

Written evidence submitted by Dr David Webber

Sport in our Communities

Digital, Culture, Media and Sport Select Committee

Dr David Webber is a Senior Lecturer on the Football Performance and Participation programme and a member of the Lawrie McMenemy Centre for Football Research at Solent University, Southampton. Dr Webber's research examines the political, economic and cultural changes that English football has undergone over the past 30 years.

Alongside this scholarly research, Dr Webber has also contributed to a series of articles published by [The Independent](#) newspaper and [The Economist](#) magazine concerning the state of the grassroots game. Dr Webber has also previously submitted evidence to the DCMS Select Committee in respect of the sale of Wembley Stadium and the future of English football.

Executive Summary

- Recognising the financial crisis facing community sport in the United Kingdom, this evidence calls for the English Premier League to distribute more of its wealth towards the grassroots level of football and sport more generally.
 - As well as calling upon the Premier League to finally meet its twenty-year pledge to invest 5 percent of its broadcasting revenues to the grassroots game, this evidence proposes a Premier League Solidarity Tax – a package of transaction taxes targeted at the transfer and intermediary fees paid by England's leading football clubs each year in order to strengthen their respective squads.
 - This evidence demonstrates that even a relatively modest levy on such transactions could raise significant revenues that would make a considerable difference to community sport facilities across the country, boosting levels of participation and with it, improving social, physical and mental wellbeing.
 - This evidence, however, also calls for significant reform in the way that this money is spent and disbursed by the United Kingdom's various sports bodies. It also calls upon the Treasury not to relapse into the austerity measures that have been so damaging to community sport since 2010.
-

The Big Picture: Community Sport in Crisis

1. While elite sport spectatorship of the nation's favourite team sports (football, cricket, and both codes of rugby) remains as popular as ever, evidenced by full stadiums (at least before lockdown), widespread media attention and increased television coverage, the actual rate of physical participation in these and other sports at a community level has been in steady decline for several years.¹
2. Sport in the United Kingdom is therefore defined by mass consumption rather than mass participation. The consequence of this is that while the nation continues to enjoy sporting success at the elite level, little of the broadcasting revenue, private investment and commercial arrangements that elite sport benefits from, has trickled down to the grassroots.
3. The failure of this 'trickle-down' model has been further compounded by the austerity measures imposed by successive UK governments since 2010.² Here, swingeing cuts have forced local authorities to sacrifice discretionary or 'non-essential' expenditures such as sport and leisure, either by contracting out or privatising their provision, selling off green spaces, or shifting and increasing the cost of use to the individual.³
4. The UK sport-scape in the twenty-first century has therefore come to be characterised by what John K. Galbraith memorably called 'private opulence and public squalor'.⁴
5. Having borne the brunt of these public spending pressures over the past decade, the coronavirus pandemic has now dragged community sport to the precipice. While elite sport continues to be played behind closed doors – again, signalling this commitment to private consumption over public participation – the sport played across the communities of the nation faces an even greater, existential crisis. Shut down during lockdown, many grassroots facilities and clubs are now confronted with the very real prospect of permanent closure over the coming months.
6. Such closures will have long-lasting consequences for the elite sporting success of the UK. More importantly however, with only limited access to participate in sport and other leisure activities, and with all the benefits that this entails of physical fitness, social and mental wellbeing, the very health of the nation is also at stake. Radical and transformative thinking is therefore required to meet and address the triple funding crisis facing UK sport, to protect its future, and encourage an increased take-up at the community level.
7. This evidence maintains a specific focus upon football. Building upon a recent report published by the Football Association (hereafter, the FA), which demonstrated both the economic and

¹ Harris, S., et al. (2017) Bowling even more alone: trends towards individual participation in sport. *European Sport Management Quarterly* 17(3): 290–311; Gratton, C., et al. (2011) International comparisons of sports participation in European countries. *European Journal for Sport and Society* 8(1/2): 99–116; Coalter, F. (1999) Sport and recreation in the United Kingdom: Flow with the flow or buck the trends. *Managing Leisure* 4(1): 24–39.

² Gérard, S., et al. (2020) The impact of austerity on the London 2012 Summer Olympics participation legacy from a grassroots sports club perspective: an institutional logics approach. *Leisure Studies* 39(5): 629–643; Widdop, P., et al. (2018) Austerity, policy and sport participation in England. *International Journal of Sport Policy and Politics* 10(1): 7–24; Collins, M. and Haudenhuyse, R. (2015) Social exclusion and austerity policies in England: The role of sports in a new area of social polarisation and inequality? *Social Inclusion* 3(3): 5–18.

³ O'Gorman, J., et al. (2018) Contemporary issues in the management of grassroots football. In: S. Chadwick, et al. (eds.) (2018) *Routledge Handbook of Football Business Management*. London: Routledge, pp. 56–70.

⁴ Galbraith, J. K. (1958) *The Affluent Society*. London: Penguin, p. 203.

health benefits of grassroots football,⁵ this evidence turns its attention to the wealth generated by the Premier League. Conscious and supportive of the continued calls for the Premier League to make good on its two-decade old commitment to deliver 5 percent of its television revenues to the grassroots game, this evidence also makes the argument for the creation of a Premier League Solidarity Tax.

8. This Solidarity Tax would grant grassroots sport a golden share of the significant wealth that circulates amongst the clubs at the elite level of the nation's most popular sport. Even prior to the pandemic, the global pre-eminence afforded to the Premier League, and the riches that it has derived from this position, bequeaths it an obligation to help support the rest of the UK's sporting and social ecosystem. Faced with the continued fallout from the coronavirus pandemic, however, this obligation is now an urgent need.

Big Money and a Broken Promise

9. In 1999, in exchange for government backing over the right of the Premier League to sell its broadcast rights collectively, the League promised to distribute 5 percent of its television income to the grassroots game from the 2001/02 season onwards.⁶ To date, however, this pledge remains largely unfulfilled.
10. Between 2000 and 2018, the Premier League contributed £301.9m to grassroots projects via the Football Foundation – or, on average, £16.8m per year.
11. To put these figures into context, the most recent domestic television deal with Sky, BT Sport and Amazon covering the 2019-22 broadcasting cycle is £4.464bn. Speaking at the FT Business of Football Summit in May 2019, the chair of the Premier League, Richard Masters, revealed that his clubs were in line to receive a further £4.2bn from overseas broadcasters for the televised coverage of matches over the same cycle (a 35 percent increase from the 2016-19 cycle).⁷
12. Aggregating these two sets of figures, had the Premier League met its 5 per cent pledge just over the course of the of the 2019-22 cycle, the grassroots game could have benefited from £433.2m, or an annual dividend of £144.4m over three years. This figure – just £170m shy of the one-off £600m offer that Shahid Khan tabled to purchase Wembley Stadium in 2018 and which the FA pledged to invest in grassroots football – is a clearly far more sustainable proposition to secure the long-term future of the community game.
13. This £433.2m figure would represent a 760 percent increase on what Premier League has contributed to the grassroots game since 2000. It would, however, be just a third of the £1.3bn that all twenty Premier League clubs spent on acquiring new players during the 2020 summer transfer window alone.⁸

⁵ The FA (2019) *The Social and Economic Value of Adult Grassroots Football in England*. London: The Football Association.

⁶ Football Task Force (1999) *Football: Commercial Issues*. A submission by the Football Task Force to the Minister for Sport. London: Football Task Force.

⁷ Masters, R. (2019) Remarks made at the FT Business of Football Summit, 21 May 2019. London.

⁸ Transfermarkt (2020) England: Premier League. Available (online) at <https://www.transfermarkt.co.uk/premier-league/startseite/wettbewerb/GB1>.

14. While this spending will typically be amortised – that is, paid in instalments over the course of a player’s contract – it does represent a significant outlay and financial commitment in the midst of a global pandemic, and despite the economic uncertainty that this has created.
15. In addition to these transfer fees, the most recent figures available from the FA also reveal that the 2020/21 Premier League clubs paid agents and intermediaries £250.2m in 2019/20.⁹ While these fees predate the coronavirus pandemic, the latest round of spending by clubs in the summer transfer window suggests that similar figures will be reported for 2020/21. Moreover, these fees represent a significant flow of cash out of the game to a relatively small pool of individuals.
16. The problem, therefore, is not a lack of cash within football. Rather, it is that too little of this cash finds its way outside of the Premier League. Much of the revenues generated by its clubs are spent on acquiring and increasing the value of their respective capital assets, namely, playing and coaching staff, and infrastructure (such as stadium redevelopments and elite training and academy complexes). A mechanism, therefore, needs to be introduced that redistributes more of this wealth beyond the bubble of the Premier League.

The Premier League Solidarity Tax

17. If these figures portray the top of the English game in rude financial health, football, and indeed sport more generally at the grassroots level, is facing an acute funding crisis. In many respects, this crisis predates the current pandemic, but Covid-19 has deepened and exposed these fault-lines, pushing community sport – and with it, the physical and mental health and wellbeing of the nation – to the brink.
18. One direct response to this funding crisis might come through the introduction of a hypothecated transaction tax – or **Premier League Solidarity Tax** – that might be levied on the transfer and intermediary fees paid by England’s leading football clubs.
19. Given the considerable variance in the revenues of the twenty clubs that make up the Premier League, each club would be placed into one of three income bands; a sliding scale relative to the overall revenues reported by clubs for Financial Fair Play purposes (here based upon the revenues recorded by Deloitte).¹⁰ These revenues determine the financial structure of the Premier League and how much a particular club will typically spend in a given transfer window. For example, of the £1.3bn reported earlier, more than half of this was spent by the ‘Big Six’ of Arsenal, Chelsea, Liverpool, Manchester City, Manchester United and Tottenham Hotspur.¹¹

⁹ The FA (2020) Premier League Intermediary Fees – 1 February 2019 to 31 January 2020. Available (online) at <https://www.thefa.com/football-rules-governance/policies/intermediaries/intermediaries-transactions>.

¹⁰ Deloitte (2020) *Home Truths: Annual Review of Football Finance 2020*. London: Deloitte Sports Business Group, p. 19.

¹¹ Transfermarkt (2020) England: Premier League. Available (online) at <https://www.transfermarkt.co.uk/premier-league/startseite/wettbewerb/GB1>.

<i>Revenue Band</i>	<i>Premier League Club 2020/21</i>
£250,000,000 and above	Arsenal, Chelsea, Liverpool, Manchester City, Manchester United, Tottenham Hotspur
£150,000,000 and £249,999,999	Crystal Palace, Everton, Leicester City, Newcastle United, Southampton, West Ham United, Wolverhampton Wanderers
£149,999,999 and below	Aston Villa, Brighton & Hove Albion, Burnley, Fulham, Leeds United, Sheffield United, West Bromwich Albion

20. The amount of tax to be levied upon transfer expenditures of clubs would be calculated based upon one of three scenarios as outlined below. These three tax scenarios are classified here as ‘basic’, ‘medium’, and ‘high’. Ideally, the ‘high’ tax rate would be used in order to maximise the tax yield. In this scenario, for example, clubs in the highest £250k+ band, would face a 10 percent levy on all transfer fees paid, middle-income clubs would pay 7.5 percent, and those clubs in the lowest third band would pay just a 5 percent levy.

<i>Revenue Band</i>	<i>Tax Scenario (%)</i>		
	<i>Basic</i>	<i>Medium</i>	<i>High</i>
£250,000,000 and above	5	7.5	10
£150,000,000 and £249,999,999	2.5	5	7.5
£149,999,999 and below	1	2.5	5

21. Were these same principles applied to the transfer fees spent by Premier League clubs in the 2020 summer transfer window, the community game might have benefitted from a windfall of between £45m and nearly £110m (the equivalent roughly of between 3.4 and 8.2 percent of the overall transfer spend by Premier League clubs).

<i>Revenue Band</i>	<i>Tax Scenario (£m)</i>		
	<i>Basic</i>	<i>Medium</i>	<i>High</i>
£250,000,000 and above	35.02	52.53	70.04
£150,000,000 and £249,999,999	7.75	15.49	23.24
£149,999,999 and below	2.32	7.97	15.94
Total(s):	45.09	75.99	109.22

22. Although the January window usually sees only a fraction of this spending, were a similar tax to be imposed here, a further £20m to £55m might be raised by clubs. Taken together, this

would create an overall annual windfall for the grassroots game of anywhere between £65m and £165m.

23. Applying the same model to those fees received by agents and intermediaries in 2019/20, between £9.24m and £21.4m might also be raised for grassroots football each year – the equivalent of between 3.7 and 8.5 percent of the total amount paid out by clubs to agents each year.

<i>Revenue Band</i>	<i>Tax Scenario (£m)</i>		
	<i>Basic</i>	<i>Medium</i>	<i>High</i>
£250,000,000 and above	6.96	10.44	13.91
£150,000,000 and £249,999,999	1.95	3.91	5.86
£149,999,999 and below	0.33	0.82	1.65
Total(s):	9.24	15.17	21.42

24. This aggregated package of taxes could make a significant difference to the grassroots level, not simply of football but sport more generally. Crucially, they would dwarf the current amount that the community game currently receives from the Premier League.

The Case for the Premier League Solidarity Tax

25. The 2008-09 global financial crisis and its fallout led to a collapse in investor confidence. Trillions of dollars were wiped off the value of stock and commodity prices, credit became more difficult to obtain, international trading seized up, and unemployment soared.
26. Despite their own exposure to the global economy through the financial interests of their respective owners, the clubs at the very top of English football were, as Stefan Szymanski predicted, sealed off from this crisis.¹² Ignoring the market volatility and borrower uncertainty that was present in the financial markets during this time, clubs actually increased their spending. Between 2010 and 2018, Premier League clubs shelled out in excess of £8.5bn on transfer fees alone – nearly £2bn more than they had in the previous 18 years combined.¹³
27. With clubs spending £1.3bn this summer alone, the coronavirus pandemic and unfolding economic crisis would similarly appear to have done little to dampen the conspicuous consumption of England’s biggest clubs (see point 13).
28. If these clubs are able to weather the storm of two global economic crises, it is highly unlikely that any transaction tax will curb these spending habits. On a twice-yearly basis, these clubs continue (and, indeed, many fans expect their clubs) to acquire players in order to strengthen their respective squads; to maintain their quest for domestic and European titles and silverware,

¹² Szymanski, S. (2010) The financial crisis and English football: The dog that will not bark. *International Journal of Sport Finance* 5(1): 28–40.

¹³ Webber, D. M. (2019). Feasting in a time of famine: The English Premier League, ‘conspicuous consumption’ and the politics of austerity. *Journal of Consumer Culture* <https://doi.org/10.1177/1469540518820948>.

qualify for UEFA's lucrative Champions League tournament, or simply consolidate their place in England's top division and avoid relegation into the English Football League below. A nominal levy is unlikely to halt this.

29. Beyond this elite, community sport, and grassroots football in particular offers considerable economic and social benefits. As a FA report found, from an annual investment of just £52m, grassroots football contributes nearly £10.8bn to the UK economy, and cost-savings to the NHS over £43m per year through reduced GP visits.¹⁴
30. Allied to these direct economic impacts, those who play football and other forms of sport also report significantly higher levels of general health, happiness, confidence and trust compared to those who do not play.¹⁵
31. Whilst clearly significant, these benefits have been accrued *despite* a lack of redistributed wealth in English football, rather than because of it. Moreover, the gloomy future that community sport is now facing suggests that these impacts will greatly be reduced – at precisely the same time they are most urgently needed by individuals and the wider economy. By contributing more of its considerable wealth through this proposed Solidarity Tax, England's richest football clubs can support community sport through this difficult period and finance a more sustainable model in its post-pandemic future.
32. There is a view that England's leading players, themselves the biggest beneficiaries of the grassroots game, should make a direct contribution to its future. Indeed, this would appear to chime with the comments made by the Health Secretary in April 2020, when he called upon England's leading players to “take a pay cut and play their part” in helping to cover the economic cost of the pandemic.¹⁶ This, however, would be largely unfair. While it is true that the highest earners at the elite level of English football *are* paid extraordinary salaries (at a time, it should be noted, that since 2010, average nurse pay, for which the government *is* responsible for, has fallen in real terms), these player salaries are a consequence, rather than a cause of the wealth that exists at the elite level of the game.
33. It should be this aggregate wealth – rather than player wages – that should be the target for this Solidarity Tax. Like other transaction taxes such as the Tobin Tax and ‘Robin Hood Tax’ designated for the international financial markets, the focus of this Solidarity Tax would be the money that flows between clubs through transfer payments and agent fees.
34. The size and scale of the transfer activity conducted by England's leading clubs suggests that even a moderate or relatively low rate transaction tax, such as the Solidarity Tax proposed here, could raise significant revenues for grassroots sport.

The Political Economy of Community Sport in Post-Pandemic Future

¹⁴ The FA (2019) *The Social and Economic Value of Adult Grassroots Football in England*. London: The Football Association.

¹⁵ Ibid.

¹⁶ BBC (2020) Coronavirus: Premier League players should take a pay cut – Matt Hancock. *BBC Sport*, 2 April 2020. Available (online) at <https://www.bbc.co.uk/sport/football/52142267>.

35. It should be made clear that the highly uneven and precarious state of grassroots sport across the United Kingdom is not due simply to a lack of funding from the elite level. This proposed Solidarity Tax would not be a silver bullet and its efficacy would be limited in the context of any further public spending cuts, and a failure to reform how the money designated for community sport is distributed.
36. Over the last decade, swingeing budgetary cuts have forced councils to reshuffle their spending priorities.¹⁷ With less cash available from the Treasury in order to protect and maintain the provision of locally delivered essential services such as education and social care, councils have been forced to hollow out more ‘discretionary’ forms of spending, typically, collective public amenities such as libraries, leisure facilities and parks in order to balance the books.¹⁸
37. In the midst of the current crisis, as public debt soars as a result of the Treasury’s borrowing, it is entirely plausible that the Chancellor of the Exchequer will impose a further round of austerity and budget cuts upon local council authorities in the coming years in an attempt to double-down on the UK’s growing deficit.
38. This evidence calls upon the Chancellor to rule out this particular recovery strategy and instead to plot a far more progressive and inclusive growth strategy out of the current crisis. Part of this economic plan should include the safeguarding of those public sport and leisure facilities that encourage active participation and support the social, physical and mental health benefits outlined here.
39. For the proceeds of this Solidarity Tax to be used most effectively, and to derive the health, social and economic gains derived from participation in community sport and leisure by people of all ages, it is necessary to ringfence and distribute this cash with far greater efficacy.
40. Alongside this government strategy, it is clear that review and reform of grassroots sport is still urgently required to ensure that this and other forms of investment are disbursed in the fairest and most efficient way. It is beyond the scope of this evidence to examine what these funding mechanisms should look like, how they should be operationalised, and the institution(s) that should bear responsibility for this redistribution. This evidence does, however, encourage the UK’s different sporting bodies, government departments, and other stakeholders to work more closely and coherently to secure the long-term future of grassroots sport across the UK’s communities.

Conclusions

¹⁷ Hastings, A., et al. (2017) Austerity urbanism in England: The ‘regressive redistribution’ of local government services and the impact on the poor and marginalised. *Environment and Planning A* 49(9): 2007–2024; Donald, B., et al. (2014) Austerity in the city: economic crisis and urban service decline? *Cambridge Journal of Regions, Economy and Society* 7(1), 3–15; Streeck, W. and Mertens, D. (2013) Public finance and the decline of state capacity in democratic capitalism. In: A. Schäfer and W. Streeck (eds.) (2013) *Politics in the Age of Austerity*. Cambridge: Polity Press, pp. 25–58.

¹⁸ Webber, D. M. (forthcoming) Towards an ‘everyday’ cultural political economy of English football: conceptualising the futures of Wembley Stadium and the grassroots game. Unpublished manuscript; Gray, M., and Barford, A. (2018) The depths of the cuts: the uneven geography of local government austerity. *Cambridge Journal of Regions, Economy and Society* 11(3): 541–563.

41. Following years of under-investment and public austerity, and in the current context of the coronavirus pandemic, this evidence has identified a number of challenges now confronting community sport right across the United Kingdom.
42. These structural fault-lines need to be addressed for community sport to recover. At the elite level of UK sport, however, there exists both a moral obligation and a golden opportunity to redistribute some of the considerable wealth accumulated by England's leading football clubs to support and sustain the long-term future of grassroots sport.
43. In addition to the measures proposed here, the Premier League is urged to finally make good on its two-decade old promise to distribute 5 percent of all broadcasting deals to grassroots football.
44. Alongside this television cash, this evidence has also proposed a Premier League Solidarity Tax targeted specifically at:
 - a. those transfer deals that take place between clubs as they acquire new playing talent;
 - b. the intermediary fees that clubs pay to agent in order to secure the services of these players.
45. Given the exponential rise in spending on transfers over the past thirty years, this package of transaction taxes represents a significant opportunity to divert some of the considerable wealth that circulates amongst England's elite football clubs towards the grassroots game, and community sport more generally.
46. Even a modest tax on these transfers and intermediary fees could raise significant revenues that would serve to benefit communities across the nation.
47. Indeed, this proposed Solidarity Tax does not necessarily need go to just grassroots football. Given the inequality in financial resources across the sporting landscape of the United Kingdom, and the different sports favoured by, followed, and participated in by different individuals, the nation's sports governing bodies are encouraged to work far more closely together and to think collectively and more creatively about how this elite wealth might be more equitably distributed across communities to invest and encourage the participation in a number of different sports.
48. It is not simply the responsibility of sport, however, to put in place the political framework in which grassroots sport can flourish. Recognising the economic, social and health benefits of sport to Britain's communities, cross-party agreement also needs to be reached to end the punitive cuts to public spending that have, over the past ten years, undermined efforts to encourage far greater levels of participation in sport and leisure activities at a community level.