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A Significant Step towards an English Football Regulator – Football Governance Bill Introduced in Parliament

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On 19 March, 2024, the Football Governance Bill (the "**Bill**") was introduced in Parliament. The Bill seeks to establish a new "Independent Football Regulator" (the "**IFR**") to oversee clubs in England's top five men's football leagues.

Under the proposals in the Bill, the IFR would be a standalone body independent of both Government and football authorities. Its core objectives are threefold: (1) to improve financial sustainability of clubs, (2) to ensure financial resilience across the leagues, and (3) to safeguard the heritage of English football. In order to achieve these goals, the IFR would have several rights and responsibilities, including the following:

- **Licensing System:** The IFR would implement a licensing system whereby clubs would need a licence to operate. The proposed regime would involve both provisional and full licences to give clubs time to transition. The provisional licence, which would run for a maximum period of three years unless extended by the IFR, would require clubs to meet certain baseline conditions. Thereafter, the IFR would apply additional bespoke licence conditions on clubs, as necessary and proportionate to a club's specific circumstances, to ensure they meet the required standards for a full licence across three key areas: (1) financial resources, (2) non-financial resources (e.g., relevant systems, policies and personnel), and (3) fan engagement (e.g., clubs must consult their fans on key off-field decisions). Non-compliance with the licensing system's standards could result in the IFR withdrawing a club's licence and inflicting financial penalties on the club.
- **Backstop Powers re: Financial Distributions:** The IFR would have backstop powers to intervene in financial distributions among the leagues. This authority is a direct response to the ongoing row over financial distributions between the Premier League and the English Football League – if the leagues fail to agree on a fair deal, the IFR could invoke its powers to ensure a settlement is reached.
- **Owners' and Directors' Test:** The IFR would establish strengthened owners' and directors' tests to ensure clubs don't fall into the wrong hands. With respect to new

owners and directors, the IFR would examine the suitability of such individuals before they are allowed to assume their roles – such assessment would involve (1) a traditional review of integrity, honesty, financial soundness, and competence, (2) enhanced due diligence of the source of the applicable individual's money, and (3) submission of a business plan that illustrates how such individual would run the applicable club sustainably. The IFR would apply similar tests to existing owners and directors and would have the power to remove such individuals (including by forced divestment) if they are found to be unsuitable.

- **Breakaway Competitions and Relocations:** In order to avoid fan outrage and protect the heritage of football, the IFR would have the power to block clubs from competing in unapproved breakaway competitions and must pre-approve any proposed relocation from a club's home ground.

Although many specifics of the IFR's framework remain to be determined, the Government has established a shadow regulator that will operate while the Bill makes its way through Parliament and the IFR is formally established. The shadow regulator is currently undertaking preparatory activity for the IFR, including (a) designing an organisation with the appropriate governance and expertise, (b) engaging clubs in early discussions about the operation and implementation of the regime, and (c) working with football authorities on sharing information and existing best practices within the industry.

In order to become law, the Bill must be approved by each House of Parliament and receive the Royal Assent. Now that the Bill has been introduced, the Bill will next be debated at the Second Reading in the House of Commons, the date of which has not yet been announced. All interest parties should closely monitor the progress of the Bill.

Related Professionals

- **John Verwey**
  Partner
- **Rachel E. Lowe**
  Partner
- **Sulaiman I. Malik**
  Associate
- **Michael Singh**
  Associate