

FOR PUBLICATION

**SCOTTISH RUGBY UNION
SC748672**

**MINUTE OF MEETING OF THE BOARD OF SCOTTISH RUGBY UNION
THURSDAY 28 MARCH 2024 AT 2:00 PM**

PRESIDENT'S SUITE, SCOTTISH GAS MURRAYFIELD

Present:

Lorne Crerar	(LC)	SRU Chair and Custodian Director
Ian Barr	(IB)	Immediate Past-President & Custodian Director
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:

John McGuigan	(JM)	SRL Chair
Shona Bell	(SB)	SRL Chief People & Engagement Officer
Oliver Colling	(OC)	SRL Interim Chief Financial Officer
Robert Howat	(RH)	SRU Company Secretary
Angela McCracken	(AMcC)	Head of Legal & Governance
Mike Soutar	(MS)	SRL Independent Non-Executive Director (Chair of Remuneration Committee)

Apologies:

Mark Dodson	SRL Chief Executive
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1. INTRODUCTION

The Chair noted that a quorum was present and opened the Meeting. No conflicts of interest were declared.

MS and OC were welcomed to the Meeting.

Apologies were received on behalf of Mark Dodson, due to extended sick leave.

2. MINUTES

The Minutes of the previous Meeting (30 November 2023) had been approved previously.

3. ACTION LIST & MATTERS ARISING

The Action List from previous meetings was considered.

A briefing session on the Risk Register was still to be arranged for MM and DG but had been delayed due to diary availability.

Otherwise, all actions had been addressed or were discussed in the course of the Meeting.

4. SRL CHAIR REPORT

4.1 SRL Chair Overview

JM referred to the circulated Report, which was taken as read. Additional details were also contained in the SRL Executive Report. JM highlighted the following, with questions taken during the Report.

- Financial matters - Additional financial analysis had been completed since the last meeting. The recommendations arising had been shared with the SRL and SRU Boards and would underpin a new sustainable financial model for the organisation. [REDACTED – COMMERCIALY CONFIDENTIAL] was expected for the current financial year before returning to profit over the following 3 years. Work on the trade-offs and choices that would be needed was underway.
- *Commercial* - the prospects for FY 24/25 and beyond had improved due to deals negotiated with [REDACTED – COMMERCIALY CONFIDENTIAL.] These had been approved by the SRL Board at its last meeting and were proceeding to contract. Several further opportunities arising from introductions made by SRU and SRL Board members were being explored. Opportunities to engage with ex-players were being considered.
- *Strategic planning* - the session held earlier in the day had been productive, with Custodians thanked for their contributions and support. A note of next steps would be circulated separately.
- *Rugby* - the National Team Head Coach was to carry out a review of performance in the Men's 6 Nations tournament and report back to both Boards. JM confirmed this would normally be done by the High Performance Director (and would be in future) but was being conducted by the Head Coach this time due to the impending departure of the current High Performance Director.
- *Pathways/ Super 6* – decisions had been made by the CRB on domestic league structures for season 24/25, following on from the strategic decision to adopt a new approach to pathways and not to extend Super 6 franchises. Some work was continuing on financial support needed for the Super 6 clubs as part of the transition. The detail of the pathways and associated programmes needed to be developed further, in conjunction with the National Team Head Coach and the new Performance Director, when appointed.

JM

Recognising that the decisions relating to Super 6 and effects on those clubs and the domestic leagues had involved both Boards and the CRB, the importance of collaboration, a united position, and consistent use of language and communications was stressed.

KW recorded his thanks, as Chair of the CRB, for the work carried out by the Director of Rugby Development and Head of Competitions & Compliance.

- *Communications* - a briefing session with journalists had been scheduled for 2 April. Wider media strategy and planning would be revisited in order to place the organisation on a stronger footing.
- *Recruitment* – potential candidates for the role of High Performance Director were being considered. An update would follow.

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A shortlist of high-quality candidates had been developed with Korn Ferry for the CEO position. A clear instruction had been given to ensure that a diverse list was considered, although the level of interest from female candidates had been limited. Interviews were being scheduled for the middle / end of April. Notice periods for the candidates varied.

- *SRL Board composition* - Chris Stewart had taken up his position as an independent non-executive director. Hazel Swankie was due to complete her term on the SRL Board at the SRU 2024 AGM (November).
- *Cattigan Family matter* – JM commented on communications with the Cattigan family, recent activity commemorating Ms Cattigan and proposals made to the family on further steps that might be taken in her memory.

[REDACTED – CONFIDENTIAL AND LEGALLY PRIVILEGED]

- *International Bodies/ Representatives* – Temporary alternates had been appointed for the CEO during his absence on extended sick leave, with JM attending 6Ns Board meetings and regular 6Ns CEO calls meantime. He commented on the recent World Rugby “Shape of the Game” conference, the election for a new Chair of World Rugby later in the year and collaboration projects in 6 Nations.

In response to questions, he confirmed that the new CEO and the Director of Performance Rugby, once appointed, would be expected to take on the lead roles with 6Nations. SRL Board views on significant developments were canvassed, although this had been limited to one project so far, which was an early stage of discussion.

4.2 SRL Executive Report

Reference was made to the circulated paper, provided by the SRL Executive, in the continued absence of the CEO. The contents were taken as read, with the main items having already been commented upon by the SRL Chair.

SB advised that the appointment of the new CMO mentioned in the paper would not now be proceeding, due to a change in the successful candidate’s circumstances. Alternative candidates would be considered. Interviews for the new Men’s National Team Doctor position were at second stage.

4.3 SRL CFO Update

Oliver Colling was introduced as the interim CFO. His previous involvement with Scottish Rugby during the Covid period was noted.

The Finance Report, with management account information for the period to end February 2024, was taken as read.

OC commented briefly on the recent financial analysis work undertaken, the benefit of having clear financial targets for the next several years, and the need to validate underlying assumptions and to adopt a realistic approach to achieving the identified targets.

Budget preparation had paused briefly to enable revenue generating and cost efficiency suggestions to be examined.

In response to questions, OC observed that the rugby environment had changed since his last involvement, as had the market for sports rights. There was a need to move away from a year-to-year approach and to look at longer term sustainability.

The quality of underlying financial data available within Scottish Rugby had improved significantly, providing a good foundation for future analysis and reporting. OC would engage with the SRU and SRL Board members to establish what further information was needed and would be useful. OC

Questions were also taken in connection with the management accounts, balance sheet and cash forecasts. It was noted that some exceptional costs were expected, such as costs for the strategic plan and for any restructuring to be applied ahead of the year end, taking account of longer term strategy and personnel changes, with the view expressed that these should be taken in the current year, where appropriate.

Accounting treatment questions in connection with investment funds would be discussed with the auditors.

4.4 Strategic Planning Update

Covered earlier in the Meeting

4.5 Material Matters

Reference was made to the circulated papers, with the following highlighted:

(i) Acquisition or disposal of any interests in any real estate

At its December 2023 meeting the SRL Board had approved the terms for a new sub-lease at Scotstoun stadium. Documentation was being finalised.

(ii) Acquisition or disposal of any interest in any equity or debt securities in any company

[REDACTED -COMMERCIALLY CONFIDENTIAL/ CONFIDENTIALITY AGREEMENT]

(iii) Any ongoing or threatened litigation or arbitration, over £125k or material in nature

The Cattigan family matter had been commented on earlier in the Meeting.

(iv) Any other transaction or events which are likely to be material

The SRL Chair had commented earlier in the Meeting on recruitment for a new CEO, collaboration projects within 6 Nations and URC, progress on strategy, and the combined effect of pending commercial transactions.

There were no other material matters to report.

5. COMMITTEES AND WORKING GROUPS

5.1 SRL Remuneration Committee Report

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MS, as Chair of SRL's Remuneration Committee, and SB presented on a range of areas falling within the Remuneration Committee's remit. This included:

- an outline of the Committee's scope and thresholds for approving contracts (which had been reviewed during the year);
- reward principles, components and levels within Scottish Rugby;
- a high level breakdown of the employee population;
- commentary on approvals, benchmarking and a briefing provided to the Committee on the player contracting cycle, market analysis and methods;
- pending workstreams, including future reward strategy and remuneration policy set against the new 10-year vision and strategy being prepared for the organisation.

In response to questions SB confirmed that:

- (i) SRL applied the real living wage for employees and continued to use benchmarking tools to ensure that lower paid employees moved upwards; and
- (ii) collective and individual performance were components of discretionary bonus schemes, although a discretionary scheme had not been operated for some years.

LC thanked MS for his comprehensive and insightful presentation.

5.2 CRB Update

KW, as Chair of CRB, reported on recent CRB business.

- The CRB had been closely involved in considering the 15-18 year old player pathway and deciding on the structure of the 2024/25 domestic season, to take account of the consequences of the Super 6 franchises not being extended. Various options had been considered and consulted on, and a final decision made and communicated.
- The CRB would soon be reviewing the payment of players in the amateur game.
- Good progress had been made on identifying the social return on investment generated by the community game.

5.3 Inclusion, Diversity & Complaints Working Group

DG, as Chair of the Working Group, confirmed that the Group's report would be finalised shortly. Meetings would be scheduled with the President and Vice-President before providing final recommendations to the SRU and SRL Boards.

5.4 Cattigan Family Working Group

Covered earlier in the Meeting.

5.5 SRU Nominations Committee - Update

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LC, as Chair of the SRU Nominations Committee, confirmed that the Committee was due to meet soon to consider the skillset for the position of Vice-President and how nominations could be encouraged. *(Also see Item 6.1.3 below).*

5.6 Joint Meeting of Nominations Committees on International Representatives

LC confirmed that the 2 Committees had met on 13 February and been briefed on representation within external bodies and processes followed for appointments. Diaries were being checked for a follow-up meeting.

5.7 Standing Committee on Governance

LC advised that SCOG was considering several topics but with nothing to report meantime.

6. SRU BUSINESS

6.1 2024 AGM Planning

6.1.1 2023 AGM Minutes

The draft Minutes of the SRU AGM held on 30 November 2023 were **APPROVED**.

6.1.2 AGM Date & Platform

The Company Secretary referred to the circulated paper setting out options and associated costs for the 2024 SRU AGM. Attendance figures for the 2023 meeting, which had been held in a hybrid form, were noted.

The Custodian Directors discussed the options, recognising that due to the audit timetable and extension to year-end the AGM needed to be held in the late Autumn but that the domestic rugby season was also well underway at that time of the year.

Weekend meetings were less convenient for member clubs and also created questions around stadium availability due to the Autumn Test schedule and other events. The cost of hybrid meetings was greater than the alternatives. It was noted that previous general meetings had been held successfully on weekday evenings and online.

Taking these factors into account and the desire to ensure all clubs were able to participate, the Directors **AGREED** that the SRU 2024 AGM should be held on the evening of Wednesday 27 November 2024, online only.

6.1.3 Submission Date for Vice-President Nominations

The Directors noted that an election was due to be conducted for the office of Vice-President at the 2024 AGM. Under the current SRU Articles of Association nominations were to be received by no later than 31 May 2024 or such other date as the Board might determine to allow the election process to function properly.

The Directors discussed the election process and timing, taking account of the approved date for the AGM and the move of the Company's financial year end from 31 May to 30 June. At previous elections the period between receipt of nominations and the election date had been around 10-12 weeks. With the new arrangements the gap would be around twice that, if no change was made.

The Directors concluded that the election process needed sufficient time for prospective candidates to canvass support for their nomination and then to approach other member clubs ahead of the election meeting. But too lengthy a period, such as that between the existing 31 May deadline and the identified date of 27 November, risked discouraging candidates from standing at all due to the time commitment involved and / or candidates having to revisit or repeat the process to revalidate nominations and support, which would result in a less effective and orderly process.

The President proposed that, in exercise of the powers of the Board under the SRU Articles, the nominations deadline for the forthcoming Vice-President election and further elections be adjusted to 31 August, until further notice. Taking account of the discussion that had taken place in connection with the need to ensure a proper process was followed and the issues identified with maintaining the deadline as 31 May, the proposal was **AGREED**.

Intimation to member clubs of the dates for nomination of Vice-President candidates and the AGM were to be made in due course. The President, Vice-President and Immediate Past President would assist as the main contact points in connection with the detailed arrangements and communications with members. **RH**

6.2 Risk Register Update

The Company Secretary referred to the circulated Report, which was taken as read. There had been no change in the scoring of risks allocated to SRU in the period.

Both the SRU and SRL Boards had recently spent some time and taken additional advice on a number of complex matters. The Boards could not reasonably be expected to be expert in all issues that might arise, particularly where those might be of a temporary and/or specialised nature. The approach adopted was a good demonstration of the recognition and appropriate management of risk where extra skills and support were needed. The commentary on the Register would be updated to reflect the action taken. **RH**

In response to a question, it was confirmed that several SRL risks in connection with the stadium had been enhanced due to information obtained from external consultants earlier in the year. Other risks, including in connection with finances, would be examined after considering the information provided since the last review had taken place. **RH**

6.3 SRU Membership Changes

The Company Secretary confirmed that the CRB had recently approved the following membership applications:

- Aberfeldy RFC becoming a full member in the Midlands region;
- A new Borders district union (being formed as a limited company) joining as an affiliated body. The date of this taking effect would be determined by the date of creation of the corporate entity.

6.4 SRU/SRL Transfer Pricing/ Recharging – Update

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The Company Secretary confirmed that, in the absence of the CFO, he was due to meet shortly with advisers in preparation for the year end. In response to a query, he confirmed that the question of materiality would also be checked.

RH

6.5 Custodian Director Declarations - year to 30 June 2024

The Directors were reminded of the process for submitting declaration forms. These were to cover the period from 1 June 2023 to 30 June 2024.

7. AOB

The Chair thanked those attending for their contributions.

There was no other business and the Meeting closed at 3.10pm.

Next SRU Board Quarterly Reporting Meeting - 27 June 2024.

**APPROVED BY THE SRU BOARD
6 MAY 2024**