

THE PRESS STANDARDS BOARD OF FINANCE LIMITED

Strictly private and confidential

Minutes of Annual General Meeting of the Company held at St Andrew's House, 18-20 St Andrew Street, London on Wednesday 23 June 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.

NOTICE:

The notice calling the meeting was taken as read.

ACCOUNTS:

The accounts for the year ended 31 March 2010 and the reports of the Directors and Auditors thereon were received and unanimously adopted.

ELECTION OF DIRECTORS:

Separate resolutions for the re-election of John Fry, Barry McIlheney and Paul Vickers who retired under Article 59, and of Paul Dacre and David Newell, who retired by rotation, were carried unanimously.

RE-APPOINTMENT OF AUDITORS:

A resolution to re-appoint Nelson Gilmour Smith & Co., Chartered Accountants, auditors of the Company and authorising the Directors to fix their remuneration was carried unanimously.

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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 23 June 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: Vivien Hepworth for item 2, Baroness Buscombe and Stephen Abell for item 8.

The Directors offered their congratulations to Guy Black on his appointment to the House of Lords.

1. **MINUTES:** The minutes of the Directors' meeting held on 24 February, copies of which had been previously circulated, were taken as read and were approved.
2. **PCC GOVERNANCE REVIEW:** Following the Board's preliminary discussions, Vivien Hepworth joined the meeting to give an oral report on the main conclusions and recommendations of the Governance Review panel. She said that the aim had been to strengthen self-regulation in face of its critics and the published report would cover the need for clarity in defining the role of the PCC; tougher rules on scrutiny with the existing business sub-committee being replaced by an audit committee with wider terms of reference; more industry engagement with the system, particularly with regard to editorial service on the commission; PCC drawing more heavily on the experience of its board, especially its lay members; the appointment of a deputy chairman to enhance the influence of the lay majority and support an improved scrutiny function; a stronger lay voice on the content of the Editors' Code of Practice; a nominations committee to replace the Appointments Commission with responsibility for the appointment of both lay and editorial commissioners; greater openness about how the system is structured including the relationship between PCC, PressBoF and the Code Committee; and more rigorous examination of performance measured against annual objectives.

Following questions, the Chairman thanked Vivien Hepworth for her very helpful presentation. He said it would be a matter for the PCC and PressBoF to consider the published report in detail before deciding how to proceed.

Vivien Hepworth withdrew from the meeting.

The Board shared the concern expressed by the Chairman that the report taken as a whole would take the PCC in the direction of becoming a regulator rather than a complaints handling body. It was evident the report was going into areas beyond the remit of the Governance Review and many of the recommendations would impinge on wider issues which were the responsibility of the industry. It was therefore agreed that PressBoF should initiate its own review of self-regulation, encompassing those areas which were beyond the remit of the Governance Review, and many of which were highlighted in the Culture, Media & Sport Committee's report. The recommendations of the Governance Review as they relate to PressBoF would be considered as part of that process.

It was agreed to return to the subject following discussions with the Chairman and Director of the PCC later in the meeting.

3. PRESS COMPLAINTS COMMISSION:

3.01 Letter of Comfort: The Chairman reported that the PCC's Business Sub-Committee had suggested that there should be formal "letter of support" from PressBoF undertaking to financially underwrite the Commission in the event of legal action being raised against it. It was known that Mark Lewis, with the support of a conditional fee agreement, had commenced libel proceedings against Peta Buscombe, the PCC (and the Metropolitan Police Service) over allegations made in the wake of investigations into phone-tapping.

3.02 Financial Statements: The Board noted the Report and Financial Statements of the PCC for the year ended 31 December, 2009 together with the Treasurer's analysis of the actual outcome against budget. Actual expenditure, excluding depreciation, coming in £52k (2.8%) below budget was a pleasing outcome particularly when taking into account that the previous Director's retention bonus and salary costs until March 2010 were included. Substantial savings were achieved in nearly all building and office, legal and professional and public information costs.

3.03 Financial Review: The Board considered a report (circulated) from the PCC Director in response to its request for a root and branch review of PCC expenditure. It had been produced following consultation with the Business Sub-Committee of the Commission. The report detailed the steps taken to achieve cost efficiencies which had enabled the PCC to handle a significantly increased workload over the past five years without any increase in funding in real terms.

The Business Sub-Committee believed that a move to new premises should be considered as a priority since at current staffing levels, the PCC was already at capacity in terms of space, with inadequate washroom facilities

and meeting rooms. The opportunity to exercise a break option in the 10 year lease would require six months notice to be served by 1 September.

The Board agreed that taking into account the adequacy of the present offices it would not provide additional funding if the PCC chose to move to new offices. It suggested that, if necessary, consideration should be given to converting the meeting room into office space and holding Commission meetings elsewhere.

3.04 Budget 2011: The Board agreed to advise the PCC that it would be looking for a standstill budget without any increase for inflation.

4. FINANCE:

4.01 Treasurer's Report: The Board noted the Treasurer's report as at 7 June (previously circulated).

4.02 Registration Fees: The Treasurer reported that he had met the Newspaper Society Council and Board to discuss possible solutions to overcome the problem of declining registration fees paid by the UK regional press resulting from falling circulations and title closures. He had been asked by the NS Board to obtain further information from the PCC regarding the amount of staff time spent on complaints received against national and regional press respectively. The information now to hand showed that based on the number of investigated complaints in 2009 and staff time over April and May there was no real basis for revising the contribution made by each sector. He would be continuing his discussions with the Newspaper Society with a view to finding an agreed basis on the way forward for approval by the PressBoF Board at its next meeting on 2 November.

It was agreed that the Treasurer would progress matters in discussion with John Fry.

It was also agreed that the Treasurer should update the Board on the currently suspended rebate payable to the NPA.

5. CODE COMMITTEE:

5.01 Membership: The Board noted the appointments of Richard Wallace (Daily Mirror) and Geordie Greig (London Evening Standard).

5.02 Minutes: The Board noted the minutes of the meeting of the Code Committee held on 15 April (circulated).

5.03 Code Revision: The Board approved the Code Committee's recommended amendment to the rules covering due prominence of corrections, etc subject to consultation with the trade associations and the PCC.

6. CULTURE, MEDIA & SPORT COMMITTEE: The Board noted the PCC and PressBoF responses to the Committee's report following its inquiry into press standards, privacy and libel.

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

Peta Buscombe and Stephen Abell joined the meeting.

8. **SELF-REGULATION:** Peta Buscombe reported that following a presentation by Vivien Hepworth to the Commission members were in large part happy with the recommendations of the Governance Review panel. It was expected that the PCC and PressBoF would receive copies of the report shortly before it was published in the first half of July. The PCC would briefly welcome the report and then take a number of months to decide how, and if, recommendations should be implemented.

The Chairman commented that at the time the review report was published, PressBoF would not be in a position to do anything other than welcome the scrutiny that had been given, note its recommendations (which PressBoF had not yet seen), and then take them away for consultation. The Governance Review had taken a year to produce its report and PressBoF would need a good deal of time to reflect on its recommendations, and consult on them with the wider industry. That would be a crucial part of the process, and it might well be that the consultation would throw up many issues that had not been considered. It was therefore vitally important that the presentation of the review report should make clear that it was only the first stage in a process. The PressBoF Board had also made clear its considerable concerns about the report's recommendation relating to the appointment and dismissal of editorial members. PressBoF held to its previously expressed clear view that editorial appointments and terminations must be a matter for the industry.

Peta Buscombe and Stephen Abell then reported on plans to build relationships with newly elected MPs, new advertisements promoting the services of the PCC, which it was hoped newspapers and magazines would carry, and the financial review which the Board had discussed earlier in the meeting.

Peta Buscombe and Stephen Abell then withdrew from the meeting.

The Board reiterated its strongly held view that the appointment to and removal of editorial members from the PCC should be decisions for the industry rather than the Commission or the proposed Nominations Committee. It was further proposed that an announcement regarding PressBoF's own review of self-regulation (see item 2) might be made in advance of the release of the Governance Review report, though the exact timing would need further consideration.

9. **NEXT MEETING:** 2.30pm, Tuesday, 2 November 2010.

Editors' Code of Practice Committee

Code Review 2010:

Code Committee's suggested amendment

Due prominence for apologies and corrections

A perennial complaint about the PCC – and one most recently expressed by the Culture, Media and Sport Select Committee's report, and more widely in various submissions to the PCC's Governance Review panel – is that the Commission's current sanctions are inadequate and need strengthening. Perhaps the most common example cited is that the Code's current rule requiring apologies and corrections to be published with due prominence is almost universally ignored, with such statements routinely being hidden away in remote parts of the paper, unseen by readers.

The PCC believes its sanctions are strong and adequate, and does not want them widened. It commissioned research which demonstrates that currently 84% of corrections or apologies etc are published on the same page as the original article or earlier, or in recognised Corrections columns. When corrections appearing within five pages of the original article are included, the figure rises to 96%. This is not entirely surprising, given that in many cases, if not most, editors informally consult PCC staff on positioning in advance.

However, the PCC believes its hand in dealing with critics would be greatly strengthened if all this could be consolidated into the existing Code, to demonstrate that, beyond doubt, it had teeth - and works.

The Code Committee has recognised the presentational advantages of this and has drafted a change that allows for mutual agreement in advance on prominence.

It recommends that the Code should be amended to state:

1ii) A significant inaccuracy, misleading statement or distortion once recognised must be corrected, promptly and with due prominence, and - where appropriate - an apology published. **In complaints involving the Commission, prominence should be agreed with the PCC in advance.**

The basis of this recommendation was that it should codify what is effectively current standard practice in determining due prominence with the PCC. To enable this to happen, it has been agreed that the PCC secretariat would have delegated authority to agree such positioning with the Editor, without recourse to the full Commission.

Only if the Editor and the secretariat, overseen by the Director, fail to reach agreement, would it then go the Commission. In fact, this is little different from the current situation where an editor who does not publish with due prominence would face censure for a further breach.