

**FOR PUBLICATION – REDACTED MINUTE**

**SCOTTISH RUGBY UNION LIMITED**

**MINUTE OF MEETING OF THE BOARD OF SCOTTISH RUGBY UNION LIMITED  
HELD AT 12PM ON THURSDAY 25 MARCH 2021**

**MEETING HELD BY AV TELECONFERENCE**

**Present:**

John Jeffrey	(JJ)	Chairman
Ian Barr	(IB)	President
Julia Bracewell	(JB)	Independent Non-Executive Director
Shona Bell	(SBell)	Chief People and Engagement Officer
Mark Dodson	(MD)	Chief Executive
William Gardner	(WG)	Council Nominated Non-Executive Director
Andrew Healy	(AH)	Finance Director (Except Item 4.1(i))
Dominic McKay	(DMcK)	Chief Operating Officer (Except Item 4.1(i))
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

**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> )

**1. INTRODUCTION & OPENING REMARKS**

**ACTION**

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

The Chairman reminded the Board that it was the first anniversary of the sad passing of Adam Gray, a much-cherished former Board and Council member. The Board was invited to take a few moments to pause and reflect on this sad milestone.

**2. ACTION LIST**

**From 21 January 2021**

### 1. From Company Secretary's Report – Redaction Policy

- (i) *Redaction Policy to be made available to Council for adoption* – the Council had approved this, subject to annual review.
- (ii) *Discussion re VP notes / reporting to Council* – this had been discussed and a way forward identified. More detailed Council minutes would be produced incorporating elements of the meeting papers, and the Vice- President would create a confidential cover note to Council members to accompany Board minutes.

All other actions from the Board's Meeting of 21 January 2021 had been completed.

### 4 March 2021

#### 1. From Strategy Discussion Outcomes

- i) *Proposals to be presented to Council* – this had been presented, with questions and feedback from Council being collated.
- ii) *MD to meet with President and VP to discuss level of content being presented to Council* – this had taken place.
- iii) *Council feedback to be given to Board at next Meeting* – this would be covered in the present Meeting.
- iv) *Council input to form part of Strategic Plan and basis for detailed FY21/22 budget and business plan* – further information would be provided during the Meeting.

### 3. MINUTES

The Minutes from the Board's Meeting of 21 January 2021 had previously been approved by the Board by separate resolution, electronically.

The Minutes from the Board meeting of 4 March 2021 were **APPROVED**.

### 4. PEOPLE

#### 4.1 People Matters

The Chief People and Engagement Officer referred to her People Report, which was taken as read.

##### i) Executive Director Recruitment

The Chairman confirmed that the Nominations Committee had met earlier in the day to discuss various matters on Executive development, succession planning and recruitment.

The Chief Operating Officer and the Finance Director left the Meeting.

The Chairman then confirmed that the Nominations Committee had reached a recommendation on the appointment of a new Chief Financial Officer and had discussed the situation in connection with the Chief Operating Officer's departure. He invited the Chief Executive to comment.

The Chief Executive confirmed that following a detailed recruitment process the Nominations Committee recommended the appointment of Hilary Spence, as the new Chief Financial Officer. Various details of the process had been included in the People Report. A copy of high-level career details had previously been provided.

Following a brief discussion, the recommendation that Hilary Spence be offered the position as Chief Financial Officer and as an executive director of the Company was **APPROVED** by the Board. A formal offer would be issued shortly and, subject to her acceptance, a start date confirmed in due course.

A potential candidate to replace the Chief Operating Officer had initially been identified during the search process for a Chief Financial Officer, however the Nominations Committee had taken the view that a separate, clearly defined process should be followed before filling this key role. Further consideration would be given to the precise scope of the role and an appropriate person specification.

The Chief Executive advised that following on from further internal discussions the Chief Operating Officer would be permitted to leave the organisation in mid-April, which was earlier than had been previously anticipated.

In light of the fact that that the Nominations Committee had decided that a search should be conducted and that the precise scope of the role needed to be further developed, the Chief Executive would assume responsibility for some of the Chief Operating Officer's direct reports until such time as a successor was identified. The CEO would also liaise with the Non-Executive Directors to establish their views on the role requirements before a search would commence. Some additional external management or consultancy support may be needed in the meantime.

DMcM, as chair of the Remuneration Committee, was invited to comment on the meeting of that committee which had also taken place earlier that day. DMcM confirmed that the Committee had approved the remuneration package for the CFO role. **[SECTION REDACTED – CONFIDENTIAL INFORMATION RELATING TO EMPLOYEE CONTRACTUAL TERMS AND CONDITIONS]**.

The Chief Operating Officer and the Finance Director re-joined the Meeting.

*ii) Furlough*

The Chief People and Engagement Officer confirmed that the furlough scheme was still being utilised. The scheme would continue until September, with UK Government support being provided on a decreasing basis as the summer months progressed.

*iii) Inclusion and diversity and salary benchmarking*

Inclusion and diversity training continued to be rolled out across senior management. An organisation-wide salary benchmarking exercise was ongoing.

#### *iv) Recruitment*

Second stage interviews for the Director of Rugby Development role had taken place, with the interviewers looking to make a decision on the successful candidate at the start of the following week.

In a period of questions, it was confirmed that consideration would be given to whether employee contracts would need to be reviewed if home working became commonplace, once office working restrictions were lifted.

#### 4.2 *Safeguarding*

Safeguarding would be explored in detail at the next SWDI Committee meeting. It was noted that a report on historic abuse in football had recently been published, and in light of this the organisation's processes would continue to be reviewed regularly. The SWDI Committee would report back to the Board with its own detailed views at a future date.

#### 4.3 *Health and Safety*

The Health and Safety Report was taken as read, with no questions posed.

### 5 **STRATEGY**

The Chief Executive noted that an extremely positive session had been held with the Council to obtain their feedback on the Board's strategy proposals. Detailed feedback had been collated from Council members following the meeting, and the Chief Executive would work with the President and Vice-President to ensure that the questions raised were answered as soon as possible, to allow budget planning to continue.

The importance of Council support for the Board's strategy was noted, and this was recognised as being particularly critical in obtaining support from member clubs.

Whilst the strategy included proposals to deal with short- and medium-term issues facing the organisation, the Board would discuss longer term, legacy projects at a future date.

### 6 **BUSINESS**

#### 6.1 *CEO Update*

The Chief Executive updated the Board on each of the following:

- i) *6 Nations* – player release discussions with PRL in relation to the upcoming 6 Nations match against France had taken place. It had been agreed that five players could be released, with a financial contribution to PRL. **[SECTION REDACTED – COMMERCIAL CONFIDENTIALITY]**.
- ii) *British and Irish Lions* – an announcement had been made that the tour would take place in South Africa, and it was likely that this would be behind closed doors. The Lions Board would be meeting the following day to discuss SARU's latest set of proposals for the tour.

- iii) *Project Hexagon* – Heads of Terms were being pulled together with SARU in relation to the proposed expansion of the current Pro 14. There would be complex legal and tax issues to work through. [SECTION REDACTED – COMMERCIAL CONFIDENTIALITY RELATING TO ONGOING NEGOTIATIONS]. EPCR were also considering whether and how South African teams might be involved in the European competitions.

Reference was made to the circulated paper from Deloitte, setting out the main terms and implications of the deal. Noting the complexity of the deal and the discussions to date, the Company Secretary advised that the Investment Committee should be tasked with considering the value and effects of the deal on Scottish Rugby specifically.

The Board was asked to delegate authority to the Investment Committee to review the detail of the Heads and empower the Committee (if satisfied) to authorise approval of the non-binding Heads on behalf of Scottish Rugby Union Limited. This was **APPROVED**.

## 6.2 Finance Report

[INDIVIDUAL NAME REDACTED] referred to the Finance Report, which was taken as read. The following points were noted:

### i) *Scottish Government Loan*

Reference was made to the Chief Executive's paper on the Scottish Government loan funding of £5m. It was explained that the loan was interest free and for a period of 20 years. The main conditions of the loan agreement and intended uses to support strategy proposals and member clubs were highlighted in the paper and then discussed. It was also noted that because public money was involved there would be increased scrutiny and requirements for detailed reporting to the Scottish Government.

Authority was sought from the Board:

- a) That the Company be and is authorised to submit a formal letter application for the loan, which included the information set out in Section C of the Chief Executive's paper, to the Scottish Ministers, and authority be given to the Chief Executive to sign the letter application on behalf of the Company; and
- b) That the Company be and is authorised to enter into the loan facility agreement with the Scottish Ministers on the terms outlined in the Chief Executive's paper and that authority be given (a) to the Directors to finalise the detailed terms of the transaction; and (b) to any 2 Directors, to 1 Director and the Company Secretary and/or to any Director in the presence of a witness, to sign the loan facility agreement on behalf of the Company.

It being considered to be in the best interests of the Company and necessary for promoting the success of the organisation and a benefit to stakeholders, the proposal was **APPROVED**.

### ii) *Progress against Option 3*

It was noted that the position against Option 3 had shifted slightly since the Board's January meeting due to increased Covid related costs for the pro teams and national team. However, the organisation was still on track to meet its revised forecast for Option 3. The Scottish Government grant had been very important in mending some of the financial damage caused by the pandemic.

*iii) Cashflow*

Cashflow continued to be monitored very tightly. There continued to be some uncertainty around the timing for receipt of future distribution payments from Pro14 and EPCR due to the disruption experienced in those tournaments during the pandemic. A more detailed cash management strategy would be brought to the Board after the conclusion of the budget process. This would include reviewing the credit facilities with Bank of Scotland.

*iv) Budget*

The organisation-wide budget process was underway – this would be discussed with the Audit and Risk Committee before being presented to the Board at its May meeting.

### 6.3 COO Report

The Chief Operating Officer referred to his report, which was taken as read with no questions posed.

The Chief Operating Officer referred to his circulated paper on Old Glory DC, with specific reference to the addition of a fourth investment partner. The Company's consent was needed for the fourth investor's participation. Details of the proposed partner and the amount and terms of their subscription had been included in the paper. [SECTION REDACTED – COMMERCIAL CONFIDENTIALITY].

Accordingly, **approval was sought** from the Board to:

- i) Provide its consent to proceed with the proposal outlined in the Chief Operating Officer's paper;
- ii) Delegate authority to the Executive Directors to negotiate, finalise, approve, sign and/or file any documentation in the UK or US required to enact the same and;
- iii) Delegate authority to any 2 Directors, or any Director and the Company Secretary, or any Director in the presence of a witness, or the Company Secretary in the presence of a witness to approve and/or sign any documentation required to enact the same on behalf of Scottish Rugby Union Limited and/or Scottish Rugby (USA) LLC.

This was **APPROVED**.

### 6.4 Company Secretary's Report

The Company Secretary referred to his report, which was taken as read. The following points were noted:

i) *Stirling County RFC*

A request had been received from Stirling County RFC, seeking to change the club's allocated Scottish Rugby area from the Midlands (part of Caledonia Region) to Glasgow North (part of the West Region). Several reasons for the request had been given, including travel costs associated with age grade teams, preferred Scottish Rugby Academy association and historic ties with the Glasgow area.

The request, if granted, would have implications for other clubs in both Areas/Regions. In line with previous such requests, more detail from the club and a period of wider consultation, including with affected clubs and their respective Council members, would be required before any recommendation could be made to the Board in respect of this matter.

ii) *Concussion* – because of the claims which had been raised in England, there were now fewer insurers prepared to cover concussion risks, which was expected to lead to the cost of insurance premiums increasing.

iii) *Changes to Remuneration Committee Terms of Reference*

Board approval for changes to the Committee's Terms of Reference was sought by the Remuneration Committee to:

- a) change the threshold for Committee approval on non-player contracts from an overall package value of £100,000 per year to £125,000 per year; and
- b) remove the automatic inclusion of CEO direct reports in the Committee's approval authority (this was to avoid capturing administrative and support colleagues in the CEO office). The adjusted part of the Terms of Reference would then read as follows:

*"5.4 consider, and where appropriate approve, the Chief Executive's proposals for senior management (including senior coach) remuneration of those senior managers and senior coaches (not being Executive Directors) reporting directly to the Chief Executive where the combined annual value of the individual's core remuneration, being basic salary, pension and allowances and any separate image rights payments exceeds such annual equivalent amount as the Board, on the recommendation of the Committee, may from time to time approve;"*

The changes had been recommended by the Remuneration Committee, taking account of the number of individuals falling within these thresholds, and in both instances, were **APPROVED**.

iv) *Redaction policy*

The draft Redaction Policy approved by the Board had also been approved by the Council, subject to a minor adjustment that it be reviewed annually rather than periodically. This adjustment was also **APPROVED** by the Board on its part. The

updated Policy would be put on the website (and Comms team briefed in advance) to accompany the published Minutes.

## **7. RUGBY**

### *7.1 Rugby Development*

The Chief Executive referred to the circulated Report, which was taken as read. The Council were considering their approach to a return to rugby pathway in conjunction with the Rugby Development department.

A paper was being prepared setting out costs of various of the strategic proposals in more detail and this would be discussed more widely once further information had been gathered.

### *7.2 Performance Rugby*

The Chief Executive referred to the circulated Report, which was taken as read.

It was noted that six Scottish men and six Scottish women had been included in the initial training squads for the GB Sevens Olympics teams, and this was a very positive development.

## **8. STAKEHOLDER**

### *8.1 Matters from Council/Council Meetings*

The President referred to his circulated Report, which was taken as read, and invited questions from the Board.

A question was raised regarding a recent Council decision to appoint the President and Vice-President as trustees of the 1911 Trust. It was queried whether thought had been given to potential conflicts which may arise as a result of this decision, particularly because the President was a Board Director and the Vice-President was an observer on the Board, their positions on the Council and the role of the Trust as the shareholder in the Company.

The President noted that the matter had been discussed at a recent meeting of the Standing Committee on Governance, which had supported the making of the trustee appointments.

The need to make new trustee appointments whilst a governance review was still underway was also queried and it was also suggested that the President and Vice - President may wish to seek independent legal advice as to their duties and responsibilities as trustees, so these were fully understood, particularly in light of the potential conflict situation.

The Company Secretary confirmed that a formal Deed of Accession between the existing trustees and the new trustees would need to be entered into as part of the process for the appointments to take effect fully.

The President thanked the Board for is comments and agreed to give further consideration to the matter before further steps were taken.

**IB**

## 8.2 *Audit and Risk Committee – 17 February and 18 March 2021*

LT, as Chair of the Committee, noted the following key points:

- i) a new audit partner had been assigned by PwC;
- ii) a detailed audit timetable for the FY20/21 audit had been produced and discussed with the Committee and would continue to be monitored closely;
- iii) the Committee would report back to the Board in due course on resumed discussions on further transparency in financial reporting.

## 9. **AOB**

The Chairman finished the Meeting with a few words about the departing Chief Operating Officer. The Chief Operating Officer was thanked for his considerable contribution during his 13 years with Scottish Rugby.

The Chief Operating Officer thanked the Board and passed on his best wishes for the future to all those involved with Scottish Rugby.

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

The Meeting closed.

**APPROVED BY THE BOARD**

**20 April 2021**