

## PRIVATE &amp; CONFIDENTIAL

## SCOTTISH RUGBY UNION LIMITED

MINUTE OF MEETING OF THE BOARD OF SCOTTISH RUGBY UNION LIMITED  
HELD AT 1.30PM ON THURSDAY 15 SEPTEMBER 2022

## MEETING HELD IN THE CENTENARY SUITE, BT MURRAYFIELD

**Present:**

John Jeffrey	(JJ)	Chairman
Colin Rigby	(IB)	President
Mark Dodson	(MD)	Chief Executive
Shona Bell	(SB)	Chief People and Engagement Officer
Julia Bracewell	(JB)	Independent Non-Executive Director
David McMillan	(DMcM)	Independent Non-Executive Director
Murdo Gillanders	(MG)	Council Nominated Non-Executive Director
Bob Richmond	(BR)	Council Nominated Non-Executive Director
Hilary Spence	(HSp)	Chief Financial Officer
Hazel Swankie	(HSw)	Council Nominated Non-Executive Director
Lesley Thomson	(LT)	Senior Independent Non-Executive Director

**In Attendance:**

Robert Howat	(RH)	General Counsel & Company Secretary
[REDACTED – DATA PROTECTION]	(REDACTED)	[REDACTED] ( <i>Minute Taker</i> )
Julian Momen	(JM)	Chief Commercial Officer
Keith Wallace	(KW)	Vice-President (Observer)
Gregor Townsend	(GTo)	National Team Head Coach (Item 6.2 only)
[REDACTED – DATA PROTECTION]	([REDACTED])	Johnston Carmichael (To Item 5.3)
Gavin Scott	(GS)	Director of Rugby Development (Item 6.1 only)

**ACTION****1. INTRODUCTION**

The Chairman noted that a quorum was present and opened the Meeting.

A special welcome was offered to KW, as the newly elected Vice-President, who was attending his first meeting as an observer.

The Chairman offered condolences on behalf of the Board to HRH The Princess Royal Patron of Scottish Rugby Union, following the death of her mother, Her Majesty Queen Elizabeth II.

A moment of silence was observed by the Board.

**2. MINUTES OF PREVIOUS MEETINGS**

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The Minutes from the Board's Meeting of 21 July 2022 had previously been approved by the Board by separate resolution, electronically. These had since been published on the Scottish Rugby website.

The Minutes from the Board's Meeting of 26 August 2022 had been circulated in the Board papers. Approval was sought for the full and redacted minutes. These were **APPROVED**.

### **3. ACTION LIST**

#### From Meeting of 21 July 2022

##### *3.1 From Action List*

*DAM Health Stadium payback – carried forward* – The CCO would discuss this later in the Meeting.

##### *3.2 From CEO Update*

- i) Media training and support for those personnel participating in media projects – this would be offered if the anticipated projects proceeded.*
- ii) Coaching team to attend future Board Meeting – the National Team Head Coach would be providing an update to the Board during the Meeting.*
- iii) Old Glory – information had been provided to members at the recent AGM (Stage 1).*

##### *3.3 From Company Secretary – Other Matters*

*Recommendation to be given to Board for format of AGM Part 2* – a recommendation was included within the Board papers for approval.

##### *3.4 From Stakeholders*

*Audit and Risk Committee to review SCOG paperwork* – the documentation provided by SCOG had been circulated to the Board members and Committee. A summary table of implementation actions and risks was included within the Company Secretary's Report.

The Chair of the Audit & Risk Committee noted that the intention had been for there to have been communication with the Committee on this point by SCOG, but this had not occurred and consequently there had not been a meeting of the Committee ahead of the Board Meeting.

#### From Meeting of 26 August 2022

- i) Prepare implementation plan and assessment ()* – further information was included in the Board Papers.
- ii) SCOG to consider members rights' briefing document* – this would be discussed later in the Meeting.
- iii) Key contracts to be reviewed* – work had been undertaken in this area and an update would be provided later in the Meeting.
- iv) Speak with bank and key stakeholders* – initial conversations had taken place with the Bank with an update to be provided during the Meeting.

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- v) *CFO to meet with solicitors and auditors on finance* – outstanding queries were being worked through and an update would be provided during the Meeting.
- vi) *President to speak with SCOG chair regarding Effective Date*) - the President would provide an update on this later in the Meeting.

**4. PEOPLE**

**4.1 People Matters**

The Chief People and Engagement Officer referred to the People Report, which was taken as read, with no questions posed.

**4.2 Safeguarding**

The Chief People and Engagement Officer referred to the Safeguarding Report, which was taken as read, with no questions posed.

The Chair of the ESG Committee advised that new Board members would be very welcome to attend upcoming ESG committee meetings until the new governance structures were in place. An ESG Committee meeting was due to take place the following week.

**4.3 Health and Safety**

The Health and Safety Report was taken as read with no questions posed. Reference was made to the Incident Report which had been circulated with the Board Papers.

**5. BUSINESS**

**5.1 CEO Update**

- i) *Global season* – a meeting had been held in Cape Town the previous week, which the Chief Executive had been unable to attend. The next meeting would be held in New Zealand during the Women’s Rugby World Cup. [REDACTED – COMMERCIAL CONFIDENTIALITY].
- ii) [REDACTED – COMMERCIAL CONFIDENTIALITY]
- iii) *WRWC* – it was noted that the second WRWC warm up game had been cancelled. The team would fly out to New Zealand the following week, and additional safeguarding and pastoral care was in place to support the squad, should it be required.
- iv) *DAM Health stadium* – there had been issues at a recent pre-season match which had led to the game being abandoned early, and further investigations were being carried out into what had happened. The results would be reported back to the Board in due course.
- v) *Stewarding* – there was an industry-wide shortage of appropriately trained stewards to work at events, which had been escalated with Scottish Rugby’s stewarding partner.
- vi) [REDACTED – COMMERCIAL CONFIDENTIALITY].

**5.2 Commercial Report**

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The Chief Commercial Officer referred to his Report, which was taken as read, with no questions posed.

The Chief Commercial Officer then referred to an action from the Board's previous meeting to come back to the Board with more detailed information regarding Edinburgh Rugby's payback of the costs for building the DAM Health Stadium and presented a series of slides.

It was explained that the overall cost of the stadium had been £5.8m, which it had been anticipated would be paid back over a seven-year period. Despite two seasons being affected by Covid, it was still expected that repayment would be completed 11 months ahead of a seven-year schedule. Edinburgh had experienced higher ticket and season ticket sales and higher overall matchday spend since moving to their new stadium. Higher costs in relation to additional toilet facilities and increased levels of stewarding were noted.

There was a need to keep investing in the Edinburgh Rugby brand and the customer experience, along with increased data and digital insights to find out more about Edinburgh's customers. The Chief Commercial Officer agreed to circulate a more detailed paper to the Board following the Meeting.

A query was raised regarding the lifespan of the DAM Health Stadium. It was explained that the pitch would need to be replaced every 7-8 years, and most component parts of the structure could be replaced once they came to the end of their life. It was hoped that in the future the Lothian stand could be expanded to reach an overall stadium capacity of 10,000.

The DAM Health Stadium was likely to remain the home of the National Women's team, and thought would be given to improving the branding and experience on Women's match days after the Women's Rugby World Cup.

### 5.3 *Finance Report*

Reference was made to the most recent management accounts included within the papers, which were taken as read, with no questions.

#### 5.3.1 *Financial Statements 2021/22*

The Chief Financial Officer referred to the annual financial statements of Scottish Rugby Union, the Company and their associated entities, noting that these were now in final draft form ready for approval by the Board. As a result of the advanced state of the financial statements and the preparatory work done earlier with the Audit & Risk Committee, the Committee had agreed that these could be brought directly to the Board as a whole for approval and then circulation to the membership ahead of Part 2 of the AGM.

The Chief Financial Officer explained that there had been two particularly significant accounting treatment issues to deal with. The first of these related to Project Light revenues (defining amount of income, date of recognition of income and the discount rate to be applied). After further assessment with the auditors the discount rate applied had been reduced, resulting in the revenues recognised for accounting purposes being higher than previously reported in the draft unaudited summary statements issued in advance of Part 1 of the AGM.

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The second issue was the proposed write-down of the investment in Old Glory DC. A prudent accounting view had been taken to write down the asset in view of short-term uncertainty about the investment.

There had been four other accounting matters to work through, which the Audit and Risk Committee had been engaged with over the preceding months :

- i) The introduction of a new finance system, which had taken a huge amount of implementation work but which had modernised finance processes.
- ii) A project to clean up a number of historic accruals. It was likely that the accruals had occurred as a result of not previously having a purchase order system in place, and an overly prudent approach being applied.
- iii) Identifying and dealing appropriately with value-in-kind transactions. It was explained that invoicing was required by both counter-parties to the transaction so as to be able to properly recognise these transactions from an accounting perspective. In some instances, this had not occurred and so some amounts were unable to be recognised. There was no net impact on profit, but this was something which needed to be disclosed.
- iv) There had been over 100 balance sheet items which had been tidied up as part of the work undertaken and which would now be reviewed on a monthly basis, with monthly management account reconciliation.

Acting in its capacity as the Scottish Rugby Board under powers delegated under the Scottish Rugby Union Bye-Laws, and separately, as the Board of Directors of Scottish Rugby Union Limited in connection with the Company's Financial Statements, the Board then considered the draft 2021/22 Financial Statements.

The detailed Finance Report and related papers circulated were noted and taken as read.

The draft consolidated SRU 21/22 Financial Statements included Scottish Rugby Union Limited, the Murrayfield Experience Limited and the Thistle Rugby Trust. Copies of the draft accounts for each of these other entities within the Group had also been included in the papers.

The associated financial statements of The Murrayfield Experience Limited (a wholly owned subsidiary of the Company) and The Thistle Rugby Trust were subject to separate formal approval processes, notwithstanding the consolidation on a Group basis.

For completeness, the Company Secretary drew the Board's attention to a slight change to the version of the Financial Statements which had been circulated to the Board at the end of the preceding week by comparison to the version for which approval was being sought. This was in relation to a £30k reduction in the reported total aggregate directors' emoluments number, after final checks with the auditors. Explanations on the emoluments numbers were included in the Governance Report and Notes to the Financial Statements.

[REDACTED – DATA PROTECTION] was then invited to report on the outcome of the audit process and referred to the circulated report from Johnston Carmichael.

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He confirmed that the audit had been conducted satisfactorily with no significant issues arising. He was satisfied that the usual going concern statement could be made, without inclusion of a statement about material uncertainty. In all the scenarios considered, there were no concerns over insufficient headroom.

Project Light documentation had been reviewed, with attention paid to the structuring and deferral of payments. An initial discounting rate of 10% had been applied at the time of the unaudited summary financial statements but following further consideration with Johnston Carmichael's technical team and noting the approach being adopted by RFU, the final rate applied was 2%, being the approximate borrowing rate of the purchaser (i.e. CVC). This had resulted in a c£3m improvement in the reported numbers.

In connection with taxation, the full audited statements also now reflected a tax credit from Project Pentagon. The Project Light transaction structuring and availability of substantial shareholding exemptions mean that these proceeds were not taxable, although there might be a potential tax charge in future for the performance share element, which was not being recognised in the accounts, if that was triggered.

[REDACTED – DATA PROTECTION] noted the many different components to Scottish Rugby's revenue, including broadcasting and ticketing revenue. In response to a question from a Board member he advised that there were sufficient controls processes in place, however, like most businesses, there were always areas where this could be further strengthened. Reference was made to the circulated management letter, the contents of which had been discussed with the CFO and Finance Team. Overall, Johnston Carmichael were satisfied that a clean audit opinion could be provided. He was satisfied that auditor independence had been preserved.

[REDACTED – DATA PROTECTION] also noted positive engagement with Scottish Rugby's Finance Team, stating that a number of accruals had been repurposed, with [REDACTED – DATA PROTECTION] comfortable that this had been done appropriately. [REDACTED – DATA PROTECTION] further confirmed that he considered it prudent to make provision for the Old Glory DC investment in the accounts, but to write down on a temporary basis.

The Company Secretary advised that, in accordance with usual practice and requirements, Letters of Representation were being sought by the auditors for each of Scottish Rugby Union and Scottish Rugby Union Limited and the associated entities. Copies of the proposed letters had been circulated in advance of the Meeting.

Directors' attention was drawn in particular to provisions on fraud and related party transactions.

The Senior Independent Director, in her capacity as Chair of the Audit & Risk Committee, confirmed that no instances or allegations of fraud had been brought to the Committee's attention during the year. Each of the Board members present confirmed that they were not aware of any fraud, allegations or instances of fraud or suspected frauds.

Having considered the draft Financial Statements, and in exercise of the powers delegated to the Board under the Scottish Rugby Union Bye-Laws in respect of Scottish Rugby Union and separately the powers of the Directors in respect of the Company, it was **AGREED THAT:**

- i) the Financial Statements, Explanatory Notes and accompanying Reports of Scottish Rugby Union and Scottish Rugby Union Limited for the financial year ending 31 May

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2022 each be and are **APPROVED** and that the Chairman and Chief Executive be and are authorised to sign the respective Balance Sheets;

- ii) the Company Secretary be and is authorised to sign the Directors' Reports and Strategic Reports on behalf of the Board;
- iii) the Letters of Representation from Scottish Rugby Union and Scottish Rugby Union Limited to the auditors be and are **APPROVED**, and the Chairman and Chief Executive be and are authorised to sign the same on behalf of the Directors; and
- iv) the distribution of the finalised Financial Statements of Scottish Rugby Union to the members be and is authorised.

It was noted that the financial statements of the associated entities, being Thistle Rugby Trust and The Murrayfield Experience Limited would be approved separately by their Trustees and director, respectively.

### 5.3.2 Budget for 2022/23

The Chief Executive and Chief Financial Officer talked the Board through a number of slides setting out principles which had been applied to the budget exercise for 2022/23.

The following points were noted:

- i) The reason it had taken extra time to finalise the budget was due to a number of variables and inflationary pressures.
- ii) An extra £7m of revenue growth was forecast in the 22/23 budget but this was still not enough to cover expected cost increases.
- iii) 5 year forecasts for revenues and costs were explained to the Board. There had been a strong bounce back from Covid in 21/22. Predicted revenue for 22/23 was £[REDACTED – COMMERCIAL CONFIDENTIALITY], but predicted costs were £[REDACTED – COMMERCIAL CONFIDENTIALITY], with losses anticipated for future years. It was clear therefore that the existing cost base had to reduce so as to achieve at least a breakeven position and avoid using strategic monies.
- iv) The Board and Executive had previously agreed that strategic funds should not be used for day-to-day spending, but for legacy projects. Project Pentagon funds were being used for Pro team projects, but Project Light monies would be kept for projects which would benefit the wider game.
- v) There was a need to exercise tight cost control, which meant that certain previously planned initiatives were on hold or being adjusted for the time being, including:
  - a. Digital content factory;
  - b. Age grade expansion - this would not mean a degradation of existing programmes, but rather a slower rate of expansion than previously planned. Other Unions would be facing similar tough choices in this area.
  - c. Brand relaunch;
  - d. Capex programme, other than essential strategic items.

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- vi) Rugby development initiatives would be protected and business plans would be created for new items, if additional expenditure became available during the year.
- vii) The Chief Commercial Officer remained confident on commercial revenue forecasts, noting that there may be pressure within the sponsorship market which would be offset by increased ticketing revenue.
- viii) The Executive would meet on a weekly business to consider large purchase orders, demands for payment and any requests for additional headcount, including whether vacancies should be filled. Travel costs were another area which would be subject to tighter control.
- ix) The Chief Executive noted the risk to the business of key off-field personnel leaving. There had been no bonuses paid for the previous three years, and absent a change in approach to a sustainable model, this was likely to continue for at least the next two financial years. This, combined with changing attitudes amongst personnel in the post- Covid world meant that there was an increased risk of employee turnover. Further assessments would be carried out in this area, with additional information to be provided to the Board at a future meeting.
- x) Overall, the finalised budget was challenging, with inbuilt risk.

There followed a period of discussion around the points raised. The following topics were discussed:

- i) It was queried whether more aggressive cost saving action may be required, requiring large areas of activity to be paused in order to save costs. The Chief Executive noted that the organisation's stakeholders expected it to keep expanding activity and achieving success and so this was not always straightforward. Cutting funding to the professional teams, for example, could be counterproductive in terms of results on the pitch, so new revenue streams would need to be identified to offset costs.
- ii) There was some discussion around how a return on investment could be calculated on high performance and club rugby. It was felt that these programmes were linked to the national team performance, and investment was required at all levels to produce players who could be competitive at national level, which would further drive revenue into the game.
- iii) In light of the proposed governance changes requiring that around 15% of turnover be available to the community game, there was some discussion around accountability for spending those funds. It was explained that Scottish Rugby Limited (the current operating company, renamed) would remain legally responsible for this money, although the Club Rugby Board would, through the annual budgeting process, be making decisions about how the money allocated was to be applied. It was further noted that if the organisation was experiencing periods of financial difficulties in future, there could then be a discussion between SRL and the CLG as to whether it was prudent and appropriate for 15% to continue to be allocated to the CRB for the relevant period of time.
- iv) Data and digital remained key priorities for the organisation. There had been some changes in the broadcasting market, which was becoming more dynamic and



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buoyant. Insights gained from well organised data could lead to a significant rise in broadcasting values in 2024.

Following this detailed discussion, the proposed approach to the budget for the remainder of financial year 2022/23 was **APPROVED**.

[REDACTED – DATA PROTECTION] was thanked for his contributions to the Meeting and for the work of Johnston Carmichael on the audit. [REDACTED - DATA PROTECTION] left the Meeting.

### 5.3.3 *Website issues*

It was noted that there had been some problems experienced with Scottish Rugby's website. The website had historically been operated through the Commercial Department, with the IT department not initially sufficiently involved. There had been a hack on one web services account linked to the website, which had affected the functionality of the site, and public documents previously hosted on the website had been removed. It was noted that the documents concerned did not contain personal data and there had not been a data breach under GDPR, nor had any information actually been lost. A demand had been made for Bitcoin in return for the reinstatement of the documents. This had not been answered. Documents removed had gradually been reinstated.

The website needed to be rebuilt, and this work was nearly completed. A new, more secure platform was being used and the IT department were taking more control of the processes.

It was considered that the Board should have been advised at an earlier stage, as the situation created some reputational risk. The CFO noted that the Executive had, in the circumstances, deemed the risk to be low, but agreed that if a similar situation arose in future, the Board would be informed. A separate report about the incident would be circulated to the Board.

### 5.4 *Stadium Operations*

The Chief Financial Officer referred to the Stadium Operations Report, which was taken as read, with no questions posed.

### 5.5 *Communications, Media and External Affairs*

The Chief People and Engagement Officer referred to the circulated Report, which was taken as read, with no questions posed.

It was noted that in October a new internal employee communications platform would be launched.

### 5.6 *Company Secretary's Report*

#### 5.6.1 *Approvals*

The Company Secretary referred to his Report, which was taken as read. A number of approvals were sought.

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- i) Application for Associate Membership/Change of Team Name
  - a) An Associate membership application had been received from Skye Rugby. If approved, Skye Rugby would become an Associate Member in the North Area.
  - b) Caithness RFC had requested permission for the club to re-name its Women's XV from Caithness Women to Caithness Krakens.

**APPROVAL SOUGHT:** That the changes to the Membership Roll noted above be approved and the Membership Roll be adjusted accordingly. This was **APPROVED** in each instance by the Board, in exercise of the powers delegated to it as the Scottish Rugby Board, under the Scottish Rugby Union Bye-Laws.

- ii) SDR 23: Insurance

Scottish Rugby's Domestic Regulations were reviewed at least every two years. SDR 23 (Player Insurance) had now reached its review point.

The revised draft Regulation had been made available for comment on the Scottish Rugby website in accordance with usual practice (this being publicised via the Club Communication ezine). Other than minor reformatting no substantive changes were made to the draft and no substantive comments were received as a result of the consultation. The final draft remained on the Consultation section of the Scottish Rugby website, but any Board member who would like a copy of the updated Regulation should contact the Head of Regulation.

**APPROVAL SOUGHT:** That, in exercise of the powers delegated to the Board under the SRU Bye-Laws, SDR 23 (Insurance) be amended on the basis proposed, with authority provided to the Company Secretary to make any minor changes required for the purpose of numbering, formatting and correcting typographical or grammatical errors. This was **APPROVED**.

- iii) Board Anti-Doping 'Champion'

Under UKAD's anti-doping Assurance Framework, NGBs were required to nominate a Board Member to act as the Board's Anti-Doping 'champion.' The immediate Past President had been appointed to this position in July 2021. With his departure from the Board, a volunteer to act as the new Board 'champion' was required.

**APPROVAL SOUGHT:** That the Board appoint a Board Member to act as its Anti-Doping 'champion' in succession to Ian Barr. Hazel Swankie agreed to be appointed.

- iv) Governance Proposals: Consequential Impact on Rules/ Regulations

As part of their core provisions, a number of Scottish Rugby's rules/regulations made specific reference to the authority of the Board to e.g. make changes to the relevant rules, to interpret the rules, etc. (a good example being in respect of the National Competition Rules).

If the governance changes were approved by the membership at SGM2 a number of these references would need to be updated so that at the Effective Date (1 November) decision-making powers and responsibilities were reflected correctly.

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Changes to the current rules required Board approval, and therefore consent was sought for a Board sub-committee to be set up to consider and authorise those.

**APPROVAL SOUGHT:** Delegated authority be provided to a sub-committee of the Board comprising the President, the Chief Executive (whom failing one of the other executive directors) and one other non-executive director to approve (on behalf of the Board) any consequential amendments required to update Scottish Rugby's regulatory and competition rules to reflect the 2022 governance changes (should they be approved). This was **APPROVED**.

v) AGM Part 2

Under the Bye-Laws the platform for hosting general meetings was to be decided by the Council, after recommendation from the Board. A proposed approach and rationale was set out as an Appendix to the Company Secretary's Report and suggested that both meetings should be held via a virtual meeting platform.

Authority was also requested to issue a notice of resumption for AGM Part 2 to be conducted on Wednesday 28 September 2022 at 6pm, if the financial statements were approved by the Board. 7 clear days' notice of resumption were required.

**APPROVALS SOUGHT:**

That:

- a) That, subject to approval of the audited financial statements, the Board, exercising the powers delegated to it under the Scottish Rugby Union Bye-Laws, authorises the Company Secretary to issue notice of the resumed meeting (AGM Part 2) to take place on Wednesday 28 September at 6 pm.
- b) That the Board recommends to the Council that the resumed AGM (Part 2) and the SGM requisitioned by Council for 28 September 2022 both be conducted on a virtual meeting platform only.

In each instance this was **APPROVED**.

vi) Thistle Rugby Trust

The accounts of the Thistle Rugby Trust were included in consolidated group accounts for Scottish Rugby. These fell to be approved separately by the Trustees of TRT. There was no activity conducted within the Trust (and had not been for some considerable time) and it merely held a small funds balance as a vehicle for potential future bequests.

There was a need for an additional Trustee to be appointed. Under the Trust Deed that right fell to the Board of Scottish Rugby Union plc (now Limited). By convention the Trustees had been the Chairman and the then President, with the immediate past president usually stepping off.

However, the Trust Deed stated 3 trustees were required and it was therefore suggested that the new President be appointed (if willing), enabling the accounts to be approved and signed. The immediate past president was currently a Trustee and was willing to continue meantime.

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**APPROVAL SOUGHT:** That, subject to him being willing, Colin Rigby (as President) be appointed as a Trustee of the Thistle Rugby Trust. The President confirmed that he was happy with this appointment, and this was **APPROVED** by the Board.

5.6.2 Other matters

- i) *Insurance* – the Company Secretary referred to the section of his Paper setting out information about Scottish Rugby’s insurance renewals. It was a tough insurance market with premiums going up, but terms had now been agreed in principle terms for public and employer liability policies for the coming year. This continued to be subject to various exclusions, conditions and a large excess. It was requested that further information be provided to the Board on these.
- ii) *Women’s team* – a lot of work had been carried out to support the women’s team following the death of Siobhan Cattigan and the Sunday Times article which set out a number of allegations in relation to this. External support had been sourced to assist with the internal fact-finding process, with information currently being gathered from the women’s squad. This was a time-consuming process, and once more information was available then outcomes would be shared with the Board. It was noted that the solicitors acting on behalf of the Cattigan family had now provided access to NHS medical records.
- iii) *Governance* – work was being undertaken to prepare for the implementation stage of the governance changes. A contract review had taken place to check to what extent notifications or consents were required for a change of organisational structure. [REDACTED – CONTRACT CONFIDENTIALITY]. An initial conversation had taken place with the bank. It would take a period of time to work through a process of notifying suppliers and invoice matching.

External solicitors were drafting an inter-company agreement, which would set out the accounting approach between the two companies. Tax advice was also being sought in relation to stamp duty, corporation tax and capital gains tax. Consideration was also being given to the model for funding the CLG, either through a management fee, or a distribution, or a combination of both. Concerns were raised that if Scottish Rugby Limited did not generate the circa £200k per year in distributable reserves to meet these costs, the liability could fall to member clubs, or failing that, the Directors.

It was suggested that SCOG may wish to provide further documents to the membership ahead of the SGM, identifying various risks and implications of implementing the new governance proposals.

The Company Secretary was asked to draft a short note setting out these points, to be provided to SCOG for their consideration. It was suggested that SCOG might then wish to use or include some of this information in a briefing paper to the members. It was felt that full transparency was required in light of the significance of the outstanding points to be worked through, and the potential issues which could flow from them.

The President noted that SCOG was awaiting advice from its external solicitors on the key outstanding points before deciding what information should be presented

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to the membership. The Chief Financial Officer noted the importance of the advisers taking sufficient time to fully assess the issues and reach the right advice, rather than do it quickly and reaching incorrect conclusions.

## **6 RUGBY**

### *6.1 Rugby Development*

The Rugby Development Report was taken as read, with no questions.

The Director of Rugby Development was invited to join the Meeting to discuss the new State School Strategy for 2022-28, which was due to be launched the following week.

There had been a decline in organised team sport participation in state schools across the UK. It was felt that this was due to a change in curriculum, with there no longer being an emphasis on team sports. Scottish Rugby had created various initiatives to try and counteract this, including setting up conference structures for schools.

176 schools across Scotland were engaged in rugby in some form. The aim of the new strategy was to increase the volume of rugby activity, increase participant numbers and their diversity, improve the quality of gameplay, and support of the women and girls' strategy.

The strategy proposed investment into rugby officers, Schools of Rugby, increased game play opportunities, increased teacher resources, and Scottish Rugby Schools Week.

It was noted that there had been recent success in introducing rugby to schools in Dundee, and part of this was down to engagement with the values of rugby, and Scottish Rugby's ability to attach rugby to teacher CPD.

The Director of Rugby Development was thanked for his presentation and left the Meeting.

### *6.2 Performance Rugby*

The Performance Rugby Report was taken as read, with no questions posed.

[REDACTED – DATA PROTECTION AND COMMERCIAL CONFIDENTIALITY]

GT was then invited to speak to the Board by video link regarding upcoming planning for the Rugby World Cup 2023.

GT thanked the Board for the opportunity to talk to them about his planning and progress to date. GT noted that there had been a lot of growth in the squad, despite having had a mixed season following a strong start. The summer tour to Argentina had provided an opportunity for new caps to be introduced to test rugby, and 16 out of the 19 new caps had played themselves into consideration for a space in the Autumn Nations Series squad.

GT reiterated his belief that the current playing group could take on any team in the world. It was noted that the top 8-10 teams in the world were very competitive amongst each other, which had provided an exciting rugby season for supporters.

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With a lot of home games coming up this provided the perfect opportunity to build form and momentum leading up to the RWC.

Certain key areas for improvement were highlighted, and having a winning mentality would be a criteria for future squad selection. GT would be meeting with sports psychologists in Australia and New Zealand to increase his own knowledge in coaching players in this area.

It was noted that winning all four games in the Autumn Nations Series was a key goal, along with the team playing their best rugby and reaching their ultimate potential. Work was being undertaken to create consistency in performances.

After a period of questions about team selection, GT was thanked for attending and left the Meeting.

### 7. STAKEHOLDER ITEMS

#### 7.1 *Governance/SCOG Update*

The President provided an update on the quarterly Council meeting which had taken place the previous week. Presentations had been provided by the Rugby Development Department, including on the State School Strategy, with positive discussions taking place.

#### 7.2 *Nominations Committee Meeting – 15 September 2022*

The Chairman referred to a meeting of the Committee which had taken place earlier that day, where the population of two boards under the proposed new governance structures had been discussed. It was noted that the current membership of the Company Limited by Guarantee was all male, and it was suggested that it was important to obtain gender and age balance in further appointments. An external recruitment firm had been engaged to assist the SOG working group / CLG in creating skills matrices.

In addition, as a result of the impending changes to the Board and Board Committees should the governance documentation be approved, it was recommended to the Board that Bob Richmond be appointed to the ESG Committee. This was **APPROVED**.

### 8 AOB

The Chief Financial Officer explained that a request would be circulated to the Board shortly for separate approval to allow for certain named personnel in the Rugby Development Department to approve spend for items under £5,000, in order to facilitate the efficient processing of purchase orders in the new finance system, particularly when other signatories were absent or on leave.

With no further business being raised, the Chairman thanked everyone for their input and closed the Meeting.

**APPROVED BY THE BOARD**

**13 OCTOBER 2022**