



# **Government Response to the Fan Led Review of Football Governance**

**April 2022**



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Presented to Parliament  
by the Secretary of State for Digital, Culture, Media and Sport  
by Command of Her Majesty

April 2022



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## Ministerial foreword



Although I am a Liverpool fan, my great-grandfather was one of the founding members of Everton Football Club, and was in fact their goalkeeper for the club's first ever competitive game in 1880. I know just how important football is to millions of people across the country. I met fans and representatives from across football in my first week as the Secretary of State for Digital, Culture, Media and Sport to hear first hand what their views were on initiating lasting reform to football, and I have made this a priority.

This government has taken comprehensive action to secure the future of the national game. As well as launching the Fan Led Review of Football Governance, we have introduced safe standing at football, made a competition law exclusion order for the latest Premier League broadcast deal to provide financial stability to English and Welsh football clubs and community and charitable organisations, prioritised physical activity throughout the pandemic, provided an unprecedented £1 billion of financial support to sport and leisure organisations during the pandemic, and we are supporting grassroots football through the commitment of £230 million for the multi-sports facilities programme. The government also provided decisive support of £1 million through the Community Ownership Fund in December 2021 to renovate the Gigg Lane stadium and support the future of the game in Bury.

Ever since we committed to a fan led review in the 2019 manifesto, the government has been meeting with fans and key football stakeholders to hear directly from them. Together with the Review, our discussions with clubs, fan groups, football authorities and football leagues have helped inform our views on what reform is needed to preserve our national sport. Many of the conclusions and recommendations in the Review were consistent with what we had been considering and hearing directly.

I would like to place on record my sincere thanks to the Chair of the Review and the Panel who assisted her. I would also like to thank the thousands of fans who contributed to the Review through surveys and supporter trusts. The final report is an incredibly thorough review of the country's favourite game - celebrating the aspects which make it great, but also shining a light on the serious issues which afflict the game and offering genuine solutions to those problems.

I agreed in principle to the primary recommendation of the Review the day after it was published. I am pleased to report that my Department is making good progress in laying the groundwork for the introduction of an independent regulator as soon as possible.

Alongside that work, my Department has been considering the wider proposals outlined in the Review. The European Super League debacle precipitated an unprecedented backlash from fans and stakeholders across the game, offering final proof to many that football had lost its way. Indeed, it was the catalyst for my predecessor initiating the Review in the first place. Even before that though, the government recognised there were too many cases of clubs that were put in grave danger due to the mismanagement by their owners. Sadly there were also instances where historic clubs could not be saved. This is why we had a manifesto commitment to set up the Fan Led Review of Football Governance.

Even since I became Secretary of State on 15 September 2021, events have continued to show the case for change in football. Derby County Football Club continues to be in administration, and more recently, the government has sanctioned individuals who are linked to the Russian Government and also active in English football. This includes the owner of Chelsea Football Club, Roman Abramovich.

It is now clear we need to go further and that reforming the regulatory environment is crucial to achieving a long-term future for football, ensuring clubs are more sustainable and better run. We will introduce an independent regulator. Once in place, this government's vision is one of a virtuous circle where getting club finances, processes and corporate governance structures right will create more suitable custodians and enable better decision making and greater diversity of thinking which in time will lead to better run clubs and greater financial stability. In addition to this, giving fans a greater voice will future proof the system, and rule out scenarios where the stadiums are being sold and the identity of clubs are being altered.

I recognise these changes will have a considerable impact on clubs and represent a significant change. It is therefore crucial that we get it right to give confidence to fans going forward, and also to future investors to ensure a sustainable long-term future for football. We will set out final details on how reforms will be implemented in a White Paper in the summer.

I am confident that the outcome of our reform will be an independent regulator of football that makes football more sustainable and means fewer fans face an existential threat to their club. As we have seen throughout the pandemic and the events of recent years, this government is on the side of the fans and the reforms they deserve. The Review helps set out the framework for this; we will now legislate to make reform a reality.



Rt Hon Nadine Dorries MP

**Secretary of State for Digital, Culture, Media and Sport**

## **Executive summary**

The government launched the Fan Led Review of Football Governance (“the Review”) to support and explore our analysis of the issues in the game, and to provide views on what might be done about them. The formal part of the Review was announced on 19 April 2021 and the final report published on 24 November 2021.

The trigger for launching the Review was the short-lived proposal for a breakaway league (the ‘European Super League’) which was set to include six English clubs, and the significant effect that the COVID-19 pandemic had on football. However, the origins of the Review go back further to the collapse of historic clubs such as Bury, on the back of which this government included a commitment to action in the 2019 manifesto. The aim was to ‘explore ways of improving the governance, ownership and financial sustainability of clubs in English football, building on the strengths of the football pyramid’. Throughout this, the government has acted to take action for the benefit of fans. Quite simply, without fans there is no football.

Following publication of the Review, on 25 November 2021 the government endorsed the principle of the primary recommendation of the Review - to establish an independent regulator for English football. We are now confirming that we accept or support all ten of the strategic recommendations contained within the Review.

The government is fully committed to reforming football governance to enable a long-term, sustainable future for the game. Accepting or supporting all of the strategic recommendations within the Review is the next step to do exactly this, and will represent a wholesale change in the way football is governed in England. We recognise the scale of change that is required, and the impact that our proposals will have within football and more broadly. That is why we are setting a strategic direction in reforming football for the better, but taking some time to consider the details of exactly how we will enact these changes. We will set out even more information on the precise implementation of our reforms in a White Paper which we will publish this summer.

This document confirms that the government will take forward significant reform of football through legislation. Formally, this means that the government is making the below commitments against each strategic recommendation. ‘Accept’ means that the government agrees with and will implement the strategic recommendation. ‘Support’ means either that the government agrees in principle with the recommendation (and not necessarily the specifics of the recommendation), or that it is a recommendation for another organisation so we don’t have control over the action.

Recommendation	Government response
(A) To ensure the long-term sustainability of football, the government should create a new independent regulator for English football (IREF).	<b>Accept</b> the recommendation to introduce an independent regulator.
(B) To ensure financial sustainability of the professional game, IREF should oversee financial regulation in football.	<b>Accept</b> , with further detail on the precise model to follow in the White Paper.
(C) New owners' and directors' tests for clubs should be established by IREF replacing the three existing tests and ensuring that only good custodians and qualified directors can run these vital assets.	<b>Accept</b> , with further detail to follow on a strengthened Owners' and Directors' Test.
(D) Football needs a new approach to corporate governance to support a long-term sustainable future of the game.	<b>Accept</b>
(E) Football needs to improve equality, diversity and inclusion in clubs with committed EDI Action Plans regularly assessed by IREF.	<b>Accept</b> the need for action, and <b>support</b> clubs' commitment to improving equality, diversity and inclusion focusing on improving outcomes while remaining flexible on plans for action.
(F) As a uniquely important stakeholder, supporters should be properly consulted by their clubs in taking key decisions by means of a Shadow Board.	<b>Support</b> , with further consideration of the mechanism.
(G) Football clubs are a vital part of their local communities, in recognition of this there should be additional protection for key items of club heritage.	<b>Support</b> , with further detail on options to follow.
(H) Fair distributions are vital to the long term health of football. The Premier League should guarantee its support to the pyramid and make additional, proportionate contributions to further support football.	<b>Support</b> , with an expectation of further action from the football authorities ahead of the White Paper.
(I) Women's football should be treated with parity and given its own dedicated review.	<b>Accept</b>
(J) As an urgent matter, the welfare of players exiting the game needs to be better protected — particularly at a young age.	<b>Support</b> as a matter for the football authorities.

## Introduction

Football clubs are at the heart of our local communities. They have an unrivalled social value and many possess great history and legacy. Fans are at the centre of our national game, which is why the government committed to a 'Fan Led Review of Football Governance' and has continued to take action to support them. Since the manifesto commitment in 2019 of a fan led review, the government has engaged with fans directly to hear their views.

The Review was commissioned in April 2021 by the then Secretary of State for Digital, Culture, Media and Sport. The terms of reference of the Review were published on 22 April 2021 by the government. The purpose of the Review was to explore ways of improving the governance, ownership and financial sustainability of clubs in English football, building on the strengths of the football pyramid. This was a manifesto commitment in response to the collapse of Bury, a club founded in 1885. Further crises have followed with COVID-19 laying bare the fragile nature of many clubs' finances and the failed attempt to set up a European Super League in April 2021.

Tracey Crouch MP, the Chair, was supported throughout the course of the Review by a Panel of Experts (Dawn Airey, Denise Barrett-Baxendale, Clarke Carlisle, Daniel Finkelstein, Roy Hodgson, Dan Jones, David Mahoney, Kevin Miles, Godric Smith, and James Tedford). The Review also received over 20,000 responses to an online survey, and 60 individuals submitted evidence into the Review via email. The Chair published her Report in November 2021. The Report set out 10 strategic recommendations, underpinned by 47 detailed recommendations.

The Review was a comprehensive examination of the English football system with the aim of exploring ways to improve the governance, ownership and financial sustainability of clubs in the football pyramid, building on the strengths and benefits of the game. The government is extremely grateful to the Chair for her very comprehensive Review which has identified a range of issues. Undoubtedly its findings and recommendations have started the move towards the fundamental reform of the football industry for the better.

Fundamentally, the government agrees with, and builds on, the case for reform set out in the Review. We endorsed the principle of the primary recommendation of the Review - to establish an independent regulator for English football - on 25 November 2021. Prior to the formal launch of the Review, the government had begun to explore and consider the role of a regulator of English football. This is why the terms of reference committed the Review to 'Assess calls for the creation of a single, independent football regulator to oversee the sport's regulations and compliance, and its relationship with the regulatory powers of The FA and other football bodies'. The government is supportive of the strategic recommendations and accepts or supports all of them. This response sets out the plan for reform of football that the government is taking forward in the coming months.

All of this is to ensure that the proposed reform can be delivered in a way that secures two objectives for the game. Firstly, that the long-term sustainability of football in England is secured, and secondly that English football remains world-leading. This reform will also help to protect the heritage of English football and its clubs, in support of the Levelling Up White

Paper mission to increase pride in place. As demonstrated since the manifesto commitment in 2019, the government will ensure that fans remain at the heart of reform.

The precise design of the reforms called for by the Review is critical. To put the industry on a sustainable footing which ensures the long-term future of the game will be complex. Although the Review collected a wide range of views and evidence, the detailed implementation of those reforms - including the legislative form they take - requires careful consideration and further input. This is to ensure that the reforms work in practice, that they continue to stimulate investment in English football and that we do not see a repeat of events at Derby County, Bury or Macclesfield Town.

The government will bring forward further details through a White Paper in summer 2022. This will set out the proposed model for financial regulation in extensive detail, and will outline the intended approach on the Owners' and Directors' Test among other issues. This is to make sure that the final reforms can change football for a generation and beyond. To do this, the government is committing to legislate to put an independent regulator on a statutory footing as soon as policy is established and when parliamentary time allows.

The Review and recommendations were not aimed solely at the government. The Review contains actions specifically for the Football Association (FA), the Premier League, the English Football League (EFL) and Professional Footballers' Association (PFA) on which we expect to see action. Recommendations on financial distributions, equality, diversity and inclusion (EDI) and player welfare are discussed in more detail later in this response. The authorities will shortly be updating the government and we will outline their progress in the White Paper. Everyone involved in football must be clear that change is needed. The status quo is not acceptable, and fans deserve better. The government will bring this about by legislating, and we expect the football authorities to take action as well.

## *The case for reform*

1. The Review notes that there is much to celebrate about English football. The government agrees that the popularity of English football globally, the success of its clubs on the world stage, and the contribution of clubs to their local communities are all sources of national pride and worth protecting. However, the Review also presents compelling evidence of the challenges faced by English football and the resulting need for significant reform.
2. The fundamental question facing the government is whether it needs to intervene in an industry that has existed without direct government intervention to date, and if so *how* it should intervene. We set up the Review to test this, and following further analysis by the Department for Digital, Culture, Media and Sport (DCMS), we have judged that there are two key problems in professional English football:
3. **Firstly, there is significant risk of financial failure among clubs**
  - i. The prevailing business model exhibits an unsustainable reliance on external funding, mostly from owners, to sustain consistent loss-making. For example, even accounting for net transfer activity, the vast majority of Championship clubs (18 of the 21 clubs for which data is consistently available) made losses in the period 2015/16 to 2019/20.<sup>1</sup>
  - ii. This is typically fuelled by high spending on transfers and wages. In the 2019/20 season, 14 out of 20 Premier League clubs, and 22 out of 23 Championship clubs (for which data was available), reported wage-to-revenue ratios in excess of UEFA's recommended threshold of 70%.<sup>2</sup> Seven Championship clubs reported ratios exceeding 150%.
  - iii. The result has been a steady rise in borrowing mostly from owners, and sometimes through bank loans. Net debt across the Premier League and Championship combined rose from around £3.5 billion in 2016 to over £5 billion in 2020.<sup>3</sup>
  - iv. Hence, many clubs lack resilience against financial 'shocks', the most likely of which would be that i) owners are no longer willing or able to subsidise losses, or ii) the club suffers relegation. The current situations at Chelsea and Derby County have highlighted how, under the prevailing business model in English football, many clubs are just one 'shock' (such as a geopolitical shift or disinterested benefactor) away from a crisis.
4. **Secondly, the cultural heritage of English football is at risk of harm.** Owners sometimes make decisions that are not in the interests of fans or local communities, which threaten the heritage of English football and its clubs. One example of this has been the sale of critical club assets such as the stadium, leading to temporary or

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<sup>1</sup> DCMS analysis of Deloitte UK (2021) 'Annual Review of Football Finance 2021 - Databook'. Considers operating result and net transfer activity for Championship clubs, for which data is available, over the last five seasons.

<sup>2</sup> UEFA (2019), 'The European Club Footballing Landscape: Club Licensing Benchmarking Report, Financial Year 2018'.

<sup>3</sup> Deloitte (2021)

permanent relocation against fans' wishes, or financial instability due to a lack of assets. This can harm the pride in place of local communities.

5. The government agrees with the Review's conclusion that these two problems share three root causes:

i. **The structure and dynamics of the market create incentives for financial overreach**

- Since the primary aim of clubs is to achieve sporting success, and there is a well-established correlation between spending and on-pitch success<sup>4</sup>, clubs have strong incentives to outspend their rivals.
- There are large disparities in income within leagues, and vast 'revenue tiers' between leagues. For example, in 2019/20 the average revenue of a Premier League club (£225 million) was nearly eight times that of a Championship club (£28 million), which in turn was over three times the average for a League 1 club (£8 million).<sup>5</sup> These disparities drive incentives for clubs to spend beyond their means chasing the tier above or avoiding the tier below.
- Subsidies from particularly wealthy owners can inject wage and transfer inflation, and further distort relative spending power and incentives. For example in 2019/20, Manchester City and Everton both reported pre-tax losses of over £100 million as a result of their transfer activity.

ii. **Inadequate corporate governance often affords unchecked decision-making power**

- Poor and opaque internal governance structures at clubs, which would not be tolerated in most other industries, allow owners/directors to make decisions without transparency or independent scrutiny.
- There is a lack of consistent fan engagement to understand and take into account the interests of fans. This was most clearly illustrated by a subset of Premier League clubs attempting to join a 'closed-shop' European Super League in 2021.
- These poor governance structures exacerbate financial mismanagement issues as decision makers can act in their own short-term interests rather than the long-term interests of fans, with little or no challenge or accountability. This is particularly problematic when the decisions are being made by under-qualified custodians.

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<sup>4</sup> Empirical evidence over time and across a range of leagues shows a strong positive correlation between wage expenditure and league position. See for example: Deloitte (2021) Annual Review of Football Finance; Szymanski, S. (2021) 'On the business of football'.

<sup>5</sup> Deloitte (2021). Deloitte also estimate promotion to the Premier League is worth c. £170m spread across three seasons, rising to c.£280m over five seasons if the club survives its first season in the league.

iii. **Existing regulation is ineffective at addressing the problems**

- The industry's existing authorities lack independence, have conflicting interests, and responsibilities are fragmented. As an example, the Premier League is a private company responsible for oversight of its 20 member clubs, and yet is owned by its 20 member clubs. Clubs are able to vote to overturn rules at any time, as was done with the league's 'Short Term Cost Control' in 2019.
- As a result, the industry has failed to introduce or maintain adequate regulations, and rules that are in place are often poorly designed and insufficiently enforced. For example, Bury's collapse highlighted the deficiencies of both the EFL's Owners' and Directors' test and its salary cost management protocol rules.

6. **Without reform, the government believes that there is a high risk of continuing financial failures.** The underlying financial health of clubs shows a systemic fragility. Analysis of a variety of financial metrics by expert academics on behalf of DCMS concluded that there are serious concerns around the financial sustainability and fragility of football finances.<sup>6</sup> This unsustainable trajectory, coupled with the enduring root causes outlined above, suggest the failure rate of clubs (including administrations and even liquidations) could soon increase, absent intervention.

7. **The government believes that the economic and social costs of such failures would be substantial.** Some of these costs are common to administrations and liquidations in any sector, but many of the more significant social costs are not. This is because:

- i. **Football clubs, unlike most typical businesses, are community and cultural heritage assets that generate social spillover benefits.** In addition to the direct<sup>7</sup> and indirect<sup>8</sup> economic benefits football clubs deliver to the local communities they serve, they also engage in community initiatives<sup>9</sup>, and contribute to civic pride, identity, and cultural heritage<sup>10</sup>. The loss of football clubs, or the pain and uncertainty caused by administrations, would negatively impact each of these aspects and harm local communities.

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<sup>6</sup> Analysis by Christina Philippou (University of Portsmouth) and Kieran Maguire (University of Liverpool), on behalf of DCMS (2022). The analysis shows there is a widespread issue of clubs being run in unsustainable ways from a viewpoint of traditional financial analysis. The consequent reliance on owner funding increases insolvency risk if the personal circumstances of these owners change. The interconnectivity of clubs, such as through outstanding transfer fees owed, means there is a risk of systemic problems if more clubs become distressed.

<sup>7</sup> Recent analysis by EY found that Premier League clubs alone support 12,000 jobs. EY (2022), 'Premier League: Economic and social impact', January. p. 6.

<sup>8</sup> Lincoln City found that local businesses in the hospitality and retail sectors benefit from positive spillovers as fans (both home and away) contribute to the visitor economy. Lincoln City (2020), 'Economic Impact Report'.

<sup>9</sup> Club Community Organisations in the EFL contribute £63m to community and social projects each year, with over 40 million hours of individual participation. EFL (2020), 'Measuring the impact of EFL clubs in the community: insight and impact report 2020', p. 11.

<sup>10</sup> A football club can be important to members of the community who would not count themselves as fans of the club per se, but who may derive 'non-use value' from its existence and importance to the community. For example, Castellanos & Sanchez (2007) empirically find that the non-use value of Spanish football club R. C. Deportivo La Coruña to citizens of Coruña represents a significant proportion of its total economic value.

ii. **Football fans, unlike typical consumers, have deep emotional and social connections to their club such that they can/will not easily substitute their demand to an alternative 'supplier'.**

- In addition to the loss of sunk costs (e.g. pre-paid season tickets), club bankruptcies can have wider impacts on the welfare of fans, including through unfulfilled demand, psychological distress, or a loss of identity.
- These less tangible values can be difficult to quantify, but have been indirectly revealed in the market on occasion. For example, during the COVID-19 pandemic in 2021, the fans of several clubs declined offers of refunds on their season tickets. Fans of Plymouth Argyle, Doncaster Rovers, Brentford, and Leyton Orient were among those who chose to leave their money in the clubs despite there being no live football in return, in an effort to help their clubs survive the pandemic. Similarly, fans have joined together in Supporters' Trusts in the past to save clubs from liquidation, with the only return on their investment being the continued existence of the club.<sup>11</sup>

8. It is therefore our assessment that government intervention is needed to effect reform and avoid these costs because:

i. **The free market will not rectify the problems**

- Much of the value of clubs to their fans and communities is not properly captured in the market. These non-market externalities mean actors within the market, such as club owners, do not fully account for the potential social and cultural costs and benefits of their actions. Quite simply, they do not have the incentives to behave in a way that delivers socially optimal outcomes.
- As outlined above, fans are not typical consumers. They will not switch their consumption if they are unhappy with the 'service'. As a result, football clubs are not subject to the demand-side pressure from consumers that businesses in most other markets are.

ii. **Current oversight from industry authorities remains ineffective, and the industry has not responded to calls for reform.** Many of the market's problems are not new. Yet, neither clubs nor authorities have taken the necessary transformative actions despite repeated calls for reform from government, Parliament and the public.<sup>12</sup> As outlined in paragraph 5 (iii) above, due to their incentives and governance structures, the industry is unlikely to make the transformative behavioural and structural changes needed.

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<sup>11</sup> For example, in 2003 Exeter City Supporters' Trust provided the club with an interest free loan of over £800,000; and York City Supporters' Trust acquired their club's assets from administrators for £600,000.

<sup>12</sup> See for example:

House of Commons Culture, Media and Sport Select Committee (2011), 'Football governance', July.

DCMS (2016), 'Government Expert Working Group on Football Supporter Ownership and Engagement', January.

House of Commons Digital, Culture, Media and Sport Committee (2020), 'Impact of COVID-19 on DCMS sectors: First Report', 20 July.

9. The government recognises that other sports may be suffering from similar problems and that there may be calls for the government to step in in those markets too. However, at this stage, we are of the view that football alone warrants government intervention, because:
- i. **Football is unique in financial scale and attracts unrivalled public interest.**<sup>13</sup> Football is the most popular and largest sport in the country. In addition to its importance to a large proportion of the population and the pivotal role its clubs play in many communities, the economic size of the football sector is greater than any other sport, across more parts of the country.
  - ii. **The problems faced by football are unique in their type and scale.** The unique business models and financialisation of football mean both the risk, and the potential magnitude, of harm are greater than in other sports.
10. In conclusion, there is a significant risk of harm to a range of stakeholders resulting from the financial failure of football clubs, including irreversible damage to cultural heritage. There is a market failure in that the social cost of club failures is greater than the obvious, private cost in the market. This, along with the various deep-rooted causes of the industry's problems and the governance structures of existing authorities, mean the market is unlikely to reduce the risk of club failures itself. Therefore, government intervention is needed to pre-empt further financial failures in the future and protect the country's national and most popular sport.

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<sup>13</sup> As per page 24 of the Fan Led Review, aggregate attendances across the top four leagues stand at 35 million fans per season. While the Premier League reported that 40% of the UK population (26.8 million people) watched live Premier League coverage in 2020/21.

## **Government plan for reform on strategic recommendations**

The government believes that there is a need to intervene in football to secure the future of the game. This response sets out our planned reforms for a new regime of football governance which will put the game on a sustainable path, in response to the Review's strategic recommendations. In doing so, the government accepts or supports all of the recommendations of the Review. Further details on how reforms will be implemented will follow in the forthcoming White Paper, which will be published in the summer.

### ***A: To ensure the long-term sustainability of football, the government should create a new independent regulator for English football (IREF)***

1. **The government will introduce an independent regulator for football.** In order to effectively address the market failures outlined in the above case for reform, the government believes that regulation should be:
  - Independent - the conflicting vested interests in football have persistently stood in the way of effective regulation. Equally, the regulator should maintain operational and decision-making independence from the government.
  - Statutory - football is a market with various, deep-rooted problems and powerful, well-resourced incumbents. In order to drive transformative change, a regulator would need a range of functions and powers that can only be delivered through statute.
2. To adhere to good regulatory design, the government is first considering the functions of the regulator prior to considering the most appropriate form. To establish its functions, the government has considered what the regulator is there to do, and how it should do it. Broadly, this involves determining its objective, scope and powers. Paragraphs 4 - 24 cover the government's proposals for the objective, scope and powers of the regulator.
3. Once the functions of the regulators have been established, the government will consider the most appropriate form. This will include the location for the regulator, including whether it would be best placed within an existing body or established as a new body. A bespoke new body could be tailored specifically to focus solely on football. However, there may be cost and delivery advantages to making use of pre-existing powers, structures, and experience. The government will continue to consider the complexities of the form and functions of the regulator. We will share further details through a White Paper, and legislate to put the regulator on a statutory footing when parliamentary time allows.

#### *The regulator's objective*

4. An independent regulator will need an overarching statutory objective to define its fundamental purpose and provide the legal basis for its actions. The Review recommended that the regulator should have a primary objective of '*ensuring English football is sustainable and competitive for the benefit of existing and future fans and*

*the local communities football clubs serve*'. It also recommended the regulator should have further duties to promote other aspects of the game.

5. The government agrees that the regulator's objective should focus on sustainability for the benefit of fans and local communities. As outlined in the Review and in the government's analysis on the case for reform, the unsustainable operations of many clubs are putting their futures at risk, with severe potential implications on their fans and the local communities they serve.
6. While the Review recommended a dual focus on sustainability and competitiveness, the government considers it may be preferable to maintain the primacy of sustainability. We recognise that there may be unavoidable trade-offs between sustainability and other important objectives such as competitiveness (both within English football, and of English football internationally), and that a focus on sustainability in isolation may lead to poor outcomes. However, the key problem identified in the market is one of sustainability, and so it is on the basis of sustainability that the regulator should primarily act. The regulator should still be cognisant of potential anti-competitive action by regulated parties, or the potential anti-competitive impacts of its own actions (see paragraph 7 below).
7. The government agrees that additional supplementary duties will be crucial to help further define the regulator's purpose and scope, and guide its approach to regulation. For example, duties to give regard to competitiveness, investment, and the burden on regulated parties would ensure impacts on these important outcomes are taken into consideration when the regulator is exercising its functions, but still maintain sustainability as the regulator's predominant objective. This would ensure the regulator does not singularly strive for sustainability even at the disproportionate risk of unintended consequences. We will provide further detail on the regulator's specific duties in the White Paper once we have fully established its final design. We will ensure this is consistent with the work that follows the government's recent Economic Regulation Policy Paper.<sup>14</sup>
8. The government recognises that an objective of guaranteeing zero club failures would not be realistic and, as outlined above, striving for this at all costs may lead to bad outcomes. Instead, the aim of the regulator should be to reduce the likelihood of financial distress (including administrations and liquidations), by ensuring clubs are financially and corporately better run. In the unavoidable event financial distress does occur, the regulator's priority would be to ensure a more orderly and managed process so as to minimise harm to fans and local communities without the loss of their club.

#### *The regulator's licensing regime and scope*

9. The Review recommended that the regulator should operate a licensing system. This approach would require each club operating in professional men's football (National

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<sup>14</sup> [Economic Regulation Policy Paper](#)

League and above) to hold a licence to legally operate. In order to obtain a licence, clubs would have to satisfy conditions related to:

- a. Financial regulation
- b. Owners' and Directors' tests (ODT)
- c. Corporate governance
- d. Fan engagement
- e. Protection of club heritage

10. The government will take forward a licensing system as an appropriate mechanism through which to give regulation effect. A club would need a licence to operate. A licence would only permit clubs to compete in merit-based competitions approved by FIFA, UEFA and the FA and consented to by fans. This would prevent any future risk of clubs breaking away to join anti-competitive leagues against the interests of fans.
11. The use of licence conditions would enable the regulator to ensure proportionality. This means regulation should be tailored to reflect the differing business models of clubs, and ensure the burden of obligations is proportionate to the scale of the club and the circumstances. For example, clubs in the National League might not be held to the same level of governance standards as clubs in the Premier League. As part of this, the government believes clubs should have a degree of flexibility to meet obligations providing the desired outcome is achieved. Licence conditions could be designed with this proportionality and flexibility built in, by giving the regulator some discretion in how conditions are satisfied.
12. Licensing would also provide a mechanism for enforcement as all clubs would be required to hold a licence. We are considering the details of how licensing might work in practice. We will examine other models, such as the Financial Conduct Authority's authorisation system, when designing a model for football, and will share details in the White Paper.
13. The government is of the view that the licence conditions listed in paragraph 9 should broadly constitute the scope of the regulator's activities. We recognise that there are issues in football aside from the sustainability of clubs (e.g. ticket prices, fan behaviour, racism etc.) and that there may be calls for the regulator to have a role in tackling these issues. However, a broad scope that includes functions not directly related to the regulator's primary objective would spread the regulator too thin and increase the risk of the regulator not delivering its objective (regulatory failure). Both the Review, and the government's own subsequent analysis, have identified financial sustainability as the core problem that justifies government intervention in the market. Therefore, the scope of the regulator's activities should be tightly focussed on this problem and its root causes. Other football governance issues, like the rules of the game, must continue to be for existing authorities such as the FA.
14. To prevent the risk of scope creep, there would need to be clear outer limits placed on the regulator's remit. The government is considering where and how to define this boundary such that it is practical and legally robust, and does not hamstring the regulator in the future. We will provide more detail on the outer limits of the regulator's scope and how it would be amended in the White Paper.

15. The roles and responsibilities of other regulators and authorities within football, such as the FA, will need to be clearly defined to ensure the overlaps and gaps highlighted by the Review do not arise again. We will ensure that arrangements are in place to ensure coherence and clarity across the regulatory landscape, both within and outside of football.

*Powers, sanctions and the approach to regulation*

16. The Review recommended that a regulator would need strong powers to impose and enforce regulation, as well as a range of possible sanctions including sporting sanctions. It also recommended a staged approach to regulation, initially favouring advocacy to steer clubs towards compliance before falling back on its investigatory and enforcement powers.
17. The government's assessment is that, in addition to powers to give the licensing regime effect, the regulator would need powers such as supervision, information gathering, investigation and enforcement. It will need to be able to compel clubs to meet their obligations.
18. The government recognises that it will be important for the regulator to have a clearly defined approach to regulation, including how it operates and uses its powers, to ensure that all regulated parties know what to expect. We agree with the Review that the regulator should initially work with clubs to ensure compliance. When enforcement is required, it should be swift and bold to minimise harm and deter future non-compliance.
19. Hence, the government wants the regulator to have a broad suite of sanctions at its disposal to deter and/or punish non-compliance with licence conditions. In such instances, we broadly agree with the list of possible sanctions in the Review, which includes reputational sanctions, financial penalties and suspensions. These could be applied to both individuals and clubs.
20. However, we are not convinced by the Review's recommendation that the regulator should have sanction powers directly related to sporting competition, such as points deductions and relegations. We consider it could be inappropriate if financial mismanagement or poor corporate governance resulted in points deductions from the regulator (this should not preclude the leagues themselves sanctioning in this way if appropriate). The regulator should not directly regulate on-pitch outcomes, and as a principle should avoid unduly punishing fans for the misdemeanours of a club and its owners/directors.
21. Sanctions should minimise impacts on fans where possible, and should not directly influence sporting outcomes. Sporting sanctions that directly impact on the competition should be reserved for the respective leagues to apply. We recognise that the regulator may indirectly influence on-pitch outcomes through its sanctions, for example it could enforce a ban on transfers, but this should not be the direct aim of or justification for the sanction.

22. The regulator should deploy sanctions in a tailored and proportionate manner. For example, financial penalties may not always be an appropriate sanction to apply to a club already in financial distress, and similarly may have little effect on extremely wealthy clubs or individuals. As above, sanctions that punish the culprits in isolation, with minimal undue impact on innocent parties such as fans, should be deployed preferentially.
23. The government will need to give careful consideration to these powers and sanctions to minimise the risk of unintended consequences, such as deterring investment or imposing an excessive burden on clubs. It will be key to build the appropriate checks and balances, like thresholds for intervention and appeals mechanisms, into regulatory design. This will help to ensure the regulator uses its powers proportionately and is accountable for its decisions. The government will continue to consider this, taking into account industry views. Further detail on specific powers and sanctions, thresholds for intervention, and appeals will therefore be set out in the White Paper.
24. In summary, the government is committing to an independent regulator with new statutory powers and an objective of ensuring the sustainability of English football for the benefit of its fans and local communities. It should strive to reduce the likelihood of financial failure at clubs, and minimise harm on the exceptional occasion that failure does occur. It will operate a licensing regime centred around financial sustainability, ensuring good custodians and improving corporate governance, as well as greater fan engagement, and the protection of club heritage.

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

25. Financial sustainability will be at the heart of the government's reform for football. The key concern which challenges the sustainability of football is the financial situations at many clubs. Indeed, the collapse of Bury due to poor financial management and decision making, and the onset of COVID-19, which demonstrated the precarious financial positions of a greater number of clubs, were among the reasons that sparked the work of the government.
26. Despite football's ability to generate vast revenues and attract significant investment, the finances of many individual clubs are a cause for concern. Our analysis confirms that the cause of financial issues throughout the football pyramid is spending that spirals out-of-control. This is concerning given the current financial health of many football clubs, with wages, losses and debt at unsustainable and rising levels; a situation that COVID-19 has only exacerbated. The Review also identified a lack of resilience to shocks and changes of circumstances at clubs at all levels of the pyramid. To address this, the Review proposed that an independent regulator should oversee financial regulation in football, focused on ensuring long-term financial sustainability.

27. As outlined in the above case for reform, the government's own analysis confirms that the state of finances in English football is precarious. Hence, **the government considers that financial regulation should be the core function of the regulator.** This will be necessary in order to secure the sustainable future of the game - the primary objective of the regulator.

#### *Model of regulation*

28. The government is aware that, while financial regulation has the ability to improve sustainability, any financial regime will need to be designed carefully to avoid unintended consequences which could inadvertently threaten the sustainability of the game. This is why choosing the right model, and ensuring the requirements of that model are suitable for football, will be important.
29. One issue identified is that a regulator would need to be able to act on live information and make interventions quickly. To do this "real time financial monitoring" was proposed. This would mean the regulator receives up to date data from clubs at all times. The government believes that real time financial monitoring must be a requirement for the regulator, so it can understand the health of clubs' finances, based on the latest information. This will enable the regulator to engage with clubs if problems do arise. At a minimum this can be used as part of monitoring functions, but could also form a part of any regulatory solution.
30. The Review looked at existing financial regulation models used within football and concluded that they are inadequate, confirming our long-held instincts. It set out that the current Premier League and EFL rules are ineffective given the state of club finances, and that the introduction of other regulations like wage caps are either impractical, would remain prone to creative circumnavigation, or would entrench the dominance of the richest clubs. Instead it proposed a system of regulation typically seen in financial services as the best way to ensure sustainability. This would require clubs to ensure they have enough liquidity in the business throughout the year, have control of costs, and have capital buffers in place for shocks and unforeseen circumstances. There would also be a wind down plan for worst-case scenarios and some clubs could still end in a distressed situation including administration, although the regime should manage this in a more orderly way. Financial regulation would be a licence condition that clubs would need to comply with or face sanctions.
31. Some form of regulation of this kind may be appropriate, as it would ensure that clubs plan better, have more secure finances, and are more resilient. It would allow clubs flexibility in the way they operate, with freedom to make commercial and strategic decisions, but with contingencies in place if things do not go to plan. Crucially, such an approach would still allow clubs to compete and challenge for success, but would mean there is more resilience built into the business. However, we recognise that introducing this type of regulation would be a big change for clubs - it could impact on club operations, cash and capital, financing and investment.
32. The government agrees with the Review that there is merit in the regulator focusing on financial *resilience*, since it is the financial fragility of some clubs that carries the greatest risk of harm. To achieve this, the government's view is that it is sensible for

clubs to exercise prudent financial planning and preparation. This should include the demonstration of sustainable business plans based on a range of potential scenarios, as well as appropriate finances to underpin these plans. For example, a club might be required to plan for the prospect of relegation and the financial difficulties this would entail, for failure to achieve promotion, or for a sudden loss of owner funding. This will allow clubs to be better equipped to deal with external shocks or changes in circumstances.

33. In addition, we recognise that clubs in different leagues - and even within the same league - have very different financial starting points. The regulator will need to take a tailored and proportionate approach based on the financial circumstances, business models, and risks faced by individual clubs. It would not be appropriate to impose a 'one size fits all' model for financial regulation, such as for liquidity requirements.
34. The precise design of financial resilience regulation will be critical, but is complex and requires careful consideration and input. We must ensure it will not unintentionally exacerbate financial problems. The government will continue to develop an appropriate model which delivers on the overall objective of achieving sustainability and building resilience, whilst considering additional factors such as impacts on investment, competition and burdens on clubs. The details on precisely how the regime will function will be set out in the forthcoming White Paper and we will also set out plans to manage the transition to the new system. The government welcomes engagement in refining the regime.

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

35. The government believes that new owners' and directors' tests will help to ensure the future sustainability of our football clubs and the stability of the game.
36. The Review found that the financial distress we have seen at some of English football's most historic clubs was partly down to i) acquisition by owners unsuited to the custodianship of these important cultural assets; and ii) the appointment of unsuitable directors without a proper, transparent appointment process or assessment of skills or qualifications. The Review concluded that if clubs had better suited owners and directors, and better oversight of the risks, the long-term future of the game could be more secure. There is plenty of evidence of unsuitable owners who acquired football clubs without adequate finances or who were involved in criminality, and directors making crucial financial decisions without holding suitable professional qualifications.
37. To address this, the Review confirmed the suspicions of the terms of reference which pointed to the need for additional criteria, and made detailed recommendations to strengthen the tests currently applied by the football authorities. Firstly, by enhancing due diligence to check the source of funds and the strength of the business and financial plans, working closely with the relevant authorities (for example, the National Crime Agency). Secondly, it suggested introducing a new "integrity test",

mirroring a similar system used by the Financial Conduct Authority. In practice, this would ask a regulator to make an overall, evidence-based judgement using expert opinion to assess whether an owner or director would be a suitable custodian of a club.

38. The Review also made recommendations to improve the efficiency and consistency of the current tests by proposing one new test for owners and directors, which would be overseen by the regulator. It also proposed to increase current oversight by re-running the tests and assessments periodically (indicatively every three years). This was based on evidence found during the Review, which showed that existing tests are only run at point of acquisition without any consistent ongoing oversight from authorities. The Review found that, in some cases, the incentives for the authorities are to find any owner to quickly fix a problem, rather than rule out owners who are keen to invest but might not be suitable. Ownership tests are conducted, and deals can be made, behind closed doors without any clarity or transparency.
39. Since owners and directors can be crucial to how sustainably or not a club is run, the government believes a regulator should assess the suitability of these custodians. This has been demonstrated in recent weeks following the action taken against Roman Abramovich, which has left the future of Chelsea uncertain. The government also agrees with the evidence presented in the Review that existing tests do not go far enough and need to be enhanced and periodically reviewed.
40. The government recognises that it is important to ensure the right balance is considered when looking to accept these recommendations. The precise design of an integrity test requires careful further consideration and input, to ensure it is the right one for football and does not unduly deter investment in football.
41. One of the main potential consequences of strengthening an Owners' and Directors' Test is the subsequent impact it might have on inward investment. Although enhancing the tests to root out unsuitable owners and directors is the main objective for ensuring long-term sustainability, it must be done in a way to not disproportionately deter investors. This may occur if obligations and requirements are too onerous or potentially subject to change after investment has been made.
42. The White Paper will consider potential consequences and the impacts on the club and its fans if an established owner failed the test or, as with Chelsea, is no longer able to own the club. The White Paper will also consider limiting the scope of any integrity test, recognising that, while it is important for the regulator to undertake enhanced due diligence, there is a danger that the regulator could be drawn into issues that are geopolitical. We do not believe the regulator should get involved in issues of the government's foreign policy.
43. Ahead of publishing the White Paper, the government will engage with industry and regulatory experts to ensure the design of the integrity test is i) cognisant to these potential impacts, ii) evidence-based, iii) objective, and iv) ultimately right for football. The White Paper will set out the proposed design of such a test in more detail.

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

44. The government has long supported the need for strong corporate governance in sport, and believes this must be transferred to football. The Review set out that poor corporate governance was a root cause for the game's problems, particularly through exacerbating financial mismanagement. The Review presented evidence that poor practices in clubs allowed owners to act unilaterally, with short term-interests that can conflict with the long-term interests of fans. Clubs can lack transparency and accountability on key decisions, and there can be insufficient independent voices and scrutiny to challenge decision making.
45. The Review recommended the regulator introduce, as a licence condition, a new compulsory corporate governance code for football, based on the Sport England and UK Sport Code for Sports Governance. This recommendation was proposed as a way to address some of the problems heard by the Review. These included non-existent non-executive directors, a lack of Annual General Meetings and insufficient processes such as appropriate financial controls or risk planning. This meant that when crucial financial decisions were being made, the lack of basic corporate governance enabled reckless decisions to be made without scrutiny or challenge, therefore compounding the issues and compromising clubs' futures.
46. The UK Sport and Sport England Code for Sports Governance, coming out of the government's *Sporting Future* strategy, has proven successful in setting clear expectations around good governance and diversity, and ensuring decision makers reflect the community they serve. The government agrees that getting the processes and structures right in clubs will create a virtuous circle of more suitable owners and directors, better decision making and greater diversity of thinking which will lead to better run clubs and, therefore, greater financial stability.
47. A new model for corporate governance in football will be introduced, and will be designed and overseen by the regulator. Further consideration will be given to an appropriate model for football taking learnings from the Code for Sports Governance, and consulting on other governance models used across industry. When designing a model for corporate governance, the regulator will need to consider proportionality of the obligations across the different levels of the football pyramid. For example, the obligations on a Premier League club will not necessarily be the same as the obligations on a club in the National League. Further consultation with governance experts will be undertaken to assess these considerations and conclusions will be set out in more detail in the White Paper.

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

48. The government strongly believes that football needs to improve Equality, Diversity and Inclusion (EDI) in clubs. The government supports a flexible approach to improving EDI across football – with a focus on outcomes rather than process – and on how we assess clubs' progress in this area. We should encourage clubs to be

diverse in their composition and connection to their local communities. We remain committed to stamping out racist abuse, investing in greater opportunities in women's football, improving access for those with disabilities and widening participation in the training pipeline to broaden future representation and ensure a meritocracy. Diversity of thought and a range of perspectives are vital to successful decision making.

49. The Review recommended that an EDI Action Plan be part of the regulator's licence conditions, requiring a club to show how it will ensure EDI is part of the organisation and the way it operates. The government believes in empowering clubs and their local communities to promote equality, diversity and inclusion and they should set clear plans to do so. These should aspire to tangible outcomes that include clubs:
- ensuring they reflect the demographics of their local communities in their workforce and governance structures
  - taking specific action to tackle racist and other abuse both on and off the pitch
  - promoting and increasing participation in women's football
  - improving access and participation in football for those with disabilities
50. However, the role of the regulator in assessing clubs' progress against their own plans needs further consideration. Reporting to football authorities, organisations and particularly fan bases would mean decisions on whether a club is meeting its own plans to address diversity and inclusion are taken by those in whose interest the club is meant to act. The role of the regulator as serving a supervisory and educational function, consulting with clubs on best practice and initiatives, should be explored. We will need to review the appropriate scope of a regulator's powers as well as how EDI is assessed relative to a club's size and geographical location.
51. Further consideration will be developed in the White Paper, but we agree with the broad principles centring on promoting fairness to lead to better outcomes by examining existing approaches and alternative ways to promote inclusivity. We will consider how we can support football's consideration of action plans to draw on the recommendations from The Commission on Race and Ethnic Disparities (CRED) Report through consideration of local demographics and the implementation of effective measures to engage underrepresented groups. More broadly, clubs could consider social mobility programmes to improve accessibility and representation through a range of activities which are inclusive and provide real and tangible developmental benefits.
52. At an early stage, it is envisaged that all clubs in the English professional football pyramid would be required to have a plan to address diversity and inclusion to ensure that they are representative of their local communities and are considering how they consider a range of perspectives in decision making. We want to see more progress on underrepresented groups in leadership and coaching, but believe clubs should be working organically on how to achieve this, and should be accountable to their fans on success.
53. The Review recommended that the football authorities work more closely to ensure consistent campaigns across the various organisations. The government notes the

progress already made and is pleased to see that the PL, FA and EFL have agreed to collaborate on an overarching campaign for EDI across football with Kick It Out. The government will continue to work closely with all football authorities on this issue.

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

54. The government wants supporters to be properly consulted by their clubs in taking key decisions, as shown by our actions in coming out strongly against the European Super League. That said, the government is not currently convinced that a Shadow Board is the most appropriate means of doing that for every club, or in every situation. A more flexible approach, whereby the regulator oversees a minimum standard of engagement, is our preferred option at this stage.
55. The Review was clear that engagement between supporters and clubs is highly variable and often falls far short of what fans rightfully expect. Genuine fan engagement can be a huge benefit to the decision making process of clubs in a number of areas. Equally, if fans feel consulted they are less likely to be unfairly critical of decisions made by club executives who are often seeking to act in what they consider to be the best interests of the club.
56. For these reasons, it is the government's opinion that fans' views must be better heard and due regard paid to them. To achieve this, we will include details in the White Paper on setting a minimum standard of fan engagement as a condition of the licence from the regulator. If the regulator is not satisfied that this is being achieved, or that the plan to get there is insufficient, they may not grant a licence.
57. For many clubs, a Shadow Board will be a suitable option to better understand the views of their fans and involve them in their decision making processes as a uniquely important stakeholder. As outlined in detail within the Review, when set up appropriately, Shadow Boards allow supporters better sight into the club's strategies and to provide more considered feedback. We would expect that a club with a Shadow Board already in operation is likely to meet any licence condition which may be introduced with regards to fan engagement.
58. However, where possible, the government would like to implement proportionate and flexible proposals which work for clubs across the football pyramid. The comparative burden of introducing and operating a Shadow Board is likely to be relatively higher for smaller clubs, and the benefits accrued from fan engagement may be more reasonably gained from a more flexible approach.
59. Football authorities and several clubs have recognised the benefits that come from genuine fan engagement in improving their decision making processes and we recognise that some steps are already being taken to improve this engagement. These include ongoing improvements to the existing Structured Dialogue process between supporter groups such as the Football Supporters' Association and the leagues. More recently, the FA has started to establish a Fan Consultation Group which is due to start meeting in April 2022. We have also noted improvements being

made to the processes at clubs such as Liverpool, Manchester United and Oxford United, amongst others.

60. We will set out the details that will be used to define the acceptable minimum standard of fan engagement in the forthcoming White Paper, alongside further detail on the licence conditions of the regulator.

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

61. The government agrees that there should be additional protection for key items of club heritage.
62. The Review set out what many fans instinctively understand - the heritage of a club is a crucial aspect to their support of their club and helps shape local identity. Many have been supporters for decades and view certain key aspects (for example the badge, home team colours, and stadium) as intrinsic representations of their club's history. There have been examples of clubs trying to change these key items without consulting their fans, leaving the fans alienated and angry.
63. The Government will support measures to give fans the tools to protect all the key items of club heritage which were identified in the Review. These are:
- the sale of the club stadium
  - the re-location of club outside of the local area
  - the club joining a new competition that is not affiliated to FIFA, UEFA and the FA and/or leaving a competition in which it currently plays
  - the club badge
  - the first team home shirt club colours
  - the club name
64. The Review suggests that a 'Golden Share', held by a Community Benefit Society (CBS), is the best way to ensure fans can protect key items of club heritage. This approach can be successful - Brentford is an example of a club that has introduced a form of 'Golden Share' (the 'BU Special Share') whereby the owner voluntarily offered up a veto right over the sale of the stadium to the supporters' group.
65. However, a 'Golden Share' may not be the most suitable way for every club to allow their fans a right to protect the items listed above. Beyond the complex legal issues which arise from mandating every English football club to change their articles of association, a functional 'Golden Share' system may pose a significant administrative burden for some clubs. The CBS which holds the share would likely need to engage an independent polling company if it were to hold a valid vote and would need to carefully assess which supporters would be eligible for such a vote. Furthermore, supporters may not be able to exercise their veto rights effectively — for example, because they have late access or often incomplete information, insufficient time to cast a vote or due to administrative constraints.

66. Therefore, a one size fits all approach may not be appropriate. We believe that a regulatory system that would apply to every professional club should, where appropriate, implement proportional and flexible proposals which work for clubs across the football pyramid.
67. We will share further details in the White Paper on the regulator implementing a licence condition which requires clubs to have a mechanism in place for fans to have appropriate protection over changes with regards to the key items of club heritage listed in the Review (or have a firm plan to introduce such a mechanism). Football clubs are key components of a local community. Protecting their heritage should help deliver on the mission in the Levelling Up White Paper on pride in place, to increase engagement in local culture and community.
68. We will bring forward details on the minimum requirements for this mechanism in the White Paper, and we will consider whether this will include a veto right for supporters. We will also set out more detail on the enforcement powers that the regulator could have to ensure that those procedures are followed. Issues such as security of tenure will also need analysis on their interaction with property rights which we will consider in the White Paper.
69. There was a specific recommendation for the FA which sits under this overarching strategic recommendation. We are pleased to note that the FA is consulting on a new set of rules to govern heritage assets and we would like to see these introduced in time for the new season. These proposals would require FA approval for changes to a number of the heritage items set out in the Review, with consent granted on the basis of extensive and meaningful consultation with fans.
70. The Review also made recommendations with regards to changes to the planning system. The government recognises the importance of taking account of the civic and historic importance of football clubs to their local communities. We will continue to assess how we can reflect this in changes to the planning system and better protect football grounds.
71. The Review makes two further recommendations. The first is in relation to the National Planning Policy Framework (NPPF). The NPPF has had very strong protections for existing grounds since 2012. The NPPF (paragraph 99) explains that existing open space, sports and recreational buildings and land, including playing fields, should not be built on unless:
- a. An assessment has been undertaken which has clearly shown the open space, buildings or land to be surplus to requirements; or
  - b. The loss resulting from the proposed development would be replaced by equivalent or better provision in terms of quantity and quality in a suitable location; or
  - c. The development is for alternative sports and recreational provision, the benefits of which clearly outweigh the loss of the current or former use.

72. This policy applies to football stadiums. This current strong policy position will be retained as part of a revised NPPF, and the government will consider how to tighten the timing around the provision of the replacement facilities within this policy as part of the revision.
73. Secondly, the Review recommended exploring the viability of new security of tenure property rights for clubs. The government has already committed to launching a review of the landlord and tenant relationship and the legislation surrounding it, which includes Part 2 of the Landlord and Tenant Act 1954. This will cover, but will not be limited to, football grounds. We hope this review will be welcomed by landlords and tenants from across a wide range of sectors, looking beyond the high street to support businesses such as football clubs who do so much to champion sports-led regeneration efforts.

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

74. The government supports the principle of this recommendation. Increasing the level of financial redistribution between the leagues will help improve the financial health of football clubs. The Review highlighted that disparities between the finances at different levels create the wrong incentives and are a key driver of the financial gambling of clubs. Therefore, we believe that the sustainability of the football pyramid would be improved by ensuring there is a sufficient level of funding at all levels of the game. A significant part of that will involve transferring more money from the top of the football pyramid downwards, in a proportionate manner for specific purposes. However, it will also be important to ensure that there is enough money going to grassroots and women's football. We also recognise that increased redistribution must come with appropriate cost controls.
75. The Review highlights the overspending which has been a feature of many clubs - some in the Premier League but particularly in the leagues below. This systemic overspending has been cited as a barrier to new agreements on distributions. The football leagues and authorities accept that any changes in distributions must come with new systems of cost control and regulation. The government agrees with this, and it is part of the reason we believe that a strong, independent regulator is needed to help overcome this barrier and facilitate a football-led agreement on redistribution. With a regulator tasked with increasing sustainability, there will no longer be a viable argument against the greater flow of funding down the pyramid.
76. The government believes that the ideal outcome is for football to arrive at an answer which is mutually agreeable to the bodies which comprise it. We have been pressing for a solution in this regard and although some progress has been made, it is disappointing that this appears to remain some way off. We will continue to push for a football-led solution and we remain in close contact with all relevant parties in seeking this.

77. We should be clear though. The government is open to granting the regulator a 'backstop' power to implement redistribution across the football pyramid, if a football-led solution is not found. We will make an assessment on the likelihood of agreement for a football-led solution and will confirm whether there will be a role for the regulator in redistributing income when we publish the White Paper. We welcome any further updates by way of agreed positions or proposals from football around redistributions in advance of that.

### Alcohol and football

78. The Review recommended that the government should assess whether the legislation governing the sale of alcohol at football matches is still fit for purpose, pointing out that the laws underpinning the rules for drinking alcohol at football games are nearly 40 years old. Football has modernised since then and the culture has changed. As such, the government accepts the recommendation to review the Sporting Events (Control of Alcohol etc.) Act 1985. Working with stakeholders from across football, including surveying fans, this review will allow the government to assess the interaction between alcohol and football in light of all the evidence.
79. As that review takes place, we will consider the case for pilots of the sale of alcohol in sight of the pitch, and whether they might be appropriate in the lower leagues. For example, if the review shows legislative reform is possible, that the economic case is made for change, and that this is supported by research data, then the case will be strengthened for pilots. The government recognises the potential commercial benefits that a change in this regard could bring for clubs, particularly lower down the football pyramid, but this must be balanced against wider fan safety considerations.
80. The government has been concerned by the increase in incidents of fan disorder at football matches recently. The Review references the appalling conduct of some fans at the EURO 2020 final between England and Italy at Wembley Stadium. The Casey Review was commissioned in response and it identified alcohol consumption, among other reasons, as a driver of that behaviour. The limited data that we have for the 2021/22 season has shown a rise in fan disorder compared with the same period of the 2019/20 season (the last season with fans in stadiums).
81. We have discussed this with the relevant bodies. These include the Sports Grounds Safety Authority, the UK Football Policing Unit, and the FA. We will continue to liaise closely with all the football authorities about their work to tackle disorder.

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

82. The government has long supported women's football, as seen only recently in listing the Women's EUROs and World Cup. A separate review is the next step to drive it forward. Women's and girls' football has re-emerged from years of neglect to become the top participation sport for women and girls in England today, with almost 3 million registered players. However, evidence submitted to the Review highlighted issues that are preventing the women's game from professionalising more widely, and recommended a separate review of the game.

83. The challenges in women's football are distinct to those affecting the men's game. Therefore, the government agrees that a separate review is timely and sensible. The Review challenged an industry that was not prepared to change in men's football, whereas the review into women's football will be set up to work with a sport and improve their future outcomes.
84. The government is assessing the terms of reference for such a review, as well as a suitable Chair and Panel. We will announce these ahead of the White Paper. We expect the terms of reference to cover issues such as the value and visibility of the game, financial sustainability, structures and learning from other countries.

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

85. The government supports this recommendation. It is vitally important that the welfare and mental health of the thousands of young boys and girls who join football academies is protected, regardless of whether they progress to a professional career.
86. The government believes that all footballers should be helped to identify alternative avenues for their skills and talents as and when they leave the sport. As identified in the Review, there is work being undertaken by stakeholders across football, including the FA, men's leagues, the Professional Footballers' Association, clubs and women's leagues. However, significant gaps remain and the government agrees with the Review that the holistic welfare of players - particularly young players - must be urgently improved. The government will push for further progress in this area and monitor this as football authorities seek to improve.
87. The Elite Player Performance Plan (EPPP) is a youth development scheme initiated by the Premier League, and adopted by the member clubs of the EFL in 2011. By many measures, the EPPP is a success. The number of home grown players who are participating at the top level (which is the main aim of the EPPP) is increasing, the Premier League Academies were rated 'Excellent' by Ofsted in 2017, and progress is being made in improving player care across club academies in recent seasons. However, clubs have a substantial duty of care towards their players who sacrifice a great deal to pursue their dreams, and more must be done to support them.
88. The Duty of Care report from Baroness Tanni Grey-Thompson (2017)<sup>15</sup> suggests that athlete welfare, education and transition should be the cornerstones of elite sport development pathways, and that more consideration should be given to such areas from the governing bodies responsible for creating such pathways. Duty of care - which covers emotional and psychological support - was identified as an area where football authorities can go further in the Review. The mandatory 'Life Skills and Personal Development Programme' and 'Transition Strategy' for academy players go some way to helping equip young athletes for a life after football, but there is some

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<sup>15</sup> [Duty of Care in Sport Review](#)

evidence to suggest that the uptake of the full range of support which is available could be improved.

89. The Review identified worrying evidence of mental health and wellbeing issues for footballers. There is a prevailing narrative that the life of a player is one of glamour, but for many that belies a culture of uncertainty, fragility and transition. They are incentivised to mask negative emotions and may avoid seeking help for problems they face. Support provided by the Premier League through the Player Care Unit is welcome but independent support is preferable given perceived conflicts of interest for players.
90. As identified by the recommendation in the Review, there are gaps in providing football players with a holistic and comprehensive welfare system. The government encourages football stakeholders to come together to fill those gaps where they exist. Particular focus should be given to providing the resources and funding necessary for independent mental health support to all players and further assistance for young players who transition out of academies.
91. The Review recommended that the FA should proactively encourage private football academies to affiliate to the local County Football Associations. The government supports this recommendation, and understands that the FA are considering how to approach this, noting that they cannot oblige unaffiliated academies in this regard. Teams from unaffiliated academies are not allowed to play affiliated teams, but only in their interaction with the affiliated game can the FA oblige a particular way of working.

## Conclusion and next steps

92. The Fan Led Review of Football Governance is an important and critical step in the history of our national game. The government is committed to working at pace to make positive change happen for the fans, the clubs, local communities, and the country.
93. The main recommendation of the Review was to establish an independent regulator for English football. Since the publication of the Report, the government has committed to explore the most effective way of doing exactly that - establishing a strong, independent regulator which ensures the sustainability of the game. The government will legislate to put the regulator on a statutory footing when parliamentary time allows. Given the reforms set out need careful and detailed consideration, we will set out further details of how we propose to deliver and implement our plans in a White Paper in the summer. The White Paper will ensure that fans' voices continue to be heard as specific elements and details are worked through.
94. As set out at the beginning of this response, some of the Review's recommendations are for the football authorities. The government welcomes the engagement thus far with the football authorities, and is committed to continuing regular dialogue on the areas of reform that the football authorities are leading on, such as player welfare, financial redistribution and EDI. We will update on the football authorities' progress in the White Paper.
95. Ahead of the White Paper in the summer, the government will announce the Chair and Panel of the women's football review. Terms of reference for the review will also be announced. The government will also begin the review of the Sporting Events (Control of Alcohol etc.) Act 1985, and will work closely with relevant bodies on this.
96. To ensure that we keep momentum until further details are set out in a White Paper in the Summer, we have a comprehensive programme of work planned to consider how best to approach the complex and important issues raised by the fans of our nation's game. While preparation of legislation continues, we will continue to engage closely with both the football sector and its fans as we finalise the remaining policy.
97. The introduction of an independent regulator represents an important step in creating a consistent and sustainable framework for the governance of English football clubs. It is the government's intention to provide regulatory certainty and transparency through the establishment of an independent regulator following legislation. This will ultimately mean a more financially sustainable game where shocks can be absorbed, and risk of financial crises lessened. The government is committed to ensuring English football will be around for generations to come for fans, clubs and local communities to enjoy.

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