Department for Culture, Media & Sport

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Dame Caroline Dinenage MP
Chair
DCMS Select Committee
House of Commons
London SW1A 0AA

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Dear Dame Caroline Dinenage,

I am pleased to be writing to inform you, in your capacity as Chair of the Culture, Media and Sport Committee, that the Football Governance Bill has been introduced in Parliament. The Bill delivers on our manifesto commitment to establish the independent football regulator and a new set of rules to protect clubs, empower fans and keep clubs at the heart of their communities.

We are taking a proportionate and flexible approach to regulation, which reflects the unique and special place football has in our society. The Regulator's approach will be advocacy-first: aiming to work constructively with clubs and then leagues to resolve issues wherever it can. Where clubs are already well run, the Regulator will not need to intervene. This will provide the certainty and sustainability required to drive future investment and growth, so that English Football continues to be a global success.

I am aware of your support as CMS Chair in the previous session for the football governance reforms, and wanted to write to you directly to set out the measures in the Bill. The new Bill is generally in line with the one introduced in March 2024 by the previous government and which had cross party support. However we have made some key changes to enhance some of its measures. The changes we are making will strengthen the voice of fans, guarantee the Regulator is independent from undue third party influence and ensure the Regulator has the right level of oversight of issues which can compromise the wider sustainability of English football.

Key Measures in the Football Governance Bill

The legislation will strengthen the governance and financial resilience of football clubs to protect the national game and clubs' link with communities and fans by:

- **Establishing a new independent regulator to ensure that English football is sustainable and resilient for the benefit of fans and the local communities football clubs serve.** It will operate a licensing system, whereby all regulated clubs will require a

POSITIVE ABOUT DISABLED PEOPLE

licence to legally operate as professional football clubs**.** Through the licensing system, the Regulator will ensure a club's fan engagement, finances, and corporate governance are up to the standard required for the club to continue operating soundly.

- **Introducing new financial regulation to improve the financial resilience of clubs across the football pyramid.** Clubs will be required to demonstrate sound basic financial practices; have appropriate financial resources to enable the club to meet cash flows, including in the event of a financial shock; and protect the core assets and value of the club - such as the stadium. This will reduce the risk of clubs facing financial failure, which at its most extreme can lead to clubs ceasing to exist.
- **Putting in place stronger, statutory Owners' and Directors' Tests to make sure a club's custodians are suitable and protect fans from irresponsible owners.** This follows too many cases of clubs being put at risk of administration or liquidation due to mismanagement by their owners and directors. In the past, some owners acquired clubs without having adequate finances, were involved in criminality, or had histories of financial mismanagement. The Regulator will be free from any external interference in making its decisions.
- **Setting a minimum standard of fan engagement in decision-making and introducing new statutory protections for key club heritage aspects like home shirt colours and club badges.** This comes after fans at clubs like Cardiff City and Hull City had to battle to bring back, or keep, fundamental heritage aspects such as their club's colours, badge or name.
- **Requiring clubs to seek the Regulator's approval for a stadium sale or relocation.** Clubs will also not be able to relocate from their stadium unless it both makes financial sense *and* does not compromise the heritage of the club (e.g. moving to a location away from the fanbase). They will also be required to consult their fans prior to any relocation.
- **Preventing clubs from joining closed-shop, breakaway leagues, such as the European Super League.** Clubs will be prevented from playing in competitions where they are not based on merit, open competition or if they harm the heritage of English football.
- **Ensuring fair financial distributions between leagues.** The Regulator will have a power of last resort to re-distribute revenue to protect and promote financial sustainability if the leagues themselves cannot come to a voluntary agreement. The mechanism is designed to incentivise an industry-led solution, but will be robust enough to ensure that revenue is fairly distributed in the absence of one given its importance for the football pyramid. Parachute payments will no longer be excluded from consideration so the Regulator can achieve the best possible outcomes to safeguard the future of the game. If the Regulator decides they are an issue of concern, both sides will have to set out how they will ensure the financial sustainability of relegated clubs (i.e. how their proposal will ensure the finances of relegated clubs are appropriately protected).
- **Establishing a Football Club Corporate Governance Code.** It will set out principles for clubs to apply, covering areas like people and communication. Clubs will need to report annually on how they comply with the principles of the code, as well as the action they are taking on equality, diversity and inclusion.

You can find more details on the changes we have made to the Bill here.

Appointment of the Chair of the Regulator

Now that the Bill has been introduced, we are continuing the process that was previously underway to appoint a Chair of the Regulator including the role being subject to pre-appointment scrutiny by the Committee. The skills and expertise in the existing role specification, which I understand the Committee was consulted on earlier this year, remain relevant. We will now re-open the process to applications today for a period of two weeks, to ensure we appoint from the broadest possible pool of candidates.

The Advisory Assessment Panel for this process will continue to be chaired by the DCMS Directors General for Policy. The Senior Independent Panel Member previously agreed by the Commissioner for Public Appointments will continue on the Panel, alongside individuals with senior regulatory and football experience. This will allow a robust assessment of candidates for this crucial role, while also making sure that the Panel membership is representative and diverse.

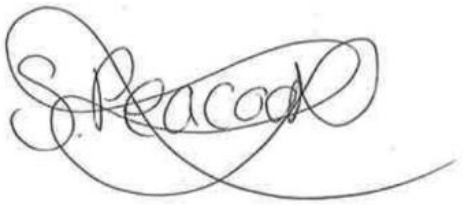
I welcome the additional assurance that the scrutiny of your Committee will provide to such a high profile appointment. DCMS officials will continue to liaise with the Committee Clerk regarding the timing of the pre-appointment hearing, in order to schedule a provisional date for the preferred candidate's appearance.

Next Steps

As the Bill progresses, I would welcome the support of the Committee as we take this important legislation forward and look forward to working with you as we deliver much needed regulation for the game.

I would be very happy to meet you to discuss any questions you may have on the Bill. My officials will be in touch to offer a technical briefing on the legislation to the Committee when the Bill reaches the House of Commons.

Yours sincerely,



Stephanie Peacock MP
Minister for Sport, Media, Civil Society and Youth