

**Update on the Birkbeck Sport Business Centre's
Submission to the
UK All Party Parliamentary Football Group Inquiry
into English Football and its Governance
(20th May 2009)**

The Birkbeck Sport Business Centre made two key recommendations in its submission to the UK All Party Parliamentary Football Group Inquiry:

- That there was a need for a more rigorous fit and proper process to which individuals that were looking to take over a football club should be subject to. In October 2008 there were three versions of the fit and proper test administered by the FA, the Premier League and the Football League, none of which were robust enough. This procedure could require that an individual state their motivations for ownership, their business credentials, present a business plan to the football authorities, and show a commitment to community engagement. It could also ensure that those with a previous history of involvement at a football club which had suffered severe financial mismanagement would be excluded from involvement in the football industry for life. (paragraphs 6.4 & 6.5).
- That there was a need to pursue a salary cost management scheme similar to that in place on a mandatory basis within League Two and a voluntary basis in League One within the Championship and the Premier League (paragraph 6.7).

When the Inquiry reported in April 2009 whilst it made no recommendations regarding a salary cost management scheme it did make three recommendations with reference to the Fit & Proper Test (All Party Parliamentary Football Group, April 2009. pages 22-23):

- “We recommend that the Fit & Proper Persons Test is revised to take into account the suitability of a new owner(s) or any director.” (Recommendation 1i)
- “We recommend adjudication of the Fit & Proper Persons Test be put under the auspices of the Football Regulatory Authority to create a unified process, under an independent body.” (Recommendation 1ii)
- “We recommend that debt leveraging is considered as part of the reformed Fit & Proper Persons Test which should judge not only the fitness of the prospective new owners, but also the fitness of their business plans for the club.” (Recommendation 2ii)

These recommendations were in line with the proposals made in the Birkbeck Sport Business Centre recommendations.

In May 2009 the English Premier League announced that it was putting forward proposals to its club members for a strengthened Fit & Proper Persons Test (Gibson, May 2009). It was suggested that under new rules, modelled on UEFA licensing system:

- Clubs could be banned from transfers, or forced to sell players/assets, if they failed a “going concern” audit.
- Clubs could be forced to demonstrate that they had no ongoing debts to the British tax authorities or to other football clubs. The purpose of this requirement was to serve as an early warning system of financial problems at clubs.
- The rules would apply to any director with a holding of over 30% in a club – a ban would be imposed on any director being involved in a football club if they had been convicted of a crime and served more than one year in gaol.

Notes

All Party Parliamentary Football Group (April 2009). *English Football and its Governance*.

http://www.allpartyfootball.com/APFG_Report_on_English_Football_&_Its_Governance_April_2009%5b1%5d.pdf

Gibson, O. (14th May, 2009). “Premier League unveils new ‘fit and proper persons’ test” *The Guardian*.

<http://www.guardian.co.uk/football/2009/may/12/premier-league-owners-debt-andy-burnham>