

March 2024

Follow @Paul\_Hastings



## *New Regulatory Era for English Football*

By [Jade-Alexandra Fearn](#)

On March 19, 2024, the U.K. government proposed legislation, known as the "Football Governance Bill", which will introduce a new Independent Football Regulator ("IFR"). In short, and subject to ongoing Parliamentary debate, the IFR will, amongst other proposed functions, seek to promote financial sustainability across the sector, regulate any new "breakaway" competitions, have the ability to fine clubs up to 10% of turnover for non-compliance, oversee strengthened owners' and directors' tests, and ultimately be equipped with backstop powers to impose a "new deal" on financial distributions.

### **Background**

In 2019, the U.K. government committed to a so-called Fan-Led Review of Football Governance ("Review"). This Review was carried out in 2021 by Tracey Crouch CBE MP. Ultimately, the Review recommended that an IFR should be established by way of legislation.

In February 2023, the U.K. government [published](#) its plans for football reform in a white paper titled "*A sustainable future: reforming club football governance*". In 2023, there was a targeted consultation on the proposals set out in the white paper, and the U.K. government invited comments from a range of stakeholders, including all 116 football clubs in the top 5 tiers of English men's football, the relevant leagues and existing footballing bodies, fan groups, legal experts, industry experts, leading academics, and civil society organisations.

In September 2023, the U.K. government [published](#) its response to the white paper consultation.

### **Summary of Proposed IFR's Powers**

As set out in the white paper, the IFR will have powers to operate a licensing regime, to monitor and enforce compliance with requirements on financial regulation, club ownership and directors, fan engagement and club heritage protection. It will also set a corporate governance code of practice and have the power to prohibit clubs from joining competitions where they are not fair and meritocratic and would threaten the heritage and sustainability of English football. The IFR will additionally have backstop powers to intervene to bring about a solution on financial redistributions between the football leagues (if certain conditions are met).

However, the IFR will have no role in sporting rules or "on-field" decisions made by clubs. Critically, the IFR will have a duty to ensure that, in exercising its functions, it must attempt to do so in a way that minimises impact on sporting outcomes, and any adverse effect on the competitiveness of clubs and on financial investment in English football.

The proposed legislation will ensure that any obligations placed on clubs will need to be proportionate to a club's specific circumstances and to the issue any such obligations or requirements are seeking to address. The IFR will also have statutory regulatory principles including one to the effect that wherever possible, it will look to work with the leagues when it exercises its regulatory functions and

have due regard to existing league rules. These provisions will help to ensure a coherent and effective regulatory regime, minimising regulatory overlap and burden.

More information on the proposals set out in the Football Governance Bill and the relevant supporting documents can be found [here](#).

### Key Takeaways

As any fan or investor knows, football is more than just a sport, it is a part of U.K. national identity and culture. It is also a major global financial success, largely driven by domestic and international investment in clubs and the sport more generally. As envisaged in the proposed legislation and accompanying guidance notes from the U.K. government, it is understood that the IFR will be established in a way that protects English football as an attractive investment proposition and exciting sporting competition, but also ensures that the continued growth of the sport is not at the expense of community and fan interest.

The U.K. government has made clear that the regulatory regime will be designed to be proportionate and will not adopt a "one size fits all" approach. Instead, it is expected that the IFR will tailor or adapt any intervention to the specific circumstances and risks a club faces and in doing so should avoid placing unnecessary burdens on low-risk or already well-run clubs.

As with all Bills, the Football Governance will need to pass through both Houses of Parliament. A tracker of its progress can be found [here](#).



*If you have any questions concerning the Football Governance Bill, or sports regulatory issues, please do not hesitate to contact the following Paul Hastings London lawyer:*

Jade-Alexandra Fearn  
44.020.3321.1096  
[jadefearn@paulhastings.com](mailto:jadefearn@paulhastings.com)



*Or if you would like to discuss investment in and operation of sports businesses, do not hesitate to contact the following Paul Hastings London lawyers:*

Matthew Poxon  
44.020.3023.5171  
[matthewpoxon@paulhastings.com](mailto:matthewpoxon@paulhastings.com)

David Prowse  
44.020.3023.5145  
[davidprowse@paulhastings.com](mailto:davidprowse@paulhastings.com)