



National Lottery
Commission

Scheme of Delegation

SCHEME OF DELEGATION

The Scheme of Delegation sets out the areas of the organisation to which a number of its specific licence functions are delegated.

Paragraph 8 of Schedule 2A to the Act provides for the delegation of functions. It permits the Commission to delegate anything authorised or required by or under any enactment to be done by any duly authorised Commissioner, Commission employee or Committee consisting of Commissioners alone or one or more Commissioners and one or more employees.

The Commission has the job of regulating the Lottery operator effectively in order to fulfil the statutory responsibilities laid down by Parliament and deliver its own vision and objectives. It is a decision-making body, with powers to grant Section 5 and Section 6 licences, and to take measures to secure compliance with the licence. It accounts for returns to good causes, monitors compliance and performance, and has powers of enforcement. It conducts research and provides policy advice as required.

The Commission operates on a Commissioner/Executive basis, rather than a Commission/Secretariat model of governance, and accordingly operational decisions may be delegated through the CEO to the Executive and the staff. Whilst the Commission has ultimate responsibility, under legislation and the provisions of this code, to ensure the proper exercise of its functions and operation of the organisation, it will generally discharge this responsibility through its staff. It will seek assurance from its staff that its responsibilities are being properly met by being properly informed of activities and progress, and will monitor that action is taken as appropriate.

The Commission may decide to delegate responsibility for specified matters, where it has power to do so, to individual members or Committees.

This document describes the functions which have been reserved to the Commission and the functions which have been delegated to Committees, Reference Groups, the Chief Executive and employees of the Commission.

COMMISSIONERS

Commissioners are in effect the board of the Commission, with corporate responsibility, ultimately responsible for the strategic direction and for regulatory policy. Commissioners have corporate responsibility for ensuring that the Commission complies with any statutory or administrative requirements for the use of public funds. To the extent permitted by the originating legislation, responsibility for day-to-day management matters is delegated to staff so far as is practicable, within a clearly understood framework of strategic control.

Matters reserved for Commissioners

The National Lottery Commission reserves to itself all functions vested in it by the National Lottery etc Act 1993 and the National Lottery Act of 1998. The following matters are reserved for the Board as set out in the Act:

1. The decision to grant the Section 5 licence.

2. The decision to grant Section 6 licences that raise new issues of principle or contentious or significant reputational issues.
3. The decision to grant variations to the Section 5 and 6 licences where new issues of principle or contentious or significant reputational issues are involved.
4. Any decision to propose the imposition of a financial penalty.
5. The determination of the level of a financial penalty.
6. Any decision to seek a High Court Order in respect of a Licence breach, or otherwise commence litigation.
7. The consideration of appeals against decisions to find an individual or company not fit and proper (Commissioners not involved in the original decision only).
8. Any proposal for the revocation of a licence, and the decision whether or not to revoke that licence.
9. The approval of the annual Corporate Plan.
10. The appointment of the Chief Executive and the agreement of his terms and conditions of employment.

The Commission also reserves to itself the power:

11. to approve the annual budget.
12. to approve the annual business plan.
13. to approve expenditure in excess of budget.
14. to approve any increase in the overall budget for the year.
15. to approve overall staff establishment adopted in the annual budget and agree significant increases or decreases to the establishment and significant changes to the organisational structure.
16. to approve the adoption of the staff pay award.
17. to approve the Annual Report and Accounts.
18. to approve the strategic risk register and delegate arrangements for its review to the Audit Committee.
19. to approve written explanations given to those affected for decisions made under reserved functions of the Commission
20. to approve any publication or policy stance that raises significant new issues of principle or significant reputational issues or is likely to be highly contentious.

A panel of Commissioners will take decisions on vetting cases where they involve contentious or significant reputational issues. The Panel will comprise of the CE, DCE and one Commissioner (on a rotating basis subject to availability)

All other responsibilities are delegated to the Chief Executive. This includes the ability to delegate his responsibilities to other officers.

THE EXECUTIVE

The Chief Executive has responsibility, under the Commission, for the overall organisation, management and staffing of the Commission, and for its procedures in respect of financial and other matters, including conduct and discipline. As such, the Chief Executive provides, and is responsible for, the link between the Commission itself and its staff.

Matters reserved for the Chief Executive

The following functions are reserved to the Chief Executive:

1. The power to appoint and dismiss staff at Director level and determine terms and conditions.

2. The approval of changes to the size or structure of the NLC establishment within the framework approved by the Commission under reserved power 14 above.
3. Accounting Officer functions, including:
 - o signing the annual accounts and the statement of internal control.
 - o writing off losses as specified in the Financial Memorandum.
 - o making special payments as specified in the Financial Memorandum
 - o agreement to budget virement within the overall budget approved by the Commission.
4. Taking decisions on vetting cases where there are no contentious or significant reputational issues.

These items are not to be delegated except in cases of emergency and where to do so is permitted under relevant legislation, the terms of the Chief Executive's appointment as Accounting Officer, by agreement with DCMS and in accordance with internal policies.

Matters reserved for the Deputy Chief Executive.

1. To make decisions on functions reserved to the Chief Executive in his absence, when necessary.
2. To take actions under staff policies, including the power to dismiss staff below Director level.
3. To approve the appointment of staff below the level of Director and determine, within the pay and grading framework, the individual's starting remuneration.
4. To approve applications for Section 6 licences which raise no new issues of principle or contentious or significant reputational issues.
5. To exercise the Commission's powers in respect of licence conditions
6. The decision to record breaches of the Section 5 and Section 6 licences when the imposition of financial penalties would not be appropriate.
7. The decision to vary the Section 5 licence when no new issues of principle or contentious or significant reputational issues are raised.
8. The decision to vary Section 6 licence when no new issues of principle or contentious or significant reputational issues are raised.
9. To give consent for Ancillary Activities.
10. To give consents under the Section 5 and Section 6 licences.
11. To approve any Ancillary Activity, determine any conditions attached to such Ancillary Activity and the amount of any payment to the good causes, under Condition 6.
12. To authenticate the application of the seal of the Commission.

Matters reserved for the Head of Games Licensing and Consumer Protection.

1. To agree variations to Section 6 scratchcard licences including the class licence where no new issues of principle or contentious or significant reputational issues are involved.
2. To approve changes to scratchcard game rules, game specific rules, game procedures and to the template for scratchcard game procedures agreed under the class licence.

Matters reserved for the Head of Licensing.

1. To approve changes to the terms and conditions and rules and procedures for draw-based games under Condition 7.16 of the Section 5 licence.
2. To approve the Under 16s notice required under Condition 7.28 of the Section 5 licence.
3. To approve 'Codes of Practice', 'Guides' and 'Strategies' as defined by schedule 7 of the Section 5 licence.

4. To grant licensee consent under Condition 21.17 of the Section 5 licence to use, copy, publish or register any item of Lottery Intellectual Property.

Matters reserved for other Executive Staff

Responsibilities of the Directors of Resources and Compliance are captured in relevant procedures, policies and statements i.e. the Standing Financial Instructions, Financial Memorandum and Management Statement. Directors should make themselves familiar with their responsibilities.

The Chief Executive, Directors and all Heads of Division may request information from the licensee, under the powers contained in the relevant licences.

COMMITTEES

The Commission may establish any Committee for such purposes as it considers appropriate and will determine the powers of any such Committee.

Audit Committee

The Audit Committee is an advisory body with no executive powers. However, it is authorised by the Commission to investigate any activity within its terms of reference, and to seek any information it requires from staff that are requested to co-operate with the Committee in the conduct of its enquiries.

The Audit Committee shall inform the Commission on work undertaken to perform the following specific duties:

1. to review the Commission's internal and external financial statements and reports to ensure that they reflect best practice;
2. to discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff;
3. to consider all relevant reports by the Comptroller and Auditor General or the appointed external auditor, including reports on the Commission's accounts, achievement of value for money and the response to any management letters;
4. to review the effectiveness of the Commission's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic and effective manner;
5. to ensure that the Commission's internal audit service meets the standards specified in the Government Internal Audit Standards and other appropriate professional standards as the Committee may, with agreement of the Commission, propose;
6. complies in all other respects with these guidelines and meets agreed levels of service;
7. to consider and advise on the Commission's annual and long term internal audit programme;
8. to consider internal audit reports including value for money reports and the arrangements for their implementation;
9. to consider at the end of each financial year a status report from the Director of Resources outlining progress in relation to actions arising from the Standing Financial Instructions (ref. Standing Financial Instruction 14.5) and other items as required by the Committee;
10. to review the operation of the Commission's code of practice for Commission members and code of conduct for staff;
11. to formally review on an annual basis the Commission's procedures for the timely and accurate declarations of interests of the Commissioners;

12. to formally review the Register of Member's Interests on an annual basis This review to be carried out at the first meeting after the annual update of the Register;
13. to formally report the findings of these reviews to the DCMS and to the full Commission;
14. to review the risk register and arrangements for risk management at each meeting;
15. to review its own effectiveness and report on that to the Commission annually;
16. to consider any other matters where requested to do so by the Commission;

The full delegated authority and responsibilities of the Audit Committee are set out in its Terms of Reference.

Remuneration Committee

The Remuneration Committee is an advisory body with executive powers to determine the Chief Executive's remuneration and annual pay award for staff.

Its main functions are:

1. to approve the NLC Pay Policy and recommend to the full Commission for adoption.
2. to determine the Chief Executive's remuneration;
3. to determine the annual pay award for staff;
4. to agree job descriptions and remuneration of director level posts;
5. to moderate Directors' bonuses and advise accordingly;
6. to receive a report relating to the dismissal of staff;
7. to consider overall staff establishment adopted in the annual budget and agree significant increases or decreases to the establishment and significant changes to the organisational structure and to make recommendations to the full Commission accordingly;
8. to discuss issues relating to Commissioners' terms and conditions and agree recommendations for DCMS to consider.

The full delegated authority and responsibilities of the Remuneration Committee are set out in its Terms of Reference.

REFERENCE GROUPS

Reference Groups have been established by the Commission to improve the flexibility of Commissioners input to key Commission issues. Reference Groups have no executive or decision making powers. The aim is to make the best use of Commissioner's time and ensure the decision making and wider governance process is as effective as possible. They are time limited and topics based, and are held on an informal, flexible and needs-led basis

Reference Groups will undertake the following functions:

1. Review progress and documentation of key work programmes, giving advice ideas, guidance and constructive challenge where appropriate.
2. Provide a quality assurance function of the outputs of key work programmes.
3. Provide verbal updates and written papers to Commissioners regarding key work programmes and their outputs where necessary.

The full delegated authority and responsibilities of the Reference Groups are set out in their respective Terms of Reference.

National Lottery Commission
101 Wigmore Street
London W1U 1QU

Tel +44 (0)20 7016 3400
Fax +44 (0)20 7016 3401

Email publicaffairs@natlotcomm.gov.uk

www.natlotcomm.gov.uk