Launch of the Review of the Mobile Radio Network Services Market Investigation Order 2023

24 November 2026

Summary

1. The CMA is launching a review of the Mobile Radio Network Services Market Investigation Order 2023 (the Order).

2. The Order was put in place following a market investigation into the supply of communications network services for public safety and ancillary services in Great Britain. In its Final Report in April 2023, the CMA found that several features of the market gave rise to an adverse effect on competition (AEC), enabling Airwave Solutions (Airwave), and its owner Motorola Solutions (Motorola), to price their services above levels the CMA would expect to prevail in a competitive market, resulting in a detrimental effect on customers.

3. The Order imposes a charge control for the period from 2023 to 2029 that limits what Airwave and Motorola are allowed to charge customers for services within the scope of the charge control. The Order is sunset to expire on 31 December 2029 or sooner if the whole Airwave Network has been permanently shut down and all charges and compliance obligations have been resolved.

4. Article 3.1 of the Order requires the CMA, in the year ending 31 December 2026, to carry out a review of the ongoing effectiveness and appropriateness of the Order. Additionally, the CMA has a statutory duty under section 162 of the Enterprise Act 2002 (EA02) to keep under review undertakings and orders made under that Act. Amongst other things, section 162 provides that the CMA must from time to time consider whether an undertaking or order needs to be varied or revoked because a change of circumstances means the undertaking or order is no longer appropriate.

5. The CMA is not, therefore, consulting on whether to review the Order. It decided to do so when it made the Order in 2023. Rather, in launching this review, the CMA is seeking views from interested parties on whether:

(a) by reason of a change of circumstances the Order is no longer appropriate;

(b) the Order is ineffective; and

(c) should be varied or revoked.

6. Where interested parties consider there to be a case for the variation of the Order, the CMA also welcomes views on the proposed changes that could be made. Respondents should provide their views, supported with relevant evidence, in writing to the CMA at remedies.reviews@cma.gov.uk (using the subject line: Airwave Charge Control Order Review).

7. The consultation closes at 5pm on **Friday 8 January 2027**. Respondents are asked please to ensure that any submission provided to the CMA that contains any confidential material is accompanied by a non-confidential version which the CMA can publish.

Background

Market investigation

8. In Great Britain, the mobile radio network services used by the emergency services are provided through a bespoke integrated network called the Airwave Network. The Airwave Network is owned and operated by Airwave, which was acquired by Motorola in 2016. No alternative network providing similar services exists.

9. The Airwave Network was set up under a Public Finance Initiative (PFI) Agreement made with the Police Information Technology Organisation (which organisation was subsequently replaced by the Home Office) in 2000 following a public procurement exercise. That PFI Agreement provides for the operation and maintenance of the network. Alongside that agreement, there are separate contracts under which Motorola provides services via the network to individual emergency services user groups.

10. The PFI Agreement (and accompanying service contracts) was scheduled to end in 2019/20. Between 2014 and 2015, the Home Office conducted a further procurement exercise for the provision of a new upgraded network, with enhanced functionality, to replace the Airwave Network, called the Emergency Services Network (ESN). The ESN was initially intended to replace the Airwave Network in or around 2020, but this has yet to occur as it is taking longer than anticipated to deliver. As a result, the Airwave Network continues to operate under the existing contracts.

11. In 2021, the CMA launched a market investigation into the supply of communications network services for public safety and ancillary services in Great Britain. As set out in the market investigation Final Report in April 2023, the CMA's investigation found that several features of the market gave rise to an AEC, enabling Airwave and Motorola to price their services provided via the Airwave Network above levels the CMA would expect to prevail in a competitive market, and resulting in a detrimental effect on customers. To address those effects, the CMA imposed the Order.

12. The Order imposes a charge control for the period from 2023 to 2029 that limits what Airwave and Motorola are allowed to charge customers for services within the scope of the charge control.[1] The Order also requires Airwave and Motorola to provide information to the Home Office and to the CMA to support the operation of the charge control.

13. The Order includes a provision for its review in 2026. The Order is set to expire on the 31 December 2029. It was so set because the CMA decided that the AEC was likely to persist until (at least) December 2029 and that was the date by which, at the time the CMA introduced the Order, the ESN was expected to replace the Airwave Network.

14. Alongside the Order, the CMA recommended that the Home Office develop and implement a plan to ensure that, by not later than the end of 2029, the supply of communications network services for public safety in Great Britain is subject to competitive pricing arrangements or, if this is not feasible, measures to a similar effect such as legislation introducing a regulatory function.

Legal framework

15. Article 3.1 of the Order requires the CMA, in the year ending 31 December 2026, to review the ongoing effectiveness and appropriateness of the Order.

16. The CMA also has a statutory duty to keep under review undertakings and orders made under the EA02. Amongst other things, section 162 provides that the CMA:

    (a) shall, in particular, from time to time consider whether, by reason of any change of circumstances, an enforcement order is no longer appropriate and needs to be varied or revoked; and

[1] The Order sets out the charge control methodology, which specifies the method of calculating an overall revenue for each year (or part thereof) that the Order is in force, limiting the level at which Airwave and Motorola charge for Core Services and Police Menu Services.

(b) the CMA shall take such action as it considers appropriate in relation to…. any possible variation or revocation by it of an enforcement order made by it.

17. Guidance on CMA market reviews, market studies, market investigations and the monitoring and review of market remedies (CMA3) sets out the remedy review process which the CMA will typically follow.

Scope of the Order review

18. The purpose of the Order review is to consider whether the charge control remedy remains fit for purpose. The review provides an opportunity to make any adjustments to the Order required to ensure its ongoing appropriateness in light of any changes of circumstances, and its ongoing effectiveness, up until its expiry on 31 December 2029.

19. The CMA specified in its Final Report a non-exhaustive list of compulsory and discretionary factors to be considered during the Order review. These factors are summarised below. For the discretionary factors, the CMA expects to receive compelling evidence to warrant any adjustments to the Order.

20. We do not consider the scope of the 2026 review to be necessarily limited to the compulsory and discretionary factors set out in the Final Report. To date, however, we have not identified any additional areas that we are proposing to include in the scope of the review.

Allowed return on capital inputs (compulsory factor)

21. The return on capital refers to the return on investment that providers of capital, both debt and equity, expect given the risks associated with the relevant activity. Under the Order, the calculation of the allowed revenue that Airwave and Motorola can receive from charges for services within the scope of the charge control includes an allowance for a return on capital in relation to the provision of all Specified Goods and Services.[2]

22. In its Final Report, the CMA determined a percentage return on capital to be used in the charge control, based on its assessment of an appropriate cost of capital for the Airwave Network.[3] This assessment included consideration of a number of inputs to the cost of capital, such as the risk-free rate, the tax rate and the cost of debt.

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[2] As defined in the Order. Capitalised terms in this document have the same meaning as is given to them in the Order.

[3] Mobile Radio Network Services Final Report Appendices, Appendix J.

23. In its Final Report, the CMA committed to updating, as part of the 2026 review:

    (a) the estimated risk-free rate used to determine the allowed return on capital based on the latest available data;[4] and

    (b) the estimated tax rate used to determine the allowed return on capital using latest data available.[5]

2026 to 2029 capital expenditure (capex) (discretionary factor)

24. Capex refers to the investment into the tangible or physical assets needed to keep the Airwave Network operational. Under the Order, the calculation of the allowed revenue that Airwave and Motorola can receive from charges for services within the scope of the charge control includes an allowance for total capex.[6] These allowances are based on forecasts submitted by Motorola during the market investigation that assumed the expiry of the Order on 31 December 2029 or earlier if the whole Airwave Network has been permanently shut down and all charges and compliance obligations have been resolved.

25. In its Final Report, the CMA noted that the review in 2026 will assess whether relevant changes of circumstances have been such as to justify changes to the charge control in relation to capex, but the default position will be that the control remains unchanged.[7]

26. The Order review provides a potential opportunity for the capex allowances for the remaining 2027 to 2029 years to be reassessed should there be evidence that a readjustment to the allowances is required.

27. Based on the CMA's assessment in the Final Report, we consider that capex reassessment may be deemed appropriate if there is evidence that:[8]

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[4] The CMA's market investigation assessment used a six-month average of Index Linked Gilt yields to estimate the relevant risk-free rate for the charge control (Mobile Radio Network Services Final Report Appendices, Appendix K, paragraph 146(b)).

[5] Mobile Radio Network Services Final Report Appendices, Appendix K, paragraphs 146(c) to 146(d).

[6] Under the charge control methodology, the capex allowance is an input to the Regulatory Asset Base to which the percentage return on capital is applied to calculate the allowance for a return on capital in relation to the provision of all Specified Goods and Services.

[7] Mobile Radio Network Services Final Report Appendices, Appendix K, paragraph 44.

[8] Mobile Radio Network Services Final Report Appendices, Appendix K, paragraphs 44 to 46 and 51.

(a) exogenous changes have caused or will cause substantial additional capex requirements to operate the Airwave Network during the period of the charge control; or

(b) service quality has materially deteriorated due to under-investment in the network.

28. If there is evidence that, by reason of a change of circumstances, capex allowances for 2027 to 2029 should be higher than those set under the charge control, the CMA would take into account how actual capex spend in 2023 to 2026 compares with the charge control assumptions when determining the extent of any adjustments.[9]

2026 to 2029 operating expenditure (opex) (discretionary factor)

29. Opex describes the recurring expenses, such as labour and maintenance, that are essential for the functioning of the Airwave Network. Under the Order, base opex allowances have been set ex-ante and are adjusted each year for movements in the Consumer Price Index (CPI) and Retail Price Index (RPI).

30. In its Final Report, the CMA's assessment of opex allowances included an upward adjustment from 2024 onwards which it considered a conservative way of reflecting additional cost pressure. It also noted the scope for opex allowances for the remaining 2027 to 2029 years to be assessed at the 2026 review, in the light of Airwave's reported opex up to 2026, to provide an appropriate way of taking opex risks into account.[10]

31. Based on the CMA's assessment in the Final Report, we consider that opex reassessment may be deemed appropriate if there is evidence of additional opex risks having arisen that are not reflected in base opex allowances.

Revenue estimate for Other Menu Services (discretionary factor)

32. Other Menu Services are the Menu services provided by Airwave relating to the Police Traffic Unit, the Amber Lights Contracts and Catalogue/Growth sales and the revenues for which Airwave and Motorola identified as being affected by the volumes of services provided.[11] Under the Order, a base

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[9] The Final Report also noted that if Motorola's actual costs are lower than the charge control assumptions, this would not be expected to have any direct implications for the 2026 charge control review unless a material deterioration of service quality had been observed (Mobile Radio Network Services Final Report Appendices, Appendix K, paragraph 51).

[10] Mobile Radio Network Services Final Report Appendices, Appendix K, paragraph 106.

[11] See definition in Article 2.1 of the Order. As set out in the Final Report, the Police Traffic Unit, the Amber Light Contracts and Catalogue/Growth sales relate to a relatively long list of additional services that are made available to different users, for which the CMA did not consider it necessary or proportionate to assess the detailed

revenue estimate for Other Menu Services has been set ex-ante and is adjusted each year by an indexation factor based on the contractual inflation adjustments relevant to those services.

33. In its Final Report, the CMA noted that Motorola had forecast that revenue from Other Menu Services will remain unchanged through to 2026, other than as a result of indexation, and that the CMA will consider evidence on whether the revenue estimate for these services for 2027 to 2029 should be updated at the 2026 charge control review.[12]

34. We consider that reassessment of the Other Menu Services revenue estimate may be deemed appropriate if there is evidence that expected revenues from these services in 2027 to 2029 will be materially different to the current estimate.

Interworking between the Airwave Network and the successor network (discretionary factor)

35. Before the transition to the successor network, the ESN, can take place, there will need to be a period in which the Airwave Network and the ESN can be used simultaneously. This is facilitated by a technology called 'interworking', which will enable users of one network to communicate with users of the other during the period of transition between them.

36. The Final Report sets out the CMA's decision not to put in place the interworking remedy proposed in the Provisional Decision Report (PDR).[13] The interworking remedy proposed in the PDR had two parts:

    (a) an obligation on Airwave and Motorola to deliver, and/or facilitate the development and delivery of, an alternative interworking solution in a timely and effective manner, and in line with requirements identified by the Home Office, if requested to do so by it; and

    (b) a requirement to provide the services involved in the development and use of the alternative interworking solution on a cost-plus basis.

37. The Final Report also states that the CMA intends to keep the development of the market under close scrutiny – including as part of the charge control

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charging arrangements that apply to all of these additional services as part of its market investigation (Mobile Radio Network Services Final Report Appendices, Appendix K, paragraph 66).

[12] Mobile Radio Network Services Final Report Appendices, Appendix K, paragraph 107(b).

[13] Mobile Radio Network Services Final Report, paragraphs 8.79 to 8.86.

review in 2026 – and if there is not a successful outcome on interworking, it may be appropriate for the CMA to revisit this assessment.[14]

38. The CMA is not aware of any reason why it might need to revisit its assessment of whether an interworking remedy should be introduced. No party has raised with the CMA any suggestion that it should do so. We do not, therefore, propose to revisit our assessment unless parties put forward compelling evidence that we should do so.

Stakeholder views sought

39. The CMA is seeking views from interested parties on:

(a) whether by reason of any change of circumstances the Order is no longer appropriate;

(b) whether the Order is no longer effective;

(c) if the Order is no longer appropriate or effective, whether the Order should be varied or revoked; and

(d) if the Order needs to be varied or revoked, what are the changes that should be made.

40. In particular, the CMA is seeking views and evidence in relation to the factors listed in paragraphs [20] to [38] above.

41. Respondents should provide their views, supported with relevant evidence, in writing to the CMA at remedies.reviews@cma.gov.uk (using the subject line: Airwave Charge Control Order Review).

42. Responses should be received by the CMA by **5pm on Friday 8 January 2027.** Respondents are asked please to ensure that any submission provided to the CMA that contains any confidential material is accompanied by a non-confidential version which the CMA can publish.

[14] Mobile Radio Network Services Final Report, paragraph 8.87.