

# Football Club Chairperson

In this activity, use your economic knowledge to make decisions, based on the role that you have been given – in this case, you are the Chairperson of Harrogate Town Football Club.

## Part 1

It is summer of 2025. There is a great deal of excitement around Harrogate Town football club. Manchester United have just “won the treble” but Harrogate finished fourth in their first season (24/25) in the Premier League and there is a feeling that they might win the title next season.

You, the Harrogate Town Chairperson, are fairly new in charge. Your manager exceeded all expectations last year by producing the best league performance in 20 years. The team has lots of new exciting young academy players who are exciting audiences and drawing parallels with Manchester United’s Class of ’92.

The world of football, too, is brimming with promise. The game is fashionable, attendances are rising, stadiums are being renovated or replaced and media streaming brands are paying ever-larger sums for the rights to show games.

The club has seen a 20% increase in revenue in just one year, television income is up 40% and merchandising revenue is up 13%. The club is making a tidy profit.

Using your knowledge of economics, what will you do as the Chairman?  
Jot down at least 5 possible business decisions.



## Part 2

The strategy you have opted for is to buy some high-profile, established players to complement the academy players that were already in the first team. You have decided to spend £150m on four players. In a recent press conference, you are quoted as saying: “We believe we can win the Premier League in 25/26 and qualify for the European Champions League in Season 26/27”. The European Champions League is the most prestigious European football tournament and there is a large amount of prize money to be won at every stage of the competition.

Harrogate Town is a big club but not so big that £150m can be brushed off lightly. This is only possible thanks to a form of credit new to sport. Your Finance Director explains the process: “Where Harrogate Town have bought a player for (say) £50 million, they ask a financial institution to advance the club exactly that sum. In return Harrogate need to pay back this money, with interest, over the course of the player’s contract - typically four years”.

There are drawbacks however. The loans are short-term and the interest rate is higher than the bank was charging, which means that the quarterly payments were substantial.

What do you think about this loan arrangement?

Was this a good idea? Would you have done it? What are the possible downsides?



## Part 3

It is now the summer of 2026. The events of last season ('25/26) have justified the buying policy the summer signings had lifted the side to a new level. Harrogate Town finished second in Premier League. This season ('26/27) they will be in the European Champions League.

The finances are great too. Revenue has jumped from £370m to £570m (including a 56% rise in television revenue and a 33% rise in ticket sales). The club is making a decent profit.

Prize money from the European Champions League will offer enormous potential profits, far beyond what Harrogate is used to.

To improve the chances of staying in the competition for a long time, and of qualifying again next season, you have chosen the same strategy that paid off previously. You buy four more players (including one high-profile England international player) for a total of fee of £345m

It is a huge commitment for the club; its bank debt is already historically high and it is now making hefty quarterly payments on the eight players bought for the next 4 years.

In order to cut debt costs, you have renegotiated with the bank that it should pay off only half the original cost in stages over the contract period and then pay the remaining 50% as a 'bullet payment' or lump sum at the end. This will be fine because the money from the Champions League over the next 4 years will be able to cover it; you don't need to have the money now.

Was the 'expansion' strategy correct? Would you have done it?



## Part 4

The seasons of '26/27 and '27/28 were two more great seasons for the club. In '27/28, Harrogate reached the semi-final of the Champions League. The club responded by buying three more top players for £300m.

Wage costs had grown by £120m in the past year, however, to a staggering £530m per year. All together, Harrogate's net debt had reached £82m and debt payments were approaching £1m a month.

In the 28/29 season, Harrogate failed to make the Champions League and their debts began to bite. They were due to pay back to 50% bullet payments on the first crop of players bought four years earlier. They scrambled around to find front-loaded sponsorship deals and locked-box loans. It was the beginning of a financial collapse for the club and they still have not yet returned to the Premier League.

What was the most important factor in causing the club's financial collapse?

Justify your answer.



## **Using your knowledge of economics, what will you do as the Chairman?**

Jot down at least 5 possible business decisions.

- Raise ticket prices to increase ticket revenue. Tickets are likely to be PED inelastic.
- Reinvest in the playing staff by buying new players. Try to win the title next year.
- Reinvest in the stadium to increase the number of fans that can attend every match.
- Pay off any outstanding debts.
- Improve infrastructure around the stadium.

## **What do you think about this loan arrangement?**

Was this a good idea? Would you have done it? What are the possible downsides?

The loan arrangement is useful in that it allows the club to buy players that it may not have otherwise been able to. Given that the club is mounting a title challenge, this is important.

However, the problem is that if the club doesn't make enough revenue to cover these high interest rates in the future then it could cause them a loss.

## **Was the 'expansion' strategy correct? Would you have done it?**

This is a huge gamble. The strategy worked before but it was a relatively small reinvestment into the club. This is much larger. It is 200% more than the investment from last year.

It all hinges on whether Harrogate will continue to qualify for the Champions League and make the money that will cover the costs.

## **What was the most important factor in causing the club's financial collapse? Justify your answer.**

We have not suggested an answer to this question as there are so many possible options!

