



## PRESS RECOGNITION PANEL BOARD

### CHIEF EXECUTIVE'S REPORT – MAY 2017

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31 May 2017

**Status:** for noting

**Lead responsibility:** Susie Uppal,  
Chief Executive

**Contact details:** 07790034348 or  
020 3443 7072

#### **Purpose**

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1. The purpose of this paper is to provide an update to the Board on Executive activity since the last Board meeting on 25 April 2017.
2. The Board is invited to **note** the contents of the Chief Executive's report.

#### **Executive Summary**

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3. The Board is being updated in respect of organisational matters that have progressed since the 25 April 2017 Board meeting.

#### **Delivery updates**

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##### Fee charging consultation

4. The consultation closed on 17 May 2017. We received one response from the regulator IMPRESS. We will be providing a paper to the Board for consideration at the meeting to be held on 4 July 2017.

##### IMPRESS standards code

5. We were notified by IMPRESS that they have devised a new Standards Code and guidance which they will use to regulate their members from 24 July 2017 onwards. We are presently assessing this in accordance with our published guidance. We will update the Board at the Board meeting to be held on 4 July 2017.

##### Judicial Review

6. We received a letter from the solicitors for the NMA suggesting that the final hearing be adjourned given the pledge in the Conservative party manifesto to

repeal section 40. We have not agreed to this request but have suggested that the NMA withdraw their claim. A copy of the correspondence is attached at Annexes A and B.

The hearing remains listed for 29 and 30 June 2017. The Board will be notified if the position changes.

### Stakeholder engagement

7. Earlier this month, the BBC local news partnership scheme opened for applications. The scheme's eligibility criteria refer to IPSO as a 'recognised regulator'. I wrote to the BBC to explain that in the context of press regulation, 'recognised regulator' is a defined term under our Royal Charter, and that to be 'recognised', a regulator must be assessed by the PRP as meeting the 29 criteria in the Charter. The BBC agreed to clarify this in the local news partnership scheme's guidance notes.
8. Recently, the Chair was contacted by Not Buying It, a pressure group that challenges media sexism. The Chair and I meet with Not Buying It on 23 May 2017, and the note of the meeting will be made available once it has been agreed.
9. On 18 May 2017, The Spectator published a blog that suggested the only way for a publisher to take advantage of the protections afforded by section 40 of the Crime and Courts Act would be to join IMPRESS. We have written to the Spectator to clarify that this is not the case. We explained that if section 40 was commenced, the press would *not* be forced to join IMPRESS; publishers could choose to form their own regulator that is fully compliant with Lord Justice Leveson's recommendations.

### Annual report on the recognition system 2017

10. Following the Board's April 2017 meeting, we have started to research and draft this year's annual report on the recognition system and to consider the messages that the PRP may want to include. We will provide a further update at the Board's meeting in July.

### Research update

11. Annex C includes an update on key external matters relevant to our work.

### Corporate Services

12. In line with the agreed organisational design, the Executive has moved into a smaller 3-person office with a corresponding reduction in monthly rent. The new tenancy agreement is for a 6-month period and the requirement for ongoing needs remains under review.

## Finance

13. A bank reconciled set of management accounts as at 30 April is attached at Annex D. The deficit for the period ended 30 April 2017 is £42,884 against the budget forecast of £58,453. This represents a positive variance of £15,569. Details and an explanation of why key variances have arisen are detailed against the relevant budget lines”
14. The Chair wrote to the Lord Chancellor on 18 May 2017 sending her a copy of this year’s business plan and budget and the PRP’s annual report on the recognition system. We drew the Lord Chancellor’s attention to the fact that in the absence of the recognition system being completely put in place, the PRP had not been able to become self-funding through fees charged to recognised regulators as envisaged by the Charter yet. Despite this we would not be requiring further funding at this stage as we had used the grant prudently and would be able to extend funds after November 2017 to support our work until the recognition system is in place. This letter was copied to the Permanent Secretary of the Treasury.

## Implications

15. The implications of decisions taken by the Board as set out in this paper are as follows:
  - Budget – any budget considerations are referenced in individual Board papers. There are no specific implications in addition to the issues referenced;
  - Legislation – no specific implications;
  - Resources – any resourcing considerations are referenced in individual Board papers. There are no specific implications other than these;
  - Equality, Diversity and Inclusion – no specific implications.

## **Devolved Nations**

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16. There are no implications/differences in relation to the areas of work covered in this paper and the devolved nations.

## **Communications**

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17. Communications issues are dealt with at paragraphs 7-9 of the Paper. There are no other issues to report which have communications implications, so far as I am aware.

## **Risks**

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18. There are a range of risks involved in the areas of work covered in this Paper.

## **Recommendations**

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19. The Board is asked to **note** the contents of the Chief Executive's report.

## **Attachments**

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**Annex A – RPC letter dated 23 May 2017**

**Annex B – PRP email response dated 26 May 2017**

**Annex C - Update on key external matters**

**Annex D – Management Accounts as at 30 April 2017**



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London WC1X 8HB

### By email and post

Our ref: GRE/LWM/NEW182.4

23 May 2017

Dear Sirs

### Application for Judicial Review: Decision of the Press Recognition Panel (PRP) dated 25 October 2016 Claim Number: CO/140/2017

We refer to the substantive hearing in this matter listed for 29-30 June 2017.

As you know, the NMA has sought judicial review of the PRP's decision to recognise IMPRESS because that decision was flawed and, in particular, because of the significant consequences of recognition that would result if section 40 of the Crime and Courts Act 2013 were to be brought into force. See for example the NMA's Statement of Facts and Grounds at paragraphs 5-6 and 75.

In advance of the General Election due to take place on 8 June 2017, the Conservative Party published on 18 May 2017 a Manifesto in which the following is stated at page 80:

*"We will repeal Section 40 of the Crime and Courts Act 2014 [sic], which, if enacted, would force media organisations to become members of a flawed regulatory system or risk having to pay the legal costs of both sides in libel and privacy cases, even if they win."*

In the light of this clear Manifesto commitment, we consider that if the Conservative Party remains in Government after the General Election, no sensible purpose would be served by arguing the judicial review case on 29-30 June. In practical terms, the repeal of section 40 will secure the NMA's objectives – to avoid being compelled to accept regulation by IMPRESS or else face adverse costs provisions in relation to relevant claims – without the need for a decision by the Court in relation to its judicial review claim. There will accordingly be no remaining purpose in that claim being pursued.

For the avoidance of doubt, we emphasise that the NMA remains of the view that its claim is well-founded and would succeed if pursued.

### ADVISORY | DISPUTES | TRANSACTIONS

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The appropriate course would be to ask the Court to adjourn and stay the proceedings (with liberty to apply) pending the repeal of section 40. An adjournment, rather than withdrawing the proceedings, would be appropriate because of the possibility that the Government may not secure the repeal of section 40.

In our view, issues of costs should be adjourned until after the final resolution of these proceedings.

We invite your agreement to the above proposal, so that a Consent Order to this effect can be submitted to the Court for its approval as soon as possible after the General Election if a Conservative Government is re-elected to office.

Yours faithfully

A handwritten signature in black ink, consisting of the letters 'RPC' in a cursive, slightly slanted font.

**RPC**

**Subject:** RE: CO/140/2017 - Application for Judicial Review re: Decision of the Press Recognition Panel dated 25 October 2016  
**Date:** Friday, 26 May 2017 at 16:03:40 British Summer Time  
**From:** Susie Uppal  
**To:** Martin, Laura - RPC, Tamsin Allen (T.Allen@bindmans.com), John Halford (J.Halford@bindmans.com)  
**CC:** Saima Ansari, Elliott, Geraldine - RPC, Noto, Victoria - RPC

Dear Sirs,

Thank you for your letter of 23 May 2017 inviting us to consent to the NMA's proposed application for an indefinite stay in the proceedings.

We are not prepared to consent to an order in those terms. If your clients wish to continue to challenge the PRP's decision to recognise IMPRESS then there are overwhelming reasons for that matter to be determined now. It is important that there is no continuing doubt as to whether the PRP's decision to recognise IMPRESS was lawful or not.

Regardless of whether or not section 40 of the Crime and Courts Act 2013 is brought into force, or repealed, section 34 of the Act is already in force. It provides that (subject to exceptions) no award of exemplary damages may be made against a member of an approved regulator. A lengthy period of uncertainty is therefore inappropriate. Further, the PRP Board considers that it has acted lawfully. But the Board considers that it is in the public interest that if it has made an unlawful decision, this is promptly determined by the Court, so that it can reconsider its decision according to law. There should be no continuing uncertainty for the PRP or for IMPRESS. The possibility of an incoming government repealing section 40 is therefore not a proper reason to delay that decision.

We understand that the possibility of section 40 being brought into force or repealed is a matter of interest to your clients. If your clients wish to withdraw proceedings we would of course be willing to consider terms for them to do so, and would invite your clients to do this sooner rather than later to avoid unnecessary costs mounting up.

Yours faithfully,

Susie Uppal

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**From:** Martin, Laura - RPC [mailto:Laura.Martin@rpc.co.uk]

**Sent:** 23 May 2017 12:07

**To:** Susie Uppal <supal@pressrecognitionpanel.org.uk>; Tamsin Allen (T.Allen@bindmans.com) <T.Allen@bindmans.com>; John Halford (J.Halford@bindmans.com) <J.Halford@bindmans.com>

**Cc:** Saima Ansari <SAnsari@pressrecognitionpanel.org.uk>; Elliott, Geraldine - RPC <Geraldine.Elliott@rpc.co.uk>; Noto, Victoria - RPC <Victoria.Noto@rpc.co.uk>

**Subject:** CO/140/2017 - Application for Judicial Review re: Decision of the Press Recognition Panel dated 25 October 2016

Dear Sirs

We attach a letter.

Yours faithfully

**RPC**

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RPC has achieved Best Legal Adviser status from Legal Week eight years running, including coming out top above all law firms surveyed in both 2015 and 2013. The largest of its kind, the survey is based on feedback from almost 1,000 clients and measures how satisfied they are across a range of criteria including quality of legal advice, quality of commercial advice and service delivery. RPC was also voted Law Firm of the Year at The British Legal Awards 2015 and The Lawyer Awards 2014.

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### **Update on key external matters**

1. The update on key external matters is a research-informed piece based on a sample of information available in the public domain.

### **Commercial Landscape**

2. Press Gazette has reported the latest ABC figures which show that The Times has grown its overall circulation year-on-year. The daily recorded the largest year-on-year rise for April at 2 per cent, climbing to 445,700 copies. The Financial Times saw a circulation increase of 0.6 per cent on the same period last year to 197,000. The biggest fall in circulation came from the Daily Star on Sunday, which is down 20 per cent year-on-year to 252,800. Trinity Mirror also saw substantial year-on-year decline in circulation across its national titles. The Metro saw distribution increase by 10 per cent year-on-year to 1.4m copies. The Sun was down 6 per cent year-on-year to 1.6m. The Mail on Sunday was down 10 per cent year-on-year, compared to 6 per cent for the Daily Mail. The Guardian's circulation fell by 9 per cent year-on-year.
3. UK newspaper website ABCs for April 2017 show that The Sun continues to be the fastest growing site, up 101 per cent year-on-year as it continues to feel the benefit from coming out from behind the paywall. The most popular UK newspaper website, Mail Online, reached an average of 15.1m unique daily browsers (different devices) globally in April. This was just below the 15.6m unique daily browsers record it hit for January this year.
4. Wikipedia founder Jimmy Wales is launching Wikitribune, a crowd-funded news service where supporters can pay for a say in the topics being covered. The site will be free to use, but it will accept donations, rather than rely on advertising.
5. Google has announced that it is making changes to its search engine designed to counter the spread of fake news. Google has issued new guidelines for its testers and made algorithm changes to identify more authoritative and recognised web pages which will be used to improve the quality of ranking in search results.
6. Facebook has pledged to monitor attempts to manipulate the platform, to develop new ways of identifying fake accounts, educate at-risk people about how to keep their information safe, and support civil society programs around media literacy. The online giant has publicly acknowledged that its platform has been exploited by governments seeking to manipulate public opinion in other countries – including during the presidential elections in the US and France – and pledged to clamp down on this. Facebook broadened its campaign to raise awareness about fake news, by publishing adverts in the UK press in early May.
7. As reported by Press Gazette, local news organisations can now apply for their share of a pool of 150 journalists, paid-for by the BBC. The “local democracy reporters” are part of the BBC's Local News Partnership, into which it claims to be

investing up to £8m a year for the next 11 years. The corporation says it expects the first recruits in newsrooms in the autumn.

8. Trinity Mirror has launched a new personalised local news service called InYourArea.co.uk. The website offers local news and information at parish, town and village aggregated from various public sources such as news websites and councils. The publisher has also reported revenue down 16 per cent year on year in the four months to 30 April.

## **Political**

9. Ahead of the upcoming General Election, the three main political parties have published manifestos that include pledges on press regulation and news publishing.

### *Conservative Party*

At a time when the internet is changing the way people obtain their news, we also need to take steps to protect the reliability and objectivity of information that is essential to our democracy and a free and independent press. We will ensure content creators are appropriately rewarded for the content they make available online. We will be consistent in our approach to regulation of online and offline media. Given the comprehensive nature of the first stage of the Leveson Inquiry and given the lengthy investigations by the police and Crown Prosecution Service into alleged wrongdoing, we will not proceed with the second stage of the Leveson Inquiry into the culture, practices and ethics of the press. We will repeal Section 40 of the Crime and Courts Act 2014, which, if enacted, would force media organisations to become members of a flawed regulatory system or risk having to pay the legal costs of both sides in libel and privacy cases, even if they win.

### *Labour Party*

Victims of phone hacking have been let down by a Conservative government that promised them justice, but failed to follow through. We will implement the recommendations of part one of the Leveson Inquiry and commence part two which will look into the corporate governance failures that allowed the hacking scandal to occur.

Local newspapers and broadcasting in Britain are an important part of our democracy and culture. We are concerned about closures of local media outlets and the reductions in number of local journalists. Labour will hold a national review local media and into the ownership of national media to ensure plurality.

### *Liberal Democrats*

The Liberal Democrats will: In light of the press's failure to engage in effective

self-regulation, seek to ensure delivery of independent self-regulation, and commence part two of the Leveson inquiry as soon as practicable.

10. Last month, in a letter to his constituents in Tatton in Cheshire, George Osborne announced that he is to step down as an MP to focus on his new role as editor of the London Evening Standard.
11. Damian Collins MP, chairman of the Commons culture, media and sport select committee has said that Facebook must improve its response to fake news before the UK general election and start blocking or issuing warnings about material that contains falsehoods. Collins said fake news could pose a threat to the integrity of democracy because large numbers of voters who relied on Facebook for their news could be misled. Collins has also called for social media companies such as Facebook and Twitter to face greater obligations to act on complaints of harmful or misleading content on their sites.
12. The Home Affairs Committee has published a report accusing social media giants of failing to halt online abuse and extremism. *Hate crime: abuse, hate and extremism online* accuses major firms of putting more effort into protecting their profits than keeping the public safe online. The report recommended that ministers should consider forcing firms to pay for the cost of policing on social media and introducing a system of sanctions with multimillion-pound fines.
13. Labour's inquiry into fake news has been put on hold due to the snap general election. The inquiry was launched in December by Shadow Culture Secretary Tom Watson MP, who tasked Michael Dugher MP with the running of it.

### **Legal and regulatory**

14. IMPRESS has announced the publication of its new Standards Code. This Code will come into effect on 24 July 2017. Until then, IMPRESS will continue to put forward the Editors' Code of Practice as the Code that it expects its publishers to follow
15. It has been reported that Mirror Group Newspapers (MGN), the publisher of the Daily Mirror, Sunday Mirror and the Sunday People has settled phone-hacking claims with 44 celebrities, paying out settlements that in some cases are understood to have exceeded £250,000. Following this, in an article published on Byline, it was reported that whilst famous targets get the headlines, three-quarters of those illegally hacked by newspapers are ordinary members of the public.



# **Press Recognition Panel**

## **MANAGEMENT ACCOUNTS**

1 Month to April 2017

**Press Recognition Panel**  
**Period ended 30 April 2017**

	<u>Apr-17</u>		<u>Mar-17</u>	
	£	£	£	£
<b>Current Assets</b>				
Current account	109,001		92,340	
Deposit account	93,303		158,304	
Barclays account	<u>1,004,004</u>		<u>1,003,777</u>	
<b>Cash at bank</b>		1,206,308		1,254,421
Prepayments	17,363		26,292	
Accrued Income	227		227	
Third Party Deposit	<u>12,600</u>		<u>12,600</u>	
<b>Sundry debtors</b>		30,190		39,119
<b>Creditors: amounts falling due within one year</b>				
Trade creditors	555		9,034	
Credit card	89		1,103	
Social security and other taxes	11,568		13,524	
Pensions	1,725		2,310	
Sundry creditors and accruals	<u>19,086</u>		<u>21,210</u>	
		33,023		47,181
<b>Net Current Assets</b>		<u><u>1,203,475</u></u>		<u><u>1,246,359</u></u>
<b>Funds brought forward</b>				
Funds bought forward at 31 March		1,246,359		1,954,072
Surplus/(deficit) for the period to date		(42,884)		(707,713)
		<u><u>1,203,475</u></u>		<u><u>1,246,359</u></u>

**Press Recognition Panel**  
**Period ended 30 April 2017**

	1 Month to April 2017			Full year to March 2018
	Actual £	Budget £	Variance £	Budget £
<b>Income</b>				
Other	-	-	-	
Subscription Fees	-	-	-	95,874
Bank Interest	227	350	123	3,540
<b>Total Income</b>	<b>227</b>	<b>350</b>	<b>123</b>	<b>99,414</b>
<b>Expenditure</b>				
<b>Board costs</b>				
Board Salaries & NIC	5,376	5,376	-	65,410
Board Travel & Subsistence	-	20	(20)	240
<b>Total Board Costs</b>	<b>5,376</b>	<b>5,396</b>	<b>(20)</b>	<b>65,650</b>
<b>Communications</b>				
Consultation Document & Translation	-	1,530	(1,530)	14,630
				Budgeted costs of 1,530 for consultation on charging will not be incurred
Website & Visuals	224	227	(3)	2,724
<b>Total Communications Costs</b>	<b>224</b>	<b>1,757</b>	<b>(1,533)</b>	<b>17,354</b>
<b>Other costs</b>				
Executive team costs	25,537	34,667	(9,130)	258,306
				Lower than anticipated costs of regulatory support
HR & Recruitment	347	547	(200)	8,064
Serviced and Virtual Offices	7,573	7,540	33	73,320
Meeting rooms	300	554	(254)	3,702
Travel & Subsistence	-	50	(50)	600
Information Technology	457	1,085	(628)	7,509
IT hardware	-	3,600	(3,600)	3,600
				Costs for replacement IT equipment have not yet been invoiced
Audit & Accountancy	2,009	2,016	(7)	39,992
Printing & Stationery	170	285	(115)	8,711
Insurance	506	522	(16)	8,152
Legal	34	-	34	50,000
Subscriptions & publications	569	614	(45)	7,368
Finance charges	9	20	(11)	240
Sundry expenses	-	150	(150)	1,800
	<b>37,511</b>	<b>51,650</b>	<b>(14,139)</b>	<b>471,364</b>
<b>Total Expenditure</b>	<b>43,111</b>	<b>58,803</b>	<b>(15,692)</b>	<b>554,368</b>
<b>(Deficit) for the period</b>	<b>(42,884)</b>	<b>(58,453)</b>	<b>15,569</b>	<b>(454,954)</b>
<b>Reserves Bfwd</b>	<b>1,246,359</b>	<b>1,954,072</b>		<b>1,246,359</b>
<b>Reserves Cfwd</b>	<b>1,203,475</b>	<b>1,895,619</b>		<b>791,405</b>