

OVERVIEW OF THE WAY FORWARD

Introduction

Over the last decade, professional rugby around the world has developed significantly at both club and country levels. However, the elite game in England has not adapted sufficiently to these developments. As a result, a number of issues have emerged affecting both sporting and financial performance and player welfare.

If the elite game in England is to catch up and lead the world again, the RFU believes we need to take the game to a new level. This is the purpose of The Way Forward process.

The structure of Elite Rugby in England is currently governed by two major agreements: the Long Form Agreement ("LFA"), signed by the RFU, Premier Rugby Limited ("PRL") and the Premiership clubs, Premier Rugby Partnership ("PRP") and England Rugby Limited ("ERL") in 2001; and the Elite Player Squad ("EPS") agreement entered into by the RFU and PRL in June 2004. These agreements cover a broad range of areas including the structure of the domestic league and cup competitions, entry criteria for Clubs into the Premiership, discipline, player contracts, EPS player release (covering the senior squad, Saxons and junior representative teams), insurance, commercial rights and financial arrangements. The EPS agreement will expire in October 2007 and notice can be given to terminate the LFA from June 2008, which would mean that the LFA would expire 12 months later.

The RFU's preference is to negotiate a new agreement with PRL and other interested parties, to come into effect at the start of the 2009/10 season once the LFA expires. However, in order to plan for the transition from a playing and financial point of view, the RFU believes that, ideally, any such new agreement needs to be in place prior to the start of the 2007/08 season.

If a negotiated settlement cannot be reached, the RFU, as the Governing Body for the game in England, has a constitutional responsibility to determine how the elite game should be structured and governed for the benefit of the entire game, following the expiry of the current agreements. The Way Forward process will put the RFU in a position to make this decision if required.

Analysing the issues

In considering whether and how to reshape the elite game in England today, it is important to understand that England success materially affects the level of interest, participation and the finances of the entire game in England. Any reshaping of the elite game therefore needs to facilitate England success. It also needs to recognise and build on the successes and traditions of the club game.

The issues affecting the game can be summarised into six major areas, as illustrated.



Elite player management and development

The current arrangements for managing England players, and for developing England Qualified Players ("EQP"), create continuing conflict between club and country.

Player welfare

There are a number of player welfare issues, including the fact that players may be playing too much rugby, increasing the risk of 'burnout' and injury.

Playing environment issues

The number of games played and the associated fixture congestion, combined with the current system of promotion and relegation, create pressures on players and playing standards.

Strategic development of the game

The elite club game does not currently attract sufficient external investment (e.g. to allow for stadium development) and needs a more stable structure which enables it to grow.

Financial conditions

England playing success is critical to the RFU's ability to support both the elite and community games; at the same time, despite RFU support, the overall financial performance of elite clubs is mixed.

Administration and governance

The current structure for administering and governing the elite game is complex and needs to be streamlined and modernised to be effective.

In considering the options for change, it is important to recognise that these issues are interrelated. Although they are analysed separately in the various sections of this document, any individual change has wider potential benefits and implications.

Developing a solution - common ground

Following discussion with the game's major stakeholders over the last three months, there is broad consensus as to the need for change in the following principal areas:

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| Player welfare | - Need for a more comprehensive and action orientated game-wide programme |
| Elite player blocking | - Need to improve the arrangements for pre-tournament preparation and player release throughout the international windows |
| Elite player development pathway | - Need to secure more game time for emerging talent, including a commitment from the clubs to support EQP development, and a clearer development route to the senior England team |
| Role of National Division One | - Need to define and support its role as the development environment for players, coaches, referees whilst recognising the aspirations of its member clubs |
| Governance | - Need to introduce a new professional game board, with full stakeholder representation |

There is also agreement that the elite coach and elite referee development pathways need to be improved.

Overall, although these issues need further consideration as part of the consultation process, there is a broad measure of agreement as to the changes required.

OVERVIEW OF THE WAY FORWARD

Developing a solution - issues for debate

In a number of other areas, a consensus has yet to emerge, in part because the issues are more complicated but also because they would involve more fundamental change to the existing competition structures. The critical issues to be discussed are:

Elite player management and development

Should the England Head Coach have full management control over EPS players so that, across the entire season, their training, fitness, nutrition, medical and playing programmes are planned to maximise their performance for England?

Number of matches, leading player availability and standard of play

Should the number of matches be cut to reduce congestion and overlaps, thereby relieving pressure on players, assisting England preparation and ensuring leading player availability for clubs? Would this contribute to improved overall standards of play, greater integrity of competitions, lower industry cost and EQP development?

Access to the Premiership

Given the entry criteria for the Premiership and financial protections for the relegated club, the current promotion / relegation system does not produce a level playing field and can no longer be considered to be automatic. How can access to the top level be made more realistic, equitable and fair?

Would it be beneficial to relieve the pressure on players, playing standards, club finances and investment caused by the threat of relegation to make the top level a more stable environment for playing and doing business (e.g. through giving clubs greater security of tenure in the league)?

Competitive balance

Would the top level of the game benefit from measures to equalise competition between clubs (e.g. salary caps) or should the same clubs be allowed to dominate year after year (as in football)?

Strategic development of the game

Would there be benefits in broadening the geographical coverage of the top level to ensure that all rugby heartlands are represented and how could this be effected over time?

Given that most clubs need to invest in stadium capacity, what can be done to make the top level a more attractive business and investment environment?

Possible ways to address these issues are summarised opposite and are set out in detail later in the document.

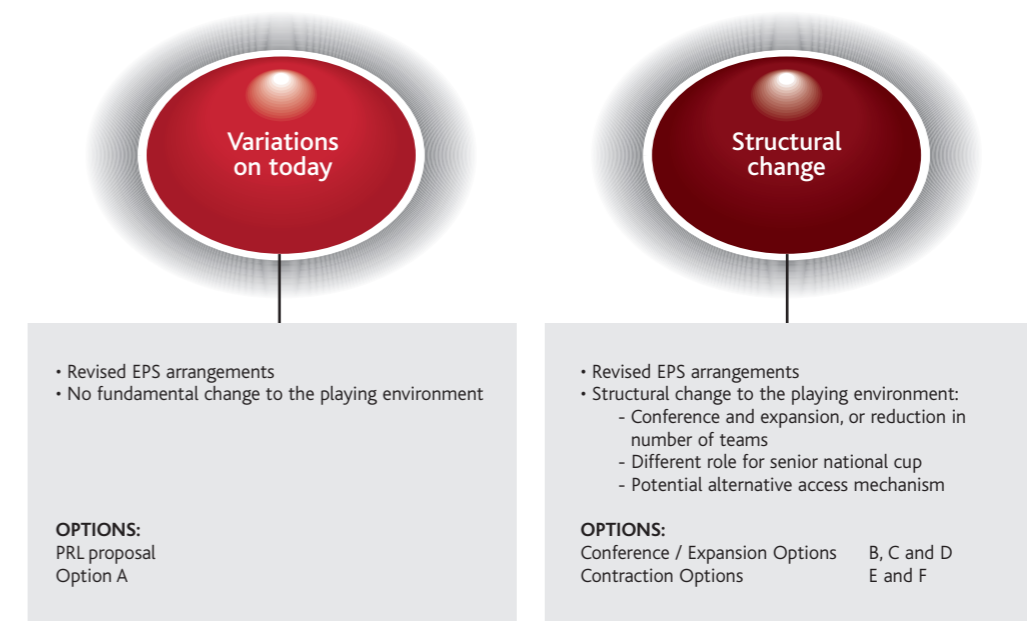
Illustrative options for change

To stimulate further discussion about the shape of the 'right solution', a set of illustrative options has been developed by the RFU. These options provide a range of potential structural solutions and illustrate the associated financial implications, including likely costs and potential sources of funding. It is important to emphasise that these options are intended solely to stimulate debate about how best to address the issues; no decisions have been taken so far.

In addition, on behalf of the Premiership clubs, PRL has put forward a proposal which it considers can deliver a balance between supporting a successful England team and ensuring the continued expansion of the club game. The proposal offers the RFU more training and preparation time with the England players and concentrates this time around the international matches, albeit at a significantly increased cost.

As summarised below, the options, including PRL's proposal, can be grouped as either being variations on today, principally involving changes to the existing elite player management arrangements, or incorporating structural changes to the playing environment, including the following:

- Introducing either conferences or a reduction in the number of teams to reduce the number of matches and congestion;
- Introducing an alternative tenure and expansion model of access to the top level;
- Adopting either a revised phasing or removal of the senior national cup competition.



The detail underlying each of these options is set out later in the document.

It is important to emphasise that all of these options are illustrative and are set out for debate - the answer may lie with one of the options but equally may lie with an alternative to be developed based on the feedback provided during the consultation process.

OVERVIEW OF THE WAY FORWARD

RFU position

The objective of The Way Forward project is to promote an informed debate to resolve the issues facing the elite game. Whether the outcome is to leave the structure of the elite game broadly as it is or to introduce a new structure, the overriding objective is to find an unambiguous solution that resolves the major club vs. country conflicts of interest and puts the elite game in a position to prosper, with the benefits this will bring to the game as a whole.

The RFU recognises that the solution may well involve an increase in the level of its funding support to the elite game. Subject to being able to continue its financial support to the wider game, it is prepared to consider such an increase provided that the right long term structure can be found.

How to contribute to the debate

The RFU website at www.rfuthewayforward.com sets out the timetable for the roadshows being undertaken and explains how you can put forward your views on the issues discussed in this document, including the illustrative options for change. There are two levels of response set out on the website which enable you to give your feedback at either a summary level, or to provide more detailed feedback. The consultation period will end on 22 June 2007 but the website will close a little earlier to enable the results to be analysed.

