



Department
for Culture,
Media & Sport

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20 June 2025

Clive Betts MP
House of Commons
London
SW1A 0AA

INT2025/06037/DC

Dear Clive,

Thank you for your continued engagement throughout the Bill. I am writing to follow up on the question you raised on 10th June during the third Committee stage debate of the Football Governance Bill. You sought clarification on how the Independent Football Regulator ('IFR') might intervene if an owner's source and sufficiency of wealth was in doubt.

The source of wealth provisions in the Bill look to specifically prevent the presence of criminal funds in English football. These measures will ensure the IFR can take more direct action to safeguard clubs from owners with links to criminality. This, in turn, will protect the financial soundness and resilience of those clubs.

In the hypothetical case that you referenced, where an owner lacks the resources to adequately fund a club, this would not be captured by the source of wealth as it does not concern illicit funds. However, the financial regulation provisions in the Bill would offer up-front protections.

As the legislation sets out, clubs will be required to demonstrate sound basic financial practices and have appropriate financial resources to enable the club to meet cash flows, including in the event of a financial shock. An owner's funding drying up is one such shock, which any club reliant on owner funding should have a contingency plan for.

If a club does not have the financial means to back up their plans, or does not have plans in place for how they would manage foreseeable risks, they will need to either: demonstrate they have access to the necessary funding, or reconsider their plans and risk appetite.

If they do not, then the IFR can impose discretionary licence conditions to bring the club's finances back in line with their operations and risk level. In the scenario you set out, these discretionary licence conditions could, for example:

- Place a liquidity requirement on the club, to create a buffer so that the club can continue operating if its owner's funding does diminish; or

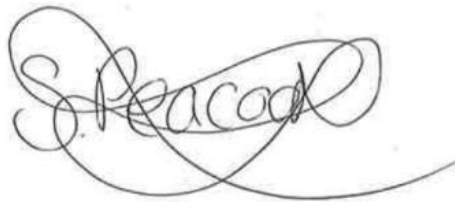


- Require the club to reduce/restrict its overall expenditure, to bring its costs down to a level it can sustain without reliance on owner funding.

The IFR may also be able to intervene through the Owners' and Directors' test on the basis of the financial soundness of the owner. If a club finds itself in financial distress, despite the safeguards above, then the Regulator may be able to test the owner responsible for the club. If they fail the test and are deemed unsuitable, the IFR could order the owner to divest.

I hope that this reassures you of the ability for the IFR to intervene in a scenario like the one you set out. I have placed a copy of this letter in the Library of the House.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Peacock', with a large, sweeping flourish extending from the end of the signature.

Stephanie Peacock MP
Minister for Sport, Media, Civil Society and Youth