



Saving the Beautiful Game









Manifesto for Change



October 2020

www.ourbeautifulgame.co.uk

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Statement of Support

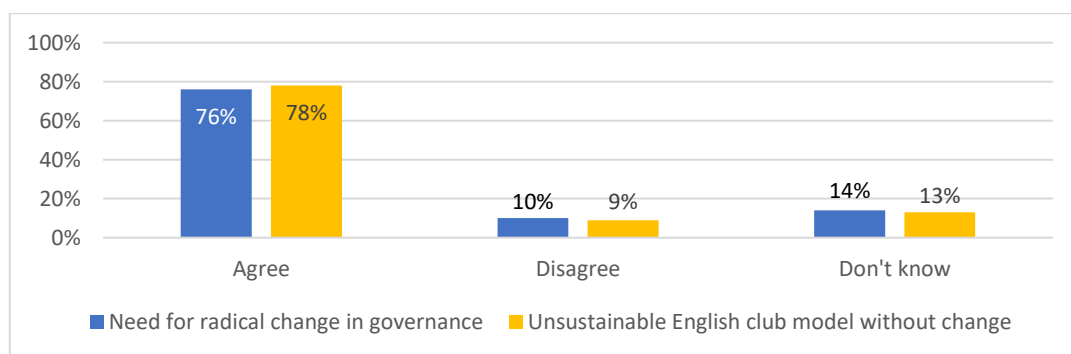
We are a diverse group of people who share both a deep passion for English football, and an equally profound concern about its current state.

At present, the focus is on the crisis facing football and other professional spectator sports, stemming from Covid-19. The Government has provided support directly to the National League. As long as restrictions continue, further support will be needed. There have been reports that the Premier League and others are discussing such support. We believe that if our recommendations were enforced then such help would have been easier to arrange within a clear framework for the relationship between the Premier League and the rest of the game. Sadly, no such framework exists.

What is indisputable is that English football's failure to speak with one voice over the past nine months has highlighted its dysfunctional and damaging existing structure. We are equally aware of the long-term structural shortcomings which have greatly contributed to the current crisis. This 'manifesto' is an attempt to deal with these longer term issues and put English football in a stronger, better balanced position for the benefit of all going forward.

This paper illustrates both the scale of this crisis and the fundamental problems facing the national game. It also describes the resistance to change over many years despite the best efforts of many interested parties.

We have also commissioned a nationally representative survey of English football fans. The results clearly indicate that a substantial majority share the concerns expressed in the 'manifesto' and support radical change.



Our conclusion is clear and radical. External involvement in the form of a regulator supported by statutory powers is required to reform the way our national game is governed. This is the only realistic way to bring real change, stability and long-term health to professional and grass roots football in this country.

Introduction

English football is in crisis and the current pandemic has brought this to a head. The game's total failure in recent months to speak with a unified voice, and thus provide any real leadership, has provided ample truth of such a painful reality. The Premier League (EPL) is a great national asset which is recognised across the world as providing the most exciting viewing of league football, and it has provided huge wealth for some. Yet the financial disparities between it and the rest of the game are vast. For example, in 2018/19 the income of the EPL totalled £5.6 billion, that of the Championship £785 million (i.e. a ratio of 7 to 1). (Page 14).

Such financial disparity is not unusual in other sports or industries. The rise of a global television market leads inevitably to the most successful taking a growing share of global revenue. Nothing we propose is intended to change the financial dominance of the EPL. It is economic reality.

But the question has to be the relationship and responsibilities of the EPL to the wider game, both professional and grass roots.

The EPL was originally formed to sit at the pinnacle of a unified football pyramid overseen by the FA. However, it soon established unbridled independence. As its riches have escalated, it has become a golden fleece for professional clubs chasing the huge rewards on offer.

These rewards have had massive effects through the football pyramid. Clubs take excessive financial risks to achieve promotion particularly incurring huge salary commitments. Relegation leaves clubs with parachute payments that temporarily meet unsustainable wages. Competing clubs consequently have to match such wages creating an inflationary spiral. Struggling clubs attract investment from new owners who often feel forced to gamble to achieve short term success. The results can be devastating for clubs and their supporters. Stadiums have been sold off for commercial exploitation, fit and proper person tests are carried out in a weak and inconsistent fashion, fans, the lifeblood of the game, feel let down and neglected. Clubs can lose their soul.

Deloitte's most recent report is startling. Clubs in the English Championship now spend more on wages than they receive in total revenue. This does not and cannot make any sense. Financial fair play rules are widely welcomed in principle, but their application is inconsistent and erratic. This creates an understandable sense of unfairness. (Page 14).

Bury's demise in August 2019 was devastating for the local community. Wigan entering administration in July 2020 was a huge shock. The fear is that these events are only the start. Today the Football League (EFL), the National League and their clubs face by their own admission a potentially catastrophic future unless a long-term solution is found. Many professional clubs are close to liquidation.

This is not a new phenomenon. The fundamental issues have been apparent and worsening for decades.

This matters for very many reasons. Football often provides the glue that binds communities together. Clubs provide role models and local heroes to young people, especially those from the most disadvantaged communities in the country. Also, for many, supporting a football team plays a vital role in people's mental health and wellbeing. This is especially important in the context of growing concerns about mental health. The Football Supporters Association 'Sustain the Game!' campaign addresses many of these issues.

Fans have real concerns about these and many other issues covered in this 'manifesto'. This is evidenced by a fans survey that we have commissioned (page 19).

The social consequences of an unsustainable game are too significant to ignore.

In this report, we have sought to learn lessons from elsewhere. From best practice in Europe and the USA. (Page 11). From the many parliamentary select committees and other enquiries over the years which have sought to deal with these issues but largely to little effect. (Page 8).

Restrictions on the operation of a free market are common to most sporting organisations in the form of limits on free entry, regulation of competitions, and even salary caps. There is no universal model – professional sport in the United States is regulated, often by the sport itself, differently from the pattern in Europe. Yet in all countries a balance is struck between the freedom of clubs to do as they wish and the need to maintain a viable degree of competition. What does this mean for football in this country?

In 2013, Sir Hugh Robertson, then Minister of Sport wrote to the then Chairman of the Football Association (FA) to say he was "pleased that a new FA regulatory authority will be established and this body will have a key role in overseeing the new

licencing regime.” But it never happened. The power brokers in English football have long been adept at resisting change.

The upshot is our national game operates within a model that is fundamentally flawed.

We agree with the most recent DCMS Select Committee Report (July 2020) which states ‘the current football business model is not sustainable.’ We go further. We propose how change might be achieved after so many years of frustration and false hopes. Fundamentally, the structure in English football is out of balance and fails the game it serves for two main reasons:

1. The first arises from the financial muscle of the EPL whose income is twelve times larger than that of the FA. For perfectly understandable reasons the EPL has no clearly defined responsibility for the rest of the game. In the absence of such responsibilities, the EPL can choose how it exerts influence over the wider football family. This is not surprising as the EPL largely or partly funds other football bodies including the Professional Footballers Association which also requires urgent reform. The flow of funds from the EPL needs to be greater but it is equally important that the funds are directed through an independent body thereby reducing the soft power consistently exercised by the EPL. If the EPL is to perform its role as the pinnacle of the domestic game its responsibilities and financial contribution to the wider game need to be more carefully defined. It also needs to be complemented by an effective and independent body to oversee the financial regulation of the game. (Page 17).
2. The FA lacks credibility and has proved to be largely ineffective as a governing body. It has not modernised and is not sufficiently independent. It has been resistant to serious change, including in its approach to diversity (an increasingly important subject at the present time) and well-illustrated by the woefully unrepresentative makeup of the FA Council. We note that the Football Association recently announced that it would have to cut back on its support for the grassroots.

The conclusion is crystal clear.

Football has shown itself incapable of self-reform. If the core issues of:

- Financial disparity and unsustainability
- A power structure that is fundamentally out of balance

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- A range of consequential matters including, the embarrassing shortage of BAME coaches and managers at the top level, a general lack of diversity and the exploitation of clubs and fans.

are to be resolved, external involvement is required in the form of an independent regulator or commissioner supported by statutory powers.

The History of Attempts to Reform Governance and Financial Regulation of Professional Football

Debates about the need for rebalancing the way football is governed in England and its financial regulations have rumbled on for generations without any substantial reforms being achieved. At last, after the unprecedented shocks and trauma of the interrupted 2019/2020 season, now is surely the time to drive through the change to make our national sport fair and sustainable.

Recent History

It is educative to be reminded about just how many reform efforts have been frustrated in the past decade alone.

July 2011	The House of Commons' Culture Media and Sport Select Committee recommended substantial reform to the governance and regulation of football and suggested that the Government introduce legislation to push through such reforms.
October 2011	The Government declined to introduce legislation but asked the football authorities to work towards reform.
Early 2013	The House of Commons' CMS Select Committee published a follow up report on Football Governance. They concluded that the limited reforms implemented had not gone far enough and the Government should therefore issue an ultimatum to the football authorities confirming that legislation would be introduced if adequate reforms were not implemented within 12 months.
Late 2013	The Sports Minister of the time Sir Hugh Robertson restated that the Government had no plans to introduce legislation, but said he now expected reform from the football authorities themselves in the coming months.
July 2016	The then Sports Minister Tracey Crouch said the FA might lose its funding if it did not press ahead with governance reforms.
February 2017	MPs passed a (largely symbolic) House of Commons' motion of no confidence in the FA's governance.
2019	The House of Commons' Digital, Culture, Media and Sport Select Committee published a further report into the administration of football following the expulsion of Bury FC from the EFL. The main recommendations were: <ul style="list-style-type: none"> 1) Independent Licencing Regime <ul style="list-style-type: none"> - That a formal system of licencing be introduced for professional English football clubs. The objective of the

licencing proposal was said to be good and sustainable ownership. The regime should be overseen by an independent regulatory authority and should make provisions as follows:

- Anyone wishing to acquire or increase control of a club must apply for prior approval from the licensing authority.
- Sanctions for non-compliance with the licensing framework should be taken against individuals, rather than clubs.
- Owners should be required to pay a bond to the licensing authority that will be forfeited in the event of default in payment of wages, suppliers or taxes.
- Robust change of control procedures should include the ability to bring about compulsory sale of an owners' interest in a club in cases where they fail to meet the required standards.

2) Financial Reforms

The following reforms to the financial regulations for football clubs should be introduced:

- Reform to the Owners' and Directors' Test, should include:
 - Requiring that the ODT be administered and passed before a new owner can acquire a club
 - Extending the disqualifying conditions, so that all corporate insolvencies are treated as equivalent to insolvencies at football clubs
 - Requiring owners to publish business plans prior to acquiring a club
 - Taking account of owners' and directors' previous business experience, relevant skills and motives for acquiring a club.
- There should be an outright ban on clubs borrowing against fixed assets, including stadiums, other than for related capital projects.
- Estimated turnover figures should be provided by clubs for the purposes of a Salary Cost Management Protocol. They should be fully audited against actual turnover.
- The Football Creditors Rule should be abolished.

December 2019	The Conservative Party Manifesto at the General Election committed to establishing a 'a fan-led review of football governance, which will include consideration of the Owners and Directors Test.'
July 2020	The House of Commons Digital, Culture, Media and Sport Select Committee published a report into the 'Impact of COVID-19 on DCMS sectors,' which included substantial reference to football governance and regulation. The Report determined that the current football business model is not sustainable and that the Covid-19 crisis had illustrated the financial issues within football, specifically in the leagues below the Premier League. The report concluded that: football should use its response to the Coronavirus crisis to 'reset', parachute payments must become a thing of the past, further investigative work should be carried out to assess the idea of salary caps and football should become more representative with targets for BAME representation on boards.
Aug 2020	The Football Supporters' Association launched their 'Sustain the Game!' campaign to protect the existence of clubs throughout football. The campaign calls for: independent regulation of football clubs, greater transparency on club ownership, fairer and smarter distribution of football's riches and more of a voice for supporters. This demonstrates that a desire for fundamental reform in how their game is governed very much exists amongst football supporters across the country.

What Governance Lessons Might English Football Learn from Abroad?

GERMANY



Licencing

- In Germany, all 36 of the clubs in the top two leagues (Bundesliga and Bundesliga 2) must have a licence.
- The licence is awarded as part of a contractual agreement between the club and the League Association and is valid for one season.
- In order to obtain the licence clubs must meet standards in areas including: sporting, financial, legal, administrative, personnel, infrastructural and media proficiencies.
- The Licence ensures that no club from the top two tiers finds themselves in a situation of being unable to complete a league campaign due to financial deficiencies.
- Supporters of the model say that it ensures: clubs are financially stable, the stadiums are maintained in very good condition, every team develops young talent and the clubs are staffed and structured exceptionally well.
- Football in England could perhaps learn much from this licencing model in order to support the sustainability of football clubs; even if the system would be best administered by an independent authority in England rather than the leagues.

Ownership Rules

- The 50 +1 rule means that professional football clubs in Germany are majority owned by their members (fans). This provides supporters with a tangible and meaningful stake in the club's business.
- This rule has helped ensure, for example, that ticket prices in the Bundesliga remain much more affordable than in the Premier League or La Liga.
- Whilst this precise model is unlikely to work in England there may be lessons to learn here on how supporters can be given a greater stake in the governance of their clubs.

Finances

- In general, football clubs in Germany adopt a low debt approach to the management of their finances.
- This is surely something that English football clubs could benefit from in order to ensure financial sustainability and rules mandating lower debts could perhaps be enshrined in a new licencing regime.
- Many experts believe the low debt approach is a result of supporters having such a substantial stake in their clubs' future.

SPAIN



- In 2015, the Spanish Parliament passed a law which stopped Barcelona and Real Madrid from negotiating their own television rights deals.
- The legislation instead makes provision for the pooling and collective selling of La Liga rights.
- This provides an example of how legislation could be introduced to make the governance of football fairer and more sustainable; where the football authorities (in this case the largest and most powerful clubs) have failed to act themselves.
- The alleged risk of FIFA sanctioning English football and its clubs if any Government intervention was perceived has long been used as a weapon to prevent political interference of any sort. Yet nobody appears to have seriously suggested Spain and its clubs should be excluded from international competitions when their Government's intervention was aimed at creating fairer competition.

FRANCE



- In France, football, and most other popular sports, operate under a framework established in French law.
- The 'French Sport Code' is enshrined in law and includes rules around governance, club ownership, player contracts and anti-doping regulation.
- This is an example of how federal law and regulation can be used to create a framework for sport which is in the interests of the whole nation and could act as a lesson for introducing legislation to improve governance in English football.

USA



- In the United States the de facto Chief Executive of each of the major sports associations (NBA, NFL, NHL and MLB) adopts the role of commissioner.
- The Commissioner is responsible for, amongst other things, overseeing competition rules, negotiating television and advertising contracts and expanding the reach of the game globally.
- Whilst the number of different organisations involved in English football (e.g. FA, Premier League and EFL) makes this 'all powerful' role near impossible, lessons could be learned from the figure head nature of this position; perhaps by installing a 'football commissioner' as the head of an independent licencing authority responsible for ensuring sustainable and responsible financial management and governance within professional football clubs

Rich and Poor – The Numbers

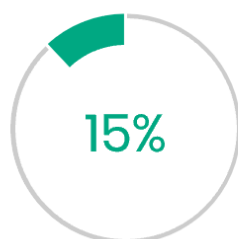
The disparities within English football are laid bare in any study of the current finances of professional clubs and it is worth setting out some of that information in more detail.

	EPL 2018/19	EFL Championship 2018/19	EFL League 1 & 2 2018/19	FA 2019
Income	£5.6 bn ¹	£785m	£282m	£467m
Distributions	£0.4 bn ²			£165m
Net Income	£5.2bn			
Wages	£3bn	£837m	£225m	
Disclosed losses before tax	£16.5m			
Net debt incl. soft loans	£3.5bn	£1.1bn		

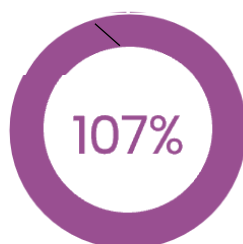
Notes:

- ¹ EPL Income comprises match day/commercial income at £2.1bn and broadcasting income £3.5bn, totalling £5.6bn
- ² Distributions comprise parachute and solidarity payments and other grants
- Total of the big 6 club's income is over three times that of remaining 14 clubs
- Championship clubs now subject to profitability and sustainability rules (only limited effect).
- Average income of clubs with parachute payments £57m compared to £23m for the other clubs.

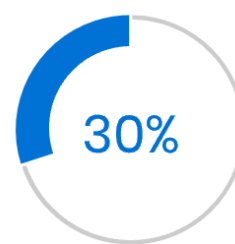
What does this information show?



**EFL income
as a % of EPL
income**



**EFL wages to
revenue**



**EFL Parachute
Payments as
a % of income**

- Substantial scope for greater distribution to the wider game (i.e. presently only £565m out of EPL and FA combined income of £6 billion).
- The ratio of wages to income in the Championship is clearly unsustainable.
- Net debt in the four divisions is over £5billion.
- Parachute payments distort the real situation and give an unfair advantage to the recipients. This is fundamentally uncompetitive.
- The FA is comprehensively financially outmuscled by the EPL (ratio of income 1/12).

Conclusion and Recommendations

This report has highlighted a wide range of fundamental problems in English football.

- 1) The scale and implications of the **financial imbalance** between the EPL and the rest of English football.
- 2) The **resistance to key changes** in regulation, governance and balance within the game. This despite many efforts and recommendations by parliamentary select committees and other enquiries over many years.
- 3) The multitude of consequential issues extending from **unacceptably limited progress in dealing with diversity** to the **exploitation of clubs and their supporters**.

The attached survey strongly indicates that these conclusions are clearly a concern for fans (page 19).

Our analysis is not intended to be seen as criticism of the EPL. At home and abroad, it is correctly perceived as a huge national asset for our country giving pleasure to billions.

But the imbalance between the EPL on the one hand and the rest of English football on the other is now embarrassingly too great. A woefully overstretched EFL and a clearly underfunded FA are simply unable to meet their commitments to their constituencies and the wider game. Multimillion-pound television deals for some are lauded at the same time as facilities, including pitches for the grassroots, wither away. This cannot be desirable. We believe real structural reform, however it is achieved, would still enable the EPL to continue much as it does currently and with its independence intact. But the benefits to the rest of the game would be enormous.

We also recognise from past experience, and not least current Covid-19 circumstances, that any government faces a multitude of competing priorities fighting for attention. That is one reason why we are not seeking public money to assist football and we are certainly not proposing that government runs football.

But we believe that government can significantly help an industry that has proved incapable of reforming itself and, as set out in this report, this is supported by evidence from abroad.

So, we propose legislation in Parliament that sets up a new regulatory body for football with the challenge of radically reforming the way our national game is governed. It should:

- 1) Be **independent** of the current structure of the game.
- 2) Decide on **new ways of distributing funds** to the wider game based on a funding formula and a fair levy payable by the EPL.
- 3) Set up a new and comprehensive **licencing system** for the professional game.
- 4) Review **causes of financial stress** in the EFL including parachute payments, solidarity payments, salary caps and mandatory relegation clauses in players' contracts.
- 5) Implement **governance reforms** at the FA which are essential to ensure it is truly independent, diverse and representative of English football today. A fundamental reform of The FA Council would be an impressive start of this process.
- 6) Liaise with **supporters' organisations** to progress issues that are of concern to fans and provide a greater voice for supporters.
- 7) Study **lessons from abroad** and seek to champion supporter involvement in the running of clubs.

This regulatory body would drive progress on greater diversity and inclusion in football on and off the pitch and press clubs to improve BAME representation on the coaching field and in the boardroom. Football has rightly been praised for its commitment to fighting racism through organisations like 'Kick It Out'. However, we believe that, as public expectations of how organisations engage with race rises, these commitments need to be refocussed and properly financed by football as a whole.

In addition, there should be greater focus on whether sufficient resources are finding their way to develop the women's game and football for the disabled. We were alarmed by the findings of the recent DCMS Committee report that noted 'that the lack of visibility of women's sport risked undoing work to improve funding for the game.'

We have set out above the areas in which the regulator would have power. But any proposal for such a body raises the following questions:

1. What precise powers should be given to the new body?
2. Who would appoint the members of such a body?
3. What should be the size and resources of the new regulator?
4. To whom will the regulator be accountable?

Clear answers to those questions will be needed in legislation. We have provided general answers to the first question. The answer to the second and fourth questions is Parliament (or bodies to whom Parliament delegates the decision). It is important, in our view, for the football community and Parliament to discuss the precise terms on which an independent regulator should operate. We do not think it is sensible to pre-empt that discussion by providing detailed answers to the questions at this stage. We have set out the issues for which the regulator should be responsible, and its creation is a matter for Parliament. We stressed, however, that the new body should be funded from within football and not out of general taxation. We would welcome a wider discussion on how such a regulator should operate. Such a discussion should inform any legislation.

If Government time is not forthcoming, we would urge the introduction of a Private Members' Bill in 2021 to bring forward these reforms. We are optimistic that such a Bill supported by government and with cross party support from MPs and Peers would have a real prospect of success.

The new regulatory body might initially be set up for a fixed term. If during that period football had been reformed sufficiently it may then be possible for the FA to take over the regulator's responsibilities.

In summary we hope and believe these radical proposals have the best chance of bringing some stability and long-term health to the whole structure of English football. The need for them is urgent. A mix of factors including a lack of independence, vested interests and self-protection has stymied change for too long.

England and the national sport deserve better.

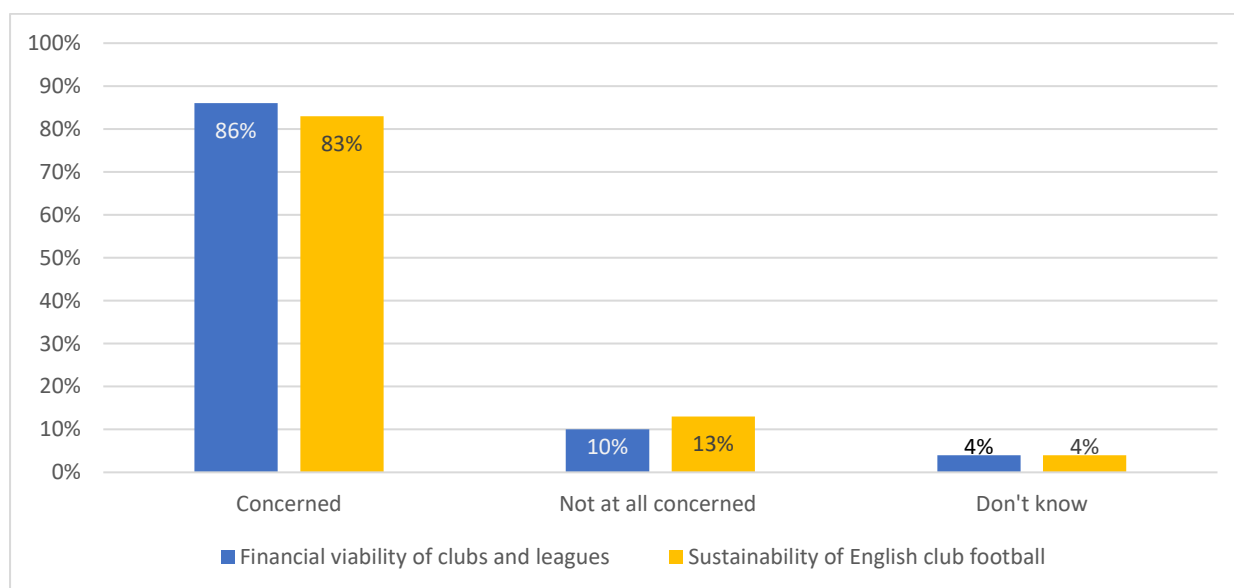
Now is the time to act.

Appendix: Fans Survey on Key Issues

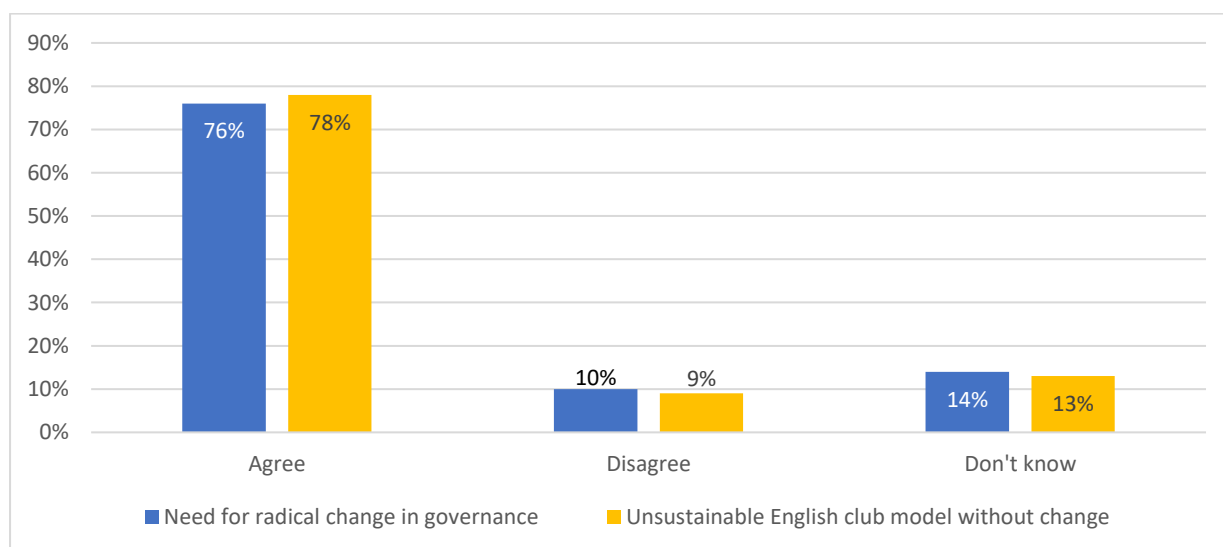
The substantial majority of English football fans worry about the sustainability of English club football and support an independent regulator.

A new survey conducted by Populus Data Solutions* finds widespread support amongst English football fans for radical change in how English football is regulated.

The survey found that more than 8 in 10 English football fans are concerned about the financial viability and sustainability of English club football.

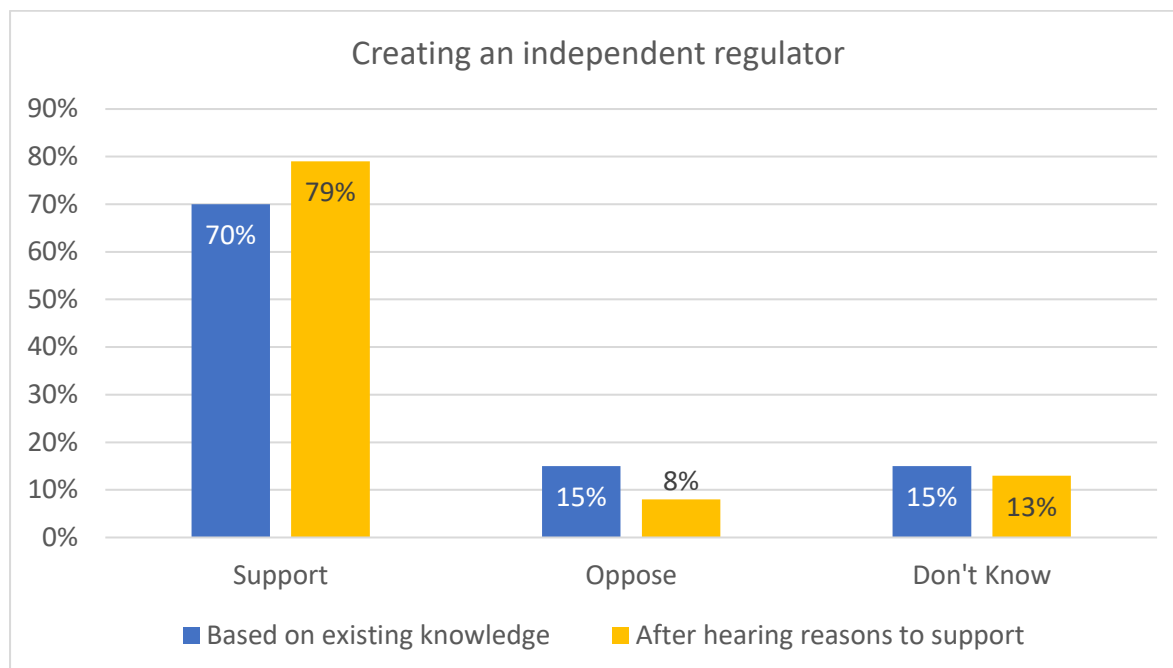


Three in four English football fans agree that given the state of English football today, there is need for radical change in how it is governed. As many agree that without radical change, the current model for English club football is not sustainable, especially for clubs below the Premier League.

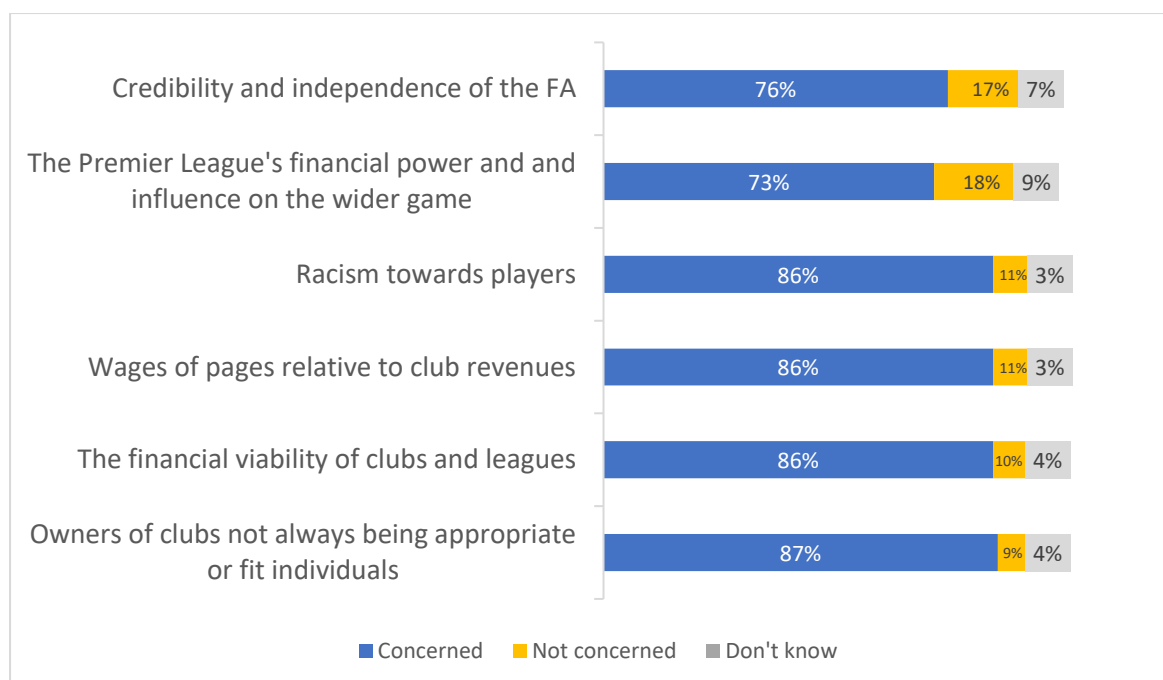


As a consequence, seven in ten of fans who have heard even just a little about the issue of English club football's sustainability support the government creating an independent regulator to oversee English football.

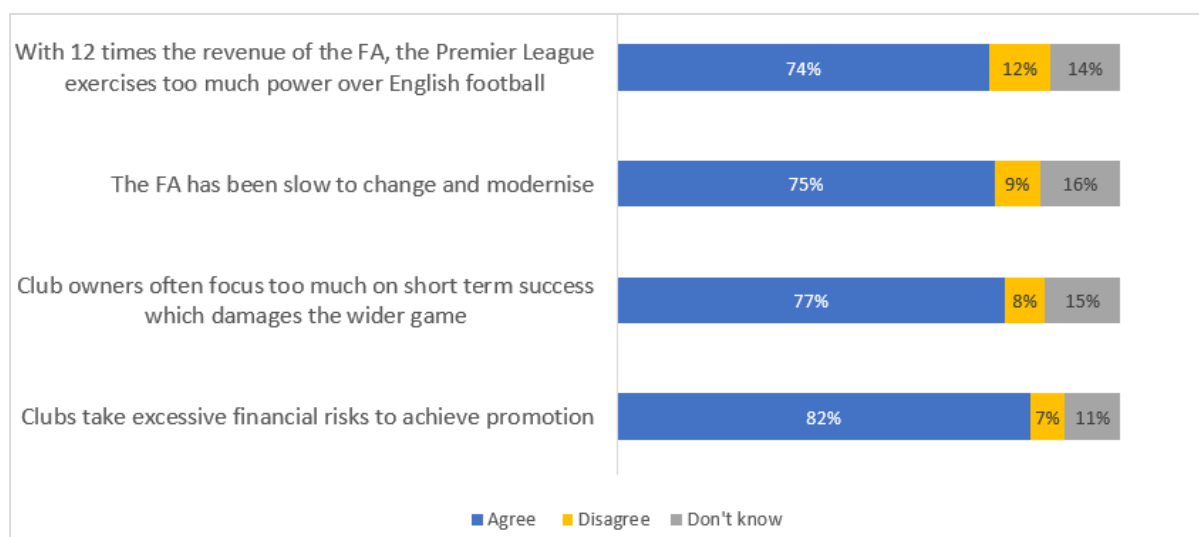
Once fans have heard more about the issue and what an independent regulator would involve, support for the government creating an independent regulator to oversee English football climbs to nearly eight in ten.



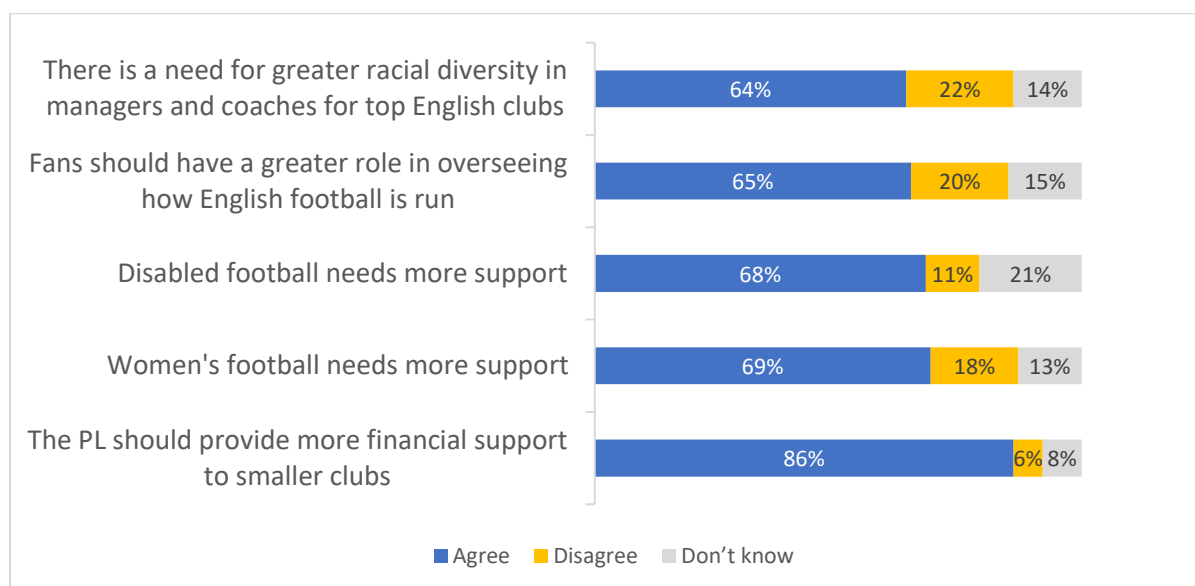
Most fans voice concerns about a variety of a football related issues:



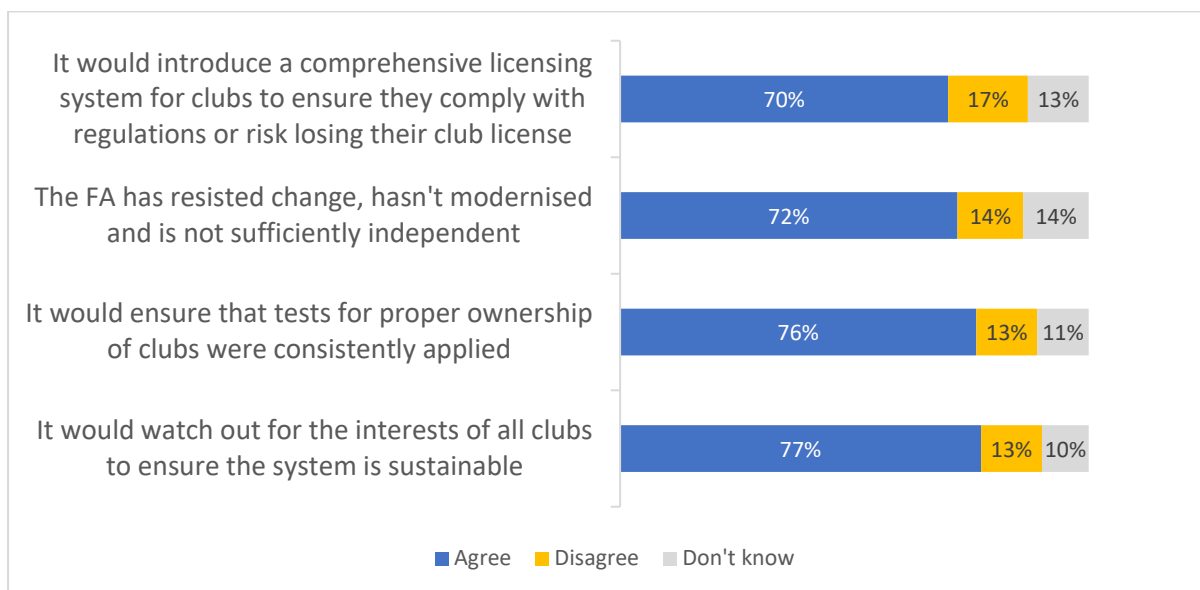
Other key findings from the survey include that fans think:



Solid majorities of fans would like to see a variety of changes in how English football is run and managed, including:



Fans find several arguments in favour of an independent regulator convincing, especially that:



**Methodology: Populus Data Solutions (now known as Yonder Data Solutions) conducted an online survey of N=1001 English football fans October 1-7, 2020. The survey was representative of English football fans in terms of gender, age, and geography. The overall margin of sampling error for the total results is plus or minus three percentage points at the 95% confidence interval. Results of subsets of the total sample will have a larger margin of error. For more information on how the poll was conducted, please contact Phil Riggins (phil.riggins@bandrcollective.com).*



Now is the time to act



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