

Fair Play System of the UEFA and the English Premier League

1. Introduction

Thesis Statement

The Financial Fair Play Regulations will prove beneficial to the English Premier League.

The chief objective of this research is to analyse the effects of the UEFA Financial Fair Play Rules, with respect to the English Premier League and its stakeholders. The main objective of the Financial Fair Play(FFP) is to secure the fair play. Its norms were framed with an aim to ensure the management of football clubs in an organised manner. This work will argue that Financial Fair Play norms will prove to be advantageous to the English Premier League. Although the Fair Play norms impose restrictions on the management of the clubs, they are aimed at achieving overall benefits, such as promoting the integrity of the competitions, protecting the financial stability of clubs, encouraging youth development and promoting infrastructure investment. Implementation of the Financial Fair Play (FFP) System norms could benefit the English Premier League in several ways.

2. Arguments with Respect to Benefits

A. Competitive Spirit

The FFP system will enhance the competitive spirit among the football clubs. The objective of the Financial Fair Play (FFP), as per the UEFA, is to rebalance competition and to improve the long – term financial stability of European club football. The means to procure this is by imposing a break – even requirement. This condition restricts the deficit of a club and limits the influence of investors and patrons(Vöpel , 2011, p. 59).Some examples of externally acquired finance

are money from patrons or equity participants. However, such amounts can be employed to defray the cost of infrastructure or youth development activities. (Vöpel , 2011, p. 56).

As such, UEFA, under the FFP regulations, requires clubs to break even. In other words, clubs should not rely on benefactors, and should spend only what they earn from commercial sources. Club owners have been permitted to underwrite losses up to £36.3million over the FFP's first three seasons(Kelso, 2012, p. 9).These initiatives will help the soccer play in improving competitiveness without any impediments.

B. Fairer Management

This FFP system would make the management of the clubs much fairer by ensuring financial stability to the football clubs. The FFP regulations of the UEFA aim to achieve the following goals. The first of these relates to assisting the extant licensing regulations, to improve the financial stability of the professional football clubs. In addition, this is expected to ensure the smooth functioning and integrity of the competitions, while according protection to the creditors to the professional football clubs. Another goal is to restrict the possibility of financial doping or the borrowing of huge amounts by a sports franchise or its owner, in order to induce high performing players to join its club. Such activity relies on this short term and risky venture, instead of depending upon the revenue that the franchise can generate on its own(Müller, et al., 2012, p. 126).

The football league clubs voted in favour of adopting the financial fair play system of the UEFA, from the beginning of the 2012 – 2013 season. This limits their spending to just what they earn. The salary paid by League One clubs will be limited to a specified maximum, and teams will be permitted to spend on the wages of players, only up to a fixed percentage of their total turnover. With regard to League Two clubs, the extant cap will be reduced by 5% to 55%(Football Extra, 2011). These initiatives will make the spending of the clubs, as well as their accountability much fairer.

C. Stop Clubs going Bankrupt

The FFP system would help the football clubs to avoid financial risks by imposing restrictions on the expenditure.

Most of the clubs prefer cost control measures. Some of the ideas that have come to the fore include adoption of the financial fair play system of the UEFA. This system requires clubs to break even, or to restrict the proportion of their annual income that they spend on their players. In this context it has also been suggested that such spending should be restricted to a tenth of the annual income (Premier League clubs to discuss spending controls, 2012). A major option relates to clubs having to guarantee that they can operate for several years in the future. This would constitute a safeguard against bankruptcy.

D. Promotion of Youth development

The FFP system is seized with the development of youth. This can be seen from the fact that these norms did not affect expenditure on youth facilities. The FFP is based to a major extent on financial considerations. However, the benefits of this initiative by the UEFA are certain to prove beneficial for football, with special regard to the youth. One of the reasons for this assertion is that the UEFA has not included expenditure on youth development as one of the items of football related expenditure. This categorisation will ensure that concerns related to balancing income and expenditure will not extend to investment related to youth facilities (Lo, 2012). This argument evidences the fact that the FFP is seriously concerned about youth development, in the context of soccer.

E. Clubs being used to make rich people richer and financially viable.

The magnitude of the Premier League is astonishing and it involves a tremendous amount of money. United's chief executive Gill had been very active in persuading European clubs to adopt the FFP rules of the UEFA. This was with regard to the Europa League and Champions League. Gill had frequently expressed his desire to ensure that the Premier League adopts these rules. In

his opinion, the Premier League constitutes the best league in the world. It is also the most commercially viable league. The FFP rules will improve financial stability, both in the medium as well as the long term (Ziegler, 2012). With the FFP system, Premier League can maintain its number one position.

Moreover, the UEFA has made it mandatory to avoid risk. Accordingly, a football club owner cannot invest a substantial amount of his own money to procure a top notch player, whose presence could make his club one among the best (Marcotti, 2010). These initiatives would be helpful in controlling their financial obligations in a much simpler manner.

F. Further benefits

The Union of European Football Associations (UEFA) developed the notion of FFP, with the objective of addressing the serious financial difficulties being faced by several clubs that were regular participants in the European competitions. This concept aims to limit if not prevent financial dishonesty in European football, and financial doping (Müller, et al., 2012, p. 117). This system helps football clubs to overcome their financial difficulties.

As in the past, clubs that qualify to participate in UEFA club competitions have to obtain a licence from a member association of the UEFA. In addition, they have to comply with the FFP (Great Britain: Parliament: House of Commons: Culture, Media and Sport Committee, 2011, p. 52). The compliance of a club will be determined by the Club Financial Control Panel of the UEFA. This will be on the basis of the financial information provided by the club, and will be evaluated by concerned UEFA member association (Great Britain: Parliament: House of Commons: Culture, Media and Sport Committee, 2011, p. 53).

The FFP initiative of the UEFA will be implemented from the 2013 – 2014 season, and will be based on the financial records pertaining to 2011 – 2012. A licence that permits a club to participate in the UEFA's lucrative continental competitions, such as the Europe League or Champions League, will be granted

only if its losses are less than \$7million(Clegg, 2011). Its objective is to prevent clubs from spending more money than they generate.

3.Conclusion

The FFP rules are chiefly aimed at promoting the financial security of the clubs, and promoting the overall wellbeing of the sport and players. These rules interfere with the management of the clubs, in order to ensure fair dealing. It can be very beneficial for the English Premier League that comprises of the best players in the world.As such, the UEFA intends to achieve certain goals through the FFP policy.From the above discussion it can be surmised that the Financial Fair Play system is designed for the development of the football clubs as well as the players.

In addition, reforms to the licensing system are expected to promote the smooth functioning and integrity of the competition. The new policy will promote a balance between the income and expenditure of the clubs and bring about better investment in youth related facilities. As such, this policy would encourage the development of the youth and infrastructure.The English Premier League, which already occupies the topmost position, will obtain a number of benefits on the implementation of this system. This work proves the contention that Financial Fair Play norms are beneficial to the English Premier System in several ways.

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