

Conclusions of the Scott Trust's 2021 governance review

Background to this review

This review comes at a time when the Guardian has much to be optimistic about. With world-leading journalism and successful digital formats including live-blogs, podcasts, video journalism and documentaries (including an Oscar-winner), over the past decade Guardian journalism has proved increasingly essential to audiences around the world. The pandemic made this even clearer: in turbulent times, Guardian journalism provides facts, clarity and hope to hundreds of millions of readers around the world.

Having navigated successive waves of digital disruption, the Guardian now reaches larger audiences than at any time in its history. In a declining print market it has maintained the quality and relevance of its newspapers and increased print subscriptions, while also launching a world-leading open supporter model without a paywall, that has grown to achieve one million digital recurring paying supporters and subscribers - a top-five publisher globally by this metric, and one with 25%+ of its revenues from outside its home market of the UK.

This progress in growing international and digital reader revenues, combined with five years of disciplined cost management across the organisation, has successfully restored the organisation's finances to a more sustainable position.

In the light of this context, the Trust began a review of the Guardian's organisational governance in April 2021. The review is prompted by the successes noted above, and by significant evolution in the Guardian's two major commercial models - reader revenues and advertising - as well as the simplification of GMG's business portfolio over the past decade.

The group of trustees working on this review was led by Russell Scott, and included Trust members Stuart Proffitt, Matthew Ryder and Vivian Schiller, as well as GMG board members Gail Rebuck and Coram Williams. Scott Trust chair Ole Jacob Sunde oversaw the review.

The review ran from April 2021 to November 2021, and its conclusions were approved by the Scott Trust in December 2021.

Governance review conclusions

1. The organisation is currently running with an operating structure and governance framework that was designed to support a business structure and model which has now been largely supplanted by a new model focused squarely on journalism, with digital reader revenues now our largest source of income.
2. In an era when digital platforms have become an integrated element of both Guardian journalism and our products, particularly when our largest source of income is digital reader revenues, clarifying our governance arrangements will give better support to the business and to our senior executive team in developing and implementing successful long-term strategies across editorial, commercial, product, data and other teams.
3. Both the Scott Trust and the Guardian Media Group board have important, different roles to play in supporting and strengthening the organisation, but their roles and responsibilities should be clarified.
4. The Scott Trust's role continues as the sole shareholder of the organisation, charged with securing the financial and editorial independence of the Guardian in perpetuity

and safeguarding its journalistic freedom and liberal values, free from commercial or political interference. In fulfilling these goals, the Trust is the ultimate custodian of the organisation's values, ethics and reputation, and retains responsibility for:

- appointing the editor-in-chief and safeguarding the independence of their work and of the Guardian's reporting
 - appointing the GMG board chair and overseeing the GMG board
 - managing the Scott Trust endowment
 - approving capital allocation and investment plans
5. The Guardian Media Group board's remit includes all organisational functions. In particular, the board provides oversight and challenge to the GMG executive team and is responsible for:
- appointing the GMG chief executive, and overseeing the work of the executive team
 - approving the long-term strategic plan proposed by the chief executive, editor-in-chief and executive team, and monitoring progress using appropriate KPIs
 - setting appropriate commercial and financial measures and oversight of major product, operations, technology and transformation initiatives.
6. The GMG board will require an appropriate balance of skills and experience to provide oversight, support and challenge to all functions of the organisation. In particular the membership of the GMG board will now be reconstituted to reflect more direct news media sector experience from both a commercial and editorial perspective. Two Scott Trust members with news media experience will move from the Scott Trust to join the GMG board with immediate effect.
7. Reflecting our history and purpose, the Guardian remains an editorially-led organisation, with editorial independence at our heart. The editor-in-chief, solely responsible for all journalistic and editorial activity, will sit on the Scott Trust and GMG boards. They will be jointly responsible with the chief executive to the GMG board for the delivery of the organisation's strategic plan.
8. The GMG chief executive will be responsible for commercial and financial strategy and delivery. They will continue to report to the GMG board, with the chief executive and editor-in-chief jointly responsible for the delivery of the organisation's strategic plan. The chief executive will continue to sit on the GMG board and to attend the Scott Trust board at the Trust's invitation.
9. To preserve the strong focus on financial independence that has been embedded in the last five years, in future the Scott Trust will manage the endowment more discretely from GMG's operational finances, with clearer processes for capital allocation put in place so that the Trust focuses on long-term investment in the future of the Guardian rather than meeting short-term funding requirements.