

IN THE MATTER OF THE LEVESON INQUIRY

**WITNESS STATEMENT OF
ROBERT JAMES KENNETH PESTON**

I, **ROBERT JAMES KENNETH PESTON**, of BBC Television Centre, Wood Lane, London, W12 7RJ, **WILL SAY:-**

- A. Insofar as the matters set out in this statement derive from my own knowledge, they are true. Where matters are not within my personal knowledge, they are true to the best of my information and belief and derive from the sources stated.
- B. In order to assist the Leveson Inquiry I have set out the questions asked of me in the letter dated 5 August 2011 and provided my answers beneath them.

1. Who you are and a brief summary of your career history in the media.

- 1.1 I am the Business Editor of the BBC, a position I have held since 13 February 2006. My role is to lead the BBC's coverage of business matters in an editorial sense. By that, I mean that I am the leading broadcaster (television and radio) and writer (in my blog) on these issues for the BBC and I set the tone of the BBC's coverage of these issues to a large extent. I also advise internally on what business stories matter and how they should be presented. However I do not have personnel management responsibilities. My line manager is the Head of Newsgathering.
- 1.2 You may note that my responsibilities as Business Editor of the BBC are different from when I held comparable roles in newspapers. When I was business editor of the Sunday Telegraph, and financial editor and political editor of the Financial Times, I had staff management responsibilities, as well as a budget management role, which I don't have at the BBC. At the BBC, there is a clearer distinction between management and editorial functions than there is in newspapers.

1.3 I have been a journalist since 1983. Previous roles include Banking Editor (1992-3), Head of Investigations (1993-5), Political Editor (1995-2000), and Financial Editor (2000), all at the Financial Times, where I worked from 1991 to 2000. I was City Editor of the Sunday Telegraph (2002-6), Columnist for the New Statesman, Spectator and Sunday Times (2000-2), City Editor of the Independent on Sunday (1991), and City Correspondent of the Independent (1986-9).

1.4 I have won numerous awards for my journalism, including Journalist of the Year, Specialist Journalist of the Year and Scoop of the Year (twice) from the Royal Television Society, Performer of the Year from the Broadcasting Press Guild, Broadcaster of the Year and Journalist of the Year from the Wincott Foundation and Business Journalist of the Year from the London Press Club. I have also published two critically acclaimed books, "Who Runs Britain?", a best-selling account of who is to blame for the economic and financial crisis of 2007-9, and "Brown's Britain", a biography of Gordon Brown and analysis of the New Labour government. My prize-winning blog, www.bbc.co.uk/robertpeston, has 830,000 readers and attracts 3.5 million page views per month.

2. How you understand the system of corporate governance to work in practice at the organisation where you are employed with particular emphasis on systems to ensure lawful, professional and ethical conduct.

2.1 I understand that the BBC is governed by the Royal Charter and Framework Agreement which prescribe the respective roles of the BBC Trust and Executive. I also understand the regulatory oversight that Ofcom has in respect of the BBC's content.

2.2 In my role as Business Editor, the BBC's Editorial Guidelines (which incorporate the Ofcom Code) set the standards of journalism required at the BBC to ensure lawful, professional and ethical conduct. Those Guidelines cover matters such as accuracy, verification, impartiality, conflicts of interest and privacy.

2.3 Given my experience I have a good sense of the proper way to behave as a professional journalist. I have high standards of what I can and cannot do. For example, I disassociated myself from any political party 25 years ago because of my ambitions to engage in political journalism. In addition, though the law and the BBC's

Financial Journalism Guidelines require financial journalists to disclose any shareholdings they have, I go further than that and do not buy shares in individual companies. I would not want to be accused of being partial in any way as a result of having a financial interest in companies. The only exception to this is that I was awarded options in the holding company of the Financial Times (Pearson plc) as part of my remuneration package when I worked there.

2.4 In practice, I broadly produce two categories of journalism for the BBC in addition to live interviews that I do for the News. The first category is television or audio productions which form a news item or a longer form documentary. For this type of journalism, I work with a team of people. There is always an editor at the top of this team. For example if I am producing an item for the Ten O'Clock News then the Editor of the Ten O'Clock News is the relevant editor and the item I produce is subject to scrutiny by senior editorial managers in that team. In my experience, it is the practice of BBC News to have a number of editorial staff read or listen to my item before it goes to air. This will include the news duty lawyer if the item poses any legal risks. The second category of journalism I produce for the BBC is my blog which sets the tone of my coverage both internally and externally. The blog is written by me and then checked by a senior editorial colleague before being published by the blogs editing team who will also scrutinise the piece. Within both of those categories, I produce for the BBC exclusive stories, often referred to in the media industry as 'scoops'.

2.5 My general practice, in line with the BBC's Editorial Guidelines, is to have multiple sources for a story. It is only on the rarest of occasions that I will have a single source for a story. I have not broadcast or published any single-source stories since I joined the BBC. Typically I would only have a single source when that source is telling me something about himself or herself, rather than about others (in other words, when no one else could have greater knowledge of the relevant matter). If I regard a story as potentially explosive, I will run it past the Director of News, the Head of Newsgathering or the Head of the Business and Economics Unit before broadcasting or publishing. I have never disclosed the identity of a source, either internally or externally – although periodically rival media organisations have tried to put pressure on me to disclose sources, by speculating about the identities of my sources (for example, there was much discussion in newspapers about how I obtained information pertaining to the collapse of Northern Rock in 2007, the

takeover of HBOS in 2008 and the government rescue of Royal Bank of Scotland, also in 2008).

2.6 Where the BBC receives editorial complaints about any stories I have generated, which to my knowledge are very small in number, I will have input into the response.

3. What your role is in ensuring that the corporate governance documents and all relevant policies are adhered to in practice. If you do not consider yourself to have been/be responsible for this, please tell us who you consider to hold that responsibility and why.

3.1 I always take personal responsibility for my own stories in ensuring all relevant editorial policies are adhered to.

3.2 When I am working in a team it also falls to the relevant editor of the programme to ensure that the team including myself have complied with all relevant editorial guidelines. Also those individuals in the BBC who have line management responsibility (which I do not have) such as the head of the Business & Economics unit and the Head of Newsgathering are responsible for ensuring their staff comply with the BBC's editorial policies.

4. Whether the documents and policies referred to above are adhered to in practice, to the best of your knowledge.

4.1 In relation to my own stories for which I take personal responsibility (in addition to the relevant editor of the programme), yes, I believe I do adhere to all relevant editorial documents and policies in practice.

5. Whether these practices or policies have changed, either recently as a result of the phone hacking media interest or prior to that point, and if so, what the reasons for the change were.

5.1 I am not aware of any change in practice or policy at the BBC as a result of the phone hacking incidents. Rather I am aware of major changes in practice and policy at the BBC following the Hutton Inquiry. Changes also took place after the BBC was found to be misleading its audience in relation to various competitions which Ofcom

adjudicated upon. Finally, I am aware that the BBC's Editorial Guidelines were updated last year, five years after the last update of 2005.

6. Where the responsibility for checking sources of information lies (including the method by which the information was obtained): from reporter to business editor to editor, and how this is done in practice (with some representative examples to add clarity).

6.1 In my role as Business Editor, the responsibility for checking sources of information lies with me, as it is expected that the BBC's journalists follow rigorous standards of authentication. I always consider who my source is, their motives, the likely methods they have used to obtain the information they are conveying to me and also whether or how I can corroborate or verify their story. In addition, I always consider whether there is a strong public interest in broadcasting the story that is presented to me.

6.2 Were I to have a single anonymous source for a story, the Editorial Guidelines stipulate that a relevant editor would have the right to be told the source's identity. However, as stated above in 2.5, I have not broadcast or published single-source stories while at the BBC and I have never disclosed the identity of a source, either to a colleague or to an outsider. Also as stated above, I would talk through any big story either with the Director of News, Head of Newsgathering or Head of the Business Unit. I would discuss what the story is about and perhaps the general process by which I obtained the story, so that they could be confident that the BBC's reputation (for accuracy, impartiality and probity) was not being put at risk. Although I never reveal my sources, this conversation with the Director of News, Head of Newsgathering or Head of the Business Unit would be a proper examination of whether it is appropriate to publish or broadcast.

6.3 There is a high level of trust between myself and my line manager; typically she is confident that I have obtained a story in a legitimate way. I place a high value on the BBC's culture and tradition of impartiality and accuracy.

7 To what extent someone in your role is aware, and should be aware, of the sources of the information which make up the central stories featured in your news broadcasts each day (including the method by which the information was obtained).

- 7.1 As I generate my own stories, I am completely aware of my own sources. As stated above in Q6 I always consider who my source is, their motives, the likely methods they have used to obtain the information they are conveying to me and also whether or how I can corroborate or verify their story. Where possible, I try to have multiple sources for a story so that I am satisfied I have verified the facts to the best of my ability.
8. **The extent to which you consider that ethics can and should play a role in the print (broadcast) media, and what you consider 'ethics' to mean in this context'.**
- 8.1 I wish to emphasise that the views I express here are my personal views.
- 8.2 In my opinion, ethics should play a role in journalism. My journalism is restricted to disclosing what I believe is genuinely in the public interest. This may involve the behaviour or actions of a high profile individual, for example a senior businessman or politician, that is relevant to the performance of their respective duties and responsibilities, which in turn may have an impact on the performance of their respective business or the performance of the government (for example). My first major expose of this sort was back in 1993, when I worked for the Financial Times, and concerned financial excess by the high-profile president of the newly created European Bank for Reconstruction and Development. But there are certain types of stories, such as who is sleeping with whom, which are of little interest to me and which I have never covered – and do not intend to cover. I will only report on individuals' private lives where activities carried out in what the individuals may perceive as the private realm have overwhelming public importance – a public importance which outweighs the presumption in favour of privacy (and see my answers to question 18 below). I accept of course that these judgements about the public interest are not always clear cut, and it is impossible to eliminate all subjectivity from them.
- 8.3 In addition, I have an ethical stance on how to obtain stories. I have never used or employed a private investigator in my career as a journalist. A reader's or viewer's presumption is that the story has come from the journalist not a private investigator or other sub-contractor who is not a journalist. In this regard, I believe it would be

misleading to a reader or viewer if the story came from a private investigator. Moreover, my view is that in using a private investigator you potentially lose control over the story and the methods by which information for the story is obtained. A journalist should always have this control and knowledge. Of course I accept that there may be occasions when the only way to obtain a story, of overwhelming public interest, is through the employment of a private investigator. In my own case, I have not needed to resort to the use of private investigators.

- 8.4 I also believe in general it is wrong to "blag" or disguise one's true identity when obtaining information. Again I accept there may be occasions when blagging may be justified, if there is no other way of obtaining a story that is clearly in the public interest. But I have never had to resort to blagging or pretending to be other than who I am.
- 8.5 There has been and is no difference in the ethical and verification standards I have applied and apply to print journalism and broadcast journalism. I also believe that if you set the right tone at the very top of an organisation, whether in print or media, it creates the right culture for the entire organisation. This process of setting the tone should be active, not passive. It involves communicating to all staff in a clear, unambiguous manner what behaviour is wholly unacceptable.
- 8.6 The primary responsibility for ensuring the maintenance of decent journalistic standards should lie with the management of all relevant media organisations. My view is therefore that the best bulwark against journalistic abuses is a proper governance system which means that senior managers are held properly to account for the transgressions of staff. Governance does not necessarily mean statutory regulation. In the case of the private sector, the parameters of acceptable behaviour can be set and enforced by owners – although this kind of market discipline appears to have failed in important instances in recent years.
- 8.7 Regulation may help set the framework in which journalists should work. It is noteworthy that in the case of the broadcast news media there have been lesser scandals and abuses of practice in recent years than in the print media, and that broadcast regulation is more demanding than for print. If the conclusion is drawn that regulation needs to become more prescriptive for print, or possibly across the media, it is vital that new regulation does not in any way impede the proper role of the media in holding power to account.

9. The extent to which you felt any financial and/or commercial pressure from anyone within your organisation and whether any such pressure affected any of the decisions you made (such evidence to be limited to matters covered by the Terms of Reference).

9.1 I have not felt any financial and/or commercial pressure from anyone within the BBC since I have been employed here.

10. The extent to which you had a financial incentive to provide exclusive stories (NB. It is not necessary to state your precise earning).

10.1 I am not provided with any specific financial incentive to provide exclusive stories for the BBC. To the extent that I am consistently delivering scoops, that would be seen as evidence that I am fulfilling my duties as Business Editor pretty well.

10.2 There has been a prohibition on the payment of bonuses at the BBC since 2009 because it was felt inappropriate to pay them when the economy was in recession. I was last awarded a bonus from the BBC on September 19 2008. I had not expected the bonus. I was informed I was being rewarded for my consistent all-round performance as a journalist in covering the financial crisis of the time, rather than for any particular story. The bonus was equivalent to considerably less than 10% of my salary.

11. Whether, to the best of your knowledge, your organisation used, paid or had any connection with private investigators in order to source stories or information and/or paid or received payments in kind for such information from the police, public officials, mobile phone companies or others with access to the same: if so, please provide details of the numbers of occasions on which such investigators or other external providers of information were used and of the amounts paid to them (NB. You are not required to identify individuals, either within your organisation or otherwise).

11.1 To the best of my knowledge, I am not aware of the BBC using, paying or having any connection with private investigators in order to source stories or information and/or having paid or received payments in kind for such information from the police, public

officials, mobile phone companies or others. This is a statement about my knowledge, not about whether the BBC in fact employed private investigators in this way.

12. What your role was in instructing, paying or having any other contact with such private investigators and/or other external providers of information.

12.1 Not applicable. See my answer to Q11 above.

13. If such investigators or other external providers of information were used, what policy/protocol, if any, was used to facilitate the use of such investigators or other external providers of information (for example, in relation to how they were identified, how they were chosen, how they were paid, their remit, how they were told to check sources, what methods they were told to or permitted to employ in order to obtain the information and so on).

13.1 Not applicable. See my answer to Q11 above. In addition, I am not aware of any policies or protocols that govern such matters.

14. If there was such a policy/protocol, whether it was followed, and if not, what practice was followed in respect of all these matters.

14.1 Not applicable. See my answers to Q11 and 13 above.

15. Whether there are any situations in which neither the existing protocol/policy nor the practice were followed and what precisely happened/failed to happen in those situations. What factors were in play in deciding to depart from the protocol or practice?

15.1 Not applicable. See my answer to Q11 and 13 above.

16. The extent to which you are aware of protocols or policies operating in your organisation in relation to expenses or remuneration paid to other external sources of information (whether actually commissioned by your organisation or not). There is no need for you to cover 'official' sources, such as the Press Association.

- 16.1 The only external sources I use which are paid are the official sources such as Bloomberg, Press Association etc.
- 16.2 I am aware of the BBC's Editorial Guidelines on the payment of criminals, witnesses, victims and MPs. As a matter of personal practice, I do not pay fees to my sources. My view is that while I think it is proper to pay a journalist for passing on information that may generate a story, I would not pay a fee to anyone else. That said, on rare occasions I am prepared to pay the genuine expenses of non-journalistic sources (such as travel or photocopying). Of course, I routinely take sources out for a meal or a cup of coffee to discuss possible stories, and I claim back these modest expenses from the BBC in accordance with its expenses policy.
- 17. The practice of your organisation in relation to payment of expenses and/or remuneration paid to other external sources of information (whether actually commissioned by your organisation or not). There is no need to cover 'official' sources such as the Press Association.**
- 17.1 Please see my answer to Q16 above which also addresses this question.
- 18. In respect of editorial decisions you have made to publish stories, the factors you have taken into account in balancing the private interests of individuals (including the fact that information may have been obtained from paid sources in the circumstances outlined under paragraph 11 above) against the public interest in a free Press. You should provide a number of examples of these, and explain how you have interpreted and applied the foregoing public interest.**
- 18.1 My starting point with any story is always – "is there a clear public interest to publish or broadcast?" Because most of my career has been in business and political journalism, where it is usually fairly straightforward to judge the public interest in disclosure, it is rare that I have faced serious dilemmas in deciding whether I should put information into the public domain about what some would see as the private behaviour or interests of an individual. The issue is typically whether a high profile business person or politician has crossed an important legal, regulatory or ethical line – or whether there is a contradiction between their actions and an important policy they purport to support. Some would say there are difficult grey areas in relation to

what the public has a right to know. These would include publication of extra-marital affairs, and that kind of thing. But, as a matter of personal choice, I have never pursued stories about who is sleeping with whom, so have never faced the dilemma of deciding whether to shine a light on these matters.

18.2 Where I have published or broadcast a story which encroaches on what the individual may see as his or her private realm, there has been an overwhelming interest in public disclosure. This was clear some 15 years ago when I uncovered details of share dealings in Anglia Television linked to Lord Archer, whose wife was on the board of Anglia. It was the case in February 2009 when I disclosed that the chief executive of Royal Bank of Scotland, Sir Fred Goodwin – who was at the helm of the bank just a few months earlier, when it went to the point of collapse and had to be rescued by taxpayers – was to receive a pension of around £650,000 a year, payable to him with immediate effect. It was plainly important for this to be revealed, given the powerful public-policy argument for ensuring that those who run organisations of material importance to the economy are not rewarded for failure. Another example of a story I broke was when Vince Cable expressed strong personal views at the end of 2010 to undercover Telegraph reporters about Rupert Murdoch and the proposed takeover of BSkyB. Mr Cable thought he was having a private conversation, but there was an overwhelming public interest in disclosing Mr Cable's private views as they brought into question his ability to fulfil his duties as the ultimate impartial arbiter in a quasi-judicial sense of whether the deal should proceed under the 2002 Enterprise Act. I could list other stories I have published and broadcast over the past 25 years about the behaviour of individuals where the public interest in disclosure has been clear – and where I have obtained these scoops using conventional and what I would see as ethical-journalistic methods.

19. Whether you or your organisation, to the best of your knowledge, ever engaged in or procured others to engage in 'computer hacking' in order to source stories, or for any reason.

19.1 To the best of my knowledge, I am not aware of the BBC having ever engaged in or procured others to engage in computer hacking to source stories or for any other reason.

20. If you cannot answer these questions, or take the view that they could be more fully answered by someone else, you must nonetheless provide answers to the extent that you can, and to the extent that you cannot you must provide the Inquiry as soon as possible with names of those who would be able to assist us further.

20.1 I confirm that I have provided answers to all of the Inquiry's questions to the extent that I can.

I confirm that the contents of this statement are true.

Signed

Date

Robert James Kenneth Peston