

Fan Led Review – Presentation Pack for Members

As has been publicised, on behalf of the Trust I had the pleasure and privilege of presenting to Tracey Crouch MP, and a panel of experts, on the ownership mode of Exeter City FC. This will form part of the evidence to bring positive change to football.

About this document:

This document comprises of my slide pack, my notes to it, evidence provided by the Chair of the Club Board, Richard Pym, and I have inserted my responses to questions asked by the panel. Sadly, the video that I had planned to commence with failed to play but please, take a look at it... you will have seen it before, but it relates back to the progress we, Trust and Club, have made in the 5 years since the Liverpool game!

Introduction:

This is not an attempt to persuade the panel that supporter ownership is the way forward, but hopefully we will convince that neither is it so ridiculous. It can and is a successful model that can sit alongside more traditional ones. It's not scary. In the past the Supporters Trust Board at ECFC has referred to by the club as the 'idiots in the room next door', well I can tell you that we've taken over the asylum... and we're doing okay!

One of the questions I get asked the most, by opposition Directors and by the media is; 'How does supporter ownership work...?' So, I'll try and answer that.

Before I start though... I'm going to play a video that covers some of the history of ECFC, it relates to an FA cup tie with Liverpool in 2016. IT includes some history of the Club but for the most part, I'm using it to demonstrate the progress we've made since.

Play Video (90 seconds) - [What do Michael Jackson, the Brazil... - Match of the Day - Bing video](#)

THE TRUST

We Own Our Football Club



We Own Our Football Club

Whilst the video speaks briefly on our history, I wanted to also use this as a pointer to what we've achieved in the 5 years since:

1. The grandstand that Ade Edmondson is walking into at the end of the clip has been pulled down and rebuilt;
2. The away end that the Liverpool supporters squeezed into has also been rebuilt and importantly, covered from the elements;
3. Paul Tisdale has since left the club, but when he did, he was the longest serving manager in England, beating Arsene Wenger by several weeks;
4. Importantly, the young man seen scoring a goal (in a reference to how we play like Brazil) was of course, Ollie Watkins, an ECFC academy product who this year made his debut, and scored, for the England senior team. Ollie joins a long list of Academy players who are enjoying a bright career – Ethan Ampadu playing for Wales in the current Euro's, Matt Grimes captaining Swansea City, and others;
5. Finally, we've appeared in two Wembley play-off finals since.

Please, don't tell me we're not successful! We've achieved a lot and continue to progress. This year we've laid a new pitch and will be installing a 'big screen' for our supporters to enjoy. We're also reviewing plans for the redevelopment of our training ground. We're not standing still!

Key Trust Events:

- **2000** - Trust established to help fund the traditional football solution to everything, including relegation – the salary of a striker!!!! It didn't work!
- **2003** – The Trust purchases 53.6% of the Club shareholding but also inherits the £4.2m debt and enters a CVA with its creditors
- **2004** – FA Cup tie against Manchester United at Old Trafford, plus the replay, provided revenue which greatly aided the recovery
- **2005** – Emerges out of CVA
- **2014** – Club Directors elected from the Trust Board by the Trust Board hold voting parity on the Club Board
- **2021** – Our aim is not just to be sustainable, but to be *sustainably successful!!*

How the Trust have influenced the Club Board

In 2016 the Trust and Club looked to further an existing governance model that would ensure the running of the Club was consistent with the ethos and aspirations of the Trust. Significant progress was made against a desire for accountability and transparency. Things that, perhaps, football is not renowned for! It is an evolutionary process taken in relatively small steps and for sure, it's not perfect, even today. We are however, making progress!

In 2020 Richard Pym, who has immense business experience and importantly, believes in our ownership model, has helped us to create a Club Board structure that puts supporters in control!

The diagram shown (next but one page) illustrates those parts of the Club the Trust now control – specifically Finance and Supporter Experience (the latter includes match-day activities, bars/kiosks and hospitality, commercial sponsorships, etc.). These are just in the process of settling in readiness for the 2021/22 season, but I do hope will drive further supporter engagement – it is important that members feel they own their football club.

I now invite Richard Pym to provide his views:

Having chaired the board at Exeter for one year I have come to the conclusion that professional football needs an independent statutory regulator. Professional football is controlled by commercial interests which over time have become more international and less community orientated. The majority of financial “value” in the English football leagues is held in the Premier League. Whilst there is a trickle-down of cash to the lower leagues it is the international owners who run the system. Clubs like Exeter receive charity, we have no real influence in the financial system.

Currently our main regulator at Exeter City is the English Football League. It also acts both as a trade association and a media rights organisation. Regulation needs to be kept clear of conflicts of interest if it is to achieve high standards and this mixture of conflicting roles is not conducive to its success. The EFL is sponsored by Papa John's, Sky Bet and Carabao. Given the problems with gambling in football and obesity more generally, they are clearly not values driven.

And if you think the FA is more high-minded then you only have to look at their sponsors Budweiser, McDonald's, Snickers and Deliveroo to see they too will happily promote booze, snacks and fast food.

No one would dream of letting Paddy Power sponsor the Bank of England, yet we let Sky Bet sponsor the regulator of the English Football League. I was surprised after the failure of the Super League project to read newspaper quotes attributed to individual directors of the “Big Six” stating the project had not been discussed at their board meetings. If accurate this implies that decisions were taken outside of the board rooms which are regulated by the football leagues.

What is the point of having an approval regime for boards of directors in English football if the most important decisions are taken in New York and the Bahamas?

So, I conclude that all routes lead to a statutory independent regulator and higher standards of governance being applied to directors, finance and conduct, and a prohibition of club decisions being dictated from offshore and bypassing the regulated boards. The regulatory regime would not need to be complex if initially focussed on the professional game alone. An approval regime for between 1000 and 2000 persons to manage, and financial and conduct supervision of around 100 companies. Compared to the regulation of the UK financial system the organisation would be tiny.

Having chaired banks in Britain, Ireland and Sweden I can confidently recommend that applying a slice of the regulatory regimes I have experienced to professional football would upgrade the governance of our national game immensely.

I would envisage a regulator having three regulatory pillars: boards, approved persons and governance would be the first one, financial codes, monitoring and transparency provisions second, and the third pillar would be on conduct being for example community engagement, pricing codes and compensation eligibility.

To give two examples of what this would mean in practice:

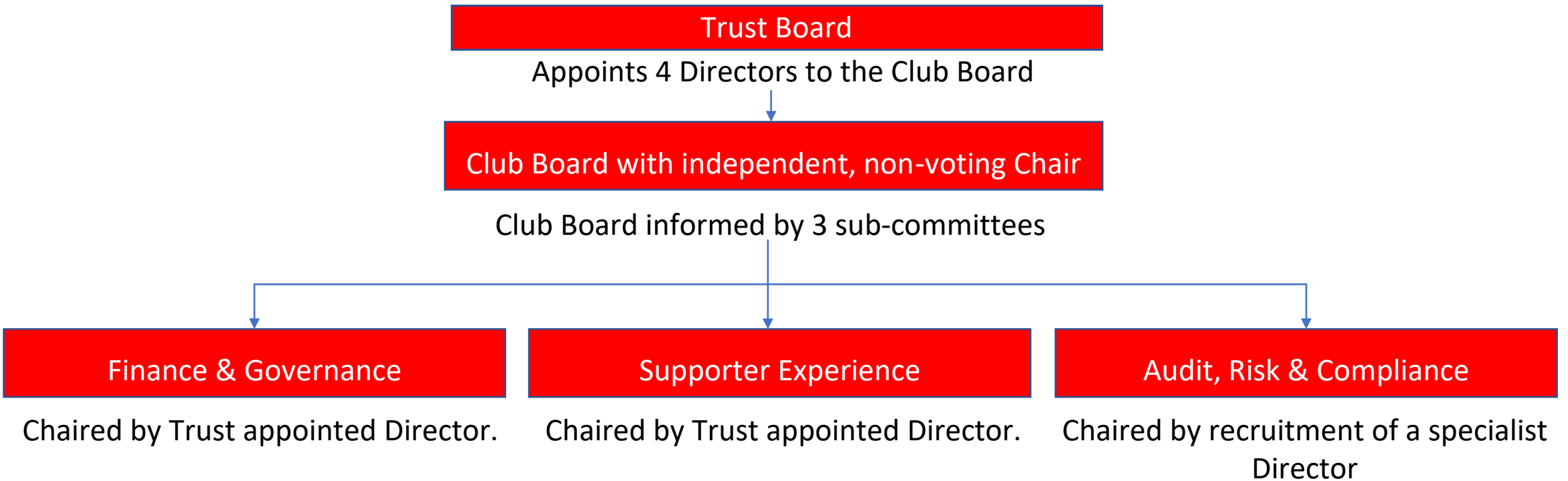
At Exeter City we are a private company and the Companies Acts do not require us to publish related party transactions with directors. We do, because the Supporters Trust rightly wants us to. This should be a standard requirement for all clubs. That is what I mean by transparency. Another example: the switching of games at the last minute to suit TV schedules is a major customer detriment that would not be permitted in other industries, yet football fans are regularly forced into absorbing all the extra costs of changes to their travel plans. The FCA would never permit a financial firm to impose this sort of detriment on their customers. Compensation should be paid.

Because the customers of football are described as fans should not mean that they are consenting to be willing victims to be fleeced. There are also other fan-friendly actions readily available.

The Corporate Governance Code provisions applied to Public Interest Entities could be applied to clubs and augmented to include the principle of fan consultation similar to the employee engagement provisions. And the legislation on "Assets of Community Value" in the 2011 Localism Act could be extended to protect all professional football grounds that are not already owned by community interests.

So, I suggest that the main problems you are reviewing and consulting on can readily be resolved with the regulatory and legislative toolkits currently available. We have established regulatory models, governance codes and ACV's ready now. And I hope you will consider those thoughts as you prepare your report.

How Trust ownership oversees the Club:



Why Trust ownership works:

- Owners are part of the community the Club resides in
- We are invested emotionally as well as financially
- We measure success in multiple ways – not just our league position
- No individual stands to make gain from our success – we're a safe pair of hands
- There is always accountability through the democratic election of Trustees and Club Board directors
- Everybody plays their part in the whole – players, player management, stadium staff **and supporters**
- We oversee the ethos of the Club: ***'owned by the supporters for the benefit of the supporters and the community we reside in...'***

The last word:

There is always a question of whether the football club, under the ownership of the supporters is able to secure a model which will generate sufficient income to sustain and progress the club further up the football pyramid. However, the great benefit of the Trust model is that it is a democratic organisation and, ultimately, it is the supporters of the club that will shape and decide its destiny.”

Members Comments

Member #1

‘The main thing I would like to be emphasised is the need for lower league clubs to be treated fairly when higher division (Premier League) clubs come in for young players. Clubs, like Exeter, put a lot of work into developing young players who are capable of going on to playing at a high level, though the current system does not recognise this. Clubs that go about things the right way should be properly compensated for developing players and not penalised just because their academy doesn't meet certain arbitrary criteria.

Also, any measures that can be put in place to promote fan ownership/representation and stop clubs falling into the wrong hands should be encouraged.’

Member #2

‘Everyone knows what a football club is to its community. How it can run through from one generation to another. How important it can be for its dedicated followers, above much else in their life. How strong its traditions are? Given all that, who thought it would be a good idea to allow football clubs to be the playthings of millionaire businessmen? It doesn't have to be that way.’

Member #3

‘Based on my experience as a follower of ECFC, I am a fervent believer in fan-based ownership. We could have been owned by Michael Jackson or Yuri Geller and narrowly avoided this catastrophe. We should not be in the hands of greedy money seeking exploiters who know little about football.’

Member #4

'I am assuming the Review will not dare go into the iniquities of the EPPP, though it see it will

- **Examine the flow of money through the football pyramid, including solidarity and parachute payments, and broadcasting revenue;**

But if you have the opportunity, you will give her the full blast re. the bullying behaviour of the PL as illustrated by the Ampadu tribunal process?

And call for the parachute payments to be phased out over a period of say three years or at least drastically cut back, with the money being re-routed down the pyramid? It's outrageous that L2 clubs only get 8% of a parachute but the Championship clubs get 80%.'

Member #5

'One of the things I would like to get over is the attitude of the Big 6 to smaller clubs – you might want to use the attached letter from Bruce Buck which illustrates that, for the Big 6 the process for “determining compensation is not an expensive proceeding” and is “relatively informal”. (easy when you can afford the best Barristers in the land).'

Member #6

1. In my opinion things started to go wrong with the governance of the game when it was decided that the big teams would get bigger, this was when the gate receipts were not shared between the home and away teams but just kept by the home team; **2.** The next thing to go wrong was the creation of the premier league, again the rich looking after themselves, since then they have just been bullies in the playground; **3.** The ownership check is just a joke, appears to be just a check if the owner has some money in the bank, no clear check that they are in it for the right reason, wanting to support the club; **4.** The ability of the big clubs to rob the small clubs of any talent that they have; **5.** No checks on how much debt or how sustainable the expenditure is. A team can buy promotion, or fail to, the owner can then just walk-away, and the fans and the club suffer; **6.** Lack of share of television money; **7.** Lack of appreciation for the football pyramid. It is the whole pyramid that makes the game great, not just 6 teams in the premier league; **8.** The FA do not care about the national game, they only care about the top of the game; **9.** The EFL only care about the championship; **10.** Punishing teams for what owners have done is wrong. Deducting teams' points has not proved a deterrent and just impacts on a team's performance the following year; **11.** All fans are equal; no fans of any club are better than any other.