



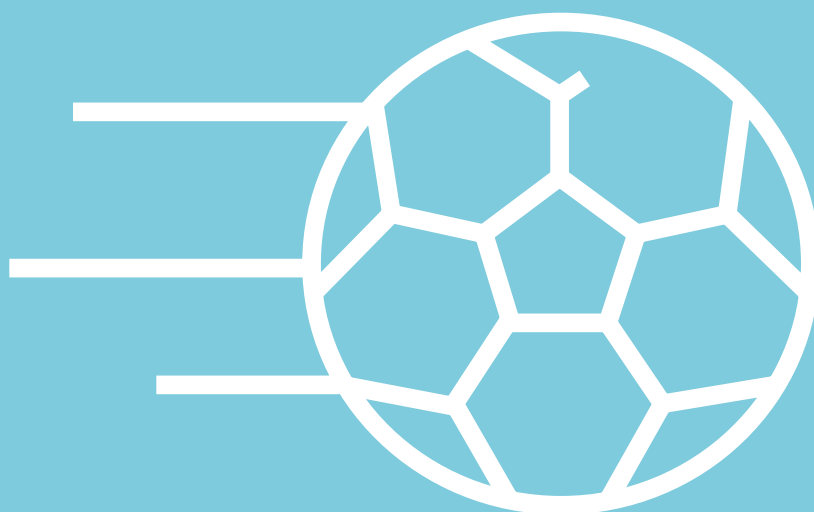
power to
change

business in
community
hands



These Clubs are Ours

**Putting football into
community hands**



A report prepared for Power to Change
Peter Starkings and Will Brett

April 2021

Foreword, by Vidhya Alakeson, Chief Executive, Power to Change

As a child growing up in Wimbledon, I remember the excitement felt by the entire town when the crazy gang of Vinnie Jones, Dennis Wise and Dave Beasant won the FA Cup in 1988. The parade through the town centre was like nothing our small suburban bit of London had ever seen. Years later, Plough Lane, the site of that famous victory, lay empty; the team ripped out of the town and shipped off to Milton Keynes. Now, the stadium is flats and I find myself living not far from the home of AFC Wimbledon, the club reborn to take on the name of the town once more.

This story from my childhood is just one example of how football as a business has come to dominate the business of football. Last week's announcement of a proposed European Super League was a much more dramatic illustration of the same thing. You only need to look at the financial vulnerability of many clubs in the lower leagues to see the deep structural problem created by a business-first approach to managing football clubs.

But football – the clubs and their grounds – are about far more than business. They sit at the very heart of many communities, vital assets that bring communities together, build identity and pride and make a significant contribution to the local economy. They are the ultimate community business. The owners of football clubs should act as stewards of these important assets, custodians for the real moral owners of football – the fans and local communities.

This has not been our direction of travel for the last 30 years. The anger prompted by the Super League creates the space for serious consideration to be given to greater community ownership in football, as we find in other countries such as Germany. It has the potential to create both a more financially sustainable approach to football that protects these vital local institutions into the future, and importantly also reconnects them to local fans and communities – without whom there can be no beautiful game.

Executive summary

As football fans recoil in horror at plans for a breakaway European Super League (ESL), there is no question that the game is in deep crisis. But the proposed ESL is merely a symptom of a deeper malaise. The ownership of the game is increasingly remote, out of touch, and untethered from the interest of the fans. And for the vast majority of clubs, the economics of football are increasingly unsustainable.

Apart from the most established Premier League teams, most football clubs are somewhere on a scale between financially insecure and completely bankrupt. That is not just because of the absence of gate receipts during Covid. It is in large part because the whole model of English football is geared towards pushing clubs into ever-increasing financial problems.

Considering the outsized role that football clubs play, not only for fans but for whole communities, this is a big problem. As we have seen in the outpouring of anger since the announcement of the European Super League, football matters. The recent ejection of Bury FC from the Football League for financial mismanagement was not just a sports story; it was a major, and tragic, event in the story of the town itself – with serious social and economic consequences.

But it is the very importance of the club, its centrality to the entire town, which offers the start of an answer to the problems besetting the game. And that answer is not just relevant to football fans – it is relevant to the whole community. Football clubs are vital community assets, yet too often they are viewed only through the prism of the fans. A true acknowledgement of their value to the community leads us to a practical solution to the casino culture at the heart of many football clubs and the financial crisis besetting them.

This report, then, is about the crisis at the heart of football, and a big idea to start to wrestle the game back to where it belongs – community ownership of football clubs.

It is a model that has been shown to work in some instances in England (and in many more instances in other parts of the world). But it is a long way off becoming the norm. Given the ongoing financial crisis in football – and the recent behaviour of a group of distant, unaccountable owners – we believe that should change, and this report sets out why.

We focus on professional clubs outside the top tier, because this is realistically where change can begin. Given the enormous riches on offer within the Premier League, it is currently unlikely that supporters' trusts could find themselves in a position to take ownership of assets sometimes valued in the billions. Instead we look at the lower leagues, where clubs' valuations are more often within reach of community buy-outs.

Chapter 1 sets out the case for seeing football clubs as not just sports institutions but drivers of all sorts of different types of economic and social benefit – often in places which need it most. We set out the different ways in which clubs benefit their community, from the direct impact of their community work to their underpinning of so much local economic activity.

But these benefits which football brings to many local communities are at risk. Chapter 2 presents new research on the scale of the financial crisis facing the game, both before and during Covid. Some 45% of football club finance directors said their club's finances were in need of attention, and that figure is going up every year. We also find that **Championship teams were on course to lose £2bn in just 6 years – and that is before the cost of Covid.**

This current crisis demands an answer which goes beyond the usual muddling through. Chapter 3 presents an overview of the history of community ownership, and fan ownership of football clubs in particular. Through this overview we set out why we believe this ownership model should be an important part of the answer to football's financial woes. We find that community ownership has the following benefits:

- It acts as a mechanism to **save a loved community asset**. Community ownership models have repeatedly stepped in to save clubs from liquidation or grounds from being sold off.
- It fosters accountability between the club and the community. An institution like a football club should benefit the community that supports it. **Owners of football clubs are custodians of beloved institutions, and community ownership ensures that duty is taken seriously.**
- It puts clubs on a **more sustainable financial footing**. Community-owned clubs, like many other community-owned organisations, are run for the long term – and are therefore less likely to bankrupt themselves chasing immediate glory. It is a model with a future.
- It helps clubs achieve **direct community impact**. From the Dons Local Action Group, to FC United's community work and Hearts wearing their commitment to social value literally on their shirts, these institutions have enormous potential to do good in their communities.

We then turn to the political context, and argue that community ownership of football clubs is an idea whose time has come. Chapter 4 sets out this context, from the response to the European Super League and beyond, and includes some new analysis of the electoral geography of clubs in financial crisis. We find that of the 72 League clubs (plus the expelled Bury FC):

- 26 – more than one in three – are in 'swing seats' (either majorities under 5,000 or changed hands since 2015)
- 18 are marginal (majority under 5,000)
- 14 have changed hands at least once since 2015 (11 from Labour to Conservatives)
- 8 passed from Labour to Conservatives at the last election

Finally we set out four recommendations which, in combination, could underpin a real shift in momentum towards community ownership in football. We propose:

1. Levelling the playing field for community ownership via the **‘fan-led review of the game’**

One of the goals of the government’s long-awaited review should be to end the effective competitive advantages enjoyed by those who manage clubs irresponsibly. That should create a more level playing field for community-owned clubs.

2. Strengthening existing Community Right to Bid powers into a more powerful **Community Right to Buy**

This would give supporters’ trusts, or other local groups which mobilise, vital leverage to register the local stadium or ground as an Asset of Community Value over club owners seeking to dispose of much-cherished football grounds.

3. Establishing a **£400m Community Club Ownership Trust** to purchase clubs in crisis or when they are put up for sale

This would give supporters a window of opportunity to raise the capital required for community ownership, by ensuring those with a sensible business plan and genuine appetite and opportunity to take control of their club have the ‘day one’ capital they need. Capitalised from a levy on football TV revenue or through a levy on the hugely profitable football betting industry, and underwritten by government, it could put tens of clubs into community ownership in the next decade by issuing long-term loans with favourable repayment terms to supporters’ trusts willing and able to buy clubs in crisis or when they are put up for sale.

4. Trialling a **Back the Fans** policy for clubs in administration, to replace HMRC’s preference for liquidation

Before Covid, HMRC tended to pursue liquidation for clubs in administration. Given the greater financial sustainability of community ownership over traditional ownership models, HMRC could trial a policy of accepting Company Voluntary Arrangements in cases where a supporters’ trust or similar entity has a viable business proposal and is in a position to take on ownership of the club.

To inform our argument, we have conducted a full literature review as well as interviews with more than a dozen of the main stakeholders in football fan ownership.

We would like to thank all those who have given their time so generously, and Power to Change for their support in developing the overall argument and policy recommendations.

Chapter 1: Football clubs as community assets

“There is no larger community institution than a football club”

Ian Murray MP (former Chair of the Foundation of Hearts)

To a football fan these words are self-evident. For supporters, football’s importance to their life is not up for debate. In a regular season, more than three quarters of a million people go to a game each weekend¹, and millions more watch at home. The Premier League is the most popular sporting league in the world, and even England’s second tier is the third most watched league on the continent.²

But it is bigger than that. Football means more than 90 minutes on a Saturday afternoon. It occupies the thoughts, dreams and fears of millions all day, every day. Every year, the best moments of many people’s lives are provided by 11 strangers on a football field. 1966, 1999, Istanbul, Aguero! – fans of England, Manchester United, Liverpool and Manchester City will instantly recognise those references and the hairs on the backs of their necks will stand up. And those emotions are matched all the way down the football pyramid, from staving off relegation to winning the local derby.

Games of football have restored national pride and even started wars.³ To fans, it is much more than just a game. And beyond the committed supporter base, during big moments like a World Cup or an FA Cup final, the definition of a fan can stretch to include more than half of us – in 1990, 25 million watched England lose on penalties in Turin.⁴

So football matters a great deal to its fans. But this chapter sets out the evidence to show that it matters well beyond the fan base too. We set out the three main ways in which local football clubs benefit the communities in which they are based. These are:

- Direct community work
- Wider community benefits
- Intrinsic value of the game itself

1 <https://www.statista.com/statistics/1022453/average-matchday-attendance-football-league-clubs/>

2 <https://www.bbc.co.uk/sport/football/42704713>

3 <https://www.bbc.co.uk/news/world-latin-america-48673853>

4 [https://www.irishnews.com/magazine/entertainment/2018/07/06/news/biggest-tv-audiences-for-england-world-cup-matches-1375650/#:~:text=West%20Germany%20v%20England%2C%201990%3A%2025.2%20million&text=England's%20semi%2Dfinal%20with%20West,One%2C%208.5%20million%20ITV\).](https://www.irishnews.com/magazine/entertainment/2018/07/06/news/biggest-tv-audiences-for-england-world-cup-matches-1375650/#:~:text=West%20Germany%20v%20England%2C%201990%3A%2025.2%20million&text=England's%20semi%2Dfinal%20with%20West,One%2C%208.5%20million%20ITV).)

Direct community work

League football clubs have always played an outsized role in their communities, from supporting local good causes to leading recruitment to the so-called ‘pals battalions’ in the First World War.⁵ In recent years, football’s community work has become more formalised. In the English Football League (EFL), community work is now largely carried out by distinct units within clubs known as Club Community Organisations (CCOs).

In 2020, the EFL published its first analysis of the impact of these CCOs.⁶ They found that in one year:

- £62,844,816 is spent directly on community and social projects
- 886,581 people took part in CCO activities
- 561,961 hours of group activity is delivered
- 41,457,743 hours of participation by individuals

They also found that 70% of Universal Credit claimants in the country live within a 10-mile radius of EFL CCOs. Given the focus which many of these CCOs have on education and employability, there are clear indications that football clubs are leveraging their popularity to increase local productivity in some of the places which need it most.

Sceptics might wonder whether this is any different to the wider business trend which has seen the emergence of hugely resourced Corporate Social Responsibility (CSR) programmes in sectors from fashion to finance. To some extent at least, the EFL’s CCOs fit within this tradition.

But at the same time, the location of football clubs and their widespread (and demographically diverse) popularity gives them a reach which the average CSR, or even standard charitable programme, will struggle to achieve. As the EFL point out:

“... The reach of EFL Clubs and their CCOs is huge. In turn, the programmes and engagement opportunities offered by CCOs can be genuinely life-changing.

People who live in the catchment areas are more likely to have lower physical activity rates and are more likely to be overweight or obese than elsewhere. Earnings are frequently below average. This means the sport/physical activity programmes delivered as a mainstay of Club CCOs’ offering can be hugely beneficial...

Overall, the scale of the impact in sheer numbers alone, along with an ability to reach into the country’s more deprived communities and engage difficult-to-reach groups at, what appear to be, cost effective and value-for-money rates, points towards CCOs providing a highly effective route to community engagement. Clubs are demonstrably able to touch all parts of local communities and provide services for all age groups. That’s from primary school pupils to the elderly, while covering issues from academic attainment to social integration and community cohesion.”⁷

5 See <https://www.iwm.org.uk/history/the-pals-battalions-of-the-first-world-war>

6 See Measuring the impact of EFL clubs in the community (EFL, 2020), available at: https://www.efl.com/contentassets/b59b1b881a504ef587dae1497a35c98f/efl_insight_impact_report_lr---final-pdf.pdf

7 Ibid.

Of course we must not be naïve about the motivation for this research, nor the extent to which professional CSR departments in other sectors could write in similarly persuasive terms about their own efforts and reach. Nevertheless, it is safe to assume that EFL CCOs make a genuine impact on people's lives and because of the position of the club within the community they have access to areas others cannot reach.

Wider community benefits

That unique position which football clubs hold within the community is the key to understanding their ability to deliver wider community benefits beyond their direct socially minded activity.

Hope not Hate, in their recent *Loss on the Terraces* report, argue: "Local football clubs are shared spaces, support networks and economic hubs in an age where all three are becoming harder to find."⁸ They set out five ways in which clubs have an outsized impact on local identities and confidence – as shared spaces, community support networks, formalisers of place identity, anchor institutions, and hubs of economic activity.⁹

In many towns across Britain, the football club is by far and away the dominant institution. It is a position that many of our interviewees compared to that once held by the church. Clubs provide venues for weddings and birthdays, host food banks and, during the pandemic, vaccination centres. Club legends encourage local children to work hard in school and lead public service messaging. And in an increasingly atomised age of social media and streaming, a local club provides one of the few focal points for the whole community.

These often intangible benefits are in fact the stuff of life. Clubs are places where friendships are made and life events are marked. They retain a special power like nothing else.

⁸ See *Loss on the Terraces: Football, towns and identity* (Hope not Hate 2020). Available at: https://c38b684e-8f15-4ff8-b290-3b8ce6267869.filesusr.com/ugd/078118_cff9a2e98718444bab26f15665194a46.pdf

⁹ Ibid.

As hubs of economic activity, there is an obvious benefit for a local area if a large institution pulls in thousands of people every other week to patronise local cafés and pubs. Further, there are clear advantages of the presence of a high-turnover institution rooted in the community in terms of local purchasing and staffing policies.

Although the literature around the economic value of local professional sports clubs is surprisingly sparse, some have made an attempt to quantify the impact of local teams to a local economy in terms of Gross Value Added (GVA) – the sum of wages paid to employees and profits generated by businesses operating in the sports sector within the local area. Sport England estimates the combined GVA of the two major Sheffield clubs, United and Wednesday (both in League One at time of assessment), at around £11.6m to the city over the course of a year.¹⁰

Clearly, economic contributions will vary enormously from team to team and town to town. But we can be confident that professional football clubs – through staff wages, purchasing and collateral leisure spend – represent a significant net asset to the local economy.

Intrinsic value of the game itself

Clearly football plays an outsized role in the lives of committed fans and has enormous intrinsic value to them. But it does not just play this role for the hardcore supporters. No other event – with the possible exception of the Olympics – has the ability to so grip a community. Football does not just matter to the season ticket holders and the obsessives. At points, the game can grow to inhabit the hopes and dreams of an entire place. Every club has its moments; the times in its history where something incredible is happening and the whole community cannot fail to be swept up in the emotion of the ride.

The miracle of Leicester City is the most obvious recent example (as Ian Murray told us: “Leicester winning the Premier League probably did more for that city than 40 years of social policy”)¹¹. And this is what is under threat from a European Super League. There is no romance in a closed shop.

But in reality, it happens at different scales all over the country every year. Whether it is an unlikely FA Cup run, or a home tie against glamorous opposition, there is nearly always a story which can unite a town around a shared idea of itself.

In a single round of this year’s FA Cup, we saw three-time European Cup winner Jose Mourinho take his Tottenham team – featuring some of the best players in the world – to ninth-tier Marine. And then we saw non-League Chorley beat former England captain Wayne Rooney’s Derby County (before entertaining nine million viewers on social media with their equally unlikely rendition of Adele’s “Someone Like You”). To these communities, these were more than just games – they were huge events in thousands of people’s lives, not all of them even really fans.

¹⁰ See Economic Value of Sport – Local Model (Sport England, 2015). Available at: <https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/economic-value-of-sport-local-model-guidance-pv2.pdf>

¹¹ Ian Murray MP, interview with authors, February 2021.

A successful club can have an enormous impact on a struggling town. Wolverhampton frequently appears in stories of de-industrialisation, empty high streets and worrying socio-economic indicators. But the recent success of its football team provides an obvious focal point for civic pride. As the team progressed up the pyramid, the colours of the team have swamped the city from the local paper to images of the club's enigmatic Portuguese manager on abandoned shops. Wolverhampton MP Pat McFadden told us that there is no doubt Wolves' success has been great for the city – "It has given everyone a feel-good factor."¹²

Of course, not every club can be successful all of the time, but in a more competitive environment these moments could be experienced more widely.



The innate meaningfulness of a local football club is even clearer when the collective moment is not one of joy but of sadness. Much like the loss of an M&S or a John Lewis, the loss of a local football club feels like an unmistakable sign of decay. Hope not Hate found that a clear majority believe that the loss of a football club would cause the local community to suffer (seven agree for every one who disagrees).¹³ We will address this issue in more detail in Chapter 2 through an examination of the recent collapse of Bury FC.

Pulling these three strands together, it is impossible to deny that football clubs create enormous social value far beyond the traditional fanbase. For scores of towns and cities across the country, the local football club is the most significant community asset they have.

¹² Pat McFadden MP, interview with authors, February 2021.

¹³ See *Loss on the Terraces: Football, towns and identity* (Hope not Hate 2020). Available at: https://c38b684e-8f15-4ff8-b290-3b8ce6267869.filesusr.com/ugd/078118_cf9a2e98718444bab26f15665194a46.pdf

Chapter 2: The dire state of football finances

As the season drew to a close in May 2019 Bury FC were celebrating promotion to League One. By August, they had become the first English football club to be expelled from the league in 30 years. Where did it all go wrong?

James Frith, the then MP for Bury North (who spoke to researchers for this report) has characterised the collapse of the club as a “joint enterprise crime, carried out by an inadequate football administrator [and] a toxic and ignorant ownership of the football club – both current and previous”.¹⁴

Inevitably, with the collapse of a major institution, the detail of the dire finances of the club in the years prior to its demise is complex. But the broad timeline is relatively straightforward.

Stephen Dale, whose business record would later be described in the Guardian as that of “a trader in insolvent companies that had mostly been dissolved or liquidated”¹⁵ bought the club in December 2018 for £1. The price reflected the enormous debt the club faced at the end of the reign of previous owner, Stewart Day. By March 2019, the club was unable to pay its wage bill; and by April, the club faced a winding-up order. Later that month, Dale declared the club’s debts to be much higher than he had understood when he purchased the club.

By the end of the season, the club owed HMRC almost £300,000 and its players more than £1.5m in wages. What followed over the summer was a familiar tale for many clubs of administration and then a Company Voluntary Arrangement (CVA) agreed with creditors, but with a shocking ending – this time the EFL would demand the club immediately pay a proportion of its debts and prove it could satisfy the CVA, or face expulsion from the League. It could not, and so at around 11pm on August 27 2019, Bury Football Club was kicked out.

A number of immediate questions pose themselves. How did the club get into so much debt in the first place? How and why was Dale able to buy the club when he neither seemed to understand the level of debt the club faced, nor had the means to guide the business to safer ground? And why did the EFL decide on this occasion, but not on so many others, that it would expel?

The House of Commons' Digital, Culture, Media and Sport Select Committee looked at these very questions, and its findings were damning. MPs found the problems at Bury preceded the tenure of the latest owner, insisted that the EFL must share the blame, and demanded that the League formally apologise to the club’s staff (who of course all lost their jobs) and its supporters.

¹⁴ See The FSA Annual Review, 2019-20. Available at: https://thefsa.org.uk/wp-content/uploads/2020/12/fsa_annual_report_2020_single_pages_web.pdf

¹⁵ <https://www.theguardian.com/commentisfree/2019/aug/26/bury-britain-gigg-lane-brexite>

Damian Collins MP, the Committee Chair, said:

“Systematic and structural problems are responsible for the tragic expulsion of Bury FC from the League this year. These failures were avoidable, and it is essential that the authorities urgently overhaul their framework if they wish to avoid the same fate befalling other clubs.

We heard time and again that supporters felt powerless as they watched their beloved club suffer shocking mismanagement and financial misconduct. The authorities must learn to respect, and act upon, these concerns”¹⁶

Bury was not a one-off. It very nearly happened to Bolton, just down the road. It did then happen to Macclesfield just months later. And many believe it could soon happen to a raft of others.

Every club is unique, and the financial circumstances of each club in crisis are often complex and opaque. But the root of the problem is the unsustainable management of the game itself. The basic operating model of league football is loss-making, and clubs are losing more each year. All the incentives inherent within the game demand that owners spend more and more as they gamble on promotion up the league and towards the incredible riches of the Premier League. Regardless of what happens with the European Super League and the future of English football, that has to change.

The Guardian’s respected sports and investigations reporter, David Conn, has described the demise of Bury as a grim warning¹⁷ to similar clubs and towns. The same piece quotes council leader, David Jones, worrying that losing the club would be a “nail in the coffin” for the town.

Tom Greatrex, vice-chair of the Football Supporters Association (FSA), argues: “The impact of losing a club is huge – not just for the league but for supporters and the town itself, too. The protracted crisis around Bury and Bolton shows the regulatory regime is not fit for purpose, and it has to be sorted out. It’s time for the football authorities to be shaken out of their complacency and show serious engagement with [reform].”¹⁸

The last word on Bury should go to Al Jazeera’s Lee Wellings, who summed up the mood: “We spent five days in Bury, and four words were used time and time again by so many of the people we met...‘it’s like a death’.”¹⁹

16 <https://committees.parliament.uk/committee/378/digital-culture-media-and-sport-committee/news/103576/committee-calls-for-regulatory-reforms-to-english-football/>

17 <https://www.theguardian.com/commentisfree/2019/aug/26/bury-britain-gigg-lane-brexite>

18 See The FSA Annual Review, 2019-20. Available at: https://thefsa.org.uk/wp-content/uploads/2020/12/fsa_annual_report_2020_single_pages_web.pdf

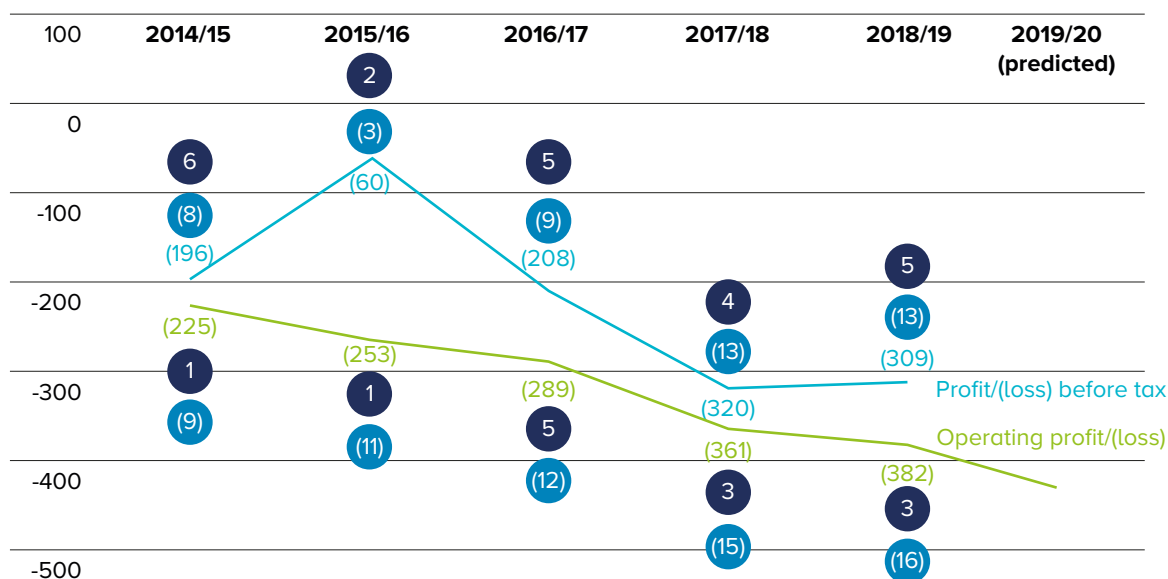
19 <https://www.aljazeera.com/features/2019/12/24/bury-fc-the-death-of-a-club-and-a-town-in-mourning>

Debts, deficits and flirting with disaster

Although Bury fell further than any club since the early 1990s, the truth is that unending financial crisis has become a feature across modern football. More than 45 clubs have fallen into administration in the last 20 years – to put that into context, there are only 72 clubs in the football league.

Our analysis, based on Deloitte research, shows that Championship teams were on course to lose £2bn in just 6 years – BEFORE the cost of Covid.

Championship club's losses - 2014/15 to 2018/19 (£m)



Year	14/15	15/16	16/17	17/18	18/19	19/20 (predicted)	6 year Total
Loss (£m)	225	253	289	361	382	421	1,931

The same research shows that Championship teams spend an unsustainable amount of their income (107%) on wages alone. In 2018/19 Sheffield United and Aston Villa gambled and won – they had wage ratios of 190% and 181% respectively, but they made it to the promised land of the Premier League and with it, the riches of global broadcast deals. Reading gambled and lost. Their ratio was at 226% but they remain in the Championship. That is not a viable model for Reading in the long term, nor is it viable for the many other clubs in a similar position.²⁰

20 <https://inews.co.uk/sport/football/championship-finances-football-premier-league-gamble-444133>

Deloitte's conclusion could not be clearer:

“The spending behaviour of EFL Championship clubs remained unsustainable without owner funding, with the pursuit of promotion to the world’s richest league continuing. For the fourth time in seven seasons, a record-breaking wages to revenue ratio (107%) demonstrated the collective lack of control. In no other industry would such a metric be viable, and whilst football benefits from the desire of many to fund those losses, the impact of the pandemic on club owners’ broader finances and business interests brings the question of long-term sustainability into sharper focus than ever.”²¹

Lower down the pyramid, the scale changes but the picture remains the same. In 2019, League One clubs’ overall losses came in at £63m. In League Two, it was £8m.²²

A 2020 survey for financial advisers BDO found that 45% of football club finance directors said their club’s finances were in need of attention – more than double the 21% figure the year before, and nearly four times the 12% reported in 2018.²³ In other words, things are getting rapidly worse.

Figures as stark as this suggest an obvious truth – these failures cannot all be a result of simple mismanagement. They must be a symptom of a deeper structural problem.

21 See Home Truths: annual review of football finance 2020 (Deloitte). Available at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/sports-business-group/deloitte-uk-annual-review-of-football-finance-2020.pdf>

22 Source: <http://priceoffootball.com/>

23 <https://www.thestatesman.com/sports/english-football-clubs-concerned-about-financial-health-report-1502923830.html>

Covid is making things worse

Football League clubs have been particularly hard hit by Covid-19 because they receive less in broadcasting income and are more reliant on match-day revenues. In other words, gate receipts become more significant in the lower leagues. In the Premier League, gate receipts make up less than 10% of total revenues; in the Championship, it is more than 20%, and in League One, more than a third.²⁴ Without those gate receipts, the finances of smaller clubs are holed under the waterline.

Covid has not created the crisis in football finances, but it has clearly made it worse. Ian Clayden, BDO's National Head of Professional Sports, said:

“Many clubs were already struggling to balance the books, but Covid-19 has accelerated and exacerbated the problem. However, while Covid-19 has exposed a number of pre-existing financial weaknesses in the football industry, centrally, football appears to have recognised the Covid-19 situation as a ‘burning platform’ to drive change.

While things are likely to get worse before they get better, there is now a real opportunity for English football to carefully reconsider governance structures and the distribution of wealth in the game. This could lead to improvements in the way clubs are operated and financed, and make them both more valuable and more sustainable in the long term.”²⁵

Deloitte agree: “New owners will almost certainly be required for some clubs and new investment should be welcomed. It is critical that any such owners are committed to the long-term future of the respective clubs and protect the rich heritage of such valuable community assets.”

These are not dreamers and idealists – these are business analysts and accountants sounding the alarm. The game is in serious financial trouble, and new models of ownership, administration and management need to be put in place.

²⁴ See Home Truths: annual review of football finance 2020 (Deloitte). Available at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/sports-business-group/deloitte-uk-annual-review-of-football-finance-2020.pdf>

²⁵ See Home Truths: annual review of football finance 2020 (Deloitte). Available at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/sports-business-group/deloitte-uk-annual-review-of-football-finance-2020.pdf>

Losing the ground

A common feature of the casino-style practices that plague football is the loss of the club's ground. Often when a club is in financial crisis, it ends up losing a much cherished ground one way or another. For instance, Kettering Town FC had played at Rockingham Road for nearly a hundred years when they sold the freehold of the ground to a developer in the 1980s. Then, in 2011, when the club was starting to struggle financially, the ground was repossessed. Kettering Town FC went into administration, and since then has shared several different grounds with different teams. To this day, the club is still fighting to bring football back to Kettering itself.

Sometimes grounds are sold by unreliable owners seeking to meet debt repayments or other costs. And sometimes grounds are lost in the process of administration. Inevitably, this tends to be against the strong wishes of fans, and often jeopardises the very future of the club. And the loss of the ground tends to leave a sad legacy. Scarborough FC, one of the oldest teams in the country, had been playing at Athletic Ground for nearly 110 years when, in 2007, it hit the financial buffers and was dissolved. The ground was sold as part of the winding-up process. It is now the site of a supermarket, and the fan-owned club that emerged from the wreckage (Scarborough Athletic) will never be able to play at the historic ground.

The sad story of Bury FC, which we discuss in detail above, provides an interesting counterpoint. Despite its expulsion from the League, there is a glimmer of light. Gigg Lane, the ground where Bury has played for a staggering 135 years, was listed as an Asset of Community Value (ACV) by the supporters' trust, Forever Bury, back in 2014. The ACV status was renewed in June 2019 just weeks before the club's expulsion. That makes it a little harder for anyone – including a club like Bury FC in deep financial trouble, or indeed its administrators – to sell it. (That ACV status is what Kettering fans wanted to achieve for Rockingham Road, but failed.) Now the local MP James Daly, backed by the Greater Manchester mayor Andy Burnham, is leading an effort to bring Gigg Lane into full community ownership to try to ensure football is played (probably by the new supporter-owned club AFC Bury, which has been formed in response to recent events) on that historic site long into the future²⁶. If that bid is successful, it could secure for Bury fans in particular, and the town as a whole, all the benefits we set out in Chapter 1 for years to come. And perhaps most importantly, it will go some way to restoring civic pride.

In this chapter, we have set out the depth of the financial crisis facing the game, and explored a particular feature of that crisis as it plays out over and over again in towns around the country – the loss of a much-loved ground. But the glimmer of hope surrounding the future of Bury's historic ground is a hint that there might be another way of doing things. That is what we examine next.

26 <https://www.manchestereveningnews.co.uk/news/greater-manchester-news/tory-mps-community-ownership-bid-19958772>

Chapter 3: Community ownership of football clubs

Football clubs are important community assets which create a great deal of social and economic value, both tangible and intangible. And yet many clubs' financial position is increasingly precarious, leaving communities at risk of losing something deeply valuable to them. So what is the answer? In this chapter, we examine the history and success rate of community-owned football clubs as a possible model for putting the game on a more sustainable footing. But first we look at the wider benefits of community ownership as a means of locking in long-term value for local people.

Brief history of community ownership

There is a long history of different types of community ownership in the UK²⁷. From medieval times onwards, various charitable efforts used their ownership of assets – such as churches, land or almshouses – to deliver social benefit. The growth of the co-operative movement in the 19th century saw the idea of collective ownership find a place in certain sectors of the economy, including retail and finance. The place-based philanthropy of the 19th century (such as the 'settlements' established in the East End by Oxford and Cambridge universities) involved the use of local assets (usually land and buildings) in places to leverage greater local prosperity. And this tradition eventually combined with the co-operative tradition to spark a kind of national movement around community ownership. In particular, the social devastation in many industrial communities, caused by the Great Depression of the 1930s, created the conditions for new ideas and experiments around local ownership (such as community land trusts) to take root.

The creation of the welfare state in the middle of the century caused something of a lull in the development of community ownership, as social benefit was increasingly seen to be the responsibility of the central state. But from the 1970s onwards, a new wave of community economic development began, for instance through development trusts which sought to use collective ownership of assets to deliver local social and economic benefits.

²⁷ For a fuller treatment of the history of community ownership in the UK, see for instance *Community Ownership and Management of Assets*, (Joseph Rowntree Foundation 2008). Available at: <https://www.jrf.org.uk/report/community-ownership-and-management-assets#:~:text=History,land%20for%20the%20common%20good.&text=The%20collective%20ownership%20of%20assets,of%20shared%20ownership%20by%20members>.

Over time, the number of pubs, shops, housing developments, community centres and energy projects owned by community organisations has grown steadily. For instance, from a standing start in the first decade of the 21st century, there are now around 300 community land trusts in England and Wales – community-owned projects for developing housing appropriate to local needs²⁸. Between 2008 and 2017, the number of community-owned pubs in the UK rose from nine to 85²⁹, and the number of community-owned shops rose from 171 to 346³⁰. And since the turn of the millennium, around 300 community-owned energy organisations have been sprung up³¹. These developments sit within a wider context of the rapid growth in the number of community businesses – there are now 11,300 in England.³²

Growth in community ownership has increasingly been supported in government policy. This started small – in 2002, the Adventure Capital Fund was set up to support community organisations to acquire physical assets – but over time, has increased. The 2011 Localism Act gave community organisations the legal right to register assets as being ‘of community value’ and to delay their sale for six months to give them time to develop their own bids. And this year, the government announced in its Budget, the creation of a £150m Community Ownership Fund to help community groups buy local assets. In the next section, we set out why there is increasing policy interest in community ownership, i.e. what the public benefits are of this model of ownership.

Benefits of community ownership

Community ownership has well evidenced benefits both for the assets taken into community control and for the wider community. The main benefits relevant to the case of local football clubs are its financial resilience and sustainability, and its potential for driving local economic and social development.

28 See About CLTs, National Community Land Trust Network:

Available at: <http://www.communitylandtrusts.org.uk/what-is-a-clt/about-clts>

29 See Community Pubs: A better form of business (Plunkett Foundation 2018). <https://plunkett.co.uk/wp-content/uploads/BetterBusiness-2018-Pubs.pdf>

30 See Community Shops: A better form of business

(Plunkett Foundation 2018). <https://plunkett.co.uk/wp-content/uploads/BetterBusiness-Shops-2018.pdf>

31 See Community Energy: State of the Sector (Community Energy England, 2020). https://communityenergyengland.org/files/document/484/1615989181_CommunityEnergy-StateoftheSector2020Report.pdf

32 See The Community Business Market in 2020, (Power to Change 2021). Available at: <https://www.powertochange.org.uk/wp-content/uploads/2021/03/Community-Business-Market-in-2020-FINAL-2.pdf>

1. Financial resilience and sustainability

Assets taken into community ownership tend to be financially viable for the long term. At a basic level, owning an asset increases the financial resilience of the community organisation which takes it on³³. Recent research shows that three-quarters of community-owned assets report being in good financial health³⁴. And they have a remarkably high rate of survival. Between 1992 and 2017, just 24 community shops closed – a survival rate of 94% which compares very favourably to other types of business³⁵. The survival rate for community pubs is even more impressive – 100%³⁶. Admittedly, this was before Covid, but research from Power to Change suggests that only 1% of community businesses intend to close their doors as a result of the pandemic³⁷. This long-term resilience makes community ownership the obvious choice for assets which are struggling financially, and which large numbers of local people want to see stay in business well into the future. It certainly compares very favourably with the regular insolvencies seen in football.

2. Economic and social development (often in difficult places)

Community-owned assets contribute £220m to the economy each year. They employ 7,000 people full-time, and leverage over 150,000 volunteer hours every week³⁸. Given this ownership model's innate rootedness, all of that economic activity tends to have outsized impacts on the local area. Transferring assets into community ownership adds to the skills base – some 72% of community organisations which have taken ownership of an asset say the skills and capacity of their board and/or staff has increased as a result³⁹. And community ownership models tend to create more training and job opportunities for local people⁴⁰.

Often, all of this economic and social benefit is taking place in areas which lack other means of development and regeneration. Community organisations tend to be concentrated in areas suffering from economic distress⁴¹. In places which no longer attract much private investment – and in the context of a long period of decline in public investment since 2010 – community ownership has increasingly become the only game in town.

33 See In Community Hands: lessons from the past five years of community asset transfer (Co-Op and Locality, 2020). Available at: https://locality.org.uk/wp-content/uploads/2020/03/COP33979_In-Community-Hands_2020.03.18.pdf

34 See Our Assets, Our Future (Power to Change, 2019). Available at: https://www.powertochange.org.uk/wp-content/uploads/2019/07/Our-assets-our-future_DIGITAL.pdf

35 See Community Shops: A better form of business (Plunkett Foundation 2018). Available at: <https://plunkett.co.uk/wp-content/uploads/BetterBusiness-Shops-2018.pdf>

36 See Community Pubs: A better form of business (Plunkett Foundation, 2019). Available at: https://www.powertochange.org.uk/wp-content/uploads/2019/10/PF_BB_PUBS19_web-version.pdf

37 See The Community Business Market in 2020, (Power to Change 2021). Available at: <https://www.powertochange.org.uk/wp-content/uploads/2021/03/Community-Business-Market-in-2020-FINAL-2.pdf>

38 See Our Assets, Our Future (Power to Change, 2019). Available at: https://www.powertochange.org.uk/wp-content/uploads/2019/07/Our-assets-our-future_DIGITAL.pdf

39 See Places and Spaces: the future of community asset ownership (Locality, 2017). Available at: <https://locality.org.uk/wp-content/uploads/2018/03/Locality-Places-and-spaces-report-final.pdf>

40 For a review of the evidence, see Community-led approaches to reducing poverty in neighbourhoods (Joseph Rowntree Foundation, 2016). Available at: <https://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/community-led-approaches-to-reducing-poverty-in-neighbourhoods.pdf>

41 See Communities Work (Locality, 2020). Available at: <https://locality.org.uk/wp-content/uploads/2020/09/2020.09.16-Locality-report-Communities-work.pdf>

Fan ownership – the story so far

Fan ownership is a viable model. Across the continent, many of Europe's top leagues have a tradition of fan ownership. Germany, including two of the best and most successful clubs on the continent – current European Champions Bayern Munich and Borussia Dortmund, famously operates a 50% + 1 rule, by which the league demands that the community own a majority stake in the local club.

These models are not new. But there is little evidence of football leagues en masse adopting new community ownership models. Instead, each league is a product of its national culture and its own tradition. So, whilst it is tempting to suggest (as is often the case in other branches of policy) that we should simply seek to find a way to replicate the German model, the reality is altogether more challenging. The German '50+1' model of ensuring majority ownership by fans may seem like an attractive model. But in Germany, this emerged from a specific context. Before 1998, clubs were owned exclusively by fans or 'members' associations'. So, the introduction of the '50+1' rule was not in fact a way of encouraging fan ownership – it was a way of allowing private ownership into the German game while retaining a majority stake for fans.

In a way, the situation in English football today is precisely the opposite of the German case. By contrast, there has been little tradition of fan ownership in modern English football. Instead, the modern movement can be traced back to the early 1990s and lowly Northampton Town in the old 4th Division. In the very year the Premier League – powered by enormous Sky television broadcasting revenues – would burst on to our screens and change the game for good, fans of the Midlands club faced what would become a regular occurrence for supporters of football league clubs in the following decades. Their club was in financial crisis and at risk of liquidation.

In a first for English football, Northampton fans went a stage further than the old tradition of rattling collection buckets to chip in for a struggling club – they set up a supporters’ trust. Their leader, Brian Lomax, told Jim Keoghan (author of *Punk Football*, a history of fan ownership in English football):

“It was clear as the financial crisis deepened and time passed that there was no one coming along to save us, no white knight charging to our rescue. In response to this, a few of us arranged a meeting of the supporters to see what could be done. The idea of forming a fan-owned trust that would invest in the club was floated during the meeting. The need was obviously there for some fundraising body to be created. But we felt that this should be one that got something in return for the investment and one that could look after any money the fans raised.

...We saw Northampton Town as a vital part of the local community and not just a business. Because of this, it was important that the club integrated itself with that community. In practice, this meant that we worked hard for the club to create community programmes, to ensure that local people could afford to get to a game and that no-one would be disenfranchised from our football club.”⁴²

The move was a success, so much so that when the new Labour government reviewed the state of the game through its Football Taskforce (established by the incoming administration in 1997), it concluded that part of the solution should be the proliferation of some element of fan ownership through supporters trusts. It even established Supporters Direct to promote community ownership models. In the years since its inception, Supporters Direct (now part of the Football Supporters Association) has set up over 200 Trusts and helped 44 buy their local clubs, and another 44 take a share, by offering advice and expertise.

As well as the supporter buy-out model pioneered by Northampton Town, in recent years, we have seen the proliferation of two other general classifications of fan-owned club – the phoenix club, and the protest club. We set out some general characteristics of each of the three models below.

42 <https://www.theguardian.com/football/the-agony-and-the-ecstasy/2015/oct/16/northampton-town-supporters-trusts-football-clubs>

Supporter buy-outs

The simplest way for supporter groups to take control of their club is the same as any purchase – a willing seller and willing buyer. Supporters' Trusts can raise the funds through a range of funding models to secure a deal. However, the reality is rarely so simple. Firstly, and most importantly, supporter buyouts often take place at times of crisis – with the club in administration or about to enter administration. Thus it is likely that, in addition to the market valuation of the club's assets, and the high cost of professional services to arrange a purchase, the fans have to take on significant debt. In addition, companies in administration face a 'race against time' to prevent liquidation.

Phoenix clubs

In some cases, where teams could not be saved, fans have come together to create their own club (AFC Bury being a recent example). Apart from the obvious difficulties inherent in starting any business, and starting again at the bottom of the football pyramid, a frequent problem for phoenix clubs is the loss of the ground – almost always a club's most significant physical asset, where the ground has not already been sold. After Scarborough FC was wound up – and the ground sold to developers where it would eventually become a supermarket – the phoenix club, Scarborough Athletic, were left without a home and forced to groundshare for a decade.

Protest clubs

Here the community's club still exists but a group of supporters have come together with a shared sense that the spirit of the club they supported has been lost, and have set up a new club in protest. One of the best known is FC United, established by Manchester United fans in protest at the commercialisation of the game in general and the Glazer family buy-out of their club in particular.

Over the following pages we profile a number of clubs across British football with experience of some level of fan ownership before drawing out a series of shared experiences and lessons.

Exeter: long-lasting success



In 2003, Exeter City was relegated from the football league with club finances so dire that it was forced into a Company Voluntary Arrangement (CVA), and its Chair and Vice Chair arrested. (In 2007, the pair would both plead guilty and face prison and community service respectively). Yet amongst the gloom, 2003 marks a decisive turn in Exeter's history. In February, the Exeter City Supporters Trust formally changed its constitution in order to seek full ownership of the club; by September, a cheque for £20,000 was handed over and the club was theirs.

The asset they bought faced debts of £4.5m,⁴³ and there the real work began. The Trust gives its own account of the process:

“The Directors and Trustees negotiated a CVA which would pay 10p in the pound (this eventually turned out to be 7.1p in the pound) to creditors. At the same time, work parties (consisting almost entirely of volunteers) set about getting the ground up to playing standard and doing all the things that hadn’t been done for many seasons in the way of maintenance. The Trust’s greatest strength has always been, and remains, its membership. Of course, during this period, there were highs and lows. The lows were dealing with all the ‘hangers on’ and scavengers who stayed to pick over the bones of the Club that they thought was bound to die. This was followed by a series of months where the Trust had to support the Club to the hilt and beyond, and deal (albeit indirectly) with several organisations that sought to hasten (or at least make more certain) the demise of our Club. As for ‘highs’, there were at this time far more of them than the ‘lows’. For a start, the membership of the Trust grew to and sustained itself well beyond a membership of 2,000.”

Then, in 2005 – in a moment of scarcely believable footballing romance – the struggling club played Manchester United at home in the FA Cup, and drew the match, sending the tie into a money-spinning replay at Old Trafford. The two games would net the club £1m and help see off what remained of the debt by the end of the year. The club has remained community-owned ever since.

Exeter's longevity is, sadly, rare. They pinpoint two key factors that have allowed fan ownership to continue to flourish:

“Firstly, the consistent support today of well over 3,000 members, a number of whom have donated generously and regularly since the year 2000. This contrasts vividly with other Trusts, where once the most immediate events of crisis have gone, they start to lose membership. Secondly, the Exeter Trust has had a regular influx of new Trustees, who have brought many new skills and expertise to help the Trust operate.”⁴⁴

43 <https://www.weownexetercityfc.co.uk/history-and-achievements>

44 <https://www.weownexetercityfc.co.uk/history-and-achievements>

AFC Wimbledon: from outrage to outstanding



“It feels like a bit of a movement, really...We’re very much here to stay.”⁴⁵

Xavier Wiggins, Dons Trust

The Wimbledon story is utterly unique. After almost a hundred years in non-league football, the club flew up the football pyramid and to national prominence in the 1980s, with an idiosyncratic group of players collectively known as the Crazy Gang. Although their brand of football was not always easy on the eye, the results were astonishing, culminating in a succession of top 10 finishes in the old First Division; and in 1988, an FA Cup victory.

After this romance of a small club making dreams come true, for the supporters, the slump that followed was unimaginable. In 2000, the club was relegated after 14 years in the top flight, but in truth – as we see again and again in football – what happened on the pitch was only part of the story. There had been strange rumours surrounding the club for years. Their central problem had been unorthodox financial management and the fact that they never owned a ground capable of hosting top-flight football. In the 1980s, there were rumours of a South London amalgamation club; and in the 1990s, there was even talk of relocating the club to Dublin. That plan was fought off; but in 2003, the club was relocated to Milton Keynes. The community in Wimbledon had not just lost their club – to fans, it had been stolen.

In response, the supporters behind Dons Trust simply started again. As the deal to move to Milton Keynes was agreed, AFC Wimbledon was established. The Trust is not only committed to ensuring the sound running of the club, but also, to “strengthening the links between the club and the community of Wimbledon and the surrounding areas”.

Today, the club is one of the highest placed supporter-owned clubs in league football (like their predecessors, they have raced up the pyramid from the very bottom). And with the club back in Merton, its community arm (the Dons Local Action Group) is one of the very best in the country. In a single week during the Covid crisis, 2,000 volunteers distributed more than 150,000 food packs. They play a huge local role in combatting local digital poverty, distributing laptops to children in the community. And they frequently work with a range of partners, including the local authority, to use their unique reach to help some of the most deprived communities in the country.

⁴⁵ Interview in *Lessons on a Crisis: Community*, BBC Radio 4, 31st March 2020. Available at: <https://www.bbc.co.uk/sounds/play/m000tttt>

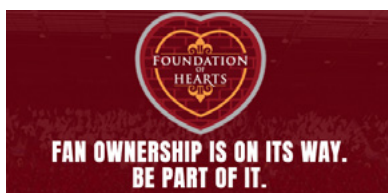
There is no question that the Dons Trust, AFC Wimbledon and its wider supporter base are motivated by a clear defining purpose, built in part from the history of the old Wimbledon FC and in part from the unique circumstances of its foundation. The club was explicitly established and defined against the sort of club ownership model that can see a team ripped out of its community. But even here, the financial demands of running a club came close to tipping the supporters towards external finance, as the team sought to secure a home ground worthy of its aspirations.

Nevertheless, AFC Wimbledon remains solely in fan ownership. The fans held on – and now, incredibly, after raising £7.5m through the Plough Lane Bond Scheme,⁴⁶ AFC Wimbledon is moving back home, to a new 9,300 seat stadium, in a deal pushed through by the fans for the club they love to bring it back to a permanent base in their local community.

And AFC Wimbledon fans are evangelical about the process. Xavier Wiggins of the Dons Trust told us about the role the club plays in supporting other Supporters' Trusts around the country as they seek to develop their own models, but readily admits that AFC Wimbledon's outstanding success is in part due to the motivating purpose of its origin story.

46 <https://thefsa.org.uk/news/afc-wimbledon-hit-target-for-financing-new-stadium/>

Hearts: on the verge of something brilliant



What is happening at Hearts is arguably the most exciting thing in supporter ownership anywhere in the UK. Hearts are a big club – they have won the Scottish League championship four times, the Scottish Cup eight times, and reached a UEFA Cup quarter final. At the time of writing, they are eight points clear at the top of the Scottish Championship and headed back to the top flight. Their ongoing conversion to full community ownership is a sign of just how far the movement can reach.

The Hearts story will feel instantly familiar to football fans across the country. A wealthy owner, utterly unconnected to the community, buying the club because it was the one that happened to be available at the time. Erratic decisions, totally out of step with the supporters, made for apparently personal reasons. Seemingly nepotistic appointments. Complex financial arrangements tied to the owner's business interests. A club living beyond its means accruing more and more debt. And then a crisis as the scale of the problem is revealed, and with it the genuine threat of the club's demise – and a race against time to save it.

Vladimir Romanov bought Hearts in 2004 after failed attempts to purchase at least three other Scottish teams, and acquired a majority share in 2005. The following season, he sacked popular manager George Burley, with his team perched at the top of the Scottish Premier League. Yet the early Romanov years also saw the team do well. The first team was invested in (indeed the scale of that investment raised eyebrows around the football world – Hearts bought 11 players in the January 2006 transfer window alone⁴⁷) and in 2006/7, Hearts played in the Champions League. The club was routinely linked with big-name managers in the press. Hearts seemed to be heading in the right direction.

But in 2011, the stark truth emerged as the club's financial position was exposed. It had all been a mirage. The club had been technically insolvent for years. In November, they were unable to pay the players' wages. By January, they were forced to offload players in order to find cash to pay wages in line with League demands; and by November 2012, the club faced a winding up order after failing to pay its tax.

The club was disintegrating; yet at the same time its fans were coming together. In 2013, the club's disparate patchwork of supporter groups came together as the Foundation of Hearts in order to save the club.

47 <https://www.scotsman.com/sport/football/where-are-they-now-11-hearts-signings-2006-january-window-629284>

The Foundation's Chair, local MP Ian Murray (who spoke to researchers for this report), tells the story of what happened next in his book "This is our Story".⁴⁸ In short, the fans faced a race against time to raise the funds to rescue the club. The barriers were immense.

First and foremost, there was the money. There were the debts of course, but there was also Romanov who wanted a return on his investment – and as owner of not just Hearts, but also the Lithuanian Bank Ukio, to whom the club owed £15m, he retained considerable leverage in spite of apparent financial mismanagement. Ultimately, the Foundation would have to raise £6.5m to buy the club.

There was generosity from the football world, from fundraisers to gifted gate receipts. But primarily, they raised the money directly from supporters. First by issuing shares – in the urgent first tranche, 4,000 supporters injected more than £1m in just weeks to keep the club from liquidation – and then longer-term, through membership of the Foundation. Today, more than 8,000 members contribute £1.5m to the club every year through subscriptions. But even with the remarkable level of community investment, the Foundation still required bridging finance to take control of the club. It came from a wealthy local benefactor, Ann Budge, who agreed to stand behind the fans and provide upfront funds to get the deal through. Budge entered into an agreement with the Foundation through which she would gradually hand the club over to fans as her initial investment was returned over time. That process was due to come to fruition in 2021. However, the Covid crisis has delayed completion, which is now expected in 2022. Needless to say, not every Supporters' Trust has an Ann Budge.

Second, the supporters needed to secure preferred bidder status, not least to take the club into a Company Voluntary Arrangement – a legally binding agreement with creditors to allow a proportion of debts to be paid back over time. There is currently no incentive or support for owners to sell to the community instead of potentially rapacious venture capital, or anyone else. The good of the community is never considered.

Third, creditors needed to agree to the CVA – if that had failed, the club would have been liquidated. Agreeing a CVA requires tough negotiation to secure the agreement of 75% of creditors, and of course a serious and convincing plan to meet the terms of any agreement. This process is made particularly difficult by HMRC's preference for voting to liquidate football clubs on the grounds that the entire game is badly financially managed. Fortunately for Hearts, their debts to HMRC made up just 5% of the overall debt (Rangers, which owed the taxman 95% of its total debt, were not so lucky and the club was liquidated.) Here again, there are no advantages in law or in policy to community ownership when taking an asset through a CVA.

Fourth, they needed to procure and cover the cost of professional services. They needed lawyers and accountants to get through the formalities. Fortunately Hearts sits in one of Europe's leading financial centres and so its supporter base was able to provide a lot of the required services, either pro bono or at a knock-down rate. Yet still, it was far from cheap – the total bill came in at £750,000. This is particularly challenging for community ownership groups because fans will readily contribute to buy their club, but guarantees often need to be made – as in Hearts' case – that funds will only be used to buy the club, not feather the nests of expensive professionals. The Foundation of Hearts needed to raise the cash outside of the primary share offer. Here again, the presence of financial support from wealthy backers was essential.

And fifth, they had to do all of the above in a torturous race against time, constantly fighting deadlines to raise cash and complete parts of the process. Again and again, the incredible work of the community faced coming to nothing because of the rolling demands created by the formalities of taking an asset out of administration. Here, again, in corporate law there are no incentives, acknowledgements or special treatment for community ownership. As the Football Supporter's Association's Ashley Brown told us: "There are no incentives to do the right thing."⁴⁹

The striking thing here is that even with all of those assets – 8,000 fans willing to put their money in; sympathetic creditors; a supporter base rich in professional skills; a wealthy benefactor to stand behind them, 'a skilled politician and strategist in Ian Murray with a direct line into government; and HMRC chairing the Foundation; the generosity of the wider football community; a Supporters Trust in place before the crisis started – the club very nearly died. The barriers to fan ownership for a club in crisis are absurdly high.

On taking control of the club, the new board's first formal decision was to institute a living wage policy across the organisation, and soon agreed a shirt sponsorship deal with a difference. Rather than a betting company or multinational fast food brand, Hearts advertise the charity, Save the Children, on their first team kit.

"Without the fans digging deep and providing the club with their hard earned money we would have sunk, simple as that."

Club legend, John Robertson

49 Ashley Brown, Head of Supporter Engagement and Governance, Football Supporters' Association, interview with authors, February 2021.

FC United of Manchester: community first



In 2005, the American Glazer family – with no previous connections to Manchester or even football – bought the biggest football club in the world, Manchester United. The sale would introduce many English fans to a complex financial transaction: the leveraged buy-out. Essentially, the Glazers were able to buy the club with debt that would then be serviced by the club itself, so fans themselves would pay for the Glazers to become the owners of their club.

To many, this sale exemplified the rampant commercialisation of the game, against the interests of the fans. To a group of United supporters, it was the final straw. And so, they set up a new club, FC United of Manchester, specifically and proudly as a community institution. Supporter ownership is baked into the club's governance, but there is a deeper commitment to the community. As they say on their website:

“We have a principled commitment to be of benefit to our local community and to work with everyone in the community through an inclusive ethos that resonates with our membership. We are passionate and understanding of the wider role that football clubs can play in assisting communities local to them. Our community programme is varied and not exclusive to football or sport – ‘we do things differently’ and our community programme is evidence of this.”

The club has raised millions through community shares to help fund its new ground and community work. As such, they were able to use Social Investment Tax Relief which allows charities and community businesses to secure 30% relief on social investments.

One of the key founders of the club, Andy Walsh, told us that from a turnover of around £1.3m the club, spends £300,000 on its community arm, from food banks and play schemes to adult learning and support for refugees.

“The word community is central to everything FC United does.”⁵⁰

50 <http://www.fc-utd.co.uk/news-story/march-2019-fc-united-of-manchester-and-the-community>

Portsmouth: one that got away



In 2008, Portsmouth won the FA Cup. Some 200,000 people lined the streets for the parade (the population of the entire city is less than 240,000). That underscores the scale of civic pride a community can take in the success of its football club. Winning the FA Cup was a huge occasion for the people of Portsmouth.

But as so often in football, success turned out to be built on sand. The club was sinking deeper and deeper into debt. Players were sold; new owners came and went, playing staff went unpaid. The club entered administration and fell through the leagues as relegation followed relegation.

The club fell into administration again in 2012, revealing debts of £100m.⁵¹ This time, it looked like Portsmouth FC, FA Cup Champions just four years earlier, might collapse. But the fans stepped in to save the club.

Through the Portsmouth Supporters' Trust, 2,300 supporters raised almost £6m to purchase the club and save their team from liquidation. Yet it wasn't to last. Three years later, still in League Two, fans voted to sell to former Disney CEO Michael Eisner.

Where did it all go wrong? Did it go wrong? After all, they did save the club from liquidation and it was within the community owners' rights to sell it on three years later. But the sale is certainly a disappointment to many in the fan ownership movement, and the most obvious contributing factor is a familiar one: results on the pitch.

As Jim Keoghan told us: "Football is about winning".⁵² But inherent in community ownership is the need for sensible financial management. When the rest of the league is racking up huge debts, buying the best players and hiring the finest managers – gambling that unaffordable investment will be returned if they can secure the riches of promotion up the league – then a club that rejects that casino approach finds itself at a disadvantage. Portsmouth have not got a long history of success, but they have got a recent history of playing in the Premier League and winning the FA Cup. Fans understandably wanted those days back and so when a wealthy investor arrived promising investment, promotion and a return to the good old days, it was hard to resist. (Incidentally, these promises have yet to be met.)

51 <https://www.theguardian.com/football/david-conn-inside-sport-blog/2012/mar/01/portsmouth-back-on-brink>

52 Jim Keoghan, author of Punk Football, interview with authors, February 2021

We spoke with the FSA's Ashley Brown, former Chair of the Portsmouth Supporter Trust, who pointed to a further difficulty for advocates of fan ownership: the demands and stress of actually running the club. Football fans support their club because they enjoy the game. For many, it's a release from daily life. It's easy to see why many don't want to turn that hobby into a demanding responsibility, and why those that do can run out of steam.

Across these profiles and the wider supporter ownership movement, we can draw out both the benefits of community ownership and the barriers to making it happen. The benefits can be understood across five broad categories:

- As a mechanism to **save a loved community asset**. As a starting point, community ownership models have repeatedly stepped in to save clubs from liquidation. Even in cases such as Portsmouth, where the club has not stayed in community hands, it is clearly a net positive.
- **Custodianship and accountability to the community**. This is not straightforward, and many of our interviewees talked about the tension in creating governance structures to separate fan ownership from fan management. Football, as Ian Murray put it, is about emotion; and emotion is not the best basis on which to run a business. But that is not to say that an institution like a football club should not benefit the community that supports it. Of course it should. What it certainly should not do is take the sorts of unaccountable decisions many wealthy owners seek to impose against fans' wishes, such as ripping the club from its community, or changing its name or the colour of its home kit for greater (perceived) marketability in foreign markets. It should definitely not announce a break away European Super League without consultation of the fans, directly contravening their professed wishes. Owners of football clubs are custodians of beloved institutions, and community ownership is the best way to ensure that duty is taken seriously.
- **Sustainability**. Football, as we have seen, is in financial crisis. The cause of that crisis is clubs being run on unsustainable models based on a gamble that success on the pitch will make the whole thing viable in the end. That cannot work for every club. Community-owned clubs are run differently. While that is undoubtedly a double-edged sword in terms of securing prolonged fan consent for prudent planning – ie. not buying that striker or hiring that manager – it is a model with a future.
- **Direct community impact**. From the Dons Local Action Group, to FC United's community work and Hearts wearing their commitment to social value literally on their shirts, these institutions have enormous potential to do good in their communities.

So why is community ownership not more widely in use? A range of shared barriers stand in the way of Supporters' Trusts as they seek to take ownership of their clubs. Four stand out:

1. **Buying at the bottom and the race against time.** The opportunity for Supporters' Trusts to purchase football clubs almost always comes at a time of crisis. Securing agreement and financial support across thousands of people is difficult at the best of times, but the quick succession of hard deadlines, which need to be met both to arrange the complicated formalities of buying a club and to raise the capital, is unquestionably a big barrier. Fans may well have the combined ability and inclination to raise millions in order to take ownership of their club, but this may be impossible in a short period of time. At Hearts, Ann Budge provided the initial capital outlay, but not every club has an Ann Budge.
2. **Securing the ground.** Football grounds are nearly always a club's most valuable asset. They often inhabit prime real estate in the centre of communities. The commercial value of those grounds, and the opportunity to separate the asset from the club to raise revenue, creates a huge temptation for disconnected owners or administrators to sell the ground. That makes it much harder for supporter-owned clubs to get going.
3. **Lack of support.** In a sector rife with financial mismanagement, there are nevertheless no incentives for community ownership, even though this model implies more sustainable financial governance and a greater creation of community value. This contrasts sharply with the strong incentives that currently exist – and are routinely applied – for single dominant owners to use the club as a subsidiary of their wider business interests to minimise their own tax obligations.
4. **The competitive nature of the game itself.** The sound financial management of community ownership often makes it harder to compete with clubs prepared to roll the dice on going into debt to buy more expensive players and managers. If financial sustainability means that competing at previous levels is made more difficult, then football's model is broken and needs to change.

In addition there are a number of shared issues that can make continued fan ownership difficult to sustain

1. **Competitive disadvantage.** There is no getting around the fact that sustainably run clubs will struggle to compete at the very top while others pour ever greater investment into their first teams. As such, any route to greater fan ownership must require both a lowering of the barriers to entry and wider reform of the game so as to encourage, not punish, sustainable business models
2. **Keeping the fans on board.** Relatedly, as noted above, running a football club isn't like running an ordinary business. Football supporters run on emotion and romance as much as results and bottom lines. Fan ownership therefore requires a delicate balancing act whereby fans have a say on strategic direction as is their right as part owners, but are separate from the day-to-day running of a club. Inevitably, satisfaction with this balance will be harder to maintain when results on the pitch suffer a down turn. In addition, after the initial elation of taking over a club, there is a significant problem with supporter-owner fatigue. As such, supporters' trusts will need to work at succession planning and ensuring that a shared purpose is baked into the general running of the club.
3. **Surviving a crisis.** As we have seen with the Covid crisis, football clubs can face financial shocks at any time. More prosaically, for most clubs, relegation, or the need to invest in club infrastructure, can provide irregular financial crises of varying severity that clubs owned by high net worth individuals or groups of investors can often weather more easily by leaning on a wider pot of reserves. We have seen above that supporters trusts have already shown that they can raise significant sums of money through innovative capital raising, but clearly the pot is not inexhaustible. As such, community owned clubs would do well to build up significant reserves, although we should also recognise that this would exacerbate the competitive disadvantage set out above.

Nevertheless, in spite of the barriers and shared issues set out above, the case for community ownership remains strong. Or to put it another way, it is the existing model that contains an unjustifiable level of inherent risk. Today, it is not as easy as it could be for supporters' trusts to take ownership of their clubs nor maintain it. But that's not a reason to abandon the model, rather it helps enhance the case for policy makers to incentivise community ownership and support it once it is established. And as we shall see below – now is the time.

Chapter 4: The politics of football

In previous chapters, we have seen the importance of football clubs as community assets, the danger to those assets in the game's prolonged and unsustainable financial crisis, the relevance of community ownership as a potential solution, and the existing barriers and challenges that such an approach faces.

These issues have been brought into sharp focus by the announcement of a planned European Super League. For literally millions of fans up and down the country, the long-standing suspicion that a group of out of touch and unaccountable owners are prepared to do permanent damage to beloved community institutions to maximise their own profits has been proven correct. There is no sporting case for a European Super League; there is no community interest, there is only one motivating factor – more money for the richest people in the game.

But it doesn't have to be this way.

In the next two chapters, we set out a plan for action. First, in this chapter, we examine the political environment for taking action in this area, looking at the government's current relationship with the game and its wider interest in community ownership. Then in the final chapter, we set out a series of recommendations which we believe would start to put football on a more secure financial footing, with all the wider economic and social benefits that brings.

Several factors in combination suggest that community ownership of football clubs could be a political issue whose time has come.

1. Government intervention in the game in the light of the European Super League

The announcement of a planned European Super League is the biggest moment in football in generations. The outpouring of anger from all quarters, the unity of opposition from supporters' groups – even those of the Big Six – and the unanimous verdict of pundits, commentators and fans alike has left government with no choice but to act.

At time of writing, ministers have announced the long-trailed fan-led review – chaired by popular football-supporting MP Tracey Crouch – and have made clear that fan ownership is of interest to the review. In addition, there is talk of co-ordinated action across European governments and a time of reckoning – a need for deeper reform that doesn't just block these proposals (which seem dead on arrival) but restores sanity to a game that is clearly out of control.

Fans have, of course, long called for government intervention in football to confront its chronic financial and administrative problems. In recent years, as more and more clubs have hit the wall, those calls have grown louder – and there has been a growing expectation that government action is on the horizon, even before Covid.

In December 2019, the Conservative Party manifesto committed to a “fan-led review of football governance”. Similarly, the Labour Party have approached every election for more than a decade with promises to reform the way the game is run.

The damning DCMS Select Committee report into the demise of Bury FC, published a month before the 2019 General Election, called for sweeping reforms. They included a supporters’ ombudsman to hear concerns about how clubs are being run, and tough new restrictions on ownership of football clubs, demanding “government legislation for an independent system of football licensing and regulation if reforms are not implemented”.⁵³

In response to the ESL announcement, Sky’s respected pundit and former Manchester United right back, Gary Neville has given his own voice to calls for an independent regulator.

Now it is crunch time. As Labour’s Andy Burnham has said in response to the planned ESL: “The unanimity of opposition to the European Super League is something to behold. But it just be about stopping it. Instead, we need a cross-party campaign to reclaim the game for supporters, with independent regulation of ownership and finances. This is our last chance.”⁵⁴

2. Government interest in community ownership

The Conservative Party manifesto also included a commitment to a £150m Community Ownership Fund, with local football clubs given as the lead example of what sorts of local assets might be taken over by communities. And in the March 2021 Budget this Fund was formally announced by the Chancellor, with bids for match funding of up to £250,000 invited from community organisations looking to take over local assets. Although the full prospectus is not yet published, we already know that there will be a special dispensation for bids associated with sports – these can be up to £1m each⁵⁵. That suggests that football is uppermost in the government’s thinking on community ownership.

The Community Ownership Fund is part of the government’s wider commitment to investing in local areas. A tangle of different Whitehall-controlled funds are now available, or about to be available, from the recently announced Levelling Up Fund and Community Renewal Fund to 2018’s Future High Streets Fund and 2019’s Towns Fund. And next year, the Community Renewal Fund will be replaced by the long-awaited Shared Prosperity Fund. While it is difficult to pick apart the combined effect, intention and impact of these funds, it is clear that the government is interested in offering financial support to local communities looking to improve their areas, create social benefit and regenerate their economies.

53 <https://committees.parliament.uk/committee/378/digital-culture-media-and-sport-committee/news/103576/committee-calls-for-regulatory-reforms-to-english-football/>

54 <https://twitter.com/AndyBurnhamGM/status/1384403371520630786?s=20>

55 <https://www.gov.uk/government/publications/community-ownership-fund/community-ownership-fund>

3. The electoral geography of the 2019-2024 parliament

The importance of local football clubs is unsurprisingly not lost on politicians. In many places, the local club is not just an important contributor to the economy, it is the lynchpin of a town's identity. For this report, we spoke to politicians from all parties representing places where the local football club is in financial crisis. And we have found that there is understandably intense political interest in securing a more sustainable future for the club. After all, very few single institutions in any given constituency command as much loyalty and passion as the local club.

What is more, the pattern of failure in football maps closely on to current electoral geography. The new Conservative majority is built on the so-called Red Wall seats won in 2017 and 2019. Many of those seats – including places like Bury and Bolton – are in those towns outside of major cities and characterised in many cases by football clubs outside the Premier League, and therefore often in some form of financial difficulty.

Of the constituencies hosting the 72 football league clubs and Bury:

- 26 – more than 1 in 3 – are 'swing seats' (either majorities under 5,000 or changed hands since 2015)
- 18 are marginal (majority under 5,000)
- 14 have changed hands at least once since 2015 (11 from Labour to Conservatives)
- 8 passed from Labour to Conservatives at the last election

Of course, football clubs' local support is hardly limited by parliamentary boundaries. Of the 55 seats the Conservatives won at the last election, at least 25 are firmly within reasonable 'catchment areas' of football league clubs (and at least six more close to local Premiership clubs).

4. The need for a new settlement after Covid

Finally, the effect of the pandemic on the game will undoubtedly be seismic. Already, lower-league clubs, which rely on match-day takings, have come under enormous added pressure. At the beginning of the 2020/21 season, when it was already clear that crowds would not be returning any time soon, the negotiation between the government and the various football administration bodies about how the game could be subsidised – and crucially, who should pay – threatened to break down in acrimony. In November 2020, men's football was left out of the government's £300m survival package for spectator sports on the basis that there is enough money in football for the game to address its own financial issues. Eventually, after the Culture Secretary threatened to bring forward the promised 'fan-led review of the game', the Premier League agreed to finance a £250m rescue package for lower-league clubs.

But that is not the end of the story. Continued tension between government and the game was evident again in February 2021, around the granting of a £100m loan from the government's Covid Corporate Financing Facility to Championship clubs. The EFL wrote to the government objecting to conditions which would force any clubs benefiting from the loan to refrain from negotiating new pay deals with its players⁵⁶. Here, the long-standing acrimony between HMRC and football once again spilled into the open. The Treasury has long seen many football clubs as suffering from poor financial management, for reasons set out in Chapter 2 above. That tends to make them disinclined to be helpful towards clubs, many of which are likely to turn up one day soon at the Insolvency Service with a litany of unpaid debts and taxes. But this time, the argument has taken place against the backdrop of Covid, which no one can deny is placing lower-league clubs in particular under enormous strain.

As shockwaves from the ESL announcement continue to reverberate around the game, it is unclear exactly where government action is headed. The next chapter sets out a path towards serious support for community ownership of football.

56 <https://www.telegraph.co.uk/football/2021/02/19/exclusive-championship-brink-treasury-puts-brakes-bail-out/>

Chapter 5: Four actions to kick-start a new era of fan ownership

There is no question that the game is in crisis. The recent announcement of a European Super League is just the latest – and by far the worst – example of football being run in direct opposition to the interests of its supporters and the wider community. Almost no one wants to see a European Super League, except the handful of billionaires who wanted to make an even greater fortune through the proposals. Although these clubs use community-facing slogans like ‘more than a club’ and ‘this means more’ for promotion purposes, the reality is clear for all to see. Any concept of genuine owner custodianship has been utterly lost. These clubs are now run as businesses and businesses alone. And this is increasingly true throughout the football pyramid.

But this is about more than just the game. Football clubs are extremely valuable community assets, and their crisis can affect us all. Community ownership could be part of the answer. We have seen that community ownership of clubs or grounds can keep the asset where it belongs – in the community – and can bring extra social and economic benefits to the area. And the political incentives, both for encouraging community ownership and ensuring local clubs are protected, appear to be in place.

However, as set out in chapter 3, supporter groups face a number of barriers which currently make community buy-outs more difficult than they need to be. We present four proposals below which, taken in tandem, would start to shift the dial towards greater take-up of community ownership models within football.

Our proposals

1. *Level the playing field for community ownership via the ‘fan-led review of the game’*

Community ownership of football clubs is not a silver bullet. Even if a large minority of clubs or their grounds were taken into ownership by their fans in the next ten years, many of the rest would still likely be driven by the allure of the Premier League and its riches to overspend, and put their clubs at risk – thus failing as custodians of highly valued community assets. And that will in turn make it more difficult for those clubs which are community-owned to sustain the model, given the fact that it is harder to win football games when you are paying less than your rivals for talent. As we have seen, fan ownership models suffer as enthusiasm is eroded by the strain of running the club; generational shift in the fan base dissolves the motivating shared vision, and most crucially of all, competitiveness is reduced. It is clear that one of the conditions for widespread take-up of the community ownership model in football is that the game in general is put on a more sustainable footing so that teams are not punished for choosing a more sustainable financial model.

For that reason, our first recommendation is for the government to ensure that its long-awaited ‘fan-led review of the game’ properly addresses the long-term problems of financial mismanagement in football and creates a more level playing field. After the European Super League is defeated, we cannot return to business as usual. One of the goals of the review should be to end the effective competitive advantages enjoyed by those who manage clubs irresponsibly.

In the words of the Football Supporters Association’s own ‘Fans Manifesto’⁵⁷:

“Football is our biggest cultural expression of community identity and no other country exhibits such depth of support for clubs from the top to the bottom of the pyramid, yet this heritage can be at the mercy of unscrupulous and incompetent owners. The football authorities must be required to establish an independent process of regulation for professional clubs with a tougher Owners and Directors Test, increased financial transparency, and a requirement of owners to exercise proper stewardship over clubs, all in close co-operation with supporters’ organisations.”

If this kind of reform were introduced, the environment for community ownership of football clubs – and all the benefits that entails – would be much more favourable.

57 <https://thefsa.org.uk/news/fsa-launches-the-fans-manifesto/>

2. *Strengthen existing Community Right to Bid powers into a more powerful Community Right to Buy*

Regardless of the outcome of that fan-led review, it is clearly worthwhile to seek to incentivise greater take-up of the community ownership model in football today. As we have seen, community ownership of the main assets which most football clubs enjoy – the ground itself – can be a vital block against irresponsible management of the club and a long-term guarantee of the club's presence in the community, and all the benefits that brings. Equally, where the ground has been used as a piece of leverage by usually unaccountable owners – as happened in Kettering and Scunthorpe – the community has lost an asset of great value to it.

The number of football grounds which have been listed by supporters' trusts as Assets of Community Value (ACVs) is currently estimated by the Football Supporters Association at around 30. One of these is Gigg Lane in Bury, and with any luck its ACV status will help the new supporter-owned club, Bury AFC, secure ownership of it. But the truth is that the rights conferred on the designated community organisation (in the case of most football grounds that means Supporters' Trusts) when Assets of Community Value come up for sale are generally too weak to make enough difference. The legislation gives communities six months to put a bid together, but when it comes to it they are usually outbid on the open market or they need more time to raise sufficient capital. Research in 2019 found that just 15 assets end up in community ownership for every 1,000 listed as ACVs⁵⁸.

If an asset is genuinely of community value, as so many football grounds are, then communities should have a real chance of taking ownership of it. We therefore propose an extension of existing rights, whereby community groups with a strong track record and a solid business case would be given priority to buy Assets of Community Value, and a generous window of opportunity (perhaps 12 months) to raise the funds necessary to meet a price for the asset as determined by an independent valuation. That valuation should take place according to the existing use class of the asset, so that football grounds are valued as football grounds and not as potential housing developments. And if the community group is able to meet this independently determined price then they should be given the right to purchase the asset without competition from other buyers.

This would give supporters' trusts, or other local groups, which mobilise to register the local stadium or ground as an Asset of Community Value, vital leverage over club owners not acting in the local community's best interests. If an owner or administrator seeks to sell the stadium/ground for whatever reason (eg. to asset-strip, to relocate a club, or to meet debt payments), the supporters' trust would have a clear window of opportunity to raise the funds to purchase the asset.

⁵⁸ See Our Assets, Our Future (Power to Change, 2019).

Available at: <https://www.powertochange.org.uk/wp-content/uploads/2019/07/Assets-Report-DIGITAL-1.pdf>

3. *Establish a £400m **Community Club Ownership Trust** to help supporters' trusts purchase clubs in crisis or when they are put up for sale and give them a window of opportunity to raise the capital required for community ownership.*

When clubs face liquidation or are put up for sale potential buyers need cash immediately. But the nature of raising community finance means securing sufficient funds takes time. A Community Club Ownership Trust could provide the necessary breathing space.

While in some cases it might be dangerous for communities to take over a football club in severe financial distress – and seeking to buy the club's main asset(s) might be more sensible – where it is financially prudent, fan ownership of a whole club makes sense. It gives local people real control over how their club is run and therefore, some leverage over exactly what impact it has on the wider community. But as we have seen, there are serious barriers to buying football clubs in distress.

A tie-over fund would solve many of the problems faced by supporters' trusts seeking to buy their clubs. We therefore propose that a Community Club Ownership Trust should be established at a scale which could support tens of football clubs into community ownership in the next decade.

Needless to say, it would be imperative that the Trust is operated under the highest administrative standards. It should only make loans to supporters trusts from whom it can confidently expect a return. Thus the Trust would not make awards to clubs facing insurmountable debts or to supporters' groups with no realistic plans of raising the funds to repay the loan. As such, we expect the Trust to make awards typically in the low millions – in line with the investment required from fans in the case studies discussed within this report.

To This Trust would be able to act quickly to stave off the race against time that makes fan ownership so difficult. It would issue loans to supporters' trusts seeking to buy clubs, under certain criteria (e.g. a sensible business plan including demonstration of long-term viability of the supporters' trust; debt obligations not to exceed a certain threshold). This up-front capital could cover the cost of purchase, and the professional fees associated with purchase (which often put off supporters asked to contribute capital for fan ownership). It could also cover initial running costs (e.g. debt financing and players' wages) for a limited but relatively generous period of time until supporters' trusts are in a position to pay back the loan.

The Trust would issue loans rather than grants, as the community ownership model in football has consistently demonstrated its financial sustainability and its ability to attract capital from fans. Loans would be offered under very favourable conditions (e.g. zero % interest). The Trust would be independently run, drawing on the expertise of fan-led bodies within football, as well as those in the wider charitable sector with long experience of community ownership models.

There are a number of ways the Community Club Ownership Trust could be capitalised. Perhaps the most obvious route would be a levy on football TV revenues (for reference, £400m over a decade represents around 1% of TV revenues in that time). Given the fact that community ownership of football clubs is a public good, and given the government's own expressed commitment to community ownership, the proposed 'fan-led review of the game' could be a chance for government to encourage the main football institutions to capitalise this Trust.

Alternatively, a levy could be raised on the extraordinary profits gambling companies have made from the game since the advent of smartphone based in-play markets. To put those profits in perspective, it is worth noting that at time of writing, Bet365's Denise Coates is widely reported to have been paid £421m in a single year – enough to capitalise the fund and still provide Coates with more than 600 times the average wage.⁵⁹

Another way of demonstrating government's desire to incentivise community ownership in football could be to underwrite the loans issued by the Trust, potentially using the Community Ownership Fund as the vehicle for this.

4. *HMRC to trial a **Back the Fans** policy for clubs in administration, to replace its preference for liquidation*

Before Covid, HMRC tended to pursue liquidation for clubs in administration. Given the lack of gate receipts, there is currently a freeze on this policy to ensure clubs are not pushed over the brink because of the pandemic. HMRC should take advantage of this freeze to consider a new approach which would advertise government preference for community ownership models in football. Given the tried and tested resilience and financial sustainability of community ownership, it is in HMRC's interest to incentivise this form of ownership over the usual football merry-go-round of unpaid taxes and unscrupulous owners. HMRC could trial a policy of accepting Company Voluntary Arrangements in cases where a supporters' trust, or similar entity, has a viable business proposal and is in a position to take on ownership of the club. At the very least, the traditional policy of automatically voting to liquidate a club in administration could be softened to allow for the possibility that it is in the taxpayer's best interest to support community ownership of football clubs.

59 <https://www.theguardian.com/business/2021/mar/31/bet365-boss-denise-coates-pay-may-exceed-1bn-in-four-years>

Conclusion

It would be hard to argue that the owners of the 12 clubs behind the European Super League have the best interests of the game at heart. To put it bluntly, investment vehicles and sovereign wealth funds tend to have an interest in maximising revenue and not much else. Condemnation of the proposal has been near-universal and overwhelming – governments, administrators, players, managers, fans, and even the Duke of Cambridge have been united in horror and staunch opposition. And at time of writing (less than 36 hours after the plans came to light), the idea appears to be dead in the water.

The ESL is the apotheosis of a trend that has seen clubs run as private enterprises for years. They have been ripped from their communities, rebranded and saddled with debt and incompetent hangers-on, as clubs are taken further and further from the fans and the local areas they were established to represent. The greed represented by the European Super League is just the most striking example of a trend that has imperilled the very existence of community clubs lower down the leagues.

The way football is currently run does not just leave the game open to vain and capricious owners riding roughshod over the fans. It gives them the opportunity – and indeed the motivation – to risk everything for a chance of glory. And when things go wrong, the community and the fans are left to pick up the pieces; or worse, left to mourn the death of a truly meaningful part of their lives.

Now is the time to reassess the way our national game is run. And as this report shows, football is not just for the fans. Our clubs are community assets like no other. They can be anchor institutions driving the local economy, charitable enterprises supporting the hardest to reach, and the repository of a community's hope and dreams, all rolled into one. That has immense value, and it should be protected.

So, at the heart of this report is a simple logic. The owners of football clubs are custodians of the single most important community assets we have in this country. As custodians, they have an obligation to run the club responsibly in the interests of the fans and the wider community – not just of today, but of yesterday and tomorrow too. And there is no one better equipped to run these clubs in the interests of the community than the community itself.

We believe community ownership is the best way forward for football. But getting there is not easy. First, the government's fan-led review has to have teeth. It has to think big and it has to be meaningful. This is the time for real reform that addresses the ludicrous concentration of wealth at the top of the game and the casino-culture that drives those lower down into unsustainable debt.

And second, we need real action to drive a fan ownership revolution – starting with a properly financed fund to help Supporters' Trusts take over their club, where that is what they wish to do.

Taking more clubs into fan ownership would be a huge step in the right direction, but it is not enough. If the sound and responsible financial management that community ownership creates means an enormous competitive disadvantage then there is something wrong with the competition, not the model.

In interviews for this report, those involved in fan ownership consistently spoke of the difficulties of running a club that does not overspend to compete. A level playing field in which administrators prevent the overspending in the first place would make fan ownership even more attractive and more sustainable too. The alternative, as we have seen in the analysis above, is a system in which league football clubs lose more and more each year as they gamble on advancement.

Of course, any practical developments must be driven by fans themselves, and every club is different. As such, as government develops its proposals, it must work with Supporters' Trusts to create a flexible programme that provides the right kind of support when it is needed.

Football is in crisis. Of course, it was in crisis before the ESL and before Covid. But in this moment, driven by the great outpouring of disgust at the owners of the Big Six, we have a unique opportunity to develop and deliver the reform our game has needed for years.

In this crisis there is an opportunity. We must not waste it.

These clubs are ours.

Appendix

Interviewees

Power to Change and the authors would like to thank the many interviewees who have been extremely generous with their support and their time. Their advice has helped shape much of the analysis and the recommendations within, but of course any errors are the authors' alone. In particular we would like to thank:

Andy Adams (football finance academic)

Dave Boyle (The Community Shares Company)

Ashley Brown (Football Supporters Association)

James Frith (Former Bury MP)

Tom Greatrex (Football Supporters Association)

Jim Keoghan (author, Punk Football)

Ian Murray MP

Tim Payton (Arsenal Supporters Trust)

Alan Russell (SSD)

Andy Walsh (Football Supporters Association)

Xavier Wiggins (Dons Trust)

Annex:

Of the constituencies hosting the 72 football league clubs plus Bury, 26 are swing seats – either incumbents have a majority under 5,000 or the seat has changed hands since 2015:

– 18 are marginal (majority under 5,000)

League	Club	Constituency	Party	Majority
c	Barnsley	Barnsley Central	Lab	3571
c	Reading	Reading West	Con	4117
c	Rotherham United	Rotherham	Lab	3121
c	Watford	Watford	Con	4433
c	Wycombe Wanderers	Wycombe	Con	4214
1	Blackpool	Blackpool South	Con	3,690
1	Doncaster Rovers	Doncaster Central	Lab	2,278
1	Hull City	Hull West and Hessle	Lab	2,856
1	Accrington Stanley	Hyndburn	Con	2951
1	Fleetwood Town	Lancaster and Fleetword	Lab	2,380
1	Lincoln City	Lincoln	Con	3,514
1	Northampton Town	Northampton South	Con	4,697
1	Plymouth Argyle	Plymouth Sutton and Devonport	Lab	4757
1	Sunderland	Sunderland Central	Lab	2,964
2	Cheltenham Town	Cheltenham	Con	981
2	Newport County	Newport East	Lab	1,992
2	Forest Green Rovers	Stroud	Con	3,840
2	Walsall	Walsall South	Lab	3,456

- 14 have changed hands at least once since 2015 (11 from Labour to Conservatives). 8 passed from Labour to Conservatives at the last election

League	Club	Constituency	Party	gain 19 (from)	gain 17 (from)	gain 15 (from)
c	Norwich City	Norwich South	Lab			LD
c	Stoke City	Stoke on Trent South	Con		Lab	
1	Blackpool	Blackpool South	Con	Lab		
1	Crewe Alexandra	Crewe and Nantwich	Con	Lab		
1	Accrington Stanley	Hyndburn	Con	Lab		
1	Ipswich Town	Ipswich	Con	Lab		
1	Fleetwood Town	Lancaster and Fleetword	Lab			Con
1	Lincoln City	Lincoln	Con	Lab		
2	Barrow	Barrow and Furness	Con	Lab		
2	Cheltenham Town	Cheltenham	Con			Lab
2	Mansfield Town	Mansfield	Con		Lab	
2	Port Vale	Stoke on Trent North	Con	Lab		
2	Forest Green Rovers	Stroud	Con	Lab		
Expelled		Bury North	Con	Lab		

Power to Change

The Clarence Centre
6 St George's Circus
London SE1 6FE

020 3857 7270

info@powertochange.org.uk

powertochange.org.uk

 [@peoplesbiz](https://twitter.com/peoplesbiz)

Registered charity no. 1159982

