



Welsh Affairs Committee

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From the Chair of the Committee

Vaughan Gething MS
First Minister of Wales
Welsh Government

25 March 2024

Dear Vaughan,

On Tuesday 6 February, I wrote on behalf of Members of the Welsh Affairs Committee to Dawn Bowden MS, Deputy Minister for Arts, Sport and Tourism, regarding the financial difficulties faced by the Welsh Rugby Union (WRU) resulting from the interest payments from the £18 million loan provided by Welsh Government in 2022. While we are grateful for the response to this letter, received on 26 February, there remain aspects which the Committee would like to have further assurances on.

The Deputy Minister in her response to the Committee set out that the Welsh Government's loan to the WRU "is not a Covid loan, but a commercial loan". As such, I would be very grateful if the Committee could have further information on the following points:

- 1) Why did the Welsh Government decide to award the loan to the WRU on commercial terms and who underwrote the loan?
- 2) What dialogue have the Welsh Government had with relevant banking partners to seek to provide the WRU with better commercial terms?

I am aware that your predecessor, Rt Hon Mark Drakeford MS, had indicated that the Welsh Government would be willing to see what could be done to support the WRU. If you could provide the Committee with updates on the process of support of this kind, that would be greatly appreciated.

Yours sincerely,

Rt Hon Stephen Crabb MP



Ein cyf/Our ref LG/05142/24/FM/05007/24

Rt Hon Stephen Crabb MP
Chair of the Welsh Affairs Committee
Welsh Affairs Committee
House of Commons
Westminster
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01 May 2024

Dear Stephen,

Your letter of 25 March 2024 addressed to the First Minister of Wales has been passed to me for response as the loan to the Welsh Rugby Union (WRU) provided by the Welsh Government sits within my portfolio.

The Welsh Government's loan to the WRU is not a Covid loan, but a commercial loan, provided to the WRU to enable them to refinance its UK Government Coronavirus Large Business Interruption Loan Scheme (CLBILS) loan. At that time, the WRU was unable to satisfy the repayment terms of the CLBILS loan and 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. It is worth reiterating that during Covid, the Welsh Government did not provide loans to alleviate the impact of the crisis on sport, but instead provided non-repayable grants, with rugby the recipient of a total allocation of £14m in grant support.

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 three-year UK Government CLBILS loan. The Welsh Government loan, as agreed directly to the WRU, 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. The general terms of conditions for the loan were developed in discussion with the Development Bank of Wales and took into consideration the level of risk in relation to the loan and subsidy control. The loan is not underwritten by anyone but is secured against assets, as would be the case for any commercial loan arrangement.

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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.

It is not the Welsh Government's role to negotiate with other commercial lenders to seek better terms, however it was in the absence of such options the Welsh Government originally stood in to refinance their CLBILS loan, as lender of last resort.

We continue to engage with the WRU on this matter to ensure the game has a positive and sustainable future at all levels.

Yours sincerely,

A handwritten signature in grey ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping 'L' and a long, trailing 's' at the end.

Lesley Griffiths AS/MS

Ysgrifennydd y Cabinet dros Ddiwylliant a Chyfiawnder Cymdeithasol
Cabinet Secretary for Culture and Social Justice