

Licence fee reform consultation findings

December 2023



Summary

In September 2023, the Sports Grounds Safety Authority (SGSA) launched a targeted consultation about changes to the fees it charges in relation to its annual licence to admit spectators.

The proposal is for the fee, which has been set at a nominal fee of £100 since the introduction of the licensing regime, to be increased to reflect the SGSA's cost of regulation.

In total, 56 organisations responded, including 44 of the 93 grounds that are directly impacted by the changes to the licence fee. We are grateful for these responses. In addition, SGSA gathered feedback from a number of stakeholder activities which were undertaken during the consultation period.

There was general agreement amongst respondents to the case for reforming the fee. There was also broad approval of the work of the SGSA itself and the support it provides to grounds.

There was agreement for the licence fee principles outlined in the consultation, though some respondents questioned whether SGSA's proposals were consistent with these principles. The SGSA has now expanded upon these principles to address this concern.

The SGSA outlined a preferred method for apportioning its regulatory costs based on the capacity of a ground. The majority of respondents rejected this, instead expressing a preference for a fee based on average attendance.

The SGSA will act on this feedback and will recommend to Government that the new fee regime is based upon average attendance, using the declared attendance data over the previous two seasons.

There was strong opposition to the implementation timing of the changes, with the SGSA outlining a preference for it to be introduced for the next licensing round, commencing February 2024. The SGSA is mindful of this, and has outlined proposals to help address this, including changes to payment times, should the Government's decision be to introduce the change as planned.

There was broad approval for the SGSA's approach to transparency and for a review every three years. Transparent procedures will be implemented to ensure these are met.

The results have been provided to Government to help inform decision making. Any changes to the SGSA licence fee, including the amount and the implementation timescales are solely a decision for Government.



Introduction

On 26 September 2023, the Sports Grounds Safety Authority (SGSA) launched a consultation with the football industry to reform the fee paid annually for a SGSA licence.

The proposal is for the fee, which has been set at a nominal fee of £100 since the introduction of the licensing regime, to be increased to reflect the SGSA's cost of regulation.

The targeted consultation ran for six weeks, closing at 5pm on Wednesday 8 November.

The change to the licence fee directly affects football grounds in the Premier League and English Football League (EFL), all of which are subject to SGSA licensing, plus Wembley Stadium. This is currently a total of 93 grounds.

Engagement activities

The consultation consisted of a comprehensive document including contextual information and the detail of the proposed changes. The key issue for the consultation was how the cost of regulation should be apportioned for each licensed ground. The SGSA outlined its preferred method of basing this on the safe capacity of a ground. Alternative options that had been considered were included in the document.

The SGSA wrote directly to the 93 grounds impacted by the proposed changes, summarising what it would mean to their ground using illustrative figures based on the SGSA's preferred method of calculation.

In addition, the SGSA engaged with local authorities responsible for safety certification of SGSA licensed grounds and the wider football and sports sector to inform them of the consultation and seek views. Finally, the consultation itself was publicly available via the SGSA website, as well as included in its newsletter distributed to around 2,500 contacts across the sector.

During the consultation, the SGSA delivered two webinars, led by Chief Executive, Martyn Henderson, outlining the reasons for the proposed changes and provided the opportunity for people to raise questions and comments directly. Recordings of these webinars were also made available via its website. The first webinar (on week 1 of the consultation) had approximately 80 people join it live, and was watched a further 63 times on demand. The second webinar (held on week 5) had approximately 50 people join it live.

In addition, the SGSA spoke at the Football Safety Officers' Association conference and discussed its proposals with all its key stakeholders.

In completing these activities, the SGSA is satisfied that it has ensured the industry:

- a. is aware of the proposed changes; and
- b. has had ample opportunity to raise questions and respond.

Respondents

In total, formal responses – that is the completion of an online form or detailed response returned via email – were received by 56 individuals from 54 organisations. Two separate responses were received from two clubs.



In addition, informal responses – that is brief comments – were received from two organisations – the Football Supporters' Association and Wembley Stadium.

The breakdown of respondents, both formal and informal are as follows:

- Premier League and Wembley Stadium – 9
- Championship clubs – 12
- League 1 clubs – 15
- League 2 clubs – 8
- Local authorities – 8

In addition, the following representative bodies provided their views:

- Premier League
- EFL
- Level Playing Field
- Football Supporters' Association

The role of respondents varied per club, with respondents including Chief Executives, Directors of Operations, Club Secretaries and Heads of Safety/Stadium.

Out of the 93 clubs that would be currently impacted by the change, 44 (or 47%) responded to the consultation.



Principles of licence fee reform

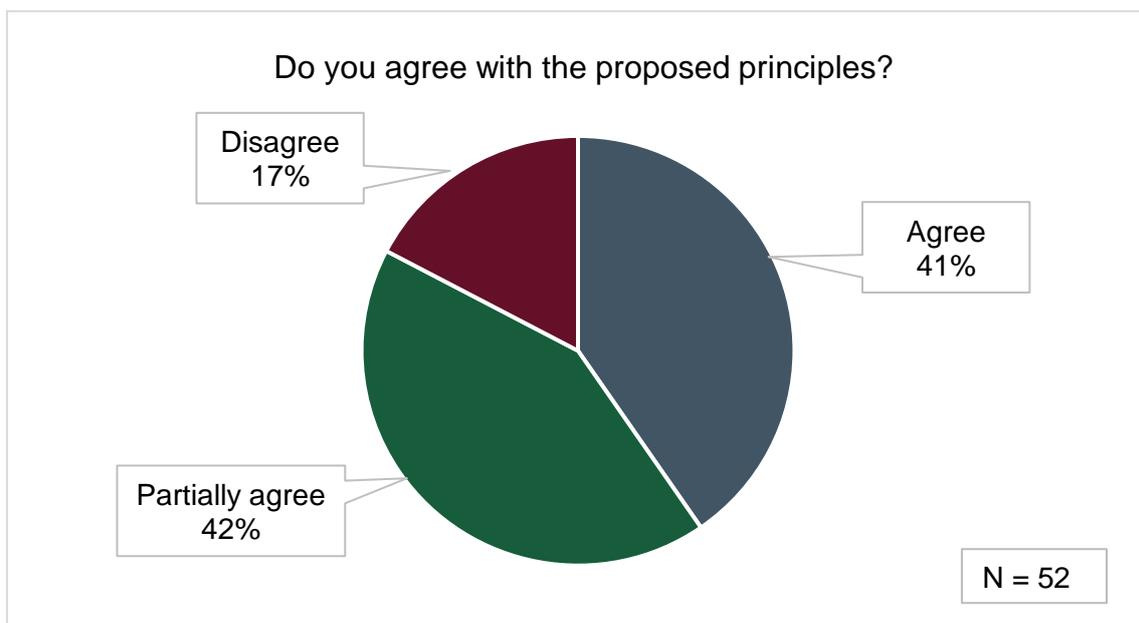
The first section of the consultation related to the principles of the licence fee going forward, as well as how the cost of regulation was to be determined.

The SGSA developed the following five principles, which committed any reform to the licence fee as:

- Fair;
- Transparent;
- Salient;
- Affordable; and
- Not administratively burdensome on either the industry or the SGSA itself.

In addition, any changes must meet the principles laid out by Government in the [Managing Public Money](#) guidance and Value for Money framework..

Respondents were asked if they agreed or disagreed with these principles, and were provided with the opportunity to outline any comments they have on these, or on the methodology outlined in identifying the cost of regulation.



Comments

A number of respondents (14) noted that they agreed the licence fee is outdated and needs to be reformed.

The comments from respondents largely related to the implementation of the principles, rather than the principles themselves.

The most significant comments related to views that the principles outlined had not been met by the SGSA (20 respondents stated this). This included:

- Lack of transparency in the costs (noted by six respondents).



- The significant rise was not fair or affordable, particularly for lower league clubs (noted by 12 respondents).
- It was unfair to impose the increase in fee in one season (noted by nine respondents).

Other comments noted by individual respondents included:

- The licence fee should be spread to cover other sports that the SGSA advises.
- The proposals do not reflect the cost recovery of the amount of time the SGSA spends at a venue.
- The licence fee should be linked to matchday revenues.
- The current financial climate means the increase in charges are unwelcome.

SGSA response

The SGSA is pleased that most respondents accepted the principles of the licence fee reform. To address some of the comments received, these principles are being expanded upon to make clear the expectations that clubs may have of the SGSA.

Fair. The SGSA's methodology for calculating the fee will reflect the significant financial disparities within the industry but not penalise or tax wealthier clubs.

Transparent. The SGSA will demonstrate how its licence fee is calculated and independently verified via its Annual Report and Accounts and a formal notice outlining the costs to clubs, issued alongside its licence each July.

Salient. The licence fee will fund **regulatory activities only**. Clubs will not subsidise any of the wider work carried out by the SGSA.

Affordable. The licence fee will be affordable for the grounds with the lowest incomes and commensurate with other similar fees.

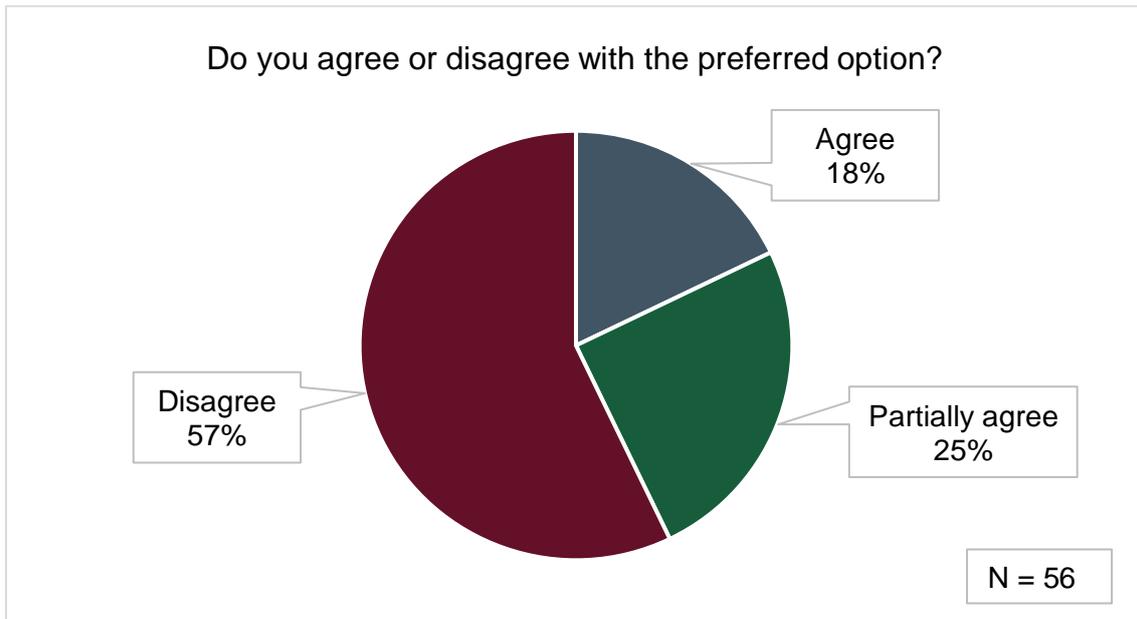
Not administratively burdensome. To reduce any unnecessary costs, the licence fee will be administrated in a way that is not burdensome for either the industry or the SGSA itself.



Method of apportioning the licence fee

Section 2 of the consultation concentrated on the options for apportioning costs of regulation. It included the SGSA's preferred method of basing the licence fee on the capacity of each ground. In addition, the narrative outlined a number of other options which had been considered.

Respondents were first asked if they agreed or disagreed with the preferred method of apportionment. They were then provided with the opportunity to provide comments and/or the choice of a different method.



Comments

Whilst several respondents were supportive of the capacity-based method, the majority of respondents disagreed with it. The feedback suggested this method was overly simplistic and unfair on lower league grounds that rarely if ever achieved full capacities.

Average attendance

Average attendance was the option which most respondents agreed with, with around 30 respondents stating it as their preference. There were differences of opinion as to whether the data should reflect the actual attendance or the published attendance figure, which typically reflects ticket sales. There was also a further suggestion by one respondent that it should be related to matchday income, taken from gate receipts.

Other options noted

Hybrid model of league and attendance (or capacity) – 12 respondents noted a preference for a hybrid model or fee, with a base amount dependent on the league of the club, and a further amount based on average attendance (with some suggesting this could be the SGSA's preferred method of capacity instead). Respondents who suggested this felt it would ensure that clubs in higher leagues paid a higher proportion of the regulatory costs.



League-based – 11 respondents suggested that the fee should be paid based solely on the league of the club.

SGSA regulatory effort – eight respondents stated a preference for the cost to each ground based on the regulatory effort and cost recovery for the SGSA.

Risk-based – five respondents suggested a fee based on the risk at individual grounds, with the (P) and (S) factors taken into consideration.

Turnover – four respondents stated a preference for it to be based on turnover, with some suggestion a link with the new independent football regulator.

In addition, individual respondents included additional comments, including:

- There should not be any banding for the fees.
- SGSA is duplicating local authority duties.
- It should remain at the current £100 fee.
- There should be a hybrid model of turnover, compliance, and capacity.
- None of the suggested approaches meet the principles.

SGSA response

The SGSA continues to see the benefit of using its preferred option of capacity. However, based on these responses from the industry, we will recommend to the Government that the regulatory cost is apportioned using the **average attendance** of individual grounds.

In doing so, the SGSA will use the following procedural elements to ensure that it meets our overarching principles:

- The average attendance will be calculated based on the **average attendances for the previous two full seasons**. This will take account of any fluctuations between performance of the club, but should not make a considerable difference. Therefore, for the 2024/25 licence round, the fee will be based on the average attendances from the 2022/23 and 2021/22 seasons, as these will be the most recently completed seasons at the point the licence application and fee is issued (February 2024).
- The licence fee will be based on the **declared or 'official' attendance of grounds**. The SGSA understands that many clubs announce an 'official' attendance which is higher to the actual attendance. It is the official attendance that is provided to the leagues and published in public reports (such as club websites or on football news pages). This discrepancy between the 'actual' and 'declared' attendance is a business decision by each club. To ensure the approach meets our 'transparent' principle, the information on which the calculations are based should be publicly available.
- The attendances will be based on **league games only**, with the figures received directly from the Premier League and EFL (along with the National League for the promoted clubs). A service level agreement will be established to ensure that there is a process in place each year for the provision of the information in a timely manner. This will ensure that it does not become administratively burdensome for either the



clubs or the SGSA. It will be part of the service level agreement that if the information is not provided, then the SGSA will revert to the capacity-based calculation for the fees.

In implementing the above, there will need to be separate arrangements in place with Wembley Stadium. It is anticipated that this will be based on the SGSA receiving the declared attendances at a range of matches within the stadium, including men's internationals, EFL Cup and Trophy, EFL and National League play off matches and the men's FA Cup (semi-finals and final), Trophy and Vase. The stadium submits its attendance to the local authority, from which the SGSA will receive the required information.

The SGSA is aware of potential special cases which may arise, such as ground sharing agreements between two football clubs, or venues where no prior data is available. These instances will be considered within the procedural document to be implemented alongside the change in the licence fee.



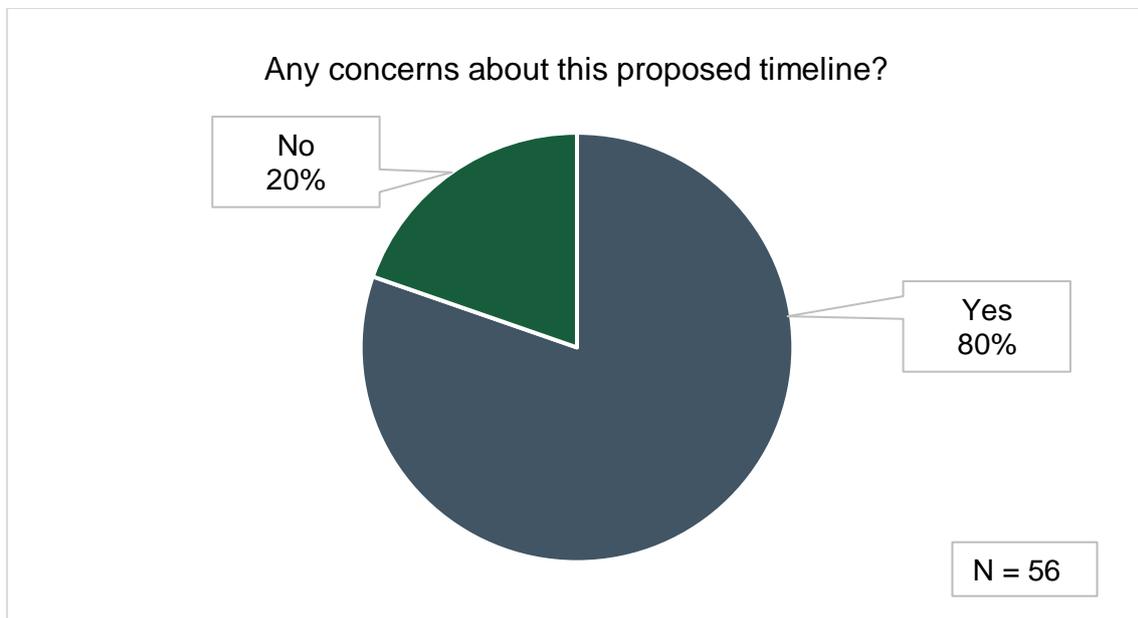
Implementation of licence fee reform

The final section of the consultation focused on the proposals for the implementation of the licence fee reform. It considered three elements:

- The timeline for implementation.
- How the SGSA will be transparent in its regulatory costs.
- How the licence fee will be reviewed going forward.

Concerns with the timeline

The first question in relation to the implementation focused on the timing for the changes to be made. The SGSA proposed the fee change be implemented for the next licensing period, for the 2024/25 season. This begins in February 2024.



The overwhelming majority of respondents stated they had concerns with the timeline. This largely revolved around requests that the fee change should be implemented on a phased approach over the next three to five years (stated by 22 respondents). The reason for this was largely due to budgets already being set and this significant increase not being accounted for.

In addition, other comments included:

- The process was being introduced too quickly (seven respondents) and that it should be deferred (six respondents) either until the next season; after the next General Election; or in line with the introduction of the new financial regulator for football.
- Other individual comments noted the impact of the current cost of living crisis and the potential impact it may have on small clubs.

The below provides examples of some of the comments outlined by respondents:



“Although as a club we appreciate the fee was too low the sudden jump ... seems excessive and a phased approach over two to three years where budgets can more easily be gradually adjusted would seem a fairer way forward.” (Premier League club)

“Due to the substantial increase ... [Club] believe full implementation to be introduced in time for the 2024/25 season is unfair and unjust but would support a phased approach of the new fee over 3 years.” (Championship club)

“Given the current climate of a cost of living crisis where we are seeing gate numbers/ revenues fall, secondary spend dropping and football related disorder increasing. To impose an additional £14,000 cost a year to see no real difference, at a time where budgets are already in progress, funding for Level 2 qualifications non-existent with quote of £400 per steward, this will significantly impact our expenditure on improving safety standards and decreasing disorder.” (League 1 club)

“It is simply way too soon, given that club budgets are worked 12-18mths in advance and this will currently hit lower league/smaller clubs disproportionately.” (League 2 club)

SGSA response

The SGSA appreciates the feedback received, and the views, including direct quotes, are provided to Government which will ultimately make the decision on the timing and approach for any changes to the licence fee.

In doing so, the SGSA is mindful that over a number of years, the need to change the licence fee has been highlighted broadly with the industry. This includes sharing the findings of the 2022 organisational review, which outlined the recommendation to reform the fee. Therefore, the change should not be unexpected.

The SGSA appreciates that without the detail of when and how much, it will have been difficult for a club to plan for the increase. However, any phased approach would mean that the burden for the cost of regulation continues to be on the taxpayer.

If the Government's decision is to implement the change as of the next licence round (commencing February 2024), the SGSA will implement it in the following way, to address some of the concerns noted within the responses.

- In February 2024 the licence application forms will be issued to individual clubs, along with the cost of the licence fee for the coming season, and indicative costs for the following two years.
- An invoice for the fee will be issued on the receipt of the licence application form (as is the normal procedure). In doing so, we will highlight that the payment terms will be by 30 June, as opposed to 'for immediate payment', as is currently the case. This will allow for the fee to be paid at a time when clubs traditionally are experiencing positive cashflows. The SGSA will account for 8/12 (covering the period 1st August – 31st March) of the annual licence fee in one financial year, and the remaining 4/12 (covering 1st April – 31st July) in the following financial year.
- Payments could be made immediately, or at any point up until 30 June.



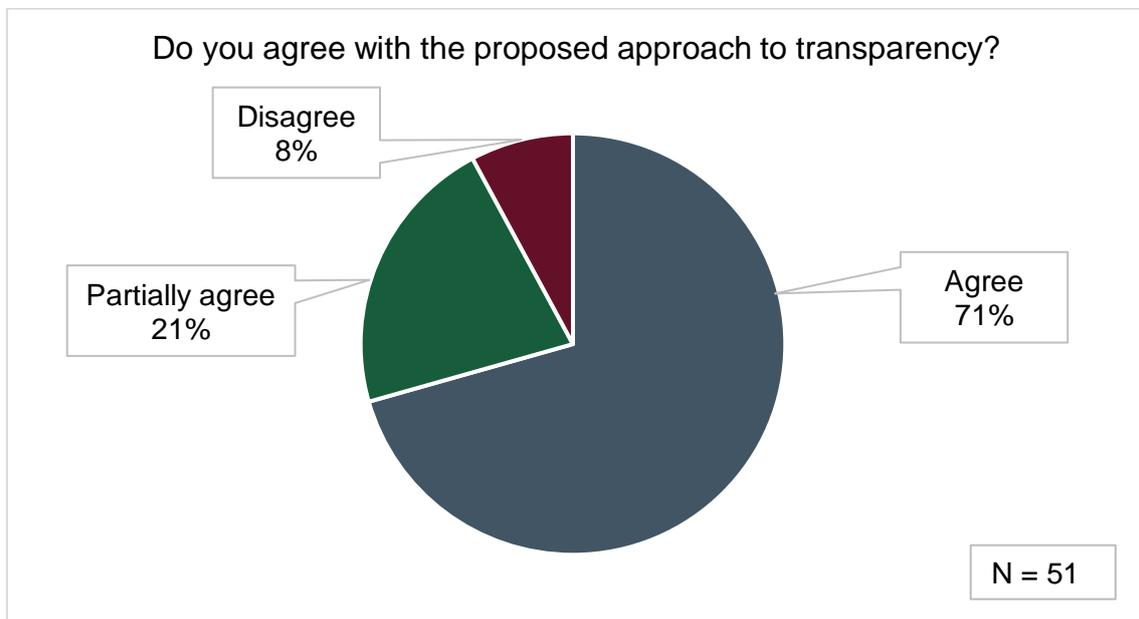
- We will reiterate that the licence fee must be paid for before the licence is issued (in mid-July).

We will implement and publish a set of procedures which will outline what will happen if the licence fee is not paid.

Transparency of regulatory costs

The second implementation question related to the level of transparency in the costs of regulation. The SGSA proposed the use of its existing Annual Report and Accounts, which provides a significant level of financial detail as required by law, along with an overview of how the licence fee is spent, issued to clubs alongside the licence certificate each year.

Respondents were asked whether they agreed or disagreed with this level of transparency.



Most respondents agreed with the planned approach to transparency. In doing so, there were several comments concerning the level of detail that is required and strengthened for the regulatory costs to be appropriately transparent. This includes:

- Ensuring there is complete transparency on how the fees are set and how the money is spent.
- Ensuring complete transparency on the decision-making processes for the fees and the overall governance of the SGSA.
- Providing clarity as to what is and what is not in the scope of the licence fee, for example ensuring that it does not include costs of advisory work.
- Consideration for introducing performance monitoring against a defined set of measures, so clubs would have an easy understanding of how they are receiving value for money.



SGSA response

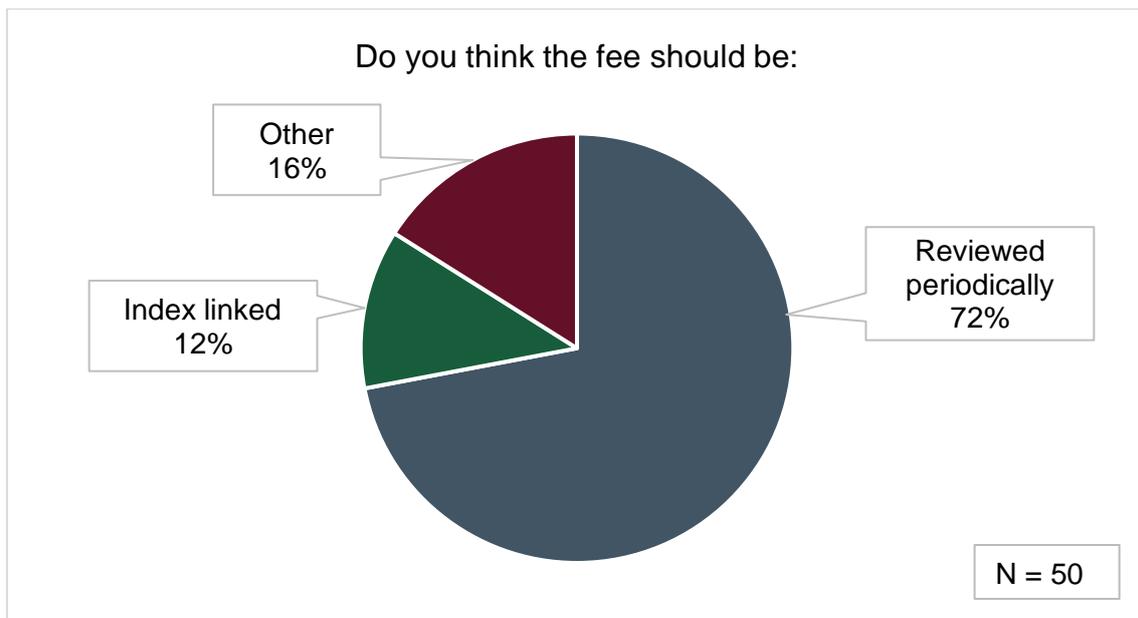
The SGSA is pleased that the proposals for transparency have largely been accepted by industry, and will implement approaches as to how this can be achieved sufficiently.

In addition, we will ensure that all licensed grounds are fully informed about the governance arrangements in place for the SGSA, to address the small number of comments that questioned the oversight the SGSA has.

Finally, we will develop further narrative around the separation between the costs for regulation (paid for by clubs), standards setting (paid for by grant-in-aid), and advisory work (paid for by customers) to provide reassurance that the licence fee covers regulatory work only.

Future reviews

The third question within the implementation section focused on how the fee should be reviewed and increased to reflect changes to SGSA's costs. Respondents were asked to select between review periodically, index linked so it rises automatically, or to offer other suggestions.



The majority of respondents stated they agreed that the fee should be reviewed periodically, with a number commenting it should be every three years.

Other comments included:

- When a review takes place, there must be consultation with the industry, in particular when there is a consideration to change the calculation method.
- There is a concern that the SGSA can change the licence fee without Government or any other approval. A small number of comments noted that improved governance arrangements should be in place.



SGSA response

Based on the feedback received, the SGSA will embed into its processes a three-year review of the licence fee. This review will include consultation with the sector.

More immediately, we will ensure that clubs are aware of the governance and oversight procedures of the SGSA, to reinforce that any change would need to be considered by the SGSA Board and the decision on any changes will remain with the Government.