

**AS/Cult/Inf (2021) 12**

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Or. English

## **COMMITTEE ON CULTURE, SCIENCE, EDUCATION AND MEDIA**

### **Football Governance: business and values**

Rapporteur: Lord George FOULKES, United Kingdom, Socialists, Democrats and Greens Group

## **Overview of UEFA Club competition finances and context**

### **Information note**

#### **Evolution of UEFA Club Competitions**

1. The UEFA Champions League (UCL) moved from a pure knock-out competition to a group stage competition in 1992. Other milestones include expanding from 4 to 6 groups in 1997/98 and expanding to the current 8 groups of 4 teams in 1999/2000. An extended competition with two group stages (total 12 group matches) operated between 1999/00 and 2002/03, replaced by knock-out rounds from the last 16 teams ever since.

2. UEFA club competitions are organised in three-year commercial cycles. The basic structure of UEFA Champions League (UCL) and UEFA Europa League (UEL) have remained stable for four cycles between 2009/10 and 2020/21. From the season 2021/22 the Europa League slimed down from 48 to 32 clubs and a new 32 team third competition, the UEFA Europa Conference League (UECL), was introduced. The objective of this new competition is not commercial gains but the desire to broaden the number of countries that experience the group stages of UEFA club competitions and responds to demand for more sporting opportunities.

3. UEFA Club Competitions are developed through wider stakeholder consultation with the UEFA Club Competitions Committee managing any strategic development before approval of the UEFA Executive Committee. Other stakeholders such as players union, the European leagues and European Club Association have direct representation while other stakeholder groupings (e.g., Supporters Direct Europe, Football Supporters Europe, FARE, CAFE) exchange with, and are part funded by UEFA.

#### **Coordinated Competition Calendar**

4. Cross border Confederation (including UEFA) Club competitions, domestic league and cup competitions and national team competitions (finals, qualifying, friendlies) are outlined within the FIFA international match calendar, with specific match windows allocated on a long-term calendar basis (current basis 2018-2024).

#### **Broad Competition Access from European league pyramids and cups**

5. The UEFA club competition access structure provides access to qualifying rounds for clubs from all 55 National Associations while still allowing supporters to watch 'the best of the best,' in the UCL. Each season

just under 240 clubs qualify through their domestic league performances for UEFA qualifying and/or group stages.

6. This 'race for European qualification' provides additional meaning to every domestic league and cup football throughout the season and reduces the number of 'dead matches' towards the end of the season, important for supporter interest and commercial rights values. Any type of closed league or top of the pyramid with just token access would significantly destroy value and interest, a point not lost on supporters when considering the so-called 'European Super League' proposal. As an example, in 2020/21 the English Premier League would have had no remaining jeopardy with 3 matches to go, with the three relegated clubs and champions decided. However, six different clubs were still competing for two remaining UCL places and a further three clubs still harboured UEL or UECL ambitions adding excitement to the end of season.

7. This broad level of competition access and club mobility is unprecedented in sport with 589 different clubs from all 55 National Associations competing in the two UEFA club competitions across the last ten seasons (2011/12 to 2020/21).

8. In total across this same ten season period, 208 different clubs from 38 different National Associations have participated in the group stages of UEFA club competitions (120 UEL GS only, 77 both UCL and UEL GS, 11 UCL GS only). As mentioned already, the number of countries and clubs is expected to increase in the next decade with the introduction of the UECL from 2021/22.

## UEFA Club Competition revenue streams and revenue sources

9. UEFA club competition revenue is projected at €3.5 billion per year for the 2021-24 cycle with approximately 85% from TV rights and 15% from sponsorship and licensing. The TV rights share has edged upwards in recent times from 80% in 2009-12 to this projected 85% in 2021-24.

10. Approximately 80% of the total TV revenues continue to come from Europe with the Americas and Middle East & Africa contributing the majority of the other 20%. The local necessity for midweek matches to operate only with evening kick-off slots, limits the revenues that can be generated from Asian markets, when compared to domestic leagues with daytime matches.

11. The ratio of commercial rights between the UCL and UEL (and UECL) is projected at 7.2x. This is considerably higher than the ratio of 5.3x in 2009-12 although the reshaping of UEL and introduction of UECL has reduced the ratio slightly from 7.6x in the preceding 2018-21 cycle.

## UEFA Club Competition prize money distribution

12. The clubs qualifying for the group stages of UEFA Club competitions receive 93.5% of the net competition revenues (UEFA receives the other 6.5%) and a minimum of 78% of the gross competition revenues (after competition costs, solidarity and UEFA share).

13. For the 2021-24 cycle the 32 UCL clubs will share € 2.032 billion (equivalent to 74% of club prize money), the 32 UEL clubs € 465m (17%) and the UECL clubs € 235m (9%).

14. The UCL prize money is divided up between participants according to four pillars:

- 25% allocated evenly across the 32 clubs in starting fees (€ 501m or € 15.7m per club);
- 30% allocated to performance-related fixed amounts (€ 601m, allocated according to wins, draws and progress);
- 30% allocated according to the 10-year club coefficient (€ 601m, between € 1.1m and € 36.3m per club);
- 15% allocated according to market pool (€ 300m per size of TV market and number clubs from each market). This pillar (dependent on TV rights of market) was reduced since 2018/19 from 45% and effectively transferred to the club coefficient pillar (performance of club regardless of size of market).

15. The UEL and UECL prize money have similar distribution schemes with the same pillars, albeit with slightly different weightings between the pillars.

16. The spread and scale of revenues that UEFA club competitions bring across the whole pyramid should not be underestimated. Across the last ten seasons, seventeen different countries received more than €200million in UEFA club distributions, and a further fourteen countries received between €50-200million. Indeed, even in the lowest ranked NAs where players are often semi-professional, every country received

more than €10m across the last ten seasons<sup>1</sup>. With solidarity increasing and UEL/UECL prize money more than quadrupling in ten seasons this broad revenue distribution is set to continue as long as the pyramid can be protected.

## European Club Competition solidarity and cross-subsidies

17. The prize money distribution ratio between UCL clubs and UEL/UECL clubs has decreased significantly from 5.3x in 2012 to a projected 2.9x in 2022. By contrast the revenue generation ratio of the UCL and UEL/UECL competitions has increased from 5.3x to 7.2x. This is due to increasingly large cross subsidies from the UCL to the UEL and now UECL, an important factor that other stakeholders tend to overlook or omit from solidarity analysis. For 2021-24 the level of cross subsidy is projected at more than € 400m.

18. In addition to these cross subsidies, from 2021/22 between € 245m and € 280m per year will be paid in direct solidarity to clubs (€ 105m for qualifying round payments and € 140m-€ 175m for youth investment to non-participating clubs).

19. In the last decade the commercial revenues generated by the UCL have part funded youth development at 1,660 different non-participating clubs and youth academies further down the pyramid. The values increase each commercial cycle but in the last ten seasons just under € 967 million has been paid out for clubs to invest specifically in their youth training and education.

20. Depending on final TV rights collection, the total UCL solidarity and cross subsidy is projected at € 678-713m per season from this year. This is equivalent to 22% of the gross UCL revenues. Regardless of future rights inflation, this amount is considerably higher than 'solidarity' proposals suggested by the so-called European Super League to 'save the game.'<sup>2</sup>

21. By comparison, according to a Deloitte report provided to UEFA and shared with stakeholders the 'top5' domestic leagues share between 11% and 16% of gross TV revenues with second division clubs, through solidarity, collective TV allocations and parachute payments to relegated clubs.<sup>3</sup>

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<sup>1</sup> The only exceptions were Kosovo whose clubs joined UEFA part way during the decade and Liechtenstein who receive less as there is no domestic league, only a national cup.

<sup>2</sup> References to \$ 10bn over 23 years and a 'tripling of solidarity' to save the system were included with the so called 'ESL project'. Given current levels of solidarity these claims appear to be highly misleading and disingenuous since current solidarity and subsidy alone is projected to reach \$ 28bn over the same period with a 5% inflation rate. This is before considering the severe damage to domestic TV revenues and the fact that prize money would be shared between a smaller group of clubs in the quasi-closed ESL. Clubs 21-32 received €340m between them in the most recent season.

<sup>3</sup> Deloitte report issued 2019.

## ANNEX: UEFA Club Competitions 2021/24 - Financial Distribution



## UCL / UEL Evolution – Revenue &amp; Distribution

		Cycle (in Mio. €)		
Revenue	Revenue			
1'114		2009-12	210	
1'465		2012-15	253	
2'120		2015-18	367	
2'867		2018-21	376	
3'080		2021-24 projection	430 (incl. UECL)	

*Nb: One season of the cycle taken as a basis*

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## UCL / UEL Evolution – Revenue &amp; Distribution

		Cycle (in Mio. €)		
Revenue	Distribution		Revenue	Distribution
1'114	831 = 74.5 %	2009-12	210	158 = 75.2 %
1'465	1'038 = 70.9 %	2012-15	253	239 = 94.5 %
2'120	1'396 = 65.9 %	2015-18	367	423 = 115.3 %
2'867	1'963 = 68.5 %	2018-21	376	560 = 148.9 %
3'080	2'040 = 66.2 %	2021-24 projection	430 (incl. UECL)	700 = 162.8 % (incl. UECL)

*Nb: One season of the cycle taken as a basis*

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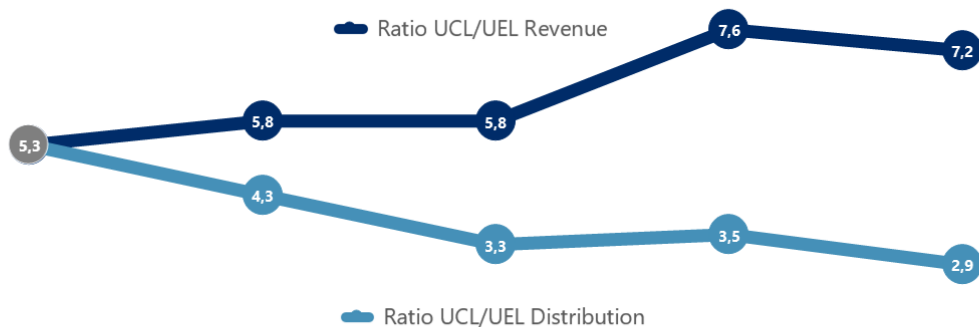
## UCL / UEL Evolution – Revenue & Distribution

Revenue			Cycle (in Mio. €)	Distribution		
UEFA CHAMPIONS LEAGUE	Ratio	UEFA EUROPA LEAGUE		UEFA CHAMPIONS LEAGUE	Ratio	UEFA EUROPA LEAGUE
1'114	5.3	210	2009-12	831	5.3	158
1'465	5.8	253	2012-15	1'038	4.3	239
2'120	5.8	367	2015-18	1'396	3.3	423
2'867	7.6	376	2018-21	1'963	3.5	560
3'080	7.2	430 <small>(incl. UECL)</small>	2021-24 <small>projection</small>	2'040	2.9	700 <small>(incl. UECL)</small>

Nb: One season of the cycle taken as a basis

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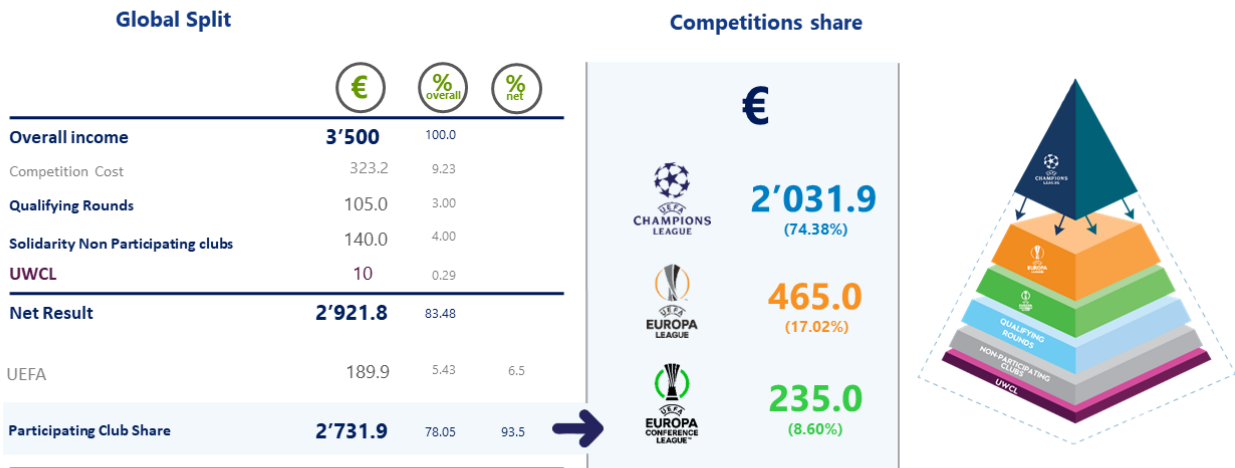
## UCL/UEL – Revenue & Distribution



Nb: One season of the cycle taken as a basis

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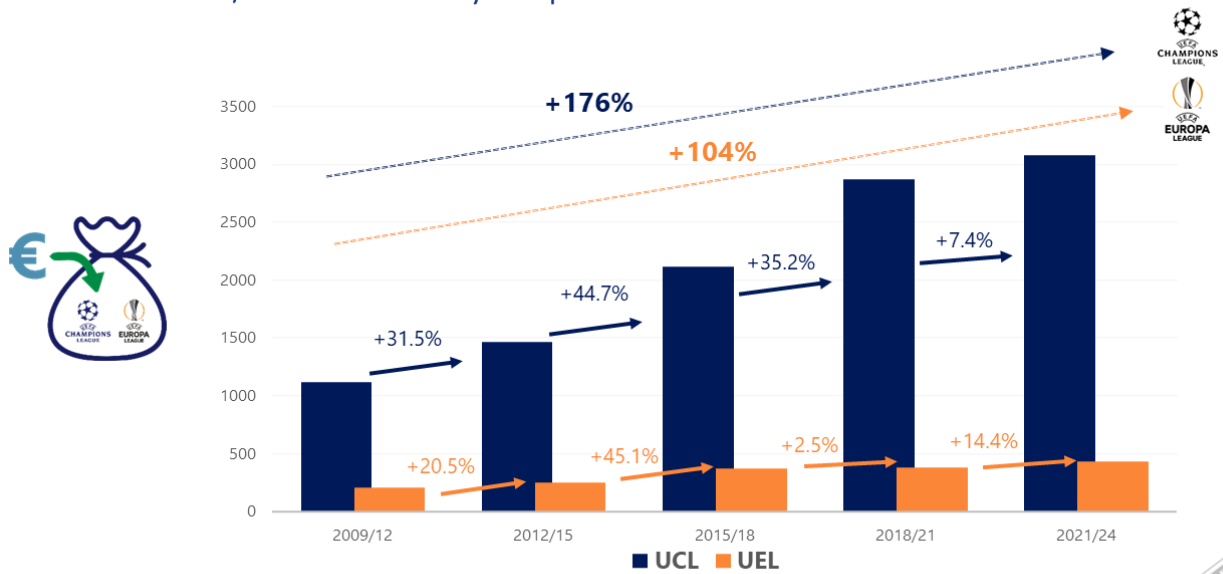
Distribution System - Cycle 2021/24 (m€)



Distribution system 2021/24 – Executive Committee – 19 April 2021

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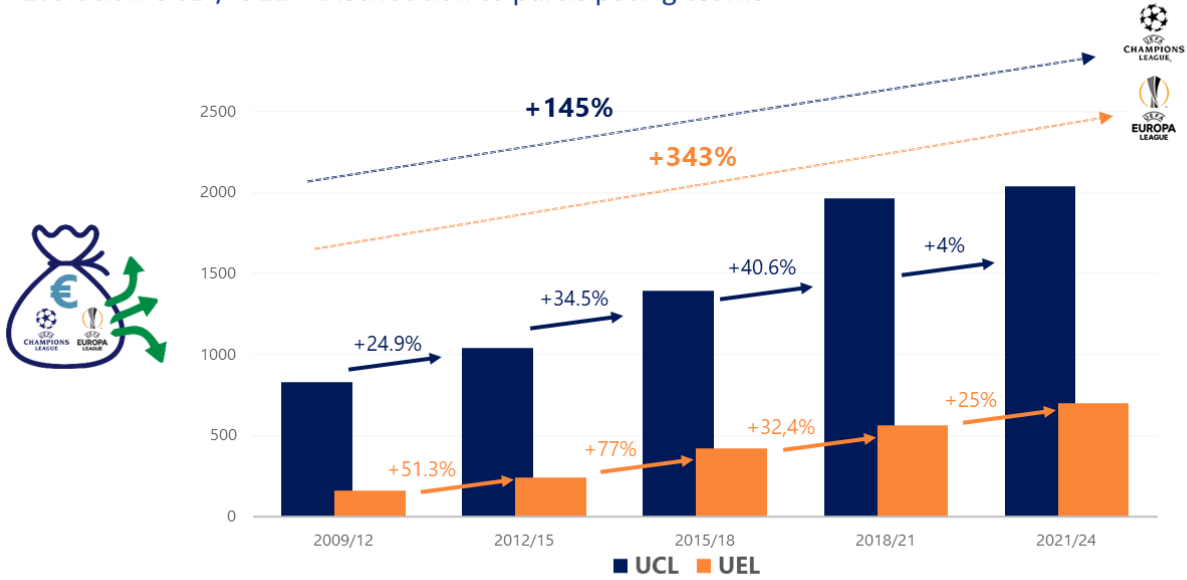
Evolution UCL / UEL – Revenue by competition



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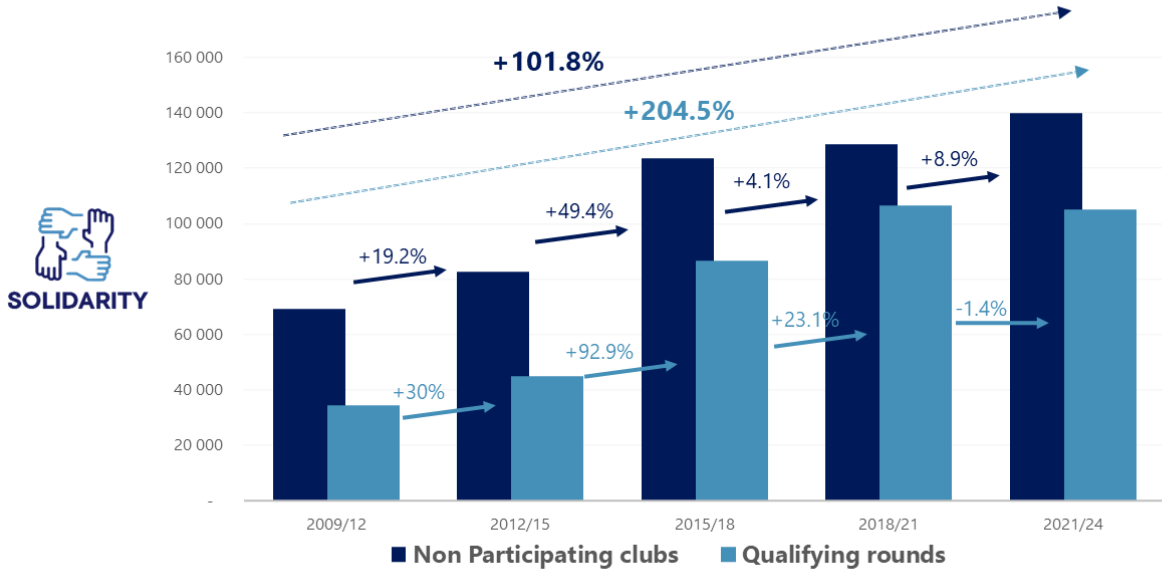
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Evolution UCL / UEL – Distribution to participating teams



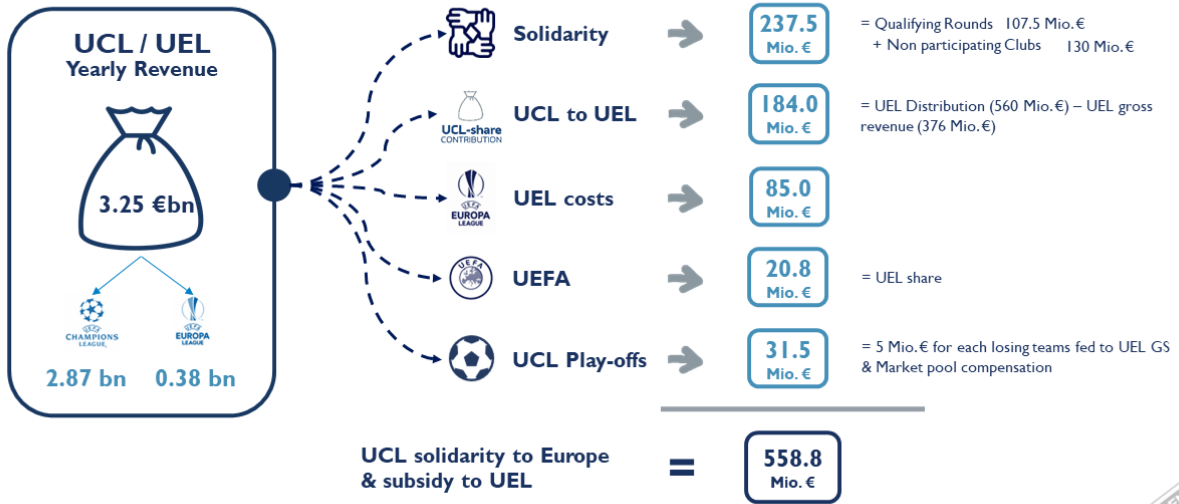
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Evolution Solidarity amounts



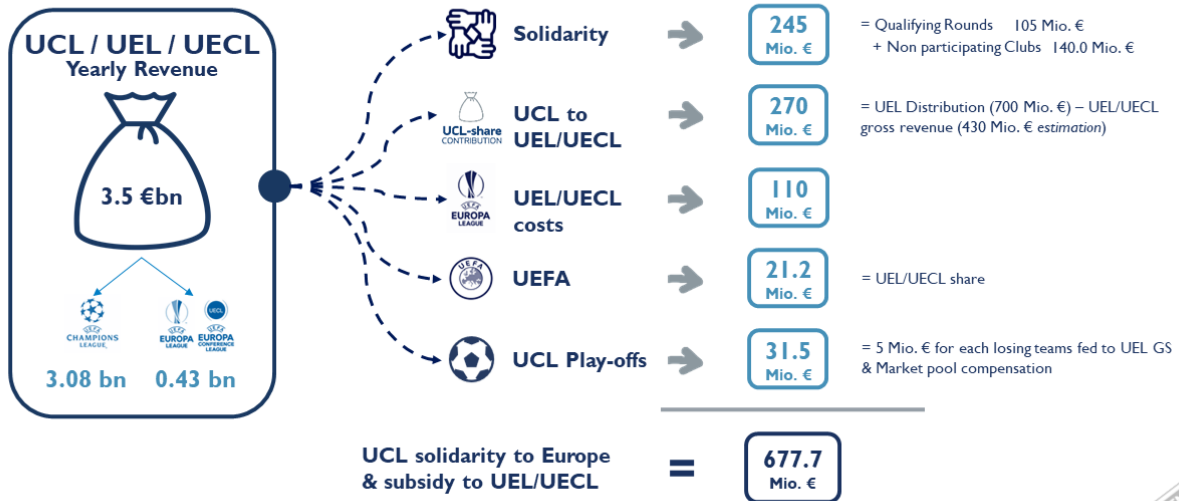
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The UEFA Club Competitions Redistribution system 2018-21



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The UEFA Club Competitions Redistribution System 2021-24 - *projection*



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