

Sports Litigation Alert

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UK's Independent Football Regulator receives Royal Assent and Passes into Law

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On Monday 21 July 2025, the long-awaited Football Governance Bill received Royal Assent – the final step in the UK Parliamentary process bringing into force the Football Governance Act 2025. The key focus of the new legislation is the establishment of a new Independent Football Regulator, to oversee the men's game in England's top five divisions.

While fans appear to welcome the new changes (the Footballer Supporters' Association has been lobbying for change for many years), this increase in regulation marks a significant shift for English football. With new provisions to protect club finances and promote fan engagement in addition to the new independent regulator, there are a number of new rules to grapple with for all players in the English football market.

History

The road to royal assent has been long and winding for the Football Governance Act. The process started with a fan-led review (first announced in April 2021).

Important to remember throughout any analysis of this new legislation and the history of it, are the key 'points of crisis' (so labelled by the fan-led review) which led to the initial examination in the first place: (1) the collapse of historic football clubs such as Bury and Macclesfield, (2) Covid-19, which revealed the fragile nature of many English clubs, and (3) the attempt to establish a new, breakaway European Super League in April 2021, which threatened the English football pyramid which underpins the game in the UK.

Key items to look out for

Owners, directors, clubs and leagues will need to familiarise themselves with the new legislation quickly, while we wait for the new regulator to become fully established, and its new Code of Governance to be drawn up.

The new Act aims to protect and promote the sus-

tainability of English football, primarily by establishing the new Independent Football Regulator or "IFR".

The IFR, as its name suggests, will be an independent organisation, separate from the Government and therefore, in theory, politics. The Secretary of State may have some level of involvement when requested by the IFR and is required to prepare guidance about the IFR's functions under the Act, provided that the IFR is consulted before any publication. However, on the whole, the IFR is expected to act and operate independently.

The IFR is established to achieve certain goals for the sport, being to:

- protect and promote the financial soundness of regulated clubs;
- protect and promote the financial resilience of English football; and
- safeguard the heritage of English football.

All of the IFR's powers are designed to ensure that it can further those objectives.

The regulator must proactively and constructively engage with clubs (including their owners and officers) and leagues, act consistently and transparently and also recognise the role and responsibility that clubs' owners and officers have.

One of the key ongoing roles of the IFR will be to publish the "State of the Game" report. The first is required to be published within 18 months of the legislation coming into force with further reports to be published every five years thereafter. The Report will be key for prospective investors as well as those already incorporated into the industry, as it will identify the main problems affecting English football and provide an assessment of whether such issues are preventing the regulator from being able to achieve its goals. Fundamentally for fans and clubs alike, the IFR is required to

invite feedback and suggestions and to manage a consultation process with the Football Association (FA) and all competition organisers, plus any other stakeholders that the IFR deems appropriate.

Of course, a new regulator will not be established and operate for free. Stakeholders should be aware that the new IFR will be funded by a levy on clubs. Although not determined yet, the Act does set out some boundaries to ensure that clubs do not, in aggregate, exceed the costs incurred by the IFR. Clubs will be keen to understand these costs as soon as possible in order to factor them into their accounts.

While the establishment of the new regulator is the most widely discussed element of the new Act, existing or prospective owners, controllers, directors and other key stakeholders will also be interested to understand how new licensing provisions could affect the bottom-line and whether there will be any barriers to investment as a result of new duties and information requirements.

English clubs will now require either a full or provisional operating license before a team can actively play in competitions. To qualify for a license, clubs will need to produce a strategic business plan, detailing estimated costs for the operation of the club and how such costs will be funded, and a personnel statement, providing details of a club's ultimate owner and the roles of senior officers and management. Licenses are dependent on four conditions:

1. financial plans condition (adequate financial and business plans and appropriate corporate structures);
2. corporate governance statement condition (submission of a statement explaining how the club has complied with the regulator's Code of Governance);
3. fan consultation condition (regular consultation with fans to understand the community's views); and
4. annual declaration condition (similar to an annual confirmation statement for UK Companies).

Fans in particular will be pleased to see fan engagement as a fundamental pillar of a club's licensing conditions. Investors will clearly recognise the value and success that a strong community club can bring, especially if Wrexham AFC's recent success is anything to go by. However, clubs and their management teams will need to anticipate a significant number of new re-

strictions and requirements. Not only will failure to engage with fans trigger serious concerns with respect to a club's operating license, the Act also stipulates notification and approval requirements with respect to where home grounds are located, whether home grounds can be used as collateral for loans and other liabilities and whether a crest or home shirt colours can be changed.

The mandatory conditions mean that owners and directors should also expect greater scrutiny. The corporate governance statement will annually report on how the club is meeting the regulator's Code of Governance (yet to be implemented) and such statements will also need to be published and available online. Failure to meet this requirements and the various operating license thresholds consistently could result in the regulator revoking a club's operating license.

Along the same lines, the Act brings with it a greater focus on eradicating financial mismanagement that could result in the downfall of community clubs.

Before an acquisition could take place, prospective owners will need to apply to the IFR and be determined as "suitable", before they can step into the role. This captures all prospective owners who will *directly or indirectly* hold 25% of shares or voting rights in the club or will otherwise hold significant influence or control over the club (including the right to appoint officers). Similar to the now well-established "persons of significant control" register familiar to many UK corporate entities, this will often require an analysis of a club's corporate chain in order to determine the actual owners. The IFR is responsible for conducting a detailed review process in order to block an owner or officer suspected of having any source of wealth connected to serious criminal conduct. As there are already rules regarding ownership for the Premier League and with the Football Association it is to be seen how these new tests integrate with existing rules.

It is clear that the new regulations are also designed to steady the English football pyramid as a whole, rather than just at a club-level. The fallout and public outcry resulting from the proposed European Super League has resulted in new prohibitions which will prevent clubs from participating in competitions that the IFR deems non-competitive or capable of jeopardising the heritage of English football.

There will also be a new dispute resolution process, which can be triggered by competition organisers where there are disputes over the distribution of revenue between leagues. Such disputes could arise in the

context of “parachute payments”, where payments are made to clubs from the Premier League broadcasting revenues after a club has been relegated, to act as a financial buffer to support the club as a result of the reduced revenues received in a lower league. These payments have been the focus of much discussion. The IFR will run the new mediation process which could result in a distribution order being made to determine how funds should be distributed. Importantly, the IFR is prohibited from making a distribution order that could lower parachute payment revenue within a year following a team’s relegation below the amount they would have received if not for the distribution order. In the context of ongoing disagreements between the Premier League and the English Football League (EFL) regarding parachute payments, the inclusion within the Regulator’s scope could potentially bring an end to this deadlock, provided that any reduction in such payments will not place undue burden on either league, consistent with the IFR’s objective of financial stability.

Enforcement and sanctions

Many of these new regulations could be meaningless without meaningful enforcement powers. Clubs, and their management teams, need to be aware that the IFR will have wide reaching powers to gather information and appoint investigators where necessary in order to review potential infringements.

Owners and officers could be disqualified if deemed to have become unsuitable for the role. If the regulator deems it necessary, it will also have the power to appoint interim trustees to take steps to rectify issues. Clubs also need to be aware that infringements of the Act could result in imprisonment or significant

financial penalties, where applicable. Failure to provide correct and accurate information, for example, could result in fines of up to 10% of a club’s revenue. At the less severe end of the spectrum, the regulator has a number of other tools at its disposal such as issuing direction orders or serving warning notices which will be made public, with far reaching reputational consequences.

Next steps

All football stakeholders, particularly owners, officers and prospective investors, will be eagerly awaiting the next developments in the football industry. Investment in the English sports industry continues to be a very attractive arena and greater support for football in particular has been, on the whole, welcomed by many. The upcoming transition period will serve as a final chance for stakeholders to get up to speed with the new requirements and put impact-assessments into action.

The IFR is expected to be launched later this year. The Government’s statement, released to mark the passing of the new legislation, confirmed that once established, the IFR will first consult with the industry on its Code of Governance rules as well as connected guidance and its approach to licensing clubs before the new regime is implemented. To some extent, this process is already underway with the Shadow Football Regulator (established in 2024), which has a mandate to engage with industry and fan groups as needed.

The Government’s statement also suggests that the Interim CEO and Board for the new Regulator will be announced ‘shortly’, demonstrating an apparent eagerness to establish the IFR as soon as possible.



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