



A FAIRER FUTURE FOR FOOTBALL

BY LUTON TOWN SUPPORTERS' TRUST



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Summary and background

Football in this country is facing a crisis. It is the national game and football fans are its lifeblood.

We strongly believe that football has lost sight of its history, heritage and culture - and the fact that the moral owners of a football club are the fans and the community it serves. Football was and still should be the working man's game, accessible to all.

Whilst there are benefits from increased TV and media revenue, club brand awareness and increasing fan bases, this should not be at the expense of the loyalty and commitment of fans who are being ignored and, in many cases, abused.

Luton Town fans are particularly well placed to give an insight into the problems facing today's game, having faced huge battles to save the club from implosion as a result of damaging ownership and poor decision-making by the football authorities.

Football is unlike any other business. The customers support *one* side, they have *one* allegiance and switching to the competition is *not* an option.

Too often, and for too long, this allegiance has been taken for granted by owners, directors, and outside interests such as broadcasters, to the detriment of the fans and the wider game.

This has resulted in too many decisions being made which are not in the long-term interests of football but purely in the interests of the few, as demonstrated by the European Super League.

Regulation needs to be in place to protect the integrity of the game, to ensure that we get the right balance between the long-term interests of football clubs and the short-term needs of the shareholders.

This regulation should involve external, independent, and authoritative help. So far football has been given every chance to repair itself and has failed.

The DCMS Fan-led review of football presents a fantastic opportunity to align football at all levels with new and fully empowered regulators creating a joined-up football strategy for England. In the long term a stronger foundation will lead to improvements all the way up the pyramid.

If meaningful changes are made, the collective communities of football will be able to ensure the game can thrive, for the benefit of the fans and the communities in which they are situated.

For this to happen we believe we need to see:

Majority fan ownership, through all levels of football from the National League to the Premier League.

- The football pyramid protected like a national asset of cultural significance.
- Protection of club assets, such as club and stadium names, kit colours, crests and mascots.
- A single governing body working towards change for the benefit of football as a whole, ensuring democratic governance, which should mean one club, one vote.
- A new independent Football Association, restructured to oversee the running of the game.
- Fans having a greater formal voice and not being feared or disrespected.
- Football clubs acting as guardians of the game and ensuring that overall expenditure does not exceed income.

Luton-specific issues and the lessons learned

Luton Town fans have been forced to battle to save their club on numerous occasions in the past 40 odd years.

- In 1983 the majority owners of the club at the time proposed moving the club 25 miles away to Milton Keynes. Fan protests prevented the move.
- In 1989 the club owner of the time sold the ground to recover debts owed to him - at exorbitant rates of interest.
- In 2003 Luton Town fans established Trust in Luton (now Luton Town Supporters' Trust) in a bid to save the club after a spell when it was owned by John Gurney, a controversial owner who, at one stage, proposed building a new stadium with a Formula 1 track, whilst actually investing nothing and stripping the club of assets.
- Fan protests and legal actions helped oust Gurney, but this was closely followed by a new battle with the next ownership group, Jayten, to prevent the club being moved out of Luton.
- In 2007 the club entered administration for a third time under these new owners, which led to relegation and a 10-point deduction.
- The club entered administration three times in 1999, 2003, and 2007 despite significant player sales under a succession of controversial owners.
- In 2008 the club received a 30-point deduction which led to relegation out of the Football League. 10 points were for irregular payments, the other 20 were for going into administration again.
- This was even though the fan-based consortium which are now custodians of the club (2020) offered to pay off all the debts which led to administration: Jayten appeared to want to write off these debts and retain ownership, following precedents set elsewhere.
- No other club, before or since, has been so severely punished with points deductions. There was also a financial penalty of £50,000.
- The Trust and Loyal Luton Supporters' Club played a huge part in ensuring that the present ownership team (2020), which comprises Luton Town fans, was able to take the club out of administration and rebuild it along sustainable lines with close involvement of fans.

More recently the supporter groups have successfully worked together yet again to combat objections from Luton's shopping mall operator, Capital & Regional, to the club's plans to regenerate the town centre by building a new stadium.

What have we learned?

- Fans can make a difference if they work together, primarily because they care the most about their clubs and communities and are always there when others have left the scene.
- When fans protest against owners they are portrayed as culprits...not the owners who are treating the fans and their local communities with contempt.
- The Owners' and Directors' Test is not fit for purpose. Several owners of the club have subsequently been banned from football and as company directors, but only several years after fans were protesting about their ownership of the club.
- The footballing authorities do not apply any consistency to their punishments. For instance, no club has ever been deducted as many points as LTFC, despite dozens of examples of far more serious financial mismanagement.

- The football creditor rules are in direct conflict with the normal rules of insolvency when it comes to paying creditors as clubs come out of administration. Luton fans worked with a local MP to try and highlight this issue, but nothing ever happened.
- When clubs are relegated from the English Football League, they lose control of their youth players and support for youth development meaning that they are further and unfairly punished when they are down.

It is for these reasons, and many others, that Luton fans - perhaps more than any other set of fans - want to see a sustainable future for the game we love. We have seen and experienced what the problems endemic in football can do to a club and its community.

2020, the current custodians of the club, along with Luton Town Supporters' Trust, Loyal Luton Supporters' Club and other interested parties are therefore actively looking at ways of protecting the club in the community for future generations.

Why urgent action is needed to save our national game

Changes over the past 50 years have accelerated English Football's move away from the traditional community model.

- Football was invested in by workers and the communities where they are situated, but its success has led to **commercial opportunism** diluting the culture and spirit of the game.
- The switch in 1983 to **retention of all gate receipts by the home club** meant more money for the bigger clubs.
- The **creation of the Premier League** in 1992 by the Football Association led to the English Football League and the Premier League becoming separate governing bodies.
- From 1992 onwards, **concentration of television revenues** has been massively biased towards the Premier League, meaning it is distributed amongst the few rather than the many. This leads to a situation where on-pitch results are too heavily influenced by the financial resources available.
- There is an **increasing level of foreign ownership**, which at least gives the perception that the owners are more distant and remote from the fans and the communities where they operate.
- **Increases in both matchday and season ticket prices** have meant that many fans are now unable to attend, purely on financial grounds.
- **Communities and fan groups are not consulted** about attempted changes to their clubs' names, shirts, logos and identities. There have also been attempts to play games away from the clubs' home communities to generate even more money for the wealthiest clubs.

Overspending and its consequences

- Greater and greater amounts of money are being **paid to agents and players**, which results in increasing numbers of clubs facing financial issues and subsequent failure.
- **Attempts to control spending** have either been ignored or subject to legal challenge.
- **Player and agent spending inflation** must be brought under control and the unsustainable rises halted. Is it right, for example, that a club can spend 210% of its turnover on salaries? In any other business this would be suicidal and in no way sustainable.
- Clubs make these decisions in order to compete, but this just leads to an owner writing increasingly large cheques or selling vital assets such as stadia to balance the books or **dodge Financial Fair Play rules**.

- **Clubs go unpunished or escape appropriate sanctions** for financial irregularities. When they are punished, there is an evident lack of consistency, and punishments are often successfully challenged in court.
- If these activities become acceptable to our governing authorities, we simply do not have a sport anymore - we have an industry where **“success” can be brought with cash by risking everything**, leaving fans and communities to pick up the pieces upon failure.

The European Super League

- **Premiership revenues continue to dominate** in Europe, generating nearly double its nearest rival La Liga.
- A smaller and smaller number of ultra-wealthy clubs are dominating the honours, with far more clubs claiming doubles and even a treble. This applies across Europe and is a **move away from the true principles of sport**.
- There are **tensions between the various football governing bodies**: the Premier League, English Football League, Football Association and even UEFA and FIFA – leading to the recent attempted coup by the European Super League.
- The European Super League has demonstrated the desire of the supposed elite towards **further commercialisation** of the sport.
- This process, although stalled, will not lose momentum unless we collectively capitalise on the opportunity to protect football at this time, otherwise other **European Super League type of projects will emerge time and time again**.

We believe that....

- The **pyramid model** is the perfect way to promote all that matters to our national game, but it has been infiltrated by too many seeing it as an opportunity for profit or egotistical self-promotion.
- The **natural order or hierarchy** should only be determined by how committed and supportive the custodians and communities are towards their local club and not how many zeros can be written in a fantasy cheque book.
- With the desire of the elite to gain more and more clout, the **overriding body of the Football Association lacks sufficient authority** to impact the necessary review.
- If things go wrong and a club ends up in administration, clubs have **obligations to their local communities and core stakeholders** - the fans - which are not recognised by insolvency law.

The game needs to develop and enact a number of changes and they should incorporate the following principles.

Principle One – Effective Governance

Football needs to have better governance. The current authorities have failed in this duty, so the first step should be the appointment of an Independent Commissioner for Football – we suggest this is known as the OFFBALL Office for Standards in Football.

The Government and key decision makers should enshrine this new regulator in legislation, enabling them to take meaningful decisions which are acted upon with regulation that embeds sustainability.

The regulator should establish regulations for the good of all those involved in the game, including clubs, fans and players rather than just for the clubs, promoting best practice and eradicating the worst.

Regulatory obligations should include:

- Governing bodies to be run by boards with a majority of Independent Directors, who have a remit to act for **the benefit of the whole game** and not just one part.
- External and independent regulation and processes for **auditing, dispute resolution and arbitration**.
- Rules and regulations to be **adhered to and acted upon**.
- **Enforceable penalties** for transgressions which are open to scrutiny, with explanations provided for decisions.
- **Sanctions/points deductions** to be issued for unauthorised losses and for accounts being filed late.
- A limit to the ability of clubs to take external legal action for issues “within football” which should be **determined within the game**, as some clubs appear to use the legal system to delay points deductions and financial penalties.
- **Decisions to be consistent**. A decision made to penalise a team in League Two should be matched by the proportionate decision in the Premier League.
- A structured dialogue on major club issues to be agreed and implemented with a view to creating an **environment of communication, mutual decision making and trust**.
- Regulators providing a template to clubs outlining the minimum level of **information** which should be shared at the recommended Supporter Liaison meetings.
- A **robust inspection process** with independent assessors visiting clubs at least every 3 years to examine:
 - Financial integrity
 - Liaison with fans
 - How the club is meeting its community obligations
 - Disability access, including facilities for those with physical, mental, visual and hearing impairments
 - Management of prejudice incidents
 - Availability of stadium and training facilities to the community
 - The Academy system, to ensure there is greater protection for the retention of minors, restricting recruitment to a far tighter geographical area and providing better protection to the clubs who have developed the players.

The Regulator would also be empowered to oversee the following principles.

Principle Two – Sustainability

A financial structure which is fairer and more responsible needs to be created. It should recognise that self-auditing does not work. Money tends to influence decisions and take precedence over the football authorities' role of looking after the interests of all stakeholders (which should include fans, players, and community).

Football funding needs to support a system where sustainability is promoted and enabled, so clubs are able to thrive, with a realistic level of known TV and media income where costs are controlled at sustainable levels.

- More **equitable sharing of broadcast and media income**, recognising that the strength of the Football League lies with all its members not just a few. This needs to be controlled by a central body and redistributed according to media contributions, league position and community engagement.
- The **removal of the distortions of competition** caused by parachute payments. Currently of £500m (approx.) Premier League money sent to EFL clubs, 65% goes to a maximum of nine clubs relegated from the top-flight in the previous three seasons. This significantly distorts competition.
- To balance this loss of income **relegation clauses** should be included in all player contracts.
- **Financial Fair Play** rules which encourage clubs to break even and are enforced.
- A robust **Owners' and Directors' Test** to be introduced, enforceable before takeovers.
- A **ban on both leveraged debt and the sale of stadia** being used to avoid the penalties which would be incurred by breaching Financial Fair Play rules.
- **Clear rules and regulations** to be consistently applied to all clubs in respect of financial fines and points deductions.
- **Debt only allowed for approved types of capital spending** (e.g., improving stadium) and subject to affordability limits. Interest repayments to be included in the costs used in the costs allowed under salary cap rules.
- Clubs required to give regular and timely (potentially real time) **intra-year financial reporting** to a regulator, to enable flexibility and to identify issues early.
- A **squad salary cap** of 70% of revenue - to include all wages and other fees, and any other material benefit provided to players or connected parties.
- Owners and related parties **prevented from controlling more than one professional club** anywhere in the world - to stop unfair transfers/loans of players and cross-subsidising of clubs.
- **Removal of the preferential creditor rule** amongst football clubs. This a rule imposed by the football authorities so when a football club suffers insolvency the football authorities may divert the club's share of revenues from media rights and sponsorship to football creditors. These include the clubs, players, management and the leagues themselves. The problem with this is that this is done over the priorities of other unsecured creditors such as local business. Removal of this rule would lead to all of those involved taking a more responsible approach to debt "within football".

There needs to be positive movement towards a position where club owners and directors see themselves as custodians of a football club, acknowledging that the fans and community are true owners.

Principle Three – Integrity

The integrity of the game needs to be protected with:

- Greater **recognition** of, and protections for, current competitions.
- **No further erosion** of the value of domestic cup competitions.
- **No B teams** competing at any level of the pyramid.
- **No removal of relegation/promotion** at any level.
- Greater **control of kick off times**, with far greater notice of changes.
- No occasions where a club **plays its home games away** from its traditional home, community and fan base.

- **Limitations on the broadcasting of live matches** to avoid over-saturation and compromise of live attendances.
- A return to the **integrity of key dates in the season**. All senior leagues should start on the same date and the FA Cup Final should be the final game of the season, with no other games on that day.
- **A ban on gambling companies advertising** in the sport, including shirt sponsorships, advertising boards and stadium naming rights, recognising and removing its impact on gambling addiction and mental health.

Principle Four – Ownership and Community

We are looking for acknowledgement of the role football plays and the need to act in the best interests of not only the club, but also the fans and the community in which it is based - with a commitment to the club's history and its local community, proactive community engagement and corporate social responsibility.

- Recognition that **fan ownership** is a legitimate ambition.
- Supporters' Trusts to be invited to **buy shares and hold veto** rights over material changes to shareholdings.
- A **fair opportunity** for fans' organisations to be part of rebuilding the club if it has failed.
- Ensuring that the club plays a **positive role in the local community** which it represents.
- **Protection of football grounds** as Assets of Community Value.
- An advisory **Fans' Board** at each club, to ensure protection of cultural assets, such as club and stadium names, kit colours, crests and mascots.
- **Restrictions on club relocations**, recognising that football is not a franchise.
- Embedded, meaningful and structured **fan engagement** at all clubs.
- Financial incentives to those clubs supporting male, female and disability teams of all ages and promoting an **equal opportunities environment**.
- Encouragement of community involvement development of the game at **grass roots** level.
- **Learning from best practice overseas**. For instance, the German model where the majority of clubs shares are owned by the fans and clubs are allowed to maintain their charitable status (and thus their tax benefits).

Principle Five – Treatment of fans

Fans should be regarded as the lifeblood of the game at senior club level, with their importance recognised and respected by all clubs, with particular attention paid to the following areas.

Ticket Prices:

- Given that income from both match day and season tickets now forms a far smaller element of club income at senior levels, steps should be taken to **limit prices** for individuals and families, except for income from corporate sales.
- A fair pricing arrangement for away fans with **maximum away ticket prices** applying in each division.
- **Dialogue** should be maintained with fans and fan groups.

Safe Standing:

- Clubs need to be **more proactive** to install safe standing facilities where demand exists (providing ground and safety considerations allow).

Equality:

- Clubs to take a leadership role in **tackling all forms of discrimination**.
- Facilities for those with mental & physical disabilities including learning disabilities, sensory impairments and mental illness should initially **meet minimum standards and then expect to exceed them**.

Engagement:

- Clubs should **give all fans a voice** and encourage support and engagement throughout.

Consultation:

- There should be **greater consultation** between clubs, police, local authorities and fan groups in respect of changes surrounding key games and local derbies. For instance, the limitations placed on visiting fans - as far too often restrictions are put in place to reduce their numbers. A minimum standard should be adopted.

Football Banning Orders:

- The effectiveness of the football banning order should be properly measured and steps taken to ensure that the rules are applied in a **consistent and fair-minded** way.

Conclusion

Football stands at a crossroads. Unless positive and progressive action is taken now, the path it is taking will lead to crisis and the inevitable loss of all that has held the game together – at every organised level of the established and proven pyramid. The concepts of the football family, fairness and the good of the game for all are being corrupted and corroded by greed at the highest levels – from clubs, players and agents - and driven by the commercial considerations of broadcasting rights, including an increasing income from digital sources, such as streamed video.

Self-regulation has proved to be a failure, with the power of a small group of 'elite' clubs distorting and destroying all attempts to protect the pyramid. Football in this country is spiraling out of control with the pursuit of perceived riches in fact leading to ever increasing levels of overspending and debt. At the same time, the traditional football authorities have become more and more ineffective custodians – often punishing the poor while impotent and ineffective when it comes to disciplining the rich and the 'wannabe' rich.

Perversely, those 'rich' clubs are clad in 'the emperor's new clothes': their wealth is not for the benefit of the clubs themselves, nor their fans or the communities they represent, but for owners with few genuine football credentials, and for – at the highest levels – the players and agents. Ironically, at a time when more money than ever is coming into the game, even more is being leached out of it.

Though the problems are most clearly seen at the top level, the knock-on effects stretch all the way down the pyramid. We are facing what could become a mass financial meltdown of clubs if football's endemic problems are not addressed right now, while the focus brought upon them by the European Super League fiasco presents a window of consciousness and opportunity.

We are calling on the Government to step in and create an independent, robust and representative regulatory body for football.

Why should Government intervene? Because football is not just an important part of the fabric of our society – it is also a key element in bringing together the communities our clubs represent, from small villages and towns to our biggest cities.

**Together, we can save our national game.
But we need the support and strength of the Government to do so.**

Appendix – Proposals for the Regulator

How the Regulator should operate

- Independent Board determines strategy, direction and policy
- Authority to be delegated to Executive Board, operating within defined limits
- Funded by a combination of Government Grants and subscription/levies on participants
- Regulator reports regularly to DCMS and the Government, along with all other stakeholders

What makes regulation effective

- Independence
- Risk-based proportionate approach
- Decisions based on the best information available
- High quality governance
- Open and public engagement
- Accountable and transparent
- Professional and expert
- Representative

Regulator responsibilities

- Legal basis for operation
- Overview and influence of men's and women's games
- Adoption of a set of mandatory standards
- Principle of "comply or explain"
- Issuing Codes of Conduct
- Powers to sanction
- Respecting commercial confidentiality

Make up of Board and Executive

- Board members should be the best people available and appointed based on their skills
- Membership to reflect diversity of views and background
- Terms of office should be limited to a maximum term of 3 years initially, with a member only able to be re-elected once

Suggested Board

- 3 Independent members (one of whom to be chair)
- 3 Club representatives, elected: 1 from Premier League, 1 from English Football League, 1 from Women's League
- 3 Supporter representatives, elected :1 from Premier League, 1 from English Football League, 1 from Women's League
- 2 Player representatives

Critical Points for Success

- A clear vision of the goals to be achieved to be in place
- Legal framework to be completed