

**PRP**

INDEPENDENTLY  
OVERSEEING  
PRESS REGULATION

## **PRESS RECOGNITION PANEL**

**Annual report and financial statements**

**For the period 3 November 2014  
to 31 March 2015**



**Press Recognition Panel Annual Report and Financial Statements  
for the period ended 31 March 2015**

Presented to Parliament by Command of Her Majesty  
Laid before the Scottish Parliament under Sections 12.4 and 13.1  
of the Royal Charter on Self-Regulation of the Press

26 November 2015

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November 2015

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## Legal and administrative information

### **Press Recognition Panel (PRP)**

The Press Recognition Panel is the independent body set up by the Royal Charter on Self-Regulation of the Press (the Charter) to ensure that regulators of the UK press are independent, properly funded and able to protect the public.

### **PRP address**

Mappin House  
4 Winsley Street  
London  
W1W 8HF

### **Bankers**

Handelsbanken – Holborn Branch  
First Floor, 77 Kingsway  
Holborn  
London  
WC2B 6SR

### **External Auditors**

Comptroller and Auditor General  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

### **Board Members**

Dr David Wolfe QC (17 June 2014–16 June 2019)  
Harry Cayton CBE (3 November 2014–2 November 2019)  
Emma Gilpin-Jacobs (3 November 2014–2 November 2019)  
Carolyn Regan (3 November 2014–2 November 2019)  
Harry Rich (3 November 2014–2 November 2019)  
Tim Suter (3 November 2014–2 November 2019)

### **Executive Director**

Susie Uppal (appointed 26 January 2015)

**This is the first annual report and accounts (ARA) for the Press Recognition Panel (PRP) and covers the period from 3 November 2014, when the PRP became a legal body, to 31 March 2015.**

I was appointed to the role of Chair by an independent Appointments Committee in June 2014 and subsequently worked with the same committee to appoint the other five members of the Board. The PRP and its Board are entirely independent of the government, Parliament, the press or any other such interest.

During the short period covered by this annual report and accounts, we focussed on setting up the structures required to carry out our role effectively, with the aim of being able to receive and consider applications for recognition from press self-regulators by the autumn of 2015. This report sets out more detail for the subsequent financial year than would normally be the case on the basis that publication of our first ARA is taking place some eight months since the financial year end.

Another important area of work during the early months of our existence was identifying and beginning to meet as many people as possible with an interest in or who are affected by press regulation and these meetings have informed our work as it has developed.

The PRP is committed to establishing independent oversight of an effective system of press self-regulation in the UK. That system will help to secure the public interest and continue to ensure we have a free and vibrant press that acts in accordance with the lessons learned through the Leveson Inquiry.

The ARA sets out how the PRP has begun this important work and also gives information about how we plan to continue it during 2015/16.



**David Wolfe**  
**Chair, Press Recognition Panel**

## Background

Following the exposure of alleged criminal activity and growing complaints about the behaviour of the press in the UK in 2011, the Leveson Inquiry made a series of recommendations for a new, more effective regulatory system.

On 30 October 2013 the Charter was granted and on 3 November 2014, the PRP came into formal existence. Our role is to consider whether or not press regulators meet the recognition criteria recommended by the Leveson Report and now part of the Charter.

The PRP is entirely independent of the government, Parliament, the press or any other such interest – independence and transparency are absolutely fundamental to the way in which we operate.

## Our role

Our role is to consider whether or not independent press self-regulators meet, and continue to meet, the recognition criteria in the Charter. We will do this in a fully transparent way by:

- granting recognition to Regulators that meet the requirements set out in the Charter's recognition criteria;
- undertaking reviews of those Regulators;
- removing recognition if a Regulator no longer meets the criteria; and
- reporting on the successes or failures of the recognition system.

## Our values

We are committed to performing our duties:

- **Independently** – using to the full the complete freedom we have from state, government or any other interest, and expressing our views honestly and courageously.
- **Fairly** – guided by the principle of understanding the public interest and always putting it first.
- **Openly** – asking questions, using the widest possible range of evidence available to us to make our decisions, and explaining them clearly.
- **Transparently** – wherever possible holding our meetings in public, publishing our papers, and making our meetings formal and documented – ensuring that the public and those we serve can see how we are putting our principles into practice.

## Appointment of the Board

The PRP's Board Members were directly appointed by an independent Appointments Panel itself appointed for this purpose by the Commissioner for Public Appointments as required by the Royal Charter.

The appointment of the Board under the terms of the Charter gives it the highest level of independence from any potential external influence, whether from Government, the press or elsewhere.

The Chair of the Board is Dr David Wolfe QC and the other members are Harry Cayton, Emma Gilpin-Jacobs, Carolyn Regan, Harry Rich and Tim Suter. More information about our Board Members – including their biographies, and details of their interests – is available on our website: [pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk).

Board Members commit a minimum of 20 days per year to their role and the Chair 60 days. Further information about Board Members' remuneration and terms of office can be found in the Remuneration Report.

## Board meetings

The Board met five times during the period 3 November 2014 to 31 March 2015. There were two meetings in December 2014 and one each month from January to March. Agendas and agreed minutes for these meetings are available on our website: [pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk), and our meetings are open to the public.

The initial priorities for the Board were to put in place the basic infrastructure to enable the organisation to function, establish governance policies and procedures, and appoint an Executive Director and staff members to deliver the work required to receive and consider applications from press self-regulators for recognition in accordance with the requirements of the Charter.

## Policies and procedures

The Board considered, and publicly consulted on, key policies for the way the PRP will operate. These included policies for openness and consultation, equality, diversity and inclusion, the Freedom of Information Act and the procedures for Board meetings. All of the PRP's policies are available on our website: [pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk).

## Recruitment of Executive Director and staff team

Following a competitive recruitment process launched in December 2014, the Board appointed Susie Uppal to the post of Executive Director for an initial 12 month period. Susie took up her post on 26 January 2015. Her initial focus was on reviewing and setting up the infrastructure, designing and establishing a staff team, beginning the work to develop proposals for the recognition process and designing and executing a plan for consulting the public and stakeholders on these proposals.

During the period under report, recruitment to five key roles was undertaken: two regulatory managers, a head of governance, a communications and stakeholder manager and a programme support manager. These staff members were appointed on nine month contracts and took up their posts between late March and early May 2015.

## Infrastructure

In order to support the PRP in carrying out its role, work took place to obtain suitable office space, put in place banking and other financial arrangements and set up a website: [pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk).

The PRP received Exchequer funds (through the Ministry of Justice) from the Lord Chancellor on behalf of the Treasury as required by the Charter. Further information about our funding can be found on page 12.

## Meetings with stakeholders

The PRP is committed to ensuring that all who are affected by our work have a say in how we operate. During the period under report, we began a programme of meetings with key groups including campaigning groups, media organisations, publishers, academics and commentators to gauge their views on what an accessible and effective recognition system might look like. These meetings continued in April, May and June 2015 and informed our work to develop proposals for the way we will operate in relation to assessing applications from regulators for recognition.

Details of the individuals and organisations we met, along with notes of all of the meetings, are available on our website: [pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk).

## Appearance before House of Lords Communications Select Committee

The House of Lords Communications Select Committee carried out an inquiry to seek to understand the current state of play on press regulation and set out what is the policy of the Government and others in relation to the future.

Dr David Wolfe, Chair of the PRP, and Board Member Carolyn Regan appeared before the Committee on 13 January 2015 and answered questions on the set up, role and early work of the PRP. Information provided to the Committee is available on our website, together with follow up correspondence with the Committee: [pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk).

The Committee published its report on 23 March 2015. We have continued to keep the Committee informed about our work as it develops.

The PRP has published a Business Plan for 2015/16. The plan sets out objectives for the year which reflect our focus on preparing to receive and consider applications for recognition from press self-regulators by autumn 2015 and on ensuring we have the basic systems and processes in place to operate effectively as an organisation.

## Our objectives

### We will:

- develop and implement an effective and proportionate system for dealing with applications for recognition from press self-regulators; and
- use insight from those who have an interest in our work to inform what we do.

### We will do this by:

- developing a small, highly motivated, diverse and professional staff team;
- ensuring we work flexibly and adaptably; and
- ensuring our systems and processes are effective and provide value for money.

## Developing and consulting on proposals for how we will work

In the period between the end of March and 31 July 2015, we continued to engage with a wide range of people with an interest in our role and this fed into work to develop proposals for how we will receive and consider applications for recognition from press self-regulators.

The PRP launched a public consultation on our proposals on 8 June 2015 with a panel discussion event hosted by the London School of Economics on 9 June 2015.

We then held a series of consultation events in Belfast, Birmingham, Cardiff, Durham, Glasgow, London and Manchester which were attended by a range of people including journalists, members of the public, academics and members of interest groups. These events provided the opportunity for lively discussion about our proposals and this was fed back into our consultation. We also ran a live, interactive webinar session which was made available afterwards on our website for those unable to attend an event in person.

The consultation closed on 31 July 2015. We received 200 responses from a range of respondents including individual members of the public, campaigning groups, national and local newspapers and media owners. In addition, nearly 150 individuals attended consultation events held in eight locations across the UK, and over 40 individuals participated in the interactive webinar event.

### **Opening for applications**

We reviewed the feedback from the consultation and used this to develop our applications process and recognition matrix. These were launched on 10 September 2015. More information about the application process is available on our website: [pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk).

### **Next steps**

In the coming period, we expect to receive an application for recognition which we will consider in accordance with our processes.

We also plan to consult in early 2016 on the way we will carry out cyclical and ad hoc reviews and on our proposed fee structure.

## Financial performance measures and results

The PRP's expenditure in the period ended 31 March 2015 was £169,738. The PRP is financed by a grant from the Exchequer, sufficient to enable the PRP to commence its operations, and fulfil its purpose for the first three years of operation. The amount transferred to the PRP in 2014/15 was £0.05m in October 2014, £0.85m in November 2014; in July 2015, a further £2.1m was received. The sum of £3m is intended to cover funding for the PRP's first three years of operation. The whole grant of £3m was paid upfront and has been recognised in full in the 2014/15 period on the basis that annual funding agreements could have been seen to have impinged on the PRP's independence.

The Charter requires that grant of these monies is in accordance with the general principles of Managing Public Money. In 2016, the PRP plans to consult on a scheme for charging fees to Regulators in relation to the functions of recognition and cyclical review, to come into force from the third anniversary of the PRP's inception.

The PRP is constantly striving for the best value for money in the goods and services it purchases, fully cognisant that its funds come from the public purse. The PRP has outsourced its finance, human resources, premises, facilities and IT functions. These outsourced arrangements provide the PRP with built in resilience, and their operation will be kept under review.

## The PRP and its external environment

Information about the role, remit and external environment in which the PRP operates is available in Section 2 of this ARA.

## The PRP's employees

There were no permanent members of PRP staff during this period; all those who have been recruited to date have been appointed on fixed term contracts (up to a maximum of one year). As at 31 March 2015, the PRP had three full time employees. 100% of the staff complement as at 31 March 2015 were women. The PRP's average sickness absence was nil days per full time equivalent.

## Professional support and contractors

During the course of 2014/15, the PRP engaged the services of a range of consultants and contractors on a temporary basis to assist with media advice and support, financial services, corporate governance, regulatory matters, IT support, payroll services and HR support. In the period ended 31 March 2015, the PRP paid £43,509 for these services.

### **Procurement policy**

The PRP is committed to achieving value for money, in terms of quality and price, for all of its procurement activity. In order to achieve this, the PRP endeavours to clearly communicate its requirements and evaluation criteria, as an informed purchaser, and to establish levels of competition appropriate to the size and complexity of the purchase.

### **Environment, social and community issues**

While the PRP is not required to produce a sustainability report, it is committed to working with its suppliers and service providers to ensure that it takes account of the impact of its activities on the environment and community. The Board agreed a policy on corporate social responsibility and environmental sustainability in October 2015. This is available on our website: [pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk).

### **Objectives and strategy for achieving them**

The PRP did not have a business plan in place for the period under report but its plan for the first full year of operation 2015/16 was published in July 2015 and is available on the website: [pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk).

### **Significant features of the development and performance of the PRP in the financial period**

This is summarised in Section 3 of this ARA.

### **Future developments and the trends and factors that the PRP considers likely to impact on its work**

The PRP's work to date has laid the foundations for a recognition system for the press that is able to command the public confidence. The consequences of this work – independence in regulation, improved complaints resolution through arbitration amongst other things – will depend on circumstances beyond the PRP's immediate control. The PRP's plans for the next period are summarised in Section 4 of this ARA.

A function of the PRP, as set out in the Charter, is to report annually to Parliament and the Scottish Parliament<sup>1</sup> on the success or failure of the recognition system. We will be planning the content of the first report during the latter part of 2015/16. The Charter sits alongside the Crime and Courts Act 2013 which aims to bring benefits to publishers who are members of an approved regulator. This system is outside the PRP's remit but it is part of the context in which the recognition system was designed to work.

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<sup>1</sup> In addition, the PRP will report on a voluntary basis to the Welsh Assembly and Northern Ireland Assembly.

## **The principal risks and uncertainties facing the PRP and the approach to them**

The PRP has agreed a risk management policy to ensure a consistent Board overview of the effectiveness of management action to identify and mitigate risk. The risk management approach captures and assesses risks in relation to all key delivery, reputational and operational areas. This is considered in more detail in the Governance statement at Section 6.

### **Payment of creditors**

In accordance with its Finance Policy, all properly authorised and approved invoices will be routinely paid within supplier terms or 30 days of receipt unless a longer payment term has been agreed or there is a dispute. The PRP will aspire to pay all properly authorised and approved invoices within 10 working days; the PRP abides by the provisions of the prompt payment code. The mechanisms to measure the time taken to process invoices were not in place in 2014/15, however for 2015/16, the PRP aims to pay 90% of invoices within 10 days of approval for payment.

### **Pension liabilities**

The PRP has no pension scheme, so there are no pension liabilities to report at this time. The PRP's staging date for auto-enrolment is 1 August 2017 - this is the date that automatic pension enrolment duties start.

### **Equality, diversity and inclusion**

The PRP is committed to eliminating discrimination and encouraging diversity amongst everyone who works with us. We believe that for our organisation to be successful, we need to work with the most talented and diverse people available. In delivering our legal responsibilities including those relating to the recognition of press regulators, and as an employer, our aim is to be truly representative of all sections of society.

The Board has agreed a policy - available on the website: [pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk) - to provide equality and fairness for all in our legal and employment duties, and not to discriminate on grounds of any of the protected characteristics of age, disability, gender reassignment, race, religion or belief, ethnicity, sex, sexual orientation, marriage and civil partnership, pregnancy, maternity and political belief.

### **Auditors**

The PRP's annual financial statements are audited externally by the Comptroller and Auditor General (C&AG) in accordance with paragraph 12 of the Charter. For the period ended 31 March 2015, a fee of £12,000 will be charged for the audit work that has been performed. The services provided by the C&AG related only to audit work.

So far as the Chair, each individual Board Member and the Executive Director are aware, there is no relevant information of which the PRP's auditors are unaware. We have taken all the steps that ought to have been taken to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.



**David Wolfe QC**  
Chair  
18 November 2015



**Susie Uppal**  
Executive Director

## Brief history of the PRP and its principal activities

The PRP was created as a legal body on 3 November 2014 by a Royal Charter, set up following the Leveson Report into the culture, practices and ethics of the press. The role of the PRP, which is entirely independent of the government, Parliament, the press or any other such interest, is to consider whether or not press regulators meet the recognition criteria recommended by the Leveson Report, and which are incorporated into the Charter.

## Scope of responsibility

As Chair and Accounting Officer for the PRP, I – together with the Executive Director – have responsibility for maintaining a sound system of risk management, governance and internal control that supports the achievement of the PRP's Charter obligations, policies, aims and objectives, whilst safeguarding the public funds and assets for which we are personally responsible. In particular, we take personal responsibility to ensure that the PRP:

- meets its obligations under, and acts in accordance with, the Charter, including applying a scheme of recognition, and managing the assets of the PRP efficiently and effectively so as to best achieve the PRP's purpose;
- complies with all statutory and administrative requirements on the use of public funds, including the relevant principles and policies set out in the HM Treasury publication *Managing Public Money*;
- operates within the limits of its authority; and
- operates in line with the statutory requirements of Data Protection legislation and in the spirit of the Freedom of Information Act 2000 (the Freedom of Information Act 2000 does not currently apply to the PRP).

The Executive Director is accountable through the Chair to the Board. The Board is responsible for ensuring the efficient discharge of the PRP's Charter functions and that the PRP complies with any statutory or administrative requirements for the use of public funds.

## Corporate Governance framework of the PRP

The Board is responsible for the strategy and direction of the PRP. The Board meets at regular – usually monthly – intervals, with a quorum of three Members (50% of the Board Members – including the Chair – appointed at the time).

The functions of the PRP are determined by the Charter (para 4.3) as public functions. As a public body, the PRP is required to establish robust governance arrangements appropriate to its business, scale and culture.

In accordance with this, the Board has adopted a Governance Framework, which was considered and agreed in December 2014. The Framework follows the requirements set out in the *UK Corporate Governance Code* and other good practice guidance provided by various authorities. An assessment of the PRP's governance framework against the *UK Corporate Governance Code* is set out on page 25. The Governance Framework includes the following key policies and position statements (all of which – with the exception of the final two elements – were agreed in 2014/15):

- Rules of procedure
- Policy on expression of views and confidentiality
- Political activity
- Openness and transparency
- Equality, diversity and inclusion
- Freedom of information
- Matters reserved and delegations
- Declarations of interest
- Gifts and hospitality
- Expenses
- Indemnity for civil liability
- Disciplinary procedures for the Chair and Board Members
- Anti-bribery policy
- Treasury policy
- Complaints
- Remuneration
- Whistleblowing policy (staff)
- Finance policy
- IT policy
- Working in Scotland, working in Northern Ireland
- Welsh language policy
- Retention and disposal policy
- Business continuity

These documents are published on the PRP's website: [pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk). In addition, the website includes details of Board Members' biographies and information about their relevant interests. Board Members are required to declare any interest they may have in Board meeting discussions at the start of each meeting and these are recorded within the minutes. In the spirit of transparency, all relevant interests of Board Members are recorded in the Register of Interests, which is available on the PRP's website.

## PRP Board

The PRP Board comprises six non-executive Board Members (including the Chair) although the Executive Director and Head of Governance (who is the Board Secretary) attend every meeting. The Board met formally on five occasions during the period 3 November 2014 to 31 March 2015.

	Meeting Attendance
<b>David Wolfe</b> (Chair)	5/5
<b>Harry Cayton</b> (Member)	5/5
<b>Emma Gilpin-Jacobs</b> (Member)	4/5
<b>Carolyn Regan</b> (Member)	5/5
<b>Harry Rich</b> (Member)	5/5
<b>Tim Suter</b> (Member)	5/5

## Senior Independent Director

In March 2015, the Board agreed the appointment of Tim Suter to the role of Senior Independent Director. Tim was appointed to the role for a period of two years (with the possibility of reappointment for another two years, up to a maximum of four years). No additional remuneration is attached to this role.

The role serves as a sounding board for the Chair and is responsible for holding annual meetings with Board Members, without the Chair present, to appraise the Chair's performance. Where there is a disagreement or dispute between the Chair and the Executive Director, the Senior Independent Director can intervene.

## PRP Board committees

As at 31 March 2015, the Board had not established any committees. At its meeting on 30 June 2015, the Board agreed to constitute an Audit and Risk Committee (ARC), to be chaired by Board Member Harry Rich who would be paid additional remuneration of £1,500 annually to reflect the duties he would incur as ARC Chair. The Board also agreed the appointment of Board Member Harry Cayton to the committee, and the appointment of an independent member to be remunerated at the rate of £300 per day.

The ARC is responsible, on behalf of the Board, for advising the Accounting Officer on the maintenance of appropriate audit and risk processes within the PRP and

the governance of the external audit (managing the relationship with the external auditor and receiving audit reports). Representatives from the PRP's finance service provider and external auditors (National Audit Office) attend all relevant meetings.

Kathryn Cearns FCA FCCA was appointed to the ARC as an independent member on 1 September 2015 for an initial term of three years. This appointment assists with challenging the policies and procedures of the executive from an expert financial perspective.

The papers and minutes of ARC meetings are circulated to the Board respectively before and after each meeting.

As the ARC was not constituted in 2014/15, no membership and attendance records are provided.

### **Board performance**

The performance of the Board, its committees and individual Board Members will be evaluated on an annual basis. The Board undertook its first annual evaluation during summer 2015, the outcomes of which were reported to the Board in September 2015 and included the following areas for development: focusing on strategic rather than operational issues; helping Board Members to keep up to date with relevant industry developments, and ensuring that the split between confidential and public business is appropriate.

Each Board Member including the Chair will participate in an annual appraisal process, using a combination of questionnaires and one-to-one sessions with the Chair (the Senior Independent Director will undertake the Chair's appraisal). The Governance statement for 2015/16 will provide a report on actions taken in response to the areas raised in the 2015 PRP Board evaluation exercise.

### **Risk and internal control framework**

The PRP Board considers the plans and the overall strategic direction of the PRP, and provides ongoing challenge to the assumptions and risk classification made by the executive. Risk is regularly discussed at Board meetings, with risk explicitly required to be identified in board papers.

The Board agreed a risk management policy and initial risk register at its meeting on 25 March 2015. From 1 September 2015, the ARC will review the risk register at each of its meetings and determine the way risks, or changes in risks, have been identified, evaluated and controlled. The ARC will also review the system of risk identification and risk management regularly. It will report its findings to the Board on a regular basis.

Together with the Board, the Executive Director is responsible for initially identifying the major risks that are set out in the risk register, and for implementing a system of continuous assessment and review. Our approach to risk will be reviewed by the Board on an annual basis. The risk policy and risk register are accessible to all staff. Projects risks are identified and recorded, and feed into the process of risk reporting.

Clear roles and responsibilities for managing risks are defined in the PRP's risk management policy which may mean taking appropriate action to mitigate, anticipate or exploit the threats or opportunities that arise.

## Response to risk

The Board's tolerance for risk varies depending on the nature and severity of individual risk. If the Board determines that a risk exceeds its appetite to accept, it will put in place a strategy to mitigate the risk.

## The PRP's risk profile and capacity to handle risk

The Board is ultimately accountable for the management of risk. The risk management policy defines how risks will be identified, assessed and managed to ensure that actual and potential risks are identified; risks are assessed and prioritised; where possible, risks are avoided; or risks are reduced to an acceptable level. Assumptions about risk are regularly revisited and reconsidered.

Risks to the PRP fall into one or more of the following categories:

- **Delivery** – failure to deliver policies that meet the Charter objectives, including risks related to the broader environment within which the PRP operates.
- **Reputational** – justifiable attacks on the credibility of the PRP which diminishes its overall effectiveness.
- **Operational** – the inability of the internal processes of the PRP to function effectively (including financial, staffing, IT, premises and information security).

## Assessment of risk management

Through its work in agreeing the PRP's risk management policy, risk register, and risk appetite, the Board (and in future, the ARC) have evaluated the quality of the PRP's management of risk during 2014/15 and have confirmed their assessment that the PRP's approach identifies the correct risks, and that mitigating actions are appropriately focused and implemented so as to support the PRP's programme of work to deliver the Charter objectives.

**Reporting of risk**

As Chair and Executive Director, we have assessed that there are no significant omissions in relation to risk requiring further disclosure. Our assessment has been endorsed by the Board and ARC.

**Principal risks**

A summary of the emerging risks facing the PRP in achieving its priorities in its early phase of operation have been assessed as follows (with a summary of mitigation activity accompanying each risk):

Principal emerging risks facing the PRP <sup>2</sup>	Summary of mitigation activity
Major policies fail to deliver their intended outcomes, or are disproportionate, costly, unreliable or ineffective	PRP governance processes are robust and ensure that decision-making is sound; the business plan makes clear our planned activity for 2015/16 in relation to recognition work
The PRP is unable to prepare for changes in workload caused by external factors, or is subject to judicial review	The Board is updated on resource levels on a monthly basis; all resourcing including staffing and premises is secured on a temporary basis; consultation processes are robust, and legal advice is sought when required
The loss or absence of key staff affecting the ability of the organisation to function effectively	The PRP Board and Executive Director regularly review and update the resourcing plan; programme management processes are in place for early identification of capacity problems
Insufficient budget to operate effectively in the long term	The PRP plans to consult publicly on the charging regime in 2016, well ahead of the end of the first three year period of operation, for which the PRP has been funded by the Exchequer

<sup>2</sup> See also the going concern disclosure in note 2 to the financial statements on page 37.

## The wider framework of control

As well as a risk and control framework, the PRP has been implementing a wider system of internal control which is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, in the period covered by this report, the PRP was in the process of implementing:

- a formal budgetary control system, reviewed and agreed by the Board;
- a Board Member who is designated with specific responsibility, on behalf of the Board, for finance matters (Harry Rich), agreed at the Board's first meeting in December 2014;
- regular reviews by the Board at each meeting of financial reports which indicated financial performance against forecasts;
- systems of internal financial control covering procurement, separation of duties, the payment of suppliers, appropriate safeguarding and management of assets and banking processes;
- the outsourcing of finance services to a provider – JS2 Ltd – providing additional separation of duties; and
- project management disciplines.

## Role of internal audit

The PRP's governance arrangements do not currently include an internal audit function. The ARC will give consideration to whether or not the system of internal control would be strengthened by commissioning internal audit services in late 2015.

Where weaknesses in the control environment are identified, action is currently taken by the Board and Executive Director to strengthen the controls.

## Information risk and data security

The PRP is a data controller under the Data Protection Act 1998. There were no personal data related incidents in the period 3 November 2014 to 31 March 2015. While it is not subject to the Freedom of Information Act 2000 (FOIA), the PRP has agreed that it will follow the spirit of the legislation, and act as if FOIA applied to the PRP. No requests for information were made in the period under report.

In March 2014, the Board approved an Information Technology policy for the PRP. This is available on our website ([pressrecognitionpanel.org.uk](http://pressrecognitionpanel.org.uk)) and is based on a template provided by our external IT providers, AMCL, tailored to meet the PRP's specific needs. It describes the rules and conduct that the PRP requires individuals to observe whenever they use our IT systems. IT systems are defined as telephones, computers (including the use of emails and the internet) and any other equipment owned or operated by the PRP that may be used to communicate, store or process information electronically.

During the period of this report, there were no reported data security incidents at the PRP.

## Assessment of fraud risk

As Chair and Executive Director, we have reviewed the arrangements for PRP's assessment of the risk that the financial statements may be materially misstated due to fraud, the current processes for identifying and responding to the risks of fraud and any known instances of fraud. We consider that there is a low risk of misstatement due to fraud. The fact that appropriate segmentation of budgetary and authorisation processes are in place and that the organisation does not handle any physical cash both significantly reduce the risk of fraud within the PRP. Appropriate processes for identifying and responding to the risks of fraud in day to day operations are nevertheless in place. There were no known instances of fraud to report during the period.

## Compliance with *UK Corporate Governance Code* and *Corporate Governance in central departments: Code of Good Practice 2011*

In drawing up the Governance statement, the PRP has assessed its governance arrangements against the requirements outlined in the *UK Corporate Governance Code*<sup>3</sup> and *Corporate Governance in central departments: Code of Good Practice 2011*. The requirement to "comply or explain" applies to any bodies within the scope of *Managing Public Money*, and therefore the PRP. Our assessment – which has been endorsed by the ARC and the Board – is that the PRP complies with the Code insofar as it is applicable to it, with the exception of one area of non-compliance:

*UK Corporate Governance Code C3.1* – 'The board should satisfy itself that at least one member of the audit committee has recent and relevant financial experience': on the basis that neither of the two Board Members serving on the Committee have recent or relevant professional financial experience, Kathryn Cearns FCA, FCCA has been appointed to provide independent support to the ARC – on this basis of this appointment, the PRP now complies with the Code.

## Review of the effectiveness of risk, governance framework and significant control issues

As the ARC only came into existence in September 2015, it will only be in a position to provide advice on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control in the PRP from 2015/16 onwards. Reviews will also be informed in future by comments made by the external auditors (the NAO) in their management letter and other reports.

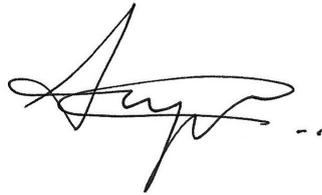
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<sup>3</sup> <https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-2014.pdf>

The PRP did not experience any significant control issues during the period 3 November 2014 to 31 March 2015 and has no significant weaknesses to address.



**David Wolfe QC**  
Chair  
18 November 2015



**Susie Uppal**  
Executive Director

## Remuneration policy

The Royal Charter gives the Board the power to set the remuneration of the Chair and other Board Members at Schedule 1, para 5.3:

*'The Board may make arrangements to pay or make provision for paying in respect of any Member, such amounts by way of allowances or gratuities as the Board determines. The amount of any such allowances or gratuities shall be set having regard to the prevailing rates payable to the members of boards of public sector bodies.'*

At its first Board meeting on 5 December 2014, the Board commissioned a detailed analysis of rates paid across public bodies. At its second meeting on 18 December 2014, the Board took into account a thorough and comprehensive analysis of pay rates across public bodies prepared by an external agency, GatenbySanderson Ltd, in setting the rates payable. It was agreed that the rates would be reviewed annually, in November each year, having regard to any changes in prevailing rates payable to members of boards of public sector bodies.

## Appointments

All Board Members are appointed by an Appointments Committee, itself appointed by the Commissioner for Public Appointments, for a fixed term of five years. Members may be eligible for re-appointment for one subsequent term of office for a fixed term of up to three years. The Chair, David Wolfe, was appointed on 17 June 2014 for a five-year term. The Chair commits at least 60 days per annum to the work of the PRP. Members commit at least 20 days per annum to their work with the PRP.

## Terms of Membership and Termination

There is no compensation payable for loss of office for Board Members before the expiry of their term of appointment.

	Date Appointed	Date Appointment Ends
<b>Dr David Wolfe QC</b> (Chair)	17 June 2014	16 June 2019
<b>Harry Cayton</b> (Member)	3 November 2014	2 November 2019
<b>Emma Gilpin-Jacobs</b> (Member)	3 November 2014	2 November 2019
<b>Carolyn Regan</b> (Member)	3 November 2014	2 November 2019
<b>Harry Rich</b> (Member)	3 November 2014	2 November 2019
<b>Tim Suter</b> (Member)	3 November 2014	2 November 2019

## Remuneration of Chair and Board Members

The remuneration of the Chair and Board Members is shown in the table below and has been subject to audit. There were no benefits in kind. In accordance with FRS102 Board Members are included in this report on the basis that Board Members are members of key management personnel.

### Remuneration 2014/15

	Annual Salary Rate £	Salary £	Total £
<b>David Wolfe</b> (Chair)	30,000	21,000	21,000
<b>Harry Cayton</b> (Member)	6,000	2,500	2,500
<b>Emma Gilpin-Jacobs</b> (Member)	6,000	2,500	2,500
<b>Carolyn Regan</b> (Member)	6,000	2,500*	2,500
<b>Harry Rich</b> (Member)	6,000	2,500	2,500
<b>Tim Suter</b> (Member)	6,000	2,500	2,500

\* expenses of £69.00 for travel were also incurred by Carolyn Regan in the period ended 31 March 2015

## Executive remuneration

The Executive Director was appointed in January 2015 on a 12 month contract. The remuneration of the Executive Director was set by the Board at £115,000 per annum. The Executive Director's contract of employment provides for three months' notice on either side. In the period to 31 March 2015, the Executive Director was paid £21,344 excluding employer's national insurance. The total remuneration for executive staff in the period ending 31 March 2015 was £25,767, as set out in note 4 to the financial statements. Payments made to consultants and contractors during the PRP's set up phase are provided in the Management commentary at section 5.



**David Wolfe QC**  
Chair  
18 November 2015



**Susie Uppal**  
Executive Director

## STATEMENT OF BOARD AND ACCOUNTING OFFICER'S RESPONSIBILITIES

Under paragraph 12 of the Royal Charter on Self-Regulation of the Press, the Board is required to keep proper accounts and proper records in relation to the accounts. The Board is required to prepare a statement of accounts each financial year, and must send a copy of the statement to the Comptroller and Auditor General as soon as practicable after the end of the financial year. The PRP has engaged the Comptroller and Auditor General as its auditor by agreement, who will examine, certify and report on the statement each year.

The accounts are prepared under Financial Reporting Standard 102 (FRS102) with additional voluntary disclosure as considered appropriate to the size and remit of the PRP, including – where applicable and appropriate, relevant requirements of the *Financial Reporting Manual* (FReM).

In preparing the accounts, the Accounting Officer has:

- applied suitable accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent;
- stated where applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

HM Treasury appointed the Chair of the PRP as the Accounting Officer on 7 November 2014. The responsibilities of the Accounting Officer, including responsibility for the propriety and regularity of the finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the PRP's assets, are set out in the PRP's *Finance Policy*. The PRP is required under the Charter to follow *Managing Public Money* (MPM) published by HM Treasury. The Finance Policy is based on MPM.

# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Press Recognition Panel for the period ended 31 March 2015, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Board, Accounting Officer and auditor**

As explained more fully in the Statement of Board and Accounting Officer's Responsibilities, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Press Recognition Panel's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Press Recognition Panel; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

## Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Press Recognition Panel's affairs as at 31 March 2015 and of the net surplus for the period then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the sections of the Annual Report entitled "Legal and Administrative Information" and "Management Commentary" for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance

## Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**  
**20 November 2015**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

### Statement of income and retained earnings for the period ended 31 March 2015

	Note	Period to 31 March 2015 Total £
<b>Income</b>		
Grant income		3,000,000
Bank Interest		560
<b>Total Income</b>		<b>3,000,560</b>
<b>Expenditure</b>		
All costs	4	169,738
<b>Total Expenditure</b>		<b>169,738</b>
<b>Net surplus for the period before tax</b>	<b>5</b>	<b>2,830,822</b>
Taxation		122
Net surplus for the period after tax	7	2,830,710
Reserves brought forward		-
<b>Reserves Carried Forward</b>		<b>2,830,710</b>

There were no recognised gains and losses other than those shown in the above Statement of Income and Retained Earnings.

The notes on pages 37 to 42 form part of these financial statements.

## Statement of financial position at 31 March 2015

	Note	£	31 March 2015 £
<b>Current Assets</b>			
Debtors	7	2,132,989	
Cash at bank and in hand		738,290	
<b>Total current assets</b>		<b>2,871,279</b>	
<b>Creditors:</b>			
Amounts falling due within one period	8	(40,569)	
<b>Net Current Assets</b>			<b>2,830,710</b>
<b>Net Assets</b>			<b>2,830,710</b>
<b>Reserves</b>			
Reserves	9		2,830,710
			<b>2,830,710</b>

The notes on pages 37 to 42 form part of these financial statements.

**Approved and authorised for issue by:**



David Wolfe QC  
Chair  
18 November 2015



Susie Uppal  
Executive Director

### Statement of cash flows for the period ended 31 March 2015

	Note	Period to 31 March 2015 £
<b>Cash flows from operating activities</b>		
Surplus for the financial year		2,830,710
Adjustments for:		
Interest received		(560)
Taxation		112
(Increase) in other debtors		(2,132,989)
Increase in trade creditors		40,569
Cash from operations		737,842
Income taxes paid		(112)
<b>Net cash generated from operating activities</b>		<b>737,730</b>
<b>Cash flows from investing activities</b>		
Interest received		560
<b>Net increase in cash and cash equivalents</b>		<b>738,290</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>-</b>
<b>Cash and cash equivalents at end of period</b>		<b>738,290</b>

The notes on pages 37 to 42 form part of these financial statements.

## Notes to the financial statements for the period ending 31 March 2015

### 1 Organisation information

On 30 October 2013 a Royal Charter was granted which, on 3 November 2014, established the Recognition Panel – a fully independent body – to consider whether press regulators meet the recognition criteria recommended by the Leveson Report. The Press Recognition Panel currently operates from Mappin House, 4 Winsley Street, London, W1W 8HF.

### 2 Basis of preparation

These financial statements have been prepared in accordance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015, but may be applied early to periods ending on or after 31 December 2012. The PRP has taken the option to apply the standard early in the preparation of these financial statements.

#### **Going concern**

In accordance with the requirements set out in the Charter, the Exchequer has granted to the PRP such sums of money as are sufficient to commence its operations and thereafter fulfil its purpose for the first three years after the date the Charter became effective. Thereafter the Charter makes provision for a scheme for charging fees in relation to the functions of recognition and cyclical review. In the event that income is unlikely to meet expenditure relating to expenses arising from litigation, ad hoc reviews or unforeseen events, the Exchequer shall grant such sums as are necessary to ensure the purpose of the PRP is not frustrated by a lack of funding. The directors have a reasonable expectation that the PRP has adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in preparing the financial statements.

#### **Significant judgements and estimates**

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

### 3 Principal accounting policies

The following principal accounting policies have been applied:

#### **Revenue**

Government grants are recognised using the performance model. A grant that does not impose specified future performance-related conditions on the recipient is recognised in income when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the recipient is recognised in income only when the performance-related conditions are met.

#### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **Fixed assets**

Items are capitalised where the purchase price exceeds £1,000. As at 31 March 2015, no items had been purchased above this amount.

## 4 Expenditure

	<b>Period to 31 March 2015</b>
	<b>£</b>
Board remuneration	35,913
Board travel	1,805
Staff costs	25,767
Recruitment costs	13,445
Consultants and contractors and related costs	
Governance - start up costs	32,055
Media - start up costs	7,011
Information technology	1,482
HR	347
Accountancy & finance	10,114
Serviced and virtual office costs	14,052
Other information technology costs	8,057
Audit fees	12,000
Insurance	5,481
Other costs	2,209
<b>Total</b>	<b>169,738</b>

## 5 Staff numbers and costs

### Period to 31 March 2015

Number

The average number of employees (full time equivalent) during the period was:

As at 31 March the PRP employed three members of staff.

0.5

### Period to 31 March 2015 £

Wages and salaries	22,906
Social security costs	2,861
<b>Total</b>	<b>25,767</b>

## Board remuneration

### Period to 31 March 2015 £

Remuneration in respect of the Board Members was as follows:

Wages and salaries	33,500
Social security costs	2,413
<b>Total</b>	<b>35,913</b>

## 6 Taxation

Grant funding is non business income and outside the scope of VAT and all other taxes. Bank interest is taxed at source and grossed up for inclusion within the financial statements.

## 7 Debtors

	<b>At 31 March 2015</b>
	<b>£</b>
Accrued income	2,100,000
Prepayments	13,398
Other Debtors	19,591
<b>Total</b>	<b>2,132,989</b>

On establishment, the PRP was granted £3,000,000 by the Exchequer to fund its activities for three years. Income has been recognised when receivable in accordance with the performance model. Accrued income therefore represents the balance of the grant received after 31 March 2015.

## 8 Creditors

	<b>At 31 March 2015</b>
	<b>£</b>
<b>Amounts falling due within one year</b>	
Accruals	24,163
Other creditors	16,406
<b>Total</b>	<b>40,569</b>

## 9 Reserves

Reserves represent current period retained surpluses and deficits.

## 10 Leasing commitments

The PRP's future minimum operating lease payments for fully serviced offices are as follows:

	<b>At 31 March 2015</b>
	<b>£</b>
Within one year	32,347
	<b>32,347</b>

## 11 Related party transactions

The PRP is governed by Royal Charter and has no ultimate controlling entity.

For the purpose of related party disclosure, members of the Board together with the Executive Director have been identified as Key Management Personnel. Details of Board and Executive Director remuneration are disclosed in the Remuneration Report.

No further related party transactions were identified in relation to the period under report.

## 12 Financial risk management

### Liquidity risk

The objective of the PRP in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The PRP expects to meet its financial obligations through operating cash flows.





Press Recognition Panel  
Mappin House, 4 Winsley Street, London, W1W 8HF  
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