

# THE PRESS STANDARDS BOARD OF FINANCE LIMITED

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Strictly, Private and Confidential

December 10, 2010

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I am writing in response to Martin Ellice's letter of 15<sup>th</sup> November to Baroness Buscombe, in which he stated that the Northern and Shell Group of newspapers and magazines had decided to "withdraw from the PCC" from 1<sup>st</sup> January 2011.

This is a matter for the Press Standards Board of Finance to deal with, and that is why I am now writing to you following a meeting of the PressBof Board this week.

Martin Ellice stated in the letter that the decision to withdraw - the second time that this has happened in three years - had been made because continued membership "no longer provides an overall benefit to the Group."

The PressBof Board cannot accept that explanation in view of the clear benefits that self regulation and the work of the Press Complaints Commission bring to all responsible publishers. At a practical level, the PCC's quick and effective manner of dealing with complaints saves all publishers a substantial amount of money in legal fees. In 2009, the PCC handled over 700 complaints against Northern and Shell titles. If only a small percentage of those had been dealt with through the Courts, then the costs would far exceed Northern and Shell's contribution to the PCC's funding. As it stands, the cost per complaint for your Group is less than £250, which is a fraction of your potential legal costs. Furthermore, there are clear benefits from the jurisdiction of the Code in terms of protection for your editors from legal actions under the Human Rights Act and the Data Protection Act, as well as

for your financial journalists who benefit from exemptions from statutory financial controls because of your membership of the PCC.

Against that background, I would strongly urge you to reconsider your decision.

My main purpose in writing to you today is to set out the implications for Northern and Shell should you decline to do so and your membership lapse on 1<sup>st</sup> January 2011.

PressBof cannot allow a major publisher, against whom a significant number of complaints are made, to be part of the self regulatory system without contributing its full share of its financing. This is vital not just for the funding of the PCC, but more importantly is a very clear symbol of a publisher's commitment to the ethical standards outlined in the Code of Practice. Your refusal to pay the PressBof levy will clearly indicate that Northern and Shell is unprepared to accept those responsibilities.

In such circumstances, from 1<sup>st</sup> January, the Press Complaints Commission will cease to deal with any new complaints about Northern and Shell titles. From that point on, complainants will obviously have to consider for themselves individual legal remedies.

In addition, the industry will take steps in the public interest to make clear that Northern and Shell is outside the system of self regulation and that it no longer subscribes to the set of basic ethical standards in the Code of Practice to which all other newspapers and magazines subscribe.

Given the importance of the Code of Practice to the protections for editors and journalists set out in the Data Protection Act 1998 and the Human Rights Act 1998, the industry will need to notify the Information Commissioner and, where applicable, the Courts that Northern and Shell no longer accepts the responsibility of the Code and therefore does not enjoy its protection.

Similarly, the industry will need to draw this matter to the attention of the Financial Services Authority, as at the moment your financial journalists enjoy certain exemptions from statutory controls under the Financial Services Act as a result of your subscription to the Code and to the jurisdiction of the PCC. This is clearly a matter of consumer protection they will need to consider.

At the moment, on demand programme services on Northern and Shell websites are protected from the terms of the Audio Visual Media Services Directive through membership of the PCC. If Northern and Shell is outside the system, it will be a matter for OFCOM and for ATVOD, the audio visual regulator, to determine what action to take.

Finally, as Northern and Shell currently holds a broadcast licence, the industry will need to notify OFCOM and the Secretary of State of your decision to withdraw from the PCC in case this raises for them issues they may need to consider under Section 235(3) of the Communications Act 2003.

In view of the significant implications of your withdrawal - not least for the public, whose protection is central to the work of the PCC and the Code - I do hope you will reconsider your decision, and confirm that you will renew your membership from 1<sup>st</sup> January 2011.

With kind regards,