Independent Football Regulator

IFR Supervisory Strategy

November 2026

Contents

Context 3

Initial Supervisory Approach 4

1. IFR Supervision 4
2. Core Strands of the Approach 4
3. Phasing of the Approach 7

Appropriate Financial Resources 9

4. Implications of State of the Game for Licensing 9
5. Liquid Assets 10
6. A Risk-Based Approach to Liquidity 11
7. Risk Assessment 13
8. Further Areas of Focus for Financial Risk Supervision 14
9. Reporting 14

Appropriate Non-Financial Resources and Fan Engagement 15

Context

- The purpose of this Supervisory Strategy is to provide clubs with further detail on the IFR's approach to working with clubs.
- It follows the publication of Licensing Guidance on 1 July 2026[1] and the draft State of the Game Report ('SoTG')[2] on 13 October 2026.
- The IFR have also opened a consultation into our approach to liquidity at the same time as publication of this Supervision Strategy. Parts of this document will therefore be updated once the consultation process is complete.
- This document outlines our Initial Supervisory Approach which details how the IFR will engage with clubs in the coming period and for what purpose.
- It then goes on to respond to the most immediate and concerning findings within SoTG to support clubs in understanding the steps they may need to take in order to achieve a full licence to operate by 2030.

[1] IFR Licensing Guidance
[2] IFR State of the Game Report.pdf

Initial Supervisory Approach

1. IFR Supervision

1.1 The IFR uses a system of 'supervision' to provide regulatory oversight of clubs, and the individuals controlling clubs, and to support clubs as they interact with IFR processes.

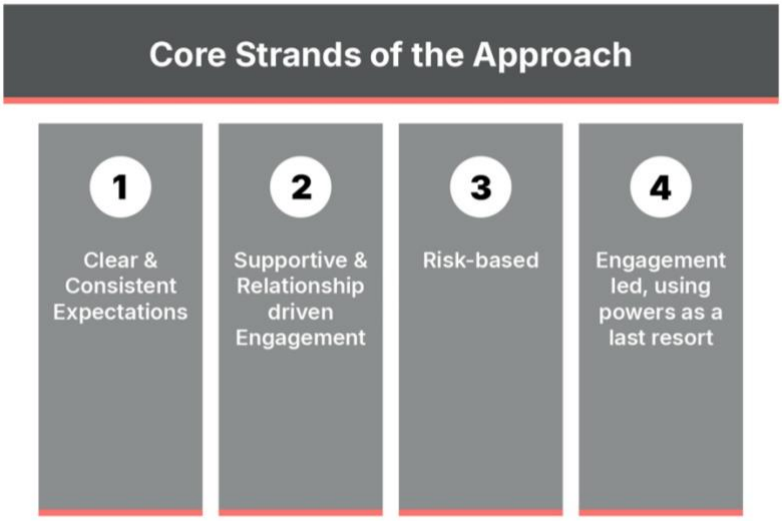
1.2 IFR supervision is judgement-driven and based on the unique risks of each club. We work constructively with clubs within a consistent framework – bound by the policy frameworks we have put in place – to drive and maintain higher standards of Financial Soundness, Financial Resilience and Heritage Protection.

1.3 This document sets out our approach to supervision to help clubs understand how they should expect to engage with the IFR.

1.4 Our immediate supervisory aim is to ensure that all clubs are progressing towards meeting the requirements necessary to receive their full operating licences by 2030. By then, clubs will be required to satisfy: (a) the three Threshold Requirements established by the Football Governance Act (hold appropriate financial and non-financial resources, and adequately and effectively engage with their fans) and (b) the four Mandatory Licence Conditions (financial plans, corporate governance statements, fan consultation, and annual attestation).

1.5 This, alongside the effective implementation of the Owners, Directors and Senior Executives regime, is the IFR's next step in materially advancing its statutory objectives.

2. Core Strands of the Approach



2.1 The Initial Supervisory Approach is defined by four core strands:

(1) Clear & Consistent Expectations: the IFR will set clear and consistent expectations, using both football-wide publications and club-specific letters. These are based on:

a. **Annual Supervisory Strategy:** This will set out our priorities and focus areas for the year ahead, based on our latest SotG risk assessment.

b. **Structured Risk Framework:** This enables the IFR to review clubs against a common standard, ensuring consistent and fair outcomes.

c. **Annual Club Risk Letter:** This will detail the IFR's latest view of a club's risk and what may need to change or be maintained to satisfy Threshold Requirements.

(2) Supportive & Relationship-driven Engagement: clubs will have dedicated supervisors, responsible for relationships with clubs. This includes:

d. **Named supervisor:** All clubs have a named supervisor whose central responsibility is to establish a positive and supportive 'no surprises' working relationship with clubs and their ecosystems (including fan groups). They will look to engage regularly to build these relationships while also developing a detailed understanding of the club's operations.

e. **Feedback loop:** Where the IFR has identified risks that threaten the club's ability to satisfy Mandatory Licence Conditions and Threshold Requirements, the IFR will discuss these with clubs and invite them to add context or outline mitigants before the IFR takes any decisions with respect to these risks. The IFR will look to clubs to engage proactively and openly and seek to comply with not just the letter, but the spirit of our guidance and expectations. Clubs will be expected to fully engage with their obligations under s50 of the Football Governance Act to notify the IFR of material changes in circumstance.

f. **Best practice**: The IFR will utilise its unique viewpoint across football to understand and communicate best practice through a suite of different mechanisms. This will include the publication of best practice guides, forums, regional conferences and webinars, in addition to the bespoke engagement provided by supervisors.

g. **Supportive first**: Where clubs may be struggling to satisfy or understand the IFR's expectations, they will always be welcome to seek out advice from the IFR via their named supervisor.

(3) Risk-based: The intensity of the IFR's engagement with clubs will vary subject to a club's risk profile: the higher risk a club, the more supervisory attention they should expect to receive.

(4) Engagement-led, using powers as a last resort: The Football Governance Act provides the IFR with a suite of powers to require change by clubs and to consider the suitability of owners, directors and executives who are not acting in accordance with their responsibilities. However, the IFR will always prefer to work with clubs to make necessary changes rather than imposing changes on them.

3. Phasing of the Approach

3.1 Our supervisory activity will focus on advancing all of the IFR's statutory objectives. We will support clubs to satisfy all three of the Threshold Requirements of holding appropriate financial resources, holding appropriate non-financial resources and fan engagement.[3]

3.2 We will also support clubs to satisfy all four of the Mandatory Licence Conditions[4]:

a. Clubs are required to submit and comply with a **financial plan.**

b. Clubs are required to submit a **corporate governance statement** to the IFR.

c. Clubs are required to **consult fans** on relevant matters.

d. Clubs are required to submit an **annual declaration** to the IFR.

3.3 Our initial engagement will be targeted at the most immediate priorities. These may vary from club to club. However, in light of the findings from SotG, our first focus for most clubs will be the appropriate financial resources Threshold Requirement.

3.4 SotG identified that many clubs do not have sufficient liquid assets to cover their short-term liabilities, with a number of clubs across the pyramid needing to hold more cash in order to meet the appropriate financial resources Threshold Requirement.[5]

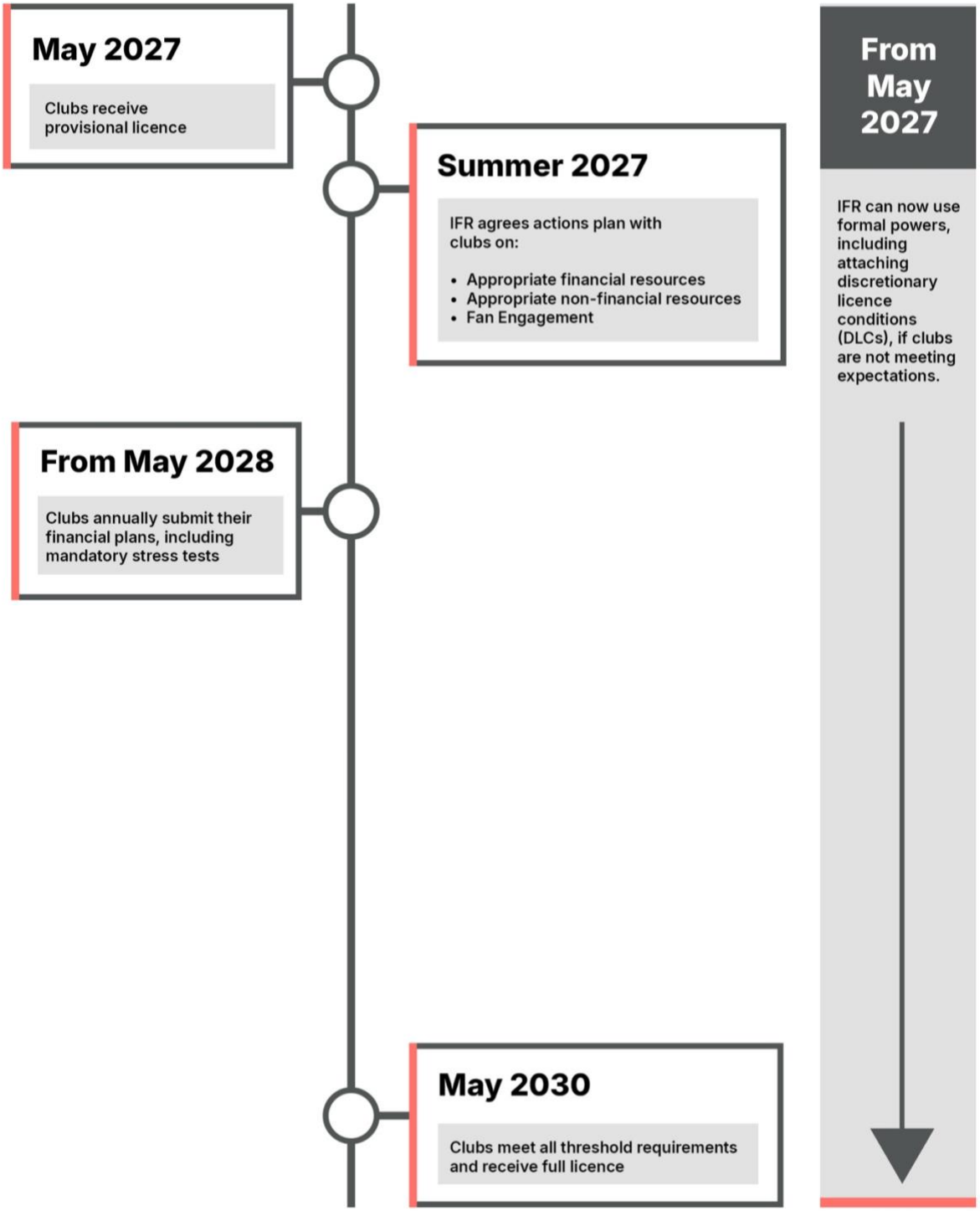
3.5 Our first steps to mitigating the SotG findings are set out below. We will continue to monitor our approach to ensure it remains effective and proportionate, including initiating further action if required. The first submissions to the IFR of clubs' financial plans and stress testing in 2028 will serve as a review point to our approach.

3.6 Nonetheless, the IFR's remit extends beyond financial sustainability. We also have responsibilities relating to clubs' heritage and their engagement with fans. Through the provisional licensing process and ongoing supervision, we will assess clubs' arrangements in these areas, identify best practice, and establish standards in these areas.

3.7 On assessment of each club's provisional licensing application, we will write to them to agree an action plan to 2030 covering all three Threshold Requirements and all four Mandatory Licence Conditions. We will work with clubs to agree

[3] Chapter 1, 1.15, IFR Licensing Guidance, pgs. 7-8.
[4] Chapter 1, 1.14, IFR Licensing Guidance, pg. 7.
[5] Chapter 3.2, IFR State of the Game Report.pdf.

these actions plans. Clubs can expect engagement from the IFR on action plans in Summer 2027.



Appropriate Financial Resources

4. Implications of State of the Game for Licensing

4.1 The Football Governance Act establishes that, in order to be granted and maintain a full licence to operate in the top five divisions of English football, a club must hold appropriate financial resources 'in relation to the activities the club carries on or seeks to carry on'.[6]

4.2 The IFR's Licensing Guidance developed this further by establishing that:

a. *Clubs are required to hold and maintain financial resources of an appropriate amount and quality to ensure that:*

i. *they can meet their anticipated financial commitments and manage key financial risks under normal operating conditions*

ii. *they remain financially resilient and operationally viable in stressed scenarios, including relegation, removal of main source of funding, or significant income reduction*[7]

4.3 Following an in-depth analysis of clubs across the pyramid, SotG raised material concerns as to the ability of clubs to meet the expectation that they 'remain financially resilient and operationally viable in stressed scenarios'.

4.4 Among other things, SotG highlighted that:

a. Most clubs do not generate enough cash from their day-to-day operations to cover their expenses and so depend on owner funding injections to be able to operate.

b. Many owners deliver these funding injections sporadically, with a number averaging more than one funding injection a month. Consequently, this means very little cash is held by clubs in reserve.

c. Therefore, should a club's cash needs exceed the owner's ability to fund, or the owner decides to cease funding temporarily or permanently, many clubs could default on their obligations (e.g. payroll) within days.

d. Despite this, most clubs report not having a contingency plan to either raise funds or execute cost savings necessary to avoid financial distress.

[6] Football Governance Act 2025.
[7] Chapter 2, 2.7, IFR Licensing Guidance, pg. 13.

e. This leaves many clubs highly exposed to financial distress and demonstrably unable to 'remain financially resilient and operationally viable in a severe but plausible stress scenario'.

4.5 At present, we believe many clubs would not satisfy the IFR's appropriate financial resources Threshold Requirement in respect of liquidity (Risk Factor 2 in our Licensing Guidance). Clubs are required to meet this standard before being granted a full licence – i.e. by May 2030.

4.6 Meaningful liquidity plays a stabilising role in establishing a level of breathing space for clubs highly exposed to financial distress and represents an essential first step in improving the financial soundness of football.

4.7 The detailed expectations with respect to liquid assets set out below should be understood as the start of a multi-year process through which the IFR will seek to incrementally reduce the level of structural risk within football.

4.8 Clubs should anticipate further engagement from the IFR in due course on other central aspects of financial risk as defined in the IFR's Licensing Guidance – see section 9 for further information.

5. Liquid Assets

5.1 As outlined in the IFR Licensing Guidance, liquid assets are assets held by a club that can be converted into cash almost immediately and without significant loss of value. These include cash, cash equivalents and other highly liquid financial instruments.[8]

5.2 It is normal operating practice in most industries for businesses to maintain a certain value of liquid assets in reserve. This is often calibrated to a business's committed operating costs over a set time-period (in many cases in the range of 3-9 months).

5.3 The role of these liquid assets is to provide a set of highly dependable resources as a buffer that can be deployed in the face of a stress.

5.4 In the context of football, a stress could include:

a. a banking issue meaning that a planned funding injection by an owner does not arrive in time for payroll

b. a material and unexpected reduction in income (e.g. relegation, withdrawal of sponsorship agreement, drop in attendance)

[8] Chapter 2, 2.30, IFR Licensing Guidance, pg. 18.

c. an unplanned cash demand (e.g. an unforeseen tax bill, fine from competition organiser, urgent stadium repair)

d. an owner unexpectedly ceasing to provide funding to the club (either through a change in preference or through a change in their personal circumstances)

5.5 These scenarios are not abstract - since its inception the IFR has observed several occasions where a club has or has very nearly failed to meet its commitments as a result of these events.

5.6 If meaningful liquid assets are in place, they provide reassurance to employees, suppliers and creditors that in the face of a stress a club will not immediately find itself defaulting on its commitments (and be at risk of both sporting and legal sanctions).

5.7 This in turn reduces the risk of employees, suppliers or creditors responding to signs of stress in a manner that accentuates challenges and drives a vicious circle from which it is hard to escape (e.g. pursuing outstanding balances through the courts). It also reduces the need for urgent funding calls on owners and buys club officials the time to address the root cause of any stress.

5.8 Despite these benefits, the SoTG has shown that football has normalised the absence of any such reserves with an apparent perception that owners will simply meet any cash demands as they arise.

5.9 This may seem rational from an owner's perspective in avoiding 'trapped capital' and a number of owners have reliably funded their clubs in this manner for several years. Nonetheless, it leaves clubs – the entities that the IFR has been established to protect and maintain – exposed to near immediate financial distress should their owners' intentions or circumstances change.

6. A Risk-Based Approach to Liquidity

6.1 As above, maintaining appropriate liquidity is a core component of the appropriate financial resources Threshold Requirement. This must be calibrated to the level of financial risk the club is running. As per previously published guidance, the IFR will not set a single liquidity requirement that applies to all clubs.[9]

6.2 Instead, the IFR will establish a proportionate liquidity approach for every club, subject to their risk profile and specific circumstances. This approach is currently subject to consultation. **Please refer to the Liquidity & Licensing**

[9] Chapter 2, 2.33, IFR Licensing Guidance, pg. 19.

Technical Consultation for further information on the draft policy guidance on liquidity.

6.3 The framework represents the IFR's starting expectation of a club's liquidity reserve and can only be met through specific 'Qualifying Liquidity (see Annex 1). This expectation can be adjusted – either up or down – based on the specific circumstances of each club. Clubs will be asked to incrementally build up to the expectation between 2027 and 2030.

6.4 Table 1 sets out at a high-level the approach that will be applied to determine a starting point for clubs in the EFL and National League. Premier League clubs have a significantly lower risk of facing liquidity pressures and have demonstrated an ability to borrow money commercially if pressures do emerge. Given this, we will not set a starting liquidity expectation for Premier League clubs. However, we will still conduct a risk assessment on all Premier League clubs and may require individual clubs to hold higher levels of liquidity than they do presently.

Table 1: EFL and National League Risk-Based Liquidity Expectation

Risk Profile	Baseline	Risk Adjusted Component	Qualifying Liquidity	Timeframe
Higher	1 Month's Wages	5 Months' Operating Losses	2/3 must be met with cash, Gilts, Treasuries or MMFs held in the club's name. 1/3 can be met through a portion of committed but unencumbered future transfer receivables.	Incremental build up over three years (1/3 a year) to 2030
Medium	1 Month's Wages	2 Months' Operating Losses		
Lower	1 Month's Wages	Nil		

7. Risk Assessment

7.1 The IFR's assessment of a club's financial risk position will be guided by the financial risk factors set out in licensing guidance.[10] These are liquidity and cashflow, solvency and debt, business model, and governance.

7.2 Beneath these high-level risk factors, and informed by SotG, the IFR has developed an internal risk framework to facilitate structured and comparative financial risk assessments of clubs.

7.3 The framework is designed to provide the IFR with a consistent and fair approach to establishing the level of risk inherent in a club's operating model (including the broader corporate structure) and therefore the extent to which they would be exposed to financial distress in the face of a plausible stress scenario. Among other things, the framework looks favourably upon clubs who:

a. derive sufficient income to cover operating costs

b. do not generate large negative cashflows or are not experiencing cash flow pressures

c. prefund forecast cash losses from operating activities

d. have limited reliance on frequent owner funding injections

e. do not have large and/or growing non-strategic external debt

f. are not exposed via debt instruments to covenants that if triggered would impose an immediate and material cash pressure on the club

g. operate with limited encumbrance of assets and future income streams

h. proactively work to manage financial risk through robust financial planning and the use of scenario analysis and contingency planning to guide the implementation of meaningful risk mitigants

i. do not have contingent liabilities that if crystalised, could lead to financial distress

7.4 The IFR will maintain a dynamic view of the financial risk position of clubs relative to this framework, with formal reassessment taking place at a minimum annually and more frequently if circumstances justify it. From 2028, performance in mandatory stress testing will also directly inform this risk assessment.

[10] 2.12, Licensing Guidance, pg. 14.

8. Further Areas of Focus for Financial Risk Supervision

8.1 The IFR recognises that liquidity is only one aspect of a club's overall financial resilience.

a. Unsustainable levels of debt can pose significant risks to clubs' financial resilience, particularly where borrowing creates substantial repayment obligations or exposes clubs to refinancing risks. The IFR will work with clubs to ensure they manage debt in a sustainable manner, supported by appropriate financial planning and credible arrangements to mitigate associated risks.

b. Stress testing and contingency planning are important tools in strengthening clubs' financial resilience. Through robust scenario analysis, clubs can assess their ability to withstand adverse financial circumstances. Clubs will be required to provide the IFR with stress tests and credible contingency plans against three scenarios – relegation, owner funding withdrawal and a drop in revenue – alongside their Financial Plan submission in May 2028. We will work with clubs to support the development of these contingency plans and share best practice.

9. Reporting

9.1 The IFR is also currently consulting on an annual Financial Plan template. This is a document that, in general, clubs will prepare and submit annually. For clubs at highest risk of financial distress, the IFR may require more regular reporting – e.g. monthly reporting of key liquidity data.

Appropriate Non-Financial Resources and Fan Engagement

10. Summary of approach

10.1 As above, Threshold Requirements are not limited to appropriate financial resources. Clubs will also need to meet requirements relating to corporate governance, non-financial resources and fan engagement. Unlike with appropriate financial resources (required by May 2030), some of these requirements apply from the moment clubs are granted a provisional licence (i.e. May 2027).

10.2 Once clubs are granted a provisional licence, they are required to:

a. establish appropriate arrangements for consulting fan representatives and carry out regular consultation on relevant matters once their provisional licence takes effect

b. submit and publish an annual fan consultation report by 15 August 2027 explaining how they have complied with the IFR's principles of fan engagement

c. submit and publish their first corporate governance statement by 31 October 2027, explaining how they are applying the Football Club Corporate Governance Code and the actions they are taking to improve equality, diversity and inclusion

10.3 From May 2030, i.e. before a full licence is granted, clubs must meet:

a. threshold requirements for adequate and effective fan engagement; and

b. hold appropriate non-financial resources

The IFR will therefore use the provisional licensing period to assess clubs' arrangements and support progress towards these requirements. Throughout 2027 we will increase our focus on fan engagement, non-financial resources and corporate governance. As part of this, we will meet representatives of fan groups from all clubs.

10.4 We will review each club's fan consultation report and conduct supervisory feedback sessions with clubs. This work will inform our approach to fan engagement, and we will publish a fan engagement-specific Supervisory Statement this time next year (November 2027). The submission of clubs' first

bi-annual corporate governance statements in late 2027 will drive further work to establish best practice and provide the 'non-financial risk' and corporate governance aspects of our work.