

**SCOTTISH RUGBY LIMITED
SC132061**

**MINUTES OF MEETING OF THE BOARD OF SCOTTISH RUGBY LIMITED
HELD ON 5 DECEMBER 2024 AT 2PM**

PRESIDENT’S SUITE 2 AND TEAMS AV PLATFORM

Present:

John McGuigan	(JM)	SRL Chair & Independent Non-Executive Director
Shona Bell	(SB)	Chief People & Engagement Officer
Ruth Davidson	(RD)	Independent Non-Executive Director
Frank Mitchell	(FM)	Independent Non-Executive Director
Mike Soutar	(MS)	Independent Non-Executive Director (By Teams)
Chris Stewart	(CS)	Independent Non-Executive Director
Alex Whelan	(AW)	Independent Non-Executive Director
Stephen White	(SW)	Independent Non-Executive Director (By Teams)

In Attendance:

Robert Howat	(RH)	General Counsel & Company Secretary
Laura Mahadea	(LM)	Executive Assistant
Oliver Colling	(OC)	Interim Chief Financial Officer
Chris Healy	(CH)	Interim Commercial Director
Gavin Scott	(GS)	Director of Rugby Development
Doug Struth	(DS)	Director of Edinburgh Rugby
Al Kellock	(AK)	Director of Glasgow Warriors
Gerry Devine	(GD)	Head of Stadium Operations
Matt Horler	(MH)	Director of Communications
Stephen Gemmell	(SG)	Technical and Operations Director
Angela McCracken	(AMcC)	Head of Legal & Governance
David Edge	(DE)	National Team Manager (Item 4.1 only)

ACTION

1. INTRODUCTION

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

There were no apologies.

F Mitchell was welcomed to the Board. It was noted that he had resigned from membership of the Financial Review Panel, upon taking up his position on the SRL Board, recognising the potential for a conflict of interest.

2. MINUTES OF PREVIOUS MEETING

The Minutes of the SRL Board Meeting of 31 October 2024 were **APPROVED**.

3. ACTION LIST & MATTERS ARISING

RH referred to the Action List.

- *Capex Spend – Project Management Mechanism* – mentioned in the course of the Meeting.

- *Tracking Documents for Pro-Team Additional Revenue Generation* – considered by the Remuneration Committee on an ongoing basis when an approval request was made.
- *Diversity & Inclusion Working Group Report* – comments awaited from the Chair of the Working Group.

Those items marked as ongoing in connection with Audit & Risk Committee were being scheduled for the Audit & Risk Committee meeting in March 2025.

Remaining items on the Action List had been completed or were otherwise covered during the Meeting.

4. KEY TOPICS

4.1 2025 Summer Tour Proposals

DE was invited to present to the Board.

Under reference to the presentation the following points were highlighted:-

- The preparation needed for the 2025 Summer Tour and the introduction of new caps who were then likely to feature in the 2025 Autumn Test squads.
- Outcomes from the Summer Tour and Autumn Tests would impact on World Rugby rankings determining the Pool placings for Rugby World Cup 2027. The outcomes would also affect the respective rankings of other countries close to Scotland in the rankings.
- The potential for playing an additional Test ahead of the 2025 Summer Tour.
- The approximate cost of the Tour of c£ [FIGURE REDACTED – COMMERCIALY CONFIDENTIAL] including a NZ\$ [FIGURE REDACTED -COMMERCIALY CONFIDENTIAL] contribution to landed costs.

OC advised there had been internal discussion of the possibility of playing [REDACTED – COMMERCIALY CONFIDENTIAL] in Summer 2025. Initial commercial optimism had reduced due to various risks including to ticket sales due to the timing, the quality of the opposition, an extensive events calendar with pressure on facilities and people, and questions around potential performance benefit / detriment. This had led to an executive recommendation not to hold the fixture.

Questions were then taken from Directors, noting the following:-

- Rugby-related activity in connection with the 100 year Anniversary was more likely to be focussed on other events, including the Autumn Test series, rather than a Summer game.
- No revenue assumptions had been made for the Summer Tour – there was the possibility of some broadcast income but that was likely to be limited, based on previous experience.
- No World Rugby support was available for the Tour, this being part of the previous scheduling agreements and reciprocation for Southern Hemisphere teams playing in Autumn Tests.

Although acknowledging that the Summer Tour programme would proceed, cost mitigation and revenue-raising opportunities should be part of advance planning for the Tour and be explored further, including efforts to obtain additional support from World Rugby. The Board should be updated before proceeding to incur the costs outlined.

DE

4.2 Rugby Development Budget – Composition and Modelling

OC referred to the circulated paper, which was taken as read. This sought to identify the potential impact of the approach previously agreed in principle by the SRL and SRU Boards on the future composition of the Rugby Development budget, in various revenue scenarios.

Having considered the contents of the paper, comments and questions were then taken, with key points arising from that noted.

- The anticipated outcomes for profit after tax and the pathway to the sustainable financial position in the identified scenarios should be considered. Modelling and scenarios should tie back to the pathway to financial sustainability and whether that was being met or might be at risk.
- The approach taken to finalising and approving the 24/25 budget for Rugby Development was explained.
- The revised forecasts for future years needed to be adjusted to account for recent changes in National Insurance parameters.
- Each annual budget would still require approval by SRUL and SRU under the Relationship Management Agreement provisions. The 15% element was a benchmark and there was flexibility for SRL and SRU to take account of changing circumstances (up and down) if required as part of the approval process.
- As a result of the exercise already undertaken, the Rugby Development budget in future would include costs which were attributable to Rugby Development activities but had historically been met from other departmental budgets across the organisation.
- A further objective was to provide greater clarity to clubs for their own budgeting purposes ahead of the financial year in question, which both Boards were keen to achieve. The approach intended for FY25/26 was to apply the revised formula agreed in principle with the SRU and SRL Boards in the budgeting process.

Additional analysis of the impact of the remodelled 15% approach on forecasted overall SRL performance by comparison to the original method was requested to allow SRL to identify the impact of the new approach for FY25/26 and finally confirm the application of the new mechanism by the January board. **OC**

4.3 Objectives and Key Results

SB referred to the circulated paper explaining the background to OKRs (Objectives and Key Results).

The OKRs identified remained subject to input from the incoming Chief Executive but reflected the five strategic pillars included within the previously approved strategic plan.

Comments and questions were taken from the Directors, noting that some Directors had experience of using OKRs in other organisations with generally positive outcomes.

Overall, the suggested approach was welcomed, in principle. It also reflected aspects of High Performance Team methodology. The final detail and prioritisation of the objectives, including practical outputs and measures and how those would be reported, needed further discussion once the new Chief Executive's input had been obtained. **SB, APW**

4.4 Commercial Sponsorship and Pipeline Update

CH referred to a series of slides covering :-

- Contracts and opportunities recently entered into including with Famous Grouse, Skyscanner, Arnold Clark and Vodafone.
- New opportunities underway, including the re-launch of the Scotland Supporters Club and Stadium Tours, with anticipated enhancements to budget.
- New opportunities which were intended to be progressed once the Commercial Team was repopulated and additional resources recruited.

Additional opportunities were then discussed, with the Board wishing to see a plan in due course on how the [REDACTED – COMMERCIALLY CONFIDENTIAL] projects were intended to be progressed, and a pathway to the target of generating £100m of revenue.

CH

Thought should also be given to how best to maintain and build upon relationships with existing sponsors and any opportunities and challenges to that, including questions around additional payments to players for participation in promotional work, noting that the High Performance Director's views on practice elsewhere may be helpful.

The Board thanked CH and the Commercial Team for their work to date and confirmed the Board's willingness to support new revenue opportunities providing a return.

4.5 Murrayfield Centenary Celebration

MH referred to the circulated note and slides outlining a series of initial projects to celebrate the 100th Anniversary of the Murrayfield site as the home of Scottish Rugby.

The Directors discussed various opportunities to celebrate the Centenary, offering support with projects and seeking to make one of the Autumn Test matches (most likely the All Blacks game) a showcase as part of the celebrations.

Thought should be given as to whether activation budgets from sponsors could also be made available, or approaches made to other sponsors to support the Centenary activities.

An update was to be provided at a later meeting.

MH

4.6 Cattigan Family Update – Legally Privileged

RH referred to the circulated paper.

[REDACTED - CONFIDENTIAL & LEGALLY PRIVILEGED]

JM commented on recent activity in connection with family engagement.

5. REGULAR BUSINESS

5.1 Executive Summary Report

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

SB updated the Board on recruitment for the positions of Chief Customer Officer and Chief Financial Officer. Both were on track, with the incoming Chief Executive actively involved in the process.

The contents of the Annual Anti-Doping Report were noted. A new Anti-Doping Champion to succeed Hazel Swankie would be required in due course.

5.2 Finance Update

OC referred to the circulated paper which was taken as read.

JM reaffirmed the Board's position that meeting the budgeted statutory loss of (£3.8m) was a minimum requirement for the year, with the objective of achieving a better outcome.

OC advised that current forecasts suggested that the (£3.8m) outcome would be met, with some confidence that a better result would be achieved. Details of remaining opportunities and risks had been included within the reforecast. Monthly business reviews continued with the Executive to maintain the focus on financial performance and new project management methodologies planned to be introduced.

In addition, vacancies were not being filled unless linked to revenue generation, preservation of safety and protecting against significant business risk.

There had been a sizeable reduction in current employee numbers due to the recent organisational design and redundancy process, pre-existing vacancies not being filled and other leavers not being replaced.

SB confirmed that a separate session with the Remuneration Committee was being arranged to discuss the position in more detail. Employee numbers excluding players had been 346, reduced to 301 and anticipated to be around 293 in January 2025. A number of vacancies remained for key positions and would then need to be filled against the parameters already outlined

Employee turnover was currently around 15% per year.

SB then commented on the annualised impact of the recent National Insurance changes, being around £700k for a full year and a further £100k in connection with National Living Wage changes. Adding the cost of the new CCO role, the overall impact for the 25/26 financial year would be circa £1m, additional to the previous financial plan.

Questions were taken.

OC confirmed that the cost of National Insurance and Living Wage changes and filling of some of the current vacancies had been included within the forecast for FY24/25 but the greater challenge now lay in the impact for FY25/26.

Preliminary discussions were also taking place with the incoming Chief Executive on activity for the coming year, ahead of the budget process.

SW as Chair of the Audit & Risk Committee advised that the Committee also remained focussed on achieving or bettering the budgeted loss figure and that he was speaking regularly with OC about forecasting and how progress towards achieving a breakeven position could be maintained.

OC confirmed that the additional steps being taken within the professional teams to generate additional revenue and manage costs to cover the agreed player wage budget levels for FY25/26 were not being double counted.

[REDACTED – CONTRACTUALLY CONFIDENTIAL]

OC advised that a reforecast for the half year would be shared with the Board at the January meeting.

The final reconciliation for Autumn Tests would confirm the revenues for the series. The ticketing outcomes reflected the adjusted approach to dynamic pricing and recategorization. It was agreed that the Ticketing Team should present to the Board in order to provide greater information around the process undertaken.

OC/
RH

The other potential risks to the forecast were noted.

In connection with the columbarium project, OC confirmed that its inclusion had been part of a package of recommendations from the external consultancy work done earlier in the year, rather than cherry-picking individual initiatives. It was unlikely that the columbarium project would proceed until a wider campus development was undertaken.

On longer term hospitality initiatives, OC confirmed that there was a bigger exercise still to be done. Hospitality revenues had not been achieved at the desired levels due to the underlying improvement works not having been initiated.

5.3 Risk Register Update

RH referred to the circulated note. The Risk Register remained stable at this point, with JM noting that revenue risk for 25/26 and future years would need to be considered, taking account of the increased costs identified earlier in the Meeting.

5.4 External Bodies Update

The contents of the papers were noted, with no comments.

RH advised that a request had been received shortly before the Meeting seeking approval for a minor change to the British & Irish Lions' Articles of Association to reflect the introduction of a new Lions Board Sub-Committee and Non-Executive Director position. Shareholder approval from each of the shareholder unions was being sought. Approval for the proposed changes was **GRANTED**.

In connection with the revenue shares from the Lions Tour, OC explained that the Tour was a joint venture with the host union, split roughly [REDACTED – CONTRACTUALLY CONFIDENTIAL] in favour of the Lions. Scottish Rugby would then receive a share of the Lions' income based on its 25% shareholding.

A more detailed note on the anticipated Lions distributions was requested.

OC

6. COMMITTEE AND WORKING GROUP REPORTS

6.1 SRL Remuneration Committee

MS, as Chair of the Committee, reported on recent activity. This had principally related to the approval of significant player contracts and the remuneration package ranges for the positions of CFO and CCO.

6.2 SRL Nominations Committee

JM, as Chair of the Committee, reported that the Committee had met earlier in the day to consider recommendations for adjustments to Board Committee memberships, taking account of the recent retirement of Hazel Swankie from the SRL Board, and international representative appointments.

(i) SRL Board Committee Composition

The following recommendations of the Committee were proposed:-

- Ruth Davidson - leaves Audit & Risk, joins Remuneration Committee
- Frank Mitchell – joins Audit & Risk and ESG
- Alex Whelan – joins Nominations Committee
- Stephen White – joins Remuneration Committee

The recommendations of the Nominations Committee were accepted, with the new composition of the SRL Board Committees being as follows:-

Audit & Risk	ESG	Investment	Nominations	Remuneration
Stephen White (C)	Ruth Davidson (C)	Mike Soutar (C)	John McGuigan (C)	Mike Soutar (C)
Frank Mitchell	Frank Mitchell	Alex Whelan	Ruth Davidson	Ruth Davidson
Chris Stewart		Chris Stewart	Alex Whelan	Stephen White

(ii) International Representatives

The Committee had also considered a number of International Representative positions, taking into account the retirement of John Jeffrey from World Rugby and Six Nations and the temporary filling of vacancies which had been created by the departure of the former Chief Executive.

The Committee made a number of recommendations for appointments for the conversion of temporary appointments into regular appointments and the appointment of the incoming CEO on some of the bodies. Several of the appointments affected JM, who had recused himself from that part of the Committee’s meeting. RD as the remaining member of the Nominations Committee, proposed the changes relating to JM.

Following discussion, the recommendations of the Committee and the proposed changes applying to JM were **APPROVED**, subject to consultation and discussion with the Custodian Directors in accordance with the RMA, as follows:

International Body	Representative(s)
World Rugby Council 3 reps	G Fay (no change) A Williamson (on joining SRL) J McGuigan
6Ns: Council 2 Reps	A Williamson (on joining SRL) J McGuigan
6Ns: N6NUL Board (investor vehicle) 2 Reps	A Williamson (on joining SRL) J McGuigan
6Ns: N6NL Board (operating vehicle) 1 Rep	J McGuigan continues then A Williamson on joining SRL
URC: CRDAC Board (investor vehicle) 2 Reps	I Rankin but recruit replacement. R Howat meantime.
URC: PRCDAC Board (operating vehicle) 2 Reps	R Howat, until new CCO. A Kellock.
URC: Sporting & Regulatory Committee 1 Rep	D Struth (no change)
British & Irish Lions Board 2 Reps	G Hastings (no change meantime). J McGuigan, as alternate for A Williamson.

	Consider again after Australia Lions Tour.
EPCR: General Assembly nominees (1 delegate)	M Soutar
Rugby Europe General Assembly nominee (1 delegate)	J Halliday meantime. Consider role and succession.
Great Britain Sevens Limited Board 1 Rep	R Howat until clarity on 7s set-up and new personnel in place.
Washington DC Professional Rugby LLC (Old Glory) 1 Rep	R Howat meantime

6.3 SRL ESG Committee

RD, as Chair of the ESG Committee, commented on recent activity of the Committee.

The Committee had become inquorate as a result of the retirement of Hazel Swankie. The Annual Modern Slavery Statement was therefore being presented for approval by the SRL Board as a whole rather than the Committee. A copy had been included with the papers. Following consideration, the Board **APPROVED** the Modern Slavery Statement for publication.

RD emphasised the importance of the new role of Head of Retail & Licensing in assessing issues associated with Modern Slavery and inspecting manufacturing facilities.

Reference was also made to new legislation in connection to Sexual Harassment in the workplace and a new preventative duty upon the Company. Training would be required for Directors, among others, with further information to be provided at the next Board Meeting. **SB**

6.4 Working Parties with SRU

Joint Working Group – Inclusion, Diversity & Complaints - the final report of the Working Group was awaited, following review by the Working Group Chair, D Grevemberg.

7. BOARD EFFECTIVENESS, COMPOSITION & FORWARD PLANNING

7.1 Effectiveness and Composition

Feedback from conversations with Non-Executive Directors had been taken into account in the Committee appointments proposed and approved earlier in the Meeting.

FM’s appointment to the Board by SRU had been acknowledged earlier in the Meeting.

7.2 Forward Planning

Thistle Rugby Trust

It was noted that John Jeffrey had resigned as a Trustee of the Thistle Rugby Trust and a replacement would be required in due course.

Under reference to the circulated note from RH, the Board confirmed that the possibility of winding up the Trust should be investigated. **RH**

RMA review

The agreement provided for a review to be undertaken two years after its initial execution. SCOG were considering this for SRU. RH would prepare a note for the SRL Board for further discussion. **RH**

8. AOB & CLOSE

There was no other business. The Meeting closed at 5pm.

**APPROVED BY THE SRL BOARD
13 FEBRUARY 2025**