

CMA issues proposals to address overcharging for emergency service radio network

- Home Office and emergency services appear to be locked in with monopoly provider
- Provisional assessment finds lack of competition is allowing Motorola to make around £160 million excess profits a year
- CMA proposes price control on Airwave Network to ensure lower cost for taxpayers
- Long-term future of the Airwave Network to be resolved by the Home Office

The Airwave Network provides the essential separate mobile network that enables the police, fire, ambulance and other emergency services to communicate securely.

A market investigation by the Competition and Markets Authority (CMA), led by an independent group of experts, has provisionally concluded that Motorola, which operates the network, appears to be able to charge the Home Office (which represents the emergency services) prices well above competitive levels, resulting in higher costs which are ultimately paid by taxpayers. The CMA has therefore outlined a set of proposed changes to limit the price that Motorola can charge to a level that would apply in a well-functioning, competitive market.

The Airwave Network was originally commissioned by the Home Office through an open procurement exercise in 2000. The original contract, which was due to end in late 2019 or early 2020, was to build and operate the Airwave Network – and the network was expected to be shut down and replaced by a new secure communications solution using a commercial 4G mobile network, the Emergency Services Network (ESN), when the contract ended.

However, because the new ESN network was not ready for switchover as planned, and is not expected to be ready until 2026 and possibly later, the emergency services continue to rely on the Airwave Network, which is a monopoly provider of these essential communications services.

The CMA opened its investigation in October 2021 following concerns that the market might not be working well, resulting in a more expensive service. One concern was the Home Office's weak bargaining position when it came to the network; another was Motorola's dual role in providing the current network and in helping to deliver the ESN to replace it. The CMA also wanted to understand if the significant profits Motorola could earn from the Airwave Network affected its incentive to support (and not to delay) the delivery of ESN.

Martin Coleman, chair of the CMA's independent inquiry group, said:

“It is vital that the market for critical mobile radio network services used by our emergency services works well and provides an excellent service at a fair price.

“As far as the price is concerned, the market does not appear to be working well at the moment. Our current view is that the Home Office and our emergency services are locked in with a monopoly provider which can charge much more than it could in a properly functioning market, while taxpayers foot the bill. We are therefore proposing a direct intervention through a price control to stop this and lay the basis for the Home Office to decide how it intends to ensure these vital services are to be delivered in future.”

In its provisional findings, published today, the CMA has found that the Home Office is being charged more by Motorola to use the Airwave Network than should be the case. The price set under the original agreement entered into in 2000 included the capital costs of building the network. By the time the period covered by the original agreement ended, that cost should have been recouped, and the price should have fallen substantially at that point – in the same way that consumers can get cheaper mobile deals after they have paid off their handset. This did not happen, and prices remained at substantially the same level. But unlike consumers, the emergency services have no choice of an alternative supplier.

The CMA’s provisional estimate is that Motorola could make in the region of £1.1bn excess profit from the operation of the network between January 2020 and December 2026. If the roll-out of the new ESN continues to be delayed, Motorola could make around a further £160m excess profit each year after 2026.

Recent figures suggest while the Airwave Network accounts for around 7% of Motorola’s global revenues, it makes up around 21% of Motorola’s global pre-tax profits.

The CMA has also recommended that the Home Office puts in place a clear plan as soon as possible to ensure that a new, upgraded network, or more competitive arrangements, replace the existing set-up by the end of 2029.

The CMA is inviting comments on its provisional findings and expects to make a final decision later in the year. For more information, visit the [Mobile radio network services case page](#).

1. For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.
2. Motorola Solutions, Inc. (Motorola) is the ultimate parent company of Airwave Solutions Limited, the entity through which it owns and operates the Airwave Network. Motorola gained its dual role when it bought Airwave Solutions in a merger deal in February 2016, 2 months after it had entered into a contract with the Government to provide software for ESN. The merger was cleared by the CMA, in part because of the general expectation that the Airwave Network would be shut down by 2019.
3. As a bespoke, integrated network fully dedicated to emergency services communications covering the whole of Great Britain, the Airwave Network

is operated by a single supplier. No alternative network providing similar services exists.

4. Excess profits mean profits over and above what would be expected in a well-functioning market.