

EXECUTIVE SUMMARY

Introduction

The role of the Independent Football Commission (IFC) is to evaluate the effectiveness of football's existing self-regulatory framework and to suggest improvements. The IFC is independent, both of those who provide services within football and those who use them. It aims to exert influence on the football authorities - the Football Association, the FA Premier League and the Football League - in order to bring about improvements in the way they meet the needs of the football community in England. The IFC's terms of reference can be found in Annexe A.

The IFC in 2003

In 2003 the IFC turned to a set of serious issues that were pressing not only on it but on the whole of football. It set itself the following priorities:

- to win the trust and confidence of the governing bodies and to be seen as a valued resource on which they can draw;
- to investigate three principal dimensions of the financial problems besieging football: the crises at club level; governance; the contribution of the Financial Advisory Unit (FAU) to improving financial management;
- to understand the widespread perceptions of the media and ethnic minorities that football does not offer equality of opportunity and is failing to develop a football community representative of England's diversity of race, culture and talent;
- to address four major concerns of football's customers, brought to the IFC's attention in 2002: community work; relations with neighbourhoods in proximity to football stadia; facilities for disabled supporters; increased rescheduling of football matches, particularly in the Premier League and Division 1.

In all its work, the IFC's focus was on identifying best practice that could be replicated, and suggesting constructive change that might be made to existing regulatory systems, to rules, and to current practices, that could help address core problems and contribute to their being avoided, or at the very least lessened, in future.

Some degree of tension between a regulatory body and those whose work it is scrutinising is healthy. It exists between the IFC and the three governing bodies, which, however, reached a better understanding and a more comfortable co-existence in 2003. The year's work benefited from a greater degree of co-operation from the governing bodies. The dialogue on issues the IFC was addressing - almost all sensitive and complex - was frank, robust and challenging. The Commission would like an even freer flow of information between the governing bodies and itself, but it believes that working relations strengthened during the year, on the back of mutual respect and a common purpose.

In 2003 the IFC's work was at the heart of football's current dilemmas. This report on that work is the product of extensive discussions with many people, who, in general, support the IFC's role, although there are those who continue to deplore the Commission's lack of formal powers. The Commission is not as anxious for statutory regulation as many of its contacts. It welcomes the fact that the football authorities have taken notice of IFC recommendations and acted on them to date, and will look to their continuing to do so when it comes to hard topics in the 2003 IFC report, as well as the softer subjects that still need to be addressed but involve less discomfort.

The IFC believes the authorities increasingly recognise the value of independent, unfettered analysis of football's strategies for providing the game with leadership, regulation and good governance. It also believes that their response to the year's work will be positive and that they will recommend its findings to the football-going public that so very much wants football to work well.

Summary of findings

The following paragraphs summarise the IFC's findings in the specific areas it examined in 2003. A complete list of recommendations in each area can be found on page 11.

Finance and governance

The crisis in club finances

The sharp increase in clubs going into administration in 2002-03 is a clear indication of the financial challenges facing football clubs at all levels. No system of regulation can or should remove from individual enterprises the responsibility for managing their own risks in pursuit of ambition. Nevertheless, closer supervision of football finance by the authorities is necessary. Furthermore, in the light of views canvassed by the IFC, firmer regulation would be welcomed by a wide cross-section of football's stakeholders, including football clubs. The football authorities must encourage good practice and require financial prudence.

Governance

The governing bodies are not currently succeeding in changing public perceptions that the football business is ill-governed, nor are they answering the critics loudly or firmly. But, while not underestimating the scale of the problem, the IFC believes that recent moves to overhaul the regulatory framework are encouraging, and it senses a growing commitment to change. All three governing bodies need unequivocally to identify, agree and apply appropriate, timely and effective rules and sanctions. It is not acceptable to abdicate responsibility from behind clubs' company status, or laws that someone else might invoke. With a new raft of ideas and some positive initiatives such as the Financial Advisory Committee (FAC), the FA is positioned to demonstrate that it is an independent body, resolved, competent and strong enough to tackle the issues.

The work of the Financial Advisory Unit

Few can doubt the continuing financial problems for English football. However, the IFC perceives a trend towards better financial management and believes this should be recognised. A new generation of financial directors is in place at Premiership clubs, raising professional standards; the FAU is contributing significantly to extending this trend at clubs in lower divisions. To do so requires investment: employing and /or training specialist staff at club level; properly resourcing the FAU; and giving it specific aims and full management support. Collaboration, co-operation and respect between the three governing bodies will be key to improving football's record and reputation in financial management.

Racism

Football has achieved a great deal, notably the integration of black players and successful spectator education. There is no room for complacency, especially as the slow pace of change is damaging perceptions of the game, and of the will of the governing bodies to act. Too little is being delivered, and too slowly. The Premier League and the Football League must combine with the FA to show unity of purpose and take incisive action in 2004 that will deliver radical and demonstrable change. English football has the potential to become a powerful international exemplar of a business delivering and manifesting racial integration at all levels. It can do it. Will it?

Customer concerns

Community work

Community work is currently under-recognised as a positive contribution on the part of football to helping address important social issues. Steps are needed to clarify the activity focus and output, and to create more dynamic and practical funding and management structures. A collaborative, carefully produced and targeted promotional exercise to publicise football's achievements could be valuable but would have to be handled sensitively. The strategic importance of the community programmes is not wholly being realised.

Neighbourhoods

Neighbourhoods are a distinct and individual part of the football community, and neighbourhood relations merit focused attention at both club and league level. Mismanagement can result in negativity that can take years to repair. Football must recognise that neighbours are not football "customers" and that "football" methods of communication, PR and consultation are not suitable. The football authorities can help to build the expertise and understanding necessary in an era of on-going stadium development.

Facilities for disabled supporters

There is still work to be done; the IFC has highlighted areas for attention. The progress made at many levels of the game is commendable - including grassroots football where the FA reports a number of initiatives. The requirements of the Disability Discrimination Act (DDA) will sharpen the focus on access for disabled supporters in 2004. The immediate imperatives are to improve understanding of disability needs; to give importance to management input and staff training programmes; to rationalise ticketing practice and policy; to improve the flow of information - both to reassure disabled supporters that on difficult issues such as sightlines they are being heard, and to help clubs benefit from each other's experience.

Match rescheduling

The football authorities should be reassured that match rescheduling is not having a negative impact on supporters in general, despite the particular unhappiness felt by members of supporters' groups. However, there are other effects to do with policing and neighbourhood relations that merit attention. Football is beginning to succeed in creating a positive impression with supporters about the game and about the environment in which the game is played, that now opens it to wider audiences.

Charters and charter reporting

Considerable advances were made in improving the charters exercise in 2003. The three-way dialogue between governing bodies, clubs and customers still needs to be strengthened, but initiatives like the FA's new Charter Report and greater transparency generally will help develop positive relations with football's paying customers. The main areas for attention are: setting measurable objectives; reporting on outcomes; lightening administrative processes.

Issues and complaints

In general the Commission finds that the football authorities respond promptly to issues it raises with them. An exceptional number were received in 2003 concerning the FA's early launch of the new England strip. The IFC is pleased that complaints processes have been simplified. However, the Commission would like clubs to be more scrupulous in drawing their complaints procedures to the notice of the public. Procedures for handling complaints to the governing bodies seem generally to work well.

List of recommendations

Finance and governance

1. The football authorities, led by the FA and perhaps through the vehicle of the Financial Advisory Unit, should develop central knowledge and expertise to be made available to clubs in financial difficulties.

2. The requirements imposed on clubs emerging from administration should be applied more generally, and in particular on changes of majority ownership. Standard requirements for all clubs should include the demonstration of security of tenure over grounds, annual budgets and business plans, and financial forecasts over a minimum of 2 years. In particular these should demonstrate the club's capacity to meet contractual salary costs as well as the capital cost of player transfer fees.

3. The football authorities should develop benchmarking data to assist clubs in their financial management, and organise regional gatherings of finance directors and accountants to encourage learning from each other. This should start no later than the 2004/05 season.

4. The current relevance of, and justification for, the football creditor rules should be reviewed during 2004.

5. The football authorities should introduce a sustainable fit and proper person test by the start of the 2004/05 season for directors of football clubs, and explore its extended application to shareholders.

6. The FAC should be charged with establishing a Code of Corporate Governance against which Directors should be required to report, progress to be reported to the IFC in December 2004.

7. The FA should set up a properly resourced and skilled Compliance Department dedicated to the enforcement of proper corporate and financial governance and reporting to a properly constituted Compliance Advisory Committee by the beginning of 2005.

8. Club Chairmen should be asked to introduce induction training on particular football circumstances for new directors; the FAPL and FL should gather examples of good governance within the game, on which FC Boards can draw.

9. The FA should review the resources of the FAU, ensuring it is staffed appropriately in terms of numbers and depth of expertise. Its capacity should allow a 3-year visits cycle and the skills to make it a credible source of expertise to the Premiership, initially in validating national licence compliance.

10. Clear and quantifiable aims for the FAU should be agreed with the FAC by 1 March 2004.

11. Necessary rule changes should be introduced by individual leagues to set standards for financial forecasting and include penalties for non-compliance within reasonable time periods.

12. The FAU and FA should regularly review what information they require from clubs and that the requirement has a clear purpose. Processes should be simplified. This exercise should include consultation with the FAPL, the FL, and other leagues to which the FAU provides services.

Racism

13. There should be radical restructuring of FA Council and committees, with co-options and appointments from ethnic minorities to 6 committees and 3 places on Council, and to the FAPL and FL Boards during 2004. Wider targets should be put in place for the triennium to 2007.

14. The FAPL and FL must state their own racial integration strategies in brief form before the end of the 2003/04 season, with measurable objectives and timescales for delivery (starting in 2004). The FA should focus on a significant – but reasonable and achievable – number of measurable results each year. An independent process must be introduced for monitoring and reporting achievement.

15. Relevant football rules should be reviewed, and sanctions standardised and strictly enforced.

16. A joint programme of mandatory education and training, to include senior executives and coaching staff, must be devised and implemented by the three football authorities, with the aim of achieving appropriate and relevant diversity awareness and understanding.

17. The resourcing of equity work should be reviewed and enhanced, at the centre and in the counties; commitment must explicitly be given to the long-term funding of anti-racism and pro-diversity initiatives in football.

18. The FAPL and FL should scrutinise employment practices at clubs for compliance with EO policy, across all vacancies.

19. There must be co-ordination of best practice and ideas for widening the game's support amongst ethnic minorities, especially between clubs facing particular challenges, and with other sports.

Community work

20. Community work should be reported and given high profile outside the Charter process and cover the aims and achievements of the whole of football. The FAPL and FL to explore possibilities before the 2003/04 reporting season.

21. The Premier League and Football League should encourage senior management and Board recognition of the strategic importance of community work.

22. The FA and FAPL should suggest a review of Football in the Community funding distribution to the Footballers Education Society.

Neighbourhoods

23. Clubs should be asked to designate a staff member responsible for neighbourhood relations.

24. The FL and the FAPL should create a best practice resource on which clubs from all divisions can draw.

25. The FAPL should meet with the Federation of Stadium Communities to explore mutual concerns.

Facilities for disabled supporters

26. The governing bodies should issue brief implementation reports on FTF implementation by September 2004, to be made available to all clubs and also specifically to the National Association of Disabled Supporters (NADS) and Disabled Supporters Associations (DSAs).

27. FTF recommendations on naming a contact for disabled supporters and an e-mail address; the ability for home and away supporters to sit amongst fellow supporters; and the standardisation of charging policies should become Charter requirements from 2004. Agreement should be reached on the level of service named contacts will be expected to provide.

28. The football authorities should engage in facilitating networking, and engaging wider consultation, to include all DSAs and not just NADS members.

29. The football authorities should consider, in consultation with clubs, how to raise the profile of disability awareness.

Match rescheduling

30. Clubs should be required to include local residents when notifying and publicising match rescheduling.

31. The football authorities should initiate discussions with stakeholders about capturing and using best practice in the management of high-risk matches, and about improving consultation processes involved in match rescheduling.

32. The FA should address contingency planning for rescheduling England games.

Charters and charter reporting

33. The pilot exercise on validating Charter Reports should be extended and incorporated into the football authorities' own processes. Validation should be used to move towards a standard for customer services in football: the FAPL to introduce this by 2005; the FL to start in 2006.

34. Charters must be used to make clear commitments to customers on a rolling basis, expressed in timebound and measurable terms. They should include policies on combating discrimination. Methods of conveying these commitments directly to supporters and other customers should be explored and introduced from the beginning of the 2004/05 season.

35. Charter Reports should be simplified and positive action taken to disseminate findings. The FA's Charter Report provides some useful ideas.

36. The FAPL and FL must make their own role in the Charter process clear to clubs and define who the Reports should be addressing; why the governing bodies gather information from them; to what use it is put; and what benefit accrues to clubs.

37. A summary of key points from Charter Reports should be produced for club use.