



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Sir Stephen Hillier
Civil Aviation Authority
Aviation House
Crawley
West Sussex
RH6 0YR

7th May 2025

Dear Stephen,

CIVIL AVIATION AUTHORITY (CAA) PRIORITIES FOR 2025/26

Economic growth is the number one priority for this Government.

As I set out in the regulation action plan on 17 March, we want to work closely with regulators, including the CAA, to ensure that the UK regulatory regime does not unduly hold back growth, investment and innovation. The CAA is already supporting this agenda through the growth-boosting measures you proposed as part of the action plan. These include: establishing the UK Airspace Design Service (UKADS) with the ambition that this is up and running this year, improving capacity and resilience, enabling aerospace innovation, digitalising regulatory service and supporting international aviation activities. I am keen that the CAA continues to work closely with the Government on growth priorities, including the Prime Minister's whole of government target to bring down the administrative cost of regulation by 25% by the end of the Parliament.

The Government supports a third runway at Heathrow as a significant growth opportunity. We have invited proposals to be brought forward by the Summer and will then move to a full assessment through the Airports National Policy Statement, including ensuring that a third runway is delivered in line with our legal, environmental and climate obligations.

The CAA has an essential role to play in supporting the delivery of the third runway and should continue to work closely with the Department for Transport through their working groups on key policy building blocks. This includes ensuring that the airspace modernisation process appropriately integrates the third runway, working with the Department for Transport to ensure the regulatory environment for the H8 period and beyond unlocks the investment required for the third runway whilst protecting the consumer, and supporting HMG across the wider policy workstreams that underpin the programme (such as slots and planning). I would be grateful if you could continue to prioritise this work ahead of the next key milestone, when we receive proposals in the Summer.

I am grateful for your continued engagement with my officials and the Department for Transport on this agenda.

I encourage you to meet with the Financial Secretary to the Treasury to discuss this further.

I am copying this letter to the Secretary of State for Transport and the Minister for Aviation.

Yours sincerely,

A handwritten signature in dark ink, reading "Rachel Reeves." The signature is written in a cursive, flowing style.

RT HON RACHEL REEVES MP
Chancellor of the Exchequer