

AURA STATEMENT, 24 OCTOBER 2024

Aura was established in 2017 as the best option to protect valuable community services and jobs, and with an ambition to ensure the successful delivery of leisure, libraries, heritage and play services in Flintshire. As an employee-owned company, the aim was to invest, prudently, in the future of services and facilities, and to provide secure and fulfilling employment for the workforce.

In 2022, the original five-year funding agreement came to an end, as did the leases for the buildings. In March 2023, Aura accepted a one-year extension following the Council Chief Executive's written (and verbal) commitment that the 12-month period leading up to 31 March 2024 would be utilised to prepare a new 10-year funding agreement (Council letter to Aura dated 24 March 2023).

Between 2017 and 2020, Aura attended Scrutiny Committee meetings to inform members of its performance over the previous 12 months, and its plans for the future, and to answer any questions members might have about its services. Aura has requested to attend scheduled Scrutiny meetings post-pandemic but was informed on several occasions that it is not appropriate at this point in time. Elected members should ask why.

In recent months, elected members appear to have been discouraged from meeting with Aura, its employees or its customers. Partnership meetings between the two parties have not been minuted, and when Aura suggested to the Council that it might be appropriate to record minutes of meetings, the Council Chief Executive's response was that it is not appropriate and is not supported.

Aura considers it important to clarify why it could not reasonably sign the proposed five-year funding agreements shared on 19 August 2024. Firstly, they were incomplete with key information missing. They did not reflect the high-level principles that were agreed with the Council in June 2024 (including no break clause, the ring-fencing of clawed back surplus for reinvestment into schemes that reflected the business priorities of both parties, and new building leases on no less favourable terms) and were presented on a 'take it or leave it' basis. So, the Council made clear through its choice of words that there was no further negotiation to be had.

The Council's terms included providing Aura with one month's notice to end the agreement with no reason given, the right for the Council to reduce the funding or change the project at its absolute discretion with 30 days' notice, and the right for the Council to review the funding every six months and take a range of defined actions at its discretion (including termination of the agreements and recouping of unspent funding). Liabilities arising at the end of the project, or on termination, were to be managed and paid for from Aura's resources, yet Aura's ability to manage its resources and obtain alternative sources of funding under the terms of the proposed agreements was severely restricted. Aura's legal advice was that the proposed agreements should not be signed, not least because, in pure practical terms, the information provided was incomplete and therefore Aura would effectively be signing a blank cheque to the Council. Aura's Board unanimously rejected the agreements, and the Council was advised of this decision on 12 September 2024, four days prior to the Council's own deadline. Some, but not all, of the missing information was subsequently forwarded to Aura during early evening on Friday, 13 September, post the Board's decision and with no time to seek further legal advice.

The information remained incomplete and included the same unreasonable and contentious terms, together with the addition of prohibitive costs for support services, the removal from

Aura's control of the car park and 3G pitches at Deeside Leisure Centre, and a payment schedule which did not reconcile with the agreed funding offer. The Council's position remained that it did not intend to engage in further correspondence or debate. The current interim funding agreement means that Aura is contractually obliged to not speak publicly about its negotiations with the Council. No organisation, whether a community benefit society or a commercial operator, could ever sign under these conditions of business and Council officers know this. The proposed funding agreements were clearly written to be rejected by Aura.

Aura has repeatedly requested that the legal representatives of Aura and the Council meet directly to secure a solution that meets the practical, legal and charitable requirements of both parties. The Council has refused this request on several occasions. The legal advice provided to the Council has not been made available to elected members.

The Local Authority Trading Company (LATC) will not be able to run services as efficiently as Aura without closing and/or reducing services, or assuming significantly higher operating costs. The LATC will lose the charitable relief on business rates (circa £0.500m p.a.) and has already confirmed it will be unable to collect any direct debit payments during November 2024 (circa £0.200m). The LATC cannot access many of the grants Aura has successfully received as it is not a charitable organisation. For 2023/24, Aura returned £0.323m to the Council following a successful trading year. Aura's branding will not transfer to the LATC and will need to be replaced, including the website (where the majority of Aura's income is taken), signage and staff uniform. These additional costs will have to come from the Council's current budget. The Council's limited time frame and lack of customer messaging is already destroying the business model. Aura is receiving clear feedback from large numbers of customers who are cancelling their memberships, including children's swimming lessons, on the basis that they believe Aura's offer is excellent, and that the proposed change will reduce quality. This is a direct result of the Council's decision to railroad through the creation of the LATC in haste, rather than do the necessary work to build customer confidence. The transfer time the Council has imposed on itself will be impossible to achieve without major service interruption. There is little evidence that the Council has completed any due diligence work (options appraisal, risk assessment, equality impact assessment, taxation analysis or business planning) and Aura encourages members to ask whether this has been completed and, if so, to be shared.

Aura has no objections to the funding agreements and all correspondence between Aura and the Council being scrutinised by members and encourages all Councillors to request copies. In truth, Aura has been horrified by the lack of transparency throughout this process.

The Council has never raised any issues with Aura's award-winning performance (Social Enterprise of the Year 2019, Best Social Impact Initiative 2024, and Libraries 'Performing Well' against the Welsh Public Library Standards, to name a few) over the past seven years. Indeed, during this time, the Council's Overview & Scrutiny Committee has commended Aura on its contribution to the Council's Priorities and to the lives of residents. The employee-owned community benefit society was clearly identified by all parties as the optimum operating model for leisure and libraries in 2017. Aura very much believes this remains the case in 2024, and no strategic business case has been provided by the Council to the contrary.

Mike Welch, Chief Executive

Sara Mogel OBE, Chair of Aura's Board