

PRESS RECOGNITION PANEL BOARD MEETING

39th meeting of the Press Recognition Panel
 10:00, Tuesday 30 October 2018
 Mappin House, 4 Winsley Street, London W1W 8HF

AGENDA

Indicative timings

Public session

- | | | | |
|----|--|-------|---------------|
| 1. | Welcome | Chair | 10:00 |
| 2. | Apologies for absence | Chair | 10:00 |
| 3. | Declarations of interest | Chair | 10:00 |
| 4. | Minutes of the meeting held on 28 August 2018, outstanding actions and matters arising
<i>For noting</i> | Chair | 10:00 – 10:05 |
| 5. | Chief Executive’s report – October 2018
Paper PRP78(18)
<i>For noting</i> | SU | 10:05 – 10:15 |
| 6. | Finance report – September 2018
Paper PRP79(18)
<i>For noting</i> | SU | 10:15 – 10:20 |
| 7. | Arrangements for Board succession planning
Paper PRP80(18)
<i>For decision</i> | Chair | 10:20 – 10:40 |
| 8. | Any other business and close of public session
<i>Including comments from the floor</i> | Chair | 10:40 – 10:45 |

Confidential session

- | | | | |
|-----|--|-------|---------------|
| 9. | Minutes of the meeting held on 28 August 2018, outstanding actions and matters arising
<i>For noting</i> | Chair | 10:45 – 10:50 |
| 10. | Any other business and close of Board meeting | Chair | 10:50 – 11:00 |

Date and time of next meeting: 18 December 2018, at Mappin House, 4 Winsley Street, London W1W 8HF, starting at 09:00.



PRESS RECOGNITION PANEL
Minutes of the 38th meeting of the Press Recognition Panel Board
held on 28 August 2018 at Mappin House, 4 Winsley Street, London W1W 8HF

Present: David Wolfe QC (Chair), Harry Cayton, Carolyn Regan, Harry Rich and Emma Gilpin Jacob

In attendance: Susie Uppal (Chief Executive), Saima Ansari, Paul Nezandonyi, Cindy Butts (for the public session and part 1 of the strategy session) and Kathryn Cearns (part 1 of the strategy session)

BOARD MEETING – PUBLIC SESSION

Welcome

1. The Chair **welcomed** Members and attendees to the thirty eighth meeting of the Press Recognition Panel Board.

Declaration of members' interests

2. Emma Gilpin Jacob will be working with The Economist as part of her role with the Pew Trusts in relation to 'The Evidence Initiative' which aims to shine a spotlight on the importance of evidence-based policy and decision-making across the globe.
3. The Chair confirmed that he was now on the management committee of Matrix and therefore also a director of Matrix Chambers Ltd.

Minutes of the meeting held on 6 July 2018, outstanding actions and matters arising

4. The draft minutes of the meeting held on 6 July 2018 were **noted** as factually correct and **agreed**, subject to a minor amendment.

Chief Executive's report – August 2018 – Paper PRP74(18)

5. The Board received a paper which provided an update on Executive activity since the July CEO report that had been circulated by email. The

Board **noted** the interim July CEO report and supporting Annexes.

6. The CEO provided an update to the recent letter that had been sent to the MoJ concerning the Department's decision to designate the PRP as within the Departmental Boundary. The CEO explained that the MoJ had emailed on 13 August 2018 with an interim reply as stated at paragraph 5 of the CEO report. The subsequent reply received this morning clarified that the 'other government departments' referred to in the interim reply were DCMS and HM Treasury.
7. redacted
8. The Board noted that there were elements of the response that did not accurately reflect the PRP's position. The Board agreed that a meeting would be helpful to clarify any misunderstanding and to discuss the way forward.
9. The Board **noted** with thanks the contents of the Chief Executive's report.

Finance report – July 2018 – Paper PRP75(18)

10. The Board **noted** the latest financial position as at 31 July 2018 and reviewed the Management Accounts.

Any other business and close of public session

11. None raised. The Chair thanked Cindy Butts for joining the Board for the public session.

BOARD MEETING – CONFIDENTIAL SESSION

Minutes of the meeting held on 6 July 2018, outstanding actions and matters arising

12. The confidential section of the draft Minutes were recorded as factually correct and agreed subject to a minor amendment.
13. Under matters arising, it was noted that a meeting had been arranged with the NAO on 19 September to discuss the recent audit and to improve and streamline the interaction for both the NAO and JS2 for the audit in the next financial year.

Risk register review – Paper PRP76(18)

14. The Board agreed the updated register as amended by the ARC and the

Executive.

15. The Board discussed the risks that would need to be captured following the strategic discussion later that morning. It was agreed that the recent correspondence received from the MoJ and the appointment of the Independent Member of the Nominations Committee should be reflected in the register too.
16. The Board agreed that the register, as updated by the Executive following the strategic session would be considered by the ARC at its next meeting in November prior to consideration by the Board at its next meeting in December.

Any other business and close of confidential session

17. The Chair noted that Board and ARC meeting dates had been agreed for 2019.

Strategic Session – Session 1

Board, Executive and Independent members for ARC and the Nominations Committee.

18. The Chair opened the session and explained that there would be two further sessions, one with the Board and CEO and a final session of the Board only.
19. The attendees considered and discussed the ethos and principles that the Board had agreed in their initial early Board meetings. The Board continued to perform their duties independently, fairly, openly, transparently and inclusively.
20. The Board agreed that the second section concerning the principles would be revisited and refreshed by the Board following the completion of the strategic sessions to ensure continued currency.
21. redacted
- 21.1 redacted
- 21.2 redacted
- 21.3 redacted

21.4 redacted

21.5 redacted

22. redacted

23. redacted

Strategic Session – Session 2

Board and CEO

24. redacted

25. redacted

26. redacted

27. redacted

28. redacted

29. redacted

Strategic Session – Session 3

Board only

30. Redacted

Date and time of next meeting

The next scheduled meeting of the Board will take place at 10:00 on 30 October 2018 at Mappin House, 4 Winsley Street, London W1W 8HF.

Drafted: Saima Ansari
Executive Administration Manager

Signed: David Wolfe QC
Chair



PRESS RECOGNITION PANEL BOARD

CHIEF EXECUTIVE'S REPORT – SEPTEMBER 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 August 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.

Corporate updates

4. The Executive have agreed a new contract with Commercial Evaluations Ltd for access to a parliamentary database for communication purposes. The contract will commence for a 12-month period from 29 September 2018 following expiry of the agreement with DeHavilland on the same date.
5. As part of the continuing drive to utilise funds as effectively as possible and as agreed by the Board at its August meeting, the Executive are considering the feasibility of moving to a virtual office with effect from 1 December 2018 and Board papers will now only be provided electronically. The CEO will provide a more detailed breakdown of anticipated cost savings at the Board meeting scheduled for 30 October 2018.

Financial update

6. A bank-reconciled set of management accounts as at 31 August 2018 is attached at Annex A. The deficit for the period to date is £47,313 against the year to date budget of £64,654, representing a positive variance of £17,341. Details and an explanation of why key variances have arisen are detailed against the relevant lines.
7. As previously reported, the High Court Judgment 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 31 August 2018. Given the JR is now subject to appeal, the award income has not yet been provided for in the management accounts.
8. At present, the PRP's bankers, Handelsbanken, operate their UK business through a branch of their main Swedish company, Svenska Handelsbanken AB (SHB). On 21 September 2018, Handelsbanken advised that they are proposing to transfer their UK business into a new, wholly owned subsidiary of SHB, the new subsidiary will be called Handlesbanken plc and will need to be authorised by the Prudential Regulation Authority (PRA) to carry out banking business in the UK.
9. The procedure that Handelsbanken are following is a court-based process under Part VII of the Financial Services and Markets Act 2000. The scheme document setting out details of what will be transferred will be considered by the High Court at a hearing on 13 November 2018. If the scheme is approved by the High Court, it will result in the transfer of the UK banking business from the current branch into Handlesbanken plc. The application and any approval by the High Court is subject to authorisation of Handelsbanken plc by the PRA. Handelsbanken have confirmed that the proposed transfer will have no material impact on the terms, conditions rights and obligations under any of the current arrangements. The banking relationship will be with the new legal entity Handelsbanken plc.

Delivery updates

10. As part of the periodic liaison meetings, the Executive met with IMPRESS on 13 September 2018.
11. The Executive met with NAO representatives on 19 September 2018 to review the recent audit. A new audit team for the PRP will be confirmed in October and the audit planning report will be provided prior to the November ARC meeting. Overall the audit had concluded successfully with certification taking

place on time. The good communication between the teams and the timely provision of information from the PRP was noted. Feedback from both the Executive and JS2 was provided on areas of potential improvement and the NAO will provide a response specifically on the points raised and take forward actions as appropriate for next year's audit.

12. The NAO have provided the draft management letter and the management will provide responses in due course. The letter will be considered with the ARC and update provided to the Board in due course.
13. The Board will be aware that the MoJ have stated in their Departmental accounts that from 1 April 2018, the PRP has been designated as within the MoJ Departmental Boundary. The Executive met with MoJ representatives to discuss this on 24 September 2018. The MoJ explained that the designation had been made by the Treasury in view of the continued use of public funds. The CEO provided a detailed summary of the background to the PRP, its unprecedented independence and the accounting and reporting requirements as detailed in the Charter. The Charter set out the PRP's obligations fully, including the requirement to forward the budget to the Lord Chancellor, the obligation to adhering to the requirements of managing public money and submitting to an audit by NAO each year. The MoJ confirmed that, given the PRP's transparency, it was likely that they would be able to obtain all the information it required from the PRP's website. The MoJ reiterated that the Department were fully cognisant of the independence of the PRP from government. This was simply about satisfactory reporting for accounting purposes and if they required further information for consolidation into the Departmental accounts, they would request the information along in line with the Charter or state the basis on which it was requested for consideration by the PRP's CEO and Board.
14. The MoJ noted the potential scenarios where the PRP may consider applying for further funding under the Charter. The CEO reiterated that the Board do not intend to seek further funding as we have been prudent with the grant expenditure.

Cairncross review

15. The PRP responded to the Cairncross Review's call for evidence on sustainable high-quality journalism in the UK. The submission is attached at Annex B for information.
16. The Chair wrote to Dame Frances Cairncross to offer a meeting to explain the PRP's work. A copy of the letter is attached at Annex C.

Report on the recognition system 2018

17. On 17 September 2018 the PRP launched a call for information on the success of the recognition system. The feedback that we receive will be used to inform our 2018 report on the recognition system. A copy of the call for information paper is attached at Annex D. The call for information closes on 8 October 2018.
18. The PRP is often asked to give a view on whether (in particular) the complaints (and any arbitration) systems operated by some news organisations meet the Royal Charter criteria and to give an indication of the extent to which the public safeguards intended by the post-Leveson system of regulation are in place on a voluntary basis. As part of our 2018 report on the recognition system, we will provide an assessment of IPSO and some of the major publishers which are not members of IPSO including BuzzFeed UK, Facebook, the Financial Times, Google, the Guardian, HuffPost, the Independent, LADbible, Pink News, Private Eye, Reuters, Snapchat, Twitter and Yahoo! News.
19. We have chosen significant publishers from across the press landscape and we consider it to be in the public interest for us to assess them as part of our Charter requirement to report on the success of the recognition system and as part of our consideration of how far the public is currently protected from potential harm. We will undertake this assessment based on facts available to us, including anything which those organisations provide in response to our requests to them.
20. A copy of the letter sent to IPSO is attached at Annex E. A copy of the letter sent to the above-mentioned publishers is attached at Annex F.

Research update

21. Annex G includes an update on key external matters relevant to our work.

Implications

22. 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

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

Communications

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

Risks

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

Recommendations

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

Attachments

Annex A – Management Accounts as at 30 August 2018

Annex B – Cairncross Review – PRP submission

Annex C – Letter to Dame Frances Cairncross

Annex D – Call for information on the 2018 report on the recognition system

Annex E – Letter to IPSO regarding the 2018 report on the recognition system

Annex F – Letter to BuzzFeed UK regarding the 2018 report on the recognition system. A similar letter was sent to Facebook, the Financial Times, Google, the Guardian, HuffPost, the Independent, LADbible, Pink News, Private Eye, Reuters, Snapchat, Twitter, and Yahoo! News.

Annex G – External Matters Update

Press Recognition Panel

MANAGEMENT ACCOUNTS

5 Months to August 2018

Press Recognition Panel
Period ended 31 August 2018

	5 Months to August 2018			Full year to March 2019
	Actual £	Budget £	Variance £	Budget £
Income				
Subscription Fees	92,219	92,219	-	220,000
Bank Interest	834	524	(310)	1,133
Total Income	93,053	92,743	(310)	221,133
Expenditure				
Board costs				
Board Salaries & NIC	25,724	25,655	69	64,572
Board Travel & Subsistence	-	100	(100)	240
Total Board Costs	25,724	25,755	(31)	64,812
Communications				
Consultation Document & Translation	-	-	-	12,200
Website & Visuals	706	700	6	2,480
Total Communications Costs	706	700	6	14,680
Other costs				
Executive team costs	70,364	88,195	(17,831)	226,083
HR & Recruitment	1,734	4,735	(3,001)	8,884
				needed
Office costs	19,184	19,207	(23)	42,021
Meeting rooms	3,797	1,600	2,197	3,200
Travel & Subsistence	126	100	26	240
Information Technology	1,702	1,240	462	2,976
IT hardware	-	1,000	(1,000)	2,000
Accountancy	8,565	8,430	135	23,882
Audit Fees	60	-	60	12,000
Printing & Stationery	2,075	2,575	(500)	3,880
Insurance	831	910	(79)	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	2,727	2,900	(173)	6,960
Finance charges	48	50	(2)	120
Sundry expenses	179	-	179	227
	113,936	130,942	(17,006)	365,196
Total Expenditure	140,366	157,397	(17,031)	444,688
(Deficit) for the period	(47,313)	(64,654)	17,341	(223,555)
Reserves Bfwd	860,393	860,393		860,393
Reserves Cfwd	813,080	795,739		636,838

Press Recognition Panel
Period ended 31 August 2018

	<u>Aug-18</u>		<u>Mar-18</u>	
	£	£	£	£
Current Assets				
Current account	105,519		87,076	
Barclays account	<u>756,673</u>		<u>805,827</u>	
Cash at bank		862,192		892,903
Prepayments	10,282		12,718	
Outstanding fees	-		110,000	
Accrued Income	171		182	
Third Party Deposit	<u>5,240</u>		<u>7,666</u>	
Sundry debtors		15,693		130,566
Creditors: amounts falling due within one year				
Trade creditors	16,812		5,502	
Deferred income	38,576		130,795	
Credit card	-		64	
Social security and other taxes	4,546		5,632	
Pensions	1,035		1,035	
Sundry creditors and accruals	<u>3,836</u>		<u>20,048</u>	
		64,805		163,076
Net Current Assets		<u>813,080</u>		<u>860,393</u>
Funds brought forward				
Funds bought forward at 31 March		860,393		1,246,359
Surplus/(deficit) for the period		(47,313)		(385,966)
		<u>813,080</u>		<u>860,393</u>

Press Recognition Panel

Submission to the Cairncross Review

Introduction

1. A sustainable press requires a system of independent self-regulation that protects both the public and the industry. The Press Recognition Panel (PRP) is a vital part of that system and we support high-quality journalism.
2. When we refer to the “press”, we include the range of written news publishers that operate online and in print, and that reach local, national and global audiences. We also include social media platforms who publish news and who an increasing number of commentators agree should be subject to a regulatory framework.

The Leveson Inquiry (2011-2012)

3. The Press Recognition Panel (PRP) was established by Royal Charter in 2014 as part of a new system of regulatory oversight to ensure the freedom of the press whilst also protecting the interests of the public.
4. This followed the Leveson Inquiry (2011-2012) into the culture, practices and ethics of the press. The enquiry was established in the light of phone hacking and other criminal activity by some parts of the industry. Victims included ordinary members of the public.
5. In his independent report, Lord Justice Leveson proposed a genuinely independent and effective system of self-regulation with politics playing no part in it. It is the PRP’s view that full implementation of the post-Leveson system of regulation would support industry sustainability and increase public confidence in the press.

The Royal Charter

6. The Charter gives the PRP a unique independence and our Board was appointed through an independent process with no press or political involvement.
7. Our Charter can only be changed by a two-thirds majority of those who vote in the House of Commons, the House of Lords and the Scottish Parliament, and with the unanimous agreement of our Board. This prevents politicians and others from interfering with our work and decisions.
8. Our Charter sets out 29 criteria based on Leveson’s recommendations. The criteria provide objective measures of independence and effectiveness and ensure that press regulators who comply with them are, among other things:
 - a) Independent;
 - b) Properly funded;
 - c) Able to protect the public; and
 - d) Secure freedom of speech.
9. Our role is to consider applications from regulators who voluntarily apply to be assessed against the recognition criteria.

Increasing public confidence in new publishers

10. A key Leveson recommendation was that ordinary members of the public needed affordable access to justice if they think they have been legally wronged by a news publisher – for example in civil cases of libel, slander breach of confidence, misuse of private information, malicious falsehood or harassment. The Charter sets out minimum standards for such a system.
11. That is needed because ordinary members of the public cannot currently afford the high legal costs usually associated with action in the courts. Arbitration by a Charter-compliant scheme

would secure proper access to legal redress for all.

12. In order to protect publishers from dealing with vexatious or frivolous challenges, the Charter requires an arbitration scheme to have a filter system to ensure that a claimant has an arguable case before it can be taken forward.
13. Providing low-cost access to justice through an arbitration scheme that has been independently assessed as meeting the Charter criteria will secure the public confidence and contribute to the security of the industry.

Recognising IMPRESS

14. In January 2016, IMPRESS applied to independently assessed by us against the criteria.
15. Following three public calls for information, we carried out a robust assessment and in October 2016, we recognised IMPRESS as an approved regulator because it met all 29 recognition criteria.
16. IMPRESS is subject to our processes for ad hoc and cyclical reviews, which were devised following public consultation.

The current situation

17. Several news publishers remain outside the recognition system. Although IMPRESS' numbers are growing, some publishers have chosen to join IPSO, who do not intend to apply to be independently assessed by the PRP, or to join neither body.

Incentivising the system

18. Leveson anticipated that incentives would be required to encourage news publishers to form or sign up to approved regulators. These incentives are provided by section 40 of the Crime and Courts Act 2013 in England and Wales. The legislation has not yet been commenced, and disappointingly, in March 2018, the Government announced that it planned to ask Parliament to repeal it.

Protecting the industry

19. Section 40 would give financial protections to publishers who are members of an approved regulator. This is because anyone wanting to bring legal action against those publishers could raise the issue through arbitration and avoid a costly court case.
20. If a claimant still chose to pursue the matter through the courts, those publishers would be protected from paying any legal costs. Section 40 supports investigative journalism and removes the chilling effect brought about from the threat of legal action that publishers often face.
21. If fully implemented, the new system of regulation would protect publishers and support freedom of speech.

Protecting the local press

22. The new system of independent regulation includes special protections for the local and regional press to avoid causing them financial hardship. If a financial problem arose, the PRP is empowered to dis-apply the arbitration requirements for these publishers. This would support sustainability.

Political involvement in press regulation

23. The Leveson Inquiry was the seventh time in 70 years that a government-commissioned inquiry was instigated to deal with concerns about the press.
24. In November 2016, the Government announced an eighth review into press matters when it announced its consultation on the Leveson Inquiry and its implementation.

25. The current level of ongoing political involvement in press matters is deeply concerning and is a threat to the longer-term future of the press. The threat of political interference remains, and this is something that everyone agrees should not happen.

Conclusions

26. The Charter identifies 'success' as when all or most 'significant relevant publishers' are members of one or more recognised regulator. This is what we should be working towards, as it would ensure that most news publishers are members of regulators that embody the conclusions of the Leveson inquiry.
27. It is clear that section 40 is needed to incentivise publishers bring about success. Publishers who do not wish to join IMPRESS can for their own recognised regulator. There can be more than one approved regulator.
28. Commencing section 40 of the Crime and Courts Act 2013 would increase sustainability in the press by:
 - a. Protecting ordinary people, not just the rich, and thereby increasing public confidence
 - b. Protecting the press from the chilling effect of large legal costs, and
 - c. Removing political influence on press regulation.



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

Dame Frances Cairncross
Cairncross Review Secretariat
Department for Digital, Culture, Media and Sport
4th floor
100 Parliament Street
London SW1A 2BQ

Sent by email

25 September 2018

Dear Dame Frances,

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. Our 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. Regulators that meet the criteria are called approved regulators.

In England and Wales, our Charter sits alongside section 40 of the Crime and Courts Act 2013. The legislation provides incentives that would encourage news publishers to participate in the new system of regulation. Section 40 would give financial protections to publishers that are members of an approved regulator. This is because anyone wanting to bring legal action against those publishers could raise the issue through arbitration and avoid a costly court case. However, the legislation has not yet been commenced and in March 2018, the Government announced that it planned to ask Parliament to repeal it.

Our Charter also requires us 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.

We recently responded to your call for evidence on sustainable high-quality journalism in the UK. In our submission we explain that a sustainable press requires a system of independent self-regulation that protects both the public and the industry. The PRP is a vital part of that system and we support high-quality journalism.

Our submission also explains why it is vital for Section 40 to be commenced and how the legislation would protect publishers, support brave journalism and protect freedom of speech for members of approved regulators. Section 40 would support the sustainability of the press.

We regularly meet with stakeholders to clarify information about our role to ensure that the recognition system is understood, and we would like to extend the same opportunity to you.

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, sweeping flourish underneath.

David Wolfe QC
Chair of the Press Recognition Panel

Report on the Recognition System 2018

Call for information

Introduction

The independent Press Recognition Panel (PRP) was established in 2014 as part of a new system of regulatory oversight to ensure the freedom of the press whilst also protecting the interests of the public.

Our Royal Charter requires us to report annually on any success or failure of the recognition system, and we will do so when we publish our third report on the system in autumn 2018.

To help inform our thinking, we are gathering views on the extent to which the recognition system has succeeded in its aims.

We would like to hear from anyone with an interest in UK press regulation, including members of the public, journalists, academics, news publishers, media organisation, politicians and campaigners.

Background

Our Charter was granted following the Leveson Inquiry (2011-2012) into the culture, practices and ethics of the press, in the light of phone hacking and other criminal activity. Victims included ordinary members of the public.

In his report, Lord Justice Leveson proposed a genuinely independent and effective system of self-regulation with politics playing no part in it.

The Charter gives the PRP a unique independence. It can only be changed by a two-thirds majority of those who vote in the House of Commons, the House of Lords and the Scottish Parliament, and with the unanimous agreement of our Board. The Charter prevents politicians from interfering with our work and decisions.

The Charter sets out 29 criteria based on Leveson's recommendations. The criteria are part of a scheme of recognition which embodies what the Leveson report considered to be the necessary minimum requirements for effective press regulators.

Our role is to consider applications from regulators who voluntarily apply to be assessed against the recognition criteria. In January 2016, IMPRESS applied.

In October 2016, following three public calls for information and a robust assessment process, we recognised IMPRESS as an approved regulator because it met all 29 recognition criteria. IMPRESS is the only approved regulator.

Leveson anticipated that incentives would be required to encourage news publishers to form or sign up to approved regulators while at the same time offering an alternative route to access to justice in relation to those who chose not to do so. The mechanism provided by section 40 of the Crime and Courts Act 2013 in England and Wales has not yet been commenced. The Government now plans to ask Parliament to repeal section 40.

The range of news-related publications available in the UK is diverse and includes international, national, regional, local and hyperlocal titles, operating across both print and online. The Leveson Inquiry and the new system of regulation considered the full range of relevant publishers, and the system was intended to work for all 'relevant publishers' (as defined in the Crime and Courts Act 2013) that exist today.

It appears to us that several social media platforms may also fall within the definition of relevant publisher at least in relation to their production of news and news-related material.

The PRP is often asked to give a view on whether (in particular) the complaints (and any arbitration) systems operated by some news organisations meet the Royal Charter criteria and to give an indication of the extent to which the public safeguards intended by the post-Leveson system of regulation are in place on a voluntary basis.

As part of our 2018 report on the recognition system, we will provide an assessment of IPSO and some of the major publishers which are not members of IPSO including BuzzFeed UK, Facebook, the Financial Times, Google, the Guardian, HuffPost, the Independent, LADBible, Pink News, Private Eye, Reuters, Snapchat, Twitter, and Yahoo! News.

We have chosen significant publishers from across the press landscape and we consider it to be in the public interest for us to assess them as part of our Charter requirement to report on the success of the recognition system and as part of our consideration of how far the public is currently protected from potential harm. We will undertake this assessment based on facts available to us, including anything which those organisations provide in response to our requests to them.

Share your views

In producing this report, we would like to consider the full range of perspectives on the success of the recognition system so far.

We would also welcome views in response to the following questions:

- To what extent does the new system of genuinely independent and effective system of press self-regulation recommended by Leveson exist today?
- How much confidence can the public have in the systems that are currently in place to protect it from potential harm caused by the press?
- To what extent and in what way are social media platforms that publish news “relevant publishers” for the purposes of the Crime and Courts Act 2013 and what implications, if any, does that have for them, the PRP and/or the public?
- Are you aware of any facts or evidence related to the following organisations that would be useful in assessing their compliance with the Royal Charter criteria: BuzzFeed UK, Facebook, the Financial Times, Google, the Guardian, HuffPost, the Independent, IPSO, LADBible, Pink News, Private Eye, Reuters, Snapchat, Twitter, Yahoo! News?

How to respond to this call for information

If you have any information that you would like us to consider, we are happy to receive feedback in writing, by phone, or face-to-face.

Write to us: Mappin House, 4 Winsley Street, London W1W 8HF

Email: Consultation@pressrecognitionpanel.org.uk

Phone: 020 3443 7072

If you would like to meet with us, please contact us using the details above to arrange.

The closing date for the call for information is 8 October 2018.

Confidentiality

Where appropriate, the PRP wishes to publish a list of respondents and their responses. We may also quote or refer to specific responses in our final report. When providing information, please indicate whether you do not wish your name and/or response to be published.



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

Alan Moses
Chair
IPSO

Sent by email

17 September 2018

The independent Press Recognition Panel (PRP) was established by Royal Charter as part of the new system of regulatory oversight to ensure the freedom of the press whilst also protecting the interests of the public.

Our Charter requires us to report annually on any success or failure of the recognition system, and we will fulfil this requirement when we publish our third report on the system in autumn 2018.

To help inform the report, we are gathering views on the extent to which the recognition system has succeeded in its aims. We welcome IPSO's views.

As have our previous reports and some of our other public briefings, the report will refer to IPSO and the extent to which IPSO meets the Royal Charter recognition criteria, based on any facts or evidence available to us. Given recent public interest and comment by IPSO itself on IPSO's arbitration scheme, that scheme (including both its coverage of publishers and operational rules) is likely to be a particular area of focus for us.

We are obviously keen to ensure that what we say is as fully informed as possible. Is there is any information that you would like to provide to assist us with this? We will obviously publish your response and any information supplied. We are also making similar inquiries of a number of relevant publishers which are not members of IPSO.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Wolfe', is positioned below the text 'Yours sincerely,'.

David Wolfe
Chair
Press Recognition Panel



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

Janine Gibson
Editor-in-Chief
Buzzfeed UK

Sent by email

17 September 2018

The independent Press Recognition Panel (PRP) was established by Royal Charter following the Leveson Inquiry as part of the new system of regulatory oversight to ensure the freedom of the press whilst also protecting the interests of the public.

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

Our Charter requires us to report annually on any success or failure of the recognition system, and we will fulfil this requirement when we publish our third report on the system in autumn 2018.

To help inform the report, we are gathering views on the extent to which the recognition system has succeeded in its aims. We welcome BuzzFeed UK's views.

We are often asked to give a view on whether (in particular) the complaints (and any arbitration) systems operated by some news organisations meet the Charter criteria and to give an indication of the extent to which the public safeguards intended by the post-Leveson system of regulation are in place on a voluntary basis.

As part of our report, we will provide a high-level assessment of BuzzFeed UK and other significant publishers from across the press landscape. We consider it to be in the public interest for us to assess them as part of our consideration of how far the public is currently protected from potential harm. We will undertake this assessment based on facts available to us.

We are obviously keen to ensure that what we say is as fully informed as possible. Is there any information that you would like to provide to assist us with this? We will obviously publish your response and any information supplied.

If there is anything that you would find it useful for us to clarify in relation to our work, please let me know.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Wolfe', written in a cursive style.

David Wolfe
Chair
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

2. Press Gazette reported that the free Evening Standard and Metro newspapers were the only UK titles to see a growth in circulation in August, according to the latest ABC figures. The Evening Standard saw the biggest growth of 1 per cent year-on-year to a distribution of 858,557. The Metro topped the circulation figures for the fourth consecutive month, growing slightly year-on-year with a distribution of 1,453,926 (up from 1,450,004 in August 2017).

Political

3. Speaking at the Royal Television Society earlier this month, Culture Secretary Jeremy Wright said he would not rule out a levy on tech giants to fund responsible journalism. He said that it would be unwise to limit his options when considering how to address the issue of fake news.
4. The Labour Party has proposed a new duty of care for social media firms, demanding digital giants act to protect children from online harms. The party has called for the creation of a single internet regulator to marshal the power of the nine different regulators with responsibility for the online world in the UK. It said that currently Ofcom, the Information Commissioner's Office, the Competition and Markets Authority, the Payment Systems Regulator, the Financial Conduct Authority, the Electoral Commission, the Advertising Standards Agency, the Independent Press Standards Organisation, as well as a host of non-regulatory bodies have some kind of responsibility for online regulation.

Cairncross Review

5. The Cairncross Review is examining the sustainability of high-quality journalism in the UK. It held a call for evidence from 28 June 2018 to 14 September 2018. Some people and organisations who responded to the consultation have published their submissions.
6. Hacked Off's response called on the Review to recommend that:
 - a) Any financial support for publishers is conditional on press membership of an independent regulator as Leveson recommended. Without restoring independence of regulation, newspapers can have no hope of regaining public trust. And without public trust, circulations will continue to decline.

- b) The nature of any provisions of financial support for publishers should be decided by the Press Recognition Panel, as the independently-established auditing body for press regulators. Any system which gives the Government any discretion over financial provisions would allow unacceptable interference in press freedom.
 - c) The Government should avoid any attempt to define “quality journalism” subjectively, and instead rely upon the objective criteria of press membership of an independent regulator. Membership of such a regulator guarantees standards of accuracy and reliability (including correction where there is inaccuracy).
7. In the summary of his submission, Brian Cathcart, Professor of Journalism at Kingston University London, states: “My submission addresses an issue that is central to the remit of the Review but is not addressed directly in any of the questions put forward in the call for evidence (though it is relevant to question 6): how can the Review and the government define the ‘high quality journalism’ referred to in the Review’s Terms of Reference? A definition is essential but, for both the Review and the government, practically and ethically problematic. The answer to this problem is to allow the Press Recognition Panel to be the definer. This is also the key to addressing a second vital problem: how to disburse public money, or publicly-directed money, in such a way that it will benefit groups and individuals that the public will be able to recognise and accept as providers of high quality journalism. Journalism that is regulated to Leveson and Royal Charter standards is capable of being defined, more objectively than by any other means, as journalism of high quality. The submission therefore proposes that the Review should recommend that any future support provided to high quality journalism from the public purse or by government agency, direct or indirect, should be given exclusively to news publishers regulated by bodies recognised by the Press Recognition Panel.”
8. The Ferret submitted evidence which states:
- a) The Ferret Media Ltd continues to support the NUJ position on the Leveson proposals, which backed a partial enactment of Section 40 of the Crime and Courts Act 2013.⁹ We would broadly support any regulatory changes that will confer additional protections to publishers working to the higher standards offered by Press Recognition Panel compliant regulators. Where the UK Government declines to act, we would urge the Scottish Government to enact equivalent proposals in areas of law that are devolved.
 - b) It is also vital that publishers who choose to be regulated to the higher standards offered by Press Recognition Panel compliant regulators are at least provided with equivalent standing as publishers regulated by non-compliant regulators, or those that are not regulated at all, in related laws when they are reformed.

9. In its submission, the School of Journalism at Goldsmith's University of London states: 'Targeting of subsidies should be mainly at local level because this is where economies of scale and innovations in funding methods have demonstrably caused damage to news reporting. However, as the media economist Robert Picard has found, subsidies that deal with variable costs, rather than the fixed costs of employing journalists, tend to fail. It is important to ensure that subsidies go towards enhancing the news supply rather than merely towards offsetting shareholder losses. Stringent regulations should therefore be incorporated into the provision of subsidies to ensure that money is spent only on the direct provision of genuinely local reporting within a defined geographic area. Preference should go to independent local news providers that can demonstrate that they already attract a certain number of readers in the locality, or that they enhance the news supply to other publications locally and nationally. The income should also be tied to a commitment to ethical standards in the form of membership of a Leveson-compliant complaints service. Monitoring of jobs before and after should ensure that subsidy has not been used to substitute for existing journalism roles.'

Social media regulation

10. Ofcom has joined calls for independent internet regulation, following new research warning that 20% of Britons have been harmed by web content. The regulator's chief executive, Sharon White, has published a discussion document claiming 12 million people in the UK have experienced harassment, fraud and abuse online. Ofcom suggested that principles from broadcasting regulation could be relevant as the government begins to consider how to legislate to tackle this abuse.
11. The Telegraph reported that ministers have started drafting proposals for new laws to regulate social media and the internet following a campaign that they have been running. It said that the move has been prompted by widespread consumer concerns over a range of online harms including child abuse, bullying, fake news and internet addiction. It added that the white paper is being drafted by three government departments – the home office, culture and health – but it is still unclear if they will introduce a wide-ranging statutory duty of care.
12. Social media platforms such as Facebook and Twitter will be forced to take terrorist content off their sites within an hour or face multimillion-pound fines under EU proposals. The European commission is proposing legislation to ensure all member states bring in sanctions against those who repeatedly fail to respond to the new removal orders within an hour of them being issued, with platforms facing penalties of up to 4% of their global revenue. The commission believes the legislation will come into statute across the EU in 2019 during the UK's 21-month transition period after Brexit, meaning it will become part of British law.

Research

13. Hacked Off published a new report on 21 September 2018 to mark the fourth anniversary of the creation of IPSO. The report details a number of recent cases of press abuse.
14. Latest PAMCo data covering July 2017 to June 2018 shows that 52% of the population is consuming newsbrands via smartphones and tablets every week. The majority of the nation are reading newsbrands on a multi-platform basis – 48% every day (25.2 million), 77% every week (40.9 million) and 85% (45.1 million) every month.
15. As summarised by Newsworks, mobile is the most popular platform for consuming newsbrands – on a daily, weekly and monthly basis. One in four Britons (25%, 13.3 million) read newsbrands via their smartphones and tablets every single day, half the population (52%, 27.4 million) read via mobile devices every week and 63% (33.5 million) read every month. Smartphones are favoured over tablets, with 85% (11.3 million) of the total mobile audience accessing newsbrands this way every day.
16. Print remains popular with one in three (4.8 million) young people (18-34s) reading newspapers every week – and half of daily 18-34 readers (1.1 million) agreeing that print newsbrands offer them something they cannot get elsewhere. In fact, over half of us (53%, 23 million) young and old, are picking up and reading a newspaper every single month, with 79% (10 million) of daily readers saying that it's time well spent.



PRESS RECOGNITION PANEL BOARD

CHIEF EXECUTIVE'S REPORT – OCTOBER 2018

Meeting: 30 October 2018

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 September 2018 CEO report that was circulated by email (copy attached for information).
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.

Corporate updates

4. We have been looking into the feasibility of moving to a virtual office with effect from 1 December 2018. The favoured option is to have a virtual office at Mappin House with 5 days use of the co-working space and full access to room bookings. The anticipated cost savings are provided in the Finance report (PRP79(18)) as part of the reforecast. We are now in the process of making practical arrangements and will update the Board in due course.

Delivery updates

5. As part of the first stage of the cyclical review process, the Executive has provided a matrix to assist IMPRESS in preparing for their self-assessment against the recognition criteria. In line with our published guidance, the PRP will publish the Regulator's self-assessment to allow third parties to compare

policies and processes established at the point of recognition to those in place at the time of the review. The Executive is in discussion with IMPRESS to ensure that there is sufficiency of information for the PRP to make an assessment and to provide to the public as part of the call for information. A timetable is under consideration and it is anticipated that the final cyclical review assessment would be brought to the Board for consideration in the public session in February/ March 2019.

6. The Executive will be meeting with the new NAO audit team on 1 November for the 2018/19 audit. An update will be provided at the next Board meeting.

Report on the recognition system 2018

7. Our call for information on the success of the recognition system ran from 17 September 2018 to 8 October 2018. The responses were made available to the Board ahead of the October Board meeting. redacted
8. The Board has noted (and published on our website) comments made by stakeholders over the last four years about the recognition system and as part of its 2018 report, it will review IPSO and some significant publishers by reference to areas identified as important in our Charter, for example any systems of complaints or arbitration that they operate. redacted
9. We expect to share the draft report with the Board by 15 November 2018. The final report will be published by the end of November 2018.
10. All submissions and correspondence will be published on the PRP's website when we publish the final report, except in cases where we have been asked not to do this.

Research update

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

Implications

12. 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

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

Communications

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

Risks

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

Recommendations

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

Attachments

Annex A – redacted

Annex B – External Matters Update

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. As reported in Press Gazette, Newsquest has merged three weekly newspapers in east London, which were part of its Guardian series of local titles, into one newly launched newspaper serving readers across the area. The Wanstead and Woodford Guardian, Waltham Forrest Guardian and Chingford Guardian have all been closed and replaced by the East London and West Essex Guardian.
3. Guardian Media Group, publisher of the Guardian and Observer titles, is relaunching its international weekly newspaper, Guardian Weekly, as a news magazine almost 100 years after it was first published. The change means the title will appear alongside the likes of the Economist and the New Statesman on the newsstand, rather than next to the newspapers.
4. As reported by the Guardian, Unilad, one of the biggest publishers on Facebook, has gone into administration, putting hundreds of jobs at risk and casting doubt on whether outlets that rely on the social media platform for distribution can become sustainable businesses.
5. The Telegraph has put most of its politics, business and rugby coverage behind its premium paywall, as it cuts back on freely accessible content to drive its subscription strategy. The amount of content moved into the Telegraph premium service, which charges readers from £2 a week, will rise from 20% to more than a third of the content by the end of the year. Other changes designed to pull in more paying readers include greater focus on lifestyle, and some culture and money content likely to attract subscribers, with a rough target of about half of all stories from those sectors going into the Telegraph's premium service.
6. Mirror, Express and Star publisher Reach (formerly Trinity Mirror) has said it is on track to make £2m in savings this year, part of a bid to cut at least £20m a year by 2020, as it publishes a third quarter trading update today. Group revenue at Reach fell by 7 per cent on a like-for-like basis for the period, but, when the purchase of the Express and Star newspapers is considered, revenue grew by 21 per cent.
7. Newspaper group Johnston Press has put itself up for sale. The heavily indebted group is behind the i, The Scotsman, The Yorkshire Post and around 200 other titles. The FT reported that the company has been struggling to put its finances in order since March 2017, when it first started negotiations to refinance a £220m bond due next year and kicked off a strategic review of its options.

Political

8. Hacked Off and MEND (Muslim Engagement and Development) co-sponsored a fringe event at the Labour Party Conference to discuss the need for independent press regulation and the importance of remedying Islamophobia which incites hatred in the press. Speakers included Shadow Home Secretary Diane Abbott MP, Naz Shah MP, Kevin Courtney (National Education Union), Professor Steve Barnett (Hacked Off Board Director) and MEND policy chief Isobel Ingham-Barrow.
9. Prime Minister Theresa May has told regional press editors “nothing is off the table” in the Government’s mission to protect the long-term sustainability of high-quality journalism in the UK. The Prime Minister spoke in reference to the Cairncross Review and told the audience that the Government is committed to safeguarding the future of local media.



PRESS RECOGNITION PANEL BOARD

FINANCE REPORT – SEPTEMBER 2018

Meeting: 30 October 2018

Status: for noting

Lead responsibility: Susie Uppal, Chief Executive

Contact details: Susie Uppal, Adam Gibbs (JS2)

Purpose

1. The purpose of this paper is to update the Board on the finance and banking position as at 30 September 2018.
2. The Board is invited to **note** the latest financial position.

Background and analysis

3. A bank-reconciled set of management accounts as at 30 September 2018 is attached at Annex A. The management accounts also include the 6 month reforecast carried out in October 2018.
4. The deficit for the period to date is £52,551 against the year to date budget of £81,020, representing a positive variance of £28,469. Details and an explanation of why key variances have arisen are detailed against the relevant lines.
5. 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 September 2018. Given the JR is now subject to appeal the award income has not yet been provided for in the management accounts.

6. The key variances on expenditure between the budget and October reforecast are summarised below:

	Variance (Reforecast - Budget)	Detail
Board Salaries & NIC	1,897	Replacement Board member not yet recruited
Consultation Document & Translation	1,300	The budget for a document language translation has not been required so has been halved.
Executive team costs	40,349	The Chief Executive reduced her hours where possible. We have received external support less than originally planned, with more being done internally and through existing retainers
HR & Recruitment	3,548	Budget for recruitment not needed
Office costs	10,305	We plan to move to a virtual office from December 2018
Meeting rooms	(2,697)	Additional costs arising on new virtual office arrangement
Information Technology	(1,131)	Additional costs arising on new virtual office arrangement
IT hardware	1,000	Budget for replacement IT hardware not needed
Printing & Stationery	1,415	There will be no more printing of board and committee papers from October
Subscriptions & publications	2,605	We have ended our subscription to the DeHavilland parliamentary database, and are using a cheaper alternative from October
Total of other differences	342	
	58,933	total reduction in expenditure (Reforecast vs budget)

7. The Board is invited to **note** the latest position regarding the PRP's finances.

Devolved Nations

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

Communications

9. There are no specific communications implications to draw out.

Risks

10. A robust and defensible position in relation to the PRP's finances is required in order to avoid reputational damage and to ensure compliance with *Managing Public Money*.

Recommendations

11. The Board is asked to **note** the latest financial position.

Timeline for future work

12. JS2 Ltd will continue to provide updates on the Panel's financial position at meetings of the Board.

Attachments

Annex A – Management accounts as at 30 September 2018

Press Recognition Panel

MANAGEMENT ACCOUNTS

6 Months to September 2018

Press Recognition Panel
Period ended 30 September 2018

	6 Months to September 2018			Full year to March 2019	
	Actual £	Budget £	Variance £	Budget £	Reforecast Oct 2018 £
Income					
Subscription Fees	110,301	110,301	-	220,000	220,000
Bank Interest	834	620	(214)	1,133	1,659
Total Income	111,135	110,921	(214)	221,133	221,659
Expenditure					
Board costs					
Board Salaries & NIC	30,868	30,786	82	64,572	62,675
Board Travel & Subsistence	48	120	(72)	240	168
Total Board Costs	30,916	30,906	10	64,812	62,843
Communications					
Consultation Document & Translation	-	-	-	12,200	10,900
Website & Visuals	840	1,640	(800)	2,480	1,680
Total Communications Costs	840	1,640	(800)	14,680	12,580
Other costs					
Executive team costs	82,048	110,051	(28,003)	226,083	185,548
HR & Recruitment	2,081	5,282	(3,201)	8,884	5,336
					Budgeted spend on recruitment not yet needed
Office costs	22,328	22,466	(138)	42,021	31,716
Meeting rooms	3,797	1,600	2,197	3,200	5,897
Travel & Subsistence	126	120	6	240	245
Information Technology	2,029	1,488	541	2,976	4,107
IT hardware	-	1,000	(1,000)	2,000	1,000
Accountancy	10,249	10,116	133	23,882	24,015
Audit Fees	60	-	60	12,000	12,060
Printing & Stationery	2,075	2,640	(565)	3,880	2,465
Insurance	994	1,092	(98)	2,724	2,626
Legal	2,544	-	2,544	30,000	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	3,335	3,480	(145)	6,960	4,355
Finance charges	85	60	25	120	144
Sundry expenses	179	-	179	227	632
	131,930	159,395	(27,465)	365,196	310,146
Total Expenditure	163,686	191,941	(28,255)	444,688	385,569
(Deficit) for the period	(52,551)	(81,020)	28,469	(223,555)	(163,911)
Reserves Bfwd	860,393	860,393		860,393	860,393
Reserves Cfwd	807,842	779,373		636,838	696,482

Press Recognition Panel
Period ended 30 September 2018

	Sep-18		Mar-18	
	£	£	£	£
Current Assets				
Current account	68,257		87,076	
Barclays account	756,648		805,827	
Cash at bank		824,905		892,903
Prepayments	8,183		12,718	
Outstanding fees	-		110,000	
Accrued Income	171		182	
Third Party Deposit	5,240		7,666	
Sundry debtors		13,594		130,566
Creditors: amounts falling due within one year				
Trade creditors	401		5,502	
Deferred income	20,494		130,795	
Credit card	-		64	
Social security and other taxes	4,545		5,632	
Pensions	1,035		1,035	
Sundry creditors and accruals	4,182		20,048	
		30,657		163,076
Net Current Assets		<u>807,842</u>		<u>860,393</u>
Funds brought forward				
Funds bought forward at 31 March		860,393		1,246,359
Surplus/(deficit) for the period		(52,551)		(385,966)
		<u>807,842</u>		<u>860,393</u>



PRESS RECOGNITION PANEL BOARD

ARRANGEMENTS FOR BOARD SUCCESSION PLANNING – APPOINTMENT AND REAPPOINTMENT OF BOARD MEMBERS

Meeting: 30 October 2018

Status: for decision

Lead responsibility: David Wolfe, Chair, Susie Uppal, CEO

Contact details: Saima Ansari

Purpose

1. The purpose of this paper is to set out the high level principles for the reappointment process for serving Members and the process for the future appointment of the Board.
2. At its Board meeting on 23 February 2016, the Board agreed arrangements for succession planning for the Board and the terms of reference of the Nominations Committee.
3. This paper invites the Board to review the current position and strategically agree the reappointments phase and future appointments to the Board.

Background

Royal Charter requirements

4. The Charter sets out clearly the requirements for appointments and membership of the Board, as per section 5:
 5. *Appointments and Membership*
 - 5.1 *The Board of the Recognition Panel shall consist of a Chair and no fewer than 4 and no more than 8 other Members.*
 - 5.2 *Appointments to the Board of the Recognition Panel, and the terms of such appointments, shall be regulated by Schedule 1 (Appointments and Terms of Membership).*

5. Schedule 1 (attached at Annex A) deals exclusively with the arrangements of appointments and terms of membership. Paragraph 5 of the Schedule stipulates the tenure of serving Members:

5.2 Each member shall be eligible to serve for an initial term of 5 years and shall be eligible to reappointment for a further period of up to 3 years. The Board shall have regard to the importance of staggering the reappointment and retirement of Members to deliver appropriate continuity in the performance of its functions.

6. There is no requirement in the Charter for the Commissioner for Public Appointments to be involved in the reappointments process.

Further appointments

7. Paragraph 7 of Schedule 1 addresses the process for further appointments:

7. Further appointments

7.1 Upon:

- a) any person, including the Chair, ceasing to be a Member of the Board, for any reason, or*
- b) the Board determining that the appointment of an additional Member is desirable (having regard to the limitation on numbers imposed by Article 5.1),*

the process for appointing a successor or additional Member (as appropriate) shall be fair, open and merit based, and meet the requirements of paragraphs 3 (criteria for appointments) and 4 (commissioner for public appointments). The responsibility for making such an appointment (including selection) shall lie with the serving Members of the Board, and not the Appointments Committee.

8. In relation to the role of Commissioner for Public Appointments (CPA), the Charter (Schedule 1, paragraph 4.2) contemplates that before a person selected for appointment can be formally appointed to the Board, the CPA should be asked to consider:

'...whether the process followed in the selection of that person was fair, open and merit-based, and, if he considers that it was, to confirm that this was the case, in writing. In order to be in a position to give such confirmation, the Commissioner may specify terms to the Board as to how it conducts a further appointments process.'

Analysis

Nominations Committee

- 9. The Terms of Reference for the Nominations Committee are attached at Annex B for review. The membership of the Committee was agreed as comprising of a minimum of two and a maximum of four members. The Committee at present consists of the Chair and the Independent Member, Cindy Butts. The terms of reference note that appointments to the Committee will be made by the full Board, after recommendation by the Chair.

- 10. The Board agreed that that Committee would advise the Board on the appointment, reappointment and appraisal process for the Chair and the Board members, as well as the independent member of the ARC. In practice, the Senior Independent Board member, presently Harry Cayton, has undertaken the Chair’s appraisal. The Chair of the ARC has undertaken the appraisal of the Independent member of the ARC. It is recommended that the terms of reference are reviewed and the Board discuss whether there is any further value that could be added by the Committee to the appraisal process in place. It is important that the processes in place to ensure effective assessment are reasonable and proportionate to the size and purpose of the organisation.

- 11. The Executive recommends that the Board consider and approve the appointment of two serving members of the Board as additional members to the Nominations Committee for both the reappointments and new appointments process. This would increase the robustness and independence of the process. The Board may consider that the Senior Independent Board member should be one the members that sits on the Committee when considering the Chair’s reappointment, having undertaken the Chair’s appraisal in the summer. In respect of the reappointment of serving Board members, the additional member would be rotated in the event that the discussion concerned their own appointment.

Arrangements for reappointments

- 12. At the Board meeting on 23 February 2016, the Board agreed to stagger the reappointment and retirement of Board Members with a combination of second terms consisting of a mix of two and three year terms as stated below:

Chair:	First term:	17 Jun 2014 to 16 Jun 2019
	Second term:	17 Jun 2019 to 16 Jun 2022
Board members:	First term:	3 Nov 2014 to 2 Nov 2019
	Second term (Pool 1):	3 Nov 2019 to 2 Nov 2022
	Second term (Pool 2):	3 Nov 2019 to 2 Nov 2021

- 13. As part of the annual appraisals earlier this year, the Chair sought an indication from individual Board members as to whether or not they wish to be

reappointed and if so, whether they have a preferred length of second term. The appraisal feedback will be taken into consideration by the Nominations Committee.

14. The Board are invited to discuss and agree the process and revisit the timeframe for the reappointment terms for the Chair and Board members. From a high-level perspective, the Independent Member of the Nominations Committee has advised that the process should be:

Fair

- Appointments should be based on merit.
- The process should be consistent across all Board members of the PRP Board, save for where a separate (approved) process applies to the Chair's reappointment.

Transparent

- The process to be followed should be clear and communicated to all Board members, including the basis on which decisions to stagger appointments will be made.
- The process and outcome should be communicated/minuted as appropriate publicly in line with the Board's policy of openness and transparency.

Evidenced based

- Consideration to reappoint current Board members or to refuse reappointment should be based on the current and future needs of the organisation and should be informed by the business plan/work plan and any relevant governance/board performance reviews.
- Reappointments should take into account the skills matrix of the current Board composition.
- Reappointments should be made with the benefit of Board member appraisals.

Rules based

- Reappointments should be in-line with any provisions related to reappointments that are contained within the Charter.

Equality and diversity

- Diversity should be considered at every stage of the process.

15. It is recommended that the Nominations Committee, comprising of the Independent member and two serving Board members, formally review the reappointment of the Chair and the Board members in line with the above principles and the Board's decision concerning the preferred reappointment second length of terms. A recommendation should be brought by the Committee to the Board at its meeting in February 2019. The CEO will provide a draft outline business plan for 2019/20 to help inform the discussions of the Committee as part of its evidence-based assessment on future work load and time commitment.

Recruitment of additional/ future Board members

16. Following Board member Tim Suter's resignation on 31 October 2017, the Board have not formally considered whether a new Board member should be recruited at this stage to complement the existing Board skillset.
17. The Board should be mindful of the need to conduct the recruitment campaigns in a timely and cost-efficient manner. On the basis that the reappointments will be staggered, it is recommended that the campaigns for new members and the Chair are similarly staggered - potentially commencing in 2019 and 2021/2022 respectively in order to have as few recruitment rounds as possible. It is anticipated that greater clarity concerning the future skills required for the Board and the environment affecting the recognition system are likely to become clearer post 2021. This should be taken into consideration by the Nominations Committee when considering the number of Board members to be recruited and the timeframe.

Criteria for appointment and competencies

18. Schedule 1 of the Charter sets out the criteria for appointment:

3.2. The criteria for appointment as a Member of the Board are:

a) That every Member shall have:

- i) senior level experience in a public, private or voluntary organisation; and*
- ii) an understanding of the context within which a Regulator will operate.*

b) That at least one Member shall have:

- i. legal qualifications and skills, together with an understanding of the legal framework within which the Board must operate;*
- ii. financial skills, including experience of delivering value for money;*
- iii. experience of public policy;*
- iv. experience of consumer rights;*
- v. an understanding of the national and regional environments within Great Britain that are relevant to the work of a Regulator.*

19. For the initial round of recruitment of Board members the following competencies were used:
 - clarity and rigour of thought;
 - strong analytical skills;
 - capacity to examine issues and reach judgements in an impartial way on the basis of the relevant evidence;
 - a participative approach to decision making;

- effective communication skills; and
 - ability to convey complex issues clearly and compellingly.
20. At its meeting in February 2016, the Board also considered the possible additional competences of:
- experience of non-executive work, understanding the boundaries between executive and non-executive responsibilities; and
 - knowledge of delivering governance in the public or private sector.
21. The Board agreed the competencies in principle and these should now be considered critically by the Nominations Committee as part of the recruitment activity. It is recommended that the Committee detail the high level principles that will underpin the process with due regard to the requirements detailed in the Charter and provide recommendations to the Board for consideration.
22. The Committee should consider the advertising strategy to ensure amongst others, a strong and diverse field of suitably qualified candidates. The Committee may also wish to consider the involvement of recruitment consultants to administer the recruitment campaign. The Board would need to assess the advantages of an independently run campaign, noting the cost implications. The selection of recruitment consultants would be undertaken in line with the PRP's procurement policy to ensure value for money.

Involvement of the Commissioner for Public Appointments (CPA)

23. As noted at paragraph 8 above, before a person selected for appointment can be formally appointed to the Board, the CPA should be asked to consider whether the process followed in the selection was fair, open and merit-based and to confirm this in writing.
24. Subject to the Board's decision on the timeframe for recruitment of new members, the Executive will contact the office of the Commissioner of Public Appointments outlining the proposed recruitment process (once agreed with the Nominations Committee and the Board) and seek confirmation prior to the commencement of any process.

Implications

25. The recommended decision would have the following implications on:
- 25.1 **Budget** – budgetary considerations will be dependent on the timing and process of the recruitment campaign, including the potential use of recruitment consultants;
- 25.2 **Legislation** – appointments need to be made in line with the Charter; and

25.3 **Resources** – resource implications will occur for the CEO and Executive Administration Manager should the recruitment campaign for new members be managed internally. There will be a greater degree of involvement for the Nominations Committee whilst undertaking the processes for both the reappointments and appointments of the Board.

Devolved Nations

26. There are no implications for the devolved nations of these decisions.

Communications

27. The Board's decisions and supporting papers will continue to be published on the PRP's website in line with usual practise.

Risks

28. The timely appointment of the new Board members whilst ensuring that the Board continues to have the requisite skills and experience is key. The uncertainty created by the political involvement in the recognition system has hampered the success of the system as envisaged under Leveson. The changing media landscape also creates challenges in identifying the future skill set that may be required by the Board.

Recommendations

29. The Board is invited to:
- **review** the terms of reference for the Nominations Committee and **agree** the membership of the Committee;
 - **agree** the high-level principles underpinning the reappointments process and confirm the second length reappointment periods;
 - **agree** the Nominations Committee will bring recommendations to the Board concerning the reappointments of the Board by February 2019;
 - **agree** in principle that the recruitment activity for the Chair and Board appointments will be condensed to be undertaken in the agreed years in order to minimise costs and ensure effective campaigns, taking into account the end of the staggered second periods of appointment; and
 - **agree** that the Nominations Committee should consider the high-level principles that will underpin the recruitment process and provide details of the proposed recruitment campaign and timeframes for consideration by the Board in February 2019.

Timeline for future work

30. A paper concerning the reappointments (following guidance from the Nominations Committee) will be brought for the Board's discussion and decision

at the meeting scheduled for 26 February 2019. Similarly, the process for the appointment of future Board members will be brought to the Board for consideration with recommendations as detailed above.

Attachments

Annex A – Schedule 1 of the Royal Charter, dealing with Appointments to the Board and terms of membership

Annex B – Nominations Committee Terms of Reference

ANNEX A – SCHEDULE 1 OF THE ROYAL CHARTER – APPOINTMENTS AND TERMS OF MEMBERSHIP

1. Initial Appointments to the Board of the Recognition Panel

1.1. This paragraph regulates the manner in which the initial appointments to the Board shall be made. Thereafter, upon any further appointment being required (whether of a successor or additional Member), the terms of paragraph 7 (*further appointments*) shall apply.

1.2. The appointment of the first Chair of the Board together with at least 4 initial other Members shall follow a fair, open and merit-based process, to be conducted in the manner, and by the persons, described in this paragraph, and paragraphs 2 (*appointments committee*), 3 (*criteria for appointment*) and 4 (*commissioner for public appointments*).

1.3. The responsibility for identifying and thereafter appointing the Chair of the Board shall be that of an independent Appointments Committee, constituted in accordance with paragraph 2. This Appointments Committee shall ensure that the Chair is identified and appointed first, before the appointment of any other Members of the Board.

1.4. The other initial Members of the Board shall be identified and appointed by the Appointments Committee, acting together with the Chair of the Board. It will be the responsibility of the Chair of the Board, once identified, to decide how many initial Members (being at least 4 and no more than 8) shall be appointed under this paragraph.

2. Appointments Committee

2.1. The Commissioner for Public Appointments shall:

- a) appoint the Appointments Committee;
- b) decide how many people will serve on that Committee; and
- c) allow his Office to support the work of that Committee.

2.2. The Chair of the Committee shall be a Public Appointments Assessor (appointed pursuant to the Public Appointments Order in Council 2013).

2.3. In order to ensure the independence of the Appointments Committee, a person shall be ineligible to be appointed if he:

- a) is a serving editor of a publication of a relevant publisher;
- b) is a relevant publisher or otherwise involved in the publication of news or current affairs in the United Kingdom;

c) is a member of the House of Commons, the Scottish Parliament, the Northern Ireland Assembly, the National Assembly for Wales, the European Parliament or the House of Lords (but only if, in the case of the House of Lords, the member holds or has held within the previous 5 years an official affiliation with a political party); or

d) is a Minister of the Crown, a member of the Scottish Government, a Northern Ireland Minister, or a Welsh Minister.

3. Criteria for Appointment to the Board of the Recognition Panel

3.1. In making any appointment to the Board under this Schedule, the matters set out in this paragraph shall be used for:

a) determining the overall nature of the membership of the Board; and

b) assessing the suitability of any particular person to be appointed as the Chair or a Member of the Board.

3.2. The criteria for appointment as a Member of the Board are:

a) That every Member shall have:

- i. senior level experience in a public, private or voluntary sector organisation; and
- ii. an understanding of the context within which a Regulator will operate.

b) That at least one Member shall have:

- i. legal qualifications and skills, together with an understanding of the legal framework within which the Board must operate;
- ii. financial skills, including experience of delivering value for money;
- iii. experience of public policy;
- iv. experience of consumer rights;
- v. an understanding of the national and regional environments within Great Britain that are relevant to the work of a Regulator.

3.3. In order to ensure the independence of the Board, a person shall be ineligible to be appointed, or to remain as, a Member of the Board if he:

a) is or has been an editor of a publication of a relevant publisher;

b) is a relevant publisher or otherwise involved in the publication of news or current affairs in the United Kingdom;

c) is a member of the House of Commons, the Scottish Parliament, the Northern Ireland Assembly, the National Assembly for Wales, the European Parliament or the House of Lords (but only if, in the case of the House of Lords, the member holds or has held within the previous 5 years an official affiliation with a political party); or

d) is a Minister of the Crown, a member of the Scottish Government, a Northern Ireland Minister, or a Welsh Minister.

4. Commissioner for Public Appointments

4.1. After the initial appointments made by the Appointments Committee, and where further appointments to the Board are contemplated, pursuant to paragraph 7 (*further appointments*), the requirements of paragraph 4.2 shall apply.

4.2. Before a person selected for appointment to the Board (other than by the Appointments Committee) can be appointed formally, the Commissioner for Public Appointments shall be asked to consider whether the process followed in the selection of that person was fair, open and merit-based, and, if he considers that it was, to confirm that this was the case, in writing. In order to be in a position to give such confirmation, the Commissioner may specify terms to the Board as to how it conducts a further appointments process.

4.3. No appointment to the Board shall be valid unless (a) it has been made by the Appointments Committee or (b) the confirmation described in paragraph 4.2 has been published by the Commissioner.

5. Terms of Membership

5.1. Each Member, including the Chair, shall hold and vacate his office in accordance with the terms of this Charter.

5.2. Each Member shall be eligible to serve for an initial term of 5 years and shall be eligible to reappointment for a further period of up to 3 years. The Board shall have regard to the importance of staggering the reappointment and retirement of Members to deliver appropriate continuity in the performance of its functions.

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.

6. Termination

6.1. Any Member of the Board may resign by giving notice in writing to the Recognition Panel.

6.2. If the Board is satisfied (which shall require a majority of two thirds of the Members entitled to vote to concur), that a Member is unwilling, unable or unfit to discharge the functions of a Member of the Board under this Charter, that Member shall be duly dismissed and notified in writing of this fact, together with reasons. The

Member concerned shall not be entitled to vote on this matter and the Board may make further provision as to the operation of this paragraph under Article 6 of this Charter.

7. Further Appointments

7.1. Upon:

- a) any person, including the Chair, ceasing to be a Member of the Board, for any reason, or
- b) the Board determining that the appointment of an additional Member is desirable (having regard to the limitation on numbers imposed by Article 5.1),

the process for appointing a successor or additional Member (as appropriate) shall be fair, open and merit-based, and meet the requirements of paragraphs 3 (*criteria for appointments*) and 4 (*commissioner for public appointments*). The responsibility for making such an appointment (including selection) shall lie with the serving Members of the Board, and not the Appointments Committee.

8. Interpretation

8.1. Schedule 4 to this Charter shall be used in interpreting this Schedule.

8.2. A reference to a paragraph means to a paragraph in this Schedule.

NOMINATIONS COMMITTEE TERMS OF REFERENCE

Purpose

The Nominations Committee (NomCo) is an advisory committee and its purpose is to:

1. Keep under review and make recommendations in relation to the processes for the appointment, re-appointment and appraisal of Board Members and any other non-executives engaged by the PRP e.g. the independent member of the Audit Risk Committee;
2. Make recommendations on appointments and re-appointment processes in line with agreed policy;
3. Identify and nominate candidates for the approval of the full Board to fill vacancies as and when they arise (operating as a Selection Panel, supplemented as necessary by other Board Members and/or an independent member);
4. Nominate for the approval by the full Board the re-appointment of any Board Member at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute in the light of the knowledge, skills and experience required; and
6. Make recommendations to the full Board in relation to extensions and emergency appointments and the disqualification, suspension and removal from office of the Chair and Board Members.

Membership, Chair, Secretary and Quorum

7. The Committee shall comprise of a minimum of two and a maximum of four members.
8. The Committee will include the Chair of the Board. The Committee may co-opt a person to serve as an independent member who is independent of the Board.
9. The Board Chair will Chair the Committee. The Chair of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship of the PRP.
10. Appointments to the Committee will be made by the full Board, after recommendation by the Chair. The Members of the Committee will be appointed for a period of up to three years, or until the Member's appointment to the Board expires; whichever is the sooner. Appointments will be extendable by one additional period of three years.
11. Only Members of the Committee have the right to attend and participate at Committee meetings. Other individuals such relevant executives or other advisers considered appropriate by the Chair may be invited to attend for all or part of any meeting.

12. In the absence of the Committee Chair, the remaining members present shall elect a member to chair the meeting.
13. The Executive Administration Manager shall act as the Secretary of the Committee.
14. The quorum necessary for the transaction of business shall be two members. Members' attendance via telephone or video-link is permissible for the purposes of determining a quorum.
15. A duly convened, quorate meeting of the Committee shall be competent to exercise all or any of the authorities, powers and discretions vested in it as outlined in these terms of reference, or exercisable, by the Committee.
16. Where the Chair of the Committee considers it appropriate, decisions may be taken by email. An audit trail of decisions taken by email will be maintained by the Secretary of the Committee.
17. In the event that a decision is required by vote, where the Committee has the authority to make a final decision, the Chair will have the casting vote. In the instance of a tied vote where a recommendation is being made to the full Board, the outcome of the vote will be reported to the Board.

Frequency and Notice of Meetings

18. The Committee shall meet as required to fulfil its duties.
19. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chair.
20. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee and any other person required to attend, no later than five working days before the date of the meeting.

Minutes of Meetings

21. The Secretary of the Committee shall minute the discussion, decisions and actions of all meetings of the Committee, including recording the names of those present and in attendance.
22. Minutes of Committee meetings shall be circulated promptly to all members of the Committee once agreed by the Committee Chair.

Accountability & Reporting Responsibilities

23. The Committee is accountable to the full Board.
24. The draft minutes of the Committee meeting will be circulated to the next meeting of the full Board, along with a report from the Committee Chair highlighting any issues for Board's discussion/consideration.
25. The Committee will approve a statement in the annual report about its membership, role and remit for the preceding year.

Other

26. The Committee shall, at least annually, review its own performance, constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the full Board for approval.

Authority

27. The Committee has authority delegated from the full Board to review and make recommendations in relation to processes for the appointment, reappointment and appraisal of Board Members. Final decisions in relation to appointments, re-appointments and appraisal are reserved to the Board.
28. The Committee is authorised by the Board to investigate any activity within its terms of reference.
29. The Committee is authorised by the Board to obtain, at the PRP's expense, outside legal or other professional advice on any matters within its terms of reference.

Review

30. These terms of reference form part of the PRP's Governance Framework and will be reviewed each year when that framework is reviewed.