

General Uncertainty

The UK sport sector is home-grown and is an important part of British identity—it should not be overlooked in the Brexit negotiations. British sport is also enjoying a period of international success both on and off the field and is a world-leader in the sports sector. The present dearth of information from Government on the Brexit negotiation strategy (this note was prepared before the Pm most recent speech on the Government's approach to Brexit) is creating uncertainty that is hindering long-term planning. Should the Government be able to give some indication of plans for the business sector post-Brexit, it would allow the sport sector to weather some of this uncertainty. For example, EU nationals make up 3% of the sport sector workforce; a commitment from the Government to allow EU nationals currently working here to stay would be of valuable assurance to organisations in the sport sector. Should it be necessary, businesses like the Premier League could potentially adapt to any visa quotas by making it harder for foreign nationals to play at the lower levels in order to secure playing rights for the top talent.

To compound the doubt and insecurity, organisations in the sport sector are not able to plan for Brexit in a fixed environment: competitors on the continent are highlighting Brexit as an opportunity and are exploiting the perceived vulnerability of UK sporting businesses for market gains. In this uncertain climate, the implications on bidding for future sporting events are also significant: the sector is hindered in bidding confidently for hosting rights. It is felt that the referendum has handicapped the UK in competing with other EU nations who will explicitly campaign against the UK on the Brexit issue.

Britain is a leader in sports academia where loss of investment and research grants is a worry for those whose work relies on this funding.

With regards to high performance and grassroots funding, concern was voiced as to whether the Government may now go back on promises made in 2015 on funding for sport. The decreased value of sterling has already impacted the value of funding received by NGBs from the last spending review, which Non-Departmental Public Bodies are passing on to our sporting national governing bodies.

Freedom of Movement

Concern was voiced from all quarters as to the loss of freedom of movement (FM) between the UK and the EU. It is viewed as a potential loss of talent across all parts of the sector from athletes, coaches and support staff, to commercial & marketing professionals. Not only will EU passport holders be harder to attract to work in Britain, but British employees will become less desirable compared to their European counterparts. For example, The Premier League is more lucrative and far-reaching than any other football league in the world. It is an open league and the business model depends on having access to the best talent from across the globe. Insular policies on immigration and employment would lower the talent bar and damage the PL brand by keeping top foreign players away. PL clubs are already re-evaluating the value of contracts in the wake of the referendum. A risk environment means the cost of talent will go up. The direct impact on British athletes that require travel to the EU may also be severe if they have to apply for visas and arrange travel & health insurance.

FM benefits businesses involved in the design and building of sports, recreation and play facilities. Some certainty over the plan for and outcome of Brexit negotiations would help here. Furthermore, these businesses enjoy benefits from the wider success of the sport sector: facilities and construction businesses feed off the wider sport world and need the sector to enjoy continued success.

FM is a big draw to the major American sports which can currently attract fans from the European continent by staging events in London and the UK. Future barriers to EU nationals travelling to the UK as sports fans

could mean major league sports re-evaluate their future plans and could harm the potential for an American sports franchise to base itself in the UK in the future.

If the Government can offer flexibility in the future climate for professional and high performance international athletes, then it should look to minimise the administrative barriers and taxation costs for foreign athletes competing in the UK in order to attract the best of foreign talent and maximise the profile of UK-hosted sporting events.

Sport in the UK benefits from the cross-border recognition of qualifications, such as those required to be a professional coach. UK winter sports rely on this mutual recognition and for these sports to grow, this must be preserved. It is similarly undesirable for UK sports organisations to lose the information-sharing regime on integrity issues, doping and governance.

Access to the Single Market

It is estimated that small to medium-sized enterprises (SMEs) in the sport sector rely on access to the single market for around 20-30% of their income and this loss would be a real threat to their viability. While uncertainty is a debilitating drag on growth, SMEs would cope were there to be legislation that retains access to the single market. In the meantime foreign investors are reluctant to engage with UK businesses and will increasingly be attracted to alternatives from the EU mainland, which are advertising themselves as the protected option.

If the Government increases the technical burden on organisations based in the UK, or cannot offset potential future tariffs on trade with Europe, the sport sector will face an exodus of businesses to the continental mainland.

Brexit may loosen intellectual property (IP) rights and their enforcement may make it harder to monetise products. A single territory EU would have a negative impact on IP selling rights, in this respect leaving the EU would be a boost for the Premier League, which would avoid some impact of intervention by the EU homogenising the audio-visual market and hampering selling-rights. The Premier League would need to remain under the jurisdiction of conventions that keep UK IP and copyright within UK territory.

Conclusion

It was heard that sport is the one area of business in which the UK is truly a world-leader, despite the relatively small size of the sector. There was a consensus from all areas of the sport related business sector including grass-root sports organisations, commercial sports organisations, government sports bodies and auxiliary sports sector businesses including small-medium enterprises that a 'softer' Brexit would be the most favourable outcome of negotiations for the reasons outlined above. One key message was that sport business models in the UK vary greatly: we need a framework that gives sport flexibility.

Pre-Brexit planning has presented an opportunity to fully assess law and policy in regard to sport business. A full scale assessment of policies that protect small and medium enterprises to multinational corporations may never have been considered before. Now is not only an excellent opportunity for research, but an opportunity to get a granular level description of the needs of the sector. An example of the sector reacting positively in expectation of Brexit is the recent purchase of *Go Outdoors*, one of the UKs largest camping equipment suppliers by *JD Sports*. This is in expectation of a surge in British people holidaying in the UK as prices of European holidays increase.