Present

RW Flockhart (President) in the Chair
D Bradbury (Vice-President), PG Laverie, C Rigby, GM Scott, A Little, JN Littlefair, W Gardner, A Gray, AA Brown, GT Kerr, ME Monro, K Knott, J Halliday and R Hume (Members of the Scottish Rugby Council); J Jeffrey and IT Rankin (co-opted Members of the Scottish Rugby Council).

CS Grassie (Board Chairman); I McLauchlan and LE Thomson (Independent Non-Executive Directors); M Dodson (Chief Executive), RM Howat (Secretary), DC McKay (Chief Operating Officer), AP Healy (Finance Director) - Members of the Scottish Rugby Board.

FCH McLeod, JHR Wright, RG Young, AM Hosie, WG Dixon, AR Irvine, JS Stevenson, AJM Lawson, DAD MacLeod and EA Crozier (Past Presidents)

S Johnson (Director of Performance Rugby), S Begbie (Director of Rugby Development), SJH Gemmell (Technical Director), GPJ Townsend (National Head Coach), GA Ireland (Head of Regulation), D Struth (Head of Legal), RG McGhee (Regulatory and Technical Executive), M Horler (Head of Media), N Graham (Head of Training and Development), G Fay (Head of Women’s and Girls’ Rugby), T Henning (Match Officials’ Commissioner), N Bombrs (Managing Director, Glasgow Warriors), J Petrie (Managing Director, Edinburgh Rugby).

Club, Associate Body and Associate Club area representatives comprising 183 individuals.

There were also in attendance: B Richmond, M Gillanders, H Swankie and A Forsyth (Council Members elect); I Barr and G Low (Vice Presidential candidates); G MacColl QC (Governance Working Party Chair); GB Clark (Reserve League Committee Chair); H Pollock (Murrayfield Injured Players Foundation); M Cavanagh (sportscotland); representatives of the auditors, members of the press and members of staff.

Distributed for Meeting

- Meeting Notice of 20 July 2018 (including Agenda and Motions)
- Note on procedure at AGM
- Minutes of 2017 AGM
- Scottish Rugby Annual Report
- The 2018 Financial Statements (extracted from the Annual Report)
- The 2017/18 Championship Report

Apologies for Absence

GB Masson, JB Steven, GK Smith, IHP Laughland, B Duffy, G W Jack, (Past Presidents); D McMillan (Board Member); A Rae [Championship Committee Convenor]; DM Hunter (Discipline Panel Chair).

Clubs – Birkmyre, Blairgowrie, Montrose & District, Newton Stewart and Panmure.

Welcome and Opening Comments

The President welcomed all present and confirmed that the meeting was quorate, there being present more than one third of the total members or representatives entitled to attend and vote.

The President invited the Secretary to intimate any apologies, which were as noted above.

The President paid tribute to absent friends and those in the rugby community who had passed away during the previous year.

Club Representatives

The President intimated that club representatives must be members of the clubs which they represent.

Notice calling the Meeting

The President referred to the Notice calling the Meeting, which is filed with this Minute, and proposed that it be taken as read. There was no dissent.

Minutes – 2017 AGM

The Minutes of the previous Annual General Meeting (held on 5 August 2017), copies of which had been distributed prior to the meeting, were unanimously approved, being proposed by the President and seconded by B Sinclair (Portobello FP).
President’s Report

The President reflected on a number of notable achievements during the previous year, including:

- the inspirational successes of the men’s National XVs team;
- an increasingly competitive women’s National XVs team;
- notable wins by the Scotland U20 and U18 XVs teams;
- the many achievements of Scotland’s domestic clubs and teams;
- growth in the Schools and Youth Conferences, with more players, teams and matches; and
- Cashback Schools of Rugby, which were offering rugby to many less privileged children.

The President acknowledged the findings of a recent Employment Tribunal in relation to the dismissal of the former Director of Domestic Rugby. In doing so, he apologised for the manner in which matters had transpired and assured the Meeting that any recommendations from the associated review would be fully implemented.

He also recognised that concerns and uncertainty had arisen in relation to Agenda 3. He hoped that the proposed debate at this Meeting would go some way towards addressing any reservations.

The President then addressed the question of governance, stating that whilst the 2005 Dunlop Report had served Scottish Rugby well, the Standing Committee on Governance had now recommended a further review. Consequently, Gavin MacColl QC had been asked to chair such a review.

The President concluded by thanking his fellow Council and Board colleagues, Scottish Rugby’s staff, all of the organisation’s key stakeholders, and in particular its many member clubs.

Scottish Rugby Update

The Board Chairman, Colin Grassie, indicated that he wished to address the meeting on 3 main topics:

1) The recent employment tribunal and the subsequent review;
2) The on and off-field results for Scottish Rugby; and
3) The future of the Scottish game, including the structural challenges it faced.

Tribunal

Following the Employment Tribunal decision of 7th June 2018 in relation to the former Director of Domestic Rugby, the senior independent Director, Lesley Thomson QC, had been asked to undertake a full review. The decision to undertake a review had been the Board’s, and had not come about due to external pressure. The review’s remit had been fully shared with the Council. Ms Thomson’s suitability to conduct the review, whilst being a sitting member of the Board, had been considered. However, her experience as a former Solicitor General and her integrity and competence, ideally placed her to carry out such a review. Ms Thomson had delivered her report to the Board on 24th July. The Board was now considering its contents, with the intention of concluding matters in early September.

The Board was also reviewing the use of settlement agreements within Scottish Rugby. Such settlement agreements were an accepted and legitimate business tool and, since 2011, Scottish Rugby had used them on 14 occasions for non-playing or non-coaching staff. For context, during the same period over 600 employees had left the business. Settlement agreements had therefore been deployed very much by exception, but the Board would be taking a very clear position on their use going forward.

In relation to these matters Scottish Rugby’s staff, the game’s volunteers, our clubs and all stakeholders were due an apology, and as Chairman he was happy to offer that apology.

On and Off-Field Results

The Chairman reported that in 2017-18 a record turnover of £57.2m had been achieved, being an increase of £5.8m on the previous year. Turnover had now risen by 63% since 2011, with investment in the domestic game increasing by 61% over the same period. A surplus of £1.8m had been achieved and average debt had been reduced to £2.4m, the Union’s lowest figure in the professional era.

Partnerships with key brands had deepened and further blue-chip sponsors were being brought on board, including a new Academy partner and the first stand alone partner for Scotland Women.

The broadcasting landscape was changing rapidly. Some 43 million TV viewers had watched Scotland’s matches in the 2018 NatWest 6 Nations Championship; TV coverage of Scotland’s matches in the last season had been enjoyed in 181 territories and the planned broadcast expansion of the Guinness Pro14 would see every single match televised in the coming season.
The last eight games at BT Murrayfield had been sell-outs, as had every home Glasgow Warriors match at Scotstoun for the second successive season. Edinburgh Rugby had achieved 40% commercial revenue growth.

**Future of the Scottish Game**

The Chairman then addressed the importance of supporting the sustainability of the grassroots game, and work being carried out on Agenda 3, the forthcoming Super 6 competition and the Scottish Qualified programme.

In particular he highlighted the importance of both supporting the grassroots and having a successful national team, with a nimble commercial strategy to support both. He identified four principal levers for Scottish Rugby: performance, broadcasting, new/diversified revenue streams and engagement with clubs and stakeholders. He echoed the words of the President in supporting an independent review of governance to keep pace with the changing global environment.

Finally, he concluded by saying it had been a strong year both on and off the field, he congratulated James Robson and Ian McLaughlan on their MBE and OBE awards, he paid tribute to Doddie Weir for his courage, inspiration and charity work and he thanked the staff, the Board and outgoing President.

**Chief Executive’s Report**

The Chief Executive, Mark Dodson, was then invited to present his report.

The Chief Executive outlined what he anticipated that the improvement in the Union’s finances would mean for clubs, focusing on the three elements of Agenda 3 – Performance, Participation and Finance. Sustainability was at the heart of the initiative, with key work streams to address the issues face by clubs: volunteer numbers, facilities management, reserve team rugby, attracting qualified coaches and running a sustainable club.

Funding would be allocated based on a series of milestones – a Minimum Operating Standard, followed by Bronze, Silver and Gold Standards. He confirmed that no club would be worse off as a result of the introduction of Minimum Operating Standards and clubs would have until September 2021 to reach these standards – with funding continuing in the meantime. Funding would be provided according to the following scale – reaching Minimum Operating Standards - £2,500; Bronze - £4,500 per annum; Silver - £6,000 per annum; Gold - £11,000 per annum. This represented an additional £340K of direct funding to clubs - an 11% increase.

Turning to Super 6, he stressed that this was a core element of Agenda 3. It would introduce a new top level of the domestic game. As part of this, agreement had been reached with the WRU for a cross border companion competition to Super 6. Below Super 6, whilst the proposal had been structured around the game being wholly amateur, should Motion 1 be approved, the question of player payment would be debated. Any decision reached would then determine how the game operated at these levels.

In moving forward, the importance of working together was key. Task Forces would therefore be set up to seek solutions to the challenges noted during the Super 6 application process.

Finally, the Chief Executive concluded by providing an update on talks with potential external Pro-Team investors, stressing the changing nature of the rugby market, particularly in regard to broadcasting.

The President noted that the Financial Statements for year ending 31 May 2018 had been circulated and he invited any questions on the Accounts. Before taking questions from the floor he noted that a financial question had been received from Grangemouth RFC:

“There has been much debate in the media about the level of support Club Rugby receives from the SRU. The figures from the 2016/17 Annual Report show that 5.4% of revenue is spent on Club Rugby. This compares poorly with the other Home Nations Unions who all fund club rugby at least twice the rate of the SRU. Given the excellent business performance that we have been told so much about for the last few seasons, why has this not translated into better support for club rugby?”

In response, the President noted that the Club Funding Overview circulated in July had highlighted that only the “direct investment” figure had been used for Scotland (whereas the total of direct and indirect expenditure had been used for England, Ireland and Wales). The “indirect investment” in Scotland was similar in nature to that in the other Home Unions, and included the Rugby Development teams for Clubs, Youth and Schools; Training, Education and Coach Development; Refereeing, Competitions, and...
Outreach & Equality. Such expenditure was reported by Scottish Rugby as part of the “Domestic and Performance Rugby” category in the accounts. The like-for-like comparable number for Scotland was therefore 12-13%, which was at a similar level to the other Celtic Unions.’

There being no further points the President proposed adoption of the Financial Statements. B Mitchell, Hillhead/Jordanhill, seconded their adoption and the Financial Statements were duly adopted.

**Championship Report for Season 2017/18**

The President advised that A Rae, Championship Convenor, was not available and invited G B Clark, Reserve League Convenor, to present the Championship Report.

GB Clark noted that the report had been circulated in advance and proposed that it be taken as read. On behalf of the Convenor, he thanked the many club volunteers who supported the work of the Committee. He also thanked the Championship Secretary, N Crooks, the Competition Department staff and the members of the Championship and Regional Committees.

The President invited questions to the Championship Report. D Ward, Grangemouth, asked whether the report should perhaps highlight those clubs which had declined promotion (and, in consequence, which had thereby avoided relegation). GB Clark replied that the National Competition Rules set out the basis for promotion/relegation. Within these Rules it was up to clubs to accept or decline.

The President then moved adoption of the Report. This was seconded by R Hogarth, Peebles, and approved by acclamation.

**Election of Members of Council for 2018/19**

The Secretary advised that the following representatives had been elected to serve on the Council:

- **Edinburgh Regional League** – M Gillanders (Lismore) elected for 3 year term 2018/21.
- **Glasgow South Regional League** – A Gray (Stewartry) re-elected for a 3 year term 2018/21.
- **Scottish Borders Regional League** – A Forsyth (Earlston) elected for a 3 year term 2018/21.
- **Midlands Regional League** – H Swankie (Dunfermline) elected for a 3 year term 2018/21.
- **North Regional League** – B Richmond (Mackie Academy FP) elected for a 3 year term 2018/21.

The President welcomed the new members to Council and thanked departing members J Littlefair, A Brown, GT Kerr and M Monro for their service.

**Membership Applications**

The Secretary intimated that there had been one application for full membership, from Loch Lomond RFC. The nomination was put to the meeting and approved unanimously.

The President advised that whilst the membership roll, at 286 clubs, stood at its highest ever level, two clubs, Moray House and Hawick YM, had resigned their memberships earlier that summer. He thanked both clubs for their long and valued contribution to rugby in Scotland and paid particular tribute to long standing Moray House President and veteran of Scottish Rugby AGMs, George Russell.

**Election of Vice President for 2018/19 and 2019/20**

The Secretary advised that four nominations had been received for the position of Vice President – I Barr (Lasswade), J Littlefair (North Berwick), G Low (Gala) and M Monro (Aberdeen Wanderers).

The President called for a vote and the voting was as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I Barr</td>
<td>106</td>
</tr>
<tr>
<td>J Littlefair</td>
<td>48</td>
</tr>
<tr>
<td>G Low</td>
<td>10</td>
</tr>
<tr>
<td>M Monro</td>
<td>30</td>
</tr>
</tbody>
</table>

The President therefore announced that I Barr, having achieved an overall majority of the votes cast, was duly elected to serve as Vice President for seasons 2018/19 and 2019/20.

**Motions and Amendments**

The President noted that any Motion or Amendment would require to stand or fall as put and could not be amended for discrepancies or otherwise at the Meeting.

**Motions**

The President advised that two Motions had been proposed, together with an Amendment to Motion 2. The Motions and Amendment, along with the rationale for each, had been circulated in advance and the President proposed that they be taken as read. There was no dissent.
The President noted that ordinarily a simple majority of those voting was required for Motions and Amendments to succeed, other than for Bye-Law changes or special directions as to Finance (where a vote of two thirds of those present and entitled to vote was required). As Motion 2 involved changes to the Bye-Laws it would require a two-thirds majority if it was to succeed.

**Motion 1: Debate on Agenda 3**

The President invited G Thomson (Aberdeen Grammar), to speak to Motion 1. G Thomson noted that when Super 6 had been proposed it had been envisaged that the franchises would be amalgamations of clubs. This had not happened and, in consequence, there was now a need to debate the impact of the new structure on the rest of the game in Scotland.

K Quinn (Marr) formally seconded the Motion.

The President outlined that the Council and the Board welcomed the opportunity which the Motion presented for a discussion on the topics raised by Agenda 3.

There being no further questions or comments the President moved that a vote be taken.

The Secretary called for a vote on the Motion and this was carried by an overwhelming majority.

The Motion having been carried, the President intimated that the requested debate would now take place and asked G Thomson to introduce the first topic.

**Topic 1 – The placement of Super 6 “amateur” teams within League Structures**

G Thomson said that in his view 2nd XVs should not play in the National Leagues. He noted other options were available, including a Super 6 ‘A’ League or placing these teams in the National Reserve League.

P Thomas (Currie) said that it was a question of strategic planning - if one piece of the jigsaw was moved it affected all other pieces. He pointed out that the 2nd XVs of Premiership clubs currently played in the Reserve League. He said that any other proposal needed to be properly set out, with full costings, and that there was a risk of driving down the standard of top level club rugby.

M Dalgetty (Melrose) said that Melrose and Napier University had been awarded the right to run a franchise, and that this entity would be a separate entity from Melrose Rugby. Melrose Rugby would continue to be run as a community club. As part of the Super 6 application process applicants had been asked to agree that their Club XVs would be put into National 1. Melrose Rugby would not be the 2nd XV of the franchise but a club in its own right. He added that not all of the current players would play for the Super 6 franchise, and many may carry on playing for Melrose Rugby. Safety was a paramount issue and there were risks if quality players were forced to play against inferior opponents for political reasons.

F Spratt (Edinburgh Academicals) said that the fundamental question was where the Super 6 teams lay in regard to club rugby. If within the club structure, then they should be subject to promotion and relegation and their 2nd XVs should play in the Reserve League. If not, they should be dealt with outwith club rugby.

The President invited SJH Gemmell (Technical Director) to address the meeting. SJH Gemmell said that the challenge of Super 6 was about improving standards. The most talented young players were leaving the country because of the gap between club and professional rugby. There also needed to be a pathway for Scottish coaches. He urged the Meeting to consider players at the heart of the debate. They needed the right platform, environment and culture to progress and the Super 6 as proposed would provide this.

K Quinn (Marr) said that it was disappointing that the debate was happening now and was about something which had been announced a year before. There had been an absence of detail at the outset and it had been a moveable feast ever since. It was critical for the Governance Working Party to get the structure right and to keep a vibrant club scene.

R Jericevich (GHA) expressed concern about the effect that the new franchises would have on other clubs in their areas. He foresaw that they would use their franchise to obtain an advantage in attracting players, and that players would naturally gravitate towards these clubs.

The President invited GPJ Townsend (National Coach) to address the Meeting. On behalf of the national management team GPJ Townsend thanked the clubs for their support. He was excited about the
Academy and Age Group systems and said that there were now more players coming through than ever before. He said that Super 6 would help provide a pathway for such players to come through to the fully professional level.

R Whiteside (Hamilton) asked where the non-selected Super 6 players would play, adding that until this detail was known it would not be possible for the clubs to decide (as this could become a safety issue if there were mismatches).

K Wallace (Haddington) supported the comments made by GHA, saying that he believed that players would be sucked out of the game. He supported meritocracy and said there was no guarantee that the 2nd XVs of the franchises would deserve to be in the National League.

P Thomas (Currie) said no-one was arguing about the need for a step above the Premiership, but argued that there was still a need to have teams playing at the same standard as the existing Premiership. The money being transferred from the Premiership to the Super 6 would create a chasm between the two.

**Topic 2 – Amateur Players and Player Payments**

The President then invited G Thomson to introduce the second topic for debate. G Thomson highlighted the difficulty in defining what was meant by ‘amateur’, stating that it was not as simple as just payment for playing, noting benefits-in-kind as another example of paying players. The recent audit had revealed that £580k per year was being spent by clubs on players, with 90% of this in the Premiership and National 1. There was also the question of overseas players – if they were all removed how would they be replaced? Removing the right to pay all benefits might also impact on remote clubs and clubs in limited population areas.

K Quinn (Marr) addressed the issue of ‘marquee’ players, saying that clubs were mirrors of what happened at professional and international level. Players from other places can and did help, making clubs more attractive to supporters and sponsors. In some areas bringing in players in key positions was necessary to enable clubs to keep going.

D Smart (Clydebank) said clubs at his club’s level were impacted at the other end as some clubs paid for reserve players to play for them, which he believed unacceptable.

F Calder (Stewart’s Melville) said he was 100% behind Agenda 3 and 100% behind the franchise structure. There had to be a scenario where young players were assessed and pushed forward (or not). This would allow the rest to get on with the amateur game and focus on fellowship, friendship and fun. It was time to get back to basics. Scotland fought well above its weight at international level but had lost sight of what was important at the amateur level. He asked the clubs to back the National Coach, back the Union, back Glasgow and Edinburgh and back themselves to to get back to what they do best.

I Milne (Mackie Academy FP) said that there were a lot of great things going on in club rugby. Millions of hours were being put into women’s and youth rugby, but the adult male game was contracting. Clubs were best placed to decide how to structure their game but the problems had to be recognised – linear promotion/relegation was destroying the game, reserve rugby was in a mess and clubs were paying players just to make up teams. Players did not want a 9 month season, nor to travel all over the country. A Working Group should be set up to address the issues - if action was not taken now there would be no volunteers left in 10-15 years time. It was time for the clubs to trust each other, work together and get more people playing rugby, not focusing on climbing up leagues at all cost.

K Richardson (Linlithgow) said that the opportunity should be taken to have a major review of the club structure and to bring all clubs together to reach agreement.

**Topic 3 – Season and League Structures**

The President then invited G Thomson to introduce the third topic for debate. G Thomson said that whilst this matter should have been added a year ago, there was now a window of two months to reach a majority view. He argued strongly in particular that there was no need to have four National Leagues, particularly when Regional League clubs were refusing promotion.

P Thomas (Currie) warned that the advent of Super 6 clubs would force everything else down. He argued that the new Championship (although he would prefer to retain the name Premiership) must be at the same standard as the current Premiership. He also suggested that research should be carried out as to how many of the Regional League clubs actually wanted to move up to National level.
The President then invited G Thomson to sum up. G Thomson said that it was in the clubs’ hands to make sure Agenda 3 and Super 6 worked. Everyone wanted it to work – the concern was what happened to the game further down.

The President noted that a club payments survey was being undertaken. In the light of views expressed further surveys would be undertaken on other issues, including league and season structures. The Standing Committee on Governance would be fully involved throughout this survey process.

**Motion 2: Bye-Laws**

The President advised that Motion 2 related to a proposed change to Bye-Law 14 concerning the approval process for changes to the format of certain club competitions.

The President invited Haddington to speak to Motion 2. K Wallace, Haddington, asserted that since the introduction of National Leagues in 1973 the member clubs had had the right to determine their league structures. At the previous year’s AGM there had been a Motion which would have taken away this right and given it to the Board. He added that he would be happy to support the Amendment, if that was what Regional clubs desired.

The President invited GHA to second the Motion. WM McMurtrie, GHA, stated clubs had always had the right to determine the format of their competitions but there had been attempt to take that right away. This Motion would enshrine that right in “legislation”.

The President invited Portobello FP to propose the Amendment. B Sinclair, Portobello FP, said that the Amendment would limit the scope of the proposed Bye-Law change to the Premiership and National Leagues, stressing the need for flexibility in Regional, Reserve and Women’s league competitions.

The Amendment was formally seconded by Lismore RFC.

The President drew attention to the guidance note on the Motion and Amendment which had been made available. C Grassie, Board Chairman, speaking on behalf of the Board, noted that they served at the pleasure of the clubs who owned the game. The Board had no desire to rule on the detail of how the clubs’ leagues were organised. The Board was neutral and would always consult the clubs.

D Ward, Grangemouth, supported the Motion saying that it was critical for clubs to be able to propose and vote on their own Motions, rather than hand over all power to the Board.

There being no further comments, the President moved that a vote be taken.

The Secretary called for a vote on the Amendment. The Amendment was carried unanimously.

The Secretary called for a vote on the Motion as amended. The Motion was carried by an overwhelming majority.

**President for Seasons 2018/19 and 2019/20**

The President advised that in accordance with the Bye-Laws, the AGM would be asked to ratify the elevation of the Vice President to the office of President. He asked the Meeting to approve the appointment of D Bradbury as the next President. The appointment was approved by acclamation.

**Any Other Business / Questions from Clubs**

The President advised that in advance of the meeting clubs had been asked to indicate any items they wished to see addressed under Other Business. Many of these points had been covered earlier, or had been addressed directly with the club concerned. The remaining items would now be addressed:

Shawlands – “*Have there been any serious bids for either Glasgow or Edinburgh pro franchises since the SRU SGM that gave permission for franchise investors to be sought. How have separate valuations been reached for those franchises. And has consideration been given to increasing the equity holding above the minority amount currently being offered. If not what is the reasoning behind that.*”

M Dodson advised that rugby clubs were difficult to value, and whilst discussions continued, there was not as yet anything at a sufficiently advanced stage to bring forward.

Haddington – “*We appreciate that Compromise Agreements and any NDAs within them are by their nature individually confidential, but we are greatly concerned by the extent suggested in recent media articles. Can you please confirm how many there have been in total (i.e. non-rugby and rugby) in the last five years and how much this has collectively cost, including legal fees?*”
The President noted that the Board Chairman had commented on this matter earlier in the meeting. Further information, as appropriate, would be provided in due course.

**Closing Remarks**

Incoming President, D Bradbury, paid tribute to outgoing President RW Flockhart and presented him with a small token of appreciation for his service to Scottish Rugby. She thanked the clubs for giving her the honour and privilege to serve as President and formally closed the meeting.

The Meeting, which had commenced at 10.30am, closed at 1.56pm with a vote of thanks to the Chair.