



Ein cyf/Our ref DB-PO-0041-24

Delyth Jewell MS
Chair
Culture, Communications, Welsh Language, Sport, and International Relations Committee

8 February 2024

Dear Delyth,

I am writing to you in relation to the support the Welsh Government has provided to the Welsh Rugby Union (WRU) in recent years given the committee's interest in, and focus on, these issues.

The Welsh Government has provided the following financial support to the WRU:

January 2021 – Welsh Ministers agreed a package of financial support for sports that suffered a loss of income as a result of the Covid-19 restrictions that required fixtures to be played behind closed doors in 2020-21. The WRU and the four regions received a non-repayable grant of £13.5m for the loss of spectator income for international and Pro-14 matches. The WRU and each of the professional rugby regions received an equal £2.7m share of the grant.

January 2022 – Welsh Ministers agreed a further package of non-repayable grant funding of £3m for sports affected by Covid-19 restrictions that prohibited spectator attendance at sporting events between 26 December 2021 and 21 January 2022. The WRU received a £475,373 share of this funding, which was distributed to professional and semi-professional rugby clubs, which were required to play fixtures behind closed doors during this period.

March 2022 – Following an approach by the WRU, the Welsh Government took an unprecedented, but necessary measure in agreeing a £18m loan to enable the WRU to refinance its existing three-year UK Government Coronavirus Large Business Interruption Loan Scheme (CLBILS) loan. At that time, the WRU was unable to satisfy the terms of the CLBILS loan. It was made clear to Welsh Ministers that without urgent assistance in the form of a refinanced loan, the organisation – and the four regions – faced existential financial risks.

The Welsh Government loan was provided directly to the WRU with agreed conditions that mirrored the CLBILS terms, but with a significantly extended repayment term of 18 years. This agreement provided a more affordable repayment schedule for the WRU while giving the organisation headroom to recover.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Gohebiaeth.Dawn.Bowden@llyw.cymru
Correspondence.Dawn.Bowden@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The general terms of conditions for the loan were developed in discussion with the Development Bank of Wales and take into consideration the level of risk in relation to the loan and subsidy control.

June 2023 – The WRU approached the Welsh Government to renegotiate the loan following fundamental changes to its business plan. This resulted in a change to some of the terms and conditions, including the repayment date to align with the WRU’s corporate refinancing date with their main lender. These changes were agreed by both parties to assist the WRU during an extremely challenging period for the four regions and to support the long-term sustainability of the professional game.

The Welsh Government’s loan to the WRU is not a Covid loan, but a commercial loan. The Welsh Government did not create a Covid loan scheme for sports organisations during the pandemic but Welsh Ministers did provide a non-repayable grant scheme – rugby received more than £14m in grants under that scheme. Each of Wales’ four professional rugby regions received a total of around £7m to £8m via a combination of Welsh Government--funded grants and loans. During this period the UK Government (through DCMS) provided the equivalent level of rugby in England with loans through their Winter Support Package for sport.

This significant support – including unprecedented action to extend the term of the repayment of the loan – demonstrates our support for the WRU and Welsh rugby.

The Welsh Government values the cultural and sporting importance of rugby in Wales. We will continue to engage with the WRU to ensure the game has a positive and sustainable future at all levels.

The Welsh budget is facing the most severe and stark settlement from the UK government in the devolution era. Our budget is worth £1.3bn less than was the case at the start of the comprehensive spending review period. This has placed enormous pressure across all areas of government and significantly reduced the scope for devolved budgets to deliver the additional support many businesses need. The steps we have taken to support professional rugby go beyond what has been available to English rugby but the scale of the financial stress currently facing the Welsh budget as a whole does limit the options for intervention available to Welsh Ministers.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Dawn Bowden', written in a cursive style.

Dawn Bowden AS/MS

Dirprwy Weinidog y Celfyddydau, Chwaraeon a Thwristiaeth
Deputy Minister for Arts, Sport and Tourism