

LCP on point



The Football Governance Bill: Why it's happening, what it will mean, and will it work?

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Executive Summary

The progression of the Football Governance Bill through Parliament since October 2024 has moved the football industry closer to a new era of regulation. The Bill will establish a new Independent Football Regulator, tasked with overseeing the financial and cultural sustainability of men's clubs in the English league pyramid. While this is a significant piece of legislation, it will not be the first attempt by the government to regulate the football industry.

Since the establishment of the Premier League in 1992, several attempts to introduce regulatory measures and good governance practices have been made. These, however, have been largely unsuccessful. English men's football in 2025 now finds itself at a significant moment, as an industry that has had its outdated systems of governance exposed by a combination of its own international success, globalisation, and commercialisation.

This has created a culture of financial unsustainability throughout the football pyramid. LCP's most recent analysis¹ has shown that 85% of men's clubs in the top four divisions were loss-making, with lower-league club losses worsening most dramatically. Furthermore, 17 of the 92 clubs disclosed a 'material uncertainty' about whether they could continue operating for another 12 months.

Alongside these financial issues, the level of club engagement with fans has become increasingly problematic, most significantly highlighted by the failed European Super League attempt. It is crucial therefore that this new attempt at regulation avoids repeating past mistakes.

This LCP On Point Paper is split into two main sections:

- The first section analyses the Football Governance Bill, focusing on the requirements the new Independent Football Regulator will demand of clubs.
- The second section investigates whether the Independent Football Regulator, as presently slated by the legislation, will have the ability to break football's largely ineffective regulatory cycle.

This paper looks only at the regulation of the men's game in the English league pyramid, as this is the sole focus of the Football Governance Bill and the new Independent Football Regulator. The women's game is in a very different stage of development, with fast growth in recent years and the establishment of Women's Professional Leagues Ltd to oversee women's club football in August 2024. We commented on this in our article following the Karen Carney review in 2023: [Creating a sustainable future for football – the women's game](#).

¹ Source: [Financial sustainability of men's football clubs: Bigger and better – but also riskier](#)



Recommendations

LCP is calling for the following to ensure the Bill benefits fans, clubs, and the wider football community:

1. The Independent Football Regulator must break away from past regulatory failures

The Football Association's approval of the deal that led to the Premier League's creation has caused a lasting imbalance of power in the industry. This, along with the repeal of financial regulation during the 1990s, has led to a financial bottleneck within the football industry.

This has resulted in a 'famine at a feast', in which record amounts of money being invested into football has resulted only in widening the gap between the wealthiest clubs and those below.

Previous twenty-first century attempts to regulate the industry have failed for two core reasons. The first is a lukewarm approach to introducing regulation from football's authorities, which has resulted in unrobust and ineffective regulation. The second is a culture of 'delegated self-regulation' in which, in the absence of an accountable governing body, constituent leagues have self-regulated in a way that serves only their own members.

This new regulation must be different from previous iterations – it should offer holistic solutions for clubs and other organisations across the football pyramid.

2. The Regulator must be mindful of the crowded regulatory space and collaborate with the Football Association.

The Independent Football Regulator is entering a space already occupied by several regulatory bodies. These include the constituent leagues, the Football Association, and international organisations, such as FIFA and UEFA. Many of the problems within the system of governance in English football stem from the implementation of largely self-interested regulation at each of these bodies. In order to be successful, the Regulator must look to address this culture, and work in collaboration with other organisations, including the leagues themselves, the Premier League, the English Football League (EFL) and the National League.

The Regulator must also work closely with the Football Association – on matters of particular relevance that might usually be within the remit of a national governing body, such as long-term sustainability - to guide its reform and create a modern structure for governing football. The focus should be on revitalising and reforming the FA, not sidelining it. In order to facilitate this, the Regulator should offer the FA a full, non-observer seat on its board.

3. The Regulator must work to address financial gaps between leagues, with parachute payments a key consideration.

The creation of an Independent Football Regulator creates scope for the Regulator to take a more holistic and wide-ranging view of the financial and cultural challenges within football.



With the Premier League possessing a domestic broadcast deal worth around 9 times per annum that of the EFL (and serving significantly fewer clubs) and attracting substantially greater levels of investment on top of these already greater revenues, the current financial difference between the Premier League and EFL is stark.

This often translates into a culture of financial unsustainability and risk-taking in ownership models, particularly for clubs aiming to reach the Premier League. The rebalancing of these financial gaps to sustainable levels will be a critical and wide-ranging challenge the Regulator will have to address.

In making parachute payments part of the wider consideration for the Regulator regarding the redistribution deal between the Premier League and EFL, the legislation gives greater weight to the position of less powerful actors, such as the EFL. This creates the potential to begin reducing the financial disparities between leagues and divisions, which are central to the pyramid-wide culture of financial instability. However, this alone will not be enough to reduce these divisions – and the Regulator (working with the Premier League and the EFL) may have to call upon a range of financial levers and regulations in order to facilitate the changes that are needed.



Section 1

The Football Governance Bill and what it will mean for clubs

The beginning of the 2025/2026 season has been slated to see a significant shift in the regulatory landscape for men's football clubs across the top five divisions of the English league pyramid, should the government's plans for the Football Governance Bill progress as intended. At its core is an initiative to introduce a new regulatory organisation to govern the men's football industry in England – an Independent Football Regulator.

The idea for a regulator for the football industry was first suggested in the 1990s and has more recently come to the forefront as a result of the Fan-Led Review of Football Governance, chaired by Tracey Crouch. The Fan-Led Review, published in November 2021, was commissioned by the Boris Johnson-led Conservative government as a consequence of the financially precarious position of many clubs across the football pyramid and the attempted creation of the European Super League in April 2021.

At the core of the 47 recommendations made by the Fan-Led Review was the establishment of an independent regulator to exercise a degree of top-down authority for an industry that had become increasingly financially and culturally challenging.

Whilst there remains scope for amendment and refinement, the Bill, in its current form, would make several requirements of football across the top five divisions of the game and require clubs to meet a new set of standards supervised by the Regulator.

What will the Independent Football Regulator require of football clubs?

Based on the current form of the Bill, and related explanatory documentation, our expectation is for the following provisions and requirements to apply to clubs.

These will apply to men's football clubs across the following divisions:

1. Premier League
2. Championship
3. League One
4. League Two
5. National League



At its core, the Regulator will operate a club licensing system, with clubs required to obtain and hold a Regulator-distributed license to continue to operate:

- For the first three years of the Regulator's operation, clubs will need to obtain a Provisional Operating License (POL), for which the threshold is notably lower than that for a Full Operating License (FOL).
- By the end of this three-year period, a club will need to obtain a FOL, meeting more extensive and stringent conditions set out by the Regulator.

1.1 Provisional Operating Licenses (POL)

In order to obtain a **POL**, clubs will have to submit the following:

1. A personnel statement. This will consist of:
 - i. Identifying each of the club's owners and officers
 - ii. Identifying the club's ultimate owner
 - iii. Setting out the job title of, or a description of the role performed by, each of the club's officers
 - iv. Setting out the specified senior management functions performed by each of the club's officers who is a senior manager
2. A strategic business plan. This will consist of information in respect of:
 - i. The proposed operation of the club
 - ii. The estimated costs of that operation
 - iii. How those costs are to be funded
 - iv. The source of such funding
 - v. Such other information that may be specified in the Regulator's rules

In order to provide a club with a POL, the Regulator must also be satisfied that the club would be able to comply with the following:

- i. that the club would, in theory, be able to publish a suitable financial plan
- ii. that the club would, in theory, be able to publish a suitable corporate governance statement
- iii. that the club would, in theory, be able to demonstrate suitable engagement with fans
- iv. that the club would, in theory, be able to produce a suitable annual declaration
- v. that the club would not operate a team in a prohibited competition
- vi. that the club would be able to pay an annual levy to fund the Regulator's costs

The definition of what constitutes a suitable financial plan, corporate governance statement, fan engagement, and annual declaration, are outlined below in the section concerning requirements to obtain a FOL.



1.2 Full Operating Licenses (FOL)

In order to obtain a FOL, clubs will have to meet requirements across four predominant areas:

1. Financial Resources
2. Non-Financial Resources
3. Fan Engagement
4. Corporate Governance

In relation to each, clubs will have to show the following:

Financial Resources

1. The club must submit a financial plan detailing:
 - i. Information about how the club is, or is to be, funded and the source of such funding
 - ii. Information about expected revenues and expenses
 - iii. Financial risk assessments and plans for managing financial risks
2. The club must submit a strategic business plan detailing:
 - i. The proposed operation of the club
 - ii. The estimated costs of that operation
 - iii. How those costs are to be funded
 - iv. The source of such funding
 - v. Such other information that may be specified in the Regulator's rules
3. The club must be able to satisfy the Regulator that it has appropriate financial resources in relation to the activities the club carries on or seeks to carry on. In assessing this, the Regulator will consider:
 - i. The corporate structure of the club and, where the club is part of a group, the group
 - ii. The club's financial plan
 - iii. The club's strategic business plan
 - iv. The specified competition in relation to which a relevant team is operated by the club
 - v. Any other competitions in relation to which a team is operated by the club
 - vi. The club's non-financial resources



Non-Financial Resources

1. The Regulator will assess the corporate structure of the club and, where the club is part of a group, the group
2. Clubs will have to submit a personnel statement. This will consist of:
 - i. Identifying each of the club's owners and officers
 - ii. Identifying the club's ultimate owner
 - iii. Setting out the job title of, or a description of the role performed by, each of the club's officers
 - iv. Setting out the specified senior management functions performed by each of the club's officers who is a senior manager
3. The Regulator will establish new tests for prospective owners and directors for football clubs. The new tests will consist of three key elements:
 - i. A fitness and propriety test, to ensure integrity of owners and directors
 - ii. Enhanced due diligence of the source of wealth of owners
 - iii. A requirement for robust financial plans.

Corporate Governance

1. The Regulator will establish a corporate governance code of practice for regulated clubs. Clubs will be required to apply this and report on how it has been applied with an annual Corporate Governance Statement. In this statement, clubs will need to detail:
 - i. How the club is applying the code
 - ii. What action the club is taking to improve equality, diversity and inclusion
 - iii. The statement will have to be published online as soon as reasonably practicable, after submission to the Regulator

Fan Engagement and Consultation

1. The club will need to engage with and consult its fans about, and take the views of its fans into account in making decisions about:
 - i. The club's strategic directions and objectives
 - ii. The club's business priorities
 - iii. Operation and match-day issues, including ticket pricing
 - iv. The club's heritage (its home ground, crest, predominant home shirt colours, and team name)
 - v. The club's plans relating to additional fan engagement



2. The club will need to carry out this consultation with:
 - i. Depending on the size of the club, persons elected by the club's fans to represent their views - or persons otherwise appearing to the Regulator to represent the views of the club's fans
 - ii. This might include a formally constituted group of people for this purpose

LCP's View

The new licensing rules mean that clubs will need to prove they meet key standards in finance, operations, governance, and fan engagement. While this will require some extra effort and cost, we also see it as an opportunity for clubs to strengthen the way they operate. Improving governance and fan engagement, for example, could be a win-win - benefiting the club, its financial health, and its supporters.

LCP will be offering a service to help clubs at all levels of the pyramid to assess how prepared they are for these new requirements, at both the POL and FOL stages. Our support will cover looking at basic compliance with the regulations, and we'll also highlight areas where going beyond the minimum requirements could make clubs more effective.

As the Bill continues to progress through Parliament, we are keen to engage with stakeholders to help ensure the licensing requirements and processes for clubs are both practical and beneficial - and provide the Regulator with the information it needs to carry out its job of improving governance and financial stability in the men's game.



Section 2

Will the Independent Football Regulator be able to break the cycle of ineffective regulation?

2.1 Back to the Future - What the new Independent Football Regulator can learn from the history of governance in the Premier League era.

It has taken a wide-ranging review and two initial drafts of legislation, but the seminal reform of the regulation of English men's football, first proposed in 2021 and interrupted by a change in government, appears finally to be gaining traction. The Football Governance Bill's passage through the Lords has marked significant progress for legislation, which, at its core, has promised to introduce a new Independent Football Regulator.

The Fan-Led Review of English Football, led by former Conservative MP Dame Tracey Crouch and commissioned in the aftermath of attempts to form a European Super League, advised Boris Johnson's government that independent regulation was the most cogent solution to fix the financial and governance weaknesses that had permeated men's football.² These, Crouch noted, included a culture of unsustainability which has left clubs facing "financial distress", an outdated set of regulations overseeing the sport, and a breakdown in relationship between clubs and communities.³ This latter point, as noted by The Football Supporters' Association, has resulted in critical failures amongst clubs in fulfilling their roles as assets of local communities.⁴

However, the breakdown between club and community, as well as the financial inadequacies plaguing the game, predate the European Super League's aborted creation. David Conn's analysis in *The Football Business* has noted the significance of the misapplication of the money generated by football's television revolution in the 1990s, with a resulting bottleneck meaning only a limited number of clubs see financial benefit.⁵

The aim of this section of this LCP On Point Paper is not to duplicate work in this area, but instead to analyse the core challenges for the new regulator in the context of previous attempts to regulate and reform. In particular, it will look at specific areas of regulation already introduced, and investigate whether the Regulator's position may allow for it to amend and improve upon these systems of governance.

² Source: [Fan-Led Review of Football Governance: securing the game's future - GOV.UK](#)

³ Ibid.

⁴ Ibid

⁵ David Conn *The Football Business* (Edinburgh: Mainstream Publishing) 2002



What have been the failures of the previous system of governance?

A multi-decade problem

The current weaknesses in English men's football governance stem from over 30 years of mismanagement. To assess the potential effectiveness of the Regulator, it is important to understand its context. The need for the Regulator arises from poor governance by the Football Association (FA), failed regulations, and a culture of self-regulation in the industry. This can be traced to the socio-political context out of which the Premier League emerged in 1992.

The period immediately preceding this breakaway had been characterised by conversations around widespread reform, as English men's football attempted to emerge from a series of crises that had engulfed and overshadowed the previous two decades. These had - in the form of the Popplewell and Taylor Reports - initially focused on stadium safety and fan welfare. Indeed, the 76 recommendations made by Lord Justice Taylor in his extensive work (published January 1990) resulted in a rigorous restructuring of stadium safety and fan welfare.⁶

Shortly afterwards, however, a number of publications closely exploring regulatory and governance reforms were released. In October 1990, the Football League – at that time the governing organisation for England's top four divisions – published their own manifesto for change, *One Game, One Team, One Voice*.⁷ This called for cross-stakeholder unity, and a joint management board with the FA, designed to streamline the cumbersome process of governance between the organisations.⁸

The publication of *One Game, One Team, One Voice*, and particularly the call for a power sharing agreement with the Football League, was met with significant resistance from the FA.⁹ The organisation's own response publication, "The Blueprint for the Future of Football", proposed the retention of significant power within the FA's own, archaic system of governance.¹⁰

The tension between the FA and the Football League ensured that the proposal by the "Big Five" clubs (at that time) – Arsenal, Manchester United, Liverpool, Everton and Tottenham Hotspur – to form a new legal entity and break away from the organisation was enthusiastically approved by the FA. As the FA's CEO at the time, Graham Kelly, later admitted in an interview with Conn, "the clubs were desperate for their freedom, and they would have given virtually anything to be granted that. We could have done so much more to get it right, by saying the FA is here for the good of the game and developed a structure that worked."¹¹

⁶ Source: [Hillsborough-Stadium-Disaster-final-report.pdf](#)

⁷ This can be found in the archives of De Montford University

⁸ Ibid.

⁹ David Conn *The Football Business* (Edinburgh: Mainstream Publishing) 2002

¹⁰ This can be found in the archives of De Montford University

¹¹ Source: Conn, D. (2004) 'How the FA betrayed their own game', *The Guardian*, 14 November. Available at: <https://www.theguardian.com/football/2004/nov/14/sport.comment>



Instead, however, the FA simply asked for two concessions – for the new organisation to be called the FA Premier League, and for the number of clubs to be eventually cut to eighteen.¹² The balance of power between the two bodies was disproportionate from the outset – the term “FA” was only added into the Premier League founding document by Kelly by hand whilst, as of the 2024/2025 Premier League season, the league contains twenty clubs.

The poorly negotiated deal made by the FA in 1992 has been one of two factors that has led to its eventual acceptance of the Premier League’s power. The second has been the strong commercial performance by the Premier League, creating a reliance on the distribution of its revenues to the divisions remaining in the Football League following 1992.

The Premier League’s creation was partially predicated on the availability and potential lucrativeness of broadcasting rights for satellite television. The original broadcasting deal for the Premier League, struck with Rupert Murdoch’s BSkyB, was worth £304million.¹³ The most recent domestic broadcast cycle, covering the period 2025-2029, was worth £6.7 billion (over 4 years), to be shared amongst 20 clubs.¹⁴ In contrast, the EFL’s own most recent domestic broadcast cycle was worth £935 million (over 5 years), to be shared amongst 72 clubs.¹⁵ As such, the annual payments (solidarity payments) made by the Premier League to clubs in the three divisions below continue to provide the organisation with a hugely powerful position across the football pyramid.

Famine at a feast

The problem is not in itself the Premier League’s financial dominance, but the lack of a fair financial redistribution plan when the organisation broke away in 1992, along with broader deregulation. As Miguel Delaney points out in his analysis *States of Play*, the years after the Premier League’s creation saw key events that strengthen its powerful position in English football.¹⁶

Significantly, the European Court’s landmark “Bosman” ruling in 1995, permitting players to transfer between clubs at the end of the contract without a fee being paid by their new employer, created a completely open labour market. As Delaney has argued, this allowed for the most financially affluent of clubs to gain a significant advantage in relation to the playing labour force, with the upward drag created leaving significant gaps to clubs below.¹⁷

While Bosman was beyond the FA’s control, several factors that worsened the problem were within its responsibility.

¹² This latter proposal was designed to benefit the England national team, with the theory that players competing in fewer matches during the club season would benefit their fitness for international tournaments

¹³ Source: [The rights track: a history of the Premier League’s UK TV deals - SportsPro](#)

¹⁴ Source: [Premier League agrees record £6.7bn domestic TV rights deal - BBC Sport](#)

¹⁵ Source: [EFL announces landmark broadcasting deal with Sky Sports - The English Football League](#)

¹⁶ Miguel Delaney *States of Play* (London: Seven Dials) 2024

¹⁷ Ibid.



Most notably, the FA's failure to modernise its outdated decision-making system, especially the 'Victorian' FA Council Board, comprising of 92 representatives, including those representing Oxford and Cambridge Universities and the armed forces. This led to a governing body whose power has been gradually reduced by the very organisations it was meant to regulate.

This has been evident in several key decisions, such as the FA's resistance to UEFA's 2005 rule change requiring six homegrown players in European competitions and, more recently, the decision to scrap FA Cup replays with minimum consultation.

What this represents is a scenario in which the Premier League is able to self-regulate both indirectly – through its position in relation to the FA – and directly, through its member voting structure.¹⁸ As a result, the organisation has been motivated to act largely in its own self-interest, with little consideration demonstrated for the rest of the football pyramid.

This has had a significant financial impact. Despite English football attracting lucrative broadcast deals and a booming job market for players, LCP's latest financial sustainability report showed that 85% of clubs across the top four divisions are loss-making with aggregate losses of £1.2bn over the 2022/23 season.¹⁹ This 'famine at a feast' situation suggests that the money coming into the game isn't being used effectively.

This disparity therefore speaks to a system of governance that had been weakened by football's new commercial, global era and regulations that have been scaled back, just as significant money began to enter the football ecosystem. In such a scenario, the industry requires a strong, agile governing body, able to quickly provide regulatory intervention to ensure clubs across the pyramid and the wider game are able to benefit from the new financial era.

¹⁸ In order for there to be a rule change in the Premier League, it must be approved by 14 of the 20 clubs

¹⁹ LCP report: [Financial sustainability of men's football clubs](#)



2.2 Living in the Future – Previous regulation and the problem of self-regulation.

Missed Opportunities

The late 1990s witnessed sustained government pressure for the regulation of football. This came through the Charter for Football (1996), the Smith Report and the creation of the Football Task Force. Whilst calls for external regulation were met by collective resistance from the football authorities, the collapse of ITV Digital in 2002 and the subsequent financial impact on football clubs served as the tipping point at which resistance to regulation amongst football's authorities became unfeasible.²⁰

The regulation implemented from the early 2000s however has proved to be largely ineffective. There are two core reasons for this – the first, as highlighted by Evans, Walters and Tacon, is that the regulation reluctantly created twenty years ago was designed simply to 'compromise' or 'pacify' government bodies that sought to regulate the industry.²¹ In this way, the regulation - such as the trialled salary cap in League Two in 2004 - was not designed as particularly robust, but simply to regulate for the sake of appearances and legitimacy.²²

Second, the fragmented governance of English men's football has prevented cohesive regulation. The existence of three separate leagues to govern the top six tiers – the Premier League, the EFL, and the National League – has meant that the regulations designed by each organisation serve only its member clubs and not the wider football pyramid.

Many of the regulations implemented have not found an effective holistic solution to the financial inadequacies through the pyramid; instead, they have created temporary fixes to larger problems. Whilst examples of this include the separate Owners' and Directors' Tests administered by the Premier League and the EFL, and the lack of effective redistribution of funding between the two bodies, it is perhaps most acutely seen in the implementation of 'parachute payments' to clubs relegated from the Premier League.

Parachute Problems

Parachute payments are given to clubs relegated from the Premier League to offset the loss in revenue that comes with relegation. These payments span three years, starting at 55% of a Premier League club's broadcast revenue in the first year, dropping to 45% in the second, and 20% in the third (if the club had been in the Premier League for more than one season). If a club is promoted back during this period, remaining funds are retained by the Premier League.

²⁰ Richard Evans, Geoff Walters and Richard Tacon "Assessing the effectiveness of financial regulation in the English Football League: "The dog that didn't bark"

²¹ Ibid.

²² Ibid.



Parachute payments highlight the flaws in a system of ‘delegated self-regulation’, where individual entities oversee their own interests with little external oversight. The Fan-Led Review cited the culture of self-regulation as part of the case for reform and the introduction of a regulator.²³

A blanket label of the industry as self-regulatory does not account for the scope of the challenge. More specifically, and particularly since the erosion of the FA’s power, the wider industry is not self-regulated through an industry governing body, but individual stakeholders are able to regulate their own entity with negligible external intervention – something that may be referred to as ‘delegated self-regulation’.

The result of these systems of delegated self-regulation have been the implementation of regulation which is suitable to only a small cross-section of the football pyramid, and fails to provide a holistic resolution for the wider industry. This has appeared in multiple facets, notably through parachute payments, and the ongoing dispute in relation to redistribution of funds between the Premier League and the EFL.

Analysis done into parachute payments has highlighted several problems through the pyramid arising from their current structure. Rob Wilson, Girish Ramchandani and Daniel Plumley have noted the effect of these payments has been to distort the competition within the Championship by lending a significant financial (and consequently often sporting) advantage to relegated clubs.²⁴ This has also created a culture in which clubs not in receipt of payments must spend unsustainable amounts of money to be able to compete with those that are in receipt.²⁵ In this gambling culture, even the cautious can get dragged to the table.

Furthermore, their analysis shows that, in over 50% of cases, the wage base of clubs relegated has increased in their first season in the Championship, implying the usage of parachute payments as a means of boosting the playing squad with the aim of gaining immediate promotion.²⁶ This therefore raises a separate issue, in which a club can use parachute payments to increase their wage bill upon relegation, but fail to secure immediate promotion and be left with an unsustainable cost to revenue ratio – leading to subsequent major financial problems.

These problems demonstrate that parachute payments, intended to ease the financial transition, have instead created new challenges. The misuse of payments by clubs in their receipt also shows that they have failed to solve the original issue of ensuring sustainability following relegation. These failures have been a result of the ‘delegated self-regulation’ of constituent bodies within the football pyramid.

Two broader problems subsequently emerge. First, a lack of a sustainable, long-term solution to revenue disparities between leagues. By prioritising a minority of clubs, the Premier League has exacerbated tensions with the EFL and failed to address financial imbalances.

²³ Source: [Fan-Led Review of Football Governance: securing the game’s future - GOV.UK](#)

²⁴ Rob Wilson, Girish Ramchandani and Daniel Plumley “Parachute payments in English football: Softening the landing or distorting the balance?” *Journal of Global Sport Management* 3 (4), 351-368

²⁵ Ibid

²⁶ Ibid.



Second, this approach discourages collaboration and neglects the need for a more equitable pyramid-wide system.

In this way, the problems created by parachute payments should be seen as a microcosm of many of those in wider football, with which the new regulator will have to contend. The payments have been created through a culture of 'delegated self-regulation', and considering only a narrow selection of stakeholders, have fuelled a culture of unsustainability lower down the football pyramid whilst failing to address the root cause of the problem.

The fundamental problem with delegated self-regulation

This, to an extent, reflects the problems that have arisen in relation to financial redistribution, in which the existence of two separate bodies - with members of one financially dependent on donations by members of the other – has led to an unsavoury disagreement over financial flow.

The question therefore remains about whether the introduction of a regulator can be successful in changing the course of football's financial unsustainability and create holistic solutions to pyramid-wide problems, and whether this latest attempt to regulate will differ from its predecessors.



2.3 The Long and Winding Road – Assessing the current challenges for the Independent Football Regulator

The current position

The first attempt to introduce the Football Governance Bill - under the Sunak Administration - was curtailed in June 2024, following the announcement of the General Election. The cross-party consensus (at that time) regarding the Bill, however, allowed the Labour government to quickly introduce an updated version of the legislation. This included several significant changes, such as the inclusion of parachute payments as part of the Regulator's oversight. The new legislation also contains new provisions for fan engagement and equality, diversity, and inclusion (EDI).

Several curious developments have, however, already occurred in the new Bill's journey through parliament. Notably, the Second Reading of the Bill inspired a level of resistance and scepticism that had previously not been witnessed within either parliamentary house.

This scepticism has presented itself in two main forms. The first has been through a generic objection to the idea of "big government" and regulation, led by Lord Hannan of Kingsclere. Whilst this is not to be dismissed, Hannan's argument during the Second Reading lacked specific detail on the dangers of such legislation, save for a well-founded concern relating to regulatory drift.

However, Lord Moynihan and Lord Maude raised more pertinent concerns regarding specific shortcomings in the Bill's content, particularly in relation to the Regulator's independence, the proportionality of its sanction, and its place in an already crowded regulatory space.

This resistance has meant that the passing of the legislation may potentially be delayed, and the start date for a regulator pushed beyond the beginning of the 2025/2026 season.

Reasons to be (quietly) positive

The significant difficulties in establishing effective regulation in the first thirty years of the Premier League era provide a largely pessimistic backdrop to the introduction of the Independent Football Regulator. However, the Regulator's structure and government mandate offer the prospect of a stronger foundation for fostering financial and cultural stability in football.

Geoff Walters and Sean Hamil have identified four factors that explain the ineffectiveness of financial regulation in football. These are:

1. Where internal governance structures of regulatory bodies are constituted in such a way as to inhibit the process of decision-making
2. Where powerful actors maintain control of significant financial resources and have a desire to limit financial regulation



3. Where minor actors do not have sufficient power and leverage
4. Where the government is unwilling to intervene and use legislation²⁷

Football's governance reflects these points. The FA's structure has been described by its own former Chief Executive Mark Palios as "Victorian".²⁸ There has been an exploitation of this by the Premier League and its constituent clubs, boosted by its commercial success, creating a position in which stakeholders that are more minor actors have a financial dependence on the organisation. This consequently limits the voice of such stakeholders and does not create a culture where change is achievable. This scenario has taken place in an environment where the government had previously not suggested any regulatory intervention.

The introduction of the Regulator now provides a clear opportunity for a fundamental change in direction. As an obvious starting point, the Regulator signals that the government has taken steps to address the lack of strong regulation in the football industry. This marks a significant difference from the regulations that had come previously, particularly the 'compromised' regulations of the early 2000s. Specifically, with a government-led approach, there is far less risk of regulation serving stakeholders unevenly nor of regulation being implemented without requisite robustness.

The second point of positivity directly concerns parachute payments and may be symbolic of a wider cultural shift in the industry. The second iteration of the Football Governance Bill, published in October 2024, included parachute payments as part of the consideration of the Regulator, should its backstop powers to enforce a deal for redistribution of funds be activated.²⁹

There are two reasons this is significant. The first is that the inclusion of parachute payments as part of the Regulator's oversight provides significant leverage to the EFL at the expense of the Premier League. The inclusion of parachute payments as part of the redistribution process therefore marks a greater presence for a more minor actor. Secondly, this further demonstrates the benefit of the existence of a regulatory body that oversees the Premier League, EFL, and National League collectively.

Related to this rebalancing of power, there might also be an indirect benefit from the inclusion of parachute payments as a part of the regulatory oversight. The position of the Premier League regarding a new financial redistribution deal has thus far shown an unwillingness to engage with the topic, beyond highlighting the current offer, which the EFL has deemed to be unacceptable.³⁰ However, given the Premier League's previous hesitancy to negotiate the position of parachute payments, their inclusion as part of the Regulator's backstop power may form an incentive for the Premier League to take a more co-operative approach to finding a deal, as a means of avoiding regulatory arbitration that would include consideration of parachute payments.

²⁷ Geoff Walters and Sean Hamil (2013) The contests for power and influence over the regulatory space in the English professional football industry, 1980 – 2012. *Business History* 55 (5), pp. 740-767.

²⁸ Mark Palios, Speaking at Fair Game Conference Plough Lane 21.05.24

²⁹ Source: [Football Governance Bill \[HL\]](#)

³⁰ Source: [Premier League clubs accused of 'empty promise' on EFL funding - BBC Sport](#)



Reasons to be negative

It would, nevertheless, be naïve to consider that the climate does not still present significant regulatory challenges. Whilst the inclusion of parachute payments as part of the Regulator's consideration is significant insofar as it favours the EFL's financial demands, there is still a significant commercial and financial imbalance and culture of unsustainability across the pyramid.

Whilst there is a potential shift in negotiating position, the reliance of the wider pyramid on the Premier League is still clear. The value of the top division's domestic broadcasting deal is around 9 times that of the EFL, leading to a strong imbalance of power between the two stakeholders.

The EFL's latest proposal for £900 million to be distributed across a six-year period was rejected by Premier League clubs last year.³¹ The Premier League's earlier offer of £358 million over three years highlights the gap between the two sides that still needs to be resolved.³²

Central to this issue is the Premier League's growing internal tension, disrupting its ability to self-regulate. In recent years, divisions between clubs have deepened, with Delaney describing the league as "tearing itself apart." Rapid globalisation has created competing interests, making the Premier League's structure increasingly unstable. Recent years have seen a number of indications of this. The 2024/2025 season alone has seen substantial division over the Premier League's Associated Party Transaction (APT) rules, with recent proposed amendments resisted by Manchester City, Newcastle United, Nottingham Forest and Aston Villa.³³ Last year, both Aston Villa and Crystal Palace attempted unsuccessfully to bring about significant changes to the leagues Profit and Sustainability (PSR) rules.³⁴

More notably, the Premier League is facing growing legal disputes from its own constituents. In the 2023/24 season, it spent £45 million on litigation against its own clubs. This isn't surprising given the major cases within the league, including the high-profile dispute with Manchester City over 129 alleged financial rule breaches from 2009-2018, which could further damage the league's integrity.

The situation is fragile. The Premier League holds significant power over key stakeholders like the FA and EFL but has gradually lost control over its own clubs and faces ongoing legal challenges. This "Frankenstein's monster" scenario has the potential to create an extremely challenging framework for the Regulator.

Overall, the Regulator's position appears to be carefully balanced. Whilst its very conception, and inclusion of parachute payments offer some optimism, it risks being limited by football's existing structure and potential legal challenges from the clubs it oversees. However, this can be avoided. This paper argues that the Regulator can take material steps to establish a solid foundation for effective governance.

³¹ Source: [Premier League clubs given new offer to share £900m across football pyramid | Premier League | The Guardian](#)

³² Source: [Premier League offers EFL extra £358m over three years...](#)

³³ Source: [APT rules: Premier League clubs approve changes to rules about commercial deals - BBC Sport](#)
[It is worth noting, in this instance, that Manchester City and Aston Villa voted against the amendments, as both clubs believed it more prudent to wait until the outcome of Manchester City's wider legal challenge on the legitimacy of the rules was announced.](#)

³⁴ Source: [Premier League clubs reject Aston Villa and Crystal Palace PSR proposals to vote in new financial system | OneFootball](#)



One Game, One Team, One Voice

Over thirty years after the publication of *One Game, One Team, One Voice*, the Football League's proposal for governance reform, the call for collaboration across football bodies remains relevant. It is in no small part due to a lack of collaboration between bodies engaging in self-regulation that has led the football industry to suffer from a crisis that is both financial and cultural in nature.

The Regulator has the opportunity to foster a culture of collaboration between the existing bodies in the football ecosystem. In order to facilitate this however, there are two key areas upon which it must focus.

The first of these is to find a resolution to the remaining shortcomings in the legislation, as presently slated. Specifically, concerns remain about resourcing and the financial flow of the body, as well as the "sweeping powers" given to ministers.³⁵ Directly addressing these points would have a double benefit. As well as strengthening the position of the Regulator, it would also weaken the arguments made by those inclined to Lord Hannan of Kingsclere's way of thinking, who may wish to see the Bill delayed or dropped.

The second point is broader in nature. As part of its remit, the Regulator should not seek to isolate itself from the other bodies in the football industry but seek a collaborative approach that engages the Football Association, whilst seeking to reorder the balance of power between constituent leagues. Part of this can be found in the Football League's *One Game, One Team, One Voice* document.

The reason for this is partially so that the Regulator can work collaboratively with the FA to reform the latter's system of governance and create a body capable of governing football in the era of globalisation and commercialisation. Additionally, a more present and involved FA should always lend itself to a more robust football pyramid.

In order to facilitate this, the Regulator should offer the FA a full non-observer seat on its board. This would be a strong and clear starting point to involve the FA in the overall strategy of the governance of men's football and realigning it as a governing body with the capability to set direction.

The Regulator has an opportunity to redress this, by accounting for the challenges of more minor actors, in addition to those blessed with wealth and/or power. The inclusion of backstop powers as part of the regulatory oversight for a redistribution deal is a strong start in this regard, but the Regulator should also seek a solution to the more holistic problem of "cliff edges" between leagues and divisions.

If the Regulator demonstrates the capacity to break the current governance cycle of 'delegated self-regulation' followed by fractionalisation, there remains the possibility that it will add balance to the pyramid, and be a widely beneficial intervention, in contrast to its regulatory predecessors.

³⁵ Second Reading of the Football Governance Bill November 13 2024



Conclusions and recommendations

This On Point Paper has analysed the prospects of a new Independent Football Regulator by assessing its position in the context of historic attempts to regulate the men's football industry.

In this regard, there are several conclusions that may be drawn:

- It is clear that the current financial and cultural problems within the football industry have been founded on over three decades of mismanagement, beginning with the FA's uncompromising rejection of the Football League's manifesto for reform in 1990, *One Game, One Team, One Voice*.
- Attempts to regulate the industry since this point have failed for two core reasons. The first is a lukewarm approach to regulation by football authorities, designed to pacify the threat of government reform, which has resulted in unrobust and ineffective regulation. The second is the culture of 'delegated self-regulation' within football, in which, in the absence of an accountable governing body, constituent leagues have self-regulated in a way that serves only their own members.
- This has resulted in a 'famine at a feast', in which record amounts of money being invested into football has resulted only in widening the gap between the wealthiest clubs and those below.
- Parachute payments present a curious microcosm of the problems within wider football, emerging out of 'delegated self-regulation', and failing to address either the problem they were brought in to fix nor the wider holistic issues within football.
- In the proposition of the Independent Football Regulator, however, this version of regulatory reform has shown positive signs of being able to break football's ineffective governance cycle. Specifically, the government-led (instead of football-led) solution and the acknowledgement of a wider range of stakeholders point to the scope for more meaningful change.



These conclusions lend themselves to the following recommendations:

1. The Independent Football Regulator must break away from past regulatory failures

As noted, above, previous attempts to regulate the industry have failed for two core reasons.

The first, a lukewarm approach to introducing regulation from football's authorities, and the second a culture of 'delegated self-regulation'.

This new regulation must be different from previous iterations – it should offer holistic solutions for clubs and other organisations across the football pyramid.

2. The Regulator must be mindful of the crowded regulatory space and collaborate with the Football Association.

The Independent Football Regulator is entering a space already occupied by several regulatory bodies. These include the constituent leagues, the Football Association, and international organisations, such as FIFA and UEFA.

Many of the problems within the system of governance in English men's football stem from the implementation of largely self-interested regulation at each of these bodies. In order to be successful, the Regulator must look to address this culture, and work in collaboration with other organisations, including the leagues themselves, the Premier League, the English Football League (EFL) and the National League.

The Regulator must also work closely with the Football Association - on matters of particular relevance that might usually be within the remit of a national governing body, such as long-term sustainability - to guide its reform and create a modern structure for governing football. The focus should be on revitalising and reforming the FA, not sidelining it. In order to facilitate this, the Regulator should offer the FA a seat on its board.

3. The Regulator must work to address financial gaps between leagues, with parachute payments as a key consideration.

The creation of an Independent Football Regulator creates scope for the Regulator to take a more holistic and wide-ranging view of the financial and cultural challenges within football. With the Premier League possessing a domestic broadcast deal worth around 9 times per annum that of the EFL (and serving significantly fewer clubs), and attracting substantially greater levels of investment on top of these already greater revenues, the current financial difference between the Premier League and EFL is stark.

This often translates into a culture of financial unsustainability and risk-taking in ownership models, particularly for clubs aiming to reach the Premier League.



The rebalancing of these financial gaps to sustainable levels will be a critical and wide-ranging challenge the Regulator will have to address.

In making parachute payments part of the wider consideration for the Regulator regarding the redistribution deal between the Premier League and EFL, the legislation gives greater weight to the position of less powerful actors, such as the EFL. This creates the potential to begin reducing the financial disparities between leagues and divisions, which are central to the pyramid-wide culture of financial instability. However, this alone will not be enough to reduce these divisions – and the Regulator (working with the Premier League and the EFL) may have to call upon a range of financial levers and regulations in order to facilitate these changes.

These points demonstrate that the idea of independent regulation for football does have the potential to solve the problems that have persisted for decades in the industry. However, to make effective change, the new Regulator will have to be able to fully depart from the current system of division and compartmentalisation. Instead, there should be a focus on industry-wide balance and collaboration.

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