

FOR PUBLICATION – REDACTED MINUTE

SCOTTISH RUGBY UNION LIMITED

MINUTE OF MEETING OF THE BOARD OF SCOTTISH RUGBY UNION LIMITED
HELD AT 11AM ON THURSDAY 21 JANUARY 2021

MEETING HELD BY AV TELECONFERENCE

Present:

John Jeffrey	(JJ)	Chairman
Ian Barr	(IB)	President
Julia Bracewell	(JB)	Independent Non-Executive Director
Mark Dodson	(MD)	Chief Executive
William Gardner	(WG)	Council Nominated Non-Executive Director
Dominic McKay	(DMcK)	Chief Operating Officer
David McMillan	(DMcM)	Independent Non-Executive Director
Malcolm Offord	(MO)	Council Nominated Non-Executive Director
Bob Richmond	(BR)	Council Nominated Non-Executive Director
Lesley Thomson	(LT)	Senior Independent Non-Executive Director
Shona Bell	(SBell)	Director of People and Internal Communications

In Attendance:

[INDIVIDUAL NAME REDACTED]		[NAME OF FIRM REDACTED]
Robert Howat	(RH)	General Counsel & Company Secretary
Colin Rigby	(CR)	Vice-President (<i>Observer</i>)
[INDIVIDUAL NAME REDACTED]		[JOB TITLE REDACTED] (<i>Minute Taker</i>)

Apologies:

Andrew Healy	(AH)	Finance Director
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1. Introduction & Opening Remarks**ACTION**

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

Apologies were noted on behalf of Andrew Healy.

The Chairman opened the Meeting by noting congratulations to former President Dee Bradbury, who had been awarded an OBE in the New Year's Honours list. This was very well-deserved following Dee's contribution to rugby, and Dee would be sent a letter on behalf of Scottish Rugby to congratulate her on this achievement.

2. Actions List

All actions from the Board's meetings of 3 and 10 December 2020 had been completed.

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3. Minutes

The Minutes from the Board meetings of 3 and 10 December 2020 had previously been approved by the Board by separate resolution, electronically.

The Minutes of the Board sub-committee meeting dated 14 December 2020, (which had dealt solely with the formal approval of the annual accounts for FY 19/20) were **APPROVED**.

4. Project Light – Investment Committee Update

DMcM, as Chair of the Investment Committee, updated the Board on the negotiations relating to the proposed investment by CVC in the Six Nations.

[SECTION REDACTED – COMMERCIALY CONFIDENTIAL NEGOTIATIONS]

5 Financial Forecast and People Review - Option 3 Status

The Chief Executive introduced a presentation to update the Board on progress against the “Option 3” plan that had been discussed and approved at previous Board meetings.

The Director of People and Internal Communications and [INDIVIDUAL NAME REDACTED] talked the Board through a number of slides. The following points were noted:

- i) Two previous key assumptions in Option 3 around having crowds for Six Nations and restarting grassroots rugby in January 2021 had not been achieved. Some of the shortfall in revenues associated with this had been offset by additional costs savings of £1.5m, in addition to the £14m of cost savings previously budgeted.
- ii) Approximately two thirds of core employees had been placed either on permanent or flexible furlough. It was noted that employees who had worked throughout the pandemic had taken on huge workloads, and many had also agreed to a salary reduction. There were currently 20 vacancies which had not been filled, and this work had been absorbed elsewhere in the business.
- iii) Positive feedback had been received both from employees and RPS regarding the previous consultation process.
- iv) The Board was reminded about the implications of Options 1 and 2. Cost savings if pursuing either of those would be limited in FY20/21 and would only be seen in future financial years. Although some of the Option 3 criteria had not come to pass, the receipt of a large grant from the Scottish Government to assist in supporting employment helped matters considerably.

In the discussion which followed it was concluded that future headcount reductions was incompatible with accepting Government support which was intended to assist in preserving employment and replacing revenues. At the planned Board strategy day (likely to be around 26 February, depending on diaries), considerable thought should be given to how the business should look post-Covid.

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In particular, appropriate employment levels and expertise would be identified in order to facilitate a business ‘reset’ and achieve key strategy goals. On that basis, it was suggested and agreed that Option 3 continue to be followed for the time being, and the Board would continue to be updated on progress against that plan. By the time of the strategy day there would be more certainty around the pandemic and various revenue streams, so the Board would be better placed to revisit Option 3 and its viability.

It was suggested that in addition to discussing Option 3, the following points were also considered at the strategy day:

- i) Potential for stadium upgrade works to drive further revenue from match days;
- ii) How best to increase grassroots playing numbers;
- iii) Whether academies were functioning in the best possible way to identify and develop emerging talent; and
- iv) How best to steward investments in Pro14 and Six Nations to ensure that those assets grew.

6 People

6.1 HR Matters

The Director of People and Internal Communications referred to the HR Report which was taken as read. The following points were noted:

- i) the Government Job Retention Scheme had been extended until April 2020;
- ii) having obtained feedback from employee focus groups, a model was being built for future ways of working. It was anticipated that, subject to Government guidance and safety rules, a gradual return to the office could commence at the end of May 2021, and would include a mix of office-based and home working;
- iii) **[SECTION REDACTED – CONFIDENTIAL INFORMATION RELATING TO EMPLOYEE CONTRACTUAL TERMS AND CONDITIONS]**
- iv) Board members had completed inclusion and diversity training, and this would be rolled out to the Council shortly;
- v) the external Non-Executive Director Programme was being run again, and this would be attended by two Non-Executive Directors, the Vice President and seven senior leaders from across the business.

6.2 Safeguarding

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

6.3 Health and Safety

The Chief Operating Officer referred to his report, which was taken as read. The following points were noted:

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- i) The fragility of the professional team bubble environment was highlighted. It was impossible to eliminate all Covid risk but employees, players and coaches had been excellent in adhering to protocols. In the lead up to Six Nations, some additional measures were being put in place including additional testing and working with English professional clubs to ensure standards were kept consistently high for exile players. There was a specific focus on education so that all concerned understood what needed to be done and why.
- ii) **[SECTION REDACTED – DISCUSSIONS IN RELATION TO POTENTIAL FOR LITIGATION].**

7. Business

7.1 CEO Update

The Chief Executive provided the Board with an update on the following matters:

- i) *Rugby competitions* – the recently announced suspension of two rounds of the EPCR competition would lead to a differently shaped tournament. In addition, the Pro14 season would be under review and it remained to be seen whether a Rainbow Cup would take place and, if so, in what form.

World Rugby discussions continued in relation to the rugby calendar, but further financial analysis and consideration of player welfare issues would be required.

A working group had been set up to consider how qualification would work for the next Women’s Rugby World Cup. This could take the form of a round-robin competition in March, but discussions continued around the tournament arrangements.

The 6Ns Women’s Tournament was being postponed, with work being done to reschedule the fixtures for the Spring period.

- ii) *Pro 14 expansion* – The Chief Executive referred to the circulated paper which was taken as read.

[SECTION REDACTED – COMMERCIAL CONFIDENTIALITY]

- iii) *Lions Tour 2021* – It was looking less likely that the Tour would be able to go ahead as planned, with crowds, in South Africa. Various alternative options were being explored.

7.2 Finance Update

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

During a period of questions, the following points were raised and discussed:

- i) Forecast costs associated with finance and senior management were higher than budgeted, but this was due to the inclusion of various consultancy and advisor fees, including for investment transactions being included within this reporting line. This would be split out in future reporting.

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- ii) This would also be taken as an agenda item for the Audit and Risk Committee to consider whether a specific approval process or threshold should be put in place.
- iii) The terms of the potential £5m Scottish Government loan were not yet known, but the structure would be discussed with the Scottish Government in due course. It was hoped that confirmation of this would be available prior to the Board strategy day. It was noted that under the terms of the recently completed Revolving Credit Facility, and other available banking facilities, **[SECTION REDACTED – COMMERCIAL CONTRACT CONFIDENTIALITY]**.

7.3 *Chief Operating Officer’s Report*

The Chief Operating Officer referred to his Report, which was taken as read. The following points were discussed:

- i) *Project Eden* – Edinburgh Rugby’s new stadium had achieved Practical Completion the previous week and Edinburgh City Council’s building control department would be carrying out a virtual inspection shortly in order to sign it off. World Rugby pitch compliance certification would be sought as soon as possible and then the team would be able to train in the stadium. It was noted that as the costs of playing a behind closed doors game in the new stadium were not very different to playing behind closed doors in the main stadium BTM, and bearing in mind the risk associated with expanding the bubble environment to include an additional facility, thought would be given to whether the new stadium was used for competitive matches meantime.
- ii) *Sponsors* – sponsors had continued to be very supportive. A number of renewals and extensions had been achieved.

[SECTION REDACTED – COMMERCIAL CONTRACT CONFIDENTIALITY].

- iii) *Scottish Government Grant* - The Chief Operating Officer provided an update on a letter which had been received from the Scottish Government the day before, setting out terms and conditions for the grant of £15m.

[SECTION REDACTED - COMMERCIAL CONFIDENTIALITY - ONGOING NEGOTIATIONS].

7.4 *Company Secretary’s Report*

The Company Secretary referred to his Report, which was taken as read.

Regulatory approvals sought

Two formal **approvals were sought** from the Board for exercise of powers delegated to the Board under the SRU Bye-Laws in respect of the management of the game, namely:

- i) That Gala Red Triangle RFC be deleted from the Scottish Rugby Union membership roll; and

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- ii) That SDR 21.1 (the updated Anti-Doping Policy) be amended on the basis proposed in the Company Secretary’s Report, 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,

and in each case **APPROVAL** was **GRANTED**.

Litigation and Disputes

[SECTION REDACTED – DISCUSSIONS IN RELATION TO POTENTIAL LITIGATION]

Approval of Government Funding

The Company Secretary confirmed that the due to the scale of funding and proposed terms of the Grant Offer, Board approval would be needed before accepting the Grant Offer. Approval was therefore sought from the Board:

- i) For authority to be delegated to the Executive Directors to negotiate the terms of the agreement;
- ii) For the Company to enter into the agreement with the Scottish Ministers in relation to the grant;
- iii) To authorise the signature of the agreement by any two Directors or one Director and the Company Secretary,

and this was **APPROVED**.

Redaction Policy

The Company Secretary referred to the circulated draft redaction policy, noting that the Board was being asked to:

- i) consider whether it wished to adopt a policy;
- ii) if so, consider the content of the draft Policy and any changes it wished to make;
- iii) if thought appropriate, approve the Policy on its part, pending consideration by the Council;
- (iv) consider whether it should be published

The President noted that limited feedback had been received from the membership on Minutes already published, but that having a redaction policy would provide greater context to redacted areas.

The Board was supportive of having a policy and publishing it on Scottish Rugby’s website. Following discussion and adjustment the Policy was **APPROVED** on the part of the Board, pending consideration by the Council.

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In order to ensure a consistent approach was adopted to redaction and the reasons for doing so, the Company Secretary was asked to arrange for the Redaction Policy to be made available to the Council for discussion and if thought fit, adoption by the Council. **RH**

Some discussion followed regarding the informal notes prepared by the Vice President following Board and Council meetings. Concerns were raised that such notes could cause confusion in light of official meeting minutes also being published.

It was thought that having additional notes in the public domain commenting on Board matters beyond the official minutes may lead to an increased risk of a breach of confidentiality, confusion or reticence in providing sensitive or confidential information to the Council. After some discussion, it was agreed that matters discussed at Board meetings which were not being included in the published Board minutes should not be included in the Vice-President's Note on Council business which was then issued publicly.

It was further agreed that the VP's Board Note for the Council would not be issued for the time being, pending a discussion involving the Chairman, CEO, President, Vice-President, COO and Company Secretary on how best to approach the provision of information to Council about Board meetings and any onward reporting of that. **MD, RH, DMcK, JJ, CR, IB**

8. Rugby

8.1 Rugby Development

The Chief Executive referred to the circulated Report, which was taken as read. It was noted that the overriding issue being looked at in the community game was how to enable a return to play and what the resultant 20/21 season would look like. A proposal would be worked up and presented at the Board strategy day. **MD**

8.2 Performance Rugby

The Chief Executive referred to the circulated Report, which was taken as read. The following points were discussed:

- i) *Referees* – congratulations were offered to Mike Adamson and Hollie Davidson on their recent refereeing appointments to Six Nations and the European Challenge Cup respectively.
- ii) *Pro team recruitment* – recruitment continued. Edinburgh Rugby had almost completed their recruitment, but some work was still ongoing at Glasgow Warriors to rebalance the squad following some departures. All business was likely to have been concluded by mid-February and would be within budget. It was noted that a previously expected deflation in player wages had not come to pass, largely due to player markets in France and Japan remaining buoyant.

9. Stakeholder

9.1 Matters from Council/Council Meetings

The President noted the following points:

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- i) The Standing Committee on Governance was instructing a legal opinion from Senior Counsel relating to the Scottish Rugby Trust which would assist the Committee in its governance review;
- ii) A player payment working group had been established. The Group's work was well advanced and it would be reporting to Council and then Board shortly;
- iii) A Council sub-group had been established to look at the decision-making Matrix and Code of Conduct following the resolution passed to suspend the same at the AGM. The outcomes of this review would be provided to the Standing Committee on Governance to form part of its review.
- iv) The President had continued to attend the Threat Management Group Meetings, and Council would be working with the Director of Rugby Development on plans for the eventual restart of community rugby. As part of this, consideration would be given to building in outcomes in the event that there was further interruption to the season, or it had to conclude earlier than planned.

A question was raised regarding the Council vacancy for a Women's and Girls' representative following the intimation of Rosie Hume's resignation.

The President noted that he hoped to arrange a discussion with Rosie soon to ascertain whether she might be willing to reconsider. The Board noted concern that such an important position remained unoccupied, particularly given the organisation's commitment to developing the Women's game. **IB**

There was a suggestion that a Council sub-group be set up in the interim to represent Women and Girls' rugby, recognising that this role covering the entire country was too large for one person to manage alone. The President would give this some thought and agreed to keep the Board updated on his progress.

9.2 *SWDI Committee – 20 January 2021*

LT, as Chair of the SWDI Committee, explained that there had been continuing discussions at the most recent Committee meeting regarding mental wellbeing within elite sport, employees and clubs. This was a large topic which would continue into the next Committee meeting.

Work was being carried out to raise awareness within clubs, and this would benefit from a more targeted communications strategy. The Council-appointed Board members were asked to make clubs aware of Scottish Rugby's association with Breathing Space and how this organisation could provide support to clubs in assisting with mental health matters within their memberships. **IB, CR, BR, MO, WG**

9.3 *Investment Committee – 11 January 2021*

The recent Investment Committee meeting had focused on the 6 Nations transaction which had been dealt with earlier in the Meeting.

10. **AOB**

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The Chairman noted that the Board would next convene again for its strategy day (likely to be on 26 February, subject to diaries).

With all business concluded, the Chairman thanked everyone for their attendance and participation.

The Meeting closed.

**APPROVED BY THE BOARD
18 FEBRUARY 2021**