



30 September 2010

NOTICE OF MEETING

A meeting of **ARGYLL AND BUTE COUNCIL** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 7 OCTOBER 2010** at **11:00 AM**, which you are requested to attend.

[Note: There will be a presentation by Rape Crisis prior to the start of the Council Meeting.]

Douglas Hendry
Executive Director - Customer Services

BUSINESS

1. **APOLOGIES FOR ABSENCE**
2. **DEPUTATION**
Consider request for deputation to be heard by Tracey Milton with regard to the termination of Free School Transport in Arrochar and if so resolved, hear the deputation.
3. **DECLARATIONS OF INTEREST**
4. **MINUTES**
Argyll and Bute Council 19 August 2010 (Pages 1 - 10)
5. **SOUND OF MULL MARINE SPATIAL PLAN - ADOPTION AS SUPPLEMENTARY GUIDANCE**
Report by Executive Director of Development and Infrastructure (Pages 11 - 22)
6. **CHARLES AND BARBARA TYRE TRUST - APPOINTMENT OF GOVERNORS**
Report by Executive Director of Customer Services (Pages 23 - 24)
7. **ANNUAL REPORT BY AUDIT COMMITTEE 2009/2010**
Recommendation by the Audit Committee of 17 October 2010 (Pages 25 - 34)
8. **NOTICE OF MOTION UNDER STANDING ORDER 13**
Moved by Councillor Robb, seconded by Councillor Philand.

The Council agrees with immediate effect:

1. In terms of The Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 to have no (none) Senior Councillors. Members existing responsibilities and titles will remain unaltered.
2. To instruct the appropriate officer to bring to the next Council meeting a paper outlining what it is possible to restrict and define for the purposes of 'reasonably incurred expenses' in terms of the Local Government (Scotland) Act 2004 (Allowances and Expenses) Regulations 2007 which shall include but not be restricted to the following:
 - (a) Abolition of subsistence (meals, refreshments and accommodation) incurred outside a member's ward but recognising that councillors for Ward 2 and Ward 4 have a statutory right to certain payments.
 - (b) Restricting reimbursable travel such that expenses shall only be paid to members of committees for attending such committee meetings or to other councillors when their attendance was requested by the Committee or to other councillors when attending with the specific approval of the Council. To establish whether such a restriction would unreasonably restrict a councillor's ability to keep up to date with Council business.

And

to bring forward proposals to further reduce councillor expenses by increased use of video conferencing and a more efficient schedule of Council and ancillary meetings.

3. That councillors will not normally be provided with free meals and refreshments. In exceptional circumstances such provision may be made if determined by the Chief Executive in consultation with the Council Leader or Provost.
4. To instruct the appropriate officers to bring to the next Council meeting proposals to cover that where any elected member is appointed to a position on an external organisation and that position has attached a stipend, attendance allowance or additional remuneration that these will revert directly to the Council. In instances where this is not possible, to explain why.

9. NOTICE OF MOTION UNDER STANDING ORDER 13

Moved by Councillor Hay, seconded by Councillor Currie

Following the recent landslide at the Rest and Be Thankful, the Council requests the Leader of the Council to seek an urgent meeting with the Minister for Transport to discuss ways of ensuring that those communities and businesses directly affected by such slips are protected from expensive detours and financial pressure on already precarious businesses.

E1 10. HELENSBURGH - PROPOSED AQUISITION OF PROPERTY

Report by Executive Director of Development and Infrastructure (Pages 35 - 38)

The Council will be asked to pass a resolution in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public for items of business with an "E" on the grounds that it is likely to involve the disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 7a to the Local Government (Scotland) Act 1973.

The appropriate paragraph is:-

E1 Paragraph 9 Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

COUNCIL

ALL MEMBERS

Contact: Sandra McGlynn Tel: 01546 604401

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**MINUTES of MEETING of ARGYLL AND BUTE COUNCIL held in the COUNCIL CHAMBER, KILMORY,
LOCHGILPHEAD
on THURSDAY, 19 AUGUST 2010**

Present:

Provost William Petrie (Chair)

Councillor Chalmers	Councillor Mackay
Councillor Colville	Councillor MacMillan
Councillor Currie	Councillor McNaughton
Councillor Dance	Councillor McQueen
Councillor Devon	Councillor Marshall
Councillor Freeman	Councillor Morton
Councillor Daniel Kelly	Councillor Nisbet
Councillor Donald Kelly	Councillor Philand
Councillor Kinniburgh	Councillor Reay
Councillor MacAlister	Councillor Robb
Councillor McAlpine	Councillor Robertson
Councillor McCuish	Councillor Scoullar
Councillor Macdonald	Councillor Semple
Councillor McIntosh	Councillor Simon
Councillor D MacIntyre	Councillor Walsh
Councillor R Macintyre	

Attending:

Sally Loudon, Chief Executive
 Doulas Hendry, Executive Director of Customer Services
 Sandy Mactaggart, Executive Director of Development & Infrastructure
 Cleland Sneddon, Executive Director of Community Services
 Bruce West, Head of Strategic Finance

The Council heard a presentation by Chief Superintendent Thomson of Strathclyde Police on the divisions aims and objectives.

1. APOLOGIES FOR ABSENCE

Apologies of absence were intimated from Councillors Hay, Mulvaney and Strong.

2. NOTICE OF MOTION UNDER STANDING ORDER 14

The Executive Director of Customer Services advised that in terms of Standing Order 14 the following Notice of Motion by Councillor Currie, seconded by Councillor Colville had been received for consideration as a matter of urgency at this meeting:-

“That this Council recognises the tremendous economic benefit that the Award Winning Jura Passenger Ferry Service has had on the island, bringing over 7000 people to Jura, and in order that the 3 year trial can operate to the agreed end date of 28th September 2010 and honours the nearly 300 bookings already in the system for this month and next, that the Council contributes £10k in the knowledge that the community of Jura themselves have guaranteed £1700.”

The Provost ruled that the motion be considered as a matter of urgency by reason of the need to secure financial support for the ferry service.

The Council agreed to consider the motion and this is dealt with at item 15 of these Minutes.

3. NOTICE OF MOTION UNDER STANDING ORDER 14

The Executive Director of Customer Services advised that in terms of Standing Order 14 the following Notice of Motion by Councillor Marshall , seconded by Councillor McNaughton had been received for consideration as a matter of urgency at this meeting:-

“That Argyll & Bute Council request to the Scottish Government that a ban on the use of trawled equipment be implemented around the coast of Argyll & Bute extending to one mile to allow the conservation of fish and shellfish and their habitat and to encourage sustainable fishing methods and that this area be designated a Nature Conservation Marine Protected Area.”

The Provost ruled that the motion be considered as a matter of urgency by reason of the need to resolve the matter.

The Council agreed to consider the motion and this is dealt with at item 16 of these Minutes.

4. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

5. MINUTES

The Council approved the Minutes of the Council Meeting of 24 June 2010 as a correct record.

6. LICENSING OF PRIVATE SECURITY CONTRACTORS

The Council were invited to make a resolution requiring that all private security contractors, whether as a principal or sub contractor, will require to be registered by the Security Industry Authority under their Approved Contractor Scheme before they can undertake security work on behalf of the Council in any premises or, on any property which is owned or operated by it.

Decision

The Council noted the contents of the report and resolved that all private security contractors, whether as principal or sub contractors, require to be licensed by the Security Industry Authority under their approved contractor scheme to provide security services to the Council in any premises or, on any property which is owned or operated by it.

(Ref: Report by Executive Director of Customer Services dated 7 July 2010, submitted)

7. COMMUNITY COUNCIL BOUNDARIES

The Council considered a report which highlighted representations made by Hunter's

Quay Community Council regarding Community Council boundaries.

Decision

The Council considered the representations made by Hunter's Quay Community Council and noted that they would be taken into consideration at the next Review of the Scheme of Establishment of Community Councils in Argyll and Bute.

(Ref: Report by Executive Director of Customer Services dated 6 July 2010, submitted)

8. COMPOSITION OF THE COUNCIL

A report by the Executive Director of Customer Services provided information about the formation of a new political group named Argyll First comprising Councillors Philand, Donald Kelly and McAlpine.

Decision

The Council noted the terms of the report.

(Ref: Report by Executive Director of Customer Services dated 8 July 2010, submitted)

9. LOCH LOMOND AND THE TROSSACHS NATIONAL PARK AUTHORITY BOARD - NOMINATIONS

The Scottish Government had written to the Chief Executive asking for 2 nominations from the Council to be considered by the Scottish Ministers for appointment to the Loch Lomond & The Trossachs National Park, one of which to be regarded as local.

Motion

Nominated Councillors Petrie and Simon to the Park Authority.

Moved by Councillor Walsh, seconded by Councillor Robert Macintyre.

Amendment 1

Nominated one Member from the Coalition and Councillor Morton to the Park Authority.

Moved by Councillor Nisbet, seconded by Councillor Reay.

Amendment 2

Nominated one Member from the Coalition and Councillor Robb to the Park Authority.

Decision

On a show of hands vote, the Motion was carried by a substantial majority and subsequently Councillors Petrie and Simon were appointed to the Park Authority.

(Ref: Report by Executive Director of Customer Services dated 8 July 2010, submitted)

10. VACANCY ON THE ARGYLL, LOMOND AND THE ISLANDS ENERGY MANAGEMENT BOARD

The Council considered a report which advised that Councillor Colville had tendered his resignation from the Argyll, Lomond and the Islands Energy Management Board and the Council were invited to fill the vacancy.

Decision

Agreed to appoint Councillor Nisbet to sit on the ALI Energy Management Board.

(Ref: Report by Executive Director of Customer Services dated 29 June 2010, submitted)

11. VACANCY ON THE AUDIT COMMITTEE

The Council considered a report which advised that Councillor Mary Jean Devon had tendered her resignation from the Audit Committee and the Council were asked to fill the position.

Decision

Agreed to appoint Councillor Daniel Kelly to sit on the Audit Committee.

(Ref: Report by Executive Director of Customer Services dated 29 June 2010, submitted)

12. VACANCY ON THE PLANNING, PROTECTIVE SERVICES AND LICENSING COMMITTEE (AND REGULATORY COHORT)

The Council considered a report which advised that Councillor Donald Kelly had tendered his resignation from the Planning, Protective Services and Licensing Committee (and the Regulatory Cohort) and the vacancy on both now required to be filled.

Decision

There were no nominations for a Member to sit on the Planning, Protective Services and Licensing Committee and the Regulatory Cohort.

(Ref: Report by Executive Director of Customer Services dated August 2010, submitted)

13. VACANCY ON THE SOCIAL AFFAIRS POLICY AND PERFORMANCE GROUP

The Council considered a report which advised that Councillor Mackay had tendered his resignation from the Social Affairs Policy and Performance Group and the Council were invited to fill the vacancy.

Motion

Nominated Councillor Robertson to sit on the Social Affairs PPG.

Moved by Councillor Walsh, seconded by Councillor R Macintyre.

Amendment

Nominated Councillor Philand to sit on the Social Affairs PPG.

Moved by Councillor Donald Kelly, seconded by Councillor McAlpine.

Decision

On a show of hands vote, the Motion was carried by a substantial majority and subsequently Councillor Robertson was appointed to the Social Affairs PPG.

(Ref: Report by Executive Director of Customer Services dated August 2010, submitted)

14. QUESTION TO THE EDUCATION SPOKESPERSON UNDER STANDING ORDER 15

The following question had been submitted under Standing Order 15 for answer by the Education Spokesperson:-

By Councillor McAlpine

“Bearing in mind the Scottish Governments manifesto pledge to provide free school meals for primary 1 to 3 in years 2010/11. Could the Spokesperson for Education please confirm whether the government have now scrapped plans to roll this out?”

Answer

I am not in a position to reply on behalf of the Scottish Government but I do have a meeting arranged with the Cabinet Secretary for Education, Mike Russell on Monday 23rd August 2010 as well as other Education officials. I will raise the question at this meeting along with other matters important for the future of Education in Argyll and Bute.

15. NOTICE OF MOTION UNDER STANDING ORDER 14

In terms of Standing Order 14 the following Notice of Motion had been received for consideration as a matter of urgency at this meeting.

Motion

That this Council recognises the tremendous economic benefit that the Award Winning Jura Passenger Ferry Service has had on the island, bringing over 7000 people to Jura, and in order that the 3 year trial can operate to the agreed end date of 28th September 2010 and honours the nearly 300 bookings already in the system for this month and next, that the Council contributes £10k in the knowledge that the community of Jura themselves have guaranteed £1700.

Decision

The Notice of Motion was withdrawn by the mover and seconder as the issue had been resolved.

16. NOTICE OF MOTION UNDER STANDING ORDER 14

In terms of Standing Order 14 the following Notice of Motion had been received for consideration as a matter of urgency at this meeting.

Motion

That Argyll & Bute Council request to the Scottish Government that a ban on the use of trawled equipment be implemented around the coast of Argyll & Bute extending to one mile to allow the conservation of fish and shellfish and their habitat and to encourage sustainable fishing methods and that this area be designated a Nature Conservation Marine Protected Area.

Decision

The Notice of Motion was withdrawn by the mover and seconder.

17. NOTICE OF MOTION UNDER STANDING ORDER 13

Councillor Donald Kelly, seconded by Councillor Philand had given notice of the following Motion:-

Motion

All Elected Members, the Chief Executive, Executive Directors and Heads of Services consider taking a voluntary 10% reduction in their net monthly remuneration effective from 15 September 2010.

Moved by Councillor Donald Kelly, seconded by Councillor Philand.

Amendment

In light of the actions already taken to reduce elected Members and management costs, that no action be taken in regard to the Motion. Further in rejection of the Motion that this Council notes that:-

Having regard to the wording and detail in the Motion, in real terms its discretionary nature, promotes no change to the current provisions within the Council for elected Members and senior officers and because of this fact we view the Motion as being no more than a publicity stunt rather than a position of principle.

The Motion fails to recognise that within the current arrangements the Council has already initiated a 10% reduction on senior Members remuneration through the reductions in the levels of remunerations, and the numbers of SRA's currently utilised within the Council and we will be discussing as part of our budget, initiating a freeze on any inflationary uplifts for the remainder of the life of this Council. For senior officers and Members it can clearly be seen that following the modernisation policy initiative and all the actions mentioned we have secured a significant saving on expenditure over £400k.

This Council acknowledges that savings on Members travel and subsistence over the last few years has resulted in a significant reduction – by some 20% and we will be budgeting for further reductions during the remaining life of this Council.

The Council recognises the importance of the statutory framework that governs the entitlement on the part of Members to remuneration and expenses and the purpose of this – to encourage greater participation, commitment, accountability, acknowledgement of responsibility and improved democracy, elected Members on the Council did not stand at the elections in 2007 because of the payment of remuneration but rather because of a real and genuine commitment to improve the quality of life to the citizens of the areas that they represent as well as Argyll and Bute as a whole. This Council concurs with the view of the Scottish Local Authority Remuneration Committee that being a Councillor today is a full time occupation and in the best interests of democracy and participation, a basic remuneration is essential.

This Council records its appreciation of the dedication and commitment on the part of the Members, senior officers and all staff. In particular at this time of constant change and uncertainty bringing real improvement to the work of the Council and on behalf of the people of our area.

Moved by Councillor Walsh, seconded by Councillor R Macintyre.

Decision

On a show of hands vote, the Amendment was carried by a substantial majority.

The Provost adjourned the Meeting at 1.40pm and reconvened at 2.10pm.

18. NOTICE OF MOTION UNDER STANDING ORDER 13

Councillor Philand, seconded by Councillor McAlpine had given notice of the following Motion:-

Motion

The Council agrees that with effect from 1 October 2010 the Executive Committee be abolished. Thereafter all Council business formally considered by the Executive Committee be referred to the full Council for deliberation on a monthly basis excepting the Month of July when the Council will be in recess.

Moved by Councillor Philand, seconded by Councillor McAlpine.

Amendment

That no action be taken in respect of the ill considered Motion to abolish the Council's Executive Committee.

Moved by Councillor Walsh, seconded by Councillor R Macintyre.

Decision

On a show of hands vote, the Amendment was carried by a substantial majority.

19. NOTICE OF MOTION UNDER STANDING ORDER 13

Councillor Donald Kelly, seconded by Councillor Philand had given notice of the following Motion:-

Motion

To amend the Constitution to permit the formation and operation of non aligned groups not bound by any political ideology, open to elected members of Argyll and Bute Council irrespective of political persuasion to represent constituents within Argyll and Bute on such issues as may be determined by the group's Members.

The following narrative to be inserted at the bottom of Annex 2 POLITICAL GROUPS SCHEDULE 1 - REGULATION 2(1) & (2) Number 4 of current constitution

CONSTITUTION OF Non Aligned GROUPS

1. (1) A non aligned group shall be treated as constituted in relation to a local authority when there is delivered to the proper officer of the local authority a notice in writing which –

(a) is signed by two or more Members of the local authority who wish to be treated as a non aligned group; and

(b) complies with the provision of sub-paragraph (3).

(2) A non aligned group shall cease to be constituted if the number of persons who are to be treated as members of that group is less than two.

(3) A notice under sub-paragraph (1) shall state –

(a) that the Members of the local authority who have signed it wish to be treated as a non aligned group;

(b) the name of the group; and

(c) the name of one member of the group who has signed the notice and is to act as its leader.

(4) A notice under sub-paragraph (1) may specify the name of one other member of the group who has signed the notice and who is authorised to act in the place of the leader when he is unable to act (“the deputy leader).

(5) The name of the group or the name of the person who is the leader or deputy leader may be changed by a further notice in writing delivered to the proper officer and signed –

(a) in the case of a change in the name of the group or the deputy leader, by the leader of the group or a majority of the members of the group:

(b) in the case of a change of the leader of the group, by a majority of the members of the group.

MEMBERSHIP OF Non Aligned GROUPS

2. Subject to paragraph 4 a Member of the local authority is to be treated as a member of a non aligned group if –

(a) he has signed a notice in accordance with paragraph 1: or

(b) he has delivered to the proper officer a notice in writing which is signed by him and by the leader or deputy leader of the group or by a majority of the members of the group, stating that he wished to join the group.

CESSATION OF MEMBERSHIP

3. A person is to be treated as having ceased to be a member of a non aligned group when –

(a) he has ceased to be a member of the local authority;

(b) he has notified the proper officer in writing that he no longer wishes to be treated as a member of the group;

(c) there is delivered to the proper officer a notice under paragraph 1 or

2(b) signed by the person whereby a new non aligned group is constituted or he joins another group; or

(d) there is delivered to the proper officer a notice in writing signed by the majority of the members of the group stating that they no longer wish him to be treated as a member of it.

RESTRICTION ON MEMBERSHIP

4. No person shall be treated as a member of more than one group within the council at any given time and, accordingly, if a person changes the group of which he is a member by notice under paragraph 1 or 2 he shall from the date of delivery of that notice be treated –

(a) in the case of a notice under paragraph 1, as a member only of the new group which is constituted in accordance with that paragraph; and

(b) in the case of a notice under paragraph 2(b) as a member only of the group named in that notice.

Moved by Councillor Donald Kelly, seconded by Councillor Philand.

Amendment

That no amendment be made to the Council's Constitution.

Moved by Councillor Walsh, seconded by Councillor R Macintyre.

After a discussion on the Motion and Amendment in terms of Standing Order 12.3.1 Councillor Marshall moved "that the question now be put" which the Provost put to Members and was carried by a substantial majority. The Provost then put the original Motion and Amendment to the vote.

Decision

On a show of hands vote, the Amendment was carried by a substantial majority.

The Council resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public for the following item of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

20. APPOINTMENT OF INDEPENDENT REPRESENTATIVE ON THE AUDIT COMMITTEE

The Council, on 24 April 2008, agreed to extend appointment of the Chair and Vice-Chair of the Audit Committee to 31 March 2012 and 31 March 2010 respectively and instructed that the post of Vice-Chair be advertised when the term of office expired. The Council considered the recommendation of the Audit Committee of 11 August 2010 to appoint the successful applicant to the position of Vice-Chair of the Audit Committee.

Decision

1. The Council endorsed the recommendation of the Audit Committee and agreed to appoint the successful candidate to the position of Vice-Chair of the Audit Committee for a term of office which would expire on 31 March 2014.
2. Agreed that the Executive Director of Customer Services make arrangements to formally offer the post to the successful applicant and upon his acceptance, advise the unsuccessful candidates accordingly.

(Ref: Report by Executive Director of Customer Services dated 12 August 2010, submitted)

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ARGYLL & BUTE COUNCIL**COUNCIL****DEVELOPMENT & INFRASTRUCTURE****DATE: 7 October 2010**

TITLE - Adoption of Sound of Mull Marine Spatial Plan as non statutory Supplementary Planning Guidance

1. SUMMARY

This report presents the proposed final Sound of Mull Marine Spatial Plan which has been reviewed and amended after public consultation, and requires approval by the Council, to be adopted as non-statutory Supplementary Planning Guidance under the existing Argyll & Bute Development Plan.

The final plan was presented at the Oban, Lorn and the Isle Business Day on 8 September where members were supportive of the plan being adopted by the Council. The final Plan is also being considered by the Executive Committee on 23 September, which is being asked to recommend that the Plan be adopted by the Council.

Argyll & Bute Council has been a key stakeholder in the development Sound of Mull Marine Spatial Plan, which has been taken forward as part of the Scottish Sustainable Marine Environment Initiative (SSMEI), established by the Scottish Executive. The Council has also acted as a lead partner for the project, providing administrative support and hosting the project officer in Oban. The final Marine Spatial Plan (*Annex 1*) has been drafted after feedback from a 13 week public consultation period in late 2009/ early 2010. Accompanying the plan is a revised Strategic Environment Assessment (*Annex 2*), a Scottish Government Equalities Impact Assessment (*Annex 3*) and a Consultation Report (*Annex 4*) which details changes made to the draft plan.

Argyll & Bute Council submitted a series of recommendations in its consultation response, to improve the usability of the plan and its policy framework. Changes made to the Marine Spatial Plan on account of these recommendations are listed in *Annex 5*.

As the Marine Spatial Plan is of considerable length, a one page summary is also provided in *Annex 6* of this report. A single hard copy of the plan is available to view in the Members Room, and the supporting documents referred to above available on the Council website at www.argyll-bute.gov.uk/ssmei. Additional copies of these documents can be made available on CD.

2. RECOMMENDATION

The Council is asked to:

- Consider the Proposed Final Sound of Mull Marine Spatial Plan in light of the changes made post public consultation, in particular as a result of our formal consultation response; and
- Approve the proposed Final Sound of Mull Marine Spatial to be adopted as non-statutory supplementary planning guidance.

3. BACKGROUND – Aims, plan development process & public consultation

The overarching aim of the Scottish Sustainable Marine Environment Initiative (SSMEI) – led by the Scottish Government working with Local Authorities and other partners – is to develop and evaluate approaches to the sustainable management of Scotland's marine resources. Through this initiative, the Scottish Government aims to develop a local level marine planning framework which would apply the ecosystem-based approach through the implementation of a Marine Spatial Plan for a specific region.

The Sound of Mull is one of four selected regions for applying Marine Spatial Planning. The project began in June 2007 and is due to run until June 2011

3.1. Aims

The overall aim of the project is to develop and deliver more integrated and sustainable management of the Sound of Mull through the preparation and implementation of a marine spatial plan that is sensitive to local needs, provides clear guidance, and is effective, adaptable and transparent.

3.2 Plan development process

In summary, the development of the Sound of Mull Marine Spatial plan has involved the following:

- Establishment and continued coordination of a locally orientated working group (Sound of Mull Working Group) including representation from a wide range of stakeholders and regulators who have an interest in the marine and coastal environment of the Sound of Mull.
- Establishment of a wider network of contacts (Sound of Mull Liaison Group) to provide updates on project progress, and to enable the wider community to feed into plan development through a representative on the working group, community meetings and/or by contacting the project officer.
- Establishment of Sector Sub-groups investigate use, management, development and sustainability of various interests, identify development opportunities/constraints that could be incorporated into the plan, and assess sectoral interactions and existing management practices.
- GIS mapping of activities and interests in Sound of Mull and collation of data from agencies and stakeholders, bringing all information together in one place.
- The commissioning of additional projects to provide previously unknown information on socio-economics, landscape assessment, and habitats and species present in the area.
- The commissioning of a Strategic Environmental Assessment (SEA) of the plan, to measure environmental considerations of policies, opportunities and actions contained in the plan.

The entire plan development process involved extensive consultation with local communities, stakeholders, and relevant and competent authorities through public meetings, one to one meetings and correspondence.

3.3 Public consultation

The Draft Sound of Mull Marine Spatial Plan and its accompanying Strategic Environmental Assessment were released for public consultation between the 1st December 2009 and the 28th February 2010. As part of the consultation all community councils in the project area, and public and mobile libraries received hard copies of the draft plan. The consultation was also widely advertised in the local press, on the Argyll and Bute Council website. Drop in sessions were held at Tobermory, Craignure, and outside the Argyll & Bute Council area at Lochaline and Kilchoan to answer questions and raise the profile of the plan.

4. FINAL SOUND OF MULL MARINE SPATIAL PLAN

The final Sound of Mull Marine Spatial Plan has been drafted, with changes based on feedback received during the public consultation period, and from agency responses to the Strategic Environmental Assessment. *Annex 6* gives a summary of the main sections in the plan. The Strategic Environment Assessment of the plan has also been revised (*Annex 2*) and the plan has also undergone equality review against Scottish Government Equality Impact Assessment guidelines (*Annex 3*). Details of changes to the draft Marine Spatial Plan are outlined in the public consultation report (*Annex 4*), and these have been accepted and signed off by the Sound of Mull Working Group.

As a key stakeholder in the development of the Marine Spatial Plan, Argyll & Bute Council submitted a series of recommendations in its consultation response, to improve the usability of the plan and to improve its policy framework and guidance. A list of details on the changes made to the Marine Spatial Plan on account of these recommendations is presented in *Annex 5*.

5. SUMMARY OF CHANGES MADE TO PLAN RECOMMENDED BY THE COUNCIL;

A series of points in relation to the content of the Council's consultation response were approved by the Executive Committee on the 18th March 2010. The following summary details how the Plan has been modified on account of the points presented in the report to the Executive.

- **Integration with the Argyll and Bute Development Plan** – The Executive noted that the Sound of Mull was identified as one of seven priority areas that would benefit from a coastal framework plan. The marine policies in the Plan are considered to be both consistent with and complement the policies in the Argyll and Bute Development Plan.
- **Format and structure of the Sound of Mull Marine Spatial Plan** – The Executive felt that the draft plan would benefit from having elements revised to be consistent with local authority plans, to avoid confusion when users were examining multiple documents. It was also felt that the draft plan may benefit from being split into a number of documents to separate the policy framework (policy and proposals) from parts of the supporting information (background/technical). The final Sound of Mull Plan has revised heading and content where appropriate to maintain consistency with local authority planning documents. Revisions have also been made to the sections to separate much of the descriptive and policy information.
- **Marine Plan Policies** – Whilst the Executive felt that the Plan policies were both consistent with and complement the Argyll and Bute Development Plan, it was considered that the existing policy framework of the plan could be further improved. The Sound of Mull project officer consulted extensively with the Council's development policy management team on the revised wording of the Plan policies.
- **Monitoring, Review & Action Plan Implementation** – The Executive was concerned that original project timeline did not allow enough time for implementation and monitoring of the Plan. Since this meeting was held the project timeline has been extended until June 2011 to allow implementation and a period of monitoring to take place. There was also concern expressed that some of the actions identified may require considerable Council resources to implement. Actions in the Plan have been reviewed to only include those where funding has been provided or ongoing efforts are already taking place. Actions without funding have been included instead as recommendations, and no partner organisations have been listed.
- **Future marine planning (Marine Bill)** – The Executive was supportive of the idea that the Sound of Mull project could be extended to inform any regional marine planning initiatives that will take place in the future. With the extension of the project timeline until June 2011, the project is tasked with reporting on how marine planning could be undertaken in the wider region.

6. CONCLUSION

The proposed final Sound of Mull Marine Spatial Plan has taken into account concerns and recommendations raised by Argyll & Bute Council during public consultation on the draft Marine Spatial Plan. The plan could be a significant piece of guidance in the use and development of the marine and coastal area of the Sound of Mull over the next five years, and has been designed after extensive consultation with the council's planning department to complement the Argyll & Bute Development Plan (Structure and Local Plan). It aims to improve efficiency of development proposal evaluation, help minimise conflicts of interest and guide future investment. The policies and recommendations have been formulated after reviewing the current use of the areas and identifying key coastal management issues and development opportunities, which has involved extensive consultation and input from stakeholders and regulatory authorities.

7. IMPLICATIONS

Policy: The Sound of Mull Marine Spatial Plan will assist the Council in addressing the growing pressures from users within the Sound of Mull, and would be consistent with both Structure and Local Plan policy which seek the development of coastal and marine framework plans for the Sound of Mull. The Council may choose to adopt the final plan as supplementary planning guidance for marine and coastal development in the Sound of Mull.

Financial: Limited officer time would be required to assist the implementation of two actions for which the Council is identified as a partner organisation.

Personnel: If the plan is to be monitored for its effectiveness, assessment of approved future development proposals for consistency with plan policies will need to be conducted, and implementation of recommendations for the management of activities or interests will need to be monitored. This may require Council officer time after project completion in June 2011.

If the plan is deemed to be an effective document, it may need to be reviewed as and when new information arises and circumstances changes. It is envisaged that if the final plan is approved in 2010, it will be updated through a formal review process in 2014, and the responsibility for this would lie with the Scottish Government. However by 2014 statutory regional marine plans may have been developed, or advanced to near completion and this would potentially negate the need for specific planning for the Sound of Mull area.

Equal Opportunity: An Equalities Impact Assessment for Scottish Government has been drafted for the final plan. This assessment is consistent with the Argyll & Bute Council own equalities assessment process. The assessment will be included as an appendix in the draft plan.

For further information contact: Mark Steward
Marine and Coastal Development Manager
Telephone 01631 567 972

ANNEX 1 – Proposed Final Sound of Mull Marine Spatial Plan (available at www.argyll-bute.gov.uk/ssmei and can be requested on CD)

ANNEX 2 – Sound of Mull Strategic Environmental Assessment (available at www.argyll-bute.gov.uk/ssmei and can be requested on CD)

ANNEX 3 - Scottish Government Equalities Impact Assessment (available at www.argyll-bute.gov.uk/ssmei and can be requested on CD)

ANNEX 4 – Draft Sound of Mull Marine Spatial Plan Consultation Report (available at www.argyll-bute.gov.uk/ssmei and can be requested on CD)

ANNEX 5 – List of Changes to Plan from Argyll and Bute Council Consultation Response

Section/ Issue	Comment	Revisions to Plan
General (Plan Structure & Format)	<p>Argyll and Bute Council consider that while the draft plan does provide the information that is required, the final version of the plan could benefit from changes to its format and structure.</p> <p>The Council considers that where possible, there should be elements of consistency in structure and presentation with local authority plans and across other marine and coastal plans in Argyll and Bute and Highland, in order to minimise the potential for confusion where stakeholders and regulators need to consult multiple plans/documents. It would therefore be prudent for the Sound of Mull Plan to consider recent national guidance for the development of terrestrial local authority development plans, which seeks shorter more concise plans with fewer policies and less repetition.</p> <p>The Council considers that the draft plan may benefit from being split into a number of documents to separate the 'Policy Framework (policy and proposals)', 'Opportunities' and 'Supporting information (background/technical)'. Presenting the final plan in a folder may make access to the relevant sections of the plan easier for the user, rather than having to search through the document.</p>	<p>Comments noted and revisions undertaken</p> <p>Local authority plans for Argyll and Bute and Highland Councils (the areas covered by the Sound of Mull Plan) were examined, and where possible the headings and topics described have been redrafted to be as concise and consistent as possible with these local authority plans. However given the two local authorities take different approaches in their Structure and Local Plan documents, and the Sound of Mull Plan covers topics that are not included in these plans, it is inevitable that there are some parts of the Sound of Mull Plan may differ from the approaches taken by Argyll and Bute Council in their regulatory plans.</p> <p>The final Sound of Mull Marine Spatial Plan has been redrafted with a view to reduce the amount of front end information in the document. Each Sector and Sub-area now has an accompanying technical appendix which reduces the amount of descriptive information contained within the Plan. Following on from Argyll and Bute Council's suggestion of providing the printed Plan in folder type presentation, options for doing so are being investigated for the final print run. The suggestion of having separate documents was discussed amongst the Sound of Mull Working Group, however it was felt to be more user friendly to contain all the information within one document/ folder type arrangement as this reduces the need to carry and account for multiple documents by users.</p>
Section 4 (General Policies)	<p><u>Marine Plan policies</u></p> <p>The Council considers that the plan includes a suitable number of policies which are both consistent with and complement the Argyll and Bute Development Plan. We do however feel that the existing policy framework of the plan could be further improved</p>	<p>Both the contents of the policies contained in the Sound of Mull Plan and their wording have been reviewed and agreed upon by the development policy team for Argyll & Bute Council. The policies have been clearly separated from the background information and now provide considerably more detailed guidance, particularly at the local area level. This includes landscape information with</p>

	<p>and we would be happy to work closely with the project officer and working group in order to address the following points.</p> <ul style="list-style-type: none"> • It is felt that the language of some policies is complicated and potentially confusing and that these policies would benefit from minor redrafting to help make them clearer, and provide greater direction to guide development. • Consolidation of policies to reduce repetition should be considered where appropriate. • As discussed above the Council feels the plan would benefit from having the policies separated from the data, background information and analysis. • The sectoral policies should provide more detailed guidance than the general policies. • Reference to opportunities in both the General and Sectoral policies should be reviewed, although we note that this adds to the spatial element of the policies. • Landscape information could perhaps be further integrated into some of the sectoral policies in particular Policy AQ1, rather than all information provided in the appendices. • Consideration should also be given as to whether elements of policies where something is encouraged, should be included in the plan as a recommendation. 	<p>regards to Aquaculture and Coastal Infrastructure. A series of priorities for each Sector and Sub-area have also been drafted, which provide recommendations to steer developments and activities.</p>
<p>Section 5 (Sectors)</p>	<p>The Council supports the use of both Sectors and Sub-areas in the plan and considers that while the Sectors contain a lot of useful information, they are also relatively complex in their structure and content. It is felt that the SWOT analysis and maps for each sector are particularly useful. In the tables listing the hard and soft constraints for each sector it is not clear what the reference number for some constraints relates to.</p> <p>For each sector a table of hard and soft constraints is presented. The Council would like to see Landscape/seascape listed under the 'Natural & Historic Environment' heading.</p> <p>There are a number of opportunities identified in Section 5.5 (Coastal & Marine Infrastructure) that should also be identified or referenced in Section 5.4 (Shipping & Transport).</p>	<p>Both the sectors and the Sub-areas have been revised, with accompanying technical appendices that have removed a lot of the descriptive information. The reference numbers for the constraints tables relate to a report on interactions between sectors, and this has been more clearly highlighted.</p> <p>Completed for each appropriate sector.</p> <p>Opportunities are now listed in each Sub-area to reduce repetition. Where appropriate there are referenced to both Shipping and Transport and Marine and Coastal Infrastructure.</p>

	<p>The table in section 5.6.2 describes the different seabed habitat types present in the Sound of Mull and lists where these habitats may relate to sensitive or protected habitat. This information is very useful but may benefit from listing the actual name of the BAP habitat that is being referred to in the relevant footnotes. The information on sensitivity in section 5.6.4 is also very useful and provides additional detail to assess the more general constraints listed for the Natural Environment in the other sectors and in the sub-areas.</p>	<p>Given that many habitats qualify for both multiple local BAP habitats and also for UKBAP habitat status, listing the particular habitat type that each predicted seabed habitat may cover would involve considerable extra wording and repetition. Additionally the table listing sites, habitats and species have been recorded in the Sound of Mull, gives the name of the BAP habitats and biotopes that are present. These include all of the habitats that are predicted by the seabed habitat model to occur in the area.</p>
<p>Section 6 (Sub-areas)</p>	<p>The Council supports the use of both Sectors and Sub-areas in the plan and given the size of the project area, it is felt that the number of sub-areas in the plan is about right. The information in each is complimentary but there is some repetition.</p> <p>The Natural Environment table in each Sub-area provides the same level of information to that provided in the Natural & Historic Environment Sector (Section 5.6). The amount of information presented in the Sub-area could be reduced to prevent repetition.</p> <p>The information on Landscape/Seascape Character in each Sub-area could make clear that it is Appendices 10-14 that present information on the sensitivity of each part of the coast to development.</p>	<p>Plan has been redrafted specifically to minimise repetition.</p> <p>These tables have been removed. The Sub-area maps still contain symbols for where sites of significance for the natural environment have been recorded, and tables in the Natural and Historic Environment Sector can be referenced for further information on these.</p> <p>More information on landscape/ seascape has been included in each Sub-area, including policy guidance that relates to the sensitivity information. Each Sub-area's technical appendix contains details for the sensitivity criteria for a particular stretch of coast.</p>
<p>Section 7 (Plan Implementation & Monitoring)</p>	<p><u>Monitoring, Review & Action Plan Implementation</u></p> <p>It is not clear how the plan will be implemented, given that the pilot project is due to finish in June 2010. Unfortunately this timescale will not allow adequate time to monitor and implement the plan which is an important stage in measuring the success of the Sound of Mull Plan and the pilot project. Given the time and effort put in from all stakeholders in the development of this plan it is essential that the plan is implemented, reviewed and updated in the future. The Council is a partner in a current bid for INTERREG funding which if successful would extend the duration of the project officer post to allow the plan to undergo a period of monitoring and implementation. Should this funding bid not be successful the Council regards it as essential that necessary resources are made available by the Scottish</p>	<p>The Pilot has been extended until June 2011 to allow for implementation and monitoring work to take place. The INTERREG funding bid was not successful, therefore funding beyond this date is now uncertain.</p>

	<p>Government to allow appropriate implementation of the plan.</p> <p>The implementation of this marine plan may have resource implications for the Council in terms of staff time and implementation of relevant policies and actions. The draft plan includes a preliminary five-year Action Plan (2010 to 2015) which details potential partner organisations and the target year for delivery of specific actions. Resources to deliver these actions have not yet been allocated and therefore it is not currently clear exactly what the financial implications of implementing these actions may be.</p> <p><u>Future marine planning (Marine Bill)</u></p> <p>The planning framework in the Scottish Marine Bill has proposed a regional level of planning, and Marine Scotland aims to develop Strategic Marine Regions for this purpose. The number and scale of these regions are yet to be decided, but much of what is being carried out by the SSMEI pilots could be translated and transferred to regional planning.</p> <p>Section 1.3.3 (Local context for Marine Spatial Planning) identifies that the Sound of Mull Pilot provides good lessons for areas that are small scale, cross local authority boundaries and feature communities that rely heavily in the marine environment for economic needs and social values. The Council considers that as the majority of the coastal area in Argyll and Bute relies on the marine environment economically and socially and therefore this pilot also provides useful lessons for a much wider area.</p> <p>It is felt that there is an opportunity for the Sound of Mull project to be extended not only to implement and monitor the final marine plan but also for the project officer post to help inform and support the development of this new marine planning system, particularly at a regional level.</p>	<p>The Action Plan has been reviewed, and now only includes actions that have funding or ongoing efforts allocated towards them. A new recommendations section has been drafted to steer any actions that may be deemed worthwhile in the future. Financial implications for the Council are minimal although officer time would be required for some actions.</p> <p>As part of the Pilot extension, the final project report will now require a section detailing how lessons learned as part of the project, can be applied to future Strategic Marine Region that is proposed for the area.</p>
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ANNEX 6 – Final Sound of Mull Marine Spatial Plan Summary

Argyll and Bute Council has been a stakeholder in developing a Marine Spatial Plan for the Sound of Mull in collaboration with local stakeholders and regulators. This plan is non-statutory and has been developed to provide an example of a local approach to the sustainable management of Scotland's marine resources. It provides guidance for local authority planners, regulators and stakeholders on the future use and development of the marine waters and surrounding coast of the Sound of Mull. It is hoped that the plan will be used as supplementary planning guidance for developments considered by Argyll & Bute Council in the Sound of Mull.

1. Plan contents

There are essentially four parts to this plan which are summarised below:

Background, Area Introduction and Guide to the Plan

These sections outline the basis for developing the plan, provide a guide for developers, regulators and users of the area on how to navigate the plan, and give a background description of the Sound of Mull, describing its population, economy, landscape and oceanography, natural heritage interests, historic interests, climate change and water quality.

General Policies

This section provides an overarching framework of guidance for all developments and activity within the Sound of Mull to ensure that use of the area by all sectors is sustainable, and assists activities and developments in the Sound of Mull area to achieve their full potential through sustainable growth in line with the needs and aspirations of the communities in the area.

Sectors

There are seven sectors or areas of interest identified in the Sound of Mull. Each sector contains the following information

- A description of current activities and the display of the sector's spatial activities on a map;
- SWOT analysis¹;
- Policies for Development and Activity and Voluntary/Statutory Management;
- A summary of Opportunities for development and activity and their location on a map;
- Summaries of hard and soft constraints affecting development and activity, and interactions between sectors

Each sector also has an accompanying technical appendix which provides more detail on the following information

- Socio-economic and employment contributions
- Additional and Positive Interactions with other sectors/interests;
- Hard and soft constraints affecting development and activity;

Sub-areas

The Sound of Mull has been divided into six Sub-areas, to allow easier consideration of spatial constraints, interactions and opportunities, and to allow an improved description and spatial presentation of activities and interests. The following information is provided for each Sub-area.

- A description of landscape/seascape character, current activities and interests present in the Sub-area;
- A list of priorities to safeguard important existing features and to identify sustainable developments considered to be beneficial for the local communities;
- Opportunities for development and activity for each of the sectors and an indicative location using a point on the map;
- Overview of hard and soft constraints for development and activity for each sector provided as a quick reference table;

¹ SWOT analysis – an analysis of the strengths, weaknesses, opportunities and threats for a sector

- A policy guidance section for the Sub-area that contains specific area guidance on opportunities and constraints that the landscape/seascape provides for aquaculture and coastal infrastructure development (piers, jetties, pontoons, slipways, moorings); and
- Maps: showing current uses and interests, designations, seabed and intertidal habitats within the Sub-area.

2. Key messages

- The final Sound of Mull Marine Spatial plan has involved extensive consultation and input from stakeholders and regulatory authorities;
- Stakeholder consultation has raised awareness of the different activities occurring in the Sound of Mull and how they are managed, leading to a better understanding and appreciation of these activities and interests;
- The plan makes recommendations for different activities and interests, to improve management, reduce conflicts and increase sustainability;
- It provides guidance for planners, developers and stakeholders on the future use and development of the Sound of Mull, highlighting relevant constraints and opportunities for different sections of the area;
- Although the plan seeks to guide both developers and regulators when considering development proposals in the Sound of Mull, individual proposals will still require detailed, site-specific appraisal by statutory authorities, which may involve assessments of factors not taken into consideration in this plan.
- The final plan identifies opportunities for new developments in the Sound of Mull. Many of these opportunities look to improve the existing access to the water for recreational users, bringing economic benefit to the area;
- There are important and sensitive areas in the Sound of Mull which are of high biodiversity interest. There are also areas of high landscape value and scenic quality, and sites of cultural heritage which should be protected from inappropriate development and activities that have potential to adversely affect them;
- The plan is an important information resource for regulators and stakeholders, including a comprehensive overview of current activities and infrastructure, natural heritage and historic interests present in the Sound of Mull.

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ARGYLL & BUTE COUNCIL
COUNCIL**CUSTOMER SERVICES****7 OCTOBER 2010**

CHARLES AND BARBARA TYRE TRUST – APPOINTMENT OF GOVERNORS

1. SUMMARY

This report advises that two Governors of the Charles and Barbara Tyre Trust have completed their second terms of office and one Governor has completed their first term of office and the Council is therefore asked to make appointments to fill these vacancies. There is also one vacancy on the Trust which requires to be filled. The Council is required to make appointments in terms of the Charles and Barbara Tyre Trust Scheme which is a statutory scheme.

2. RECOMMENDATIONS

The Council should appoint three Governors to the Charles and Barbara Tyre Trust. The existing Trustees have recommended that the appointments be as set out in paragraph 4.2 of the report and the Council is invited to consider this recommendation.

3. BACKGROUND

3.1 The Charles and Barbara Tyre Trust is operated in terms of a Statutory Scheme made in 1979 under the relevant Education (Scotland) Act. The Statutory Scheme provides for a governing body of 10 Governors to be appointed by the Council. The Governors need not be Members of the Council.

3.2 The periods of office of Governor run for three years from the date of their appointment. The Scheme also provides that a Governor may be re-appointed but can only serve for a maximum of two successive terms and thereafter must vacate office for a period of one year before becoming eligible for further re-appointment.

3.3 The current Governors are as follows:-

Name	Expiry of First Term	Expiry of Second Term
Mr Drew M Slack (Glencoe and Nether Lochaber)		August 2012

Mrs Mary Smith (Tarbert)	January 2011
Mr John A Clark (Crinan)	January 2011
Mrs Isabella Souden (Lochgilphead)	January 2011
Mr Iain MacKinnon (Mull)	August 2011
Mr Alexander MacPherson (Dunoon)	August 2011
Mr Geoffrey Page (Southend)	August 2012
Mrs Sara Rutherford (Oban)	April 2013
Mr Tony Leighton (Campbeltown)	April 2013

4. DETAIL

4.1 The situation is, that the following Governors have completed their second terms of office and have resigned from the Trust.

- (a) Mrs Mary Smith. Mrs Mary Smith is not eligible for re-appointment.
- (b) Mrs Isabella Souden. Mrs Isabella Souden is not eligible for re-appointment.

The following Governor has completed his first term of office and has resigned from the Trust.

- (a) Mr John Clark. Mr John Clark is eligible for re-appointment but has declined to stay on the Trust.

4.2 The Governors of the Trust have notified the Council that there is a vacancy on the Trust and have advised that Mrs Linda Tighe (Ardrishaig) has expressed an interest in becoming a Governor and would have sufficient expertise to serve as a Governor.

The Governors of the Trust have recommended that Mr Iain MacKinnon and Mr Sandy MacPherson be re-appointed and that the three remaining vacancies be advertised for suitable candidates to be put forward for recommendation.

4.3 The Council is accordingly invited to make three Governor appointments. There is no requirement to appoint a Councillor to fill any of these vacancies.

5. IMPLICATIONS

- 5.1** Legal – The Council has an obligation to appoint Governors to the Trust.
- 5.2** Financial - none
- 5.3** Personnel - none
- 5.4** Equal Opportunities - none
- 5.5** Policy - none

ARGYLL & BUTE COUNCIL

COUNCIL
7 OCTOBER 2010

CUSTOMER SERVICES

EXTRACT OF MINUTE OF AUDIT COMMITTEE 17 OCTOBER 2010

17. ANNUAL REPORT BY AUDIT COMMITTEE 2009 - 2010

In compliance with the CIPFA Code of Practice for Internal Audit in Local Government (the Code) a draft annual Audit Committee report was prepared and presented to the Audit Committee for approval on 25 June 2010. The report summarised the work of the Audit Committee during the financial year 2009-2010 and outlined its view of the Council's internal control framework, risk management and governance arrangements. Comments were obtained from Members of the Committee and an amended final annual report is attached at Appendix 1. Also at the same meeting the Audit Committee terms of reference received an annual review and were approved. The terms of reference are included in an Appendix to the attached report.

Decision

Noted the contents of the report and approved this for submission to the Council subject to a number of minor adjustments which will be finalised by the Internal Audit Manager in consultation with the Chair.

(Reference: Report by Internal Audit Manager dated 25 August 2010, submitted)

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ANNUAL REPORT BY AUDIT COMMITTEE 2009 - 2010

1. SUMMARY

In compliance with the CIPFA Code of Practice for Internal Audit in Local Government (the Code) a draft annual Audit Committee report was prepared and presented to the Audit Committee for approval on 25 June 2010. The report summarises the work of the Audit Committee during the financial year 2009 – 2010 and outlines its view of the Council’s internal control framework, risk management and governance arrangements. Comments were obtained from members of the committee and an amended final annual report is attached in Appendix 1. Also at the same meeting the Audit Committee Terms of Reference received their annual review and were approved. The Terms of Reference are included as an appendix to the attached report.

2. RECOMMENDATIONS

2.1 The contents of this report are noted and approved by the Audit Committee for submission to the Council.

3. DETAILS

3.1 The Audit Committee annual report notes that the committee is striving to effectively discharge their function in accordance with the CIPFA guidance of 2004 entitled “Audit Committee principles in local authorities in Scotland: a guidance note”.

3.2 In 2009 – 2010 a self assessment workshop was facilitated by KPMG UK LLP, as a result the Audit Committee undertook the agreed work plan receiving reports on key issues quarterly throughout the financial year. The workshop is now set as an annual exercise outwith the Audit Committee cycle of meetings and another is to be held in the near future.

3.3 Having now established a mechanism for post completion audits on capital projects, the Audit Committee has been involved in the selection of projects to be reviewed and has received reports from Internal Audit. The Audit Committee has also requested and received reports from services and a report on performance management within the Council for which they received a report from internal Audit.

3.4 The Audit Committee continues to meet quarterly i.e. March, June, September, and December; and is normally attended by the Head of Governance and Law, the Head of Strategic Finance, the Internal Audit Manager and Grant Thornton, the Council’s external auditors together with council officers requested to attend by the Audit Committee.

3.5 The Audit Committee Terms of Reference was approved by Council on 22

May 2009 and following their annual review on 25 June 2010 were approved by the Audit Committee. The Terms of Reference are included as an appendix to the attached report.

- 3.6 Based on reports received throughout the financial year, it is the opinion of the Audit Committee that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's governance and internal control system in the year to 31 March 2010.

4. CONCLUSIONS

Audit Committee performance has been aided through the expertise available from its members, which will be further enhanced through the development of individual training programmes. The Committee is in good heart and relishing its role and contribution. The Annual Audit Committee Report is attached in Appendix 1 with a copy of the committee's Terms of Reference for final approval.

5. IMPLICATIONS

- | | | |
|-----|----------------------|------|
| 5.1 | Policy: | None |
| 5.2 | Financial: | None |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

For further information please contact Ian Nisbet, Internal Audit Manager (01546 604216).

25augfinalreport25aug 25 August 2010

**ANNUAL REPORT BY AUDIT COMMITTEE
FINANCIAL YEAR 2009 - 2010**

Background

The Audit Committee is striving to effectively discharge their function in accordance with the CIPFA guidance of 2004 entitled "Audit Committee principles in local authorities in Scotland: a guidance note"

As part of their 2008/09 interim audit, Grant Thornton UK LLP, External Auditors, carried out a follow-up review on Governance Arrangements including the effective operation of the Audit Committee. A report was presented to the Audit Committee in June 2009.

A workshop facilitated by KPMG UK LLP, to consider further the work and training plan, terms of reference and self assessment exercise, was arranged for 29 May 2009. A subsequent report was produced by KPMG UK LLP and presented to the Audit Committee for their review on 18 September 2009.

Terms of Reference of the Audit Committee

Terms of Reference were approved by Council on 22 May 2009, and are included as Appendix 1 to this report. These Terms of Reference are reviewed annually by the Audit Committee.

Self Assessment Exercise

It is recognised that the Audit Committee needs to identify, prioritise, assess, scope and plan out a programme to achieve their training needs. This will be informed by identifying key tasks that the Audit Committee has to annually undertake, developing an annual workplan with key events and meetings recorded.

Further to the workshop facilitated by KPMG UK LLP, it was agreed that the self assessment exercise and effectiveness review of the Audit Committee was to remain a stand alone activity, out with the cycle of Audit Committee meetings that would be undertaken annually. The next annual workshop will take place in the near future.

In addition, the Audit Committee will annually determine the level of expertise required to fulfil their remit, and also determine a training programme for individual members in line with the expertise requirements of the overall committee remit. The findings of these annual reviews will be reported to the June Audit Committee.

Consideration will also be given to formalising an individual member training programme induction process, tailored to fit each individual's need.

The external audit report also identified a need to ensure that members of the Audit Committee are fully aware of changing legislation pertinent to their role. It was determined that a training programme would be defined annually with an identified training provider,

Summary of the work of the Audit Committee during 2009/2010

The composition of the Audit Committee changed on 22 May 2009 when Councillors Roderick McCuish and Bruce Marshall resigned and were replaced by Councillors James Robb and David Kinniburgh. Ian Ross acted as Chair; throughout the year with Dr Christopher Valentine acting as Vice-Chair until his resignation on 5 March 2010. Councillor Robb recorded the Committee's thanks and appreciation to Dr. Valentine for all his work and commitment to the Committee over the last six years.

A successor to Dr Christopher Valentine is being sought, and in-line with a recommendation from KPMG UK LLP, consideration will be given to agreeing a process for succession planning.

The Audit Committee meets quarterly i.e. March, June, September, and December; and are normally also attended by the Head of Governance and Law, the Head of Strategic Finance, the Internal Audit Manager and Grant Thornton, the Council's external auditors together with officers requested to attend by the Audit Committee.

The Audit Committee have agreed that a draft of their annual report will be considered by the Committee at their June meeting with the final report submitted to their September meeting for approval.

Grant Thornton UK LLP has been appointed by the Accounts Commission for Scotland as the external auditor for the five year period commencing 2006/2007. A Plan outlining how they will approach the audit of the Council in the fourth year of their appointment, reflecting their statutory duties and risk based approach was considered by the Audit Committee at their meeting on 5 March 2010.

During the year various reports are submitted to the Audit Committee. The reports are;

- The Internal Audit Annual Plan;
- Progress Report on Internal Audit Plan;
- Internal Audit Reports;
- External and Internal Audit Report Recommendations Follow up;
- Risk Management and Business Continuity Strategy;
- Annual Audit Plan for External Auditors;
- Annual Accounts – Financial Statements;
- External Audit reports;
- National Reports from Audit Scotland / Accounts Commission;
- The National Fraud Initiative Reports;
- E-Procurement; and
- Absenteeism, Stress, Recruitment & Retention.

The Audit Committee also reviewed reports on the Best Value Service Reviews of Protective Services & Licensing, Community Planning and an on-going service review of Internal Audit. A further report informing the Committee of the procedure and guidance for service reviews and related governance structure was discussed at

the meeting on 5 March 2010. The Audit Committee noted the approach being taken but expressed concerns regarding insufficient scrutiny of service reviews currently being undertaken. The Audit Committee's views were reported to the Council Executive on 15 April 2010 and it was recommended that the Audit Committee note the approach being taken by the Council to carry out service reviews.

As noted in last year's report a mechanism has now been established for post completion audits on capital projects. It was agreed by the Council that the Audit Committee would be involved in the selection of projects to be reviewed and reported on by Internal Audit. A post completion report on the Port Askaig Redevelopment was considered at the meeting on 18 September 2009 and several recommendations made regarding future practices.

The Audit Committee have, after reviewing the reports submitted to them, requested updates where they have concerns about issues arising from the reports. Management have been requested to prepare reports and attend the Audit Committee in person to provide explanations.

The Audit Committee robustly challenged and investigated failures to meet agreed actions in response to audit findings.

A presentation was given to the Audit Committee at their meeting on 18 September 2009, on the Council's performance management system, Pyramid. This included an explanation of the process for reporting scorecard information to Members, the information contained within the Scorecards and progress with the development of the performance management system and what areas still had to be developed. It was agreed to request Internal Audit to look at the effectiveness of the process and system of the performance planning and management framework (PPMF), including the developing role of the Policy and Performance Groups. An initial report of Performance Management was reviewed on 5 March 2010, and it was noted that an in depth Review of Performance Management will be undertaken by Internal Audit during 2010/2011.

Audit Committee's views on the internal control framework, risk management and governance arrangements

At their meeting on 18 September 2009 the Audit Committee approved a report setting out the arrangements for the preparation of the Local Code of Governance and a draft Statement of Governance & Internal Control, in accordance with the CIPFA/SOLACE guidance note for Scottish Local Authorities, issued in May 2009. The completed Local Code of Governance 2009/2010, together with an Improvement Plan will be reviewed at the June 2010 meeting. The draft Statement of Governance & Internal Control will also be reviewed and finalised for inclusion in the Annual Accounts.

Based on the reports reviewed during the year, it is the opinion of the Audit Committee that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control system in the year to 31 March 2010.

The Council is making progress in risk management with further development and regular review of Strategic and Operational Risk Registers and Business Continuity

Plans.

Conclusion

The terms of reference which guide the activities of the Audit Committee are soundly based and are being reviewed and revised as necessary on an annual basis. The Committee has evolved and agreed a framework of reporting which now allows appropriate assessment of the Council's progress in addressing identified issues of governance, risk management and internal control. With a solid base established in this regard, the Committee is now moving to a more pro-active posture on the Council's operations.

Further to recommendations made by Grant Thornton UK LLP, the Training Day facilitated by KPMG UK LLP has enabled the Audit Committee to identify a framework for performance improvement which has allowed it to formally audit and carry out a self assessment of its own efficacy. Audit Committee performance has been aided through the expertise available from its members, which will be further enhanced through the development of individual training programmes.

The evolution of the wider performance environment of the Single Outcome Agreement, and the move to Best Value Phase 2 places an increasing emphasis on self assessment, and the increasing assessment role being performed by Policy and Performance Groups (PPGs), clearly identifies the importance of the Audit Committee as a resource for addressing new challenges.

The Audit Committee is in good heart and relishing its role and contribution.

ARGYLL and BUTE COUNCIL

Audit Committee – Terms of Reference

The Committee's Terms of Reference are generally to promote good internal control, financial management, risk, governance and performance management, in order to provide reasonable assurance of effective and efficient operation, and compliance with laws and regulations, including the Council's Financial and Security Regulations, Contract Standing Orders and accounting codes of practice.

The specific terms of reference are as follows –

Audit Activity

- To agree the internal audit strategic plan, oversee and review action taken on internal audit recommendations;
- To consider the annual report, opinion, and summary of Internal Audit activity (actual and proposed) including the level of assurance it can give over the Council's corporate governance arrangements and other specific internal audit reports;
- To consider the External Auditor's Annual Letter, relevant reports, and the report to those charged with governance and other specific External Audit reports;
- To comment on the scope and depth of External Audit work and to ensure it gives value for money;
- To commission work from Internal and External Audit;
- To consider the performance of Internal and External Audit;
- To facilitate training to support the role of Audit Committee Members;
- To develop an anti-fraud culture within the Council to ensure the highest standards of probity and public accountability;
- To promote good financial practice within the Council;
- To be consulted on the External Audit strategy and plan, review reports from the Council's External Advisors and review action on External Audit recommendations; and
- To review the Council's financial performance as contained in the Annual Report, and to report annually to the Council on the internal control environment.

Regulatory Framework

- To maintain an overview of the Council's Constitution in respect of contract procedure rules, and financial regulations;
- To monitor the effective development and operation of risk management and corporate governance in the Council;
- To monitor the Anti fraud and corruption strategy and the Council's arrangements for dealing with any allegations of fraud or similar improper behaviour;
- To oversee the production of the Council's Statement on Internal Control; and
- To consider the Council's compliance with its own and other published standards and controls.

Accounts

- To examine the activities and accounts of the Council and exercise a governance role over management efforts to ensure that;
 - (a) The expenditure approved by the Council has been incurred for the purposes intended;
 - (b) Services are being provided efficiently and effectively;
 - (c) Value for money is being obtained, all in accordance with Best Value requirements; and
 - (d) The Council/Executive has appropriate information and advice available to them to make decisions.
- To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that needs to be brought to the attention of the Council; and
- To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

Performance

- To promote good performance management practice within the Council;
- To assess the effectiveness of the Council's Performance Management System;
- To regularly review outputs from the Council's performance management system;
- To consider performance and inspection reports from internal audit, external audit and other relevant agencies;
- To commission specific performance reviews to be carried out where necessary;
- To review Best Value arrangements and outcomes, with consideration of both external and internal Best Value reports, strategy/plans and outcomes from Best Value reviews;
- To overview key performance indicator outcomes, including quarterly service performance reporting and Statutory Performance Indicator outcomes;
- To comment on proposals for developing a performance management framework, systems and processes; and
- To review the impact of national performance reports from external bodies such as Audit Scotland and consider their impact on future audit plans for performance work to be undertaken by both external and internal audit

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