

**PUBLICATION VERSION**

**SCOTTISH RUGBY LIMITED  
SC132061**

**MINUTE OF MEETING OF THE BOARD OF SCOTTISH RUGBY LIMITED  
HELD ON THURSDAY 19 OCTOBER 2023 AT 11:30AM**

**MONCRIEFF SUITE, SCOTTISH GAS MURRAYFIELD and TEAMS AV**

**Present:**

John McGuigan	(JMcG)	Chair & Independent Non-Executive Director
Shona Bell	(SB)	Chief People & Engagement Officer
Ruth Davidson	(RD)	Independent Non-Executive Director
Mark Dodson	(MD)	Chief Executive
Bob Richmond	(BR)	Non-Executive Director
Mike Soutar	(MS)	Independent Non-Executive Director
Hilary Spence	(HSp)	Chief Financial Officer
Hazel Swankie	(HSw)	Non-Executive Director
Alex Whelan	(AW)	Independent Non-Executive Director (By Teams AV)

**In Attendance:**

Robert Howat	(RH)	General Counsel & Company Secretary
Angela McCracken	(AMcC)	Head of Legal & Governance
Laura Mahadea	(LM)	Paralegal & Executive Assistant (Minute Taker)
Gemma Fay	(GF)	Head of Women and Girls Strategy ( <i>Items 5 &amp; 6</i> )
Grant Roger	(GR)	Audit Partner, Johnston Carmichael ( <i>Items 9 &amp; 10</i> )

**ACTION**

**1. INTRODUCTION**

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

AW attended by Teams AV.

There were no apologies. No conflicts of interests were declared.

**2. MINUTES OF PREVIOUS MEETING**

The Minutes of the SRL Board Meeting of 17 August 2023 were **APPROVED**.

**3. ACTION LIST & MATTERS ARISING**

- (i) *Appointment of Safeguarding Champion* – discussed by the ESG Committee at their meeting on 9 October 2023. RD provided an update later in the Meeting.
- (ii) *Anti-Doping* – one more club visit was due to take place. The Chief Medical Officer had visited the other clubs and players involved.
- (iii) *CRB/Domestic Rugby vision of future* – now incorporated as part of the Deloitte work. GF presented on the strategic planning process later in the Meeting.

**PUBLICATION VERSION**

- (iv) *Charlotte Street Partners to attend Board Meeting* – postponed to the December Board meeting to allow a more in-depth discussion.
- (v) *List of Board Topics* – a list of topics for discussion by the Board was made available. These would be incorporated into future Board meeting agendas. Board members were encouraged to continue to provide RH with items they wished to add for discussion at Board meetings.

All other action points had been completed or were addressed under the other agenda items.

The Chair provided some further observations on future Board meeting processes and reporting to add to those made previously:-

- NEDs to meet before or after each Board meeting for around 30 minutes. This would be scheduled into NED diaries. **RH**
- Wider Executive Team to be invited to future Board meetings to present on ongoing activity in their business areas. **MD/ RH**

The Chair advised that he and the CPEO had been reviewing applications for new independent Non-Executive Directors for the SRL Board. The application process would remain open until the end of October, with interviews in November. Successful candidates would hopefully be appointed by December. The Board would be kept informed. **JMcG/S  
B**

#### **4. CEO UPDATE**

The CEO's Report was taken as read. He highlighted the following:

- The Women's National Team had displayed a strong performances in WXV2, so far. The next match against USA would be a good test for the team. Next season's focus would be on developing their performance.

The Chair encouraged Board members to attend Women's matches, engage with the coaching team, and find time to visit the team when next in camp.

- A post Rugby World Cup review was underway with players, coaches and off-field employees. An update would be provided to the Board at the December meeting.

- The dates for the 2024 Men's and Women's 6Ns fixtures would be circulated. **RH**

- [REDACTED – COMMERCIALY CONFIDENTIAL ]

- Discussions had taken place in Paris in relation to the new Nations Championship proposals. World Rugby approvals were being sought shortly, Additional conversations were needed to make clear that the new competition was considered to be a positive step forward in increasing revenue for the sport as a whole, leading to future investment in developing the next tier of international rugby, with beneficial impacts on coaching and infrastructure.

**PUBLICATION VERSION**

The CEO would update the Board in due course on the outcome.

**MD**

- The CEO advised that discussions had taken place recently with [ REDACTED – COMMERCIALY CONFIDENTIAL]

A separate paper would be circulated to the Board for approval.

**MD/RH**

## **5. APPROVALS**

### **5.1 Strategy Process Update & Deloitte Engagement**

GF joined the Meeting.

The circulated paper was taken as read. with during the presentation. The paper set out the key terms of the proposed engagement of Deloitte and fees involved. Questions taken from Board members in the course of the presentation, with the following noted:

- Deloitte had been approached to assist Scottish Rugby develop a long-term sustainable strategy for the growth of the business.
- Several alternative consultants had been considered. Deloitte were the preferred provider due to their knowledge of the sports environment, having worked with a number of other sports organisations. They also had existing relationships and specific knowledge of rugby and its structures through their involvement in the recent private equity investment transactions.
- Some financial modelling to accompany options presented by Deloitte was important and would form part of the information to be made available to the Board. HSp would be meeting with Deloitte to consider that aspect.
- Oakwell Rugby Advisory were to be engaged to provide separate data to tie into the overall strategy. They had previously worked directly with other Home Unions and a large part of their focus would be on the pathway element.
- The scope of the Deloitte engagement included consultation with the SRU Board and CRB.
- The fee level involved meant that SRL Board approval was required before entering into the agreement with Deloitte. The cost of the Deloitte and Oakwell engagements outlined in the paper was intended to be met from strategic investment funds, for which SRL Board approval was also needed.

**MD  
/GF/  
HSp**

Following the discussion, **APPROVAL** was granted by the SRL Board for:

- (i) the Company to enter into a consultancy services agreement with Deloitte MSC Limited on the terms set out in the circulated paper for the provision of services to support the formulation of a new long- term strategic plan for Scottish Rugby;

**PUBLICATION VERSION**

- (ii) the Chief Executive to finalise the terms of the agreement, and for any 2 Directors, or any Director in the presence of a witness, or any Director and the Company Secretary, be authorised to sign the agreement on behalf of the Company; and
- (iii) the fees for the services to be provided by Deloitte MSC Limited and Oakwell Sports Advisory to be met from strategic investment funds, if required.

**5.2 Updated Board Reserved Matters and Committee Terms of Reference**

The Company Secretary referred to the circulated paper which was taken as read. He briefed the Board on the contents and various amendments that were proposed to current Board reserved matters and Committee Terms of Reference.

Following questions and discussion,

- (i) the Board Responsibilities & Decision Levels document was **APPROVED**, subject to the Remuneration Committee approval levels for senior employees, player contracts and settlement agreements remaining unadjusted meantime, pending further review and input from the Remuneration Committee; and
- (ii) the adjustment to the Audit & Risk Committee Terms of Reference to allow for an SRU Custodian Director to attend the Audit & Risk Committee in an observer capacity was **APPROVED**.

**6. WOMEN'S GAME PRESENTATION (*G Fay, Head of Women & Girls Strategy*)**

GF provided a detailed presentation on the Women & Girls' game.

Questions were then taken from the Board members in the course of the presentation.

Key points highlighted included:

- an update on progress to date against targets;
- an overview of the changing landscape of the female sport, the gap between the domestic and international games and how this would be managed;
- the new WXV competition;
- how women and girls' rugby had changed post Covid;
- the need to increase visibility and commercial interest;
- targets and activities that would drive growth; and
- how this would be factored into the overall work being carried out by Deloitte for long-term strategic planning.

GF was thanked for her presentation and left the Meeting.

**PUBLICATION VERSION**

**7. COMMITTEE BUSINESS & REPORTS**

**7.1 Audit & Risk Committee**

BR, as Chair of the Audit & Risk Committee, provided an update on the business covered at and matters arising from the Committee's meeting of 12 October:

- Maxine Manditsch, one of the SRU Custodian Directors, had attended the meeting as an observer.
- The Committee had received a full report and briefing from the auditors on the audit work conducted for FY22/23 and had considered the draft financial statements in detail, with assistance from the CFO and the auditors.
- No material issues had arisen from the audit. The going concern basis for preparation of the accounts continued to be considered appropriate.
- The inter-company loan balance between SRU and SRL had been discussed, and was not considered to be material. A letter of support from SRL to SRU was being suggested as an appropriate means of addressing that.
- The Committee had also considered the updated Risk Register, noting the general easing of risk across the business over the course of the year.
- The Committee had recommended the draft SRL financial statements to the SRL Board for approval.
- A draft letter of representation to the auditors had been circulated to the SRL Board in advance of the Meeting.

BR was thanked for his Report.

**7.2 ESG Committee**

RD, as Chair of the ESG Committee, provided the Board with an update from the Committee's meeting of 12 October:

- Updated Whistleblowing and Probity policies had been approved by the Committee. Other work might be affected by outputs from the Joint Working Group on Inclusion & Diversity.
- A Safeguarding Champion needed to be appointed. This was likely to happen over the next few weeks. The Committee had identified a suitable person for the role and would approach them shortly.
- Environmental strategy development continued with Arup's assistance, and was now in the second of 3 stages, to then be presented to the Committee and subsequently to the Board.
- The Committee's Terms of Reference were still being reviewed, and would be influenced by the Arup work. January 2024 was being targeted for completion of that work and then implementation of new Terms.

**PUBLICATION VERSION**

- The Committee would meet again in the next few weeks, to coincide with the timetable for approval of the Company's Modern Slavery Statement.

RD was thanked for her Report.

**7.3 Joint Working Group – Cattigan Family**

[REDACTED – CONFIDENTIAL AND LEGALLY PRIVILEGED]

**8. FINANCE UPDATE**

GR (Johnston Carmichael) was welcomed to the Meeting.

The Chief Financial Officer referred to the Finance Report for the period to end September 2023, which was taken as read.

Full year revenues for FY23/24 were anticipated to be better than budget but offset by higher costs. Year to date EBITDA was tracking to budget overall.

The CFO highlighted the business cash position, risks and opportunities and strategic spend.

In response to questions, the CFO confirmed that information from the budget slides earlier in the year showing the expected cash position over the next 4 years, and a breakdown of the use of the strategic investment fund monies would be circulated.

The longer term cash and financial outlook would also be examined as part of the work being done on strategic planning and presented in more detail to the Board at a future meeting. **HSp**

**9. FY22/23 YEAR-END**

**9.1 Risk Register**

Reference was made to the circulated Report, which was taken as read.

The Report provided an update on recent changes to the Risk Register and an overview of the changes in risk over the last year, with commentary on the higher-level risks the business faced and the principal risks and uncertainties disclosed in the Strategic Report section of the SRL accounts document.

**9.2 Data Protection Summary Report**

The circulated Report was noted, with no comments from Board members.

**9.3 Accounts Approval – Auditor's Report**

GR presented Johnston Carmichael's Report to the SRL Board for financial year 2022/23.

The circulated report was taken as read. GR commented in particular on the following:

**PUBLICATION VERSION****(i) Key areas of audit focus/ risk, including mandatory risk areas**

*Revenue recognition* - testing had been conducted on each of the Company's material income streams. Detailed commentary had been provided on each of these. Some adjustments and corrections had been made, although these were immaterial. The timing of revenue recognition had been considered carefully, particularly in connection with URC/EPCR and hospitality revenue estimation. Overall, it was considered that the revenue recognised was reasonable. Comfort had been obtained from the work conducted that revenue was not materially misstated within the financial statements.

*Management override* - this was a mandatory significant risk under auditing standards. The testing had not given rise to any adverse findings. In particular, the discount rate and approach applied to the proceeds from the Project Light transaction was considered to be reasonable and was consistent with the previous year.

*Completeness and occurrence of costs* - cost breakdowns had been examined and samples tested, with no material issues noted. Substantive procedures had been conducted on wages/payroll costs, with no issues noted. Overall, the auditors were satisfied with the adequacy of disclosures and that costs had not been materially misstated.

*Going concern*) - forecasts to May 2024 had been provided by management. Assumptions within cash flow forecasts had been assessed and challenged through a reverse stress test. This indicated in all the scenarios tested that sufficient funds were available for the foreseeable future. The auditors were satisfied that there were no significant going concern issues.

*Risk of Litigation* - legal costs and litigation had been reviewed. No evidence of litigation was found other than cases that had already been disclosed to the auditors. A litigation review had been conducted with the Company Secretary and with external solicitors. From the testing performed no evidence of material risk from litigation had been found.

**(ii) Taxation**

Reference was made the commentary in the Report. No tax charge arose, with the Group having significant carried-forward losses. No deferred tax asset was being recognised.

**(iii) Audit differences**

A summary of adjustments had been provided in the Report. Several adjusted misstatements had been recognized by management and reflected in the financial statements. There were some unadjusted items which had been listed – individually each was immaterial.

**(iv) Internal controls**

## PUBLICATION VERSION

Under new auditing standards, additional focus was applied to internal controls and best practice recommendations had been included in the Report, together with management's responses. These had been discussed at the SRL Audit & Risk Committee.

### ***(v) Independence and ethics***

The Report set out various matters which required to be communicated under applicable audit standards. These were noted.

No instances of fraud or non-compliance with applicable laws and regulations had been brought to the auditors' attention during the course of the audit.

Each Director present confirmed that they were not aware of any fraud or non-compliance with laws or regulations or of any litigation that had not already been disclosed.

A draft Letter of Representation to the auditors had been circulated in advance of the Meeting.

In connection with the inter-company loan balance due by SRU to SRL, it was explained that the quantum fell inside the Company's materiality level. A letter of support from SRL to SRU confirming there was no intention to call up the loan within the next 12 months would be sufficient to deal with that matter, pending finalisation of the arrangement between the 2 companies in connection with the provision of inter-company services.

GR was thanked for his Report.

AW left the Meeting temporarily due to an AV connection fault.

### **4.3 Financial Statements – Year ended 31 May 2023**

HSp referred to the circulated draft financial statements and accompanying paper. Changes made from the previous draft circulated were highlighted.

- The comments made by the auditors on revenue recognition and the judgements which had to be made on that illustrated the rationale for the proposed change to the financial year end.
- The estimated annual cost recharge to SRU in future years had been reduced from £250k per year to £175k per year.
- The aggregate directors' emoluments number had increased slightly from the last draft, due to the inclusion of NI figures, for consistency with the prior year.
- An explanation of the difference in the highest paid director's remuneration (an accrual for a future terminal payment that had been deferred from 2019/20, rather than a pay rise) had been provided.

### **4.4 Approval of Financial Statements and Accompanying Reports**



**PUBLICATION VERSION**

Having considered the draft financial statements, the Auditors' Report and presentation and the explanations and information provided, and taking account of the recommendation of the Audit & Risk Committee, the Directors **AGREED THAT:**

- (i) the Financial Statements, Explanatory Notes and accompanying Reports of Scottish Rugby Union for the financial year ending 31 May 2023 each be and are **APPROVED** as tabled and that the Chairman and Chief Executive Officer be and are authorised to sign the Company Balance Sheet on behalf of the Directors;
- (ii) no dividend be declared;
- (iii) the Company Secretary be and is **AUTHORISED** to sign the Directors' Report and Strategic Report on behalf of the SRL Board;
- (iv) the Letter of Representation from the Company to Johnston Carmichael LLP be **APPROVED**, and the Chief Financial Officer be authorised to sign it on behalf of the Directors; and
- (v) the terms of the Letter of Support from the Company to SRU in connection with the inter-company loan balance be **APPROVED** and that the Chief Financial Officer or any other Director be authorised to sign it on behalf of the Company.

AW rejoined the Meeting, also confirming her support for the approval of the financial statements and accompanying documentation.

The Company Secretary advised that the financial statements of the associated entity (The Murrayfield Experience Limited) were being approved separately by the sole director of that company.

The approval of the SRU consolidated Group accounts, which incorporated the financial statements of the Company, would be progressed at the SRU Board meeting which was due to take place immediately on conclusion of the Meeting.

**10. AOB & CLOSE**

The Directors were updated briefly on the progress of editing work on the Netflix rugby documentary.

The Chair noted that this was B Richmond's last scheduled SRL Board meeting - his term on the SRL Board was due to expire at the SRU AGM in November.

Thanks were given to BR for his work and contributions to the Board and Sub-Committees during the preceding 3 years, and his wider involvement with Scottish Rugby.

*Next Meetings:*

Board Meeting: Thursday 14<sup>th</sup> December 2023 (offsite).

Strategy Day: Friday 15<sup>th</sup> December (offsite). Deloitte and others attending.

The Meeting closed at 14:06.

**APPROVED BY THE BOARD  
14 December 2023**