

F1: Is Ecclestone selling up?

The UK press and financial services industry is abuzz: Bernie Ecclestone, the man who largely invented Formula 1 as we know it today is apparently on the verge of selling up.

From his early days running the Brabham Grand Prix team to the multi-millionaire business that is Formula 1, the diminutive Bernie Ecclestone has been striding like a giant through motorsport.

He has taken a gamble and, with his pal Max Mosely, has taken a gamble and turned it into a spectacular industry.

But Ecclestone's problem is that his baby has grown up and wants to make its own decisions. As the F1 World Championship has become the most technologically advanced sport on the planet, car manufacturers have risen to the challenge and, in order to get their name associated with a sport that, if one looks at the whole range of motor racing, has more spectators than soccer. It's a good thing to have one's name on a car at the pinnacle of a pyramid that starts with children in 3hp go karts and ends with the twin peaks of F1 and World Rally Championship and (on two wheels) MotoGP. Yes, there are other series: the US has several impressive series, the Australians have one, There are several touring car championships, and there are, of course, Superbikes, Motorcycle road racing and many more.

But when it comes to out and out blood and guts and glory, there is only one place everyone wants to be: in an F1 or WRC car or on a MotoGP bike.

But at this level, the cost of the sport is immense. And with the banning of tobacco sponsorship for most of the countries that top line motorsport can visit, car companies are the obvious next big investor. So this year, we have seen Honda take over the former BAR team and BMW take over the former Sauber. The privateer is almost dead - although the newly renamed Midland team (if it can get funding out of its boss who was, apparently, taken aback by how much it was costing to run the team by half-way through last season) and both Red Bull teams.

So the car companies own the F1 teams, and they reckon that they should get more of the profits from the sport.

However, one thing that they need to do to see that Ecclestone has done something special is to look at the F1 infrastructure. For fly-away races, Ecclestone's team handles logistics between the UK and the venue. It creates spectacularly good video footage - in the days of ad hoc arrangements with local broadcasters, the production was at best variable and often poor. The whole experience for teams and fans is managed. Except for the odd refuelling system failure, things that the Ecclestone team put together work seamlessly. No other sport is quite so controlled and no other sport is quite so organised for the benefit of the participants, be they in the cars, in the pits or watching.

Now there is news that Ecclestone has decided on a partial surrender to the demands of the teams who have advanced plans to create a breakaway series if Ecclestone doesn't give them more of the profits.

He's apparently about to sell at least some of his shares in the series to CVC Capital Partners Limited, a UK private equity fund, for around GBP1 milliard.

CVC has been quietly building up its stake in motor related businesses: it controls MotoGP and also the UK's Automobile Association.

Ecclestone's family trust owns 25% of the series. Another 38% is owned by Bayerische Landesbank which was one of several banks to inherit a chunk of the company when German Media group Kirch, which had a substantial interest in return for developing digital television services (which were a failure).

The word is that Ecclestone won't sell his entire stake, and that he won't let go of the reins as chairman of the series, at least not yet.