

THE FINANCIAL PERFORMANCE OF SCOTTISH LEAGUE FOOTBALL AND ITS IMPLICATIONS FOR THE FUTURE SURVIVAL OF SCOTLAND'S FOOTBALL CLUBS? IS THE CURRENT 42 CLUB SCOTTISH LEAGUE STRUCTURE SUSTAINABLE AND DO SUPPORTER-CONTROLLED SUPPORTERS' TRUSTS (CO-OPERATIVES) HAVE A ROLE IN ANY SUCCESSFUL RE-STRUCTURING OF SCOTTISH PROFESSIONAL FOOTBALL?

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INTRODUCTION & DISCUSSION

The author is an elected director of Supporters Direct (www.supporters-direct.org/), the not-for-profit organisation established in the UK to assist football supporters to set up supporters' trusts at their football clubs. Supporters' trusts are democratically accountable organisations structured as not-for-profit industrial & provident societies (co-operatives), which aim to secure the position of football clubs in their historic role as key community assets. There are now over 100 supporters' trusts in existence in the UK, with 32 in Scotland. Many of them have taken ownership of their football clubs, notably at Brentford, Lincoln City and Stockport County in the English Football League.

In this paper, drawing on his experience with Supporters Direct in Scotland and in particular on the experience of the 32 supporters trusts established at football clubs in Scotland, the author will first present an overview of the current poor financial health of Scottish professional league football drawing extensively from successive PriceWaterhouseCoopers Annual Financial Reviews of Scottish Football. Then, utilising empirical material from a series of case-studies (see Methods section below) of the financial experience of a number of Scottish Football League and Scottish Premier League clubs he will discuss the implications of the endemic unprofitability of most Scottish football clubs for the future survival of the current 42 club league structure. He will frame this discussion against the backdrop of current discussions (May 2007) regarding a proposed breakaway by the top tier of clubs in the three division Scottish Football League to form a Division 2 of the current elite division, the Scottish Premier League, as a means of securing a more financially secure future.

A key part of his analysis will be an assessment as to whether there currently lies a particular threat to independent ground ownership by many Scottish football clubs as this asset becomes attractive to property developers in a rising property market (Financial Times, 2nd April 2006). He will conclude by asking to what extent supporters' trusts offer a viable alternative form of ownership structure to the traditional private limited company model, one which might be able to protect both clubs and football grounds as community assets in a financial climate where it appears increasingly to be the case that they may no longer be viable as conventional profit-making businesses.

In essence the paper seeks firstly to identify the key structural factors driving the endemic unprofitability of Scottish professional football; secondly to assess the potential for success of one possible remedy – the restructuring of the league competition by the creation of a second elite division; thirdly to assess the potential role of co-operative forms of organisation – supporters trusts – in any reform of the structures of Scottish professional football.

METHODS

The paper employs a mixture of research methods: (1) a literature survey of secondary sources - mainly sources of financial data on financial performance of Scottish football clubs (PriceWaterhouseCoopers, 2003-2005); and (2) case-study analysis derived from a research project undertaken by the author for the Supporters Direct organisation entitled *The Governance & Regulation of Professional Football in Scotland (2002-2008)*. Amongst

others, case-studies on the recent financial and business history of the following clubs will be presented: Clydebank, Dundee, Dundee United, East Fife and Hearts.

REFERENCES

Financial Times (2nd April 2006). "Football clubs urged to sell off stadia".

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