

<b>Committee:</b>	Cabinet	<b>Date:</b>
<b>Title:</b>	Private Finance Initiative (PFI) Leisure Contract Update Report	Thursday, 8 May 2025
<b>Portfolio Holder:</b>	Cllr. Maggie Sutton, Portfolio Holder for Communities and Local Partnerships	
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## Summary

1. This report provides members with an overview of the contractual and operational arrangements for the Uttlesford Leisure PFI contract. It provides a summary of the history, structure, and governance of the contract, and explains the council's approach to contract monitoring.
2. The report also presents the future challenges and ambitions of the contract; ensuring the contract continues to provide value for money to both leisure centre users and the council over the remainder of the contract duration.

## Recommendations

3. None. The report is for information only.

## Financial Implications

4. There are limited financial implications associated with this report. However, Uttlesford District Council's income from the contract over the last few years has been affected by both the on-going effects of the COVID-19 pandemic and rises in utility costs. The monthly Operator Fee payment from 1Life is currently suspended and income from the contract has not reached the necessary thresholds for the annual profit share payment to be made to the council recently. Although the year ending April 24 to March 25 results are pending and may show a change in this position as trading has improved in the last 12 months.
5. Members should note that the Leisure PFI contract is the largest General Fund contract that the council has entered to date. This is based on the term of the contract rather than the value.

## Background Papers

6. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report:

- Uttlesford PFI Contract Documentation
- Government, Audit & Performance Committee Reports, entitled Leisure Private Finance Initiative (Sept 2018), PFI Contract Update (Sept 2019), PFI Contract Update 2020.21 (February 2021) & 2021/22 PFI Contract Update (September 2021)
- Infrastructure and Projects Authority (DCLG) – Preparing for PFI Contract Expiry

## Impact

7.

Communication/Consultation	Contract governance and compliance processes have been established to ensure all necessary communication and consultation requirements within the contract structure are met. Effective governance is delivered through scheduled contract meetings, and dedicated authority resource on contract monitoring/managing.
Community Safety	None
Equalities	None
Health and Safety	Health & Safety is embedded in the governance of the contract and regularly reviewed at monthly liaison meetings and the Annual Health & Safety Meeting.
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

## Background Information

8. **Contract Structure:** On behalf of Uttlesford District Council, 1Life Management Solutions Limited operate three leisure centres under the Uttlesford Leisure PFI Contract: Lord Butler Leisure Centre, Great Dunmow Leisure Centre, and Mountfitchet Romeera Leisure Centre.

The contractual structure for the PFI project is complex but not untypical; there are several bodies that form part of the core infrastructure through which governance of the Contract is monitored and assured. Details of the full structure and contracting parties can be seen in Appendix A.

In summary:

- The Concession Agreement between the Authority and Linteum (Uttlesford) Limited (the “SPV” or “Linteum”) governs the design, construction/refurbishment, finance, maintenance, and operation of the centres and, during the operation phase, determines the provision of the leisure service through Linteum on behalf of the Authority. Linteum sub-contract the day-to-day

management of the project to Pario Limited (a specialist PFI management service provider).

- Linteum sub-contract the operation of all three leisure centres (flowing down Linteum's obligations under the Concession Agreement) to an Industrial and Provident Society ("IPS").
- The IPS sub-contract the operation of the centres to a lifestyle and management solutions company, 1Life Management Solutions Ltd ("1Life").
- 1Life sub-contract the hard facilities management and maintenance of the centres to a maintenance services provider, Emcor Facilities Services Ltd ("Emcor").

As two of the centres are situated on school premises, Great Dunmow and Stansted, there are various additional management and lease agreements within the structure between the school Governors, the Authority (UDC), Essex County Council and Linteum, as appropriate.

9. **Contract Duration:** The contract was signed in May 2002, and has a 33-year duration, expiring in August 2035.
10. **Financial Arrangements:** The authority finances the PFI agreement through a Unitary Charge set at £36.2 million over the contract duration, which is paid to the Project Company (Linteum Uttlesford Limited) in monthly instalments throughout the length of the contract (approx. £1.1m pa).

Although currently suspended due to the impact of both the pandemic and high utility costs, (where a 5-year compromise agreement has been agreed between all parties) 1Life pay an Operator Fee of approximately £180k per annum. An additional £450k per annum is received from central government (DCLG) directly to the council to specifically support the PFI. The council also benefits from a profit share arrangement which is paid on an annual basis when relevant.

Government and/or sporting body funding has/can been offered to the council and subsequently secured to support the contract and/or service provision from the three centres. A more recent example of this would be the Swimming Pool Support Fund (SPSF) which was initiated by Sport England to alleviate the closure of pools nationwide through funding for energy efficiency improvements. The council has been successful in securing just over £390k for improvement works being undertaken at both the Lord Butler and Great Dunmow pools.

11. **Officer Responsibilities:** The contract has been overseen and managed by officers with responsibilities that have included community and leisure activities and contract management since its inception in 2002. However, none of the officers involved with the initiation and implementation of the contract still work at the council. The most recent change in responsibility was in January 2016 when the now current role of Head of Contract, Performance and Risk was introduced. This role sits within the Business Performance and People directorate and reports directly to the Director of this area. The Performance Team provide administrative support to the contract.

The Head of Contract, Performance and Risk, as the Authority Representative under the contract, has been given full responsibility to act on behalf of the council for all purposes of the contract, including agreeing change requests/variations (which could impact the Unitary Charge). The client management of leisure and sports centres is delegated to the Chief Executive, as is set out in the council's constitution.

12. **Service Provision:** All three leisure centres support the Authority's key objectives and priorities by providing various sports, leisure and well-being facilities and activities to a wide demographic within the district.

All the centres offer a sports hall, fitness suite, Crèche, outdoor floodlit multi-use games area (MUGA) and group training studio. In addition, Saffron Walden and Great Dunmow offer a 25m swimming pool (with a teaching pool at SW), a sports injury clinic and café facilities. There is also a full-size floodlit multi-purpose 3G Astro Turf games area at Great Dunmow.

Provision of specific services is determined by a series of Key Performance Indicators (KPIs) which are monitored monthly to ensure the overall performance and efficiency of the contract. One of the indicators relates to the provision of a GP Referral scheme. In addition to this scheme, 1Life also offer Specialist classes (pulmonary, stroke, cardiac rehab, and neuro) at all three sites and also host and facilitate a weekly children's Inclusion Club at the Lord Butler centre.

13. **Usage and Participation:** Both usage and participation across the contract are tracked and reported monthly. Since re-opening after the COVID pandemic, there has been a general increase in participation across all three centres.

The table below shows an extract of participation figures for the months of January and February combined for the last three years with an average participation growth of 31%. The figures show levels of participation from both members of the public using the facilities as well as the contracted school usage hours for the centres (Great Dunmow and the Romeera, Stansted).

These months have been chosen as typically 'best' and 'worse' performing; January participation always increases as the new year commences and users aspire to improve their fitness levels and typically, February conversely sees a drop in these numbers as 'new year' participation offers expire and enthusiasm dwindles, school usage decreases due to the half term along with the lower number of days in the month.

Centre:	2023	2024	2025	% Growth
Lord Butler	41,272	46,386	48,461	15%
Great Dunmow	34,735	51,306	43,521	20%
Romeera, Stansted	7,109	15,020	16,543	57%

Table 1: Participation data 2023-2025 (Jan & Feb combined)

14. **Attrition Rates:** Membership attrition rates (cancellations divided vs live memberships) are also monitored monthly. Attrition rates provide an understanding of member retention and using monthly sales data shows how effective promotional work is in gaining new members. A lower outturn indicates less cancellations. As at December 2024 attrition rates across the contract were 5.50%, which is around 1% below the current industry average.

15. **Governance:** Since taking on responsibility for the PFI, the Head of Contract, Performance and Risk has worked closely with Lintum and Pario and the 1Life Uttlesford Contract Manager to improve governance of the contract.

In 2016 a full review of the reporting requirements of the contract was completed by the council in conjunction with Lintum and Pario. As a result of this a number of meeting forums, and new reporting formats were introduced to improve management and monitoring processes, while ensuring the contractual obligations

of all parties continued to be met. This structure has continued to be adopted up to the present day.

These meetings/reports have enabled all parties to re-confirm their understanding of their contractual obligations and working relationships within the contract structure, ensure all responsibilities are being met and where they aren't, discuss and progress solutions and corrective actions and most importantly, confirm the contract is providing value for money for the council and its residents.

## Contract Updates

16. **Parkwood Leisure:** In February 2023, the authority had notification that Parkwood Leisure had acquired 1Life. This was a positive change for the contract as 1Life had been struggling financially because of the effects of the pandemic and a reduction in general turnover due to a gradual loss of contracts elsewhere. Contractually there have not been any formal changes required as 1Life has remained as an independent company within the Parkwood portfolio.
17. **Change in Guarantor:** In 2024, it was necessary for Linteam to instruct a change in financial Guarantor for 1Life. Notification had been received that Horsforth Holdings Limited who were originally a named party on several of the contractual documents including the Concession Agreement, had gone into liquidation on the back of Parkwood's acquisition of 1Life. As a result, Alston Investments Limited have now been appointed as the Guarantor to the contract for 1Life/Parkwood. This provides financial re-assurance to the stability of all the PFI partners. All necessary legal documentation is currently being finalised.
18. Members are requested to note this change as for information only as there is no financial liability for the Council regarding this change of guarantor.

## Improvements/Investments

19. **IPS Funding:** As a result in the way in which the contract is structured, the Industrial and Provident Society (IPS) accrues funds that then must be contractually allocated to improving either service provision and/or facilities within the Uttlesford contract.

Projects supported by this funding during 2024 include:

Initiative:	Brief description:	Project cost detail:
Good Boost License Fee	Launch of Musculoskeletal (MSK) Hub across Lord Butler and Great Dunmow	Licence Fee - £4,560
Healthy Communities Manager salary contribution	Recruitment of HCM for the PFI contracts to deliver the Healthy Community plans	Salary Contribution - £18,000
Sunflower Hidden Disabilities accreditation	Upskilling of staff and awareness across site to encourage increased accessibility and inclusion	£660
GP Referral Qualifications	Upskill 1 x staff in GP Referral L3 or Level 4 training - June to December	£645 GP Referral L3 course x 1 staff

10 x 6-month memberships	Health and Wellbeing Coach referrals for those on low incomes (these are based on referrals received in the period, so the number of subsidised memberships can fluctuate)	£26.99 x 6m x 10 people - £1,619.40
Healthcare & Community Partner information pack	Print costs to print Healthcare & Community Partner information pack, raising awareness to local health teams of offer at Uttlesford	£500 Partner pack printing costs

Table 2: IPS Funded projects Q1-Q3 2024

**Parkwood Investments:** Following the acquisition of 1Life, Parkwood have committed to investing in the company and its leisure offering and this has already included direct investment into the Uttlesford contract. To date, there has been conversion of one of the under-utilised squash courts at the Lord Butler centre where an Active Reality (AR) virtual facility has been installed. Although there has been a year-on-year increase in squash participation, the numbers have been minimal and the continued provision of the remaining two courts accommodates the current demand.

Aimed at players of 9 years and over, AR offers cutting-edge virtual reality technology for multiplayer gaming. With each session supporting up to 6 players, its introduction has already increased use of the space. Latest stats show that there has been a 43% increase in the utilisation of the space since its installation in late 2025. The facility is being offered to not only the general public, but also local schools and health and community groups and is promoted through its own website.

A squash court at the Great Dunmow centre has also been converted into a dedicated Spin studio and has been offering additional Spin classes to users since January this year. Again, the area was under-utilised and demand for Spin classes was increasing with only the studio available to accommodate extra sessions if programming allowed. With the introduction of the fit for purpose Spin studio, with state-of-the-art static bicycles, atmospheric lighting and a full-size screen for added user experience, the centre has been able to offer not only extra Spin classes, but also additional sessions for the more traditional studio-based classes such as Pilates, Combat, Pump and Yoga.

More recent improvements have included the re-surfacing of the Lord Butler wet-change area where a resin floor has replaced the original tiled one which was difficult to keep clean and beginning to show its age. The resin has improved not only the aesthetic appearance of the area but also made cleaning easier with 1Life purchasing a specialised floor cleaner.

The gyms at both the Lord Butler and Great Dunmow centres have been completely re-furbished with new gym equipment installed and the Romeera has recently inherited refurbished gym equipment from another Parkwood site.

The Learner Pool at the Lord Butler has recently had a Sensory Wall installed. This provides additional play and stimulation for users of the area with its colourful interactive moving shapes, mirrors, and watering holes.

The combined investment in the above projects has been c£600k.

20. **Further Improvements:** To further improve the leisure offering by 1Life, the Romeera centre will soon be hosting Padel Tennis. It is anticipated that the currently under-utilised outdoor courts at the back of the centre will be converted for Padel sessions to take place towards the end of May. A local company is expanding their offering and will be meeting all necessary costs for the area to be adapted. In addition, the remaining court (sited towards the school playing fields) will be fully cleaned, re-lined and flood lights fitted to ensure any existing 1Life users can continue to benefit from an external facility.

This conversion supports the general shift in trend from more traditional racquet sports such as squash and tennis to more recently introduced activities such as Pickleball and Padel. Both Pickleball and Padel are more inclusive sports and attract a wider demographic including females and family groups therefore broadening the user age range and uptake opportunities. Pickleball is already played regularly in all three centres with bookings every day. These sports are more accessible and inclusive which has supported their recent growth in the UK. However, 1Life still offers the opportunity for those requiring a more challenging and competitive racquet sport through the continued provision of squash, badminton, and tennis courts through the Uttlesford contract.

The council and 1Life are also currently investigating the possibility of securing funding to upgrade the astro turf pitch sited at the Great Dunmow leisure centre. 1Life have had initial discussions with the Football Association (FA) who are keen to work with local facilities as there is a shortage of suitable grade artificial pitches in the district. Officers and the 1Life Uttlesford Contract Manager are discussing the process of securing Section 106 monies from development within the Dunmow area specifically for both the pool and a 3G pitch upgrade.

## Future Leisure Provision

21. **Hand-back:** The Uttlesford PFI Contract is due to expire in August 2035 whereby the council can decide to bring leisure provision back in-house or look for an alternative contractual arrangement with a leisure provider.

Although no key decisions are needed at present, it is recommended by PFI advisors that hand-over projects are commenced within 7-10 years of a contract's expiry. It is also recommended that adequate resources be assigned to manage the project to ensure any transition is as seamless as possible. Planning for the future provision of the service will therefore commence in around February 2026 when the council's re-form partners will have been confirmed.

22. **Areas of focus for expiry:** As an initial indication of what will need to be managed as part of the hand-back process, the following checklist has been compiled and will be used to develop further in-depth project plans:

Task:	Detail:
Understand Your Contract	<ul style="list-style-type: none"><li>• Review all leisure contract documents and ensure they are up to date.</li><li>• Identify key terms, conditions, and obligations.</li></ul>

Governance and Planning	<ul style="list-style-type: none"> <li>• Establish a governance structure for managing the expiry process.</li> <li>• Develop a detailed timeline of actions leading up to the expiry date including any community engagement.</li> </ul>
Condition Surveys	<ul style="list-style-type: none"> <li>• Conduct thorough inspections of all leisure centre facilities, including pools, gyms, and sports courts.</li> <li>• Engage surveyors with experience in leisure facilities to ensure accurate assessments</li> </ul>
Risk and Gap Analysis	<ul style="list-style-type: none"> <li>• Perform a risk assessment and identify any gaps in knowledge or documentation.</li> <li>• Identify and address any identified gaps such as in documents or compliance and mitigate risks.</li> </ul>
Stakeholder Engagement	<ul style="list-style-type: none"> <li>• Communicate with all relevant stakeholders, including those connected with the delivery of the leisure facilities and end-users.</li> <li>• Ensure clear and consistent communication throughout the process especially with regular users of the leisure facilities.</li> </ul>
Financial Planning	<ul style="list-style-type: none"> <li>• Explore financial options for any necessary variations or extensions.</li> <li>• Plan for future funding and budget requirements post-expiry considering potential upgrades or refurbishments.</li> </ul>
Transition Planning	<ul style="list-style-type: none"> <li>• Develop a transition plan for the continuation of services after the contract expires ensuring minimal disruption to users.</li> <li>• Ensure a smooth handover of responsibilities and assets including training and community engagement.</li> </ul>
Lessons Learned	<ul style="list-style-type: none"> <li>• Review lessons learned from similar leisure projects and incorporate best practices.</li> <li>• Document any insights gained during the process for future reference.</li> </ul>

23. **Next Steps:** Although Uttlesford has not yet started any formal hand-back planning, it is recommended that future PFI updates to Cabinet include a high-level overview of the intended hand-back project plans and relevant timescales.

The council will also need to consider the outcome of the local government re-organisation across Essex when planning hand-back. As with all other service areas, an early understanding of leisure provision within the authority's that Uttlesford will join with, would help to start forming leisure options moving forwards.



## Risk Analysis

24.

Risk	Likelihood	Impact	Mitigating actions
If the council does not manage the PFI contract effectively due to a lack of partnership working with 1Life then this may lead to a loss of reputation for both the council as the contract owner and 1Life as the leisure operator	1	2	Monthly contract monitoring with Linteum/1Life and quarterly reviews with senior officers/managers as per governance controls in contract.
If the PFI leisure contract does not provide value for money due to ineffective contract management then there may be a negative impact on the investment made by the council	2	3	As above

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project

## APPENDIX A

March 2018

Linteum (Uttlesford) Ltd. PFI Contractual Diagram

