

Digital, Culture, Media and Sport Committee

Oral evidence: Sport Governance, HC 812

Tuesday 28 March 2023

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Members present: Kevin Brennan; Clive Efford; Julie Elliott; Damian Green; Dr Rupa Huq; Jane Stevenson.

In the absence of the Chair, Damian Green took the Chair.

Questions 790-939

Witnesses

[I](#): Tracey Crouch CBE MP and Kevin Miles, Chief Executive, Football Supporters' Association.

[II](#): Debbie Hewitt MBE, Chair, The Football Association, Richard Masters, Chief Executive, Premier League and Rick Parry, Chair, English Football League.

Examination of witnesses

Witnesses: Tracey Crouch and Kevin Miles.

Chair: Order. This is a meeting of the Digital, Culture, Media and Sport Committee as part of our investigation into the football White Paper and the legislation that will emerge from it. I start by asking whether anyone has any declarations of interest.

Jane Stevenson: I have received hospitality from the Premier League.

Chair: Anyone else?

Dr Huq: I have from the FA, I think, about a year ago.

Q790 **Chair:** I received hospitality from the FA more than a year ago too. Anything recently? In that case, our first panel this morning, who are very welcome, are Tracey Crouch, MP for Chatham and Aylesford, who ran the fan-led review of football, and Kevin Miles, the chief executive of the Football Supporters' Association. Welcome, both, and thank you for coming. I will start with you, Tracey. Are you satisfied with how the recommendations for a regulator that your report made have been transferred into the White Paper?

Tracey Crouch: Yes. Clearly, the Government gave great deal of consideration to the recommendations from the fan-led review over a significant period. Some of that was related to events, but none the less it gave time for adequate consideration. The proposal for an independent regulator was the central recommendation of the fan-led review, and by and large we were very satisfied with the transfer of that into the White Paper.

Q791 **Chair:** On some of the recommendations, the Government says it supports you, but it basically can't do anything—a "Nothing to do with me, guv" sort of attitude. What do you think of those bits of its response to your report?

Tracey Crouch: There is an element of truth in that. There are parts of the fan-led review that put the onus on football authorities to sort out their own actions. Obviously, financial distribution is the key one. The Government made it very clear in its White Paper that it still thinks the financial distribution should be for football to sort out, but it has written backstop powers into the independent regulator. There is an element of truth in that, and part of the process has been for deep consideration of the recommendations by the Government, and by and large we are quite satisfied with that.

Q792 **Chair:** Kevin, what is your response to that?

Kevin Miles: I have gone through the process twice now. The FSA submitted evidence to the fan-led review, then Tracey published her report, and then we went through Tracey's report and measured it against



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our evidence. We were happy that, although not everything had been taken on board, the lion's share had been, so we felt that we had good input into that. I found myself going through a very similar process with the White Paper. We went through what the report said and how much had been taken up. Our general perception is that we are very happy with the general direction of travel—particularly with the key headline of the establishment of independent regulation.

Q793 Chair: Okay, so you are both happy with the direction of travel, but what about the speed of travel? Clearly, we are not going to get any legislation in this Session. We assume—well, I will ask you: do you think we will get legislation in the next Session? Is that going to be quick enough? We have taken a long time to get to this point.

Tracey Crouch: I do think we will get legislation in the next Session. I am confident that it will be in place by the time we dissolve for a general election. Obviously, when the Government set out its response initially to the fan-led review, it said it would try to do things at pace. I think we all agree that the pace was relatively slow; none the less, the review has clearly been considered. Given what is in the White Paper and the quality of the White Paper, we are content that as the time has gone on, there has been deep thought in terms of its decisions. We would have all liked it to have come in a bit sooner, but none the less we are satisfied with where we are at.

Q794 Chair: We have all seen there are rumblings around several clubs. We are now even getting to the point where Premier League clubs, such as Everton, have regulatory problems of the sort we have not seen before, and others further down the pyramid clearly have financial difficulties. Do you fear we might see another failure, along the lines of Bury, before we get the new structure in place?

Tracey Crouch: The truth is that even if the Government had acted the very day that we published the recommendations, the fact that legislation would have been introduced would not have meant that it would be in place by today anyway. It is important to recognise that there is a legislative process. The fact that there is cross-party consensus on the primary recommendation around the independent regulator will help smooth that process, and hopefully mean that if the legislation is drawn up in a very focused manner, in order to deal with just the issue of setting up the independent regulator, then it will go through quite quickly and smoothly.

It is always worrying in football when there are vulnerabilities and I hope that the football authorities are looking at those with interest. I also think that it is important that we start the process of implementation of the regulator by setting up the shadow regulator as quickly as possible, so that when the regulator has gone through its legislative process it is ready to be operational straight away.

Q795 Chair: Kevin, are you broadly in agreement with that?



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Kevin Miles: Yes, but I have to defer to other people about that. I could throw the question back to you—how long does the parliamentary process take? You are on the inside; I am not. Clearly, there is an element of impatience. We have been campaigning around these sorts of issues for a long time. While Bury has become the club that represents, in common parlance, one of the things that we wanted to prevent, we could have picked earlier examples. We live in fear that there are later examples that will transpire as we go along. So it cannot come soon enough for us, but it is probably more important to get it right.

Q796 **Chair:** Presumably you would like to see the shadow regulator up and running as soon as possible?

Kevin Miles: Absolutely, yes. Even after the White Paper, there is a lot of stuff still to be worked out about how the regulator will work. The more we can get that worked through in advance of the legislation being finalised, the better.

Tracey Crouch: The important thing to stress is that establishing the shadow regulator is about the administrative and operational function. That is not exactly headline-worthy stuff, but it is a really important aspect of making sure that the independent regulator is operational from day one.

Q797 **Kevin Brennan:** On that point, Tracey, do you think there is a consensus now within football for what has been recommended in the White Paper across the piece, or is there still resistance?

Tracey Crouch: I think that is a question for your next panel.

Q798 **Kevin Brennan:** What is your assessment, having been involved with it so closely?

Tracey Crouch: My understanding is that there is not quite a universal consensus. There is perhaps an acceptance that it is football's failings that have got us into this position, but I don't think the recommendations are necessarily universally welcomed by all.

Q799 **Kevin Brennan:** I suppose my point is, as the Chair said, we can never be entirely sure, given parliamentary process, how long it will be before a piece of legislation gets through all its processes here and becomes law. How much of what is in the White Paper and in your recommendations could football get on and do now anyway, if there was sufficient will and consensus, without having to wait around for Parliament to act?

Tracey Crouch: I think there are certain aspects of what is recommended that could happen.

Q800 **Kevin Brennan:** What are they?

Tracey Crouch: Financial distribution is one of those things. As we put in the fan-led review, we thought it was really important that the football authorities sorted that out among themselves. It is very difficult for a regulator to dictate that distribution, but it is something the regulator could do if needed. There are other parts, such as EDI, which is one area



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of the report that is perhaps not as strong as it could have been. However, the Government feel very strongly that that is something the football authorities could progress themselves.

Q801 **Kevin Brennan:** And the shadow regulator, presumably, could be getting on.

Tracey Crouch: The shadow regulator should certainly be getting on.

Q802 **Kevin Brennan:** Part of your recommendations in the White Paper is the issue of licensing. You recommended certain threshold conditions that would ultimately apply in relation to licensing. Do the Government's proposed threshold conditions encompass everything that a regulator should be assessing when granting a licence?

Tracey Crouch: Yes, we were comfortable with the threshold conditions. It is really important to recognise that they included things such as business plans in those threshold conditions. Many clubs, actually, made the case to us that it is not just about the wealth of the owner, but about the direction of travel and what plan they have. Some of the threshold conditions that the Government have put in place have made that clear, and of course, the corporate governance code and fan engagement are a very important part of that.

Q803 **Kevin Brennan:** The review's recommendations included on-pitch sanctions as well against clubs that breach their licence requirements, but that has not been carried over into the White Paper. Do you think that might weaken the influence of the regulator?

Tracey Crouch: We actually had quite a long debate as part of the review panel about on-pitch sanctions. Clearly, we put it into the review, but I think the Government have considered it in more detail and softened the sanctions around on-pitch. In terms of how we navigate some of the aspects of the regulator through the wider regulation of football, perhaps that was one recommendation that might have strayed into more challenging aspects of the wider football environment. The Government have very sensibly looked at the proposals around sanctions and made it clear that the regulator will be able to recommend to the leagues or the FA that they apply sporting sanctions if they felt that was necessary.

Q804 **Kevin Brennan:** Kevin, do you think the fans have a particular view on that?

Kevin Miles: There is always a concern about fans and that because fans have a loyalty and allegiance to the club, there is a reticence about punishing the club in a way that also impacts negatively on the fanbase, rather than targeting the sanctions against those people within the club who are responsible for what has gone on. That is one of the downsides of a sporting sanction is that it impacts—if you have a points deduction that results in your club being relegated, that will certainly impact on the owner of the club, but it will also have a big impact on the fans of that club for something they were not party to. So there is always a tension there from the fans' point of view with on-field sanctions.



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Q805 **Kevin Brennan:** Before I hand back to you, Chair, I just want to take the opportunity to thank Cardiff City. I was there this week to see the work their community foundation does and we should reflect on some of that great work that is done in and around football clubs sometimes when we are discussing some of the other problems. I would like to praise their work while I have the opportunity to do so publicly.

Q806 **Julie Elliott:** Good morning, both. Kevin, can I just come back on what you said there? Clearly, if sanctions happen, they have an impact on fans as well. What would be the alternative?

Q807 **Kevin Miles:** You could look at more targeted sanctions against individuals, for instance. If there are people who have been—

Q808 **Julie Elliott:** So personal sanctions, you mean.

Kevin Miles: Potentially personal sanctions: excluding people from a role within the game if they have been negligent in the running of a club or whatever, in a way that impacts on the club. Rather than relegating the club, let's relegate the individual out of the game.

Q809 **Julie Elliott:** Tracey, you have sort of alluded to this in your answers to Kevin. Would you have liked to have seen the regulator take a more active approach to intervening in financial deals between the Premier League and the EFL?

Tracey Crouch: No, I am very much of the view—we have maintained this view throughout—that the Premier League and the EFL need to sort this out themselves. We put into the fan-led review that if they cannot do it, then they ought to engage with a consultancy of some form to be able to support them, which has not happened. If that does not resolve anything, then at that point the independent regulator could or should step in.

Q810 **Julie Elliott:** With the powers of last resort? Is that what you are talking about?

Tracey Crouch: Yes.

Q811 **Julie Elliott:** Should the regulator be looking to make more proactive structural changes to the financial flow within football?

Tracey Crouch: It is really important to remember how we set out the fan-led review in the first place, in terms of its formatting. I know that Kevin is a big music fan, so he might appreciate this. We tried to put it together like a good album. There is a sequencing that is very important in this, and we very much put the regulation and the governance structures up front, because I genuinely think that if you had a good regulatory structure in place, better governance in place and fans involved in some of the decision making, it would give the Premier League more confidence in terms of its distribution of its finances.

At the moment, you could argue that the Premier League is giving money to clubs that are not properly regulated. I like to think of it as having the heating on with the windows open. If you had a better regulatory structure



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in place, with better decision making, there would be greater ability to have a more confident flow of distribution. At the moment, unless there is consensus, the point that Kevin was making, about the regulation and why that needs to be better and why there should be better governance, there might not be a resolution to the financial distribution conversations.

Q812 Julie Elliott: Do you see any role for the regulator and expect them to get involved in resolving obstacles before it gets to last resort powers?

Tracey Crouch: Yes.

Q813 Julie Elliott: Could you expand on that?

Tracey Crouch: What the White Paper has made very clear is that the regulator looks to be an advocate and a mediator in some of those aspects.

Q814 Julie Elliott: Kevin, what is the fan's view of all of that? Are you happy with where we have got to, or—

Kevin Miles: Yes, I think so. One of the things that we have always been reassured by in the course of the process is that the regulatory function would not just be there to punish, as the last resort, and take punitive measures, or to impose grave sanctions, but to support a process in arriving at an outcome that is good for the whole of the game.

Fans feel very strongly about the distribution of wealth within the game. There is not a clear separation between fans of a Premier League club who want their club to succeed, because they are also the parents of kids who play grassroots football. We have an interest across the whole of the game. The distribution of the abundance of wealth in the game, right through the pyramid down to the grassroots is a concern to fans as well. We would like anything that can help that process.

Tracey Crouch: Just to add to that, newspaper reports suggest that the Premier League and the EFL agree that more money needs to flow through the pyramid. I therefore find it slightly confusing as to why the Premier League does not support an independent regulator to help ensure that there is more security and confidence in that money going down the pyramid.

Q815 Julie Elliott: That leads on to something else I want to ask. How have you found dealing with the Premier League during the process and beyond it?

Tracey Crouch: Challenging, actually. Obviously, being sports Minister for three and a half years, I developed very good relations with all of football. I found it quite surprising how difficult it has been to have conversations about something that is designed to support the long-term financial sustainability of the nation's greatest sport. I have found it difficult throughout the process of the fan-led review that we were being told one thing by one part of the game then to discover that the public commentary was completely opposite. It has been disappointing in terms of progress, which is a shame, because ultimately, at the end of the day,



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the people who suffer are the fans and the game itself. I hope that we will get to a point where there is greater consensus and more public support for the direction of travel in the fan-led review and the Government's White Paper.

Q816 Julie Elliott: Finally, I have heard from many people, and it's all anecdotal, that the Premier League approach to the report has been to kick it into the long grass. Have you picked up on that anywhere?

Tracey Crouch: Yes, I feel that that is one of the tactics that is being deployed—certainly in the briefings of colleagues, which obviously get back to myself and others. It has been a whole series of hurdles that people are having to constantly jump over.

I am very happy to say publicly that the EFL, who represent 72 of the clubs, have been engaged pretty much from the start. The starting position may have been one of cautiousness about the idea of independent regulation, but I think they have been savvy to recognise that this has been the direction of travel, and they certainly got on the train very quickly.

I would say that the FA has made progress since the appointment of the new chair, Debbie Hewitt, who has come in and been a breath of fresh air in terms of the governance of the FA and recognised that there has been much-needed reform and is grasping that, but I have not seen that willingness to engage and recognise the challenges and vulnerabilities of football governance from the Premier League.

Q817 Chair: Kevin, do you want to add to that?

Kevin Miles: Yes. I should declare that some of my best friends work for the Premier League—there is not a prejudice here. Part of the problem we have is a structural one, and it speaks to why we need independent regulation.

To give one example, we have worked with the Premier League and with staff at the central Premier League on the fan engagement standard. In the immediate aftermath of the publication of the fan-led review and report, we started discussion about what a fan engagement standard at the Premier League would look like. I have to say that the initial discussions were very good. They were based on the recommendations of the report, and we looked at how the league could implement a standard like that that would actually deliver most of the expectations of fan engagement that came up in the report.

The staff at the Premier League were very constructive and helpful in that. They were quite supportive of what the objectives were. What we found—certainly, this is our perception of this, although you may get a different interpretation later—is that every time a proposal was come up with that was then sounded out with the clubs, the clubs were reluctant to sign up to it. With every manifestation of that as it has proceeded over the course of the last year, almost on a quarterly basis, a new version would be produced that would be a dilution of what had gone on previously.



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I don't hold responsibility for that—the individuals who have worked with us at the Premier League are trying to devise it. The problem is that you are asking clubs, "What rules would you like to be asked to abide by when it comes to fan engagement?" Funnily enough, when they are deciding what rules they want to be held to account to, they would rather have a very low bar set. That is the problem.

We have the situation where, with the fan engagement standard now, the manifestation that has been published by the Premier League is, I think, entirely inadequate. There is nothing in the fan engagement standard produced by the Premier League at the moment that prevents the chief executive of a club appointing the fan advisory board and selecting which fans he thinks are representative of the fanbase. The assessment is limited to an annual report on the work of the fan advisory board written jointly by the chief executive and the chair of the fan advisory board, which the chief executive could have appointed in the first place. So it is people marking their own homework. That, for me, is entirely inadequate.

There are clubs who go far beyond the requirement on the fan engagement side of that—I will make that clear. There are some clubs who are doing really good stuff in terms of the fan engagement that they are applying, but they were never the problems in the first place; the problems were the ones who were reluctant to do it. That is where you need the rules to underpin it. As long as you are asking clubs to set the rules, the rules will be set at the level that the weakest and most reluctant are prepared to accept. I think that speaks to one of the big governance issues we have in the game.

Tracey Crouch: I add that we have had really positive engagement with clubs at an individual level. Throughout the process, we spoke to the authorities, but we also spoke to the individual supporters' trusts and to clubs on an individual basis. There are Premier League clubs that support the recommendations in the White Paper, but that is not the overall position. It has been challenging to try to navigate through those areas of conflict.

I go back and always remind people why we got here in the first place: right at the start, the trigger was the ESL. The Premier League reached out to the Government to ask for help and support when it faced the threat of six clubs breaking away from the league. I think that it is important to always remember what triggered the start of the fan-led review.

Q818 **Chair:** Does that divide still exist? As you say, you did not just talk to the authorities; you talked to the individual clubs. Do you detect that the big six—or seven, if you include Newcastle—and the others still come at football governance from a different perspective?

Tracey Crouch: I cannot necessarily comment on that, because I am not in those meetings, but I would say that those who have really good relationships with their fans are more supportive of the recommendations in the review. They have nothing to fear, because they are already



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operating particularly well. It is quite striking how, throughout this journey—where there have been particular pinch points—the clubs are coming directly to us.

Again, I have said publicly that when Chelsea was being taken over, people who were interested in buying the club got in touch with me not to ask me about independent regulation, but to ask me about fan engagement, because many of them had made their billions—not millions—in highly regulated, well-structured and good corporate governance environments, so they were not frightened of the idea of independent regulation. What they wanted to know about was how they can better engage with their fans.

Q819 Chair: Is there any correlation between clubs that are good at relating to their fans and success on the pitch?

Kevin Miles: I am not sure there is a direct correlation.

Chair: I am being slightly mischievous. There could be an inverse correlation.

Kevin Miles: I would say that some of the best developments we have seen over the course of the last year or so in the development of new fan engagement structures, the fan advisory boards and stuff have come from clubs among the big six. It is almost like they are repentant sinners. I think some of them have had a shock at how out of touch they were with their own fanbase with the ESL proposals and at how angry their supporter base was. It has been a bit of a shock, but they have realised that they were so out of touch with their customer base that they were jeopardising the interests of the business.

Liverpool and Manchester United have both made great efforts to try to restore—through structures but also through the content and spirit of those structures—engagement with their own fanbase. I am not able to say that that applies across all of the big six that were involved in the breakaway, and nor is it the case that everybody who was opposed to the European breakaway has an exemplary fan engagement process in place. So I am not sure there is a direct correlation. I think it probably still has more to do with attacking wing-backs than it has to do with fan advisory boards.

Q820 Jane Stevenson: I would like to go back to grassroots football, which I care passionately about. Do you think the statutory powers and mediation powers in the White Paper will result in more trickle-down to grassroots football?

Tracey Crouch: I come from a starting position where I would always like to see more money going into grassroots football, particularly around some of the structural aspects of it, such as making sure that we have more pitches and better-maintained pitches—both grass and artificial—and ensuring that youth development and so on is supported. Making sure that the wealth is distributed right down to the grassroots is exceptionally important. I worry about some of the rumours that I am hearing about the



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flow of funding that has been promised to grassroots, but we should never forget that the six-year-old starting their journey today could end up being England's top goal scorer in the future.

Q821 Jane Stevenson: Do you think the mediation powers will be used quite rarely? Should we be monitoring that grassroots provision better?

Tracey Crouch: There are two separate things here. If you are talking about the independent regulator, the advocacy, the mediation and everything else, that is around the financial sustainability of clubs. I think that the flow of funding into grassroots is something separate.

I will say that I think that the Premier League does an excellent job in supporting grassroots, and has done for many years. I was sports Minister when it doubled its investment into grassroots, and I think it was much appreciated. I think that the Football Foundation, which is supported by the Premier League, does a fantastic job. However, more can always be done.

I also think, by the way, that the Premier League can be quite humble, in terms of the money that goes into grassroots. Kevin mentioned the Cardiff City community trust; there is no doubt that part of that is funded through the flow of funds from the Premier League, but that doesn't necessarily get counted or measured, in terms of what the Premier League puts into football through its community work.

None the less, all of that said, I think that more money needs to go into grassroots football, and, when you come off the back of two record-breaking transfer windows, it is difficult to see how you could argue against that.

Jane Stevenson: As Kevin paid tribute to Cardiff City, I have to mention Wolves Foundation, which does fantastic work in my constituency. It also goes into schools and has various schemes, so we are very lucky. Obviously, not everyone can live in Wolverhampton—very sadly for them—but are we risking a kind of geographical divide where there is not a Premier League club or there is not a significant club? What about kids who grow up with very little footballing heritage around them? How do we get their provision improved?

Tracey Crouch: I should just say that, obviously, there are 20 Premier League clubs and 72 non-Premier League clubs, and—as the Chair and I represent a county where there is not a Premier League club, and there might not be for a little while longer—it is important to make sure that the flow does get down to non-Premier League communities to ensure that you get that investment in grassroots.

The county FAs do an incredible job in ensuring that they know where their notspots are, and in trying to encourage more participation at a grassroots level. We should remember that grassroots is not just about kids' football; it is also about the steps much further down in football. That investment continues to flow through to them as well, but they should be



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enabled and empowered to be able to grow the game within their own areas.

I think of Chatham Town as an example in my constituency. It has invested in an artificial pitch, as Maidstone has, to ensure that its actual asset is being sweated on a regular basis. That drives revenue into the club and, therefore, it can support more youth football.

Q822 Jane Stevenson: Kevin, I completely agree with what you said about fans; it is really important to football fans that they see this. What do you feel is missing from what could have happened in the White Paper?

Kevin Miles: There is one thing that particularly leaps to mind. One of the suggestions that we discussed in the fan-led review—which wasn't supported by the Government—was an idea that was actually first raised in the process not by fan groups, but, I think, by the chief executive of a Premier League club, who proposed a levy on transfer fees for investment into grassroots football.

There are still the shortcomings in grassroots facilities. Contrast that with the amount of money that is spent on transfers by Premier League clubs, which dwarfs everything else in the world in terms of money changing hands within the game. I think that provides, potentially—we thought it was a good idea, as a review panel, to suggest perhaps a 5% or 10% levy.

I do not think that that has been taken up by the Government, in the context of the regulator doing that, but, as far as I can understand, it would still be open to a Chancellor, at any stage, to impose a levy on football transfer fees, with that money being ringfenced for investments in the grassroots of the game. There are plenty of structures, through the FA, the foundation and others, to make sure that that is then distributed.

It does seem ridiculous, at a time when there is more money in English football generally because of the commercial success of the Premier League, that there should be any question about whether we can fund and resource good provision of facilities at grassroots level.

Q823 Jane Stevenson: Do you think we could make it easier for a group of people to start a grassroots football thing and apply for funding? Is that route very difficult? I can think of one example in my patch where a football pitch has been completely out of use for years, and it comes down to funding. Should we make that an easier route?

Kevin Miles: I made the point before that a lot of football fans are themselves also involved in the grassroots. I take my granddaughter to her football training on occasion. There is not an artificial divide. That said, as a fans' organisation, we do not particularly have the expertise in the development of football clubs at that level, but there are organisations. Some county FAs are extremely good. It can be a bit patchy up and down the country, but there is a lot of support available and open to people who want to get involved, whether that is setting up new clubs, developing existing ones and so on.



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We have seen a good development—the obvious one is girls’ participation in football over the course of the last year or two, which has been exponential. There have also been some really good improvements in disabled football that need to be encouraged. There are probably people better placed than I am to say where the logjams in the system are from that point of view, but as far as fans’ priorities are concerned, we are absolutely supportive of that.

Q824 Jane Stevenson: I can’t let that comment about girls’ and women’s football go without asking whether you see the grassroots improving for girls and women at the moment.

Tracey Crouch: It is wonderful, and the Government’s recent announcement in responding to the Lionesses’ asks on PE, inspections and funding is absolutely fantastic. We need to grasp this moment. It was not something that just happened. It has been built up over time, and if I may, Chair, I pay tribute to Kelly Simmons, who is leaving the FA after 30 years. She has been absolutely dedicated to the sport of women’s and girls’ football, and there have been significant challenges over a long period of time to make people aware that it should be a right of a girl to participate in any sport, especially football.

Q825 Jane Stevenson: Absolutely. Do we have enough coaches coming through to coach girls’ and women’s football?

Tracey Crouch: There is an issue around coaches full stop. Again, that is a question for the FA, but it is important. After the Easter holidays, I am going to start doing an after-school club for girls in one of my local schools. We all have a responsibility to try to ensure that we encourage people to participate in football. It should be accessible to all. There are still areas where there has to be some support. But after the success of the Lionesses and the continued focus on women’s football—but also sport in general—from the media, which is wonderful, I think that we can continue to see the growth of the game. One of the recommendations in the fan-led review was for a separate review into women’s football, and that is under way and being led brilliantly by Karen Carney and her team. Hopefully that will come up with some significant recommendations about the future of women’s football in this country.

Jane Stevenson: Thank you. We will look forward to the women’s review.

Chair: Indeed, I should plug our own Committee investigation into women’s sport. We want to keep this ball rolling as well. We hope that that will lead to some useful recommendations.

Q826 Clive Efford: It is good to see you; thank you for coming to give evidence today. The section in the White Paper on the owners’ and directors’ test does not fully reflect what you put in the fan-led review. Are you happy with what is in the White Paper?

Tracey Crouch: I think we were reasonably comfortable with the consideration from the Government on the ODT. I think it pretty much

reflects what we put in there. The general principles of what we put into the fan-led review have been translated into the section on the ODT.

Q827 Clive Efford: The Minister made specific reference at one stage to “the individuals who are looking to buy or run clubs.” He said: “On the state side, that is a matter for the foreign office.” There is at the moment controversy about Newcastle United, Man City and Manchester United. Is the argument about human rights and the background of potential owners—in particular, foreign owners—something that football can resolve, or is this something that has to be resolved at another level?

Tracey Crouch: I think we need to be careful not to dive down a hole when it comes to foreign owners. The glory days of English-only owners has long passed, but also that hasn’t necessarily always been successful, Derby being a classic example.

Q828 Clive Efford: No, but the moral issues around human rights and considerations like that have come to the fore in the current debate. This is certainly something that lots of fans have raised issues about. Some are concerned and some are not, but there is this current discussion about human rights issues, and whether certain owners are fit and proper people to be owners of football clubs. That has manifested itself around football for obvious reasons. Is this something that football can resolve? That is my question.

Tracey Crouch: Well, we made it clear in our review that we strengthened the integrity test to be the same integrity test that is in the banking and security sector. Many of the people who are involved in purchasing football clubs are already in that sector, and we did not feel that it was necessary to apply an additional level of testing above and beyond that which applies to what they can already purchase, be it Disney, Facebook, Uber, Deliveroo, Starbucks or whatever.

In the case of Newcastle, which I am sure you are referring to, the structures, and the due diligence done for that purchase, are a matter for the Premier League, but we have made it clear in our report, and the Government have stressed, that there will be enhanced due diligence on the source of wealth. There will also be quite clear rules around the ultimate beneficial owner, because some of these ownerships have in the past had quite complicated structures, which has meant that fans don’t really know who owns their club. But should it be something that goes into foreign policy? We have to be exceptionally careful about that. I think we also have to be rather honest as politicians; while we are trading with some of the countries that some fans might have concerns about, it is very difficult to apply a separate test to them.

Q829 Clive Efford: Thanks for that. On Julie Elliott’s question about finance in football, you answered the point about what seems to be an intractable stand-off between the EFL and the Premier League by saying that they need to resolve this themselves, but do you accept or believe that parachute payments are distorting competition in games? Does the



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starting principle have to change?

Tracey Crouch: We said quite clearly in the fan-led review that we thought that, and I think that is reflected in the White Paper.

Q830 **Clive Efford:** We have had questions about the super league. Does the White Paper mean that we would be better positioned to stop the super league if there were another attempt to set it up?

Tracey Crouch: Absolutely.

Q831 **Clive Efford:** Can I move on to fan engagement measures? Are you happy with the recommendations in the White Paper about fan engagement? Kevin, can I ask you that?

Kevin Miles: Generally, yes. A lot of detail still needs to be worked out; that is another reason why we need the shadow regulator as soon as possible—so that we can start looking at what we mean by this idea that there should be an additional layer of engagement of the fan advisory boards at a fairly senior level. It should deal with strategic issues in the club, but should not be a replacement for the many levels of engagement that already exist on individual topics such as ticket prices; we need that level of engagement as well. It needs to be representative, and it needs to have democratic principles—we used that phrase in the report—so that we make sure that fans are not hand-picked to tell the owner that he is doing a great job. It needs to be genuinely representative, and able to articulate concerns from the fan base.

If there is one phrase in the White Paper that I would take issue with, it is 8.14, where it says: “it is expected that clubs that comply with these new rules would meet the Regulator’s requirements for fan engagement.” I don’t think that is the case. That can only have been based on an earlier manifestation of that standard. It would probably be better to turn that the other way round: if you meet the regulator’s requirements for fan engagement, then you will not have any problem satisfying the Premier League.

Q832 **Clive Efford:** The Government do not require the setting up of shadow boards in the White Paper; that was not recommended. Should that be revisited?

Kevin Miles: We still maintain our support for shadow boards. I still feel, and as an organisation the FSA still feels, enthusiastic about the idea of the golden share, which gives a veto in legal terms over some of these decisions, as well as a right to be consulted. We would like to see that strengthened, but we are still engaged in discussions with DCMS staff about exactly what that will look like, and what form it would take. It is probably fair to say that we regard the fan engagement element of this as the vaguest and potentially weakest area of the White Paper, and it is the one that we will probably invest the most time and effort into addressing in the next few months.

Q833 **Clive Efford:** We will ask questions of the football bodies after this session. It is always open to them to go further. Are there any specific



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areas where you would like them to do that?

Kevin Miles: If you take fan engagement, I would have been absolutely delighted if the first manifestation of what we discussed with the Premier League on the fan engagement standard had come into reality. That would have surpassed what we expected the regulator to impose. Unfortunately, for the reason I explained earlier, I think it falls well short.

I do not have a problem with two regulatory systems, one setting a higher standard than the other. If the football authorities want to go further than is required by the club licensing system operated by the regulator, they should fill their boots, but we need to make sure that that is underpinned by what the regulator required.

Q834 **Clive Efford:** You are a founder member of the European supporters group. How do we compare, in terms of fan engagement, with other countries?

Kevin Miles: I would say that in the majority of European countries, fan engagement is a term that is probably yet to catch on. We have some fairly autocratic owners of football clubs. Particularly in some of the southern European countries, the relationship with fan groups is fairly hostile. I think we have the opportunity to become world leaders in this, in the same way that the Premier League has become a world leader in terms of the marketing and the broadcast rights of football.

There have been some interesting discussions with the German fan groups about their 50+1 and their defence of that. They are looking with interest at some of the things that we have done. Clearly, that became one of the things that people wanted us to look at—the German model and so on—when it came to the European Super League. As you and I have discussed before, Clive, the challenge with the 50+1 model—50% plus one—in Germany is that all those clubs started off as 100% fan-owned, and the movement has always been in the opposite direction. How you go from where we are now to 50% plus one is a different challenge. We have been trying to address that through some of the different routes in the White Paper.

Tracey Crouch: It is really important to stress that there have been clubs in the Premier League and the EFL who have engaged in improving their fan engagement since the start of this process. The White Paper said that no club will be required to use a golden share model, because of the bureaucratic process it would have to go through with regard to its articles of association, but some clubs have done that. It is important to recognise that there are clubs out there that went the extra mile to improve fan engagement long before the White Paper set out what the Government were going to do through legislation.

Q835 **Chair:** Can I clarify something you said about foreign owners from controversial countries? Is it, broadly speaking, your view that if this country trades freely with another country, we should not try to hold football as an industry to a higher standard of morality than we hold other industries?



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Tracey Crouch: It is not necessarily relevant what my view is. The Government has made it very clear in its White Paper that football ownership and foreign policy should not mix. It says that the regulator will not “make unilateral judgments that risk straying into foreign policy.”

Chair: You say your review is not relevant. It is always interesting, though.

Tracey Crouch: It may be interesting, but—

Q836 **Dr Huq:** Thanks to both of you for coming in. Congratulations on your CBE, Tracey. Given the substantial amount of work you did, and how liberally knighthoods are being dispensed these days, it should have been a DBE, but anyway.

You hinted at this before. There is a good quote from June Purdon from Women in Football: she says that the incoming regulator appears to have “stripped out all mention of diversity”. You recommended that every club be mandated to have a plan on equality, diversity and inclusion, enforceable by the new regulator. Are you disappointed that the White Paper has not accepted your review’s recommendation for that plan?

Tracey Crouch: I want to be careful. We all felt very passionately about EDI when we wrote the review. We had some wonderful representation from the Supporters’ Trust around EDI. We also had really good engagement from individual clubs about EDI. I don’t want to use the word “disappointed”, because what the Government have done is recognise that the independent regulator is about financial sustainability, financial accountability and so on. They have separated EDI from the remit of the independent regulator. It is more for them to come and justify that. I know Kevin has strong views around EDI as well.

Some of the governance changes at the FA have a bit more focus on EDI. Certainly, EFL’s mandatory equality code of practice requires all EFL clubs to focus on priority groups, so there is a change in football, but at the same time, without meaning to try to do the Government’s work for them, or the Minister’s work, they have tried to maintain a specific focus for the regulator.

Kevin Miles: I am not quite as shy as Tracey about using the word “disappointed”. I did think that there was a bit of an omission, and the White Paper should have been a lot stronger on EDI issues. I declare an interest. I am an independent trustee of Kick It Out, football’s anti-discrimination charity. Kick It Out have published three bullet points that they would like to see taken up during the process, which I would wholeheartedly endorse, and the FSA would endorse. I think others in football would probably endorse them as well. I would be surprised if they didn’t, because there is a lot of good EDI work going on in football, but there are gaps, and things that need underpinning.

Those three bullet points are as follows. The EDI requirement should be included in the code for football governance, as reflective of good regulatory practice. The idea that you have a governance code that does



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not involve some sort of EDI requirement is unthinkable these days, to be honest; that should be a given.

Probably the crunchiest point is that those EDI requirements should include mandating significant data transparency about reporting, which should extend beyond clubs—clubs are obviously impacted by the club licensing system—to governing bodies and leagues. That data would be the basis for any other improvements. You have to know what the situation is. A lot of that information is already held; it is just not published. The transparency of having that in the public domain would make a big difference. The principle of transparency as a disinfectant in these areas is very important.

The third point—you almost feel foolish raising these sorts of things, because they should be so obvious—is that EDI principles should be thoroughly embedded in the process for the recruitment of the leadership of the new regulator. That should involve best practice on inclusion right from the start of the creation of the job description through to the interviews and the on-boarding of the regulatory team. That is a very minimal ask, and I cannot think of any reason why the new regulatory system would not take it on board as a minimum. That is not the end of the process, but if you provided that data transparency, it would provide a basis for a lot more productive work around that area. A lot of good work goes on in football. There are other codes as well, but underpinning that by making some of this mandatory through the football governance code could not do any harm at all.

Tracey Crouch: It is also important to remember that the White Paper sets out the need to establish a football club corporate governance code, and that reflects some of the other corporate governance codes that we have—including “corporate” governance that isn’t an unnecessary burden, and is actually resulting in significant changes in the diversity of appointment to boards in the FTSE 100, for example.

Also, we already have a sports governance code, which has requirements around improving equality that our national governing bodies adhere to. I know that the Premier League, in its guidance for clubs, talked about the governance code in football being unique, but it is not at all. In fact, this is established in most sectors, and there are various corporate governance codes, including the Wates corporate governance principles for large private companies. This is not something that is, or should be considered, new, and inventing something out of thin air. There is really good best practice out there, and it is about applying some of that best practice. Although you are talking about EDI action plans, I think Kevin and I agree that within the development of the football club corporate governance code, we could improve EDI.

Q837 Dr Huq: Isn’t there a bit of a danger, though? I know you said that EDI is not in the remit of the new regulator, which is more financial, but there is guidance, so then it looks a bit half-hearted, and self-policed. The kind of people who report this information are the good guys, so then you have a partial picture. I know there is soft advice to set up roundtables and



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things. There is Fair Game, Level Playing Field—a whole load of people are critical—and you mentioned Kick It Out. There is also the Black Footballers Partnership. They have a Szymanski report—all these stacked bar charts that show the number of BAME players, which is 43%, but only 4% reach management level. They have done all this work; it just feels a little soft if the regulator is judge and jury, and if this is voluntary. Do you know what I mean? I know you said that it is not, but maybe we could build this in, because it is not there yet.

Tracey Crouch: There is always room for improvement, and as Kevin said, there are areas, particularly around EDI, that can be strengthened. There are vehicles for strengthening—for example, within the football club corporate governance code—but good clubs recognise that better decisions can be made by diverse boards. Certainly, those requirements are being placed on national governing bodies, and on other parts of regulated environments. The world has not collapsed as a consequence of women being on boards, for example, or having greater diversity on a board. It is an improving picture, and credit to the football authorities for beginning to pay attention to the issue, but I think we can all agree that a lot more can be done.

Q838 Dr Huq: There is also a traffic-light system. I am lucky that both my local clubs, Brentford and QPR, are in the green, but it is a patchy picture.

Kevin, I think you were saying it would be a definite yes. Kick It Out has recommended that there be a standardised procedure for reporting, so that we have consistency. At the moment, when not everyone does, we do not have the data to do proper recommendations. Do you think there should at least be standardised reporting of all these metrics? It is at every level: coaches, referees, and management. Would you support active Government support for mandatory reporting, at least when we have the information?

Kevin Miles: In discussions we have had with Kick It Out, we think the logical approach is to first conduct a review of what voluntary or contractual requirements already exist in football, such as the PLEDIS, which is the Premier League's EDI standard, and the EFL's code. We will look at what already exists and at what the current mandatory requirements are of sport's national governing bodies as a condition of Sport England funding and the code for sports governance. We will look at current Government best practice, as it relates to EDI in other areas, and then, on that basis, work out a set of requirements about mandatory data publishing that can go into the code for football governance.

Football already does a lot of that, so having it as mandatory does not impose a huge burden. If the information is already there, and they are collating it, then making it available, standardised and transparent can only help the process. Then you develop plans to deal with some of the things the data publication uncovers as systemic problems, which you have alluded to. If you have a certain proportion of players, resulting in a certain proportion of coaches, managers and senior executives, you can

look at what the problems are in the pipeline and what needs to be addressed.

Q839 Dr Huq: Would you agree about more open sharing of data on those metrics of discrimination?

Tracey Crouch: Absolutely. I do not see why that would be difficult.

Q840 Dr Huq: Good. My other question is to Kevin Miles—I think Tracey has already answered it. The whole ESL debacle was a textbook example—the rise and fall of it so rapidly, and the pressure from fans on this secret, weird, closed shop. It was a major win for supporters’ groups. Will the requirements for competition, and having to seek approval from the regulator, prevent you from having to stage that kind of grassroots action again, do you reckon?

Kevin Miles: I believe so. One of the broad-brush tests that I have applied throughout this process—there have been four that I have looked at—is will it prevent another Bury? Will it guarantee the distribution of money throughout the game? Crucially, one of the other tests was, will it prevent a future European Super League? The one thing we can say with a certain amount of confidence is that, while I do not think we can guarantee that there will not be another attempt to set up another European Super League, I think we can pretty much guarantee, if this all falls into place, that there won’t be any English clubs participating in it.

We will continue to engage with the European football authorities, and with the European fans’ organisations, which also have stakeholder status in UEFA now. There are still three clubs pursuing the idea. They are not English clubs; it is Barcelona, Real Madrid and Juventus that are still pushing the idea of a super league. I made the point at a recent meeting at UEFA that, since the European Super League, the UK has had as many Prime Ministers as there are clubs left supporting the idea. We have dealt with our end by ensuring that English clubs will not be participating.

Q841 Dr Huq: Does the spectre haunt us? Some people say, “Oh, they’ll bring it back, you know.”

Kevin Miles: I have no doubt that particularly those three clubs—and they will find others to support them—will continue to try to find ways to bring it back. Among other things, they are very envious of the commercial success of the Premier League. They think, “We want to try to undermine that. How do we find a competitor to that?” That is where the idea of having something that guarantees participation and breaks away from the pyramid comes from, so you are not having to qualify for participation via the troublesome mechanism of doing well in your domestic league. I am sure some of those pressures still exist. Internationally, some of the greed of those club owners remains untrammelled.

I know that UEFA are making efforts to ensure that, through European sports law, they do what they can to make sure there are not breakaways



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like that. I think we are doing everything we can in this process to make sure that English clubs' participation in a breakaway would not be possible.

Dr Huq: Anything else on that?

Tracey Crouch: It is quite clear—it is written into the White Paper around authorised competition. So we feel very comfortable and confident that we won't see another ESL if all these pieces fall into place.

Chair: On that cheerful note, that concludes our first session this morning. Tracey Crouch and Kevin Miles, thank you both very much indeed for coming in and giving evidence.

Examination of witnesses

Witnesses: Debbie Hewitt, Richard Masters and Rick Parry.

Q842 **Chair:** This is our second panel of the morning talking about the football White Paper and what happens next. Welcome to our second panel of witnesses: Debbie Hewitt, the chair of the FA; Richard Masters, the chief executive of the Premier League; and Rick Parry, the chair of the EFL. Thank you all for coming in to give evidence.

Let me start with the big question, which is, do you welcome an independent regulator? I'll do it in descending order of certainty. Rick Parry, the EFL welcomes the idea of an independent regulator unequivocally. Yes?

Rick Parry: Yes.

Q843 **Chair:** Does the FA welcome the idea of an independent regulator?

Debbie Hewitt: An independent financial regulator, yes.

Q844 **Chair:** And does the Premier League welcome an independent regulator?

Richard Masters: Well, I think it is fair to say that there aren't a huge number of enthusiasts for this particular sort of regulation. However, I would say the Premier League is a big supporter of strong and clear financial regulation, and so are our clubs. When we look at the White Paper and how it will be implemented, we want to engage with it constructively to ensure that the outcomes that are offered within the White Paper happen. There is some clear evidence that the Government want to protect what is great about English football, and that's all laid out, but also to ensure that it is sustainable. You can't disagree with those two premises.

Q845 **Chair:** That wasn't quite "yes". I was a Minister for years, so I recognise flannelling and may have indulged in it in my time. You sounded deeply reserved—

Richard Masters: I am certainly not here to argue that black is white. The White Paper clearly sets out the intention of Government to implement an independent regulatory framework, and we're going to

engage constructively with that, accepting that it's happening. We want to make sure the outcome is as good as possible for the whole game.

Q846 **Chair:** So you accept that it's going to happen?

Richard Masters: Yes.

Chair: But you're not thrilled?

Richard Masters: We have ended up here, with a White Paper implementing an independent regulator to oversee certain parts of the game. Of course I think we'd all prefer it wasn't happening this particular way, but it is happening, and we're going to engage constructively with it.

Q847 **Chair:** That last point is the key, because if you don't really want it, but you accept that, because of forces outside even the Premier League's control, it is going to happen, then, frankly, a system of independent regulation is less likely to work if the most powerful body being regulated doesn't really want it to happen. So there are practical—

Richard Masters: It is happening and we will ensure that we will do everything we possibly can to ensure that it is a success for the whole game.

Q848 **Chair:** Would you like to see it introduced quickly?

Richard Masters: We talked about timescales, potential delays and the reasons for that in the earlier session. It is a very short consultation period—four to five weeks is actually very short for a White Paper—so we need to take care to ensure that all the things are brought forward eventually, because, necessarily, a White Paper does not give you all the detail that you need. All the questions and answers are not there for us yet, and that is what the consultation period is about and what will continue going forward. I think we need to take our time to make sure that we get this absolutely right.

The regulator is going to license 116 football clubs in the pyramid, which is quite an undertaking if it is to be done successfully, as some of our clubs are also playing in regional competitions or even global competitions—football is a global business. We are thinking about regulating a system that has some great successes within it, although we accept that there are some systemic issues that need addressing, and this is the nub of it all.

Q849 **Chair:** You have talked in the past about unintended consequences of setting up this regulatory model. What would they be? What do you see as the potential weaknesses there?

Richard Masters: Accepting that the White Paper necessarily does not have all the answers to the questions we might pose to it, it is very clear in its framework and structure, and it is a good piece of work. Clearly, the Premier League has been successful. English football is a global success story because it is able to attract inward investment and because it is allowed, within a managed financial system, to take managed risks to create compelling football competitions on the pitch. That is what



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brings in a huge amount of interest from all around the world, which drives the commercial revenues that we now share with the rest of the game. I want to continue to do that, and in a more meaningful way. What you do off the pitch always ends up having an impact at some point on the pitch, and we just want to ensure that all of our competitions—obviously, I represent the Premier League here today—remain as competitive and as exciting for football fans as they possibly can.

Q850 **Chair:** And you think the regulator could threaten that.

Richard Masters: Hopefully not, but there is a potential for over-zealous regulation and for, in the future, some creep. Obviously, the regulator has to be accountable to politicians, so we hope that, over time, there is not any politicisation of the regulator and it can remain solely focused on sustainability, which is the issue that professional football has and that the regulator is seeking to address. We want to play our full part in all that—not just in terms of co-operating with the White Paper, but in terms of the new measures we want to bring forward.

Q851 **Chair:** I will spread this around a bit in a second, but as a last thought, one of the reasons we have got to the point of needing an independent regulator is the widespread perception, not least among fans, that for all the excitement, love of the game and success in recent years, there are real systemic problems from the top of the game downwards. There are many politicians who do not want to get involved in regulating sport, but do you accept that football is such an important industry that it has just become necessary now because of problems within the game?

Richard Masters: I totally accept that there have been instances of unnecessary issues within the game that should not have happened. The European Super League has been mentioned; Bury is another. There are probably others that we could mention as well, and with stronger financial regulation and stronger regulation generally, perhaps those would not have happened. Some of the safeguards that all three of us—all three bodies—have brought in would make it harder for those things to happen today, and obviously the regulator is going to sit on top of that system and complement the existing regulatory systems that we have in place in football, to make sure it is safe and secure.

Q852 **Chair:** In terms of the FA, the review praised your appointment but said that the FA was “archaic and not sufficiently reflective of the modern game”. Is that what you found when you got there, and what are you doing to change that?

Debbie Hewitt: It is not a characterisation that I recognise, but what we have done is listen to Tracey’s report comprehensively and brought about, in the last 14 months, a period of quite extensive reform. If I think of Tracey’s 10 strategic recommendations and her almost 50 sub-recommendations, there were six explicit ones that impacted the FA, and we have tackled each one of those. First and foremost, at the beginning of this season we will have a majority independent FA board. That has been created by two stakeholders stepping down from that board and two new members, who are independent, joining it. For the first time in the FA’s



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history, the chair has the casting vote. We have developed and embedded a fully comprehensive conflicts of interest policy. We have tackled heritage assets, which was fundamental to Tracey and the fan-led review. We have also started a review—we are about halfway through—of our council, which was described as archaic.

We have finally started to look at our funding. While we warmly welcome independent financial regulation, football's finances have changed immeasurably over 30 years. From our perspective too, it is important that we think about our own distribution and funds flow, and that we address those and the previous formula—the Burns formula—which was the final piece. If you look at Tracey's review, we have comprehensively tackled the issues that she flagged. They have been implemented or they are in the process of being implemented.

Q853 Chair: You know the traditional criticism of the FA—that it is men in blazers who are out of touch with the modern world. How far have you moved on from that?

Debbie Hewitt: I think substantially. The council itself, before the fan-led review was published, recognised that it needed to bring about change. It needed to bring about change in its purpose, which wasn't clear, and change in its structure, which wasn't working. It needed to bring about change in its membership and in its identity, particularly how it was perceived outside. I don't think anybody feels proud to be part of an institution that is referred to as "the blazers". It has comprehensively embraced the reform. We are about to embark upon a full consultation, with every one of our 125 members engaged in that process.

Q854 Chair: Turning to the EFL, we talked about the European Super League, which was one of the horrors that led to this whole process. The other was the collapse of Bury and the continuing swirl of potential existential problems around some EFL clubs. Are you confident that things look better now on that front than they did 18 months ago?

Rick Parry: While we have a system that is built upon a necessity for owner funding, we have systemic fragility. We are concerned about a number of clubs at the moment. Owner funding is fabulous until it isn't. If we look at what happened with Derby, Bolton and Wigan, the owner funding was there until the owner either decided he wasn't going to fund any more or couldn't fund any more, at which point you have a massive problem. Owner funding across the EFL in total is in the order of £400 million per annum. The majority of that is in the Championship, which flows, frankly, from the necessity of clubs to compete with those in receipt of parachute payments. Within leagues one and two, the owner funding is around £50 million. It is less of a challenge and less of a problem.

We have tightened regulations so we wouldn't have a repeat of Bury. We had an anomaly in the regulations whereby an owner could take over and then provide proof of funds afterwards, which is a pretty glaring weakness. That doesn't happen any more. At the end of the day, one of the challenges with Bury was that there wasn't exactly a queue of willing and



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suitable owners, so we have to look at the whole issue of sustainability. Once clubs are sustainable and once we don't have a dependence on owner funding, we will get a better variety of owners coming in.

Q855 Chair: How will having a regulator change whether you have a queue of owners willing to rescue a club that is in real trouble?

Rick Parry: It depends on the remit of the regulator. I am sure we will touch on that later, but we are very pleased that the purpose of the regulator is to secure sustainability. We have established our purpose at the EFL of making clubs sustainable; we have been very public about that for three years. What we say is that sustainability requires two things: it requires better distribution, to make clubs solvent, and better regulation, to make sure they are not profligate and do not waste money. The two have to go absolutely hand in hand. I think the fact that the regulator has been given specific responsibility for sustainability, not just for regulation, means that the regulator has to take an interest in both those areas. You cannot have one without the other; they are absolutely inseparable. As I said, if we have a collection of clubs that are sustainable and are not dependent on owners writing enormous cheques, we will have a better quality of owners coming in. That is axiomatic. It will be a much healthier system all round. But it is a major shift. This is not just tinkering around the edges: this is a major rethink.

Q856 Chair: One of the topics that we discussed in the previous session was on-pitch sanctions. This is where I have to declare an interest as a Reading fan. We suffered a six-point deduction last year; there is another one hanging over us, and it has been for many weeks. Those sanctions clearly affect fans, who are by any standards innocent in any of this. Would you like to work towards a system in which you can somehow punish owners, chief executives or the miscreants in this, rather than the fans?

Rick Parry: I think we would all dearly love to have a system in which we did not have to punish people because everybody was behaving. I think a licensing system is very smart. I am completely in favour of that. I am completely in favour of the fact that the owners' and directors' test will link into the licensing system. With a licence, a great potential penalty and a disincentive to bad behaviour is that the ultimate sanction is that you take the licence away. That is pretty final and draconian, but the fact that the owners' and directors' test is linked means that, presumably, people can be excluded from involvement with the club. Financial penalties are not the smartest thing, sometimes, if clubs are in massive financial difficulty.

You are right that the EFL has had a policy of points deductions. It is not just Reading: we have seen Sheffield Wednesday and Derby relegated. Of course, you always get the argument that you are penalising the fans. The counter to that, of course, is that in a sense you are protecting the interests of the fans of the 71 other clubs that have not transgressed. You need penalties that will bite and hurt. As I said, for me, the licensing system—the fact that clubs ought to be behaving themselves, properly set

up and properly resourced before they, in a sense, even take part in our competition—is a really big step forward.

Q857 Julie Elliott: Good morning, everyone. Mr Masters, you were sitting in the audience for the previous session and will have heard me ask Tracey Crouch about the comments that I have heard repeatedly—that the Premier League was going to kick the fan-led review and the White Paper into the long grass. She had heard that, and she described in quite some detail the lack of willingness from your organisation to engage in any of this. What are your comments on that?

Richard Masters: I do not recognise that at all. It suggests that we have done nothing. I would say that we have done nothing else than engage with this process. We have done an enormous amount of work to try to assess what the answers are to the questions posed, first, by the fan-led review; secondly, by the Government's response; and now, by the White Paper. It has dominated every single shareholder meeting we have had. We have had multiple meetings over the summer to try to work out how to respond to Rick's particular challenges. I spent my time talking to our clubs about how to resolve these issues.

Debbie has listed some of the things that the FA has done in response to the fan-led review; I would like the opportunity to do the same, if I can. Taking us back a couple of years, when Gary Hoffman was the chair of the Premier League, we introduced the governance review, which was going to look at some of the issues that we had in our governance systems. We have now dramatically improved that, and we have a new chair, Alison Brittain, who has just started. We obviously brought in new legislation out of the FA in relation to the European Super League to ensure that, before the regulator comes in, we protect our clubs against those sorts of outcomes. We were the first people to introduce a fan engagement standard. I know that Kev has expressed his disappointment with it—that it does not go far enough—and we can talk about that, I am sure.

Q858 Julie Elliott: It was described as entirely inadequate.

Richard Masters: That was his description; the White Paper says that it is adequate. I would say, on that particular issue, that the clubs do not want to have a system of compliance. They want to beat that standard comfortably, and many of them do already. I see it as a starting point. It is important that we have set up fan advisory boards and put someone in a senior leadership position in charge of, and responsible for, fan engagement.

We are bringing through further changes to our owners' and directors' test at this week's shareholders' meeting and in June. We are working with the FA and EFL to ensure that we have one test ready as early as this summer for whenever the shadow regulator should come in.

Most important are the distributions and the system to ensure that we have a sustainable pyramid. In November of last year we had a mandate from clubs to be able to engage with the EFL to significantly increase the amount of subsidy and solidarity put down into the system. To do that



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systemically, I totally agree with Rick that you cannot just put money into a system; you have to financially regulate that system properly. I do not think there is any disagreement between the two bodies: this needs to come, it needs to be funding with purpose, it needs to be funding that will have an effect and will not go to player wages or subsidies, and it needs to be done properly. That goes for the solidarity of the Championship and the mixture of solidarity and infrastructure funding for League One and League Two clubs.

Q859 Julie Elliott: Can we go back to the question that I asked, which you have said you do not recognise, about the Premier League kicking it into the long grass? Tracey spoke about the lack of willingness to engage and described in some great detail the problems she had. Why do you think that is my perception and her perception—she was directly involved with it—and you are saying it is not that way at all?

Richard Masters: She has a perception that the Premier League would prefer all this not to be happening.

Q860 Julie Elliott: Where do you think she got that perception from?

Richard Masters: She has her own lived experience of it.

Q861 Julie Elliott: Her lived experience was that she was often waiting weeks for you to come back on things—you weren't responding.

Richard Masters: I do not recognise that at all. We responded to every single part of the fan-led review.

Q862 Julie Elliott: So you are directly saying that what Tracey said was not true?

Richard Masters: No, I am not saying that at all.

Q863 Julie Elliott: It is almost what you said. You stopped yourself saying it, but the mouth said the words. It didn't come out, but if you were saying—

Richard Masters: I'm really sorry, Julie, but if she is saying that she asked us for information and we did not give it to her, I would like to be reminded of when that happened.

Q864 Julie Elliott: She said there was a lack of willingness to engage and she often waited weeks for things to come back—for responses.

Richard Masters: We will have to go back in time and look at all that. I am certainly not saying that that is not her perception of what happened, but I'm trying to paint a picture of what I believe is the truth.

Q865 Julie Elliott: You said that this has all been discussed at length in board meetings. Have there been any discussions at board meetings about kicking it into the long grass?

Richard Masters: Well, remember that the whole of football has been faced with a very difficult political situation. When we had the change of Government, to the Johnson Government and then the Truss Government,



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it was clear that that Government had a very different view about regulation in a very short period—

Q866 **Julie Elliott:** Which one?

Richard Masters: The Truss Government had a very different opinion about it—

Julie Elliott: For 49 days.

Richard Masters: For 49 days. We have had multiple Secretaries of State to deal with.

Julie Elliott: Have we?

Richard Masters: Yes. We have engaged with all of them willingly and openly, and had constant dialogue with the Department over all these issues. I do not recognise the “kick it into the long grass” narrative. What we have been trying to do, at the board and executive level—

Q867 **Julie Elliott:** Have you ever heard that said anywhere?

Richard Masters: It is true to say that some people felt that there was—I just do not recognise it, no. We cannot dictate terms on this piece of legislation.

Q868 **Julie Elliott:** If I turn the question round, why do you think that I have heard that from numerous people involved in your organisation, and Tracey Crouch recognised, and had heard, the expression? Why do you think, as politicians working very closely on this subject, we have heard that and you have not? Where has it come from?

Richard Masters: All I can say is that we scheduled additional meetings in the summer to progress all our proposals to address the fan-led review issues. If we were trying to kick it into the long grass, we wouldn't have done that. We wouldn't have spent the time doing it all.

Q869 **Julie Elliott:** Would it not be true to say that those additional meetings and the extra resource that you have put into this have been trying to frustrate the process?

Richard Masters: No.

Q870 **Julie Elliott:** You are very happy with having a regulator come in and with the various things proposed in the White Paper?

Richard Masters: There is a difference between trying to frustrate a process—trying to kill it off—and trying to engage with it properly to make sure your legitimate concerns are heard and addressed. That is what we have been trying to do.

Q871 **Julie Elliott:** So you categorically say that you haven't been trying to frustrate the process.

Richard Masters: Me personally? No.

Q872 **Julie Elliott:** Your organisation.

Richard Masters: No.

Q873 **Julie Elliott:** And your organisation hasn't been trying to kick it into the long grass—you are absolutely, categorically saying that.

Richard Masters: Well, we haven't been very successful if we have been trying to do that, because here we are talking about it.

Q874 **Julie Elliott:** That's not answering the question.

Richard Masters: I categorically tell you that it has not been the policy of the Premier League to work with its clubs to try to kick this into the long grass. We have had a strategy of engagement from the outset, and we want to continue to do that.

Q875 **Kevin Brennan:** I want to follow up on something that Julie asked about earlier. On the previous panel, Kevin talked about fan engagement. You said the White Paper says that what is being proposed is adequate, but he said that under the proposals the club could appoint the board or the chair of the board and, in effect, mark its own homework on fan engagement. Is that correct?

Richard Masters: I guess that is one way of looking at it. As Kevin said, there was a long process of putting the fan engagement standard together. As we sit here today we have announced it, and by the end of this season we will have fan engagement plans for all clubs and fan engagement boards, and we will see where they come out.

Q876 **Kevin Brennan:** If a club were to do that, would that be satisfactory and adequate?

Richard Masters: I would have to go into the precise detail of how that system works. Clearly, the fan engagement standard is there to increase the level of fan engagement systematically and give fans confidence that they will be consulted on key issues.

Q877 **Kevin Brennan:** I will leave that point and come back to some other issues. Rick, I want to follow up something the Chair asked. You mentioned Bury and said that nowadays proof of funds would be required in advance of a takeover of a club. If I were buying a Championship club right now, how much money would I have to show you that I have?

Rick Parry: It would depend on the club.

Kevin Brennan: Let's say it was Sheffield United, as an example.

Rick Parry: Well, on the one hand it is a club that is in receipt of parachute payments, and on the other it is clearly aspirational and desperate to get back into the Premier League. You are talking tens of millions of pounds.

Q878 **Kevin Brennan:** In the press, they reported, I think, figures of £70 million or £90 million—something in that range—to buy the club. Am I right in saying that you would have to prove that you had a lot more



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money on top of that?

Rick Parry: Yes, absolutely. We would generally be looking for between a season and two season's worth of money to show the club was sustainable. As an example of a club in the lower reaches of the Championship, let's take Preston, purely because the owner has been very public and transparent about how much he has to fund it. It is a club that is run properly. It has not gone crazy and is not chasing the dream; it is just trying to keep going and maintain its place in the Championship. Its total budget is around £24 million a year and the owner is having to write out a cheque for £12 million every single year.

Q879 **Kevin Brennan:** Right, so if I was buying it, it would be tens of millions. If I was buying Sheffield United, I would probably have to have the best part of £200 million to show you in a box of cash.

Rick Parry: Potentially, yes, for the purchase price and to keep the funding for a couple of seasons.

Q880 **Kevin Brennan:** It's an incredible amount of money, isn't it? It's a strange sort of business where you have to show a box of cash with that sum in order to buy a business.

Rick Parry: Again, we would say that that goes to the heart of the problems in the Championship. We have said it often enough, but within the Championship we have clubs that are paying 125% of their income in wages, with £400 million in operating losses and £1.7 billion of debt. The average owner funding in the Championship per annum is £16 million per club. That is the most expensive lottery ticket on the planet, and it is all about chasing the dream. We say that we need a fundamental reset, so that you are not facing financial catastrophe when you rise up the pyramid or back down it again.

Q881 **Kevin Brennan:** While we are on that point about finances, ultimately, the regulator might have to arbitrate, under the proposal as I understand it. Is there any concern on your part, Richard, that that might undermine faith in football's ability to work together?

Richard Masters: Are you talking about the backstop power?

Kevin Brennan: Yes.

Richard Masters: Obviously, that power is not fully fleshed out yet. The White Paper clearly indicates that it would prefer football to come to its own conclusions, and we are in discussions with the EFL about all of that. I have described a new system.

Q882 **Kevin Brennan:** Is the threat of arbitration, ultimately, by the regulator encouraging you to accept a revenue-sharing deal with the EFL?

Richard Masters: Yes. I would say that we always wanted to come to our own conclusion. It is our preference that the backstop power should not be necessary or included. It is there; it isn't fully fleshed out yet. Obviously, it indicates a pendulum negotiation, where you look at two alternative proposals and decide which one might be best. Obviously, it must be

focused on the amount of money that is required to make the pyramid sustainable. That is the key question, and I think we can answer it between our two organisations. The organisations that are best equipped to design a financial regulatory system that the pyramid should operate are the Premier League and the EFL, working together.

Q883 Kevin Brennan: It has provided an incentive for you to come to the table, in some ways. Is that what you are confirming?

Richard Masters: The whole fan-led review process that we have been through over the past 18 months or longer has focused the mind. I go back to the work we have done to try to look at the issues from the EFL's perspective, and then also to try to get everyone to look at the issues from our perspective, because when you take money out of one competition and put it into another, it does have an impact on that system. When you are talking about the sustainability safeguards you can put in place through parachute systems, you have to go back and look at what the dynamics are.

Obviously, the Premier League has had exponential growth over the past 15 years, shall we say, and the EFL less so, and so a gap has built up. We are trying to close that gap, and specifically that gap between parachute and non-parachute clubs in the Championship, and to do that in a systemic way. Part of Rick's proposal is to look at a new mechanism to share revenue, which is called net media revenue. Essentially, you put our media revenue and the EFL media revenue into a pot, you take away costs and divide it on a preordained formula. That means that, going forward, our growth is the EFL's growth and vice versa, so our success is shared. That aligns the two organisations in a different way and ensures that gaps do not build up in the future.

Q884 Kevin Brennan: It sounds like you are amenable to that approach.

Richard Masters: Totally. Our proposals include that mechanism.

Q885 Kevin Brennan: Is the issue just the quantum now?

Richard Masters: It is much more than the quantum. There is a very delicate financial system behind it. At the moment—I cannot talk for the Championship—we have a merit rake of about 1.8 to 1 in the Premier League, which has come down a little bit because of CPI and the mechanics behind that individual system. In the Championship, it is a flat system, so whether you win the Championship or come last, you get the same amount of merit money and same amount of solidarity money.

Moving to a system that has a merit rake in it, which is another mechanism to close the gap between the top of the Championship and the bottom of the Premier League, means that you have to start doing very different financial planning. If you are a Championship club, wherever you finish you will get the same amount of money. So you will get more money on a different merit rake, with financial regulations introduced, with a net media revenue mechanic introduced into it, and I think that will answer the sustainability question. There are lots of detail to be worked



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through and Rick and I are spending most of the day together. I am sure that we will touch upon these topics.

Q886 Kevin Brennan: To throw it back to you, Rick, is there any truth in the possible accusation that from your point of view there is very little incentive for you to settle at this stage, because the regulator ultimately is there as a backstop, so you can just drag your heels a bit on all of this? Is that half fair?

Rick Parry: Given the effort that we have been putting in over the past three years to get a fundamental change, dragging our heels is the very last thing that we would want to be accused of. We would far rather get a long-term deal done. But as I said, this is about a fundamental rethink. It is not about another horse trade. It is not another sticking plaster. Richard touched on the disparity between how the incomes have grown. It is interesting that the White Paper talks about a £4 billion gap between Premier League club revenues and Championship club revenues. That is correct—it is a figure we have used—but it does not really tell the story, because when we formed the Premier League in 1992-93, the difference in turnover between the Premier League and the EFL was £11 million. EFL's turnover was 75% of the Premier League's. That gap is now £3 billion. EFL's turnover is 6% of the Premier League's. It is a chasm; it is not a gap. Therefore, a sticking plaster is not going to—to mix metaphors—bridge that chasm.

Q887 Kevin Brennan: Do you think you will have a deal done by the start of next season?

Rick Parry: I live in hope, and we are putting every effort into it, but we will see.

Q888 Kevin Brennan: Richard, what do you think?

Richard Masters: I very much hope so. That is our intention.

Q889 Kevin Brennan: I asked the previous panel about threshold conditions that are envisaged for the regulator to follow. What is your response to that? Debbie, I don't know whether you want to come in on this one. I asked previously about the licensing process proposed under the White Paper and the threshold conditions that the Government suggested for the regulator to follow. Is that going to be a problem, for example, for smaller clubs if they do not have the resources to meet the new compliance requirements?

Debbie Hewitt: Certainly I think the threshold needs to be proportionate, and it needs to reflect the fact that there are very different clubs. I also want to use this opportunity to say that we have talked a lot about the 92 professional men's clubs. This is an opportunity to reset football and the whole pyramid top to bottom. Tracey's review reminded us that we are the guardians of football and the football pyramid, from the top to the bottom. I would not like the conversation about redistribution and the opportunity for a reset, which I agree with wholeheartedly, to just focus on the 92 men's clubs. It is important that it looks at the women's game. It is important that it looks at the National League system and grassroots



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football—the 18,000 clubs, of course, where the proportionality needs to be. We would want to make sure that the regulator's remit covers the top to the bottom of the pyramid and, if there is going to be a role for the regulator to play on redistribution, that it covers grassroots football, too. To your point, yes, it should therefore be proportionate, assuming that it includes those clubs, too.

Kevin Brennan: When your predecessor last appeared before the Committee, he had resigned by the end of the day. I don't think that is going to happen on this occasion, so thanks for coming in front of us.

Chair: Let's hope not.

Q890 **Jane Stevenson:** Thanks for that, Kevin. I am going to stay with grassroots football. Do you all accept that grassroots clubs and other schemes are not getting the funding and that they need increased financial support going forward?

Debbie Hewitt: We have mentioned already that football's finances, the model and formula for distribution, were set over 30 years ago, and football and its finances have changed beyond recognition. We need to remember that our football pyramid is seen as one of the most successful pyramids across the world, but that pyramid starts with a strong foundation. Tracey referred to this earlier, actually. We had a young Harry Kane, aged 6, who then this week became England's best goal scorer. But it is not just about the footballers; it is also about the match officials, the coaches that you referred to earlier and the development of the National League system.

From my perspective, it is truly important that grassroots do not get forgotten. We do have, and are very grateful for, the contribution the Premier League already makes to grassroots football, but that was set some time ago, and our grassroots facilities are not world-class. We have something like 120,000 games a season cancelled because the pitches are not playable. While that remains the case, this reset must look at the funding of grassroots football and monitor that what we think is going into grassroots football is actually going into grassroots football.

Let me make it clear: this is not the FA asking for more money for the FA; it is the FA asking for more money for grassroots football. However that is best administered—irrespective of that, this is about making sure that additional funding does go into the grassroots game.

Q891 **Jane Stevenson:** Richard Masters, when you hear of so many cancelled games, is the pyramid a wonky shape? Does that need looking at quite urgently?

Richard Masters: Could I just spend a little bit of time talking about the contributions we do make? Over the next three years, the Premier League will be distributing outside its system around £1.6 billion. That goes across the stuff you have already talked about with Rick, but £400 million of that will go to the wider football community, the grassroots, and a whole bunch of other things as well. So there is already a substantial amount of funding



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coming from the Premier League to the grassroots of the game. We are very proud of that and we are very happy to support the grassroots of the game.

Q892 Jane Stevenson: I think, with respect, your numbers and your perception of millions of pounds, compared with most people's perception and with wages and how much money the Premier League sees in circulation—do you think those numbers are enough?

Richard Masters: Debbie and I, the FA and the Premier League, are talking about that at the moment. As you know, we spend a lot of our time trying to sort out the systemic issues that are included in the White Paper. The most urgent issues are the systemic issues within the professional game. We will come to the grassroots. My view is this. At the moment, we are just at the start of our commercial cycle. The Premier League—all of football—is recovering from the pandemic. During the pandemic, we lost around £2 billion from the football ecosystem. We need to stabilise Premier League club finances, and the club finances in the FL at the same time.

If we continue to grow, as I really hope we will—I am very optimistic about future growth for the Premier League in the next commercial cycle—we can look at grassroots funding at that point. At the moment, we have a commitment to Government to distribute £1.6 billion over the next three years, and that was made during the exclusion order conversations. Held within that we have a commitment to distribute £100 million into these sorts of areas. And we will address that commitment in the next commercial term.

Q893 Jane Stevenson: You have mentioned that funding should be effective and have a purpose. How is the Premier League going to monitor progress in grassroots football and training officials and that sort of thing?

Richard Masters: Tracey mentioned the fact that the Premier League is quite humble about it. I think what she meant was that it is not obvious where some of the funding comes from. There are quite circuitous funding routes within football. We have talked about Cardiff and Wolverhampton—the community schemes there. They are funded principally by the Premier League. Obviously there is still a need at grassroots level for improved facilities, as there is across all sports. We give £33 million this year to the Football Foundation. This is split between the Football Foundation's main purpose and the Premier League Stadium Fund, which goes to grassroots facilities, the National League ladder, the women's game and other areas such as that. So there is lots happening. There are needs, and we need to assess them carefully.

Q894 Jane Stevenson: We heard some turnover figures from Mr Parry. Do you think that proportion needs readdressing, as football has changed so profoundly over the last couple of decades?

Richard Masters: Yes, it has changed profoundly—I like to think, mostly for the better. I believe that our financial proposals to the FL, which we



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are currently discussing, will address the systemic sustainability issues highlighted in the fan-led review.

Q895 Jane Stevenson: Mr Parry, do you feel that more funding is needed at the grassroots?

Rick Parry: Yes. I think we all feel passionately about the grassroots, because without the grassroots there is no football. We are a little bit closer to the grassroots than the Premier League in some ways. This is all about setting priorities. There is an awful lot of money flowing into the game, and we all need to take care about where it goes, so that we have a healthy game for future generations.

Q896 Jane Stevenson: Are you all going to commit to more funding going in, and how will you judge when we are at a level that is good enough if we do not get to "perfect"? Do you commit to doing even more as we go forward?

Rick Parry: Yes. Our first priority, as I have said, is making sure our clubs are sustainable and are not going to fall over, so that is very much our focus. If we felt we had surplus funds to be passing on, we would be in a very, very happy position. Our clubs, of course, do an immense amount of work. They are the beating heart of their communities. Every single one of them is out there creating social value, not just in pure football terms, but with all the work they do across health, mental health, anti-crime initiatives and education initiatives. We like to think we have 72 social entrepreneurs who are out there doing brilliant stuff in their communities. Long may that continue.

Q897 Jane Stevenson: We heard Tracey mention the hotspots and notspots. Richard, do you feel responsibility for addressing that geographical situation?

Richard Masters: Our funding goes to more than 100 professional football clubs all over the country. There are very few notspots that the Premier League is not trying to reach out to or fund at the moment.

Q898 Jane Stevenson: What does good enough look like? How are you going to monitor?

Richard Masters: That is always a challenge. We are obviously trying to run a football competition at the same time as a huge network of funding commitments going on. We have a team of people who look at that and measure it, to ensure it is having an impact, and to some extent credit is given to where that funding originally comes from.

I think there is a discussion to be had. Primary responsibility for grassroots is with the Football Association. We do some stuff and they do some stuff. I think Debbie would like to have conversations about responsibilities, and whether there is any unnecessary duplication going on, and whether there is a better way of doing things in future. We are happy to have those conversations. I don't think the answer is obvious to this particular issue.



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Debbie Hewitt: I fully support Richard's point: I don't think the Premier League do get the credit for the good work that they do. Equally, I would be very concerned if the solution to grassroots football was to wait and see. This is a reset of the pyramid. It is really important that we do that; that we reset the pyramid from top to bottom.

I also think it is a great opportunity to look at the Premier League brand, around their support and contribution, because they do an awful lot of work in those communities where there isn't a Premier League club. It is really important that we look at the pyramid from top to bottom.

Jane Stevenson: Thank you. I don't think fans would disagree with that.

Q899 **Clive Efford:** Following on from that, what resources does the FA have to put into the pyramid, top to bottom?

Debbie Hewitt: We put about £80 million a year into grassroots, for a variety of different things, which I am happy to give the Committee details of afterwards, if you like. That is through county FAs, through the supporting of match officials, through funding through the Football Foundation for pitches. A large proportion of our revenue will go to grassroots.

Q900 **Clive Efford:** What is the primary source of your funds?

Debbie Hewitt: The sale of the FA Cup TV rights.

Q901 **Clive Efford:** And that brings in?

Debbie Hewitt: That brings in about £240 million. Then we obviously have our costs. We split our proceeds, with something called the Burns formula, half between the national game and the grassroots game, as you would know it, and half between the professional game. That is what the Burns formula requires us to do.

We also, of course, through our costs fund the women's game and the development of the women's game. The Burns formula, which we agree with Tracey does need changing, was set in the time before there was women's football. We would warmly welcome the opportunity to work to change that funding formula.

Q902 **Clive Efford:** Does the FA feel like Oliver Twist asking for more from the Premier League?

Debbie Hewitt: I would not say "Oliver Twist". That is not a characterisation that I recognise. I would say that we are all guardians of the football pyramid, and we should collectively make it our responsibility to support the pyramid from top to bottom.

Q903 **Clive Efford:** I was pleased to hear that it looks like negotiations might be coming to a conclusion. I hope I am not putting too much behind what you just said, Richard. It seems that the difference between the EFL and the Premier League has been insurmountable for a very long time. Do I take it that what you described to us does not involve any parachute payments?

Richard Masters: It does involve the support of clubs relegated from the Premier League. Parachutes have been around since the start of the Premier League, and they are vital to ensure that clubs, when they come up, are able to invest and compete in the Premier League, in order that when they go down again they are supported.

Obviously, the gap between parachute clubs and the size of parachutes has grown over time, and our proposal seeks to address the gap between parachute and non-parachute clubs. They are one of the few, actual, genuine, sustainability instruments, albeit for a small group of clubs, that exist within football. If they were removed, they would create significant difficulties for promoted clubs. It would affect the competitive balance of the Premier League and, for relegated clubs, create alternative issues. You would be swapping one set of sustainability issues for another.

We are very happy to talk about how that system works within an overall financial system. Our proposal is clear that in a situation where you have increased funding and a merit rake, parachute clubs get topped up on the merit rake. It is a different system, but it does not involve the abolition of parachutes.

Q904 **Clive Efford:** The situation would still be, then, in the Championship, in order to compete with parachute clubs, that they would still be encouraged to overspend in order to compete. That is the problem.

Richard Masters: No, because it would come with financial regulation. I think the Committee might be aware, but it is going to the top of the financial regulatory tree for our clubs, which is the UEFA system. They are moving away from their current FFP regulations to a squad cost ratio mechanism, which requires clubs to operate at 70% of revenue based on players' amortisation and managing coach costs, so there is a cap on the amount of money that you can spend, and to introduce sustainability tests through something called an equity rule, where you look at assets and liabilities and, where they are out of whack, you are encouraged to improve that over time. That is a new financial regulatory system that is coming in.

The Premier League is committed to doing something broadly similar to that in the future, and it is working out the detail on that. It wants to talk to the EFL about how we can introduce the system. If you are going to put more money into the system, albeit within a very competitive league, that revenue has to be regulated; otherwise, it will go to increased player wages or owner dividends at the wrong time. There is a full financial system to be worked through.

Q905 **Clive Efford:** Rick, you made a very powerful case about the distorting effect of parachute payments. Where are you on what has just been described?

Rick Parry: Not in the same place, I think it is fair to say. Parachute clubs are three times more likely to get promoted now as other clubs.

Q906 **Clive Efford:** The Premier League do not think that is correct. When I put



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that to them in a meeting I had with them not long ago, they said that that information is incorrect.

Rick Parry: Put it to the researchers from Sheffield Hallam University who produced it. They are class-leading statisticians. We did not produce it; they produced it independently. We didn't ask them to—they produced it independently. It is a pure analysis of the numbers, so it is an assessment of the facts.

Q907 **Clive Efford:** Sorry, I interrupted you. Carry on.

Rick Parry: What we are not prepared to countenance is a system that makes it even more difficult for clubs to compete with the parachute clubs. If we put financial restrictions on the other clubs and the parachute clubs have an open goal in terms of what they want to spend to get straight back up again, that is not sustainability. It is hard to see how parachute payments contribute to sustainability in any way, shape or form, frankly.

Richard Masters: They do for the clubs that receive them. The Sheffield Hallam research does say that, but it also says that the Championship is the most competitive league in Europe.

There are lots of data points on the performance of relegated clubs and promoted clubs within the Championship and the Premier League. At the moment, the Premier League has eight clubs in it that were promoted without parachutes—Brighton, Brentford, Crystal Palace. There are six clubs that have been ever-present and six clubs that did come up with parachutes.

Generally speaking, when you look at other data points, they indicate that Championship clubs actually perform better in the Premier League than they do in their European counterparts, and relegated clubs perform slightly worse than they do in the other European leagues. There are lots of data points, and the situation is not always straightforward. We as leagues have to make a decision about all this and what the right answers are.

Q908 **Clive Efford:** It seems to me that we have not moved any closer together on the negotiations, but we will not conduct them any further here—that is probably the answer to the question.

May I ask you about the owners' and directors' test that is in the White Paper? Do you fear that the owners' and directors' test might discourage potential buyers of football clubs? Is it too onerous, or is it set about right? I will start with you, Richard.

Richard Masters: We are doing a lot of work with the Department in trying to help craft it, and we are aligning with the EFL and the Football Association on it. We think that by the summer, we will have a fresh-looking owners' and directors' test that will be one of the highest, if not the highest, custodian entry-level owners' and directors' tests in world sport. I think the owners' and directors' test is heading in the right direction. We just have to get the detail correct, so that it does not choke off investment but does attract the right people.



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Clive Efford: Does anyone have anything else to add?

Rick Parry: I don't see why it would detract. Why would it encourage good investors not to take part? If we have a proper regulatory system, I think we will get better-quality owners. We have to make that leap, and one of the pluses of the independent regulator is that if they have appropriate statutory powers, they will be able to do the owners' and directors' test much more effectively than we can in terms of getting relevant information on the new owners.

Q909 **Clive Efford:** On the issue of potential sportswashing and attempts to do so by purchasing clubs in the English Football League, do you think the Government should have done more on that?

Richard Masters: Do you mean in the White Paper?

Clive Efford: Yes.

Q910 **Richard Masters:** I would agree with Tracey's perspective. It is an issue for the Government that the Premier League—I think this is a question for all of us, because we all operate owners' and directors' tests in our various leagues—always has to operate a high-bar test within the confines of UK Government policy or UK plc, and not to operate outside that system. Of course, clubs and leagues can decide to add additional tests or change things if they want to, but, to this day, the Premier League has tried to work within those Government parameters.

Debbie Hewitt: We, as the FA, recognise that the White Paper refers to the fact that it must be an objective test, and we would support that. It is very difficult when you start to move into a more subjective test.

Q911 **Clive Efford:** Okay. Can I just ask you something quickly, Richard? You are probably aware of the legal case that is taking place in America between the PGA and LIV Golf, and the involvement of the Saudi public investment fund. You have been given assurances by Amanda Staveley that the Saudi Government does not have any direct control over Newcastle United football club. In an interview that I saw on Twitter, she says that PIF is an "autonomous, commercially driven investment fund", but in the submissions in the court case, the public investment fund is claiming that it is a Government body and therefore has sovereign immunity, so it cannot be called to give evidence or submit evidence in the litigation. Is that going to prompt you to revisit the Newcastle United football club arrangements?

Richard Masters: I am afraid I am going to frustrate you, Clive, because I cannot really comment on it. Even on the point, "Is the Premier League investigating it?", we cannot really comment on it. Obviously we are completely aware, and you are correct about the general nature of the undertakings that we received at the point of takeover, but I cannot really go into it at all. The only time when the Premier League comments publicly on regulatory issues is when it is charged and at the end of a process when an independent panel has decided whether any rule breaches have



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actually taken place, and we don't talk about the investigatory process at all.

Q912 Clive Efford: Okay, fair enough. I am not going to pursue it any further, because you have made that quite clear. May I move on to supporter representation? So many do not feel that they have a voice when decisions are made about their football club. Should football's governing bodies be involving fans more, beyond the requirements of the regulator? You heard Kevin talking earlier about how disappointed he was with the amount of fan engagement within the White Paper. He suggested that perhaps football bodies might want to go further. Do you think there is more that can be done to engage fans in decisions about their clubs?

Rick Parry: There is always more that can be done, Clive. We are broadly happy that our regulations at the moment work for the vast majority of clubs. They require clubs to engage twice a year, as a minimum. On average, clubs engage five times a year. Now that we have the White Paper, we have committed to sitting down with the FSA, pretty much straight away, to see what else we need to do and can do outside the remit of the regulator.

Q913 Clive Efford: Should it be a requirement to have a shadow board that the directors and managers of clubs have to liaise with throughout the season? The Government have stepped back from that recommendation from the fans' group. It does not seem to be a very onerous thing to have to consult fans. Should they have regulated on that within the White Paper?

Debbie Hewitt: It is common sense, quite frankly. If I think about it from the perspective of the FA, we consult with the FSA four times a year, even though we do not run clubs, per se. We have two members of the FSA on our council. One of those, Chris Paouros, is working closely with me on the review of the council. If we think about the new regulation that we brought in on heritage assets, we made explicit in there that there must be consultation with fans.

Q914 Clive Efford: It strikes me that this all started with fans—it was the fan-led review—and one of the disappointing elements at the end of the White Paper is that it has not actually delivered much of what the fans wanted around engagement with their clubs. Is there not more that we could do outside of the White Paper to improve liaison with fans?

Richard Masters: Let me reiterate what the Premier League has done. Kevin, I think, expressed his disappointment that the fan engagement standard that the Premier League has introduced—which sets up fan advisory boards at every club, puts someone in a senior leadership position in charge of fan engagement, and makes clubs meet minimum standards—does not go far enough. Like everybody, we meet with Kev and his team on a regular basis, and we will continue to talk to them about that.

I think that football clubs generally like to go above and beyond in terms of fan engagement. But that is not every club, and there are some



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frustrations that have built up over time. Eventually they get resolved, and clubs would like to be able to organically prove themselves in this area, rather than creating a regulated environment where tick-box exercises happen. I think we should let clubs have a go.

Q915 Clive Efford: I have one last question for Debbie. When the Chair opened and asked whether you agreed with a football regulator, you were very specific in saying a financial regulator. Is there anything in the proposed powers of the regulator that you are not happy with?

Debbie Hewitt: I am conscious that the White Paper is a consultation, and, as presented, I think we are comfortable that the focus on financial regulation is absolutely appropriate. We fully support the fact that it should be independent of the leagues and clubs.

We would have concern if the scope of that regulator started to expand into football, and the running of football. As you know, we are the national governing body and FIFA is the world governing body. We are one of 211 countries that are part of FIFA. FIFA has a clear statute that says it does not want political interference in the running of football. As currently described, we are comfortable. We are also heartened to hear that FIFA is part of the consultation. That is encouraging.

Q916 Dr Huq: We know that there has been a mismatch in relation to the recommendation in the fan review that the regulator mandates all clubs to have equality, diversity and inclusion plans, because it has not ended up in this White Paper. Do all three of you accept the Government's view that your organisations are best placed to combat discrimination in football?

Debbie Hewitt: First and foremost, the embedding of EDI has to happen in our organisations. I was here listening to the earlier discussion, and I think the challenge is to make sure that what we have is consistent in its reporting, and that it is comprehensive and transparent. Our football leadership diversity code has gone a long way to do that, but measures are only the start point. Without those measures, you certainly do not know what progress you are making, so I think it is vital that we, as football organisations, put in place those measures, and hold our constituents accountable for making sure that we do report and indeed share the progress on those measures. Kevin read out the three Kick It Out statements. I think they are very, very practical and they give good guidance as to where and how EDI can accelerate.

Q917 Dr Huq: That FA diversity code is often held up. On that metric, you are exceeding expectations, but it is only limited data in the first place. Would you not accept that the Szymanski report, which I think you have been sent, says that it gives the "illusion of diversity" just because of the people who are reporting back that produces that data?

Debbie Hewitt: It focuses on hires—you are absolutely right. I think that is the point: it needs to be consistent. The danger with statistics and reporting statistics that are not consistent in their interpretation is that



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different interpretations are taken. I think it needs to be consistent, comprehensive and transparent.

Q918 **Dr Huq:** In that case, would you say that all football clubs and governing bodies should openly share representation and discrimination data?

Debbie Hewitt: Yes, I do. They should.

Q919 **Dr Huq:** That is good to hear. It is good to see you in place. Your predecessor—I think one of his things was that women players don't like having the ball hit at them, so it is good to have a girl-power person in your place. I think he also said something like Asians prefer to be in the IT department. Are those kinds of things borne out in the staff structure that you have? What is going on in the top echelons?

Debbie Hewitt: As you know, we measure through our football leadership diversity code and we feel that our culture—

Dr Huq: The people you employ as well—not just the people reporting back within your voluntary code.

Debbie Hewitt: I think we are a fully inclusive organisation. I think if you looked at any of our departments, you would see fully inclusive metrics that show you that we attract, develop and nurture everybody to football. That has changed immeasurably over the last 18 months.

Q920 **Dr Huq:** So are there diverse people in senior roles? I mean, you are diverse as a woman, but what about other things such as disability, ethnicity and socioeconomic factors?

Debbie Hewitt: Exactly right—across our organisation and also our council, increasingly.

Q921 **Dr Huq:** Would you be prepared to share those figures with us?

Debbie Hewitt: I would be very happy to share those figures with you, yes.

Q922 **Dr Huq:** I will ask the same question to you, Richard Masters. Do you accept the Government's view that your organisation is best placed to combat discrimination in football? We have seen some scandals in the game. The John Yems case was a bit of a shocker.

Richard Masters: Yes, it was—absolutely. It was totally unacceptable, and I echo all the things that Debbie has said. The Premier League also likes to think of itself as a fully diverse organisation from board level down. Obviously, much has been done, and there is a huge amount more to be done.

I would like to make one point about clubs. The Premier League has a Premier League equality, diversity and inclusion standard, which has been running for about seven or eight years now. It is independently assessed and chaired, so our clubs are required to have an EDI plan on an annual basis and they are regularly assessed independently. The Premier League is, to some extent, delivering that part of what the White Paper asked for.



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On reporting and data, so that we can be fully transparent, that is something that the three of us have discussed and are going to be discussing with our clubs in due course.

Q923 Dr Huq: Would you say that football clubs and governing bodies should openly share discrimination and representation data?

Richard Masters: I believe that they should, but I have not had that conversation with our clubs yet. The Premier League is very happy to do that, and to share that information with you.

Q924 Dr Huq: In the Szymanski report, they have a traffic light thing. Some clubs are zero-zero. Both QPR and Brentford are okay on these things; they are getting green, but could you kick them up the bum to do something—the ones that are getting zero-zero in all these?

Richard Masters: Through our own governance structures and through dialogue with clubs, we will come up with the right answer to this, but I think it has to be across football. One of the things that is a challenge to football is how to have a concerted and co-ordinated message on equality issues. We have had different campaigns saying different things, and one of the challenges is to ensure we are consistent in our policies and programmes, and in the way that we promote diversity within the game.

Q925 Dr Huq: I think you are both saying that you would go for a mandatory approach, so that everyone puts all their data out there—sunlight is the best disinfectant and all that stuff. In the last session, I quoted the figure that 43% of Premier League players are black, so they are part of your organisation and paying your salary, but only 4% make it to management levels. Again, there are stacked bar charts on everything, but that is the most shocking one for me. There has been a slight improvement in the last year, but it is within the margin of error, by a percentage point. What can we do to tip those scales?

Richard Masters: You are right to highlight the problem. Certainly, no one is saying that isn't an issue, so we are doing quite a lot to try to address it. We have a number of schemes, including player-to-coach schemes. We are trying to help players convert from post-playing into coaching roles within the system. We have a player-to-coach scheme and an executive pathway scheme, which we have just launched, which is for ex-players to form a role within the management of the game. It has helped a lot of people find roles. Whether they make it through to managing a Premier League club, of which there are only 20 roles in the global marketplace, remains to be seen, but if we keep pushing on these areas, we will get the change that is needed.

Q926 Dr Huq: The voluntary code seems to be for new entrants, whereas it is retention, as well as recruitment, that we need to be looking at, so there is some work to be done there. The Szymanski report has been done by the Black Footballers Partnership. Considering it is based on premiership metrics, would you be open to funding that organisation? It is a voluntary organisation at the moment.



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Richard Masters: I have not met them, but I am very happy to meet them to talk about that.

Q927 **Dr Huq:** It would be good if you could have that dialogue.

Debbie Hewitt: We have met with them, and it is fair to say that we think one of the more constructive things to do, rather than just putting in more funding, is to meet with them collectively.

Q928 **Dr Huq:** They have people such as Les Ferdinand; there are some big names behind it.

Debbie Hewitt: It is really important that we meet with them and share what is actually happening. You made the point that there is a lot of activity, but it could be much more focused.

Q929 **Dr Huq:** The fear is that this is another cricket scandal. This Committee looked at racism in cricket. If there are barriers to progress of leadership, and people are considered fine to be on the pitch, because they are good as a nippy winger, but they are not good enough to be in the boardroom, that would be wrong.

Debbie Hewitt: We wrote to Delroy about that last week, I think, to ask if he would like to meet with all the football parties.

Q930 **Dr Huq:** I think that would be a good idea. Lastly, I will ask the same bunch of questions to Rick Parry. Do you agree with the Government that your organisation is best placed to combat discrimination?

Rick Parry: Yes, I do. I echo what Debbie and Richard have said. We know that we need to do better; we are very committed to doing better. Relatively recently, we have introduced the EFL equality code of practice, which all our clubs have to adhere to. We are developing that and introducing gold, silver and bronze standards to encourage clubs to progress. We have made it a requirement for our clubs to use anonymised recruitment, which is a very helpful and practical step. I take on board all the points about transparency.

Q931 **Dr Huq:** So you would support every club being open about discrimination.

Rick Parry: Yes. Again, the point has already been made that one thing football doesn't always do well in this area is work together. We are very good at doing things separately, but if we work together, we can be much more powerful.

Q932 **Dr Huq:** What are you doing with clubs to help increase representation of black players and people in all levels of the structure?

Rick Parry: Richard has touched on some of the points that we subscribe to. We recognise—the facts are clear—that there are problems in getting people through the system. We are very open to any initiative. I think the really important thing is that, instead of us all trying to do things separately, we could be much more powerful if we actually worked

together and had industry standards, rather than standards for individual organisations.

Q933 **Dr Huq:** There is some concern in that report about the career ladder; the rungs do not all seem to be in place, because people are not making it.

Rick Parry: Clearly, there are obstacles, yes. Again, the facts are clear—you cannot dispute them—and it is hard work. Clearly, it is not going to happen overnight, but we are very committed to bringing about change. As I said, we could make a sea change if we all worked together, rather than trying to plough our own furrow in a very important area.

Q934 **Dr Huq:** Would all three of you be up for sharing that data—Debbie said she would—of your own staff organisation and what it looks like? Richard Masters, you recently got Marcus Ryder KC on board, but that is a voluntary role; that is overseeing something from on high, not a paid position. It just feels disappointing that we are not seeing those things at the top level.

Richard Masters: Matthew Ryder, yes. He joined the board very recently. I think it is important to have people like Matthew in positions of significant authority within football organisations and, when we are at just over 18% of employees at the Premier League who are ethnically diverse, for them to be able to see people in leadership positions in football organisations. It is the same at the FA. We are very happy to share our data.

Q935 **Dr Huq:** My last question is for the three of you—a yes/no one, I guess. As was recommended in the fan review, do you think that clubs should be subject to EDI action plans that are enforceable by the independent regulator? You are kind of saying that it is good enough as it is and we can just bumble along, but the progress is not happening as we would like it to.

Richard Masters: Progress needs to move on, I agree, but there is a huge amount of effort going behind it in all of our organisations, I am sure—certainly speaking for the Premier League. What the regulator says is that EDI is not part of the White Paper, but Committees like this and Government will be holding football to account on a regular basis to ensure that it is moving forward on a strong EDI agenda.

Dr Huq: That sounds like no. What about the other two?

Rick Parry: I think we are comfortable with the Government's position currently. We are comfortable that it does not come directly within the remit of the regulator, but only on the basis that we can do significantly better ourselves. We are very happy to be held to account.

Dr Huq: Okay, that also sounds like no. A lot of those pressure groups are very disappointed that it did not make it into the final White Paper.

Debbie Hewitt: If we do the right thing, we should not be concerned about it being regulated.



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Dr Huq: Oh dear, three nos. Thank you.

Q936 **Chair:** I have two last points to make. First, on the kicking it into the long grass controversy—the joys of social media and so on—I have received a text to say that that was discussed at a Premier League shareholders' meeting. May I ask you to write to the Committee to confirm whether that was the case at some stage? I do not expect you to—

Richard Masters: It certainly wouldn't have been said by the Premier League, I don't think.

Chair: It might have been said by a club.

Richard Masters: Well, anyway, what we have been doing—I can speak for our organisation—is to try to get clubs to agree all the responses on a proactive basis to get ahead of some of the issues.

Chair: Okay. As I say, it would be useful to have confirmation of that in writing.

Q937 **Kevin Brennan:** May I pick up on that? Have you ever heard that phrase used at a shareholder meeting?

Richard Masters: I cannot recall it. That is not to say that it has not happened. These meetings are five hours long and we have five a year.

Q938 **Kevin Brennan:** Would it be in the minutes?

Richard Masters: I don't know. I would have to go and check.

Q939 **Chair:** Okay, thank you—if you could go back and check that. Lastly, to revert to my first question in an attempt to get a yes or no answer, because I was confused: does the Premier League welcome an independent regulator—yes or no?

Richard Masters: I don't like yes or no answers, because there is always a nuance in between, and obviously, you can ask me any question. We totally accept that the regulator is happening. We want to make it work. So on that basis, I think that the answer is, obviously, that you are getting to a yes.

Chair: Okay, thank you. Rick Parry, Richard Masters and Debbie Hewitt, thank you very much for joining us to give evidence this morning.