



sportscotland

Supporter Involvement in Football Clubs

Working Group Report

The Working Group on Supporter Involvement in Football Clubs (WGSIFC) were tasked with identifying, considering and to provide recommendations on potential ways to increase and improve supporter involvement in the governance, financing and operation of professional football clubs in Scotland in order to ensure fans can be actively involved in decision-making and supporting the long term sustainability of their club.

Date of Publication

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SUPPORTER INVOLVEMENT IN FOOTBALL CLUBS

The nature of football clubs

Early football clubs in Scotland were not like today's clubs. Legal entities which belonged to their members run by and for their members, their objective was to promote the playing of the game with no apparent concern over the pursuit of financial gain. While football in some other countries continues to be organised through traditional clubs, the late 1800s saw many British clubs adopt the structure of private limited liability companies with shareholders; motivated initially by a desire to protect the founders and officers of the clubs from personal liability in the event of the clubs incurring unpayable debts particularly as wages rose. The great majority of Scottish professional football clubs continue to have this corporate structure. While it normally results in a separation of ownership and control, the prevalence of concentrated ownership among Scottish clubs (i.e. where a club is owned by an individual or a small group of individuals) means that the two often overlap, with resultant implications for accountability and governance in terms of clubs' wider stakeholders, and in particular, clubs' supporters.

While many clubs seek to run themselves in a business-like manner, notwithstanding their corporate form few if any Scottish clubs behave as conventional businesses in the sense of seeking to maximise a financial return for their shareholders. In this sense their corporate structure is basically an accident of history.

Scottish professional football clubs engage in a wide range of community activities, both football-related initiatives and programmes and broader activities in which football or the football club acts as the stimulus to engage community groups or individuals. Motivations for so doing range from normative concerns over contributing to a wider social good or giving something back to the community, through to more instrumental approaches, where social benefits are welcome but are a by-product of revenue generation. But in substance, and irrespective of their corporate form, the majority of football clubs consider themselves as social or community institutions and there is widespread acceptance of this portrayal of clubs. For example, extensive media coverage which accompanies any football club financial crisis is predicated not on the financial consequences that would arise from the failure of what is in business terms a small company, but rather from the sporting and social consequences of failure. This portrayal of football clubs as economic in basis but social in nature underpinned discussions that took place in the working group.

The changing context of Scottish football

Scottish football and its clubs have faced challenging financial circumstances in recent decades. The explanations for this are various; ranging from industry level changes in the economic structure of the European football field – changes which

have not greatly benefited Scottish football - through to poor financial management and decision-making in a number of clubs. The consequences of this have been felt throughout the sport, but have been manifest most visibly in the number of clubs of different sizes which have been forced into administration and/or liquidation. In recent months welcome financial news has emerged, however, with a number of SPFL clubs successfully negotiating debt reduction agreements with their bankers and a few clubs attracting external investment¹.

One consequence of the financial challenges facing Scottish football clubs has been a movement towards alternative organisational structures. In part this has been driven by an absence of credible alternatives, in particular the apparent absence of 'traditional owners'; individuals willing and financially able to take on ownership of clubs. In several recent Scottish football club failures supporters have been involved in one form or another in deals which resulted in clubs emerging from administration and the subsequent ownership structure. In one sense, supporters have become an owner of last resort.

At the same time, however, a smaller number of clubs have sought or are seeking to explore alternative organisational structures which are more explicitly aligned with their objectives as social institutions. These include Stenhousemuir which adopted a Community Interest Company (CIC) structure in 2001 - the first football league company in the UK to adopt this structure - and Clyde, Scotland's first fully democratic one-member one-vote CIC and which recently announced (October 2014) that it was debt free. The directors at Hibernian are also currently exploring ownership and governance structures and the opportunity for supporter involvement therein.

While there is limited evidence of constrained demand for supporter ownership among most football supporters, at the same time, whether through necessity or aspiration for change, supporters today have a greater appetite to become more involved in the governance and management of their clubs and to hold their clubs to account. From clubs' perspective, increased supporter involvement may be seen as desirable response on two grounds. First, in helping to demonstrate to wider society that club are social institutions with responsibilities and obligations that extend beyond the financial. Second, as an instrumental response; the expectation being that closer involvement of supporters will assist clubs to benefit further from supporters' financial, human and social contributions, this in turn leading to more sustainable organisations and enhanced social outcomes.

Enhanced supporter involvement is, of course, far from a silver bullet in terms of the financial challenges that some clubs have faced in recent years. Even if recommendations identified in this report had been in place some years previously, these are unlikely to have led to a different course of action in several cases of

¹ Wilson, R. (2014), Scottish football is shedding its debt, but what does it all mean?, BBC Sport website. Available at <http://www.bbc.co.uk/sport/0/football/30054170> accessed 20 November 2014.

financial failure due to a combination of pre-existing organisational structures and financial arrangements and the power and personalities of those involved. It is essential to remember that governance is as much about people as it is about structures and approaches.

Remit

In January 2014 Alison Johnston MSP (Scottish Green Party) submitted a response to the consultation on the Community Empowerment and Renewable Bill. This response titled 'Putting the Fans in Control' aimed to give supporters the right to own their clubs. On the 22 April 2014 a debate titled 'Fan Ownership of Football Clubs' was held in the Scottish Parliament. Simultaneously the (then) Minister for Commonwealth Games and Sport announced the establishment of a short-life working group to look at potential ways to improve and increase fans involvement.

The Group's remit was as follows:

To identify, consider and provide recommendations on potential ways to increase and improve supporter involvement in the governance; financing and operation of professional football clubs in Scotland in order to ensure fans can be actively involved in decision-making and supporting the long term sustainability of their club.

It should be noted that the desirability or otherwise of supporter ownership was not discussed within the Working Group. The group took the position that there were different views within Scottish football (and beyond) as to the appropriateness or desirability of different ownership models. The working assumption for the group was that a mixed ownership model was likely to be most appropriate for Scottish football and that our efforts should focus on encouraging broader involvement in football clubs, irrespective of the particular ownership structure adopted. Given this, a legislative approach was not considered desirable or necessary as this stage, being considered too prescriptive.

It should also be noted, however, that supporter ownership was acknowledged, as an entirely legitimate aspiration. Hence the group gave consideration within its discussions on how best to minimise or reduce barriers to enabling supporter ownership in circumstances where there was a demand for this ownership structure.

Membership

The Chair: Stephen Morrow, Senior Lecturer, The University of Stirling

Secretariat: Scottish Government: Sport and Physical Activity Division

Membership:

Scottish Football Association (SFA)	Andrew McKinlay	Director of Football Governance and Regulation
	Daryl Broadfoot	Director of Communications
Scottish Professional Football League (SPFL)	Neil Doncaster	Chief Executive
	Iain Blair	Company Secretary
Supporters Direct Scotland (SDS)	Paul Goodwin	Head (until October 2014)
	Andrew Jenkin	Acting Head (from October 2014)
	Richard Atkinson	Council Member
Sportscotland	Mel Young	Deputy Chair (and President of the Homeless World Cup)
	Michael Cavanagh	Partnership Manager (Football)

Approach

The Working Group on Supporter Involvement met on 6 separate occasions (May, June, August, September, October and December 2014) and secretariat support was provided by officials from the Scottish Government. However, the group was completely impartial and there was no influence from external bodies including the Scottish Government.

At its first meeting the Group's remit was agreed, as was the adoption of workshop-style approach to its work. The first workshop focused on identifying barriers to supporter involvement. Subsequent workshops then concentrated on identifying possible solutions and recommendations in three specific areas which emerged from the barriers workshop:

1. Communication, ownership structures and legal issues;
2. Governance and owner engagement;
3. Financial capacity.

The Group commissioned a short academic literature review to inform its work (see Appendix 2). An invitation was extended to Social Investment Scotland to meet with the Group as part of the workshop on Financial Capacity, while a sub-group had a preliminary discussion with professionals working in the areas of finance and law

(see Recommendation 2.1, Appendix 1). In addition the Chair met with Chief Executives of two clubs which have been prominent in considering alternative approaches to supporter involvement and with a finance professional with extensive experience of football club administrations in Scotland.

Throughout its work the Group sought to adopt a pragmatic and consensual approach, focusing on the identification of recommendations which can and will be adopted and which thus have the potential to enhance supporter involvement in Scottish football clubs in practice. The emphasis of our recommendations is on cooperation and persuasion, i.e. where possible seeking to encourage clubs and supporters to appreciate the potential benefits of our recommendations, but backed up as necessary with a limited number of enforcement measures.

Our report is organised into four sections: 1) Supporter involvement; 2) Governance; 3) Organisational structures; and 4) Financing. Inevitably, however, there is considerable overlap between these sections.

1. Supporter Involvement

Supporters are central to the social and financial vibrancy of any football club. A fundamental difference between football clubs and many other organisations is the strength of relationships that exist between supporters and their clubs, and the enduring nature of those relationships. Football is by definition a cooperative activity: one that relies on the coming together of financial capital, human capital and social capital. More than any other group supporters make long term capital commitments to their club. Enhanced supporter involvement provides an opportunity for clubs to maximise the potential returns (financial, human and social) of supporters' on-going capital investments. To that end it is important that clubs have a full understanding of how supporter involvement may be beneficial to them.

Recommendation

- 1.1 That initiatives, facilitated by the football authorities but led by independent experts, be provided for football club directors, owners and staff, these focusing on enhancing clubs' understanding of potential benefits arising from enhanced supporter involvement. Future SFA Conventions would provide an appropriate forum for such initiatives. One example would be engaging with Volunteer Scotland to discuss best practice in involving supporters as volunteers.**

A wide variety of practice exists among clubs in terms of: supporter engagement in clubs' community and social activities; supporter communication; supporter involvement in governance; and approaches to accountability.

As noted previously in this report, the group took the view that a legislative based approach to empowering football supporters was too prescriptive and was potentially insufficiently sensitive to the nature, condition and history of Scottish football. Consideration was given to introducing and/or extending detailed supporter involvement-type requirements, for example through Club Licensing or the SPFL rules. However, this approach was not favoured for two reasons:

1. to avoid worsening an existing perception among clubs of regulatory overload; and
2. concern that some clubs may adopt a form over substance approach, where emphasis is placed on doing what is required to satisfy a particular regulation rather than on ensuring the anticipated outcome of the regulation.

Our proposed approach is based on identifying, encouraging, and as appropriate, rewarding best practice in supporter involvement through the introduction of an independent assessment of clubs' supporter involvement activities – the 'Supporter Involvement Award'. The assessment criteria will be established by an independent panel. While it will be a matter for the panel to specify appropriate award criteria it is expected that these will include criteria concerned with:

- supporter communication including financial communication;
- supporter accountability including financial accountability;
- supporter involvement in governance;
- supporter representation;
- supporter involvement in decisions pertinent to their community;
- supporter involvement in clubs social and community engagement activities.

It is anticipated that the award will be beneficial to: supporters; clubs; leagues; and public agencies.

Clubs

At an instrumental level, seeking to improve relationships with any organisation's key stakeholder can only be beneficial to that organisation's performance. Greater supporter involvement provides the potential for a club to better understand its supporters and to better leverage those relationships in furtherance of its financial, social and community objectives. It will provide an opportunity for best practice clubs to demonstrate their supporter involvement activities, and the social and community contribution arising therefrom, to other clubs and to society more widely. Moreover it offers clubs an opportunity to learn from each other in an area where inter-club competition is not paramount.

Given the social and community contribution that football clubs can make, it may be possible to secure financial support for this initiative. What is envisaged is that clubs be incentivised to enhance their supporter involvement; a specified level of achievement in the independent assessment leading to an identified financial reward. Any such financial reward would be hypothecated against activities that will (further)

enhance clubs' supporter involvement and its social contribution. Clubs would be required to undertake an evaluation, identifying how the reward was used and the outcomes arising from therefrom.

However, while an explicit financial incentive would of course be attractive to clubs, it is important to stress the Group believes that the introduction of a scheme would be beneficial to clubs *per se*.

Supporters

Central to the notion of the award is the expectation that supporters will benefit from improved involvement and enhanced accountability as their clubs seek to achieve a higher award. However, should a situation arise in which a club fails to engage substantively with the award (and by extension involve its supporters) at the very least the award will provide independent evidence of that club's lack of supporter involvement and/or lack of engagement with the award process. Such independent and public illumination provides external validity to those supporters, lessening their isolation, while at the same time acting as a signal for other stakeholders, notably the football authorities, to consider future governance of that club.

Other

The overall picture that will emerge from the Supporter Involvement Award has the potential to contribute to:

- providing a more transparent and coherent understanding of the social contribution football clubs can and do play; and
- improving the alignment between public policy agendas and football clubs as important delivery vehicles.

All clubs will be subject to the Supporter Involvement Award. Notwithstanding the proposed introduction of a Supporter Involvement Award, a number of specific criteria and recommendations in respect of supporter involvement have been identified elsewhere in this report. While there may be some overlap between the award and these recommendations, this will be a matter for the independent panel to address over time.

Further background on the proposed award is set out in Appendix 1.

Recommendations

- 1.2 An independent panel is established to develop an appropriate methodology for an annual Supporter Involvement Award and to oversee its introduction and administration.**
- 1.3 To provide base line data for the independent panel, the SPFL will request from clubs written information on their ongoing supporter involvement activities.**

2. Governance

The very nature of supporters' relationships with their club, coupled with the concentrated ownership structure that continues to be prevalent in most Scottish clubs, presents challenges for supporters, given the emphasis afforded in corporate governance to the primacy of shareholders. Governance in football clubs has been criticised in several reports at UK level², but also at Scottish level³, including a failure to involve supporters and/or supporter groups in club governance. The nature of most football clubs – economic in basis but social in nature – encourages consideration of more inclusive, stakeholder-based approaches to governance; in which appropriate emphasis is afforded to the rights and responsibilities of the various stakeholders and to the multiple logics (sporting, social and financial) which guide football club behaviour and decision-making. More inclusive governance would not only align more closely with the underlying nature of football clubs but would also provide a structure through which improving relationships between clubs and their supporters could be prioritised, in turn ensuring clubs are best placed to maximise their financial and social performance.

Supporter involvement and representation

Certainly there are signs of progress here. Since 2012, all SPFL Premiership clubs have been required under UEFA's Club Licensing Regulations to appoint a Supporter Liaison Officer (SLO). The SLO initiative is managed for UEFA by Supporters Direct. The SLO Handbook⁴ identifies a number of benefits from the role; including improved relationships, direct communication channels, greater transparency and financial benefits. Also of significance is the recognition by the SFA that the SLO initiative should be seen as more than a licensing issue; evidenced in its proposed appointment of a designated Supporter Liaison Manager to work with clubs to develop and improve upon the SLO concept.

Notwithstanding the different sizes of clubs that participate in the SPFL Premiership, it is essential, however, that all clubs embrace the key principles behind the SLO initiative, and seek to learn from best practice throughout Europe.

Recommendations

2.1 That all clubs make available on their websites and directly to recognised supporter groups:

- details of their SLO, including role outline, responsibilities and activities associated with the post.

² See, for example: Culture, Media and Sport Committee (2013), *Football Governance Follow Up*; Culture, Media and Sport Committee (2011), *Football Governance*.

³ See, for example, The McLeish Review of Scottish Football (2010), *Football's Choice: Facing the Future*; Enterprise and Culture Committee Report (2005), *Report on Reform of Scottish Football*.

⁴ Copies of the UEFA Supporter Liaison Handbook (2011 edition) can be downloaded from the UEFA website at http://www.uefa.com/MultimediaFiles/Download/Tech/uefaorg/General/01/84/35/28/1843528_DOWNLOAD.pdf

2.2 That an annual review of the effectiveness of the SLO role and of the achievements therefrom is undertaken by individual clubs and that information is shared with both the SFA's SLO manager and with clubs' recognised supporter groupings.

The issue of how best to involve supporters in the formal governance of football clubs has been widely debated. Powerful arguments have been put forward in respect of supporters being represented on the Board of Directors in a representative fashion (i.e. distinct from the argument made by some clubs that 'its directors are all supporters of the club'). Others, however, are less convinced: some arguments focus on the unitary nature of the Board and on the requirements of directors to act in the best interest of the company (rather than any particular stakeholder group); others on commercial confidentiality and on the resultant challenges faced by any supporter directors in terms of their accountability to the supporter community. In practice there are examples of clubs in which the Supporter Director model appears to work well and clubs where it has been less effective. Supporter involvement in formal governance is not, of course, restricted to Board representation. Noted below are some examples of alternative structures adopted in football, sport and more widely:

1. Dual board structure. Here an organisation has two boards: one focusing on operating matters; the other, an advisory or supervisory board, focusing on governance. This structure is common in German and Dutch football clubs and is also prevalent in the charity and third sector in Scotland. For example, in German football clubs the supervisory board is elected at the General Assembly; members voting on a short-list of candidates put forward by an election committee. The Supervisory Board, whose members cannot be employed by the club or members of any of its other formal organs, appoint the Managing Board and oversee its activities.
2. Supporter Advisory Board (SAB). A variation on the dual board structure, the SAB is drawn from across a club's supporter base and can provide a forum for supporter consultation.
3. Fans' parliament models. This model is used by a number of clubs to engage with their supporters. Most commonly a club seeks nominations from across a wide variety of supporter groups. At one club one of the meetings is given over to a full explanation of the club's latest annual report and accounts, this meeting attended by the club's Chief Executive and Company Secretary.
4. Other tailored models such as a Supporter Involvement Forum.

There are three principles which are central to any inclusive model of governance:

- 1) Representation. Supporters involved must be representative of the wider supporter grouping and hence accountable to those supporters (within the constraints of Company Law and commercial confidentiality). Representation could be achieved through: direct democratic processes; nomination by a defined group of supporters (for example, season ticket holders, Supporters'

Trust or Supporters' Association members); or by position (for example, the Chairperson of a Supporters' Trust or Supporters' Association).

- 2) Transparency. The process through which supporters are involved in club governance must be transparent.
- 3) Skill Sets / Competencies. It is essential there is alignment between the requirements of the representative position and the skill set and competencies of individual supporters.

Recommendations

2.3 All clubs should give consideration as to the most appropriate structures and other informal mechanisms through which to ensure supporter involvement in their governance. (It is anticipated that governance mechanisms and their effectiveness will be assessed under the proposed Supporter Involvement Award).

2.4 Training and guidance should be made available to supporter representatives to ensure that individuals understand the nature of any governance role they are taking on and are adequately equipped to fulfil the requirements of that role.

The effectiveness of boards and their willingness to involve and engage with supporters extends beyond formal structures. This is something that it is anticipated will be considered within the Supporter Involvement Award.

The principles which underpin supporter involvement in football clubs would also seem logically to apply to involvement of supporters and / or supporter collectives in the governance of football's governing body, the Scottish Football Association. While this topic did not form part of the specific remit of this Group, it is noted that recommendations in this area made in the 2010 McLeish Review of Scottish Football, *Football's Choice: Facing the Future* have not yet been implemented. Specifically:

- National organisations representing fans and supporters require greater respect and acknowledgement from within the game. This should be reflected in the structure and activity of football organisations including the SFA Council (Recommendation 13).
- The Council of the SFA should be more representative of the diverse interests of the game including supporters, players, managers and referees. There is a need to create an independent or lay perspective within Council (Recommendation 28).

Recommendation

2.5 That the SFA consider as a matter of priority how best supporters may be represented in its formal governance structures.

Board Governance

The Board of Directors play a crucial role in the governance of any organisation. Good governance is essential for a football club to be managed effectively and to demonstrate accountability. While values are at the core of good governance, ultimately good governance is about people. More completely it is about leadership, direction and supervision of people who have the right skills and experience for the role and importantly, adequate time to devote to the role. Hence, the importance of transparency of appointment and skill set alignment is clearly not restricted to any supporter appointments to a club's Board of Directors.

While a number of clubs already demonstrate good practice in this area there can be a lack of transparency in the way in which some clubs appoint directors, and a lack of evidence as to the skills and relevant experience that individuals bring to a particular Board role and to the effectiveness of their contribution to the Board.

Recommendations

2.6 For all Board positions, clubs should provide: the names of directors; their involvement with the club; and the reasoning for their appointment. This information should be made available on the club's website and communicated directly to its recognised supporter groupings.

2.7 Clubs should provide information annually on the number of board meetings held and on the number of directors attending.

Disclosure of this type would be seen as reflecting good practice in commerce and in the third sector.

3. Organisational structures

As previously observed the majority of Scottish professional football clubs continue to be structured as limited companies with shareholders. At present two clubs with this structure are supporter owned: Stirling Albion, where the Supporters' Trust has a majority shareholding; and East Stirlingshire, where the Supporters' Trust has a controlling shareholding.

In recent years a small number of clubs have begun to adopt alternative organisational forms. These include Clyde and Stenhousemuir which have become Community Interest Companies and Dunfermline Athletic which has adopted a hybrid structure, in which 94% of the shares in DAFC are owned by Pars United CIC. The single largest shareholder in Pars United CIC is the Pars Supporters Trust (25%). It is also worth noting that hybrid structures exist elsewhere within football. For example, the Ayr United Football Academy is incorporated as a not for profit company limited by guarantee and is a Scottish charity. Its members include the football club itself, but

also community organisations including Ayrshire and Arran NHS, Ayrshire Council and Ayr United Community Initiative (The Honest Men's Trust).

While the ownership of most Scottish clubs is readily apparent, there have been and continue to be challenges in identifying the owners of some clubs. Given the contribution these clubs make to communities and to the nation (as well as the social and community consequences which arise when clubs get into financial difficulties), it is clear that supporters and others in a community should have the right to know who owns their football clubs. At its simplest any lack of transparency over the ultimate ownership of a club undermines trust between a club, its supporters and its community and hence lessens opportunities for supporter involvement.

Recommendation

- 3.1 To participate in the Scottish Professional Football League, a club must declare to the SPFL and to the SFA, and publish, the identity of the ultimate beneficial owner of the club. Should that owner be a trust, the club must disclose the ultimate beneficiaries of the trust and the name of the trustees.**

Of fundamental importance to supporters are the risks to their club where an owner does not have, or does not appear to have, that club's best interests at heart. The group discussed the benefits of extending relevant sections of the Localism Act 2011 to Scotland and, in particular, the opportunity for individuals to request that a particular community facility or amenity (e.g. a stadium) be listed as an 'Asset of Community Value' (ACV). However, the group was not able to reach agreement on whether such a designation would provide a robust defence against unscrupulous owners, or whether instead it might inadvertently disadvantage clubs in circumstances where directors are in practice seeking to take decisions in the best interests of clubs as businesses and social institutions.

Recommendation

- 3.2 That further consideration is given as to how best to protect supporters and communities, in circumstances where an owner may be seeking to exploit the value of a club's assets for personal gain.**

Naturally supporter interest in club ownership is concerned with clubs' financial sustainability, and hence tends to be intensified where a club has financial difficulties. Indeed in the majority of recent Scottish football club financial failures, supporters have been involved in one form or another in the ownership structure which allowed their club to exit administration.

Perhaps the most prominent development in terms of ownership structure is at Hearts. Its ownership by the Lithuanian Vladimir Romanov and his related companies ultimately resulted in the club being placed in administration in June

2013. Subsequently the club was taken out of administration in June 2014 by Bidco (1874) Ltd., a special purpose vehicle of which Edinburgh business woman, Ann Budge, is the sole shareholder. The intention is that ownership of the club will be transferred to the Foundation of Hearts (FOH), a not-for-profit organisation established as a company limited by guarantee, over a five year period. FOH was set up in 2010 by a group of Edinburgh business people, with a number of supporters' organisations joining it in 2013 to take forward the vision of supporter ownership. To that end, the principal aim of FOH is to acquire the majority shareholding of the club for the long-term benefit of Hearts and its fans.

SDS has played a role in enabling supporter involvement in several of the rescues, seeking to advise supporter groups and/or clubs on restructuring options. To date this has involved an *ad hoc* or firefighting approach; one predicated on 'crises'. There is an opportunity for the knowledge and experience now shared within Scottish football clubs, within SDS and among professional advisers engaged in these various restructuring processes to be consolidated into more generic guidance that SDS (and others) could share as appropriate with supporters and supporter collectives, as well as with those club owners interested in planning for ownership succession.

Importantly, however, presently there is a chance to provide a positive agenda for change, as well as a backstop in times of crisis. While there is enthusiasm among some supporters for supporter ownership, it is apparent that many supporters do not seek ownership rights or the responsibilities that are attached to those rights, specifically the responsibility to ensure the financial sustainability of the club. But at the same time all of the available evidence suggests that supporters are rightly concerned with anything which threatens their social property interests; i.e. any activities which carry a high risk to their community (encompassing supporters and wider definitions of community). Examples here would include things like changing the team's colours or badge, relocation of a club, or sale of a club's ground. In cognisance of these concerns, an opportunity exists to offer generic guidance to supporters and club officials in the form of a framework setting out legal structures and governance approaches that would align well with the notion of a community football club. It is anticipated that the framework would consider, for example:

Structural change options - community specific organisational structures which could be adopted by professional football clubs (for example, CIC or Community Benefit Society).

Structural change management – the process necessary to move from one legal structure to another.

Structural variations

- Share capital variants – within a limited company with shareholders model, the introduction of supporter shares or 'A' shares; not carrying full ownership rights or responsibilities but carrying rights over social property interests.

- Supporter / community collective taking over ownership and funding of specified club assets / activities (e.g. stadium, youth development) within existing corporate structure.

Recommendation

3.3 That best practice guidelines for community clubs be developed, these being made available to: supporters' groups via Supporters Direct Scotland; to clubs via the Scottish Professional Football League. Funding will be required to remunerate appropriate professionals in law, accounting and finance that have expertise in these areas, to ensure that robust guidelines are developed.

4 Financing

Two distinct challenges exist in terms of financing: first, those related to any proposed acquisition of an existing club by supporters or a supporter collective; and second, the funding of projects and initiatives with social outcomes within a football club.

Supporters have an enduring relationship with their clubs: emotional; social; and financial, in the form of gate receipts, merchandise purchase and other recurring expenditure. In some clubs there may be an opportunity for this long term relationship to provide a basis for long-term investment funding to be made available to the club, where supporters are willing and able to commit to provide finance on a regular basis over a prolonged period. The Foundation of Hearts provides an example of this in practice: 8,000 supporters committing between £10 and £500 each per month; this being used to provide working capital to the club in the short to medium term as the club is stabilised under its new owner. Thereafter this funding stream will be used to repay the investment made by Ann Budge, with the intention that the club becomes supporter owned after a period of five years.

The example of Hearts illustrates the key challenge facing supporters in such circumstances: in the absence of an individual like Ann Budge, how can supporters bridge the gap between their potential for long-term capital funding and the immediate need for funds to facilitate the purchase of a club? The absence of 'bridging capital' also presents a difficulty to those club owners who have given consideration to succession planning and who have welcomed the possibility of transferring ownership to supporters and/or the community. This situation is highlighted at Motherwell where the existing owner, John Boyle, agreed in 2011 to pass the club to the Well Society, an organisation which is seeking to provide community ownership of the football club, on condition that the Society was able to provide a fund – initially set at £1.5m - to the club to be used to cover cash-flow and crisis risk. While the Society had been unable to provide this fund (despite a reduction in the required figure), it was announced in December 2014 that the club

and the Well Society have now entered into a Memorandum of Understanding with a local businessman, Les Hutchison, which it is hoped will see him provide bridging capital in the form of an interest free loan, with the intention of moving the club to supporter ownership over a five year period.

This was perhaps the most intractable problem faced by the Working Group; a problem not lessened by the unwillingness of conventional financial institutions to provide investment or loan capital to football clubs⁵. There is a clear need to provide a solution to this problem of bridging capital, but moreover an opportunity from so doing to ensure that clubs become ever more committed to the social and community contributions that they can make.

Willingness by supporters to focus more explicitly on the social and community contribution and outcomes that could be delivered as a result of supporter and/or community ownership of clubs opens up the possibility of accessing bridging loan capital funding from agencies which support social investment and projects that deliver social impact.

In recent years the social investment landscape in the UK has changed dramatically and there are a growing number of social investment opportunities and initiatives which align well with a football club which has community values and objectives. These range from the provision of simple finance for charities and social enterprises in the form of loans and grants, through to initiatives like impact investment, where the focus is on supporting activities and organisations which have the potential to provide positive outcome for people, communities and society as a whole, as well as providing financial return for investors.

In a Scottish context, an organisation such as Social Investment Scotland (SIS) would be in a position to support a football club (or part thereof) which is structured as a social enterprise. Hence, where part of a club's activities or assets are controlled and managed through a CIC, Community Benefit Society or Charity, it would be possible for the club to be considered for funding from SIS. However, SIS is presently restricted in its ability to provide a social investment loan to football supporters or clubs which seek to become social institutions where that club is currently structured as a limited company with shareholders, irrespective of the current and potential social outcomes and social return on investment. Other organisations, however, such as Big Issue Invest, are structured differently and would be in a position to consider providing funding, whether through equity finance or loan funding, to supporter and/or community groups which seek to establish sustainable social enterprises (including the necessary pre-acquisition of share capital), subject to applicants' track record and business plan.

As mentioned earlier in this report, irrespective of the form of Scottish professional football club in terms of their ownership and organisational structure, in substance

⁵ As noted previously, in recent months a number of SPFL clubs have successfully negotiated debt reduction agreements with their bankers.

the great majority of these clubs are social institutions which behave as not-for-profit organisations. Moreover many clubs already engage willingly and actively in community and social responsibility initiatives at local and national level in areas as diverse as education, health and physical activity promotion and diversionary activities⁶. Notwithstanding this good work, football and football clubs have an opportunity to make a greater contribution still in social and community initiatives, through for example a more holistic and coherent engagement with public policy. The very nature of football and its clubs means that they are ideally positioned to act as effective vehicles through which to drive social and community policy. What is required, however, is for clubs to be encouraged to align themselves with these broader agendas. One way of achieving this is by providing them with access to public funding in furtherance of their commitment to taking forward broader social policy objectives.

Recommendation

4.1 That a Business, Community and Football Enterprise unit is established under the auspices of an established quango such as Scottish Enterprise, its remit being to:

- provide expert legal and financial support (including accessing bridging loan capital) and advice to football supporters and football club owners on the process of restructuring a football club to one focused in form and substance on social and community impact. (The work of this unit would build on Recommendation 3.3)**
- provide advice and financial support to clubs, however structured, which seek to align their social and community activities with national policy initiatives.**

It is anticipated that this unit could operate on a virtual basis, drawing on expertise as and when required. It is anticipated further that Supporters Direct Scotland will be integral to the proposed new unit.

Within the developing social investment landscape there is an opportunity not only to make football clubs aware of alternative sources of available to them, but also to ensuring that social investment institutions fully understand the social nature of many football clubs and of the impact they can have in their communities. There is an opportunity for such institutions to play a role both in supporting ownership and structural change in appropriate circumstances, and more generally in helping all clubs to deliver on their social agenda.

⁶ See, for example, Football Fans in Training, a unique collaboration between academics, the Scottish Professional Football League Trust (SPFL Trust) and Scotland's top football clubs, which has already attracted more than 2000 men to make significant changes to their risk of ill health by losing weight, becoming more active and eating a healthier diet (<http://www.ffit.org.uk>).

- 4.2 That the investment criteria of social investment institutions is reviewed and where appropriate consideration is given to enabling them to consider funding applications from football supporter collectives where their objective is to change the structure of a football club to a social institution, in circumstances where that application for a social investment loan would otherwise meet the criteria for consideration.**
- 4.3 That social investment institutions and football clubs be invited to participate in a knowledge exchange event, the aim of which is to improve the mutual understanding of their respective roles and objectives in terms of encouraging social impact.**

Summary of recommendations

1.1	That initiatives, facilitated by the football authorities but led by independent experts, be provided for football club directors, owners and staff, these focusing on enhancing clubs' understanding of potential benefits arising from enhanced supporter involvement. Future SFA Conventions would provide an appropriate forum for such initiatives. One example would be engaging with Volunteer Scotland to discuss best practice in involving supporters as volunteers.
1.2	An independent panel is established to develop an appropriate methodology for an annual Supporter Involvement Award and to oversee its introduction and administration.
1.3	To provide base line data for the independent panel, the SPFL will request from clubs written information on their ongoing supporter involvement activities.
2.1	That all clubs make available on their websites and directly to recognised supporter groups: <ul style="list-style-type: none"> • details of their SLO, including role outline, responsibilities and activities associated with the post.
2.2	That an annual review of the effectiveness of the SLO role and of the achievements therefrom is undertaken by individual clubs and that information is shared with both the SFA's SLO manager and with clubs' recognised supporter groupings.
2.3	All clubs should give consideration as to the most appropriate structures and other informal mechanisms through which to ensure supporter involvement in their governance. (It is anticipated that governance mechanisms and their effectiveness will be assessed under the proposed Supporter Involvement Award).
2.4	Training and guidance should be made available to supporter representatives to ensure that individuals understand the nature of any governance role they are taking on and are adequately equipped to fulfil the requirements of that role.
2.5	That the SFA consider as a matter of priority how best supporters may be represented in its formal governance structures.
2.6	For all Board positions, clubs should provide: the names of directors; their involvement with the club; and the reasoning for their appointment. This information should be made available on the club's website and communicated directly to its recognised supporter groupings.
2.7	Clubs should provide information annually on the number of board meetings held and on the number of directors attending.

3.1	To participate in the Scottish Professional Football League, a club must declare to the SPFL and to the SFA, and publish, the identity of the ultimate beneficial owner of the club. Should that owner be a trust, the club must disclose the ultimate beneficiaries of the trust and the name of the trustees.
3.2	That further consideration is given as to how best to protect supporters and communities, in circumstances where an owner may be seeking to exploit the value of a club's assets for personal gain.
3.3	That best practice guidelines for community clubs be developed, these being made available to: supporters' groups via Supporters Direct Scotland; to clubs via the Scottish Professional Football League. Funding will be required to remunerate appropriate professionals in law, accounting and finance that have expertise in these areas, to ensure that robust guidelines are developed.
4.1	<p>That a Business, Community and Football Enterprise unit is established under the auspices of an established quango such as Scottish Enterprise, its remit being to:</p> <ul style="list-style-type: none"> • provide expert legal and financial support (including accessing bridging loan capital) and advice to football supporters and football club owners on the process of restructuring a football club to one focused in form and substance on social and community impact. (The work of this unit would build on Recommendation 3.3) • provide advice and financial support to clubs, however structured, which seek to align their social and community activities with national policy initiatives. <p>It is anticipated that this unit could operate on a virtual basis, drawing on expertise as and when required. It is anticipated further that Supporters Direct Scotland will be integral to the proposed new unit.</p>
4.2	That the investment criteria of social investment institutions is reviewed and where appropriate consideration is given to enabling them to consider funding applications from football supporter collectives where their objective is to change the structure of a football club to a social institution, in circumstances where that application for a social investment loan would otherwise meet the criteria for consideration.
4.3	That social investment institutions and football clubs be invited to participate in a knowledge exchange event, the aim of which is to improve the mutual understanding of their respective roles and objectives in terms of encouraging social impact.

Appendix 1

Supporter Involvement Award

Recommendation 1.2 endorses the introduction of an independently assessed annual Supporter Involvement Award from 2015.

Preliminary discussions have taken place between a sub-group of the Supporter Involvement Working Group and representatives of two firms operating in the legal profession and in the accounting and finance profession. Both firms have offered to provide resources to support the development of the award, its implementation and its assessment. It is anticipated that primary resource commitment will be front-loaded; i.e. work required to develop appropriate and agreed supporter involvement criteria and a scoring system (or methodology).

The following key principles were agreed:

- The Supporter Involvement Award will be developed and overseen by an independent panel.
- The panel will have an independent Chair, he/she being appointed for a three year period in the first instance.
- Members are invited to join the panel on the basis of skills and experience in areas including: finance; company and community law; community engagement; football governance; and research methodology.

It is important that the panel itself operates transparently and is accountable for its activities. To that end:

- The panel will be independent of the SFA and the SPFL.
- The panel will develop agreed criteria and a transparent scoring system.
- The criteria and scoring system will be published.
- Clubs will be ranked or graded and this information made publicly available.
- That this be a developmental award, i.e. over time the independent panel will augment the criteria based on experience and best practice.
- Clubs will be invited to make submissions, this submission to be supplemented with club visits.
- External validation of the award is considered essential. Hence there will be an opportunity for supporter input into the process, with supporters' trusts and other recognised supporters' associations and groups invited to submit their views on a particular club's supporter involvement.

Appendix 2

Working Group on Supporter Involvement in Football Clubs: Background Literature Review

Overview

The majority of academic literature which may be of relevance to the working group tends to focus around three areas: 1) ownership, governance and accountability; 2) licensing; and 3) communication. There is very little academic literature concerned specifically with supporter involvement in financing or the operation of clubs. One exception is the paper by De Ruyter and Wetzels (2000). Focusing on supporters' willingness to buy shares in their club, the authors conclude that the social norm of reciprocity, coupled with an individual's level of attachment to a club, contributes to a feeling of personal obligation to provide financial support by buying shares in their club.

The following sections seek to provide a summary of the available literature. Some of the material and discussion may only be of tangential relevance to our work, but it may provide background context for members.

Ownership, governance and accountability

The United Kingdom

In the UK the limited liability corporate structure continues to be the most prevalent organisational form adopted by football clubs. Many Scottish clubs continue to have a concentrated ownership structure in which power rests with a dominant owner or family. According to Carlin and Mayer (2000), concentrated ownership is beneficial to activities that require long-term, committed investors as it can provide both stability and certainty of purpose. The likelihood that the pursuit of footballing success will contribute to an owner's utility, means that *ceteris paribus*, in the short-term at least, it is assumed that there is a greater likelihood of goal congruence between supporters and the owner (Morrow, 2003). (This, of course, assumes that supporters are close to a homogeneous group and that moreover, supporters' primary motivation is football success).

However, less benign interpretations of the so-called benefactor owner model and of concentrated ownership are to be found, in practice and in theory (Beech, 2010). One interpretation of recent high profile collapses in Scottish football is that majority ownership enabled individuals to exploit the commitment and loyalty of supporters; the shared desire for success being asserted and used to justify irrational and unsustainable financial behaviour (Morrow, 2012).

An obvious problem with the concentrated ownership model is that stability is entirely dependent on the current owner being able and willing to continue to fund

the club (Cooper and Joyce, 2013; Morrow, 2012). Where that is not the case any club's stakeholders are exposed to, and at risk from, the behaviour of that dominant owner, including decisions taken by the owner as to who is an appropriate new owner. In a report in 2009 on Money Laundering in Football, the Financial Action Task Force expressed its concern about the effects of the inherent financial fragility of football clubs being exaggerated by the financial crisis, thus making it harder to find sponsors, concluding that 'there is a risk that clubs that are in debt will not ask many questions when a new investor appears' (Financial Action Task Force, 2009). The decision by Rangers former owner, Sir David Murray, to sell that club to Craig Whyte is perhaps a good illustration of this risk.

Supporters are clearly a heterogeneous group. For example, a study into fan communities at the mutually structured, FC Manchester (a club set up in response to the Glazer takeover of Manchester United) highlighted the absence of homogenous unity among supporters: a club poll on ticket prices generated 25 pages of comment within a day (Brown, 2008). Nevertheless, the nature and importance of relationships between supporters and their clubs in terms of: identity and belonging (Brown *et al.*, 2006; Brown, Crabbe and Mellor, 2008; Morrow, 1999, 2003); partisanship (Simmons, 2006); and activism (Michie and Oughton, 2005; Vamplew *et al.*, 1998), continues to distinguish football clubs from conventional business organisations. Easy to exaggerate supporter loyalty, it remains a vitally important asset to football clubs. Yet while decision makers in clubs and the popular press understand the desire of supporters to engage with their club and are in a position to profit from supporters' attachments to their clubs, the nature of the field within which clubs play means that genuine accountability is not easily achieved by supporters (Cooper and Johnston, 2012). The very centrality of a club to many people's identity, coupled with a fear of undermining the institution rather than a club's owners, means that market-based approaches such as exit (i.e. withdrawal of financial support) are rarely used as a means of controlling or disciplining behaviour in a football club.

Margalit (2008) focuses on how best to protect the interests of the community of fans, something which he argues is an endogenous component of a football club. Building on the notion that football clubs are economic in basis but social in nature, this theoretical article seeks to explain why the interests of the community of fans merit protection through the recognition of fans' property interest in their club. Margalit discusses both alternative ownership structures (see below), but also sets out a new proposed governance structure for clubs – 'the social property interest of fans' - one which conceptualises supporters as social or moral owners of clubs and accords them special decision-making powers in respect of activities that bear a high risk to their community. More specifically he suggest supporters would be given an effective formal voice on matters most pertinent to their community while the financial owner would manage the day-to-day economic affairs of the club and extract financial compensation as appropriate. This raises a number of questions:

1. Which supporters should have the community-of-voice? Margalit suggests those who have ‘thick solidarity’ with the club and fellow supporters: in practice season ticket holders; those who occasionally attend games but do so in the company of other fans (whether in pubs or other fan gatherings); and those who invest time and money in the promotion of the club and the fans’ community interests. While the practicalities of this categorisation are challenging, the principles underlying it are interesting.
2. How the fans’ voice should be expressed (e.g. perhaps through a representative supporter grouping)?
3. How to determine the precise circumstances under which the fans’ voice may be considered mandatory? Margalit acknowledges the difficulties in determining the rules of decision-making here, but at the same time argues that some matters would generally be considered as low risk to the fans’ social property interest (e.g. the appointment of manager; decisions about merchandise); while others have the potential to endanger the interests of core fans (e.g. changing the team’s colours or symbol, relocation, the transfer of a controlling interest in the club). Margalit suggests that “it is here where fans’ communities’ needs for a strong formal voice is most evident, and therefore they should be accorded a strong voice, if not decisive decision-making power”. While the difficulty of such classification is fully acknowledged by the author, he also argues this type of governance structure would help ensure ‘the right type of owner’ came into football.
4. How to ensure transition and in particular whether current property-rights holders would require to be compensated.

Emphasis on structural solutions such as alternative ownership models is also evident in the literature; in particular discussion of forms of mutual or co-operative ownership such as exists at prominent European clubs like Barcelona and Real Madrid (Michie, 1999; Hamil, Walters and Watson, 2010).

A considerable volume of UK-focused literature has also emerged related to the mutualisation of football, much of it directly related to or commissioned by Supporters Direct (see below), as well as books and reports aligned to the work of Supporters Direct (Hamil *et al.*, 1999, 2000, 2001; Michie, 1999; ‘State of the Game’ reports). Academic literature has also proliferated in this area, both articles supportive of changed ownership structures (see, for example, Michie and Oughton, 2005; Ward, Scanlon and Hines, 2012) and more critical studies (Adams and Armitage, 2002; Kennedy and Kennedy, 2007; Martin, 2007).

It is also important to draw the Working Group’s attention to the Supporters Direct Briefing Paper series prepared by the research organisation *Substance*. While these are ‘political’ documents in the sense of supporting a particular position on the issue of the ownership of clubs, there is much in these papers that is potentially of relevance to the Working Group given its remit. Rather than attempt to summarise these, copies of the Executive Summary of relevant reports (along with a web link to

the full report) will be made available on the Knowledge Hub. (The titles of these reports are provided at the end of this brief review).

Europe

Markedly different ownership models and governance structures continue to be found between football clubs in different countries and within countries (Franck, 2010; Gammelsæter and Senaux, 2011; Garcia and Rodriguez, 2002; Hamil *et al.*, 2010; Hamil, Walters and Watson, 2010; Morrow, 2003; Senaux, 2008).

In recent years there has been widespread support – in academic, professional and political circles - for the so-called German model of ownership and governance.

Traditionally German football clubs were structured as multi-sports associations, controlled and managed by their members (Wilkesmann, Blutner and Müller, 2011). However, since the late 1990s German clubs have been permitted to adopt the structure of joint stock companies as long as the original sporting association (*verein*) retains 50% plus one voting right in the new company. The purpose of this structure is to ensure that a club's members retain control over the club and to prevent a situation in which any individual or organisation could exercise control over more than one professional club (Dietl and Franck, 2007). This structure has now been adopted by more than half of clubs in the country's top two divisions (Wilkesmann *et al.*, 2011). Considered by many as the ideal governance structure for football clubs (see, for example, Culture, Media and Sport Committee Inquiry, 2011), it is not, however, without its critics. Dietl and Franck (2007) suggest that the structure can lead to a governance vacuum. They argue that difficulties of involving a heterogeneous group of fans in decision-making and control can result in elected representatives seizing control to derive personal utility from their association with the club and its sporting success, while at the same time having no responsibility (beyond that of any member) for the financial performance and position of the club. Dietl and Franck (2007) believe that corporate governance provides more effective mechanisms through which to limit the discretionary freedom of managers.

In a study into corporate governance and earnings management in European football, Dimitropoulos's (2011) findings suggest that clubs with more independent members on the board, smaller size and increased ownership by insiders (managers and officers) and institutions seem to achieve enhanced monitoring performance which leads to better alignment of interests among managers and various stakeholders. This effective monitoring is depicted by the improved quality of published accounting information by those clubs which are characterized by less discretionary manipulation of accounting numbers by the managers.

Licensing

UEFA club licensing, applicable to all clubs participating in UEFA's Champions' League and Europa League competitions, was introduced from season 2004/05 (Olsson, 2011). It draws heavily on the German domestic club licensing system introduced in 2000 (Wilkesmann *et al.*, 2011), in which minimum criteria that clubs

must achieve are specified in five separate categories - sporting, infrastructure, personnel and administrative, legal and financial (Müller, 2004; Olsson, 2011).

Professional football was reformed in Germany in 2000, with the 36 professional clubs constituting themselves as members of the German Professional Football League Association. The Deutsche Fussball Liga (DFL) is its sole shareholder and was established to run the business of the league (the Bundesliga). As the operational unit of the league it has responsibility for the licensing system. The aim of the German system is to ensure that league members are capable of satisfying their sporting and financial commitments during the season, thus protecting the integrity of sporting competition and the commercial value of the Bundesliga (Wilkesmann *et al.*, 2011). A detailed description of the financial aspects of the German club licensing system, adapted from Wilkesmann *et al.* (2011), is set out below:

By 15th March in year t (t = current year), the following must be submitted by each club:

Documentation:

- written licensing application, accompanied by legally binding declaration that licensing documents are complete and correct;
- a club balance sheet as at 31 December $t-1$ audited by a DFL appointed auditor;
- an audited Profit and Loss account for the first half of the current season (1 July $t-1$ to 31 December $t-1$);
- a forecast P&L account for the second half of the current playing season (1 January t to 30 June t) and for the season for which the club is seeking a licence (1 July t to 30 June $t+1$);
- A status report by the management board; and
- A report by the auditors confirming that the submitted documents are plausible and appropriately certified.

Legally binding written declarations:

- Committing the club to providing access to the DFL in respect of relevant marketing and operations agreements;
- Providing assurance that all liabilities to employees, taxation and social authorities and transfer obligations are up to date at 31 December $t-1$;
- Permitting the DFL to request information from the relevant German Inland Revenue offices;
- Waiving banking secrecy in its own bank in favour of the DFL;
- Revealing its holdings in other companies; and
- Committing it to adhere to all licensing conditions.

Club licensing in Germany is an interactive process, with the DFL having the opportunity to request clarification on information provided, and to seek further documentation as required, to satisfy itself of the applicant's economic strength, particularly around projected cash flow or liquidity. Essentially the league's licensing officers have the right to adjust the club's forecasts if they consider them to be

imprudent (Green, 2011). Where concerns are expressed about a club's liquidity forecasts, conditions will be imposed upon the club which must be fulfilled prior to a license being granted (Wilkesmann *et al.*, 2011). Others, however, argue that the licensing body must base its licensing decisions only on the data provided by the clubs and that it is not entitled to question this data; citing an internal court of arbitration ruling in favour of the club Eintracht Frankfurt issued after the DFL had refused to issue a licence, the DFL querying the quality of a bank guarantee submitted by the club to cover a shortage of €4 million (Dietl and Franck, 2007). While to date, unlike in England or Scotland, no Bundesliga club has gone into administration (or the equivalent) mid-season (Green, 2011), Dietl and Franck (2007) argue that this is simply because the DFL will not take radical action against any of its major clubs, citing high profile financial problems in recent years at well-known clubs including Schalke 04 and Borussia Dortmund.

Another country with a long history of club licensing is the Netherlands. The system was revised and strengthened in 2003 with the inception of an independent licensing committee, set up to scrutinise the financial position and performance of clubs and with the authority to revoke club licences and to impose sanctions - footballing and administrative - on clubs (Pieters and De Schryver, 2011). In 2003, initially 30 out of 34 clubs were denied a licence, although ultimately all clubs were licensed, while in 2009 the Dutch FA did take the decision to withdraw the licence of Fortuna Sittard, only for this to be overturned by the civil courts on procedural grounds (Pieters and De Schryver, 2011). Further changes have been made since then, both in terms of the information that clubs must provide - e.g. the provision of long-term (3 year) budgets - and the Dutch FA's monitoring processes - e.g. the inception of a draft protocol for auditors to increase uniformity (Pieters and De Schryver, 2011). Of interest is the inception of a Financial Rating System, a financial ratio-based approach to monitor the well-being of clubs; the results of which were publicly disclosed by the Dutch FA. Only four clubs fully satisfied the licensing criteria, 19 were classified as needing medium supervision, while 13 required strong supervision (Pieters and De Schryver, 2011). According to DePers (2010) (cited in Pieters and De Schryver, 2011), seven Dutch clubs began season 2010-11 with points deductions due to non-compliance with license regulations.

Communication and reporting

A small number of papers have been published focusing on financial communication. Studies on narrative reporting in football clubs have been carried out by Morrow (2005), focusing on image management in narrative communication in elite British clubs and its alignment with financial information; on social disclosure in Premier League clubs (Slack and Shrives, 2008); on financial reporting relevance (Morrow, 2013; Webb and Broadbent, 1986); and on the case for accountability in football, with an emphasis on the Glazer family takeover and ownership of Manchester United (Cooper and Johnston, 2012).

A recent study (Morrow, 2014) into the implications of UEFA's FFP regulations for football club financial reporting concluded that football club financial reporting was compliance driven, offering little meaningful disclosure on key performance indicators like salary costs and little evident benefit in terms of decision-making and wider accountability. One of the report's recommendations was to call for research into the merits and demerits of bespoke financial reporting for football clubs, taking into account the distinct nature of football club organisations and their stakeholders.

Some football specific work on the social and community value and role of football was carried out by Brown *et al.* (2010), its aims including investigating ways in which to measure or account for the social and community value of football clubs and outlining how the community role of football clubs relates to wider regulatory issues. The report concluded that football as a whole has a great deal to gain from promoting an improved understanding of its social value, of developing an appropriate framework through which it can be assessed and of reporting its activities.

Appendix 1: Supporters Direct Briefing Papers

These papers can be downloaded from the Supporters Direct website at

<http://www.supporters-direct.org/homepage/research/research/briefing-papers>

Briefing Paper 1: Developing Public Policy to Encourage Supporter Community Ownership in Football

Briefing Paper 2: Developing Football Regulation to Encourage Supporter Community Ownership in Football

Briefing Paper 3: Financing Supporter Community Ownership

Briefing Paper 4: Business Advantages of Supporter Community Ownership in Football

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