

LCP's response to the Independent Football Regulator's consultation on Sanctions

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This document sets out LCP's response to the Independent Football Regulator's consultation on Sanctions published on 4 September 2025.

Who We Are

LCP is a global firm of financial, regulatory, actuarial and business consultants, specialising in the sports industry (providing both analytics and advisory services), as well as pensions, investment, insurance, energy, health and business analytics. We have around 1,200 employees, including over 190 partners.

Executive Summary

LCP welcomes the opportunity to respond to the Independent Football Regulator's consultation on Sanctions. LCP is supportive of the IFR's commitment to improving the financial sustainability of men's football in England, whilst providing adequate cultural and heritage protections for the sport. The introduction of the IFR provides an opportunity for the football industry to proactively engage with the financial and cultural challenges within football, whilst continuing to support the game's domestic and international economic value.

We are happy for LCP to be named as a respondent to the consultation and happy for our response to be in the public domain. We are happy for you to reference our comments in any response.

Responses to consultation questions

Q.1 Do you agree with the IFR's adoption of a "stepped approach" to the sanctions setting methodology?

We have no comments.

Q.2 Do you agree with the IFR's approach to determining the starting point for a financial penalty under step 1 – set out in paragraphs 5.13-5.22 of the draft guidance?

LCP agree with the broad approach to determining the starting point for a financial penalty under step 1. However, we believe that para 5.17 of the guidance is, at present, excessively vague and open to potential exploitation.

This reads that:

“Where the annual revenue in the Applicable Period for a club is materially higher or lower than in previous years, the IFR may use an average calculated by reference to the club’s previous financial reporting years in order to arrive at an appropriate starting point for the financial penalty.”

This paragraph, however, does not specify the definition of the term “materially.” Given that this is in and of itself is not a legal term, it is open to broad interpretation by stakeholders, including those against whom sanctions may be imposed. It would therefore be possible for a sanctioned entity to superficially but successfully claim, for example, that revenue in the Applicable Period was “materially” higher than in other years, and thus the extent of the financial penalty should not be taken in accordance with the figure in the Applicable Period.

Furthermore, without precise definition, a “material” change is difficult to benchmark, thus creating a challenging scenario for the IFR, in its role to act evenly and with fairness in respect to all bodies regulated.

LCP would therefore recommend that a numerical percentage change is given to the term “material”, to act as a definition for these purposes (eg by more than 15%).

Q.3 Do you agree with the IFR’s proposed adoption of three levels of seriousness (levels 1-3) at step 1 – set out at paragraphs 4.13 - 4.17 of the draft guidance?

We have no comments

Q.4 Do you agree with IFR’s approach to aggravating and mitigating factors at step 2 - set out at paragraphs 4.19 - 4.22 of the draft guidance?

We have no comments

Q.5 Do you agree with the IFRs approach to proportionality at step 3 - set out at paragraphs 4.23 - 4.26 of the draft guidance?

LCP agree that it is essential for the IFR to act with proportionality when imposing sanctions. This is critical, given the range of sizes of organisation being regulated.

However, the current guidance misses some detail as to how such proportionality would work. Most crucially, it is essential that, when considering “the financial position” of the subject of the sanction, it is detailed clearly what factors may be under consideration.

In this regard, it is important that the IFR details what metrics it will consider when assessing the financial position of subjects. Following the establishment of such metrics, the IFR should outline what ‘level’ it would consider to be a financial position that is weak enough/strong enough for the sanction to be altered.

For example, the IFR may determine that the financial position of a club be determined purely by revenue (as defined in the guidance) in the Applicable Period (though the use of a sole metric such as this would generally be inadvisable - it would be more prudent to utilise a range of

metrics). Should this be the case, the IFR should then outline, for example, a sliding scale of revenue, and the correlation with the proportionality mechanism within the sanction. An illustrative example of this has been detailed in the table below:

Revenue in the Applicable Period	Effect on Financial Penalty
Less than £500,000	Reduction of financial penalty by 25%
£500,000-£1million	Reduction of financial penalty by 10%
£1million-£10million	No alteration in financial penalty
£10million-£50million	Increase in financial penalty by 10%
More than £50million	Increase in financial penalty by 25%

Furthermore, it is essential that the metrics selected are not vulnerable to being subject to ‘creative accountancy.’ It is for this reason that the example given has used revenue as defined in the draft guidance, which gives a thorough and comprehensive outline of what should classify as revenue.

Finally, the IFR should stipulate that the guidance issued under paragraph 4.25.4 would be irrelevant, should the IFR’s sanctions be inconsistent with those of the relevant competition organiser. Paragraph 4.25.4 notes that, in considering proportionality, the IFR may consider

“Whether sanctions have been imposed by specified competition organisers for the same or similar conduct.”

For this provision to be effective, the IFR’s policy on sanctions would have to be consistent in both style and severity with relevant competition organisers. Should this not be the case, then a consideration of sanctions imposed by competition organisers becomes a parallel, rather than adjacent/complementary sanction, and should thus be disregarded by the IFR in its proportionality mechanism.

For example, should the competition organiser impose a points deduction on a club, there is little value to the IFR abstaining from a financial penalty. Indeed, this scenario could cause instances of clubs ‘weighing’ the severity of sanctions imposed by competition organisers against those imposed by the IFR. Thus, only in scenarios in which for example, a competition organiser has imposed a financial penalty of its own, should the IFR consider including this as part of its proportionality mechanism.

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