



Christine Chapman AM
Chair
Communities, Equality and Local Government Committee
National Assembly For Wales
Cardiff Bay
CF99 1NA

18 March 2014

Dear Ms Chapman

Following the WRU's recent letter dated 30 January 2014 to your committee which details some of the negotiations currently taking place between the WRU and the four Regional organisations we believe it would be helpful for you to have a wider understanding of our remit and constitution to consider during your debate on Welsh rugby.

I note you have received a financial assessment from David Moffett and it is worth you noting that the WRU has answered the points he raises in a private and confidential letter sent to the secretaries of our member clubs.

The WRU is the governing body of the game in Wales and its constitution places the ultimate ownership of rugby in the hands of our 320 member clubs. A board of directors is elected from representatives of each rugby district in Wales and their overview is translated into operational management through an Executive Board.

The WRU is a member union of the International Rugby Board which manages the game of rugby on an international level, its cross-border competitions, international matches, the rules of the game and an array of other related issues.

The remit of the WRU is to sustain and develop the game of rugby in Wales while its alignment to the IRB ensures that the game is developed globally. For example central funding is distributed by the IRB to the developing rugby nations and a practical example of how the wider game is assisted is how major nations such as Wales play emerging rugby nations during our regular Autumn series of international matches and on summer tours.

The WRU nominates teams to take part in sanctioned cross-border competitions which the IRB ensures are inclusive of all relevant nations and help support rugby to the ultimate benefit of the international game given the pyramidal structure of rugby.

Within Wales the WRU now operates through a five year rolling financial and strategic plan which ensures spending is controlled and all initiatives are properly resourced. The income of the WRU has grown since 2007 by some 40 per cent and now regularly stands at around £60m a year. The Welsh international team is recognised as the financial engine of the game in Wales through income from broadcast contracts, major sponsorship, ticket sales and merchandising.

The constitution of the WRU allows for the elite, the community game and the upkeep of the Millennium Stadium to be funded through this income.

Last year the turnover of the WRU was £61million of which £22.1million was allocated to its affiliated organisations.

Some £4m was invested into the community game last year with £4.2m spent on operational costs across the elite game.

The distributions to the four Regional organisations during the year were subject to the terms of the 2009 Participation Agreement which meant that £9m annually of competition income was allocated along with £6.7m in direct funding from the WRU. This direct funding total had risen from a figure of £3.2m before the signing of the 2009 agreement and would have exceeded £7.5m by the full term of the Participation Agreement if it had been continued.

The terms of the 2009 agreement extend to the conclusion of the current season and a new Rugby Services Agreement is currently being negotiated with the four Regions.

The Regional game in Wales forms a vital element of the pyramid structure of Welsh rugby which ultimately feeds into the senior national team. It is immediately supported by the Principality Premiership Division which is also subject to the terms of an agreement with the WRU and is funded accordingly.

The WRU also spends £600,000 a year funding the Regional academies and also offers other forms of assistance from within the central structure and employs 22 members of staff to work in the Regional academies.

With the importance of senior national success fully recognised, the WRU has invested in a National Centre of Excellence which has been held up as an example of elite sporting excellence around the world game.

All the Wales international Age Grade teams, the Sevens and Women's squads operate from the NCE and a full coaching and backroom structure outside the senior national squad structure is managed by the WRU Rugby Department.

The WRU also supports a development region in North Wales with staff and resource through a representative team called RGC 1404 which is currently playing in the SWALEC Championship league.

The community game is a clear priority for the WRU recognising that a flourishing grassroots game is vital for the sustainability of its elite structures and the status of Welsh rugby as the national sport of Wales.

The WRU has more than 50 employees permanently dedicated to the community game with the majority of those employees operating around Wales with direct links to clubs and schools.

They manage a series of initiatives to assist physical literacy amongst junior players and extend their input into coaching older youngsters who play at schools or clubs.

Last year the WRU visited 183 secondary schools and directly coached rugby skills to 16,500 pupils. All of them were encouraged to get involved with their local club.

Some 22 schools were recognised in the WRU Rugby Accreditation Programme for their work in promoting rugby. Throughout the year 2,000 new junior players joined WRU clubs.

These statistics offer a snapshot of a wide range of activity which happens every day of the week across Wales and as a further example of that focus the WRU recently published a Club Funding Index which showed that £27million had been received by community clubs over the past five years from a variety of funding streams. Some of this money was invested directly from the WRU with the governing body assisting clubs to identify other sources of investment.

The WRU has launched a Club Operations Team to assist its member clubs with a focus on needs identified through a Club Census organised by the WRU.

Another key area of focus for the WRU is the Millennium Stadium which it owns and operates. The WRU recently commissioned an independent survey which showed that activities in the Stadium contribute some £130m to the wider economy of South Wales year on year.

The detailed outlined in this note serves to show your committee that the WRU operates within a clear strategy aimed at supporting the pyramid structure of Welsh rugby through a fair distribution of funds and resource across the whole of the game.

The WRU will continue to endeavour to promote success at the elite level of the game in Wales and stronger participation at the grassroots level to sustain the game of rugby. The WRU recognises that Wales faces the challenges of being a small nation operating in a difficult economic climate but we firmly believe that by operating with corporate efficiency and adhering to a clear strategy we can continue to succeed.

I would be happy to address your committee on these and other matters related to Welsh rugby if you believe it would help your debate.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roger Lewis', with a stylized flourish underneath.

Roger Lewis

Group CEO