

## FOR PUBLICATION

## SCOTTISH RUGBY UNION LIMITED

MINUTE OF MEETING OF THE BOARD OF SCOTTISH RUGBY UNION LIMITED  
HELD AT 11AM ON THURSDAY 20 MAY 2021

## MEETING HELD BY AV TELECONFERENCE

**Present:**

John Jeffrey	(JJ)	Chairman
Ian Barr	(IB)	President
Shona Bell	(SBell)	Chief People and Engagement Officer
Julia Bracewell	(JB)	Independent Non-Executive Director
Mark Dodson	(MD)	Chief Executive
William Gardner	(WG)	Council Nominated Non-Executive Director
Andrew Healy	(AH)	Finance Director (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:**

<i>[Name of individual redacted]</i>	( )	<i>[Name of Firm redacted]</i>
Robert Howat	(RH)	General Counsel & Company Secretary
Colin Rigby	(CR)	Vice-President ( <i>Observer</i> )
Dr James Robson	(JR)	Chief Medical Officer (Item 4.4 only)
<i>[Name redacted]</i>	( )	<i>(Minute Taker)</i>

**1. INTRODUCTION & OPENING REMARKS****ACTION**

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

There were no apologies. It was noted that Dr James Robson, Scottish Rugby's Chief Medical Officer, would join later in the Meeting to speak about new initiatives being considered in relation to brain health.

The Chairman noted that three big issues had arisen since the Board's last meeting and addressed each as follows:

*i) Club Funding and FOIA requests*

The Chairman noted with some disappointment that the additional time which had to be spent considering the questions and issues arising from the Freedom of Information requests which had been submitted to the Scottish

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Government in relation to the recent grant and loan funding had resulted in a delay in the timing of funding being made available to clubs .

The Chairman reminded the Board of the steps taken, leading to the grant and loan funding being received from the Scottish Government. Board approval had been provided on 21 January, delegating authority to the Executive team to negotiate the final documentation and then proceed to its signature. The grant documentation had been signed on 28 January 2021 and the funding had reached Scottish Rugby on 5 February 2021. The Board had been updated, including through separate messages from the Chairman, on progress throughout.

The Board had authorised the terms of the subsequent Scottish Government loan at the Board meeting on 25 March 2021. It was noted that each type of funding had been managed by different departments within the Scottish Government, so there were variances between the terms of the grant and the loan.

As the documentation was being finalised, some Freedom of Information requests had been submitted to the Scottish Government. Due to the timing of the first Freedom of Information request, the initial grant document with content used for other sports, and which required some wording adjustments in order to make the letter more suitable for rugby purposes, had been released by the Government into the public domain. The fact that this was not the final, agreed form of documentation had created some confusion and negativity among some member clubs.

On learning of this, the Chief Executive had suggested that he and the Chairman brief the Council so that Council members were fully aware of the terms of the Scottish Government grant documentation and could then respond properly to any queries received from clubs. This meeting had been arranged but then postponed to allow the Council further time to consider relevant documentation ahead of the briefing. The absence of an immediate response to concerns raised by clubs while those steps were being taken had led to continued uncertainty until clarification was provided.

The Chairman emphasised the excellent work which had been undertaken by the Executive team in getting such a high level of funding into the organisation. The importance of role of the four Council – nominated Directors in assisting with the dissemination of information to the wider Council was noted. The Chairman expressed some disappointment that a breakdown in communication had taken place which had led to some confusion and ill-feeling. The Board was reminded of its duties to act in the best interests of the company. The importance of the Council and Board working together on matters such as this, and adhering to general principles of good governance, was acknowledged.

### *ii) Return to Rugby Strategy*

The Chairman noted the excellent progress that had been made in the Return to Rugby strategy which had been developed between the Council and the Rugby Development Department.

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*iii) British and Irish Lions*

There had been some excellent news in relation to the British and Irish Lions squad, with eight Scottish players having been selected, along with two coaches and an analyst. Congratulations were offered to all concerned.

In addition, the Scottish Government had now agreed that 16,500 fans could attend the British and Irish Lions v Japan tour warm-up match in June at BT Murrayfield. Scottish Rugby had secured a small allocation of tickets for its use.

**2. ACTION LIST**

**From 25 March 2021**

**1. Matters from Council / Council Meetings**

*Deed of Appointment to be considered in relation to new Trustees* - external advisors had been consulted and documentation had been prepared for signature. It was understood that this matter had been discussed at a recent Council meeting.

There followed a period of discussion in relation to the appointment of Trustees.

The Senior Independent Non-Executive Director advised of her strongly held view that the suggested appointments reflected a poor approach to governance; there was potential for a conflict of interest to arise in the President, as a serving Board Director and Chair of the Council also then becoming a Trustee and thereby holding 3 positions in the overall oversight structure. The Senior Independent Director had also understood from a separate conversation with the President that he would step back from being a Trustee.

Whilst no issues were identified in relation to the principle of appointing new Trustees, concerns were also noted over the appointment process, in that the individuals had not been recused from the Council vote on the appointments and could therefore be suggested to have participated in their own appointments.

The Senior Independent Director's view was echoed by the other Independent Non-Executive Directors. Further concerns were raised that there had previously been some mixed messages around whether the appointments would be going ahead while the governance review was pending.

It was noted in the course of the discussion that the proposal to appoint additional Trustees had originated within the Standing Committee on Governance and the individuals had been identified at the suggestion of some of that Committee's members and the Council, with the question of potential conflicts having been discussed and varying views held.

It was proposed that the Council Nominated Non-Executive Directors discuss the Trustee appointments further with the Council in light of the specific concerns raised and look to rectify any defect in the appointment process. It was requested that such discussions specifically include the potential for any conflict and whether a wider talent pool should be considered before finally deciding who any new Trustees should be.

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IB, WG**

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The Board emphasised the importance of the Board and Council being seen to adhere to good governance principles and processes.

The President agreed that in light of the concerns expressed by the Independent Non-Executive Directors, he would raise the issue with the Council for further discussion. He confirmed that he was in the process of obtaining his own independent legal advice in relation to his proposed appointment. No paperwork had yet been signed in relation to any appointments. **IB**

### 3. MINUTES

The Minutes from the Board's Meeting of 25 March 2021 had previously been approved by the Board by separate resolution, electronically. These had since been published on the Scottish Rugby website.

### 4. PEOPLE

#### 4.1 *People Matters*

The Chief People and Engagement Officer referred to her People Report, which was taken as read. The following points were discussed:

- i) *Executive team recruitment* - it was noted that Hillary Spence would be commencing her new role as Chief Financial Officer on 1 August 2021. At a Nominations Committee meeting which had taken place earlier that morning, the Nominations Committee had agreed to recommend that the previous Chief Operating Officer role be replaced with a Chief Commercial Officer position. The Nominations Committee would be involved in a second stage of interviews for that role. Approval was sought from the Board to adopt the Nominations Committee recommendation to recruit a Chief Commercial Officer, and this was **APPROVED**.
- ii) *Director of Rugby Development* – it was noted that Sheila Begbie would retire from the organisation in August. Gavin Scott was transitioning into the role as Director of Rugby Development.
- iii) *Coronavirus Job Support Scheme (furlough)* - thought was being given to how to best to utilise the scheme until it was wound up in September. The scheme would be used less over the Summer as people returned to work to cover holidays and due to the ramping up of activity across the business.
- iv) *Other People Matters*

Further matters relating to employees and employee remuneration were then discussed and treated as confidential.

**[REDACTED – CONFIDENTIAL - EMPLOYMENT /EMPLOYEE – RELATED MATTERS]**

#### 4.2 *Safeguarding*

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A tabletop exercise/roleplay scenario focused around a fictional historic abuse case would be taking place later in the month to test protocols in the organisation and how individuals would react to this situation arising.

There was some discussion around a recent decision in France to allow transgender people to take part in all domestic competitions from next season, which contradicted World Rugby guidance. The situation would continue to be monitored, with particular interest being taken in an ongoing consultation being run by the RFU.

### 4.3 *Health and Safety*

The Health and Safety Report was taken as read. The Chief Executive noted that the CCTV system at BT Murrayfield required urgently upgrading. This would be a costly project, and one which would be brought to the Board for further consideration later in the year.

### 4.4 *Brain Health – Briefing*

Dr James Robson, Scottish Rugby's Chief Medical Officer, joined the Meeting to brief the Board on new initiatives being discussed with potential partners in the area of brain health.

**[REDACTED – COMMERCIALLY CONFIDENTIAL – ONGOING NEGOTIATIONS ]**

Dr Robson was thanked for his presentation and continued commitment to supporting player welfare in this important area and then left the Meeting.

## 5 BUSINESS

### 5.1 *CEO Update*

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

- i) *British and Irish Lions* – it remained likely that the upcoming tour would take place at two locations in South Africa – Cape Town and Johannesburg - and that matches would be behind closed doors. The Chief Executive then commented on various commercial aspects of the arrangements. **[REDACTED – COMMERCIALLY CONFIDENTIAL]**
- ii) *Pro16* – the Investment Committee had approved the Heads of Terms document in relation to the participation of South African teams, and discussions were ongoing with a view to having the new 16 team league in place for season 21/22.
- iii) *FIR* – the Italian Union had appointed a new President, and Scottish Rugby had offered assistance in sharing best practice with the FIR. Several initiatives were being discussed on a confidential basis. **[REDACTED – COMMERCIALLY CONFIDENTIAL – ONGOING NEGOTIATIONS]**
- iv) *Glasgow coaching group* – following the departures of Kelly Brown and Johnny Bell, there was a vacancy for an attack coach, and an interview process had been started. It was noted that some work would need to be undertaken to improve Glasgow's on-field discipline.

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- v) *Scotstoun stadium* – the Chief Executive explained to the Board that he had visited Scotstoun with the Chairman, and they had noted a number of areas where urgent improvement was required to the facilities. As well as immediate requirements for upgrade in certain areas, there was also a need to look more broadly at the arrangements in place with Glasgow Life. An internal working group had been established to look at immediate fixes, and then to look at the longer term plan for the facilities. There had been some engagement with Glasgow Life and Glasgow City Council over a number of years but it was felt that this had to be taken forward more rapidly to bring the facilities into line with those offered elsewhere in the Pro14.

## 5.2 *Finance Report & FY 21/22 Budget*

### *Finance Report*

The Finance Director referred to the Finance Report, which was taken as read with no questions posed.

The Finance Director advised that a grant offer letter had been received from sportscotland for FY21/22 which contained general conditions similar to previous years, in sportscotland's standard form. The expectation for FY21/22, which was detailed in the letter, was to now move back, post Covid, to the routine model of funding, where Scottish Rugby was required to deliver certain outcomes. The financial terms were outlined, and had also been referred to in the circulated papers. Due to the sums involved, Board approval was required before entering into agreement. Accordingly approval was sought from the Board:

- i) For authority to be delegated to the Executive Directors to finalise the terms of the agreement on the basis outlined;
- ii) For the Company to enter into the agreement with the sportscotland in relation to the investment;
- iii) To authorise the signature of the agreement by any two Directors or any Director and the Company Secretary,

and this was **APPROVED**.

### **FY21/22 Budget**

The Chief Executive explained that the Budget for FY21/22 had been drafted to allow for reinvestment in the game and to create a pipeline for the National Team. Non-essential costs had been stripped out. It was noted that any money received pursuant to Project Light would be retained for transformational projects and therefore not included in the operating budget.

An update on the Budget was then provided under reference to the circulated paper, which was taken as read, with the following points noted:

- i) Project Pentagon and the government support had meant that Scottish Rugby emerged from the pandemic in a much stronger position than it otherwise

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might have. The business was moving out of the Recovery stage of its planning and into the Reset phase.

- ii) **[REDACTED - COMMERCIALY CONFIDENTIAL ]**
- iii) **[REDACTED – COMMERCIALY CONFIDENTIAL]**
- iv) The Budget aimed wherever possible to split out key costs and then match them to a relevant area of funding – for example, funding for elements of the community game was matched with the Scottish Government loan funding as previously discussed by the Board. Conditions attached to Scottish Government funding required the business to maintain jobs and infrastructure, so this remained a key focus.
- v) Overall, it was noted that there was a positive outlook over the five-year period, and further detail was set out in a circulated Five Year Forecast. A small element of Covid-related costs remained for the 21/22 season, but it was hoped that this would disappear after that. A key assumption for season 21/22 was that there would be full crowds at the 2022 Six Nations and for at least two out of three of the Autumn tests.
- vi) Following any feedback and approval from the Board, the Finance team would liaise with stakeholders in the business and continue to monitor spending. All spend would continue to require pre-authorisation. Budget holders had been understanding of the need for increased scrutiny over expenditure and been supportive of the approach adopted to Budget planning.

Questions were invited from the Board, and the following points were raised and discussed:

- i) In connection with employment levels and costs it was noted that maintaining jobs was a key condition of the Scottish Government support. Given the support received, Coronavirus Job Support Scheme funds, the revolving credit facility which remained in place and unused, and the anticipated gradual increase in trading activity, no issues were anticipated over the FY20/21 accounts being approved on a going concern basis. Some contingency modelling had been carried out on fallback positions and effects on revenue in the event of local lockdowns affecting any of the key assumptions. It was being assumed, based on the information available, that there would not be any restrictions in place by the time of the Autumn international matches, but if any significant restrictions were imposed then it would be open to the organisation to consider making a further request to government for additional support.
- ii) It was confirmed that the Board would have a further meeting later in the year to discuss how to utilise the anticipated proceeds from the pending 6 Nations transaction. Projects would be reviewed from a “return on investment” basis, which may not purely be financial, but would ensure that the best possible uses were being made from the money for the good of the game.
- iii) Further reports would be provided to the Board at future meetings to show how the organisation’s debts were moving over time.

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With all questions answered, and following detailed discussions and consideration, the Board **APPROVED** the proposed Income and Expenditure and Cash Flow Budgets for 2021/2022, and the Five Year Forecast, each as tabled in the circulated Budget Paper.

**5.3 Commercial Report**

The Chief Executive referred to the Commercial Report, which was taken as read, with no questions posed. It was noted that some temporary assistance was being provided by an external consultant, pending the recruitment of a new Chief Commercial Officer.

**5.4 Communications, Media and External Affairs Report**

The Chief People and Engagement Officer referred to her circulated Report, which was taken as read with no questions posed. The following points were noted:

- i) The Chief People and Engagement Officer was getting up to speed with her new area of responsibility. A recent event at Dalkeith Rugby Club was noted as being successful and had showcased the importance of rugby for community engagement and social connection.
- ii) A “Making Rugby Everyone’s Game” conference was planned for 6 June. LT would be providing opening remarks and there would be a number of guest speakers. Board and Council members were being encouraged to attend , if available.

**5.5 Company Secretary’s Report**

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

- i) *Change in Entity in Membership – Grangemouth Stags RFC*

Grangemouth Stags RFC had applied to transfer their membership to Grangemouth Stags RFC Limited, a company limited by guarantee. The club was presently an unincorporated members club. In exercise of the powers of the Scottish Rugby Board under the Bye-Laws of the Scottish Rugby Union, the change to the Membership Roll noted above was **APPROVED** and the Membership Roll was to be adjusted accordingly. **RH**

- ii) *Disciplinary Rules*

The annual review of Scottish Rugby’s Disciplinary Rules had taken place. The changes being proposed were relatively limited and in the main reflected the changes made to World Rugby’s disciplinary regulations. The proposed changes were set out in the Company Secretary’s Report and were marked on the draft which had been made available on the Scottish Rugby website for comment in accordance with usual practice, since 13 March 2021. The proposed effective date for the updated Disciplinary Rules was 1 June 2021.

In exercise of the powers of the Scottish Rugby Board under the Bye-Laws of the Scottish Rugby Union, the Disciplinary Rules 2021/22 were **APPROVED** as proposed, with authority provided to the Company Secretary to make any minor

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changes required for the purpose of numbering, formatting and correcting typographical or grammatical errors.

*iii) Betting and Anti-Corruption Regulation*

Scottish Rugby's Domestic Regulations were reviewed at least every two years. SDR 6 (Betting and Anti-Corruption) had been reviewed and no substantive changes were being proposed. The draft had been made available on the Scottish Rugby website for comment in accordance with usual practice, since 13 March 2021. The proposed effective date for the revised Regulation is 1 June 2021. No comments had been received to date.

In exercise of the powers of the Scottish Rugby Board under the Bye-Laws of the Scottish Rugby Union, SDR 6 Betting and Anti-Corruption was **APPROVED** as proposed, 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.

*iv) Player Payment Regulation*

Further to Council and Board approval of the Player Payment Working Party Report, SDR 4.1 Player Contracts and Payments had been adjusted to reflect the agreed proposals.

The draft wording had been made available on the Scottish Rugby website for comment since 1 April 2021. The proposed effective date for the revised Regulation was 1 June 2021. No comments had been received from clubs to date. Comments from the PPWP members had been addressed in the early drafts.

In exercise of the powers of the Scottish Rugby Board under the Bye-Laws of the Scottish Rugby Union SDR 4.1 Player Contracts and Payments was **APPROVED** as proposed, 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.

The Company Secretary noted the following additional points:

- i) *Consultations* – several other consultations on policies were continuing or would take place later in the Summer.
- ii) *Insurance* – in light of the ongoing discussions and reported claims elsewhere in connection with concussion, some types of insurance cover were likely to become more costly or structured differently in future. Discussions continued with the Company's insurance brokers and insurers as part of the annual renewal process.
- iii) *AGM 2021* – The Company Secretary noted the previously identified date for the AGM of Saturday 14 August 2021. It remained to be seen whether Covid restrictions would loosen enough to allow an in-person meeting, and Lumi had been engaged as an online contingency plan. It was assumed that there may also

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be an SGM later in the year to enable discussion on the proposals from the Standing Committee on Governance.

Further details on the suggested arrangements for the 2021 AGM would be discussed at the next Board meeting. Meantime, in exercise of the powers of the Scottish Rugby Board under the Bye-Laws of the Scottish Rugby Union, the Board **APPROVED** 14 August 2021 as the date for the Scottish Rugby Union AGM, whether in -person or on a remote basis.

- iv) A questionnaire would be circulated to Board members to obtain their feedback on Board effectiveness, how processes were working, and whether any changes were needed. Board meeting dates for 2022 were being examined - Board members were requested to advise the Company Secretary of any periods of non-availability for the following year.

A question was raised about progress on the Standing Committee on Governance's recommendations, noting that the intention had originally been for these to be discussed at the 2021 AGM. It was suggested that it would be helpful for a project plan to be shared to provide clarity on expected timescales.

This was referred to the President, who advised that a delay had occurred as a result of waiting on an external legal opinion relating to the Trust, which had been an important issue in the group's discussions. A full day Standing Committee meeting was being organised to move things forward as soon as possible.

It was recognised that continuing uncertainty around governance could be unsettling for employees and stakeholders, and the President confirmed that a communication would be prepared and issued to provide an update on the work of the Committee. The President noted that he did not think that the proposals which had been discussed to date were likely to have an impact on the operational side of the organisation.

The Chairman noted his own concerns regarding timescales and hoped that the matter could be progressed quickly. The Chief Executive also noted that continuing uncertainty around governance and future structures risked discouraging potential sponsors and investors in the game, given the general desire of such organisations to have clarity and certainty around their support and investment.

The President advised that he hoped that proposals would be ready for review at an SGM either directly after the AGM or soon after that date. There had as yet not been any consultation with the wider Council or Board on the proposals and this would take place in due course as part of the process.

## 6. STRATEGY

The Chief Executive thanked the Audit and Risk Committee, the Board and the Council for the work which had been carried out on the strategy proposals and their incorporation into the Budget. Key elements of the strategy could now be shared more widely internally and set out in a document for publication. The preparation of that and a communications plan was underway.

## 7. RUGBY

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### 7.1 *Rugby Development*

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

A local lockdown in Glasgow and Moray had impacted plans for a return to rugby in those areas. However, it was hoped that those situations would improve soon, and contingency plans were being worked up. It was noted that, to date, no emergency funding requests had been received from any clubs.

The President noted that the Return to Rugby initiative was going well. Most clubs had indicated that they wanted to play as they had previously, with promotion and relegation from their leagues.

### 7.2 *Performance Rugby*

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

- i) Two players had retired from Glasgow Warriors and one from Edinburgh Rugby.
- ii) Congratulations were offered to Rob Harley, who had reached a milestone 250 caps for Glasgow Warriors.
- iii) In response to a question regarding Scottish Rugby's interest in Old Glory DC, it was confirmed that Scottish Rugby continued as one of four investors in the club. The Chief Executive would be joining the Old Glory Board following the departure of the former Chief Operating Officer.
- iv) Pastoral care was being planned for players who were involved in the GB 7s squad for the Olympics, whether or not they were picked for the final squad and whether or not the event went ahead.
- v) Performance Pathways - the Chief Executive referred to elements of the strategic plan and preparatory work being done prior to publication of the plan.  
**[REDACTED – CONFIDENTIAL PRIOR TO PUBLIC ANNOUNCEMENTS]**

## 8. STAKEHOLDER

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

The Chief Executive and Chairman had presented to the Council on Scottish Government funding. The President confirmed that Council was satisfied that this had been dealt with correctly. The Chief Executive's presentation on the Board's strategy had been well received and the Council had endorsed the proposals. The next Council meeting would focus on return to rugby planning in consultation with the Rugby Development department.

### 8.2 *Investment Committee – 10 May 2021*

DMcM, as Chair of the Investment Committee, noted that the Committee had unanimously accepted a recommendation to move to the signing of non-binding Heads of Terms for

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Project Hexagon, referred to earlier in the meeting. Protections would be sought for Scottish clubs in the qualifying mechanisms for European rugby. The proposals made sense financially and would create an attractive product to watch, but care and investment was needed to ensure the Scottish teams would remain competitive in the new league. Reference was then made to several commercially confidential aspects of the Heads.

**[REDACTED – COMMERCIALLY AND CONTRACTUALLY CONFIDENTIAL]****8.3** *Audit and Risk Committee – 13 May 2021*

LT, as Chair of the Audit and Risk Committee, noted that the Budget had been discussed at its most recent meeting. The Committee had been content for the Budget to be put forward to the Board and had approved the audit plan and timetable for the FY20/21 audit. A new audit partner at PwC had been appointed, with the audit fee having been approved.

The Committee had also discussed additional information for inclusion in the 2020/21 Annual Report.

**8.4** *Nominations Committee – 20 May 2021*

The Chairman noted that in addition to its discussion in connection with the Chief Commercial Officer role, the Nominations Committee had examined appointments on external bodies following the departure of the former Chief Operating Officer. The Committee recommended that the Chief Executive be nominated to serve on the Pro14 Boards (Celtic Rugby DAC and Pro Rugby Championship DAC) in place of the former Chief Operating Officer, for the time being. This would be revisited later in the year following upon the governance review and the completion of the various ongoing investment transactions. Approval was sought and **GRANTED** for these temporary appointments.

**9. AOB**

With all business concluded, the Chairman thanked everyone for their attendance and positive debate during the Meeting. Particular thanks were offered to **[REDACTED - NAME OF INDIVIDUAL]** and AH for their work on the Budget.

The Meeting closed.

**APPROVED BY THE BOARD  
17 JUNE 2021**