

## **RESPONSE TO THE FOOTBALL TASK FORCE REPORT: "FOOTBALL: COMMERCIAL ISSUES"**

### **Statement by Rt Hon Chris Smith MP, Secretary of State for Culture, Media and Sport**

The Minister for Sport and I have had extensive discussions with the Football Association, the FA Premier League, the Football League, the members of the Football Task Force and representatives of supporters' organisations since the publication of the Task Force's final report, *Football: Commercial Issues*. I am now in a position to set out the Government's response to that report.

2. Although the Task Force was split on the terms of its recommendations, it achieved consensus on the need for improvements to the commercial practices of football and for greater openness and transparency in the sport's financial affairs. The Government is fully in agreement, and I am therefore pleased to announce the creation by the football authorities of an Independent Football Commission which will address these concerns.

3. The Commission will report regularly on aspects of the administration and regulation of football by the sport's governing bodies and will provide an independent means for resolving those consumer complaints which are not dealt with adequately by the football authorities' own improved customer relations mechanisms.

4. The Commission will also review the adoption of the recommendations made in the Task Force's three previous reports on racism, disabled access and community involvement, as well as assessing the extent to which the issues raised in the final report still need to be addressed. It will monitor the content, implementation and effectiveness of the football authorities' proposed Codes of Conduct for governing bodies and clubs, and will advise the football authorities of any further amendments to these Codes that it believes to be necessary. I attach a copy of the terms of reference for the new Commission.

5. The football authorities have asked the Government to nominate the Commission's first Chairman to demonstrate the independence of this new self-regulatory body. I am pleased to do so but want to ensure that the process is conducted in an open and transparent manner according to the standards that would apply to a public appointment. I am therefore inviting today those interested in applying for the post of Chairman of the Independent Football Commission to contact my Department to obtain the necessary application form and job specification. I also attach a copy of the job specification. The closing date for applications will be 15 November.

6. Applications for the post of IFC Chairman will be sifted by my officials with a long list put to an appointments panel comprising a senior official from my Department and independent assessors drawn from the Department's list of external assessors with a representative of the football authorities.

7. It will be for the IFC Chairman to oversee the process of appointing the members of the Commission in conjunction with the football authorities. I would, however, expect that process to be similarly open and transparent. In the interests of ensuring the IFC is operational as soon as practicable I have offered the services of my Department to collate applications for membership of the IFC though assessment and selection of Commission members will be a matter for the new Chairman and not for Government.

8. The Task Force's final report proposed a body to oversee the regulatory activities of the Football Association, the FA Premier League and the Football League. The creation of the Commission takes forward this recommendation. Moreover, following detailed discussions between the Government, the football authorities and supporters' groups, the new body represents a major step towards improving the transparency and accountability of English football on top of the programmes of reform which are under way at the Football Association, FA Premier League and Football League.

9. I intend to ask the the Commission to pay particular regard to the issues of ticketing and merchandising policies in the first year of its operation. Specifically, I regard the following recommendations of the Task Force report as sensible and proportionate proposals which both reflect the priorities of supporters demonstrated in the Task Force's research work and accord with the Government's aim of widening access to the sport:

- that half price tickets should be available for under-sixteens and those in full time education, covering at least 10 percent of ground capacity;
- that instalment schemes for the purchase of season tickets should be introduced by all clubs, with interest charges not exceeding the base rate;
- that all replica strips should have a minimum life span of two full seasons and that all strips should contain a "sell-by" date indicating when the shirt will or may be replaced.

11. I would also hope that the football authorities will keep the content of their recently published codes under review and encourage clubs to adopt what we believe are sensible and reasonable suggestions.

12. The Task Force report contained two specific recommendations for the Government, concerning company mergers involving football clubs and the encouragement of communities to take equity stakes in football clubs. I shall address each in turn.

13. The Government has carefully studied the Task Force's recommendations on media ownership and football mergers. All football clubs will continue to be subject to the existing competition regime,

including merger control under the Fair Trading Act 1973 where applicable, and the provisions of the Competition Act 1998. Under the Competition Act the Director General of Fair Trading has tough new powers to take action against anti-competitive agreements or abuses of a dominant position by football clubs, media companies or anyone else.

14. The Office of Fair Trading is well aware of the holdings in football clubs which have been acquired by media companies and has already considered a number of these cases under mergers legislation. If any of these, or any future cases, are qualifying mergers, the Secretary of State for Trade and Industry will look at them on their individual merits in the light of the Director General of Fair Trading's advice and consider whether they should be referred to the Competition Commission for further investigation.

15. The Government agrees with the Task Force about the important role that responsible groups of supporters can take in the development of their clubs. To that end, we launched the Supporters Direct Initiative earlier this year to provide advice to those seeking to establish supporters' trusts and the new Supporters Direct Unit at Birkbeck College became operational last month. This builds on the success already demonstrated by shareholding trusts at clubs such as AFC Bournemouth and Northampton Town FC.

16. I am grateful to the football authorities for their helpful and constructive attitude to our discussions. It is my hope and belief that the programme of change within football will continue, and I look forward to the Commission's annual reports monitoring this. The Government will keep a close eye on the effectiveness of improved self-regulation for the sport.

17. Finally, I should like to pay tribute to the members of the Football Task Force, whose remit was not an easy one. Their four reports addressed exceptionally complex and contentious issues. The recommendations made were based on sound research and an acute understanding of football, and the sport has greatly benefited from their work.

## **Independent Football Commission (IFC)**

### **Terms of Reference**

The following are the terms of reference of the IFC:

18. To review and report on the promotion by The F.A., The F.A. Premier League and The Football League (“the governing bodies”) of best practice in commercial and financial matters within professional football, particularly with regard to customer service. In particular to review and report on:
  - \* the establishment of a Code of Best Practice, customer charters and customer relations units by each of the governing bodies, and by individual clubs
  - \* the governing bodies’ establishment of a complaints resolution hierarchy based on the Code of Best Practice, with the Independent Football Commission as the final step in that hierarchy; and
  - \* the establishment of a Financial Advisory Unit by The Football Association which will review and monitor aspects of clubs’ financial performances and promote best practice.

In this, the IFC is to have particular regard to:

- Ticket prices;
  - Accessibility to matches;
  - Merchandise; and
  - Supporter and other stakeholder involvement.
2. To review the rules and regulations of the governing bodies relating to financial and business matters within their competitions, and the Code of Best Practice, and to recommend changes where appropriate.
  3. To review and report on the adoption and/or promotion (as appropriate) by the governing bodies of the customer service related recommendations in the Football Task Force Reports 1-3.
  4. To publish their findings by way of an annual public report.