadly it is the club, these historic institutions, that are at risk. There must be no more gambling on the existence of clubs at the whim of an irresponsible owner, the regulator must work to create fair and exciting competition without the need for unnecessary risks to be taken.

25. We propose the following:

- Increased salary controls to include
 - Relegation clauses in every player contract (wage per league clause)
 - salary cap to be based on revenue percentage ratios and not be absolute
- Loans not permitted to cover player wages, although permitted under certain approved circumstances to aid cash flow
- Allowable losses in individual and multiple years to be reduced
- Key assets (e.g. grounds) to be retained in clubs and not to be sold to circumvent financial fair play rules
- Prohibition of certain loan types, e.g.
 - Grounds and key football assets cannot be used as security unless for capital projects
 - Loans leveraged against clubs to be allow for a change of control
 - High interest rate loans from unregulated sources
 - High interest rate loans from directors/owners
- Change of ownership not allowed if it increases current debt of club
 - Prohibition of leveraged buy-outs
- That the holding company of a football club (or the football club itself if not a part of a holding company) should be domiciled in the UK for all business purposes (and therefore subject to UK reporting standards)
- Standardised level of public financial reporting for all clubs, an improvement on requirements for small company account exceptions
 - Review and standardise both public and regulator disclosure of finances, to include all payments to shareholders
 - Abbreviated accounts not acceptable, clubs to publish accounts in a standard format
- In relation to strengthened FFP, there should be absolute clarity on what is included in revenue and cost calculations to reduce any loopholes.
- A single set of regulations across EFL, EPL and NL, with only minimal differences allowed, each clearly explained
 - Addressing wages, debt, loans, asset protection, solvency
 - Inclusion of all football-related staff into wages calculation
 - Stricter regulation on what is counted as revenue
- Standardised public reporting, financial and other, including annual solvency test
- Owner investment for team wages can only be in the form of equity and must support life of contract
- Clarity and transparency of sanctions for breaking all rules, clearly defined increasing sanction

APPENDIX A

Further reading: Solidarity, parachute payments and wage caps

Solidarity Payments

1. Clearly those at the top will always benefit from the largest share, but a change in the way solidarity payments are made to the lower leagues could make a huge difference. If planned and properly implemented an increase in solidarity payments to the EFL and below can easily be afforded, budgeted and hardly raise an eyebrow to those whose salaries it might have the tiniest of impact on. More important than an increase is to address how the payments are distributed and to look for a fairer model that creates more balance and opportunity in the leagues below.

2. In the 2018/19 season the lowest payment to a EPL club was a little more than £96.6m, the highest a little shy of £151m, total payments across the 20 clubs was more than £2.4b.

3. In the same season the EPL paid £265m in parachute payments split over eight clubs, and just £107m across the remaining 64 EFL clubs.

4. So, the team who finished bottom of the EPL received almost as much as was split between 64 EFL clubs, the team who won the EPL got 50% more. Those eight teams who had been relegated from the EPL in recent years received between them almost 2.5 times as much as the remaining 64 teams. The top earners from parachute payments received payments more than nine times as much as their Championship counterparts.

5. This is the start of the problem, the imbalance in broadcast/solidarity payments creates an uneven playing field that has kick-started the gamble culture or arms race in English football. 11 of the 20 championship clubs whose results are currently available for the 2018/19 season had a wage-to-revenue ratio in excess of 100% - the highest being an incredible 214%. Of those 20 clubs who have reported, 16 made a pre-tax loss.

6. Two of our core objectives are sustainable clubs and a more even competition, looking at these numbers it is easy to see why this happens, and it is the same story albeit with less dramatic figures in the leagues below.

PARACHUTE PAYMENTS

7. We should consider what parachute payments achieve for the game as a whole, focusing such significant amounts of money on teams who have basically been poor performers, albeit at the top level, seems counterproductive when the money could provide so much greater benefit to the whole pyramid. Another consideration is that instead of parachutes there are much higher write-off allowances on relegation on player values, bought out contracts etc.

8. Clubs in the EPL are burdened with huge player wage bills, the average player salary being £50,000 per week, with even a low-spending club spending upwards of £65m per year on wages.

9. Player contracts are typically signed for two, three or even four years, contract law alongside the football creditor rules helps protect those players to ensure contracts cannot be terminated early and this is where the parachute payments help the relegated clubs. They provide a cushion to those who are relegated ensuring player commitments can still be made.

10. One easy way to increase solidarity to the EFL and below is to cease, or significantly reduce, all parachute payments and refocus those to be shared across all teams. This would have a hugely positive impact for the pyramid, unless you are one of the recently relegated EPL clubs, who could be left with unaffordable player commitments.

11. To resolve this, we must also look at how player contracts can play a key part in solving the problem. Is it fair that an underperforming team is paid less than a successful one? It would seem fair that a player's contract reflected the level in which they are playing. This could be managed by including salary tiers based on league/division.

12. If you are a player in a relegated team your salary is adjusted to reflect the league you are currently playing in. If both amounts were stipulated in your contract, you would always be aware of both your higher and lower salary thresholds.

13. We might fear this because of what we are used to, but if it were to transition to the norm it would be considered reasonable and comparable to other performance-based professions. It may be that we look to offer an element of compensation to these relegated players, coming directly from the EPL, but clearly it would need to be significantly less than paying out existing contracts, otherwise the requisite savings would not be made.

14. It is the mandating of these contract stipulations that is essential and would in fact make negotiations between club and player much simpler. Clubs might currently lack confidence in negotiating such clauses whereas mandating them would create a more level playing field from which to negotiate. For players, relegation clauses can be 'sweetened' by having a break option exercisable in the close season following relegation at a transfer fee within a pre-agreed formula.

15. To give some perspective of how a small change in the solidarity approach could make a huge difference to some clubs we present some example models below. Other than the abolition of parachute payments we are not recommending that any of these models are introduced, moreover that in the draft report the review proposes that more time is given to come back with proposed solidarity models in advance of the final report. The FSA would welcome more time to work with colleagues who are experts in football finance to add further detail.

16. Each of these models uses the EPL solidarity distribution from the 2018-19 season.

Model 1 – Parachute payment monies distributed across EFL

Without altering how the percentage allocation works across the EFL, adding the parachute payments to EFL solidarity makes a significant difference to all clubs.

Columns two and three in the table below show the 2018/19 solidarity payments made to each EFL club and the league as a whole.

Columns four and five include an additional £265 paid as parachute payments and shows what solidarity payments would be made utilising exactly the same split by league

	2018/19 Club payment £M	2018/19 Total league payment £M	New total league payment £M	New club payment £M
EPL Club range	£96.6 to £151	£2,456	£2,456	£96.6 to £151
EPL Club average	£122.8	£2,456	£2,456	£122.8
<u>EFL Championship</u>	£4.65	£79.10	£276.29	£11.51
<u>EFL League One</u>	£0.70	£16.10	£56.24	£2.34
<u>EFL League Two</u>	£0.47	£11.20	£39.12	£1.63
TOTAL to EFL		£106.30	£371.30	

Model 2 – Parachute payment monies distributed with a more balanced approach across leagues.

The table above shows a redistribution method that matches the one currently used, however with more money available it would be possible to create more balance across the EFL and provide a significant sum for clubs to share below the NL and/or to support grass roots.

The table below gives an example distribution, with just the existing money more evenly shared (50% to the Championship, 25% to League One, 15% to League Two and 10% for National League and below).

All EPL clubs would receive the same and all EFL and NL payments would increase.

We show these models as an example of what could be easily achieved without impacting EPL clubs. However, much more could be achieved with a slightly more generous financial commitment from the EPL.

	2018/19 Club payment £M	2018/19 Total league payment £M	New total league payment £M	New club payment £M
EPL Club range	£96.6 to £151	£2,456	£2,456	£96.6 to £151
EPL Club average	£122.8	£2,456	£2,456	£122.8
<u>EFL Championship</u>	£4.65	£79.10	£185.65	£7.74
<u>EFL League One</u>	£0.70	£16.10	£92.83	£3.87
<u>EFL League Two</u>	£0.47	£11.20	£55.70	£2.32
NL & below			£37.13	
TOTAL to EFL & NL		£106.30	£371.30	

It is worth noting that with this level of distribution it would still only be about 7.2% of EPL TV revenues for the season.

Model 3 – small increase in EPL solidarity contribution and parachute payments distributed.

The final model uses a simplistic reduction and reallocation of EPL monies, so along with the removal of parachute payments a further 10% has been taken from EPL distributions and provided to the rest of the pyramid. The same basic distribution model has been applied as in Model 2.

	2018/19 Club payment £M	2018/19 Total league payment £M	New total league payment £M	New average club payment £M
EPL Club range	£96.6 to £151	£2,456	£2,456	£86.9 to £135.9
EPL Club average	£122.8	£2,456	£2,456	£110.5
<u>EFL Championship</u>	£4.65	£79.10	£308.5	£12.9
<u>EFL League One</u>	£0.70	£16.10	£154.2	£6.4
<u>EFL League Two</u>	£0.47	£11.20	£92.5	£3.9
NL & below			£61.7	
TOTAL to EFL & NL		£106.30	£616.9	

SALARY CAPS

17. Club sustainability issues have raised the discussion on wage caps within English football, something shown to work in other sports around the world. Clearly wage caps appear to bring an easy fix, but it could also just focus existing issues to particular areas. An outright wage cap by league could unfairly hold back clubs who can afford it, creating an unfair and artificial limitation. It might also still allow those who could not afford it to continue to overspend.

18. League One is a classic example, in the current season the average attendance ranges from more than 3,000 to fewer than 3,000, to be fair a cap should surely take into account the revenues that can be achieved.

19. The EPL should consider a salary cap. This would help support the structure below and control the size of the gap between Championship and EPL, the willingness to spend huge amounts distorts salaries across the whole pyramid.

20. Further, on its own a salary cap still fails to address the issue with relegated clubs and the existing player commitments, unless of course player contracts contain a relegation clause.

21. The FSA believes that wage caps with a set limit (as opposed to one based on a percentage of revenue) whether it be by player or by squad is not the path to pursue, and that existing FFP and Salary Cap Management Protocol (SCMP) rules are better-placed to address the issue. However, these rules must be strengthened, better monitored, properly enforced, with spending limits and actuals by club, published periodically.

APPENDIX B

FURTHER READING: FINANCIAL FAIR PLAY (FFP) AND SALARY CAP MANAGEMENT PROTOCOL (SCMP)

1. We have tried to address some areas of FFP reform earlier in our evidence, and so here we will focus specifically on aspects related to profit and loss and club wages. As we have stated elsewhere transparency, simplicity and openness are key. The rules and associated penalties should be easy for all to understand, reporting should be public with clarity regarding any misdemeanours.

2. We believe that combining FFP and SCMP makes sense, one set of rules, albeit with some considerations per league, would seem appropriate in a league system where promotion and relegation is at its core, it should also tie in with UEFA FFP rules.

3. An interesting start point is the concept of allowed losses, which remain high in the Championship. Clearly it is impossible to accurately forecast every penny and pound and so some flexibility on allowed losses makes sense, further, there is consideration over more than one accounting period.

4. Questions raised are:

- How much should be an allowable loss in both a single year and over a three-year period?
- How is equity investment treated?
- What level of loans should be allowed for capital investment?
- How to address salary caps?

5. We believe that the level of allowable losses in the Championship should be further reduced, and similar constraints added for League One and League Two, albeit at a lower financial level.

6. Permitted loss should be based on actual published results, with strict enforcement of accounting standards and exclusion of exceptional activities such as property sales. There should be no add back for academy, community costs, etc.

7. To enable some element of owner investment and allowing smaller clubs to flourish under a benefactor we believe that pure equity investment should be allowed, however it should be capped and further investment of this type which is aimed at the playing squad must be balanced over the length of player contracts.

8. Capital investment by way of equity should be treated differently, thereby an owner or shareholders wishing to invest in club infrastructure should be allowed to do so without a cap.

9. Any loans taken for capital investment should be subject to the rules we have recommended elsewhere, thereby being at a reasonable and affordable rate and from an accepted, declared, and

legitimate source. All repayments would, of course, have to be considered as part of the annual accounting return and budgets. Loans must not be taken to fund playing budgets.

10. The basis of SCMP is solid, and rather than salary caps it should be strengthened and used across the EFL. As SCMP is based on a percentage there seems little sense in that percentage being different across the leagues, what is more important is that we clearly define what is classed as revenue and what is classed as salary cost. Fundamentally, the wage-to-income calculation needs to be set at a level which ensures that, roughly speaking, clubs complying with SCMP will achieve break even

10. As we are focused predominantly on the area of football staff wages, we may wish to consider that the entire football-related staff are included in the calculation, albeit this does restrict bending of the rules it might have a detrimental impact on coaching numbers.

11. The key is to find a way that does not allow clubs to overspend on football activities, clarity and strictness of what is included in revenue and spend allowing less chance of creative accounting. Whichever path is chosen a breakdown would be required of full-time playing staff, coaching staff also, albeit we may wish to keep academy and scholar players and staff outside of this calculation to help encourage investment in youth.

12. With the inclusion of all football staff, a higher percentage would be allowed than is currently set. These costs must include all aspects of those staff costs, including any other expenses, signing on payments, contract termination agreements or bonuses committed.

13, Returning to the income to consider against those football related costs all true revenues would be considered, albeit with these additional considerations.

- Equity investment and football fortune to be apportioned across committed player contracts
- Reasonable and fair sponsorship agreement, i.e. no financial doping from related parties

14, Reporting should be template-based, with variances highlighted and additional information on request, with returns made pre, mid and immediately post-season. Clubs might also be obliged to report as soon as they become aware that their actual results are likely to differ materially (to be defined) from forecast.

15. A basic solvency test should form part of the periodic check. The Regulator would need to be proactive, calling out concerns and if necessary, restricting transfer window spend. Football costs could be easily tracked with an online reporting system, including comparison of player wages against registrations.

16. We also believe that reporting should be transparent, available online to all, although clearly this should be the headline reporting and not the detail player by player.

APPENDIX C

FURTHER READING: ENFORCEMENT

1. Financial returns from clubs should be monitored continually, with every club submitting a pre, mid and post season return, with the Regulator able to request detail at any point in between.

2. A standard tariff system of sanctions and penalties should be made public and applied when rules are broken.

Sanctions might be imposed for any of the following.

- Breach of permitted losses
- Breach of SCMP cap
- Failure to submit return on time
- Failure to report variances
- Actual results consistently and materially different from forecast.

3. A clear table of penalties should be produced, this would be based on both breaches within a single season and those over a three-year period. Looking specifically at both profit and loss and SCMP. Penalties would be both financial and points-based, increasing with the severity of the offence. Points deductions would be applied to only the more serious and repeat offenders.

4. Post-season SCMP returns would need to be considered immediately at the end of the regular season with any serious breaches being subject to an immediate points penalty. It should be noted that with continuous monitoring, clarity of punishments and the knowledge of absolute enforcement that the expected number of breaches should be kept low. The idea is not to see a league table change at the end of each season based on penalties applied, with the threat of enforcement the aim is of course for this to never happen.

5. To aid effective reporting any breach discovered retrospectively through misreporting could be more severely punished.

CHAPTER NINE

PROTECTING FOOTBALL ASSETS:

Summary

1. In the last 25 years more than 60 clubs in the top five leagues have seen the separation of the ownership of a ground, training ground or other property from their club with some, or all, of the land value going to private interests rather than the clubs concerned. Many clubs have relocated during this time (often 'out of town'), which can dramatically change the local benefit that communities derive from these sporting assets.

2. Further down the pyramid we know from the FA National Facilities Strategy that a large number of facilities are owned privately as one in five of the 3,200 respondents to the facilities survey said their home ground was privately owned (but not by the club itself).

3. We have consistently seen how the separation of a sporting asset from a club has caused huge damage creating uncertainty, unsustainability and in some cases loss of clubs and assets from football.

4. The results can be catastrophic to communities and the fallout is damaging to football as they often become big local and national stories. New owners, supporters and the community are then left to pick up the pieces by establishing new clubs or working to build new facilities, or often worse inheriting facilities with landlords demanding unrealistic

rents/buy back arrangements and broken local relationships - see Basingstoke Town, AFC Bournemouth and Coventry City for three examples playing out now. By contrast, former owners have been unjustifiably enriched out of the proceeds of property speculation.

5. We have set out several themes below, before making recommendations as to how problems could be prevented both through legislative means and changes to football regulation. We don't profess to have all the answers and recommend speaking to stakeholders particularly in relation to planning policy and legislation.

6. Finally, you will find a selection of case studies provided by supporters/club officials, who have all suffered or are suffering from problems relevant to this review, which have informed our recommendations. The case studies feature clubs at all levels of the game, in all areas of the country and contain both live and historical examples. The case studies represent just a snapshot, bearing in mind the constraints imposed by the short timescale for us to coordinate them (they represent about 50% of the groups we contacted less than a month ago) and the size and reach of our network (which tends to be towards the semi-professional and professional game).

EXAMPLES FROM SUPPORTERS' GROUPS

Loss of football assets

7. Where football assets have been sold and not replaced. Examples include:

- Worcester City
- Truro City
- Northwich Victoria
- Hinckley United
- Hendon
- Cambridge City
- Grays Athletic
- Basingstoke Town (in process)
- Fisher FC
- Scarborough Athletic
- Darlington

Sale or development of football owned assets with proceeds leaving football

8. Where parts of assets previously owned by football clubs have been sold/developed for private gain. Examples include:

- Wrexham
- York City
- Bolton Wanderers
- Reading

Transfer of ownership of football asset resulting in destabilising change in terms of occupancy

9. Where a football asset is transferred and the terms of occupancy (e.g. lease) are significantly less favourable. Examples include:

- Coventry City
- AFC Bournemouth
- Oxford United
- Dulwich Hamlet
- Stockport County
- Wrexham

Assets of Community Value (ACVs)

10. As part of the 2011 Localism Act communities were given the right to nominate 'Assets of Community Value' with the local authority. If successful, the asset is listed on a register and the nominator will be informed if it is marketed for sale within a five-year period. If it is up for sale the community can enforce their right to trigger a moratorium period which equates to six months to determine if they can raise the capital to purchase the asset.

11. The FSA, or historically Supporters Direct, have helped more than 40 groups list football assets as 'Assets of Community Value' and there are believed to be more than 100 sports assets listed. The definition of an ACV is:

"A building or other land is an asset of community value if its main use has recently been or is presently used to further the social wellbeing or social interests of the local community and could do so in the future. The Localism Act states that 'social interests' include cultural, recreational and sporting interests."

12. Since their inception working with these groups the FSA has witnessed a number of challenges with the current legislation and opportunities to modify which would benefit the FA's efforts to better protect football assets at all levels. Some of these are highlighted in the case studies as well as references below under the common themes.

Challenges over the footprint of what can be listed

13. A common issue that community groups wishing to list football assets come up against is what the Local Authority and/or the football club are willing to accept as part of the footprint. This has been an issue at clubs such as Oxford United, Bolton Wanderers and Northampton Town to name a few. The result can be that footprints are divided up as either protected by an ACV or not, leaving land previously being a football asset, from car parks to running tracks, being sold/developed with the proceeds being lost/or at risk of being lost to private interests.

Listed assets being put at risk as mortgages and charges are registered against grounds

14. If any asset is deemed to be significant enough to be listed by its community, then it follows that it should not be undermined by allowing it to be used as security for borrowing or other transactions. There are a number of football assets currently listed as ACVs that have had charges registered against them since being listed, many of such charges being in favour of the club's owner.

A lack of transparency over the sale process

15. At the moment communication around ACVs tends to be limited to knowing when an asset is listed and if you are fortunate at the point it is going to be sold. It is unhelpful that there is no onus on the owner to disclose their *intention* to sell.

16. That provides no real opportunity for the future ownership of the asset to be discussed and a potential bid prepared. In some cases such as at Nuneaton Borough FC, it has taken numerous attempts by supporters to the owner of the asset and the local authority to explain what the ACV means whilst the ground was being openly marketed sold with no mention of this restriction.

Long leasehold properties

17. In order for there to be a 'relevant disposal' to which the moratorium applies, the listed asset being disposed of must be a transfer of the freehold or grant or assignment of a 25+ year lease which gives vacant possession.

18. This deficiency in the legislation means that the freehold interest in a property where a club has a long leasehold interest, which has been listed, can be sold or transferred without the nominator being notified or given the opportunity to trigger a moratorium. Just such a situation may arise at Torquay United where the club's owner (Clarke Osborne through his company, Riviera Stadium Limited) is seeking to acquire the freehold of the club's Plainmoor stadium site, from the local authority (the club's interest is long leasehold), but with the declared intention of relocating the club as part of larger redevelopment projects of both a new site and the Plainmoor site.

Appeal process

19. The lack of an appeals process for nominators (which is afforded to owners within the Act) is cited as unfair.

Drawback of the 'recent past' clause

20. Local Authorities have generally sought to interpret a very short timescale meaning that sites that have either been treated irresponsibly or fallen out of use for some years are excluded from the provisions. Further, what constitutes 'recent past' is genuinely different from place to place in terms of the relative pace of regeneration and development, and we therefore recommend clearer guidance under the legislation of 'recent past' means.

21. All listed assets should be afforded more protection in planning terms. Listing does not prevent valued community assets from being demolished or converted into different uses unless it is a planning issue. Then it is down to the Local Planning Authority to decide whether a listing is a material consideration.

22. Recommendations to change ACV legislation to better protect football assets include:

- Community groups (such as Supporters Trusts) are given a genuine first refusal, and a reasonable length of time to respond, to ensure that there is a right to buy and not just an opportunity to bid
- Once an ACV is listed by a local authority, either a prohibition is placed on the ability of existing owners to secure debt on it, both to better protect the asset and to enable a purchase to be more realistic, or a secured lender would be required to release the charge before seeking to dispose of the asset. Measures could range from a ban on the grant of mortgages/charges on facilities designated as ACVs (unless asset was community owned and had a suitable asset lock) to greater regulation of where lending came from
- Greater transparency on 'major life events' of listed assets. There should be an expectation on the owner to inform the authority and provide evidence of the moratorium exclusion in advance of the sale taking place. Owners could be obligated to inform the general public which would help secure the health and lifespan of community assets, this could include and number of things up to and including an annual report. Ultimately it would be designed to provide early warnings for the mutual benefit of all - the owner, the local authority and the community
- The moratorium period kicks in for a change of ownership even if it isn't a vacant possession e.g. the community get a chance to bid when a lease of over 25 years is transferred and if the freehold interest is being transferred
- A central register of ACVs is kept, perhaps administered by the Department for Communities and Local Government, resulting in a more standardised treatment

23. One common area that might be hard to argue as part of the ACV legislation is extra land and assets that are not seen as integral to the listed asset and the community value it delivers (e.g. not ancillary facilities – those that are non-essential for both the club's matchday operation and its non-matchday commercial activity), for example the large car park at Bolton Wanderers or the land behind the East stand at Northampton Town.

24. From the FA's (and supporters) perspective this is still an asset that is owned by football, and you would think that if it is to be sold it would be desirable for the proceeds to stay within the game. We would recommend that the default assumption should be that land/assets are ancillary with an obligation on the club, acting transparently, to demonstrate that it is surplus land and that disposing of it won't compromise the club's income streams

LEAGUE RULES

25. FA and league rules in relation to grounds allow too much scope for speculative interest in the development potential of club property, in particular their stadia, and need to be made more restrictive.

26. Recommendations to strengthen League rules to better protect football assets include

- Formal consent is required from the Regulator not only for a club to relocate its ground but also for any “proposed change in its circumstances relating to the occupation of its ground”. Changes in circumstances should include the sale, transfer or assignment of any material part of the site and should also include any proposal to pledge the ground as security.
- Extend the requirement to all the club’s property assets, for example including training grounds and academy facilities. These occasionally do have redevelopment potential and, before any consent is granted, the regulator should be satisfied that the club has made appropriate commitments to replace the facility and that any surplus will be retained within the club and not distributed to the owner(s).
- Ensure a club has the same rights of occupancy for the new facility as it had for the old: for example, it would be unacceptable for it to be foregoing a freehold title to its former stadium in exchange for a leasehold interest in a new stadium paying rent, say, to the club owner or a third party.
- An absolute prohibition on offering club property as security unless in connection with a capital expenditure project, for example the construction of a new stand. The terms of any consents granted under these requirements should be publicised.
- Additional anti-avoidance provisions are recommended to ensure that the owner could not strip the disposal proceeds of any asset sale out of the club by paying excessive remuneration or dividends out of the proceeds.

ROLE OF THE FA

27. Many, if not all, of the circumstances leading up to the transfer or loss of football assets can be attributed in part to failings in the current regulatory regime. We believe that the regulation of club football at every level of the game should be with the FA and that the system of regulation fosters continuous improvements in club governance - commending those clubs which are well-run and supporting the improvement of those which face problems.

28. Leagues already have regulations requiring certain information, mostly financial, to be submitted periodically. These allow for intervention in certain circumstances. We believe that these should be extended so that, when clubs submit their financial forecasts for each coming season, with that information they should also supply an updated business plan, showing how the club will be operated in a financially sustainable manner and in accordance with the other relevant regulations and the Code of Practice (see recommendations below).

29. Also, when clubs submit their audited accounts for each completed financial year, they should submit a factual report, describing how they have complied with the Code of Practice during the relevant year. There should be a formal annual statement signed by the person with significant control and the directors as to the identity of the person with significant control and directors, including any shadow directors.

30. Although some of these matters are already subject to annual reporting, the nature and format of the information is often opaque at best and kept confidential at worst, even where commercial confidentiality is not threatened. We believe that a system of greater transparency is needed. There should be as much transparency as possible subject only to the need for commercial confidentiality. This will be essential to ensure that supporters and other stakeholders can have confidence in the regulatory process, and with regard to protection of football assets provide an early warning system to potential problems.

Recommendations to change the role of the FA to better protect football assets include:

31. Concentrating regulatory responsibilities within the FA. We propose a rolling process of review, intervening whenever there is evidence of problems, offering help, guidance and practical support to those who need it.

32. Introduce a new Code of Practice on the Stewardship of Clubs, which sets out new guidance for clubs on the matters which have caused difficulty in many clubs over recent years, such as relationships with and engagement of supporters, partnerships with other stakeholders (local authorities, police, education, businesses;) changes in names, playing colours and badges of clubs; location and improvement of ground, training facilities and academy; etc.

33. Any consent with regard to change of circumstances to a club's assets would be conditional, inter alia, on the club being fully compliant with best practice on stewardship. This would mean that:

- a club is not moved to another location; or
- club owners are prohibited from securing debt arising from trading deficits on stadia; or
- club owners are prevented from separating the ownership of grounds from their clubs without proper consultation and approval from local communities, supporters, leagues and interested stakeholders as part of an objective process led by the F.A.

Planning obligations

34. Government planning policy can have a decisive impact on the future retention of football stadia and help prevent the separation of land from the ownership of the club. Government policy is found in the National Planning Policy Framework, although there are no specific references to football grounds. The section on Main Town Centre Uses refers to 'leisure, entertainment and more intensive sport and recreational uses', although it is perhaps rare to see Councils be proactive in seeking to put in place planning policies to protect grounds or facilitate appropriate relocation.

35. The planning system should operate under a plan-led system. Local authorities should be encouraged to include sports stadia within their plans. Any potential relocation can take in to account the benefits compared to the existing location in planning terms, matters such as transport accessibility and impacts on the local economy, i.e. where is the best location, in the public interest, for the football ground to be located.

36. Should the best place be in the existing location then protective planning policies can be put into local plans to ensure that any development that is permitted is to enhance or improve the stadium or its facilities. The advantage of this approach is that it would remove the incentive for the acquisition of football clubs for commercial land interests and would significantly impact on the land value (i.e. to that relevant to operating a football club). It also means that decisions are taken on a long-term basis, taking into account other significant development and infrastructure provision in an area, rather than a decision on an individual planning application.

37. A clear statement of Government policy on development and football stadia would also assist with the framing of planning obligations. As there is a lack of clear advice some of the obligations have been weak and not fulfilled their objectives. Local plan policies could set out the contributions that are expected from any development of a football ground. This might include the provision of a new ground in an agreed location. This would enable legally binding agreements to ensure that that it is provided.

38. In the past we have seen the loss of stadia such as the Victoria Stadium (home of Northwich Victoria) and St George's Lane (Worcester City) with housing and commercial developments but no replacement facility. Nene Park (Rushden and Diamonds) has been demolished and will be developed, whilst the successor club fights to find a home ground in the area.

39. The case study of Dulwich Hamlet highlights how the Section 106 Order was not prescriptive enough to protect the football club providing inadequate protection to the club particularly in view of the potential value of the land to property developers.

40. We have seen other examples where local planning has not been sufficient to protect football assets being lost. For example, in 2006 the owners of Wrexham were able to strip out land owned by the club into a separate company and redevelop that land, presumably for personal gain, although this cannot be verified due to late filing of accounts. It is understood that the planning consent was conditional on the proceeds of the redevelopment project being invested in the Racecourse Ground – a commitment which has not been honoured and which the game's regulators are currently powerless to enforce. If a planning authority grants consent to a developer that is conditional upon that developer providing a facility of a certain standard to a club (or providing surpluses in the case of Wrexham), then the club needs to be a party to the agreement or a separate agreement to be able to enforce its rights. Moreover, there needs to be anti-avoidance provisions to impose similar obligations on a developer's successor to deliver the club's entitlement to avoid the developer going bust and the redeveloped asset being transferred to a newco which can walk away from the obligations.

41. In the case of Coventry City's training ground at Ryton, there was a proposal in the draft local plan for Ryton to be developed for housing subject to the replacement of the football pitches to the satisfaction of the Council and Sport England. The Sky Blues Trust have argued that they need to replace not just the pitches, but all the facilities - gym, changing rooms, offices, etc - and that the replacement facilities are available for use before the housing development can begin.

42. The above are just a few examples where local planning obligations don't appear to be working well enough to protect/replace football assets. We think it would be relatively simple for Government to make a big difference to helping support the continued provision of football within our towns and cities.

43. Whilst the issue could perhaps be addressed in future revisions of the National Planning Policy Framework (NPPF), for now a written Ministerial Statement on behalf of DCMS and Ministry of Housing Communities and Local Government could provide the clarity to the more general references in the NPPF. This would enable local authorities to protect land and therefore their football clubs.

Recommendations to strengthen planning to better protect football assets include

- Suitable planning guidance on when replacement of football facilities is required, what needs to be replaced and how.
- Guidance from Government to ensure equivalent or better facilities be made available for the particular sports club who are losing facilities before development can start.
- The tenure on which a replaced asset is held should be at least as secure for the club as that of the facilities to be developed/disposed of.
- For the F.A. to work with the likes of Sport England to consider how its statutory role in planning could be strengthened, and the London Playing Fields Foundation to learn from their experience.
- A written statement Ministerial statement on behalf of DCMS and MHCLG could provide the clarity to the more general references in the NPPF

APPENDIX 1

Case studies prepared by supporters' organisations or clubs

Your club	AFC Bournemouth
Stadia/football related assets involved	Dean Court
Year it took place	2005
Level of the football pyramid you were playing at, at the time	League One
Result (e.g. who owns now)	Purchased by Structadene
Background of events leading up to loss/detrimental transfer of assets (summary!)	<p>The football club went into receivership in 1997 which resulted in a CVA being agreed. The terms of this CVA were unsustainable and the club consistently struggled to service that new debt whilst maintaining a level of football sufficient to drive viable revenues into the business. Moreover, structural issues at the old stadium meant that either costly remedial works had to be undertaken or the club had to build a new ground. The latter was chosen as the strategy as football foundation funding could be obtained to assist in the development which left the ultimate costs to the club broadly similar. These costs had to be met however and a costly loan from a director, Stanley Cohen provided this finance at a high rate of interest.</p> <p>The new stadium was built but the club was crippled financially. Following a share issue to the supporters a first attempted sale of the ground was defeated in 2002. In 2005 however a new sale was proposed by the club due to continuing financial pressure. An incredibly acrimonious process then ensued with the ultimate consequence being that the stadium was sold to Structadene and leased back by the football club.</p>
Problems this has created (e.g. playing out of town, lost revenue etc)	For many years until the arrival of Maxim Demin's investments this caused great difficulty as the £1000 a day rent was not sustainable for a League One club, and perhaps inevitably the club went into administration again in 2008, starting the season with a 17 point deduction as a result which would have seen us relegated from the Football League had Luton Town not suffered an even more

	<p>Machiavellian sanction for their own financial issues. There is no doubt in my mind that the football club would have gone out of existence had it been relegated to non-league football that year.</p> <p>Today, thanks to our presence in the Premier League the rent is not a financially pressing issue – however we are still not masters of our own destiny and we do not own the stadium in spite of the riches that this division has provided as our landlord is asking for ludicrous amounts of money to sell the ground back to the club. We have the smallest ground in the history of the Premier League and cannot come close to meeting demand for tickets. A generation of supporters, inspired by this success, cannot get into the stadium to watch their local team play because the capacity is so constrained.</p> <p>The unreasonable behaviour of the landlord means that redevelopment in-situ is impractical – why would we rebuild a building we don't own and end up being charged increased rent due to the improvements we pay for?</p> <p>If they are to meet this demand and provide a legacy of our stay in the Premier League the club is then left with the need to find a new site and build a new stadium in a town where very little development land exists and where land values are some of the most expensive in the country. The club's last proposal was to build next to the current ground – but the cost of this is prohibitive as they would need also to provide a new site for the athletics stadium which would be built upon – so two stadia would need to be constructed.</p> <p>All of these issues could have been avoided if the ground had not been sold.</p>
<p>Any suggestions/recommendations of how this could be prevented in the future</p>	<p>This is primarily an issue of financial hardship so first and foremost the solution is to more fairly distribute the game's income across the divisions. None of this would have happened if football's wealth were shared properly. Clubs like ours was at this time become trapped in a very difficult financial cleft stick – they need to maintain a certain status and standard of football to bring revenues in, but this makes their wage bill</p> <p>To prevent sales of stadia to in future it should be a requirement of participation in the FL/PL that either clubs own their stadium, or it is owned by a community interest company with an asset lock. Clubs should be incentivized to do the latter.</p> <p>FFP reform is also important. At present the system does not work and acts to preserve the status quo by preventing smaller clubs from spending investors' money. Investors should be able to put money into clubs and spend it to gain competitive advantage as Maxim Demin has at AFC Bournemouth – the critical issue is that</p>

	<p>the investor themselves bears the risks of the investment and not the football clubs. If clubs can show that investors have underwritten all liabilities arising (e.g. funds are in place to cover the full length of player contracts etc) this should be permitted. This will then enable an FFP regime which requires far stricter sustainability criteria to be imposed and prevent clubs from becoming increasingly indebted.</p>
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<p>Your club</p>	<p>Bolton Wanderers FC</p> <p>(94.5% shareholding held by Inner Circle Investments, a shell company owned by Ken Anderson)</p>
<p>Stadia/football related assets involved</p>	<p>University of Bolton Stadium (formerly the Macron Stadium and the Reebok Stadium), Training Ground located at Euxton, Chorley, Lancashire, Offices located within the Stadium (North Stand) and Car Parks located to the north of the Stadium.</p>
<p>Year it took place</p>	<p>2015-2016</p>
<p>Level of the football pyramid you were playing at, at the time</p>	<p>EFL Championship</p>
<p>Result (e.g. who owns now)</p>	<p>Stadium is still owned by Inner Circle Investments, but other assets noted above are now owned by others. The Training Ground was sold in 2016 to an offshore company owned by the then Wigan AFC owner, Mr Dave Whelan and is currently used by Wigan as their main training complex. The North Stand offices were sold to Prescott Business Park in 2015 and the Car Parks B & C were sold in 2016, also to Prescott Business Park.</p>
<p>Background of events leading up to loss/detrimental transfer of assets (summary!)</p>	<p>During late 2015, the then owner, Mr Eddie Davies employed the services of Mr Trevor Birch to broker the sale of the club. At the time, the club had been served a winding up petition by HMRC as a result of unpaid taxes. Prior to the sale of the club in March 2016, the assets that were sold by the club under the tenure of Mr Birch were as listed above. The club had a buy-back clause inserted in the agreement for the North Stand offices (an integral part of the stadium) but were unable to raise the subsequent necessary funds. As a result, the buy-back clause has now lapsed.</p> <p>The sale of the Training Facility, which had been built up during the club's Premiership years, resulted in the club having to move to a much more basic training facility at Lostock, Bolton. This</p>

	<p>facility was originally intended to be for Academy use, but now houses both Senior and Academy squads.</p> <p>In light of the above, the BWFCST in 2016-17 applied an ACV to cover the remaining asset of the stadium. This was approved by the local council in Feb 2016 and in October a hearing was held after the club objected. The ACV on the stadium was upheld and is still active.</p>
<p>Problems this has created (e.g. playing out of town, lost revenue etc)</p>	<p>The first asset sold was the North Stand offices. When under the ownership of the club, this was generating a rental income for the club. This income was lost when the offices were sold. As noted above, a buy-back option was included within the original sale conditions. This has now lapsed as the club did not have sufficient funds to exercise the option.</p> <p>The sale of the car parks B & C resulted in the club losing rental income once the sale was concluded.</p> <p>The sale of the Training Facility at Euxton resulted in the club losing many of the facilities (including hydrotherapy, cryotherapy, gymnasium, top class pitches, changing and catering facilities that had been built up during the clubs Premiership days. The Euxton facility also had an undersoil heated training pitch.</p> <p>The current training facility at Lostock, albeit nearer to the stadium, is far more basic in respect of the facilities available to the senior team.</p>
<p>Any suggestions/recommendations of how this could be prevented in the future</p>	<p>The major factor that would have prevented the sale of assets on behalf of BWFC would have, of course, been access to sufficient funding and investment. The current owner has not, for reasons known to himself, been able to address that element, but it must be stated that the sale of the assets listed above took place prior to the current owner taking control of the club.</p> <p>However, due to the lack of available funding and incoming investment since that sale in March 2016, the disposal of the stadium to a third party has been restricted due to the establishment of the ACV covering the stadium. On this basis, it is recommended that all clubs should consider the route of registering their stadia as assets of community value.</p>

Your club	Coventry City FC
Stadia/football related assets involved	Highfield Road & The Ricoh Arena
Year it took place	1996 – to date
Level of the football pyramid you were playing at, at the time	Premier League
Result (e.g. who owns now)	Highfield Road is now housing The Ricoh Arena is now owned 100% by Wasps Rugby Union Club
Background of events leading up to loss/detrimental transfer of assets (summary!)	<p>In 1996, Coventry City were looking to expand and improve Highfield Road. The stadium was in the middle of a residential area, and any expansion was constrained by the fact that the back of all the existing stands were no more than 20 yards from either a road or a house. Traffic conditions in the surrounding streets on match days were, to say the least, difficult, with roads closed and fans parking in neighbouring roads causing major disruption.</p> <p>One suggestion for development was to turn the stadium through 90 degrees and use the club's car park on the opposite side of Highfield Road.</p> <p>The City Council told the club that planning permission for any expansion of the stadium would be extremely difficult to achieve, given the constraints on the site, the major disruption during any construction, and the additional disruption to residents' lives on match days from any significant increase in crowds.</p> <p>The City Council therefore offered to work with the club to find an alternative site for a modern, purpose-built stadium that would not only meet the club's need for increased capacity but provide them with additional income from non-football revenue.</p> <p>The council suggested the derelict Foleshill gasworks site, and the club produced a plan for "Arena 2000", a 40,000-seater stadium with a retractable roof and pitch, based on the stadium of Vitesse Arnhem. It became one of the proposed venues for England's ill-fated 2006 World Cup bid.</p> <p>In hindsight, a successful World Cup bid was probably the only way that stadium would have been built - by attracting significant government money. What became apparent after the failure of the bid was that the business plan produced by the club was hopelessly optimistic. In the words of the City Council's Director of Development, "It just doesn't stack up".</p>

The club had, meanwhile, sold Highfield Road to a developer, with the agreement to continue to use the ground until the new stadium was built. Furthermore, the money raised by the sale of the ground (around £3m) had disappeared into preliminary works at the gasworks site and running expenses of the club. In short, the club did not have the wherewithal to complete the project.

It has to be said that the City Council had more than the future of the club in mind when it backed the Foleshill redevelopment. The north of the city was (and probably still is) the most deprived part of the city and developing the gasworks site (which had room for significant other development too) would represent major regeneration of the area. It therefore took the decision that it needed to step in to try and rescue the whole scheme.

The stadium was significantly reduced in size (down to 32,000), the retractable roof and pitch were scrapped, and a multi-purpose exhibition/performance space added. Most of the finance for the arena would come from the sale of land on the site to Tesco, to build a shopping park, with other money coming from the regional development board Advantage West Midlands, the European Union (ERDF funding), and a bank loan of £21m which would be guaranteed by the council.

The project was to be overseen by the council, and the arena eventually run by a company jointly owned by the club and the council. The stadium eventually opened in 2005, but by this time, the club was in significant financial difficulties, and had sold its interest in the arena management company, Arena Coventry Ltd (ACL) to the Higgs Charity.

So by the time Coventry City played their first game in “their” new stadium, they neither owned it, nor had anything other than an option to buy back an interest in the management company.

The following timeline explains what happened next.

December 2007

Sisu takeover Coventry City FC.

2012

March: CCFC, Alan Edward Higgs Charity and Coventry City Council in talks over Ricoh Arena ownership.

April: CCFC stop paying rent to ACL. CCFC make ongoing 'pay as you play' payments to ACL to complete the season. CCFC relegated from Championship.

May: Sisu and Alan Edward Higgs in negotiations over the purchase of the

	<p>charity's 50 per cent stake in ACL and agree indicative terms.</p> <p>August: Ricoh Arena negotiations had fallen apart.</p> <p>August: ACL starts court proceedings to recover unpaid rent.</p> <p>October: Verbal offer of £2m by Sisu for charity's shares in ACL rejected.</p> <p>December: Discussions are held between CCFC and Coventry City Council over stadium ownership.</p> <p>2013</p> <p>January: Coventry City Council buys out ACL's debt with Yorkshire Bank amid financial difficulties following CCFC's withdrawal of the £1.3m annual rent. The council agrees to loan the firm £14.4m.</p> <p>February: ACL calls in its debt from CCFC for the non-payment of rent. ACL freezes club's bank accounts.</p> <p>March: CCFC Ltd placed in administration. CCFC deducted ten points for entering administration.</p> <p>April 20: CCFC plays final game at the Ricoh Arena before leaving the stadium.</p> <p>May: CCFC announce the club needs a plan to play away from the Ricoh Arena after negotiations over reduced rent levels fall apart.</p> <p>Club chairman Tim Fisher announces plans for "Highfield Road 2", a stadium which would be built in three years.</p> <p>June 27: Administrator accepts bid from Sisu firm Otium Entertainment for CCFC Ltd's assets which include the club's "Golden Share" which grants the right to field a team in the Football League. There were a total of six initial bids – including one from US tycoon Preston Haskell.</p> <p>July CCFC agrees a three-year deal to play home games at the home of Northampton Town, Sixfields. About 8,000 fans march on Coventry city centre, organised by The Sky Blue Trust in protest at plans to move CCFC out of the city.</p> <p>August: CCFC hit with another ten-point deduction after ACL and HMRC refuse to sign settlement agreement.</p> <p>August: Sisu launches a judicial review into the £14.4m council loan to ACL.</p> <p>August 11: CCFC play their first game at Sixfields, beating Bristol City 5-4 in front of 1,500 fans. A charity match played on the same day at the Ricoh</p>
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	<p>Arena, featuring CCFC legends, pulls in 5,000.</p> <p>2014</p> <p>June: Judicial review into Coventry City Council's £14.4m loan to ACL. Judge rules that £14.4m Coventry City Council loan to ACL was lawful.</p> <p>July 7,000 people join Sky Blue Trust protest march in Coventry city centre calling for return of club to Coventry.</p> <p>August Football League orders Sisu to pay ACL £471,00 in Ricoh Arena rent row – removing a major obstacle preventing a return. CCFC play their last game at Sixfields. A 2-2 draw with Barnsley in front of 2,376 supporters. The Coventry Telegraph reveals that CCFC has agreed a temporary two-year deal to return to the Ricoh Arena – with an option for two more years.</p> <p>September 5: Sky Blues return to the Ricoh Arena for fixture with Gillingham. 27,306 fans watch CCFC win 1-0 via a Frank Nouble goal.</p> <p>November 4: Wasps RUFC agree deal to buy Coventry City Council's 50 per cent stake in ACL.</p> <p>November 14: The Alan Edward Higgs rejects a last-ditch bid for their half share of ACL from CCFC. Wasps secure the Alan Edward Higgs charity's 50 per cent stake in ACL, giving Wasps complete control.</p> <p>December 21: Wasps play their first game at the Ricoh Arena against London Irish, winning 48-16 in front of 28,254 fans.</p> <p>January 2015: Second judicial review launched by Sisu into the terms of the sale of ACL to Wasps.</p> <p>2016</p> <p>February: Sisu appeal 2014 judicial review judgment over £14.4m Coventry City Council loan to ACL at Court of Appeal.</p> <p>May: Sisu loses appeal. Sisu's bid to appeal the defeat at the Court of Appeal is turned down, and the CCFC owners told they must apply directly to the Supreme Court for permission to appeal.</p> <p>2017</p> <p>April: CCFC relegated to League 2.</p> <p>July: Sisu seeks a second judicial review against Coventry City Council, this</p>
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	<p>time over the sale of Ricoh Arena operating company ACL to Wasps back in 2014, saying the sale was not made on a commercial basis. The case is dismissed by judge Justice Rupinder Singh at the High Court in Birmingham.</p> <p>September: The Court of Appeal allows Sisu to challenge the decision of the High Court.</p> <p>November: Court of Appeal judge instructs CCFC companies, Wasps and Coventry City to take part in mediation talks to try and solve the situation.</p> <p>2018</p> <p>March: A mediator is appointed for the peace talks between the parties, with a target for mediation to end by the end of March. Mediation unsuccessful.</p> <p>May: CCFC promoted to League 1 via play off final victory over Exeter City.</p> <p>June: Sisu appear at the Court of Appeal to challenge the High Court decision.</p> <p>October: Coventry City chairman Tim Fisher says the club hopes to start negotiations to stay at the Ricoh Arena soon - and it was "plan A" - despite Wasps repeatedly saying they will not enter discussions until legal proceedings are closed.</p> <p>October 12: The Court of Appeal dismisses Sisu-related companies calls for a judicial review into the sale of the Ricoh.</p> <p>October 17: Council leaders urge Sisu not to "play Russian roulette" with the club's future and end the long-running legal action.</p> <p>October 19: Sisu are back in the Court of Appeal to challenge the October 12 decision and try to get permission to take the fight to the Supreme Court. The challenge is not allowed.</p> <p>November 23: Sky Blues chief executive Dave Boddy says the club's future in the English Football League is "severely at risk" after the League tells the club it won't be allowed to play outside the city if they fail to reach a deal to stay at the Ricoh Arena.</p> <p>November 27: Sisu-related companies apply to Supreme Court for permission to appeal the Court of Appeal's decision to dismiss a judicial review into the sale of the Ricoh.</p>
<p>Problems this has created (e.g. playing out of town, lost revenue etc)</p>	<p>The headline problem is that we don't own our ground and, because the owner continues to sue the people who do own the ground, the club may be homeless - and therefore thrown out of the league/existence - in just 13 games from now.</p>

Any suggestions/recommendations of how this could be prevented in the future	See recommendations on changes to league rules and role of the FA.
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Your club	Stockport County
Stadia/football related assets involved	Edgeley Park
Year it took place	2003
Level of the football pyramid you were playing at, at the time	Football League Second Division (League 1 as it is now known)
Result (e.g. who owns now)	Stockport Metropolitan Borough Council
Background of events leading up to loss/detrimental transfer of assets (summary!)	<p>After 15 years of success under the Chairmanship of Brendan Elwood, by 2003 he had decided to walk away. In May that year he had negotiated a deal with Brian Kennedy, owner of Sale Sharks Rugby Club, where Sale Sharks would merge with Stockport County. Sale Sharks needed to find a new ground as their current home, Heywood Road, only had a capacity of 5,400.</p> <p>From July 2003, the two clubs would be run as “equal partners” under a new parent company, Cheshire Sport Ltd. At this point, Edgeley Park was separated from the football club and was now owned by Cheshire Sports.</p> <p>However, Stockport County were never treated as equal partners. In fact we were very much the poor relation. Once Sale Sharks had moved in, the ground was re-painted to Sale Sharks colours, and a member of staff had to rescue a stack of County memorabilia from a skip.</p>
Problems this has created (e.g. playing out of town, lost revenue etc)	<p>In 2005, after reportedly losing £4m, Cheshire Sports chairman Brian Kennedy sold the club to the Supporters Trust for £1. However, he retained ownership of Edgeley Park for which County had to pay rent.</p> <p>Unfortunately, the Stockport County Supporters Trust were ill-equipped to manage the football club. They had no experience and didn’t have the finances needed. The deal signed with Brian Kennedy was suicidal leaving them with little or no money with which to run the club. The revenue-sharing left County with too</p>

	<p>small a revenue-share, 30% of transfer income went to Kennedy, and County gave up considerable conference and banqueting facilities profits of over £1m-per-year. Financially, the Trust struggled. In 2008 they came up with the “Ground for a Pound” scheme to try and raise the £1 million deposit to buy the ground back. This was where fans could donate a sum of money to buy a pixel. This money was supposedly ring-fenced for the sole purpose of buying Edgeley Park back. Sadly, it later transpired that all the money had been used to pay bills and players wages, thus denting the reputation of the Trust, something we still struggle with to this day.</p> <p>On 30 April 2009, Stockport County was placed into administration following a battle to repay creditors. This followed a petition by a creditor to repay a loan of around £300,000. The club had also struggled to repay a tax debt of £250,000 to Her Majesty's Revenue and Customs. We were docked 10 points and narrowly avoided relegation.</p> <p>On 3 July 2009 Administrators agreed to a Company Voluntary Arrangement (CVA) with previous shareholders and creditors. Jim Gannon was made redundant as manager of Stockport along with assistant boss Peter Ward. This was done by the administrators in order to slash the wage bill.</p> <p>The following season saw us spend the whole season in administration and unsurprisingly relegated to League 2, finishing rock bottom of the table.</p> <p>We had new owners in 2010 but yet again finished bottom, dropping out of the football league altogether.</p> <p>The loss of ownership of Edgeley Park is a large part of our demise and something from which we have never been able to recover. Brendan Ellwood has gone on record as saying he regrets having sold to Brian Kennedy.</p> <p>In terms of going forward, the football club desperately need investment, but who would come in and invest any money in Stockport County? A club with no assets?</p>
<p>Any suggestions/recommendations of how this could be prevented in the future</p>	<p>I don't know how we go about stopping this as there will always be people in the game who don't have the best interests of the football club at heart.</p> <p>Edgeley Park is now owned by Stockport Council and in November the ACV was renewed for another five years – which as far as I can see is the only option we currently have to protect the ground.</p> <p>The only potential solution is to have some laws in place to stop</p>

	grounds being separated from their clubs. What form this takes or how effective it would be remains to be seen.
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Your club	Darlington Football Club (DFC)
Stadia/football related assets involved	<p>Feethams Ground – home of DFC between 1883 and 2003. Capacity of 8,500. Typical lower-league arrangement with four stands. A 3,500 seated main stand constructed in 1998, an open terrace to the south, a covered terrace to the north and a smaller seated stand opposite the main stand.</p> <p>The Darlington Arena – currently known as the Northern Echo Arena. Former names include: the Reynolds Arena, Williamson Motors Arena, 96.6 TFM Arena and Balfour Webnet Arena (The Arena). A 25,500 all seater stadium constructed in 2003 at a cost of circa £18million. In terms of design, think St. Marys, Southampton and The King Power Stadium, Leicester.</p> <p>Heritage Park – home of Bishop Auckland Football Club (BAFC). BAFC agreed a groundshare arrangement with DFC in return for matchday rent. Opened in October 2010, a bespoke new ground with a capacity of 2,004.</p> <p>Blackwell Meadows – home of Darlington Rugby Club. Again, DFC groundshare in return for rental payments. Prior to DFC’s arrival, a typical grass-roots rugby club with a relatively modern clubhouse (containing changing rooms, bar, corporate lounge, etc.) adjacent to the main pitch with additional rugby pitches on the surrounding land. Following DFC’s arrival, the ground has been upgraded to a capacity of 3,300 (588 seated) with a covered terrace, covered seating, new changing room, turnstiles, catering facilities, club shop and extended car park having been developed.</p>
Year it took place	<p>2003 – DFC moves from Feethams Ground to The Arena.</p> <p>2012 – DFC moves from The Arena to Heritage Park, Bishop Auckland.</p> <p>2016 – DFC moves from Heritage Park, Bishop Auckland to Blackwell Meadows, Darlington.</p>
Level of the football pyramid you were playing at, at the time	<p>Feethams – final season in League Two (2002/03 season).</p> <p>Darlington Arena – final season in the National League with relegation to National League North confirmed (2011/12 season).</p>

	<p>Heritage Park – final season as Champions of the Evo-Stik Northern Premier League (2015/16 season).</p> <p>Blackwell Meadows – Vanarama National League North (currently in 15th place – 29.11.2018).</p>
<p>Result (e.g. who owns now)</p>	<p>Feethams – Persimmon Homes recently completed the construction of 82 dwellings on the land following the grant of planning permission in July 2014.</p> <p>Darlington Arena – Darlington Mowden Park Rugby Football Club (DMPRFC) purchased the Arena and the adjoining 6.9 hectares of land in December 2012 for a reported £2million. Post 2012, the Arena has hosted several sporting events, including Womens and U21 England Rugby Internationals, and pop concerts including, Steps and AHA.</p> <p>Heritage Park – continues to be owned and used by BAFC.</p> <p>Blackwell Meadows – continues to be owned and occupied by Darlington Rugby Club with a groundshare arrangement in place with DFC.</p>
<p>Background of events leading up to loss/detrimental transfer of assets (summary!)</p>	<p>Prior to departing for Bishop Auckland in 2012, DFC had been based at Feethams since its formation in 1883. Apart from a single season in the Vauxhall Conference (1989-90), DFC boasted a continual presence in the Football League until the club’s administrative decline between 2010-12.</p> <p>In 1998, a new 3,500 all-seater stand complete with bars, restaurant and executive boxes was built at Feethams under the guidance of the club’s Chief Executive, Mike Peden, who had reportedly purchased the club from Reg Brealey’s Gibraltar based St Philip’s Trust. Sadly, the club was in deep financial trouble, with debts of spiralling from £600K to £5million in the space of 2 years.</p> <p>In stepped millionaire businessman George Reynolds who purchased the Club, cleared all debts and announced plans to build a new stadium and elevate DFC to the Premier League within 5 years.</p> <p>The Arena was duly opened in August 2003 with the open fixture against Kidderminster Harriers attracting a crowd of 11,600. Despite having a capacity of 25,000, the Arena has rarely attracted large crowds, with typical attendances around the 2,000 mark. The running costs of the Arena contributed to DFC going into administration on three occasions in nine years.</p> <p>By 2003, George Reynolds had borrowed £3.5m from the ‘Sterling Consortium’ and personally borrowed another £400K from</p>

Stewart Davies. In December 2003, the Club collapsed into administration and the Sterling Consortium, as secured creditors, had the right to appoint an administrator. In 2004, the Sterling Consortium purchased DFC and the Arena for £2.5million.

In March 2006, George Houghton, a Tyneside property entrepreneur, purchased DFC and the Arena from the Sterling Consortium. Despite George Houghton securing planning permission to develop a hotel, leisure and sports facilities on the adjoining land and DFC occupying 7th position in League Two, DFC entered administration for the second time in February 2009. George Houghton was quoted as saying *"It was a result of a combination of circumstances compounded by the current economic recession."*

In August 2009, Teesside businessman, Raj Singh took over as owner and chairman of DFC. The Club was given permission by the Football League to exit administration and take part in the 2009/10 League Two campaign which culminated in relegation to the National League.

In February 2011, Philip Scott and Graham Sizer called in a debt which stood at more than £2million, incurred by a holding company which owned the stadium and adjoining land in January 2007, before Singh arrived at the club. Singh became the majority shareholder of that holding company and thus liable for its debt. An 'offer' by Singh to settle the debt was rejected by Scott and Sizer and the holding company was placed into receivership. At the time, Scott and Sizer placed on record that they did not wish to place the football club in jeopardy and promised to allow it to continue operating within the stadium at the pre-arranged annual peppercorn rent of £10,000.

Singh stated that *"I've said all along that my plans for the land at the Arena are solely for the benefit of the football club, nobody else, but that vision isn't achievable if we can't come to an amicable agreement"*. In January 2012, DFC was placed into administration for the third time in nine years with Singh stating losses as owner as key to ending his involvement.

After months of heartbreak and uncertainty, DFC was purchased by fans company Darlington FC 1883 on 3rd May 2012. The new proposal involved moving ahead without a CVA and playing away from the Arena which remained within the ownership of Scott and Sizer but was later sold to DMPRFC.

DFC moved to Bishop Auckland in 2012, which is located approximately 13 miles north of Darlington. DFC returned to Darlington in 2016 to groundshare with Darlington Rugby Club.

In 2017, Singh approached the DFC board with a view to re-

	<p>purchasing the Football Club, but later purchased Hartlepool United FC having withdrawn his interest in DFC due to fan unrest. DFC continues to be fan owned.</p>
<p>Problems this has created (e.g. playing out of town, lost revenue etc)</p>	<p>Feethams was idyllic. The archetypal English Football League Ground. It worked so well, in so many ways. It was the right size (capacity 8,500), it was next to the town centre, bus routes and the train station, it was picturesque, and it had its own unique quirks, including spectators being able to change ends at half-time. However, hindsight is a wonderful thing. The 'Farwell to Feethams' publication written to celebrate and remember the old ground, is also contains clear optimism about the Club's future in a shiny new all-seater stadium that would project the Club towards glory. A sentiment shared by many fans at the time.</p> <p>George Reynolds, for all his failings, did save the Club from extinction and did deliver his promise of a new stadium. However, the wider strategy was ill-conceived. Had George Reynolds pursued a logical plan of a developing a smaller 10,000 capacity stadium with ancillary services and facilities capable of generating revenue on non-matchdays (whether at Feethams or a new site), then I suspect that Darlington Football Club would continue to hold a sustainable position within the Football League as a full-time professional club. However, as the Arena was too large, too expensive, atmospheric-less and generated insufficient non-matchday income, it was only a matter of time before administration number one arrived.</p> <p>Houghton and Singh appeared to arrive with the best of intentions but soon realized that the business model didn't work for the reasons previously mentioned. Both invested in the team and sought to develop revenue streams away from the pitch, but both abandoned ship before the personal cost become too great. Many supporters continue to hold the view that Singh failed to co-operate with the Fans Rescue Group and in doing so risking a permanent end to the Club, despite public assurances to the contrary.</p> <p>In May 2012, the Football Club became fan and community owned and remains so to this date. On the pitch, the Club has been promoted 3 times in 6 years and currently occupies a sound position within the National League North (Step 2) and continues to harbour ambitions of a return to the Football League.</p> <p>Playing away from Darlington, with supporters expected to make a 26-mile round trip, inevitably had its impact on attendances and securing the supporter of younger fans in Darlington. The draw of Premier League football on tv and an alternative to watching DFC is already difficult to compete with, without the Club playing away</p>

	<p>from the town.</p> <p>With ambitious to revive the Football Club (including a return to Darlington), supporters, local businesses and the other members of the community have invested over £1 million over the past 6 years and there remains an appetite for further investment that would facilitate the continued growth and development of the Football Club.</p> <p>Further development of the Club's infrastructure is essential, but the options are not straightforward. Further development of Blackwell Meadows (e.g. a main stand incorporating a clubhouse for the football club) would be on a leasehold not freehold basis, whilst developing new stadium elsewhere in the town would be incredibly expensive. The Club does not wish to repeat the mistakes of the past!</p> <p>Whilst DFC is grateful to Darlington Rugby Club for agreeing to a groundshare and facilitating DFC's return to Darlington, the agreement is weighted in favour of the Rugby Club (as one would expect). However, the implications for DFC are that opportunities to generate venue over and above gate receipts are extremely limited leaving DFC at a distinct competitive disadvantage when compared to other teams with their own ground.</p> <p>In summary, the financial mismanagement by a string of owners resulted in one of the country's oldest football league clubs being homeless and relegated to Step 5 (Northern League). With little or no intervention by the Football League, the fans have taken up the mantle to ensure that a football club will be alive and kicking in Darlington for the benefit and enjoyment of many generations to come.</p>
<p>Any suggestions/recommendations of how this could be prevented in the future</p>	<p>Our recommendations are as follows:</p> <ul style="list-style-type: none"> ● Ensure that the capacity of a new stadium is proportionate to the size of the Club. It can always be extended if you manage to emulate Bournemouth! ● Develop a strategy that is focused on delivering non-matchday as well as matchday income. ● Consult your fan-base about significant proposals affecting the history and/or fabric of the football club. ● Elect a fans' representative to the board. ● Enforce and ensure proper regulation of the fit and proper persons test. Any owner taking take has taken a football club into administration should not be allowed to

	<p>own and/or be a director of a football club.</p> <ul style="list-style-type: none"> • Do not allow stadiums to be owned separately from the football club. • Ensure that football stadiums are registered as a community asset. Do not allow for their redevelopment unless alternative plans have been approved by the relevant football authorities. In doing so, the relevant authority should be satisfied that points 1, 2 and 3 have been addressed satisfactorily.
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Your club	Grays Athletic Football Club
Stadia/football related assets involved	THE RECREATION GROUND BRIDGE ROAD GRAYS ESSEX
Year it took place	2010
Level of the football pyramid you were playing at, at the time	FOOTBALL CONFERENCE
Result (e.g. who owns now)	It has 95 dwellings on it after the land we occupied was sold to Weston Homes and developed for sale.
Background of events leading up to loss/detrimental transfer of assets (summary!)	<p>We had occupied the ground since 1906. It was sold by the trustees to the Charity Commission, who then put it on the market to the highest bidder in the early 1980s.</p> <p>A Mr Ron Billings bought the ground, developed some facilities for us and built 34 properties for his benefit. We were allowed to use it until 2010, although he passed away in the early 1990s.</p> <p>Before he died, he had offered the club the ground for £500, provided we used the proceeds to develop another site where there would be room to provide community facilities. This offer was through an article he wrote in our Centenary Book around 1992. This was never documented in legal terms.</p> <p>His family inherited the land. They allowed us to use it until they were given planning permission for housing and we were forced</p>

	to leave at the end of the 2009-10 season.
Problems this has created (e.g. playing out of town, lost revenue etc)	<p>Since 2010, we have ground-shared at three other grounds – currently at Aveley FC.</p> <p>We pay rent for the facilities, receive no revenue, other than gate receipts, advertising around the ground, with our landlord’s permission and sponsorship from local businesses and individuals.</p> <p>In 2016, we became a 100% supporter owned club as a Community Benefit Society. We are working with a local school and the local authority to find some land to enable us to develop a new football facility for us, the other 31 youth teams/veterans teams, walking football teams and girl’s teams, who play in our name and other community groups/organisations.</p>
Any suggestions/recommendations of how this could be prevented in the future	Make sure you have LEGALLY BINDING security of tenure, if you rent a ground.

Your club	Hinckley AFC (Former Club Hinckley United)
Stadia/football related assets involved	Former club was asset stripped by four of the former directors.
Year it took place	2014
Level of the football pyramid you were playing at, at the time	Relegated from step 2 to step 3 6 months before club was but into receivership.
Result (e.g. who owns now)	The internal stadia is owned by Leicester Road Stadium Limited (Formally known as Hinckley United Stadium Limited) The company at instigation had 1 share held by Mr Ku Akeredolu
Background of events leading up to loss/detrimental transfer of assets (summary!)	The stadium was transferred to the above company with only one share issued prior to a full meeting of shareholders to discuss. Prior to the meeting 1000’s of shares were issued beyond the company capital maximum to family members of some of the board. The share register was falsified by the omission of 1000’s of shares previously issued to bona fid shareholders who held share certificates in some cases

	<p>these had even been sign by the company secretary Mr Ku Akeredolu. A SGM was held which Mr Akeredolu, attempted to chair and the agenda requested shareholders to approve the transfer of the stadium which it transpired had occurred several months earlier. Objections were raised at the start of the meeting to the chair and also statements were made that 1000's of shares were missing from the register and this made the newly issued shares invalid as they exceeded the total company share capital. At this point Mr Akeredolu, withdraw and refused for the meeting to continue. Several attempts were made in subsequent weeks to get the club to reconvene the meeting with the correct share register, but this was declined. An EGM was requested with the requisite 10% share capital requesting this but although scheduled did not occur. Subsequently a court hearing took place at which the plaintiff asked for the club to be, but Mr Akeredolu pleaded for it to be liquidated. They claimed to have paid the estimated value of the interior of the stadium at £80000 although the valuation did not include floodlighting or changing rooms which appeared as part of the assets transferred. The name of the company was changed to Leicester Road Stadium Limited over 12 months prior to the football club. A police investigation that lasted over 18 months was undertaken but it was decided that the cost of any prosecution would not be viable.</p>
<p>Problems this has created (e.g. playing out of town, lost revenue etc)</p>	<p>It became clear that the directors intended to follow the cause of action they did and so a small group contacted SD in February 2014 eight months prior to the club folding and a number of meetings took place to plan for a new community club. Once the club folded this was extended to involve a much wider group.</p> <p>Hinckley AFC – the club formed by the fans and acknowledged by The FA as the phoenix club, has been forced to play 12 miles away at Heather St John's FC. This season, we took over the Welfare Ground at Ibstock on a short-term lease. Our initial gates on formation were in excess of 200, but there is no public transport suitable to either ground and, inevitably, attendances have started to drop. It should be noted that when we play Leicester Road FC at the old Hinckley United ground, gates approaching 300 are bad – this is against the backdrop of their average home gates being in the tens. Clearly, there is great interest in the town that the distance severely inhibits. We have been lucky; we did manage to secure a very good sponsorship deal with DPD who had recently moved to the town. However, we are under severe pressure to return to the town as they need to sponsor a club where their workforce are located.</p>
<p>Any suggestions/recommendations of how this could be prevented in the future</p>	<p>It seems there may be sufficient laws to prevent this already. Local authorities should be encouraged to ensure that football grounds are given Community Asset status – whether</p>

	<p>asked by the community or not.</p> <p>The liquidator had adequate evidence to reverse the transaction – what he didn't have was sufficient funds. He estimated a cost of around £150,000 to take the case to court and get the ground transfer reversed. Assets of HUFC only just covered his own costs, and with no buyer willing to pay the £1.2m asking price for the ground, he would have made a loss even if he had won. Perhaps the Government and the FA should set up a fund to help pay for these situations. As it is, Hinckley have lost their ground and their team.</p> <p>Below National League level, the Standardised Rules for Steps 1-6 are similar and this allowed the directors of Hinckley United to transfer the ground out of club ownership without league or FA sanction and without any consideration passing back to the club.</p>
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Your club	Torquay United
Stadia/football related assets involved	Plainmoor stadium
Year it took place	Hasn't happened but concern that it might
Level of the football pyramid you were playing at, at the time	National League South
Result (e.g. who owns now)	Clarke Osborne – approx 93% share-holding
Background of events leading up to loss/detrimental transfer of assets (summary!)	<p>Osborne, through his company Gaming International, made a loan of circa £140k to the previous board to see them through a difficult 2015/16 season, at the same time showing a clear interest in buying the club, then enacting an exclusivity period agreement. At the end of this period, he withdrew his interest. No other buyers came forward other than an approach by TUST to explore the community ownership option. The board agreed to work with us on an Independent Financial Review, supplying most of the information requested by Supporters Direct who undertook the process on our behalf. However, once this was concluded the Board decided not to support TUST in the next step - a community share option appraisal.</p> <p>In late 2016, with the club only weeks away from administration,</p>

CO (through GI) renewed his interest with an offer to purchase the club in return for writing off his loan. The board accepted this offer, which included CO's stated intention of building a new stadium.

The sale to GI completed before the end of that season and ownership has subsequently passed to CO in his own right. Despite further investment in the team and management, the club were relegated at the end of last season.

CO was involved in the relocation of Bristol Rovers from Eastville with the ground subsequently being developed by IKEA. The concern is CO's track record of promising new stadia but failing to deliver at clubs such as Poole and Swindon speedway and Reading greyhounds.

He has no previous connection with TUFC and it is questionable whether he is genuinely interested in football. CO is an absentee chairman on match days and has been using a model which does not involve a local board. It is clear that his interest in our club has been motivated by potential property development from day one. Whether this is through the construction of a new stadium at a different location releasing Plainmoor for housing development or using the new sports facilities as a carrot to get consent for residential development at the new location is not clear.

An initial bid to buy the freehold of Plainmoor and development land was made directly to our elected Mayor and his executive, without full council consultation or provision of any business plans for either. Since buying the club, this action has been publicly questioned by the full council, both main party leaders and political groups, and our local MP. It was raised as an issue in the last General Election!

A potential site for a new stadium has been identified at council owned Nightingale Park, approximately 3 miles from the existing ground. CO has tabled very sketchy proposals for a new stadium six months ago but nothing firm since. Councillors have recently voted to protect the site for local sport and community use but there is still concern that the Mayor could try to sell the site, or the freehold of Plainmoor to Osborne.

In anticipation of potential issues over the future of the Plainmoor ground, the TUST had successfully applied to have it registered as an Asset of Community Value back in 2015.

<p>Problems this has created (e.g. playing out of town, lost revenue etc)</p>	<p>In principle, the concept of a new, multi-purpose, income generating stadium with appropriate transport provision is positive. The reality is that the proposed site is on the edge of town in a largely residential area on a site currently providing a nature park. There is limited transport or parking infrastructure to support the large-scale events proposed by the owner.</p> <p>The proposals appear to have little support from either fans or the local community. As always with football fans, most feel a strong attachment to the historic ground and the general view is that Plainmoor is a more than adequate stadium for our level and above but does have limited potential for generating additional income. An artificial surface may be the answer but not if we are to achieve our aspiration of regaining league status in the near future.</p> <p>One of the greatest problems is the owner's unwillingness or inability to communicate effectively with the supporters or community. He does not seem to factor in that, for his plans for relocation of the club to gain any credibility, he will need to engage with the supporters and wider local community and provide a detailed business plan that is acceptable to both.</p>
<p>Any suggestions/recommendations of how this could be prevented in the future</p>	<p>Unfair to answer this as our concerns are speculative at present based on the owner's past record rather than actual loss of our stadium or mis-management. However, in general terms, stricter regulation of the credentials and status of football club owners, both of league and non-League clubs, would greatly support and protect the future of the English football club pyramid, which serves and connects each football community as a whole. Parliamentary involvement, with statutory regulations and direction put in place, as already recently discussed, might enhance this process greatly.</p> <p>A proper due diligence exercise should be undertaken on football club owners. This shouldn't necessarily be limited to financial capacity but their business acumen and motives for ownership (including timeframe) also need to be considered. It could go a stage further and also look at directorate of the football club and their business acumen as well, as often there will be a distant owner with a local directorate running the show. It would be foolhardy in such circumstances to focus just on the owner who many are not too heavily involved in day-to-day activities.</p>

Your club	Truro City FC
Stadia/football related assets involved	Treyew Road – Home ground of Truro City
Year it took place	2012
Level of the football pyramid you were playing at, at the time	Sep 2 – Conference South
Result (e.g. who owns now)	Jojo Investco Ltd (JIL)
Background of events leading up to loss/detrimental transfer of assets (summary!)	<p>Previous TCFC owner Kevin Heaney persuaded the ground Trustees to hand over ownership of Treyew Road to his company 'Cornish Homes Group' in order that it could be developed to underpin the construction of a new 'Stadium for Cornwall', Heaney's company was however in deep financial trouble and Heaney sold Treyew Road to private company JIL just before his own company went into administration and he went into bankruptcy. Truro City FC went into financial administration soon thereafter.</p> <p>Current owners Peter Masters and Phillip Perriman then bought the club out of administration in October 2012. The ground owners (JIL) then sold an option to develop the ground to Helical Retail Ltd who went about seeking and finally getting planning permission to develop the land.</p> <p>As a condition of the planning application, the developer was required, upon commencement of development to pay £2m to Cornwall Council to be ring fenced as Truro City's contribution towards building the 'Stadium for Cornwall' which would be their permanent future home under a ground sharing agreement. They were also required to pay directly to Truro City FC a separate sum of money (reported at the planning committee meeting to be between £2m and £3m) for the purposes of meeting temporary relocation costs.</p> <p>In June 2018 Helical informed TCFC they were about to commence development and TCFC then immediately activated an agreement with Torquay United FC to ground share with them at their home at Plainmoor for season 2018/19 with an option to extend that agreement if required. This was done even though TCFC had a contractual agreement with ground owners JIL which enabled them to play out the 2018/19 season at Treyew Road.</p> <p>However, in November 2018, Helical Retail Ltd stated that they were unable to commence development of Treyew Road due to</p>

	<p>their major retail client (Lidl) terminating their interest in the site.</p> <p>TCFC are now in dialogue with ground owners with regard to when and under what terms they return to Treyew Road for the remainder of the current season.</p>
Problems this has created (e.g. playing out of town, lost revenue etc)	<p>1) Currently playing our home games 2 hours and 80 miles away in Torquay which is not even in Cornwall.</p> <p>2) Nowhere agreed for Truro City to play their home games after the current season putting the clubs very existence in doubt.</p> <p>3) The club has currently little or no income from gate money at Torquay (the official attendance figure for the last game on Saturday 24. November in the FA Trophy was 39 (Thirty-Nine!))</p> <p>4) As the developer did not commence the development of Treyew Road then the contributions towards permanent and temporary relocation arrangements are not payable which means that unless some sort of compensation can be agreed with the developer, the club are left with no capital, little or no revenue and in financial debt to the club owners who used Director loans to finance the running of the club in the hope that they would be able to have these loans repaid by money from the developer which, in the end, was not forthcoming.</p>
Any suggestions/recommendations of how this could be prevented in the future	<p>Football Club/Stadia Trustees should not be able to transfer the subject of their trusteeship (i.e. the football stadium) without going through a full and open consultation with the local fans and community. If this had happened in Truro City's case, then almost certainly the ground would not have ended up in the hands of developers and would still be owned by the club today.</p>

Your club	Dulwich Hamlet Football Club
Stadia/football related assets involved	<p>Pitch and perimeter/terracing (designated as "other open space").</p> <p>Main stand, clubhouse and associated facilities (including gymnasium, large bar/function room, squash courts, boxing gym, private therapy rooms, meeting room and offices).</p> <p>Astroturf football pitch (7-a-side) leased from the local authority (London Borough of Southwark) (designated as "metropolitan open land"). The AstroTurf forms part of a larger Council-owned space known as "Green Dale".</p>

Year it took place	Issues dating back many years, culminating in the club's eviction from Champion Hill Stadium in March 2018. The club will return to Champion Hill under a new lease in December 2018.
Level of the football pyramid you were playing at, at the time	Isthmian Premier (Step 3 non-league)
Result (e.g. who owns now)	<p>Football stadium and associated facilities owned by Greendale Property Company Limited, an Isle of Man company connected to Meadow Residential LLP (leased to the football club under a new lease dated November 2018).</p> <p>Green Dale, including AstroTurf, owned by Southwark Council (leased to the football club under a new lease dated November 2018).</p> <p>The club (Dulwich Hamlet Football Club Limited) has three current directors (Ben Clasper, Tom Cullen, Nick McCormack). There are outstanding issues relating to the ownership of the shares in this company but DHST has made a substantial loan to the club which it is likely to convert into shares at a favourable rate</p>
Background of events leading up to loss/detrimental transfer of assets (summary!)	<p>Dulwich Hamlet moved to the current Champion Hill stadium in 1992 following the demolition of the old, adjacent stadium, on which a large Sainsbury's supermarket was built.</p> <p>As part of the development a Section 106 Agreement was signed on 16 October 1990 between Southwark Council, J Sainsbury plc and King's College London (the then freeholder) restricting use of the site to recreational, leisure or educational purposes. At this time the football club attracted small crowds, despite its illustrious history. With hindsight the s106 agreement provided inadequate protection to the club particularly in view of the potential value of the land to property developers. Where such agreements are entered into involving land used by football clubs, there would be benefit in ensuring that independent scrutiny of the process takes place in order to ensure that the long-term interests of the football club, and its supporters in the local community, are protected.</p> <p>In 2008, King's College London sold the freehold of the ground to private developers who are understood to have been behind attempts to develop Fisher Athletic's old ground at Salter Road. This disposal may have been in the interests of KCL (and as a charitable body it would have needed to comply with the relevant requirements relating to the disposal of charity land, at that time under the Charities Act 1993 and related regulations, but the sale of the land into the hands of an opaque private company with ambition to develop it did not serve the interests of the club, community or supporters. In this sense the</p>

legislation protects the disposing party but arguably gives insufficient consideration to the potential wider impact a disposal of land may have, on those who occupy and use it (i.e., in this case, the club and its supporters). Fisher Athletic were subsequently forced into a ground share with Dulwich Hamlet and later collapsed (a phoenix club, Fisher FC, was later formed).

Between 2010 and 2012 two further development schemes were mooted but neither came to fruition.

In May 2012 the freeholder of the ground, DHPD Ltd, went into administration.

In February 2014, it emerged that the freehold of the ground had been bought by an Isle of Man company, Greendale Property Company Limited, acting in association with Hadley Property Group. Shortly afterwards, Hadley took over day to day control of the club and paid off significant debts which had threatened the solvency of the club. Hadley made no secret of the fact that they were looking to redevelop some or all of the current ground, with the Club being moved to more appropriate facilities nearby. They stated that giving the Club a long-term future was an integral part of their plans.

The Supporters' Trust actively engaged with Hadley and others to influence the development of the proposals and signed a Memorandum of Understanding with Hadley to set out a common understanding about the key aspects of the development relevant to the club, and how it impacted on the sustainability of the club and fan ownership.

In March 2016, Hadley submitted a planning application for the redevelopment of Champion Hill. This included a residential development on the current stadium with a new ground for the club on the adjoining Council-owned land at Green Dale (on a similar footprint to the current AstroTurf pitch). The proposal redevelopment offered a new facility and the opportunity for the Club to be owned by its supporters. In a poll of DHST members, 94% supported the proposal.

In October 2016 the Meadow Residential LLP took over responsibility for the development from Hadley. In December 2016, Meadow referred the planning application to the Planning Inspectorate on the grounds of non-determination by Southwark.

The Hadley/Meadow development depended on the club holding a long-term lease over the part of Green Dale on which it was proposed the new stadium should be built. DHST strongly advised both Hadley and Meadow to address this issue with Southwark but Hadley and then Meadow were unable to secure a

	<p>lease renewal. In October 2017 Meadow withdrew its planning appeal and in November 2017 announced that it had withdrawn all financial and management support for the club.</p> <p>The club launched a campaign to raise funds to pay wages. In December 2017, Meadow demanded that the club sign a new licence to continue playing at Champion Hill, which the club did under duress.</p> <p>In March 2018 Meadow terminated the Club's licence, forcing it to ground share at Tooting & Mitcham United. An impasse over planning issues between Meadow and Southwark was partially resolved in October 2018 and this has allowed the club's return to Champion Hill in December 2018 under a new lease.</p>
Problems this has created (e.g. playing out of town, lost revenue etc)	The club has had to play in Mitcham for 9 months. This has severely restricted its income, confining it largely to gate receipts, with no bar or sponsorship revenue. The rental of the ground and associated match day costs are greater than the non-gate receipts income. There is no additional income outside of a matchday and attendances are down by at least 40%. There are no facilities for our youth teams or first team training.
Any suggestions/recommendations of how this could be prevented in the future	Please see comments above in respect of the 1990 s106 agreement and the disposal of the freehold of the ground by KCL to private developers in 2008.

Your club	North Ferriby United (East Riding of Yorkshire)
Stadia/football related assets involved	Chadwick Stadium, Grange Lane, North Ferriby, East Riding of Yorkshire
Year it took place	Various. The original pitch was laid on in 1969. The new club house was initially developed 1980 with subsequent improvements. An application was submitted by the owners to the FA and NPL in October 2018 to change the name of the club to East Hall FC and relocate it to Dunswell Park, 11 miles away. The NPL is to consider the application to relocate the club. The FA Council will consider the name change application.
Level of the football pyramid you were playing at, at the time	National League – 2016/17, National League North – 2017/18, Northern Premier League – 2018/19

<p>Result (e.g. who owns now)</p>	<p>The ground and the land remains owned by the Anne Turner Memorial Trust. This is administered the Playing Fields Committee of North Ferriby Parish Council. Decisions on whether to relocate and change the name of the club have not yet been made</p>
<p>Background of events leading up to loss/detrimental transfer of assets (summary!)</p>	<p>North Ferriby United was established I 1934 and it is believed that it had a number of different ground locations in the village over the years. In 1969 a permanent home was found with the support of North Ferriby Parish Council. This was to use a portion on land held under the Anne Turner Memorial Trust. The Turner family had significant land holdings in the village and Lady Turner bequeathed the allotments and playing fields to the community in a Trust. There are strict controls on how the land can be used for the benefit. It cannot, for example, be developed for housing. In 1969 about half of the allotments were converted to form the new ground for North Ferriby United. Local children were employed to collect stones of the land by the local newsagent. The club has leased the ground from the parish council since 1969 and currently we believe the annual rental is about £3200, paid in two instalments.</p> <p>The owners, supported by the previous owner Jamie Waltham, are seeking to relocate the club to Dunswell Park. We think there are personal economic motivations behind this. Jamie Waltham has a lease on Dunswell Park. The owners are also seeking to change the name of the club to East Hull FC. In combination, this represents the franchising of North Ferriby United.</p> <p>This Trust offers significant protection for fans, especially when a club is experiencing uncertainty with its owners, as in North Ferriby’s case. Under the terms of the lease permission is required from the Trustees to make infrastructure improvements to the site and, most importantly considering Ferriby’s current plight, also when the owner wishes to remove infrastructure. Significant investment was secured to develop the current main stand. This included a £60k windfall payment following the resale of Dean Windass from Hull City to Aberdeen. Dean Windass was originally a Ferriby player. This helped to develop a fully covered “designated stand” with 501 seats. There is a stewarding cost associated with this (the owners claims this is £300 a game) and that reduction of the stand (seats and roof) will reduce the clubs costs. He cannot, of course, remove any infrastructure under the terms of the lease. If there are financial concerns about the sustainability of the club, we would welcome a discussion with the owners about how to increase revenue rather than remove assets.</p> <p>To support expansion of football provision in the community, the club bought the freehold to some land adjacent to the football ground to develop an all-weather 3G pitch. Sport England funding</p>

	<p>was secured to help develop the amenity of this land. There is a covenant on the land that it too cannot be built upon and so, therefore, will remain as ensuring football provision or the community. The club own this land, but it has a nominal land value. It is unsure that the owners are intentions regarding this provision but there is no reason why it should not continue to offer all-weather football provision within the village.</p>
<p>Problems this has created (e.g. playing out of town, lost revenue etc)</p>	<p>The risk to us, as fans, is that the Northern Premier League will approve the permanent relocation of the club to Dunswell Park, this is despite our current Grange Lane ground being fully fit for purpose with a secure tenancy. It is the owners that are putting the club at risk by wanting to relocate it and change its name. If approved, the club will cease to exist.</p> <p>The owner consider that in relocating to Dunswell, the club can increase their revenue due to proximity to populations in Beverley and north Hull. Their plan, however, is to rename it East Hull FC. This will remove any link to North Ferriby United and also, will not encourage residents of Beverley or north Hull to attend, as east Hull is an entirely different area.</p> <p>We are hopeful that the NPL will reject the application to relocate the club. We have established a strong case that confirms that Ferriby fans do support the proposal. 98.1% of respondents to our fanbase survey did not support the relocation and, furthermore, 92.6% said they would not go to see North Ferriby (or East Hull FC) at Dunswell.</p> <p>Another issue is that the club has very limited capacity. In recent years we have lost some excellent volunteers</p>
<p>Any suggestions/recommendations of how this could be prevented in the future</p>	<p>It is difficult to account or plan for owners who seek to mess around with football clubs that have an established presence within the community. Mr Waltham took over the club when the previous owners were looking to sell the club. We do believe they we are looking for a purchaser that had the best interests at heart for the club but perhaps, after the club had been for sale for a while, decided they needed to take any offer. We have never thought that Mr Waltham has an interest in ensuring the sustainability of the club as a going concern. Rather he has been interested in the personal opportunity he can gain.</p> <p>There are significant positives at the moment regarding are current situation. The protections on the land and ground at North Ferriby, through the Trust, does help to ensure protection for this a community asset This is despite the owners being a poor tenant in being late with rent that is due. It is hoped that us as fans can build a strong relationship with the parish council in the future. If there are financial issues, then fans would welcome an open and honest conversation with the owners on how to</p>

ensure the future viability of the club in its current location. We have displayed that we can boost attendances. This may include a discussion with fans about the costs associated to the designated stand and possibly seeking fans' support for the removal of infrastructure. There has been no engagement on this matter and, at the moment, we are firmly resistant to any changes to the ground.

There is currently lots of negativity towards the owners and we know that current and potential sponsors are not keen in getting involved. The current owners, mainly due to their association with Mr Waltham, consider that the club is not good for their brand image.

Something we will pick up with the SD and FSF, and seek their advice, is we have found that it odd that the FA considers the name change application independent of the relocation, which is to be considered by the NPL and vice versa. We understand that that the FA has no input in the NPL's consideration of the relocation, except in terms of the ground grading of the Dunswell Park ground. As I recall from the Wimbledon FC case, it was the FA that considered the relocation.