

# **PGRFC response to the RFU New Competition proposals**

## **Executive Summary**

- The proposed RFU structure addresses many issues, but too much regionalisation risks losing competitive matches and less matches, if Saturday loses the 'this is the day I play rugby' tag, risks player retention and would adversely impact on income and hence sustainability.
- We suggest an alternative flatter structure with less geographical sub-division and leagues of 14 teams – we believe confining our opposition to Northern counties is appropriate. It meets player concerns on number of matches and travel time, would reduce our cost base whilst maintaining attractive fixtures to support club sustainability. It provides a guaranteed number of 1<sup>st</sup> XV home games sufficiently early to support planning of adequate match day income generating opportunities and provides a profile that would appeal to a range of club sponsors and ideally a title sponsor for the league.
- If this is not feasible, the adoption of the RFU proposed structure is workable although reduced games at level 5 poses a threat to player retention and commercial sustainability. It would be considerably enhanced by the introduction of well policed, mandatory salary cap levels with clear severe sanctions for non-compliance and the adoption of an end of season play-off and League cup competition.
- Wage inflation in the community game must be brought under control. If there is no change to the salary cap structure, and clubs are still allowed to opt out of the system it is difficult to see the current wage-inflation issues being managed with the resulting adverse impact on sustainability. We are supporting the objectives of the RFU by committing significant investment in the future of the game through our large Mini and Youth sections but are seeing ever decreasing senior team reward for doing so under the current system.
- The RFU can support its aspiration to keep up rugby participation by challenging National league clubs to become genuine community hubs where the emphasis is on high quality competitive rugby with enjoyment being the prime objective. We consider Preston Grasshoppers to be a model of such a community hub and will continue to invest to keep that level of engagement but worry that there is no incentive for others to become community hubs - indeed the incentive is probably negative in that clubs who do not will obviously have a lower cost base. We believe the introduction of qualification requirements related to community engagement would provide such incentives.
- The proposed cup options are of limited appeal, but an end of season play-off format based on final league position leading to a 'National champions' final on a showpiece ground, coupled with a League cup, with a final at the same venue and on the same day as the National final would seem to be more attractive for players and potential sponsors.
- As a club which has played at both level 4 and 5 in recent years, we are probably more interested than most in the mechanisms to be used to place teams in the revised structure. Even in a transition year we would advocate continuation of at least a minimum promotion and relegation between divisions and firmly believe that as well as playing field merit, the qualification for involvement in National league rugby should include metrics associated with community support.

## **Our Current Situation**

Preston Grasshoppers RFC is one of the biggest clubs in the North (and possibly England) in terms of participation numbers. We currently cater for circa 200 active senior men's players, 40 senior ladies and over 400 boys and girls aged from 6 to 18. In addition to our core rugby offering we also have an affiliation with an inclusive rugby side to attract the LBGTQ+ community into rugby union. This adds another 50 plus players into the game through our club model. In total we are providing rugby to around 600 players of all ages each weekend of the season.

You may be aware; we are a club with an RFU AGP having been identified as one of the three initial pilot clubs to receive such a surface. This allows us, as a community hub, to further support rugby in the Central Lancashire area with other local clubs and schools able to use the AGP facility.

In recent seasons we have been able to run more senior men's sides. We currently run 5 senior men's sides but that is a fall from the six sides we ran for many years and for a couple of seasons around a decade ago we did run seven senior sides. Given that we are not located in a "rugby hotbed" we are rightly proud of the consistent strength of our participation numbers. We believe that clubs like ours provide a real barometer as to the health of the grass roots of the game and upon whom the future health of the game depends. To continue to cater for rugby to the extent that we are, having a stable level of income is important but never enough. Having so many "hungry mouths" to feed means that there is always a wish to do more to make the rugby experience as fulsome as it can be for all the sections we provide for.

A key part of the revenue generating/cost relationship will inevitably be the visibility and support our 1<sup>st</sup> XV experiences. The profile of our club is enhanced by having a strong 1<sup>st</sup> XV but the costs of delivering this in an increasingly professional environment for community clubs is becoming unsustainable. The need to attract revenue is an ongoing pursuit (which will be even more difficult post COVID 19) but the cost base could be reduced and the ability to generate match income enhanced if the league structure was geared towards clubs such as ours and underpinned by a collective view that clubs need to be operating in an environment that aims to not just allow clubs to break-even but be regularly profitable to reinvest in the game they serve.

Therefore, we would expect that when the RFU deliberate on any proposals to alter the shape of something as important as the league structure, it would be ensuring the long-term viability of clubs like Preston Grasshoppers that would be at the forefront of their mind. We believe that it is the RFU's responsibility to deliver a league structure that ensures that the needs of a true community clubs like PGRFC are met and hence we can continue to provide those strong levels of participation.

At the start of your recent webinar to discuss the proposed league re-structuring, the key metric highlighted by the RFU for the basis of the consultation was the concern that participation numbers in the game are at best static but in reality, falling. If the RFU is genuine around this being the key metric, then this must be backed up with actions during this process.

We were therefore very interested in the plans the RFU have for league re-structuring. To compete with other sports and interests it is essential that community clubs are visible to the general public. Hence the profile of the game is significant. Also having in recent seasons "straddled" the divide between the National Leagues and the Regional Premier League in the North, we have attained a more balanced view of what life means to clubs operating at both levels.

We believe that our views carry weight in this process and provide a real insight into the true health of the game.

## **Understanding our Stakeholders**

The forming of the club view we are putting forward has been obtained by taking feedback from across all our stakeholders and then analysing that information to provide a single view that we believe would best allow PGRFC to succeed. Players, coaches, administrators, supporters and sponsors have been canvassed and from this we were able to draw out the following: -

- The key strengths of PGRFC
- What playing experience our players want from community rugby
- What league structure would best suit the strengths of PGRFC
- Of the potential league structures on offer, do any suit PGRFC? If not, what structure would?

## **The Strengths of PGRFC**

The following are our strengths as a rugby club at the centre of our local community: -

- High level of rugby participation across Adult Men, Adult Woman, Youth Rugby, Mini & Youth sections and our affiliation with the Typhoons also caters for inclusive rugby
- We have excellent facilities including the AGP that is available to teams in the locality to book and use for both training sessions and match days. We continue to prioritise facility investment and a long- term outlook rather than chasing short term on-pitch results.
- We attract large numbers of local sponsors who generously back the club in sponsorships, works to improve the club and provide work opportunities to players and members. The strength of this going forward however is uncertain given the current situation surrounding COVID 19. There is limited visibility at present to what this will look like for the 2020/21 season.
- A strong reputation for providing an excellent match day experience
- Financially sustainable with a negligible level of debt meaning no requirement for a benefactor to bankroll the sustainability of the club
- A strong brand name in the game.
- A Strong social media offering

## **Assessing the Suitability of any League Structure**

We made the following key points the basis of our assessment: -

- The structure should provide a guaranteed number of 1<sup>st</sup> XV home games sufficiently early to support planning of adequate income generating opportunities in terms of match day revenues. We believe 13 to be an optimum number if part of a conducive structured season that provides other rugby related income generating opportunities (such as Six Nations and England international Saturdays)
- The structure should provide a standard of play similar with what has been experienced in Level 4 and Level 5 for both players and supporters to enjoy
- The structure should be capable of providing a profile that would appeal to a range of club sponsors and ideally a title sponsor for the league in which we operate.
- The cost/benefit ratio of participating in that structure should allow participant clubs to not only be sustainable but profitable by ensuring costs can be controlled/capped for all participants whilst income generating opportunities can be maximised by clubs via increased footfall and a stronger profile/brand for the Community

## **The Playing Experience**

Those key assumptions have then been developed further to ensure the playing experience is maximised. The feedback from players was that: -

- Players want to play games where there is a tangible edge to the contest brought about by playing in front of good-sized crowds.
- Travelling to away games should be a maximum of two hours for league games.
- The season should start in September and be completed by the end of April.
- There should be regular breaks during the season and a mid-season break around Christmas and New Year with no game on the first weekend post New Year.
- Players would like the opportunity to play for honours and having the chance to create memories.
- Players would like to have the opportunity to play representative rugby.

## **The Current League Structure Options**

Having established the above criteria, we then assessed the current available options: -

- 1) Retain the Status Quo.
- 2) Adopt the current plan put forward by the RFU
- 3) Put forward a preferred alternative option

We decided the best way to assess their value was to apply our criteria evenly to the options.

## **The Status Quo**

Last season we operated at Level 4. Next season we will compete at Level 5. Since the introduction of the league system we have mostly operated at Level 4 with some seasons spent at Level 3 and some at Level 5. We have therefore seen first-hand the challenges and opportunities of competing in a totally National Division, a semi-National Division and a more regional competition.

Our views are:

- The current pyramid of leagues provides the opportunity for clubs to move from the community game to the professional game. This supports those of the view that “market forces” should determine standing.
- The movement into the RFU Championship allows for central funding although this has been significantly cut for the 2020/21 season. The support on offer now makes it impossible for clubs to cover the cost of being a professional club from the RFU subsidy alone.
- The pyramid of National Leagues has an increasing salary cap attached to each. The increasing salary cap is designed to reflect the greater need to compensate players for the time commitment required to play higher up the pyramid. This has increased player’s expectations of what they can command to play. This has then filtered down the levels and in turn put pressure on club finances.
- In our area it has also led to clubs fighting over a reduced number of players. Hence this has increased wage inflation further. This has in turn led to a high degree of player movement between clubs. Players in 2nd XV’s and even Youth teams are being targeted to move to other clubs at all league levels in the area with the promise of monetary reward.
- The knock-on implication of this is that players are travelling further to play for a club. The travelling then has knock on implications to reduce local club engagement.

Overall Suitability of Retaining the Status Quo: -

- Does provide a set number of 1st XV home games. This is currently 15 at Levels 3 and 4 and 13 at Level 5. However, less matches, if Saturday loses the 'this is the day I play rugby' tag, risks player retention and would adversely impact on income and hence sustainability.
- The current league system has limited appeal to sponsors. This is evident in the lack of a title sponsor for the leagues for several years. This lack of a consistent pipeline of willing title sponsors confirms the National Leagues have limited appeal to national entities.
- The standard of athleticism has improved with professionalism which in turn has made the game at National League level harder in terms of its physicality.

*Overall, we believe the structure is inefficient in its ability to support us as a community club.*

### **Adoption of the Proposed RFU Structure**

The plans put forward are starting to address some of the issues of running the leagues on a national basis with some flattening taking place at Level 4 downwards. The number of games is also suggested to reduce with 14 team leagues being put forward at Level 3 and 4 with 12 team leagues at lower levels. However, the salary cap is still a tiered system meaning the issue of wage inflation persists whilst there also appears to be a growing view that knock-out cup rugby should form part of the season as a club moves down the pyramid.

Overall Suitability of proposed structure-

- The suggested structure will provide a set number of 1<sup>st</sup> XV league home games (26 games at Levels 3 & 4, and 22 games at Level 5).
- The suggested league system would not appear to change its limited appeal to sponsors.
- Assuming no significant variation across the country, the standard would largely remain the same with the more regional nature of Levels 4 & 5 likely to improve the quality of the experience with meaningful local competition adding edge to games across the season.
- The proposed cup options are of limited appeal, but a play-off format based on final league position leading to a 'National champions' final on a showpiece ground, coupled with a League cup, with a final at the same venue and on the same day as the National final would seem to be more attractive for players and potential sponsors.
- The cost/benefit ratio for PGRFC is impacted by travel costs and the number of games played. So, at Level 3 the geography and higher number of games would be less beneficial than at Level 4 with the same number of games which would be more local. The more local games are, there is a higher likelihood of increased numbers of travelling supporters who are more inclined to take lunch packages and support bar sales. These games are also more likely to have a match sponsor in place with Lancashire/Cheshire/Yorkshire/Cumbria businesses possibly inclined to take a match package. There would be lower travel, and associated match day costs. This logic also applies to playing at level 5, although the increased localisation might reduce the overall attractiveness of the games. The Level 5 cost base would fall due to playing less games and hence less costs in terms of reduced total player appearance fees, less travel costs associated match day costs. However, the 15% reduction in the number of home games would adversely impact on income and again if Saturday loses the 'this is the day I play rugby' tag, risks player retention and would adversely impact income and hence sustainability.

- If there is no change to the salary cap structure, and clubs are still allowed to opt out of the system it is difficult to see the current wage-inflation issues being managed with the resulting adverse impact on sustainability.

*So, the proposals offer some improvement, but they still appear to fall short of our club needs*

### **Our Alternative Preferred Option – A Structure That Meets the Needs of Players and Clubs**

In terms of our key framework we would clearly want any structure to: -

- Ensure a fixed number of 1st XV home games known about from the earliest opportunity when fixtures are released. This being 13 or 14 in number would appear to provide enough commercial opportunities whilst being appropriate in terms of playing workload.
- In terms of travel, the division in which we play should be confined to opposition from the Northern Counties of Lancashire, Yorkshire, Cheshire, Cumbria, Northumberland and Durham. This should encourage larger numbers of travelling supporters to attend games within a roughly two-hour travel time.
- Given the lack of a national sponsor, it could be that a more regionally anchored structure would generate interest from a more regionally based sponsor. Club sponsors would also be able to cater to their regional operations.
- To achieve a cost/benefit ratio that is positively skewed towards clubs becoming profitable on a year on year basis from their rugby operations then it is imperative that greater control over costs is achieved.

This in the main means we must ensure the following: -

#### ***1) Wage inflation in the community game must be brought under control.***

Therefore, a lowering of the salary cap across the whole of an agreed structure from Level 3 downwards must be set in place with no deviation or ability to opt out. It is essential that this is then policed by the RFU with severe sanctions for non-compliance to ensure it is adhered to.

A suggested salary cap would be £100,000 maximum spend on coaching and player wage costs for those clubs operating at an equivalent level to the current levels 3 -5 in the pyramid. A more regional structure means less “time compensation” required for players.

Competing clubs should not have the option to “opt out” of the salary cap to pursue higher player salaries. Progression up any agreed league structure should only be judged purely on a club’s ability to pay players. A set of criteria covering (but not limited to) appropriate playing and spectator facilities and a significant provision for raising participation levels across different sections within clubs should be in place. This would stop the “one team club” benefactor model that distorts local wage inflation but does little to support the RFU’s community game objectives and enhance/protect the game.

It is vitally important that wage inflation is brought under control. We already see less numbers of young players coming through our Mini and Youth system to our senior rugby ranks; they are either:

- I. being swallowed up into pseudo professional academy systems that educate players who do not make the professional grade to then join the merry go round of chasing an inflated expectation of remuneration or;
- II. Give up the game when they do not make the professional ranks or;
- III. are poached with financial benefits straight from our youth system by other clubs, some of which do not invest in the same levels of community participation across all levels of rugby.

Clearly our argument is that we are supporting the objectives of the RFU by committing significant investment in the future of the game through our large Mini and Youth sections but seeing ever decreasing senior team reward for doing so under the current system. This needs to be addressed in the restructure.

**2) *Reduced travel*** - to be reflected in reduced travel costs.

3) ***Reduced travel*** - Players have indicated that travel time is now more of a concern that it was even 10 years ago. We need to be driven by what society and the players want the game to be. Long drunken bus journeys no longer appeal to an increasing number of young people. The view of younger players is centred around health, work/life balance, flexible work patterns and equality between partners. Therefore, the time commitment that players are prepared to commit to the sport is reducing and reduces further as those players get older.

4) ***To build income generating opportunities*** - the community game needs its own profile away from the increasingly fraught financial world of full-time professional rugby.

Hence drawing a firmer line between the professional game and the community game should not be seen as a lack of opportunity for community orientated clubs to progress but an opportunity for those clubs to participate in a competition that can build a better collective profile for them and be a competition that all participants would want to win for its kudos without the need to professionalise their clubs. It is essential we provide clubs with the opportunity to participate in a structure that concentrates more on the playing experiences it provides to players than the current emphasis on the financial return it pays to non-professional players.

If maintaining some avenue to the professional game was a stumbling point to making the changes we are proposing, then perhaps some sort of play off between the winners of the alternative structure we advocate, could be incorporated, provided that a club wanted to move to that elite level and had the resources and fulfilled a stricter set of qualifying criteria than that which is currently in place.

Appendix 1 provides more detail of our alternative structure and includes suggestions for an end of season play-off format based on final league position leading to a showpiece National Champion final coupled with a league cup final at the same venue and on the same day as the national final. We believe this approach would be more attractive for players and potential sponsors than a simple knockout cup played during the season. We believe our alternative structure provides the profile and financial control and opportunities that “real” community clubs need to be provided with in order to not just survive but thrive.

The argument can no longer be distorted to favour a small number of clubs who have rich benefactors or large sponsors who want to retain a league structure that allows them to hold the rest of the community game to ransom. We have persevered with this structure now for many years with tacit approval from bodies such as the NCA. It has failed to raise the profile of the clubs participating within the National Leagues, has not brought any further funds into the game but has meant that the cost base being suffered by clubs has gone unregulated to support a system that is not conducive to a healthy community club game.

**It is recognised that this alternative proposal is radical.**

If it is not feasible in the current climate, the adoption of the RFU proposed structure is clearly workable for us and an improvement on 'no change'. However it would be considerably enhanced by the introduction of well policed, mandatory salary cap levels with clear severe sanctions for non-compliance, and the adoption of the same end of season play-off and League cup proposed earlier.

Appendix 2 provides outline thoughts on such a competition for the proposed RFU structure.

The RFU can support its aspiration to keep up rugby participation by challenging National league clubs to become genuine community hubs where the emphasis is on high quality competitive rugby with enjoyment being the prime objective. We consider Preston Grasshoppers to be a model of such a community hub and will continue to invest to keep that level of engagement but worry that there is no incentive for others to become community hubs - indeed the incentive is probably negative in that clubs who do not will obviously have a lower cost base. We believe the introduction of qualification requirements related to community engagement would provide such incentives.

Whilst supporting the general approach of a flattening of the league structures we are worried by the lack of information on the proposed transition to a new structure. As a club which has played at both level 4 and 5 in recent years, we are probably more interested than most in the mechanisms to be used to place teams in the revised structure. Even in a transition year we would advocate continuation of at least a minimum promotion and relegation between divisions and firmly believe that as well as playing field merit, the qualification for involvement in National league rugby should include metrics associated with community support.

*So, adopting the proposed RFU structure enhanced in line with our suggestions would meet our clubs needs*

We would therefore expect the RFU to ensure that a strong stable system that is skewed towards clubs who are the real heartbeat of the game in terms of driving participation to be at the heart of any systemic change to the league structure going forward. We hope that the key requirements listed herein feature significantly in the criteria that forms the basis for the RFU decision when that time comes.

Gareth Dyer

***Head of Rugby Operations; On Behalf of Preston Grasshoppers RFC***

## **Appendix 1 - Our Alternative preferred structure**

A better structure that caters to our strengths would look like the following: -

### **PROFESSIONAL GAME**

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### **COMMUNITY GAME**

LEVEL 1 - 4 x 14 team leagues based on a regional basis of South East/South West/Midlands/North

LEVEL 2 - 4 x 14 team leagues feeding into each regional league

LEVEL 3 and BELOW - 8 x Regional Leagues of 14 teams feeding upwards into their regional competitions.

#### *Season Structure.*

LEVEL 1 – Amalgamation of current participants in the National Leagues. 26 league games starting from the first weekend in September. One free weekend would be in mid-October after six consecutive games whilst two further free weekends would be available in November to allow clubs to concentrate on building revenues from showing Autumn International games.

Last weekly round of games would be on the final Saturday before Christmas. This would mean that teams will have completed 14 league fixtures before Christmas. There would then be a Christmas Break with action only resuming on the second Saturday after the New Year. This would mean players would not be required to train between Christmas and New Year and allow for a full week of training before re-commencing matches.

The remaining 12 league fixtures should be completed by the first weekend in April which would allow for two free weekends over the Six Nations period. This would ensure clubs have opportunities to screen games and further maximise income opportunities.

#### *COMPLETED LEAGUE FORMAT*

The team finishing top of the division would be crowned regional champion for that area. They together with the team finishing second would then go into play-offs to crown the National Champion.

Those finishing top of their division would be seeded for home advantage.

The format would be: -

#### *Quarter Finals*

- 1) Winner SE Division vs Runner Up SW Division
- 2) Winner SW Division vs Runner Up SE Division
- 3) Winner Midlands vs Runner Up North
- 4) Winner North vs Runner Up Midlands

### *Semi Finals*

5) Winner 1 vs Winner 2 (Highest seeded team gains home advantage)

6) Winner 3 vs Winner 4 (Highest seeded team gains home advantage)

### *Final*

Winner 5 vs Winner 6 (to be held at showpiece ground such as a Premiership Ground for both teams)

Winners Crowned ***National Champions.***

### League Cup

Teams finishing 3 – 7 in their respective divisions would enter a league cup competition played in SE/SW and Midlands/North format on a straight knock out basis and a free draw. The final of this competition would be the curtain raiser to the above Champions Play Offs and be held at a showpiece ground making that day a true rugby experience.

The cup format would be: -

	SE/SW	Midlands/North
R1	4 ties	4 ties
R2/QF	2 ties	2 ties
SF	1 tie	1 tie

Final - Winners progress to play Final at same venue as Final of League Champions on showpiece ground.

Winners crowned ***League cup winners***

Bottom two teams in each region are relegated to be replaced by Champions and runner up from Level 2.

County rugby season would start after the completion of league matches with players drawn from those clubs not competing in end of season play-offs or cup competitions. As teams are knocked out so their players would become available for county selection.

## **Appendix 2 – End of season proposals for RFU proposed structure**

The season structure would be as per our RFU proposal with an end of season play-off format based on final league position leading to a showpiece National Champion final coupled with a league cup with a showpiece final at the same venue and on the same day as the national final on the first weekend in May.

The organisation of these end of season competitions is made more difficult because of the odd number of divisions but is not insurmountable. An example for level 4 is shown below and a similar logic would work for Level 5 and below.

### **Level 4 example**

The team finishing top would be crowned **Divisional champion**.

They together with the team finishing second and the two, top seeded 3<sup>rd</sup> place teams would then go into play offs to be crowned **National Champion**.

Teams finishing 4 to 8 in their respective divisions plus remaining 3<sup>rd</sup> place team seeded on basis of final playing record will go into play offs to be crowned **League cup winners**

Teams would be seeded on basis of final playing record

**National Championship** - The format would be, home team first:

#### *Quarter finals*

- 1) Top seeded 1<sup>st</sup> place vs 3<sup>rd</sup> place not from their league (second seeded if possible)
- 2) Second seeded 1<sup>st</sup> place vs 3<sup>rd</sup> place not from their own league (top seeded if possible)
- 3) Third seeded 1<sup>st</sup> place vs third seeded 2<sup>nd</sup> place team
- 4) Top seeded 2<sup>nd</sup> place vs second seeded 2<sup>nd</sup> place

#### *Semi-finals*

- 5) Winner 1 vs Winner 3 (Highest seeded team gains home advantage)
- 6) Winner 2 vs Winner 4 (Highest seeded team gains home advantage)

*League Champions Final* (to be held at showpiece ground equidistant for both teams)

*Winners Crowned **National Champions**.*

**League Cup** - Draw for home advantage for each game excluding final

*Round 1*

3 games North v Central (games 1,2,3)

3 games Central v South (games 4,5,6)

1 game either N v C or C v S (game 7) based on singleton team playing nearest N, C or S (game 8)

*Round 2*

Winner 1 vs Winner 4

Winner 2 vs Winner 5

Winner 3 vs Winner 6

Winner 7 vs Winner 8

*Semi-final* - Open draw

Winners progress to play Final at same venue as Final of League Champions on same day.

Winners crowned **League cup winners**