

THE PRESS STANDARDS BOARD OF FINANCE LIMITED

Strictly private and confidential

Minutes of meeting of Directors held at the offices of the Newspaper Society/ Newspaper Publishers Association, St Andrew's House, 18-20 St Andrew Street, London on Tuesday, 27 October 2009, at 2.30pm.

PRESENT: Guy Black (Chairman), Robin Burgess, Paul Dacre, Clive Milner, David Newell, Jim Raeburn and Paul Vickers.

IN ATTENDANCE: David Hyams (PPA). Also Baroness Buscombe and Tim Toulmin for Item 9.

The Chairman extended a warm welcome to Paul Vickers and David Hyams attending their first meeting.

1. **MEMBERSHIP:** Following nominations by SNPA and the NS, the Board agreed that John Fry (Chief Executive, Johnston Press plc) and Paul Vickers (Secretary and Group Legal Director, Trinity Mirror plc) be admitted as Members of PressBoF and be appointed as Directors of the company with immediate effect. They replaced Simon Fairclough and Tim Bowdler respectively.

It was also noted that a nomination was awaited from PPA for a replacement for Jonathan Shephard who had resigned with effect from 14 September.

The Chairman said that he had written to Simon Fairclough and Jonathan Shephard thanking them for their contributions.

2. **APOLOGIES:** Apologies for absence were intimated on behalf of Nicholas Coleridge and John Fry.
3. **MINUTES:** The minutes of the Directors' meeting held on 9 September, copies of which had been previously circulated, were taken as read and were approved.

4. **MATTERS ARISING:**

4.01 Northern & Shell plc (Express Newspapers): It was noted that Martin Ellice (Group Joint Managing Director) had advised that the promised donation of £10,000 to a charity had been made to World Jewish Relief.

4.02 Local Authority Publications: The Board supported the view of the Newspaper Society that local authority publications tended to be marketing material rather than newspapers and for that reason should not be brought within the remit of the PCC.

It was agreed that the Secretary should formally advise the PCC of the Board's decision and issue a press statement at an appropriate juncture.

4.03 PCC staff restructure: It was noted that the position of Director had been recently advertised and an appointment was expected to be announced in early November. Jonathan Collett, currently Head of Communications for the Advertising Association, would take up the new position of Director of Communications on 23 November.

5. PCC GOVERNANCE REVIEW: The Chairman reported that following the submission of two names, Eddie Young, until recently Group Legal Adviser of Associated Newspapers, had been appointed the industry representative on the review group. As previously reported, the other members were Vivien Hepworth, Stephen Haddrill and Elizabeth Vallance. It was understood that Sir Brian Cubbon, the former Charter Commissioner, would act as a special adviser to the group. The first meeting, which would discuss the timetable and process, was scheduled for 4 November. A period of about six weeks would be allowed for submissions.

It was also reported that Bates, Wells & Braithwaite, solicitors, had been engaged to advise PressBoF on the changes it was seeking to the PCC Articles of Association. Following a useful meeting attended by the Chairman and Secretary, BWB had submitted helpful advice in letters dated 14 October (circulated) both on proposed changes and on how the case might be presented.

It was agreed that the PressBoF paper should be prepared on the basis indicated and, in the first instance, should be the subject of informal consultation with Baroness Buscombe and Vivien Hepworth with the recommendation that the review group might consider producing an interim report if there was general agreement on the PressBoF proposals.

6. PCC REMIT – ONLINE-ONLY PUBLICATIONS: The Secretary reported on his discussions with James Tye, Chief Executive of Dennis Publishing, regarding the proposed extension of the PCC's remit to cover online-only publications. While supporting the principle, Mr Tye had reinforced the point made by Jonathan Shephard at the previous meeting that the number of UK unique users per issue would need to be substantially discounted for casual browsers of such publications with unrestricted access.

The Board thereafter agreed that online-only publications should be brought within the remit of the PCC from 1 January 2010 on the following basis:

1. such publications must be recognisable as UK based newspapers or magazines which, if in printed form, would come within the jurisdiction of the PCC.
2. the publisher and editor must subscribe to the Editors' Code of Practice.
3. the publisher must agree to pay registration fees to PressBoF.
4. where access is restricted to subscribers, then the scale fee would be based

on the number of UK subscribers and set at the rate applicable to the circulation and frequency of publication of printed magazines.

5. where access is open, the scale fee should be based on the number of UK unique users per issue, discounted by 50%, and set at the rate applicable to the circulation and frequency of publication of printed magazines.

7. PRESS FREEDOM ISSUES: The Chairman referred to unwelcome developments on conditional fee agreements and the Ministry of Justice consultation on jail sentences for breaches of data protection legislation when nothing had changed from its previous consultation. The matters would be discussed further at a meeting of industry representatives.

8. FINANCE:

8.01 Treasurer's Report: The Board noted the Treasurers Report as at 19 October, copies of which had been previously circulated.

8.02 Registration Fees 2010: The Board considered a letter (circulated) from Baroness Buscombe forecasting total expenditure, excluding depreciation, of £1,879k for 2009, a figure £14k above budget

The letter then proceeded to set out a 2010 budget based on the 2009 figure of £1,864k plus the £25k authorised at the previous meeting for staff restructuring costs.

It was equally clear however that Baroness Buscombe wished to retain the savings for the purpose of promoting and enhancing the PCC's accessibility and its public image. He added that the PCC did not appear to have made provision for any new costs that might arise from the governance review and it would seem not unreasonable to say that any such expenditure should be met from those savings.

The Treasurer said his main concern in terms of PressBoF's income was, as he had reported at the previous meeting, the reduction in registration fees from the regional press arising from the closure of titles and declining circulations. Without any increase on registration fees, the regional press contribution would be approximately £70k below the 2009 budget and £93k below the target amount. The problem would be addressed by a working group comprising Clive Milner, David Newell and himself, but in the meantime he was seeking the Board's approval for a recalibration of circulation bandings as presented as a means of arresting the loss of income from regional newspapers dropping into a lower banding. This would yield an estimated £15k but would also prevent some further losses.

Recognising the continuing pressures on the industry, the Treasurer recommended no increase in the current level of fees for 2010 other than those arising from changes proposed to the circulation bandings.

Following discussion, the Board approved the PCC's budget for 2010 on the basis that any additional costs that arose during the year would have to be met from further savings. The Board also indicated that it would be looking for a root and branch review of PCC expenditure ahead of its 2011 budget.

The Board approved the Treasurer's recommendations.

Baroness Buscombe and Tim Toulmin joined the meeting.

9. **SELF-REGULATORY MATTERS:** Baroness Buscombe described the PCC as going very well. Interviews were presently taking place for new lay Commissioners and she had been suitably impressed by the number of high quality applicants. Interviews would also be conducted the following week for the position of PCC Director. It was hoped to announce an appointment shortly thereafter. Jonathan Collett was due to take up his position as Director of Communications on 23 November. The PCC team had responded superbly well to 25,000 complaints, mostly generated via the internet, following a recent controversial article in a national newspaper.

There had been an informal meeting with members of the Culture, Media and Sport Committee at the offices of the PCC which she described as very constructive. A frank and open discussion had also taken place with the Media Standards Trust which had provided the Trust representatives with a real insight on the work of the PCC for the first time. They had been apologetic about the approach in their initial report. Their follow-up report was expected later in the year.

Baroness Buscombe then responded to questions on the PCC's 2010 budget and accepted that the savings identified in the current year would also have to cover the cost of any agreed actions arising from the governance review.

The Chairman then recorded the Board's warmest thanks to Tim Toulmin, attending his final meeting prior to leaving the PCC, for the invaluable work that he had done for the PCC over 13 years and as a stalwart contributor to self-regulation.

10. **OTHER COMPETENT BUSINESS:**

10.1 PCC Pre-emptive notices: Paul Dacre said he planned to circulate a paper on PCC practice with regard to pre-emptive notices. He was highly critical of the notice issued with regard to Fabio Cappello, the England football coach, which he considered set an unacceptable precedent.

11. **MEETING DATES 2010:** The Board supported the Chairman's proposal to have three regular meetings per year, the additional one to be in late February or early March. The Secretary would consult on all meeting dates for 2010.