

Public Service Television and Sports Rights

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March 2016

Summary/Key recommendations

- i) A combination of the escalating costs of sports rights and a squeeze on its own finances means that there is a very real danger that sport (and particularly live sport) will become an increasingly marginal feature of the BBC's (and other PSBs) output.
- ii) Alongside pragmatic deals with other PSBs to ensure the continued availability of major sporting events and competitions on free-to-air television, the BBC should continue to offer a wide range of minority and growing sports;
- iii) Sports organisations should be made aware of the benefits of free-to-air universal coverage offered by PSBs;
- iv) The case for listed events legislation based on the need to preserve/enhance cultural citizenship remains as strong as ever.
- v) However, some updating of UK listed legislation is required, including the full implementation of the recommendations of the 2009 Davies Review and amendment(s) to ensure live coverage of listed events is made available via PSB channels.

Introduction

Sport has long been a vital part of the range of different programme genres provided by UK public service broadcasters (PSBs). In fact, the very existence of the UK's sporting calendar owes much to the growth of public service broadcasting during the twentieth century. As described by the broadcasting historian, Paddy Scannell (1992: 322-3):

Consider the FA Cup Final, the Grand National or Wimbledon. All these existed before broadcasting, but whereas previously they existed only for their particular sporting publics they became, through radio and television, something more. Millions now heard or saw them who had little direct interest in the sports themselves. The events became, and have remained, punctual moments in a shared national life. Broadcasting created, in effect, a new national calendar of public events.

If anything, the ability of PSBs to bring the nation together with live coverage of major sporting events is even more valuable today. In an era of multi-channel digital television and increasingly fragmented audiences, live television coverage of major sporting events remains one of the few forms of programming able to bring the nation together for a shared viewing experience. In 2013,

for instance, when Andy Murray became the first British winner of the men’s singles title at Wimbledon for 77 years, he was watched by a (BBC) television audience of over 17 million. Perhaps even more impressively, over 90 per cent of the UK’s population watched (at least some of) the BBC’s coverage of the 2012 London Olympic Games, with audiences for the opening and closing ceremony each exceeding 25 million. However, the access of viewers to live television coverage of events like these in such huge numbers is dependent on their continued availability via the BBC, and/or other commercially funded PSBs.

The twin threat to PSB sports coverage

A combination of the escalating costs of sports rights and a squeeze on its own finances means that there is a very real danger that sport (and particularly live sport) will become an increasingly marginal feature of the BBC’s (and other PSBs) output.

Driven largely by the growth of pay-TV since the 1990s, the increased value of the rights to popular sports and competitions, such as Premier League football (see Table 1), means that without regulatory intervention (see below) live coverage (or even highlight coverage) is increasingly beyond the budget of PSBs. Since its inception in 1992, not a single live Premier League football match has been broadcast live by a UK PSB. Instead, PSB coverage has been restricted to highlight coverage, and even here there has been a significant increase in the value of the rights, from £104 million paid by the BBC (seasons 2004-5 until 2006-7) to £204 million agreed by the Corporation in 2015 (seasons 2016-17 to 2018-19).

Table 1: The value of (UK) live Premier League football rights

Years	Value (£ millions)
1992-97	191
1997-2001	670
2001-2004	1,200
2004-2007	1,024
2007-2010	1,706
2010-2013	1,773
2013-2016	3,018
2016-2019	5,136

Source: BBC (2015)

While most extreme in the case of Premier League football, other sports have also seen significant increases in the value of their rights over the last couple of decades, perhaps most notably the Olympic Games (see Table 2) and English cricket, which saw a trebling of the value of its rights – from £15million to £50 million - when it moved from free-to-air PSB coverage to pay-TV (Evens et al., 2013: p.116).

Table 2: The value of Europe-wide Olympic Games TV rights (summer and winter)

Years	Value (US\$ millions)
1998-2000	422.1
2002-2004	514.0
2006-2008	578.4
2010-2012	848

Source: IOC (2015)

Alongside rights inflation, the BBC's capacity to secure sports rights has also been undermined by recent cuts to its own funding. Following the 2010 licence fee settlement, the BBC cut its sports rights budget by 15 per cent and committed itself to limit spending on sports rights to an average of 9p in every licence fee pound (BBC, 2010: 32). Furthermore, the announcement in last year's Budget, that the BBC is to take on from the government the £600 million-plus annual cost of providing free TV licences for people aged over 75, has resulted in further reductions in spending on sports rights, with an additional annual saving of £35 million targeted by the Corporation (Slater, 2015).

The impact of the BBC's shrinking sports rights budget is already evident. In February 2015, it was announced that the BBC had lost the live rights to the Open Golf Championship to Sky, bringing to an end sixty one years of live coverage of the event on free-to-air television. In a similar vein, in December last year, the Corporation announced that it had decided to terminate ahead of schedule its contract with Formula One (originally due to end in 2018). To avoid a similar fate with other sports, the BBC has looked to share the cost of rights with other PSBs where once it was able to command exclusive coverage. Most notably, in July 2015, the BBC and ITV announced a joint six year deal to offer live coverage of Six Nations Rugby, with ITV offering all England, Ireland and Italy home matches and the BBC covering Wales and Scotland home matches. This strategy may well enable live coverage of at least some key sporting events to remain on free-to-air television, but it cannot disguise a significant dilution in the capacity of the BBC to achieve its key public service objectives.

The public value of BBC sport

For the BBC, sports coverage provides an important means to achieve some of its key 'public purposes'. Specifically, the BBC has emphasised the importance it attaches to continuing to offer a broad mix of UK and international sports coverage that includes: major events that bring communities and nations together; minority sports that bring communities of interest together and broaden cultural horizons; and sports serving audiences that are otherwise under-served by the BBC, such as young men, lower-income and ethnic minority audiences (see BBC, 2009; BBC Trust, 2011).

Alongside its already pragmatic attempts at alliances with other PSBs, the BBC also should look to maximise the public value of its sports coverage by continuing to provide extensive coverage of minority and or growing sports, which are often available at a relatively affordable cost. For example, the BBC has recently agreed deals: to provide live coverage of snooker's three biggest tournaments until 2019; to launch innovative new coverage of the increasingly popular, particularly amongst younger sports fans, mixed martial arts competition, Ultimate Fighting Championship (UFC), via BBC Three; and, continues to build on its popular coverage of women's international football.

The BBC and other PSBs should also highlight the benefits of the universally available free-to-air coverage they can provide. Some major sports organisations, such as the AELTC (Wimbledon tennis) have long appreciated the value of such coverage for the long term popularity (and commercial sponsorship opportunities available) for their sport and have opted to remain available via PSBs. Other sporting organisations, such as the ECB (English cricket) have experienced the disadvantages of moving to pay-TV. In 2005, Channel Four’s coverage of Ashes cricket reached a peak audience of 8.2 million. Four years later, following the sale of the exclusive TV rights to Sky, the audience peaked at 1.9m and, in 2013, just 1.3 million. Last summer, when England clinched victory in the First Test Match of the series, the TV audience was just 474,000, only marginally more than a repeat of *Columbo* being aired at the same time on ITV3! Cricket may well be earning far more from the sale of its rights to pay-TV, but it is less and less part of the national consciousness.

Regulation: Protecting the ‘crown jewels’ of sport and PSB

Against the background of escalating rights costs and reduced funding for PSBs, the position of the BBC (and, albeit to a slightly lesser extent, other PSBs) in the UK sports rights market is more dependent than ever on the continued existence (and effective enforcement) of listed events legislation, which effectively guarantees that certain key national sporting events (the so-called ‘crown jewels’ of sport) remain available on free-to-air television (see Table 3). Dating back to the 1950s, the listed events policy has a long history in the UK (and is now overseen via a European Union Directive) (Smith, 2010).

Table 3: UK Listed Events

Group A (full live coverage protected)	Group B (Secondary Coverage Protected)
Olympic Games (summer and winter games)	Cricket test matches played in England
The FIFA World Cup Finals Tournament.	Non-finals played in the Wimbledon Tournament.
The European Football Championship Finals Tournament	All other matches in the Rugby World Cup Finals Tournament
The FA Cup Final	Six Nations Rugby Tournament matches involving home countries.
The Scottish FA Cup Final (in Scotland)	The Commonwealth Games
The Grand National Steeplechase.	The World Athletics Championship
The Derby	The Cricket World Cup – the finals, semi-finals and matches involving the Home Nations’ Teams
The Wimbledon Tennis final	The Ryder Cup
The Rugby League Challenge Cup Final	The Open Golf. Championship
The Rugby World Cup final	

In 2009, the Davies Review recommended the abolition of the ‘B list’ and the delisting of some events (the Winter Olympics, The Derby and the Rugby League Challenge Cup Final), but also a significant extension of the main (live coverage) list to include: cricket’s (home) Ashes test matches; home and away qualification matches in the FIFA World Cup and UEFA European Championships; the Wimbledon tennis Championship (in its entirety); the Open Golf Championship; the Rugby Union

World Cup tournament (in its entirety); and, Wales matches in the Six Nations Rugby Championship (in Wales). However, the Labour government that commissioned the report was unable, or unwilling, to find time to legislate before the 2010 General Election and the subsequent Coalition government proved even less keen to implement Davies' recommendations, despite pledging to return to the issue following digital switchover (achieved in 2012).

The listed events policy remains a vital safeguard for the preservation of major sporting events and competitions on public service television. For example, in June 2015, the IOC announced that it had agreed a Pan-European deal with Discovery, the owner of the pay-TV broadcaster, Eurosport, for the exclusive rights to the Olympic Games, between 2018 and 2024 (although only for 2022 onwards in the UK). This meant that the BBC had lost control of the rights to broadcast the Olympic Games. However, listed events legislation has ensured the sub-licensing of rights for free-to-air coverage in the UK, which was agreed between Discovery and the BBC earlier this year, as part of an exchange deal, which also included the sub-licensing (from the BBC to Discovery) of pay-TV rights for 2018 and 2020.

Just as, if not more significantly, earlier this month Sky agreed an exclusive deal for live coverage of Formula One racing between 2019 and 2025. As part of the deal, Sky has proposed to broadcast the British Grand Prix (as well as two other races) free-to-air via its planned new channel, *Sky Sports Mix*, intended to showcase Sky Sports programming to potential new subscribers. While the British Grand Prix is not a listed event, as the law stands (the Broadcasting Act 1996, as amended by the Television Broadcasting Regulations 2000 and the Communications Act 2003) it may be possible for a pay-TV broadcaster, such as Sky or BT, to broadcast a listed event by adopting a similar approach. This is because the existing legislation only requires an event be available via a 'qualified service', which is defined as available free-to-air to 95 per cent of the population. In such a scenario, the letter of the law would not be breached, but the spirit of legislation intended to ensure easily accessible coverage of national sporting events and a shared viewing experience almost certainly would be. For example, BT recently employed this type of approach as part of its exclusive live UK coverage of UEFA Champions League football. According to reports, BT's commitment to offer a number of high profile matches, including some of those involving English teams, on a free-to-air basis, via its *BT Showcase* channel, was an important factor in convincing UEFA to agree to an exclusive pay-TV deal. However, the matches broadcast via *BT Showcase* have, to the frustration of UEFA's sponsors, attracted far fewer viewers than the free-to-air coverage previously offered via PSB (ITV). Taken together, these developments highlight the need for the tightening of the listed events legislation so as to restrict live coverage of listed events to designated PSB channels, either by making this requirement a clearer part of the legislation and/or by amending the existing regulation to include a more detailed audience requirement (e.g. a minimum average peak time audience rating).

More generally, it is well worth restating the case for listed events legislation and the implementation of the recommendations of the Davies Report. Ultimately, listed events legislation is required because, in the absence of such legislation, coverage of high profile sporting events will tend to migrate from free-to-air broadcasting to pay-TV. There is certainly considerable evidence to support this point from the UK and beyond, perhaps most notably in relation to top level domestic football. At the same time, however, it should be remembered that much, if not most, of the sports coverage provided by pay-TV broadcasters does not consist of programming previously available via

free-to-air television. On the contrary, for the most part, the additional sports programming provided by pay-TV broadcasters over the last couple of decades has consisted of either more extensive coverage of sports that were previously shown by free-to-air broadcasters, or coverage of sports and sporting events that previously received little, if any, airtime on free-to-air television.

The growth of pay-TV has provided benefits for both viewers and sports organisations, but this does not lessen the case for listed events legislation. The argument for such legislation is based on its potential to promote (and/or preserve) 'cultural citizenship' in two key ways. First, listed events legislation may be justified on grounds of equity. For instance, Ofcom (2014) has highlighted the rising cost of pay-TV subscriptions for UK viewers and, given the spiralling cost of recent rights deals, these costs are only set to increase. For example, Sky has recently announced that the price of its Sky Sports package is to increase by £2.75 a month to £27.50, meaning that the cost of a year's subscription to Sky Sports will be more than double the cost of an annual television licence. The continued (and growing) exclusion of low income groups from access to sporting events broadcast exclusively on pay-TV is exacerbated by the UK government's reluctance to fully implement changes to listed legislation as recommended by the Davies Review.

Secondly, one of the main benefits of ensuring that major sporting events are broadcast on free-to-air television is the generation of what economists refer to as 'positive network externalities'. In simple terms, an individual not only enjoys the event and the 'conversational network' through viewing, their participation also adds value to the network for everyone. This concept is highly significant to the debate on the future of PSB, and listed events legislation in particular, because it can be seen to apply to the difficult to quantify, but no less real, shared benefits that can result from the coverage of major sporting events on universally available free-to-air television – think London 2012 and the 'feel good factor'.

The opposition of many sports organisations to the listing of their sports is based on the belief that they are best placed to judge how to further the interests of their own sport, and in particular how to balance the potentially increased revenue to be gained via pay-TV with the benefits (not least commercial via increased sponsorship revenue) of greater exposure through free-to-air broadcasting. Even though the example of English cricket suggests that this may not always be the case, the key argument in support of listed events legislation is not that policy makers and regulators know better than individual sports organisations how to promote the best interests of a particular sport. Rather, it is, as noted above, that the wider public interest in the form of cultural citizenship is served by the availability of particular sporting events on free-to-air PSB television. For sports organisations whose events are protected for free-to-air coverage, the existence of listed events legislation may well be a source of frustration, but it is not particularly unusual in democratic societies for certain property rights to be subject to state regulation in the public interest. Planning laws mean that those who live in heritage properties cannot do with them exactly what they want. To promote cultural citizenship and to preserve public service broadcasting, the same is true for sports organisations and listed events.

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