

Meeting: Culture, Tourism and Sport Board

Date: 22 March 2023



Fan led review of football governance

Purpose of report

For information

Summary

The Government has responded to the Fan led review of football governance, conducted by Tracey Crouch MP in 2021. This report outlines the key elements of the response.

The review and proposals do not directly affect local government, but local clubs are a significant asset and influencer in communities so the LGA has maintained a watching brief on the review. Several LGA members have also committed to the Fair Game initiative and have asked the LGA to support reforms.

Is this report confidential? No

Recommendation/s

That the Board:

- Notes the report
- Commits to keeping a watching brief on developments
- Notes forthcoming LGA work on community engagement in sport

Contact details

Contact officer: Rebecca Cox

Position: Principal Policy Adviser

Phone no: 020 7187 7384

Email: rebecca.cox@local.gov.uk

Fan led review



Background

1. The Government's 2019 manifesto commitment to deliver a fan-led review of football governance, in light of the failings at historic clubs such as Bury and Macclesfield Town which went out of business as a result of mismanagement. Those clubs are among 64 instances of a club being put into administration since 1992, when the Premier League was launched.
2. There also continues to be serious financial risk in the leagues. Despite the global success of English football, the combined net debt of clubs in the Premier League and Championship had reached £5.9 billion by the end of the 2020/21 season.
3. In the same season, the Championship reported a wage-to-revenue ratio average of 125 per cent - meaning clubs were stretching themselves far beyond their means - and in recent months multiple clubs throughout the leagues have failed to meet their payroll. Derby County FC found itself on the brink of liquidation last year, and indications are that things continue to deteriorate across the leagues.
4. Tracey Crouch's Fan Led Review of Football governance [report](#) was based on engagement with supporters' trusts, fan groups, women's football representatives, football authorities, club owners, players representatives, and underrepresented interest groups, alongside over 20,000 fans responding to an online survey.
5. The final report, supported by an expert advisory panel from the world of football, was submitted to the Government in November 2021, with 57 recommendations put forward in total, including ten key strategic recommendations.
6. It concluded that football requires a strong, independent regulator to secure the future of our national game, and found a significant part of the reason for the perilous state of football was due to reckless financial decision-making often being prioritised by unsuitable owners and directors in the pursuit of glory, putting the future of clubs - and their status as community assets - at risk.

Government response

7. The Government first [responded to](#) the review in April 2022. On 22 February 2023, it announced a series of measures which will respond to key recommendations in the review.
8. These include:
 - 8.1. A new independent regulator to help prevent repeat of financial failings seen at Derby County, Bury and Macclesfield Town
 - 8.2. A strengthened owners' and directors' test to protect clubs and their fans from unscrupulous owners, including stronger due diligence on sources of wealth and a requirement for robust financial planning
 - 8.3. Fans given greater say in running of clubs, and key heritage such as team names, badges and stadia at core of new plan
 - 8.4. Powers to block English clubs from joining unpopular breakaway leagues like the European Super League

9. The new independent regulator for the men's elite game will be established in law to oversee the financial sustainability of the game and put fans back at the heart of how football is run.
10. They will implement a new licensing system from the top flight down to the National League, requiring clubs to demonstrate sound financial business models and good corporate governance as part of an application process before being allowed to compete.
11. It will also guarantee fans a greater say in the strategic running of their clubs and help protect clubs' heritage to stop owners changing names, badges and home shirt colours without consulting fans. It will require clubs to seek regulator approval for any sale or relocation of the stadium, with fan engagement a major part of that process.
12. There are no direct implications for councils from these proposals. However, many councils are considering how they can improve community engagement and involvement with their own sport services and facilities. In 2019, the LGA published a [guide for grassroots sports organisations on how to work effectively with local government](#).
13. This work is now being further developed as part of the legacy briefings from [Securing the future of public sport and leisure services](#), which identified community ownership and asset transfer as an important part of the facilities mix in the future.
14. The draft briefing is included in Annex A. Subject to clearance from the Board, it will enter the proofing and design process and, on publication, will be accompanied by a number of illustrative case studies.

Implications for Wales

15. The review and response relates to England only. However, the LGA's work on community ownership and engagement is applicable to Welsh authorities.

Financial Implications

16. This work has been delivered within existing budgets.

Equalities implications

17. The wider reforms include measures to make football more inclusive, with particular action to remove barriers to professionalisation in women's football. The emphasis on support involvement in governance, should promote greater local connections, although will not in itself tackle the challenges of improving inclusion in football.

Next steps

18. The LGA team will adapt and publish the briefing in Annex A.