

SGSA Licence Fee Reform Consultation

September 2023



Foreword

Every week of the season, I – along many thousands of others like me – enjoy live football. I do so in the knowledge that the safety standards at football grounds used in the Premier League and EFL are the highest anywhere in the world.

A key reason why football grounds in England and Wales are so much safer now than was the case in the last century is the work of the Sports Grounds Safety Authority (SGSA) and its predecessor, the Football Licensing Authority (FLA).

Since the creation of this organisation in the early 1990s, the FLA/SGSA licence to admit spectators has provided a level of assurance for the public that the venues are safe and, critically, that safety of fans is being prioritised.

Currently, grounds hosting Premier League/EFL football clubs pay a £100 annual fee for this licence. When this fee was introduced, the then Secretary of State for National Heritage stated this was “likely later to be raised to reflect more closely the full costs involved in determining the licence conditions”. However, three decades on and despite enormous growth in the industry and ever-evolving safety challenges, the SGSA licence fee remains at just £100.

An independent review of the SGSA found that this was outdated, inflexible and unfair. It also means that the vast majority of the SGSA’s budget is paid for by the taxpayer, via grants from the Department for Culture, Media and Sport. This goes against the Government’s Managing Public Money principles, which requires that the cost of regulation should be met by those being regulated, rather than the public.

This targeted consultation starts the process of reforming the SGSA licence fee so that it meets the full costs of regulating spectator safety. It outlines options for how the licence fee could be determined going forward, and how the SGSA’s funding model can be changed to reflect this. To be clear from the outset, any decision on the licence fee reform and the timing of the changes is for the Government, not the SGSA. The results of the consultation, will, however, help the Government to make an informed decision on any change.

Our preferred approach is to use the safe capacity of a ground as the basis for the licence fee, which means larger grounds will pay the most. Using this method, the average costs per seat would be slightly over 70p per spectator space per season.

Lord Justice Taylor, in his report of the Hillsborough Inquiry stated that complacency is the enemy of safety. That remains as true today as it did over 30 years ago when the FLA was established. The challenges may have changed but the importance of spectator safety has not. While we recognise that grounds will not welcome a higher fee, we believe it’s right that they meet the costs of their regulation and that, however these costs are apportioned, this will be a small price to pay for safety.

Derek Wilson
Chair



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Executive summary

The Sports Grounds Safety Authority (SGSA), formerly the Football Licensing Authority (FLA), was established in 1990 to regulate spectator safety at football grounds in England and Wales through its licensing scheme.

For over three decades, the cost of this regulation has been met by the taxpayer, with the grounds licensed by SGSA contributing a nominal fee of £100 annually. An independent review of SGSA in 2022 recommended replacing the £100 fee with a new regime reflecting the full cost of providing regulation.

This consultation, which is intended for the football industry and other stakeholders, considers proposals to increase the annual licence fee for football grounds hosting designated matches to reflect the full cost of their regulation. While this will ultimately be a decision for Government, the SGSA has led the development of these proposals with the support of the Chartered Institute of Public Finance and Accountancy and is seeking input from stakeholders to inform the Government's decision.

These proposals seek to ensure the football industry covers the cost of regulation in a way that is consistent with HM Treasury's Managing Public Money guidance and which provides value for money and fairness.

In this consultation, SGSA explores various options for apportioning regulation costs, including flat fees, club turnover, regulatory effort, attendance, and league-based fees. The preferred option is to use the safe capacity of the ground being licensed to determine the level of the fee that is payable. This is the key issue on which SGSA would welcome views.

Depending on the Government's decision, the new system may be implemented for the 2024/25 football season. SGSA will keep licensed grounds informed about the progress of these deliberations.



1. Introduction

- 1.1 The Sports Grounds Safety Authority (SGSA) was established, initially as the Football Licensing Authority (FLA), in 1990 under the Football Spectators Act 1989 (the 1989 Act), following the Hillsborough Stadium tragedy and subsequent inquiry led by Lord Justice Taylor. Its mandate was, and continues to be, to improve spectator safety at league and international football grounds in England and Wales.
- 1.2 The 1989 Act introduced a requirement for a licence¹ to admit spectators for grounds where designated football matches² are played – that is any competitive men’s football match played at a Premier League or English Football League (EFL) football ground, Wembley Stadium, or the Principality Stadium. The 1989 Act also introduced an associated licence fee, which is determined by the Secretary of State and may be fixed to reimburse the expenses of the authority. When the licensing system was established in advance of the 1993/94 season, a nominal £100 fee was charged for the licence with the expectation that this would rise in time. The operating costs of the FLA/SGSA were met by public money via the Government, and this remains the case today.
- 1.3 Over 30 years on, football grounds in England and Wales are some of the safest in the world. This has been achieved through partnership working and with significant investment by the football industry in infrastructure. Consequently, millions of people can enjoy watching football every week in safe surroundings.
- 1.4 Good safety is also good for football as a business. Grounds continue to benefit from regulation which helps to protect the commercial value of stadiums, usually core assets for a club. Failure to maintain stadia can lead to spiralling costs for clubs and/or reductions in capacity that affect revenues, as well as negatively impacting the reputation of individual grounds and football in England and Wales as a whole. English football is now one of the most famous and richest sport industries in the world, with the Premier League revenue of £5.5billion in the 2021/22 season and £1billion for EFL leagues³.
- 1.5 Since its inception, the FLA/SGSA has promoted and embedded spectator safety in football grounds across the country. We have done so through dedicated Inspectors for each ground, providing expert knowledge to safety teams. Most recently, the SGSA has led the introduction of licensed ‘safe’ standing on behalf of the Government, which addressed the safety risks related to persistent standing in seated areas and allowed spectators the choice to stand.
- 1.6 Despite a considerable improvement in spectator safety, and evolving challenges for the industry, **the licence fee remains at the 1993 level of £100 annually** and therefore the cost of regulating professional football grounds in England and Wales remains with the taxpayer.
- 1.7 An independent review of the SGSA conducted in 2022 stated that “The funding model underpinning the organisation is inflexible and not fit for purpose, with the licence fee not reflecting the costs of regulation”⁴. It recommended the following:

¹ Section 10 of the [Football Spectators Act 1989](#).

² Designated football matches defined in the [Football Spectators \(Designation of Football Matches in England and Wales\) Order 2000](#).

³ [Deloitte UK Annual Review of Football Finance 2023](#).

⁴ Sports Grounds Safety Authority [Independent Review](#).



“The £100 licence fee should be replaced by a flexible system of charging which reflects the full cost of regulation and enables taxpayer funding to be reduced.”

- 1.8 In agreeing with the recommendation to review the SGSA licence fee, the Department for Culture, Media and Sport (DCMS) stated:

“DCMS recognises the existing anomalies in the current funding structure, noting that reform would enable the SGSA to increase its income, reduce reliance on public funding and allow revenue flexibility. We will work closely with the SGSA to consider the implications and practicalities of amending their existing funding model and we will explore options to enact any changes.”

This consultation, and any changes to fees, relates to the SGSA’s regulatory work only.

Central Government funding will be retained by the SGSA for leading and standards development work, with any advisory work funded entirely by clients.

The proposed future funding model is set out below:

- Regulatory work – funded entirely by licensed football grounds via the licence fee.
- Standards setting and support for Government initiatives – funded entirely via the Government through grant-in-aid.
- Advisory work – funded entirely by clients.

- 1.9 The purpose of this consultation is to consider proposals to increase the annual licence fee for football grounds hosting designated football matches to reflect the full cost of regulation. The information contained in this document outlines the background to the SGSA, its finances and the options that have been considered in developing the proposals.
- 1.10 The consultation period will run from Tuesday 26 September 2023 until 5pm on **Wednesday 8 November 2023**. Throughout the consultation period, the SGSA will provide numerous opportunities to engage with the process. These can be found on [Licence Fee Reform page](#) of the SGSA website.
- 1.11 Importantly, **the proposals contained in this document are recommendations only**. This consultation aims to gather the views of the industry. All responses will be analysed and a report of the findings will be submitted to Government and published on the SGSA website. **The final decision on any change to the licence fee will be made by Government.**



2. About the SGSA

2.1 The SGSA is the safety regulator for professional football grounds in England and Wales and the UK Government's independent advisor on sports ground safety. We provide independent, expert advice based on three decades of ensuring watching football in England and Wales is a safe and enjoyable experience for fans. We use our experience to advise and support other sports in the UK and internationally. Put simply, our purpose is to ensure sports grounds are safe for everyone.

We have three core roles:

- **Regulatory** – we licence league and international football grounds in England and Wales and oversee regulation of their safety certification by local government.
- **Standards** – we set and raise safety standards through our world-leading best practice guidance, including the Guide to Safety at Sports Grounds (Green Guide), which is used to build and develop sports grounds around the world.
- **Advisory** – we provide strategic support for sports grounds, governing bodies and others, both in the UK and internationally.

Our expert team of Inspectors provide first-rate support and advice based on their collective knowledge of areas including engineering, policing, emergency planning and facilities management. They support individual clubs and grounds, sports bodies, governments, architects and engineers to minimise risk and help deliver safe events for all.

2.2 In its response to the independent review conducted on the SGSA, the Government stated that “The SGSA is a small but ambitious organisation, which is regarded as a world leader in sports ground safety”⁵. This confidence is shared by stakeholders, with 90% surveyed in 2023 agreeing that the SGSA is an effective regulator of football grounds.

Legal responsibilities of the SGSA

2.3 Under the provisions of the 1989 Act the SGSA has two regulatory responsibilities:

- To issue licenses to admit spectators to any premises in England and Wales for the purpose of watching any designated football match played at those premises (sections 10-12 of the 1989 Act). Licenses are renewed annually, supported by data gathered from licensing application forms and matchday inspections.
- To keep under review the discharge by local authorities of their functions under the Safety of Sports Grounds Act 1975 in relation to grounds at which designated football matches are played (section 13 of the 1989 Act) which includes the issuing and monitoring of conditions within the General Safety Certificate.

2.4 The SGSA's [Oversight and Licensing Policy](#) outlines how the SGSA discharges its powers under the 1989 Act. This published policy is updated as necessary, most recently in July 2022 to reflect the implementation of licensed standing areas.

⁵ Sports Grounds Safety Authority [Independent Review](#).



2.5 To meet these legal responsibilities, the SGSA conducts a number of formal visits and assessments at all licenced grounds throughout the season:

- **Matchday inspections.** These are a central tool in overseeing the role of local authorities by witnessing the practical application of the General Safety Certificate conditions, and to ensure spectators are safe within grounds.
- **Ground assessments.** These assessments help the SGSA discharge its statutory responsibilities in relation to licensing and local authority oversight. They involve first hand observations by Inspectors to assess how well a ground is complying with relevant safety at sports grounds.
- **Licence application assessments.** These are the assessments of the annual licence applications submitted by grounds. They provide evidence that the relevant areas of the ground meet the safety standards required to be able to admit spectators.
- **Local authority audits.** These assess from first-hand observations how well a local authority is ensuring compliance with relevant safety at sports grounds legislation by the ground(s) in its area subject to SGSA licensing.
- **Attendance at Safety Advisory Group (SAG) meetings.** In 2022-23, SGSA Inspectors attended nearly two hundred SAGs, providing advice and support to local authorities and other partners, and promoting consistency in local decision-making.

2.6 The challenges faced by football grounds, and therefore the regulatory role of SGSA, have evolved significantly since the inception of the FLA in 1990. Grounds now operate in a complex and dynamic landscape of shifting technology and evolving risks including terrorism, drones and pyrotechnics. The use of football grounds has also expanded, with many across the country being used for wider commercial activities, such as concerts. The SGSA's role has, likewise, evolved to keep pace with these changes at sports grounds and continues to do so.

How the SGSA works with regulated grounds

2.7 Each SGSA licensed ground has a dedicated Inspector, based in the region, to provide expert guidance and support. Every SGSA Inspector brings a wealth of knowledge and experience to support and guide grounds in ensuring the safety of spectators. This approach helps the SGSA to deliver its advocacy-first approach to regulation and oversight, which has been successfully implemented over the last three decades.

2.8 As outlined in paragraph 2.5, the SGSA conducts its legal responsibilities through formal inspections, audits and assessments. However, the value the SGSA brings to a ground far exceeds these formal assessment mechanisms. Our Inspectors provide a range of informal and invaluable advice, including:

- Providing expert advice to grounds during redevelopments and new builds at no additional cost. SGSA Inspectors impart valuable input into ground design and make useful comments that have helped clubs to make wise capital and revenue expenditure choices because of the experience and expertise in ground design, building control requirements and operational management.
- Supporting grounds in the safe use of their venues for events beyond football, such as concerts and other entertainments. This has helped to expand the revenue streams for grounds both large and small.



- Improvements in safety management procedures, such as the development of Operations Manuals, and the understanding of Zone Ex issues. This has helped to enhance the competency and capability of safety teams.
- Protecting clubs from latent safety risks, such as persistent standing in seated areas. The SGSA has led the industry in addressing known risks related to standing in areas designed for seating, whilst also addressing the request from fans to have a choice whether to stand or sit at football matches.
- Advising on technical issues, such as circulation in grounds and flow rates, which contribute to managing crowds safely and have led to identifying capacity increases.
- Supporting grounds when responding to complex challenges, for example following the rescheduled Euros 2020 final in Wembley, in July 2021.

2.9 Linked to the SGSA's regulation of football grounds is the oversight of safety certification of these grounds by local authorities. As our partners in local government may often face severe resourcing challenges, this adds to the importance of SGSA's oversight role and we continue to take steps to strengthen this oversight. This has included bolstering our formal local authority assessment procedures and introducing safety certification training for council officials. In addition, we are reviewing and improving the Guide to Safety Certification, which is the SGSA's primary guidance on effective and robust safety certification procedures.

Advisory services and setting standards

2.10 In 2011 the FLA was reconstituted as the SGSA, with an expanded remit to offer advisory services to sports beyond its regulatory remit. It allowed the SGSA to recoup the cost of the advice and services provided.

2.11 Since 2011, the SGSA has expanded its advisory role and is now a trusted partner for FIFA, the Confederation of African Football (CAF), Sport Northern Ireland, FA Wales, Scottish Government and the England and Wales Cricket Board (ECB). This has enabled the SGSA to enhance its reputation as the industry leader and the profile of sports grounds safety as a whole, whilst simultaneously maintaining its regulatory function.

2.12 In recent years, SGSA has increasingly been involved in setting the standards for the industry and delivering Government priorities that reach beyond its regulatory remit or its paid advisory services. This has included:

- Publishing the latest, sixth edition of the Guide to Safety at Sports Grounds (Green Guide) in 2018. This is used around the world for the safe building and management of sports grounds. The Green Guide is now supported by additional Supplementary Guidance, including SG01: Safe Standing in Seated Areas, and SG03: Event Safety Management. These provide further advice and support for grounds on planning safe events. In addition, we published the Alternative Uses of Sports Grounds guidance in 2016 which has supported management teams in extending and enhancing the commercial use of grounds.
- Led the return of live events following the COVID-19 pandemic. This included the development of guidance, Supplementary Guidance 02: Planning for Social Distancing at Sports Grounds, used by sports and live events in the UK and around



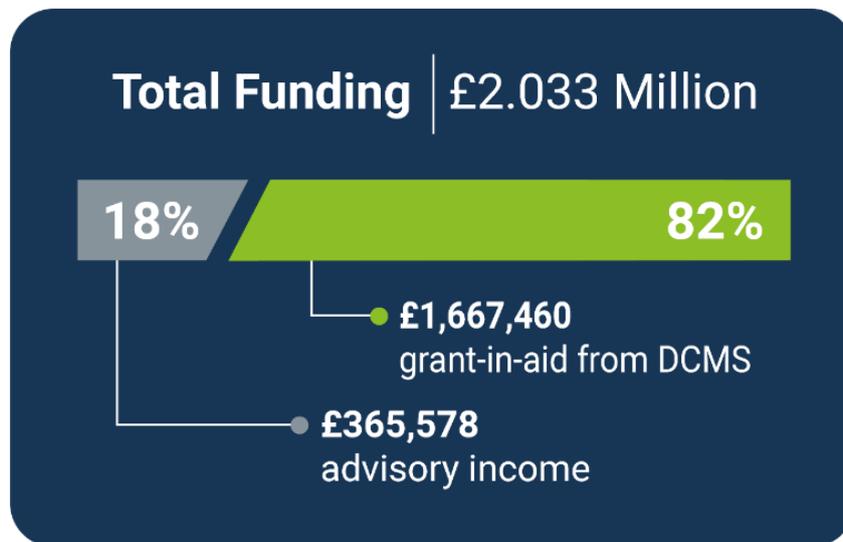
the world to safely allow the return of spectators. The SGSA also led the pilot programme, on behalf of DCMS, to create COVID-secure events.

- Supported the local organising committee in the safe delivery of the 2022 Commonwealth Games in Birmingham as the strategic safety partner. This followed on from the support provided to the London 2012 Olympic Games, and training and advice provided to Brazilian authorities ahead of the FIFA World Cup 2014 and 2016 Olympic Games.

2.13 To be clear, **any change to the licence fee will be focused solely on funding its existing statutory remit and in no way subsidise the SGSA’s advisory work**, as this will continue to be paid for by clients, as outlined at paragraph 6.3.

SGSA funding

2.14 The SGSA is currently funded predominantly by the taxpayer via grant-in-aid (around £1.6million in 2022-23) from DCMS. The SGSA budget is offset with additional funding received by advisory income (£366,000 in 2022-23). The figures below outline the funding and expenditure of the SGSA during 2022-23. The full details are published in its [Annual Report and Accounts](#).



2.15 As a public body, the SGSA is committed to being efficient and providing value for money. SGSA’s highest expenditure (nearly 80% of our budget) is on our people. Wherever possible, we identify improved ways of working in order to keep our costs as economical as possible. In recent years this has included:

- Reducing our central office base significantly to reduce rent. SGSA now occupies a small space in a shared office with other public bodies, saving over £100k per annum when compared with its previous office space.
- Enhancing our IT services to improve efficiencies in data management.
- Embraced hybrid working across the organisation, significantly reducing SGSA’s travel and subsistence costs.



How the SGSA spends its money



2.16 The reliance on grant-in-aid, however, does reduce the SGSA's ability to plan beyond the short-term and enhance our expertise. The licence fee reform proposals will allow the SGSA to plan the support it may provide to the industry in the medium- and long-term.



3. Background to the licence fee

- 3.1 Under the provisions of the 1989 Act⁶, the SGSA issues annual licenses to each of the 92 clubs in the Premier and Football Leagues, as well as Wembley Stadium⁷, to enable those grounds to admit spectators to view designated football matches.
- 3.2 The annual licence issued by the SGSA to each ground specifies the areas to which spectators may be admitted. Under the provisions of the 1989 Act, it is an offence to admit spectators to any of the above grounds, or parts of those grounds, which are not licensed. It is an offence to admit spectators to any unlicensed accommodation during a designated football match.
- 3.3 The Act allows the Secretary of State for Culture, Media and Sport to set the fee for the licence, which can be fixed to reimburse the SGSA for the cost of their expenses under Part I of the Act. The fee has been set at £100 since the licensing regime started in 1993.
- 3.4 To amend the licence fee, no change in legislation is required as the SGSA already has the power to issue a licence fee under the 1989 Act. However, any change to the amount of fee is a decision for the Secretary of State.
- 3.5 Under the current licensing fee system, the SGSA collects the licence fee on behalf of the Secretary of State, which is then transferred to HM Treasury's consolidated fund. **Currently, the SGSA does not derive any financial benefit from the licence fee.** Rather, the cost of regulation is covered entirely by taxpayer money via grant-in-aid received from DCMS. As outlined in paragraph 2.14, for 2022-23 the amount was £1.6million.

⁶ Section 10 of the Football Spectators Act 1989.

⁷ Principality Stadium is currently not in receipt of an SGSA licence as no designated football matches are played there.



4. Principles of licence fee reform

4.1 The SGSA has developed the following principles for its licence fee reform proposals. We will ensure that any changes to the licence fee are:

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

In addition, any changes must meet the following principles laid out by Government.

Managing Public Money

4.2 The usual regulatory approach is for the regulated bodies to fund all or most of the cost of their regulation through fees, so that it is the relevant industry and not the taxpayer who pays for the regulator. This principle is set out in HM Treasury's Managing Public Money guidance, which states that "Charges for services provided by public sector organisations normally pass on the full cost of providing them"⁸. This guidance applies to all public bodies like the SGSA.

4.3 This approach is not new. The 1989 Act made provision for the new licensing regime to reflect the cost of its administration and, when the fee was first introduced for the start of the 1993/94 football season, the then Secretary of State for National Heritage stated:

"Initially, I intend to levy only a nominal fee of £100. The level of the fee will be kept under review, and is likely later to be raised to reflect more closely the full costs involved in determining the licence conditions." (Hansard, 24 February 1993).

4.4 As part of the [independent review](#) of SGSA (outlined in paragraph 1.7), undertaken on behalf of DCMS as part of its public bodies review programme, a recommendation was made to Government that the £100 licence fee should now be replaced by a flexible system of charging which reflects the full cost of regulation and enables taxpayer funding to be reduced. The Government has accepted this recommendation and invited SGSA to undertake this consultation to inform its considerations (see paragraph 1.8).

4.5 While the primary legal function of the FLA/SGSA licence has not changed since 1993, the processes and activities that support the decision making on whether a licence is merited have expanded considerably to reflect the growing complexities and risks of modern football grounds. For example, the SGSA has developed and regularly undertakes persistent standing risk assessments, ground assessments, local authority audits, and both interim and full licensing assessments in relation to licensed grounds (see paragraph 2.5). Each of these processes has an associated cost, which has been assessed and may be apportioned to licensed grounds (outlined in paragraphs 4.8 to

⁸ Chapter 6, [Managing Public Money](#).



4.10). In keeping with the Managing Public Money guidance, it is proposed that the licence fee in future fully reflects the costs of these activities.

Value for Money

- 4.6 The SGSA has aligned the proposed licence fee structure to adhere to the Value for Money framework set out by HM Treasury. Accordingly, considerations have included:
- a. The costs of regulation, which should be proportionate to the risk;
 - b. Calculating these costs accurately so that licensed grounds receive value and are not over-charged; and
 - c. Overall affordability to the football industry.
- 4.7 To ensure the industry benefits from the Value for Money principles set out immediately above, the SGSA has taken account of the significant financial disparities within the industry as well as the regulatory effort required to determine whether a ground may safely admit spectators.

Cost of regulation

- 4.8 In calculating the cost of regulation, the SGSA commissioned the Chartered Institute of Public Finance and Accountability (CIPFA) to conduct an independent evaluation⁹. The purpose of this was to assist in creating a robust, proportionate and transparent funding model that reflects the full cost of regulation.
- 4.9 As part of the evaluation, CIPFA conducted the following reviews:
- Identification of direct and overhead costs.
 - Allocation of overheads and calculation of cost of regulation and wider advisory work. The CIPFA review calculated that the cost of supporting SGSA's regulatory function was 74% of the overhead, with the remaining 26% relating to standards setting and advisory work.
 - Allocation to activity areas, including matchday inspections, ground assessments, audits, licensing activities, and so on.
 - Options for the allocation of costs to grounds (outlined in Section 5).
- 4.10 The cost of regulation will be based on the budgeted costs of regulation for the financial year in which the season falls, adjusted for any under or overspend from the previous financial year.
- 4.11 To aid financial planning for licensees, SGSA budgets will be projected over a three-year period and communicated to grounds.

⁹ CIPFA [Regulatory Charging Report](#)



QUESTION

1. Do you agree or disagree with the principles outlined in paragraph 4.1 that have been used in developing the licence fee reform proposals?

Agree / partially agree / disagree

Please outline the reason(s) for your response.

QUESTION

2. Please provide any comments you may have on the method used for identifying the cost of regulation (outlined in paragraph 4.9)?



5. Options for apportioning costs of regulation

5.1 In order to develop a licence fee proposal which meets the principles outlined in the previous section, the SGSA and CIPFA explored a number of options to apportion the costs of regulation. For full transparency, outlined in this section are the options that were rejected and the options which were considered in more detail. The preferred approach is provided at paragraphs 5.7 to 5.12. As outlined in paragraph 1.11, the final decision on the option to be used will be made by the Government.

Rejected options

- 5.2 **Flat fee/ Equal split.** This option aligns closely with the existing model that has been in place for the last 30 years. It would see the total cost of regulation being divided equally between each of the licensed SGSA grounds (currently 93 grounds). This model would be transparent and straightforward to administer but does not fairly reflect the level of support received by each individual ground from the SGSA, nor does it provide for affordability given the wide financial disparities within the football industry.
- 5.3 **Club turnover.** This option would set fees based on the gross turnover of each club. This model is simple to communicate, and the greatest fee burden would fall on the clubs with the highest turnover. However, this model could result in considerable year-on-year fee fluctuations, which would make it difficult for clubs' financial planning. It would require new and more complex processes to administer. Significantly, a fee based on club turnover does not correspond closely with spectator safety and the regulatory work carried out by SGSA.
- 5.4 **Regulatory effort.** This model would determine a fee based on the total time taken to inspect an SGSA licensed ground, and the relevant regulatory activities associated with this, including guidance and support. This model is representative of the cost of regulation for SGSA and would provide a fair and proportionate rationale and model for setting specified fees for clubs. This would be compliant with HM Treasury's Managing Public Money guidance. However, this model would be administratively burdensome for the SGSA and unpredictable for ground management due to year-on-year fee fluctuations. A model based solely on the level of regulatory effort provided could be seen to be unfairly penalising grounds in most need of support to improve safety standards for spectators. For example, grounds recently promoted from the National League, for whom affordability would be a key consideration. Consequently, this approach could inadvertently cause grounds to reduce their engagement with regulatory authorities and disincentivise collaboration aimed at improving safety where concerns have been identified.

Considered options

- 5.5 **Attendance (actual/ banded).** This option would set a fee based on the average ground attendance for an SGSA licensed ground, based on designated football matches that were hosted in the previous season. Illustrative costings for this method are outlined in Appendix A. This method is simple to administer and communicate, and a reasonable proxy measure for the regulatory efforts of the SGSA in relation to spectator safety. However, by retrospectively setting a fee for the forthcoming licensing period based on historic average attendance, it does not take account of year-on-year changes in attendance, for example as a result of promotion/relegation. It also does not take account of fixtures of near or complete full capacity attendances, such as



high-profile cup fixtures, local derbies or end of season matches. This approach is further complicated by discrepancies between actual and published attendances at some grounds.

- 5.6 **League/ division.** This option would set a fee based on the league and division in which the host competes. This method would see Premier League clubs paying a higher fee, which is lowered proportionally for each league further down the pyramid. Illustrative costings for this method are outlined in Appendix A. This method would be well understood across the industry and is likely to be affordable given the close correlation between league position and income. However, this model would require arbitrary distinctions to be made on the fees set for different levels of football, a factor which has poor salience to spectator safety, and a level of cross-subsidisation which may be perceived to be unfair. Furthermore, as the fee for the forthcoming season will be payable before promotion/relegation issues have been fully resolved, it will not be known in all cases what fee to charge each club, adding to complexity. Possible solutions to this issue could be to charge the fee immediately prior to the start of the new season, once league positions of all clubs are known, or charge the fee at time of application (February each year) with additional charges/ refunds when league positions are confirmed (anticipated June each year).

Preferred option

- 5.7 **Capacity.** The SGSA's preferred option for calculating the level of licence fee payable by each licensed ground is to use the ground's safe capacity figure, as recorded within the ground's General Safety Certificate.
- 5.8 This model allows for a simple apportionment of the cost of SGSA regulation, based on capacity which will usually remain consistent for a ground from one season to the next except where grounds are significantly re-developed or football clubs move to a new ground, which is relatively rare. Furthermore, the SGSA believes the 'safe capacity' of a ground is the most relevant factor to the issue regulated by the SGSA, which is the admission of spectators.
- 5.9 This method also leads to fair outcomes, with larger grounds usually generating greater revenue, though the SGSA recognises that this will not always be the case. Finally, the safe capacity of a ground is transparent, unambiguous and simple to ascertain.
- 5.10 The SGSA has developed the following formula to identify the cost per spectator space (whether seated, licensed 'safe' standing or terracing accommodation):

$$\text{Identified total cost of regulation} \div \text{Total capacity of SGSA licensed grounds} \\ = \text{Cost of regulation per space.}$$

Illustrative example

To demonstrate this formula, the below provides the calculation based on the £1,573,000 identified by CIPFA for 2022/23 as regulatory costs (as outlined in paragraph 4.9) and using the capacity information currently held by the SGSA .

This is to demonstrate the potential cost per space only.

$$£1,573,000 \div 2,169,061 = 72.5\text{p per space.}$$



5.11 To further meet the SGSA’s proposed principles, grounds would be banded based on capacity. The capacity for all grounds within each band will be calculated, and then multiplied by the base cost. This will create a total regulatory figure for each band. This will then be divided equally amongst the number of grounds in the following bands:

Band	Ground capacity	Number of grounds in band
1	0-8,999	16
2	9,000-14,999	18
3	15,000 to 24,999	21
4	25,000-34,999	24
5	35,000-59,999	9
6	60,000+	5

Illustrative example

Using the base cost of 72.5p identified in the example at paragraph 5.10, the breakdown of cost per band would be as follows:

Band	Ground capacity	Number of grounds in band	Total capacity in band	Regulatory cost per band	Cost per ground
1	0-8,999	16	102,854	£74,569	£4,661
2	9,000-14,999	18	187,789	£136,147	£7,564
3	15,000 to 24,999	21	407,145	£295,180	£14,056
4	25,000-34,999	24	715,026	£518,394	£21,600
5	35,000-59,999	9	408,553	£296,201	£32,911
6	60,000+	5	Fee based on the ground’s actual capacity		

5.12 The figures outlined in the illustrations are for demonstrative purposes only, based on the 2022/23 SGSA budget. To ensure the calculations are correct and up to date as and when any changes are implemented, the SGSA will collate the stated safe capacity within the Safety Certificate as at a particular date (likely to be January each year) and use these to determine the grounds in each capacity band. This will then be reflected when licence application forms and associated licence fee payment requests are issued to individual grounds. The capacity figure will be the stated safe capacity within the Safety Certificate, held by the local authority, and the cost per ground calculated using the approach outlined in this section ahead of the licence application round commencing in February each year.



QUESTION

3. Do you agree or disagree with the preferred option for the SGSA licence fee?

Agree / partially agree / disagree

Please outline the reason(s) for your response.

3a. If you disagree, which option should be used?

3b. Is there a different approach you would like to suggest? Please outline.



6. Implementation of licence fee reform

- 6.1 The final decision for any fee change for the SGSA rests with Government. The SGSA will then implement the changes required. This section outlines the anticipated implementation process, based on the Government accepting the proposals outlined in this consultation ahead of applications being issued in early 2024 for the 2024/25 licensing period.
- 6.2 Dependant on the licence fee reform being agreed by Government early in 2024 (see section 7 below), the implementation timeline is likely to be as follows:
- January 2024 – SGSA collates the safe capacities of all grounds from local authorities and identifies the regulatory costs for 2024/25 season.
 - February 2024 – Licence application forms issued to all SGSA licensed grounds. The covering letter outlines the ground's individual licence fee for the year based on the SGSA's budgeted costs of regulation for 2024/25, along with a projected fee for the following two years.
 - March 2024 – Licence application forms submitted to the SGSA and an invoice for the fee raised for payment.
 - April to June 2024 – Licence assessments will be carried out in accordance with the SGSA's existing procedures.
 - July 2024 – SGSA licences issued for all clubs to permit entry for spectators from 1 August 2024 to 31 July 2025. If a ground's application is not accompanied by the appropriate fee, no licence will be issued. In such circumstances, the grounds will be committing an offence if spectators are admitted to watch designated football matches.
- 6.3 The change of approach to licence fees will alter the funding model of the SGSA's regulatory work only. This change will allow the SGSA to support grounds effectively, whilst also leading the industry in critical areas. As a result of the reform, the SGSA's funding model across its three core roles will be as follows:
- Regulatory work – funded entirely by football via the licence fee.
 - Standards setting – leading in overarching issues, including the development of guidance such as the Guide to Safety at Sports Grounds (Green Guide) – funded entirely via the Government through grant-in-aid.
 - Advisory work – funded entirely by clients.
- 6.4 The SGSA is committed to being transparent about its expenditure, and recognises this will be increasingly important with the move to a funding model based on licence fees for regulatory activity. With that in mind, we will continue to produce a comprehensive Annual Report and Accounts which provides details, amongst other things, about our regulatory activity and associated expenditure. In addition, we propose to provide clubs with an overview of how the licence fee is used each year when issuing the licence.
- 6.5 Following implementation of the new licence fee model, the SGSA will conduct a regular review of licence fees to ensure that any charges continue to be fair and proportionate.



QUESTION

4. Depending on the Government's decision, the fee change may be implemented for the next licensing period, the 2024/25 season. Do you have any concerns about this proposed timeline?

Yes / No

Please add any comments for your response.

QUESTION

5. The SGSA wants to be as transparent as possible about how its funding is spent. This will be achieved through its Annual Report and Accounts and an overview of how the licence fee is spent issued alongside the licence certificate. Do you agree or disagree that this level of transparency is sufficient?

Agree / partially agree / disagree

Please add any comments for your response.

5a. If not, what other arrangements should be implemented? Please outline.

QUESTION

6. The new fee will be increased from time-to-time to reflect changes to SGSA's costs. Do you think the fee should be:

Reviewed periodically / Index linked so that it rises automatically / Other (Please outline)

Please add any comments for your response.

QUESTION

7. Please provide any further comments about any aspect of the licence fee reform being proposed in this consultation.



7. Decision making process and timelines

- 7.1 **The final decision with regards to the SGSA licence fee rests solely with Government.** This consultation is being facilitated by the SGSA on behalf of DCMS in order to understand the views of the industry.
- 7.2 All results and commentary will be evaluated as part of the consultation process, with a full written analysis provided to DCMS to help inform its decision-making procedures. Actual responses received will remain confidential and a summary report of the responses will be made public available.

Timeline

- 7.3 The following outlines the anticipated timeline for the licence fee reform process:
- Consultation opens – Tuesday 26 September 2023
 - Consultation closes – 5pm, Wednesday 8 November 2023
 - November 2023 – Consultation analysis
 - December 2023 – Submission to Government
 - January 2024 – Decision by Government
 - February 2024 – Licence fee changes implemented (subject to Government decision) and SGSA licence application forms issued to clubs.

8. How to provide feedback

The SGSA welcomes feedback and responses to this consultation document in a number of ways.

Ideally, please submit your response to the questions outlined via this online link: <https://www.surveymonkey.co.uk/r/SGSAllicencefeereform>.

Alternatively, you can email us directly at: licencefeereform@sgsa.org.uk.

The closing date for responses is 5pm, Wednesday 8 November 2023.



Appendix A – Illustrative costs for grounds using the considered options

The following provide an overview of the illustrative costs based on the two considered options, as outlined in paragraphs 5.5 and 5.6.

Average attendance

The calculations are based on the average attendance of grounds of the 2022/23 season. These are indicative only, and further work would be undertaken to verify these figures if this option were to be used.

To identify the potential licence fee, the cost for spectator needs to be identified. This will be achieved using the following formula:

SGSA regulatory costs ÷ total average attendance = cost per spectator

Total average attendance = 1,700,130

SGSA regulatory costs = £1,573,000

This provides a cost per spectator of 92p. This is the basis for the apportionment.

Bandings

Band	Average attendance	Number of grounds in band	Total average attendance in band	Regulatory cost per band	Cost per ground
1	0-8,999	37	210,055	£193,251	£5,223
2	9,000-14,999	13	159,933	£145,163	£11,166
3	15,000 to 24,999	20	389,729	£360,499	£18,025
4	25,000-34,999	9	261,297	£240,393	£26,710
5	35,000-59,999	8	353,820	£32,5514	£40,689
6	60,000+	5	Fee based on the ground's actual average attendance		

League based

The below table outlines an illustrative approach to fees based on league position. The method divides the regulatory costs into equal 'shares', with League 2 paying for only one share, and each league paying for an additional share.

SGSA regulatory cost: £1,573,000

Each share = £157,300



	Share of costs	Regulatory costs	Number of clubs	Fee per club
League 2	1 share	£157,300	24	£6,554
League 1	2 shares	£314,600	24	£13,108
Championship	3 shares	£471,900	24	£19,663
Premier League and international	4 shares	£629,200	20	£31,460