



IMPRESS

Sustaining Trust

Paying for independent self-regulation of the press

An IMPRESS consultation

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Deadline for responses: 5pm on Wednesday 6 July 2016

Introduction

1. IMPRESS exists to promote the freedom of the press and to encourage the highest standards in news reporting and news publication. We award the Trust In Journalism mark to news publishers who meet our standards. We give these publishers the freedom to report hard-hitting stories and we ensure that they behave fairly if complaints are made against them. We have the power to decide on complaints which publishers cannot resolve. We also offer arbitration for legal disputes about defamation or breach of privacy. And we provide a whistleblowing hotline for journalists who are put under pressure to breach their professional ethics.
2. We have applied to the Press Recognition Panel (PRP) to confirm that we meet the standards for an independent self-regulatory body as set out in the Royal Charter on Self-Regulation of the Press.

3. IMPRESS is not funded by the Government and membership of IMPRESS is not compulsory. Publishers are free to join us. Many have already chosen to do so. Others have said that they are planning to sign up in the future and we look forward to welcoming them. Some publishers have said that they do not intend to join IMPRESS for the time being but may do so when we have been recognised by the PRP.
4. We are fortunate to have secured funding in the form of a four-year grant from the Independent Press Regulation Trust (IPRT). This covers our start-up costs and allows us to subsidise the membership and arbitration fees of smaller publishers. In the longer term, we aim to develop a mixed financial model with a blend of income from fees, grants, donations and other services. We know that publishers are facing a tough economic climate and we will not place an unreasonable burden on them. But we believe that trust in journalism is a precious asset and worth paying for. Therefore, we expect publishers to make a fair and reasonable contribution to our budget.
5. We have promised, under our Articles of Association, to consult all our member publishers each year on our budget. We expect to hold our first such annual consultation in January 2017.
6. The present consultation is separate from that annual process. Here, we are seeking feedback on our financial arrangements not only from existing members but also from potential future members and from others who have an interest in our work and who want to make constructive suggestions. **We encourage all news publishers to respond to this consultation, whether or not you are currently a member of IMPRESS.**
7. This consultation paper sets out our proposed financial arrangements. The consultation consists of a series of questions which are set out in an online form. At the end of this paper, we provide details on how to make a submission via this online form or through another suitable method. The closing date for submissions is 5pm on Wednesday 6 July 2016.

Expenditure

- 8.** At IMPRESS, we aim to be not only the most independent and effective press regulator but also the most economically efficient, providing a high-quality service at a low cost. Our complaints-handling system is free for members of the public to use. Our whistleblowing hotline is free for journalists. We offer arbitration at a minimal cost to members of the public and we subsidise the cost of arbitration for publishers with annual turnover below £1m.
- 9.** In order to provide this service, we have recruited a small staff team with experience in relevant fields including journalism, law and regulation. Staff salaries have been benchmarked against comparable roles in the public and voluntary sectors. The staff team, led by the CEO, is accountable to the Board, which was recruited through an independent appointment process. The Chair and Members of the Board are paid for the time they devote to IMPRESS at the same rates as members of the Employment Tribunal.
- 10.** Most other areas of expenditure are in line with the standard costs for an organisation of this size. We have set aside provisions of £50,000 for the cost of future investigations and £50,000 to subsidise arbitration fees for smaller publishers. By setting these funds aside now we hope to take the financial burden off publishers. We are also developing plans to help publishers find insurance at discounted rates which take into account their membership of IMPRESS.
- 11.** In due course, we will become liable for regulatory fees to the Press Recognition Panel (PRP). The PRP have stated that these fees will not be payable until November 2017 at the earliest, and that they may be set below the maximum allowed by the Royal Charter of £220,000 per annum. However, we have budgeted prudently for the full amount. If we find that the actual fees are significantly less than £220,000pa, we will plough the savings back into our core services.

Tariff

12. IMPRESS aims to offer membership to publishers on fair, reasonable and non-discriminatory terms, including making membership potentially available on different terms for different types of publisher. We have set our initial membership fees on the basis of a tariff schedule which is banded according to publishers' financial turnover.

13. We believe that it is fairer and more realistic to use financial turnover rather than circulation to set our tariff schedule. Some publishers may have high circulation but low turnover and would therefore be unable to afford higher fees. We are also concerned by the absence of standardised data for comparing print and online circulation.

14. Under a banded tariff schedule, publishers whose turnover is just above a band boundary may pay rather more than publishers whose turnover is just below that boundary. An alternative approach would be to set membership fees based on a percentage of financial turnover. However, such a system would be more complex and therefore more expensive to administer. By adopting a banded tariff schedule, we intend to keep down our administrative costs and therefore reduce the overall financial burden on publishers.

15. Our current tariff schedule has been set as follows:

- Publishers with turnover up to £100,000 pay a membership fee of £50 per annum.
- Publishers with turnover between £100,000 and £1m = £550pa
- Publishers with turnover between £1m and £2m = £1,500pa
- Publishers with turnover between £2m and £5m = £7,000pa
- Publishers with turnover between £5m and £10m = £15,000pa
- Publishers with turnover between £10m and £20m = £30,000pa
- Publishers with turnover between £20m and £50m = £70,000pa
- Publishers with turnover between £50m and £100m = £225,000pa

- Publishers with turnover above £100m = £800,000pa

Charging

- 16.** In some industries, complaints-handling bodies act on a ‘polluter pays’ principle and charge their members a mixture of membership fees and complaints-handling fees. Companies which cost more to regulate – because they generate more complaints – therefore pay higher charges in total than companies which are cheaper to regulate.
- 17.** However, this model may not be appropriate in the news publishing industry. For instance, publications which specialise in investigative journalism may generate a large number of complaints. These complaints might not be upheld if the publication is found to have acted in the public interest. Would it be fair or reasonable to charge such publishers more than others?
- 18.** We intend to monitor and evaluate our current charging model before considering whether to introduce a ‘polluter pays’ element.

Financial Model

- 19.** In these early days, regulatory fees alone will not be sufficient to allow IMPRESS to provide the quality of service to which we are committed. Therefore, like many other start-up organisations, we have sought external funding in order to establish ourselves properly and invest in the future.
- 20.** We have been glad to accept a significant grant from the Independent Press Regulation Trust (IPRT), a registered charity which exists to promote high standards of journalism. The IPRT is able to accept donations from anyone who wishes to support independent press regulation and it can award grants to any organisation which shares this charitable purpose.
- 21.** As a Community Interest Company, IMPRESS is able to accept charitable grants and donations and to pursue other revenue-generating activities. In time, we aim

to develop a mixed model with a blend of income from fees, grants, donations and other services.

Timescale

22. IMPRESS's financial arrangements are widely known already. Our Funding Agreement with the Independent Press Regulation Trust and our Executive Business Plan – which includes our tariff schedule – were published as part of a call for information by the Press Recognition Panel (PRP) in February 2016. Some publishers and two trade bodies, the News Media Association (NMA) and the Professional Publishers Association (PPA), took the opportunity to give detailed feedback on our financial arrangements.

23. Over the last two years, we have also met a range of publishers at a local, regional and national level to discuss our financial arrangements in person. We have spoken at industry events and commented in the media. As a result, we have good reason to believe that there is widespread awareness of IMPRESS's financial arrangements among news publishers.

24. We have followed the Government's published consultation principles in developing this consultation.¹ We believe, in line with those principles, that four weeks is a proportionate length of time for this consultation, given that the information on which we are consulting is already well-established in the public domain and that we are targeting a clearly defined group of respondents – news publishers.

How to Respond

25. We strongly encourage submissions through our online form:

<https://www.surveymonkey.co.uk/r/IMPRESSconsultation>

¹ Available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/492132/20160111_Consultation_principles_final.pdf.

We would be grateful if you could answer each question in the consultation. You may provide additional comments if you wish. Further instructions are available on the site.

- 26.** If you have any difficulties using the online form or for any reason you require special adjustments to be made, please contact Lee Hall, Business Manager & Company Secretary, by email on info@impress.press or by telephone on 020 3585 4160.
- 27.** We may publish any comments that you make as part of your response to this consultation unless you ask us not to do so. There is space in the online form for you to indicate your preference. We will not disclose your name if you do not want us to do so, but we will not take into account any submissions which are made anonymously.
- 28.** Once the consultation has closed, we will review and finalise our financial arrangements in light of any submissions which we receive.