

Renewal of the Independent National Radio licences

On 10 December 2020, The Legislative Reform (Renewal of Radio Licences) Order 2020 became law. This allows the licence holders for the three Independent National Radio (INR) licences (Classic FM, Absolute Radio and talkSPORT) to apply for a 10-year licence renewal.¹ These licences are currently due to expire in 2022.

The application and renewal deadlines for each INR licence are shown below.

Service	Application deadline	Renewal deadline
Classic FM	31 January 2021	30 April 2021
Absolute Radio	31 January 2021	30 April 2021
talkSPORT	30 September 2021	31 December 2021

It is open to talkSPORT to apply for renewal at the same time as Classic FM and Absolute Radio. We will determine financial terms with a view to licensees deciding whether or not to accept the terms prior to their renewal deadline. Each licence is renewed from the date of renewal, not from the expiry date of the current licence. This means that any revised financial terms will apply from the date of renewal, which will be on or around the renewal deadline.

To renew these analogue licences, the Broadcasting Act 1990 (1990 Act) requires us to set financial terms payable by the licensee in the form of a percentage of qualifying revenue (PQR) and cash bid. The 1990 Act requires us to consider the results of a hypothetical auction to determine the cash bid for each licence.

Since these licences were originally granted in the early 1990s, we have determined financial terms four times as set out below. Each licence holder has been paying nominal financial terms of 0% PQR and £10,000 cash bid since the 2010 review. We last set financial terms in 2017.

	Classic FM		Absolute Radio		talkSPORT	
	PQR	Cash bid	PQR	Cash bid	PQR	Cash bid
2017 review	0%	£10k	0%	£10k	0%	£10k
2010 review	0%	£10k	0%	£10k	0%	£10k
2006 review	6%	£50k	0%	£100k	0%	£100k
1999-01 review	14%	£1m	12%	£1m	6%	£500k
1991-94 auction	4%	£670k	4%	£1.8m	4%	£3.8m

On this occasion, we will apply the existing methodology to set the financial terms, with only minor changes from that used in the 2017 review. The methodology is set out in a separate document. The main changes from the 2017 methodology relate to the duration of the renewed licence (10 years vs

¹ Local analogue commercial radio licences are also eligible to be renewed under the new legislation.

five years in 2017) and the discount rate (9.5% from 11% in 2017, reflecting more recent market information).

In 2021, we will update our website with details of the financial terms offered in respect of each INR licence, whether these have been accepted by the licensee, and if so the new expiry dates of each licence.

18 December 2020