
State of the Game

Terms of Reference

1. State of the Game: Terms of Reference

1.1 Notice

Section 10 of the Football Governance Act 2025 requires the Independent Football Regulator (IFR) to prepare and publish a “State of the Game” report (“the report”) on the state of English football so far as relevant to the exercise of the IFR’s functions. Prior to this, the IFR must publish a notice stating its intention to prepare a report and inviting suggestions as to matters to be included. These Terms of Reference fulfil this function. Prior to publishing the report, the IFR must also prepare and consult on a draft final report.

1.2 Background

The report will allow the IFR to develop a deep and comprehensive understanding of the football industry, particularly the economics of the market, the underlying incentives, and the economic drivers of behaviour. Although the IFR’s scope will focus on the top five English men’s leagues, these clubs and leagues are affected by the wider football ecosystem and other economic and societal factors, which the report will set out the IFR’s understanding of.

This will allow the IFR to make an objective and evidence-based assessment of any underlying risks or issues (where these are relevant to the IFR’s objectives and functions). In turn, this will then inform the IFR’s overall regulatory approach in relation to club financial soundness, systemic financial resilience and heritage (as set out in the Football Governance Act).

Since summer 2025, the IFR has started work on the report by engaging with competition organisers, football clubs, academics and industry experts to build its initial understanding of the industry, and the key trends and challenges present. We are also formally requesting detailed club financial and ownership data from competition organisers (both current and historical), as well as launching a series of surveys on current approaches to fan engagement and corporate governance.

This document sets out the proposed scope of the report, which includes the following key topics: industry background; the economics of the industry; the financial soundness of clubs; the systemic resilience of English football; revenue distribution; fan engagement and heritage; and corporate governance, Equality, Diversity and Inclusion (EDI) and community outreach.

We are inviting suggestions on matters to be included in the report, so the scope of the report may change depending on those suggestions. As such, the topics below should not be seen as a complete list of what we will consider as part of this study. Ultimately, our analysis and conclusions will be driven by the suggestions we receive and the evidence we find.

2. Proposed scope of the State of the Game report

The report will focus on issues relating to the Football Governance Act 2025, including financial sustainability and club heritage. **Topics such as ticket prices and Video Assistant Referees are outside this scope.**

2.1 Industry background

To frame its assessment and analysis of the industry, the IFR will analyse the main characteristics and key trends of the football industry and the wider football ecosystem. This will include:

- club income streams;
- club costs;
- owner funding;
- the market for players (including associated costs related to player development and agents);
- stadium ownership;
- interactions with the wider football ecosystem; and
- the role of competition organisers, existing financial rules and the wider regulatory and legal landscape.

2.2 Economics of the industry

In addition, the IFR will analyse the key economic relationships in the industry and the drivers of behaviour. This will include: the role of fans; the factors that determine demand; the link between player-spend and sporting success; the role and motivation of owners (including owner funding and club enterprise values); the drivers and importance of sporting competition and international competitiveness; and investment into English football.

2.3 Financial soundness of football clubs

The IFR will analyse club finances to assess where any key risks are. This will include:

- **Business Model** – How clubs manage revenue, costs, and financial risks throughout its operations. This will include the drivers of club revenue and costs (as well as an assessment of stadium ownership arrangements).
- **Liquidity** – Clubs' ability to meet short-term financial obligations using liquid assets. This analysis will include metrics such as quick ratios, operating cash flow and working capital.
- **Solvency** – Clubs' ability to meet medium to long-term debts and operate sustainably over time. This will include an analysis of debt and equity (including the role of owner and commercial debt).

- Governance – The internal structures and controls clubs have in place to mitigate financial risks. This analysis will cover corporate governance structures at clubs, as well as their ability to identify, manage and mitigate risks as they arise.

In addition, we will summarise existing financial rules and draw on case studies where clubs have entered financial distress to identify any common causes and potential early warning signs.

2.4 Systemic resilience of English football

The IFR will identify and assess the impact of potential systemic risks and structural issues in English football. Amongst other things, this will consider:

- the market for players;
- the broadcast market;
- the role of debt and financing;
- the investor landscape in English football;
- how financially connected clubs are to each other; and
- resilience to macroeconomic shocks. As part of this, the IFR will consider the international context.

2.5 Revenue distribution

The IFR will: investigate the drivers of broadcast and other central revenue growth in recent years; set out how these revenues are distributed and how this has changed over time; before assessing how this affects clubs at different levels of the football pyramid. As part of this, the IFR will consider: all distribution avenues, including solidarity payments, parachute payments, and any distribution to the wider football ecosystem, including women's football, academies, community and grassroots; any 'cliff-edges' between and within leagues; and interactions with the economics of the industry as set out in Section 2, as well as the IFR's objectives.

2.6 Fan engagement

The IFR will assess the different fan engagement structures at clubs (including fan ownership), what works well and what challenges are faced by clubs and fans. As part of this, the IFR will reference the existing approaches of the leagues and the FA. This section will also consider the importance of club heritage.

2.7 Corporate governance, Equality Diversity and Inclusion (EDI) and community outreach

The IFR will assess the different approaches to corporate governance, EDI and community outreach, including the benefits of these approaches and the challenges faced by clubs. As part of this, the IFR will reference the existing approaches of the leagues and the FA.

2.8 Emerging opportunities and challenges in English football

The IFR will consider emerging opportunities and challenges in English football. The industry is rapidly evolving and by identifying and assessing forward-facing issues the IFR will ensure that its analysis takes this changing context into account.

Questions on the proposed Terms of Reference:

1. Are there any topics not included in the Terms of Reference, within our statutory remit, that you think the State of the Game report should cover?
2. Do you have any other comments on the State of the Game report Terms of Reference?