

lett Booth



DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET LONDON SW1P 3EB
01-212 3434

The Prime Minister
10 Downing Street
London
SW1

My ref:

Your ref:

21 May 1985

Dear Prime Minister,

FOOTBALL'S BALANCE SHEET

During discussion with the Chairman of the Football Trust (FT) and the Football Grounds Improvement Trust (FGIT) last Wednesday you asked for a note of football's income and expenditure. This is attached, together with a note on the pools (from the PPA). The information has been checked with the Football League.

I would add only 2 comments at this stage, as this is an input to our developing policy considerations. Firstly, you were rightly concerned about transfer fees. These are not shown here, as they are payments within the game, but you should know that fees have fallen in recent years from a total of £28m in 1980 to £18m in 1985. The market is more realistic now and governed by League regulations approved by the Office of Fair Trading. Secondly, there is one mechanism by which the larger, richer clubs help the poorer. The League collects a 4% levy on the net income from attendances and distribute this equally amongst the 92 clubs. In practice, this means that the smaller clubs derive some benefit from the high gates enjoyed by those at the top of the League.

I shall be probing these figures further within my Working Group. The current position on funding of safety improvements in Divisions 3 and 4 is that I have put a proposal to the Chief Secretary; I met the Football Association and League privately on Friday last to ask them to consider what contribution they will make; and I will be talking to the Pools Promoters in Liverpool tomorrow. I shall, of course, keep you and colleagues in touch with developments.

I am copying this letter to Patrick Jenkin, Leon Brittan, Peter Rees, Giles Shaw, Allan Stewart, John Stradling-Thomas and Nicholas Scott.

Yours,

PP NEIL MACFARLANE
(Approved by the Minister and signed in his absence)

BALANCE SHEET: FOOTBALL LEAGUE

<u>INCOME</u> (£m)		<u>EXPENDITURE</u> (£m)	
Gross gates (League matches)	44.5	Gross wages to players	30
/ <u>Division 1 - 24</u>		/ <u>Division 1 - 13</u>	
2 - 13		2 - 8	
3 - 5		3 - 5	
4 - 2.57		4 - 47	
Cup competitions - Milk (League)	6	VAT	12
- FA	10	/ <u>£7.5m on gates</u>	
Television	4	Police charges	2.5
/ <u>League 3.1; FA 0.5; and clubs'</u>		Administration/overheads	45
<u>own deals</u> / <u>2.3m divided by 92</u>			
Pools (copyright)	4.2		
/ <u>Net - 25% goes to Scottish</u>			
<u>League</u>			
Police charges (from Football Trust)	1		
Bookmakers fees	0.25		
/ <u>@ £50 per shop</u>			
Sundry foreign pools	0.25		
Ancillary deals, general and specific to clubs	20		
/ <u>perimeter and shirt advertising,</u>			
<u>Canon, lotteries, etc</u>			
	<hr/> <hr/> 90.2		<hr/> <hr/> 89.5

Where the money goes:

		£
Total stakes received for year to 31st July 1984		473,331,500
Amount paid out to winners		<u>123,628,930</u>
		349,702,570
Running costs of conducting the pools (Includes field expenses, commissions to collectors, staff wages, all general overheads)		<u>127,639,710</u>
		222,062,860
Paid for use of fixture lists:		
	Royalties	VAT
	£	£
Football League	4,237,845	635,677
Football Assoc.	349,623	52,443
Other Leagues	<u>84,865</u>	<u>12,730</u>
	4,672,333	700,850
	
		<u>5,373,183</u>
		216,689,677
		<u>15,523,790</u>
Profit taken by Pool Promoters *		201,165,887
Remainder = Amount of Pool Betting Duty paid		<u><u>201,165,887</u></u>

* NOTE: Of the £m 15.5 profit some £m 12.1 relates to the British season. This may be compared with the P.P.A's contributions to football in the year ended 31.7.84:-

For use of fixture lists (excluding VAT)	£ 4,672,333
To the Football Trust from Spotting-the-Ball	<u>6,329,937</u>
Total	<u><u>11,002,270</u></u>

This total is confidently expected to exceed £12m in the ensuing 12 months.

22 MAY 1985

11 12 1
0 2
6 3
8 4
7 5
9 5