

Scotsman and Edinburgh Evening News owner to go into administration

In an announcement by the board of Johnston Press which owns The Scotsman and the Edinburgh Evening News as well as almost 200 other titles, the 251 year old company is set to go into administration.

The Board has said that the assets of the company will be transferred into a new group of companies controlled by the investors who own the Johnston Press debt which is around £220 million. They say this is the best option as it will 'preserve the jobs of the group's employees and ensure that the group's businesses carry on as usual.

David King the Chief Executive who only took over earlier this year said in an email to staff that he believes this move will stabilise the business and allow all operations to continue uninterrupted. In an email to staff there is straightforward advice: "It is important that you turn up for work as normal – your employment contract will be transferring to the new company and you will continue to be paid as normal.

"The newspapers and the websites will continue to be published

as usual.”

It was under a month ago that the company placed itself up for sale valuing the Scotsman part of the business at around £3 million, and now following the end of the Formal Sale Process it appears that the company will be transferred within 24 hours.

There has been widespread speculation over who might buy the Edinburgh titles, including some thoughts that DC Thomson is cash rich enough to do so.

The new set up would allow the papers to continue with no debts, and the board assured employees that the new owners ‘intend to provide new money to carry us forward.”

There is a deficit in the pension scheme and it may be that the scheme has to enter the Pension Protection Fund. Some 250 current staff in the scheme are affected and may receive reduced pension benefits as a result.

David King who expects to continue as Chief Executive went on to say : “A great deal of work has already been done to set up the business for the future. At its peak the Company’s debt reached £793m. We have all worked incredibly hard to reduce those debts. And we have done so against a relentlessly tough market backdrop.”

He ended : “We all know that the last decade has seen the internet take readers and advertisers from local and national press titles, resulting in falling circulation and advertising revenues. We have had to constantly re-cut our cloth to match the new reality.”

It seems that the reality is that no other organisation or investors wanted to buy the company as is, and they have had to make a deal with the owners of their debt who are said to be a US hedge fund. Mr King admitted that none of the bids received would allow repayment of the bonds in total.

The LibDem Press Office has issued a tweet saying the they are 'Really concerned to hear the news about Johnston Press. In particular there is a unique role for local journalism and reporting which it is important to value. We are thinking of all those who are affected by the uncertainty.'

The part of the business which had cost Johnston Press £24 million in recent years is the i newspaper. It appears that this has not attracted any viable offers either, despite an offer reported to be from the Daily Mail publisher.



Frank O'Donnell Editor of The Scotsman in 2017 at the unveiling of the commemorative Floral Clock