

E FORGAN

29 SEPTEMBER 2011

**LEVESON INQUIRY INTO THE CULTURE, PRACTICES AND ETHICS OF THE
PRESS**

WITNESS STATEMENT OF DAME ELIZABETH FORGAN OBE

I, Elizabeth Forgan c/ o Kings Place, 90 York Way London, N1 9GU, WILL SAY as follows:

1. I am the Chair of The Scott Trust Limited, which is the owner of Guardian Media Group plc (GMG). The Scott Trust has the core purpose of securing the financial position and editorial independence of the Guardian in perpetuity. It is in that context that I make this statement, in order to explain the history of the Scott Trust and its relationship with the Guardian. In this witness statement I refer to documents that are exhibited to a GNM bundle of documents, at tab EF.
2. I do not waive privilege. Accordingly anything I say in this witness statement is not intended to waive privilege and should not be read as doing so. In this context I refer to paragraph 3 of Mr Rusbridger's witness statement.

A brief summary of my career history

3. Between 1967 and 1978, I was a journalist on a number of papers (the Teheran Journal, the Hampstead and Highgate Express and the Evening Standard). I was editor of The Guardian's women's pages from 1978 to 1982, and have been a columnist for the Evening Standard (1997-98) and the Guardian (1997-1998). I became a non-executive director of the Guardian Media Group in 1998. I was appointed the sixth Chair of The Scott Trust in 2003.
4. I was a founding commissioning editor and then Director of Programmes at Channel 4 from 1981 to 1990. I joined the BBC in 1993 as Managing Director, BBC Network Radio. I left the BBC in February 1996.
5. Since April 2001, I have been the Chair of the National Heritage Memorial Fund and the Heritage Lottery Fund, Chair of the Churches Conservation Trust and a Trustee of the Media Trust. In February 2009, I became Chair of Arts Council England. I am currently a Trustee of the British Museum

6. I was awarded the Order of the British Empire in 1998, for services to Broadcasting and Conservation. I was awarded Dame Commander of the Order of the British Empire in 2006.

History of the Scott Trust

7. From 1936 to 2008 the Guardian – along with the commercial group whose profits have sustained it - was owned by a discretionary trust. In 2008 the shares the Scott Trust held in GMG were transferred to the Scott Trust Ltd (STL) and the Scott Trust was then determined. The purposes of STL remain identical to the Scott Trust. It distributes no profits. Its shares cannot be openly bought and sold. It retains the word Trust in its name. Its purpose is to protect the Guardian's editorial freedom from any interference, political, commercial or other. It is therefore not a "proprietor" in any conventional sense.
8. The original Scott Trust was created in 1936 by John Scott, owner of the Manchester Guardian (as it then was) and the Manchester Evening News but the history of the Trust and Guardian Media Group began with the launch of the Manchester Guardian on May 5, 1821. The paper was founded by John Edward Taylor to promote the liberal interest in the aftermath of the Peterloo Massacre. In 1872, Charles Prestwich (CP) Scott was made editor of the Manchester Guardian. CP Scott held the post for the next 57 years. CP Scott bought the paper in 1907 from the estate of Taylor's younger son. He pledged that the Manchester Guardian's principles would be upheld by maintaining its independence and running it for public benefit, not private gain. At this point the paper became a limited company owned by the Scott family. It became the Manchester Guardian and Evening News Ltd when it bought out the Manchester Evening News in 1924, later becoming the Guardian and Manchester Evening News Ltd to reflect the change in the morning paper's title.
9. After the deaths in quick succession of his father CP Scott and his brother Edward and a threat of death duties, in 1936, John Scott renounced all of the family's financial interest in the business, and put all his shares into a trust so as to protect the Guardian's liberal editorial line from proprietorial influence.
10. The Trust Deed of June 19, 1936 stated that the company must 'be carried on as nearly as may be upon the same principles as they have heretofore been conducted'. This remains the sole instruction given to the incoming Guardian editor by the Trust.
11. The Trust was dissolved and reformed in 1948. Thereafter, the trustees appointed new members themselves. It has become normal practice for a selected Guardian journalist to be a member of the trust, though he or she is not considered to be a "representative" of the staff, as this may result in a conflict of interests.

12. The Trust is responsible for appointing the editor of The Guardian (and approves the appointment of the editor of the Observer). Although it oversees their editorial integrity, its general policy is not to interfere in the editors' decisions.

Core objectives and purposes of the Scott Trust

13. In 1992, the Trust identified its central objective as being the following:

To secure the financial and editorial independence of The Guardian in perpetuity: as a quality national newspaper without party affiliation; remaining faithful to liberal tradition; as a profit-seeking enterprise managed in an efficient and cost-effective manner.
14. This broadly reflects the core purposes of the Trust as attached at tab EF (see numbered page 6). The ethical standards of our publications are underpinned by the values identified by CP Scott in his celebrated essay written to mark the paper's centenary in 1921 (attached with my Foreword at tab EF) and as reflected in the recently updated GNM Editorial Code.
15. In response to a request from the Scott Trust, Alan Rusbridger drew up a statement of purpose (which is referred to at numbered page 7 of the enclosure at tab EF).
16. The Observer was bought by GMG in 1993 and shares with the Guardian all of the above except the specific injunction to perpetuity. The Editor-in-Chief presides over both the Observer and the Guardian, although the Observer also has its own Editor.

Current set up of the Scott Trust

17. The Scott Trust appoints Alan Rusbridger as GNM's Editor in Chief and it is to the Scott Trust that he is answerable in terms of all editorial matters. As Editor in Chief, Alan Rusbridger sets the overall ethical standards by which the Guardian and the Observer operate and he reports to and is answerable to the Scott Trust about any instances where ethical standards may fall below what is expected. Directors do not discuss the editorial or political line of the paper.
18. I am the current chair of the Trust. The other current Directors include Alan Rusbridger; Heather Stewart (a Guardian financial journalist, appointed after a journalists' ballot whose results are treated as advisory by the Trust); Andrew Graham (the master of Balliol College, Oxford); Will Hutton (newly elected Principal of Hertford College, Oxford and a governor of the London School of Economics. He was formerly on the board of Guardian News & Media and editor-in-chief of

the Observer); Mileiha Malik (Reader in Law at the School of Law, King's College London and a former member of the independent human rights organisation the Council of Liberty); Geraldine Proudler (a solicitor specialising in media law and a partner at the law firm Olswang); Anthony Salz (an executive vice chairman of Rothschild who for most of his career worked as a corporate lawyer with Freshfields, becoming senior partner in 1996); Jonathan Scott (a member of the Scott family and non-executive director of Ambac Assurance UK and previously a director of KPMG Corporate Finance and SBC Warburg); Andrew Miller (Chief Executive of Guardian Media Group plc chief executive since July 2010, having previously been GMG chief financial officer and group CFO of Trader Media Group). The Secretary to the Trust is Phil Boardman (company secretary of GMG since 2001, he was previously group financial controller of Hickson International plc and Fenner plc).

19. The Chair of GMG, Dame Amelia Fawcett attends Scott Trust Ltd meetings and I attend GMG Board meetings on the same basis. The Chair of the Scott Trust leads the appointment process for Chairs of GMG.
20. The Scott Trust Directors own all the shares in GMG, which in turn is the intermediate holding company of Guardian News and Media Limited, which is the publisher of the Guardian and Observer newspapers and the guardian.co.uk website.
21. Directors are appointed via a Nominations Committee and are subject of a 75% majority among existing Directors. They meet quarterly plus a full day off site. They meet the Board of GMG annually.
22. In 2008, The Scott Trust reorganised its structure by transferring ownership of the shares they held in GMG to a newly formed, permanent limited company, "The Scott Trust Limited". This company became the new parent of GMG, replacing the existing Trust which was determined. The board of GMG retains responsibility for direct oversight of the management of the Group. The change reinforces existing protections for the Guardian. The core purpose of securing the financial position and editorial independence of the Guardian newspaper in perpetuity has been enshrined in the constitution of The Scott Trust Limited and cannot be altered or amended. The new company is not permitted to pay dividends, and its constitution has been carefully drafted to ensure that no individual can ever personally benefit from the arrangements. In the unlikely event of its winding up, the assets of the company would be transferred to some other entity which has a similar purpose.

Directors see their role as essentially to support the Editor in Chief and to protect him from any undue interference in his paper's journalistic ambitions. It has been difficult to devise a form of clear accountability

which does not interfere with this principle but the current arrangement has the Editor in Chief coming to the Trust once a year to set out his ambitions for the year ahead and to review the performance against his own benchmarks for the year just ending. Very open discussion ensues.

23. Essentially the Trust has only one disciplinary measure in respect of the Editor in Chief and that is to dismiss him. In other words he is appointed once it is clear that he is the right person to continue the Guardian "as heretofore" and he is then supported until he is seen to be in such serious breach of that promise that he can no longer serve. This is an excellent discipline on any Director tempted to interfere in the content of the papers. It is also a great strength for any editor embarking on testing and difficult journalism.

The key tension in the system of course is that between the commercial interests of the Group and the spending ambitions of the journalism. However, since any profits in GMG stay within the Group and are not distributed this is not a normal tension between shareholders, customers and management. Rather it is a tension between long term interest in building a strong and profitable Group in order to secure the survival of the Guardian in perpetuity and the short term need to sustain the quality of the journalism and its place in a competitive market. Much depends on trust between the Chairs of the Board and the Trust and between the Editor in Chief and the Chief Executive.

24. In the last resort, an Editor can appeal to the Trust over the head of the Board. If this happened it would be likely to signal a real failure on our part. The outcome would not be a foregone conclusion.
25. Structures, Codes of Conduct and sanctions can play a necessary part but they can only go so far. By far the most effective guarantee of standards is the culture that prevails within a media organization, how genuinely that is seen to be reflected from the very top and how much care senior figures take to transmit it to new arrivals.
26. The Trust is fairly dimly understood in some parts of the GMG but the fact of its existence does permeate the culture of every division and is the source of both some pride and some frustration among employees and managers. It makes the company feel different. Values are clear and important. From time to time the Trust debates broad issues of liberal journalism at its meetings. The appointment of Alan Rusbridger as Editor in Chief of all our journalism was done to create a clear channel of journalistic accountability to the Trust across the board but without Directors having direct access to individual editors.
27. Separately, both the Guardian and the Observer have Readers' Editors, who have powers to investigate and invigilate any complaint

and who have space in their papers to record their findings daily and weekly. The Guardian's Reader's Editor is appointed by the Scott Trust and can only be dismissed by the Scott Trust. He appears annually to report to a meeting of the Scott Trust Board. A dissatisfied reader can appeal from the Reader's Editor to the external ombudsman, In addition, the Observer has its own Reader's Editor, who was appointed 10 years ago by the then editor.

I believe that the contents of this witness statement are true.

[Redacted signature box]

Dame Elizabeth Forgan

29. 8. 2011
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Date

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September 2011

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