



PRESS RECOGNITION PANEL BOARD

CHIEF EXECUTIVE'S REPORT – JULY 2018

Meeting: by email

Status: for noting

Lead responsibility: Susie Uppal,
Chief Executive

Contact details: 020 3443 7072

Purpose

1. The purpose of this paper is to provide an update to the Board on Executive activity since the June 2018 CEO report.
2. The Board is invited to **note** the contents of the Chief Executive's report.

Executive summary

3. The Board is being updated in respect of organisational and financial matters.

Delivery updates

Annual Report and Accounts

4. The Annual report and accounts (ARA) were signed by the Comptroller and Auditor General on 13 July 2018 and laid in both Houses of Parliament on 19 July 2018.
5. The ARA was published on the PRP's website on 19 July 2018.

Finance Update

6. A bank-reconciled set of management accounts as at 30 June 2018 is attached at Annex A. The deficit for the period to date is £32,108 against the year to date budget of £41,631, representing a positive variance of £9,523. Details and an explanation of why key variances have arisen are detailed against the relevant lines.

7. As previously reported, the High Court Judgement arising from the Judicial Review awarded the PRP full costs that were incurred on the case. Counsel's fees and associated costs (excluding staff time) of £30,892 were incurred as at 30 June. Given the Judicial Review is now subject to appeal, the award income has not yet been provided for in the management accounts.

Stakeholder engagement

8. On 20 July 2018, the Chair wrote to Jeremy Wright MP, the new Secretary of State for Digital, Culture, Media and Sport, to introduce him to the PRP. A copy of the letter is attached at Annex B.
9. The Chair spoke to Lord Atlee and Lord Lipsey on the telephone on 24 July and 25 July 2018 and liaised with Lord McNally on 21 July 2018 to gather insights ahead of the Board's confidential strategy discussion on 28 August 2018.

Research update

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

Implications

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

Devolved nations

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

Communications

13. There are no other issues to report which have communications implications, so far as I am aware.

Risks

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

Recommendations

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

Attachments

Annex A – Management Accounts as at 30 June 2018

Annex B – Letter to Secretary of State for DCMS

Annex C – External Matters Update

Press Recognition Panel

MANAGEMENT ACCOUNTS

3 Months to June 2018

Press Recognition Panel
Period ended 30 June 2018

	3 Months to June 2018			Full year to March 2019
	Actual £	Budget £	Variance £	Budget £
Income				
Subscription Fees	54,850	54,849	1	220,000
Bank Interest	497	323	(174)	1,133
Total Income	55,347	55,172	(173)	221,133
Expenditure				
Board costs				
Board Salaries & NIC	15,433	15,393	40	64,572
Board Travel & Subsistence	-	60	(60)	240
Total Board Costs	15,433	15,453	(20)	64,812
Communications				
Consultation Document & Translation	-	-	-	12,200
Website & Visuals	420	420	-	2,480
Total Communications Costs	420	420	-	14,680
Other costs				
Executive team costs	45,082	53,577	(8,495)	226,083
HR & Recruitment	1,040	3,641	(2,601)	8,884
				needed
Office costs	12,646	12,689	(43)	42,021
Meeting rooms	1,341	1,200	141	3,200
Travel & Subsistence	85	60	25	240
Information Technology	912	744	168	2,976
IT hardware	-	1,000	(1,000)	2,000
Accountancy	5,197	5,058	139	23,882
Audit Fees	-	-	-	12,000
Printing & Stationery	606	645	(39)	3,880
Insurance	494	546	(52)	2,724
Legal	2,544	-	2,544	30,000
				Counsels fees incurred as a result of the defending the appeal to the Court of Appeal. The budget includes a £30,000 legal provision in January 2019
Subscriptions & publications	1,629	1,740	(111)	6,960
Finance charges	26	30	(4)	120
Sundry expenses	-	-	-	227
	71,602	80,930	(9,328)	365,196
Total Expenditure	87,455	96,803	(9,348)	444,688
(Deficit) for the period	(32,108)	(41,631)	9,523	(223,555)
Reserves Bfwd	860,393	860,393		860,393
Reserves Cfwd	828,285	818,762		636,838

Press Recognition Panel
Period ended 30 June 2018

	<u>Jun-18</u>		<u>Mar-18</u>	
	£	£	£	£
Current Assets				
Current account	114,443		87,076	
Barclays account	<u>806,336</u>		<u>805,827</u>	
Cash at bank		920,779		892,903
Prepayments	7,089		12,718	
Outstanding fees	-		110,000	
Accrued Income	171		182	
Third Party Deposit	<u>5,240</u>		<u>7,666</u>	
Sundry debtors		12,500		130,566
Creditors: amounts falling due within one year				
Trade creditors	5,074		5,502	
Deferred income	75,945		130,795	
Credit card	-		64	
Social security and other taxes	5,914		5,632	
Pensions	1,961		1,035	
Sundry creditors and accruals	<u>16,100</u>		<u>20,048</u>	
		104,994		163,076
Net Current Assets		<u><u>828,285</u></u>		<u><u>860,393</u></u>
Funds brought forward				
Funds bought forward at 31 March		860,393		1,246,359
Surplus/(deficit) for the period		(32,108)		(385,966)
		<u><u>828,285</u></u>		<u><u>860,393</u></u>



Press Recognition Panel
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Jeremy Wright MP
Department for Digital, Culture, Media and Sport
100 Parliament Street,
London SW1A 2BQ

Sent by email only
secretary.statesoffice@culture.gov.uk

19 July 2018

Dear Secretary of State,

I am the Chair of the Press Recognition Panel (PRP), the body created by Royal Charter following the Leveson Inquiry into the culture, practices and ethics of the press, in the light of alleged criminal activity including phone hacking.

A key recommendation of the Leveson Inquiry was the creation of a 'genuinely independent and effective system of self-regulation'. The new system was debated in Parliament and it received cross-party agreement.

The PRP is entirely independent of politicians, Parliament, the press or any other such interest. The Charter lists 29 criteria for press regulators which, if met, ensure they are independent, properly funded and able to protect the public. Our role is to assess regulators against all 29 criteria.

The Charter also requires the PRP to report on the extent to which the new system of press regulation has succeeded in its aims. In November 2017, we published our second annual report on the recognition system – please find a copy enclosed. The report is informed by the views and perspectives of a wide range of people who have an interest in our work.

A key finding of the report is that the new system of regulation devised by Parliament following the full consideration of all relevant matters and views through the Leveson Inquiry has not been given an opportunity to operate. Section 40 of the Crime and Courts Act has not been commenced, and this means that the public protections recommended by Leveson are not being provided.

Our report also concludes that there continues to be political involvement in press regulation, which is something that everyone agrees should not happen; commencement of section 40 would bring that to an end.

We also invite stakeholders to share their views with us, and we would like to extend the same opportunity to you. Decisions made by the PRP Board are entirely independent, however they are informed by the perspectives of others.

If you would be happy to meet in person, then our teams can liaise to identify a suitable date. We generally hold our meetings with stakeholders in private but an agreed note of the discussion is published on our website afterwards.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Wolfe', with a large, stylized flourish underneath.

David Wolfe QC
Chair of the Press Recognition Panel

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

1. Press Gazette reported that the Telegraph's revenues fell by £17.5m last year to £285.7m, which it blamed on evolving consumer habits. The publisher's pre-tax profits almost halved to £13.7m. Digital subscription revenue, however, was up by nearly a third (30 per cent) year-on-year. The Telegraph says it has more than 2.5m registered customers.
2. It was also reported that the Times and Sunday Times now have a combined 500,000 subscribers, with digital subscriptions outnumbering print for the first time. Digital-only subscriptions rose 20 per cent year-on-year to reach 255,000 according to figures from June this year.
3. The Sun has told the BBC not to tweet its front pages on social media the evening before the paper arrives on newsstands. The newspaper will instead share its front page on the its own Twitter account. The Sun explained this was an attempt to drive traffic through its own social media channels.

Political

4. The Cairncross Review has launched a call for evidence on sustainable high-quality journalism in the UK. Under the chairmanship of Dame Frances Cairncross and with the support of an expert panel, the review is looking at how to sustain the production and distribution of high-quality journalism in a changing market. The consultation closes at 11:45pm on 7 September 2018.
5. Tulip Sadiq MP (Labour, Hampstead and Kilburn) tabled a question asking the Secretary of State for Digital, Culture, Media and Sport, whether his Department has made an assessment of the potential merits of introducing publisher liability for social media companies. Margot James has responded on 2 July 2018: We are currently developing options for increasing the liability online platforms have for illegal content on their services. Applying publisher standards of liability to all online platforms could risk real damage to the digital economy. We will be carefully considering the options and consequences of change, and will set out our approach as part of the online harms and safety joint DCMS and Home Office White Paper on online harms which will be published by the end of the year.
6. Culture secretary Matt Hancock has been named as the new health secretary. Attorney General Jeremy Wright is the new culture secretary.

Campaign groups

7. In response to a BEIS consultation on modernising consumer markets, the News Media Association (NMA) explained their view that Google and Facebook were dominating the digital advertising market and called for reform of the competition

regime to help address the imbalance which they say is jeopardising the sustainability of quality journalism. This came after the chief executives of broadcasters Sky and ITV, and of charities Barnardo's and the NSPCC, called for the US tech companies to be required to operate on a level tax and regulatory playing field and for a new online regulator to be created. Sharon White, Ofcom chief executive, wrote a piece in the Times outlining her view that argument for independent regulatory oversight of social media sites has never been stronger.