FOOTBALL: COMMERCIAL ISSUES
A submission by the Football Task Force

to the Minister for Sport

22 December 1999
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CHAIRMAN’S FOREWORD

The final report of the Football Task Force covers the most contentious areas of our brief, the commercial and regulatory issues which are fundamental for the game’s future. We have previously reported on other important parts of our remit - racism, disabled access and grass roots football – and in all of these it was possible for our membership, notwithstanding the different interest groups from which they are drawn, to agree, not just in general terms, but in detail, about the best way forward.

In this report there is much common ground – the need for new regulatory elements, for a rigorous Code of Practice to govern the way clubs behave towards their fans, and for fair treatment for all supporters, so that away fans are made welcome, and the young, the old and the lower paid and the unwaged are not excluded from the national game - but there are also important differences in the approach. Some would like to go further in achieving our agreed priorities than the representatives of the football authorities and others have felt able to endorse. So two alternative approaches are presented here.

It is important to recognise that both of these reports contain much that is new, and both represent real progress from what we have now. I would like to record my thanks to all members of the Task Force and our Working Group. All have played their full part. I would in particular like to thank my colleagues from the football authorities, who have done the very best they can in very difficult circumstances. Their co-operation with the Task Force has been total, to the point that some senior figures, like Richard Scudamore, lately of the Football League and now Chief Executive of the Premier League, and Nic Coward of the FA have regularly attended our meetings, and given generously of their time and wisdom, even though not officially members of our group. I am deeply grateful to them for their efforts.

If the football authorities choose to implement the proposals in the report they favour, and they say they will, this will be a significant step forward. They have been kind enough to make clear in our discussions how beneficial the existence of the Task Force, and the pressure for change we have exerted, has been in encouraging fresh thinking. Others of my colleagues welcome these efforts, but believe that more is needed. Thus their report advocates a Football Audit Commission to take on much of the burden of regulating a modern, highly professional, big-money game, the demands of which, they contend, have far outgrown the present regulatory machinery, and an Ombudsfan to adjudicate on the grievances of ordinary supporters who at present feel they have few effective forms of redress. The football authorities prefer an Independent Scrutiny Panel to undertake a similar role from perhaps a little further back.

The Football Task Force has, I believe, been a catalyst for change, and if all our recommendations are implemented, our work will change the face of the game for the better. The Task Force could have been composed, as other Task Forces are, of individuals chosen for their particular personal insights and experiences. Instead 12 organisations from right across the game were invited to nominate members. The lions were to lie down with the lambs, a decision Sir Humphrey would surely have characterised as courageous. But in fact, it has worked remarkably well. We have lost only one of our brethren along the way. Otherwise the group as a whole has approached the many and various challenges posed by our remit with
vigour and a determination to achieve consensus wherever possible. Overall, the things that unite us are far greater than those that divide, and for me the glass is 80% full, rather than 20% empty.

Full hearted thanks to the staff at the Football Trust for all they have done to provide us with a comfortable base for our activities. I am especially grateful to my Vice Chairman, Lord Faulkner, to the Chief Executive of the Football Trust, Peter Lee, and to our three administrators, Andy Burnham, David Mahoney and Susan O’Brien, who have served us so well.

We have tried to be inexpensive. The total cost of our activities, thanks to all the donated time we received, was under £130,000. We resisted the temptation to go to see how much better the game is regulated in Hawaii, Bali or the Seychelles. We stuck close to home, but none of us will forget the ten away-days to English cities which, in the profusion of evidence put before us, and the enthusiasm with which our visits were greeted, prove how much need there is for a special focus on fans’ issues. “The hungry sheep look up and are not fed”, wrote Milton. Well hopefully they will be now.

The Rt Hon David Mellor PC QC

FTF
22 December 1999
MEMBERS OF THE FOOTBALL TASK FORCE

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REPORT ONE
Summary of Recommendations

1. Regulation

   i) A Football Audit Commission

   The Task Force proposes that a Football Audit Commission be established, properly resourced, as a permanent standing body with terms of reference to include the following:

   - The FAC will seek to achieve a greater accountability of clubs to a range of stakeholders, including supporters and shareholders;
   - Ensure the implementation of Task Force recommendations;
   - Specify objectives and reporting requirements on football clubs and authorities to cover financial management, involvement of supporters, development of new models of ownership, redistribution of income within the game, management of partnerships and resources, customer satisfaction and impact on society;
   - Set performance targets and monitor compliance;
   - Deal with non-compliance through sanctions if necessary;
   - The FAC should be composed of members from a range of backgrounds appointed by the Secretary of State, under Nolan rules, and chosen for their expertise, experience, appropriate skills and commitment to and interest in football;
   - The FAC will, where necessary, oversee the appointment of auditors for all football clubs and require them to publish a range of performance indicators relating to the social and economic impact of football clubs, customer satisfaction, and relationships with supporters and other stakeholders;
   - The FAC will use this information to produce an annual report on commercial issues, highlighting areas where targets are not being met, and describing compliance with the Code of Practice.

   ii) A Football ‘Ombudsfan’

   - The Task Force recommends the establishment of an “Ombudsfan” who investigates individual complaints and reports to the FAC;
   - He/she would be appointed by the FAC in consultation with the Minister, football authorities and fans' groups;
   - The Ombudsfan would have powers to requisition evidence and call on the FAC to impose sanctions/solutions;
   - This person would be a credible independent individual;
   - The Ombudsfan will operate within clear terms of reference and guidelines and have the power to fine clubs in clear cases of maladministration.

   iii) Financial Compliance Unit

   - The Football Task Force supports the FA’s proposals to establish a financial compliance unit;
• The Task Force believes that the Financial Compliance Unit should:

• introduce a ‘fit and proper persons’ requirement for persons wishing to own a substantial number of shares in a football club;

• The Task Force would expect the compliance unit to review club business plans on an annual basis;

• This Unit would also be subject to review by the FAC.

**iv) Code of Practice**

• The Task Force believes that a prerequisite of more effective regulation of football is the development of a coherent, constitutionally entrenched and detailed Code of Practice for the game, on and off the field;

• This code should be drawn up by the FAC in consultation with the governing bodies, clubs and supporters;

• The Code of Practice will set out minimum standards to be met by their clubs in their treatment of supporter-customers and all clubs should be expected to reach them;

• The FAC's Code of Practice should take as its starting point all of the appropriate recommendations contained in the four reports of the Task Force;

• The FAC will keep this code under review and in consultation with the game will develop new rules to reflect changing circumstances.

2. **Ticketing Policies**

*The Football Audit Commission should:*

• receive reports from all clubs annually on how they have widened access to fans who would otherwise have been excluded;

• encourage and ensure compliance on best practice amongst clubs on issues of ticketing policy, aiming to encourage accessibility to all supporters;

• review regularly all matters relating to the treatment of away fans.

*All clubs should:*

• stretch the range of prices offered, so that fans paying the highest prices are effectively cross subsidising those who pay new, lower prices;

• for the lower priced tickets, increase prices annually by no more than the rate of inflation in the Retail Price Index;

• reduce prices for restricted view seats and those at the very front or to the sides of major goal end areas;

• offer better access for fans who have difficulty paying current prices by being more flexible and imaginative in the marketing of less popular matches;

• extend concessionary tickets to embrace a wider section of the population particularly those who have felt excluded from football;
Under-16s and those in full-time education should be offered half-price tickets for all competitive matches covering at least 10 per cent of ground capacity (both home and away);

offer payment for season ticket by instalment, over the six months from June to December. Clubs should not charge interest that is higher than base rate;

limit the number of season tickets they sell in order to encourage home support from those who cannot afford to buy a season ticket;

increase the proportion of tickets available for away fans wherever possible;

at the beginning of each season be required to provide the FAC with details of their pricing policies. At the end of the season each should also report on how they have offered better access to fans who might otherwise have been excluded from matches because of price.

**Clubs should not**

- charge away fans higher prices than home fans for the same facilities;
- restrict ticket sales to club members;
- offer tickets for away matches, including for European competition, on condition that supporters have to purchase travel from the club.

3. **Merchandising**

All football clubs and the FA so far as these measures are relevant to the sale of England kits, should:

- ensure that each strip has a minimum life-span of two full seasons;
- consult supporters on the design of new kits and take care to ensure it is in keeping with club traditions;
- carry a “sell-by” date in the collar of the shirt indicating when the shirt will be replaced;
- adhere to the assurances given to the Director General of Fair Trading on retail price maintenance.

**The FAC should:**

- work with all clubs to encourage best practice on merchandising issues.

4. **Supporter Involvement in the Running of Clubs**

**The FAC should:**

- promote best practice amongst clubs in consulting and working with supporters’ groups.

**Supporters’ associations should**

- be encouraged as far as possible to be represented at national level with a single voice.

**All clubs should:**

- establish democratic forums through which all fans can be involved in decision-making;
• recognise and encourage as a collective body supporter trusts and supporter shareholder associations; this could involve promoting a representative from a trust, group or shareholders' association on to the board in a director or observer capacity;
• as far as practical provide appropriate financial and administrative support to the supporter bodies and the proper functioning of their elected representatives' duties;
• consult supporters on major decisions being taken by the club, such as ground relocation, stock market flotation, major sale of shares or changes in pricing policy;
• provide an opportunity, at least once a year, for a supporters' representative to discuss their concerns at boardroom level;
• where no other mechanism for supporter liaison exists, work with a supporter liaison committee.
The football authorities should;

- continue to provide a forum for regular consultation with supporters’ representatives on the major issues facing the game;
- provide sufficient funding for the proper running and effective functioning of a national supporter representative body.

5. Reconciling Conflict in Football Club Plcs

Football Clubs:
- Where a club is intending to float on the Stock Exchange or other public market in shares, or sell a majority of its shares, or perform any act substantially affecting its constitution or its football stadium, it must satisfy the FAC that it is intending to do so in the best long term interests of the club and all sections of its supporters and of the game of football itself;
- A minimum of twenty five per cent of shares in any club intending to take up a public listing must be offered to season ticket holders, subject to Stock Market rulings;
- All floated clubs and all clubs with more than 5000 season ticket holders should produce a public statement of intent and should organise twice yearly meetings at which matters of club policy and structure can be debated;
- the club shall where possible consult supporters about all aspects of flotation.

The Government should:
- ensure that all clubs should be subject to the Department for Trade and Industry’s referral criteria for take-overs;
- encourage communities, through local councils, to take an equity stake in their club.

The FAC should:
- ensure that all floated clubs adhere to football’s new Code of Practice;
- investigate means of encouraging democratic supporter representation at floated clubs through the collectivisation of supporters’ shareholdings; this should include advising supporter-shareholders, including current shareholders, how to hold their shares in a collective or mutual trust form;
- hold a legal charge over the ground of every club so that they cannot be sold without the consent of the FAC;
- in consultation with club-companies and supporters, develop detailed rules designed to reconcile the potential conflict between the needs of shareholders and supporters. These rules, to govern member club companies, including floated companies, would be designed to preserve the long term interests and survival of the companies as football clubs, working to the broad principle of balancing commercial requirements with responsibilities to promoting the aims of football and the Football Association.
Introduction

1.1 This is the fourth and final report of the Football Task Force, which was set up in July 1997 to address public concerns about the running of football in England.

1.2 In announcing the setting up of the Task Force the Minister for Sport praised the dramatic improvements in safety and comfort for spectators made at football grounds in the decade since the Hillsborough disaster. But the Minister also pointed to further challenges for the sport in the modern age. Of particular concern to the public were issues such as ticket prices, “the increasing commercialism in the game”, racism and access for disabled people.

1.3 The Government asked the Task Force to “investigate and recommend new measures to deal with the public’s concerns”, and to draw up plans to help:

- eliminate racism in football and encourage wider participation by ethnic minorities, both in playing and spectating;
- improve disabled access to spectating facilities;
- encourage greater supporter involvement in the running of clubs;
- encourage ticketing and pricing policies that are geared to reflect the needs of all, on an equitable basis, including for cup and international matches;
- encourage merchandising policies that reflect the needs of supporters as well as commercial considerations;
- develop the opportunities for players to act as good role models in terms of behaviour and sportsmanship, and to become actively involved in community schemes;
- reconcile the potential conflict between the legitimate needs of shareholders, players and supporters where clubs are floated on the Stock Exchange.

1.4 The Minister appointed as members of the Task Force representatives from the Football Association, the FA Premier League, the Football League, the Professional Footballers Association (resigned January 1999), the Football Trust, the League Managers Association, the Association of Premier League and Football League Match Officials, the Football Supporters Association, the National Federation of Football Supporters’ Clubs, National Association of Disabled Supporters, Sport England, the Commission for Racial Equality, the Local Government Association, and a number of individuals chosen for their expertise and experience.

1.5 The Task Force undertook a nation-wide tour, seeking the views of football’s huge community and holding well attended public meetings in ten major cities in each of England’s regions. This was the widest public consultation on football issues ever undertaken in this country, conducted through closed sessions during the day and open evening meetings. The Task Force met or received written submissions from:

- 73 football supporters groups
• 30 professional football clubs
• 28 local authorities
• 14 “Football in the Community” schemes
• 10 community organisations and projects
• 10 County Football Associations
• 3 girls’ and women’s football clubs

1.6 We have been struck by the strength of emotion, passion and commitment invested in football. The vast numbers of people who play, watch and work in football do so with a profound sense of attachment. The game is arguably more popular - and receiving more media attention than ever before. Grounds have been transformed and foreign players have swollen the FA Premier League’s ranks, including some of the world’s top stars. On and off the pitch the football authorities and the clubs can claim credit for much of this success, although much too depends on the loyal support, investment and commitment of football fans.

1.7 Modern day football originated in Britain, and the Task Force has been greatly impressed by the strong, central place the national game continues to occupy in the social and cultural life of this country.

1.8 The commercial revolution has delivered many benefits but it has also brought into sharper focus the public concerns identified by the Government. In our consultations and investigations, we have heard from many people whose experience of the modern game is one of alienation and exclusion, due to disability, race, or cost. Our purpose has been to advise on the best way to deal with these concerns, within the context of a game which continues to thrive and provide huge enjoyment.

1.9 The Task Force has developed a guiding principle: the need to balance the interests of all those involved in, or touched by, football and for the game to promote to as wide a community as possible its sporting aims and core values.

1.10 It is argued in some quarters that football clubs are businesses like any other. The Task Force agrees that clubs should be run to the highest standards of accountability and transparency and accepts that investors in football should be able to expect a reasonable and fair return. But our report is based on the essential premise that football - and indeed sport - is different from other business sectors.

1.11 Football clubs are unlike other businesses in that they depend upon each other for survival. They band together to sell their product and then share out the proceeds. As part of the successful defence in the case brought by the Office of Fair Trading (OFT), the game’s authorities have argued that the special rules governing the sale of TV rights are in the public interest. The Task Force has given strong support to these arguments on the grounds that football and sport need a special dispensation to operate in this way if it is to maintain a healthy, competitive league in the long-term.

1.12 Clubs differ in another important way from other commercial concerns. They have a loyal customer base that is committed to the brand and will not go elsewhere if the quality of the product deteriorates – a local monopoly position. So while clubs should continue to be able to take advantage of a dispensation to negotiate collectively, in return the game has a responsibility to ensure that member clubs
do not abuse or exploit this monopoly. This will require special regulation to protect football consumers and is a crucial part of the contract that the Task Force envisages between the game and the Government.

1.13 The Task Force has produced three reports: *Eliminating Racism from Football*, (published on 30 March 1998); *Improving Facilities for Disabled Supporters*, (29 July 1998); *Investing in the Community*, (11 January 1999). The first two addressed the issues of racism and disabled access. In the third, concerned with opportunities for players to act as role models and become involved in community schemes, we recommended a much closer working and financial relationship between the top of the professional game and the amateur grassroots using the proven vehicle provided by the Football Trust. In all three reports, we have looked to balance football’s legitimate business ambitions with its responsibilities to supporters and the wider community. The recommendations from each report are published as Appendix A.

1.14 The commercial issues, relating to ticketing, merchandising, supporter involvement in clubs and potential conflicts in Stock Exchange-listed football companies are dealt with in this report. The Minister’s announcement in July 1997 asked: “How can clubs avoid alienating the less well off from the sport that they love?”

1.15 We have commissioned research from the Sir Norman Chester Centre for Football Research at Leicester University, and heard from professionals in the fields of accountancy and industry, including those involved in the regulation of public utilities, the financial services and Lloyds of London. We have had detailed discussions with the Football Association, the FA Premier League and the Football League, and received a joint submission from them.

1.16 We have concluded that the huge benefits that increased commercial activity can bring can be achieved within a framework which protects and nurtures the game’s supporters, grassroots and wider community. In particular, we have looked at the establishment of standards for best practice, and procedures for ensuring that they are complied with. We have received proposals from the football authorities for a new system of independent public scrutiny based on the Audit Commission concept. We have adopted this approach and developed these proposals further in this report.
2 Football and its new market conditions

2.1 In this section, we outline football’s development as a sport and as a business. We do so to establish the guiding principles which govern our conclusions and recommendations on football’s future. We examine the potential conflict between sporting and commercial aims and look at how football’s authorities have sought to resolve it.

2.2 In discussing its hopes for the future of football, the Government has expressed as its first wish that football as an industry regulates itself, managing its own affairs to avoid, as far as possible, alienating sections of our society.

The FA - the governing body

2.3 As the governing body, the Football Association is the custodian of the game and its core values. The primary object of the FA as stated in its Memorandum of Association is: “To promote the game of Association Football in every way in which the Association or the Council of the Association shall think proper.” As governing body, the FA is affiliated to FIFA.

2.4 The FA rules govern the conduct of football on and off the field. Alongside the Laws of the Game which are the responsibility of FIFA, the FA has rules and regulations concerned with preserving football’s spirit, its requirements for sportsmanship and fair play. The principle, as stated in FA rule 42, is that “everyone connected with the sport … behaves on and off the field in a sporting manner to all others involved.”

2.5 FA Rule 26 governs “Misconduct”. It contains 11 categories of offences, including “violating the laws of the game or the Rules and Regulations of the Association”, betting, touting, bribing officials. Rule 26 (x) states that it is misconduct to make a statement or behave in a way considered to be: “ungentlemanly, insulting or improper behaviour or likely to bring the game into disrepute.” This rule is invoked to deal with misbehaviour by players, either on the pitch or for statements made in public, yet rarely in relation to the actions of directors, administrators or other individuals involved in the running of the game.

2.6 Regulation is most usually associated with industry, particularly the privatised utilities, which were set up with statutory, Government-appointed regulators to ensure they acted according to principles established to be in the public interest. In these industries, regulation means the governance of individual companies to serve the higher aims, investment requirements and consumer policies of the industry as a whole. Football has historically had multiple regulators and in the modern era the FA, FA Premier League and Football League all have rules and regulations. However, as the game’s governing body the FA is responsible for a comprehensive set of rules, covering all aspects of the game.

2.7 From the early days of professionalism, the FA saw as an important part of its role as regulator the need to balance the twin imperatives of sporting principles and money. It took upon itself the task of reconciling the conflict between the needs of players and clubs to make money from football, and the need to preserve and promote football’s integrity as a sport with a set of moral values.

Football clubs as companies
Almost without exception, every football club in England began its existence as exactly that - a club. These were in effect membership societies, devoted to playing sport, without any intention to charge spectators for entry, pay players for playing, or make money. The vast majority of FA registered clubs today, some 43,000, remain amateur and constituted in this way.

When professionalism was legitimised, it was soon followed by clubs forming themselves into limited companies. This was done for two purposes. The first was that the members of the clubs found themselves responsible for handling substantial amounts of money - takings at the gate - and liable to pay bills and wages. The formation of limited companies protected the members from personal liability. The second main purpose was to fund the building of football grounds. Shares in the football company could be sold to investors, and the money from the issue of shares used to fund ground building and the general development of the football company.

In most cases the evolution from club to company was a practical measure, undertaken often by the people who had formed the clubs as sporting institutions. They were largely motivated by the need to be protected from the debts their venture might incur.

Regulation of football club-companies

As the governing body, the FA developed rules designed to protect the financial integrity of the club-companies. These included requirements that the clubs keep regular accounts and records of numbers coming through the gates.

As professional football grew in popularity, with huge partisan crowds attending matches, the football companies became larger and potentially very profitable businesses. The FA believed that the governing values of the clubs as sporting institutions were potentially threatened by their being seen by businessmen purely as a means to make money.

The FA saw football’s increased popularity and growth as positive, but recognised also that the growing profitability and commercialism had the potential to undermine the game’s sporting values. There was a danger that football would become a speculative entertainment business run increasingly for financial gain and that, as in any other business, companies would come and go according to their fortunes in the marketplace. The land on which the grounds were built had become a valuable asset, and the shareholders could potentially benefit from selling the grounds for redevelopment.

The FA moved early in professional football’s history to introduce regulations aimed at preserving the core sporting character of football club-companies, and to prevent them from becoming like any other businesses, vehicles for making profits for shareholders. The FA’s rules, introduced in the early part of the century, imposed a threefold restriction on football club-companies. These rules had to be accepted by all football club companies as a condition of membership of the FA, and inserted into their articles of association. The rules, in summary, were as follows:

- dividends had to be restricted to five per cent of the face value of shares;
- nobody could be paid for being a director of a football club-company;
- if a football club company was wound up with any surplus remaining after the payment of debts, this surplus had to be given to the FA Benevolent Fund or to a local charitable or sporting club.
FA rules to protect the clubs

2.15 The purpose of these rules was to prevent people purchasing shares or indeed whole club-companies, or running club-companies, in order to make money for themselves. The restriction on dividends was designed to limit the profit motive on the part of those who owned the shares, and keep the income within the clubs. The restriction on directors was aimed at preventing major shareholders paying themselves handsomely out of club revenue. The third main restriction was aimed at preventing the future of clubs as sporting institutions, to prevent them being wound up so that the owner or owners could sell off the assets at a profit. It was protection against clubs being ‘asset-stripped’. Seen as a whole, the FA’s guiding principle for governance of member club-companies in football was that people’s involvement in club-companies, as shareholders, chairmen or directors, ought to come from their desire to serve the club and the community, and to preserve the club for future generations.

2.16 The FA’s rules on club-companies have been modified over the course of this century. At first they changed in detail, not in substance, permitting a maximum dividend payment of up to 15 per cent of the face value of the shares. Payment of directors was also allowed, but only if they worked full-time at the football club-company. In 1998, however, the FA removed these elements of Rule 34 altogether.

2.17 The FA rightly suggests that these rules had their disadvantages because they deterred investment, due to the lack of return. Their repeal means that the historic restrictions on football clubs acting as businesses have been removed.

Football post-Taylor: the commercial revolution

2.18 In terms of football’s development, the post-Taylor decade has been one of major change and great commercial growth. Professional league football clubs were required to make their grounds all-seater. The government relaxed this requirement in respect of the second and third division of the Football League, whose clubs may retain standing accommodation providing it meets present safe standing requirements. The grounds have been improved to high standards of safety and amenity with the help of the Football Trust.

2.19 In May 1992, the chairmen of the new FA Premier League clubs sold exclusive rights to televise matches to BSkyB and the BBC for £305m over five years. With the grounds rebuilt and safer, the influx of television money has coincided with a new image for the game. In part this has been due to the marketing of football by BSkyB and the clubs and the investment made by the Football Trust. This television deal hugely increased the turnover of the FA Premier League clubs. Since the inception of the FA Premier League £50 million has been made available for reinvestment.

2.20 The rebuilt grounds, in addition to producing greatly increased gate revenue, have resulted in significant improvements in corporate hospitality, conferencing and banqueting facilities which have substantially enhanced their revenue making potential. TV income has continued to grow. In 1997 the FA Premier League entered into a further deal with BSkyB and the BBC, worth around £743m over four years. The OFT case against the FA Premier League in the Restrictive Practices Court failed to end exclusive collective bargaining rights and it seems likely that revenues are set to rise in the future particularly in view of the inevitably widespread introduction of football matches on pay per view television.
In our last report, *Investing in the Community*, the Task Force gave its full backing to the FA Premier League in its case against the OFT. It agreed that English football’s ability to invest in its own future is critically linked to there being no break up of the present collective bargaining arrangements. We welcome the recent decision of the Restrictive Practices Court in favour of the FA Premier League. The present collective bargaining arrangements remain the most effective way through which money can be redistributed throughout the game. In his judgement, whilst accepting that the current arrangements were restrictive, Mr Justice Ferris agreed that these arrangements had satisfied the public interest tests under the Restrictive Trade Practices Act. In doing so, the judge decided that football required special dispensation and regulation to be allowed to continue to act in the best interests of the public.

In his final statement, Mr Justice Ferris made the following statement:

“Indeed we see no reason to differ from the view of the Football Task Force that, from the public point of view, it is desirable that resources generated by professional football should be invested to an even greater extent than at present in the lower levels of the game. The removal of the restrictions now under consideration would therefore deny to the public a benefit or advantage not only in the form of the diminution of the present level of support now provided for football outside the Premier League but also in the form of a reduction in the prospect that, now that the expenditure required to meet the requirements of the Taylor Report has largely been met within the Premier League, the level of support for the lower levels of the game will be increased.” (para 348)

The Task Force welcomes the judge's support of our view that football does have an obligation to act in the public’s interest and for the greater good of the game as a whole. With this victory secure football must now recognise its responsibilities by delivering a fair deal for supporters throughout the country.

The FA Premier League clubs are investing £20 million over the next four years to support the development of centres of excellence at Football League clubs, fulfilling the recommendation in the FA’s *A Charter for Quality*. They have also made a contribution to football through their allocation of £20 million over four years to the Football Trust to help fund the Taylor implementation programme at Football League clubs. One of the recommendations of the third Task Force report *Investing in the Community* was that the FA Premier League should make a minimum of five per cent of income from the next television deal available post-2001 for investment in grassroots facilities. We were pleased to note the Secretary of State’s announcement that negotiations with the football authorities to secure this contribution are well advanced.

Players’ wages

The current spiral in players’ wages at the top level – on average at least twice the increase in income – is unsustainable. One of the main results of wage inflation is annual increases in ticket prices that put football out of reach of working families.

It would be legally difficult to impose a wage cap, especially following the Bosman judgement and impossible to police. Furthermore, the player market is a European one, if not a global one. However, we recommend that the football authorities, clubs, players’ representatives and the British Government work together to secure a European solution to this problem, involving the EU and UEFA. We note that UEFA has recently announced that it is to set up an investigative committee to look at the operations of major clubs and the amount spent on players’ wages. If the cost spiral continues, football is heading for a financial disaster. It would be a pity if it took a spectacular bankruptcy to bring clubs to their senses.

Football - the European and global market

Whilst recognising the historic roots, it is also important to understand that football in the modern era is affected by a range of external issues such as decisions taken by UEFA and FIFA, and European and national legislation.
2.27 The Task Force accepts that English football clubs must be able to compete in the international marketplace, which has substantially changed in recent years, especially post-Bosman. These changes have placed increased financial pressures on the top clubs and have had substantial ramifications at every level of the game. The financial realities of the new European and world markets will continue to place increasing commercial pressures on many of our leading clubs. This economic shift of power has already led to some clubs proposing a potential European Super League. The possibility also remains of a World Club League in the future. Already this season conflicts have arisen over Manchester United’s participation in the inaugural World Team Championship.

2.28 In making our recommendations, the Task Force recognises that these pressures will continue to affect the way in which the game changes and develops. However, it must be recognised that it is these commercial pressures that lead to a requirement for strong governance of the game to protect its long-term health and stability. Strong governance is also crucial in maintaining an equitable balance between international developments and the health of the domestic game. We recommend that the authorities in conjunction with the Government work with the EU, UEFA and FIFA to ensure the continuation of strong domestic competition.

The role of the FA as regulator

2.29 The Task Force believes that FA regulation has been central to the long-term survival of a broadly based range of clubs within a national professional structure. Clubs survived, at least in part, because shareholders and directors could not make large profits from them. The Football League acted to cross-subsidise smaller clubs with revenue drawn from larger ones. Early TV income was distributed equitably among all clubs. The “family” of professional clubs, large and small, helped establish football as the national game in terms of both spectating and participation. This principle of redistribution should not be abandoned, as we unanimously recommended in our “Investing in the Community” report.

2.30 In their evidence to us, the FA and the FA Premier League have pointed to football’s remarkable revival on and off the field in the decade since the Taylor Report. The Football League has also enjoyed a period of growth, benefiting from improved stadia and football’s improved image. The Task Force recognises the work and commitment shown by the FA, FA Premier League, Football League, the Football Trust and the member football clubs as vital to football’s continuing success. In the wake of the Taylor Report football has had considerable assistance from successive governments.

2.31 However, with the many benefits of the commercial revolution have come concerns. We summarise these as follows:

- football as an industry has been damaged by scandals and concerns over its financial integrity and the running of some of its clubs;
- there has been concern about the individual fortunes made by, and the conduct of, some of those who own or control club-companies;
- the economic gap between large and small professional clubs and between the leagues in the national structure is growing;
- football needs to do more to: remove barriers to entry on the grounds of race or disability; invest in its own grassroots; ensure that players, whose wages have been increasing dramatically, act as role models in the community;
- ticket prices have increased on average by over 300 per cent in the last ten years, which has led to the exclusion of some long term supporters and some of the younger generation;
- there has been an unsustainable escalation in players’ wages and the activities of some football agents have undermined the game's reputation and ability to compete.
- some merchandising activities have been seen as excessive;
- football and its clubs have failed to involve supporters sufficiently in the running of the clubs and game;
• many fans feel alienated by the commercial revolution.
3 Regulation and a Code of Practice

3.1 The Task Force believes that structural reform of football as an industry and its governing bodies is necessary for it to meet the regulatory challenges of the modern age. Research conducted by the Sir Norman Chester Centre showed that 63 per cent believed that an independent body should be responsible for ensuring that a new Code of Practice was adhered to.

3.2 In this section, we identify four main areas for reform of football’s governance and structure. They are:

- the establishment of an effective system of financial monitoring and compliance, including further efforts to ensure that those involved in running football clubs be ‘fit and proper’ to do so;
- greatly increased unity in the administration and governance of the game, including much closer working together of the FA, FA Premier League and Football League into a single ‘pyramid’;
- moves to reduce the growing inequality between large and small clubs and the rest of the football pyramid;
- the development of a coherent, written, detailed constitution and establishment of the Code of Practice which establishes football’s sense of purpose and role in the modern era, and detailed rules which define and enforce that role, and a new voice for football supporters.

The need for a financial monitoring and compliance unit

3.3 It has long been held that football lacks sufficiently robust powers to monitor the financial management of its member club-companies and enforce the highest standards of honesty and integrity. Neither has the FA introduced a policy that those who wish to take over football clubs be ‘fit and proper’ to do so. It has been an area of concern to supporters of many clubs. In this era, particularly since 1992, in which huge sums of money are now involved in football, including substantial amounts of public money, the need for a regulatory regime dealing with such matters has become more pressing.

3.4 The FA itself has recognised the need for more robust financial regulation and in 1997 asked Sir John Smith to conduct an inquiry into allegations of gambling malpractice in football. On 20 September 1997, David Davies, then FA Director of Public Affairs said:

“The public has the right to expect integrity, honesty and accountability in the way the national sport operates. That expectation must be met. It will be.”

This statement followed an inquiry by the FA Premier League which found substantial financial irregularities in transfer dealings, Sir John Smith was asked to expand his inquiry as follows:

“To inquire into the manner in which football regulates its financial affairs and to make recommendations to the Football Association as to how to ensure and maintain the integrity of football and to promote accountability in the way it operates.”

3.5 Sir John published his report: Football, its Values, Finances and Reputation, in January 1998. It was a thorough and wide-ranging assessment of football’s importance as the national game. Sir John described the game as having:

“in a relatively short period, established a hold on the imaginations and loyalties of people of all social classes, both in this country and in virtually every other nation in the world.”
3.6 Sir John noted in his report football’s success manifested in rising attendances, new grounds and the improved image of the game. But Sir John pointed to the concerns and challenges which this development had brought:

“That is not to say that there are no clouds on the horizon. This financial and marketing success story has brought problems too. Many parts of the football world have seen the benefits pass them by; in other cases, the influx of wealth has led to allegations of misconduct and corruption.”

3.7 Sir John summed up his assessment of football’s pressing need for more effective regulation in the modern age as follows:

“I believe that football can continue on its upward path only by recognising that its immense hold on the public imagination carries with it the responsibility to demonstrate that it is run according to the highest standards of conduct and integrity, off the field as well as on.”

The Task Force endorses that assessment, and supports Sir John’s report. Rightly in our view, he pointed to the FA as the governing body of the game, its ‘custodian’, and said that it should assume a more robust role in monitoring and regulation.

3.8 According to Sir John: “The FA’s rules are insufficient to allow for proper regulation of football’s financial affairs.” Sir John’s main recommendation was that the FA should set up a compliance and monitoring unit, “the prime responsibility of which would be to oversee the game’s integrity and reputation.” This unit would have entrenched constitutional powers to monitor compliance with financial rules and investigate suspected breaches. This should include the right to demand immediate answers to questions and the production of documents. Importantly, the FA’s new regime would not only impose much tighter rules on the financial affairs of football clubs, but also look at the possibility of introducing much tighter requirements that those involved in clubs, or wishing to become involved, be ‘fit and proper’ people to do so.

3.9 The Task Force heard from supporters at Doncaster Rovers desperately concerned that the running of their club had amounted to criminal activity. In February 1999, Ken Richardson, who owned and controlled Doncaster Rovers, was sent to prison for four years for conspiracy to burn down the ground’s main stand. The club suffered a severe financial crisis under Mr Richardson’s control. The Jockey Club, following a conviction in 1984 of conspiracy to defraud in a race, warned Mr Richardson off horseracing for 25 years. The Task Force received an impassioned and cogently argued submission from representatives of the “Save the Rovers” supporters’ group, which described the sorry saga at that club. The conclusion, from supporters of a club whose existence after 120 years had been threatened, was:

“The inevitable conclusion we draw from the story of Doncaster Rovers is that the game’s governing body should establish a monitoring and compliance unit with … resources and freedom.”

Task Force members wish to see football acquire the same amount of power as that wielded by the Jockey Club to exclude undesirable individuals from involvement in the sport. Doncaster Rovers is not the only example of a club whose future has been threatened through problems of maladministration, financial misdealing and unscrupulous business activities.

3.10 The Task Force notes the progress made on restructuring the FA, and recognises the steps that have already been taken in the light of Sir John Smith’s report. These include the appointment of a compliance officer, the introduction of a domestic licence for agents and rule changes that allow the FA to obtain relevant documents from clubs more easily.
A statutory regulator?
3.11 Sir John Smith concluded in his report that the FA as the governing body must take responsibility for regulating the game in the modern era. Many have said to us – especially during our regional visits around the country – that if football cannot regulate itself, the Government should appoint a statutory regulator to do so. Statutory regulation also has strong parliamentary support. In an industry which has become a billion-pound activity, with clubs floated on the Stock Exchange, the game should not fear regulation. Most major industries are subject to statutory regulation or governed by specifically tailored legislation. Others have introduced the best of modern self-regulatory practices.

Self-regulation?
3.12 In considering the question of regulation we have sought the expert advice of regulators of the privatised utilities, the Financial Services Authority, Lloyds of London and the Government’s Regulatory Impact Unit.

3.13 The reforms implemented at Lloyds of London provide a useful lesson. Following the scandals and mismanagement in that industry in the 1980’s, there was a need to restore public faith in the industry through sensible regulation of the market. At Lloyds, a regulatory board operates, composed of a balance of individuals from within the industry, outside the industry, and users of Lloyds’ services. The Chairman is independent and elected every three years. The regulatory rules and their enforcement have been developed, and continue to evolve, in consultation with Lloyds’ members themselves. The aim is to balance competing needs, to keep regulation simple, and to employ tough, effective sanctions on those who fall short of the standards required. According to David Gittings, Director of Regulation at Lloyds, the overall aim of the new self-regulatory regime is to change the culture:

“The most effective means of regulation is to convince those involved that the regulation is in their interests and that creating a good public image of the industry is imperative.”

The Chairman of Lloyds, John Young CBE, summed up the regime in Lloyds’ most recent annual report:

“I continue to believe that effective regulation … must be based on fairness, focus, common-sense and as far as possible simplicity. It must be alert to systemic risks, tough on irresponsible management and poor compliance and adapt flexibly and unbureaucratically to shifting challenges.”

Whilst recognising fundamental differences between the two industries, the Task Force believes that there are lessons in this approach for football.

An independent scrutiny panel
3.14 The football authorities have responded to these issues and concerns by proposing the establishment of an independent scrutiny panel. There is no doubt that the debate on regulation (not least in the Task Force) have caused the football authorities to think more radically about the issue and we welcome the progress they have made. We feel however that there are further steps that need to be taken to ensure the success of a scrutiny panel, which we would prefer to call the Football Audit Commission (FAC).

3.15 The Football Supporters’ Association has produced a paper, written by Craig Brewin, commenting on the football authorities’ proposals. This is reproduced as Appendix B. The FSA’s conclusions are as follows:

One solution to the difficulties surrounding the regulation of the football industry is to adopt the recommendations of the football authorities for an Independent Scrutiny Panel. The idea has many advantages, not least the fact that it is supported by the football authorities who have
themselves recognised the need to respond to the potential of clubs to find themselves in severe difficulties, and the need to investigate and develop best practice within the industry.

For the idea to work, however, the Panel would need to be independent, and the Audit Commission model suggested by the football authorities could be the most appropriate. For the Panel to be effective it would need to take on some of the roles of the existing Audit Commission, particularly the auditing and publication of performance indicators. It would also need to have an inspection role in order to ensure that the impact on society of the activities of the industry is in accordance with public policy objectives.

The framework must be real, however, and our support is dependent on an agreed set of sanctions, which would avoid the need for primary legislation, and a demonstrable commitment by all parties to the framework. Overall, we would assess the proposal of the football authorities to establish a Scrutiny Panel on the model of the Audit Commission against three criteria, firstly, the degree of its independence, secondly, the extent to which its remit covers the key issues of importance for the future of the game, thirdly, the effectiveness of its sanctions.
Financial compliance

3.16 We support the FA’s proposals to establish a financial compliance unit. It should introduce a requirement that any persons wishing to own a substantial number of shares in a football club, to the extent that those shares grant them practical exercise of executive power, be ‘fit and proper persons’ to do so. Such a qualification would include scrutinising such matters as criminal record, business record, record of employment etc. The Task Force also recommends that it should include a requirement that the compliance unit satisfy itself that such a person is motivated by a desire to act in the best long term interest of the club. The FA should extend to all relevant people, including directors and chairmen, its rules prohibiting conduct or statements liable to bring the game into disrepute. The compliance unit will be expected to ensure that professional clubs a financially sound and are adopting business practices that will support their long-term survival. The Task Force would expect the compliance unit to review club business plans on an annual basis. This aspect of the unit's work would also be subject to review by the FAC.

A written code for football and the need for minimum standards

3.17 The Task Force believes that a prerequisite of more effective regulation of football is the development of a coherent, constitutionally entrenched and detailed Code of Practice for the game, on and off the field. There is currently too much disparity in the treatment of consumers of football and that there is a need for minimum standards to be set across the game. It is our belief that this code should be drawn up by the FAC in consultation with the governing bodies, clubs and supporters. The FAC should take as its starting point all of the appropriate recommendations contained in the four reports of the Task Force, with particular consideration given to those contained in this report. This should provide the basis for a Code of Practice that sets out minimum standards with which all clubs will be expected to comply.

3.18 The code will regulate in detail particular areas of public concern in football and the clubs and FA will be charged with enforcing them. But the need for such a code is greater than the fine details of its contents. A central purpose of it will be as a statement of football’s sense of itself, its values, role and purpose in the context of an increasingly commercialised age. The FA’s current statement, in its Articles of Association, that its aim is to “promote football at all levels” will of course remain a central part of this purpose. The principles of fair play, sportsmanship and honesty will clearly remain the basis on which the game’s enhanced regulation will be built. But the process of writing a Code of Practice will itself allow the game to produce a revised view of its own place in national life and to rediscover its enduring values. In seeking to define itself, the game will focus on the core principles, in many respects the same off the field as those which so clearly govern its practice on it. With a clear and coherent statement of football’s nature and role, beyond that of business, the game will be better able to meet the challenges which the business age has brought.

3.19 The FAC will keep this code under review, and in consultation with authorities, clubs and supporters develop new rules to preserve core values and the principle of access to all in changing times. In particular, the FAC will develop new regulations concerning the constitutions and governance of clubs.

3.20 All clubs and players are registered with the FA and they should commit themselves to this code and to the core values and aims of the FA. The Task Force recognises the extreme difficulties in creating all-embracing economic models against which the actions of all clubs can be considered. However, with the right research and analysis it is feasible for any future body to adapt to particular issues enshrined in a Code of Practice on a club by club basis.

3.21 The Task Force believes that consumers of football are justified in expecting minimum standards to be met by their clubs in their treatment of supporter-customers. The Code of Practice will set out these minimum standards and all clubs should be expected to reach them. These basic requirements will form the foundations on which examples of best practice can be built.
3.22 The FAC will seek to achieve a greater accountability of clubs to a range of stakeholders, including supporters and shareholders. Its reports will focus on performance on issues of public concern and highlight good practice and successful initiatives. This will allow clubs to learn from each other and continuously improve the management of their own stakeholder relationships, their social, environmental impact, and good practice in serving their customers.

3.23 The FAC will, where necessary, oversee the appointment of auditors for all football clubs and require them to publish a range of performance indicators relating to the social and economic impact of football clubs, customer satisfaction, and relationships with supporters and other stakeholders. Clubs will be expected to achieve specific targets on a range of issues including for example, the number of juveniles attending games, and the extent of community involvement. These targets will be produced by the FAC in consultation with football clubs and supporters' organisations. The FAC will also receive information on matters such as the price of joining membership schemes, pricing policies for home and away fans, and ticket allocation systems. It will also receive details of compliance with the new Code of Practice.

3.24 The FAC will use this information to produce an annual report on commercial issues, highlighting areas where targets are not being met, and describing compliance with the Code of Practice. Clubs will be expected to publish their own performance monitoring report. This should be published in a club-based publication and on the club website, and distributed to members and season ticket holders. Clubs will be expected to include their own targets on issues of local concern. This information would be independently audited before submission to the FAC, which would produce guidance notes for auditors. Failure to achieve FAC targets would make a club liable to sanctions. This disciplinary function would be carried out by the football authorities. The performance of the leagues and FA would be reviewed by the FAC.

3.25 The financial compliance unit would be expected to ensure that professional clubs are financially sound and are adopting business practices that will support their long-term survival. The compliance unit would review club business plans annually.

3.26 The FAC will aim to work in partnership with the football industry, providing support and guidance to comply with its requirements, and consulting on changes to its reporting requirements. The Task Force recognises that the success of the FAC is dependent on the support of the industry. The main thrust of its approach will be to encourage clubs to achieve goals which the Task Force believes are in the long-term interests of the game, while allowing clubs as much flexibility as possible in developing the means to achieve them.
The Ombudsfan

3.27 An essential element in the FAC structure will be the establishment of a new consumers’ voice for football. We believe there should be an “Ombudsfan” who investigates complaints and reports to the FAC. He/she would be appointed by the FAC in consultation with the Minister, football authorities and fans' groups. The Ombudsfan would have powers to requisition evidence and call on the FAC to impose sanctions/solutions. This person would be a credible independent individual, with a strong personality and not susceptible to ‘agency capture’. All football clubs would be expected to have effective and well-publicised complaint procedures in place, which would be subject to review by the FAC. These would give the right to appeal to the respective League and ultimately to the Ombudsfan. The Ombudsfan will operate within clear terms of reference and guidelines and have the power to fine clubs in clear cases of maladministration.

Recommendations

We propose that a Football Audit Commission be established, properly resourced, as a permanent standing body with terms of reference to include the following:

- Ensure the implementation of Task Force recommendations
- Specify objectives and reporting requirements on football clubs and authorities to cover financial management, involvement of supporters, development of new models of ownership, redistribution of income within the game, management of partnerships and resources, customer satisfaction and impact on society
- Set performance targets and monitor compliance
- Deal with non-compliance through sanctions if necessary
- Provide a consumer champion for football supporters, through the appointment of an “Ombudsfan”.

The FAC should be composed of members from a range of backgrounds appointed by the Secretary of State, under Nolan rules, and chosen for their expertise, experience, appropriate skills and commitment to and interest in football.
4  Supporters as customers

4.1 Before moving to the particular areas of concern, we make some general points about the nature of football support. As with so many issues in football, these are simple and broadly agreed by all in the game. Football support is not a normal customer-business relationship, but an expression of loyalty by a person to a football club. This is a characteristic accepted and promoted by all in the game, including the FA Premier League and its clubs. At our public meetings and in all submissions we received from football supporters, a foundation of passion and loyalty was evident.

4.2 Football support remains largely a matter of loyalty, and fans of English clubs are not ‘customers’ who will move to a different team if theirs is unsuccessful. In all their annual surveys of FA Premier League supporters, the Sir Norman Chester Centre finds this to be the dominant characteristic of football supporters. The Football Supporters Association in its submission to the Task Force defined support as: “A lifelong and unchangeable commitment.”

4.3 In his report into the game's finances, following allegations of malpractice within football, Sir John Smith agreed:

‘The commitment of football supporters to their club is of a different order of magnitude to other kinds of ‘brand loyalty’, such as deciding which supermarket chain to buy from … Football supporters are likely to support a club almost from the cradle to the grave.’

This loyalty, and its difference from other forms of entertainment are part of the inherent appeal of football. The survival of so many clubs and of such a strong tradition of support for them is a legacy of football’s history. It is also a result of an ethos in the running of the clubs that they be sporting institutions and not mere vehicles for making money. Prices have until recently remained affordable to almost all sections of society, and the clubs themselves have thereby benefited greatly in the long term, developing huge supporter bases, drawn from all sections of society.

4.4 Football support goes beyond loyalty. Many supporters feel a sense of belonging to the club, regardless of its constitution as a company. As Sir John Smith notes, regardless of whether they own shares in the club-company: ‘Football supporters feel a sense of ownership.’ In all our public meetings and submissions from football supporters, and in every public survey of football supporters carried out, this feeling, that the club in some way belongs to them, to its community, always comes through very strongly.

4.5 In a report produced by financial analysts Salomon Brothers in November 1997, football fans are described as “irrationally loyal”:

“The relationship between a team and its supporters is exceptional in the sense that the customers do not need success. This target is desirable for them, but not a condition of their support in the short term.”

4.6 This exceptional relationship is crucial to football itself, as a sport and a business. Clubs can call on generations of support, which remains largely loyal even in lean times on the field. For successful clubs, this loyalty is the prime asset, with the vast majority of clubs’ income coming from gate receipts, merchandising and television, from fans committed to football and their particular clubs. For unsuccessful clubs, in times of real financial hardship, it is usually the supporters, as at Brighton, Bournemouth, Charlton, Northampton Town, Chester City, Crystal Palace, Portsmouth and Doncaster Rovers, who rally

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1 Football, Its Values, Finances and Reputation, published by the FA, January 1998
round, organise and lead the fights for survival. As shown by the Sir Norman Chester Centre’s successive annual surveys, many football supporters regard their support as “one of the most important things in their lives”. In attracting such passionate support and by historically keeping prices affordable, football clubs have attracted to their grounds and brought together all sections of society, becoming very important community institutions.

4.7 These qualities, a loyalty beyond the normal consumer relationship, mean that the clubs have certain reciprocal responsibilities. The support has been described by accountants Deloitte and Touche as “inelastic demand”. This means that if the price is increased, people still continue to buy a product, unlike most commodities where demand will drop if the price rises. Clubs, as they themselves acknowledge, are effective monopolies, in that their fans will not transfer their affections or custom to other clubs. In commercial activities, the supporters’ feelings of belonging and loyalty to their club meet the football company’s need to make money.

4.8 As the Minister said when setting up the Task Force, it is important that less well off supporters are not alienated or excluded from the game they love. Football is the national game and supporters have a sense of belonging to it, and of it belonging to them. Football must strive to be accessible to all sections of society who have supported its development over a century.

4.9 There is also a strong business argument as to why clubs should not exploit their supporter-customers. The clubs themselves have an interest in charging prices affordable to almost all pockets. When prices rise too high, fans are excluded, and those who remain may feel exploited. This undermines their sense of loyalty to the club. In the long term, the clubs could be in danger of losing loyal customers. In addition, pricing out the younger generation could have adverse consequences for the long-term supporter base of the game. In the report by Salomon Brothers, they put this “enlightened self-interest” business case like this:

“Fan equity can be put at risk ... Seat and kit prices can negatively impact the strength of fans’ support ... Fans who feel their club has begun to ‘rip them off’ are unlikely to support it in future ... “It must be acknowledged that the link between sports and its customers is unique. It gives the sports market power, and generates monopolistic profits for a given team. It would be value-destroying for sports to return to a business situation where they would represent a commodity product. Sport should not be an ordinary business.”
5 Fair ticketing and pricing policies

5.1 Lord Justice Taylor addressed the issue of ticket prices in his report into the Hillsborough Disaster. He said:

“It should be possible to plan a price structure which suits the cheapest seats to the pockets of those presently paying to stand. At Ibrox, for example, seating is £6, standing £4.” (para 72).

The FA’s Blueprint in 1991 supported this and made this recommendation to clubs:

“Though socio-economic projections may highlight increasing affluence for the majority, it should be remembered that football is often supported most passionately in those areas and within those communities which have not benefited from recent trends. It would be easy to price poorer, committed fans, out of football’s new future. The game will not benefit in the long run, however, by simply trying to exchange ‘supporters’ for ‘customers’.” (para 3.4.1)

5.2 Football is enjoying a boom period but there is concern about the potentially inflationary nature of the current financial climate, a heavy reliance on television income and a possible unsustainable expenditure on players’ wages and transfers. Without question, the issue of concern for football fans which was raised most often by fans’ groups we met and in our public forums was ticket prices. There is a genuine and deeply held belief that football is pricing some fans out of the game, and deterring new ones from attending because of ticket price inflation. This view has been substantiated by our commissioned research. If these issues are not addressed as a matter of urgency, the club/supporter relationship will continue to be damaged and more supporters will be excluded by clubs that are forced to increase their pricing policies.

5.3 The relative importance of matchday revenue to clubs, whilst still the largest source of revenue, is declining. According to Deloitte and Touche’s annual reports on England’s Premier League clubs, matchday income as a percentage of the total revenue stream has dropped from 47.4 per cent in 1995/96 to 36 per cent in 1998. The Task Force believes that as clubs further develop and become increasingly professional in areas of corporate governance and marketing, there is greater scope for increasing accessibility. There is an increased correlation in modern football between the size of a club’s supporter base and its opportunities for success. Increasing accessibility will help clubs to secure a broad and long-term supporter base and increase opportunities for developing further other income streams.

5.4 The Task Force has asked all football clubs about the lowest ticket prices they were charging at the time of the Taylor Report and subsequent price rises.

Ticket prices

5.5 The summary results of this survey of prices are: the average price of the cheapest adult, non-concessionary match ticket in 1988-89 was £4.03. It is now £17.42. This represents an average increase over the decade of 331 per cent. The average price of a season ticket in 1988/89 was £73. It is now £304, an increase of 312 per cent, compared with an increase in the Retail Prices Index of 54.8 per cent over the same period.

5.6 In our ten public meetings across the country an overwhelming percentage of the questions asked expressed concern about the increase in ticket prices. Many lifelong, loyal fans told us they were struggling to afford the prices being charged for entry at their clubs. We asked the Sir Norman Chester
Centre to conduct research into pricing policies at football clubs, and whether this was excluding long-term fans from their clubs. Of supporters who are continuing to attend football,

- 57 per cent said ticket prices were “reasonable value”, but 25 per cent said they were “not very good” or “poor” value (table 2.14);
- 60 per cent said that they would like to take children to football but “often” or “sometimes”, could not, because of the high price of tickets (table 2.19);
- Six out of ten were “not happy” with ticket prices (table 2.20).

The full report is published as Appendix C.

5.7 The Task Force is struck by the solidarity and sympathy the research found to exist on the part of those still going to football towards those who are excluded. Seven out of ten “active” supporters knew people who used to go to football, but do not now because of the price of tickets. 22 per cent knew “a lot of people” in that position. The researchers put to those attending matches the following question:

“Clubs often say the high demand for tickets shows they have usually got their pricing levels right. Do you agree?”

Over 50 per cent said no, because “some ‘hard core’ supporters are now struggling to pay prices.” An additional 18 per cent said no, because “hard core supporters are being lost to football, perhaps for good.”(table 2.16)

Excluded supporters

5.8 The researchers conducted interviews with supporters who used to go to football but do not go any more, to discover how far they have been excluded on the grounds of price. The researchers note the difficulty in making contact with such supporters, as football clubs generally don’t know who they are. In on-street interviews in Sheffield, Liverpool, Leicester and London, the researchers interviewed a sample of nearly 500 football supporters, who used to go to football regularly and go “much less” or “very rarely” now. Most of the interviewees earned at the lower end of the income scale and some were unemployed.

- over 70 per cent of these people said that the price of tickets was the main reason for lack of attendance (table 3.12);
- amongst unemployed people, 86 per cent said that the price was the main reason they stopped attending matches;
- around 80 per cent said that they would “think about attending matches again” if adult ticket prices were reduced (table 3.18);
- the supporters put forward as a “reasonable price”, which they felt they could afford, an average price of £10 (table 3.19);
- the supporters put forward as a “reasonable price” for children an average price of between £5-£6 (table 3.19).

5.9 The researchers drew the following conclusions:

“It must be said that most fans were very cynical in their views on the way they felt themselves ‘valued’ by the football clubs they still supported …”

“There was a generalised sense in our focus groups that the game had ‘moved on’ and had ‘left behind’ many people …”

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“In all of our venues it was felt that large clubs had become more distant from ‘ordinary’ people and that, generally, they were not good contributors to local community activities or initiatives …”

Accessibility and affordability

5.10 The Task Force recognises that some may feel it is inappropriate to use the language of rights to discuss access to football matches for the poorly paid or the unwaged. But we must be mindful of the traditions of the sport in England, the important and enduring community functions of football clubs, and the enormous emotional investment made, especially, by less affluent members of the community in their local clubs. A small number of clubs have already recognised this fact and have embarked on innovative and laudable schemes to improve and extend access. It might be argued that these are clubs which have to work hard to fill their stadiums and that larger, more successful clubs have no such problems and will lose income by increasing access. But no clubs are guaranteed continuing success. The exclusion of some fans from live attendance on the basis of high ticket prices will also undermine the longer term stability and attractiveness of the sport to a fan base which covers all sections of the community. In short, it is likely in the long term to be, simply, bad for business. We are encouraged that the football authorities recognise these dangers. In their evidence they make clear that one of their roles must be to promote best practice.

5.11 It seems to us that there are two connected facets to the exclusion problem: access to tickets and ticket prices. We accept that even though many fans may not like what they now pay, many top clubs in England have been playing most of their matches in stadia which are full to over 90% of capacity. This is testament to the current success of the FA Premier League product, and that some top grounds in England are now too small to accommodate all those who want to attend matches. The prices charged by many top clubs, however, also exclude loyal and new fans who simply cannot afford to buy tickets. Large stadia abroad do afford more opportunities for offering lower ticket prices, and their lowest available ticket prices are some way below what is often available at top clubs here. By contrast, top ticket prices abroad are also often higher than those here.

5.12 There is considerable difference between clubs on the range of prices available. Chelsea’s highest ticket price, for example, is £60 while the highest price at some other top grounds is between £20-30. Whilst regional differences must be taken into consideration, it is difficult to see why Arsenal is able to charge £17.50 as a minimum ticket price while near-neighbours Spurs charge £24. There is a need for more consistency around the country, particularly in relation to lowest available ticket price, and the establishment of a more sensitive ticket pricing policy. This would offer higher earners what they want at prices they can afford to pay, while at the same time funding price reductions at the popular ends of the stadium. Clubs must be encouraged to maintain popular stadium areas, at reasonably low prices, mainly for non-season ticketholders.

5.13 Clubs could offer a proportion of tickets for selected home matches at or below an agreed standard price. At the same time they would be given freedom to stretch the range so that in some cases higher prices could be charged, depending upon local conditions and demand. The lowest priced tickets should be made available, mainly, to non-season ticket holders. Some tickets should be sold on the basis of personal application only, in order to provide opportunities for local fans who are not credit card holders, or have bank accounts. Clubs should also devise their own schemes for providing some low earners and some unemployed people with better access to low priced tickets.

5.14 Clubs must be imaginative about the kind of access and the incentives they offer higher earners for paying higher prices. Clubs can stretch their pricing structures, but they will need to offer tangible benefits to those who are prepared to pay higher prices. These might include: offering the best seating at increased prices; access to executive areas; offers of free programmes and refreshments and more comfortable
viewing facilities. The key to this will be a better standard of marketing by the clubs, drawing on examples from other areas of the leisure industry, supported by better market research to determine what further incentives can be offered.

5.15 Price stretching need not damage the overall income of clubs from gate receipts. The new approach can be sold to all fans as a means of improving access for low earners - something which supporters, generally, are concerned about. Offering access for the lower paid could also be supported by sponsors. **Lower priced tickets should not be increased annually by more than the rate of inflation in the Retail Price Index. In addition reduced prices should be applied to restricted view seats and those at the very front or to the sides of major goal end areas.**

5.16 Better access can be provided for fans who have difficulty paying current prices by clubs being more flexible and imaginative in the marketing of less popular matches. Even at well supported clubs with a large number of season ticket holders, midweek Worthington Cup matches, some midweek League matches or even European (UEFA Cup) matches do not sell out. These games can be targeted as those where low earners, people who want to bring children, and the unemployed can be offered attractive ticket deals. Thus the club can demonstrate its willingness to remain in touch with those local people who can only afford to attend matches occasionally. At smaller clubs there is a larger number of matches where demand falls well short of supply. This kind of scheme could connect with local authority social and sports programmes and with the interests of local sponsors and businesses, who might want to bring their own lower paid staff and families to a match at much reduced rates.

5.17 Clubs will need to spend money on advertising and on promoting special offers with local sponsors, businesses and community groups. This approach would build on and extend club initiatives in marketing reserve team football more vigorously to local adults and their children. But there are also likely to be important commercial and community benefits here, in terms of larger crowds, increased merchandising, positive local public relations and the re-establishing of links with recently detached supporters.

5.18 The Task Force was interested in suggestions made for the marketing of ‘mini season tickets’, which would offer a package of four games, covering matches of varying popularity.

**Concessionary tickets**

5.19 The Task Force believes there are persuasive social and economic arguments to offer concessionary tickets for Under 16s. Most supporters’ attachment to their club is set at an early age and it makes good economic sense for clubs to ensure greater access to their next generation of fans. **The Task Force believes a figure of ten per cent of the ground at half price is acceptable and is in line with the best practice of many clubs. This should be the minimum provision at all league clubs and the FAC should ensure it is enforced.**

5.20 Most clubs offer other concessions - to senior citizens, to the unwaged, for example. These should be extended to embrace a wider section of the population, especially those who have felt excluded from football.

**Season tickets**

5.21 Season tickets provide clubs with valuable income during the summer before the season starts. For fans a season ticket guarantees access and a reserved place. We have received evidence, however, that at some clubs the price of season tickets is so high fans cannot afford them. The solution here is for payment by instalment, ideally over the six months from June to December; Leeds United, for example, have season ticket loans at zero percent interest. **We recommend that clubs should not charge interest that is higher than base rate.**

5.22 Clubs should limit the number of season tickets they sell in order to encourage home support from those who cannot afford to buy a season ticket. Restricting access to season ticket holders reduces the
active fan base and increases local frustration and resentment. All clubs should offer a fixed capacity of their home capacity to non-season ticket holders.

Away fans
5.23 The Task Force received scores of complaints about the treatment of away fans. We see no reason why away fans should be charged higher prices than home fans for the same (or worse) facilities. Away fan attendance is an important part of the football event and often helps to provide a good atmosphere at matches. The football authorities require clubs to offer visiting fans a set proportion of total capacity. We recommend that these proportions should be increased wherever possible, and all matters related to the treatment of away fans should be reviewed regularly by the FAC.

Membership schemes
5.24 Some larger clubs have established membership schemes, primarily as a means of making fans eligible to apply for tickets for home and away matches and important cup ties. It is wrong that fans should be required to make a pre-payment effectively to go on a waiting list to purchase tickets, especially for home matches. We are opposed to the restriction of domestic ticket sales only to fans who have become club members. We also recommend that nothing more than a nominal administration charge should be levied.
Travel
5.25 We were concerned to receive reports that some clubs restrict the provision of tickets for away matches, particularly those played in cup competitions abroad, to supporters who purchase travel packages from the club. We accept that controls need to be applied to the distribution of tickets for those who travel abroad, but believe that the solution lies in monitoring the issue of tickets, rather than imposing an unacceptable restriction on consumers’ freedom of choice in regard to travel arrangements. **We recommend that ticket sales and distribution should not be tied to the sale of travel packages.**

5.26 We are aware of the need to balance affordability of ticket prices and access, with the necessity clubs have to make money from gate receipts. We are also mindful of the evidence of the FA Premier League and the Football League of the differences between clubs; in the proportions of revenue formed by gate receipts, in whether they operate at capacity or have to work to attract support. However, the Task Force feels that there is a greater scope for a broader range of ticket prices at football clubs.

Enforcement
5.27 The independent scrutiny panel (FAC) and the Ombudsfan have vital roles to play. At the beginning of each season all FA Premier League and Football League clubs should be required to provide the FAC with details of their pricing policies. At the end of the season each should also report on how they have offered better access to fans who might otherwise have been excluded from matches because of price.

Best practice
5.28 Derby County, Sunderland AFC and Ipswich Town have appeared to us to provide many examples of current best practice relating to ticket prices. Details are contained in Appendix D. The football authorities have identified a number of other examples of best practice. They are also to be found in Appendix E.

Price stretching
5.29 In Appendix F we reproduce the football authorities' detailed description of price stretching at Ipswich and Brentford.

Recommendations:

**The FAC should:**
- receive reports from all clubs annually on how they have widened access to fans who would otherwise have been excluded;
- encourage and ensure compliance on best practice amongst clubs on issues of ticketing policy, aiming to encourage accessibility to all supporters;
- review regularly all matters relating to the treatment of away fans;

**All clubs should:**
- stretch the range of prices offered, so that fans paying the highest prices are effectively cross subsidising those who pay new, lower prices;
- for the lower priced tickets, increase prices annually by no more than the rate of inflation in the Retail Price Index;
- reduce prices for restricted view seats and those at the very front or to the sides of major goal end areas;
- offer better access for fans who have difficulty paying current prices by being more flexible and imaginative in the marketing of less popular matches;
- extend concessionary tickets to embrace a wider section of the population particularly those who have felt excluded from football. Under-16s and those in full-time education should be offered half-price tickets for all competitive matches covering at least 10 per cent of ground capacity (both home and away);
• offer payment for season ticket by instalment, over the six months from June to December. Clubs should not charge interest that is higher than base rate;
• limit the number of season tickets they sell in order to encourage home support from those who cannot afford to buy a season ticket;
• increase the proportion of tickets available for away fans wherever possible;
• at the beginning of each season be required to provide the FAC with details of their pricing policies. At the end of the season each should also report on how they have offered better access to fans who might otherwise have been excluded from matches because of price.

*Clubs should not*
• charge away fans higher prices than home fans for the same facilities;
• restrict ticket sales to club members;
• offer tickets for away matches on condition that supporters have to purchase travel from the club.
6 Merchandising

6.1 Football club merchandising has grown in the last decade from a relatively small-scale activity to a retail industry in its own right. Its development has been one example of how the game rehabilitated itself following Taylor, and replica kits in particular became articles to be worn proudly by many supporters.

6.2 It has however, over recent years, attracted much criticism, from the Prime Minister downwards, with many fans saying they have felt ‘ripped off’ by the high price of kits, concerns over their quality and by the clubs’ habit of having numerous kits in a single season and then changing them with great regularity.

6.3 In the ‘Toongate’ affair in March 1998, two Newcastle directors and major shareholders were exposed in a tabloid newspaper boasting about huge mark-ups on replica kits, and suggesting gullibility on the part of the supporters. In the last year, income from merchandising in the FA Premier League has decreased slightly, from an average of £5.32m per club to £5.24m, according to a review of 1998 annual accounts by Deloitte and Touche. There has over the years been a high level of press attention given to concerns about replica shirts – which has included criticism of the FA’s practices relating to the England kit – and this year there have been suggestions that merchandising has ‘peaked’.

6.4 The Task Force believes that merchandising is an issue which in a minor way demonstrates the balance to be struck by football clubs in their relationships with their supporters. Merchandising has been a success because supporters have wanted to buy their clubs’ products and wear them proudly. They are an expression of support and loyalty. In this, the clubs are taking legitimate advantage of the unique steadfastness of football support, the difference between supporters and ‘customers’. Supporters are prepared to pay a large proportion of their incomes in supporting their clubs. However, supporters are alienated, and merchandising policies attract criticism, when clubs are seen to be exploiting this loyalty to make unreasonable profits out of it. According to Sir John Smith:

“The temptation to exploit what is essentially a monopoly position has not always been resisted. Football supporters do not shop around like casual buyers. Parents do not tell their children that they cannot have the Tottenham shirt they want but must settle for an Arsenal one because it is on special offer.”

3 Football, Its Values, Finances and Reputation

6.5 We asked the Sir Norman Chester Centre to conduct research for us on the issue of merchandising, in particular replica kits. The research found a high level of disquiet, even resentment, from supporters in this area. The main findings were:

• 74 per cent of “attending” supporters had bought an official club replica shirt in the last two seasons (table 2.30);
• of these, 20 per cent thought the shirts were “great” or “reasonable” value. Half said the kits were “quite expensive” and 28 per cent said they were “way too high” (Table 2.37);
• over 60 per cent of supporters said that kits should be changed every three seasons or less often than that (Table 3.23);
• 80 per cent said that clubs should limit the kits they try to sell to their fans to a maximum of two at any one time (Table 3.24).

The researchers pointed out the monopoly nature of this activity – that fans want to buy only their club’s shirt, so there is no realistic competition between producers to bring the price down:

3 Football, Its Values, Finances and Reputation
In short, most supporters at most clubs thought they were getting something of a raw deal on the price of replica team shirts.”

The researchers found that most of the sample of supporters “excluded” from grounds still bought club products and that their children had shirts. These supporters generally saw merchandise as symbolic of the clubs’ lack of concern for their supporters.

“The general view was ... that clubs were only really interested in a financial return from spectators and little else. Club merchandise was central to this.”

6.6  Sir John Smith concurs with the analysts Salomon Brothers in arguing that when clubs are seen to “rip off” the loyalty and sentiment of their fans, it is not only damaging in terms of football’s public image, but makes no commercial sense either. The Task Force agrees with this assessment. It is in the clubs’ own interest not to exploit the goodwill of their supporters. In the short term, profits may increase, but the danger is that by alienating supporters, clubs can lose lifelong customers – and their children. The clubs benefit from being seen to value their supporters’ loyalty, not exploit it. In this as with tickets and other areas of football activity, the balance to be struck is between the legitimate needs of clubs to make money, and the need to value supporters and the community, and nurture supporters’ long-term feelings of belonging and loyalty.

Prices

6.7  The Task Force notes the results of our research, the submissions we have heard and the obvious fact that the main concern over merchandise is price. We urge clubs – and the FA - to be more responsive to the limited pockets of many of their supporters. Supporters have shown themselves keen to buy merchandise, and clubs should do more to price them at a level which supporters feel is reasonable.

6.8  The Task Force welcomes the recent assurances given by the FA and the FA Premier League clubs to the Director General of Fair Trading that they will take action to prevent resale price maintenance. The Task Force is hopeful that supporters will feel the benefits of these assurances.

6.9  We concur with the football authorities’ view:

“If it is in the interests of the club, manufacturer and fans for the club to adopt a replica kit distribution policy that makes merchandise available to the widest market at attractive prices, with the club maintaining control of its registered brand, subject to the appropriate financial arrangements being agreed between the retailer and the club. This is all currently subject to discussion with the OFT.”

6.10 In making our recommendations, the Task Force bears in mind that merchandising is an area where clubs must be allowed reasonable commercial freedom and where supporters can exercise a choice if they feel they are being exploited. In our regional visits the Task Force received a mixed response on these issues. Many football supporters enjoy the prospect of a new club shirt being launched and they know that children will get more wear out of it than anything else. However, they quite reasonably expect it to be in keeping with club traditions, for the manufacturers and material to be of a decent quality, its price to be affordable and for an assurance to be given that it will last for a specifically designated period of time. However, we should not lose sight of the fact that high sales levels are achieved for adult sizes.

6.11 It is difficult for us to prescribe a list of desirable or maximum prices, which will vary between clubs. However, we deplore the attempts by some clubs to prevent other outlets from selling their merchandise in order to maximise their own profits. Clubs’ merchandise should be available at any outlet that wishes to sell it. We recommend that the FAC should work with clubs on the balance to be struck in merchandising pricing, and that supporters who feel their clubs’ prices are too high be able to make their views known to it. The Ombudsfan should have powers to investigate these complaints, and
merchandising generally, and, if it decides that the balance is not being reasonably struck, to ask clubs to modify or reduce their prices.

Recommendations

_all football clubs and the FA so far as these measures are relevant to the sale of England kits, should:_

- ensure that each strip has a minimum life-span of two full seasons;
- consult supporters on the design of new kits and take care to ensure it is in keeping with club traditions;
- carry a “sell-by” date in the collar of the shirt indicating when the shirt will be replaced;
- adhere to the assurances given to the Director General of Fair Trading on retail price maintenance.

The FAC should:
- work with all clubs to encourage best practice on merchandising issues.
Supporter involvement

7.1 It has been recognised for a long time that football clubs’ constitutions as limited companies do not reflect the concept of “fan equity”, the sense of belonging supporters have to, and of, their clubs. The FA recognised this early in the clubs’ incorporation as limited companies, and the main thrust of Rule 34 was to preserve the sense of being a club even though, in the strict sense, they were companies owned by shareholders. In the first section of this report we examined the benefits and disadvantages of clubs’ general relationships with supporters during the long era of football’s development which came to an end at the end of the 1980s. Up until then clubs did not overcharge the mass of supporters, and enjoyed great loyalty, but neither did they pay anywhere near adequate attention to their needs, comfort, or safety. The Taylor Report stands as a powerful indictment of that failure.

7.2 As long ago as 1968, Sir Norman Chester recognised in his Report of the Committee on Football, published by the Department of Education and Science, that football would benefit from a greater involvement of supporters in the running of clubs. The supporters have the long-term interests of the club at heart, they give of themselves to it, and they are also its customers. The FA, FA Premier League and Football League hold to the idea that the club-companies are in some senses still sporting clubs, and greater supporter involvement would better reflect that. It would be in the clubs’ better interests as well, making them more responsive to the views and needs of supporters, and less liable to becoming remote, unpopular and subject to bad publicity. Sir Norman’s suggestion was as follows:

“In general there is no clear relationship between the Board and its Supporters’ Clubs; sometimes it is close and friendly, sometimes it is uneasy. Where a club’s shares are freely purchasable, members of the Supporters’ Club may acquire them and the voting rights that go with them. The constitution of the club could, however, be drafted so as to entitle the Supporters’ Club to appoint a representative on the board. In these and other ways clubs could link themselves more closely with the local community.”

7.3 In its 1991 Blueprint, the FA cited Sir Norman Chester’s recommendation with approval:

“Twenty-three years on, there still seems much to recommend an approach along these, or similar, lines.”

The Blueprint recommended the following measures:

- consultation with supporter groups on facilities and conditions inside stadia in ways which will do least to alienate ‘traditional’ fans, but will also prove more attractive to under-represented groups (particularly black spectators, women, children, older spectators etc)
- establish a National Supporters’ Organisation with regional or local consultative “councils”
- to better involve authentic supporter representatives in consultative and decision-making capacities within the game, perhaps particularly as such decisions may relate to major plans for its restructuring
- FA funding for a national supporters’ organisation

The FA does consult supporters on many issues and regularly meets representatives. The FA Premier League clubs operate ‘supporter panels’, and publish an annual survey of fans’ views carried out by the Sir Norman Chester Centre. The Football League now does so too. However, Sir Norman Chester’s own recommendation, made 31 years ago, about better involvement of supporter representatives in decision-making capacities within the game, have not yet been widely introduced.

Supporter associations and groups

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Report of the Committee on Football: page 62 para 210
7.4 Despite the lack of formal involvement at all but a few clubs, football supporters have nevertheless organised themselves to an impressive degree and made a major contribution to the resolution of some of football’s most intractable problems. In particular, the organisation of “football embassies” abroad during international tournaments has provided substantial benefits for the fans, football authorities and the local forces of law and order.

7.5 The National Federation of Football Supporters’ Clubs is a long established organisation, drawing together individual supporters clubs, and since 1985 another national body, the Football Supporters’ Association (FSA), has been established. Formed specifically to address issues raised by the Heysel Stadium Disaster, the FSA has been a campaigning association for the rights and involvement of supporters.

7.6 The National Association of Disabled Supporters has been formed to represent the particular concerns of disabled supporters. In addition, there is a plethora of supporters clubs and associations formed to represent particular fans at individual clubs. On the increase are small shareholder associations, formed by supporter shareholders to represent their interests to the board. In recent years a number of independent supporters associations have also been formed, many of them to campaign on issues of public concern.

7.7 The Task Force has heard from, met, or received submissions from many of these groups, including three separate written submissions from the FSA. We have been impressed by their level of commitment and the coherence with which these submissions have been made, particularly given that every person involved is doing so in his or her free time, without payment. We recognise as well that it would be desirable if football supporters were able to be represented at national level by a single united body. We are encouraged by recent moves towards the formation of the “Coalition of Football Supporters” (CoFS), which will act as an umbrella organisation for supporters’ groups, with over 100 fan groups already in membership.

Greater supporter involvement

7.8 There are various ways in which greater supporter involvement in the running of clubs can be achieved. The Task Force believes that Sir Norman Chester’s view that the purchasing of clubs' shares by supporters’ groups to acquire voting rights is a method of increasing supporter involvement that has still not yet been fully explored. We note that three clubs currently operate with a supporter on the board: Northampton Town, AFC Bournemouth, and Charlton Athletic (cited by the Minister when he established the Task Force as an example of good practice). We note that in all three cases, supporter involvement came as part of recovery from adversity. Northampton Town and AFC Bournemouth were in the hands of receivers, and Charlton Athletic was in a parlous financial state and had lost the use of its ground, the Valley. In all three cases, supporter involvement has been a very important part of successful recoveries. Bournemouth has become a “community club”, Charlton has moved back to the Valley and in 1998 won promotion to the FA Premier League. Northampton Town has enjoyed promotion to Division Two and in 1998 narrowly lost at Wembley in a play off final to which the club took some 41,000 supporters.

7.9 Northampton Town was in administrative receivership in 1992. A small committee of supporters was formed to call a public meeting to try to help to save the club. Their guiding principle was to raise money for the club itself, but not see their fundraising being used by the then chairman who owned a majority of the shares. The public meeting formed the Northampton Town Supporters’ Trust, to raise funds for the club and to buy shares in return. They have been able to raise £95,000, which has bought them some eight per cent of the club.

7.10 In 1994, Northampton Town were in negotiations with the local council to move into the new Sixfields Stadium. As the stadium was a community owned facility, the council was keen to ensure that the club would be responsive to the community’s needs. In negotiations with the administrative receiver, major shareholders and the Trust itself, it was agreed that as a condition of the lease the
Supporters' Trust would be entitled to elect a supporter representative on the board of the club. The Trust elects a committee to represent it every year, and the board representative is elected from the members of that committee. Brian Lomax was the first supporter on the board, and the Task Force has heard from him.

7.11 The Task Force is impressed by the many benefits which supporter involvement has brought to Northampton Town. Mr Lomax has been an eloquent and impressive director of the club, responsible constitutionally to the views and needs of supporters. In addition, as cited in all our previous reports, Northampton Town has led the way in equal opportunity, anti-racism and disability access policies. Mr Lomax is clear that the system is a good one and also, importantly that it works because, and only because, it is entrenched in the club constitution, written into the lease of the stadium, and backed by a not insubstantial proportion of the club shares. Brian Lomax explained:

“Supporters now know they are stakeholders and not just turnstile fodder. Price increases have been accepted because they were properly explained and justified and not just imposed. Criticism of the board is minimal. There is a feeling of everybody being on the same side and involved in a common enterprise rather than ‘us and them’.”

7.12 The Task Force is aware, as was Sir Norman Chester 31 years ago, that there are a number of ways in which effective supporter representation can be achieved. These would enable supporters to make their views and voices heard on the issues which concern them. They should make the clubs more responsive to those views and to the wider community. Supporter representation has an important part to play in achieving a balance between legitimate commercial ambitions and football clubs’ role as public institutions.

7.13 The Task Force concurs with Brian Lomax’s view that supporter representation must be “democratic, affordable, entrenched and independent”. Football now has eighteen floated football companies, which makes supporter representation at board level technically difficult in some ways to achieve. For example, in a public company directors are bound by Stock Exchange rules regarding financially sensitive information. We have no doubt, however, that supporter representation is in the interests of supporters, clubs, and the game itself.

7.14 One option for achieving supporter representation is through the formation of supporters’ trusts similar to that at Northampton. Many football club shares already belong to small shareholders, and at some clubs they have formed associations to represent them. Some clubs however, prohibit the sale of shares to supporters. When the football clubs floated, they all encouraged supporters to express their support for the club by investing in it. The situation at many clubs already is that supporters, taken as a whole, own a substantial proportion of shares in the club. The Task Force believes that the clubs should give much more recognition to this and that supporter shareholders should be encouraged to collectivise their shares into a voting block. This group could then elect a representative to the Board. Additionally, according to company law, a ten per cent stake holding would allow a supporters trust to call an Extraordinary General Meeting in the event of supporter/club conflict. This is possible at clubs that are limited companies, as well as those which have floated. It will also act as a possible means of preserving the football clubs’ status as sporting clubs.

7.15 Many supporters are investigating the possibilities of trusts at their clubs, in which shares are held collectively and protected in perpetuity. We believe that this is a desirable development and recommend that the FA, the FAC and the clubs encourage democratic, independent, organised and financially entrenched supporter representation.

7.16 Task Force welcomes the announcement made by Chris Smith, Secretary of State for Culture, Media and Sport on 6 October 1999 that the Government has agreed with the Co-operative bank a package of legal and financial support to help supporters set up Trusts to buy a stake in, or in some
cases take over, their football club. This is in line with the recommendations in our third report reproduced at Appendix A.

7.17 In addition to the formation of supporters' trusts clubs should more readily consult on relevant issues such as ground relocation. The Task Force notes the enormous goodwill that can be generated simply through keeping supporters closely informed of major changes at the club. Clubs should also undertake an annual survey of their supporters. The Sir Norman Chester Centre research asked:

“Do you feel your club takes fully into account the views and interests of supporters in making major decisions about how the club is run?”

It is notable that 46.7 per cent responded “not often” and 15.3 per cent responded “never/hardly ever”. These figures show that more needs to be done to develop supporter consultation. An understanding of the views of the supporter-customer base represents good business practice.

7.18 Season ticket holders are entitled to receive more from their investment than a guaranteed seat. Where no other mechanism for supporter representation exists, all clubs should encourage the election of a supporter liaison committee. Members would be elected by the club’s season ticket holders, and the club members. Supporter liaison, where it already takes place, should be monitored by the FAC which would produce models of good practice.

Recommendations

The FAC should:
• promote best practice amongst clubs in consulting and working with supporters' groups;

Supporters’ associations should
• be encouraged as far as possible to be represented at national level with a single voice;

All clubs should:
• establish democratic forums through which all fans can be involved in decision making;
• recognise and encourage as a collective body supporter trusts and support shareholder associations; this could involve promoting a representative from a trust, group or shareholders’ association on to the board in a director or observer capacity;
• as far as practical provide appropriate financial and administrative support to the supporter bodies and the proper functioning of their elected representatives’ duties;
• consult supporters on major decisions being taken by the club, such as ground relocation, stock market flotation, major sale of shares or changes in pricing policy;
• provide an opportunity, at least once a year, for a supporters' representative to discuss their concerns at boardroom level;
• where no other mechanism for supporter liaison exists, work with a supporter liaison committee;

The football authorities should:
• continue to provide a forum for regular consultation with supporters’ representatives on the major issues facing the game;
• provide sufficient funding for the proper running and effective functioning of a national supporter representative body.
8 Reconciling conflict in football clubs plcs

8.1 The Government has asked us to look at reconciling the potential conflict between the legitimate needs of shareholders, players and supporters where clubs are floated on the Stock Exchange. There is the potential for conflict between the demands of the company to make money for shareholders, and the loyalty supporters have to the institution as a sporting club.

8.2 The Task Force recognises that the flotation of some clubs has enabled them to raise revenue for stadia rebuilding. However, it also recognises that other clubs have managed to do this without floating. The Task Force believes that the commercial priorities and legal obligations of PLC clubs can create additional and different conflicts with fans to those experienced at limited companies. There is a fundamental issue and potential for conflict concerning the priorities of football clubs as sporting institutions and clubs as companies. This potential is unlikely to be eliminated if clubs continue to exist as PLCs, which is why in some countries (eg Germany) restrictions are placed on the ability of clubs to float.

8.3 However, the Task Force also recognises that to roll back the developments of the last ten years would be legally difficult. Thus, the recommendations in this section reflect a desire to minimise the potential for conflict whilst recognising that the fundamental conflict between sporting and business interests remains.

8.4 The flotation of football clubs on the Stock Market can bring benefits for both the club and the supporter. Given the levels of financial transparency and corporate governance that a Stock Exchange listing requires, flotation of football clubs should lead to tighter financial regulation and more professional management. The benefits of the high level of corporate governance that the stock market requires should not be under-estimated and could act as a standard for which all clubs should strive. In addition to Stock Market rules and regulations floated clubs are also subject to the Takeover Panel, the Competition Commission and the Office of Fair Trading.

8.5 The football authorities tell us that the following clubs are presently listed on the Stock Exchange:

<table>
<thead>
<tr>
<th>FA Premier League</th>
<th>Football League</th>
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<tbody>
<tr>
<td>Aston Villa</td>
<td>Birmingham City *</td>
</tr>
<tr>
<td>Arsenal #</td>
<td>Bolton Wanderers (Burnden Leisure)</td>
</tr>
<tr>
<td>Bradford City #</td>
<td>Charlton Athletic *</td>
</tr>
<tr>
<td>Chelsea *</td>
<td>Manchester City #</td>
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<tr>
<td>Leeds United</td>
<td>Millwall</td>
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<tr>
<td>Leicester City</td>
<td>Nottingham Forest *</td>
</tr>
<tr>
<td>Manchester United</td>
<td>Queens Park Rangers (Loftus Road) *</td>
</tr>
<tr>
<td>Newcastle United</td>
<td>Preston North End *</td>
</tr>
<tr>
<td>Southampton</td>
<td>Sheffield United</td>
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<tr>
<td>Sunderland</td>
<td>West Bromwich Albion</td>
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<td>Tottenham Hotspur</td>
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* Alternative Investment Market
# OFEX – off-exchange share matching and trading facility

8.6 It is in the short-term interests of shareholders for profits to be maximised so that dividends can be paid out. This means that without regulation it is possible that supporters may be overcharged for tickets and merchandising, or broadcasting practices be developed, which are exploitative of fans’ loyalty and lead to exclusion. Additionally, as has been shown by the recently blocked proposal by Manchester United to sell their shares to BSkyB, many supporters feel that their clubs will lose their identities and sense of themselves as local sporting institutions if they are more vulnerable to takeover in the marketplace.
8.7 Some football club flotations have raised substantial capital for ground development. Manchester United floated in 1991 to raise funds for the Stretford End and had a further rights issue two years ago to pay for further development. Bolton Wanderers floated partly to finance the development of the Reebok Stadium. Charlton's and Preston's listings on the Alternative Investment Market were similarly motivated. However, many football clubs floated in 1996-97, after the grounds had been redeveloped in the wake of the Taylor Report. All these clubs had received substantial public money to do so. At Newcastle United and Leeds United, supporters were asked to pay for ‘bond schemes’ to facilitate rebuilding the grounds. These schemes provided no stake, shares, or voting rights in the clubs. We have seen from recent events at Newcastle United – where some 4,000 season ticket/bond holders have been told that they will not be able to have the same seat next season as it disappears in the wake of redevelopment - how crucial is it for these investor/customers to be involved in such decisions in order to prevent revolt.

8.8 Flotation has provided a means for major shareholders to make a great deal of money personally out of their involvement in football clubs. Many of them bought the shares comparatively cheaply before the Premier League breakaway, and before the major television money came into football. It is worth recalling in this context Lord Justice Taylor’s words about football club directors’ motivations:

“As for the clubs, in some instances it is legitimate to wonder whether the directors are genuinely interested in the welfare of their grassroots supporters. Boardroom struggles for power, wheeler-dealing in the buying and selling of shares and indeed of whole clubs sometimes suggest that those involved are more interested in the personal financial benefits or social status of being a director than of directing the club in the interests of its supporter customers.”

8.9 When football clubs floated on the Stock Market, the original City interest in the flotation of clubs led to many entering the market at an over-inflated and unsustainable level and subsequently saw share values depreciate considerably. This, coupled with adverse market sentiment towards small listed companies and greater uncertainty about future television revenues and players costs meant that over the period January 1998-January 1999, only three English clubs saw their share prices increase. The reality of the English floated clubs at present is that dividend payments, where they occur, are minimal. According to the 1999 Deloitte and Touche Annual Review of Football Finance:

“In both 1997 and 1998 less than 3% of revenues were paid out as dividends, or to put it another way almost five times as much was spent on transfers to bring new talent into the club as was returned shareholders as dividends.”

8.10 An important area of concern in flotations has been that supporters who have bought shares in their football club, usually through an act of loyalty, have seen the value of their shares fall dramatically. This has often happened at the same time as clubs have increased their prices, thus creating a two-fold financial burden on the supporter.

8.11 In a submission to the Task Force, Richard Chorley of the Southampton Independent Supporters Association highlighted many of the problems that concern fans when their clubs are floated on the Stock Market.

“Having adopted public company status, Southampton have not progressed at all as a football club and are now resorting to severe price rises in order to balance the company’s books and merely remain in operatable profit. This is gradually destroying the good faith of the club’s traditional support...these investors purchased shares at a high price. Subsequently thousands of fans have lost money in the face of their poor performance...with these latest huge rises in mind, it appears now that supporters are picking up the tab for the business decisions of... the ... Southampton directors.”

“In a bizarre twist the large percentage of supporters who purchased shares in the PLC now find themselves facing enormous season ticket rises in order to ensure an operatable profit for the parent

5 The Hillsborough Stadium Disaster, Final Report para 53
company and the accompanying payment of their own minimal share dividends. I’ll pay a huge rise for my season ticket and then get a minimal dividend from shares which are now worth less than a third of what I paid for them originally!”

8.12 We asked the Sir Norman Chester Centre to research supporters’ views on flotation. The findings are unequivocal. Few supporters agreed with any of the positive arguments put forward to support flotations. Only 17.8 per cent agreed that: “Club flotations are a good thing and have brought much more money into football.” The negative findings far outweighed positive comments:

- 75 per cent said: “Flotations can produce serious conflict because shareholders’ and fans’ interests are not always the same;
- 65 per cent said: “Flotations makes it harder to be sure about the long term future of the club because someone not interested in football might come in and buy it”;
- 49 per cent said: “Flotations make it harder for fans to feel ‘close’ to their clubs and makes it more difficult for fans to have a say in their club’s future”

8.13 These figures show that there is a genuine concern amongst the public in relation to floated companies. Football clubs and governing bodies must address this problem and real efforts need to be made to alleviate this concern amongst the game’s customer-supporters. It is crucial that in addressing this the FAC ensures that any clubs who are about to or have floated on the Stock Market adhere to football’s new Code of Practice.

8.14 At the moment football supporters who also invest in their clubs - by purchasing season tickets for example - have little say in club policy, whilst PLC shareholders are much better placed to ensure that clubs are responsive to their own perceived interests. The Task Force believes that the football side of the company’s business should make itself more publicly accountable to its own major investors and customers. Season ticket holders should receive a statement from the football side of the business at the beginning of each season on the general policies and strategies of the club. This would typically outline: the structure of the business and the relationship between the football club and any parent company; the key administrative roles and personnel in the club and how they relate to one another; explanations of recent performance and on what the club is setting out to try and achieve in the near future and an account of its general approach to player recruitment strategy. This would be, in effect, a public statement of intent for both supporters and for football investors. Clubs should further, twice yearly, be required to call public meetings to discuss these issues and any further developments. These are initiatives that are particularly important for floated clubs, but that should be pursued by all clubs.

8.15 The Task Force believes that some of the practical aspects of the potential conflict in PLCs will be addressed by the implementation of our other recommendations. Good practice on ticket prices, merchandising and supporter involvement will bring supporters and their floated clubs closer together. However, what is needed as well is a regulatory framework designed to reconcile any potential conflict between supporters and shareholders’ needs in floated clubs – and in those which have not floated. In effect, what is needed is a modernised Rule 34. This will allow clubs to take advantage of the opportunities of the Stock Market while remaining football clubs in their nature and purpose.

8.16 The Task Force also notes that the flotation of football clubs on the Stock Market provides new and increased opportunities for supporters to obtain democratic representation at their clubs. In general, supporter-shareholders have not made their voice heard in matters of corporate governance and have not sought extra rights with their share-holding. However one of the exceptions to this rule so far is Shareholders United (SU), set up specifically to challenge the BSkyB bid for Manchester United. SU has

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6 *Ticket Pricing, Football Business and “Excluded” Football Fans*
since proved that there is substantial scope for supporters to amalgamate their shares and, in doing so, to give supporter-shareholders an important voice in the major decisions taken by clubs.

8.17 The potential problems posed by the creation of PLCs can be seen as a means through which supporters can empower themselves and gain a genuine democratic say in the running of the their club. As football academic Jonathan Michie has argued in a recent academic document:

“The suggestion here is that a part, but not all, of the shares would be owned by a Supporters Trust. One would then have a PLC in which a block of shares would be owned by a Trust. One of the key points would be to have this block of shares held by the Trust sufficiently large to prevent a takeover of the PLC…when given the choice of whether to transfer your shares into the Trust, it would be a risk free option, in that you could still sell them outside the Trust, as PLC shares, on the Stock Exchange. In addition, although dividends would no longer be receivable, they would have to be paid by the PLC to the Trust on all the shares just as they are individually on all the PLC shares. Thus each of the shares you transfer to the Trust would be paid a dividend, administered by the Trustees, and this annual income would be used to buy additional shares for the Trust, and could be allocated in proportion to all those holding their shares in the Trust. Thus, if one chose to transfer one’s shares to the Trust, then instead of being paid a cash dividend of say five per cent a year, one could instead receive additional shares each year, to be added to one’s existing shareholding within the Trust…the Trust might ask as a matter of course which option each shareholder wanted to elect for - to take the dividend in cash, or in additional shares, or in some mixture of the two…the Trust would presumably continually campaign for local people to buy shares and have them held in this way.”

The Task Force believes that there is substantial scope for development in the areas that Professor Michie has highlighted. Indeed, the nature of a floated company in many ways can facilitate the creation of supporters' trusts, allowing democratic and entrenched supporter representation.

8.18 The conflict must be reconciled according to Stock Exchange rules and company law, and the precise legal details of this need to be worked out by the FAC, in consultation with the football authorities, clubs and supporters.

8.19 The football authorities have made some proposals for making progress in these areas. Their evidence to us states:

“It is important that no one individual (not even the major benefactor) within a club has totally unfettered powers of decision making. Football needs to honour the corporate governance codes relating to Directors whereby there should be a proper balance of power and authority amongst the Board of Directors. For the larger clubs, particularly the PLCs, this probably exists already. For smaller clubs where a large Board is not practical or affordable alternative ways of establishing independence among the Directors/major shareholders should be identified and confirmed to be in place.

It should be noted that the FA Premier League rules currently require every club to produce a report recording certain, named material transactions above £25,000. This report has to be signed off by the club’s directors, its auditors and the FA Premier League. This sets an excellent standard which could be followed, perhaps in simpler form, by other professional clubs.

The football authorities would also recommend that further controls be introduced over clubs and their stadia. Clubs should not be able to dispose of their existing ground, or any interest in their ground, without being able to satisfy the Football Association and the relevant League that this does not put the club’s future at risk.”

The Task Force endorses these points. In particular, we recommend that the FAC hold a legal charge over the ground of every club, so that they cannot be sold without the consent of the FAC

Media Ownership
The last year has seen increased integration between football clubs and media companies. In particular BSkyB’s failed attempt to buy Manchester United has led to a spate of media companies buying minority stakes in football clubs and of media companies becoming exclusive ‘media agents’ for those clubs. The Task Force believes that these developments have been for strategic reasons, namely to help those media companies secure the television rights to games of those clubs. The Task Force believe that this: i) threatens fair competition, raising similar concerns to those raised by the MMC in rejecting the BSkyB/Manchester United take-over; ii) in some instances transgresses Premier League, FA and Football League rules governing joint ownership of clubs; iii) threatens the collective sale of television rights and the redistribution of that income which the whole Task Force has endorsed in our third report.

For these reasons we recommend that the Department for Trade and Industry should publish guidelines on mergers involving football clubs which takes account of their particular market conditions, in its continuing development of rules governing competition and the public interest in relation to football clubs.

**Recommendations:**

- Where a club is intending to float on the Stock Exchange or other public market in shares, or sell a majority of its shares, or perform any act substantially affecting its constitution or its football stadium, it must satisfy the FAC that it is intending to do so in the best long term interests of the club and all sections of its supporters and of the game of football itself;
- a minimum of twenty five per cent of shares in any club intending to take up a public listing must be offered to season ticket holders, subject to Stock Market rulings;
- all floated clubs and all clubs with more than 5000 season ticket holders should produce a public statement of intent and should organise twice yearly meetings at which matters of club policy and structure can be debated;
- the club shall where possible consult supporters about all aspects of flotation;

*The Government should:*

- ensure that all clubs should be subject to the Department for Trade and Industry’s referral criteria for takeovers;
- encourage communities, through local councils, to take an equity stake in their club;

*The FAC should:*

- ensure that all floated clubs adhere to football’s new Code of Practice;
- investigate means of encouraging democratic supporter representation at floated clubs through the collectivisation of supporters’ shareholdings; this should include advising supporter-shareholders, including current shareholders, how to hold their shares in a collective or mutual trust form;
- hold a legal charge over the ground of every club so that they cannot be sold without the consent of the FAC.

In consultation with club-companies and supporters, the FAC shall develop detailed rules designed to reconcile the potential conflict between the needs of shareholders and supporters. These rules, to govern member club companies, including floated companies, would be designed to preserve the long term interests and survival of the companies as football clubs, working to the broad principle of balancing commercial requirements with responsibilities to promoting the aims of football and the Football Association.
9 CONCLUSION

9.1 In this report we have made a number of recommendations for a new system of regulation through a Football Audit Commission, and for a Code of Practice. We have also recommended a broad framework for reform of football’s structure, administration and need for greater equality between clubs in the ‘pyramid’. We believe that it is in the interests of all in football to strive to make this new regime work. We believe that this represents a great opportunity for the game to make necessary reform and become an inspiration off the field as well as on it. English football has much to be proud of, and we believe that the recommendations we have made will help it to develop further in ways of which it can be proud.

Previous reports unheeded

9.2 However, the Task Force has noted with dismay the failure of football to implement previous reports, which have urged good practice upon it. The Taylor Report begins with a lamentation of eight previous reports on safety having gone unheeded. Lord Justice Taylor said that complacency had been football’s enemy in the past, and we strongly hope that the many successes to which it can now justifiably lay claim will not produce complacency now, or any belief that these current concerns do not have to be met. If the football industry does not satisfactorily move to implement these recommendations, we believe that the Minister for Sport should conclude that there is no alternative but to impose regulation on the game, by statute, for its own good.

Recommendation:

If in a period of two years, sufficient progress has not been made to implement the specific recommendations in this report, including the establishment of an Football Audit Commission and detailed Code of Practice, and work done towards the reforms we have proposed, we recommend that the Minister appoint a regulator by legislation to implement a statutory code for football.
FOOTBALL'S REPORT

TO THE

FOOTBALL TASK FORCE (1)

The Football Association
The FA Premier League
The Football League

August 1999
FOOTBALL’S REPORT TO THE FOOTBALL TASK FORCE

Introduction

1. The Football Association, FA Premier League and Football League, having considered the first draft of the Football Task Force Commercial Report, have produced this joint response/submission.

2. The draft Task Force report highlights the following areas:
   • Ticket Prices;
   • Merchandising;
   • Involvement of Supporters;
   • Stock Market Flotations;
   • Regulation and Governance of Football.

This document deals with each in turn.

3. Clearly these are vital areas for everyone involved in the game, whether as players, supporters, officials, investors or viewers. It is therefore essential that a report on the future of those issues is balanced and sensibly reflects the achievements as well as the competing pressures faced by the modern game.

4. Football is, and has always been, an expression of different sporting, social and cultural characteristics. It is, among other things:
   • a worldwide sporting experience;
   • a tribal and community focus;
   • an expression of athleticism, skill and passion;
   • a source of great loyalty, joy, disappointment and commitment;
   • an industry with significant revenue and cost demands; and
   • a sporting business in a modern leisure market.

5. Any attempt to look at the future of the game has to understand each of these and, at the same time, appreciate the international market place in which professional football now operates.

6. In addition, when looking at the question of fans’ interests and concerns, it is important to recognise that supporters are a diverse and varied group of people.

   The categorisation of ‘fans’ as a single homogeneous group with identical needs is a mistake.

7. Looking after, and promoting the interests of, supporters and those who play the game at whatever level is crucial to the long-term health of English football. We also want to move forward constructively to help build for the future. We set out below our views on each of the areas highlighted by the Task Force and our observations on a sensible way forward for the further improvement and development of the English game.

Ticketing

8. The football authorities accept that one of our roles must be to promote best practice amongst clubs in relation to ticket pricing and distribution. However, we recognise that each club is an individual business and must be able to make sensible and balanced
decisions on the right ticketing policy taking account of factors such as levels of interest, the costs of running the club, the views of supporters and the quality of the football on offer.

9. The draft Task Force report cites Derby County and Sunderland as examples of best practice in relation to ticket pricing policies. There are many more good examples. The majority of the 92 professional clubs offer discounted family tickets, junior concessions and tickets to local schools/community groups at home matches. In addition, many clubs have introduced innovative schemes designed to encourage attendance at matches. Some of these are listed below.

- **Derby County** – have created a new junior junior (under 10s) category with a season ticket available for £90-£170.

- **Sheffield Wednesday** – concessionary matchday tickets available from £5 with full adult prices starting at £10.

- **Coventry City** – with a new scheme for 1999/2000 providing tickets for 2\(^{rd}\) and 3\(^{rd}\) children at £8.50 and £7.50 respectively.

- **Exeter City** and **Swindon Town** offer free admission to all children at all home matches.

- **West Bromwich Albion** - kid-a-quid admission at every home game.

- **Cambridge United** - groups (scouts, guides, and junior football teams) can obtain 20 tickets for children (under 16) and 5 adult tickets for just £50.

- **Port Vale** - unemployed offered a reduced price ticket, plus two free child tickets.

10. Clearly the flexibility available is guided by the business operation at each club and the differing economic realities between clubs must not be underestimated. However, most clubs are now operating flexible pricing systems with a full range of concessions.

11. For this reason, we do not believe that quotas should be imposed on the sale of match tickets, other than for visiting fans. If quotas were not filled, areas of the ground would be left vacant, leaving some fans unable to get in. We would stress that exclusion is only a factor at a relatively small number of clubs and these clubs do actively promote attendance at reserve team games, family fun evenings, etc.

12. We do, however, believe that a sensible ticketing strategy should form part of good commercial practice and need not have a negative impact on income streams for clubs. Clubs should be encouraged to promote inclusion/accessibility as part of a sophisticated marketing strategy.

13. Reconciling the supply and demand equation and thus maintaining income whilst opening up the availability of tickets should be possible without dictating pricing and/or seat availability percentages to specific groups of supporters.

14. There are similar issues faced by other industries, eg hotels and airlines who have also looked to:

- Investment in IT hardware and software;
- Recruitment and training of key personnel;
- A more flexible pricing structure;
• Clear communication of the pricing structure;
• Innovative marketing;
• Broadening of distribution channels.

15. Many of our professional clubs are now exploring these areas and we would encourage all clubs to take steps to improve their work on each of those fronts.

**Concessions**

16. In general terms concessionary pricing is an area which clubs should promote – it is already widespread for both juniors and senior citizens. We agree that clubs should offer concessionary tickets to under 16s at all competitive matches and the Premier League has recently revised its rule book to provide this for away fans.

17. Concessionary tickets should form a market segment with an allocation within the overall provision at each ground. These allocations could be then released by date triggers so that when a date is passed the non-utilised allocation is released for general sale. This approach to concessionary ticket schemes should encourage additional sales with a fluctuating allocation to allow maximum occupancy of seats. A marketing segmentation exercise, done properly, will promote inclusion.

18. While offering concessionary tickets to senior citizens, unwaged and recipients of income support, family credit and disability benefit would be too difficult to police at the gate, clubs should be encouraged to develop schemes which enable these groups to purchase concessionary tickets in advance.

19. We firmly believe the process should be one of encouragement rather than mandatory limits, with a view to establishing best practice targets through dialogue with the clubs themselves.

20. One of the key issues here is the potential conflict between promoting loyalty and promoting accessibility. Clearly season ticket and member club schemes do limit the capacity to offer concessions, but they also represent a discount for loyalty and commitment, which needs to be nurtured and protected. It is also crucial for clubs to be able to bring in season ticket income on a consistent basis, particularly during those periods without match income.

21. The notion in the draft Task Force report that fans should have, as a right, access to *any game, any time* is not feasible. However, if faced with regular sell-out games, clubs should be encouraged to aim for access to a game at some point in the season. To this end we would recommend that all clubs should keep back 5% of tickets for general sale on a match by match basis. This would ensure some access for non-regular attenders and widen the experience of a live game.

**Price Range**

22. To help with the commitment to inclusion we believe that clubs should "stretch" their range of ticket prices. Highlighted below are just two examples of current good practice in this area. The admission prices quoted are from the 1998/99 football season.

**Ipswich Town** (all-seater stadium) - Adult admission prices range from £13 to £21. There is segmentation both between upper and lower tier seats and also between...
central and wing positions. Concessionary prices are available to senior citizens and children, with child prices ranging from £3 to £6.

<table>
<thead>
<tr>
<th>Portman Road, Ipswich</th>
<th>Adult £</th>
<th>Senior Citizen £</th>
<th>Child £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Stand Seats</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper Tier Centre</td>
<td>21</td>
<td>---</td>
<td>6</td>
</tr>
<tr>
<td>Inside Wings</td>
<td>19</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Outside Wings</td>
<td>16</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Lower Tier</td>
<td>13</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>Opposite Stand Seats</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper Tier Centre</td>
<td>19</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Wings</td>
<td>16</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Lower Tier</td>
<td>13</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>End Stand Seats</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Covered Terrace</td>
<td>9</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Open Terrace</td>
<td>8</td>
<td>5</td>
<td></td>
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</tbody>
</table>

**Brentford** - Adult admission prices range from £8 to £15. There is segmentation in the seated stands, with a range of prices to reflect the different viewing positions and quality of view. There is also segmentation between seating and standing and between covered and uncovered terracing. Concessionary prices are available to senior citizens and children, ranging from £5 to £12.

<table>
<thead>
<tr>
<th>Griffin Park, Brentford</th>
<th>Adults £</th>
<th>Senior Citizens &amp; Children £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Stand Seats</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centre</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Inside Wings</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Outside Wings</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Opposite Stand Seats</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seats</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>End Stand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Covered Terrace</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Open Terrace</td>
<td>8</td>
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</tr>
</tbody>
</table>

23. In short, clubs should be encouraged to segment the stadium as well as segment the market with a view to considering increasing the highest prices and reducing the low priced tickets. Though we recognise that this is not without its difficulties, and possible cost implications. Issues such as overall revenue, crowd control, will need to be considered in developing such a policy.

24. In our view a RPI limit on the annual increase in ticket prices is inappropriate due to the effects of promotion, relegation and ground redevelopment. Furthermore it does not recognise that each of the 92 professional clubs have a very unique economic model.

25. Market segment based ticket pricing could be commercially layered from top to bottom and therefore, pricing may move in any year across the whole structure by the same margin or with varying margins within the structure. It should not be mandatory to limit
price increases to RPI but it is a responsibility of the clubs to justify any price increases above the RPI.

Away Ticket Distribution

26. Here the potential conflict between loyalty and accessibility is clear. Invariably clubs operate a system with season ticket holders being granted first option. There is however a requirement for clubs to improve data capture for others (eg less regular supporters, supporters resident in other areas) so that steps can be taken to make away tickets available to them on a more structured basis.

27. Several clubs operate a priority booking system for tickets to away matches. For example, fans wishing to travel away regularly can apply for an Away Match Passport, which will guarantee a ticket for all away matches. Away Match Passport holders have first priority for away match tickets, followed by Club Members and season ticket holders in the following stages:

i. Away Match Passport Holders;
ii. Gold Members with previous qualifying away match purchases;
iii. Season Ticket holders, Members and Junior Members, with previous qualifying away match purchases;
iv. General public with previous qualifying away match purchases;
v. Season Ticket Holders and Members without previous qualifying away match purchases;
vi. General Sale.

The football authorities agree that this type of priority booking system should be encouraged.

28. We also believe that a small number of away match tickets, say 5% of the away allocation, should be retained by clubs for general sale.

England Matches

29. The England Members Club was established in 1989 to provide supporters of the England team with a way of obtaining tickets for, and travelling to, the World Cup in Italy. Although it continues to be a way in which fans can obtain tickets for England matches at home and abroad, it has now become a more wide-ranging supporters' organisation with over 25,000 members.

30. Only members can buy a ticket for England away matches on a one-ticket per member basis. Where demand exceeds supply, the club operates a loyalty system, which was agreed by the nine regional and the national consultative member groups. This works on a points system to reward loyalty. The system works as follows:

- Members who joined between 1990 and 1991 and have since been continuous members of the club will be given 3 points;
- Members who joined between 1992 and 1996 and have since been continuous members of the club will be given 2 points;
- Members who joined between 1997 and 1998 and renewed by 31st March 1998 will be given 1 point;
- All members who attend a home tournament qualifier will be awarded 1 point per match;
- All members who attend a home friendly international will be awarded 2 points per match;

- All members who attend an away international will be awarded 3 points per match.

Priority points are not allocated in the following circumstances:

- For matches in the Final tournaments of the World Cup and European Championships (as it would be necessary to ballot members for tickets for these matches);

- For matches where the demand for tickets exceeds the number available for allocation and a ballot is necessary.

Unwanted Tickets

30. The distribution and return of tickets should be a matter of individual club policy but the return and refund for tickets within an acceptable time limit should be recommended, subject to safety requirements.

31. The following table shows a summary of the policies currently adopted for postponed or abandoned matches:

<table>
<thead>
<tr>
<th>Match postponed after spectators admitted to the ground, but before kick-off</th>
<th>Football League</th>
<th>FA Premier League</th>
<th>FA Cup ties at club grounds</th>
<th>FA events at Wembley Stadium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free admission to re-arranged game</td>
<td>Free admission to re-arranged game</td>
<td>Free admission to re-arranged game</td>
<td>Free admission to any re-arranged game or ticket-holders may apply for a full refund</td>
<td></td>
</tr>
<tr>
<td>Match abandoned before start of second half</td>
<td>Half-price admission to the re-arranged game</td>
<td>Half-price admission to the re-arranged game</td>
<td>Half-price admission to the re-arranged game</td>
<td>Free admission to any re-arranged game or ticket-holders may apply for a 60% refund</td>
</tr>
<tr>
<td>Match abandoned after start of second half</td>
<td>Any discounted admission to the re-arranged game at the home club's discretion</td>
<td>Half-price admission to the re-arranged game</td>
<td>Half-price admission to the re-arranged game</td>
<td>Free admission to any re-arranged game or ticket-holders may apply for a 20% refund</td>
</tr>
</tbody>
</table>

NB - the policies operated by the Football League, Premier League and Football Association for FA Cup-ties comprise recommendations only.

The football authorities will seek to adopt a common policy.

Bond Schemes
32. Bond schemes are generally not operated at Football League clubs because there is surplus capacity. The football authorities agree that membership or bond schemes should not be the only route through which match tickets could be bought. However, there may be areas of a stadium, such as a new stand or an extension of an existing stand, which it would be acceptable to finance through a bond scheme. A bond scheme could, however, be a segment as mentioned earlier.

33. There are also positives to bond schemes such as the ability to opt to purchase a season ticket or not for the following season, whilst retaining the right of first option on the same seats the season after next.

34. England international away match tickets are only available via a members club route for well-known safety and security reasons.

**Instalment Payments**

35. Instalment payment plans are available at some clubs. The risk of default is generally borne by the club and this is a risk clubs will have to assess. Again, mandatory enforcement would be inappropriate.

36. Interest-free loans could be actioned by pricing the season tickets to be repaid on an instalment basis, but with a cash discount for settlement in advance and a smaller discount for settling in two equal advance instalments.

**Restrictive Views**

37. In our view, the policy of discounting and clearly identifying restricted view seats should be introduced as part of the overall pricing structure:

- All restricted views seats should be clearly identified as such;
- Clubs should consider whether a discount should be applied in their general pricing policy but this will depend on the extent of the restriction – a fixed limit is inappropriate.

**Visiting Supporters**

38. Both the Football League and FA Premier League already have an existing rule requiring clubs to provide a minimum 10% allocation of tickets to away fans. Interestingly, the Premier League’s rule arose from discussions in the Premier League's Supporter Panels.

**Away Travel**

39. This is subject to an OFT–approved advice note to clubs. The football authorities believe that a club’s travel shop should be able to position an offer in the market place to attract customers on its own merits. Travel packages should be capable of being offered with tickets but unless there are specific safety issues then it seems inappropriate to make this a condition of obtaining a ticket.

**Away Ticket Prices**

43. The Football League and FA Premier League both have existing rules on equal pricing both of which have recently been revised following consultation with supporters’ organisations.

**FA Cup Final Tickets**

44. The FA Challenge Cup Final is one of the most important sporting events in the world. It is the single most prestigious match in the football calendar - a huge event for supporters of the two competing teams. It is also traditionally a day for those who have
contributed to football at every level, all of whom are football fanatics, to celebrate. It is always a difficult task to balance the huge demand for tickets from fans of the two teams, and the preservation of the tradition of the day as a day for the whole of football. The allocations are currently:

- Competing teams: 70%
- County Associations, Leagues, etc: 18%
- FAPL and FL clubs: 5%
- FA, guests and sponsors, broadcasters, stadium: 7%

Nevertheless the FA is looking to increase access to supporters of the competing clubs where possible, and indeed the allocation has been increased in recent years. In addition many club tickets are returned by Premier League clubs for use by fans of the FA Cup finalists.

Merchandising

45. There is little evidence that merchandising, in general, is of major concern to supporters – it is not critical to the watching of football and purchases are discretionary. Indeed there is evidence in much of the research of general approval of merchandising policies. The football authorities therefore take the view that there should be no additional prescription on this issue, but good practice guidelines could usefully be developed, particularly in the light of the recent agreement reached with the OFT on the sale of replica shirts.

46. Any stipulations regarding merchandising should have regard to the fans’ loyalty to the club, the club’s contractual relationship with its kit supplier, the fans’ viewpoint on replica kit as a fashion item and the protection afforded to them under consumer legislation.

Replica Kits

47. There is a case to limit the number of kits at any one time. However, guaranteed life spans are not appropriate either in terms of quality or replacement of kits and nor are sell-by dates. Whenever clubs’ sponsors or kit manufacturers change, there will be a requirement to change the kit. Nevertheless clubs should seek to reduce the frequency of replacement of at least the home strip.

48. Minimum life spans can run counter to the wishes of fans, eg three seasons can be too long a period if the fan is looking at the replica shirt as a street-wear item. This would not allow for fashion changes in design and cut and also fabric innovations.

49. We do believe, however, that all clubs should have a published, well-communicated kit cycle policy with all fans being aware of kit change dates. Clubs should be encouraged, through best practice, to give fans some notice of change of kit. We would recommend that kits on sale should have a swing ticket appended, showing the launch date of the kit.

50. There is a recognised market for "clearance" of kits coming to the end of their life cycle. This "clearance" market benefits all parties in the chain including the supporters. A clear communication to the fans on the replica kit product change cycle should give the fan a clearer indication of where the kit is in its life cycle. Kits sold on clearance where they will not be the kit for the following season should be marked accordingly. More discounts on replica kits are also likely to be seen as a result of recent agreements.

51. Consultation on design is essential and follows usual market and customer research strategies carried out by high street retailers. There are many good examples of consultation with supporters on kit design, including the England kit.
52. If a measure of a kit design’s acceptance by the fans is its unit sales, there are many examples where kits designed using current fashion colours away from club traditional colours have been more successful than traditional kits. Market research will predict this in the design stage and show an objective direction, rather than a subjective view of a more vocal minority.

53. It is in the interests of the club, manufacturer and fans for the club to adopt a replica kit distribution policy that makes merchandise available to the widest market at attractive prices, with the club maintaining control of its registered brand, subject to the appropriate financial arrangements being agreed between the retailer and the club. This is all currently subject to discussion with the OFT.

54. We reject the idea of minimum life span. There is no other garment product on general high street sale, guaranteeing a minimum life span of 5 years. The longer the period of wear the more difficult it is to assess fair wear and tear. It is in the interests of both the club and the manufacturer to produce a garment that will exceed customer satisfaction and encourage future purchases.

Supporter Involvement

55. It is essential for football clubs and authorities to understand the role of supporters as stakeholders and set out a consultation strategy that is clear and well communicated. The strategy that does not alter its bias when dealing with fan as fan, and fan as consumer.

56. We should promote better communication with supporters via:

- Supporter forums/panels;
- Supporter questionnaires and focus groups;
- Publication of the business plan of the club in an easy to understand format.

Nevertheless, it will have to be accepted that issues of confidentiality/price sensitive information will restrict disclosure.

57. We do believe that the football authorities and clubs should investigate the possibility of further supporter involvement in clubs in the form of “community” interests in clubs. This could provide benefits to clubs and perhaps spread the burden of financing clubs more widely to improve the security of those clubs.

Consultation

58. Well-managed, long-term successful organisations consult in various ways appropriate to individual stakeholders and types of issue, not least by gauging the reaction to ideas floated in the local media. Football authorities and individual clubs should be no different in this respect.

59. We agree that clubs should be encouraged to communicate more widely.

60. The football authorities are committed to consultation with supporters of the game. This means consultation with supporters’ groups such as the National Federation of Football Supporters’ Clubs and the Football Supporters’ Association, as well as other interest groups. Formal meetings between the football authorities and the national supporters'
organisations already take place three times a year. The football authorities are committed to creating a more regular and meaningful structure for those meetings. There is also regular *ad hoc* contact between the football authorities and supporters’ groups.

61. In addition both the FA Premier League and the Football League run regular supporter surveys and club-based panels which feed directly into the decision-making process of those governing bodies.

62. The Football Association itself operates the England Members Club. This has a regional structure, with each of the nine geographical areas appointing a consultative group that meets twice per year. There is also a national group that meets four times per year. These meetings are entirely funded by the Football Association and have been established in an attempt to give England fans a real say in issues that affect England supporters. Issues include the loyalty system, ticket allocation, fans’ initiatives, etc.

63. The formation of a single national supporters’ organisation is desirable.

64. The football authorities would propose that the Football Association, working closely with the FA Premier League and the Football League, take over the running of a new national consultative forum, which should encompass a more structured and targeted approach than that provided by the current liaison meetings with supporters.

*Board Representation*

65. It is for the shareholders of the club company to decide who shall sit on its board because, in law, the board is the servant of the shareholders.

**Financial Management**

*General*

66. The owners, directors, players, spectators – everyone involved at a club wants the club to be successful. Shareholders want to see a healthy, profitable club, with a sound long-term future. And so do those who follow the club as paying customers. To characterise shareholders as being interested only in profit, and therefore not interested in the club itself, is to misunderstand the nature of an investor.

67. It is worth noting that the clubs who are often cited as being examples of the “potential conflicts” between business concerns and the interests of the fans are all private limited companies, not public limited companies, and certainly not companies floated on the Stock Exchange. The private companies about which concerns are raised include Brighton & Hove Albion, Hull City, Doncaster Rovers, Chester City, Portsmouth, Crystal Palace and others. The concerns in relation to clubs seem to us to arrive from one overall concern – bad management leading to large debts, usually financed by way of loan finance, secured against the core asset of the company ie the stadium.

68. The football authorities’ overriding concern is to promote the game. In relation to clubs, that must mean to promote the long-term health and viability of a club, always recognising that the great attraction of a league and cup competition is that a club can fail, as well as succeed; it can be relegated, as well as promoted. Whilst a club must therefore be able to take risks to succeed, it must not be able to do so by threatening its very existence.

69. That is the challenge for football authorities. It must be to promote ambition, but within the confines of good business practice.

70. The top clubs have moved forward considerably in terms of good business practice in recent years and the overwhelming majority of problem issues have arisen elsewhere.
71. The football authorities have to deal with the issue against a background of there being no obvious economic model for how a club should be financed. Rule 34 has always been the FA rule most concerned with this. The idea behind Rule 34 has always been to establish basic provisions to promote the long-term health of clubs bearing in mind the background economic conditions and the demands of football at the top level. Whereas the Rule previously set out a regime that discouraged investment in shares, it said nothing about loan finance. Equally, in an environment where clubs need to promote professionalism in their own management, both on the technical development and commercial fronts, it seemed an anachronism to prevent directors being paid.

72. Responsible investment in a club has to be encouraged. Clubs need finance to compete, they need finance to improve the team (both by signings and by their own youth development) and to improve the service to their customers. Discouraging finance is therefore a very backward step.

73. The football authorities’ recommendations in this paper are designed to address the issues referred to above. Greater supporter involvement, transparency in dealings with fans, sound financial management (of both income and expenditure) will all provide the right conditions to promote confidence between the club and its supporters.

74. The issue of whether or not to move to PLC status has to be a matter of judgement for individual clubs based on their own sense of what is best for the longer term development of the club. It is only one of the options.

75. It would be wrong, in our view, for a new set of prescriptive rules to be devised to either prohibit or encourage flotation. Each club must be free to choose its own path.

76. Where flotation has occurred it has played a role in helping to:

! improve the financial well-being of clubs;
! create new and more flexible routes for investment;
! introduce new disciplines in financial management;
! establish more rigorous requirements in the conduct of corporate governance.

77. The suggestion that club flotation produces a necessary conflict with the well-being of the football club and its supporters is, in our view, incorrect.

78. The Task Force should recognise the potential benefits of flotation, particularly in the context of an increasingly competitive international market place, and accept the need for clubs, as individual businesses, to make their own choices on the matter.

79. We would emphasise the role of current rules and regulation governing PLCs as helpful in adding to the governance of the game.

80. Clubs/companies listed on the Stock Exchange are indeed subject to a whole range of strict, continuing obligations which they have to meet to maintain their listed status. These obligations have been fundamental in helping to introduce much greater professionalism and discipline in the way clubs are run.

81. The following clubs are presently listed on the Stock Exchange.
<table>
<thead>
<tr>
<th>FA Premier League</th>
<th>Football League</th>
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<tbody>
<tr>
<td>Aston Villa</td>
<td>Birmingham City *</td>
</tr>
<tr>
<td>Chelsea *</td>
<td>Bolton Wanderers (Burnden Leisure)</td>
</tr>
<tr>
<td>Leeds United</td>
<td>Charlton Athletic *</td>
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<tr>
<td>Leicester City</td>
<td>Millwall</td>
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<tr>
<td>Manchester United</td>
<td>Nottingham Forest *</td>
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<tr>
<td>Newcastle United</td>
<td>Queens Park Rangers (Loftus Road) *</td>
</tr>
<tr>
<td>Southampton</td>
<td>Preston North End *</td>
</tr>
<tr>
<td>Sunderland</td>
<td>Sheffield United</td>
</tr>
<tr>
<td>Tottenham Hotspur</td>
<td>West Bromwich Albion</td>
</tr>
</tbody>
</table>

* (Alternative Investment Market)

Arsenal, Bradford City and Manchester City are listed on OFEX.

82. In the most recent Premier League Fans Survey, 63% of fans surveyed considered stock market investment in football to be either “very good” or “OK”.

The Future

83. It is vital to avoid proposals which would give a veto to persons with no legal status with regard to the running of the company. By law directors – and directors alone – have a duty to look after the financial health of a company.

84. Equally proposals re the offering of shares must not conflict with Stock Exchange listing requirements, though, of course, if shares are offered to the public then supporters have a right to buy them.

85. It may be appropriate to consult with supporters on flotations through the facilities put in place for supporter liaison, however, those can only be very broad discussions – again the detail will be private and a public forum is not appropriate and would also, potentially, contravene Stock Exchange listing requirements.

86. Clubs rely on supporters in order to exist. The team's performance on the pitch and the directors' decisions taken in the boardroom are already open to scrutiny by supporters. Over-prescriptive regulation of the relationship between a club and its supporters will lead to more dispute – not less. In this context a major rewriting of FA Rule 34 is more likely to result in a charter for commotion than a code of conduct.

87. Football’s rules have been substantially modernised to provide for greater investigative powers and a wider range of sanctions appropriate to deal with the mismanagement of clubs. Financial probity is key to that agenda and more work is underway (see below).

88. In addition, the football authorities are happy to examine and attempt new ways of enabling supporters to hold shares and participate in the life of their club. But no one has a monopoly on best practice. Overbearing regulation is not the way forward.
Financial Compliance

General

89. In the current commercial climate, where shareholders, sponsors, broadcasters, spectators and the Government are injecting significant sums of money, football needs to be perceived as having integrity, honesty and accountability. We need to maintain football as a sound investment for all participants and avoid the possible impression that large sums of money are somehow taken for granted or squandered. However, it is envisaged that this will be achieved through clubs adopting and maintaining sound financial disciplines themselves with the FA and the Leagues combining to set the standards required and provide support to the clubs where necessary. Much progress has already been made along these lines in recent years.

90. It must be recognised that the financial profile of football is very broad, ranging from the very successful, multi-million pound club-companies in the FA Premier League to very small, cash-strapped local League teams.

91. As a growing business (football is reputed to be the largest industry in the world), it is important that the financial integrity of football is strong and that those who do business with football clubs can do so with confidence. We must also remember, however, that the overwhelming majority of clubs could never be called ‘big business’ in overall business terms. They may be very visible and the subject of enormous public comment, but their turnovers are relatively small.

92. The Football Association currently attempts to monitor the financial health of 380 clubs in full membership, but the delay in receiving accounts and the workload involved has often prevented meaningful analysis.

93. Below the top 30 clubs in the FA Premier League and Football League many are struggling financially and do not always have firm financial management systems in place. Many have a balance sheet deficiency (ie their liabilities are greater than their assets) and are supported only by funding or guarantees from their benefactors.

94. Below the Football League the clubs in the Conference and the feeder Leagues find it very difficult to survive financially. Many of these clubs have one major asset, their ground. Those who fall into debt are vulnerable to property developers who offer to resolve the financial problems by buying the ground for commercial development. This usually results in the decline or possibly the end of the club. In addition, in too many cases local authorities do not see the long-term presence of a football club as a priority.

95. It follows therefore that for the following reasons:

- to maintain the financial integrity of the game at all levels; and
- to help preserve football through the continued existence of participating clubs

it is necessary for the Football Association, the FA Premier League and the Football League to continue to work together to ensure that the clubs are properly financially structured and all transactions are executed without deception or fraud.

96. Traditionally, smaller clubs have sold players to bigger clubs to overcome cash flow problems. Their ability to do this has been severely reduced by:

- the Bosman ruling;
the impact of the FRS10 accounting standard (which can produce unwelcome tax liabilities when a valuable, particularly “home-grown”, player is sold).

In extreme cases the value of a player may have to be reduced to achieve a quick sale.

97. All professional clubs also have a slightly odd financial profile, which can be characterised as follows:-

- **Income**
  - “lumpy”, periodic (e.g. season ticket sales, TV appearance monies, player transfer receipts);

- **Expenditure**
  - largely consistent and regular (e.g. wages, rates, match day costs etc, with periodic, large expenditures on players and stadia);

- **Assets**
  - illiquid (e.g. stadium, training ground);
  - semi-liquid (e.g. players).

98. It follows that there will be a need for bridging finance to help some clubs through periods of limited inflows. Commercial banks are often cautious and reluctant to lend to clubs in difficulty, therefore short-term finance is provided by shareholders or quite often by one major benefactor.

99. To date football has relied upon the rules as laid down in the Companies Acts relating to the “Going Concern” concept, as a test of the financial stability of clubs. To fulfil the requirements of the Companies Acts the auditors must decide whether they are auditing the club as a Going Concern (a sign that the club will continue to operate for the foreseeable future) or to be wound up.

100. For the clubs with balance sheet deficiencies the auditors must have gained reassurances from the directors/major shareholders regarding their commitments. However, this is not consistent with the fact that shareholder financing is often classified in the accounts as “repayable on demand”. This leaves the clubs dependent upon the shareholders for short-term survival and football as a whole seeking more robust evidence of stability than that provided by the auditors’ sign-off.

101. The integrity of football and the survival of clubs, particularly at the lower levels, depends upon the same disciplines required by the top end of the professional game i.e. good financial management. However, at this level, the challenge is often greater as it is hard to generate significant income.

102. Many smaller clubs have been living beyond their means and have liquidity crises. Currently, those clubs in crisis seem to be preyed upon by property developers who want to buy stadia for commercial development. This solves the financial problems but often precipitates a decline or possibly the end of a club.

103. When a club has serious financial difficulties it is often too late to provide real help. The best way to avoid this depressingly common scenario is to help clubs to avoid getting themselves into this position in the first place. It would be possible to monitor clubs to identify when the financial position is of concern and requiring of remedial action. If this could be achieved the club could be prompted to act to remedy the situation.
104. Therefore, to allow the maximum possible number of clubs to be monitored, with the optimum use of resources, the FA proposes that the information required be submitted in a much better form and on a more current basis to allow the more efficient processing.

105. With improved reporting and monitoring there will be a clearer process to trigger further investigation where problems are identified. In such cases, it would be appropriate for the FA or the relevant League governing body to require a club to report at more frequent intervals, perhaps half-yearly, or even quarterly, given the circumstances of each case. This form of exception reporting could be used therefore to generate a ‘warning list’ and an ‘alarm list’ with more detailed information being required as appropriate.

106. It is envisaged that the FA, the Premier League and the Football League would work closely so that the club receives fair and consistent treatment and that the FA/League’s staff and resources are used to best effect.

107. Football has exactly the same issues in this area as any other industry, ie to ensure that all transactions are executed with honesty and integrity. As such, football suffers all the usual risks relating to fraud and deception and can never be perfectly protected against such wilful acts. However, great progress has been made on financial probity and we aim to build on that for the future.

**Boards of Directors**

108. It is important that no one individual within a club has totally unfettered powers of decision making. Football needs to honour the corporate governance codes relating to Directors whereby there should be a proper balance of power and authority amongst the Board of Directors. For the larger clubs, particularly the PLCs, this probably exists already. For smaller clubs where a large Board is not practical or affordable alternative ways of establishing independence among the Directors/major shareholders should be identified and confirmed to be in place.

109. It should be noted that the FA Premier League rules currently require every club to produce a report recording certain, named material transactions above £25,000. This report has to be signed off by the club’s directors, its auditors and the FA Premier League. This sets an excellent standard which could be followed, perhaps in simpler form, by other professional clubs.

**Stadia**

110. The football authorities would also recommend that further controls be introduced over clubs dealing in their stadium. Clubs should not be able to dispose of their existing ground without being able to satisfy the Football Association and the relevant League that this does not put the club’s future at risk.

**Financial Compliance Team**

111. The bigger clubs, particularly those who now have PLC status, on the whole have good accounting resources and generally satisfy the demands of the City on financial reporting. However this still leaves many clubs for whom the demands of achieving adequate financial discipline is a real challenge.

112. The FA Premier League and the Football League require regular financial reports from all of their member clubs and the quality of financial reporting and financial management has improved dramatically in recent years.

113. To build on this, the FA proposes to create a financial compliance team. This team would:
• review annual returns from relevant clubs and monitor financial health;
• help clubs to set up their own business processes and systems to satisfy their own needs for internal control and also the requirements of the various tax and other regulatory bodies;
• provide a “clearing house” service for international transfer monies to complement the Premier League/Football League arrangements for domestic transfers.

114. This team will work in co-operation with the FA Premier League and the Football League to ensure maximum and effective coverage without duplication. It is important to note that each member of the compliance team would be available to perform work currently carried out by external (and expensive) consultants (forensic accountants, etc).

115. The responsibility for the financial affairs of each club remains with the club. It is important to note that the work of the financial compliance team cannot alter this principle. Many problems are however common to all and there is benefit from building a central resource/knowledge to provide help and guidance gained from collective experience as Sir John Smith highlighted in his report on the game.
Customer Focus

A Charter

116. The football authorities recognise that the game has to be responsive to the concerns and suggestions of its customers. The interest levels and media attention now afforded the game demand an open and responsive operating environment. Proper conduct and good customer practice are not mutually exclusive to the running of a football club business – they are vital components.

117. Thus, following the development of codes of conduct covering clubs, managers and young players, we would recommend that each club be encouraged to produce a customer charter. The charter should clearly state the following:

- what can the customer reasonably expect from the club;
- how will this service be delivered;
- how can a customer feed back to the club;
- what recourse they have.

The charter would be an evolving statement, regularly reviewed and reaffirmed, with people in the organisation recommitted to its purpose and application. It should, if possible, contain measurable standards, not soft descriptions.

118. The charter might encompass the following:

- a named customer service contact;
- response time to correspondence;
- response to complaints
- the forwarding of information to other football bodies;
- telephone calls being answered within a specified number of rings;
- clearly published policies in areas of:
  - staff conduct;
  - pricing:
    - tickets;
    - merchandise;
    - ticket allocation criteria;
  - returns:
    - tickets;
    - merchandise;
  - refunds;
  - concessions;
  - away supporters;
  - membership;
  - opening hours.

119. The charter could be included in season ticket holder mailings and printed in the match programme as appropriate. Customer comment cards could be available by request and at customer facing outlets, plus clubs should be encouraged to demonstrate an appropriate level of consultation with fans or their representative bodies, either directly or through independent research.

Central Response Unit

120. A normal hierarchy of club, League, FA should also be encouraged, progressing up the chain to gain satisfaction. To support this exercise the FA is considering the creation of
a dedicated customer response unit that would be able to handle simple factual enquiries but, more importantly, point the enquirer to the appropriate club or authority. Access to this unit should be clearly stated (phone, email or letter), be widely publicised and appear in all publications and correspondence. The hours of live operation should be stated but with 24 hour backup. The standards of operation would be consistent with those as stated in the FA's customer charter. This unit would be able to monitor call levels, nature of enquiry and follow up on a sample basis to ensure club and football authorities have serviced the enquiry effectively.

121. At club level, there are already some examples of good practice in the area of customer care:

**Preston North End** - 24-hour Customer Care-line, undertakes to respond to all complaints within 48 hours. (First of its kind in professional football in this country).

**Norwich City** - Customer Services Department at Carrow Road. Designated telephone line open 12 hours a day, Monday to Friday, and up to three hours before kick-off on match days.

122. The football authorities recommend that similar policies be encouraged at other clubs.

**Regulation**

*General*

123. English football is governed by an interlocking set of rules, regulations and codes of conduct brought together under the auspices of the FA, the FA Premier League and the Football League. Attempts to focus on the FA as the only governing body of the game are both misguided and incomplete. And while the three governing bodies work very closely together, each has developed specific rules relevant to their area of governance. This has been vital to the success of the English game in recent years.

124. Across all three bodies extensive efforts have been made to:

- modernise the rule books;
- improve the quality of regulation;
- ensure consistency;
- improve independent scrutiny;
- introduce new codes of conduct;
- promote best practice.

This internal regulation is on top of the significant amount of statutory and other regulation governing the game on issues ranging from spectator safety to business conduct which emanates from Government, Stock Exchange scrutiny and competition regulation from the OFT and the MMC/Competition Commission.

125. In our view English football is not an under-governed sport, nor by comparison with other sports and business sectors, is it badly governed. The English game is in fact one of the healthiest, exciting and most buoyant football cultures in the world and one of the most successful aspects of modern Britain. There is much to be proud of and much that is the envy of the rest of the footballing world.

126. However, there can be no room for complacency. The football authorities recognise that they must strive to further improve the quality of regulation in a fast-changing world and increase efforts to promote best practice across the game.
127. We recognise that football is an essential part of our society’s culture and those who govern the game have a duty and responsibility to help develop the game for future generations. Much has been said about a football “regulator”. The football authorities do not believe that the overall well-being of the game will be helped by new layers of regulation or bureaucracy.

128. English football does not need an additional set of imposed rules which prohibit and restrict the ability of clubs to make their own footballing and commercial decisions, particularly given the globalisation of the market place within which they are operating. Such external regulation would require the establishment of a precise model as to what is right or wrong in running a club. And where it is deemed wrong, the sanctions imposed may well lead to all that we are seeking to avoid in terms of the club’s financial viability. We think that is a mistake – clubs must have the ability to act with a degree of freedom and to have ambition for the future.

**Moving Forward**

129. The football authorities acknowledge that they do need to actively demonstrate their commitment to the good governance of the game and their determination to oversee continuous improvement. We want to see improved self-regulation and more obvious public accountability in the process.

130. To this end, we would propose the following:

- the establishment of best practice guidance in the areas referred to above;
- the setting up of an independent scrutiny panel, terms of reference and membership to be agreed with the Secretary of State for Culture, Media and Sport;
- the conduct of a health-check/audit by the new panel on the state of regulation, best practice and governance in the game on a regular basis.

131. The scrutiny panel would perform a function not unlike that of the British Standards Institution or the Audit Commission in providing:

- an independent assessment of the quality of regulation, best practice and governance;
- evaluation of compliance and non-compliance;
- recommendations for improving performance.

132. The panel would not be required to sit permanently, but would work with the football authorities to produce a report on the development of the game and may be instructed to carry out particular work on projects from time to time.

133. We would propose that the scrutiny panel should:

- have independent members with relevant skills and expertise, most probably of a professional nature, plus representatives of the game;
- be established by 31st December 1999 and set the timescale for a base audit as soon as possible thereafter;
- publish an audit report every two years.

134. In addition we would recommend the establishment of a management review group within the game, comprising of representatives from the FA, the FA Premier League and the Football League, to receive the audit reports and monitor progress and support the implementation of relevant action plans.
135. The reports would be subject to discussion between the game’s authorities and the Government of the day.

136. These steps, we believe, will help to further improve the quality of self-regulation while also enhancing the public accountability and transparency of the game’s governing bodies. They represent a sensible and balanced approach and offer a way forward which will benefit the longer term development of the English game.

The Football Association
The FA Premier League
The Football League

August 1999
INTRODUCTION

1.1 This is the fourth and final report of the Football Task Force, which was set up by Government in July 1997.

1.2 The Government asked the Task Force to investigate and recommend measures to help:

(i) Eliminate racism in football and encourage wider participation by ethnic minorities, both in playing and spectating;

(ii) Improve disabled access to spectating facilities;

(iii) Develop the opportunities for players to act as good role models in terms of behaviour and sportsmanship, and to become actively involved in community schemes;

(iv) Encourage greater supporter involvement in the running of clubs;

(v) Encourage ticketing and pricing policies that are geared to reflect the needs of all, on an equitable basis, including for cup and international matches;

(vi) Encourage merchandising policies that reflect the needs of supporters as well as commercial considerations;

(vii) Reconcile the potential conflict between the legitimate needs of shareholders, players and supporters where clubs are floated on the Stock Exchange.

1.3 The Government appointed representatives of various bodies to the Task Force. The Football Association, the FA Premier League, the Football League, the Professional Footballers’ Association, the Football Trust, the League Managers’ Association, the Association of Premier League and Football League Match Officials, the Football Supporters Association, the National Federation of Football Supporters Clubs and the National Association of Disabled Supporters, Sport England, the Commission for Racial Equality and the Local Government Association, are all represented. There are also a number of individuals.

1.4 The Task Force has undertaken a nationwide tour, holding public meetings in ten major cities in each of England’s regions. The Task Force met or received written submissions from:

• 73 football supporters groups
• 30 professional football clubs
• 28 local authorities
• 14 “Football in the Community” schemes
• 10 community organisations and projects
• 10 County Football Associations
• 3 girls’ and women’s football clubs

1.5 The Task Force has produced three reports: *Eliminating Racism from Football* (published on 30 March 1998); *Improving Facilities for Disabled Supporters* (29 July 1998); and *Investing in the Community* (11 January 1999). These reports dealt with issues (i)–(iii) referred to in paragraph 1.2.

1.6 Remaining issues are all dealt with in this report. These issues primarily relate to the two top leagues, the FA Premier League and the Football League, and their member clubs, and their relationships with their stakeholders, supporters and the local community. They also relate to the FA as the governing body of the game, and as the owner and operator of the England team (and where we refer to “clubs” in relation to their commercial activities, those comments apply to the FA equally).

1.7 This report is therefore directed at the very top levels of the game. However, our views may well be applicable to any part of the game, including the leagues beneath the Football League.

**A CODE OF BEST PRACTICE FOR FOOTBALL**

2.1 Many of the issues referred to us by Government under (iv)–(vii) relate to the supporter as a key stakeholder in football clubs, as a “customer” of football businesses. The Task Force accepts, however, that being a supporter, or a sports fan in general, can take many forms. Whereas many may follow a sport, happy to participate by watching any match on television, or even attending any match as a paying spectator, many will see themselves as a supporter or “fan” of a particular club. They will have a relationship with the club that they support which manifests itself in terms of customer behaviour at the top end of the loyalty ladder.

2.2 Having said that, the Task Force believes that many of the key principles that apply to the relationship between a business and its stakeholders, must also apply to supporters and the football clubs they support. These principles therefore form the foundation of the recommendations in this report. Where we talk about supporters in the context of
this report, we are referring to paying spectators, and those who would be potential customers of club branded products and services.

2.3 We believe that a fair deal for football supporters goes hand in hand with business success for clubs. The promotion of well-informed customers of football club businesses, which follow best practice, is a key goal for the football industry. Customer satisfaction must be the objective for a football business as much as for any other business. Clubs must repay their supporters by treating them as customers in a competitive environment.

2.4 Ambition for success on the field must be the goal of supporters and directors alike. It is the onerous task of the directors of a football club to ensure that ambition does not lead to the prejudice of the long-term health of the club. It is in the interests of all stakeholders - the directors and shareholders, the local community, supporters and suppliers - to aim for long-term prosperity. The Government's remit for the Task Force refers to the many stakeholders in a football club. We believe that recognising the importance of each group is key to the long term success and prosperity of a club and all who “own” it.

2.5 We believe that the primary response to the issues raised by Government is for the football industry to adopt the contemporary principles of customer care and a more inclusionary approach to key stakeholders. As with other sectors, we believe that football should adopt a Code of Best Practice, which sets out the benchmarks for clubs.

2.6 The Code should be incorporated into the rules of the relevant leagues, and each club should adopt a Customer Charter which sets out its policy on the main issues identified in the Code. The league rules should state that each club must, in its Annual Report and Accounts, report on its activities in line with the Customer Charter and the Code. This requirement will create an inclusive approach to reporting which is being adopted by many leading UK companies, and which the Government is actively promoting. The relevant rules will need to set out a framework for the report to be verified by the auditors. Guidance notes will also have to be prepared for clubs and auditors.

2.7 The rules should set out the consequences for a club and/or its directors where there is a failure to meet these requirements.

2.8 Each club must have a readily identifiable procedure where a supporter can register a legitimate customer concern or comment. The issues that could be raised under this
procedure would be set out in the Customer Charter. Again, this should be a requirement under league rules.

2.9 The leagues should require that clubs must deal with customer issues within a reasonable time. Where a customer does not receive a prompt and considered response through a club system, there would be the right to raise the issue through the relevant league. It should seek to evaluate the issue, and where considered appropriate, take it up with the club.

2.10 Not all decisions taken by the directors will be popular with all stakeholders, that is the nature of sport – as with any business. General matters relating to a club’s policy and business decisions should be dealt with through consultation between the club and the various stakeholders. These matters would not be addressed by way of a customer response mechanism but form part of an improved consultation process.

2.11 In order to ascertain customer satisfaction levels on an industry wide basis, we recommend that the football authorities should carry out regular national surveys. A considerable amount of research is already conducted. However, we recommend that these should be better co-ordinated. Findings should be published generally. The football authorities should set and review benchmarks for customer satisfaction based on this information.

2.12 In addition to this research, the football authorities should continue to consult on an ongoing basis with the key stakeholders, including supporter organisations, on these and other issues within the game.

2.13 Our proposals for the Code and the format for the Customer Charter are attached to this Report.

ADVICE AND ASSISTANCE FOR CLUBS

3.1 The majority of clubs have a local profile and importance to the community way in excess of any other local business of comparable size. The leading clubs, which have become significant and sophisticated businesses, may well have the expertise in-house to deal with these new requirements. However, the majority are relatively small local businesses, albeit with a national profile. These smaller clubs will need the assistance of a properly resourced, professional unit and we believe that the football authorities should provide this.
3.2 In order to assist clubs in meeting the demands of the Code of Best Practice, we would recommend the establishment by the football authorities of an advisory resource. As this is a resource on which the whole of the game should be able to call, we would see this as being a role for the FA. A key task will be to provide help to those clubs who need it to establish their own management systems to achieve the objects set out in the Code.

3.3 In addition, the Task Force has been impressed by the evidence of Northampton Town and AFC Bournemouth and the way supporters’ trusts have been represented in the running of the clubs. The Secretary of State for Culture, Media and Sport announced at the Labour party conference that he had initiated the availability of bank funding to help such initiatives. We feel that, where appropriate, these schemes should be encouraged.

STADIA

4.1 A concern that was expressed often in our evidence gathering was that a club’s stadium might be sold without a suitable alternative in place. In recognition of the key role a club plays at the heart of the community, the football authorities should introduce rules to prevent a club from disposing of a stadium, or any interest in a stadium without the consent of the FA and/or the relevant league. Consent should only be given to a sale where the football authorities have been satisfied that a suitable alternative has been secured as a long-term home for the club within the community.

4.2 We would also urge Government to review legislation and its guidance to planning authorities. No football stadium (at any level) should be capable of being sold, or have any permission granted for alternative use, without there having been a full consultation process, and the securing of the long-term new home ready for occupation by the club.

4.3 We are concerned that a number of planning authorities and the regional offices of the Department of the Environment, Transport and the Regions have paid scant regard to the spirit of the Taylor Report, which drew attention to the problems clubs have had in obtaining planning permission for relocation. The planning policy guidance note (PPG 17) on sport and recreation is currently being redrafted and, we fear, may make stadium planning permission even more difficult to obtain. We recommend that the Government reviews this guidance to help facilitate the relocation or expansion of football grounds.
REGULATION

5.1 As well as the promotion of best practice, we have looked at the issue of regulation within the football industry. In addition to the general company, commercial, taxation, competition and customer protection legislation, which applies to all businesses, there is also football specific legislation mostly concerned with stadium safety and security. Much of this legislation is relevant to football clubs and their relationships with stakeholders and we do not propose to go into it in any detail.

5.2 The football industry also has its own regulatory and disciplinary framework established under the rules and regulations of the football authorities. The FA rules and regulations apply to everyone in the game at every level. Each league also has its own rules and regulations, which apply to their respective members.

5.3 The disciplinary framework of the football authorities is predominantly concerned with the conduct of participants in the game itself. However, there are also provisions that have a commercial/financial subject matter. In relation to the issues of specific concern raised by Government set out at paragraph 1.2, we do not recommend the adoption of any new rules and regulations with sanctions for breach. We believe that these matters are more appropriate to be dealt with by the promotion of best practice through the proposed Code. The reason for this is that the business and financial profile of each club is likely to be unique. All stakeholders in a club would want the club to retain the freedom to make financial decisions in relation to the level of investment it is prepared to undertake in order to progress. This freedom to act is key to the excitement and unpredictability of football competition and which could not exist under a single rigid regulatory framework. We believe that adopting an open approach with stakeholders on these issues should address the concerns raised with us by Government – and that is at the heart of the proposals set out in the Code. We do not believe that additional layers of regulation are necessarily in the best interests of supporters.

5.4 Having said that, there are in our view, clear examples where rigid rules can be established as the “vices” they are intended to address are readily identifiable. An example would be the practice of charging more to spectators of the away team than the home team for the same goods or services. Such discriminatory behaviour could never be justified.

5.5 The football authorities must continually monitor the appropriateness, proportionality, consistency and propriety of their rules. This applies to commercial/financial matters as much as other, more sport based rules. In the area of particular concern in this report, we see it as a key role of the football authorities to continually monitor the achievement
of the industry against the principles established in the Code and the regulatory framework. The football authorities should assess the information provided by the clubs as part of the reporting process, and information from the surveys and consultation within the game. It will be for the football authorities to take action if appropriate, for instance by amending the requirements under the Code or the rules and regulations.

INDEPENDENT SCRUTINY PANEL

6.1 It is incumbent therefore on the football authorities to ensure that the industry seeks to adopt best practice and complies with the regulatory framework. However, we believe that there is a role for an independent scrutiny of the performance of the FA and leagues as governors and regulators of the game. There is a need to ensure transparency and accountability in these important matters, not least to satisfy Government and the key stakeholders in the game that they can have confidence in the way the game is managed. We therefore recommend the establishment of a new body to be known as the “Independent Scrutiny Panel” (or “ISP”).

6.2 The membership of the ISP should be entirely independent of football bodies or any interest group within the game. Clearly, some football or sports background will be beneficial, but primarily their expertise should mirror the key elements we have mentioned in our report – good business practice, customer care, and the club as a focal point for the community. We believe that the Government (through the Secretary of State for Culture, Media and Sport) should appoint the members of the ISP, in consultation with the football authorities. The appointments should be consistent with the principles established by Lord Nolan in relation to appointments to public office. This group, whose number can only be defined having further scoped the task, would convene on an annual basis to produce their report on the performance of the football authorities. We do not envisage this to be a standing body. The period of time required for the ISP to convene will be dependent on how well the football authorities have organised their affairs in the interim. This fact in itself will provide an incentive to progress the commitments made in this report.

6.3 The ISP should be responsible for producing a public report. This would provide a review and assessment generally of the quality of the system of regulation, best practice and governance as established by the football authorities in response to this Report. The ISP would be able to identify any failings in the system and to propose remedies.
6.4 We believe that the ISP should be co-funded by the football authorities and Government to avoid the criticism of it being “in the pocket” of the authorities. It will need a secretariat to assist it whilst carrying out its work. This could be resourced in any number of ways, for instance by seconding from the football authorities or Government.

6.5 We recommend that the football authorities should establish the Code into their respective constitutions, so as to apply to clubs for the season 2000-2001. By the end of 2001, clubs will have come through their first full season and financial year of being required to report on their compliance with the Code. The football authorities would then aggregate that information, together with other information so that they can report to the ISP. The ISP would then be able to produce its own report as an audit of progress made and possible areas for future action.

6.6 In the meantime, the football authorities must actively promote the Code and its principles. It is also vital that they should assess the achievement of the industry as at the end of this current season (even though the Code will not have been in place). This will provide the base information against which the performance of the industry can be evaluated by the football authorities and the ISP in due course.

6.7 We believe that the adoption of the Code by the football industry will achieve the goals set by Government, supporters, shareholders and communities.

6.8 The audit by the ISP of the football authorities’ governance of the game will provide the open accountability that should be expected of the national game.
Previous Task Force Reports

Clubs should report annually on the adoption of principles defined in the three reports: *Eliminating Racism from Football* (published on 30 March 1998); *Improving Facilities for Disabled Supporters* (29 July 1998); and *Investing in the Community* (11 January 1999). The football authorities should include a synopsis in their subsequent report to the ISP.

A. TICKETS

1. Clubs should provide information about ticket availability and pricing as far in advance as possible, particularly information of any proposed policy changes and the reasons for any changes;

2. No club should operate a system where match tickets are exclusively sold through a “bond” scheme – home or away;

3. Clubs should promote inclusionary ticketing policies and greater accessibility through the use of more flexible and imaginative ticketing and general marketing policies;

4. Clubs should commit to stretch ticket prices, thus providing a wider range. This will allow more access at the less expensive end, these tickets being effectively subsidised by those at the higher end;

5. Clubs should establish and publicise a policy for the reduction in prices for restricted view seats;

6. Clubs should promote accessibility through appropriate concessions tailored to take account of individual club economics and area demographics;

7. Concessionary prices must be available to senior citizens and junior supporters under the age of 16;

8. Concessionary prices applying to single matches for senior citizens and juniors must also be available to away supporters on a similar basis;

9. Clubs should provide an area of its ground for the exclusive use of families and junior supporters under the age of 16;

10. Clubs should offer where possible payment for season tickets by instalment at reasonable rates of interest;

11. Clubs must make at least 10% of their capacity available to visiting supporters. (Subject to maximum of 3,000 in the Premier League, 2,000 in the Football League);

12. Clubs should promote the general availability of tickets for home and away matches (for instance by reserving 5% of tickets for sale on a match by match basis, not tied to any loyalty scheme);
13. Clubs must not charge away supporters more than home supporters for comparable or inferior accommodation;

14. Clubs should establish and publicise a policy for the return and distribution of unwanted tickets;

15. All clubs should adopt a standard policy on refunds for abandoned matches as follows:

<table>
<thead>
<tr>
<th>Situation</th>
<th>Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Match postponed after spectators admitted to the ground, but before kick-off.</td>
<td>Free admission to rearranged game.</td>
</tr>
<tr>
<td>Match abandoned before start of second half.</td>
<td>Half-price admission to the rearranged game.</td>
</tr>
<tr>
<td>Match abandoned after start of second half</td>
<td>Half-price admission to the rearranged game.</td>
</tr>
</tbody>
</table>

B. MERCHANDISE

1. The agreement reached with the Office of Fair Trading on distribution and pricing must be fully observed and the practices defined adhered to;

2. All clubs should have a published, well-communicated kit cycle policy with all fans being aware of kit change dates;

3. Clubs should publicise, as far as possible in advance, any proposed change of playing kit;

4. Clubs should conduct research on plans for kit, including the design of new kit and the number of kits;

5. Clubs should look to ensure that replica kit carries a launch date on an appended swing ticket.
C. CLUBS, THEIR SUPPORTERS AND OTHER STAKEHOLDERS

1. Clubs should consult stakeholders on a regular basis, through forums, questionnaires and focus groups and through the publication of current policy on major issues of concern in an easily digested format;

2. Clubs should take steps wherever possible to promote supporter and community liaison. Where no other mechanism for supporter liaison exists, clubs should seek to establish and promote a supporter liaison structure;

3. Clubs should seek to achieve the highest standards of corporate governance consistent with the principles of the Combined Code.
A Club Customer Charter should state:

1. The name and contact details of the customer service contact and opening hours.

2. A response time to any contact from a customer.

3. The method of responding to customer issues.

4. The Club’s policies in relation to:
   - Staff conduct
   - Supporter consultations/involvement
   - Ticketing:
     - Pricing
     - Allocation
     - Concessions
     - Loyalty and membership schemes
     - Away matches
     - Cup competitions
     - Returns/refund
• Merchandise, including returns/refunds.

• Accommodating away supporters (as per ticketing above).

• Community activities.