

Frazer to launch public interest probe into Telegraph sale

The culture secretary will on Thursday launch a probe into the takeover of The Daily Telegraph by a state-backed Abu Dhabi-based fund.

Sky News has learnt that Lucy Frazer plans to issue a Public Interest Intervention Notice (PIIN) that will trigger an inquiry by Ofcom and the Competition and Markets Authority into RedBird IMI's prospective ownership of the newspaper within hours.

Sources said there was a small chance that the PIIN's publication could be delayed until Friday, but was "overwhelmingly likely" to be issued today.

The PIIN will not prevent Lloyds Banking Group receiving a £1.16bn loan repayment – funded by RedBird IMI – from the Barclay family, the long-standing owners of the Telegraph and Spectator magazine, according to one City source.

Ms Frazer's move will kickstart a months-long process which will either result in the Telegraph becoming part of a fund part-owned by Sheikh Mansour bin Zayed Al Nahyan, a member of Abu Dhabi's royal family and owner of Manchester City, or reignite an auction of two of the country's most influential newspapers.

On Wednesday, Lloyds wrote to the Department for Culture, Media and Sport (DCMS) to notify officials that the Barclay family will repay a £1.16bn loan to it in the coming days.

The notice – which had been demanded by Ms Frazer last week – means that the funds will be transferred to Lloyds as early as

Friday, or at the start of next week.

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That would trigger the dissolution of a court hearing in the British Virgin Islands to liquidate a Barclay family company tied to the newspaper's ownership, and temporarily put the Barclays back in control of their shares in the broadsheet title.



Image:
Lucy Frazer

However, a formal hold separate notice, which had been considered by Whitehall to guarantee the independence of the Telegraph during the PIIN process, is not expected to form part of Thursday's announcement, sources said.

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Instead, an agreement will be put in place to ensure the independent governance of the titles during the process, they added.

Lloyds wrote to government officials last Thursday to say it would support the retention of a trio of independent directors, led by the Openreach chairman Mike McTighe, while a public interest inquiry is carried out.

RedBird IMI, which is led by the former CNN president Jeff Zucker, intends to take control of the Daily and Sunday Telegraph by converting a £600m chunk of its loan to the Barclays into equity.

The fund's offer to fund the loan redemption has circumvented

an auction of the Telegraph titles which has drawn interest from a range of bidders.

Last week, Mr Zucker, who Sky News revealed was spearheading the deal, told the Financial Times that competing bidders were “slinging mud”.

“There’s a reason that people are slinging mud and throwing darts – [it’s] because they want to own these assets,” he told the newspaper.

“And they have their own media assets to try to hurt us.”

The battle for control of The Daily Telegraph has rapidly turned into a complex commercial and political row which has raised tensions between the DCMS and the Foreign Office over Britain’s receptiveness to foreign investment.

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Prospective bidders led by the hedge fund billionaire and GB News shareholder Sir Paul Marshall have been agitating for the

launch of a PIIN.

Sky News revealed last week that Ed Richards, the former boss of media regulator Ofcom, is acting as a lobbyist for RedBird IMI through Flint Global, which was co-founded by Sir Simon Fraser, former Foreign Office permanent secretary.

The Telegraph auction, which has also drawn interest from the Daily Mail proprietor Lord Rothermere and National World, a London-listed local newspaper publisher, has now been paused until next month.

The original bid deadline had been shifted from 28 November to 10 December to take account of the possibility that Lloyds might be repaid in full by the Barclay family by December 1.

That bid deadline is now likely to be cancelled.

The Barclays have made a series of increased offers in recent months to head off an auction of the newspapers they bought nearly 20 years ago, raising its proposal last month to £1bn.

Until June, the newspapers were chaired by Aidan Barclay – the nephew of Sir Frederick Barclay, the octogenarian who along with his late twin Sir David engineered the takeover of the Telegraph in 2004.

Lloyds had been locked in talks with the Barclays for years about refinancing loans made to them by HBOS prior to that bank's rescue during the 2008 banking crisis.

A government spokesman declined to comment.