

**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 Thursday, 10 February 2011, at 2.30pm.

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

**IN ATTENDANCE:** Rupert Earle (Bates Wells & Braithwaite London LLP) for item 3. Baroness Buscombe, Ian Nichol and Stephen Abell for item 9.

1. **MINUTES:** The minutes of the Directors' meeting held on 8 December, copies of which had been previously circulated, were taken as read and were approved.
2. **MATTERS ARISING:**
3. **NORTHERN & SHELL plc:** The Chairman reported that every opportunity had been given to the company to continue its payment of registration fees to PressBoF but Richard Desmond had made clear that he would not reverse his decision. As a result, the Northern & Shell titles had automatically ceased to be covered by the work of the PCC, which would no longer deal with complaints from members of the public about them, or of the Editors' Code Committee. The Chairman had briefed Ministers at the DCMS, John Whittingdale, Chairman of the DCMS Select Committee, and the Chief Executive of Ofcom prior to the issue of PressBoF's press statement announcing the exclusion of the titles from the self-regulatory system and a separate press release communicating the industry's full support for the system. It was understood that DCMS civil servants had asked Express Newspapers how they were dealing with readers' complaints.

Following a full discussion, it was agreed that Directors, with national newspaper interests, should discuss the matter further and take forward as considered appropriate.

4. **PCC CHAIRMAN:**

5. **PCC – USE OF TWITTER:** The Board agreed that the paper setting out the recommendations of the PCC online working group on publications' use of Twitter should be referred to the trade associations for careful scrutiny. In the meantime, the PCC should be asked to indicate the cost implications of the recommendations.

6. **PRESS FREEDOM ISSUES:** The Chairman reported on a number of matters discussed at the recent press and media freedom meeting including conditional fee agreements in light of the European Court of Human Rights decision in the Naomi Campbell case, libel reform legislation, the Bribery Act, coming into force in April, privacy issues and phone hacking.

The Secretary reported on the Scottish Government consultation paper *Defamation of the Deceased* on whether additional protections could reasonably be developed in order to deter and, where necessary, to provide redress in response to false posthumous allegations. The paper specifically recognised the concern about any potentially detrimental impact on journalism, the media and publishing industries, through the creation of the possibility of additional litigation and associated costs. The Scottish newspaper industry would be strongly opposing any proposal to change the law when responding to the consultation.

7. **TREASURER'S REPORT:** The Board noted the Treasurer's Report as at 27 January (circulated).

The Treasurer also reported that preliminary figures for the year ended 31 December showed PCC expenditure coming in £47k below its previously projected figure.

8. **OTHER COMPETENT BUSINESS:**

**8.01 PressBoF Website:** It was agreed that in accordance with the recommendations of the PCC Governance Review the Secretary should proceed with the development of a PressBoF website.

**8.02 Clive Milner:** Clive explained that while he was no longer with News International he had been invited to continue as the independent Chairman of the NPA and in that capacity he wished to continue as a NPA nominated Director of PressBoF.

The Board agreed that Mr Milner should continue as a Director of PressBoF.

9. **PRESS COMPLAINTS COMMISSION:** Baroness Buscombe reported that:

- the announcement of the PCC online working group's recommendations on publications' use of Twitter had been well received in political circles,
- approximately 3,000 applications had been received for three lay Commissioner positions to be filled during the course of the year,
- a working group of three Commissioners (two lay and one editorial) had been appointed to consider new information that becomes available on the issue of phone hacking and make recommendations to the Commission. The purpose would be to draw together lessons learned as a result of the outcomes of the relevant police inquiries and ongoing legal actions. The working group would also review the PCC's own previous actions in regard to the matter. The PCC would keep PressBoF informed.

She also reported that the Commission viewed Northern & Shell's withdrawal from the system of self-regulation as a serious development, which had the potential to undermine the work of the PCC. It was important that PressBoF should explore every means of bringing the company back within the fold.

The Chairman explained PressBoF's actions to achieve such a conclusion and said he would wish to reassure the Commission and its staff that the commitment of the rest of the industry remained steadfast.

**10. NEXT MEETING:** 2.30pm Thursday, 16 June at the offices of the NS/NPA.

COI

Jim Raeburn  
Secretary & Treasurer  
21 Lansdowne Crescent  
Edinburgh  
EH12 5EH

Chief Executive's Office  
COI  
Hercules House  
Hercules Road  
London  
SE1 7DU

E: mark.lund@coi.gsi.gov.uk

14 February 2011

Dear Jim

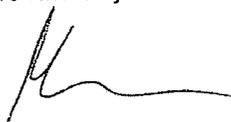
**Northern & Shell plc newspaper and magazine titles**

I am writing in response to your letter dated the 20 January outlining the exclusion of Northern & Shell plc from the press industry's system of regulation.

Firstly, thank you for bringing this to our attention. The Central Office of Information does not have any regulatory jurisdiction over a national newspaper's commitment to the protection of the public through the PCC, but with our role as the government agency responsible for providing media buying services on behalf of government across all media, we recognise and endorse the highest standards of industry practice including the principle of effective collective self regulation across the press industry. This move appears inconsistent with both that principal and desirable practice and rest assured that we will be monitoring this issue closely.

Thank you once again.

Yours sincerely

  
Mark Lund  
Chief Executive



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PRESS COMPLAINTS COMMISSION

From the Chairman

Lord Black of Brentwood  
Chairman  
PressBof  
c/o Telegraph Media Group  
111 Buckingham Palace Road  
London SW1W 0DT

20<sup>th</sup> January 2011



I am writing following yesterday's Commission's meeting, where the subject of Northern & Shell's withdrawal from the system of self-regulation was discussed at length.

The Commission regards this issue as a serious development, which has the potential to undermine the work of the PCC. I know you – on behalf of the industry – are working hard to explore ways to bring the company back within the fold. The Commission believes this is an important task, and hopes that every means will be explored to achieve a successful conclusion.

We believe that the continued absence of Northern & Shell – over the medium to long term – is likely to compromise how the PCC administers the system, and how the system is viewed by others (both the public, and legislators). Indeed, only yesterday Jeremy Hunt announced the advent of a new Communications Act, which means that all media regulation will soon be subject to legislative scrutiny. At a time when the great mess of content regulation (television, video on demand, online versions of traditional media, the internet more widely) is being examined and consolidated, apparent weakness in the system of press regulation could surely be up for debate.

CHAIRMAN  
MEMBERS OF THE COMMISSION  
DIRECTOR

Halton House, 20/23 Holborn, London EC1N 2JD  
T: 020 7831 0022 F: 020 7831 0025 E: complaints@pcc.org.uk  
textphone for deaf or hard of hearing: 020 7831 0123  
www.pcc.org.uk



The Commission has asked that it be kept informed – as far as is possible – about the work that is being done to bring Northern & Shell back, and I look forward to discussing these next steps with you at the PressBof meeting in February.

With kind regards.

A handwritten signature in black ink, appearing to read 'Perd', with a long horizontal line extending to the right from the end of the signature.

Baroness Buscombe



# THE PRESS STANDARDS BOARD OF FINANCE LIMITED

CHAIRMAN: LORD BLACK OF BRENTWOOD  
SECRETARY & TREASURER: JIM RAEBURN OBE

TEL: 0131 535 1064 FAX: 0131 535 1063  
E-MAIL [info@pressbof.org.uk](mailto:info@pressbof.org.uk)

21 LANSDOWNE CRESCENT  
EDINBURGH EH12 5EH

EMBARGO 12 NOON  
TUESDAY 11<sup>TH</sup> JANUARY 2011

## **PRESSBOF EXCLUDES NORTHERN & SHELL PUBLICATIONS FROM THE PRESS INDUSTRY'S SELF REGULATORY SYSTEM**

The Press Standards Board of Finance (PressBoF) – the newspaper and magazine industry body responsible for the financing of the Press Complaints Commission (PCC) and the industry's compliance with self regulation – has moved to exclude the newspaper and magazine titles owned by the Northern & Shell Group from the system of industry self regulation. These titles include The Daily Express, Sunday Express, Daily Star, Star on Sunday and OK! magazine.

PressBoF's move follows a decision by the publisher – the second occasion on which this has happened since 2008 - that it no longer wishes to pay the voluntary industry levy to support the work of the PCC. Every effort was made by the PressBoF Board to reverse that decision before Northern & Shell's membership of the system lapsed on 31<sup>st</sup> December 2010.

This decision means that the Northern & Shell titles will now automatically cease to be covered by the work of the PCC, which will as a result of the publisher's decision no longer deal with complaints from members of the public about them, or of the Editors' Code Committee.

The PCC will be issuing a press notice on how it will handle any complaints that are received about Northern & Shell titles.

Lord Black of Brentwood, Chairman of PressBoF, said:

“This deeply regrettable decision to exclude Northern & Shell from the system was taken only as a last resort following the publisher's decision not to pay the industry levy which funds the work of the PCC. Payment of this levy is a vital sign not just of a publisher's commitment to the Code of Practice and the ethical standards contained in it, but also of a commitment to the protection of the public, as it is the levy which allows the PCC to deal with complaints it receives free of charge.

“The rest of the industry – covering the overwhelming majority of the newspapers and magazines produced in the UK – remains totally committed to effective self regulation, to the Code of Practice, and to the work of the independent PCC under the Chairmanship of Baroness Buscombe. As a result, the PCC’s funding will be unaffected by the move, and the public will continue to receive the exceptionally high standards of service that have become the hallmark of the Commission.”

## NOTES

1. PressBoF, whose Board comprises senior newspaper and magazine industry executives, is responsible for setting the remit of and funding arrangements for press self-regulation in the United Kingdom.
2. The Press Complaints Commission (PCC) is an independently-run body which enforces the terms of the Editors’ Code of Practice. It has a Board of 17 members – seven editors and 10 members of the public (including the Chairman).
3. PressBoF raises the funding for the PCC through the payment of a levy – also referred to as registration fees – by national and regional newspaper and magazine publishers for each title they publish, substantially based on circulation and frequency of publication. Although the levy is voluntary, compliance has always been extremely high.
4. Since it was established in 1991, the industry, through PressBoF, has invested £33 million in the work of the PCC.
5. This is the second time in three years that Northern & Shell has refused to pay the industry levy. In January 2008, after Express Group Newspapers was ejected from membership of the Newspaper Publishers Association following disagreements over unpaid fees, the company intimated that it would not pay the levy even though the grounds for its decision were unrelated to the self-regulatory system. The company paid no levy from 1 January 2008 until 15 February 2009 (amounting to nearly £200,000) when it agreed to resume payment.
6. The House of Commons Culture, Media and Sport Committee in its report *Press standards, privacy and libel*, published in February 2010, was highly critical of Northern & Shell’s actions when it concluded: “*we believe that the fact that the Express Group did not pay subscriptions into the self-regulatory system for a prolonged period is deplorable, even though the PCC continued to issue judgements on articles in Express Group papers.*”
7. For more information, please call Lord Black of Brentwood (Chairman of PressBoF) on 0207 931 3806 or Jim Raeburn (Secretary of PressBoF) on 0131 535 1064.

[FINAL DRAFT – TO BE ISSUED FOLLOWING PCC & PRESSBOF STATEMENTS]

Tuesday 11 January 2011

## **NEWSPAPER AND MAGAZINE INDUSTRY CONFIRMS TOTAL COMMITMENT TO PCC**

National newspapers, regional and local newspapers, and magazines confirmed today their total support for the Press Complaints Commission following statements from the PCC and the Press Standards Board of Finance (PressBof) in relation to Northern and Shell plc.

**Clive Milner, chairman of the NPA, said:**

"The PCC exists to ensure national newspapers conform to clear editorial standards which are independently regulated. All NPA members are committed to upholding this system of press self-regulation which protects and serves members of the public so effectively and maintains a free, responsible press."

**Georgina Harvey, president of the Newspaper Society, said:**

"Over 1000 regional and local newspaper titles subscribe to the self-regulatory process and agree to be bound by PCC decisions for the benefit of the public. For the regional and local media sector it is business as usual – independent and responsible journalism subject to adjudication by the PCC."

**Michael Johnston, president of the Scottish Newspaper Society, said:**

"The raison d'être of the PCC is a deep-seated belief in the importance of freedom of the press and thus in self-regulation. It is illogical for any publisher to withdraw from the system and thereby deny readers of his publications the right to an independent means of resolving complaints."

**Barry McIlheney, CEO of the PPA, said:**

"The magazine industry totally supports the PCC and the UK's self-regulatory system. It provides a unique service to readers and ensures we meet the highest possible standards."

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Contact: Lynne Anderson, NS/NPA, 020 7632 7400; Jim Raeburn, Scottish Newspaper Society, 0131 535 1064; Barry McIlheney, PPA, 020 7404 4166.