



Office of the Chair

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Via Email: action.chancellors@hmtreasury.gov.uk

Date: 15 May 2025

Dear Chancellor

CIVIL AVIATION AUTHORITY (CAA) PRIORITIES FOR 2025/26

Thank you for your letter of 7 May 2025, highlighting your priorities for the CAA in relation to economic growth, which reinforce those which have been set out for us by the Secretary of State for Transport.

The CAA is committed to playing our part to the full in contributing to the Government's mission to drive economic growth and investment, including delivery of the commitments [we made to the Prime Minister in January](#). Monitoring progress with the commitments is now a standing item on the CAA Board agenda and enabling economic growth will remain a priority for my Board.

I am pleased to report we have already delivered two significant milestones this year in support of this priority. Last month we delivered an enhanced online application portal, to enable complex drone operations more rapidly and simply. This was complemented earlier this month by the introduction of a more efficient regulatory process for drones - a world-leading approach and a major step forward for the UK.

The second milestone achieved was enabling the delivery of the UK's first 'zero-carbon turn' trial on a Boeing 737 at Exeter Airport, using green hydrogen and as part of our Hydrogen Challenge. This pioneering demonstration brings the UK a step closer to realising hydrogen as a safe and viable energy source for sustainable aviation.

The CAA fully recognises the importance of our role in supporting the timely implementation of airport capacity planning decisions, not least the third runway at Heathrow. We are closely engaged with the Department for Transport and have already started work on reviewing the existing economic regulatory policy framework in the context of Heathrow expansion. In parallel, we continue to prioritise our work on airspace modernisation, progressing implementation of the UK Airspace Design Service at pace, and working with the DfT to consult this autumn on clarification and simplification of the associated framework.

Civil Aviation Authority

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We continue to engage DfT on the importance of reforming our overarching legislative framework, to enable us to act more rapidly and anticipate the needs of emerging sectors; to improve the proportionality of the existing regulatory framework; and to maintain alignment with new and emerging international standards. We believe this activity to be key to unlocking timely innovation and sector growth.

Thank you for the invitation to discuss these issues with the Financial Secretary to the Treasury: I would welcome this opportunity and we will contact his office to make arrangements.

We will continue to provide regular updates to the Aviation Minister on delivery of our growth commitments, including at our regular quarterly meetings. We also continue to work with other Government departments as appropriate in developing and delivering our ambitions to enable innovation and growth; and with other regulators, through the UK Regulators Network.

I am copying this note to the Secretary of State for Transport. I should also highlight that, in line with our standard procedures, we will publish this correspondence on the CAA's website, as part of our ongoing commitment to transparency and sector engagement.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Hillier', with a horizontal line underneath.

Sir Stephen Hillier, GCB CBE DFC
CHAIR