

EDITOR'S COMMENT

The Premier League and FFP – Do they really believe in it? Well, we don't know yet.....



The news that the Premier League has set up a working group to develop a domestic 'Financial Fair Play' system for the league is simply music to my ears. Scudamore announced at the Commons Select Committee that the group should have proposals ready to present to clubs by February/March 2013.

Whilst we should applaud the move that has now been made we should rightly also ask questions as of why it has taken so long for the league to evolve and wrap up all of its financial controls into one robust 'FFP' model or license.

As @edthompson from financialfairplay.co.uk correctly states "Owners of clubs well adrift of the lucrative Champions/Europa League slots have several reasons for potentially choosing not to comply with the UEFA FFP rules (even at the expense of a UEFA competition ban). The revenue received for taking part in the Europa League is generally around £5m-£7m, compared to the new TV deal which will pay around £60m+ to clubs near the bottom of the division."

And there lies the singular reason why a domestic Premier League model always had to happen – without it the league is fundamentally working to an unjust model (never mind the reality that clubs have the rope to ruin themselves). Clubs should of course be able to compete against each other based upon their levels of revenue that they organically generate rather than the wealth of their owner and his/her willingness to cover huge losses.

Fortunately for the working group the hard work has been done for them in regards to the construct of any model. A combination of the models being implemented by UEFA and the Football League cover all the bases I would want to see managed from limitation on losses to legal requirements on tax and NI commitment (something the PL actually already forces clubs to disclose). The only arguments that I can see remaining are what revenue clubs can use

towards 'football spend' and what sanctions there will be for breaking the rules. For example, Manchester United can use the revenue raised from their IPO to repay debt but not pay or buy players or (more peculiarly) Trabzonspor are yet to discover if revenue from their hydropower plant (yes, you've read that right) will be able to fund football spend.

The Football League's FFP model is loose (at best) in the sense that it is not a concrete requirement to follow it and there are no point deductions for being naughty. Instead clubs face a transfer embargo or 'financial fair play tax' if they break the rules. The issue here is that if you've already bought the players you want (and need) to achieve promotion then an embargo is slightly pointless and the likely fine is tiny in comparison to the waiting millions at the other end of the rainbow.

When it comes to those likely sanctions, Sean Hamil of Birkbeck University puts it best by saying "history tells us that clubs react better to sporting sanctions rather than financial sanctions as best illustrated by the West Ham /Tevez case."

The principal thing to remember is that this is an opportunity. FFP is nothing new – American sports have had it for decades – therefore it is not surprising that the American owners here have been amongst the most vocal for its implementation. Creating certainty of profit (or at least not losing money) may also go some way for the reintroduction of high class indigenous investors into the game – something I'm sure we would all support.

Enjoy the read.

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