

Football, finances and fans

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- 1 Football clubs are not like other businesses. Their primary aim is not to make a profit, but to win matches. Research shows this creates a conflict between sporting goals on the one hand, and the logic of business on the other. This in turn can result in what one study refers to as a “gambling culture” in which “clubs splurge on playing talent in the hope of achieving sporting success”.
- 2 The financial impact can be catastrophic for clubs and fans. For while the English Premier League (EPL) is the highest earning football league in the world, with a domestic TV rights deal worth over £1.5 billion a year, life in the leagues below sees a stark reduction in revenues – and intense competition for promotion.
- 3 To address this, a fan-led review into the game has listed no fewer than 47 recommendations aimed at protecting English football. Led by MP, football coach and Spurs fan Tracey Crouch, with the help of ex-England manager Roy Hodgson, the review states the long-term financial stability of clubs as “the single most important factor” facing English football.
- 4 It suggests that a new regulator oversees clubs’ financial management by introducing business plans, monitoring costs, and having the power to demand improvements in club finances. This would take financial governance away from leagues and clubs and allow a regulator to intervene before issues become severe. These suggestions have not been universally well received, with the owner of Leeds FC comparing them to the Maoist regime in China. But the argument in favour of better regulation can be illustrated by the fortunes of two English clubs: Derby County and Bury FC.
- 5 In September, Derby went into administration after years of overspending and failure to achieve promotion to the Premier League. This prompted an automatic points deduction which left Derby bottom of the Championship (the second tier of English football). Bury, meanwhile, overspent on players, which led to promotion to League One, but also serious financial problems and eventually expulsion from the English Football League.



- 6 It is likely that the measures recommended in the recent review may have prevented both of these situations. The clubs may not have been allowed to spend so much on wages, and the regulator would have stepped in to bring their finances under control before administration or expulsion occurred. The review's recommendation of greater involvement by fans into how their clubs are run could also have highlighted issues sooner.
- 7 More generally, if the recommendations are taken up, there could be an end to clubs' institutionalized overspending. This is most evident in the Championship, where spending on wages can count for as much as £2 for every £1 of income.
- 8 The review goes a long way toward protecting the people that matter most – the fans. If implemented properly, independent regulation could save the teams that supporters hold dear. It could prevent the heartache that closing down clubs can bring to communities, and help them to concentrate on the tricky business of playing football.

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