

SCOTTISH RUGBY UNION
SC748672

MINUTE OF REPORTING MEETING OF THE BOARD OF SCOTTISH RUGBY UNION

TUESDAY 29 AUGUST 2023 AT 1.30 PM
HELD IN-PERSON AND BY TEAMS AV PLATFORM

CENTENARY CLUB, SCOTTISH GAS MURRAYFIELD

Present:

Lorne Crerar	(LC)	SRU Chair and Custodian Director
Ian Barr	(IB)	Immediate Past-President and Custodian Director (by Teams AV)
Cheryl Black	(CB)	Custodian Director
David Grevemberg	(DG)	Custodian Director
Maxine Manditsch	(MM)	Custodian Director
Alison Milne	(AM)	Custodian Director
Colin Rigby	(CR)	President and Custodian Director
Keith Wallace	(KW)	Vice-President and Custodian Director

In Attendance:

Shona Bell	(SB)	SRL Chief People & Engagement Officer (<i>Items 1-4</i>)
Mark Dodson	(MD)	SRL Chief Executive (<i>Items 1-4</i>)
Robert Howat	(RH)	Company Secretary
John McGuigan	(JM)	SRL Chair and Non-Executive Director (<i>Items 1-4</i>)
Hilary Spence	(HSp)	SRL Chief Financial Officer (<i>Items 1-4</i>)

Apologies:

None

ACTION

1. INTRODUCTION

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

There were no apologies.

2. MINUTES

The Minutes of the previous Meeting (28 July 2023) and corresponding redacted version had already been approved by the Custodian Directors.

3. ACTION LIST & MATTERS ARISING

(i) *CLG/ Governance Costs methodology meeting* – completed.

(ii) *Super 6 franchise review* - scheduled for 19 October 2023 SRL meeting. The President, Vice-President, SRL Chair and CEO had met on 1 August on a preliminary basis, with a further meeting scheduled for 1 September. Disappointment was expressed at the slow progress on this matter.

(iii) *RemCom update* – rescheduled for November Reporting meeting.

LC,RH

- (iv) *Year-end change to constitutional documents* – discussed later in the Meeting (See Item 6.1.2).
- (v) *23/24 KPI alignment to strategy* – the KPIs had been included in the papers.
- (vi) *Year-end sub-group meeting with CoSec* – completed. Matters arising were discussed later in the Meeting (See Items 6.1-6.3).
- (vii) *Year-end – further discussion with auditors* - to be arranged. RH
- (viii) *Media clippings service* – discussed later in the Meeting (See Item 6.6).
- (ix) *Timing for production of Minutes of Quarterly Reporting Meetings* - completed.
- (x) *SCOG Workstreams – inform SCOG Chair* - completed. Discussed later in the Meeting (See Item 6.8).
- (xi) *JWG Report & Recommendations* - ongoing. (See Item 4.4.3) DG
- (xii) *Circulate CEO slides from 28 July Mtg* – CoSec to action. RH
- (xiii) *CFO to comment on VR scheme outcomes* – completed. (See Item 4.3)
- (xiv) *Provide summary of insurance* – completed.
- (xv) *Custodian Benefits form completion* – on agenda. (See Item 6.4)

4. SRL CHAIR REPORT

4.1 SRL Chair Overview

JM referred to the circulated paper, which was taken as read and then commented on other recent activity, including the following:

- Introductory meetings with several members of the media and with colleagues at RFU.
- Strategy planning support – an initial proposal had been received from external consultants. An updated version was awaited.
- A meeting with CVC to gain an understanding of their views on the future of the sport.
- Gregor Townsend had presented to the SRL Board on preparation for the Rugby World Cup, with Dr Robson also briefing the SRL Board on player welfare and the evolution of medical care across the game.
- A meeting with Dr Craig Reid discussing the Brain Health Clinic and opportunities to develop that initiative further.
- Stadium feasibility study – the condition survey element had been commissioned and would be conducted over the next 12 weeks.

- SRL Board composition and committees – SRL Board committees had been partially refreshed and this would be completed once 2 further non-executive directors had been recruited. It was confirmed that the focus of the SRL Investment Committee would be mainly directed towards stadium development matters.
- JM had also attended the most recent CRB meeting, which had been helpful in providing him with a different perspective on the game.

4.2 SRL CEO Update

The CEO referred to the circulated paper, which was taken as read, and commented on a number of further points, with questions taken in the course of the discussion and covering:

- Rugby performances by the Scotland Men’s National Team and other national teams in recent weeks, demonstrating that the performance gap between teams was narrowing.
- Player talent pathways and pipelines in Scotland and other unions.
- Discussions with other union representatives at recent matches on issues affecting the game.
- Conversations with external consultants relating to the strategic planning process, and with additional comments on the meetings referred to by the SRL Chair.

The intention remained for the strategic review to be completed during the course of the calendar year, with the updated consultants’ proposal expected shortly. It was recognised that the skills within the organisation would also need to align with the long term strategy created.

- Enhanced security measures would remain in place for matches to combat potential disruption.

4.3 SRL CFO Update

The SRL CFO referred to the circulated paper, setting out financial performance for July 2023, being the first month of the budget period running to 30 June 2024.

Revenues and costs for the month were in line with budget. The financial model and cash flow for the business were now more robust, with the importance of cash flow highlighted.

The headline information otherwise available at this point was relatively limited due to it being early in the financial year but management accounts with more detail would be circulated. August 2023 performance, so far, was tracking budget.

The CFO commented on the identified revenue risk attaching to the recently completed Summer tests. Ticket sales for the Georgia game had surpassed budget, whereas those for France and Italy had fallen below budget, creating an overall risk to budget for the year of around [FIGURE REDACTED – COMMERCIALY CONFIDENTIAL]. This was expected to be recovered later in the year from future ticket sales and event income. The ticket revenue shortfall in the month had been offset by higher than expected hospitality receipts.

The ticket revenue shortfall was largely attributable to the French game, with the CEO observing that there had been a smaller French travelling support than normal, most likely due to the impending RWC games in France.

The Voluntary Redundancy Scheme had been a part of an overall cost – reduction project for 23/24 budget purposes, targeting savings of around £2m, equating to around 10% of non-player payroll cost.

That level of cost reduction from payroll only was unachievable – to do so would have significantly impaired business functionality, losing around 35 roles. The target had been met through a blend of reduced headcount (10 roles), a reduction in events costs, and a decrease in Pro Team wage budgets, together with various smaller savings. Other costs, such as the match fee for the additional Autumn Test in 2022, would not recur in the year.

It was observed that employee turnover levels were around 20% and consequently some natural reduction may also occur in any event. The CPEO confirmed that part of the strategic planning process would look to match up the operating structure with the long term strategic plan, with recruitment for some roles paused for now.

JM confirmed that the strategic planning process would also consider what work was best done internally, as opposed to services best provided externally.

In response to questions, the CFO advised that the FY22/23 audit was well advanced with figures looking broadly in line with forecast. The CFO was happy to run through the numbers with directors when available.

The CFO was thanked for her Report.

4.4 Matters of Joint interest

Several matters of joint interest between the SRU and SRL Boards were discussed.

4.4.1 *International Representatives*

Further to discussions between LC and JM it was agreed that the respective Nominations Committees of SRU and SRL should meet jointly to determine a process for appointments and review of representatives from Scottish Rugby on International Governance Bodies.

**JM,
LC, RH**

4.4.2 *Club Rugby Board*

KW commented on recent activity under reference to the circulated paper.

Overall, the CRB appeared to be operating well:

- the tackle height trial was underway;
- strategy planning was well advanced;
- questionnaires had been distributed to clubs earlier in the year;
- the community rugby day had been well attended;
- a strategy workshop had taken place at the most recent CRB meeting; and

- roadshows with clubs would be taking place across the country shortly.

Timing dovetailed with the wider strategic planning process.

A new working group on safeguarding was also being created and closer ties between clubs and Glasgow Warriors and Edinburgh Rugby were being formed. There were some minor challenges to deal with but the Vice-President, as CRB Chair, was otherwise content with progress.

The Company Secretary advised that the draft of the new CRB Election Rules was well advanced and should be available shortly for the SRU Nomination Committee to review. **RH**

4.4.3 Joint Working Group on Inclusion & Diversity & Complaints Procedures

DG, as Chair of the Working Group, updated on recent progress.

The first series of meetings with interested parties was due to commence shortly and included former Council and SCOG members and various others. Each was being asked to consider and respond to 6 questions. Care was being taken to manage expectations and take a forward-looking approach. Outputs from the Group would then feed into the strategy process.

4.4.4 Cattigan Family – CONFIDENTIAL & PRIVILEGED

[REDACTED- CONFIDENTIAL AND LEGALLY PRIVILEGED]

4.5 Material Matters

There were no material matters to report formally under the Relationship Management Agreement provisions.

Reference was made to the circulated report in connection with several associated matters which may be of interest to Custodian Directors.

JM, MD, SB and HSp were thanked for their contributions and left the Meeting at 2:25pm.

5. SRU BUSINESS

5.1 SRU Committees/ Working Groups

5.1.1 Club Rugby Board

Discussed earlier in the Meeting.

5.1.2 Joint Working Group on Inclusion & Diversity & Complaints Procedures

Discussed earlier in the Meeting.

6. OTHER MATTERS

6.1 AGM 2023

The Company Secretary referred to the circulated paper, setting out background information and a series of proposed timings, steps and authorisations needed in connection with the 2023 SRU AGM.

6.1.1 Meeting Date, Timing & Method

Following discussion, the Custodian Directors **AGREED** that the SRU AGM was to be held:

- (i) on Saturday 18 November 2023 at 10.30 am; and
- (ii) on a hybrid basis, enabling members to attend in person or online, and noting that proxy voting would also be permitted.

The Company Secretary should write to the members on a preliminary basis providing advance warning of the meeting date and time and the process for club requisitions. **RH**

6.1.2 AGM Draft Documentation & Steps for Authorisation

The preliminary draft Order of Business and Notice of Meeting were considered, with it being **AGREED**, in addition to the routine business outlined, that

- (i) there was no need to have Championship Committee Report for the AGM but that the Vice-Chair, as Chair the CRB, would present to the meeting on CRB business during the year;
- (ii) a resolution for the reappointment of auditors and fixing their remuneration was not required - under the current engagement letter the appointment continued but was capable of being terminated on notice if desired;
- (iii) motions for the ratification of 2 Custodian Directors (Maxine Manditsch and Alison Milne) as required by the SRU September 2022 SGM motion, be included; and
- (iv) the special resolutions for the purpose of making adjustments to the SRU Articles of Association (year-end date reference and notice timing in connection with member meeting requisitions) be included.

The Company Secretary was requested to update the drafts accordingly, with final versions to then be approved in due course by the sub-group under delegated authority (see 6.1.3 below). **RH**

6.1.3 SRU Board Sub-Group – formal delegated authority

In light of the need for various AGM-related documents to be formally approved and issued in advance of the next Board meeting, it was **AGREED** that the SRU Board sub-group on year-end and AGM matters (being the Chair, President and Vice President) be authorised, on behalf of the Custodian Directors, to finalise and if thought fit, approve the draft documentation for the 2023 SRU AGM, including but not limited to the Agenda/ Order of Business, Notice of Meeting, Explanatory Notes, Proxy Form and accompanying Notes. This authority shall not extend to the approval of the Company's or Group's statutory financial statements or representations to the auditors.

6.2 Auditor Confirmations - Audit questions – Risk of Fraud

The proposed answers to the standard questions asked by the auditors were considered. These had already been considered by the sub-group on year-end and AGM. The Custodian Directors agreed the wording for the answers to Questions (a) and (b) relating to the risk of fraud and how oversight was exercised.

Each Custodian Director would confirm separately in connection with Question (c) - awareness of any actual or suspected or alleged fraud. The Company Secretary would circulate a separate note for that purpose and collate responses. **ALL**
RH

6.3 Follow-up Meeting with Auditors

The Company Secretary would identify dates for a meeting now that the audit process was further advanced. **RH**

6.4 Custodian Benefits Declarations

Reference was made to the circulated paper.

Further to the commitment to ensure transparency of any benefits provided to the Custodian Directors it was confirmed that each Custodian Director should submit a declaration to the Company Secretary, if they had not already done so. **ALL**

For the purposes of openness, and consistent with previous years, a statement setting out the overall approach to benefits should be included within the Annual Report. **RH**

The suggested explanatory wording was reviewed and agreed in principle, subject to completion of final details and a clarification in connection with additional costs for spouses or partners (met by the Custodian).

6.5 Governance Costs Methodology - Meeting

The President, Vice-President and SRL CFO had now met.

6.6 Media Clippings Service

This was now being provided to all Custodian Directors.

6.7 SRL Audit & Risk Committee

The Company Secretary confirmed that the SRL Board had been informed of the request for a member of the SRU Board to attend SRL Audit & Risk Committee meetings as an observer, with no objection in principle having been raised.

The necessary change to that Committee’s Terms of Reference had still to be approved but meantime the Company Secretary would arrange for an invitation to be issued to the nominated person (Maxine Manditsch). **RH**

6.8 Standing Committee on Governance

The SCOG Chair had been advised of the 2 suggested workstreams. Confirmation of a date for a SCOG meeting was awaited from the SCOG Chair.

6.9 Induction/ Education

Risk Register - It was noted that the SRL Board wished to have session on the Risk Register - DG and MM should be invited from an SRU Board perspective. **RH**

Other induction topics – Custodians were requested to provide the Company Secretary with a list of topics of interest. **ALL**

Separate introductory sessions would be organised for AM and MM, in conjunction with the Chief People & Engagement Officer **RH/SB**

Visits to Edinburgh Rugby or Glasgow Warriors were suggested as being of interest, as might attendance at an upcoming CRB Club roadshow. The Vice-President would circulate the dates. **KW**

7. AOB

There was no other business.

The Chair thanked those attending for their contributions. The Meeting closed at 3:25pm.

Next SRU Board meeting - accounts approval - 19 October 2023.

Next Quarterly Reporting Meeting: Wednesday 22 November 2023.

**APPROVED BY THE SRU BOARD
11 SEPTEMBER 2023**