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Sent: 04 April 2008 10:12
To: 'Annie Unal'; Clive Milner; 'David Newell'; 'Guy Black'; Jim Raeburn ; 'Katharine Barton'; 'Nicholas Coleridge'; 'Paul Dacre'; 'Robin Burgess'; Rose Barker; 'Simon Fairclough'; 'Tim Bowdler'
Subject: Express Newspapers

Dear Member

Further to yesterday's e-mail confirming arrangements for the special meeting of the PressBoF Board on Thursday 17 April, I now attach a position paper on Express Newspapers for the purposes of assisting our discussions.

Regards

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Secretary & Treasurer

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EXPRESS NEWSPAPERS

Regrettably, Richard Desmond at a recent meeting with PressBoF Chairman Tim Bowdler indicated that Express Newspapers would not pay registration fees to PressBoF for 2008 notwithstanding that his company's dispute with the NPA is totally unrelated to self-regulation. He left open the possibility however that he may reconsider his position with regard to 2009. (Invoices for the magazines published by Northern & Shell, which are submitted directly by PressBoF, are also unpaid.)

It is fair to say that the prospects of finding a resolution became more difficult in light of the pressure on the position of Peter Hill, Editor of the Daily Express, as a member of the PCC following the public apology to the parents of Madeleine McCann. His membership of the Commission is essentially a matter for the PCC, the Appointments Commission and the nominating trade association, the NPA.

The PressBoF Board therefore needs to consider its position on a number of issues taking into account (a) the company's refusal to pay registration fees for 2008 and (b) the possibility – no more than that – that it may resume paying fees in 2009.

- 1 Are there any other options we can explore with a view to finding a way forward?**
- 2. How should the PCC respond to readers' complaints against the Express and Star titles and the Northern & Shell magazines (OK, Star, Happy and New)?**

As discussed at the previous Board meeting, PCC practice is generally not to consider complaints where the publisher refuses to pay registration fees. The reasons are:

- a. It would not be fair to subscribing publications effectively to subsidise others who may wish to have the benefits of subscribing to the system without the expense. Allowing anyone to benefit would remove the incentive for paying.
- b. It can be difficult to have traction with an editor over the complaint if his or her management has not indicated that they are part of

the system, especially given that the final sanction is a referral to the publisher.

- c. If, after taking up a complaint, the PCC was unable to extract a response from the publication, it would be in obvious danger of looking inadequate to the complainant and at risk of negative publicity.
- d. In the event of being ridiculed or criticised by the publication in print, the PCC would have no comeback with the owners, thus undermining its credibility.

The one exception to this is the Sport titles, with an arrangement which dates back to when the PCC was set up in 1991. It was accepted that the newspaper, which was not in membership of any of the trade associations, would support the PCC and its adjudications but would make no financial contribution.

There is a case therefore for the PCC to give Express Newspapers notice that it will cease to deal with complaints from their readers.

3. What view might Government take?

It will be important to brief the DCMS before the situation enters the public domain. While Government may be understanding of the circumstances, it is more likely to take the view that it is the industry's responsibility to ensure that self-regulation is working effectively. However to be clear, we should ask how the Government would respond publicly, if invited to do so, to Express Newspapers' withdrawal from self-regulation.

4. Public Relations/Communications

We would need to exercise great care with any public statements that we might decide to issue. They would focus on:

- a. the lack of any logic in connecting termination of membership of the NPA and the decision not to fund self-regulation, and
- b. emphasising that we have the full support of every other national newspaper publisher, the regional and local press and the magazine sector.

Care would also have to be taken on how we explain the position to publishers given the risk that it could lead to others refusing to pay. We could expect to be questioned as to the amount of fees that we are losing and how we are dealing with the situation. We might well be asked for some reassurance that other publishers will not have to pick up the tab for the Express.

5. Financial implications

The amount due by Express Newspapers/Northern & Shell for 2008 is as shown below. It represents of PressBoF's budgeted income of £2.145M.

Express Newspapers
Scottish Daily & Sunday Express
Magazines

It would be possible to cover the loss of this contribution in our financial year to 31 March 2009 as follows:

Budgeted surplus
Loss of NPA Rebate*
Non use of contingency provision

**The NPA rebate is dependent on its member companies contributing 54.2% of PressBoF income. In the absence of the Express contribution the rebate will not be payable.*

It would be important that the PCC understood the need to stay within its budget and look for sensible savings wherever possible.

Beyond the short term, we may have to consider annual increases a fraction higher than otherwise would have been the case for such time as Express Newspapers may take to return to the fold.

6. NPA payment arrangements

It appears that the withdrawal of Express Newspapers from PressBoF is a side-effect of its dispute with the NPA that might not have arisen if, like all the other subscribers, registration fees had been paid direct rather than via the trade association. PressBoF would be happy to invoice NPA members individually if it was felt that such an arrangement would remove any recurring problem.

Jim Raeburn
Secretary and Treasurer

3 April 2008