

THE PRESS STANDARDS BOARD OF FINANCE LIMITED

Strictly private and confidential

Minutes of meeting of Directors
held at Halton House, London, on
Thursday 21 June 2007 at 2.35 pm.

PRESENT

Tim Bowdler (Chairman), Guy Black, Robin Burgess, Paul Dacre, Simon Fairclough, Leslie Hinton, Ian Locks, David Newell and James Raeburn.

IN ATTENDANCE (for item 9):

Tim Toulmin (PCC Director)

The Chairman extended a warm welcome to Guy Black and Simon Fairclough attending their first meeting following their election to the Board. He then expressed the Board's thanks to Steve Oram who, after nine years' service, had resigned on standing down as Director of the NPA.

1. APOLOGIES

Apologies for absence were intimated on behalf of Nicholas Coleridge and Clive Milner.

2. MINUTES

The minutes of the Directors' meeting held on 20 October 2006, copies of which had been previously circulated, were approved.

3. MATTERS ARISING

3.01 Editorial Audio Visual Guidance Note: It was noted that the PressBoF guidance note on extending the PCC's remit to include editorial audio-visual material on newspaper and magazine websites had been issued in early February.

3.02 Consultation paper, "Making Sure Crime Doesn't Pay": It was noted that the industry trade associations had come together to submit a formal response to the Home Office, Scottish Executive and Northern Ireland Office consultation paper. While agreeing in principle that it was wrong for convicted criminals to profit from their crimes, the trade bodies had taken the view that such payments were already effectively controlled where they were essential in the public interest. They believed that the creation of any new measures to prevent convicted criminals profiting from crimes would be disproportionate, unnecessary, harmful to freedom of expression and the public interest, impractical and counter-productive.

4. PRESS COMPLAINTS COMMISSION

4.01 Membership: The Board noted the appointment of Simon Irwin, Editorial Director, Kent Messenger Group who had replaced Paul Horrocks, Editor, Manchester Evening News, with effect from 1 January 2007. It was also noted that Jane Ennis, a PPA nominated member, had left the Commission in February following her resignation from Now magazine.

Harry Rich, Deputy Chief Executive of the Design Council, had been appointed to the Charter Compliance Panel following the retirement of Dame Ruth Runciman.

4.02 Financial Statements: The Report and Financial Statements of the PCC for the year ended 31 December 2006 (circulated) together with the Treasurer's analysis of the actual figures against budget (circulated) were noted. While individual headings showed significant variances, the analysis indicated that overall the results were substantially in line with the budget.

The Treasurer commented that the surplus of £85756 was entirely due to the cost of fitting out Halton House being treated as capital expenditure. With little or no corresponding costs in the current financial year, he anticipated that in accounting terms the PCC would show a deficit as a result of depreciation charges.

The Board agreed that the Treasurer should obtain further information on the level and make-up of the PCC's consultancy costs.

5. CODE COMMITTEE

5.01 Minutes and Code Review: The Board, noting the minutes of the meeting of the Code Committee held on 14 March (circulated), approved two changes to the preamble to the Code and a further two changes to clause 10 to prevent, unless in the public interest, the *accessing of digitally held private information without consent* and, secondly, specifying that engaging in misrepresentation or subterfuge via *agents or intermediaries* could only be justified in the public interest.

A proposed amendment to clause 1 iv had been withdrawn pending further consultation.

5.02 Editors' Code Website: The Board approved a Code Committee proposal for the creation of a website on the basis of a quotation of £2,900 plus £30 per hour maintenance from Codesign.

Arising from the discussion, it was agreed that the Treasurer should ask the PCC to ensure that it was obtaining best value for its website costs.

6. SELF REGULATION

It was understood that publication of the report of the House of Commons Culture, Media and Sport Committee's inquiry into self regulation of the press had been delayed in light of Tony Blair's "feral beast" speech when he had commented that at some point the regulatory framework would need revision. His argument was that as technology blurred the distinction between newspapers and television, it became increasingly irrational to have different systems of accountability, involving the PCC and Ofcom, based on technology that no longer could be differentiated in the old way.

Reference was also made to the House of Lords Communications Committee, chaired by Lord Fowler, launching a new two-part inquiry into media ownership and the news.

The Committee would first focus on changes in the way people accessed news, developments in the way news was provided and whether contracted media ownership affected the balance and diversity of news in a democracy. The concentration of media ownership, cross media ownership and the regulation framework would then be considered.

Board members expressed concern at the potential threat to self regulation emanating from the inquiries and various legislative measures, both actual and proposed. It was suggested that PressBoF should take a lead role in promoting press freedom.

It was then agreed that David Newell, Guy Black and the Secretary should prepare a plan for consideration by the Board.

It was further agreed that it would be important for the PCC to establish to what extent the recommendations in its report on subterfuge and newsgathering had been acted upon by the industry. The PCC should report back to PressBoF for its meeting on 15 November.

7. DIGITAL ONLY PUBLICATIONS

The Secretary invited views on ways in which registration fees might be introduced for online publications without a printed version. He was aware of two such digital magazines, both published by PressBoF subscribers, and if this was the start of a trend it would be appropriate to develop a scale of registration fees. It was PCC policy not to consider reader complaints where no fees were paid in respect of the publication.

In the ensuing discussion several members questioned whether in fact such publications should come under the jurisdiction of the PCC. It was therefore agreed the matter should be examined further before any proposal was tabled.

8. TREASURERS REPORT

The Board noted the Treasurer's report as at 19 June (tabled).

9. PCC REPORT

Tim Toulmin reported that in light of the press coverage of Kate Middleton and the PCC report on subterfuge and newsgathering there had been an increased number of reader complaints, including those going to adjudication.

As a follow up to the report, the PCC would be holding two seminars in London and Glasgow.

He commented that despite recent judgements, not all privacy cases were going to the courts as a number continued to come before the PCC. Sir Christopher and he had arranged an informal dinner with Mr Justice Eady.

A total of four complaints (one audio and three visual) had been received since the extension in the early part of the year of the PCC's remit to include editorial audio-visual material. They did not give rise to any resource implications. Ofcom was understood not to be interested in audio visual content unless it was part of a television service.

He also reported that the PCC would be hosting the annual conference of European self regulatory press bodies in Edinburgh in September.

Saffrey Champness was likely to be appointed PCC auditors, replacing Deloitte.

10. NEXT MEETING

2.30pm Thursday, 15 November .

From: Jim Raeburn [mailto:info@sdns.org.uk]
Sent: 03 July 2007 10:29
To: info@pressbof.org.uk
Subject: FW:

From: Tim Toulmin [mailto:tim.toulmin@pcc.org.uk]
Sent: 02 July 2007 16:21
To: Jim Raeburn
Subject:

Dear Jim

You asked me for clarification on a number of points following the PressBoF meeting.

The first related to consultants. The Commission has four paid consultants but the two main ones are Alison Hastings and Europe Analytica (Angela Mills's European public affairs firm). They are paid £ and . We buy 30 days of Alison's time a year, which covers the industry training seminars; lectures to students; Open Days and regional round table lunches; advice on strategy; and one or two ad hoc items. Europe Analytica provide early warnings on activities in the European parliament and Commission; information on pan-European press and policy issues; tailored briefings on personnel and meetings they have attended; and suggest strategy. (For additional info, the EPC, which Angela runs, is sponsoring a bit of the AIPCE conference this year). I am confident that these provide value for money. Certainly, in my experience, public affairs work can be very expensive and these are both quite reasonable.

The Commission also retains Bob Pinker and David Chipp. They get Pinker chiefly lectures, writes articles, chairs legal seminars and represents the Commission at events abroad. He also deputises for Christopher at Open Days if there is a last minute problem (this has happened on two or three occasions). Chipp advises on international issues, attending meetings of the Commission's standing committee on relations with international press bodies, suggesting strategy and hosting welcome parties for international visitors.

You also asked about the website costs in light of the quote given for the Code Committee's website. The first thing to say is that, although the line in the accounts refers to 'website', it in fact relates to all our IT requirements. The line includes costs for Axis (website); Purple Matrix (IT management and support); Pipex (domain hosting); Magenta subscription (electronic cuttings agency); and demon internet (for Sue Roberts who mostly works from home).

I actually negotiated down the costs for the website people a few years ago and their costs have not risen. Their retainer stands at which given the size of the site now and the fact that it is constantly changing I think is very good value.

You also asked about our policy on complaints about publications that do not subscribe to PressBoF. I have searched in vain for something that articulates a policy. However, it has always been my understanding – which I believe to be quite sensible – that while the Commission will try to be as helpful as possible to complainants, it can really only pursue with vigour complaints about publications that subscribe to PressBoF. The traction that the Commission has with a particular publication is based on their membership of the system. We are also wary of how it would look if we told the complainant we would be formally investigating a matter only for the publication to ignore the Commission. The options for the Commission in those circumstances would be limited.

At the meeting, Guy Black mentioned the position of Sport newspapers. They do not subscribe, but vaguely co-operate with the Commission in terms of responding to its inquiries and publishing certain corrections etc. We have not had to uphold a complaint against one of their publications for a while. Our understanding was that their exclusion from the system was rooted in an old decision of the industry not to include them in the 'club' of trade bodies and so on because of the nature of the publications. In these circumstances, we have an informal understanding with them.

Inclusion, through subscription, brings various benefits to publications. There is the opt-out from the legislation implementing the market abuse directive, for instance. Providing an external ombudsman-like facility for people with grievances is also likely to reduce the number of people seeking redress through the courts, the costs of which, as we have seen, can be enormous. Subscription to the self-regulatory arrangements brings financial and practical benefits, and in these circumstances I would have thought that

subscribing companies would not be keen on subsidising the involvement of those companies who do not want to pay registration fees. If there is a contrary view perhaps you could let me know.

Currently, anyone thinking about withdrawing from the system would have to think about the downsides associated with not subscribing, although my understanding is that the specific threat has receded for now.

Finally, you asked for thoughts on the position regarding online publications where there is no hard copy but where the owner is a commercial publisher whose paper products subscribe to the Code. I have checked with the complaints department and can confirm that we have not yet had any complaints about such publications. However, I think the Commission would welcome the fact that PressBoF is thinking ahead if publishers are starting to produce such products. We clearly do not want any damaging loopholes to develop.

Do let me know if you need any more information.

Best wishes

Tim

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