



PRESS RECOGNITION PANEL BOARD

CHIEF EXECUTIVE'S REPORT – NOVEMBER 2018

Meeting: 30 November 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 October 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 now moved to a co-sharing office space in Mappin House which provides 24/7 access and better business continuity with effect from 1 December 2018. The difference in costs of this option and that of the virtual office option under earlier consideration are minor. The business address and telephone number remain the same. An updated inventory has been prepared. The Board and Audit and Risk Committee meetings will continue to be held in Mappin House and will be subject to Regus' internal rates.
5. We met with Comis Ltd on 8 November 2018 to review the current SLA and to discuss our IT requirements in view of the new proposed way of working. Comis will review the SLA and provide details of any amendments in light of the discussions.

Finance update

6. A bank-reconciled set of management accounts as at 31 October 2018 is attached at Annex A. The management accounts also include the 6-month reforecast carried out in October 2018.
7. The deficit for the period to date is £63,290 against the year to date forecast of £65,162. This represents a positive variance of £1,872 compared to the year to date forecast.
8. 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 31 October. Given the JR is subject to appeal the award income has not yet been provided for in the management accounts.
9. The Board is invited to **note** the latest position regarding the PRP's finances.

Delivery updates

10. As reported in last month's CEO report, as part of the first stage of the cyclical review process, the Executive provided a matrix to assist IMPRESS in preparing for their self-assessment against the recognition criteria. On 19 November 2018, IMPRESS provided their submission and supporting evidence. The call for information was launched on 29 November 2018 and closes on 9 January 2019.
11. The Executive met with the new NAO audit team on 1 November 2018 to discuss the planning for the 2018/19 audit. The Audit and Risk Committee met the team at its meeting on 13 November 2018. [redacted] . An update will be provided at the next Board meeting on 18 December 2018.

Judicial Review – CONFIDENTIAL

12. Redacted.
13. Redacted

Report on the recognition system 2018

14. Our call for information on the success of the recognition system ran from 17 September 2018 to 8 October 2018. As I reported in my October 2018 report, the Chair received correspondence from stakeholders about the report and I have responded to them. I have received and responded to further letters this month. All correspondence will be published on the PRP's website when we

publish our final report on the recognition system. It is anticipated that publication will be in early 2019.

15. Redacted.
16. Redacted.
17. On 19 November 2018, the Chair wrote to Sir Nick Clegg, Facebook's new Head of Global Affairs and Communications. The Chair offered to meet Sir Nick to provide further information on the recognition system. The letter is attached at Annex D.

Research update

18. Annex E includes an update on key external matters relevant to our work.

Implications

19. 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

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

Communications

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

Risks

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

Recommendations

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

Attachments

Annex A – Management Accounts as at 30 October 2018

Annex B – Redacted

Annex C – Redacted

Annex D – Letter from the Chair to Facebook

Annex E – External Matters Update

Press Recognition Panel

MANAGEMENT ACCOUNTS

7 Months to October 2018

Press Recognition Panel
Period ended 31 October 2018

	7 Months to October 2018			Full year to March 2019	
	Reforecast			Budget	Reforecast Oct 2018
	Actual	Oct 2018	Variance		
	£	£	£	£	£
Income					
Subscription Fees	128,987	128,986	1	220,000	220,000
Bank Interest	1,127	984	(143)	1,133	1,659
Total Income	130,114	129,970	(142)	221,133	221,659
Expenditure					
Board costs					
Board Salaries & NIC	36,312	36,656	(344)	64,572	62,675
Board Travel & Subsistence	48	68	(20)	240	168
Total Board Costs	36,360	36,724	(364)	64,812	62,843
Communications					
Consultation Document & Translation	-	-	-	12,200	10,900
Website & Visuals	983	980	3	2,480	1,680
Total Communications Costs	983	980	3	14,680	12,580
Other costs					
Executive team costs	98,227	99,165	(938)	226,083	185,734
HR & Recruitment	3,069	2,948	121	8,884	5,336
Office costs	26,488	25,847	641	42,021	31,716
Meeting rooms	4,165	4,297	(132)	3,200	5,897
Travel & Subsistence	125	145	(20)	240	245
Information Technology	2,358	2,572	(214)	2,976	4,107
IT hardware	-	1,000	(1,000)	2,000	1,000
Accountancy	11,932	11,935	(3)	23,882	24,015
Audit Fees	60	60	-	12,000	12,060
Printing & Stationery	2,108	2,140	(32)	3,880	2,465
Insurance	1,162	1,176	(14)	2,724	2,626
Legal	2,544	2,544	-	30,000	30,000
Subscriptions & publications	3,509	3,505	4	6,960	4,355
Finance charges	96	94	2	120	144
Sundry expenses	218	-	218	227	632
	156,061	157,428	(1,367)	365,196	310,332
Total Expenditure	193,404	195,132	(1,728)	444,688	385,755
(Deficit) for the period	(63,290)	(65,162)	1,872	(223,555)	(164,097)
Reserves Bfwd	860,393	860,393		860,393	860,393
Reserves Cfwd	797,103	795,231		636,838	696,296

Press Recognition Panel
Period ended 31 October 2018

	Oct-18		Mar-18	
	£	£	£	£
Current Assets				
Current account	154,972		87,076	
Barclays account	756,880		805,827	
Cash at bank		911,852		892,903
Prepayments	7,332		12,718	
Outstanding fees	-		110,000	
Accrued Income	232		182	
Third Party Deposit	5,240		7,666	
Sundry debtors		12,804		130,566
Creditors: amounts falling due within one year				
Trade creditors	1,686		5,502	
Deferred income	111,808		130,795	
Credit card	-		64	
Social security and other taxes	5,615		5,632	
Pensions	1,844		1,035	
Sundry creditors and accruals	6,600		20,048	
		127,553		163,076
Net Current Assets		797,103		860,393
Funds brought forward				
Funds bought forward at 31 March		860,393		1,246,359
Surplus/(deficit) for the period		(63,290)		(385,966)
		797,103		860,393



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

Sir Nick Clegg
Head of Global Affairs and Communications
Facebook

Sent by email only

19 November 2018

Dear Sir Nick,

Regulation of news publishers - Invitation to meet with the Press Recognition Panel

I am the Chair of the Press Recognition Panel (PRP), the body created by Royal Charter following the Leveson Inquiry (2011-12) in the light of alleged criminal activity by the UK press, including phone hacking.

As I'm sure you'll recall, a key recommendation of the inquiry was the creation of a 'genuinely independent and effective system of self-regulation' in the UK. 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 the 29 criteria and to recognise them, if they meet them all.

The recognition system applies to what the Crime and Courts Act 2013 terms 'relevant publishers'. Namely businesses that publish news-related material that is written by different authors and that is subject to editorial control. This includes international, national, regional, local and hyperlocal publishers operating across print or online or both, that can be sued in the courts of England and Wales. For global companies established overseas, if they have a legal base in England or Wales sufficient for them to be subject to the jurisdiction of the courts here, the system applies to them.

As you know, there has been an increase in parliamentary and media discourse in the UK about the regulation of social media companies and their possible legal status as a publishers.

It appears to the PRP that social media platforms like Facebook may well fall within the definition of relevant publisher, although it will ultimately be for the courts to determine.

If this is the case that Facebook is a relevant publisher, then in the UK a regulatory framework already exists in the form of the recognition system. Publishers are free to choose to join any recognised regulator or to form their own regulator.

If there is anything that you would find it useful for us to clarify in relation to our work, please let me know. We regularly seek to clarify information about our role to ensure that the recognition system is understood by stakeholders, and we would like to extend the same opportunity to you.

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 on the left side.

David Wolfe QC
Chair of the Press Recognition Panel
office@pressrecognitionpanel.org.uk

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. The Times reported that Facebook is in talks with three local newspaper publishers in Britain over a plan to help fund journalism. The US social media giant is understood to be working with Johnston Press, Newsquest and Reach, owner of the Daily Mirror, on a scheme that would see it invest in training reporters. The move echoes the BBC's Local News Partnerships model.
2. The BBC reported that the future of newspapers previously owned by Johnston Press has been secured after they were acquired by JPIMedia. The newly-formed company bought out Johnston Press, publisher of the i, The Scotsman and the Yorkshire Post, following the court appointment of administrators. Johnston Press said it meant employees would keep their jobs. The newspaper group put itself up for sale last month. Johnston Press was one of the largest local and regional newspaper organisations in the UK but had debts of £220m which were due for repayment in June next year.
3. Press Gazette reported that Men's magazine Shortlist is closing its print edition as owner Shortlist Media rebrands to the Stylist Group, named after its continuing free women's magazine. Shortlist's website will continue to operate, but as a "product recommender" rather than a lifestyle brand, the group has said. This will involve recommending products and making money through affiliate links.
4. As reported in Press Gazette, The Metro is the slowest declining national newspaper in another month of industry-wide slowdown. The free title saw a 1 per cent year-on-year drop to a circulation of 1.45m in October, keeping it ahead of the Sun, which fell by 7 per cent to 1.4m. News websites regularly audited by ABC – Mail Online, Metro, The Sun, and Reach's Mirror, Express and Star titles – also all saw their daily average unique users drop last month.
5. The Drum reported that Facebook has agreed to work with French authorities to help them understand how it works to combat hate speech, offering the clearest sign yet of its willingness to work with government regulators. The platform will allow representatives from the French government to review how it monitors racist, sexist or hateful content, as the country's president Emmanuel Macron looks to observe whether the current processes in place could be improved. From January next year, a small team of senior civil servants will be embedded into Facebook for six months as part of the move.

Political

6. A deadline to speed up the removal of harmful content on social media is among the legislative measures being considered by the government in a bid to protect young people. Speaking at the evidence session for the Science and Technology Committee's inquiry into the impact of social media, Minister for Digital Margot James said she is interested in Germany's recent approach. It compels social networking sites to remove illegal content within 24 hours of it being reported, or face fines.
7. Facebook boss Mark Zuckerberg has turned down invitation to attend an international grand committee on so-called "fake news" made up of MPs from five national parliaments, saying he is "not able" to attend. The social network's founder and chief executive has repeatedly rejected an invitation to appear before the Digital, Culture, Media and Sport Select Committee, which is leading the UK's inquiry into fake news.

Legal

8. A Judicial Review hearing into the Government's decision not to go ahead with the second part of the Leveson Inquiry took place on 1 and 2 November 2018. The High Court challenge we brought by Christopher Jefferies, Kate and Gerry McCann, and Jacqui Hames, who all gave evidence during the first part of the inquiry.