



PROPOSED REFORM OF EUROPEAN CLUB COMPETITIONS

FSA BRIEFING AND POLICY PAPER MAY 2019

The Football Supporters' Association (FSA) has become aware of proposals for a significant reform of club competitions at European and even world level. This briefing paper is the product of piecing together information, sometimes of a provisional or even contradictory nature and subject to constant amendment, in an attempt to work out what form the final proposals might eventually take, what the possible impact on the game in England and Wales might be.

Perhaps unsurprisingly, the primary motivation behind the proposals appears to be financial, with many of the bigger clubs across Europe looking enviously at the world-wide television revenues secured by the Premier League.

Proposals

So far, there has not yet emerged one clear-cut and defined proposal for the new competition structure, and undoubtedly some more radical ideas are being put forward now simply to draw opposition fire, in the hope that in comparison other changes may become regarded as relatively moderate and the basis for a compromise.

However, common to almost all versions under discussion is a partnership between UEFA and the European Club Association (ECA) to create a new format for European club competitions from the 2024-2025 season onwards. This would involve a Champions League of 32 teams, a Europa League of 32 teams, and a Europa League 2 composed of 64 teams. There will be a maximum of five teams from the same national league per competition.

The main change to the Champions League format would be that in the autumn group stage of the competition, there would be four groups of eight teams each, as opposed to the current eight groups of four teams. Clearly groups of four require six fixture dates for each participating club, whereas groups of eight require 14. The additional eight fixtures would then have to be accommodated within the already congested fixture calendar; this would have potential

implications for other domestic competitions, including pressure to reduce the size of domestic leagues.

One additional suggestion – which has surfaced in discussions and in media reports but has subsequently been denied by many of the proponents of the reforms – is that the new Champions League could also schedule fixtures for weekends. The international football calendar is largely determined by FIFA and then UEFA. The PL's data analysis shows that the value of weekend matches to broadcasters is significantly greater than that of midweek matches. While ECA chairman Andrea Agnelli has said "I don't really understand where that is coming from, the word weekend has never been used", the financial projections underpinning the proposals are all based on income estimates that would only be realistic if weekend fixtures were available to broadcasters.

We also understand that there are different models of qualification for European competition under discussion, with the possibility that promotion and relegation between European divisions be opened up, but as an alternative to qualification being based on performance in domestic leagues. The latest variant of this seems to be that the bottom eight of the 32 Champions League clubs would be relegated to the Europa League, with the four Europa League semi-finalists being promoted, and the remaining four spaces being filled by 'champions' of national leagues.

THOSE IN FAVOUR:

European Club Association

The main drivers behind the proposed changes have been the big clubs within the ECA, who are seeking not only bigger revenues, but also "stability of participation". From what we understand, the most enthusiastic advocates of fundamental reform have been the southern European elite clubs, led by current ECA chairman Andrea Agnelli of Juventus. The clubs involved in fairly secretive background talks include Juventus, AC Milan, Inter Milan, Roma, PSG, Manchester City, Manchester United, and to an extent Bayern Munich.

The ECA as a whole is not united around one specific proposal, but generally the mid-tier clubs among their membership exert little influence within the organisation. Six Premier League clubs (Manchester United, Manchester City, Liverpool, Arsenal, Chelsea and Spurs) are full members of the ECA, with three others (Everton, Leicester and Newcastle) as associate members. From Wales, TNS are a full member, with Bangor City as an associate.

We understand that the English clubs apart from the two Manchester clubs have not been involved in the preparation of the proposals, and are not committed to the project, partly because they know that one of them would be (potentially permanently) excluded, and also as high-earning PL clubs, they have a lot to lose.

UEFA

The other partner in the proposal is UEFA, who are under pressure from the big clubs who have threatened to break away altogether. We understand that the work to develop the reforms has been restricted to a small number of officials around the UEFA President Aleksander Ceferin, and that the UEFA Executive Committee has yet to take a formal position, with even many of the UEFA departments in the dark about the plans.

UEFA is an “association of associations”, its voting members being the 55 national associations across Europe (one association, one vote, regardless of size). The UEFA Congress elects its Executive Committee. UEFA also has a Club Competitions Committee, which is also yet to consider the proposals, although a number of its members come from clubs involved with the ECA in developing the plans.

THOSE AGAINST:

European Leagues (EL)

The EL, formerly the EPFL, is the representative group of the football leagues in Europe, with 35 leagues from 28 countries in membership, involving a total of 954 professional clubs.

The EL has formally adopted a position which places it in opposition to many of the principles or effects of the new proposals. They issued a statement on 5th April this year saying:

1. The Leagues defend the basic values of the European sport model, based on sporting merits, an open access pyramid structure where all clubs form the foundation and all clubs could live the dream to reach the top.
2. The passion of football fans is driven by local football and by their tradition to go to the stadium with family and friends on Saturday and Sunday. The Leagues defend the current calendar which guarantees a proper balance between domestic and European Football.
3. The Leagues reiterated that they have primacy over their own competitions' structures, formats and calendars.

Individual leagues within Europe

The five major national leagues in Europe (that's the EPL, the Bundesliga, La Liga, Serie A and the EFL) appear united in their opposition to the proposed reforms as they perceive them to be a threat to their own competitions and television revenues. Smaller leagues are more subject to external influence from UEFA or the ECA.

La Liga President Javier Tebas and Bundesliga CEO Christian Seifert have both publicly opposed any suggestion of UEFA scheduling more matches during weekends, with Seifert threatening legal action. Tebas has said “UEFA and ECA are planning a competition which in the medium-long term will damage football since it is a concrete threat to the domestic leagues. UEFA and ECA want to divide the rich from the poor since solely 32 clubs will get the tickets to play in the money-making competition”.

Premier League

Premier League executive staff briefed member clubs in April around their understanding of what was being proposed and identified four key factors in generating PL revenues that could be negatively impacted upon by the new ECA/UEFA proposals. These were:

- *Compilation and control of the domestic calendar – in particular weekend fixtures, the length of the season and the guarantee of 380 matches;*
- *Exclusivity of weekends for domestic leagues;*
- *Meritocracy and related qualification incentives to European competitions – a closed European competition would alter the competitive tension (the “race for the top four”);*
- *Freedom to determine the league structure, in particular the number of competing teams – more European fixtures could force a reduction in the size of the EPL to cope with the reduction in available fixture dates.*

According to reports of the meeting, a big majority of clubs were very strongly opposed to the proposals, with only Manchester City equivocating on the day. However, it would be naïve to assume that there is not some support for the proposals or at least divided loyalties, particularly among the ‘Big Six’ clubs.

FIFA Club World Cup

Another change to the landscape of international club competitions has already been announced in the form of FIFA’s plans to pilot the FIFA Club World Cup (CWC) in June 2021, as a replacement for the Confederations Cup. FIFA Council voted on 15th March 2019 to press ahead with this as a 24-club tournament (eight of which clubs would come from Europe), despite opposition from UEFA and the ECA.

Initially the CWC would be held every four years but it has the potential to become a biennial or even annual event. An 18-day tournament in June would inevitably create scheduling issues, with the African Cup of Nations being pushed back to the end of July or early August, the compulsory release of players and the required rest period meaning that some EPL clubs could start the 2021-22 season without a number of players.

FIFPro

The international players' union FIFPro has not rejected the principle of new club competitions but has always stressed that it would oppose more matches for players. Assuming the revamped CWC goes ahead, it would be expected that FIFPro would campaign on the basis of player welfare and potentially call for a reduction in the number of fixtures elsewhere.

Potential impact in England and Wales

There is of course a distinct irony in the fact that the PL now fears a threat to their own financial dominance from an amalgamation of clubs acting as market disrupters in a very similar way to the creators of the FA Premier League itself in the early 1990s, and many fans will have very limited sympathy with what they see as the privileged elite of domestic football being 'hoist on their own petard'.

Nonetheless, we are where we are, and there can be little doubt of the potentially detrimental impact that the new European proposals would have on domestic leagues across Europe, and perhaps especially in England and Wales.

Areas of potential concern for us would include:

Negative impact on competitive balance - everything is relative, and even within the EPL currently there has been movement in the wrong direction (for example, the ending of the equal distribution of international broadcast revenues). Nonetheless, the revenue distribution within the EPL is relatively equitable, and where there is differentiation, it is largely based on on-field performance through the merit payments. The biggest single factor currently distorting the wealth distribution among EPL clubs, in favour of the 'Big Six', is the Champions League revenue. (The third biggest earner from EPL revenues last season was Liverpool with £146 million, while bottom club West Bromwich Albion earned £95 million; Liverpool however received an additional €81 million from their Champions League participation). A quick look at the current league table reveals the extent to which these revenues already distort the competitive basis of the league (the Leicester City experience looking increasingly like the exception that proves the rule), and the top six have become a self-perpetuating group. This situation could only become further pronounced on the basis of the new proposals, and that is even without any suggestion of a closed European competition. Current grumbles about the fielding of weakened teams would pale into insignificance with the possibility of top clubs keeping their star players for European games and perhaps matches against other 'Big Six' clubs, with U-23 squads turning out for 'ordinary' EPL fixtures.

The threat to traditional weekend football - despite the more recent denials that Saturday games are planned for the Champions League fixtures, it remains the fact that to generate the sort of sums being implicitly promised to ECA member clubs

and indeed to UEFA's member associations to secure their support for the proposals, the current market would only sustain the required broadcast revenue if weekend games were being offered. The knock-on effect of this would inevitably be that an equivalent number of EPL match days would have to be moved to midweek slots. EFL clubs, and those further down the pyramid, would find themselves facing direct competition from televised European fixtures. There would clearly also be a huge impact on fan attendances and experiences, particularly in relation to away fans, with all the negative effect that would have on atmosphere and spectacle.

Fixture congestion and threat to other competitions – the addition of eight extra European fixture dates each autumn would inevitably have a knock-on effect on other competitions, and that would only be aggravated further by Champions League games occupying weekend slots. There would be a real threat to the continued existence of the EFL's League Cup, with the most that could be realistically expected of clubs competing in Europe being that they enter their under-23 teams in the tournament, or don't take part at all. (This would have a significant impact on the EFL's broadcast revenues, as the TV rights to the League Cup are sold as part of their overall broadcast package.) Saturday European games would inevitably mean the PL reclaiming at least those Saturdays currently ceded to the 4th, 5th and 6th rounds of the FA Cup, raising the likelihood of the FA Cup becoming a midweek tournament without replays. There is also a real possibility that in order to accommodate the fixtures, the size of the PL would have to be reduced to 18 or even 16 member clubs, which would in turn mean only two relegation/promotion places, with a consequent impact on the competitive nature of the Championship.

Reduced income to the PL – although the world market for football broadcasting has proved remarkably elastic over recent years, it is not without limits, and it is almost certain that increased revenues generated by European club competitions would directly lead to a commensurate reduction (predicted by some to be as much as £4 billion per three year cycle) in the Premier League's income. While we have long argued that much more of the PL's income should be distributed down throughout the rest of the game, it remains true that the PL distributes a larger proportion – and therefore a significantly larger amount – of its wealth down through the pyramid than any other league. A reduction in total income is likely to lead directly to a cut in the PL's solidarity payments, with a brutal impact elsewhere in the game.

Real threat to PL solidarity payments – given the possible drastic reduction in PL income, it is more than likely that PL clubs would seek to limit the impact on their own finances by reducing the amount of money that they share with the rest of the game. While we have long maintained that a lot more money should be shared out, the loss of the current amounts would still have a noticeable impact, even on the rest of the professional game. Last season Championship clubs shared £72.6 million, League One clubs £16.3 million and League Two clubs £10.9 million. (These

figures do not include the parachute payments to relegated former PL clubs, which last season totalled around £250 million). It is feared that the loss of this solidarity money could be the factor that pushes a significant number of EFL clubs over the edge financially. The PL also currently distributes another £100 million per year to grassroots football, community facilities, sports participation programmes and schools.

The timescale for decision

The proposed starting date for the new competition, the 2024-2025 season, might seem a long way off, but the imminent expiry of several current Memoranda of Understanding between football clubs and authorities relating to competition organisation, combined with the lead-in times for contract negotiations, detailed tournament structure arrangements, etc, mean that a decision is likely to be taken in December 2019, and certainly by the end of the 2019-2020 season.

Football Supporters' Association, May 2019