

## SCOTTISH RUGBY UNION

### Minute of Annual General Meeting of the Scottish Rugby Union, held in the President's Suite, BT Murrayfield, on Saturday 5 August 2017 at 10.30am

<b>Present</b>	<p>RW Flockhart (President) in the Chair D Bradbury (Vice-President), PG Laverie, DJ Ward, GM Scott, JN Littlefair, W Gardner, AA Brown, GT Kerr, ME Monro, K Knott and J Halliday (Members of the Scottish Rugby Council); IT Rankin (co-opted Member of the Scottish Rugby Council)</p> <p>CS Grassie (Board Chairman), I McLauchlan, LE Thomson (Members of the Scottish Rugby Board)</p> <p>GB Masson, GK Smith, FCH McLeod, RG Young, B Duffy, WG Dixon, AR Irvine (Past Presidents)</p> <p>M Dodson (Chief Executive), RM Howat (Secretary), DC McKay (Chief Operating Officer), AP Healy (Finance Director), S Johnson (Director of Rugby), GA Ireland (Head of Regulation), RG McGhee (Regulatory and Technical Executive), D Struth (Head of Legal), M Horler (Head of Media), G Law (Senior Corporate Affairs and Stakeholder Manager), S Begbie (Acting Director of Domestic Rugby), N Rennie (Head of Club Services), N Bombrys (Managing Director, Glasgow Warriors), J Petrie (Managing Director, Edinburgh Rugby), GPJ Townsend (National Head Coach), D Edge (Club Services Manager, Edinburgh &amp; Lothians), P Cook (Club Services Manager, Caledonia), J Broatch (Club Services Manager, West), N Taylor (Club Services Manager, Borders &amp; East Lothian).</p> <p>A Rae (Championship Committee Convenor); GB Clark (Reserve League Committee Convenor); M Swanson (Governance Working Party Convenor).</p> <p>Club, Associate Body and Associate Club area representatives comprising 142 individuals.</p> <p>There were also in attendance: C Rigby and A Little (Council Members elect); representatives of the auditors and members of the press.</p>
<b>Distributed for Meeting</b>	<ul style="list-style-type: none"><li>- <i>Meeting Notice of 19 July 2017 (including Agenda and Motions)</i></li><li>- <i>Note on procedure at AGM</i></li><li>- <i>Minutes of 2016 AGM</i></li><li>- <i>Minutes of 2016 SGM</i></li><li>- <i>Scottish Rugby Annual Report</i></li><li>- <i>The 2017 Financial Statements (extracted from the Annual Report)</i></li><li>- <i>The 2016/17 Championship Report</i></li></ul>
<b>Apologies for Absence</b>	<p>A Gray and R Hume (Council Members); J Jeffrey (co-opted Council Member); JB Steven, JHR Wright, IHP Laughland, AM Hosie, JS Stevenson, AJM Lawson and DAD MacLeod (Past Presidents); D McMillan (Board Member);</p> <p>Clubs – Aberdeen Wanderers, Birkmyre, Carnoustie HSFP, Crieff &amp; Strathearn, Dumfries, Gala YM, Gordonians and Peebles.</p>
<b>Welcome and Opening Comments</b>	<p>The President welcomed all present to the Meeting 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.</p> <p>The President invited the Secretary to intimate any apologies, which were as noted above.</p> <p>The President paid tribute to absent friends and those who had passed away during the past year.</p>
<b>Club Representatives</b>	<p>The President intimated that club representatives must be a member of the club which they represent.</p>
<b>Notice calling the Meeting</b>	<p>The President referred to the Notice calling the Meeting, which is filed with this Minute, and proposed that it be taken as read.</p>
<b>Minutes – 2016 AGM</b>	<p>The Minutes of the previous Annual General Meeting (held on 20 August 2016), copies of which had been distributed prior to the meeting, were unanimously approved, being proposed by the President and seconded by D Belmore (Uddingston).</p>

## Minutes – 2016 SGM

The Minutes of the Special General Meeting (held on 28 October 2016), copies of which had been distributed prior to the meeting, were unanimously approved, being proposed by the President and seconded by D Edwards (Montrose and District).

## President's Report

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

- Winning seven out of eleven international matches including all three home Six Nations games;
- Reaching an all-time high of 5<sup>th</sup> in the World Rankings;
- Sell-out crowds at BT Murrayfield;
- A new Scotland Head Coach in Gregor Townsend (with thanks to outgoing coach Vern Cotter);
- A first win against Wales and victory against Italy in the Women's 6 Nations Championship;
- Two victories for the Scotland Women's Sevens team in the Rugby Europe Trophy, gaining the side promotion to the Grands Prix Series in 2018;
- Victory for Scotland Men's Seven for the second year in succession at the London Sevens; and
- A fifth place finish in the Junior World Cup for Scotland U20.

The President also highlighted improvements in the domestic game, with £2.8m going into grass roots, 97 clubs benefitting from grants under the Club Sustainability Fund and the growth of the schools and youth conferences (which had seen a 20% increase in the number of matches played to 2,300). He congratulated all clubs on their achievements and commiserated with those which had done less well.

He congratulated the executive team and the staff on increasing turnover and reducing debt, and thanked BT, Macron and Scottish Rugby's other sponsors and partners for their contribution.

He noted that the member clubs had demanded that the Board take the lead on introducing new structures to guarantee the sustainability of the game. There was also a need to engage with the Exiles and the Scottish diaspora. This it had done and the Chief Executive would be address meeting on those points.

The President thanked the retiring Chair of the Discipline Panel, Professor Lorne Crerar, for his service in a position he had held since 1995. He also thanked fellow long standing Discipline Panel members Peter Brown and Bill Dunlop QC who would join Professor Crerar as *Emeritus* Discipline Panel members.

Finally, the President concluded by saying that Scottish Rugby was in good health and in his view could approach the future with confidence.

## Scottish Rugby Update

The Board Chairman, Colin Grassie, provided an overview of business highlights from the past year including:

- Turnover had increased by £4m;
- BT Murrayfield had sold out for all three Six Nations matches together with New Zealand and Argentina (and a record 40,000 attendance had also been achieved for the Samoan game);
- Scottish Rugby's level of debt was now lower than for a generation; and
- £2.8m of funding had been provided to the domestic game.

Looking forward a number of challenges remained, including:

- Significant cost increases in professional rugby, largely driven by French and English clubs; and
- An ageing stadium which would require investment.

With this in mind the Chairman looked forward to planned growth initiatives, including development plans for Murrayfield which, once completed, would both grow and diversify the Union's income. The Chief Executive would be providing the meeting with a full financial overview. However, whilst there remained considerable demands on Scottish Rugby's resources, the Board was proud to present an outstanding set of financial results, results which could be built on if Scottish Rugby was imaginative and bold.

The Chairman reminded the meeting that the brand and reputation of Scottish Rugby had to be carefully guarded, and that issues such as player welfare and child protection were responsibilities which the Board and Council took very seriously. In view of this the Senior Non Executive Director, Lesley Thomson, had been asked to address the meeting on this important topic.

In concluding he offered his thanks to his predecessor, Sir Moir Lockhead, and to Scottish Rugby's staff, the Board and the Council for their support and hard work.

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

The Chief Executive provided a wide ranging presentation on Scottish Rugby activities and business performance over the previous year highlighting the record turnover achieved (increased by £4m to £51.4m), an increased surplus (of £1.7m) and reduced debt (down by £3.3M to £5.2m). Attendances at matches had also increased, with almost 600,000 supporters watching international and professional team matches. On the pitch, participation had grown, especially in the Women's and Girls rugby (11% increase in number of teams) and in Youth and Schools rugby (20% increase in number of matches).

Senior Independent Director Lesley Thomson QC was then invited to address the meeting on the important matter of Child Protection.

L Thomson advised that there were some 30,000 boys and girls under the age of 18 participating in rugby in Scotland. It was incumbent on everyone within the game to foster and encourage these young people on their rugby journey, providing an environment which underlined Scottish Rugby's core values of achievement, engagement, enjoyment, leadership and respect. The importance of all adults working with children having the necessary PVG clearance was stressed.

Scottish Rugby's *Child Protection Policy* had been completely overhauled and the revised Policy would be published the following week. Additional guidance and materials would be provided to assist clubs fulfill their own responsibilities in this important area. Increased support would be made available to clubs and their Child Protection Officers, including access to new training modules. Clubs were encouraged to make use of the resources, support and advice available to them.

**Adoption of the Financial Statements for year ended 31 May 2017**

The President noted that the Financial Statements for year ending 31 May 2017 had been circulated and he invited any questions on the Accounts or on any of the topics raised in the Chairman's and Chief Executive's presentations.

WM McMurtrie, GHA, said that he had not received a copy of the Financial Statements. AP Healy, Finance Director, advised that an electronic communication had been sent out to all clubs with a link to the Financial Statements on the Scottish Rugby website. DC McKay, Chief Operating Officer, confirmed this and advised that hard copies were also available for members to take away.

K Wallace, Haddington, pointed out that the date of the AGM had been moved specifically in order to allow more time for clubs to review the accounts but, in his view, the current timescales were not sufficient. The President undertook to engage with clubs about the most appropriate time to hold the AGM.

There being no further points the President proposed adoption of the Financial Statements. NT Anderson, Kelso, seconded their adoption and the Financial Statements were duly approved.

**Motions and Amendments**

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

**Majority**

The President pointed out that a simple majority of those voting was required for Motions and Amendments to succeed, other than in the case of Bye-Law changes or a special direction as to Finance, where a vote of two thirds of those present and entitled to vote would be required. Both Motions being proposed to the meeting involved changes to the Bye-laws and would therefore require a two-thirds majority.

**Motions**

The President advised that Motions 1 and 2 related to the changes to the Bye-Laws and Articles of Association and were being proposed by the Council and Board on the recommendation of the Governance Working Party.

Motion 1 proposed that the Union's Bye-Laws be updated to:

- remove outdated principles and provisions no longer considered as necessary;

- provide additional clarity in certain areas (such as the powers and objects of the Union, the roles and responsibilities of the Council and Board, the appointment of international representatives and the consolidation of various sets of Election Rules); and
- provide a clearer and more logical format, with simplified and streamlined language.

Motion 2 proposed that, on the recommendation of the Governance Working Party, an updated set of Articles of Association for Scottish Rugby Union plc be adopted with the intention of:

- converting the Company into a private limited company;
- updating the Articles to take account of changes in company law; and
- modernising the language used and reflecting changes in the Company's operating practices.

The President confirmed that no Amendments had been received in respect of the Motions.

The President confirmed, for the avoidance of doubt, that:

- in relation to Motion 1, there was no intention to interfere with clubs' rights regarding access to international tickets; and
- in relation to Motion 2, there was no intention to remove any constitutional rights of the clubs.

### **Motion 1 : Bye-Laws**

The President invited RM Howat, Secretary, to speak to Motion 1.

The Secretary noted that the Bye-Laws had in recent years increasingly become cluttered and difficult to follow and that, since the changes made by the Dunlop Report, the Union had grown considerably. A commitment had been made at the previous AGM to update the Bye-Laws. This had been done. The Council's Governance Working Party had also addressed a number of areas including better use of electronic communications and the roles and responsibilities of the Council and Board. He stressed that none of the changes would provide the Board or Council with any more powers than they already had. He summarised the rationale for the proposed changes as being to:

- set out the existing powers more clearly;
- create a more transparent, clear and logical format;
- group relevant provisions together;
- introduce 'defined terms'; and
- remove duplication.

He confirmed that the Board and Council had approved the document and he invited questions.

Two questions had been submitted in advance by Croy RFC.

- 1) *"With the availability of admission tickets for international matches being deemed to be an outdated/redundant principle, can Clubs still expect to receive a "ticket allocation" and opportunity for commission payment from the sale of International tickets, or will tickets only be made available via third party resellers?"*

The Secretary advised that no change was proposed to the current system. Clubs would receive a ticket allocation/ receive commission and there was no change to the Club Participation Agreement.

- 2) *"Will the new bye-law 16.1.5 that specifies the Board powers and responsibilities are to include "determination of the format and structure of Leagues and competitions", remove the ability and/or requirement for Clubs to bring and pass competition restructuring motions before a General Meeting?"*

The Secretary advised that the ability of clubs to bring Motions to the AGM would not change, other than the removal of the need for a seconder. It would therefore actually be easier to bring Motions. Regarding the determination of competition structures, he advised that the Board already had the power under existing Bye-Law 15.1.2 (which stated that the Board had responsibility for *"The management of the whole affairs of the Union and/or the game of rugby football"*).

The President invited any other questions from the floor.

K Wallace, Haddington, said that the explanations provided had come very late in the day. In his view a vote for the Motion would not be a vote for democracy. He urged clubs to vote against.

The President responded that the proposed new Bye-Laws and the Governance Working Party Report

had been issued at the end of June. The recommendations came from the Governance Working Party, a sub-group of the Council. The Group was chaired by an eminent, independent external lawyer and was made up of representatives elected by the member clubs. He refuted any suggestion that the Motion was in any way undemocratic.

K Wallace asked whether members were aware that the National 3 Council representative had resigned the previous day. The President confirmed that he was aware of this, noting however that the representative concerned had approved the Motion whilst on Council.

W McMurtrie, GHA, said that his problem was with the replacing of the word '*management*' with the word '*determination*'. If the word '*determination*' had not been used in the proposed new Bye-Law 16.1.9 he would have no problem. Nothing may have been meant by the change but, in 10 years time, the word would still be there and a future Board may view it differently. K Wallace added that if this one word could be changed his club would also support the Motion.

The Secretary noted that it was not possible to change the wording at the meeting. The matter had not been raised at the consultation stage and no Amendment had been received. He added that the Board already had the power under the Bye-Laws to "manage" the game and that proposals for competition rule changes were decided by the Board, not the AGM. Nothing being proposed affected the right of clubs to bring Motions to the AGM.

The President said that he had been charged by the Council to bring the vote to the meeting and if the Motion was voted down the current obligations and powers of the Board would remain.

R Jericevich, GHA, said it was disappointing that the debate had had to happen at the meeting. In his view the summary provided prior to the meeting had not contained the full picture and his club would therefore vote against the Motion. The Secretary responded by noting that the papers had been issued in early June and published on the Union's website and clubs had adequate time to propose Amendments but none had been received. It was the clubs' responsibility to read the documents carefully. The process had been open and transparent and everything had been done in accordance with good corporate governance principles.

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

The Secretary called for a vote on the Motion. The votes cast were as follows:

Those in favour – 96

Those against – 54

The Secretary advised that the number of votes in favour required for a two-thirds majority was 102, therefore the Motion fell.

## **Motion 2: Articles of Association**

The President invited R M Howat, Secretary, to speak to Motion 2.

The Secretary advised that Motion 2 also followed the review by the Governance Working Party and incorporated the changes to Company Law brought about by the Companies Act 2006. Plc status tended to apply to companies with shares traded on a stock exchange or with a much wider shareholder base. Scottish Rugby plc had a very limited shareholder base with 49,999 of the 50,000 shares being held by the SRU Trust. Plc status was therefore not best suited to the Scottish Rugby governance structure. He added that any approval given at the meeting to the Motion and new Articles of Association would still require the approval of the SRU Trust, as the primary shareholder.

The Secretary invited questions. Two questions had been submitted in advance by Croy RFC.

- 1) *"What "additional and unnecessary statutory requirements" are placed on the Company for maintaining the "vanity" of being a plc?"*

The Secretary listed a number of differences in Plc status, including a shorter period for delivering accounts and additional administrative requirements.

- 2) *"Will Members still be supplied with the same level of detail as currently included in the Annual Accounts as a result of the Company being a plc?"*

The Secretary confirmed that members would still receive the full accounts.

F Spratt (Edinburgh Academicals) expressed surprise that an organisation with a turnover of £50m+

would want to change its status. He also noted that a Public Limited Company had to have an AGM whereas a private Limited Company did not.

The Secretary noted that that today's meeting was the AGM of the Scottish Rugby Union, not the Plc. The shareholders of the Limited Company could decide to hold an AGM. He noted that there were many private Limited Companies with turnover in excess of £100m.

F Spratt commented that private Limited Companies could dispose of assets privately. The Secretary responded that only shares in the company were held by the SRU Trust who were accountable to the Council, not the Board.

F Spratt said that there was nothing to stop the Directors increasing the shares in issue. The Secretary responded that the shareholders continued to have the power to requisition and make decisions and any changes in the Articles would still have to be approved by the shareholders.

F Spratt stated that his club would be voting against the Motion.

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

The Secretary called for a vote on the Motion. The Motion was carried by a large majority.

### **Championship Report for Season 2016/17**

The President invited A Rae, Championship Convenor, to present the Championship Report.

A Rae congratulated all of the clubs which had been successful in the various competitions. He noted that the Championship Committee had had fewer difficult decisions to take during the past season, which was a testament to both the more clement weather and to clubs understanding the rules better. He advised that the 2017/18 Rules and Regulations had been updated to make them more streamlined and he encouraged clubs to familiarise themselves with the new rules over the Summer. He closed by thanking the Scottish Rugby staff and the hard working volunteers on the Championship and Regional Committees.

The President moved adoption of the Report and its adoption was duly approved by acclamation.

### **Membership Applications**

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

### **Election of Members of Council for 2017/18**

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

*Premiership* – P G Laverie (Glasgow Hawks) re-elected for 3 year term 2017/20.

*National 1* – C Rigby (Stewart's Melville FP) elected for a 3 year term 2017/20.

*National 2* – G Scott (Whitecraigs) re-elected for a 3 year term 2017/20.

*National 3* – A Little (Highland) elected for a 3 year term 2017/20.

The President welcomed the new members and paid tribute to departing members D Ward, I Barr and R Lynch.

The President advised that one nomination had been received, from London Scottish, for an Exiles representative. The nomination had subsequently been withdrawn, this decision being supported by Hong Kong Scottish and Toronto Scottish. In the absence of a nominated candidate there was no election for this position.

### **Any Other Business**

The President invited intimation of any other competent business.

G Russell (Moray House) noted that previously the AGM had shown its support for the development of a museum. The promises made on this should not be pushed aside and, in his view, the former Museum Working Party should be resurrected.

### **Initiatives**

The President invited S Begbie, Head of Women's and Girls' Rugby and Acting Director of Domestic Rugby, to address the meeting on recent developments in the women's and girls' game.

S Begbie said that over the past three years considerable efforts had been made to develop women's and girls' rugby. This had borne fruit in XV's in the form of two wins in the Women's Six Nations for the first time since 2006, and in Sevens with victories in the Rugby Europe Sevens Trophy / promotion to the Grands Prix Sevens Series. Work was ongoing and she highlighted the Performance Development Programme for 17-20 year olds and the Coach Mentoring Programme. Other highlights included Hollie

Davidson becoming Scotland's first professional female referee and the increase in the number of players and teams, partly due to a very successful marketing campaign. Finally, she advised that it had been agreed that the proposed changes to the women's rugby season had been deferred until 2019.

The President then invited Chief Executive to address the meeting on new initiatives in the domestic game.

The Chief Executive gave a presentation on '*Agenda 3 – A Blueprint for Sustainable Clubs*' – an initiative to introduce a revised structure in domestic rugby from season 2019-20. The key features of the revised structure included:

- A six team semi-professional franchise tier at the top of the club game – the '*Super 6*';
- No promotion or relegation into or out of Super 6 for 5 years;
- An amateur club game below Super 6, comprising a 12 team Championship, three 12 team National Leagues and Regional Leagues thereafter; and
- Significant Scottish Rugby financial contributions at all levels.

The President invited questions to the Chief Executive.

R Jereceovich, GHA, asked why this system was better than the system in New Zealand. The Chief Executive stressed the importance of rewarding ambitious clubs whilst embedding sustainability throughout all levels of the domestic game.

E Kennedy, Watsonians, asked whether there would be any full time players in the Super 6. The Chief Executive replied that there would not be at the beginning but his ambition was that it would be so strong that it would go that way.

E Kennedy asked how many cross border matches the Super 6 clubs would play. The Chief Executive responded that he expected each club to play five cross border matches per season.

E Kennedy said that he doubted whether there would be large enough playing squads to fulfil an 18 match season. The Chief Executive indicated that the squad sizes required would be clarified in the bid document to be issued in the Autumn.

#### **Closing Remarks**

The President thanked all present for their attendance and reminded all clubs of the forthcoming Club Conference to be held on 24<sup>th</sup> September 2017.

The Meeting, which had commenced at 10.30am, closed at 1.30pm with a vote of thanks to the Chair.