

FUTURE LOCATION OF MEN'S PROFESSIONAL TEAMS

OVERVIEW OF ADDITIONAL ANALYSIS UNDERTAKEN

Following the decision announced in October 2025 that licences would be awarded to three equally funded men's elite teams with licences being issued for a club in the capital, a club in the west and a club in the east, the WRU decided to test further the underlying data and any implications for its decision as to the future locations of the men's professional teams.

In June 2026, the WRU engaged Keystone, an economic, strategy, and technology consulting firm, to identify, gather, consolidate and evaluate the available data relevant to the future locations of the men's professional teams and to present this data, and identify any themes emerging from it, to the WRU Board for further consideration.

In July 2026, the WRU Executive carefully considered the report provided by Keystone (as well as some additional confidential financial data relating to the existing four clubs) and recommended, amongst other things, that:

- The WRU Board should affirm its decision to award one of the three licences for professional men's rugby to a club in each of the capital, east and west of Wales.
- The three licensees should be drawn from the current four men's professional teams, as they possess the relevant professional infrastructure, fan bases, heritage, player pathways, and operational capabilities necessary to stage professional rugby.
- If all four incumbent clubs want to participate in the new structure, this would mean that:
 - o Cardiff would be the recipient of the capital licence;
 - o Dragons would be the recipient of the east licence; and
 - o the WRU Board would need to determine a transparent and objective process through which one of either Ospreys or Scarlets would be chosen as the recipient of the west licence.
- If fewer than four of the current teams wanted to participate in the new structure, the WRU Board would then need to consider the implications for the implementation of the licence model.

The reasons for the WRU Executive's recommendations were as follows:

- Keystone assessed the four existing clubs across six objective factors, each of which Keystone had identified as relevant to the WRU's 2029 goals as set out in the One Wales strategy.

- These factors ranged from those which are unlikely to be subject to material change in the future and/or are outside the WRU's control, such as population and accessibility (in other words, the size of the potential supporter, participant and community base that each club can realistically serve) to those which may well be subject to material changes, such as sporting performance and financial sustainability (improvements to which are a key aim of One Wales and the reason for the new licence model). The range of factors is shown below:



- The sixth factor is fan support and heritage. This does not sit obviously within the range of factors due largely to the tribalism of Welsh rugby. While in the ordinary course this tribalism may be unlikely to change materially, it will have to change due to the move from four to three clubs.
- The Executive therefore recommended that greater weighting should be given to those intrinsic factors which are least likely to change materially (including population and accessibility and rugby infrastructure). The Executive recommended that less weight should be given to those factors which are more likely to change in the future and, in some cases, will change under the new licensing regime due to stronger system alignment, increased player cohesion and other measures due to be put in place to increase sporting performance (such as a centralised national academy system). Such factors include financial sustainability, player pathways and sporting performance.
- The four permutations for the three-club model are:
 - o Cardiff Rugby, Scarlets, Ospreys, *i.e. Capital, West, West.*
 - o Cardiff Rugby, Dragons, Ospreys, *i.e. Capital, East, West.*
 - o Cardiff Rugby, Dragons, Scarlets, *i.e. Capital, East, West.*
 - o Dragons, Ospreys, Scarlets, *i.e. East, West, West.*
- As there will be at least one club in the west in every potential model, the crux of the decision as to where the future licences should be awarded is: (1) whether there should be a club in the capital, and (2) whether there should be a club in the east.
- Having considered the data in the report by Keystone, the WRU Executive considered that:

- There should be a club in the capital. This is because it would have the largest local addressable market and strong accessibility. The capital has the largest local population base in Wales. The stadium at Cardiff Arms Park is a close second with respect to the number of people within a 30-minute drive and it has the shortest average rail travel time from representative stations across Wales (whether or not weighted with respect to local authority population). The Executive considered that these are factors which should be given a high weighting because they are key to supporter engagement and assist with moving towards sustainable operations. These are not factors which are likely to change (as a result of the restructuring of the professional game by the WRU or otherwise). The Executive does not consider that any of the other factors identified by Keystone supports a different conclusion, since Cardiff Rugby currently performs well – or comparably to the other three clubs – across each of those factors. The Executive expressly recognised that any actual, potential or perceived benefits to the WRU in its capacity as the current owner of Cardiff Rugby should not form any part of this decision.

- There should be a club in the east, again because of its large local addressable market and strong accessibility. A club based at Rodney Parade would have the greatest number of people within a 30-minute drive and would be second only to a club in the capital with respect to accessibility by train from across Wales (and the accessibility overlap between east and capital is lower than that between the two west clubs). It is also noted that, as per the most recent fan survey available to Keystone, respondents in the east showed the highest support for their regional team, notwithstanding the poor competition performance results around that time. That survey data is, however, historical and was compiled prior to the Covid pandemic, such that it may not reflect current behavior or attitudes. Whilst not determinative, a benefit also arises from a club in the east owning its own stadium and so having that asset fully within its control, as well as from that club performing on the stronger side from a commercial perspective. The Executive recognised that, while Dragons has performed the poorest with respect to certain sporting performance and player pathway metrics, it also considered that such factors should be accorded limited weight since they are precisely the factors which are expected to improve under the proposed new model.

At its board meeting in July 2026, the WRU Board considered the report from Keystone and the recommendations made by the WRU Executive.

After discussion, the WRU Board:

- agreed that greater weightings be attributed to matters that were not likely to change as a consequence of the licensing model.
- unanimously affirmed its previous decision to award the future three licences for professional men's rugby in the east, west and capital (save for the Professional

Rugby Board (PRB) representative on the WRU Board recusing themselves due to their position on the PRB).

- agreed with the recommendations of the WRU Executive that the three licences be awarded to the incumbent professional clubs and, noting that if all four clubs wanted to participate in the future licence model, there was no practical likelihood that the capital and east licences would be awarded to any region other than Cardiff Rugby and Dragons, that the east and capital licences therefore be allocated to Dragons and Cardiff Rugby (respectively).
- considered that uncertainty across Welsh rugby would be reduced if an announcement was made to that effect and agreed that the WRU Executive should proceed on that basis.
- noted that if some of the incumbent clubs did not wish to pursue a licence, this matter would revert to the Board for further consideration.