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**STRICTLY PRIVATE AND CONFIDENTIAL - SUBJECT TO CLUB APPROVAL**

Dear Adam,

Thank you for your email of 12 March 2021. You requested a final maximal support proposal from the Premier League in relation to the provision of solidarity funding for English football (including the National League System and Women's football) as well as other community and good causes. This was on the understanding that such a proposal would only be possible if the Government were to grant the Exclusion Order that the Premier League is seeking pursuant to paragraph 7 of Schedule 3 to the Competition Act 1998.

I provide context below, along with the detail of our revised proposal. Both the Premier League and Government recognise the need for urgent, joint action, and I look forward to clarifying any outstanding questions when we meet followed by a swift resolution of any issues thereafter.

**The economic crisis facing English football**

The football pyramid has suffered significant financial losses at every level as a result of COVID-19 with existential challenges faced by many clubs and stakeholders. Government has recognised this and sought to address these losses as far as possible, through for example, support for the National League System and women's football. Government also has a major role to play in facilitating the return of supporters, the absolute foundation for a strong return for all next season. However, you have asked, and we have agreed, that professional football should, where possible, finance its own survival and recovery. In line with the Government's request, the Premier League has taken significant steps to support the wider football family, fulfilling our commitment made to the Secretary of State last summer. We have already provided up to £65 million in rescue funding to English Football League (EFL) clubs during the 2020/21 season, alongside additional amount funding for the National League system and the women's game. Our solidarity and good causes programmes are without financial equal in sport, and to my knowledge, our levels of commitment to the rest of the football pyramid are not matched by any equivalent action taken in any other sector.

All clubs and leagues have suffered from the absence of supporters and matchday revenue, and those at the top end of the pyramid, including the Premier League, have also had to deal with very significant reductions in broadcast and commercial revenue. By the end of the current 2020/21 season, the Premier League and its member Clubs will have incurred revenue losses in the region of £2 billion, [REDACTED]

Given the trajectory of the pandemic, those losses will continue at least until the end of the 2021/22 season. Furthermore, the course of the virus remains uncertain and we can expect the global economic climate to remain unstable for the foreseeable future.

## The risks without an Exclusion Order

Football at all levels will be affected if certainty cannot be achieved for the level of funding available from the Premier League to the rest of the pyramid. This extends from the grassroots and community level, through the women's, men's, and youth game, all the way up to the elite. There is a football ecosystem, that depends to a very large degree on funds cascading down from the Premier League. Without that flow, the following beneficiaries who are already struggling, would face further financial risk:

- **Community facilities, sports participation programmes, player and ex-player health and welfare, and schools** – the Premier League currently provides £100 million in annual funding to support, for example, 17,000+ primary schools, the girls football programme, community facilities via the Football Foundation, and EFL club community grants
- **The EFL**
  - **Championship clubs** who are struggling to access serviceable financial support would gain the prospect of obtaining that financial support with the security that this intervention would provide because, as a result of the intervention, the Premier League would be able to commit to ongoing solidarity amounting to £84 million per annum
  - **League One and League Two** clubs had no choice but to curtail their seasons last year, which was a measure of their economic fragility. The issues causing that underlying vulnerability are being examined by the EFL at present and the Premier League has provided an initial grant of £30 million, with a further £20 million in funding made available to prevent individual club failure. This is in addition, to £27 million in 2020/21 solidarity funds already paid
  - EFL clubs at all levels benefit from **Premier League transfer investment**. This amounted to a surplus of £220m for EFL clubs in the Summer 2020 transfer window, for example. Without the certainty that would be generated by an Exclusion Order, this revenue stream for EFL clubs would be at risk
- **The National League and women's game** have similarly struggled to continue day to day operations at club level. Both parts of the game have suffered extended suspensions in play and season curtailment. The Premier League has supported the National League and our Clubs provide increasing support for their women's teams

It is our belief that further losses and economic distress in the pyramid will crystallise in the form of EFL and NLS club insolvencies if further action is not taken and certainty not provided. The lenders who already provide vital support to EFL clubs, will not offer loans at all, or only offer them with unfavourable conditions, unless robust security for the lender, underpinned by certainty as to the level of future Premier League solidarity payments, is in place. With regards to the existing rescue package announced by the Premier League and EFL in December 2020, certainty of the solidarity payments for Seasons 2022/23 – 2024/25 is required by lenders in order to underpin the security arrangements for the £200 million loan that forms part of that rescue package. Commercial lenders are pressing the Premier League to provide that certainty and we are currently unable to provide it at a time when all football organisations are having to deal with compounded losses, reduced operating capacity, and missed commercial opportunities.

Certainty of domestic Premier League income for the next three-year cycle will create market confidence that is likely to flow through to international rights sales. Any international revenue growth would in turn directly lead to increased solidarity payments to the EFL. However, a further benefit of our proposal is that, if it is implemented, the EFL would be sheltered from any decline in international value – this risk will be borne by the Premier League in full.

[REDACTED]

If the level of solidarity and Good Causes funding contained in the Premier League's proposal is compared with a counterfactual in which the Premier League's broadcasting revenues (UK and worldwide) for the next rights cycle were to fall by 20%, the benefits of the Premier League's proposal for the rest of English football become apparent. Under the proposal, the Premier League would make available during the next rights cycle, solidarity funding (in the form of parachute and basic solidarity payments and Youth Development funding) to EFL clubs in accordance with the current terms of its solidarity agreement with the EFL, and a further £100 million per year in funding for Good Causes (including at least £24 million per year via the Football Foundation). In the current season 2020/21 the total amount of the solidarity funding to EFL clubs was £418 million, comprising £110 million in solidarity to non-parachute EFL clubs, £40 million in youth development funding, and a further £268 million in parachute payments (although this specific parachute figure may vary depending on the number of relegated clubs in receipt of payments in any one season).

In contrast, if the Premier League's UK and worldwide broadcasting revenues in the next rights cycle were to fall by 20%, then the level of solidarity funding provided to EFL clubs during the next rights cycle would be £81 million per year less than under the Premier League's proposal (assuming that the formula for calculating parachute payments were to result in the same value of parachute payments as for the 2020/21 season) and a total of **£244 million less** over the entire rights cycle. When added to the reduction in the level of funding for Good Causes, the total shortfall in funding over the next rights cycle would be a total of **£304 million**.

The Premier League's view is that a significant funding gap of over £300m if the Premier League's proposal is not implemented (as highlighted by this example) demonstrates the exceptional and compelling nature of its proposal to maintain its level of support for the rest of the English football pyramid regardless of any fall in its international rights values for the next rights cycle. Now, therefore, is the right moment to stabilise the environment for all, securing as much certainty as possible for the football pyramid. Government and the Premier League have an equal role to play in achieving this.

#### **The Premier League proposal, enabled by the Exclusion Order**

The Premier League's proposal commits to extend current levels of financial support for the pyramid and community and good clauses for three further years, and to provide additional support to areas of the game in most acute need. The proposal is designed to support Government's public policy objectives by mitigating the financial impact of the pandemic on English football and its communities without recourse to further public finance. This proposal is made despite the uncertainty the Premier League currently faces regarding the value of its international broadcasting revenues after next season.

[REDACTED]

For the EFL, a commitment to the continued provision of solidarity funding on current terms through to 2024/25 will immediately deliver a substantial extension of the critically important security provided by Premier League solidarity to the EFL and its clubs in meeting their financial commitments by securing future finance. Renewals of the UK agreements following the Order would give the EFL clubs (including Clubs relegated from the Premier League) certainty that Premier League solidarity funding will continue to be available in each season during the next rights cycle. Without this solidarity, EFL clubs will struggle to obtain the private sector funding vital to them following the heavy losses caused by the pandemic. For all clubs, loan terms would be more onerous, and for some clubs, their very survival would be at stake, threatening damage to local communities and the wider football pyramid, as well as increasing pressure on public finances. Prior to coronavirus, Premier League support enabled the lower league structure in England to be Europe's best funded, extending deeper than any other and with wide geographical spread. With Government confirmation of the Order, we can and will maintain this support throughout the next rights cycle, which would be of fundamental importance to ensuring that the enduring stability of the English football pyramid is sustained. Without this early certainty and the benefits that would flow from renewal of the Premier League's UK agreements, many lower league clubs (i.e. outside the Premier League) will find themselves in serious jeopardy.

### **Additional support from the Premier League**

You have asked whether the Premier League will provide more assistance, over and above that contained in our original proposal. This presents a challenge at a time when our Clubs are suffering unprecedented losses of revenue and facing an uncertain future related not only to the future course of the virus and its variants, but also from the future value of international broadcast rights. The Government should be aware that the Premier League does not retain any form of reserves as part of its ongoing financial arrangements. However, the Premier League confirms that it is prepared to offer an enhanced support package, entirely dependent on the granting of the Exclusion Order.

The Premier League has now identified **£40 million of new funding** not included in its previous submissions which it would undertake to make available if the Order is granted and the Premier League's UK broadcasting agreements are renewed as a result. This new funding is designed to target areas of the English game which are particularly vulnerable to the financial effects of the pandemic:

- i. The early financial certainty that would be secured by the Exclusion Order would give us the stability and confidence to establish a Recovery Fund for the National League System and Women's football in advance of the 2021/22 season. If the Order is granted and our UK broadcasting agreements are renewed, we will create a fund of £10 million as early as July 2021 to be distributed by the Football Foundation to over 1,600 football clubs in the divisions below the National League and in Women's football to enable them to begin next season with confidence and hopefully welcome back their fans
- ii. We share your view that the financial pressures in the National League System are particularly acute. We therefore propose doubling the current level of our solidarity payments to the National League System from £3 million to £6 million per annum in each season during the next three year rights cycle ending with the 2024/25 season. As part of this increased funding, we would also propose widening the number of clubs eligible to receive funding. This will build on the £5.5 million one-off fund made available by the Premier League in the summer of 2020 which helped numerous football clubs throughout England in the National League System
- iii. Women's football continues to be a priority for the Premier League and its Clubs, and also received one-off support last year to assist with preparing for a new season after the damage incurred in season 2019/20. We now propose that the Premier League will provide a new funding stream of £7 million per annum for Women's and Girls' football in each season during the next rights cycle ending with the 2024/25 season. £3.5 million per

annum of that new funding will be ring-fenced for development of the Women's professional game.

### **The benefits to the football pyramid of a swift resolution of the Exclusion Order question**

The Order would enable both the ongoing solidarity commitments and the additional £40 million outlined above to be put in place. In summary, these benefits would provide:

1. Four-year certainty for the entire football pyramid within a matter of weeks of the Order being commenced, that a minimum of £1bn (excluding parachute payments) from the Premier League will be provided for the EFL, NLS, Girls and Women's Football, community football and other good causes. This would improve confidence and generate activity in preparing for next season and beyond. In the absence of the Order, considerable financial uncertainty affecting the whole of English football for the next 12 months will escalate, with certainty only attaching to the c£250m already budgeted for season 2021/22, while the Premier League attempts to sell its media rights in the UK and the rest of the world for the next rights cycle from 2022/23 onwards. During that period, the Premier League and its Clubs would not be in a position to confirm future solidarity or good causes funding. Releasing new short-term recovery funding for lower league clubs would be impossible bearing in mind fiduciary duties and the need to plan expenditure with due caution. That uncertainty around funding would create immediate insecurity in the pyramid.
2. An early and critical signal to lenders that EFL finances are secure enough to allow commercial loans to be obtained (at serviceable levels) or maintained, because the level of solidarity funding provided by the Premier League is certain and is available to be used as security for those loans even if pandemic conditions prolong the absence of fans now or require it again in the future. The Premier League would be able to extend its current work in reassuring potential lenders to the EFL to reflect the longer planning period provided by the Order. The absence of the Order would create a much more problematic borrowing environment for EFL clubs as it is the Premier League's solidarity funding which underpins the commercial loans urgently required by EFL clubs and the existing rescue package announced in December 2020
3. An immediate announcement following the grant of the Exclusion Order that £10 million is available for distribution in summer 2021 to assist the return of clubs in the National League System and in Women's football (including hopefully the return of their fans)
4. A strong, positive, and defining joint demonstration from Government and the Premier League, that football can indeed look after itself, and is recognised as making a valuable contribution to the economy and public life.

The Premier League firmly believes that the proposed Exclusion Order would deliver critically important benefits to the rest of English football and to consumers that would override any competition law concerns and is fully justified by exceptional and compelling reasons of public policy. The Order would enable the Premier League to implement a private sector solution to maintain support for the rest of the English football pyramid, enabling it to navigate the disastrous and continuing financial consequences of the pandemic without recourse to public finance and thereby achieve the Government's policy objective. The offer of additional funding for the National League and Women's football set out above increases still further the exceptional and compelling nature of the Premier League's proposal. In total, this proposal will deliver the secure continuation of existing solidarity to the pyramid and its communities over the next four seasons amounting to £1 billion of existing and new funding at a minimum (excluding parachute payments).

The alternative is a prolonged period of uncertainty, at least for the next 12 months, which may ultimately result in a significant reduction in worldwide broadcasting revenues for the Premier League and consequential falls in the funding that the Premier League is able to provide to lower leagues, the women's game and numerous community activities and social initiatives across the

country. Moreover, that uncertainty will prevent many EFL clubs from being able to secure and maintain the commercial loans that they need to ensure their survival. With those pressures in mind, the Premier League believes that, in the exceptional circumstances created by the pandemic, the legal test for granting the requested Exclusion Order has been met.

As you appreciate, time is of the essence, with both our broadcast partners and Clubs urgently wishing to understand the position. I look forward to discussing this with you on Friday ahead of our final Club meeting of the Season on 25 March.

Kind regards,

**Richard Masters**  
Chief Executive