

**Title:** North East Spatial Development Strategy – Acceptance of Grant Funding  
**Portfolio:** Home to a North East we are proud to call home.  
**Responsible Director:** Phil Witcherley, Director of Economic Growth and Innovation  
**Report Author:** George Mansbridge, Head of Planning

## **Purpose of the report**

This report seeks approval for the North East Mayoral Combined Authority (North East CA) to accept revenue grant funding totalling £1,553,846 from the Ministry of Housing, Communities and Local Government (MHCLG) to support the production of the Spatial Development Strategy, a statutory duty of the North East CA as Strategic Planning Authority pursuant to the Planning and Infrastructure Act 2025.

## **Recommendations**

The Director of Finance and Investment is recommended to accept revenue grant funding totalling £1,553,846 from MHCLG and to sign a Memorandum of Understanding and any other documents required by MHCLG to give effect to this decision.

## **Executive Summary**

Spatial Development Strategies are a key element of the Government’s reform of planning. They are strategic land use plans that set out a positive vision for future growth of the region and provide a clear spatial framework for investment and growth.

North East CA Cabinet received a full overview of the role of a North East Spatial Development Strategy on 22 July 2025. At that meeting, it was resolved to authorise the Director of Finance and Investment to accept opportunities for any bids or awards of Government funding to support this work, reducing the call on the Investment Fund (C25/07/25).

On 9 March 2026, MHCLG confirmed that they would provide revenue funding of £1,553,846 as the first tranche funding for the Spatial Development Strategy up to 31 March 2029. It is now proposed that the Director of Finance and Investment accepts the funding and signs a Memorandum of Understanding and any other documents required by MHCLG to give effect to this decision.

### **A. Context**

#### **1. Background**

On 22 July 2025, Cabinet received a detailed report on the emerging requirement for Combined Authorities to develop land use plans for their areas; referred to as a Spatial Development Strategy. This was a key element of wider proposals by the Government to reform the planning system and in turn accelerate growth and investment. These proposals were set out in the Planning and Infrastructure Bill that was, at that time, following the required parliamentary process.

The Planning and Infrastructure Act received royal ascent on 18 December 2025 and this enshrined the role of Combined Authorities as the Strategic Planning Authorities for their area and established the duty for those Strategic Planning Authorities to produce Spatial Development Strategies. The timescales for these Spatial Development Strategies will be set out in secondary legislation expected in the summer, however the Government has already set out its objective to have full national

coverage by 2029. Given the statutory nature of these documents as formal development plan documents, that will eventually be subject to an Examination in Public, it is important that the development of the North East Spatial Development Strategy continues at pace.

## **2. Funding the production of the Spatial Development Strategy**

The Cabinet Report in July 2025 recognised the complexity of this process and the requirement that future regional planning policy be underpinned by appropriate evidence, be the product of extensive stakeholder and community engagement, require the establishment of dedicated resources within the North East CA and necessitate investment in digital mapping resources.

Cabinet resolved to allocate up to £1.5m from the Investment Fund towards the development of the Spatial Development Strategy and also delegated authority to the Director of Finance and Investment to accept any additional Government grant funding.

Since that July Cabinet report, the North East CA has been working closely with officials from MHCLG to explore opportunities for additional grant funding support. The Government has confirmed financial support, the amount of which is currently undetermined, up to 2029. The first tranche of this funding, totalling £1,553,846, has now been confirmed subject to a Memorandum of Understanding between both parties. The terms of the Memorandum of Understanding have been reviewed, reflect previous discussions and are not considered onerous.

The Memorandum needs to be signed and return to Government officials before 19 March 2026 in order to draw down the funding.

### **B. Impact on North East Combined Authority Objectives**

The Spatial Development Strategy, when formally adopted by Cabinet following a public examination by the Planning Inspectorate, will form part of the land use planning framework for the region, providing a strategic framework for future Local Plans. As such, it will have a positive impact on all of the Combined Authority's objectives, providing a spatial representation and integrated delivery plan of the Local Growth Plan, Local Transport Plan, Local Nature Recovery Plans and other key national, regional and sub-regional strategies as they relate to the North East.

### **C. Key risks**

The timescales involved in drawing down this revenue grant funding are challenging. Failure to meet the deadline of 19 March 2026 for acceptance of this grant and completion of the Memorandum of Understanding could result in the funding not being available or being reduced.

### **D. Corporate Implications**

#### **D1. Financial and other resources implications**

The grant funding being made available for the ongoing production of the Spatial Development Strategy is to be paid to the authority in this financial year, however there is provision in the Memorandum of Understanding with MHCLG that allows the grant to be used by the North East CA up to 31 March 2029.

#### **D2. Legal implications**

The comments of the Monitoring Officer have been included in this report.

#### **D3. Equalities implications**

The Spatial Development Strategy will be informed and shaped by a detailed integrated sustainability and equalities assessment.

#### D4. Consultation and engagement

On 22 July 2025, the North East CA Cabinet received a report providing an overview of the role of the North East CA in developing a Spatial Development Strategy and authorised the Director of Finance and Investment to accept opportunities for any bids or awards of Government funding to support development of the Spatial Development Strategy, reducing the call on the Investment Fund.

The North East CA continues to engage with MHCLG regarding the preparation of the Spatial Development Strategy together with local authorities, key infrastructure providers, the business community and strategic utility providers. Extensive consultation and engagement will take place as the production of the Spatial Development Strategy continues with local communities, elected Members, neighbouring planning authorities and key government departments.

#### E. Appendices

None.

#### F. Background papers

[English Devolution White Paper - GOV.UK](#)

[National Planning Policy Framework - Guidance - GOV.UK](#)

[The Planning and Infrastructure Bill - GOV.UK](#)

#### G. Contact officers

George Mansbridge, Head of Planning

[George.mansbridge1@northeast-ca.gov.uk](mailto:George.mansbridge1@northeast-ca.gov.uk)

#### H. Glossary

MHCLG - Ministry of Housing, Communities and Local Government  
North East CA – North East Mayoral Combined Authority