

FAIR GAME SCORECARD: RATING THE GOVERNMENT'S WHITE PAPER

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BACKGROUND



Fair Game is a growing band of football clubs striving to change the game for the better, and it welcomes the Government's White Paper [A sustainable future - reforming club football governance](#)¹ as the best opportunity to transform the governance of football.

Based on Tracey Crouch MP's Fan Led Review (FLR), which has strong all-party support, the White Paper's commitment to an Independent Regulator (IREF) is a potential game-changer..

An IREF overseeing the implementation of effective safeguards and good governance will save many clubs from ruin. Fans want it, well-

run clubs want it, and communities want it. The Government is to be applauded for taking this on.

There is still a long way to go, and many issues to resolve. There are some individuals in the Premier League who are likely to object to many of the provisions. And there are some grey areas in the White Paper which need strengthening. Fair Game is committed to developing long-term realistic solutions to the problems football faces and we would welcome the opportunity to work alongside the DCMS during the consultative process, to help refine the final proposed legislation.

Overall, the White Paper is a good first step.

Here is Fair Game's view on eight areas covered in the White Paper.

The Eight

1. Financial Regulation
2. Finances and Distribution in Football
3. Corporate Governance
4. Owners' and Directors' Test
5. Equality, Diversity & Inclusion
6. Protecting Club Heritage
7. Improving Supporter Engagement
8. The Powers of the Regulator

¹ - <https://www.gov.uk/government/publications/a-sustainable-future-reforming-club-football-governance/a-sustainable-future-reforming-club-football-governance#part-4-regulation-in-practice>

1. FINANCIAL REGULATION

Fair Game grade on White Paper proposals: A*

There is no doubt that football urgently needs an overhaul of its financial regulation.

[A study by Fair Game¹](#) revealed that in 2020, that is before the pandemic, that the majority of Premier and EFL clubs were technically insolvent.

Overall, clubs in the top four divisions spent 86% of their revenue on players' wages, the recommended maximum from UEFA is 70%.

Since the turn of the century a third of clubs in the top four divisions have gone into administration, destroying local businesses that are dependent on that club to survive.

Bolton and Derby came within minutes of folding, and others have been expelled from the Football League or gone bust, clubs like Bury and Macclesfield. And right now the very

existence of Scunthrope United and Southend United hangs in the balance.

So it is hugely welcome that the white Paper declares that: "Financial regulation will be the Regulator's core focus."

The White Paper declares that the Regulator will require clubs to:

- Demonstrate good basic financial practices;
- Have appropriate financial resources or 'buffers' to meet cash flows and financial shocks; and
- Protect the core assets of the club - such as the stadium - from harm.

This is hugely welcome.

¹ - <https://www.fairgameuk.org/press-releases/half-of-clubs-technically-insolvent>



2. FINANCES AND DISTRIBUTION IN FOOTBALL

Fair Game grade on White Paper proposals: D

Football's financial flow is far from fair, and it also fails to encourage clubs to behave better.

There was an opportunity to address that in the White Paper and at the moment that opportunity appears to have been missed.

The White Paper states that “a mutual agreement amongst the football authorities remains the preferred solution” on the future of financial redistribution.

The authorities concerned are the Premier League, the EFL and the FA. Tracey Crouch and the Government have set the trio repeated deadlines – December 2021, April 2022, September 2022 and then January 2023 – to reach an agreement and they have failed to do so.

Notably, the Premier League rarely speak as

one voice, the EFL voting structure is weighted heavily towards the championship, and there is no representation for the National League or the lower leagues.

At the moment, one club relegated from the Premier League gets more in parachute payments than the League gives to all the clubs in League One, League Two, the National League, the National League South, and the top two tiers of the women's game put together. One club more than 140 others. This reward for failure distorts the entire football pyramid.

You can read more about football's financial flow [here](#)¹.

Fair Game believes that the framework for financial flow in football should be set by the new Independent Regulator. A regulator free from the vested interests of football's league authorities and able to deliver a holistic approach that benefits all clubs and encourages culture change. Regulatory intervention on financial flow

should not be seen as a power of 'last resort' but instead be at the core of its operations.



¹ - <https://www.fairgameuk.org/research>

3. CORPORATE GOVERNANCE

Fair Game grade on White Paper proposals: A

At the present time there is no corporate governance code for football. The game has a lot to learn from codes that exist elsewhere notably Sport England.

In her paper “Fan-Led Review of Football Governance: One Year On” published in November 2022, Crouch wrote: “It is generally accepted that good corporate governance can promote better decision-making.” Fair Game agrees. Without effective good governance, financial fairness is unlikely to thrive (and vice versa).

So we are delighted to hear that the White Paper will establish a compulsory “Football Club Corporate Governance Code”.

Under the new regulatory system, clubs will be required to apply a new code and report on how they have applied it, to improve transparency and accountability.

This is to be welcomed, but there is an option to go further to embed the culture change football needs.

Fair Game believes that the most powerful way to ensure good governance would be to reward it. Backed by leading academics and experts, Fair Game has been calling for financial distribution to be allocated according to a Sustainability Index (SI).

This scores all professional clubs on how well they perform on five fundamental measures: Financial Sustainability, Good Governance, Equality Standards, Community Engagement, and Fan Engagement. This set of common standards provide a platform to incentivise clubs to be well run, encouraging them to become embedded in their community and financially viable for the long term - leading to a more prosperous game for fans and clubs alike.

More details on the Sustainability Index can be found [here](https://www.fairgameuk.org/sustainability-index)¹.

¹ - <https://www.fairgameuk.org/sustainability-index>



4. OWNERS' AND DIRECTORS' TEST

Fair Game grade on White Paper proposals: B

There is a strong commitment to strengthening the tests, which is to be welcomed.

The White Paper proposes a new Owners and Directors Test across the top five divisions in English football. The new tests will consist of three key elements:

- A fitness and propriety test, to ensure integrity of owners and directors.
- Enhanced due diligence of source of wealth (owners).
- A requirement for robust financial plans (owners).

However, there is a notable absence about scrutinising overseas investment or a commitment to human rights.

In [Fair Game's manifesto published in](#)

[September 2019](#)¹, we called for all those who have committed a serious offence that would have been deemed criminal in UK courts to be banned from being an owner, being a director or holding a senior leadership role of a professional football club in England and Wales.

There should also be serious consideration given to [Amnesty International's proposed amendments to the Owners and Directors Test](#)².

1 - <https://www.fairgameuk.org/>

2 - https://www.amnesty.org.uk/files/2020-08/Proposed_test_change.pdf?VersionId=au23q3QIyIPwHixIGdiMJLG5VFJziPP3



5. EQUALITY, DIVERSITY & INCLUSION

Fair Game grade on White Paper proposals: F

In the original Fan-Led Review, Tracey Crouch viewed Equality, Diversity and Inclusion (EDI) as an essential part of all of the necessary reforms.

Yet, The White Paper spelt out in no uncertain terms that EDI would be outside the remit of the Independent Regulator

In her paper “Fan-Led Review of Football Governance: One Year On” published in November 2022, Crouch wrote: “It remains our firm belief that EDI issues are too important to be left solely to compliance with a voluntary code, and that statutory powers invested in the IREF and its licensing system are necessary to ensure improvement across the game.”

Fair Game agrees and believes that Equality Standards should be a key part of a new Sustainability Index run by the new Independent Regulator that has the powers to hold clubs to account for the failings and signpost them to organisations to help them improve.



6. PROTECTING CLUB HERITAGE

Fair Game grade on White Paper proposals: A

In the original Fan-Led Review, it was stated that: "Football clubs are vital part of their local communities, in recognition of this there should be additional protection of key items of club heritage."

Fair Game agrees and we are delighted to see that the White Paper proposals insist that fan consultation must be undertaken before any changes can be made to:

- Club badge
- First team home colours
- Club playing name

It is these items that are essential to the identity of a club both for its supporters and its community.

We are also pleased to see that regulatory approval must be achieved before

- The sale of a club's stadium
- Relocation of the club outside its local area

However, further consideration should be given to fan involvement in making these decisions.



7. IMPROVING SUPPORTER ENGAGEMENT

Fair Game grade on White Paper proposals: A

Football clubs are not just businesses, they are the lifeblood of so many communities and the beating heart for supporters across the country.

They are an essential stakeholder in any club. Ultimately owners come and go, but the fans remain. So it makes sense that they have proper engagement with their clubs.

The White Paper states that the Regulator will implement a minimum standard of fan engagement. It is a step in the right direction. However, not all clubs are the same so there does need to be a degree of flexibility - even if it is just in how you define a club's supporter base and who can correctly represent it.

This is an area that needs further research and Fair Game is committed to doing that.



8. THE POWERS OF THE REGULATOR

Fair Game grade on White Paper proposals: B

To deliver the change needed in football, the regulator needs to be properly funded and have real teeth.

The Regulator also stops at the National League. Fair Game believes that the National League North and South should also be included.

The powers outlined in the White Paper are welcomed:

- Licensing and rule-making
- Monitoring and supervision
- Investigation and information gathering
- Direction and approval (e.g. pre-approval for stadium relocation)
- Sanctions

However, the 'advocacy-first' approach does raise fears that it will lack the teeth to deliver real meaningful change.

The White Paper elaborates on this approach: "This means it will aim to use constructive engagement rather than formal intervention wherever possible, but use its strong powers and sanctions to enforce compliance if necessary."

It outlines that these sanctions would include:

- Reputational sanctions (i.e. naming and shaming) on both clubs and controlling individuals
- Financial penalties on both clubs and controlling individuals
- Suspension or disqualification of controlling individuals from involvement in football
- Suspension of clubs via withdrawal of licences

Fair Game's concerns are that this is purely a stick approach. That is approach that already exists in football and has failed to deliver any meaningful change in the past.

Fair Game believes that along with a strong stick, football needs to introduce a carrot and reward well-run clubs through an effective Sustainability Index.



NEXT STEPS FOR FAIR GAME

Fair Game believes in constant improvement. We cannot rest on our laurels. We believe in developing realistic long-term solutions to the problems in football. The White Paper is the first step but there is more work to do.

Fair Game have identified 16 questions, working with our clubs, our team of world-renowned experts have now begun the task of answering them.

The 16 are:

- The owner-benefactor dilemma
- What happens when an owner walks away?
- Players' wages: Are they responsible for football's ills?
- What is good governance at a football club?
- What models of ownership are there in football, and how do they rate against the Fan-Led Review?
- Shadow Boards: Do they work and is this the best model for English football?
- How do we measure ethics in football?
- What should be in the Owners and Directors' Test?
- How important is it for a football club to be green?
- Race and football: What does a successful anti-racism approach look like?
- Gender: How can football become female friendly?
- What does good fan engagement in football look like?
- Community engagement in English football
- Defining the social impact of football
- What does a good independent regulator look like?
- Are 3G pitches a viable alternative to grass in League Two?

On 17 March at Chester FC at our annual conference¹ our experts will gather to put the 16 under the scrutiny and start the process of perfecting the solutions.

¹ - <https://www.fairgameuk.org/fairgameannualconference>

CONCLUSION

The White Paper is to be welcomed as a step forward in implementing the FLR recommendations.

These recommendations would reset the governance of football and, for the first time, integrate financial sustainability, good governance, equality standards and proper fan and community engagement into the National Game, through the use of an Independent Regulator.

We believe that these recommendations are a step in the right direction to strengthening our footballing institutions and securing our clubs generations to come.

No more European Super League, no more catastrophic losses like Bury, Macclesfield and Scunthorpe, and an owners and directors test that truly reveals the fit and proper. Ordinary fans and communities across the country want this - it's nothing less than the chance to restore pride in our national game.

Now we need the timetable to make it happen.