

Dame Meg Hillier MP  
Chair, Public Accounts Committee  
House of Commons  
London SW1A 0AA

05 April 2023

Dear Dame Meg,

Further to my letter of 14 October 2022, I wanted to let you know that we have today [announced the outcome](#) of our Market Investigation into Mobile Radio Network Services.

We have found that the market is not working well and the emergency services have no choice but to use the Airwave Network. As you know, because the new ESN network was not ready for switchover as planned and is not expected to be ready until at least 2026, and more likely 2029 or possibly later, the emergency services continue to rely on the Airwave Network, which is a monopoly provider of these essential communications services.

The price set under the original agreement for the network in 2000 included the capital costs of building it. By the time the period covered by the original agreement ended at the end of 2019, that cost should have been recouped, and the price should have fallen substantially at that point. This did not happen, and prices remained at substantially the same level, with the emergency services having no choice of an alternative supply or supplier.

The price is therefore well above competitive levels, resulting in higher costs which are ultimately paid by taxpayers. This has led to emergency services paying almost £200m per year more than they should have since 2020.

The CMA, using its powers under the Enterprise Act 2002, has imposed a price cap to limit the price that Motorola can charge to a level that would apply in a well-functioning, competitive market. The price cap will, in the CMA's judgement, mitigate the detrimental effects on customers (the emergency services and ultimately

taxpayers) from Airwave Solutions' and Motorola's market power, in effect lowering prices by almost £200m a year.

We are generally reluctant to impose price controls but the particular circumstances of this case mean that, in our judgement, a price cap is the only effective way of ensuring the emergency services, and the taxpayers who fund them, are not paying considerably over the odds. The cap will end the supernormal profits that Motorola has been making while allowing it to make a fair return.

The charge control will allow Motorola to continue to invest in the network and ensure that quality and safety is maintained. It will come into force later this year; and be subject to a review in 2026.

We are also making a formal recommendation to the Home Office to come up with a plan so that, when the charge control ends, either (i) the price of emergency communications network services is set competitively; or, if that outcome is not feasible, (ii) measures to similar effect are put in place (for example by the Home Office putting forward appropriate legislation).

The [Summary of the decision](#) has been published today – next week we will publish the full report, and we will send you the link to that as soon as it is available. Do let me know if you have any questions – we would be happy to set up a call to discuss the report if you would find this helpful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M A Coleman', with a long horizontal flourish extending to the right.

Martin Coleman

Chair, Market Investigation Inquiry Group