



House of Commons
Culture, Media and Sport
Committee

Football Governance: Government Response to the Committee's Ninth Report

Eleventh Special Report of Session
2022–23

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The Culture, Media and Sport Committee

The Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Culture, Media and Sport and its associated public bodies.

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Publication

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Committee staff

The current staff of the Committee are Rosie Akeroyd (Committee Specialist), Andy Boyd (Committee Operations Manager), Dr Conor Durham (Committee Specialist), Ollie Florence (Senior Media and Communications Officer), Natalia Janiec-Janicki (Assistant Clerk), and Lois Jeary (Committee Specialist), Seb Newman (Second Clerk), Olivia Rose (Media and Communications Officer), Joe Ryan (Committee Specialist) and Ben Sneddon (Clerk).

Contacts

All correspondence should be addressed to the Clerk of the Culture, Media and Sport Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6188; the Committee's email address is CommonsCMS@parliament.uk.

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Eleventh Special Report

The Culture Media and Sport Committee published its Ninth Report of Session 2022–23, [Football governance](#) (HC 1288), on 30 June 2023. The Government response was received on 15 September 2023 and is appended to this report.

Appendix: Government Response

Introduction

The Government welcomes the Culture, Media and Sport (CMS) Committee's report on Football Governance and the Committee's broad support of the proposals set out within the White Paper 'A Sustainable Future – Reforming Club Football Governance'. The Government appreciates the Committee's ongoing work and input to improve the governance of UK sport. We particularly recognise that effective governance is crucial to protect the long-term sustainability of our national sport.

The Government has been clear that English football is an undeniable global success story that should be celebrated, protected and promoted. But there are long-standing issues in the game. Too often, clubs across the football pyramid are being run in financially unsustainable ways with little thought for the history or future of the club, or for its fans.

The White Paper set out a comprehensive plan to address these issues and to introduce an independent regulator for English football clubs, with the primary strategic purpose of ensuring that English football is sustainable and resilient, for the benefit of fans and the local communities they serve. This will help to protect our national game, build secure foundations for clubs and ensure fans are always in their rightful place at the heart of football.

While we recognise and welcome the steps already taken by industry to strengthen existing rules since the publication of the White Paper, this alone will not ensure long-term financial sustainability. Reform remains necessary, and government intervention is needed to effect this reform.

The Government is working at pace to deliver and remains committed to legislating to put the Independent Football Regulator on a statutory footing as soon as parliamentary time allows. We recently published our response to the football governance consultation in September 2023.

We have been engaging closely with stakeholders through a period of targeted consultation to design a bespoke regulatory model that allows for a flexible, agile and proportionate approach. This is required to balance the need for change to secure the long-term future of our national game, the need to restore fans' place at its heart, and the importance of ensuring continued global success.

The findings, conclusions and recommendations of the Committee's report are a timely and helpful contribution to this ongoing work to deliver much needed reform. We have provided a response to each of the Committee's recommendations, where these are directed at the Government, below.

Recommendation 1: *We recommend that the Government should establish the Independent Regulator for English Football in a shadow form by the end of 2023 to ensure that it can begin initial engagement and preparatory work before waiting for legislation to be passed. The Government should ensure the legislation needed to give statutory powers to the Independent Regulator are included in the forthcoming King's Speech and ensure that legislation is passed in this present Parliament.*

The Government agrees that regulatory reform should happen sooner rather than later. The Government is working at pace to deliver an independent regulator on a statutory footing as soon as parliamentary time allows.

As outlined above, the White Paper sets out a framework for reform and we would encourage the football authorities to implement some of these reforms of their own accord, ahead of a statutory body being fully established. We would particularly urge them to do so in order to protect clubs that are currently at risk.

Further to this, we continue to explore how best to prepare for the establishment of the new regulator, including supporting industry's transition to the new regime. A formal regulator transition team operating in shadow form would require Second Reading of a Bill to have taken place, but work is happening at pace regardless to ensure preparatory work can take place.

Recommendation 2: *IREF, beginning in shadow form, should ensure that its licensing conditions regarding fan engagement are set independently of the current Premier League Fan Engagement Standard. Unless there is immediate and significant change from leagues and clubs, we expect that IREF will be required to set and enforce a substantially higher level of fan engagement for clubs to meet than the Leagues have set themselves, in order to ensure all clubs work to meet the needs of fans.*

We agree on the importance of transitional arrangements ahead of the regulator being fully operational. The Government agrees that the Regulator should set its standards for fan engagement independently from the Premier League Fan Engagement Standard, and from the football industry more broadly. The Government welcomes the industry's measures which are aimed at improving how clubs engage with their supporters, but the Regulator will have the legal authority on fan engagement matters as it will form a part of the Regulator's licensing regime. It makes sense, however, to review the progress football can make in delivering the engagement which fans expect of its own accord and to assess whether that is successful. The Government encourages the leagues, and their clubs, to continue meeting with fan representatives to discuss their concerns and proposals for improving supporter engagement.

Fan engagement is crucial to any club and, as the Government outlined in the White Paper, the Regulator will require clubs to ensure that a representative group of supporters is consulted on key decisions and issues. It is important to recognise that there are clubs which have well developed and effective structures in place to engage with their fans and respond to their views. However, as the White Paper and the CMS Committee's report both identify, this approach is not consistent across all clubs.

Our approach recognises the circumstances of individual clubs and will allow them to implement solutions which work for them and their fanbase, while ensuring the Regulator has a duty to apply sufficient oversight and standards for clubs. The Regulator will assess the structures which underpin fan engagement at clubs and the outcomes which flow from that independently from the leagues. The Regulator will therefore expect to assess evidence from fan representatives as well as the club itself, and may apply additional licence conditions as a result of the information it collects from fans and the club.

Recommendation 3: *We recommend that, while in shadow form, IREF should look to existing corporate governance codes and work with stakeholders to ensure that substantive EDI measures are included in the new Code for Football Governance.*

Recommendation 4: *We recommend that the Government should give IREF the authority to mandate EDI Action Plans as part of its threshold licence conditions for clubs. Clubs' performances against these Action Plans should be assessed regularly by IREF as part of its routine licence reviews.*

The Government also notes and supports the report's calls for further action to be taken on a range of issues in the domestic game, including equality, diversity and inclusion. The Government welcomes the industry's ongoing efforts to improve transparency and its commitments to practices which seek to provide equity and fair opportunities for all. For example, since the publication of the Fan-Led Review, the football leagues and the FA have introduced enhanced equality requirements for football clubs.

There is still more progress to be made and the Government will continue to engage with the leagues and the FA to drive forward football's equality commitments. However, as outlined above, the Regulator's primary strategic purpose will be to ensure that English football is sustainable and resilient for the benefit of fans and the local communities football clubs serve. As such, the Regulator will focus on the financial sustainability of clubs, the systemic stability of the football pyramid and protecting club heritage. Wider issues are therefore best placed to be led by industry and the Government continues to engage closely with a range of stakeholders on these important topics.

Recommendation 5: *We urge football authorities, including the Premier League, EFL and the FA, to urgently reach an agreement on sharing a higher proportion of revenue with clubs down the football pyramid before the establishment of IREF. This should include no increase in the current level of parachute payments from the Premier League but should include an increased, strategic redistribution of income from all Leagues down to the grassroots of football.*

Recommendation 6: *If there are no immediate signs of progress on revenue sharing, the Government should expedite its plans to establish the Independent Regulator with the power to mandate a solution.*

The Government strongly welcomes and echoes the Committee's call on the football authorities to urgently reach an agreement on financial distributions. As set out in the Fan-Led Review of Football Governance and the subsequent White Paper, there is a clear and urgent need to reform financial distributions in English football. As such, the Government continues to urge the football authorities to reach a fair and reasonable agreement that

promotes financial sustainability, sporting competition and international competitiveness across the entire football pyramid, thereby ensuring the continued success of English football at all levels.

As set out in the White Paper, the Government's strong preference is for a football-led solution and ideally there would be no need for regulatory intervention in financial distributions at all. However, we agree with the CMS Committee that although parties have had ample time, they have made slow progress on reaching an agreement.

Given the importance of the structure and level of distributions for the financial sustainability of clubs across the pyramid, the Regulator will need to have targeted statutory powers to intervene as a last resort if football fails to reach an agreement. This backstop mechanism needs to be carefully designed to ensure it delivers the right outcomes and incentives with minimum regulatory involvement, which is why we are working with leading academics, regulatory and industry experts, and the clubs and leagues themselves to design an effective mechanism that encourages a lasting solution that works for football.

Conclusion

We welcome the CMS Committee's dedicated work in this area and share the Committee's passion to drive this important work forward.

We are aware of the need to act quickly and decisively to protect football clubs and the communities they serve and we have been working at pace to develop our plans for regulation. However, English football is a £6 billion industry with a unique market structure and complex commercial dynamics. As such, it is crucial that we take the necessary time to work closely with key stakeholders to design a bespoke regulatory framework that allows for a flexible, agile and proportionate approach, thereby balancing the need for change with the importance of ensuring continued global success.

As set out within our 'A Sustainable Future – Reforming Club Football Governance: Consultation Response', published in September 2023, we will continue to engage with key stakeholders to finalise policy and the Government remains committed to bringing forward legislation to put the Independent Football Regulator on a statutory footing as soon as parliamentary time allows.

Department for Culture, Media and Sport

September 2023