

ENGLISH FOOTBALL

and its

GOVERNANCE



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All Party
Parliamentary



Football Group

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CONTENTS

INTRODUCTION	1
CHAPTER ONE: CLUB GOVERNANCE	2
Fit and Proper Persons Test (FPPT)	2
Transparency and Accountability	3
CHAPTER TWO: FINANCIAL STABILITY	6
Debt Leveraging	6
Directors Loans	7
Levels of Debt	7
Gambling Industry and Football	9
CHAPTER THREE: FA GOVERNANCE	10
FA Board	10
FA Council	11
Football Regulatory Authority (FRA)	11
CHAPTER FOUR: THE INTER-RELATIONSHIP BETWEEN THE FA, PREMIER LEAGUE AND FOOTBALL LEAGUE	12
CHAPTER FIVE: SUPPORTER REPRESENTATION	14
Supporter-led Governance	14
Representation of Supporters on the FA Council	15
Ticket Prices	15
Facilities for Disabled Supporters	15
CHAPTER SIX: DEVELOPMENT OF THE NATIONAL GAME	18
Nurturing Domestic Talent	18
Ensuring Opportunities for All	20
Development of the Women's Game	20
CONCLUSION	21
LIST OF RECOMMENDATIONS	22
EXAMINATIONS OF WITNESSES	24
CHAIR'S ACKNOWLEDGEMENTS	

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THALES

INTRODUCTION

In 2003 the Group began an inquiry into *“English Football and its Finances”* because of the realisation that the gravitation of wealth towards the clubs at the top of the FA Premier League was accelerating. There was clear evidence that success, more than ever before, could be “bought”.

It had become obvious in the first few decades after the beginning of competitive football in the second half of the 19th century that the clubs based in the larger conurbations were going to experience greater success than the smaller clubs because of their larger supporter base. Many of the clubs formed in those early days of competitive football exist only in history and have long since disappeared. It was money of course, even in those early days, that began to make a difference as players found they could earn a living from the game and the introduction of the transfer fee system meant that the wealthier clubs could attract better players to improve the quality of their teams. That has always been an accepted part of the game and has not seriously affected the overall support for football. In fact the game has continued to flourish particularly in Western Europe – assisted by the enhancement of global communications and marketing. However, concern has been expressed by many that there is an increasing danger that football on a world wide basis is being damaged by the gravitation of more world class players to the FA Premier League. It may be argued by some that good financial investment and management should be rewarded and whilst that is true to a certain extent there are few who would argue that football trophies should be awarded to a club on the basis of its wealth or the size of its debts.

The financial world has learnt a serious lesson in the last year or so that living by the old saying, “if it ain’t broken don’t fix it” can lead to catastrophic results. That is the reason that our findings in this report should not be dismissed without a great deal of analysis and thought. The reason why the All Party Parliamentary Football Group decided to engage in another inquiry was **because we were asked to**. The officers of the group were reluctant to take on another inquiry because of the amount of members’ time and some personal financial cost that is required. Unlike Select Committees, All Party Groups, although heavily governed by Parliamentary rules, are not resourced or financed by the “House”. We were approached, encouraged and urged on a number of occasions – and by different individuals – all heavily engaged in the professional game but outside the various governing bodies, to carry out an update on our 2004 report and that is what we have done. This is not a report by MP’s purporting to tell those governing the game at the various levels how they should do their jobs. All we have done, as requested by people who care deeply about the game and its future, is to provide a high profile platform to give the opportunity for everyone to contribute to the debate on a national level.

ALAN KEEN MP
CHAIR – ALL PARTY PARLIAMENTARY FOOTBALL GROUP
on behalf of the Group’s Inquiry into English Football & its Governance



ENGLISH FOOTBALL AND ITS GOVERNANCE

chapter

ONE CLUB GOVERNANCE

FIT AND PROPER PERSONS TEST (FPPT)

The Fit and Proper Persons Test was introduced following the recommendations of the previous All Party Parliamentary Football Group Inquiry. At the time it was introduced it fulfilled the criteria that many believed was needed to protect our football clubs from people who are not necessarily concerned with the long-term interests of a club.

As the chairman of the Football Association, Lord Triesman, said in his evidence to the Inquiry, clubs should 'be owned by people who embrace the history and the values of football, and who want to see the clubs succeed'.

The investigative football journalist, David Conn, took the point further stating, "so we need to deal with broader issues about their [new owners'] credibility. Do they understand the game? Do they understand the history of the clubs? Do they understand the duties and responsibilities that come with being in charge of these institutions?"

This is not a question of foreign ownership. The All Party Football Group is not opposed to foreign ownership – there are many examples of 'good' foreign owners, just as there are 'bad' foreign owners – the converse is also true when it comes to domestic owners. The issue of who owns a football club is not about where a person is from but what their intentions are and why they wish to purchase a football club.

However, we believe that the current test does not go far enough to protect our football clubs from being subject to takeovers that are not in the long-term interests of the football club. In particular, currently the test is retrospective only. We believe it should be made prospective too, so that anyone with a criminal charge hanging over them should not be allowed to take over a football club until their name has been cleared.

Therefore **we recommend that the Fit and Proper Persons Test is revised to take into account the suitability of a new owner(s) or any director.** Agreed criteria will be necessary to look at how suitability can be defined and that should be agreed in coordination with the relevant stakeholders. We accept that this reform will lead to decisions being taken with a degree of subjectivity, however we believe that the benefits to this reform outweigh the degree of subjectivity that some will consider as a drawback.

We urge the Department for Culture, Media & Sport to work with the authorities to make sure that this proposal is viable under UK law. We believe that our football clubs are national assets that must be protected to ensure their long-term success and survival.

During the course of our Inquiry many of our witnesses also raised concerns about who administers the Fit and Proper Persons Test. Whilst we warmly welcomed its introduction following a recommendation in our previous report, we believe that now is the time for further reform and its scope should be extended to disqualify anyone who has been responsible for the insolvency of any company, and not just football clubs.

We agree with football journalist, Charles Sale's statement, "*There should be a proper body to do it... We need a proper body to investigate takeovers*". We believe it is necessary that an independent body from the Premier League and Football League take control of the Fit and Proper Persons Test to avoid any possible conflict of interest.

The FA, the Premier League and the Football League currently have their own Fit and Proper Persons Tests for their respective member clubs – there are many good points from each of these tests, but there does not appear to be any good reason to continue having separate tests, and we believe they should be unified at the earliest opportunity. **We recommend adjudication of the Fit and Proper Persons Test be put under the auspices of the Football Regulatory Authority to create a unified process, under an independent body.**

TRANSPARENCY AND ACCOUNTABILITY

Any business worth its salt will have a strong, robust CSR programme which reflects their duties and responsibilities to their stakeholders. This is something that is evident throughout football, for example the Premier League requires each club to produce a customer charter which sets out its policy in relation to many aspects including supporters and stakeholders. It also requires these to be made available and they are easily accessible, generally published on club websites. They also have to provide the Premier League with an annual report on how their stated policies have been implemented and to what extent they have been achieved.



ENGLISH FOOTBALL AND ITS GOVERNANCE

CLUB GOVERNANCE CONTINUED

An example from the Football League is the Football League Trust, which awards clubs for their work in the community. In December 2008, 56 of the 72 clubs were awarded the Bronze award with the silver and gold assessments set for later in the season. Furthermore the publishing of agent fees is another good example of where the Football League has proactively improved transparency and accountability.

We praise clubs and the football authorities who have worked hard to set high CSR and governance standards but we believe that two different approaches can further improve transparency and accountability in football governance.

Making sure that bottom-up procedures are in place is an important aspect of sharing best practice. Currently, seminars held with governance experts are examples of this. Regular meetings are held with clubs by the Premier League and Football League to discuss good governance and share best practice. We believe that it is important that regular meetings on governance are facilitated and formalised into meeting structures to ensure that best practice is shared in every possible aspect.

Top-down procedures such as issuing reports, benchmarking and naming, shaming and fanning can pressure clubs to create high standards of governance. Currently, annual reports are written on the implementation of a club's 'Customer Charter' which indicates that such practices are already in place at the Premier League. However we believe that using the structure of the FA's Guide to Good Governance will create a wide-ranging annual review of good governance which will enhance transparency. **We recommend that the Premier League and Football League work with their members to publish annual reports on the performance of their governance, which can be structured through the FA's Guide to Good Governance.** Publishing annual reports will create a sustained framework within clubs for the need to keep standards high and will give stakeholders the opportunity to see whether the club which they are involved with is functioning satisfactorily.

Further to this **we recommend that the FA produces annual reports on clubs' performance in governance.** This will create greater pressure to keep standards high. We do not propose sanctions for poor performers but advice and guidance on where they can improve. The media pressure that surrounds football will undoubtedly ensure that clubs are held to account over these reports.

Whilst we accept that producing annual reports on clubs may not be wholly welcomed by all sections of the game, we believe that stakeholders have a right to expect the highest governance structures and procedures to be in operation at their club and that easily accessible information will create a pressure to improve standards where they are not acceptable.



ENGLISH FOOTBALL AND ITS GOVERNANCE

chapter

TWO

FINANCIAL STABILITY

The level of debt in English football today is a matter of great concern, especially in the current economic climate. This comes largely from two sources. On the one hand, there is an increasing trend in the English game for clubs to be taken over by debt leveraging where clubs are bought by new owners, not through their own capital reserves, but by acquiring huge debts serviced – hopefully – through the operating profits of the club. On the other hand, many clubs continue not to make any operating profits at all, and their trading losses continue to pile up as debt.

According to Deloitte's Annual Review of Football Finance, Premier League clubs alone owe £1.569 billion to external financial institutions, with a further £900 million owed in what are known as 'soft' loans to the club chairmen/directors. Manchester United alone has debts that total in excess of £750 million (prior to its takeover by the Glazer family, it had no debt at all), and Chelsea's debt is £736 million, £578 million of which is an interest free loan from Roman Abramovich.

Other famous clubs appear to be going the same way. Liverpool's debts were £44.8 million at the time of their takeover by Tom Hicks and George Gillett. They are now over £350 million. Manchester City, having been taken over by a consortium based in the United Arab Emirates, appears to be going the same way.

Whilst Manchester United continue to report healthy operating profits, these are more than eaten up by the servicing of its debt; Chelsea, however have consistently reported massive trading losses since being taken private in 2003 – £80.2 million in 2005/06, £75.8 million in 2006/07 and £65.7 million in 2007/08.

We are concerned that this type of financing – “financial doping” according to some – is unfair to other clubs who live within their means. More importantly for the future of the English game, we have severe doubts about whether it is sustainable in the medium or longer term. According to research carried out by the Centre for the International Business of Sport at Coventry University, 86 football clubs have become insolvent since 1986. There is a very real danger that this figure could dramatically increase in the years ahead.

DEBT LEVERAGING

The All Party Football Group accepts that debt leveraging is a legitimate business practice. It can bring long-term benefits to a football club if the debt is proportionately and responsibly leveraged. For example, a club could decide to leverage debt to build a new football stadium which would put the club on a sounder financial footing in the long term. However, we are concerned at recent developments which have seen football clubs bought through debt-leveraging with the supporters paying off debt, and the clubs' long-term stability not assured.

Dr Rogan Taylor, who heads Liverpool University's Football Research Unit, stated that, “We are just beginning to realise how vulnerable what we thought of as tremendously stable famous institutions are to leverage buyouts”. **We recommend that debt leveraging is considered as part of the reformed Fit and Proper Persons Test which should judge not only the fitness of the prospective new owners, but also the fitness of their business plans for the club,** and where it is considered against the long-term interests of the football club the takeover should be rejected.

DIRECTORS LOANS

A further area of concern is the practice of new directors loaning the club money as an investment instead of investing in shares. An investment in shares is a more stable format of investment that also encourages the director to make sure the club is run successfully or their investment will de-value. Whilst making a sizeable loan may be an important source of income for a club in the short term, increasing debt cannot be a long-term strategy and needs to be discouraged where the loan is unnecessary and only focused on short-term gains. **We recommend that the practice of directors loaning money to clubs is considered as part of the reformed Fit and Proper Persons Test in the same vein as the practice of debt leveraging.**

LEVELS OF DEBT

The All Party Football Group has serious concerns at the levels of debt in professional football. As vast amounts of money enter our game improving governance is essential to make sure that our professional clubs remain viable and successful. We believe that the short-termism attitude that some clubs take is not sustainable and needs to be arrested.

Lord Burns expressed a view common among our witnesses stating, “I believe that the biggest issue for British football is financial stability. Football has had an extraordinary increase in revenue, and it continues to grow. Managing such revenue is very important for the long-term future of the game.”

Dr Geoff Walters, from the Department of Management at Birkbeck College, gave us an idea of the problems when he informed us that “Between 1996 and 2006, the 72 clubs in the Football League made a pre-tax loss of £981 million. The operating losses over the same period were £781 million, which is even more of a worry. It does not relate to revenues; as we have seen, there has been fantastic revenue growth”. This is a problem that all professional leagues in this country have in common.

In particular player wages were discussed in some detail. Greg Dyke, Chairman of Brentford FC, stated to the Inquiry, “The future of a football club will depend on the ability to manage the wage bill, something that very few clubs achieve at any level”. Lord Mawhinney, Chairman of the Football League, also raised his concern with player wages stating that he, “would like to see a sensible but better grip on the wages paid to our players.”



ENGLISH FOOTBALL AND ITS GOVERNANCE

FINANCIAL STABILITY CONTINUED

It was a topic that came up frequently throughout our Inquiry, with Richard Scudamore, Chief Executive of the Premier League, also stating that *"It is sobering that the professional football wage bill almost entirely tracks the amount of TV money"*. However he went on to state that, *"In my view, you cannot, from 1888 to 2008, have a free market generate the current size of clubs and then, all of a sudden, take the drawbridge up and lock-in the natural order."*

It would be wrong of the All Party Football Group to expect quick-fix measures for these problems. We need to look at long-term solutions as to how we can arrest this worrying trend in our game. The most worrying aspect of this is that the increased influence of money on our game is beginning to corrupt competition, which is now becoming increasingly driven by the amount of money that clubs can direct to bringing in new, hugely expensive talent. To try and combat this, as well as the level of debt within English football, **we recommend that the FA introduces a Licensing system under the auspices of the Football Regulatory Authority for clubs in the Football Conference upwards.** The license should be issued annually on the basis of the club being compliant with its various obligations and in the final analysis, clubs could be stripped of their license should these not all be met.

We recommend that this system should operate along the lines of the UEFA licence and that in addition a key element should be related to expenditure not exceeding revenue, a practice which has aptly been described as "financial doping". It would also be sensible to operate the license on a pyramid system through the leagues, with more onerous requirements for those higher up the pyramid.

The Bundesliga demonstrates that a licensing system is achievable in a major European league. In 2006/07, clubs in the Bundesliga recorded an aggregate operating profit of £210 million, around double that of the Premier League. They did so by achieving higher aggregate attendances than the Premier League at lower ticket prices. We believe there is much merit in analysing their system to see what lessons can be learnt to create the most robust and effective licensing system.

We want this to lead to a debate where more detail and ideas can be added towards a workable policy to help control levels of debt at football clubs. Issues such as the outcome of not being granted a license and what would count as income and expenditure would be the detail that would come out of an open debate within football on this issue.

We believe that stopping clubs' expenditure exceeding their revenue will stop clubs going further into debt and will also encourage clubs to look at how they can increase their revenue on a long-term basis. This is open to the criticism that it will lock clubs in to the financial order they are currently in. However, financial revenue already has a massive influence over the ordering of the league and we believe that this change will not necessarily restrict football clubs but will encourage them to maximise their revenue with long-term strategies whilst keeping to a sensible budget in the meantime.



GAMBLING INDUSTRY AND FOOTBALL

In the FA's written submission (and Lord Triesman's evidence) they highlighted that due to gambling issues *"The FA has to divert resources to integrity that could otherwise be devoted to investment in grass roots football, coaching and increasing participation."* For example, it stated that *"The FA believes as a matter of principle that if significant amounts of income are generated by the betting industry on the back of betting on football, some of that income ought to be allocated towards the cost of policing integrity in football"*. **We support the FA's position on gambling and call on the Gambling Commission to work with the FA to reach an agreement on how the industry can financially support the FA in its work to combat corruption.**

As a further measure to improve the integrity of sports betting, **we propose that information exchange agreements between betting organisations and football should include a provision that the FA be consulted on the types of bet which may be placed on football.**

ENGLISH FOOTBALL AND ITS GOVERNANCE

chapter

THREE FA GOVERNANCE



FA BOARD

The FA Board currently consists of five National Game representatives, five Professional Game representatives as well as the Independent Chairman and the Chief Executive.

We believe that the FA Board was an important step in creating a professional corporate structure to enable the FA to effectively govern the game. It has been noticeable that there has been a real improvement in decision-making since the appointment of an independent Chairman, for which the FA is to be commended. However, we believe that further changes are necessary to create a more effective working-body. As Lord Burns told the inquiry, *“there is only one independent director on the board—the chairman—which I do not think is right for the long term. I believe that there should be more independent representation.”*

Therefore **we recommend that the FA Board seek to alter its composition so that it consists of three Independent Directors, three representatives from the National Game, three Representatives from the Professional Game and one member from a democratic supporter’s organisation.** We urge the FA to seek to put these reforms into practice as soon as possible.

We believe bringing in supporter representation to the FA Board would give it further legitimacy and greater diversity which can enhance its ability to govern.

FA COUNCIL

Lord Burns set out his vision for the Council when he told us that, *“There is not a big issue with the size of the council if it debates, challenges and provides oversight to the executive body. If the board becomes the executive body, it should put forward proposals for debate—the equivalent of Green Papers and White Papers—to see whether they command the agreement of football in the widest sense.”*

The Council is an important body who can act as the parliament of Football and scrutinise the work of the Board to make sure it is working to the best interests of football. Its size and expertise lends itself to the above description, however because of this we believe that it makes sense for FA committees not to report to the FA Council. We therefore agree with Lord Burns and **we recommend that all FA committees report to the FA Board and not to the FA Council, with immediate effect.**

FOOTBALL REGULATORY AUTHORITY (FRA)

The semi-autonomous body that was set up after Lord Burns’ 2005 Report is welcomed by the All Party Football Group. It has the capability to regulate and ensure that the rule-making functions of the FA are properly enforced. The FRA currently has 12 commissioners (six from the National Game, two from the Professional Game and four Independent, although this is set to change to four commissioners from the three different groups).

The issue of the Fit and Proper Persons’ Test is dealt with above; however we believe that the FRA is well-placed to regulate this test and to investigate takeovers of professional clubs to make sure they are in the long-term interests of that football club. If further regulatory powers are to be extended to the FRA, **we recommend that the composition of the Football Regulatory Authority is reformed to, three from the National Game and three from the Professional Game, and six Independent Commissioners.** This would create a greater degree of independence which would enhance its legitimacy and credibility as a semi-autonomous body.

Further to this we support the call for the FRA to make recommendations and reports to the FA Board, as set out by Lord Burns.

The Football Regulatory Authority has the potential to help create the highest level of governance standards through its semi-autonomous status and it is important that it is given such recognition by all members of the football community.

chapter **FOUR**

THE INTER-RELATIONSHIP BETWEEN THE FA, PREMIER LEAGUE AND FOOTBALL LEAGUE

There are many reasons to be optimistic about the state of English football. Far beyond any other sport, it remains our national game – it is played by approximately seven million people in England with 125,000 teams competing in 1,700 leagues.

The Premier League is rightly seen as probably the most exciting League anywhere in the world and attracts an enormous worldwide following. Aggregate attendance at Premier League matches in 2007/08 reached 13,736,623 – the highest since the creation of the League. Similarly, the Football League has seen its attendances, at over 16 million, reach their highest for 45 years, making it Europe's best attended sporting competition – the Championship alone is the 4th most watched division in Europe, ahead of Serie A in Italy and behind only the Premier League, the Bundesliga and the Spanish Liga.



There has also been enormous investment in stadia and facilities throughout the English game over the last twenty years since the Hillsborough disaster: £2.4 billion to improve facilities making grounds vastly improved in terms of supporters' comfort, safety and viewing; and it is one of the main premises of the 2018 World Cup bid.

However, doubts about the way the game is governed in England still remain. In particular, serious concern was expressed throughout the inquiry that English football doesn't have one single federation strong enough to govern the sport. As UEFA's submission states, there is (and should be) a single governing body responsible for English football and that is the Football Association. Howard Wilkinson went further than this arguing that the strength of the federation is crucial to the strength of a nation's football and that a strong federation means strong governance. We are in broad agreement with this and believe that the current situation does not necessarily lend itself to this.

As detailed in the UEFA submission, having three or more competing governing bodies is inefficient and detrimental to the sport. It often leads to compromise, politicking and the urge to survive. As well as this, as David Conn stated, the FA has not been strong enough. Whilst this report recognises that this problem is beginning to be rectified by the FA, under the leadership of Lord Triesman, their first independent Chairman, **we agree that the inter-relationship between the FA and the two main professional leagues should see the FA regaining its role as the leading governing body, single voice and overall regulator for the sport. The two main professional league organisations should be responsible for organising the top-level club competitions in England, but their role in regulation should simply be to liaise with the FA as the governing body.**

As well as this, we were interested to learn of the views of Kevin McCabe, Chairman of Sheffield United. He described what he felt as a lack of adequate governance at the top level of the Premier League. Currently, the decision-making process is dealt with by the Board of Directors which comprises of the Chairman, Chief Executive and other permanent members of staff. We believe that this structure is not accountable enough, giving the Chairman and Chief Executive too big a role in the decision-making process. It is because of this that **we recommend that the Premier League should re-examine its top-level governance structure to ensure that it is no longer just the Chairman, Chief Executive and full-time members of staff who have a say in the day-to-day business of the League. We envisage that this process should include the appointment of a number of stakeholders in the game as non-executive Directors on to the Premier League's Board of Directors.**



ENGLISH FOOTBALL AND ITS GOVERNANCE

chapter

FIVE SUPPORTER REPRESENTATION



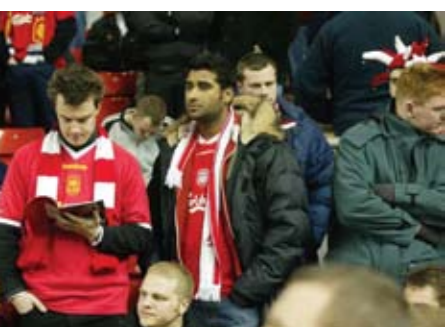
SUPPORTER-LED GOVERNANCE

The involvement of supporters in football was a topic that came up time and time again throughout all of our evidence sessions. It was a topic raised, not only by supporters themselves, but by journalists, professors, Chairmen and the football authorities alike. There seemed to be widespread agreement that the one group that are most under-represented in the sport are the people who should have the most say; the fans. As Dave Boyle, Chief Executive of Supporters Direct stated this is one of the biggest problems within football governance. Namely that the people who pay for it are excluded from the decision-making structures within clubs, leagues and governing bodies at most levels of the game.



In football, business is generally conducted behind closed doors, even to the extent now that some huge transfer fees aren't disclosed to the fans who are, in the end, going to have to foot the bill. This leads to a distinct lack of accountability. We believe that the best way to tackle this lack of accountability is for clubs to involve supporters in their governance.

This was recommended, in different forms, by many of our witnesses but the general consensus was that supporters need to have a voice at the highest level within football clubs. David Conn stated that, *"It would be major progress on so many levels if it were a routine part of the English football landscape that every club has a supporter elected on to its board."* Professor Christine Oughton, from the School of Economics and Management, University of Bolzano, argued that, *"There is certainly no harm in having a supporter representative on the board of every club and in them having a voice."*



We see many benefits to an introduction of such a measure and therefore, **we recommend that, amongst all 92 clubs in the Football League and Premier League, there should be an elected supporters' representative on the club's board or equivalent body.** We envisage that this supporters' representative will be elected and sit on a supporters' trust. Supporters' trusts have now been established at over 140 clubs in the UK and 45 of these have representatives on the boards of their relevant clubs. 70% of the clubs in the top five divisions in England and the top four divisions in Scotland have established supporters' trusts. Currently, however, only 19 of the 92 Football League and Premier League clubs have supporters' representatives on their board. We believe that these supporters' trusts should be given a bigger role by allowing this elected representative and, therefore, the trusts to have a direct say in the way their club is run. Involving supporters should also be considered as part of a business plan put forward for a takeover, for which the Football Regulatory Authority can evaluate as part of the reformed Fit and Proper Persons Test.

This may seem idealistic but as Dr Rogan Taylor points out, six of the last 15 Champions League winners have been club owned and run by fans and it is only a cultural difference which separates us from the idea that football clubs are social and cultural institutions. We hope that this measure could bring about a change in this

cultural ideal and bring about many benefits to clubs themselves. By loading the top level of governance more in favour of people who love the club and have the interests of the club at heart, we envisage that, as well as increasing the accountability within club governance, clubs will begin to focus more on developing a long-term model, eliminating short-termism and making matters more financially sustainable.

REPRESENTATION OF SUPPORTERS ON THE FA COUNCIL

Another area in which supporters appear to be under-represented within the sport is on the FA Council. At the moment, Malcolm Clarke, Chair of the Football Supporters' Federation and witness to this inquiry is the only supporters' representative amongst a large number of representatives from both the professional and amateur games.

We support the proposal for greater representation of supporters on the FA Council, as set out in Lord Burns' structural review of the FA. We understand that many of the current councillors share many of the values of supporters and share many of their concerns but feel that, in order to give a greater voice to supporters, the FA Council, like football clubs, should be prepared to give elected supporters' representatives a direct say on the way the game is run.

TICKET PRICES

The problem of supporters being priced out by current ticket prices, particularly at the top level, was one which caused concern to several of our witnesses. Because of the growth in popularity of the game and the huge loyalty the clubs command from fans, clubs are able to set high ticket prices, which are pricing out many sections of their support, particularly young people. Now only 7% of fans at Premier League grounds are 16 to 24 year olds. In the 1980s at Aston Villa and Coventry City this figure was around 25%. As David Conn argues, football was open to all ages and to all sectors of society, but now it is not.

Other successful leagues do have cheaper prices, and we should look to them to see how it is done. In Germany, for example, seats at Bayern Munich, arguably Germany's biggest club, at its brand new Allianz Arena start at €35 (£33, at today's historically low exchange rates) and the most expensive tickets cost €70 (£66). These are for top notch, category A Games, and include free public transport. It is difficult to think of any big clubs in the English Premier League that match those prices.

Both the clubs and the leagues talk widely about social inclusion and community but ticket prices only exclude large sections of society and the young. It is because of this that **we recognise the progressive policy in the setting of affordable season ticket prices shown by some clubs and urge other clubs, throughout the leagues, to follow their example.** Bradford City FC was offering season tickets for £99, with junior's tickets for under £50. Sunderland AFC is offering junior season tickets for £19, when purchased with an adult ticket. This policy in particular can help families in these tougher economic times and boost the number of youngsters who are able to go to games. This will surely benefit not only the local communities but also, in the long-term, the clubs themselves.

ENGLISH FOOTBALL AND ITS GOVERNANCE

SUPPORTER REPRESENTATION CONTINUED



FACILITIES FOR DISABLED SUPPORTERS

As part of this inquiry we invited Joyce Cook, Chair of the National Association of Disabled Supporters (NADS), to give evidence at one of our sessions. We were concerned to hear of the troubles that disabled supporters still face in both accessing the stadiums themselves and then viewing and enjoying the game once inside.

As Joyce detailed, only three Premier League clubs match or exceed the Accessible Stadia Guide's recommendations for the number of wheelchair seats, two of which offer only pitch-side seats; and one third of premier league clubs offer only pitch-side, rather than elevated seats, to wheelchair users. Views are often blocked by stewards, police or players warming up and there is no shelter from the rain or the ball. The Accessible Stadia Guide describes minimum standards for sports stadia and was published in 2003 to help clubs to meet their new duties as required by the DDA. It is an excellent document providing helpful guidance for both new and existing stadia and was written by a working party that included representation from all areas of football. This document, commissioned by DCMS, is widely recognised as a benchmark or yardstick of what is reasonable.

The provision for the disabled is clearly unequal with demand as much as six to eight times greater than that currently available at some clubs. Many disabled people are denied an opportunity to purchase or join a waiting list for a season ticket. As well as this, around 40% of Premier League clubs sit away disabled supporters with the home fans, which gives disabled supporters a very different experience from the rest of the away support. Many websites remain inaccessible and audio described commentary should be available to all blind and visually impaired supporters.

It is because of this, that **we support NADS' recommendation for an independent access audit of all clubs, their facilities and services, with the necessary improvements identified and costed and a clearly defined business plan prepared.**

NADS believes that many clubs fear the expense involved, with unrealistic and inflated estimates often discussed. They are sure that improvements are not financially prohibitive for most clubs and that equal access solutions are achievable at all existing and new stadia. **We believe that where finances prove to be an issue for individual clubs, funds should be made available from the Football Stadia Improvement Fund.**

A central fund would only be required once and for the short term to enable each club to make all necessary reasonable adjustments to achieve a level playing field. It would be expected that clubs would then ensure adequate disabled supporter provisions in all future stadia additions. **We recommend that NADS should be appointed as the game's disabled supporter consultants and extend the services they currently provide to the FSIF in which they are consulted on all improvements and additions at a club that is awarded an FSIF grant.**



Joyce Cook also asked the All Party Football Group to support NADS in its bid for core funding in line with that provided to other representative football supporters groups by the football authorities. NADS is making a significant and important contribution to the football family providing support to the football authorities, clubs and disabled supporters on a daily basis. **We recommend that NADS should be afforded the same level of financial support from the game as that enjoyed by their non-disabled peers.**



NURTURING DOMESTIC TALENT

Undoubtedly, foreign talent has enriched the English game, bringing exceptional talent and flair with them. Many of them have also contributed to the development of young English players and the game is grateful for their arrival. Every supporter wants to see the likes of Fernando Torres, Cristiano Ronaldo and Cesc Fabregas plying their trade in the Premiership week-in, week-out. However, this needs to be combined with the nurturing of our domestic talent, as some imported players have not been up to the required standard and have prevented clubs developing their own talent.

One matter that came up in the evidence sessions more than any other was the merits of FIFA 6+5 Proposal against UEFA's Home-grown Proposal. Not only was there a question of just comparing the two measures against each other, but also whether there is a need for such a proposal at all. This question is particularly prevalent in this country for a number of reasons. It all stems from the reality that, at an international level, supporters are becoming increasingly disillusioned with the national team's continuing lack of success in the final stages of competitive tournaments.

One perceived reason why this is the case is that, increasingly, experienced players from abroad are being favoured over young domestic talent. As Howard Wilkinson, Chairman of the League Managers Association argued, the reality is that workers migrate to places where they are better paid. At the moment footballers get paid better in this country. If we are going to pay for them at the cost of producing home-grown players, we will have a problem. We have to deal with this reality and so we must examine ways of improving domestic talent and ensuring that players are given opportunities to participate at the top level. It is this matter of opportunities that brings us to the question of quotas.

It is clear from a lot of the evidence provided, that English football lags behind the rest of Europe in its development of domestic talent. The evidence of Neena Gill MEP best highlighted this. In Scotland, there are six Scottish players out of every 11. In Italy, 7.3 players out of every 11 are Italian; in Spain, 6.9 out of 11 are Spanish; and in Germany, in the Bundesliga, 4.9 of every 11 players are German. In England, this figure is 3.9. Amongst the big four, Manchester United, Chelsea, Arsenal and Liverpool, there is an average of 2.64 English players out of every 11. Memorably, in 2005, Arsenal became the first English club ever to select an entire starting eleven, and substitutes bench, with not a single player being born in the United Kingdom or Republic of Ireland.

If we wish for the fortunes of our national team to improve, we must ensure that young domestic talent is given the opportunity to get experience at the top level. It is because of this that, **we recommend that a measure is brought in to ensure that a minimum number of domestic players are to be included in a club's starting line-up.**

Whether this is to be FIFA's 6+5 proposal or UEFA's Home-grown proposal was a source for much debate throughout the course of the inquiry. FIFA's 6+5 proposal states that, at the beginning of each match, each club must field at least six players who are eligible to play for the national team of the country of the club. This compares to UEFA's Home-grown proposal which states that a certain number of players in the squad of 25 submitted to UEFA at the start of the season must be trained by the club's own football academy and a further number of players must be trained by that club or other clubs from within the same association of the said club.

Whilst we support UEFA's efforts to formulate and implement their Home-grown proposal in the Champion's League, as well as the Football League's similar proposals, we must recognise that FIFA's 6+5 proposal is more efficient and more desirable in the long-term. It is for this reason that **we recommend that the Football Association and Leagues adopt FIFA's 6+5 proposal.** UEFA's home-grown proposal is currently being used in the Champion's League competition, with little effect on the make-up of the competing teams. The proposal to ensure that a certain number of home-grown players are included in a squad of 25 simply does not go far enough. Whilst a number of home-grown players may make the squad, still, too few are included in the starting line-ups. This proposal may well also open the door to an increase in the trafficking of young players between clubs and across countries, as clubs rush to obtain players before the age of 16, as to ensure that they qualify as 'home-grown'. FIFA's proposal shuts this door, as players must be eligible to play for the national team, as well as ensuring that domestic players get the opportunities to play at the highest level, week in, week out. The All Party Football Group recognises that, at present, the proposal may contravene current EU treaties on free movement and discrimination based on nationality. Because of this, **we urge the Minister for Sport and the Secretary of State for Culture, Media and Sport to lobby the EU to facilitate the adoption of FIFA's 6+5 proposal by football associations in member states.**

ENGLISH FOOTBALL AND ITS GOVERNANCE

DEVELOPMENT OF THE NATIONAL GAME CONTINUED



ENSURING OPPORTUNITIES FOR ALL

It is not only at the highest level, however, that we need to ensure that people in this country are given the opportunity to participate in the national game.

We recognise that sport, and football in particular, has the power to transform young peoples' lives. It can engage and motivate them, and help them to develop important skills such as discipline, teamwork and self-esteem.

Local authorities now have a statutory responsibility to ensure that young people have access to positive activities in their spare time. **We recommend that all Local Authorities should consider giving free or reduced-rate lets of council owned pitches to junior football teams.** This should include ensuring that school pitches, particularly those renewed under the Building Schools for the Future programme, are available for use by community football clubs and their junior teams.

By 2010 every young person between the ages of five to 19 will be offered the chance to participate in five hours of sport every week. **Although a number of local authorities already employ football coaches to work in secondary schools, we recommend that this offer should be extended to primary schools.**

We also recommend that those League Clubs that do not have active youth development programmes should work with their local authority in order to put into place schemes that will inspire talented young footballers from their local communities, and enable them to fully develop their abilities.

DEVELOPMENT OF THE WOMEN'S GAME

An important aspect in the development of the national game is the development of women's football. At the moment the women's game suffers from under-funding and is often not given the respect and attention it deserves. The domestic structure provides little incentive for our elite players, who are now increasingly likely to move away to countries with a more sustainable and incentivised league structure, such as in the US. We recognise the recent achievements of the England women's team who have just qualified for their third major tournament in succession but we believe that, with the right resources and the introduction of a sustainable domestic structure to drive interest, participation and success, the women's team could aim to not simply qualify in these major tournaments, but to win them.

It is with this aim that **we welcome the Football Association's plans to overhaul the current league structure in the women's domestic game, creating a new FA Women's 'Super League'.** We sincerely hope that this League does achieve its objective of supporting and strengthening the commercial viability and sustainability of women's football clubs, but also that it stimulates a renewed public interest in the women's game. In order to ensure fairness and equality, as well as maintaining this renewed public interest in the game, **we agree with the FA's proposals that 'top' players should play for different teams across the various regions and hope that this is rigorously enforced.** We look forward to seeing whether the FA's proposal to introduce a salary cap will be effective in ensuring that this is the case.

CONCLUSION

There are approximately 650 MP's in Parliament and only 92 Premier League and Football League clubs so it is clear that a large majority of us must represent constituencies with non-league clubs. A number of the inquiry panel still play football regularly – it also takes only half a glance to see that none of us come under the governance of Richard Scudamore or Brian Mawhinney! We do, however, care deeply about the game at all levels and particularly we care about the future. That is also true of all those who gave evidence to the committee.

Every part of the game is important; the past with its traditions and the wonderful spectacle that is the FA Premier League today but it is the responsibility of us all to ensure that the future is secure. That future must include not only everyone who enjoys the game currently but we also have a duty to ensure that we open up opportunities without boundaries to everyone else around the world. Football at the top level is better than ever and many more are benefiting from the money that is distributed from the Premier League and the Football Association through the Football Foundation. The rules imposed by referees on the pitch are under constant scrutiny and occasionally modified by FIFA. The governance of the game has had to be reformed in recent years much more than the rules of the game and we are pleased with the improvements and particularly with the major changes imposed by the Football League.

We feel, and the evidence supports our view, that the FA Premier League – through good management, astute marketing on one hand but some ludicrous levels of borrowing on the other by some investors – has managed to raise the quality of the game to new heights. We are convinced now, however, that there needs to be some serious re-balancing. There could be no worse example than the Premier League's proposal in 2008 to play a "39th Game" overseas. The initiative received little support but we are sure it would have had more merit had the proceeds of the games been intended for the development of football in those less well off nations rather than leeching out even more money from overseas into the Premier League.

We seek no power to impose at the moment but we have made some firm recommendations across a wide area in this report in order to stimulate further debate. We look forward to the media taking a constructive role and look to those with the responsibility of governance, not only to take notice of all the suggestions, but to plan to implement as soon as possible.

**ALAN KEEN MP
CHAIR – ALL PARTY PARLIAMENTARY FOOTBALL GROUP
on behalf of the Group's Inquiry into English Football & its Governance**

LIST OF RECOMMENDATIONS

Our main findings fall into six broad headings relating to the above chapters:

CHAPTER 1: CLUB GOVERNANCE

- i. We recommend that the Fit and Proper Persons Test is revised to take into account the suitability of a new owner(s) or any director.
- ii. We recommend adjudication of the Fit and Proper Persons Test be put under the auspices of the Football Regulatory Authority to create a unified process, under an independent body.
- iii. We recommend that the Premier League and Football League work with their members to publish annual reports on the performance of their governance, which can be structured through the FA's Guide to Good Governance.
- iv. We recommend that the FA produces annual reports on clubs performance in governance.

CHAPTER 2: FINANCIAL STABILITY

- i. We recommend that debt leveraging is considered as part of the reformed Fit and Proper Persons Test which should judge not only the fitness of the prospective new owners, but also the fitness of their business plans for the club.
- ii. We recommend that the practice of directors loaning money to clubs is considered as part of the reformed Fit and Proper Persons Test in the same vein as the practice of debt leveraging.
- iii. We recommend that the FA introduces a Licensing system under the auspices of the Football Regulatory Authority for clubs in the Football Conference upwards.
- iv. We recommend that the FA introduces a Licensing system under the auspices of the Football Regulatory Authority for clubs in the Football Conference upwards. We recommend that this system should operate along the lines of the UEFA licence and that in addition a key element should be related to expenditure not exceeding revenue.
- v. We support the FA's position on gambling and call on the Gambling Commission to work with the FA to reach an agreement on how the industry can financially support the FA in its work to combat corruption.
- vi. We propose that information exchange agreements between betting organizations and football should include a provision that the FA be consulted on the types of bet which may be placed on football.

CHAPTER 3: FA GOVERNANCE

- i. We recommend that the FA Board seek to alter its composition so that it consists of three Independent Directors, three representatives from the National Game, three Representatives from the Professional Game and one member from a democratic supporter's organisation.
- ii. We recommend that all FA committees report to the FA Board and not to the FA Council, with immediate effect.
- iii. We recommend that the composition of the Football Regulatory Authority is reformed to three from the National Game and three from the Professional Game, and six Independent Commissioners.
- iv. We support calls for the Football Regulatory Authority to make recommendations and reports to the FA Board.

CHAPTER 4: THE INTER-RELATIONSHIP BETWEEN THE FA, PREMIER LEAGUE AND FOOTBALL LEAGUE

- i. We agree that the inter-relationship between the FA and the two main professional leagues should see the FA regaining its role as the leading governing body, single voice and overall regulator for the sport. The two main professional league organisations should be responsible for organising the top-level club competitions in England, but their role in regulation should simply be to liaise with the FA as the governing body.
- ii. We recommend that the Premier League should re-examine its top-level governance structure to ensure that it is no longer only the Chairman, Chief Executive and full-time members of staff who have a say in the day-to-day business of the League. We envisage that this process should include the appointment of a number of stakeholders in the game as non-executive Directors on to the Premier League's Board of Directors.

CHAPTER 5: SUPPORTER REPRESENTATION

- i. We recommend that, amongst all 92 clubs in the Football League and Premier League, there should be an elected supporters' representative on the club's board or equivalent body.
- ii. We support the proposal for greater representation of supporters on the FA Council.
- iii. We recognise the progressive policy in the setting of affordable season ticket prices shown by some clubs and urge other clubs, throughout the leagues, to follow their example.
- iv. We support NADS' recommendation for an independent access audit of all clubs, their facilities and services, with the necessary improvements identified and costed and a clearly defined business plan prepared. We believe that where finances prove to be an issue for individual clubs, funds should be made available from the Football Stadia Improvement Fund.
- v. We recommend that NADS should be appointed as the game's disabled supporter consultants and extend the services they currently provide to the FSIF in which they are consulted on all improvements and additions at a club that is awarded an FSIF grant.
- vi. We recommend that NADS should be afforded the same level of financial support from the game as that enjoyed by their non-disabled peers.

CHAPTER 6: DEVELOPMENT OF THE NATIONAL GAME

- i. We recommend that there a measure is brought in to ensure that a minimum number of domestic players are to be included in a club's starting line-up and recommend that the Football Association and Leagues adopt FIFA's 6+5 proposal.
- ii. We urge the Minister for Sport and the Secretary of State for Culture, Media and Sport to lobby the EU to facilitate the adoption of FIFA's 6+5 proposal by football associations in member states.
- iii. We recommend that all Local Authorities should consider giving free or reduced-rate lets of council owned pitches to junior football teams. Although a number of local authorities already employ football coaches to work in secondary schools, we recommend that this offer should be extended to primary schools.
- iv. We also recommend that those League Clubs that do not have active youth development programmes should work with their local authority in order to put into place schemes that will inspire talented young footballers from their local communities, and enable them to fully develop their abilities.
- v. We welcome the Football Association's plans to overhaul the current league structure in the women's domestic game, creating a new FA Women's 'Super League'. We agree with the FA's proposals that 'top' players should play for different teams across the various regions and hope that this is rigorously enforced.

EXAMINATIONS OF WITNESSES

FIRST EXAMINATION OF WITNESSES – 7TH MAY 2008

Howard Wilkinson	Chairman, League Managers Association
Mick McGuire	Deputy Chief Executive, Professional Footballers Association
Bobby Barnes	Deputy Chief Executive, Professional Footballers Association
Malcolm Clarke	Chair, Football Supporters Federation
Steven Powell	Head of Development, Football Supporters Federation
Adam Brown	Board member, FC United of Manchester
Alison Watt	Board member, FC United of Manchester
Alan Walsh	General Manager, FC United of Manchester

SECOND EXAMINATION OF WITNESSES – 12TH MAY 2008

Greg Dyke	Chairman, Brentford FC
Patrick Barclay	The Daily Telegraph
Charles Sale	The Daily Mail
Patrick Collins	The Mail on Sunday
Dr Geoff Walters	Lecturer in Management, Dept. of Management, Birkbeck College, University of London
Dr Rogan Taylor	Senior Lecturer, University of Liverpool Management School

THIRD EXAMINATION OF WITNESSES – 19TH JUNE 2008

Lord Burns	Chairman, Football Association Structural Review
Joyce Cook	Chair, National Association of Disabled Supporters
Ivo Belet MEP	Member of European Parliament Standing Committee on Culture & Education
Neena Gill MEP	Member of European Parliament Sports Intergroup

FOURTH EXAMINATION OF WITNESSES – 10TH JULY 2008

Prof. Christine Oughton	Professor of Economics & Management, School of Economics & Management, Free University of Bolzano
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FIFTH EXAMINATION OF WITNESSES – 5TH NOVEMBER 2008

David Conn	The Guardian
Kevin McCabe	Chairman, Sheffield United FC
Alex Phillips	Head of Professional Football Services, UEFA

SIXTH EXAMINATION OF WITNESSES – 8TH DECEMBER 2008

Rt. Hon. Lord Mawhinney Kt	Chairman, The Football League
Richard Scudamore	Chief Executive, The Premier League
Lord Triesman	Chairman, The Football Association

CHAIR'S ACKNOWLEDGEMENTS

A Select Committee is part of the official proceedings of parliament and its role in scrutinising government departments and the performance of bodies receiving public funding is valuable. The All Party Football Group, with almost none of the resources of a select committee, has been able to conduct this wide ranging inquiry because of the enthusiasm, co-operation and goodwill of so many individuals and organisations.

I would like to thank the members of the Lords and Commons who formed the panel. The work behind the scenes has far exceeded that "in front of the cameras". The cost of transcribing the verbal evidence and other direct expenses has been borne by the members themselves. A great deal of money flows through the professional game but it was thought unacceptable to seek funding from any interested party connected to the game to avoid any accusation of bias in the report.

The committee possesses no powers to subpoena witnesses and I am grateful to all those who have given their time to provide evidence and particularly those appearing in person. There has been a range of different views on the way the game should be administered but it has been clear that everyone involved in the inquiry cares deeply about football.

I would like to thank BBC Parliament and its staff for recording and showing the inquiry's hearings, Andrew Latham of Westminster Sound Systems for his advice and assistance, and Fiona Stevenson and her colleagues at Hansard for transcribing the hearings.

Pete Bowyer, the Co-ordinator of the Inquiry, is Executive Director of Apex Communications but has given much of his time in a personal capacity. Tim Green, David Keen, Matthew Woolston and David Hodges from my own office have worked so many hours in a voluntary capacity because they care about football. Without their hard work, the report would never have been completed.

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THE ALL PARTY FOOTBALL GROUP INQUIRY PANEL

Alan Keen MP (Chair) *Feltham and Heston*

Clive Betts MP *Sheffield Attercliffe*

Rt. Hon. Iain Duncan Smith MP *Chingford and
Wood Green*

Lord Faulkner of Worcester

Mark Field MP *Cities of London
and Westminster*

Mark Hendrick MP *Preston*

Ian Lucas MP *Wrexham*

Andy Reed MP *Loughborough*

Christine Russell MP *City of Chester*

Angela Smith MP *Sheffield Hillsborough*

Helen Southworth MP *Warrington South*

Lord Taylor of Warwick

**All Party
Parliamentary**



Football Group

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