

**EXECUTIVE – 24 FEBRUARY 2004**

**Minute Item No 7**

**7 Edinburgh Community Newspaper Trust (ECNT) – Funding Report** (Agenda item number 9)

A review of the operation of Edinburgh Community Newspaper Trust, which was in receipt of third party grant from the Council, was presented.

**Decision**

- 1) To note the continuing requirement for Council grant aid support to the ECNT in 2004/05, the actual amount to be determined by the Executive on 9<sup>th</sup> March 2004.
- 2) To receive a further report on the development of links between the ECNT and the emerging community planning framework in the city prior to the financial year 2005/06 and to agree the intention to change funding arrangements from 2005 onwards.
- 3) To refer the report by the Director of Corporate Services to the Edinburgh Partnership to allow other agency partners to consider their involvement.
- 4) To attach a condition to ECNT grant in 2004/05, requiring a review of its operation in the light of changing funding arrangements and the likely reduction in support after 2004/05.
- 5) To refer the Director's report to the Resource Management and Audit Scrutiny Panel for information.

(Reference – Report no. E/484/03-04/CS by the Director of Corporate Services, submitted.)

**Declaration of Interest**

Councillor Henderson declared a non-financial interest in the above item as Chair of ECNT.

## **Edinburgh Community Newspaper Trust (ECNT): Funding Report**

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### **Executive of the Council**

**24<sup>th</sup> February 2004**

#### **1 Purpose of report**

- 1.1 This report reviews the operation of the Edinburgh Community Newspaper Trust (ECNT) which is in receipt of third party grant aid from the Council. Monitoring information in respect of the newspapers funded by the ECNT is provided and the report also considers links with the emerging community planning framework in the city.

#### **2 Summary**

- 2.1 The Edinburgh Community Newspaper Trust (ECNT) is funded by the Council to support community newspapers in the city's regeneration areas. Five individual titles are published with additional income from advertising revenue. Some newspapers also receive Social Inclusion Partnership (SIP) grant.
- 2.2 There are outstanding remits to providing monitoring information on the ECNT, and to review the requirement for grant aid support to the Trust. These requirements are met in this report which considers the future in the context of the Scottish Executive's transitional arrangements for SIPs, and the emerging community planning framework.
- 2.3 Detailed information is provided in terms of the funding agreement with ECNT and the operation of the various titles. In terms of outcomes, examples are provided which demonstrate that the community newspapers have a positive impact in the target areas. This is achieved with a contribution from the Council of 33.5% of total running costs. There is no immediate prospect of reducing the current level of funding but future changes are identified.
- 2.4 The possible reduction in SIP funding from 2005/06 onwards means that this source of support for community newspapers is likely to diminish. There is, however, the potential to realign the titles to fit with community planning structures at local partnership or Local Development Committee level. This alternative approach would provide the Council with other ways of supporting the community newspapers in the future. These are matters for further exploration and development in the coming year.

### 3 Main report

- 3.1 At its meeting on 11<sup>th</sup> March 2003, the Executive approved an annual grant of £124,000 to ECNT in 2003/04. This was conditional upon the further detailed examination of options for the future, including the linkages with the developing community planning framework in the city.
- 3.2 In scrutinising this decision, the Resource Management and Audit Scrutiny Panel agreed on 28<sup>th</sup> March 2003 to recommend that ECNT bring forward proposals to reduce the level of grant aid awarded to the Trust. The Panel also requested that the Director of Corporate Services provide monitoring information regarding the number of publications, delivery arrangements and historic circulation levels of the individual newspapers.
- 3.3 In order to progress these matters, the ECNT agreed to provide the necessary monitoring information and to contribute to a review of the financing of the organisation.

#### Background

- 3.4 The ECNT was incorporated in 1988 as a company limited by guarantee. It is managed by a board of directors (comprising two Council representatives and a nominated representative from each of its five member newspapers), and operates without dedicated staff. The ECNT has a remit to develop policy and to support community newspapers operating in the city's regeneration areas. Retaining 2% for administrative purposes, it disburses 98% of its Council grant to member titles, as follows:
- Gorgie Dalry Gazette (£39,625);
  - North Edinburgh News (£26,125);
  - South Edinburgh Echo (£15,625);
  - Craigmillar Chronicle (£7,125); and
  - West Edinburgh Times, replacing the Wester Hailes Sentinel (£32,000).
- 3.5 The total running cost of each newspaper is shown in appendix 1a. The higher cost of the North Edinburgh News includes the NEN training project. Generally there is a broad correlation between newspaper circulation levels and the overall operational costs of the newspaper.
- 3.6 The Council, which is the sole funder of the ECNT, has decreased its grant from £145,746 in 1999/00 to the current level of £124,000 in 2003/04. This reduction has been offset by an increase in Social Inclusion Partnership (SIP) grant income to some newspapers, as demonstrated in the table below.

Financial Year	Council Grant Support to ECNT	SIP Grant to Community Newspapers	Total Council and SIP Contributions
1999/00	£145,746	£102,000	£247,746

Financial Year	Council Grant Support to ECNT	SIP Grant to Community Newspapers	Total Council and SIP Contributions
2000/01	£138,746	£127,000	£265,746
2001/02	£129,000	£127,000	£256,000
2002/03	£124,000	£133,625	£257,625
2003/04	£124,000	£157,460	£281,460

- 3.7 It is important to note, however, that from 1 April 2005 the total SIP budget for the city is likely to reduce significantly. At the same time, regeneration effort is to be integrated within the community planning framework at both city wide and local levels. These changes will have a significant impact on the future of community newspapers, as outlined in a later section of this report.

#### Monitoring Information

- 3.8 The funding agreement between ECNT and each individual newspaper stipulates a minimum requirement of 12 separate issues to be published each year. The papers have consistently met this target, with only one paper missing an issue, as shown in appendix 1b. A general trend of increased numbers of pages per issue is attributable to both increased advertising and more local news. The addition of colour to part or whole issues can be linked to the need to appeal to advertisers and local readers alike.
- 3.9 Circulation levels have been fairly consistent across four of the five titles over the past six years, as shown in appendix 1c. The exception is the West Edinburgh Times which is now circulated to 13,000 households compared to 6,000 by the former Sentinel newspaper. The higher costs associated with the expanded geography have been met by small contributions from partner agencies and additional funding from the West Edinburgh Community Planning Partnership.
- 3.10 Distribution arrangements vary considerably between papers, and the rates of successful delivery (estimated from distributor and reader feedback) also vary, from 81% to 97% in 2003/04. These differences are shown in appendix 1d. Some newspapers use local distributors, thus achieving a 'knock on' effect in terms of local economic development. Others use large distribution companies, including the Royal Mail in one case. Reasons for less successful delivery rates mainly include access issues and the intimidation of delivery staff.
- 3.11 Delivery costs are calculated per thousand and currently vary from £27 to £55. As a proportion of total production costs, these amounts range from 5% to 16% in the case of the Echo, which contracts the Royal Mail to deliver its papers. This cost is explained by the higher charges applied to the delivery of issues of above 16 pages, due to weight carrying implications for Royal Mail staff.

3.12 In terms of value for money, the Council grant to the ECNT of £124,000 represents a 33.5% contribution in 2003/04 to overall combined newspaper income including money raised from advertising. The table below shows that income from advertising has also risen over the period 2000/01 to 2003/04 whilst the Council's contribution has decreased.

**Community Newspaper Income from Grants and Advertising**

Financial year	Council Grant	SIP Grant	Advertising Income	Total
2000/01	£138,746	£127,000	£65,722	£331,468
2001/02	£129,000	£127,000	£71,043	£327,043
2002/03	£124,000	£133,625	£85,971	£343,596
2003/04	£124,000	£157,460	£88,712*	£370,172*

\*estimates

3.13 With regard to coverage, a generally accepted newspaper industry formula for the purpose of selling advertising, suggests that readership can be estimated at 2.5 times the circulation level. In the case of ECNT funded newspapers, the combined circulation is 67,500, which gives an estimated readership of 168,750 people per month.

Impact of the ECNT funded community newspapers

3.14 The Council funds the ECNT on the basis of its contribution to the strategic objective of 'moving towards an inclusive society'. In this context community newspapers are expected to foster a sense of community identity in the target areas, and to build capacity.

3.15 ECNT summarises this activity as follows:-

- distributing a wide range of information to local residents, emphasising events, initiatives and issues of direct concern to their local area;
- enabling locally based organisations to communicate information on their services to local residents;
- fostering improved networking and synergy between local organisations; and
- providing an opportunity for locally based businesses to target advertising at local residents.

3.16 Examples of the impact provided by the papers in their respective communities include the following:-

- A report for NEAR by Pagoda Consultants in December 2002 found that 65% of those interviewed said they read the North Edinburgh News, of which the majority were Council and Housing Association tenants. Within focus groups there was widespread recognition of the NEN as the principal channel of regular communication, especially with regard to regeneration activities;

- An Evaluation Survey of the West Edinburgh Times (WET) in August 2003 found that 63.2% of respondents looked to the WET as the best source of local news, as compared to the Evening News (19.1%), local television (6.1%) and local radio (4.3%);
- The TERU report on the Craigmillar Chronicle noted that local projects felt they received a good public response following articles, and that more people knew about and used their service as a result of articles and advertising in the Chronicle;
- T.L. Dempster Consultants' report for the South Edinburgh SIP on South Edinburgh Echo in December 2001 confirmed the Echo as the principal vehicle for the promotion and publicising of local voluntary sector activities to all household in the area;
- The Echo's Self Monitoring Annual Report for 2002/03 noted that the Echo had produced 204 pages of local news and information, with regular contributions from individuals, local agencies and projects;
- Gorgie Dalry Gazette's readership survey conducted in June 2003 found that 92.5% of respondents received the Gazette and of those who received it, 95% read the paper.

3.17 It can therefore be demonstrated that the community newspapers are of tangible benefit to a readership estimated at around 35% of the city's population. This is achieved at a total cost of approximately £370,000 per annum, with a contribution from the Council amounting to 33.5% of total income.

#### Dependency on Council Grant

- 3.18 Whilst the community newspapers have a positive impact in current target areas, any scope for reducing dependency on grant aid from the Council has to be assessed. This includes measures to reduce expenditure, and / or increase income from other sources.
- 3.19 In October 2000, the ECNT reviewed the potential for cost reductions through sharing premises, staff, printing and distribution arrangements. It concluded, however, that the current structure of independent autonomous newspapers was not only preferable in terms of community identity and social capital, but was the most cost effective method of production. This was based on the Trust's assumption that print and distribution costs, which account for an average of 32% of the newspapers' expenditure, would not be greatly reduced by producing a single title. It is argued that any savings made would likely be lost by the need for a presence in each area to co-ordinate local news and to sell advertising. However, other alternatives such as the option of a single title (with a separate insert for each target area) have not been fully costed.
- 3.20 The ECNT requires funded papers to raise at least 15% of their annual income through advertising, with all papers exceeding this target. As shown in appendix 1a, the estimated combined income from advertising this year is £88,712, almost 24% of the total income of the newspapers. Whilst a more co-ordinated approach to

selling space in the newspapers might pay additional dividends, it is unlikely that income from advertising can be increased significantly.

- 3.21 Initial lessons from the WET pilot indicate that any advertising benefits from an expanded geography need to be assessed against increased print and distribution costs, or any barriers to selling advertising. The WET circulation area is adjacent to the Gyle Shopping Centre, but in spite of the obvious potential, it has been suggested that the reluctance to advertise is based on a perception that the paper is circulated in areas of limited household income. In this case, advertising has not achieved an offset to the costs of an increased circulation.
- 3.22 Given that the newspapers target local areas of need, it is appropriate that the local partnerships contribute to the costs of production in Craigmillar, North Edinburgh, South Edinburgh and West Edinburgh. SIP and West Edinburgh Community Planning Partnership funds currently comprise 42.5% (£157,460) of the total combined income of the ECNT funded community newspapers. This is the single largest source of financial support.
- 3.23 With SIP budgets remaining static in 2004/05, there is no real potential for offsetting any further reduction in the Council's grant against an increased SIP contribution. Whilst this suggests that the Council's funding level will have to remain at least static in order to retain the newspapers in the coming year, there are significant changes in prospect thereafter.

#### SIP Transitional Framework

- 3.24 The Scottish Executive's SIP Transitional Framework has implications for the ECNT, both in terms of the possible reduction in available SIP funds to the city and a review of target areas for regeneration and social inclusion action. From 1<sup>st</sup> April 2005, a total regeneration budget for the city will be allocated to the Edinburgh Partnership.
- 3.25 The total amount will be determined according to the 2004 Scottish Index of Deprivation. It is assessed that the allocation to Edinburgh will be reduced (by up to 50% over the two year period 2005/2007) allowing resources to be transferred to other parts of Scotland.
- 3.26 This will have a major impact on SIP funded programmes in the city, although it is not possible at this stage to predict those areas of activity which are at risk of losing SIP grant support. Within the context of a shrinking regeneration budget, the Edinburgh Partnership is required to review the regeneration strategy for the city and to reassess the geographical target areas. Major shifts in the identification of priority areas are not anticipated, with a likely continuing focus on the peripheral housing estates. However, the future coverage of small urban regeneration areas (SURAs) also has to be taken into account.

- 3.27 If the ECNT intends to continue funding those community newspapers which support local regeneration initiatives (the current justification for the Council's grant aid) a review of its titles will be required in order to achieve a proper match. This could result in the cessation and / or addition of newspapers, depending on the level of resources available. There are currently non ECNT funded newspapers that operate in target regeneration areas. These include the Speaker, a community newspaper distributed throughout Restalrig, which is funded by the Lottery's Community Fund until mid 2005 only.

### Community Planning

- 3.28 The future integration of defined regeneration areas within the structure of local community planning partnerships also has significant implications for newspapers. The West Edinburgh Times (WET) has demonstrated that there is scope for exploring closer links between community newspapers and local community planning partnerships. In 2002 the WET replaced the Wester Hailes Sentinel, which was circulated in the former local SIP area. The WET secured initial funding from the West Edinburgh Community Planning Partnership (WECPP) to expand its distribution to the whole West Edinburgh community planning area, thus more than doubling its circulation level (to 13,000). Because of the costs of an increased circulation, however, this additional funding has not resulted in a decrease in ECNT grant.
- 3.29 The WET pilot has attracted a small contribution to costs from the Lothian Primary Care NHS Trust, which has ensured that space in each issue is dedicated to health topics and information. There is clearly further potential for the newspaper to attract new resources by dedicating space to information on local service provision by key community planning partners and agencies.
- 3.30 The provision of key agency information, plus a focus on renewed geographies and target areas, forms a base for developing links between ECNT newspapers and the community planning framework. The newspapers have a role in complementing economic and physical regeneration by the renewal of community identity and the development of a strong community fabric. Building social capital is described as a key component of the Scottish Executive's community planning strategy 'Better Communities in Scotland: Closing the Gap'.
- 3.31 These are issues that the ECNT must address as a matter of priority in the coming year, together with the Council and the emerging community planning partnerships. A full evaluation of the impact of the West Edinburgh Times in terms of social inclusion and community planning objectives will assist this.

## **4 Assessment**

- 4.1 It is assessed that the ECNT will remain dependent on grant aid for a further year. However, the Council's approach should continue to be to reduce grant aid to ECNT. The Trust itself acknowledges the need for change in terms of geographic targeting and the operation of the community newspapers.

- 4.2 A realignment of the titles to fit with community planning structures at local partnership or Local Development Committee level would provide the Council with other options for supporting these newspapers in future. Instead of providing a grant subsidy, an alternative approach of buying space in local newspapers could be developed. This would enable the Council to deliver information into the community in accordance with its own communications strategy and public relations policy. Other agencies can be encouraged to take on a similar approach.
- 4.3 These options must be considered in the course of the coming year, in an appropriate timescale linked to the establishment of the new local community planning arrangements. It is proposed that the requirement for change is implemented and included in this year's grant aid recommendations.

## **5 Conclusions**

- 5.1 There is a potential role for community newspapers within the emerging community planning framework, reflected in the ECNT's policies on support for regeneration activities and for building social capital. Practically, however, work remains to be done to achieve a better integration with the community planning framework for the city, to support the sustainability of the community newspapers beyond 2005.
- 5.2 Under current SIP funding arrangements, which will remain unchanged in 2004/05, it is improbable that significant alternative source of income can be identified, or that a rationalisation of the community newspapers operating costs can be achieved without radical change. It is therefore unlikely that a significant reduction in Council grant to the ECNT can be applied in this period.
- 5.3 Further links between community newspapers and local community planning partnerships can be achieved through the provision of more information from key partner agencies, and a refocusing on the geographies of emerging community planning areas. These links will be investigated in the coming year, taking into account an evaluation of the impact of the WET in the new West Edinburgh Community Planning Partnership.
- 5.4 Similarly, the potential for more localised sources of funding support, arising from a realignment of community newspaper circulation areas to LDC and sub LDC planning areas, requires further exploration and development.

## **6 Financial and Other Implications**

- 6.1 There are no financial implications arising from this report. Specific recommendations on the ECNT's application for continued grant aid will be included in the composite grant report to the Executive on 9<sup>th</sup> March 2004.

## **7 Recommendations**

- 7.1 It is recommended that the Executive:-
- a) notes the continuing requirement for Council grant aid support to the ECNT in 2004/05, the actual amount to be determined by the Executive on 9<sup>th</sup> March 2004;

- b) agrees to receive a further report on the development of links between the ECNT and the emerging community planning framework in the city prior to the financial year 2005/06, and agrees the intention to change funding arrangements from 2005 onwards;
- c) refers this report to the Edinburgh Partnership to allow other agency partners to consider their involvement;
- d) agrees a condition be attached to ECNT grant in 2004/05, requiring a review of its operation in the light of changing funding arrangements and the likely reduction in support after 2004/05;
- e) refers the report to the Resource Management and Audit Scrutiny Panel for information.

  
**Jim Inch**  
 Director of Corporate Services  
 17/02/04

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Appendices	Appendix 1: Monitoring Information on Publication and Circulation Levels and Distribution
Contact/tel/Email	Anna Herriman, 469 3853, anna.herriman@edinburgh.gov.uk
Wards affected	Muirhouse /Drylaw (7), Pilton (9), Granton (10), Parkhead (25), Craiglockhart (26), Stenhouse (27), Moat (28), Shandon (29), Restalrig (38), Murray Burn (41), Sighthill (42), Prestonfield (50), Alnwickhill (53), Kaimes (54), Moredun (55), Gilmerton (56), Craigmillar (57)
Background Papers	The ECNT application form and monitoring information supplied by community newspapers are available from the Contact Officer.

## APPENDIX 1

### 1a Community newspaper income 2003/04

Newspaper	ECNT Grant £	SIP/PPP Grant £	Advertising Income* £	Total £
Gorgie Dalry Gazette	39,625	0	8,717	48,343
North Edinburgh News	26,125	66,810	12,000	104,810
South Edinburgh Echo	15,625	24,000	34,000	73,500
Craigmillar Chronicle	7,125	36,250	13,995	57,745
West Edinburgh Times	32,000	30,400	20,000	82,400
<b>Total</b>	<b>120,500</b>	<b>157,460</b>	<b>88,712</b>	<b>366,672</b>

\*estimates

### 1b Number of publications each year by newspapers

Newspaper	Financial Year					
	98/99	99/00	00/01	01/02	02/03	03/04
Gorgie Dalry Gazette	12	12	12	12	12	12
North Edinburgh News	12	12	12	12	12	12
South Edinburgh Echo	9 *	11**	12	12	12	12
Craigmillar Chronicle	12	12	12	12	12	12
West Edinburgh Times (The Sentinel until 2002/03)	24	12	12	12	12	12

\* The paper's first issue appeared in July 1998 and monthly until March 1999

\*\* Due to Christmas distribution issues two months were combined in one larger issue

### 1c Circulation levels (number of households) of community newspapers

Newspaper	Financial Year					
	98/99	99/00	00/01	01/02	02/03	03/04
Gorgie Dalry Gazette	17,000	17,000	17,000	17,000	16,000	16,000
North Edinburgh News	11,500	12,000	13,000	13,500	13,500	13,500
South Edinburgh Echo	18,000	18,000	18,000	18,000	18,000	18,000
Craigmillar Chronicle	7,000	7,000	7,000	7,000	7,000	7,000
West Edinburgh Times	6,000	6,000	6,000	6,000	13,000	13,000
<b>Total ECNT Circulation</b>	<b>59,500</b>	<b>60,000</b>	<b>61,000</b>	<b>61,500</b>	<b>67,500</b>	<b>67,500</b>

Each paper produces an additional copies that are made available to the public in local community facilities

## APPENDIX 1

### 1d Delivery arrangements for community newspapers 2003/04

Newspaper	Cost £/1000*	Distribution Company	Successful delivery rate (%)*
Gorgie Dalry Gazette	£27	RDS Distribution	85%
North Edinburgh News	£50	NEN	81%
South Edinburgh Echo	£55	Royal Mail	97%
Craigmillar Chronicle	£35	Local Distributor	87%
West Edinburgh Times	£27	RDS Distribution	87%

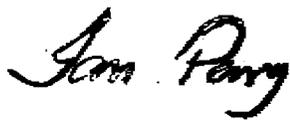
**\*Costs and Rates are estimates for the year**

**Agenda item:**

**Report title: Edinburgh Community Newspaper Trust (ECNT): Funding Report**

In accordance with the Council's constitutional arrangements, the contents of this report have been noted by the appropriate Executive Member.

Without prejudice to the integrity of the report, and the recommendations contained within it, the Executive Member expresses his/her own views as follows:



**Signed:**

**Date: 23/2/04**

**For information** – Paragraph 8.2 of the Council's Constitutional Arrangements states:

"Officers will continue to prepare reports, with professional advice and recommendations, on matters requiring decisions by the Executive:

- a report seeking decisions on matters of corporate strategy, corporate policy and corporate projects will be submitted direct to the Executive
- a report seeking decisions on matters relating to the special responsibilities allocated to an individual member of the Executive will be submitted, in the first instance, to that member. The member will add his or her own recommendation to it before submission to the Executive. Where the Executive member disagrees with the advice and the recommendation of the officers, the Executive member will also state his or her reasons."

From - "Capital City Government – The New Arrangements" (Appendix 2 – Constitutional Arrangements) – agreed at Full Council 18 May 2000.