



Department
for Transport

From the Secretary of State
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Sir Stephen Hillier
Civil Aviation Authority
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31 March 2025

Dear Sir Stephen,

CIVIL AVIATION AUTHORITY (CAA) PRIORITIES FOR 2025/26

I am writing to set out five priorities for 2025/26 which I expect the CAA to follow for the use of both its own resources and the Government allocated grant funding. The continued delivery of safe and secure aviation and aerospace remain fundamental. Beyond that, my priorities are: growth and innovation; airspace modernisation; the decarbonisation of aviation; modernising the CAA's consumer focus so as to put the consumer first; and finally, efficiency, effectiveness and resilience.

1. Growth and innovation – my first priority is growth as set out in the Chancellor of the Exchequer's 17 March action plan to ensure regulators and regulation support growth. The CAA will contribute through smarter regulation with a focus on innovation, achieving the best possible outcomes at pace, and delivering the five growth commitments to support investment made in Rob Bishton's letter to the Prime Minister of 15 January 2025. These were in the areas of: airspace modernisation, improving capacity and resilience, enabling aerospace innovation, digitalising regulatory services and supporting international aviation activities.

Economic growth is also the key mission of this Government's Plan for Change. The Government supports airport expansion that is in line with our legal, environmental and climate obligations, and has invited proposals for a third runway at Heathrow Airport. Following the submission of expansion proposals, the Government will review the Airports National Policy Statement (ANPS). The CAA has a vital role to play to support Government with the ANPS, ensuring UK Airspace Design Service is aligned with the expansion, and ensuring Heathrow puts the consumer first through economic regulation of H8 alongside the planned investment and expansion requirements.

The CAA also needs to continue to develop the regulatory framework to support the growth of commercial and public sector use of uncrewed aviation systems (UAS or Drones) and electric vertical take-off and landing aircraft (eVTOL) so that manufacturers and users have clear and proportionate pathways and standards for operations that can safely and securely operate at scale. This includes not only setting and communicating an enabling regulatory framework but ensuring that safety and security standards keep pace with innovation in aviation. As part of regulating civil drones, the CAA will implement new standards and regulation, following the outcome of the regulatory review and the legislation coming into effect from January 2026. The CAA will also be the Market Surveillance Authority monitoring, enforcing and controlling drone products entering the United Kingdom market from that time. The CAA's work with the Regulatory Innovation Office (RIO) will reduce the burden of red tape and speed up access to new technologies which improve citizens' daily lives, including the use of Artificial Intelligence (AI). Lord Vallance and Mike Kane will be writing to you separately about your work supporting the growth of the UAS sector.

Spaceflight continues to be an innovative sector with growth potential in the UK. The CAA should continue to work with Government to review regulations and with the RIO to explore efficiencies in licensing to ensure competitiveness and support growth.

2. Airspace modernisation – Modernised airspace is vital to achieve a growing, sustainable and resilient industry making efficient and effective use of airspace and enabling the safe introduction of new entrants. The CAA's implementation of the Airspace Modernisation Strategy and oversight of the Future Airspace Strategy Implementation Masterplan are therefore critical. We need to see rapid, significant progress during this parliamentary term, including the effective mobilisation and future development of the proposed UK Airspace Design Service and funding options that better align with the costs and benefits of airspace changes. Key to achieving this will be full and effective engagement with a wide range of stakeholders, accelerating the pace of the programme, improving the CAA's own processes and well-coordinated communications between DfT and the CAA.

3. The decarbonisation of aviation – The CAA has a vital role supporting and monitoring the aviation sector's work to achieve net zero carbon emissions by 2050, including through the Jet Zero Taskforce. The CAA can help the UK to develop new low and zero-carbon aviation technologies like sustainable aviation fuels, electric aircraft propulsion and hydrogen. This will include expanding the Hydrogen Challenge fund and helping prepare the aerospace industry to adopt hydrogen as a zero-carbon aviation fuel. Another key role is ensuring passengers can make informed choices on environmental impacts when booking flights and helping to provide up-to-date carbon emissions data.

4. Modernising your consumer focus so as to put the consumer first –

In line with the Independent Review of the CAA consumers must have clear ways to understand the CAA's role as regulator. Passengers need to be aware of their rights and also protected through effective enforcement by the CAA. I expect the CAA to regularly update Mike Kane on the implementation of the new airline accessibility performance framework and its Consumer Strategy. Also, the CAA needs to work with the Aviation Accessibility Task and Finish Group to ensure that flying is an accessible, safe and enjoyable experience for all.

5. Efficiency, effectiveness and resilience – The CAA must ensure it has the relevant people, processes, and resources to deliver effectively, including making the most of the opportunities AI offers to support this. I expect the CAA to build on the Independent Review with further improvements in efficiency and effectiveness, including through reinvestment in the Customer Experience Modernisation Strategy. The publication and implementation of the refreshed framework document will set out the relationship between DfT and the CAA, and bring the CAA into as close alignment with the principles of Managing Public Money as is possible for a public corporation. This will help ensure that the CAA has the capacity, capability, resilience, culture and flexibility to deliver its regulatory responsibilities in an agile manner. The CAA should also continue to help the sector to strengthen resilience in aviation, aerospace and spaceflight through its infrastructure, workforce and preparations for operational challenges.

The current Spending Review will complete this summer, but this will not directly affect the year to which this letter applies.

I wish to further raise the profile of annual board effectiveness reviews and the need to improve diversity and inclusion on boards, which Mike Kane will discuss with you at future meetings.

We have agreed that Mike Kane will meet you quarterly to discuss progress against these priorities. The CAA's contribution to these outcomes should be linked closely to objective setting and appraisals of both you as Chair and the non-executive directors, assured through our engagement in your People Committee and liaison with the Senior Independent Director. I look forward to continuing close working on these priorities in 2025/26.

Yours sincerely,



Rt Hon Heidi Alexander MP

SECRETARY OF STATE FOR TRANSPORT