

THE PRESS STANDARDS BOARD OF FINANCE LIMITED

Strictly private and confidential

Minutes of meeting of Directors
held at Halton House, 20-23 Holborn,
London, on Wednesday, 24 June 2009
at 11.05am.

PRESENT: Tim Bowdler (Chairman), Guy Black, Robin Burgess, Nicholas Coleridge, Clive Milner, David Newell, Jim Raeburn and Jonathan Shephard.

IN ATTENDANCE: Baroness Peta Buscombe, (PCC Chairman) and Tim Toulmin (PCC Director) for items 13 and 14.

The Chairman congratulated Nicholas Coleridge on being appointed CBE in the Queen's Birthday Honours List.

1. **APOLOGIES :** Apologies for absence were intimated on behalf of Paul Dacre and Simon Fairclough.
2. **MINUTES:** The minutes of the Directors' meeting held on 15 December 2008, copies of which had been previously circulated, were taken as read and were approved.
3. **MATTERS ARISING:**
 - 3.01 **Dinner for Sir Christopher Meyer:** The Chairman reported that the dinner for the retiring Chairman held on 31 March had been greatly enjoyed by Sir Christopher and Lady Meyer. They had communicated their thanks to the PressBoF Board.
 - 3.02 **PCC Director:**
 - 3.03 **PCC Budget:** The Chairman confirmed that discussions would be held with Baroness Buscombe before the autumn regarding her future plans and their financial implications.
 - 3.04 **Treasury Committee:** It was noted that the Treasury Select Committee in its report on the banking crisis had found that the evidence did not support the case for any further regulation of the media. The report said a free and functioning press was a basic requirement of democracy and that regulation of the media in the context of internet publication would be impractical as well as undesirable.
 - 3.05 **Sir Christopher Meyer:** The Chairman advised that PressBoF had made no arrangements to retain his services.

4. PRESS COMPLAINTS COMMISSION:

4.01 Membership: The Board noted the nominations of Antony Longden (Newsquest London) and Simon Reynolds (Lancashire Evening Post) to replace Spencer Feeney (South Wales Evening Post) and Simon Irwin (Kent Messenger). The nominations were subject to the approval of the Appointments Commission.

4.02 Charter Commissioner: The Board noted the appointment of Lt. Gen. Sir Michael Willocks as Charter Commissioner for a three year term with effect from 11 May. He succeeded Sir Brian Cubbon.

Guy Black enquired as to whether Sir Michael also became Chairman of the Charter Compliance Panel. He suggested that it might be beneficial to return to the position of the panel having a third member with industry experience as was the case when it was first established. The Chairman said he would raise the matter with Baroness Buscombe.

4.03 Financial Statements: The Board noted the Report and Financial Statements of the PCC for the year ended 31 December 2008 together with the Treasurer's analysis (previously circulated) of the actual outcome against budget. Significant savings on rent and rates (£12k) PR/conferences/entertainment (£15k) and travel and subsistence (£8k) had proved sufficient to offset increases mainly in staff costs (£16k) and certain professional costs (£14k). Total revenue expenditure, excluding depreciation, had come in marginally below budget but with the addition of nearly £8k of capital expenditure, for which no provision had been made, cash overspend was 0.2% of budget.

5. CODE COMMITTEE:

5.01 Membership: The Board noted the appointment of Hannah Walker (South London Press) as the replacement for Mike Gilson (formerly The Scotsman).

5.02 Privacy: The Secretary reported that following the meeting of the Code Committee on 16 April he had authorised expenditure of £1000 + vat for the purpose of obtaining the Opinion of Antony White QC, a leading privacy specialist, on the wording of proposed amendments to clause 3 Privacy and to the public interest panel. Once agreed by the Code Committee, they would be the subject of consultation with the industry via the trade associations prior to seeking the approval of PressBoF and endorsement by the PCC.

6. CULTURE, MEDIA & SPORT COMMITTEE INQUIRY: It was understood that the Committee's report on its inquiry into press standards, privacy and libel would be published in mid-July.

7. REVIEW OF PRESSBOF AND PCC ARTICLES OF ASSOCIATION: The Secretary presented a report reviewing the PCC Articles of Association in light of dealings with Northern & Shell plc and legal advice previously obtained from

Sheridans. The report recommended addressing the Board's concerns either through a Memorandum of Agreement between PressBoF and the PCC or seeking detailed changes to the PCC's Articles designed to transfer authority for the appointment and revocation of appointment of press members from the Appointments Commission to PressBoF and removing the PCC's discretion to consider complaints against publications whose owner did not pay registration fees.

Following discussion, it was agreed that in light of the current position with Northern & Shell action on pursuing either course with the PCC should be deferred until after the Board's October meeting.

- 8. PCC REMIT – ONLINE-ONLY PUBLICATIONS:** Jonathan Shephard reported that the PPA Board, meeting the following day, would consider the proposal to bring online-only publications within the remit of the PCC.

The Secretary said the next stage would be to bring forward a scale of registration fees based on the number of unique users per month with a view to implementation from 1 January 2010.

Secretary's note – The PPA Board agreed in principle the proposal.

- 9. PRESS FREEDOM ISSUES:** Guy Black reported that following slow but solid progress, he was very hopeful that the Justice Secretary, Jack Straw, would implement from October changes in conditional fee agreements addressing industry concerns on such as success fees and after the event insurance.

- 10. MEDIA STANDARDS TRUST:** The Secretary tabled copies of a letter received from the Trust seeking a breakdown of the sources of PressBoF's income.

The Board approved the Secretary's proposed reply based on providing information in the public domain.

- 11. FINANCE:** The Board noted the Treasurer's Report as at 22 June (tabled).

The Treasurer reported that there was a significant ongoing loss of income arising from the closure of mainly free newspapers and a severe decline in investment income due to the substantial fall in interest rates.

- 12. OTHER COMPETENT BUSINESS:** Following a report by the Secretary on the eligibility of local authority newspapers to come within the remit of the PCC, it was agreed to discuss the issues with the Commission before taking any decision.

Baroness Peta Buscombe and Tim Toulmin joined the meeting

- 13. NORTHERN & SHELL PLC (EXPRESS NEWSPAPERS):** Following the Chairman's invitation to set out the position of the PCC, Peta Buscombe said she was acutely aware of the need for separation of the roles of PressBoF and the PCC with regard to matters pertaining to N & S. The meeting of the PCC on 10 June, attended by Tim Bowdler and David Newell, had discussed the letter from Martin Ellice (Group Joint Managing Director, N & S) of 21 April in which he was highly critical of Sir Christopher Meyer's comments relating to Express Newspapers and

their reporting of the McCann case. The linkage of non-payment with the former Chairman's retirement date had been unacceptable to the Commissioners who as a result were minded to cease dealing with complaints against all N & S titles unless there was an absolute commitment to the self-regulatory system. The Commission had also instructed her to seek a meeting with Richard Desmond which had since taken place with the owner confirming that the company wanted to remain part of the system. She had made clear that no publisher could exert influence over the operations of the PCC. She had come away from the meeting believing that the company would never return if either the PCC decided not to deal with complaints or PressBoF insisted on payment in full from 1 January.

Peta Buscombe said she had then consulted the lay commissioners on the letter of 17 June from Peter Hill (Editor, Daily Express). In light of the commitment made to self-regulation and the importance of underpinning the robustness of the system the lay commissioners had indicated that they were now minded to continue dealing with complaints against the company's titles.

Peta Buscombe and Tim Toulmin withdrew from the meeting.

The Chairman reminded the Board of its position as determined in his letter to Ellice of 15 April. It required payment in full for the whole of 2009 and a clear statement of the company's commitment to the self-regulatory system, the latter condition having been met by Peter Hill's letter of 17 June. The question therefore was whether the Board was prepared to accept the company's compromise proposal of paying half the fees due in respect of the period 1 January to 31 March 2009 and a £10,000 donation to a charity.

Several directors said they would favour the compromise as a pragmatic solution provided it was followed up by a suitably firm letter indicating in clear terms that the exclusion of the company would follow if it failed in its commitment to the system. The view was also taken that given the stance of the lay commissioners to continue to deal with complaints PressBoF was left with no meaningful sanction.

Guy Black and Clive Milner cautioned the Board about the Peter Hill letter which they considered full of inaccuracies. While welcoming the company's move in PressBoF's direction, they believed that was due to the Culture, Media & Sport Committee inquiry which would soon be removed. The strongly held view of the NPA Council was that all publishers must pay in full without any discount.

Following a full discussion, it was agreed that Guy Black and Clive Milner would report back to the Chairman after discussing the position with NPA colleagues. They also requested that the PCC should seek the views of its press members about continuing to deal with complaints.

The Chairman explained the Board's position to Peta Buscombe and Tim Toulmin on their return to the meeting.

- 14. SELF-REGULATION:** Peta Buscombe said she planned to make two comments to pre-empt the report of the Culture, Media & Sport Committee which she anticipated would be published before the summer recess. The first was that she would appoint a senior lay commissioner to review governance issues. She was not convinced that she should be Chairman of the Appointments Commission and

she also felt that the Charter Compliance Panel could possibly take on an enhanced role. Secondly, she wanted to demonstrate publicly how independent regulation was the right system for the press going forward in terms of media convergence. She also added that it would be helpful to have an online editor from a national newspaper as a member of the PCC.

The Chairman observed that matters relating to the remit of the PCC, while a joint interest, were the responsibility of PressBoF.

15. **NEXT MEETING:** 2.30pm Tuesday, 27 October 2009.

THE PRESS STANDARDS BOARD OF FINANCE LIMITED

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Minutes of Annual General Meeting of the Company held at Halton House, 20-23 Holborn, London on Wednesday 24 June 2009 at 11am.

PRESENT:

Tim Bowdler (Chairman), Guy Black, Robin Burgess, Nicholas Coleridge, David Newell, James Raeburn and Jonathan Shephard.

APOLOGIES:

Apologies for absence were intimated on behalf of Paul Dacre and Simon Fairclough.

NOTICE:

The notice calling the meeting was taken as read.

ACCOUNTS:

The accounts for the year ended 31 March 2009 and the reports of the Directors and Auditors thereon were received and unanimously adopted.

ELECTION OF DIRECTORS:

Separate resolutions for the re-election of Guy Black, Robin Burgess and James Raeburn, 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.