

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 Wednesday 24 February 2010, at 2.30pm.

PRESENT: Guy Black (Chairman), Robin Burgess, Nicholas Coleridge, Paul Dacre, John Fry, Barry McIlheney, Clive Milner, David Newell, Jim Raeburn and Paul Vickers.

IN ATTENDANCE: Baroness Buscombe and Stephen Abell for item 10.

The Chairman extended a warm welcome to John Fry and Barry McIlheney attending their first meeting.

1. **MEMBERSHIP:** The Board agreed that Barry McIlheney (Chief Executive, PPA) be admitted as a Member of PressBoF and be appointed as a Director of the company with immediate effect.

The Secretary reported for information that as of January 2010 the Scottish Daily Newspaper Society and Scottish Newspaper Publishers Association had merged to form the Scottish Newspaper Society.

2. **MINUTES:** The minutes of the Directors' meeting held on 27 October 2009, copies of which had been previously circulated, were taken as read and were approved.

3. **MATTERS ARISING**

3.01 Online-only publications: The Secretary reported that he had written to Dennis Publishing inviting the company to bring its online-only publications within the remit of the PCC on the basis previously agreed by PressBoF.

3.02 PCC expenditure: The Secretary confirmed that he had written to Peta Buscombe asking that a root and branch review of PCC expenditure should be carried out as a means of providing a sound financial basis for going forward.

4. **PRESS COMPLAINTS COMMISSION:**

4.01 Membership: The Board noted the appointments of Ian Waldon, Professor of Information and Communications Law at Queen Mary, University of London, and Julie Spence, Chief Constable of Cambridgeshire Constabulary. They replaced Colleen Harris and Vivien Hepworth as public

members of the Commission.

- 4.02 Governance Review:** The Chairman reported that the governance review had received 20 written submissions which it intended to publish on the PCC website in the near future. The Review Group was currently taking oral evidence.

The Board agreed that it would support publication of a summary of the PressBoF submission excluding content of a confidential nature.

It was understood that the Review Group was considering proposals in the following areas:

1. appointment of additional sub-committees;
2. the need for a Deputy Chairman of the Commission;
3. a higher profile for the Code Committee (not within its remit);
4. the rotation of national newspaper editors on the PCC;
5. the appointment of press members by the industry, in return for which the PressBoF Chairman would cease to be a member of the Appointments Commission;
6. the PCC being given the right to ratify the appointment of the PCC Chairman.

It was agreed that in light of the Board's concerns on a number of the above matters there needed to be informal engagement with the Review Group.

The timetable envisaged the report being drafted in May and then being discussed with PressBoF prior to its publication in June.

5. CODE COMMITTEE

5.01 Membership: The Board noted the appointments of Damian Bates (Evening Express Aberdeen), Colin Grant (Cambridge News) and Mike Sassi (The Sentinel). They replaced David Pollington, Adrian Faber and Doug Melloy respectively.

5.02 Minutes: The minutes of the meeting held on 26 November, copies of which had been previously circulated, were noted. Paul Dacre commented that privacy matters remained a live issue for the Committee.

- 6. PRESS FREEDOM ISSUES:** The Chairman reported on a number of current issues considered by a recent informal meeting of the trade associations and others.

Conditional Fee Agreements - It was noted that Justice Secretary Jack Straw, now supported by the report of the Culture, Media & Sport Committee, had been helpful in bringing forward proposed changes to CFAs. Paul Vickers understood that the Group representing plaintiff lawyers would seek judicial review of the proposed changes.

Libel Reform - The working party was expected to present its report by the end

of March.

Data Protection - Paul Dacre had written to Jack Straw, copied to the Prime Minister, seeking agreement that any move to implement custodial sentences should at the very least be deferred until after the General Election.

Digital Economy Bill - David Newell reported that while there was doubt as to whether the Bill would be enacted before the Election the industry was lobbying against giving Ofcom power to encroach on areas regulated by the PCC which could be detrimental to newspaper publishing companies bidding for IFNC contracts.

7. **ADVERTISING SELF-REGULATION:** David Newell reported on the proposed extension of the remit of the Committee of Advertising Practice/ Advertising Standards Authority to cover companies' own advertisements and other marketing communications on their own websites. As yet, there had been failure to agree on the key issue of distinguishing between editorial and own marketing communications on own websites. The newspaper industry was arguing that decisions on enforcement should not be made by the ASA alone but should be taken by an Asbof/PressBoF forum.

8. **FINANCE:**

8.01 Treasurer's Report: The Board noted the Treasurer's Report as at 23 February 2010, copies of which were tabled.

8.02 Registration Fees: The Board considered a report (circulated) on possible solutions to overcome the problem of declining registration fees paid by the UK regional press resulting from falling circulations and title closures. The favoured option recommended by a working group of Clive Milner, David Newell and the Treasurer was to set a contribution for each of the three sectors – national newspapers, regional press and magazines – at a level which secured the necessary funding for the PCC and, if possible, offered protection against the loss of income from falling circulations and closure of titles. The Board in accepting the recommendations agreed that PressBoF should engage with the Newspaper Society for its views on how best to achieve the objective.

9. **NEXT MEETING:** 2.30pm Wednesday, 23 June

The Secretary said that he would write to Board members regarding a change of date for the October meeting as the previously set date of 27 October clashed with a meeting of the PCC.

Peta Buscombe and Stephen Abell joined the meeting.

10. **REPORT OF CULTURE, MEDIA & SPORT COMMITTEE:** The Board welcomed the conclusion of the Committee's report *Press Standards, Privacy and Libel* that it remained of the view that self-regulation of the press was greatly preferable to statutory regulation, and should continue. Its conclusions on such matters as libel and press freedom and costs associated with conditional fee agreements were also seen as constructive. The Committee while recognising that the PCC carried out

much good work made a number of recommendations that would require further consideration. Recommendations that the PCC should have the power to impose a financial penalty or, in the most serious of cases, to order the suspension of printing of the offending publication for one issue would meet with strong opposition from the industry.

Peta Buscombe referred to the PCC press release giving a measured response to the report but she was disappointed at the lack of back-up for some of its recommendations. The PCC meeting on 10 March would consider a draft response to the report. She was also critical of the industry for its lack of public support for the self-regulatory system in the aftermath of the report's publication.

Stephen Abell then reported that the PCC had dealt with 6,000 complaints in 2009 which included a 20% increase on investigated complaints and 20% on rulings. New advertisements were being prepared to increase the visibility of the PCC. The PCC would also aim to brief as many as possible of the large number of new MPs early in the next Parliament.

Peta Buscombe and Stephen Abell then withdrew from the meeting.

The Board agreed that the Chairman, Secretary and David Newell should prepare a PressBoF response to the Committee's report, highlighting its recognition of the progress that the PCC has made and addressing key points such as prior notification and financial penalties.

**SUBMISSION TO THE REVIEW OF PCC GOVERNANCE FROM THE
PRESS STANDARDS BOARD OF FINANCE**

1. The Press Standards Board of Finance [PressBof] welcomes the review of PCC governance. This note summarises a handful of issues we believe ought to be considered, but we would be pleased to discuss any other issues that arise during the Panel's consultation process.
2. The industry is fully committed to effective self regulation through its Editors' Code of Practice Committee and the jurisdiction of the independent PCC, and believes that it has over the years delivered real improvements to standards of reporting. The PCC has proved to be an efficient and accessible regulator, and the system itself – based on a common-sense approach – has evolved over time to meet public expectations and concerns.
3. The existing structures of self regulation have, in our view, served the public well. This has been made possible by the significant financial investment – over £30 million - the industry has made in the PCC since it was established. This has been collected from registration fees paid across the industry – national, regional and magazine publishers – and while the levy is voluntary, compliance has been remarkably high.
4. The industry has always respected the independence of the PCC, establishing it from the very start with a majority of lay members and insisting that its funding was totally separated out from the complaints process. We also believe that, in a system of self regulation, industry involvement is crucial, and that has manifested itself in two key ways:
 - raising the funds to finance the PCC on the basis of an agreed budget but without interfering in how it is spent; and
 - providing editorial members (who are in the minority) of a high calibre to bring professional input to the work of the Commission.
5. It is in those two areas – securing the long term funding of the PCC, and continuing to ensure the highest standards of professional input into the system – that we would welcome discussions with the Governance Review Panel. These are crucial parts of the self regulatory system and it is vital that the

Articles of Association reflect that in a modern and up-to-date manner.

6. On the issue of professional appointments, we are aware that the role of the Appointments Commission may be ambiguous – partly as a result of history and precedent – and we would welcome the opportunity for this to be clarified. We have a number of suggestions to make on this front. In doing so, it is essential to point out that because this affects only the clear minority of members, there is no impact in any way on the independence of the Commission or the appointment of the public members.
7. On the issue of funding, the industry has an unequivocal commitment to the funding of the PCC, even though commercial pressures across the industry remain extremely tough. That we are able to do so is the result of a very high rate of levy compliance.
8. We are anxious to ensure that we are in a position to protect that vital part of the system and we believe it is important that the Articles of Association reflect the industry's role in this defined area. Again, this is not something which would impact in any way on the independence of the PCC. We would like to discuss this further with the Panel, and would welcome its views.

January 2010

THE PRESS STANDARDS BOARD OF FINANCE LIMITED

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SECRETARY & TREASURER:
JIM RAEBURN OBE

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JBR/LS

18 January 2010

Baroness Buscombe
Chairman
Press Complaints Commission
Halton House
20/23 Holborn
London EC1N 2JD

I trust that you are fit and well. After all the inhospitable weather of recent weeks it has been a real treat just to have a couple of Spring like days before the snow makes its forecast return later this week.

You may recall that when I wrote on 2 November advising you of PressBoF's approval of the PCC's budget for 2010 I said that I would be in touch again regarding budgeting for 2011 and beyond.

I think it is fair to say that - for understandable reasons - over a number of years budgets have by and large been based on the previous year's budget/actual figures plus an allowance to cover inflation. With you coming towards the end of your first year as Chairman and Stephen having now taken over as Director, the PressBoF Board thought that the time would be right for fresh minds to carry out a root and branch review of PCC expenditure as a means of providing a sound basis for going forward. This can take into account everything you have observed over the past year, including the changing media landscape, and issues that Stephen may want to address.

I want to make it clear that we are not implying that there is scope for substantial savings, although you may find some: it is more the type of

exercise which we feel is useful for any organisation to carry out periodically while at the same time reassuring the industry that the PCC is being run on an efficient and cost effective basis. In particular, we would ask you to examine those areas which might be termed discretionary expenditure and in other areas whether you have tested the market to satisfy yourselves that you are obtaining best value.

It is for you and Stephen to decide how you go about the review although you will appreciate, I am sure, we would wish you to share the report with us. It would be helpful if your report could be available for our Board meeting on 23 June.

Do let me know if you feel I can be of assistance.

Best regards,

Yours sincerely,

Jim Raeburn
Secretary & Treasurer

cc Stephen Abell
Guy Black

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14 December 2009

Press Release

PCC's remit extended to include online-only publications

The Press Standards Board of Finance Ltd (PressBoF) has announced that following industry-wide consultation it has agreed to extend the remit of the Press Complaints Commission (PCC) to include online-only publications. In practice, this will relate mainly to online magazines.

The extension has been agreed 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.

Guy Black, Chairman of PressBoF, commented "The internet is an increasingly important platform for publishers to reach consumers. While online versions of newspapers and magazines available in printed form come within the remit of the PCC, there is a gap to the extent that online-only publications do not. This decision is a logical development in self-regulation, recognising the moves in the magazine sector towards online-only titles, and underlines the effectiveness of our system".

Baroness Buscombe, Chairman of the PCC, added:

"We welcome the decision by the industry. The PCC needs this freedom to develop rapidly to meet the challenges and the opportunities presented by media convergence. One clear strength of the self-regulatory system is its flexibility to adapt to changing circumstances, while still providing a service that is free, fast, discreet and which involves the public in its decision-making."

PressBoF has also considered whether local authority publications should be brought within the remit of the PCC. It has decided against doing so on the basis that such publications tend to be marketing material.

ENDS

Notes for Editors

1. PressBoF, whose Board comprises senior newspaper and magazine industry executives, is responsible for setting the remit of and funding the arrangements for press self-regulation in the United Kingdom.
2. The Press Complaints Commission is an independently-run body which enforces the terms of the editors' Code of Practice. It has a Board of 17 members – 7 editors and 10 members of the public (including the Chairman).
3. For more information, please call Guy Black (Chairman of PressBoF) on 0207 931 3806, Jim Raeburn (Secretary of PressBoF) on 0131 535 1064 or Stephen Abell (PCC Deputy Director) on 0207 831 0022.

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JBR/LS

2 November 2009

Baroness Buscombe
Chairman
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I am pleased to advise you that the PressBoF Board approved the PCC's budget for 2010.

The Board was also pleased to note that your year end projection, net of the costs of Tim leaving his post in December, shows savings of close to £50k. This will provide the funding you were seeking to promote and enhance the PCC's accessibility and its public image in addition to covering the cost of any agreed actions arising from the governance review.

I know you fully understand the continuing financial pressures on our industry which affects PressBoF through the loss of income from the closure of titles and declining circulation. The trading climate means that we simply cannot increase our fees for next year and therefore I am sure you will appreciate the importance the Board attaches to the PCC operating within its agreed budget. Any additional costs that arise during the year will therefore have to be met from further savings elsewhere in the budget.

The Board also discussed a number of issues relating to the 2011 budget, and I will be writing to you about that later this year.

Kind regards,

Yours sincerely,

Jim Raeburn
Secretary & Treasurer