



Department
for Culture,
Media & Sport

Baroness Twycross
Minister for Gambling
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26 November 2024

Lord Wood of Anfield
House of Lords
London
SW1A 0PW

INT2024/09353/DC

Dear Lord Wood,

I am writing to follow up on the questions you raised during the Second Reading of the Football Governance Bill related to the financial distributions' 'backstop' mechanism. I have placed a copy of this letter in the library of both Houses.

You first raised the concern that the definition of relevant revenue does not include the revenue earned by elite clubs outside of domestic competitions. Whilst I understand your concern that certain revenue streams are excluded, the focus on the domestic game is intentional. Currently the definition of 'relevant revenue' covers broadcasting revenue. This Bill is regulating English football and financial flows in this country, hence it is focussed on domestic broadcasting revenue. There is a power in clause 56(2)(b) to amend the definition which might be utilised if, for example, the key source of funding in the game changes, however this is only to the extent that those are revenues received by specified competition organisers. The distribution process is intended to ensure the financial sustainability of our football pyramid, targeted at the current market failures present, with future flexibility to ensure the legislation remains functional in a changing landscape.

You also expressed concern that the mechanism will not incentivise the English Football League to get a deal, and that the Regulator is at risk of being forced into a politically pressured choice. I would like to reassure you that the backstop process is designed, at every stage, to incentivise the leagues to come to an independent solution. The structured process for dispute resolution is neutral in its nature, and the Regulator's ultimate decision can only focus on the evidence provided by the leagues, consideration of its principles and potential impact on commercial interest, not any political considerations. Irrational decisions can be challenged through the appeals system set out in this Bill. It is a mechanism of last resort, designed to be triggered by the leagues when no other solution is available. We have taken expert advice from leading thinkers in microeconomics and auction design and consider this mechanism creates the right incentives to encourage parties to reach agreements, and have ensured, via Clauses 64 (3) (a) and (b) that an alternative agreement can be reached by the leagues at any stage of the process.

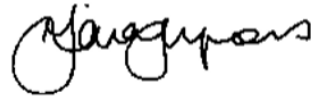


Next Steps

As the Bill progresses, I would welcome your support as we take this important legislation forward and will be working across the House to ensure we deliver on much needed regulation for the game.

If you have any questions you would like to discuss, I would be very happy to meet you.

With best wishes,

A handwritten signature in black ink, appearing to read 'Baroness Twycross', written in a cursive style.

Baroness Twycross
Minister for Gambling