

# A38 MANADON INTERCHANGE SCHEME FINAL BUSINESS CASE DEVELOPMENT FUNDING BRIEFING REPORT



## Briefing Report

### 1. EXECUTIVE SUMMARY

Plymouth is a strategically important city nationally; it plays a major role across the globe in a number of key industries including defence and marine industries, is home to largest naval base in western Europe, has three Universities, a thriving ferry port and is a regionally important centre for healthcare. It has strong growth potential, and an ambitious growth agenda to deliver over 29,000 new homes.

To support this growth, there are three major development areas across the city. They are: North of the city including Derriford, the City Centre and Waterfront and the East of the City including Saltram Meadows and Sherford. There is a need to strengthen the transport infrastructure to allow the delivery of this growth, improve the way people travel across the city and enhance connectivity into the wider South West region.

The A38 Manadon Interchange is at the confluence of where the road network supporting this growth converges. The junction already suffers from significant congestion and unreliable journey times, with over 60,000 vehicles passing through the junction every day and queues on the off slips frequently queuing back onto the A38. Without significant investment this junction will continue to have a poor road safety record and will act as a constraint on future growth.

The Council has been progressing the development of the A38 Manadon Interchange scheme since 2019, when the scheme secured co-development funding from the Department for Transport through the Large Local Major schemes programme, recognising the strategic regional need for improvements at Manadon Interchange.

Although still at an early stage the Manadon scheme is being developed to provide improvements across all modes, alongside environmental enhancements.

This request is to allocate a further tranche of £12,808,832 to the capital programme to allow the A38 Manadon Interchange Scheme to progress to Final Business Case.

Although this request is for development funding to achieve Final Business Case Stage it is nevertheless a significant milestone in the scheme's development and a large investment for Plymouth City Council.

Pending approval of the Final Business Case the whole scheme cost (including construction) is expected to be £156.5m, with the DfT providing £133m (85%) of the funding and PCC £23.5m (15%).

### 2. BACKGROUND

Plymouth plays a major role across the globe in a number of key industries. The city is a global centre of excellence for marine science and technology, home to the largest naval base in Western Europe and has a rich ecosystem of world-renowned defence research capabilities and private sector businesses. Plymouth is also a base for major UK employers such as Babcock International and Princess Yachts.

Plans are well underway for significant investment in many of these industries. These businesses and many others provide thousands of jobs across Plymouth. Over the next ten years, 13,000 skilled jobs are being created and the city's population is expected to increase to 300,000.

To support this growth, we have three major growth areas across the city. They are: North of the city e.g. Derriford, City Centre/Waterfront and the East of the City e.g. Saltram Meadows / Sherford. Therefore, we need to strengthen our infrastructure e.g. build over 29,000 new homes, improve the way people travel across our city, strengthen and grow public services such as the NHS, ensure there are enough school places, waste management facilities, telecommunications etc. Unless these infrastructure needs are met the city will not be able to grow.

At the same time, it is essential that Plymouth continues to deliver on its commitment to reduce carbon emissions as part of the commitment to be net zero by 2030.

With more jobs comes an increased demand. At the moment, there are around 6,643 people registered as having a housing need in Plymouth. There is a clear need for more housing and more opportunities within the city.

Currently Plymouth's local road/highway network is outdated, and is a legacy of the post-war era, with many places in need of significant improvement. With a growing population, our roads and highways are under significant pressure.

Sections of the highway network already suffer from congestion and are forecast to worsen over the next ten years including the A38 Manadon Interchange, one of the worst performing junctions within the whole of the South West in terms of reliable journey times.

The A38 Manadon Interchange is a fundamental piece of infrastructure on the road network within Plymouth and forms part of the Strategic Road Network (SRN). It is the largest junction on the A38 Devon Expressway and forms a key interchange point between the A386 Tavistock Road and the A38.

The junction is not just vital to movement across the city, but also in providing connectivity to the wider region and UK. Manadon Interchange is located at the point where the A38 (part of the Strategic Road Network, SRN) meets the busy A386 Tavistock Road, which provides the main access route to regional employment and medical centres located in the north of Plymouth, including Plymouth Science Park, Plymouth International Medical and Technology Park, Derriford Hospital and Plymouth Marjon University. It also links to Outland Road, which is a key route which links to the City Centre, Plymouth Port, the Royal Naval Dockyard in Devonport, and the Oceansgate Enterprise Zone.

Connecting both the east-west and north-south, Manadon Interchange is also critical to the success of the three major growth areas in the city.

Given its strategic importance, a scheme for Manadon was submitted to the DfT with the support of the Sub-National Transport Body (Peninsula Transport) in 2019 and since this time has been in receipt of co-development funding from the DfT to progress to the current stage.

The DfT model of business case approval is in three stages:

- Strategic outline business case – DfT approved 2019
- Outline business case – DfT approved 2024
- Final Business Case – in development

The Outline Business Case (OBC) for the £156.5m A38 Manadon Interchange Scheme was approved by the DfT in 2024. This request (to allocate £12,808,832 to the capital programme) would allow the scheme to progress from Outline stage to Final Business Case, and a future high value decision will be required before the scheme can proceed to the construction phase.

Although still at an early stage the scheme is being developed to provide improvements across all modes, along with environmental enhancements. The key elements of the scheme are:

- Highways capacity improvements, through widening of the A38 eastbound and westbound off slips, to improve capacity from the A38 and reduce queuing on the A38 off slips.
- Highway capacity improvements on the local road network, though an additional northbound lane on A386 Tavistock Road, and widening of the local road approaches to the junction.
- Extensive improvements for active travel modes, including a new cycle bridge across the A38 to facilitate a continuous two-way north-south largely off-road cycle route, improved pedestrian bridges and enhanced links to local areas of green-space.
- Improvements for bus journey times through increased capacity and bus priority on the main bus corridor from the City Centre to Derriford via Mannamead Road.
- Environment improvements by opening up and improving areas of green space for use by the local community and providing extensive landscaping, and on and off-site tree planting.
- New signalised junction linking Meavy Way with Budshead Way

Manadon is situated at the confluence of the city's busiest routes and experiences severe congestions and unreliable journey times. It is a constraint on the growth ambitions of the city. The benefits of the scheme can be summarised as follows:

- Reducing congestion to provide quicker and more reliable journey times, particularly to the city centre, Derriford Hospital and Devonport Naval Base.
- Supporting the delivery of jobs and housing across the city, but particularly along the city's northern corridor and the city centre
- Improving road safety at Manadon Interchange and the A38 Parkway
- Providing a direct, safer and more user-friendly north/south route for cyclists
- Improving bus journey times, punctuality and reliability on the city's busiest bus corridor
- Providing improved flood resilience and environmental enhancements

The scheme endured a delay of almost three years whilst the government considered how to fund major transport investments nationally during a time of economic crisis following the 2020/2021 pandemic. It is therefore vitally important that the scheme now proceeds at pace.

### **3. PROPOSED CHANGES AND REASONS**

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#### **4. ALTERNATIVE OPTIONS**

- I. To not proceed to Final Business Case at this time. This option was rejected because the scheme would either be delayed or not-delivered. As well as investment to date, significant future DfT funding for this scheme would also be risk and inflationary pressures incurred.

#### **5. FINANCIAL IMPLICATIONS AND RISK**

The A38 Manadon Interchange co-development funding has been included within the Medium Term Financial Plan. The allocation of £12,808,832 for the project into the Capital Programme will be financed by ring-fenced Department for Transport grant funding allocated specifically for the scheme of £8,897,042, as well as un-ringfenced Integrated Transport Block (ITB) grant funding of £3,911,790. Allocating ITB grant funding to this scheme means it will not be available to fund other investment priorities, which is likely to have resource implications for other transport investment, and which could, over time, increase the amount of borrowing required to other programmes (with knock-on implications for capital financing costs within the Council's revenue budget).

Further use of c. £7.5m un-ringfenced council funding is currently assumed within financial plans for the construction phase (which, subject to full business case approval, would proceed from 2029 onwards), with assumed developer contributions providing a further tranche of the overall 15% PCC contribution to this phase. Cabinet members are not being asked to approve this funding at this stage (and there is a possibility that the scheme may become eligible for 100% specific grant funding for the construction phase, which would improve this position significantly. However, Cabinet members should note that completing the scheme is likely to have significant financial implications in future years.

Delaying this decision to place the development funding on the Capital Programme presents a high risk of loss of significant investment and opportunity to improve the city's road network and its only Strategic Road network link to national and global markets (the A38). This decision to place the remaining co-development funding on the capital programme is specifically to mitigate this risk.

There is a low risk that the DfT do not approve Final Business Case. The Project has now achieved Programme Entry, and the DfT have provided significant investment to date.

There is a medium risk that the DfT delay the decision to approve the Final Business Case and increase inflationary costs. To mitigate against this risk the DfT will be involved throughout the pre-construction period and information will be submitted in advance for early review.

There remains a high risk that development costs increase due to inflation. Inflation has already been incurred due to global economic events. The scheme has endeavoured to mitigate this through early contractor engagement to avoid further delays. The DfT has also identified this scheme as being eligible for 100% of construction costs, but this is still to be confirmed. However, it may be the case that value engineering will be required as the scheme develops.

Land Acquisition requirements pose a medium risk of delay to the scheme. Early engagement with affected landowners already underway and there is shared learning with the Woolwell to the George team.

There is a medium risk that local opposition delays the scheme. The approach being taken is similar to that at Forder Valley where environmental enhancement and mitigation was included at an early stage. Environmental surveys were undertaken from the outset to understand environmental constraints

and mitigation proposals are being developed to be robust. The scheme will be compliant with Biodiversity Net Gain (BNG) requirements as well as tree policy requirements. Extensive consultation was undertaken in 2020/21 and again during May/June 2025. Further consultations will be undertaken before Final Business case stage is reached.

## **6. TIMESCALES**

The development of the scheme from Outline Business Case to Final Business Case is programmed to be completed at the end of 2028.