

Date : 22 June 2021



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Submission to Tracey Crouch MP

regarding

Fan Led Review of Football

by

Blues Trust (Birmingham City FC Supporters Trust)

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Executive Summary

The appendices to this report set out the background work carried out as a response to the Fan Led Review. These include summarising the recent Birmingham City FC ownership story and the issues arising from it, together with a consultation exercise whereby eight articles were published to stimulate discussion and comment from our members and wider fan base.

The report brings together our thoughts into a set of proposals that we consider are required to protect the future of football from greed and to maintain sporting competition and community wellbeing. The proposals call for independent regulation with powers to verify responsible ownership, enforce financial limits on spending, redistribute revenues more fairly and ensure the fans voice is influential through board level engagement and/or right to ownership (over time).

Introduction

The ownership story at Birmingham City FC over recent years (See Appendix 1) highlights many of the issues that plague football in England and that are instrumental in creating financial instability for many, distortion of competition at the top level and poor stewardship for an increasing number of clubs. Over time this is creating an elite that are becoming detached from the pyramid system, creating a wider issue of disenchantment of fans in how the game is run and causing football's connection to community to become increasingly strained and irrelevant.

There is a reality that the financial gap at the top has been created over many years of poor stewardship and governance within football leaving space for greed and big business to move in, resulting in the structure and system we have currently. It is therefore a big ask of any review to resolve the disparity overnight. A one-off correction to achieve a more equitable financial re-distribution could be seen as not proportional (given football has let this happen) – so a more gradual approach may be appropriate in some cases.

Similarly, a restructuring to create a fan ownership model (e.g. 50%+1) may be seen as a desirable solution. However, retrofitting this model into the current ownership structures would be a massive and difficult undertaking. If attempted there is a likelihood of conflict and complex legal battles with no guarantee of a successful or timely outcome.

We believe the poor stewardship of clubs arises where owners are remote from both the club tradition and fans, where short term business goals and lack of management proficiency within the specific sector (and in some instances greed) override the long-term sustainability of the club. We consider our proposals to address these issues can be practically implemented reasonably soon after the review concludes, given government support and willingness to bring forward the necessary legislation.

Our proposals, within this report, have been formulated through discussion within Blues Trust which identified several issues that stem from remote and anonymous club ownership, combined with poor executive stewardship. The situation was exacerbated by this continuing over many years without effective intervention from football's governing bodies. Our proposals have also been influenced by our campaign to inform, stimulate debate and receive views from our members and wider fan base. These articles along with comments received are at Appendix 2. Additionally, we have held discussions with the FSA and engaged with the Review Panel.

Proposals

Generally

We have taken a pragmatic view in formulating our proposals. We consider that an independent regulator and new regulations need to be implemented as soon as possible. However, there are some areas where we feel an immediate drastic change would be desirable but impractical to implement. In these areas of wealth redistribution and fan ownership models we have suggested regulation that builds to change over time. We see this as reversing the direction of travel and setting up regulation that creates the opportunity to move to improved ownership models and wealth redistribution over time.

Independent Regulator

Blues Trust believes that there are necessary changes which need to be made to the structure of English football. The Football Authorities have shown themselves either unwilling or incapable of making these changes because of vested interests, generally driven by money and control, which lie at the heart of the way football is governed in England. The Trust believes that the only way to make the necessary changes and achieve real reform is to create an independent regulator for football appointed and empowered through government legislation and funded by football through a new wealth redistribution system for licensed clubs.

The independent regulator should have full powers to;

- Set up, control and administer a club licensing system based on a Code of Practice of stewardship
- Ensure the transparency of ownership of football clubs including powers to penalise clubs who fail to comply, including (especially) those who seek to hide their ownership behind nominees in overseas territories
- To set up, control and administer an Owners and Directors Test which is more rigorous in uncovering individuals who may not be appropriate to be involved in the ownership/stewardship of a football club (See Below)
- To intervene in the event of maladministration at a club by its owners
- To set up, control and administer strong financial controls to achieve
 - A fairer distribution of revenue throughout all levels of the game
 - Appropriate cost control rules (especially salary caps)
 - Supportable levels of debt and a more balanced debt/equity ratio
 - Penalties for non-compliance with above controls
- To require supporter representation at Board level of the EPL, EFL, and FA. Such representation is currently almost non-existent.
- Develop, agree and control the rights of supporters to own, part-own or otherwise participate in the running of their clubs, including both in matters of

tradition, day-to-day running and strategic direction, including the appointment of supporter directors

- Develop, agree and control the rules and regulation of fan groups
- Impose changes that are necessary and prevent those that are unwanted (e.g. creation of a European Super League)
- Regulation of Ground ownership
- Mediation between clubs/supporters

Licensing system (regulations) to include

Improved Owners and Directors Test (ODT)

Blues Trust feels strongly that ODTs are not currently fit for purpose and need to be strengthened. Blues Trust supports recommendations made by the Taylor Review that a broader view of would-be owners, directors and officers should be taken, to include the amount of corporate insolvencies they have been involved with, and a more in-depth look at proof of funding and business plans before they take control of the club.

Blues Trust also recommends more fluid monitoring and transparent compliance checks of at-risk clubs. There should be some form of register of ownership and consideration of a bond with the relevant league to ensure adequate funding is available. Blues Trust also believes in the introduction of a more robust subjective element to the test which takes into account reputational issues and values that a potential club owner may have. There would need to be safeguards to ensure that a potential new owner could not be rejected on discriminatory or malicious grounds.

Wealth Redistribution and Cost control

Championship clubs are increasingly operating at large unsustainable losses as they gamble to get into the EPL. Birmingham City's operating losses over the last 3 years have been £39m, £30m and £29m. These losses are also creating unsustainable levels of debt at Championship clubs. Birmingham City's gross debt to its parent company is now £115m and it is one of 4 championship clubs with gross debt over £100m.

The driving force behind these unsustainable losses and levels of debt is the chasm in financial reward between the EPL and the Championship. This chasm is distorting competition, illustrated by the fact that teams promoted to the top tier of English football have double the chance of being relegated in their first season after promotion compared to before the advent of the EPL. This distortion is also illustrated by the impact of parachute payments which more than doubles average revenue for recently relegated sides from the EPL compared to other championship teams.

Furthermore, at the top of the EPL success is being concentrated into a smaller and smaller number of clubs driven by the chasm in rewards, particularly due to money from the Champions League which is creating a self-perpetuating elite of teams. This is illustrated by the fact that prior to the advent of the EPL the number of different clubs finishing in the top 3 during a 10-year period averaged 13 but, after the formation of the EPL that average has dropped to 6. Further detail can be found at Appendix 1.

To counter this Blues Trust is proposing that there is a redistribution of money between teams which tries to find a better balance of rewarding success whilst encouraging fairer competition and avoiding large discontinuities in rewards which encourage overspending. This is likely to be a mix of initial measures and phasing in of longer-term measures.

Suggested actions are as follows:

Short Term

- Require at least a certain proportion of owners' financial support of clubs to be by equity investment rather than loans in order to reduce future increases in indebtedness

Medium Term (actions to be phased in)

- Remove parachute payments and instead re-distribute the equivalent money (currently roughly £280m per season) equally between Championship clubs to create a more level playing field in the Championship and reduce the gap between the EPL and EFL
- Ensure all EPL players' new contracts going forward contain relegation clauses to reduce wages if their team is relegated so that the relegated club can better match income and expenditure; similar measures may need to be considered for non-playing staff
- Consider the introduction of a limit on spending on wages (percentage of income or soft wage cap system) across the EPL and EFL. A soft wage cap system would introduce a 'tax' on wages (and/or player transfer spending) over a soft cap with any proceeds distributed to teams spending below cap
- Look to increase the amount of money the EPL pays to the EFL – this can be used to both further reduce the gap between the Championship and EPL but also ensure there is not too large a gap between the lower reaches of the EFL and the Championship
- The above could be phased in over, say 3 seasons, by tapering the parachute payments and increasing the amount of money re-distributed across the Championship as the proportion of players with relegation clauses increases
- Introduce a 'tax' on European revenues of English Clubs of, say, 25% that is also redistributed through the league. Again, this can be phased in over several seasons with an increasing 'tax' rate
- Review of the current Financial Fair Play Regulations to bring clarity and coordination with the new systems proposed

These suggested actions are not without their challenges. Primarily EPL teams will be proportionately worse off financially, particularly at the top end of the league and this could have a knock-on effect on competitiveness in European competitions. Additionally, it is possible at the margins that the EPL could miss out on some players if the rewards for playing in the EPL diminish compared to other European leagues. However, we believe that these impacts are likely to be marginal – broadcast deals for the EPL are, by some way, the most generous in Europe and the increased competitiveness that this redistribution will bring is likely to increase the appeal of the EPL rather than diminish it.

Fan engagement and ownership

New regulation should include measures to require clubs to engage seriously with fans and also to provide a right to acquire ownership or a part thereof of the club and/or the ground over time. The added responsibility of supporters' groups to represent and act fairly and reasonably in these circumstances should also be regulated.

We consider that the work of the Expert Working Group and the published document 'Engage' are a sound basis for levels of engagement between club and supporters. The engagement pyramid (from 'Engage') is reproduced below.



We suggest the top two slices of the pyramid should read supporter representation at Board level. This will distinguish engagement from supporter ownership which we see as a desirable but different path to influence at the club.

We propose regulation should require clubs to work with the Supporters Trust to move up the engagement pyramid to achieve board level representation (a three-year maximum lead in period is

suggested) and be specific that matters considered financially or commercially sensitive are within scope. We also consider engagement should clearly require clubs and fans to have structured plans to promote equality and diversity, with a duty to include 'minority' fan groups in these discussions.

We see this board level representation being the mechanism for operating a 'golden share' system where supporters have to approve 'reserved' matters. The reserved matters to include significant change to club colours, badges, ownership and geographical location; additionally, the sale or major redevelopment of the ground should be a reserved matter because the current Asset of Community Value protection does not protect against sale without a change in use and does not offer guaranteed protection in any event.

We also propose regulation should provide supporters with a right to own or part own the club and/or the ground and/or freehold of the ground over time. We envisage a regulation whereby the club is obliged to sell, at the request of a regulator approved supporters' group, a proportion of the owners' shares and/or a proportion of the title or freehold of the ground annually. In each case we envisage no lower limit to the amount supporters can purchase annually. However, a maximum limit (say 2% per annum) would be required to ensure that this was something that builds over time in order to protect the owners' investment in the short term.

With ground ownership we envisage the club entering into a shared ownership agreement with the supporters that sets out a valuation methodology and parameters of sale and use which allow an annual purchase of a percentage of the ground. We see the regulator or FSA producing a model agreement for this purpose.

We envisage that supporters' groups that choose to have a long-term ownership strategy would create a purchase fund and organise fund raising events and calls for donations. Such a fund would be used annually to purchase the amount of shares and/or a portion of the ground that its value commands. In cases where the relationship with the club allows, fundraising could be linked to ticket sales where there could be an option to donate an amount to the supporters' fund or where the club may be willing to donate a part of their sales revenues to the fund. We are sure supporter groups with this strategy will be innovative in how to raise funds.

The greater involvement and responsibility of fan groups should come with ongoing monitoring by the regulator. We envisage regulation that requires supporters' groups taking on the engagement role are fully constituted Supporters' Trusts compliant with the model articles set out by FSA. There may also be a role, and binding regulation clauses, for mediation by the regulator in cases where clubs and supporters cannot find agreement

APPENDIX 1: BIRMINGHAM CITY'S RECENT OWNERSHIP STORY, KEY ISSUES AND PROPOSALS TO RECTIFY

As presented to the Review Panel on June 8th

Birmingham City's Recent Ownership Story

1993 - 2008

- Club was in administration following failure of previous owners
- Bought by Sullivan and Golds in 1993
 - Business and administration side of club revamped
 - Ground refurbished to create all seater stadium
 - Promotion to Premier League and a high league position
 - Generally financially stable
 - 2004 Carson Yeung pleads guilty to 14 counts of HKSE financial non-disclosure
 - 2007 Carson Yeung buys £2.8m shares in Birmingham City, using money subsequently found to have been laundered
 - 2007 takeover bid by Carson Yeung failed

2009

- Takeover by Carson Yeung a Hong Kong based entrepreneur via a HKSE listed holding company Grand Top Holdings (later renamed as Birmingham International Holdings (BIH) and then Birmingham Sports Holdings (BSH)
- Price paid circa £80m (Maybe for a club valued circa £50M)
- Carson Yeung passes the Premier League fit and proper persons test

2010

- Carson Yeung found guilty of further count of HKSE financial non-disclosure
- Financial issues emerge at the holding company
- Much board room wrangling and fighting

2011-2013

- Club win Carling Cup but are relegated from Premier League
- Accounts delayed
- Lack of promised investment
- Auditors refuse to endorse accounts
- Club is put under transfer embargo
- Police investigations in Hong Kong lead to Carson Yeung being arrested on charges of money laundering
- Blues Trust formed to investigate concerns and protect club. Protest action organised and Asset of Community Value (ACV) established for the ground

2014

- Carson Yeung convicted of money laundering
- Trading of Birmingham International Holdings (BIH) shares on HKSE suspended

2015

- BIH put into administration to resolve issues and facilitate sale after bitter board-room infighting.
- Club unaffected financially by administration. From 2012-15 continues to survive financially through combination of parachute payments, low player wage structure, sale of players developed through youth system and recruitment of loan/free transfer/low cost players

2016

- Trillion Trophy Asia (TTA) a BVI registered company owned by Paul Suen complete purchase / take-over of BIH. Birmingham City FC is its only asset of any value.
- Modus operandi of new owner is to buy distressed companies and sell at a profit. No specific affinity for football or Birmingham City FC
- Shares re-listed on HKSE
- Club lies 7th in Championship at point of takeover. Team Manager sacked within weeks of TTA takeover. New manager appointed, team plummets into relegation zone, new manager resigns. Championship survival on final day of season.

2017 – 2018

- A series of loans to BSH are converted to equity. This and equity releases dilute TTA's shareholding leaving BSH with 3 major shareholders, all BVI registered companies -
 - TTA (Paul Suen)
 - Dragon Villa (Lei Sutong)
 - Ever Depot (Vong Pech)
- Speculation (unproven) that the parties were linked to an individual known as 'Mr King' believed to be Wang Yaohui - if so this was a person of influence not disclosed or investigated by football authorities. Likewise, neither Vong Pech nor Lei Sutong have faced the ODT Test.
- Diversification of BSH to property in Cambodia, lottery company, health services in Japan
- Club gambles by overspending on new players in Jan 2017 and summer 2017 transfer windows. Blows apart low player wage structure, leading to large losses and ever-increasing loans.
- New manager sacked after 2 months of new season. Replacement sacked after 5 months. 3rd manager of season appointed. Club survives in Championship on final day of season
- Club charged with Profitability and Sustainability (P&S) Rule Breach

2019

- Club put under transfer embargo following P&S charge, EFL and club offer no real comment
- Club deducted 9 points for P&S breach deduction, and have Business Plan imposed on them from EFL
- The senior administrative management team (Financial Chief Officer, Financial Controller and Co. secretary) parted company with the club, reportedly unable to work with CEO (Xuandong Ren) and receiving no support from concerns raised with BSH board - many other experienced staff left / sacked/ reorganised out. Xuandong Ren is believed to be a Mr King appointee, and architect of many of the issues at the club because of an alleged autocratic style.
- SD 'Engage' document supplied to club CEO. But efforts made by Trust to communicate with club rebuffed

2020

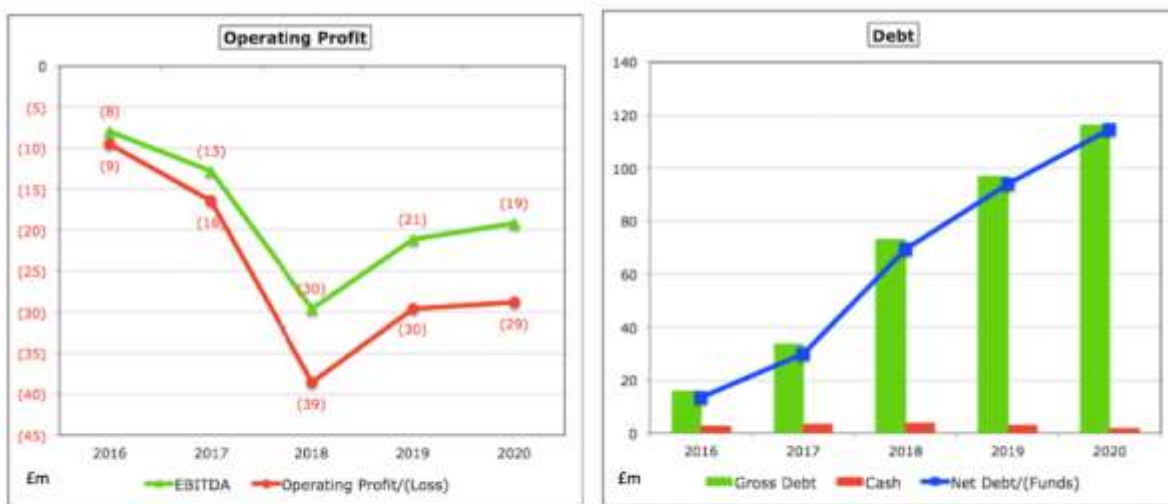
- Ground sale to new BSH subsidiary for P&S compliance reasons (was this within the EFL agreed business plan?)
- Misconduct charge from EFL for Club not following the imposed Business Plan (Found guilty after appeal but no penalty)
- Partial sale of BCFC (21%) and stadium company (25%) to Oriental Rainbow (another BVI company, also owned by Vong Pech who owns part of BSH through Ever Depot). Vong Pech becoming largest shareholder - in effect a change of ownership (unsure of any notification to EFL)

- Sale of remaining part of stadium company (75%) to Achiever Global (a BVI co owned by Kang Ming Ming)

2021

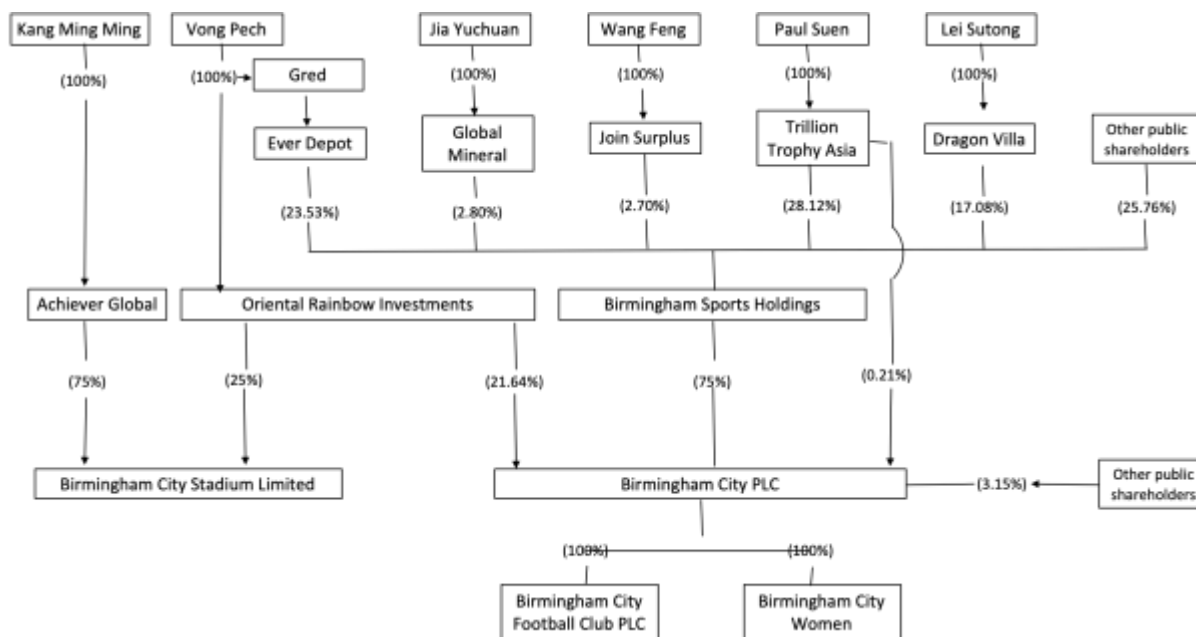
- Women’s team complain about their treatment by club management – alleging lack of resources. Team forfeit a match due to lack of players and are deducted 1 point following fielding an unregistered player due to an administrative error
- Replacement Co secretary / Head of media leave club
- The football club has an immensely complex ownership structure that means clarity of ownership is shrouded in mystery (illustrated by the diagram in Figure 1)
- Club announce a further loss and confirm they are over £110m in debt to the parent company (see Figure 2)
- Football club CEO Xuandong Ren resigns

Figure 1: Birmingham City Finances post 2016 takeover



Graphs courtesy of @DeloitteBramble

Figure 2: Birmingham City Ownership – 6/6/21



Issues highlighted by Birmingham City's experience and proposals to rectify

Club Ownership

Issues

- Current Owners and Directors tests (ODT) are not fit for purpose
 - BCFC being previously owned by someone who was convicted for money-laundering
 - now partially owned by anonymous owners whose motives are opaque
- Executive management may not always be competent – exemplified in BCFC's case by FFP rule breaches/loss of experienced staff

Proposed actions

- A licensing system for owners based on a Code of Practice of stewardship
- A new wider test for owners of clubs (based on the Taylor Review), that is applied continuously
- Requirement for club Directors to demonstrate the skills and experience required, akin to coaches;
- Require a change in voting rights at football clubs either by
 - the issue of a "golden share" held by supporters' representatives, enabling them to approve or refuse significant decisions, defined as "reserved matters"
 - the introduction of a voting model which gives supporters a majority vote, such as the 50% plus 1 model used in both Germany and Sweden.
- Rights for supporters to invest in their club to develop supporter ownership over time, leading to supporter directors (e.g. right of supporters trust / CICs to buy up to say 2% per annum (maybe discounted)

Ground Ownership

Issues

- Poorly drafted FFP rules in the EFL have created an unintended incentive for clubs to sell their ground to meet FFP criteria – BCFC are one of several clubs (including Derby, Reading, Aston Villa and Sheffield Wednesday) who have done this
- Separating club and ground ownership opens up the possibility of third-party ground owners (as is now the case at BCFC) who may have a very different agenda to the Club owners and creates uncertainty for supporters
- Asset of Community Value (ACV) protection is not strong enough to prevent the above – it is yet to be really tested as to how effective it is in preventing change of use

Proposed actions

- Any major change to the ground – including ground sale or re-development to be a "reserved matter" and subject to "golden share"
- A right for supporters to buy a club's ground (or part of it) or freehold of the ground (akin to Chelsea Pitch Owners), to protect it from development or loss to football
 - right to buy over time with an annual % required to be offered for sale to fans trusts (maybe discounted)

Supporter Engagement

Issues

- despite many attempts requests for discussion re fan engagement - in particular structured dialogue - BCFC has resisted
- Q's from trust re finances / ownership / EFL regs not answered as unwilling to discuss confidential or commercially sensitive matters.
- issue for us is where to go to get resolved / better engagement
- because of no response to questions and requests then we resort to open letters and publication of our concerns - then club say our criticism of club means they will not talk to us (vicious circle ends in protests and conflict - rather than collaboration)
- lack of engagement over time causes disenchanting fans and the community element of football is lost at great detriment to society locally and generally. *(This happens through generations when a parent falls out of love with the club then they are not enthusiastic to take the kids and the community link gets lost. The age profile of season ticket holders demonstrates this is happening at BCFC.)*

Proposed actions

- New standards for engagement based on 'Engage' publication and the Expert Working Group findings specifically requiring sensitive / confidential issues to be included *(note fans forums great for match day experience type engagement but smaller groups with confidentiality rules are required for true engagement (standard NDA's could be useful)*
- regulation requirement for clubs to journey through levels of engagement until board level representation is established - max time limit stipulated *(Note supporters clubs / trusts 'regulated' to show open access to membership and democratic process for selection of representation)*

Regulators

Issues

- The EFL as a regulator is not fit for purpose. BCFC have suffered
 - due to poorly drafted regulations (FFP),
 - poorly administered ODT and
 - overly drawn out disciplinary processes (also see Derby this season)
- Conflicts between Clubs have created inertia in the EFL on key matters (e.g. on Project Big Picture)

Proposed actions

- The creation of an independent regulator for English Football akin to OFWAT in the Water Industry or OFGEM in the Electricity Industry which would oversee the FA, EPL, EFL, NL and the elite women's game,
 - running and preserving the pyramid,
 - power to refuse significant changes
 - administer the licensing system (so that the conduct of owners is not regulated by owners)
 - may require regulation / licensing of supporters' groups (given added responsibilities envisaged)
- A requirement that at least one seat on the Management Board of each of the FA, EFL, and EPL has to be given to a Supporter Representative.

Finances

Issues

- Championship clubs are increasingly operating at large unsustainable losses as they gamble to get into the EPL. BCFCs operating losses over the last 3 years have been £39m, £30m and £29m
- Championship clubs are building up levels of unsustainable debt – BCFC's net debt is now £115m.

Proposed actions

- Remove parachute payments and limit spending on wages (percentage of income or soft wage cap system), backed-up by ensuring all players' contracts contain relegation clauses;
- Require owners' support to be by equity investment not loans

Financial Gap

Issues

- The chasm in financial reward between the EPL and the Championship is creating a malign incentive for Championship clubs to overspend and get into debt. This is the underlying driver as to why BCFC are over £100m in debt and have breached FFP rules. (See Figures 3 and 4)
- This chasm is distorting competition, illustrated by the fact that teams promoted to the top tier of English football have double the chance of being relegated in their first season up compared to before the advent of the EPL (43% compared to 18%) (See Figure 5)
- This distortion is also illustrated by the impact of parachute payments.
- Concentration of money at the top of the game is also distorting competition creating a self-perpetuating elite. This is illustrated by the fact that prior to the advent of the EPL the number of different clubs finishing in the top 3 during a 10-year period averaged 13 but, after the formation of the EPL that average has dropped to 6. This concentration of money is increasingly driven by revenue from Europe. (See Figure 6)

Figure 3: 2020 Deloitte review average revenues

Chart 8: Premier League and Championship clubs' average revenues - 2018/19 (£m)

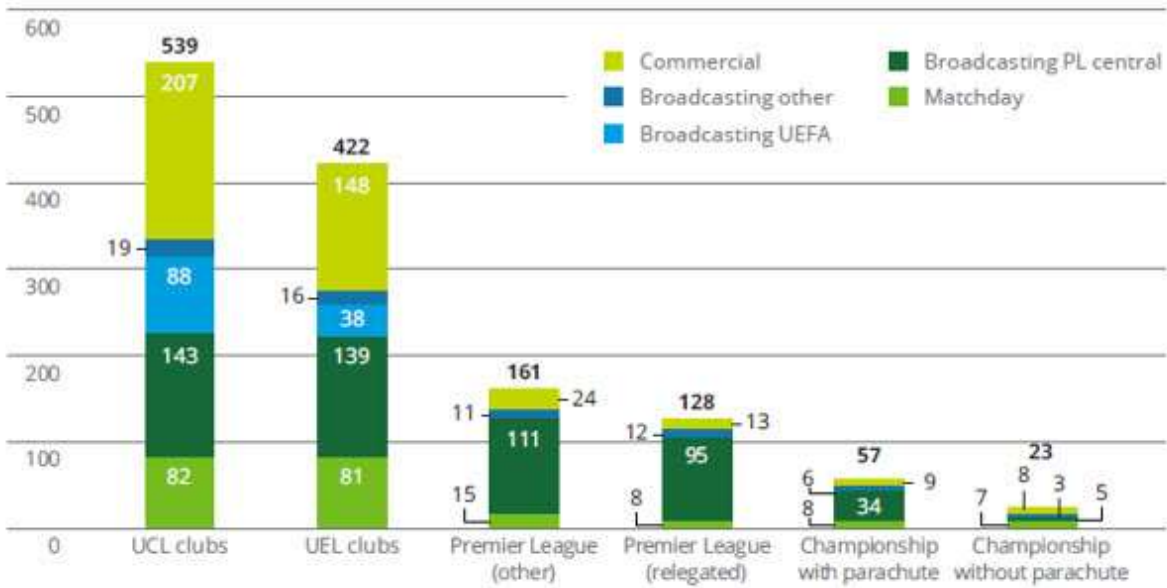
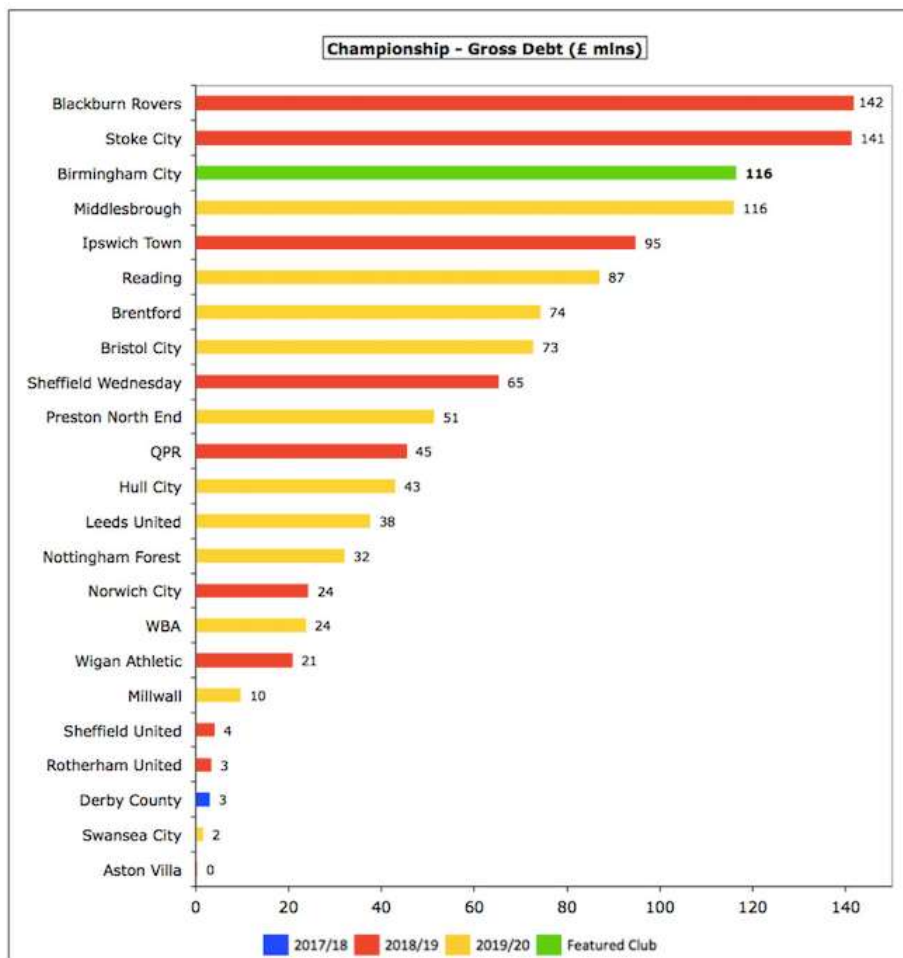
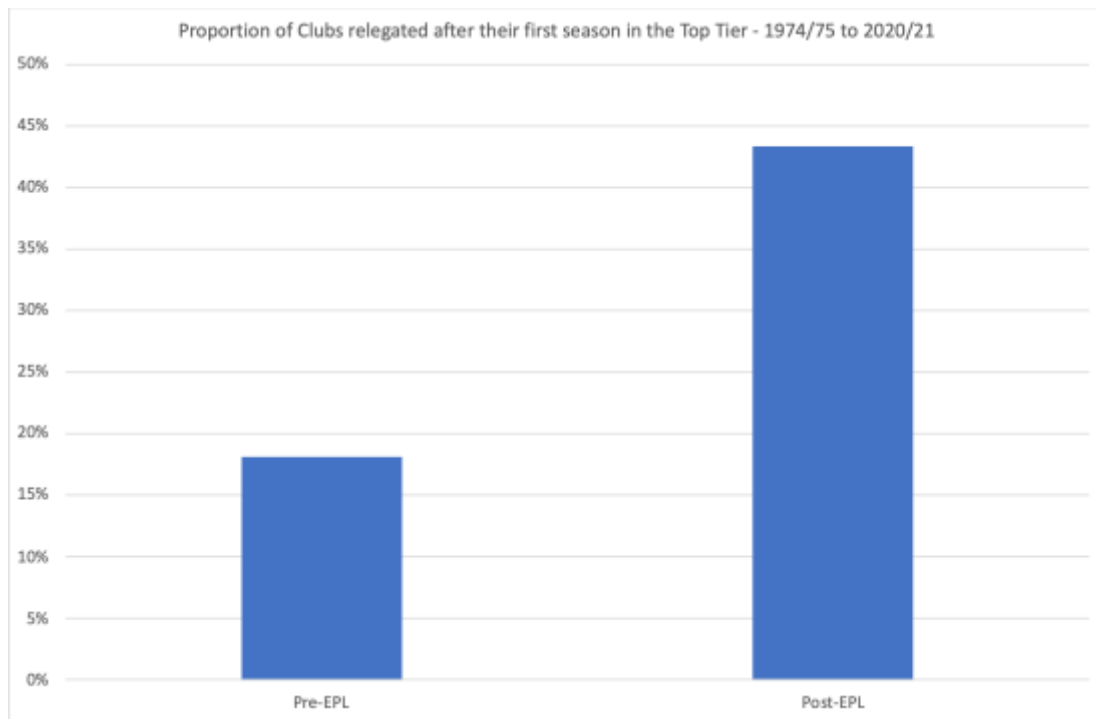


Figure 4: Championship debt



Note: Bolton Wanderers have not published accounts for the last 2 years, due to financial problems
 Prepared by @SwissRamble

Figure 5: Proportion of clubs relegated in their first season in the top tier has more than doubled post EPL



Pre-EPL data is for seasons 1974/75 (After 3 up/3down introduced) through to 1991/92, Post-EPL data is based on clubs promoted from 1992/93 through to 2019/20

Figure 6: The advent of the EPL and increased Champions' League rewards is reducing competitiveness and creating a self-perpetuating elite



Proposed actions

- The redistribution of EPL revenues much more evenly throughout the league pyramid, removing the financial chasm that exists between the EPL and the Championship
- A 'tax' on European revenues of English Clubs of, say, 25% that is also redistributed through the league
- A 'tax' on wages and/or Transfer spending over a soft cap distributed to teams spending below cap

APPENDIX 2: BLUES TRUST WEBSITE ARTICLES ON THE FAN-LED REVIEW AND FAN RESPONSES

During May and June Blues Trust produced 8 articles for our website giving views about the 8 areas covered in the Terms of Reference for the Fan-led review and asking for fan comment on these. These are re-produced below along with a summary of fan comments at the end.

Ownership Tests

An important consideration for the review is the question of Owners and Directors' Tests (ODT).

What are ODT's?

The ODT applies to all clubs in the Premier League, English Football League, National League, Isthmian League, Northern & Southern Premier Leagues, Women's Super League and Women's Championship. The purpose of the Test is for the owners, directors and officers of clubs in those leagues to meet standards greater than that required under law so as to protect the reputation and image of the game.

The Premier League, the Football League and the Football Association all have separate and different owners' and directors' tests and each is administered differently. However, one thing that all the tests have in common is that they are *objective* tests. In essence, there are a number of boxes that need to be 'ticked' in order for a person to pass the tests and be deemed a fit and proper person to be involved in the management or ownership of a football club.

The tests all require, to all intents and purposes, simple yes/no answers, and they focus on a number of areas such as unspent criminal convictions, involvement in other clubs (including insolvent clubs), breach of certain league rules, sports bans, bankruptcy, and professional misconduct. So, for example, the rules ask if an individual has been disqualified by law from being a director under the Companies Disqualification Act 1986, or has been convicted of a dishonesty-based offence in either the UK courts or the competent courts of a foreign jurisdiction. If the individual has, he or she is deemed to be an unfit person to run a club and will fail the test unless any disqualifications or convictions have been spent under the Rehabilitation of Offenders Act 1974.

The tests are applied strictly to the letter of the rules.

Are ODT's effective?

Your view on that question is probably determined by the success, or otherwise, of the team that you support. But there is no doubt that, in general terms, the ODT in its various forms is considered to be largely ineffective. This is because it seems, in several cases, to have been unable to prevent bad or undesirable owners from successfully acquiring clubs. Previous controversies at clubs such as Portsmouth, Leeds United, Bury and Charlton Athletic raise difficult issues for football's regulators.

The recent case of Bury FC caused particular shock and sadness throughout the football pyramid. Jonathan Taylor QC's review in the wake of Bury's ejection from the EFL raised serious concerns with the ODT rules, particularly in relation to League One and League Two, and said this about the Bury case:

'There is no doubt that the EFL applied the [Owners and Directors] Test properly in relation to Mr Day and Mr Dale. The question is whether the test as currently written is fit for purpose. In particular, it only looks at a narrow list of objective criteria, and does not take into account various other factors that speak to whether a new owner or director is a fit and proper person to own/run a member Club.'

What else could be done?

Blues Trust believes that many of the problems football is currently facing, including our own, stem from matters related to ownership. These include a lack of transparency, no or poor engagement with supporters and the local community, lax financial control or questionable funding decisions sometimes linked to other, non-football purposes. So, the Trust feels strongly that ODT's are not currently fit for purpose and need to be strengthened.

The Trust supports recommendations made by the Taylor Review that a broader view of would-be owners, directors and officers should be taken, to include the amount of corporate insolvencies they have been involved with, and a more in-depth look at proof of funding and business plans before they take control of the club. It also recommends more fluid monitoring and compliance checks of at-risk clubs and those who have been subject to a change of ownership. The Trust would also like to see real transparency of these processes, with as much information as possible being set out clearly in the public domain and incorporating some form of register of ownership. Another area of consideration could be the deposit of some sort of bond with the relevant league to ensure adequate funding is available.

These recommendations would be important additions, but the Trust also shares the view that a really significant change would be the introduction of a more robust subjective element to the test; something which takes into account reputational issues that a potential club owner may have even if they were not subject to any kind of criminal or regulatory sanction. Of course, there would need to be safeguards to ensure that a potential new owner could not be rejected on discriminatory or malicious grounds, but there does seem to be a need – or at the very least a demand from fans – for some return to the original conception of club ownership. A greater form of moral judgement on the part of the regulatory authorities could help to maintain the integrity of the game, and to ensure those who look after clubs on behalf of fans are those with the necessary competence, knowledge and values to ensure that those clubs are properly looked after for many years to come.

What are your thoughts?

Many of you might agree that as supporters of the Blues it has, of late, been difficult not to feel frustrated and challenged by the ownership question. The decline of the club since the Carling Cup success in 2011 has raised many questions about the direction being taken by the club. On the other hand, some might argue that in a very difficult operating environment the club is firmly established in the second tier of English football and that that is an achievement in itself.

We would like to know what you think about ODT's and whether or not additional measures are required to safeguard clubs like ours for future generations.

Please send your thoughts to fanledreview@blustrust.org no later than 7 June 2021. Subject – Fan-led Review: Ownership Tests

Independent Regulation

The governance of football in England sits mainly in the hands of 3 bodies, namely the Football Association (FA), the English Premier League (EPL) and the English Football League (EFL). Each has different responsibilities and structures. For simplicity, where necessary, the term 'Football Authorities' is used in this article to refer to these 3 organisations as a collective group.

The FA is the governing body for football in England and was formed in 1863 but it does not control the running of EPL or the EFL. The Premier League is a private company wholly owned by its 20 Member Clubs who make up the League at any one time. The Football League is a limited company in which each of the 72 clubs holds a single share. Decisions at General Meeting are according to the Articles of Association based on a show of hands.

Where do Supporters fit in?

Supporter representatives are notable by their absence from the governance of English football. There are no supporter representatives involved in the management of either the EPL or the EFL. In the FA, there are 2 supporter representatives on the FA Council out of a total of about 120 Council Members. Interestingly, both Oxford and Cambridge University each have a representative on the FA Council both of whom have a vote. This means that their combined voting power is as great as that of the representatives of the millions of supporters that make up the English fan base.

Reform

Several attempts have been made to reform the governance of English football, going back many years e.g. the Report of the Culture Media and Sport Select Committee on 29 July 2011, and subsequent Government recommendations. On 12 December 2016 David Bernstein, former FA chief executive said "a lot of work was done looking at how football should reform, including two reports from the Culture, Media and Sport select committee. That reform has simply not been delivered"

Some reforms have taken place following a parliamentary debate on 9 February 2017. These have been mainly in the area of ethnic diversity and representation of women's football.

The problem is that the football authorities do not seem able to initiate key reforms until forced to do so, in many cases as a result of Government intervention.

There are still numerous areas where further reform would be for the benefit of the game as a whole. Three of the most significant are:

- Giving supporters a greater role in the running of both their local clubs and football in general
- The more equitable distribution of money within the game
- A more robust system for
 - providing transparency of club ownership
 - investigation of 'fitness' of potential owners to own and run a football club
 - dealing with 'rogue' owners

Because the reforms involve money and power, the Football Authorities have been, and are likely to continue to be, incapable of agreeing what reforms are necessary because

there are too many vested interests for them to take an independent view. The people who would lose out as a result of this are the supporters.

Football is a monopoly industry – there are no competitors against which the performance of the FA, EPL and EFL can be judged. It is common when an industry has monopoly control such as the gas, electricity, water, telecoms industry etc., the government creates an independent regulator to prevent the industry acting against the interests of the public

The Blues Trust believes that the only way to achieve real reform in key areas which affect supporters is to create an independent regulator for football with sufficient authority to make the changes which the Football Authorities have shown themselves unwilling to make.

What are your thoughts?

Do you think that the Football Authorities (FA, EPL, EFL) will be able to balance the conflicting interests of all those in football to achieve necessary reforms to protect the interests of supporters or do you believe the time has come to create an independent regulator for football?

Please send your thoughts to fanledreview@blustrust.org with subject “Independent Regulation”, no later than 11 June 2021.

Engagement with Supporters

It seems obvious that fan engagement is desirable for any football club and its supporters, however there are many clubs, including ours, where fan engagement is lacking to the overall detriment of all involved. There are also many examples of excellent fan engagement (e.g. Leicester City / Fulham) with benefits for all involved.

This article looks at the different levels of fan engagement but the willingness of owners / directors to engage is a prerequisite for true engagement as opposed to lip service.

Fan engagement should cover all aspects of the club (different fans are interested in different aspects) and there will be some detailed matters that do not lend themselves to consultation with fans (e.g. individual transfer dealings). The match day experience / ticketing / merchandise etc. are areas where fans' opinions are easily sought and taken on board (really just good marketing). Issues such as changing the club colours / badge / ground and location are clearly issues fans hold dear and should be subject of consultation and fans views taken into account. The long-term sustainability of the club is also very important for most fans, however this is an area that many owners / directors are uncomfortable engaging with fans over as it requires discussion around club finances, strategy and business plans, confidentiality and commercial sensitivity is often cited by these owners as reasoning for not engaging in these matters.

The Government's Expert working party in 2014 investigated fan engagement and agreed with EFL and other governing bodies that structured dialogue should be the minimum level of engagement. The diagram below is taken from a document titled '[Engage](#)' (produced by Supporters Direct – now Football Supporters Association) which describes in much more detail the levels of engagement possible.

The lower end of the engagement pyramid is club led and the top of the pyramid recognises fan ownership and control as a governance model. Fan ownership in higher value clubs is probably unrealistic (more on this in the separate governance article). There are examples of good and poor practice across the clubs, however enforcement by the EFL of even the minimum level of engagement has not been evident. This allows clubs that do not value fan engagement to pay it lip service.

Engagement through fans forums is good for discussing match day experience type topics, however a smaller group with agreements around confidentiality is usually better for the more sensitive discussions regarding finances and ownership.



Moving forward, the Trust believes that the existing ‘[Engage](#)’ document is a sound basis for future engagement. We initially propose that clubs are required to progress on an engagement journey up the pyramid within a timeframe (say 3 years) that results in fan representation at Board level. In addition to the current documentation, we would seek that new regulation includes a broad list of topics where engagement is required to include those referred to above and also how the club and supporters can enhance the reputation of the game by having policy and implementations that supporting national initiatives such as ‘kick it out’. We believe that having diversity and anti-discrimination policy and initiatives within an engagement framework is an opportunity to embed and make real these issues that still need addressing. Of course, this would require regulation and enforcement to succeed – this brings us to the topic of independent regulation that will be discussed in a separate article.

What are your thoughts?

We would like to know whether you feel fan engagement is necessary, welcome or not worth the effort and what you think about how fan engagement might work into the future.

Please send your thoughts to fanledreview@blustrust.org no later than 5 June 2021.

Scrutiny of Club Finances

Football in England and Wales has grown to be a multi-billion pound industry which is currently regulated by organisations that have successfully administered football over many years.

The FA, the Premier League and the EFL are great at dealing with fixture lists, player registrations, the rules of playing football, diversity awareness and so forth, but do they have the propensity to regulate the finances of our football clubs? Indeed, is there also a conflict of interest in them trying to do so in a free, self-regulating fashion?

The analysis of financial information undertaken by the current regulatory regime is focused on ensuring clubs pay all their bills on time, play all their matches and fulfil their broadcasting commitments. That's about it.

Under the present rules of regulation, clubs are required to submit full end of year or interim financial accounts by the 1 March each year. Yes, just once a year; and then the financial analysis must be rushed through by the regulators before the season ends with little time to apply any penalties or sanctions to the season in question. It is quite normal for some financial/points deduction sanctions to be settled many seasons later.

As a minimum, we suggest aligning clubs' financial reporting to the regulators to significant events in the football calendar such as the start of the playing season, the end of the summer transfer window, the end of the January transfer window and the end of the playing season. This would allow the regulators to identify financial irregularities and intervene in a time appropriate fashion. It might also stop clubs "gaming" the system and achieving promotion with little regard to future financial sustainability of the club.

There is also a requirement for clubs to additionally submit "Future Financial Information" which is in essence, revealing what the football clubs plan to do financially in the future. Do clubs willingly provide full and accurate details of their future financial plans to the current self-regulatory bodies or do they take an undisclosed course of financial action like selling the stadium without regulatory intervention until much later after the event?

There is little requirement for clubs to report on an immediate basis to the regulator any material breaches of the limited financial rules in existence. This means if such a serious event happened on the 1 April, it is possible the football regulators would not be aware of such an issue until 11 months later on the 1 March. We believe this is unacceptable. Currently, only a period of insolvency requires an immediate notification by a club to the regulator.

We suggest that there are many other areas of significant financial change at a football club that should require immediate notification to the regulator. These could include significant increases or decreases to revenue, overheads, assets, liabilities and senior management personnel.

No doubt other non-financial aspects of running a football club could be included in this list to give regulators an improved and up to date insight into both the financial sustainability of all football clubs along with the culture/ethics of the senior managers/owners and the general direction of financial sustainability of all football clubs. It may be that some potential significant changes require pre-approval from the regulator.

Truly independent regulation, to save the integrity of football and all its stakeholders, comes at a cost and we believe this should be paid for by all professional clubs and suggest a percentage of total revenue of each individual club is the fairest way of funding this.

What are your thoughts?

We would like to know what you think about scrutinising club finances and whether more can be done.

Please send your thoughts to fanledreview@bluestrust.org with subject "Scrutiny of Club Finances", no later than 9 June 2021.

Distribution of Revenues

The football industry generates billions of pounds in revenue every year, but this revenue has become more and more concentrated in the hands of the biggest leagues and the biggest clubs. Existing mechanisms for solidarity and distributing income down the pyramid are insufficient to address the growing imbalance in the spending power of clubs. One effect has been the reduction of competition and killing the dream that any club can reach the highest levels of the sport.

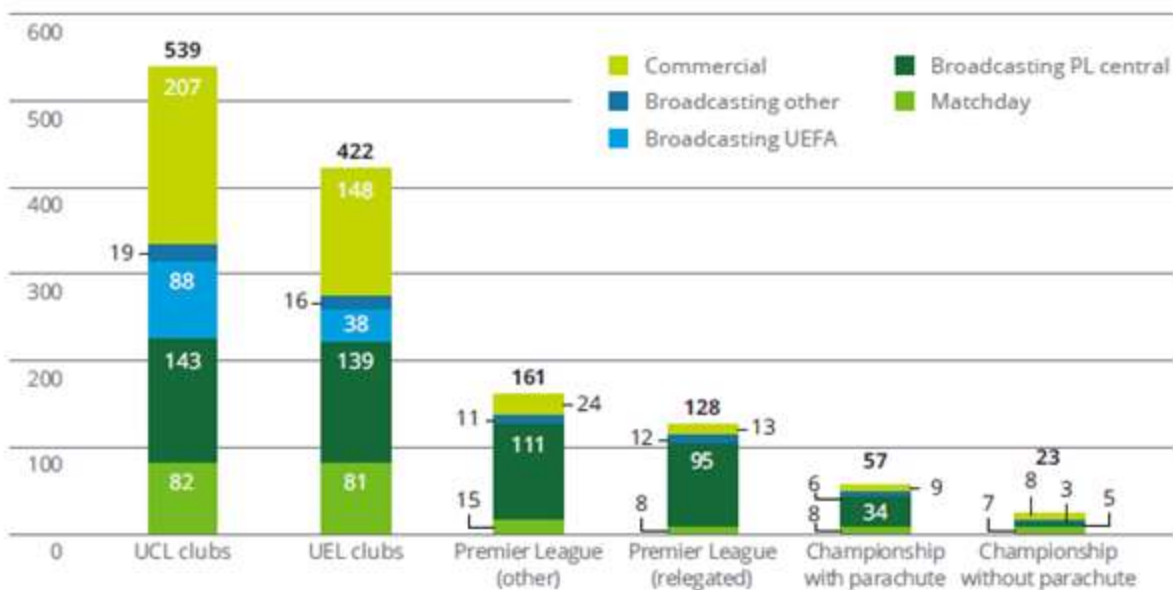
Football Revenues

The football industry in Europe is estimated to have generated nearly €30bn (£26bn) in the 2018/19 season, of which almost 25% is generated by English clubs in the top four leagues. Club revenue is generally derived from three primary sources:

- Broadcasting
- Commercial
- Matchday

But it is that first category that most clearly drives the gulf between the top and the bottom of the pyramid, as can be seen in the following diagram (source: Deloitte Annual Review of Football Finance 2020):

Chart 8: Premier League and Championship clubs' average revenues - 2018/19 (£m)



Birmingham encapsulates this when looking at how the club's revenue has decreased over recent history. From roughly £60m in our last two years in the Premiership to an average of £26m during our parachute payment years, to an average of £18m since.

Existing solidarity and revenue distribution

There are several means by which revenue currently flows down the pyramid.

Training rewards – When a player becomes a professional or transfers for some value at both an international and domestic level, money is paid to the clubs that trained that player at a young age. These amounts are small in value and do not have a significant impact on club finances.

Parachute payments & solidarity – Money is provided to clubs in the first few years after relegation to ease the financial hit due to reduced revenue (Over £40m for a newly relegated club in the 2018/19 season). Some funds (£4.65m for a Championship club) are paid to the remaining clubs, not receiving solidarity payments directly. This mechanism has led to more relegated clubs either yo-yo-ing between the leagues or falling into financial difficulty.

Transfers – Clubs at a lower level who are able to find and nurture talent and sell them for a profit are essentially pulling money down the pyramid, but there are no guarantees.

What can be done?

The distribution of revenue between clubs requires an overhaul to redress the financial and competitive balance between clubs. Some ideas to be considered include:

- Collective bargaining – While the “Project Big Picture” had many deplorable aspects, the proposal to increase the amount of solidarity paid to the lower leagues from 8% to 25% was a good one and should be implemented.
- Removal of parachute payments – In line with increasing the amount of solidarity paid to the EFL, the broken parachute payments system should be abolished. It should become mandatory that player contracts contain relegation clauses to ensure a club does not slip into insolvency after relegation.
- Central revenue ratios – The EPL has a fixed ratio that ensures that the proportion of money from central funds distributed to the highest club does not exceed 1.8x the amount allocated to the lowest club. This principle could be expanded to cover between the leagues as well.
- “Soft” salary caps – While the League 1 & 2 clubs unsuccessfully tried to implement a salary cap for the last season, it is still a mechanism that should be considered. One aspect that can have a redistributive element would be to implement a “soft” cap. This would allow clubs to spend more than the cap, but any amounts over the cap level would be subject to “taxation”, with the collected taxation redistributed to clubs who keep within the cap and clubs in the lower leagues. This would ideally need to be implemented at a UEFA level across the leagues and European cup competitions with different levels depending on the competition.

What are your thoughts?

We would like to know what you think about revenue distribution and what can be done to maintain competitive balance in football.

Please send your thoughts to fanledreview@blustrust.org , subject “Fan-led Review: Distribution of Revenues”, no later than 15 June 2021.

Governance Models In Other Countries

It would not be possible to consider all overseas models of football club ownership. Here is a brief history of the development of the English ownership model and information about selected overseas models.

Brief History of English Football Club ownership

Most of the earliest clubs started in the mid/late 19th century as not-for-profit members clubs. Each member paid a small fee and the clubs were run democratically, one member one vote. The need to finance stadia as the popularity of the game increased prompted the conversion of the membership clubs into limited companies to be able to raise more money. Blues were the first club to do this.

Most working-class club members couldn't afford to buy shares, so these tended to be bought by local businessmen, although it was not common for any single individual to have a controlling interest. By the 1960's, as with Clifford Coombs at Blues, it was not uncommon for a single businessman, with sufficient wealth and usually a passion for their local club to buy out other shareholders. Although power lay in the hands of one individual, this was normally benign, because of the owners' passion to help their club rather than to make money.

All this changed with the advent of the Premier League when both British and overseas businessmen saw an opportunity to make money. This has led to the ownership structure we have today – large/ medium sized clubs mainly in the Premiership and Championship owned by wealthy businessmen or companies often from overseas, and, in the 3rd and 4th tier, a mixture of overseas owners, local owners and fan ownership.

Germany/Sweden

The historical development of football club governance/ownership in Germany meant that, prior to 1998, football clubs were owned exclusively by members' associations (as in the early days of English club ownership). This meant that clubs were run as not-for-profit organisations, and private ownership was not allowed under any circumstances. In October 1998 the [German Football Association](#) (DFB) allowed football clubs, as member's associations, to restructure so that their teams could be operated separately as public or private companies provided that the majority of a club's **voting** shares (i.e. 50% plus 1 share) are retained by the clubs' members association.

It is important to note that 50% + 1 does not refer to **financial** control. It refers to **voting** control. So for example Borussia Dortmund's members association only owns financially 5.53% of the shares in the company that runs the football club, but the voting rights attached to those shares means they can outvote the other 94.47% financial shareholders when it comes to making decisions about how the club is run. Some exceptions exist to the '50+1' rule where an investor can show that it has "supported the sport of football within the parent club substantially and continuously for more than 20 years". For example, Bayer Leverkusen (116 years), Wolfsburg (65 years) were originally set up as works teams.

Red Bull Leipzig have circumvented the regulations by creating a small members association all of whom are Red Bull employees. So Red Bull the financial owners also have voting control. This has made the club a pariah amongst most German fans.

Sweden also has a history of using the 50%+1 rule, and in the mid-90's mirrored the changes in Germany allowing the creation of limited companies. The take-up was less enthusiastic partly because there's less capital available and partly because the members wouldn't have it.

The 50+1 model of ownership and approach to football club governance has come under threat in both Germany and Sweden in recent years.

In Germany, in 2009, Hannover 96 put forward a motion to change the 50+1 rule, but this was overwhelmingly rejected, with 32 out of 36 clubs voting against the proposal. In 2018 Christian Heidel, sports director of Schalke, said 'We have to consider together whether the 50+1 rule is up-to-date, or if there are opportunities for improvement. We will not find a solution that will make everyone 100 percent happy, but I think it's good to reconsider '50+1' '. (NB Schalke are owned by its members of which there are 155,000).

In Sweden, the Swedish FA themselves backed a proposal to remove the '50+1' rule and allow clubs to engage in other forms of club ownership; fortunately, the SFSU, the umbrella organisation for democratic, not for profit supporters' groups in Sweden, organised a campaign to counter such a proposal and were successful in ensuring that '50+1' survived in Swedish football.

The consensus in both countries is that "50 +1" despite its drawbacks is a useful insurance against the excesses of owners and selling out to the highest bidder.

USA/Canada

Instead of operating as an association of independently owned clubs, Major League Soccer is a single entity in which each team is owned by the league and individually operated by the league's investors. Teams and player contracts are centrally owned by the league. Each MLS team has an investor-operator that is a shareholder in the league. The league has 30 investor-operators for its 27 current and 3 future teams. In order to control costs, the league shares revenues and holds players contracts instead of players contracting with individual teams.

In 2000, the league won an antitrust lawsuit, [Fraser v. Major League Soccer](#), brought by the players in 1996. The court ruled that MLS's policy of centrally contracting players and limiting player salaries through a salary cap and other restrictions were a legal method for the league to maintain solvency and competitive parity. Some flexibility was introduced through 'The Designated Player Rule', nicknamed the Beckham Rule, which allows [Major League Soccer](#) franchises to sign up to three players that would be considered outside their [salary cap](#).

The rule is one of two mechanisms by which MLS teams may exceed their salary cap, the other being [allocation money](#) supplied by the MLS to clubs based on complex criteria defined by the MLS.

Australia/NZ

On 31st December 2020, the clubs in the A-League completed their separation from Football Australia, the governing body for Australian Soccer. While the governing body retains

certain regulatory controls, the clubs will now have the freedom to develop the football competitions as they see fit. The clubs believe the separation from the national governing body will help the competition's long-term viability.

The owners, mostly wealthy business owners or global consortiums, will now have more say in how the competition is run and can seek outside investment. Although FIFA supported the changes, former Football Australia chairman Steven Lowy said handing more power to the elite competitions would not be in the best interests of the game and would come at the detriment of the grassroots level.

There is no mention if the clubs' supporters had a say in this.

Conclusion

The historic development of ownership models in the older European leagues have followed different paths. In some, the supporters' voice is significantly stronger than others. Opinions on whether one model is better than another depend on your perspective. Broadly, financial investors prefer a model more like England and now Australia with unfettered freedom to do exactly as they choose with 'their' club. Supporters prefer a model which gives them the right to influence decisions at a strategic level and to maintain the traditions of 'their' club.

In the recently formed leagues particularly the USA (MSL founded 1993), the question of tradition and fan involvement does not seem to play a part in the dynamic of how football is run. However, it doesn't mean that the governance of English football has nothing to learn, particularly in the area of salary capping.

The Blues Trust believes that the current ownership models in English football do not work and that greater power needs to be given to Supporters in determining how their club is run and its future strategic direction. It also believes that the economic models, intrinsically linked to the current ownership models, encourage financial profligacy and that controls such as a salary cap should be introduced. It further believes that a more equitable distribution of wealth within the game needs to be introduced to preserve the pyramid.

What do you think?

Do you believe that the English game has anything to learn from how governance works in other countries?

Please send your thoughts to fanledreview@blustrust.org , subject "Fan-led Review: Governance Models In Other Countries", no later than 16 June 2021.

Protection of Club Identities

Club identity is one of the topics to be discussed in the fan-led review. The terms of reference include one that says, “Look at interventions to protect club identity, including geographical location and historical features (e.g. club badges)”. If you consider some of the changes that owners have been allowed to make, it is clear that club identity needs protection.

When Wimbledon’s move to Milton Keynes was announced in 2001, there was opposition from Wimbledon fans and fans of other teams. But those fans were unable to stop it, the move took place and the team’s name was changed to Milton Keynes Dons. The Dons Trust, a supporters’ trust, started a new team, Wimbledon AFC, which is owned by fans. They had to start at the bottom of the football pyramid but are now in League 1, the same League as Milton Keynes Dons. Wimbledon AFC have also managed to build a stadium in Plough Lane, close to where their old stadium was, and they started playing there in 2020.

The stadium is also an important part of a club’s identity. If it is sold, fans should know why and what plans the new owners have. Some clubs that have sold their stadiums recently, have sold them to companies belonging to their owners to help them comply with profitability and sustainability rules, which limit the amount of money that clubs can lose. Others have sold them to third parties to raise money for other investment but once ownership of the club and ground are separated it raises concerns as to what the long-term plans are for the ground. This is what happened to Coventry City, that has had to share stadiums owned by other clubs. The concern for Blues fans is what will happen with St. Andrews now it is owned separately from the football club.

In 2012, Vincent Tan, the owner of Cardiff City, changed the home shirt colour from blue to red because he thought red was a lucky colour. He also adopted a dragon crest instead of the traditional bluebird. On January 9, 2015, after sustained pressure from the fans, it was announced that the home colour would be changed back to blue. The next day, the team played at home in blue kits. In a [report in the Sun](#) newspaper, in 2018, Vincent Tan was quoted as saying, “I made a mistake by changing the colour and I’ve reverted back to blue. I made a mistake and I rectified it. There will be no more tinkering with the colours.”

Hull City’s owner, Assem Allam, attempted to change the name of the club to Hull Tigers but this was rejected by the Football Association on two occasions.

Manchester City involved fans in the design of their new badge in 2016 and this seems to have helped its acceptance by fans. The fact that the team was doing well may have also helped this change to be accepted.

Blues Trust Board members know that fans cannot be involved in every decision made by a football club but believe that fans should be consulted on issues involving the identity of the club. A way for fans to vote on such issues needs to be agreed.

What are your thoughts?

We would like to know what you think about protecting club identity and whether or not additional measures are required to safeguard club identity going forward.

Please send your thoughts to fanledreview@blustrust.org with subject “Fan-led Review: Protection Of Club Identities”, no later than 13 June 2021.

Relationships Within The Football Pyramid

The English football league was the first of its kind in the world, created in 1888. The idea of a pyramid of leagues, with promotion and relegation came into being in 1892 with the creation of the second division, of which Birmingham City (then known as Small Heath) were one of the founder members.

Over the years the pyramid has grown to what it is today where, in theory, it is possible for any local amateur club to rise up through this pyramid through successive promotions and reach the Premier league (EPL). This is part of the appeal of English football.

Blues exemplify the importance of a thriving and competitive football league pyramid having finished as high as 6th in the top division in 1956 and as low as 12th in the third tier (56th in total) in 1991. The club have been promoted to and relegated from the top division more times than any other English club, with 12 promotions and 12 relegations and represent the quintessential yo-yo club. Few clubs are better placed to attest to the strength and appeal of the pyramid system than Blues.

However, the integrity of the pyramid system is under threat. The Super League idea was a direct challenge to the idea of a meritocracy, with its largely closed nature and, although this has been seen off, threats remain.

Firstly, at the top of the pyramid – the EPL – success is being concentrated in a smaller and smaller number of clubs. Prior to the advent of the EPL on average 6 different clubs won the League Championship in any 10-year period. Since the advent of the EPL that average has reduced to just 3.5 different winners over any 10-year period. Similarly, prior to the advent of the EPL the number of different clubs finishing in the top 3 during a 10-year period averaged 13 but, after the formation of the EPL that number started dropping and since 2005 the number of different teams finishing in the top 3 in any 10-year period has fallen to between 5 and 7 clubs (as shown in the diagram below) with most of those clubs being the 'Big Six'. Indeed, apart from Leicester City in 2016, one has to go back to the 1999/2000 season to find a team finishing in the top 3 who isn't one of these 'Big Six' Clubs.

What we are increasingly seeing at the top of the EPL is a self-perpetuating elite of teams driven by a concentration of money to a small coterie of clubs. This concentration has been caused by the move to Clubs taking all of their home gate receipts in League games instead of these being shared, the advent of the Premier League TV deals with greater rewards for the top teams and an expanding European Champions League with increasing revenues. From next season the distribution of European revenue will change with much greater importance assigned to the UEFA coefficient of historical performance. This is likely to concentrate money even more to this elite so it becomes a self-perpetuating cycle.



Secondly for teams promoted to the top tier of English football the chance of being relegated in their first season in the top flight has more than doubled since the advent of the EPL. Since the EPL was formed 43% of promoted clubs have been relegated the next season – this compares to just 18% of clubs who were relegated in their first season in the 18 seasons prior to the formation of the EFL. For promotions to the Championship and League 1, recent research shows that 16% and 22% respectively of promoted clubs are relegated the following season. These statistics demonstrate very clearly how much more difficult it is for promoted teams to survive in the EPL in their first season – both compared to historical averages and compared to promoted teams in lower divisions. This strongly suggests that money is distorting competition in the upper echelons of the pyramid.

Other threats include parachute payments distorting competition in the Championship and the prospect of an EPL2 with reduced promotion and relegation to the rest of the league.

What could be done?

Blues Trust believes that the integrity of the pyramid is important and that actions need to be taken to preserve this integrity. These could include:

- a) Independent regulation of the whole pyramid
- b) Protection of the main features of the pyramid – introduce rules to protect the pyramid and preserve the concept of promotion and relegation and kill off any future attempts by clubs to launch a breakaway Super League or an EFL2 with limited promotion and relegation
- c) Maintenance of current cup competitions
- d) Resisting further expansion of the European game;
- e) The redistribution of EPL revenues much more evenly throughout the league pyramid, removing the financial chasm that exists between the EPL and the Championship

- f) A 'tax' on European revenues of English Clubs of, say, 25% that is also redistributed through the league

We realise that some of these reforms may be unpopular and resisted by a small number of clubs but significant action is required if the integrity of the English Pyramid is to be preserved.

What are your thoughts?

We would like to know what you think about the football pyramid and whether or not additional measures are required to protect it for future generations.

Please send your thoughts to fanledreview@blustrust.org no later than 18 June 2021

Fan Feedback

We received the following fan feedback on our 8 articles:

Ownership Tests

One comment only about ownership. An owner of a football club must be known in order to be assessed. At this point we have no idea who our owner is. A stricter review of owners is essential.

I think the most important thing to me is transparency. Transparency in who actually owns the club how they paid for the club and how they will continue to fund the club if needed. If owners and directors cannot provide the transparency needed they should not be allowed to own or become a director. Transparency in wages to players and I'll staff including Owners and board members.

I believe that all owners of clubs should, as part of the purchase agreement have a clause inserted that they must be fully transparent and engagement guarantee with the staff and supporters of the club or face sanctions if they do not upheld this process.
Kro

The information on the ownership tests for prospective owners of football clubs was interesting.

The responsibility of whether a prospective new owner of a football club is suitable to own the particular club in question must surely lie with the current owner(s). The current owner(s) should be made wholly responsible for the suitability of the purchaser including all of the items of suitability mentioned in the ownership tests. To do this there will need to be a system in place that punishes any 'turning a blind eye' to information that vendors may have that would otherwise effectively disqualify the prospective purchaser from passing the ownership test. This I think is the main issue as most of the clubs that have suffered because of 'rogue ownership' have done so because the current owners, whether deliberately or not, have not fully researched the background and allowed the sale to take place.

The owner of any football club owes a duty of care to all its employees, supporters and the local community and this should be made mandatory and punishable by a fine related to the monetary proceeds of the sale that is enforceable in law and legislation

put in place.

I think this draconian action is I believe the best way to ensure that football clubs are not used as vehicles by unscrupulous owners some of whom appear to use the huge amounts of cash generated for questionable purposes.

in Blues' case, it all went wrong after new owners took over. Carson Yeung was not a convicted criminal when he took over the club, nor when the club won the League Cup. It was 2014 when he was convicted, and sent to prison for six years.

So, at some point he became an unfit person, and must have no longer been able to pass the ODT.

But once a director passes the test, is their result ever reviewed? It certainly seems the case that the ODT must be revisited at least annually. And if a director fails the test while still in office, what are the rules for replacing them?

Most clubs are owned by companies; if a director fails an ODT while in office, does that company have the right to put a replacement in place? In Yeung's case, his fellow directors of Birmingham International Holdings Ltd were his wife, his father, and other personal friends. Would any of them be suitable, or are they all immediately tainted by association?

It also came out in his trial that he lied about how he made his money. He claimed that he won over £7 million by gambling and by stock market investments. If the ODT rules allow money from such sources to be allowed, then the rules are wrong. Only money from legitimate businesses that are clearly documented should be allowed.

You then have the different laws in different parts of the world. Is the test for money laundering, for example, the same in Hong Kong as it is in the UK? Is the test for a solvent company the same in Hong Kong as it is in the UK? And if not, which standard should be applied?

Blimey. Once you start, the twists and turns are neverending. Good luck with all you do.

Following on from your recent e mail there are obviously major issues with the current vetting if potential directors of Football clubs.

In the case of Birmingham City the first questions asked should be the reported £80m paid to the previous owners of the club when the club was probably worth a quarter of that, how was that allowed to happen, then sold to a front man who passed certain tests but the club was obviously not his, how much do they look into finances, it needs to be water tight as it leaves the door open for all sorts of problems including money laundering.

Once appointed do the same tests apply to every director who comes onto a clubs board, so called outside backers etc.

The whole current system simply does not work.

In the case of Man United, some people buy 20 odd % of the club, are legally bound to offer to buy the rest of the shares and borrow on the club to do this, so there investment is only for the initial 20% or so of shares. This puts clubs at risk, maybe not in Man United's case but certainly clubs outside the PL.

There has to be much stricter controls on clubs and finances, Blues, selling the ground to unknown people, our major asset now not even owned by the club, we pay a rent to play in our own stadium, this cannot be right.

I don't feel the fit for purpose or fit and proper is good enough, it needs to go further and deeper and everything must be 100% transparent.

All I can do here is echo what you say and support your assertion that the ODTs are a waste of time. The level of money involved means that traditional local business people are priced out of it. Some them were dodgy enough, of course, but generally in a different league to what we see nowadays. We're getting the mega-billionaires treating football clubs like toys or marketing vehicles. I can't see a way out of that until enough competitive clubs are owned by more "normal" groups, be they the local companies of the past or shared fan ownership.

First of all let's get down to the real issue- the EFL simply falls down on virtually every job it is supposed to deal with. Most of their decisions are based on who they are dealing with. They are not clever. Should it be a small club without much clout then they will bully them- alternatively should the club flex their muscles they will stand down. This suitability test is exactly that- the cleverer the ownership and their legals etc. the easier it is to get through the EFL. Ownership scrutiny is flimsy with the testing and the expertise and real bottle within the EFL simply isn't good enough or knowledgeable enough.

Carson Yeung proved this test to be totally ineffective and our present owners, whoever they may be, have just simply made it into a laughing stock.

The fact that there are three bodies all within the English game all using different ODT's proves that there is no cohesion between them and this no doubt makes it easier for prospective owners to buck the system.

All any supporter of any club asks for is support, transparency, loyalty and honesty, our owners certainly lose out on the first three and the fourth is debateable.

It does not seem to make any difference to owners what the supporters of any club think or what tests are done especially foreign owners you only have to look at how football fans were treated when the super league was set up no thought whatsoever for the fans most fans have no faith in the Premier league or efl tests that are done and if you look at our club who owns it who runs it who's in charge all questions that I doubt the efl can't answer

100% agree that this test needs to be bigger and stronger.

The bit I think should be added is that every year the owners should be asked to explain the season they have just completed and what their plans are for the next season.

Basically they owners should be reviewed/interviewed every season.

Transparency with respect to the testing process from the EFL is important so that fans understand what has and hasn't been done. The problem is that while objective stuff can be tested, subjective stuff cannot, and it's more often than not the subjective stuff and the way that changes which causes issues. There is also an issue of the resources that are in place to check ODT responses; this is as important as how strong the test is.

In my opinion for what it is worth the ODT should be carried out by someone other than the EFL or PL. Someone independent of football, with teeth, who has no vested interest in the clubs or football controlling bodies.

Also I would like to see a bond / professional indemnity insurance imposed for each director / owner so that should a Bury or Wigan occur again there is recourse for action.

I would like to see finances along with the ODT being looked at by an independent body other than the EFL or PL.

The timing is everything in this. The year any failures to comply are discovered must be the year the penalty is applied. No taking 12 months to have a hearing and another 6 months for appeals.

Where director's or owners are found to be at fault it must be deemed that they have failed the ODT.

Also the penalty needs to be directed more towards the director's or owner's in partnership with club itself.

Please bring up the concerns of Stadium ownership and protection orders for these vital assets, not only for Clubs but also communities.

Independent Regulation

Fans should have the opportunity to own 51% of their club to avoid foreign ownership.

It is clearly obvious that left to their own devices which the top clubs have been for many years that they are only interested in helping themselves at the detriment of the game.

They will never change so change needs forcing on them.
German Model of ownership needs serious consideration, it works and is good for the game.

The German clubs still manage to compete at the highest level and protect themselves. The existing governing bodies unfortunately also want to look after their own pockets which again never helps football in the long term.

It's a real mess and all parties are to blame.

An independent not-for-profit body which has the good of the game at all levels as its main objective is 100% needed.

They will also need to tackle the same greed in Fifa and Uefa so clubs can be compensated properly from these organisations making money from the clubs and players with very little cost to themselves.

Fifa & Uefa are as greedy as the clubs and this is why they are at war and why the club's wanted to set up this ESL league to stop the other gaining monetary power.

So yes Independent Regulation is needed to stop money being the ultimate prize for all football.

KRO

Totally agree with Richard Walker. We simply cannot rely on the Football Authorities to deliver reform, so a powerful independent regulator needs to be created to hold Football Authorities to account on various aspects, including the key areas you have listed in the article.

For a start, if there were robust 'fit and proper' prospective owner checks and balances run by a competent regulator, Blues probably wouldn't be in the mess we are in currently (ditto several other clubs)!

Fanciful or worth a thought? Clubs reaching out to get to the league above really get themselves into serious debt especially if they don't make that upward leap. Make it more feasible with say four up automatically and a fifth via a playoff. Better chance all round and surely reduces risk of financial damage

The governance of football is simply not working and Birmingham city's plight may be fairly regarded as a classic example of the total failings of both the EFL and the FA. The latter well known for actually doing FA.

The recent selling on of BCFC's stadium, brought about by financial skulduggery and mismanagement, constitutes the club's infrastructure and history being dismantled.

The 'fit and proper owners' guidelines apparently non-existent. At the point of sale from the former owners the writing was on the wall. In many ways the damage done to the blues is irreparable but perhaps an independent governing body could prevent further rot in the football league.

Your summary of the current situation, historical attempts to better regulate the game and description of how too many conflicting interests will always hinder serious attempts for the football authorities to self-regulate effectively indicate to me that the only viable way forward is for there to be an independent person/body to oversee football governance. Had this already been in place, it is unlikely that the disastrous series of events/decisions/problems that have dogged BCFC for many years would have occurred – all of which directly correlates to performances on the pitch, results and financial stability. It is time for change.

A NEW INDEPENDENT FAN LED REGULATORY BODY IS ESSENTIAL IF FOOTBALL IN THIS COUNTRY IS TO SURVIVE AND FLOURISH.

ALL FOOTBALL FANS REGARDLESS OF ALLEGIANCE HAVE ONE THING IN COMMON. THEIR LOVE OF THE GAME WHETHER AT GRASS ROOT OR PROFESSIONAL LEVEL.

I BELIEVE THE GERMAN MODEL IS BETTER WHERE FANS INVOLVEMENT IS EVIDENT.

PERHAPS A BRINGING TOGETHER OF ALL FAN GROUPS IN THIS COUNTRY WOULD PRESENT A LOUDER AND MORE POTENT MESSAGE.

My previous feedback included the situation that unless football changes to independent regulation then the lobbyists will continue to influence government attitudes towards how football is run & affect how owners & the leagues communicate.

Without independent regulation then we will continue to see clubs used as cashcows or simply ruined. The independence has to include a legal framework that rids us of owners who cannot afford clubs without arranging huge loans or are hedge funds & insurance companies only interested in making money (we have seen the effect of these type of companies taking over care homes in the UK).

Do you think that the Football Authorities (FA- EPL- EFL) will be able to balance the conflicting interests of all those in football to achieve necessary reforms to protect the interests of supporters or do you believe that the time has come to create an Independent Regulator for football.

Engagement with Supporters

For me fan engagement and interaction is massively important.

Most on the issue of away tickets. I've been a Gold Season Ticket holder now for about 7 years but still miss out in some of the more sort after games.

I'm quite tech savvy and try to keep upto date with most official updates as well as using blues related forums and SM outlets but the lack of solid information frustrates me highly. I'm also a England Supporters Travel Member and they are so much more transparent regarding numbers and qualifying requirements for certain games.

There needs to be a much bigger desire to attract fans to ground with better facilities and options for fan engagement in order to create better atmospheres.

There has to be engagement in any football club. Fans are the only constant in football and if clubs like Birmingham City choose to not engage with the fans at any level, then fans become even more disillusioned and alienated. We must be the only club in the country where we can honestly say we have never had any sort of rapport or engagement with the current owners. They are faceless administrators who regularly make major decisions without any consultation or regard for the fans. We need them to explain the thinking behind decisions like selling the ground, or why the actual structure of the stadium has been allowed to lapse into such a state of disrepair, or why persons in high positions in the club leave and are not replaced, or how we can ever hope to move forward seemingly without any plan or strategy. The list goes on. Without engagement, the fans will never

Fan engagement along the lines we witnessed at the recent FA Cup Final with Leicester City must be the aim for all clubs and fans.

This level of fan engagement however comes from a natural desire by the owners to want to engage meaningfully with its customers. Is this the case at St. Andrew's? There is no legislation that would force owners of a business to disclose corporate information to its

customers whether that be Marks & Spencer or BCFC. This being the reality any attempt to get a "fan in the boardroom" will be a waste of time and effort.

Where businesses differentiate themselves is how they share their future plans with their stakeholders i.e. employees, suppliers, shareholders, customers and the market.

For me that's where engagement works enabling the fans to understand fully what the strategy is for the club. How it is going to achieve that strategy and how it needs its fans(customers) to make it happen.

I would like Birmingham city owners to listen to the supporters and appoint a person who will listen to the fans views . top of the list is a share issue involve the supporters to buy shares the English football league should make a law saying any takeover of any club they will have to offer a good amount of shares to the fans. This would stop teams joining a breakaway league and the supporters would have a say in how the clubs are run. Ron. Kro.

It's very important for fans to know what's going on at their club I think at I st we will get to know more at blues with how her in charge and like thousands of other fans I can't wait to see who we buy in the transfer window kro

For what it is worth I feel it is really important see below:

Issues such as changing the club colours / badge / ground and location are clearly issues fans hold dear and should be subject of consultation and fans views taken into account.

BCFC colours are Blue and the badge is iconic worldwide and needs to remain so as is Fan Ownership having a say in the financial sustainability of the club not absent landlords.

I've just read your email about the "Engage" proposals from the FSA and whoever else from the government is advising on this.

I do think that fan engagement is vital so that owners don't lose touch with the community that started a football club, and the original reason for its existence, but I do also think that it is pretty pointless unless the owners are really on board and not just paying lip service to it.

The example of what happened at Swansea is a good one, where the fans did have representation on the board which was ignored or wiped out when the club was sold from local family ownership to American investor ownership (I can't remember the details now - I read about it in When Saturday Comes).

I fear that Blues are as good as lost until the current owners are gone and someone who cares more about the club and its fans is in charge. I don't see it happening any time soon, and I know you have said the same.

That said, I still think it's worth pursuing the idea of fan/board liaison as being in touch a little bit, even if not everything is trustworthy, is still much better than reading about it after it's all happened.

I don't know if that's helpful or defeatist, or both. :-)

The principle of engagement is a good thing, however at Blues the owners do not want to engage with the fans or fan groups. They won't even admit who owns the club, never mind discussing running the club to a good (not even high) standard.

The ELF and other football authorities dont really care what fans think and will only do the minimum they can get away with. If the government bring laws in maybe something could be done, but I do not think they will do anything meaningful, it will be another talking shop.

Scrutiny of Club Finances

I think you only have to look at how other organisations regulate themselves to pick up on the ground rules.

Every industry has it's own regulator. So, for example, if you run a pharmaceutical company, you have to follow the rules regarding the day-to-day operation of that company as set out by the pharmaceutical regulator.

If that pharmaceutical company then wants to trade on the London Stock Exchange, a whole new set of rules are presented for how that company operates.

These rules do not interfere in any way with the rules of the industry regulator, but I would be surprised if the LSE rules did not say something like the company must not fall foul of its own industry regulator.

Companies that trade on the LSE are then subdivided into FTSE100 companies, FTSE 250 and FTSE500 companies.

If you divide football clubs along the same lines, then only FTSE100 companies can play in the Premier League. To be a member of the Football League, you must operate as a FTSE250 company, and any other full-time football club must operate to FTSE500 regulations. There may also be a case for saying that all other football clubs that do not operate on a full-time professional basis operate in the same way as companies listed on the Alternative Investments Market.

We are constantly being told that the UK Financial Industry is the best in the world. Surely there is no need to look anywhere else for a model to build a financial structure again.

There may be very good reasons for needing to have an intimate view of the finances at BCFC, but unless we are shareholders we have no right for such disclosure.

We have to remember that whatever are the circumstances, the shareholders are those people or organisations that have risked their funds in the future development of the investment body.

Only those that have taken the "risk" have the right to full disclosure.

I agree with your opinions and clubs should be monitored as much and frequently as possible.

Finances and money is the route to all the problems in football.

As well as having a proper fair distribution on money to stop clubs having to gamble everything to get promoted. We need wage caps on players & Agents.

The more money clubs have been getting just goes straight into agents and players pockets and it makes no difference how much clubs get paid. They just give it away to the greed of the agent & player.

These ridiculous wages and fees at the top of the game has driven the wages up lower down the pyramid and made the money clubs can earn outside the PREM so much less than what the club's actually need to just survive.

A wage cap and a fair distribution is a must if you want the game to survive outside the premier League.

Along with this please take a look at the American Baseball Luxury tax system as this is the only one that would work across all football in all countries.

As much as I agree that finances and regulations need much tighter rules I do see a lot of these ideas making it much harder for smaller clubs with smaller budgets to perform in the transfer market.

If everybody knows what money you have everybody knows they can buy your players because you need the money and also everybody knows you can't afford their player and they can say we want such as such knowing full well you cannot afford it.

Or this would push you over the limit. Leaving you in a state of non competitiveness Financially or otherwise.

I feel it would be better to put in place fair spending caps across-the-board slightly higher for the Premier League working down the leagues.

I don't agree if a club wants to make sales of the stadium or any other asset that they should have prior plans to do so you never know when someone comes along and makes you a good offer and then you would have to turn it down because you have not made prior plans to do so.

That is like cutting your legs off and sliding round on your backside.

So I think spending caps on wages transfers and a maximum amount spent in any one season set across-the-board is fair and would not hinder any other clubs and would not make them Open to abuse from other clubs knowing their budgets. Because every club would be in exactly the same boat.

Just an examples

Championship spending In any one season.

For clubs with excellent finances. 30 million

Premier League spending In any one season.

For clubs with excellent finances. 65 million.

A full financial audit before the transfer window opens.

The outcome of such should be listed as The following or something similar.

Excellent = A

Good = B

Fair = C

Adequate = D

Poor = E

NP = non-professional

Caps would be set accordingly to the clubs rating which would not be disclosed to any other club.

Clubs that rank in the poor category would have to sell before they can buy and would be resigned to a tight wage cap And a Financial plan to bring them back online.

All clubs should pay into an insurance policy which protects them against relegation parachute payments should be removed and more of the TV money can be shared out between lower league clubs.

Obviously I am not a professional I sell security operating systems for a living I am not a financial advisor of any type but I could see this working there may be flaws in it and anyone who feels there are flaws feel free to say so.

Richard and Waycool make great comments and well thought out. In particular Richard's point about surviving outside the Premier league can only be achieved by wage caps and fairer distribution of money. Can only echo this. Premier league is basically a status thing for the fans whose club manages to get in. When we were there it was just that and what used to sadden me was should we go 1-0 up after 5 mins.or so, we would willingly liked the game

to end there and then. Irrespective of the cost of our ticket. No value for our money but elevated status of being in the Premiership. Sad really.

Also agents fees should be looked at I've heard rumours of them being 46% in some cases. May be a Of 10% would be fair.

Does the FA, the Premier League and the EFL have the propensity to regulate the finances of our football clubs? Indeed, is there also a conflict of interest in them trying to do so in a free, self-regulating fashion?

I would like to see finances along with the ODT being looked at by an independent body other than the EFL or PL.

The timing is everything in this. The year any failures to comply are discovered must be the year the penalty is applied. No taking 12 months to have a hearing and another 6 months for appeals.

Where director's or owners are found to be at fault it must be deemed that they have failed the ODT.

Also the penalty needs to be directed more towards the director's or owner's in partnership with club itself.

Distribution of Revenues

There is absolutely no doubt in my mind that the most damaging aspect of the distribution of media payments is the parachute payment. This distorts competition in the Championship and has a knock on effect on the rest of the EFL. This payment could I believe be ended if all players contracts in the Premiership had a clause which stated that in the event of their clubs relegation a fixed salary would be imposed that was calculated annually as the average of all Championship players payments in the previous season. The salary could be calculated annually by 30th June each year and agreed by the EFL, Premiership and players union. End of season 'promotion' and 'play off' bonuses would be excluded so there would some incentive for relegated players to remain with their clubs. This I believe would end the excuse of relegated clubs that they need the parachute payments. The parachute payment could then be added to media payments made to the rest of the EFL.

With regard to the Premiership I believe that every club should be rewarded equally from media payments as they all contribute to the success of the competition as those finishing in European places have the income derived from these competitions as an incentive. Live televised income should remain unchanged.

With regard to match day income I believe that all clubs should receive at least a quarter of net gate receipts profit as they contribute equally to the match day experience. I am not aware of what happens to visiting supporters gate income but the profit on this should all go to the away team in addition to a proportion of the home gate profit previously mentioned.

Commercial income would be unaffected. Hope my thoughts are useful

Excellent ideas all. Petition would be good?

Dear All, the items you have described have been long overdue. I am extremely concerned that this will not happen in light of the Blatter/Platini episode which has shown that all levels of football administration is corrupt & continues to be.

If the leagues are able to redistribute it would be the saviour of the league system but with corruption & interference rife within the UK government there is little precedent to support this redistribution. The Premier League also view money as power too so it will be difficult to do. We need to fight for this still as the game as we know it will become the super League recently portrayed by the self titled 'top six' if we don't.

Salary caps would push payments underhand /hidden paid by other means .
A dangerous path imo

Salary caps most definitely. But they must be fair not silly pittance. 20K a week Individual salary for a club with excellent financial rating . So that championship clubs can still be competitive obviously you can't set or lower division clubs at 20K per week. Maybe Division 1 clubs would be 8K per week.

Maybe 10k. But again they would need to have excellent financial ratings.

Are clubs financial rating does not have to be publicised this is private and confidential so you could not get ripped off in the transfer market when it comes to buying or selling.

I believe parachute payments should be removed altogether why award a club for Failing.

All clubs regardless of your standing/stature should have to pay into an insurance scheme which protects them against loss of earnings whether that be relegation liquidation or bankruptcy. Obviously this would be worked out on the likelihood of your club or the club being relegated the more chance of relegation you have the more insurance you would pay against this. So it would also be based on your finances and financial commitments. all of these things would effect your insurance policy payments. So the better financially you are in the more secure your club is of relegation the cheaper/Less this obligation to pay insurance would be.

These funds can only be accessed due to any of the above reasons.

without parachute payments but having a decent insurance package this should take care of those clubs. And more of league funds can be dispersed down the leagues for placing and finishing within the league. And more money can be dedicated to grassroots football.

And also women's football.

Hope that makes sense KRO

I only have one disagreement with everything you say. No club enters into a season with the intention of being relegated, therefore all contributions for that particular division should be the same.

No they don't enter the Premier League with the intention of relegation. But do you have a massive advantage if they do get relegated over other championship clubs. And their finances do not even get looked at for the first three years.

It's just a complete unfair system. If every club in the whole entire football pyramid have to pay into a mandatory insurance scheme takes away the need for parachute payments gives clubs more money and everyone gets an equal share.

Thank you for all your work – the parachute payment is very unfair and well done for suggesting a better method. Your hard work on behalf of fans is well appreciated,

Wage caps...

I mentioned this in the email I've sent you and in previous posts in the other topics.

The biggest problem we have is the wages clubs are forced to pay that are driven up by the wages in the premier League are so disproportionate to the incomes clubs can receive in a league outside the prem.

The % a club can earn from TV rights etc etc has to match the % players can expect to get paid.

You can not run clubs were the wages push the club's into debt just because a player expects to get paid a certain amount because his fellow players above him get paid £200,000 a week, when the incomes clubs receive are a fraction of what is required to pay these inflated wages.

Players should have as mandatory a % wage increase when promoted and a mandatory wage decrease when relegated. This would protect the club and create a bigger desire to stay up as a player.

Players from the PREM also should have apart from paying their own agents fees get the agents to also pay into a fund which helps players that have been relegated. A form of insurance for lose of income. Players have to start looking after there own players. American baseball style wage caps will allow for overspending and more financial control. It will work across all football.

I would love to say that increasing the money clubs get outside the Prem will bring clubs back into the black. But it won't because as we see above in the prem, the more money these clubs get paid the more money the players and agents take/demand.

Wage control/cap is a must.

To also help narrow a gap and encourage home grown talent I also think clubs should also have to pay a tax to a football association to which a player belongs to help them grow more talent from said country and also encourage home grown tallent from our country England.

Anything that is talked about has to be for the good of the whole game and not just the top clubs or top leagues.

FIFA, UEFA don't help either.. with not compensating clubs properly for the use of there players in tournaments and also with the ticket pricing.. I mean €185 a ticket for England Vs Croatia... Is just rediculas and just shows their greed.

KRO

The list is endless.. Money and greed... The route of all that's wrong in football... So take away the desire and make winning the prize not more money.

Parachute payments give such an advantage to the relegated clubs whereas those promoted need that cash to be able to compete at their new level.

As for salary caps my brother-in-law and myself have discussed this many times over the past three or four years and we believe that there's only one way it will work without lower league clubs being penalised and it must be forced worldwide at all levels of professional football. For example (and these are not definitive figures, just a number off the top of our heads), 18-25 year olds get paid £8,000 per week, 26-30 year olds earn £20,000 per week, 31-end of playing career £30,000 per week.

before everyone jumps on me and states that it wouldn't be fair for league 2 players to earn the same as Premiership players I'm sure the advertising bonuses for wearing boots etc. would sort that out.

At least this way every division of every country would be paying the same basic wage and therefore not only become more sustainable for the lower league teams but the higher earners can actually feed more money into the lower leagues and grass roots football

Well I think the principle is worth a thought.

The graph is eye-opening.

The "soft cap" and taxation is an interesting idea but probably would have only a marginal effect.

Why not something radical like eight promotions and relegations to the Premier League each year. It would give more teams a share of the cash. In any case the current bottom third of the Premier League is just dross anyway.

For me the parachute payments need adjusting. I would make every club entering the PL or currently in the PL to be required to have a 50% drop in wages clause in players contracts if relegated. The parachute payments would be reduced by say 50% , levelling up the playing field.

This could also be a requirement lower down the league.

*Several replies all liking this idea

Governance Models in Other Countries

I fear we are already too far down the capitalist pigdog road to come back. Ownership of just about everything is accepted by too many people these days, and there doesn't seem to be enough questioning of what the public and communities as groups might be allowed to do unless someone is making money out of it. The terminology for me is wrong. If the owner of the club was the "custodian" and the fans were "members" (or just casual "fans") rather than customers, and it was seen that the club was at the heart of the community for everyone, then it might be seen differently. As it is, too many people are out for what they can get and playing a short-term game rather than thinking about how we as individuals might come and go, but the club should stay and give everyone a place to belong.

This belonging is how I see it. When the team is crap, I still go, and I go to the pub with the same mates to enjoy myself in my little community and then to cheer the team on in the wider community of BCFC. I am certain this is how Blues Trust members would see it, too, as the vibe you have is of the thoughtful football fan who cares. I don't think of myself as a customer except in my financial interactions with the club nowadays, because they're in a different world to the Blues I started supporting as a boy. Or maybe that's just cynicism of age. :-)

The bottom line is that I would love us to have a 50+1 rule here, to bring clubs back to the heart of their communities. I lived in Germany for a year, and later visited a lot when I had a German girlfriend, and the feel of football there is different. They do still have glory-hunting fans who don't support their local team, but it seems far less prevalent than here as the level of attachment is greater there. Membership and ideally ownership can only help strengthen those bonds and without them we are drifting slowly towards a more American model, as we are in so many ways...

From: Marc Jeffery <mjeffery2@icloud.com>

Subject: Fan-led Review: Governance Models In Other Countries

Thanks for all the updates and information.

This is just to say I strongly support the German model of 50%+1 of voting shares being reserved for fans.

I lived in Germany for several years, followed the football there closely, and was impressed by how close this model brought the fans to their clubs and vice versa. It was also very effective in preventing the kind of financial shenanigans we have seen at Blues and so many other clubs, even to the point of leading to the club's demise.

Good luck in your work.

KRO,

Wholeheartedly agree with Trust's conclusion. How do we progress from here though??

Biggest problem in The EFL is the failure of fit and proper person test until that is resolved all else is irrelevant and will fail !

Dear All, football is all about money & owners taking it from any means possible to be able to spend on creating what they believe to be a competitive team. If only that were true! Most of the takeovers in the UK are by foreign investments who want to increase their value due to pre-covid/brexit trading levels here (they may get a shock soon) or for possible shadier reasons. The leagues only seem interested in slowing down any sale rather than look at the root cause (fair financial rules don't stop money leaving the country but does stop investment & increase the sale of a clubs assets, ground etc, to offset fines) of why owners do & are allowed to do.

Clubs should be owned & run by their fans. It may mean a lower standard both in league & international levels for the UK on the pitch but would force our academies to flourish with both home grown & international players & no more rip offs!

Good to hear you met with the sports minister but politics is the biggest problem in football & sports in general even though we are told sport is non-political. Most of the examples you gave of governance changes coincide with the changes in politics from socialism to capitalism & vice-versa. As most people in the UK 40 or under has never known a socialist government (including Blair & brown) they are unaware that the right to take advantage is not actually a right & discussions should be held on an even basis. I doubt the sports minister would agree.

All best & regards.

It can only work if the club is being run "above board" and those that run the club want interaction with the fans ... If those that run the club are faceless mystery men who don't want to much scrutiny into what they are doing and why and want to keep fans at arms length then it is a non starter I'm sure we all know of clubs run like that not to far away? Mmmmm?

Great research and points of view.

Looks like your all over this

Wage Caps and 51% fan ownership

The fair distribution of wealth is needed.. but also we need to stop Agents especially and players just taking rediculas amounts of money out of the game. So wage caps and agent caps as well.

After looking at the price of Euro2020/21 tickets I think the UEFA need capping as well.

FIFA are no better.

KRO

like the way the 50 +1 works but can not see the owners here allowing it. The owners are too interested in pound notes to allow any other stakeholder to have a say.

Since the introduction of the PL the swing in cash to the PL clubs has gone too far. This more than anything is destroying the game as a whole. Higher league clubs (PL and

Championship) play weakened teams in the cups, so there league games are not affected, Yet I suspect most of the supporters would love a good cup run and a stronger team played.

Time to play football as a sport and not a money making enterprise for owners

Protection of Club Identities

You have covered and shown most examples of what can go wrong for a clubs identify and home.

Bringing the ground & training ground under the ownership of the fans if that that could happen that would really protect the club's themselves. (I know we lease our training ground) which has stopped it been sold off.

The owners can still make money from the ticket sales and games etc. They just pay a % of this for the up keep and upgrades or future projects etc.

The fans could organise concerts or other events to raise additional funds. ELO etc

What I'm trying to get to is that it can be made into a real partnership that helps both parties..

The club indenity ie: Badge, logo , slogan etc etc should be the copy right of the fans. So it can only be changed by the fans. The group could also help in the design of the new shirts with embroidered badges etc. Let's face it the last few years the quality of the shirt is poor. To be honest I think fan groups could run and put better merchandise into our club shop for us to buy and wear. There could be ties made to local businesses which get the chance to design and make products and garments.

Even take a look at the quality of 'CSM' Central Sports Memorabilia compared to our club shop. It's like chalk and cheese. Use the university's to allow students to get involved as part of there degrees etc. Quite often this is government funded.

Anyway I'm just trying to open a door of opportunity which would allow the fans ownership model to really be involved in a productive and positive way.

German 51% fan ownership model will "protect club identity"

The rest is a opportunity just waiting to happen.

KRO

I think you will find Birmingham city's stadium sale is to there self by A proxy company. All the different companies involved in Birmingham City FC are in some way controlled by Mr King.

The English football league need to bring in a new law and get it passed through parliament. when any club is taken over a good present age of shares are sold to the supporters of the clubs it would give the supporters a say on how the clubs are run.the 6 English breakaway teams who tried to join the super league a new law would stop it.

I would like to raise my concerns as to the future of our club as we know owners come and go the fans have the club at heart

Now these owners are ripping the club apart and selling bits of to any one with money

They will move on and us fans will be left with just memories

We know how useless the FA are but with out clubs there is no football with out football there is no FA

We as fans want our club back and not sold on its part of the community its part of us

Owners of any club should not tinker with anything to do with club identity unless the fans say so. A football team is for life with supports and it is lived and breathed by them up and down the country and all over the world. To owners it is a business and to the majority of

players it is a job. Football teams, albeit are not owned by the fans legally, are owned by the fans as football is an entertainment sport and with no one to entertain it is lost

Imperative that fans are involved in as many club decisions as practically possible. One of the easiest but seldom done is playing shirt designs. Competitions that fans can submit ideas and vote on is relatively easy to facilitate with social media. We did it with the 'new' badge and that worked well and got buy in and acceptance. May only be a small thing but raises most ire amongst supporters on fan sites.

Clearly decisions involving potential ground changes should also have fan involvement and approval.

Had to start with owners being more open and prepared to listen which, of course, is our No 1 problem sadly.

Personally, I would love to see fan ownership of clubs similar to that in Germany.

Surely if the fit and proper person (owners) test for all clubs is renewable every year this would solve 9 out of 10 problems with all clubs having to show more transparency etc. In a way clubs already have to show they have funds to complete the season ahead so surely that Zmust a mean the owners are showing something that would be comparable to and for all clubs.

The Efl in our case could refuse to allow clubs to play without annual submissions of intent and transparency

Hope I've explained what I mean clearly. I'm just a novice really

Difficult one, this. How much tradition do you need to preserve? How much do you need to show you are modern and progressive?

Club badges. Birmingham have changed their badge. It is very distinctive; there is none other like it. However, it is of its time, and I would not object to a new badge.

I bet Leeds United have changed their badge more times than anyone else. It doesn't seem to have caused an issue.

Club colours. Herbert Chapman changed the Arsenal shirt to red with white sleeves. Before that, they played in a redcurrant colour that, I think, they reverted to in their last season at Highbury stadium.

I remember Liverpool playing in red shirts with white shorts. I also remember Leeds United playing in blue shirts with gold trim.

Nowadays, you could not picture Arsenal in anything other than red shirts with white sleeves. Likewise, Liverpool play in all red. Likewise Leeds United play in all white, and you would think it strange if they did anything else. Some clubs become recognisable by their colour scheme, like blue shirts with white sleeves is synonymous with Ipswich Town. The ability to incorporate new colours into fabrics brings about many new possibilities, and I don't think clubs should be restricted to one set of colours forever. As this is tied to an important commercial stream for football clubs, a club will quickly know when it has made a mistake when an important revenue stream is affected, as happened to Cardiff City when Vincent Tan took over.

Grounds are not sacrosanct either. Many new grounds have come about since the Taylor Report, and we are better for it. I well remember the old Stoke City ground, the Goldstone Ground in Brighton, Filbert Street in Leicester, and other travesties that have been swept away. I would not object to a new, modern stadium being built for Birmingham City on the edge of the city, as opposed to the cramped, inner city ground that we currently have. I

was hoping that Birmingham City would benefit from the Commonwealth Games, in the same way that Manchester City did.

The thing that I like is the continuation of a name. Due to clubs folding, names like Chester City, Hereford United, are gone. But if names like Crewe Alexandra, Plymouth Argyle, Port Vale, Sheffield Wednesday, Nottingham Forest, Bolton Wanderers, Preston North End, were to disappear, I would feel that an important legacy, and real pieces of history, was lost.

It's a funny thing, nostalgia. But it's a thing of the past.

These changes fill me with dread. Selling the ground and/or moving the club away is the biggest thing. Changing the name worries me less as people can choose to ignore it, and renaming the ground for sponsorship is also less of an issue for me - I just call our home "St Andrews" and that's it. It doesn't matter what the "official" sponsored name might be.

It seems wrong to me that someone could decide to move a club without consultation, though. Or perhaps just paying lip service to a consultation and doing it anyway. What happened to Wimbledon is terrible. I even think what happened to some other clubs where their home has been sold and they've moved is nearly as bad. West Ham is a good example. I would not be happy if that had happened to us when the Commonwealth Games coming here was a possibility, if it meant we'd end up with a ground not suited to football that didn't feel like home.

I'm rambling so I'll stop. Too much power at the top is bad. That's the bottom line

Dear All, there are numerous examples of owners wanting to change how clubs are viewed or financed & whilst it is their money their motivation to make these changes are rarely based on the location or environment the club has existed in. This invariably causes clashes with supporters especially if the club is not one of the top Premiership or universally successful sides who draw their support from all areas rather than locally. There needs to be parameters built in to club ownership where prior consultation has to take place with Fan groups when owners wish to change established club ID. Whilst retaining their right to suggest these changes the emphasis on money has to be replaced with viewing tradition & practice to avoid situations like Blues are in (& Coventry have suffered) where the sale of the ground can leave a club without their traditional home. I would expect that if the current owner of the ground needed to create funds during lean times the ground could go for redevelopment leading to a situation the Leagues have created & causing the loss of a league team .

We must keep our own Identity in my own opinion.

As far as I see it fans are with our club for a lifetime owners are mere caretakers as far as loyalty goes.

In the 5 or so years that owners own us if they change things ie colour, club badge selling parts of the stadium etc, it needs to be in agreement with supporters by having supporter representation as part of some of their decision making board meetings.

Relationships Within the Football Pyramid

Dear All, because this is the reason the league system has survived & been so successful this has to be a legislative fix though in the current political status in this country I don't see a way for it to happen.

There needs to be controls on how money is distributed but more importantly club owners have to be limited to how much they can spend on purchases of any kind. This goes against how this country is governed.

Somehow the government & leagues have to be reminded of why the pyramid league systems (& cups) are so successful & how a lack of binding rules on ownership limitations & money distribution will defy their philosophies & result in the collapse of the leagues.

This could easily end up with a European Super League but would be a political disaster & the end of British football so UEFA will need to be persuaded to endorse the new rules too.

Capitalist rules have often resulted in the demise of established organisations through free market stances & these have to be used to show what could happen with the way football is heading, so much for sport being non political!

Agree. With the facts it would be hard to disagree. Keep up the good work and the good ideas. 👍

The lack of competition, in a competition, which is becoming even less of a competition, the longer this competition is run in a way that promotes non competitive competition is just uncompetitive.

Give it another 10 years and this is how the Premier League will look

1. Man City A
2. Man Utd A
3. Liverpool A
4. Chelsea A
5. Spurs A
6. Arsenal A
7. Man City B
8. Man Utd B
9. Liverpool B
10. Chelsea B
11. Spurs B
12. Arsenal B
13. Man City C
14. Man Utd C
15. Liverpool C
16. Chelsea C
17. Spurs C
18. Arsenal C

The protection of the Pyramid to stop the exaggerated above must happen. Giving every club the same chance is the top priority. I agree with what you wrote

Quote:

“a) The introduction of rules to protect the pyramid and preserve the concept of promotion and relegation and kill off any future attempts by clubs to launch a breakaway Super League

b) The redistribution of EPL revenues much more evenly throughout the league pyramid, removing the financial chasm that exists between the EPL and the Championship

c) A ‘tax’ on European revenues of English Clubs of, say, 25% that is also redistributed through the league”

I would add wage caps so the need for greed by the bigger clubs to supply money to the greed of the agents & players becomes less important.

Take away the greed by allowing clubs to all operate to the same money structure in each part of the pyramid. Players wages have to reflect promotion and relegation.

KRO

Pyramid? More of a Money high rise Tower... Penthouses at the top ,Superior apartments next , then comes delux... Then we have appartments... Then we have bedsits .. Then come shared accommodation... Then is the line outside waiting to get in ... We are in the apartments although it needs decorating and we don't know the landlord

General

Thank you for your recent tranche of emails in regard to the fan led review. As well as requesting feedback from members via email, it might be worthwhile holding a consultation on social media to allow a wider group of fans to have their feedback, or vote on topics or issues which they see as a priority.

As season ticket holders at blues for the last 10 years I have seen a few highs and a lot of lows both on and off the field with blues. I have some ideas below, which it would eb great if they were considered as part of a wider batch of comments.

- 1) Review of alcohol drinking in stands with a push for legislation change. A lot of people cite the cups being thrown for a reason why it wouldn't work, but in other sports, e.g. cricket they have introduced a £1 per cup refundable deposit which has effectively solved this issue.
- 2) continual push for safe standing areas, it's clear the old days of terraces are over and they work in other countries safely.
- 3) Football train tickets, at reduced rates , which remain valid if and when fixtures are moved for tv slots at late notice. Putting on extra trains to promote use of public transport.
- 4) banning of unsociable football kick offs e.g. Saturday and Sunday evening, 11:00 am Sunday kick offs, and having a mandated period where kick off times cannot be changed after a certain date (e.g. two weeks before or longer).
- 5) mandate money back on season ticket prices if matches are selected for tv coverage, due to reduced crowd attendance and the additional revenue received from broadcasters.
- 6) Consider review of timekeeping where time could be stopped for fouls, injuries and substitutions to reduce timewasting.
- 7) capping the price of tickets for both and away fans at an affordable level, set at the start of the season. capping food and drink prices inside.
- 8) Making sure that there is always free drinking water available in the stadiums to assist with disabilities and hydration.
- 9) A requirement to hold regular forums with fan groups and push for fan representation on boards
- 10) ensure taxes are paid in the UK in accordance with UK tax laws on all football finances.

11) transparency on all external contracts awarded with the club (e.g. with BCFC K2 Security) to ensure its clear who is profiting from the contracts in place.

12) why are fans videoed by police in stadiums?

13) banning of "bubble fixtures" where you have to travel on official transport from the stadium and unable to make your own way to matches.

14) establishing a national football academy (e.g. at the centre in Burton and other centres around the country) where players are developed by the FA and lower league football clubs get first dibs on talented youngsters.

15) review of player caps at clubs so that a minimum number of British players are playing in teams to develop British football.

16) review of wider Scottish and Welsh leagues to see if there a joint British league, or British competition would work

17) moving England games around the country, not just at Wembley.

18) banning FA cup semi finals from Wembley with the reintroduction of neutral stadiums.

19) reviewing fixtures so that over the Christmas period there is reduced travelling for fans e.g. not Newcastle vs

Plymouth on New years eve or boxing day, as per lower league where they are often localish fixtures

This email probably covers most of your topics from the fan lead review.

I agree with your opinions on the topics you are covering and clubs should have independent regulation because as you rightly point out they will never agree to anything that is not solely in there interests and does not help the whole game if football.

It is 100% obvious that left to there own devices, which they have been for many years now they have greedily ripped this game apart.

The situation will only get worse and worse until you end up with 6 super power teams with a A team, B team , C team etc etc.

The rest of the pyramid as far as they are concerned is just there to help them , with very little coming back the other way. They have to be stopped for the good of the game or we will have no game left apart from those greedy six etc.

Finances and money is the route to all the problems in football.

As well as having a proper fair distribution of money to stop clubs having to gamble everything to get promoted. We need wage caps on players & Agents. The reason why?

The more money clubs have been getting just go straight into agents and players pockets and it makes no difference how much clubs get paid. They just give it away to the greed of

the agent & player.

I would rather see money's spent on country wide football colleges were all players are then maybe drafted into the league's ,or some similar project stopping the club's hording the good players just to stop other teams having them. So caps on the amount of players a club can have. Maybe even having the lower leagues with 80% youth players. English youth players at that and get compensated for this. Promotion will always apply. Anyway his or something similar which agents and players and clubs have to pay into as a % tax etc.

Also it's about time players paid for there own agents fees which is madness that they don't.

These ridiculous wages and fees at the top of the game has driven the wages up lower down the pyramid and made the money clubs can earn outside the PREM so much less than what the club's actually need to just survive.

A wage cap and a fair distribution is a must if you want the game to survive outside the premier League.

Along with this please take a look at the American Baseball Luxury tax system as this is the only one that would work across all football in all countries. It does allow for clubs to spend over a agreed amount as long as they put money in a pot for every other club.

Also the ownership of clubs and there grounds and training grounds. The German ownership model is a great way to stop owners ruining and selling off club.

Owns should never be allowed to sell a ground or training facilities unless better is provided and agreed with supporters groups. Maybe fans should own there own grounds and trading facilities. Maybe lease them to who ever wants to own the club or invest in it.

Look at us Birmingham City as an example, this should never be allowed and needs stopping for every club. We are as a club being destroyed again by owners with there own interests and very little interest in the club or fans and staff.

I really trust the knowledge and work our Blues Trust do and I hope my thoughts above help you etc

Hope it makes sense and sorry if I woffled as this came straight from my head

Before Sky we had a moderate system of football. Add every other major sport including golf, cricket and Formula one and you see the overwhelming problem for change. Distribution and fairness throughout our EFL is not happening as it is never flavour of the month. Sadly this refusal of helping the lower leagues until it is too late is typical of our society in general. We take everything for granted and it will take a mighty force and bravery to stop and rethink. Football throughout with FIFA not exactly setting an example, needs to moderate and take a tighter grip and treat the game as it was intended- without the ego, and the crazy seeking so-called celebs.

I'm 100% behind you with that Mitchell. The truth is that while people are willing to pay the companies won't stop selling. FIFA and UEFA as well as The Premier League/F.A all have to be held accountable for taking a working man's sport away from the working classes.

This series of articles from the Trust are well worth a read. Good luck with the outcome.
