Competere

How a Limited Independent Regulator Can Strengthen English Football

Introduction and Context

The Football Governance Bill to establish an Independent Football Regulator (IFR) for English men's professional football was first introduced in March 2024.[i]

The introduction of the IFR is a response to persistent problems in English football governance. Repeated club financial failures, concerns over unsustainable spending and owner misconduct, the lack of fan influence in decision-making, and the shock of the aborted European Super League in 2021 were cited in calls for reform.[ii] The COVID-19 pandemic's impact further exposed how fragile many clubs' finances were, adding urgency to calls for a sturdier regulatory framework. A 2021 fan-led review found that self-regulation by the football authorities had proven inadequate at addressing these issues.[iii] The review argued that current system where the Premier League, English Football League (EFL), and Football Association (FA) set the rules, including ownership tests and financial fair play standards, often faces conflicts of interest and has failed to prevent recurring crises. A February 2023 government published white paper, *A sustainable future - reforming club football governance*, found that fundamental change and governmental interference was needed because *"the free market does not properly account for the full social value of clubs"* and existing rules did not sufficiently safeguard clubs as community assets.[iv] As a result, the proposed IFR is designed as an arm's-length public body, independent of both government and the FA, tasked with enforcing new statutory regulations to secure the game's financial sustainability and protect its cultural heritage.[v]

IFR's Suggested Powers and Jurisdiction

The Football Governance Bill defines the IFR's mandate over the top five tiers of the English men's pyramid (116 clubs in Premier League, Championship League, Divisions One and Two of the English Football League, and the National League).[vi] The IFRs primary objectives are:

1. **Club financial soundness** - to protect and promote financial sustainability of individual clubs, ensuring that clubs take sensible financial decisions and consider the long-term when taking risks

2. **Systemic financial resilience** - to protect and promote the financial resilience of English football as a whole, ensuring that systemic risks and structural issues like the distribution of revenue through the pyramid are managed appropriately
3. **Heritage** - to safeguard the traditional features of English football that matter most to the fans and local communities of clubs

To achieve these aims, the IFR will implement a licensing regime for clubs. Every club in a covered league must obtain an operating license by meeting certain threshold conditions for financial resources, suitable ownership, and fan engagement. Clubs will be required to submit detailed business plans and financial information, and prospective new owners or directors must undergo a rigorous application process to be approved by the regulator. The bill specifies that owners must be of proven honesty and integrity and financially sound, and it empowers the IFR to conduct an affirmative fit-and-proper assessment of controlling shareholders and executives. Crucially, the IFR will have strong investigatory and enforcement powers: it can demand information, impose fines up to 10% of a club's revenue for non-compliance, and, in extreme cases, suspend or disqualify owners and officers who are deemed unsuitable. The regulator may even require a mismanaged club to remove an owner and appoint independent trustees to oversee the club's affairs and protect the club's viability.[vii]

Support for the IFR

The proposal for an independent regulator has been met with widespread support among fans, lower-league clubs, and many within the football industry, driven by a sense that the current self-regulatory model has failed to protect the game's broader interests. At the grassroots level, ordinary supporters overwhelmingly favor the creation of the IFR. In a 2023 poll, 56% of the general public and 80% of self-identified football fans said they support the introduction of an independent football regulator.[viii] Fan groups have been among the most vocal advocates for reform. The Football Supporters' Association (FSA), which represents hundreds of supporters' trusts across England, has long campaigned for an independent regulator. Supporters see the regulator as a necessary check on club owners and league executives who, in their view, have too often placed profit or vanity projects above the club's and fans' interests. In public consultations and parliamentary evidence, supporters' trusts recounted numerous examples of being ignored or marginalized under the status quo, reinforcing the case that only an external regulator could rebalance the governance in favor of sustainability and fair play. Many also point out that English football's elite has grown wealthy under the current model, but that wealth has not prevented crises elsewhere in the pyramid.[ix]

Support within the football industry is more nuanced, but there is strong backing from key stakeholders such as the English Football League and many club executives outside the top tier. The EFL (which manages the 72 clubs in the second through fourth divisions) has been a keen supporter of the regulator, as its clubs have been hardest hit by financial turmoil. EFL Chair Rick Parry, a former Premier League CEO, has argued forcefully for reform. Parry praised the bill's provisions that address long-standing EFL concerns, such as parachute payments and the slow pace of previous proposals.[x]

Is this overregulation?

The prospect of an Independent Football Regulator has drawn significant criticism from certain quarters, particularly among some Premier League stakeholders, free-market proponents, and those concerned about "nanny state" regulation. One central critique is that the IFR represents an overregulation of a sport that, at its top level, is thriving. Detractors argue that English football, especially the Premier League, has become a global success precisely because of its entrepreneurial environment, and they fear a regulator will impose a bureaucratic, risk-averse culture. Premier League Chief Executive Richard Masters has been one of the most prominent voices of concern. He warns that the regulator as envisioned would be too onerous and create a *"complicated, duplicative system"* overlapping with existing league rules. In Masters' view, the Premier League does not oppose all oversight but prefers a far lighter-touch model that would only step in if serious problems arose. He has cautioned that transplanting a "banking-style" regulator onto football could actually dull the competitive edge that makes English leagues appealing. As he told MPs, football by nature involves financial gambles saying, *"fierce competition, prizes for success and consequences for failure are all part of a highly competitive league system that fans want to follow. These are not deficiencies to be managed out."* Masters also noted that only six insolvencies occurred across the top four divisions in the past 12 years.[xi] West Ham United's co-owner David Sullivan bluntly stated that the Premier League *"may cease to be the world's top league if a regulator comes in"*, implying that outside interference could scare off investors or diminish the free-spending ambition that has made the league so competitive globally.[xii]

Another criticism focuses on the potential costs and bureaucratic burden of the new regulator, especially on smaller clubs. While the IFR is meant to help lower-league clubs, some of those very clubs worry it might inadvertently harm them. The chief executive of fifth-tier side Dagenham & Redbridge expressed fear that the bill's requirements would be so onerous that small clubs are not going to be able to survive with the regulation and reporting required."[xiii] Non-league and lower-league clubs often operate with minimal staff and tight budgets, so new compliance mandates could stretch their limited resources. The bill does include the principle that the regulator should act in a targeted, proportionate way and avoid harming competitiveness or investment. However, sceptics are not fully assuaged and note that many regulators tend to grow in scope over time. There is concern that the IFR might spawn a tick-box compliance culture, where clubs must hire extra lawyers and accountants to navigate complex new rules. This expense could mean the difference between survival and bankruptcy for lower tier clubs. Similarly, there is apprehension about the Owners' and Directors' Test becoming too strict. Smaller clubs sometimes rely on benefactors or relatively obscure investors willing to put money into the team. Dagenham's CEO noted that "if the bill makes it too onerous to buy clubs, then people won't invest in our clubs".[xiv]

Free-market commentators have framed the IFR as an example of the "nanny state" extending its reach into yet another domain of society. They argue that football, like any industry, benefits from competition and minimal government interference. From this perspective, introducing a regulator is a slippery slope toward micromanagement that could stifle the dynamism of the sport. Columnist Matthew Lynn, writing in *The Spectator*, acknowledged the good intentions in stopping shady oligarchs, ensuring fair play, and protecting fans, but argued that a regulator for the game is a step too far and could destroy the qualities that make the English Premier League so successful.[xv] The fear is that an official regulator will bring excessive caution. Clubs might become reluctant to take bold entrepreneurial steps if every major decision must be approved by a regulator or if they are constantly worrying about breaching some rule. Detractors sometimes point to the mixed track record of regulators in other sectors as a cautionary tale. The UK has numerous independent regulators (for energy, telecoms, water, finance, etc.), and not all have covered themselves in glory. Energy regulator Ofgem was criticized for allowing dozens of unstable energy suppliers to enter the market, many of which then collapsed in 2021, leaving consumers and the government to pick up the pieces.[xvi] Financial regulators like the Financial Conduct Authority have been lambasted by MPs for being "slow and inadequate" in high-profile scandals.[xvii] Those skeptical of the IFR are also concerned that it might introduce new inefficiencies or conflicts. For example, if the IFR issues directives that clash with UEFA or FIFA rules, clubs could be caught in a bind. UEFA's general secretary wrote to the UK government in 2024 warning that a regulator that amounts to government interference might violate FIFA/UEFA statutes, even threatening that it could lead to the England national team's exclusion from international competition if taken to extremes.[xviii]

The Premier League and its clubs also raise specific technical objections about how the regulator's powers will work in practice. One example is the concern over the "backstop" power on financial redistribution. Masters argued that giving the IFR authority to impose a revenue-sharing settlement could "hardwire continuous negotiation and uncertainty into football", as parties might hold out for the regulator's intervention rather than negotiate in good faith. He called the backstop "a novel mechanism, perhaps without precedent" and warned that it could infringe on clubs' property rights if not carefully designed.[xix] Additionally, there is apprehension about the regulator's relationship with government. The bill allows the Secretary of State to issue a high-level policy statement every few years that the IFR must consider. Masters and others have seized on this to suggest the IFR might not be truly independent, but rather susceptible to political agendas.[xx]

Evaluation of Criticisms and Assessment of the Proper Role of Regulation

Pure free market advocates and libertarians tend to focus on deregulation as a goal in itself. However, there is a proper role for regulation of some kind generally provided it improves a country's competitiveness. The Anti-Competitive Market Distortions (ACMD) model which I have developed is a diagnostic and econometric framework that identifies and measures the economic impact of government-imposed policies that hinder market competition and productivity. It is grounded in three interdependent pillars essential for economic growth: Property Rights Protection (PR), Domestic Competition (DC), and International Competition (IC**)**. The model shows that when any of these pillars is weakened, whether through weak legal protections, government favoritism, or barriers to trade, markets become distorted, innovation slows, and GDP potential is suppressed.

Crucially, the ACMD model quantifies the effect of improvements within each pillar. For example, empirical analysis suggests that a one-point improvement in a country's domestic competition score can yield an 11.2% rise in GDP per capita, while a similar gain in property rights enforcement can produce a 7.6% increase. These figures underscore that well-designed, pro-competitive regulation, far from being anti-growth, is an essential driver of national prosperity. Extracting these GDP per capita gains is fully in line with the Prime Ministers' Growth Agenda for the country.

In this light, certain aspects of the IFR's powers should not be necessarily seen as overregulation, but as a targeted intervention aligned with the ACMD framework. By ensuring club owners are financially sound and capable, the IFR supports property rights (PR) by protecting club assets, including their brand equity. and enhances domestic competition (DC) by ensuring that clubs have the financial resources to compete. Rather than distorting market function, the IFR could be a corrective mechanism that can enhance economic efficiency and resilience within the football sector.

It is of course legitimate to test the proper scope of any regulation. But the boundaries and how to navigate them are not new. The OECD and ICN have both made recommendations regarding regulation.

The OECD's Competition Assessment Toolkit provides governments with a practical methodology to identify and eliminate unnecessary regulatory restrictions on competition.[xxi] It supports policymakers in ensuring that laws and regulations achieve legitimate public objectives without unduly limiting market competition. The toolkit consists of a step-by-step guide that includes:

1. Screening regulation for potential competitive impact, using a checklist to flag provisions that:
    - Limit the number or range of suppliers,

   - Limit the ability of suppliers to compete,
   - Reduce incentives of suppliers to compete,
   - Limit the choices and information available to consumers.
2. Conducting detailed competition assessments to evaluate whether restrictions are justified by public interest and if less restrictive alternatives can achieve the same objective.
3. Developing and implementing pro-competitive reforms through inter-agency cooperation and public consultation.

This toolkit has been applied in over 30 countries and sectors and has helped generate measurable economic gains by reducing regulatory burdens that inhibit market entry or competition. For football regulation, this approach supports the idea that rules should not protect incumbents or entrench inefficiencies, but rather be designed to preserve fair rivalry, transparency, and consumer welfare.

The International Competition Network (ICN) defines competition advocacy as the use of non-enforcement tools, such as outreach, research, and advisory input, to promote a culture of competition and improve public understanding of competitive markets.[xxii] Through its work, the ICN encourages governments and regulators to embed competition principles into broader economic policy, especially in sectors not traditionally subject to antitrust scrutiny.

Key elements of ICN advocacy include:

- Advising policymakers on the unintended anticompetitive effects of regulation.
- Encouraging public-sector bodies to assess competition impacts before enacting new rules.
- Collaborating with other institutions (e.g., finance ministries, sector regulators, consumer organizations) to promote pro-competition outcomes.

In the context of the Independent Football Regulator, ICN principles support the idea that regulation should not insulate stakeholders from competition but should instead promote rules that allow sustainable and transparent rivalry while protecting critical assets like club heritage and solvency. Properly designed advocacy and outreach can also help ensure buy-in from clubs, fans, and investors.

Regulation that promotes ordinary market competition is desirable, as well as regulation that promotes property rights protection. Regulation of football is needed to ensure that the property rights of clubs, including their intellectual property is not damaged by the financial instability of potential owners. Clubs will better compete against each other if owners have proven financial soundness. Thus, efforts to ensure that owners are financially sound are critical to improving both the DC and PR pillar scores of a given country.

The question is then whether a football regulator would successfully deal with an existing problem in this area, or whether such a regulator would add no value. That will depend on whether there is a problem in clubs of fiscal soundness of ownership. We discuss some case studies below.

Benefits and Case Examples

By enforcing prudent financial standards and vetting club owners, the IFR aims to ensure club financial soundness and prevent the kind of reckless mismanagement that has imperiled clubs in recent years. A frequently cited example is Bury F.C., a 134-year-old club that was expelled from the English Football League (EFL) in 2019 due to unsustainable debts. Bury's demise exposed glaring weaknesses in the existing system. Its owner, Steve Dale, had questionable suitability and was able to acquire the club and drive it into insolvency, despite league rules meant to screen owners.[xxiii] An IFR-run owners' and directors' test could have blocked the takeover by an owner lacking *"honesty and integrity"* or the resources to sustain the club. In a scenario like Bury's, where the club's own board and the league were unable to prevent collapse, the IFR's authority to mandate a last-resort restructuring could have preserved the club's league membership and kept its vital part of the local community alive. By imposing strict financial discipline, the IFR is expected to reduce the incidence of administrations and liquidations among clubs. This would address a pattern in which dozens of clubs, especially in the lower divisions, have flirted with insolvency over the past decade.[xxiv]

A powerful illustration of why enhanced ownership scrutiny is needed especially at the lower levels of the football league system, and how the IFR could act, is the case of Ebbsfleet United. Ebbsfleet, a club in the National League, has endured years of instability under the ownership of Kuwaiti businessman Dr. Abdulla Al Humaidi. Dr. Al Humaidi's tenure encapsulates the risks of unfit or opaque ownership that the current system struggles to address. He took control of Ebbsfleet in 2013 via his family's company KEH Sports, amid promises of investment. However, Al Humaidi simultaneously pursued an ambitious £2.5 billion theme park project on the nearby Swanscombe Peninsula dubbed the "London Resort" or "Dartford Disneyland", which ultimately collapsed in spectacular fashion. The project's failure led to Al Humaidi being declared bankrupt by the High Court in 2023, leaving behind a trail of angry investors in both Kuwait and the UK. Following his bankruptcy, Al Humaidi resigned as Ebbsfleet's chairman and director in December 2023, due to the restrictions of the bankruptcy.[xxv] Legal troubles then quickly mounted, with it coming to light that multiple fraud allegations and civil actions had been filed against him, and courts in Kuwait reportedly handed down prison sentences in absentia, finding that he deluded his clients into investing in fictitious projects with the aim of stealing their money. In the UK, a judge ruled that Al Humaidi had breached the conditions of his bankruptcy by continuing to play an active role in the London Resort company and described his explanations to the court as utterly implausible.[xxvi] Despite his formal step back, control of the club did not truly change hands. Ebbsfleet remains owned by Al Humaidi's holding company, and two of his close relatives simply took seats on the board, with his cousin installed as the new chairman. This maneuver kept the club effectively under the family's influence, raising concerns that Dr. Al Humaidi might continue to pull the strings behind the scenes or return to direct control once his bankruptcy is discharged.[xxvii]

The Ebbsfleet saga underscores why the IFR's fit-and-proper ownership rules could be a game-changer for club stability. Under the forthcoming regime, any prospective owner or director must be vetted and approved by the regulator before taking control. The new law specifies that the IFR will consider whether an owner's source of wealth derives from serious criminal conduct and can issue a disqualification order if so. Had these measures been in place earlier, it is unlikely that Ebbsfleet United would have remained in the grip of a person facing such severe legal and financial liabilities. The regulator could have intervened to force a genuine change of ownership when Dr. Al Humaidi was declared bankrupt, by requiring a sale to new investors or installing trustees to safeguard the club's operations. Even now, Ebbsfleet illustrates a potential loophole. The IFR's remit will cover clubs in the top five divisions, but Ebbsfleet has just been relegated to the National League South (the sixth tier of English Football) and would now fall outside the regulator's jurisdiction. Commentators have noted this as a concern, arguing that clubs hovering at the boundary should not be left unprotected.[xxviii]

<u>Heritage and the Brand</u>

Finally, the IFR's emphasis on heritage preservation delivers benefits that are deeply valued by supporters, and are part of the core brand, trademark and wider intellectual property of the club. In recent years, however, fans have seen some owners make radical changes that disregard club heritage and dilute the brand. In some cases, this leads to a weakening of intellectual property. An example is the relocation of Wimbledon F.C. in 2003: the club's owners moved it 60 miles away to Milton Keynes and rebranded it as Milton Keynes Dons Football Club, effectively abandoning Wimbledon's local legacy. The controversial episode, approved under the old governance framework, spurred outrage and even the formation of a new phoenix club by supporters.[xxix] Under the IFR, any proposal to relocate a club's home ground would be subject to regulatory approval and would not pass if it would harm the club's heritage or undermine its financial stability. Other heritage threats have included sudden rebranding attempts. Cardiff City's owner Vincent Tan infamously changed the club's kit from blue to red in 2012, overriding tradition in a bid to appeal to international markets.[xxx] Brand dilution or trademark violations are an aspect of intellectual property damage that will be reflected in a country's PR pillar scores (as noted above). If these brand dilutions are done by financially unsound owners who then are forced to sell, the owner never properly asserts a property right, leading to wealth destruction for the ultimate (and financially sound owner).

Conclusion

While free market advocates may argue that any statutory oversight could blunt the English football's earning power, a regulator that focuses on excluding bankrupt, criminal, or opaque owners corrects real market failures without dictating how clubs spend or play. By hard-wiring owner integrity into licensing, the IFR lifts both Property-Rights (PR) and Domestic-Competition (DC) scores in the ACMD model. Assets become more secure, capital costs fall, and transparent investment becomes more encouraged. The experience of Ebbsfleet United shows the flaws of the current system. If the IFR's fit and proper test had existed, Dr. Al Humaidi may not have taken control, and the club's competitive integrity would have been protected. Intelligent implementation of the regulator can enhance the pro-competitive foundations of the English football system that benefit the country's economy while safeguarding football's long-term sustainability.

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3 June 2025

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