

THE FUTURE GOVERNANCE OF PRS

JUL 2020



THE PROCESS

Selection of Independent Experts

Mazars (with Baker Botts) appointed to undertake the review

Review undertaken throughout 2019

Review process included:

- Current governance structure and practices
- Directors' survey
- Individual and group meetings with directors and senior management

Researching and consideration of other governance models

- Benchmarking against good governance principles and other membership organisations
- Assessment of fit for PRS

Presentation of recommendations to PRS Board and Board's decision to accept recommendations

Next steps

- Programme of implementation from Q4 2020 to Q2 2023

THE IMPERATIVE FOR CHANGE

The industry has changed immeasurably since last meaningful review 20 years ago

PRS facing greater competition from new, highly capitalised entrants

PRS executive need greater ability to make decisions quickly

Some longstanding and growing frustrations with existing governance systems

KEY ISSUES IDENTIFIED IN REVIEW

Concerns

Large PRS Board and too much overlap with Executive Board

Inefficiency and costliness

Disenfranchisement of PRS Board from membership

Distrust in electoral system

Significant conflicts

Micro-management

Positives

Knowledge and experience

Thoroughness

Commitment and enthusiasm

Commerciality

Revenue growth

Collection and distribution improvements

OVERVIEW OF MAIN RECOMMENDATIONS – PRS BOARD

Establish Members' Council – strategic oversight and member engagement

- Size to be reduced; 8 writers; 8 publishers; 4 independent non-execs (iNEDs); CEO
- Writer President
- Rotating (writer / publisher) Chair and Deputy Chair

New electoral college system for Director appointments

Two constituencies; writers and publishers (but 3 designated places for biggest publishers)

Maximum term of service

- 5x3 year terms only for elected Council Members (15 years in aggregate, not necessarily consecutive)
- iNEDs will continue to be limited to 9 years

Fewer and more focussed meetings

Enhanced induction, training and development

- Code of Conduct, annual internal evaluation and three-yearly external evaluation

OVERVIEW OF MAIN RECOMMENDATIONS – EXECUTIVE BOARD

PRS for Music Board –
becomes 'the Board'

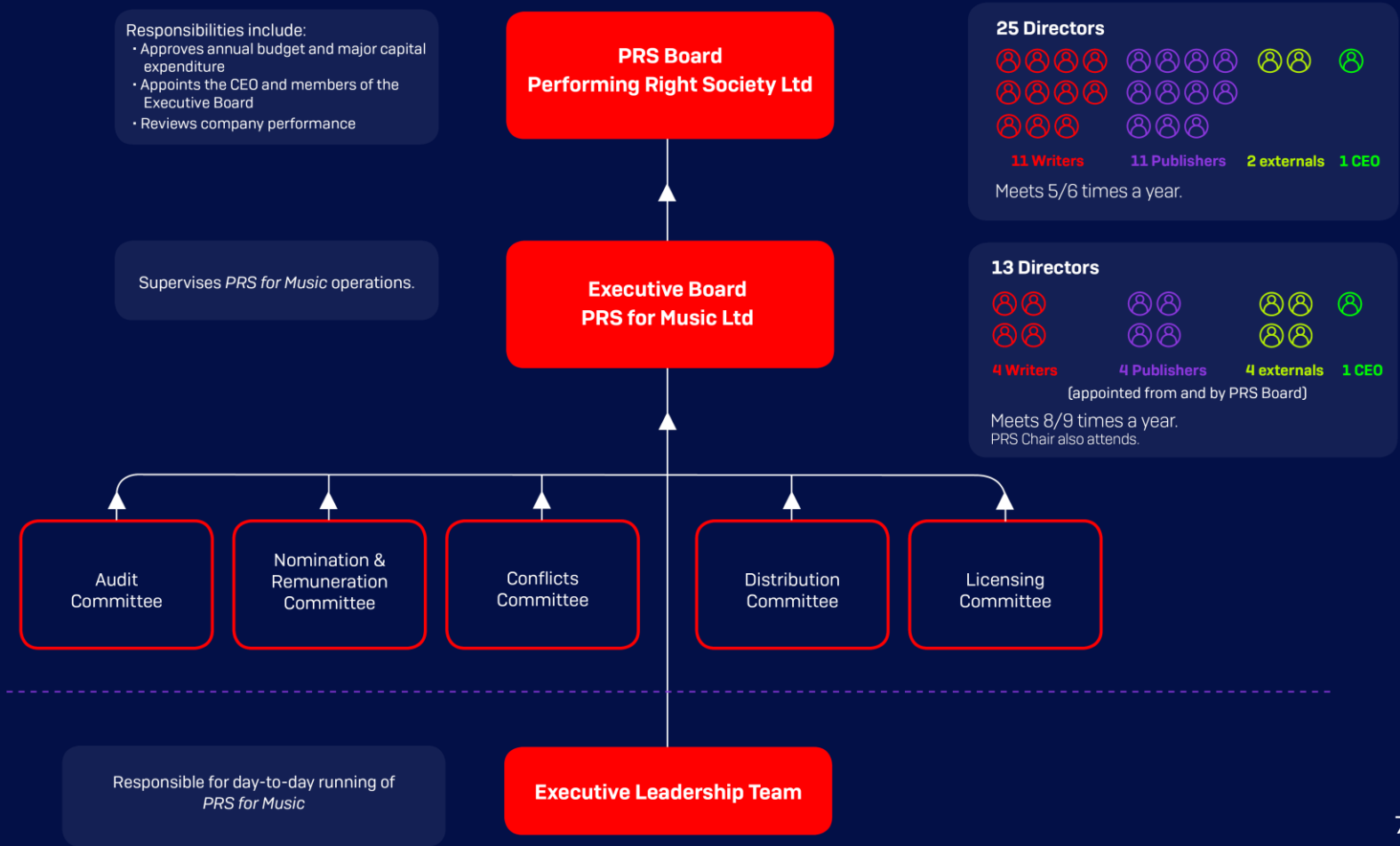
Members of 'the Board' limited
to 3x3 year term

Renewed focus on strategic
delivery and commercial
operations

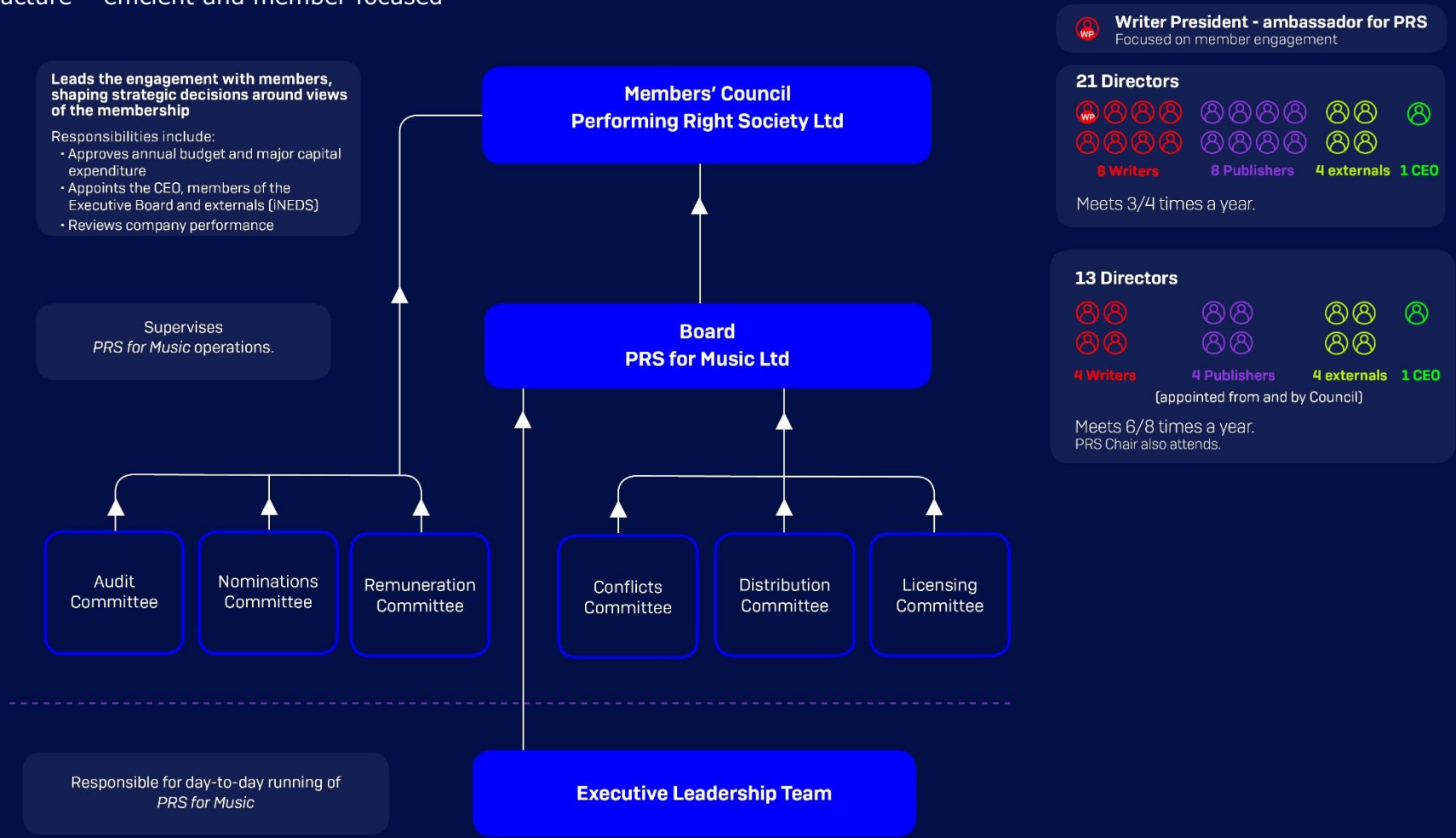
Fewer meetings and
streamlined reporting from
Committees

Management Team empowered
to manage business with full
accountability to Board

Existing governance structure



New structure – efficient and member focused



OVERARCHING BENEFITS

- + More time for focus on vital strategic issues, future viability and success of PRS
- + More time to focus on achieving wider efficiencies and cost savings within PRS's operations
- + More transparent and effective management of conflicts
- + Enhanced engagement with members and democratic legitimacy
- + Greater and clearer accountability, and effective delegation
- + More efficient decision-making – fewer meetings, less overlap / revisiting of issues, focused papers
- + Governance-related cost savings anticipated
- + Fresher board with opportunities for greater diversity

THANK YOU!

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