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EXPERT COMMENT: Football: English fans want an independent regulator – here’s how it could help save clubs from ruin

Mark Middling, Senior Lecturer in Accounting discusses the financial risks facing smaller UK football clubs and how suggested regulations could keep them in the game for [The Conversation](#).

Football clubs are not like other businesses. [Their primary aim](#) is not to make a profit, but to win matches.

Research shows this [creates a conflict](#) between sporting goals on the one hand, and the logic of business on the other. This in turn can result in what [one study](#) refers to as a “gambling culture” in which “clubs overspend on playing talent in the hope of achieving sporting success”.

The financial impact can be catastrophic for clubs and fans. For while the English Premier League (EPL) is the [highest-earning football league](#) in the world, with a domestic TV rights deal worth over [£1.5 billion a year](#), life in the leagues below sees a stark [reduction in revenues](#) – and intense competition for promotion.

To address this, a [fan-led review](#) into the game has listed no fewer than 47 recommendations aimed at protecting English football.

Among the ideas presented is the creation of a new regulator to oversee financial governance, fairer financial distribution, and more power given to fans. The fundamental issue addressed by the review, which was published at the end of November 2021, is financial mismanagement.

Led by MP, football coach, and Spurs fan Tracey Crouch, with the help of ex-England manager Roy Hodgson, the review states that the long-term financial stability of clubs is “the single most important factor” facing English football.

It suggests that a new regulator oversees clubs’ financial management by introducing business plans, monitoring costs, and having the power to demand improvements in club finances. This would take financial governance away from leagues and clubs and allow a regulator to intervene before issues become severe.

These suggestions have not been universally well-received, with the owner of Leeds FC, [comparing them](#) to the Maoist regime in China. But the argument in favour of better regulation can be illustrated by the fortunes of two English clubs: Derby County and Bury FC.

Own goals

In September, Derby [went into administration](#) after [years of overspending](#) and failure to achieve promotion to the Premier League. This prompted an

automatic points deduction which left Derby bottom of the Championship (the second tier of English football).

Bury, meanwhile, [overspent on players](#), which led to [promotion to League One](#), but also serious financial problems and eventually [expulsion from the English Football League](#).

It is likely that the measures recommended in the recent review may have prevented both of these situations. The clubs may not have been allowed to spend so much on wages, and the regulator would have stepped in to bring their finances under control before administration or expulsion occurred. The review's recommendation of greater involvement by fans in how their clubs are run could have also highlighted issues sooner.

More generally, if the recommendations are taken up, there could be an end to clubs' [institutionalised overspending](#). This is most evident in the Championship, where spending on wages can count for as much as [£2 for every £1](#) of income.

But there are also two significant areas where the review could go further.

First, although the review suggests a transfer levy of 10% on Premier League transfer fees to be distributed to lower league clubs, it leaves the distribution of funds to the existing authorities – the Premier League and the English Football League. Some have argued that this is [not a solution](#) to the poorer clubs' difficulties, partly because the current system of distribution sees a [stark reduction in distribution](#) for every lower tier.

For example, Championship clubs receive around [£4.5 million each per season](#) (excluding parachute payments for relegated teams), whereas League Two clubs [get approximately £450,000](#). There is nothing to suggest this will change.

Second is a lack of focus on transparency. The review recommends that clubs “publish high quality easy to understand financial information” and highlights [Plymouth Argyle](#) as good practice. However, [my own work](#) with fans of lower-level clubs demonstrates a significant gap between what happens now and what would actually make clubs accountable.

Current reporting is not fit for purpose as it is designed for shareholders, not fans. Specific, fan-focused reporting should be developed.

Overall though, the review goes a long way toward protecting the people that matter most – the fans. If implemented properly, independent regulation could save the teams that supporters hold dear. It could prevent [the heartache](#) that closing down clubs can bring to communities, and help them to concentrate on the tricky business of playing football.

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