

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 2 November 2010, at 2.30pm.

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

IN ATTENDANCE: Baroness Buscombe and Stephen Abell for item 9.

1. APOLOGY: An apology for absence was intimated on behalf of Nicholas Coleridge.

2. MINUTES: The minutes of the Annual General Meeting and the Directors' meeting held on 23 June, copies of which had been previously circulated, were taken as read and were approved.

3. MATTERS ARISING:

3.01 Halton House: It was noted that the PCC proposal to seek a break option in the lease in 2012 was not pursued and therefore the lease would expire in 2015.

4. GOVERNANCE REVIEW: The Board noted the exchange of letters between the Chairman and Baroness Buscombe and the draft of the PCC response to the independent Governance Review. The Chairman suggested that outstanding matters of concern had been addressed largely to PressBoF's satisfaction.

The proposed Nominations Committee, replacing the Appointments Commission, would ensure a degree of separation in the two types of appointment, but with appropriate two-way consultation: when lay members were appointed, the Nominations Committee should consult with the Chairman of PressBoF; when editorial members were put forward, the Chairman of PressBoF should consult with the Committee. Such a system would be symmetrical and would not reduce the working independence of the Commission from the industry.

The PCC would retain the right to remove a Board member – whether editorial or lay – but any such decision would in future require a two-thirds majority.

With regard to the recommendations addressed to PressBoF, it was agreed to set up a website containing a short statement on its role and a listing of Directors.

5. **CODE COMMITTEE:** Paul Dacre reported on the meeting of the Committee held on 12 October when it had been agreed that the trade associations and others should respond to the Government's consultation on guidance to the Bribery Act. It was argued that in the absence of provision in the legislation it was essential the guidance should provide robust advice to prosecutors on the need to take into account public interest considerations.

The Committee had also reviewed the Code's rules on phone hacking. It had been agreed that the restrictions introduced in August 2007 were explicit and comprehensive. No further change was recommended but developments should continue to be closely monitored.

6. **PRESS FREEDOM ISSUES:** Following commentary by the Chairman, it was agreed that the industry should be firmly opposed to any form of privacy legislation.

7. **EXTENSION OF ASA DIGITAL REMIT:** It was reported that the Committee of Advertising Practice had agreed to extend the digital remit of the CAP Code so that, from 1 March 2011, the Advertising Standards Authority would regulate advertisers' own marketing communications on their own websites and in other non-paid-for space under their control.

The Board supported the proposal that boundary disputes between editorial, excluded from the CAP code, and marketing should be dealt with by the respective Chairmen of PressBoF and Asbof. It was expected that only a few cases would require their attention and the arrangements could be reviewed in light of experience over the next two years.

8. **FINANCE:**

8.01 Treasurer's Report: The Board noted the Treasurer's Report as at 20 October (circulated).

8.02 PCC – 2010 projection: The Board considered a letter (circulated) from Baroness Buscombe forecasting that total expenditure, excluding depreciation, of £1.89 million for 2010 would be in line with PCC budget.

The Treasurer reported that PressBoF income from registration fees was projected to come in £17k below the previous year as the result of a further fall of £36k in the regional press contribution. The forecast deficit of £47k on the combined PCC/PressBoF results could be covered by the contingency provision of £50k, subject to funding costs associated with the Lewis v Baroness Buscombe and PCC case.

8.03 PCC – 2011 Budget: The Board, having considered a request from the PCC Business Sub-Committee to allocate funds to allow a re-evaluation of the Director's salary, agreed to provide funding to progress his salary to per annum over the next two years.

With that addition, the PCC's budget would require a cash increase of approximately £45k. The Treasurer said he had calculated income from registration fees at £2.053 million based on contributions of £700k from the regional press and those from national newspapers and magazines remaining unchanged. It would leave an estimated deficit of £73k, assuming that the NPA agreed to waive its entitlement to a rebate. There would be scope for reducing the deficit, dependent on the use of the £50k contingency provision.

The Board approved the registration fees proposal for 2011.

8.04 Regional Press Contribution: Following previous discussions on the need for a new arrangement to secure delivery of the regional press share of the funding for the PCC in a way which offered protection against the loss of income from reducing circulations and the closure of titles, the Board approved the recommendation that each publishing group/ company should pay registration fees based on its share of the aggregate circulation for regional press. The measure of circulation proposed was the actual circulation for a paid daily newspaper, one quarter of circulation for a paid weekly (including Sundays) and one eighth for a free weekly. It was accepted that because of some publishers facing substantial increases consideration would need to be given to capping increases and restricting reductions in fees at group level.

The Board agreed that the regional press contribution should be set at £700k for 2011.

The Board then discussed the case for a stepped programme of defined increases taking the regional press contribution to its target level of £860k. John Fry counselled against such a move which he felt would meet with resistance from publishers; it would be preferable determine the increases on a yearly basis. Clive Milner made clear that the NPA's agreement to waive its entitlement to rebate was conditional on the regional press committing to an agreed stepped programme over the next four years. In the absence of such a commitment, the NPA would reserve the right to take decisions on the rebate on a year-by-year basis.

The Treasurer would report back to the PressBoF Board following a presentation to be made to the NS Board on 24 November.

Peta Buscombe and Stephen Abell joined the meeting.

9. **PRESS COMPLAINTS COMMISSION:** Baroness Buscombe said she felt that the PCC was gaining greater recognition for the valuable public service it provided. The PCC would be making a presentation later in the day to MPs and members of the House of Lords to promote the benefits of self-regulation. Implementation of the recommendations of the Governance

Review was now progressing and a working group had been set up to consider online issues, including privacy.

Following questions, the Chairman commented that it had been a very positive year for the PCC and thanked Baroness Buscombe and Stephen Abell for their good work.

- 10. MEETING DATES 2011:** Thursdays, 10 February, 16 June and 20 October, all at 2.30pm.