

**Office of the Chair**



**Rt Hon Mark Harper MP**

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Email Copy: Baroness Vere of Norbiton MP, Minister for Aviation

20 December 2022

Dear Secretary of State

Update on CAA priorities

I welcomed the opportunity to discuss the shared priorities of Government and the CAA when we met earlier this month. As we discussed, each year the CAA provides an update on how we feel we have progressed against the Department's priorities, which we integrate into our overall strategy, Board Priorities, and annual business plan. The summary below highlights some of our key activities across both our core regulatory and growth enabling functions, as well as providing early sight of those areas we expect to be a significant focus during 2023.

*1. Recovery and growth*

We have seen a welcome strong and sustained recovery of the aviation sector from the Covid-19 pandemic, with aviation passenger numbers increasing towards 2019 levels over the course of the year. Supporting a safe and effective recovery, as well as growth across all aspects of aviation and aerospace, has remained at the core of our shared priorities. Whilst aviation consumers are returning, our ongoing consumer research shows that different cohorts are returning to aviation at different paces, and in some cases with greater needs for support from the regulator and the sector. Also, the disruption experienced by aviation consumers earlier this year required significant intervention from Government and from the CAA, to help the sector mitigate the impact. We have taken action to hold the

sector to account where required using the range of levers available to us, from advice and encouragement, to publishing airport performance against Passengers with Reduced Mobility standards and taking formal enforcement action where justified. In line with the request of your predecessor and our mission to improve aviation for consumers, we made this our top priority during Spring/Summer 2022. We are now actively looking ahead to 2023, to minimise the likelihood of any repetition during known peak periods. Also looking ahead, we look forward to the Government's response to its consultation on additional consumer enforcement powers to allow us to fulfil this role even more effectively in the future.

We continue to be grateful to the Department for the financial assistance it has provided to support CAA's capabilities during the recovery from the Covid period, and on specific programmes of work. This has enabled us to focus on delivering for our stakeholders during what has been an incredibly challenging period.

## *2. Ensuring the CAA is well placed to act as a globally influential regulator*

Work consequent to the UK exiting the European Union and the EU Aviation Safety system continued to keep the CAA busy throughout 2022. For example, the expiry of the savings provisions on 31 December 2022 generated applications from over 11,000 aviation professionals and over 1000 UK and international businesses, all of whom now need new CAA approvals and on-going oversight to operate in the UK aviation system. In parallel, we have started to increase our level of commitment to regulatory reform and rulemaking to make sure the UK framework remains up to date, in line with international standards and adapted for new market entrants, working closely with your officials. This focus will further increase in the coming years.

Following the success of the ICAO Security Audit earlier in the year, the recent ICAO Audit of the UK's safety system, whilst a routine periodic review at one level, was also the first opportunity for us to be audited outside the EASA system. Preparatory work by the CAA, the Department, and more widely was significant: we await the formal written report, but early feedback from the audit is positive and would seem to confirm that the CAA has fully and effectively re-established itself as a sovereign regulator.

Our work with ICAO extended to the General Assembly this year where, thanks to strong leadership from your department, an historic agreement on managing aviation's carbon emissions was reached. We supported your officials and Ministers at the Assembly and look forward to strengthening further this close working international relationship across all

aspects of our regulation. The launch this year of the National Aviation Authorities Network (with the US, Canada, Australia and New Zealand) has also enhanced our ability to share best practise and develop solutions to common issues.

Being a credible regulator both in the UK and globally also rests on the effectiveness and quality of the services we provide to our regulated customers. It has been a CAA Board Priority this year to see improvements to our own processes and services. These have included improvements to existing and new services, such as the new on-line regulations library; investment of additional resources into our Shared Services Centre; and an enhanced complaints handling process. The latter has been strengthened by the new Independent Review process, to give our regulatory customers a further means to question the CAA's decision-making processes. We monitor our CAA customer service data closely and the indications are that our investments are paying dividends.

The Review of the CAA being led by Jeremy Newman provides a further opportunity for our stakeholders to provide evidence about our performance and to identify how we might continue to develop and improve as a regulator. Our aim is to work collaboratively and openly with the Review team, and we look forward to seeing the outcome during 2023, and subsequently working with the Department on the recommendations.

### *3. Integration of new users: innovation, decarbonisation, airspace, and space*

The aerospace enterprise is undergoing unprecedented change and innovation, with new parts of the sector emerging and many new entrants wanting to launch services with unprecedented pace. Introducing these new users whilst maintaining the operational integrity and safety of the established UK aviation system is essential. The regulator has a key role to play, anticipating and understanding changes to the market, preparing regulatory frameworks for new sectors, and building capacity to assess applications. This has been a major focus of our work during 2022 and we have reconfigured ourselves as an organisation to support these activities more comprehensively and rapidly, in particular providing paid for advisory services to an increasing number of applicants, within a new organisational construct which supports innovation whilst mitigating the risk of 'regulatory capture'. The response from industry has been very positive, as has been our support in areas such as the UKRI sponsored Future Flight programmes for RPAS and Advanced Air Mobility.

We have also developed and published the CAA's first Aviation Sustainability Strategy and established an advisory Sustainability Panel, as part of our commitment to taking a leading role in enabling decarbonisation of aerospace. This includes supporting the Government's

Jet Zero Council work on Sustainable Aviation Fuels, and more recently the nascent Zero Emission Flight programme, we are grateful for Government's financial support for all of these enabling activities, as part of our commitment to a thriving UK aerospace sector and as we seek a more permanent funding solution to prepare the regulatory frameworks for emerging capabilities.

New aerospace users need to be integrated safely into the existing airspace network. Our revisions to the Airspace Modernisation Strategy agreed in 2022 focus on how to achieve this integration, as well as reiterating the commitment to upgrading the design of the UK network of structured air corridors close to airports and in upper airspace. We are keen for the pace of delivery of the Airspace Modernisation Strategy to be stepped-up where practicable.

Finally, 2022 saw significant progress with the UK's space strategy as the CAA, with the DfT's consent, issued the first spaceport, launch and range licences and very substantial progress was made towards achieving a first launch, which we hope to see happen in early 2023. We look forward to further progress across a wider range of spaceport and launch licences in 2023, and to extend the number of UK licenced satellites in orbit, which is already the second largest globally.

#### *4. Best place for aviation, Skills/STEM*

Success in aviation and aerospace tomorrow is built on a focus today on cultivating an environment for successful aviation at all levels and ensuring that the pilots, engineers, and scientists of the future are inspired to get involved now. We are deeply embedded with the Department's STEM and Skills work programmes, and have developed a close working relationship, with mutually supportive outcomes and ambitions over recent years, enabled by Government financial support for our work. Our joint programme of work has earned recognition from industry and stakeholders: during 2022 we have engaged with thousands of school-age children around the UK, in close partnership with both the Department, wider Government and the aviation and aerospace sectors.

For several years now we have also worked in lockstep with the Department to deliver the General Aviation Strategic Change programme, benefitting from Government funding alongside reforming our own approach to regulating the GA sector, to maintain progress in the shared goal of the UK being the best place in the world for GA.

## Our outlook for 2023

Looking forward to 2023, we expect there to be a good deal of continuity to our work:

- Deliver effectively on our core regulatory activity across safety, security, and consumer protection in the interests of passengers and the public.
- Be a global leader in aviation regulation by working with other NAAs and supporting the work of agencies such as ICAO.
- Future Aviation – Growth and Sustainability: focus on programmes to help with the introduction of new entrants into the sector, including RPAS, AAM and the UK space launch sector, and support the work of the Jet Zero Council in helping decarbonise aviation.
- Improve the experience of CAA's customers, including through further improvements to our processes and digitising our systems wherever practicable.
- Improve organisational effectiveness, focussing on the stability of the organisation during a period of change at the senior leadership level, taking the lessons from the ICAO audit and Newman Review, and continuing to recruit and retain the people and skills that we need to be effective in the future.

I very much look forward to meeting in the New Year to discuss our approach to 2023, and to understanding the priorities that you would wish to be included in the CAA's plans for the coming year.

Yours sincerely



Sir Stephen Hillier, GCB CBE DFC

**CHAIR**

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## Annex A – Further detail on priority areas

Across our internal business plan, we assign relevant activity to its corresponding Priority from the Secretary of State, to ensure we can track, monitor, and report on progress against them. The below summarises current status for each activity which supports delivery of government's priorities.

Priority Area	Achievements
<p><b>Supporting the recovery and growth of the aviation industry</b></p>	<ul style="list-style-type: none"> <li>• <b>Aviation Security:</b> airport inspection/audit programme and ICAO cargo rectification on track</li> <li>• <b>Cyber Oversight:</b> 15 certificates of compliance issued to 12 operators of essential services</li> <li>• <b>Consumer Rights:</b> Consultation on a proposed 'Airlines Accessibility Framework' will be published in early 2023 and will look to rate airlines against a set of quality standings. Ratings would then be published on the CAA website</li> <li>• <b>Consumer Vulnerability Toolkit</b> developed and rolled out to the business</li> <li>• Enhanced guidance on data reporting under the airport accessibility framework and improvement to airports rolled out.</li> </ul>
<p><b>Becoming a credible, trusted and globally influential future regulator after Brexit</b></p>	<ul style="list-style-type: none"> <li>• <b>The International Strategy</b> and its high-level delivery plan are progressing. The current ambition is to ensure that where we there is a MoU or agreements with States/NAAs engagement is under the umbrella of the agreement</li> <li>• <b>Engaging with the FAA across the organisation</b> - this is our strongest relationship. We will be looking at setting up one of the regular quarterly meetings in the first quarter of 2023</li> <li>• <b>Developing a Working Agreement with Australia (CASA)</b> to take forward joint work on Horizon Scanning (which will form an Annex to the Agreement) and other activities</li> <li>• <b>Talks have started with Singapore</b> and a meeting is being organised of the Bilateral Aviation Steering Committee to discuss work for the coming year and information exchange between the two regulators</li> <li>• <b>Worked closely with DfT and UK Mission to the European Union, Brussels</b> to ensure our future ambitions and the desired relationship with the EU are clear</li> </ul>
<p><b>Skills</b></p>	<ul style="list-style-type: none"> <li>• The CAA are supporting two regions this year with the Primary Engineer Competition: 'If you were an engineer, what would you do?'</li> <li>• Supported DfT with the <b>launch of Generation Aviation</b> and participated in several webinars throughout the week</li> <li>• <b>Educating &amp; Employers with their Inspiring Governors</b> initiative - 7 colleagues have registered to become school Governors within their local area</li> <li>• Colleagues took part in the <b>CyberFirst Careers Fair 2022</b></li> <li>• The CAA hosted a <b>Careers event</b> at Aviation House for students supported by <b>The Jon Egging Trust</b> to celebrate International Civil Aviation Day</li> <li>• Conversations on going with both Rwanda and Uganda (separately) to explore a training partnership which would improve our presence in the African market.</li> <li>• The CAA hosted 45 (15-18 years old) students from Stansted Airport College for an Enrichment Day.</li> </ul>
<p><b>Supporting innovation</b></p>	<ul style="list-style-type: none"> <li>• Operating model for combined delivery of free and paid for innovation and advisory services implemented</li> <li>• 12-month trial and internal audit paid for advisory services completed</li> <li>• Detect and Avoid sandbox challenge brief is being finalised for Q1 2023</li> <li>• Aviation Futures workplan developed and agreed with internal stakeholders and detailed work products identified.</li> </ul>

<p><b>Supporting aviation decarbonisation</b></p>	<ul style="list-style-type: none"> <li>• CAA sustainability strategy and Annual report published</li> <li>• Environmental Sustainability panel work programme to be published December 2022</li> <li>• Engagement internally and externally. Internal engagement has focused on repurposing the CAA and Environment group into a more strategic and focussed Environment Programme Board to facilitate the delivery on the requirements of the Jet Zero Council.</li> <li>• New CAA Noise function (previously managed through ICCAN) established</li> </ul>
<p><b>Modernising Airspace and GNSS</b></p>	<ul style="list-style-type: none"> <li>• Future Airspace Strategy Implementation (FASI) Grant Lessons Learned workshop to improve on last year's process - agreeing reporting requirements to Co-Sponsors, DfT and renewing contractual arrangements with Airport Sponsors.</li> <li>• Airspace Modernisation Strategy (AMS) refresh consultation completed and AMS Consultation Response Document and 'Refreshed' and published</li> <li>• In relation to the Air Traffic Management and Unmanned Aircraft Act, finalised CAP2280 'Enforcement Guidance and Draft Statement of Policy on Penalties' consultation completed</li> <li>• Working with SARG AAA, CMA and OGC captured current and anticipated issues with the current approach to delivery of the FASI Programme and Airspace Change Proposals.</li> </ul>
<p><b>Space</b></p>	<ul style="list-style-type: none"> <li>• 74 Orbital Operator Licences issued under the Outer Space Act (OSA) 1986 and Space Industry Act (SIA) 2018</li> <li>• Spaceport licence issued under the SIA</li> <li>• 210 orbital applications are being processed under the OSA and SIA.</li> <li>• One spaceport application, 5 launch applications and two range applications are being processed under the SIA and two launch permissions under the Air Navigation Order (ANO).</li> <li>• 8 orbital operators have used the optional pre[1]application Traffic Light System for orbital applications.</li> <li>• Security input completed for recent licensing approval of Spaceport Cornwall</li> </ul>
<p><b>Aviation at all levels</b></p>	<ul style="list-style-type: none"> <li>• The <b>Remotely Piloted Aircraft System (RPAS)</b> sector is already large and predicted to expand - the investment in Innovation teams and Future Flight project (14 out of 17 FFC challenges are RPAS related) support has successfully built industry expectation to very high levels including several global companies.</li> <li>• UAS have further refined the programme of work across the unit and have secured section 16 funding for Remote ID and RPAS ecosystem.</li> <li>• Work towards the certification rule making task and BVLOS objectives has been catalysed this month with the arrival of a new RPAS transformation lead.</li> <li>• RPAS reporting project is progressing well.</li> <li>• The most important project outcome is the implementation of the SORA risk assessment methodology ( safety risk assessment)</li> <li>• <b>GA focus</b> is on the transition of the regulated community following the exit of the UK from the EU and GA licensing improvements.</li> </ul>
<p><b>CAA sustainability and resilience</b></p>	<ul style="list-style-type: none"> <li>• Digitisation programme underway which involves three projects; Aviation Regulations Library, Licensing Improvement project and New Forms delivery</li> <li>• EU UK (TCO) agreement being implemented effectively during the 2022 in parallel with the work to end 2-year saving period. Safety specialised committee meetings and other strategic engagements taking place in support to DfT and CAA strategy.</li> <li>• <b>ICAO Audit:</b> Initial feedback from the recent ICAO audit has been positive with comments on the maturity of the UK CAA as a regulator.</li> <li>• <b>Culture and Training Project.</b> completed the implementation of a new security culture measurement and intervention tool, CybSafe, to all CAA users. Following a month of activity raising awareness, there has been an 8% increase in phishing simulation reporting in October compared with August. 106 (6%) colleagues have completed the CybSafe training, and another 166 (9.5%) people have started training.</li> </ul>

