the
CULTURAL
POLICY
UNIT

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Renewing the National Lottery

A Strategic Plan for Cultural Regeneration and Opportunity

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Top Line: Remaking Britain

The Labour government is under new leadership and there is a real appetite for bold policies that will make a visible and material difference to the quality of people's lives. The government has also recently announced a 12-week consultation titled *National Lottery Good Causes: Fund What Matters to You.*[1]

We believe that now is the time for a 10-year reset of the National Lottery to address a one-off opportunity: **to 'remake' Britain**. The reset should address both Britain's crumbling cultural infrastructure – so that our buildings and high streets are fit to last and our communities are inspiring places to be – as well as the hopes, aspirations, talent and career opportunities of and for a generation of young people. Lottery impact should be visible and felt in every postcode.

This report therefore proposes two linked reforms:

1. **A time-limited 10-year reallocation of National Lottery Distribution Fund (NLDF) shares to increase investment in arts and heritage with a view to visibly regenerating towns, cities and places across the country, together with investment in the craft skills and tech apprenticeships necessary to deliver this.**
2. **The establishment of a National Lottery 'Talent and Opportunity Fund', funded through unclaimed Lottery prizes (currently c £100 million a year) with a view towards mobilising the talent and skills of a generation of young people.**

Together, these reforms would modernise the Lottery settlement for the next generation while preserving the principle that Lottery proceeds should deliver broad and 'additional' public benefit. **Done well, these reforms could also help revitalise the National Lottery brand for official National Lottery operator Allwyn. They would give players a clearer line of sight between participation and visible national impact, thereby supporting renewed public engagement and play at a time when income generated for Good Causes has fallen by a fifth.[2] Allwyn would be interested in highlighting grassroots talent work in the cultural sphere; this could mirror the sports pipeline of talent e.g. from rugby's Red Roses to football's Lionesses –**

where the Lottery has been visibly core to so many personal journeys, engendered so many role models, and created impactful National Lottery ambassadors.

The case for reform is strengthened by overwhelming evidence that young people increasingly feel creative opportunities are shrinking and by Alan Milburn's powerful findings that Britain lacks strong enough pathways from education into work.[3] We argue that Lottery reform should therefore support not only buildings through repair, greening and regeneration, but also the jobs, craft, creative and technical apprenticeships, training routes and civic spaces through which cultural confidence and capability are formed. In an era of deeper devolution, the next Lottery settlement should be designed to work with mayors, local authorities and devolved administrations, so that national funds better reinforce locally defined growth, skills and cultural priorities and support a vital talent pipeline.[4] Properly designed, these reforms would modernise the Lottery settlement, widening opportunity and making the public value of participation in the National Lottery more visible and universally rewarding.

Background

Since its launch in 1994, the National Lottery has become one of the most important sources of public investment in British civic and cultural life. Over £53 billion has been raised for Good Causes across the United Kingdom, supporting hundreds of thousands of projects in arts, sport, heritage, education, health, charity and community development.[5] [6]

The National Lottery model has historically succeeded because it balances universal participation with visible public benefit. The additionality principle should remain the governing test: National Lottery money should back activity that government would be unlikely otherwise to fund, staying distinct from Exchequer spending even where it complements public policy objectives. However, while it remains the beating heart of the cultural circulatory system within our nation, the infrastructure supported by Lottery funding now faces a growing crisis of sustainability. Cultural buildings funded or renovated during the late 1990s and early 2000s are now approaching the end of major capital cycles. High streets, where flagship cultural and heritage buildings and institutions, such as pubs, music venues, cinemas and libraries provide a vital backbone, are in visible decline. Simultaneously, inflation, energy costs, local authority retrenchment and declining capital grant availability have created a severe backlog in maintenance and equipment renewal. That need is intensified by a weakening talent pipeline, both at a cultural and technical level: arts and design GCSE participation has fallen sharply since 2010,[7] arts-teacher numbers have declined, and the local art-school, craft and apprenticeship routes that once identified and developed artistic and creative talent far beyond London have been steadily thinned by closures, mergers and retrenchment.

The effects of this decline are now visible not only in institutions that define the public realm, but also in the lives of young people. Research commissioned by the Roundhouse found that 87% of 18–30-year-olds believe in-person opportunities to connect, build confidence and be creative outside school or work are diminishing, with many identifying the loss of community spaces as a major barrier.[8] Alan Milburn's interim review reaches a parallel conclusion from the perspective of work, youth incentives and participation: Britain has weakened the routes that carry young people from education into meaningful employment, at a growing social and economic cost. Taken together, these findings suggest that cultural policy must be concerned not only with preserving buildings, but with rebuilding the spaces and pathways through which young people develop confidence, transferable skills and a first sense of adult participation. We are talking about a renewal of spirit as well as of place.

Reallocating National Lottery Funding

The Current Funding Structure

The National Lottery Distribution Fund (NLDF) receives proceeds generated by the National Lottery after prizes, Lottery Duty, retailer commissions and operating costs have been deducted.

The current statutory allocation of funds is broadly:

- 20% to Arts
- 20% to Sport
- 20% to Heritage
- 40% to charitable expenditure, health, education and the environment through the National Lottery Community Fund

These funds are distributed through arm's-length bodies including:

Arts

- Arts Council England
- Creative Scotland
- Arts Council of Wales
- Arts Council of Northern Ireland
- British Film Institute

Sport

- Sport England
- Sport Scotland
- Sport Wales
- Sport Northern Ireland
- UK Sport

Heritage

- National Lottery Heritage Fund

Community

- National Lottery Community Fund

Since 1994, the National Lottery has raised approximately £53 billion for Good Causes and supported more than 680,000 individual awards across the United Kingdom. In 2024–25, the National Lottery generated approximately £1.808 billion payable to Good Causes, including £91.7 million from unclaimed prizes.

The Need for Reform

The existing distribution model was designed during the early years of the Lottery when the priority was broad expansion of public access and infrastructure. Thirty years later, the challenge is no longer simply creating cultural infrastructure but sustaining it and investing in the need for national regeneration. There is the original precedent for thinking this way. The so-called 'Bilbao Effect' showed how the Guggenheim Museum Bilbao became part of a successful strategy of urban renewal; but, as the museum's founding director Juan Ignacio Vidarte has stressed, iconic cultural infrastructure works when it forms part of a broader programme of urban and economic strategy and is supported by a sustainable model bringing together all elements of management and funding rather than being treated as a stand-alone building project.[9] There are domestic examples too, from Tate Modern's Bankside conversion to Manchester's Aviva Studios, both of which have been framed as cultural anchors within a wider regeneration story.

Across the country museums face significant maintenance backlogs, theatres and concert halls require major capital renewal, arts venues struggle with energy inefficiency and rising operating costs, libraries face chronic underinvestment despite growing civic importance, pubs – such a vital part of our culture and heritage – are closing, and music venues are disappearing. Here, 'architectural heritage' should be understood broadly: not only landmark institutions, but also libraries, local theatres, museums, community halls, places of worship, pubs and the everyday buildings in which citizens gather, socialise and recognise themselves and their culture. Seen in that wider way, cultural renewal forms part of a larger programme of national regeneration and fits the government's stated ambition to make arts and culture 'for everyone, everywhere'. Regional cultural infrastructure is deteriorating, and local authority capital budgets have sharply declined. Many Lottery-funded buildings constructed or modernised during the late 1990s and early 2000s now require substantial reinvestment.

Without intervention, the UK risks a slow erosion of national and local cultural infrastructure, with Britain's high-streets offering a bleak indicator.

The current structure also creates a strategic imbalance as community funding is distributed across a very broad range of purposes and arts and heritage funding are comparatively constrained despite mounting capital pressures. Funding streams are also often fragmented rather than strategically coordinated. That fragmentation now sits uneasily with the Government's devolution agenda, under which DCMS and its arm's-length bodies are expected to partner with Strategic Authorities and align cultural investment more closely with Local Growth Plans.[10]

Any revised settlement must be underlined by the following priorities:

- Protect the principle of broad public benefit, additionality and defined Good Causes.
- Increase strategic investment capacity.
- Address capital sustainability.
- Support people as well as places.
- Address urgent regeneration needs.

- Improve long-term resilience and ensure a future-facing approach.
- Ensure Lottery-funded assets remain viable for future generations.

Temporary Reallocation of NLDF Shares

We recommend that the government should undertake a formal review of the National Lottery Distribution Fund with the objective of introducing a time-limited reallocation of Lottery shares.

For a period of ten years, the statutory share for Arts should increase from 20% to 25%, and the share for Heritage should increase from 20% to 25%. The National Lottery Community Fund share should reduce from 40% to 30%, while Sport's statutory share should remain at 20%. Because unclaimed prizes would be ring-fenced for a new Talent and Opportunity Fund – rather than, as is the current practice, being returned to the overall pot – the cash value received by each of the four existing Good Causes would also reflect the reduced distributable baseline.

The Community Fund is the largest single distributor, awarding £767 million to more than 12,700 projects in 2024–25, with 84% of awards made as small grants and 82% going to organisations with annual incomes below £1 million. That breadth is socially valuable, but it also means the portfolio is necessarily diffuse and responsive rather than organised around a single long-term capital strategy or pipeline of nationally significant investments. Many projects are necessarily short-term, often lasting fewer than three years, making it more difficult to build lasting assets of civic value, meaningful employment or long-term institutional resilience.[11]

This proposal reflects the exceptional capital pressures facing cultural and heritage infrastructure and threatening the vitality of the public realm. The reallocation would generate hundreds of millions in additional arts and heritage investment over a decade, support regional regeneration, prevent closure or deterioration of nationally significant institutions, and align with government priorities on Net Zero as it would enable investment in energy efficiency and decarbonisation. This is reinforced by *The Path to Net Zero: Exploring Funding Options for Retrofitting Cultural Buildings*,[12] commissioned by Arts Council England and the Creative Industries Policy and Evidence Centre, which found that retrofit projects consistently reduced energy use and carbon emissions while improving organisations' long-term financial resilience.

On the 2024–25 NLDF baseline used in the appendix (and after setting aside that year's £91.7 million in unclaimed prizes for the proposed Talent and Opportunity Fund – see below), approximately £1.72 billion would remain for distribution between the four existing Good Causes. Applying the proposed revised shares to that sum would increase funding for Arts and Heritage by approximately £67.5 million each per year, which is a combined increase of around £135 million annually, or £1.35 billion over ten years if receipts remained broadly constant. This reflects the fact that unclaimed prizes are currently distributed across all four Good Causes.

This matters because the capital crisis is acute. In the independent cinema and mixed-arts sector alone, 31% of venues say they are at risk of closure within three to five years without immediate capital investment, and 69 venues in one recent survey reported needing more than £79 million for essential upgrades.[13] The government's £270 million Arts Everywhere Fund is a welcome initial response,[14] and the subsequent commitment of £1.5 billion for cultural capital investment over the course of the Parliament represents a substantial recognition of the problem.[15] However, these time-limited and separately administered funding streams do not remove the case for a stable, decade-long mechanism capable of addressing the geographic breadth and continuing nature of cultural infrastructure need. The proposed Lottery reallocation would complement rather than replace Exchequer investment, while remaining subject to the principle of additionality.

None of this would permanently diminish the role of the Community Fund. Rather, it recognises that cultural infrastructure itself is a community asset. Libraries, museums, theatres, archives, galleries and music venues are forms of social infrastructure with direct impacts on education, wellbeing, civic pride and economic growth. This is simply a strategic realignment of the principles that also underpin the Community Fund. The National Lottery Community Fund will continue to play a pivotal role, overseeing the new Talent and Opportunity Fund (see below). The reduction should therefore be understood as a time-limited shift within the Good Causes settlement, not a judgement that community activity is of lesser value; indeed, much of the cultural infrastructure and opportunity supported through the revised settlement would itself deliver community benefit.

The proposal does not suggest that investment in grassroots or elite sport should diminish. Rather, it recognises that the most immediate capital pressures currently fall on cultural and heritage infrastructure, much of which is approaching the end of the investment cycle established during the Lottery's early decades. Sport's statutory share would remain unchanged at 20%, and while the establishment of the Talent and Opportunity Fund would marginally reduce the cash available to all four existing Good Causes, the impact on sport would be comparatively modest. This temporary rebalancing therefore reflects the exceptional condition of the cultural estate rather than any reduction in the importance of sporting investment, and the urgent need to strengthen the cultural talent pipeline. Unlike many cultural institutions, significant parts of the sporting sector also benefit from substantial commercial revenues and separate public funding streams, meaning the current capital pressures on the cultural estate are comparatively more acute.

Precedent for Reallocation

There is precedent for altering Lottery fund shares in response to national priorities. Most notably, Lottery legislation was amended to support the funding of the Millennium and for the London 2012 Olympic and Paralympic Games.[16] The current cultural infrastructure crisis justifies a similarly strategic intervention.

A Historical Comparator: Roosevelt's New Deal Arts Programmes

A useful historical comparator is Roosevelt's New Deal, which treated cultural policy not as a luxury adjunct to recovery but as one element of a wider programme of work relief and civic renewal. From 1935, the Works Progress Administration's Federal Project Number One brought together the Federal Art Project, the Federal Theatre Project and the Federal Writers' Project, alongside parallel cultural initiatives elsewhere in the New Deal state. These programmes were modest in macroeconomic scale relative to the wider WPA, but they established an important principle: cultural investment could be designed to create employment, widen access, strengthen public institutions and leave behind assets of long-term civic value.

Their operating model is especially relevant. The point was not simply to subsidise artistic expression in the abstract, but to employ people in their own trades and disciplines at a moment when labour-market entry and professional continuity had broken down. The Federal Theatre Project explicitly prioritised the re-employment of actors, directors, playwrights, designers and stage technicians; the Federal Art Project paid artists and artisans to produce work for public buildings and community use; and the Federal Writers' Project employed writers, editors, researchers, librarians and historians to produce guidebooks, oral histories and documentary records. In each case, public funding functioned both as income support and as a means of preserving occupational skill, confidence and professional identity and promoting talent.

The measurable outputs were substantial. The Federal Art Project supported more than 100 community art centres, gave classes to tens of thousands of adults and children, and created more than 200,000 works, while its Index of American Design preserved over 18,000 watercolour records of American craft and decorative arts. The Federal Writers' Project employed 6,686 writers at its 1936 peak, produced 378 books and pamphlets in the American Guide Series, and generated archival resources that remain foundational, including more than 2,300 first-person slave narratives and 500 accompanying photographs. The Federal Theatre Project employed 15,000 people within a year, staged around 1,200 productions, and reached roughly 30 million audience members in more than 200 theatres and other public venues, with a majority of productions still free at the programme's end.[17]

The policy lesson is not that Britain should replicate 1930s American work relief. The institutional and economic context is plainly different. It is, rather, that cultural spending can be structured so that capital and cultural renewal and human opportunity reinforce one another. That opportunity is particularly pertinent given the scale of the challenge facing England's cultural estate: recent research commissioned by DCMS identified an estimated £2 billion backlog of unfunded repair and maintenance needs across the cultural infrastructure it examined.[18] For a modern Lottery Renewal Programme, that means treating conservation, repair, retrofit and renewal not only as building works but as a route to apprenticeships, paid placements, technical training, heritage craft transmission and first steps into work, especially in places where local cultural provision has weakened and where young people face fewer pathways into participation and employment. In that sense, the New Deal is best understood not as a template but as a proof of concept for combining infrastructure, pathways and visible public benefit.

A final caution is important. Because Federal Project Number One was a small share of overall WPA spending, it should not be presented as the principal engine of American recovery. Its significance lies elsewhere: in the speed with which it converted public money into work, in the preservation of specialist skills that might otherwise have been lost, in the widening of cultural access, in the inspiration and hope it provided to a generation, and in the survival of civic and documentary assets that continued to generate value long after the immediate emergency had passed. That is the most credible parallel for Lottery reform today and one that our policy package aims to inspire.

Heritage and Regeneration

The additional funding of approximately £68 million per year generated through the revised allocation to Heritage should be directed toward a dedicated Cultural Infrastructure Renewal Programme. The programme should prioritise the repair and modernisation of cultural buildings and high streets across the country, including theatres, museums, galleries, pubs, libraries, concert halls, arts and community centres, cultural education facilities, independent cinemas and rehearsal or production spaces. In many cases, relatively modest investment could prevent further deterioration and secure the future of institutions that remain central to local civic life.

Alongside essential repairs, there should be a strong focus on improving environmental sustainability and reducing long-term operating costs. Many cultural organisations are housed in older buildings that are expensive to heat and maintain. This should be framed not as a narrow arts subsidy but as future-facing infrastructure policy. Retrofitting and modernising cultural buildings can cut running costs, reduce emissions, improve resilience and support the skilled jobs demanded by the green transition, allowing the cultural estate to act as a demonstrator for the future of public infrastructure. The Netherlands offers a useful, if more decentralised, comparator in treating cultural heritage as a national capability through the Cultural Heritage Agency of the Netherlands within the Ministry of Education, Culture and Science.[19] Investment in insulation, low-carbon heating systems, renewable energy, upgraded lighting and modern ventilation would not only help meet wider Net Zero objectives but also improve the financial resilience of organisations that are currently struggling with rising utility costs. Evidence from seven real-world cultural retrofit projects examined for Arts Council England and the Creative Industries Policy and Evidence Centre found measurable energy and cost savings, supporting the case that appropriately designed retrofit can improve both environmental performance and organisational resilience.[20]

A renewed Lottery settlement should also place far greater emphasis on regional equity. Over the past decade, many towns, coastal communities and post-industrial areas have experienced a steady erosion of local cultural provision, often linked to reductions in local authority spending. Rural communities can face similar challenges, with fewer venues and limited access to cultural activity. The review should therefore consider how Lottery funding can be used more strategically to strengthen cultural infrastructure in every postcode, particularly in areas that have historically received lower levels of investment or experienced significant decline.

Employment, Creative Apprenticeships and Craft Skills

The additional funding of approximately £68 million per year generated through the revised allocation to the Arts should be framed as an employment and skills intervention. Investment in theatres, museums, libraries, galleries, rehearsal spaces and heritage assets can create paid opportunities in construction, retrofit, conservation, technical theatre, collections care, fabrication, production management, venue operations and digital support. In that respect, cultural spending should be understood as part of a wider response to the weakening of entry routes into work and the need to build human-centric skills identified by Alan Milburn's review.

Projects supported through the Programme should therefore be required to publish an employment and skills plan as part of any major application. That plan should set out the apprenticeships, traineeships, paid placements, work-experience opportunities and local training partnerships that the project will create, alongside the steps it will take to preserve and pass on specialist craft and technical skills. The National Theatre provides a contemporary model for this approach. Its Skills Centre uses the institution's production facilities and expertise to provide apprenticeships, placements and practical training across backstage and technical disciplines, including set and costume design, prop making and technical production. The model demonstrates how investment in cultural institutions and their physical infrastructure can be connected directly to the development of the next generation of specialist creative workers.[21] This should include, where relevant, heritage construction, scenic manufacture, stage engineering, costume, lighting, sound, collections care and conservation, so that capital and creative renewal leaves behind not only improved buildings and places, but stronger pathways into skilled work.

Priority should be given to projects in places where youth disengagement is high, local cultural provision has weakened or access to technical training is limited. Framed in this way, the Programme would help to reduce the risk of young people falling out of education and employment altogether, while demonstrating that cultural investment can generate visible future-proof jobs, practical skills and durable local opportunity.

Libraries

Libraries should form a central part of this approach. They remain one of the few genuinely universal public institutions, combining educational, cultural and civic functions under one roof. In many communities, libraries increasingly act as community hubs, providing digital access, local archives, literacy support, creative programming and public meeting space alongside traditional library services.

The review should also examine whether a more strategic use of Community Fund resources could support library refurbishment, the co-location of cultural services and the development of modern civic cultural hubs. At a time when many high streets and civic centres are under pressure, libraries represent one of the strongest opportunities to rebuild local cultural infrastructure in a visible and accessible way.

Endowment Requirements for Capital Grants

A major weakness in previous capital investment programmes has been insufficient provision for long-term sustainability. Many institutions secured capital grants without adequate ongoing maintenance or operating reserves. Future major Lottery-supported capital projects should therefore include mandatory endowment provision.

Any Lottery-supported capital project above a defined threshold should be required to establish a permanent endowment or maintenance reserve. Possible mechanisms would include matched philanthropic contributions, ring-fenced maintenance reserves, investment endowments and sinking funds for future capital works. This would reduce future emergency funding pressures, encourage financial planning and ensure that Lottery funding is sustainable.

The fundamental principle should be that major publicly supported capital projects must be financially durable.

A National Lottery Talent and Opportunity Fund for People, Pathways and Talent

Under current arrangements, National Lottery prizes that remain unclaimed after the statutory claim period are transferred into the general Lottery funding pot for Good

Causes. This is distinct from the government's Dormant Assets Scheme, which releases funds from e.g. dormant bank accounts to The National Lottery Community Fund for distribution.

Where the reallocation proposal set out above is chiefly about capital investment into buildings and places, this proposed new Talent and Opportunity Fund is about people, pathways and talent. Talent is everywhere; opportunity is not, and the purpose of the Fund is to narrow that gap on a genuinely national scale. The case for the Fund is therefore not only cultural but participatory. If the capital and skills reforms proposed in this paper are about the buildings of cultural life, the Talent and Opportunity Fund should be about the pathways that help people enter it: confidence-building, talent-developing, first opportunities, practical experience and visible routes into creative and civic participation.

Over the past five years, unclaimed prizes have totalled approximately £478 million. Annual figures have fluctuated but generally average close to £100 million per year. This represents a significant and relatively stable source of public funding. Currently, these funds are absorbed into the wider NLDF settlement, without any fanfare, but there's a real opportunity for them to be utilised more strategically. This is the foundation of our concept for a National Lottery Talent and Opportunity Fund.

In practice, the Fund should support three kinds of intervention. First, high-visibility public projects such as festivals, touring work, exhibitions, commissions and collaborations that can demonstrate national impact. Secondly, pathway funding for paid traineeships, bursaries, technical training, youth production labs, mentoring schemes and partnerships between cultural organisations, schools and further- and higher-education providers. Thirdly, place-based projects that reconnect cultural venues, libraries and youth provision to high streets and town centres. Repurposing derelict buildings as workshops/studios for micro cultural and creative businesses and individuals to ply their trade would fall within this category. This would allow the Fund to operate both as a public-facing national event and as a practical instrument for widening access to creative opportunity and fulfilment.

Pathways and Additionality – scholarships, bursaries and progression routes

A central purpose of the Talent and Opportunity Fund should be to strengthen the talent pipeline on which the wider cultural sector depends. In addition to high-visibility commissions and festivals, the Fund should support the institutions and intermediaries that help people enter creative life in the first place, including art schools, grassroots music venues, youth arts centres, further- and higher-education providers, specialist training organisations and the teachers, technicians and practitioners who sustain them. This would broaden the pool of talent from which future Fund-supported work can emerge, while widening access to the means through which talent is recognised and developed.

Eligible activity should therefore include scholarships, bursaries and paid progression routes for low-income artists, musicians, actors, makers, technicians and producers; specialist training in performance, production, design, digital practice and heritage craft; and partnership programmes linking schools, colleges and cultural organisations. The emphasis should fall on first opportunities, practical development and employment-linked progression, rather than on one-off enrichment alone.

To avoid duplication with existing funding streams, the Talent and Opportunity Fund should be reserved for activity that is additional in scale, visibility or pathway impact: nationally recognisable opportunities, cross-institutional collaborations, or programmes that open routes into the creative economy for people and places that routine provision does not adequately reach. Properly designed, this would allow the Fund not only to reward excellence and to promote talent, but also to underpin the workforce, teaching base and specialist training on which the future creative sector depends.

Leaving unclaimed prizes simply to disappear into the wider NLDF is a missed strategic opportunity. Fund-led fundraising and media formats show the value of a simple public proposition, high-visibility campaigning and repeated storytelling around winners, causes, ambassadors and outcomes. A National Lottery Talent and Opportunity Fund would apply that lesson to public policy: turning otherwise low-visibility funds into a visible annual national story while keeping the National Lottery, rather than a third-party platform, at the centre of that story.

This would create a prestigious, nationally recognised programme supporting ambitious cultural projects across the UK, and nurturing and rewarding talent wherever it resides. The size of the Fund would vary annually depending on unclaimed prize totals and this variability should be embraced as a strength. By giving artists and audiences a visible route into around £100 million per year on average, the Talent and Opportunity Fund would turn an otherwise low-visibility transfer into a flagship public moment. Presented well, it could underpin an annual broadcast or digital series in the mould of *Britain's Got Talent*, creating heroes and heroines not only among creatives of every stripe, but also among those whose craft and specialist skills are the foundation of everything we come to treasure.

Larger years could support the people involved in transformational regeneration projects. Smaller years could support festivals, exhibitions, touring productions and creative commissions. The Fund could also be structured to attract philanthropic match-funding and carefully designed naming-rights partnerships, provided National Lottery attribution remains paramount and the additionality principle is protected.

The Fund should be distinguished from ordinary project funding by its visibility, pathway focus and requirement to create genuinely additional opportunities, especially for the young. It should not replicate routine grant-making, but support activity whose scale, visibility or pathway effect would be unlikely to proceed through existing programmes alone. Eligible activity should include scholarships and bursaries for low-income young people, paid apprenticeships in creation and performance, technical production and heritage skills, support for grassroots and community-based pathway providers such as music venues and youth arts centres, and specialist training delivered by and for artists, technicians and teachers. Priority should be given to proposals that open routes for people and places with fewer existing opportunities, reflecting the growing concern that access to creative participation is increasingly shaped by class, postcode and local provision.

Projects supported through the Talent and Opportunity Fund should be selected through a high-profile competitive process designed to encourage ambition and broad public benefit. Applications should be open to a wide range of organisations, including charities, local authorities, cultural institutions, community organisations, educational bodies and creative partnerships.

The process should balance artistic excellence with public value, as with the general National Lottery good cause remit. Assessment criteria should therefore include regional impact, inclusion, sustainability, financial viability and long-term legacy alongside the overall quality of the proposal itself. Particular attention should be paid to projects capable of delivering lasting social and cultural benefits beyond the initial funding period.

Public Engagement and Visibility

One of the strongest arguments for the National Lottery Talent and Opportunity Fund is its potential to reconnect the public with the visible benefits of Lottery participation. While Lottery funding supports thousands of projects across the country, the relationship between ticket sales and public outcomes is often poorly understood. This is partly due to the perceived 'worthy' role of Lottery distributors, such as Arts Council England, but also to a blurring of the additionality principle in the way that Lottery funds are increasingly administered.

The Talent and Opportunity Fund should therefore be designed as a nationally recognisable programme with a strong public profile. Annual announcements, regional showcases and transparent reporting on funded projects would help demonstrate how Lottery participation contributes directly to cultural life across the country. There is also scope for limited public voting elements within parts of the programme, particularly for community-focused awards.

Supported projects should carry clear National Lottery branding so that audiences can easily identify where investment has made a difference. That visibility should not be incidental: every subsequent commission, exhibition, tour, training place or building renewal supported through these reforms should be explicitly credited to The National Lottery, so that players can see what their participation makes possible and the brand receives the public kudos it has earned. The overall objective should be to strengthen public understanding that Lottery funding is not abstract government spending, but a direct national investment in shared civic and cultural life and opportunity for all.

Economic and Social Impact

The proposals we have outlined in this paper would deliver wider economic and social benefits beyond the immediate cultural sector. Increased investment in repair, retrofit and cultural construction projects would support employment across the construction, engineering, tourism and creative industries while also stimulating local economic activity.

Cultural infrastructure frequently acts as an anchor for wider regeneration. Investment in theatres, museums, libraries, music venues and the public realm can increase footfall, support tourism and strengthen local high streets and town centres. In many areas, cultural institutions also play an important role in attracting private investment and philanthropic support.

The social benefits are equally significant. Greater investment in cultural regeneration would improve access to arts and heritage across the country, particularly in places where provision has declined in recent years. That matters especially for younger generations. As the evidence set out earlier in this paper demonstrates, the erosion of places to connect and create coincides with a wider weakening of pathways into education and employment; Milburn estimates that the annual economic and social cost associated with almost one million young people being NEET is around £125 billion.[22] Cultural investment that rebuilds local spaces and funds youth pathways should therefore be understood not only as arts and opportunity spending, but as a contribution to participation, employability, wellbeing and long-term fiscal resilience.

There would also be important environmental benefits. Modernising older public buildings through energy-efficiency upgrades and low-carbon infrastructure would reduce long-term energy consumption and contribute to wider decarbonisation goals. Over time, this would also reduce operating costs for many institutions currently under severe financial pressure.

Legislative Considerations

Implementing these reforms would require a combination of legislative and administrative changes. This would likely include amendments to National Lottery legislation to enable temporary adjustments to allocation shares and revised policy guidance for distributing bodies.

The establishment of a National Lottery Talent and Opportunity Fund may also require the creation of a dedicated statutory or arm's-length framework to oversee administration and public accountability and provide the necessary public showcasing. The most practical route would be to host the scheme within an existing arm's-length distributor, with The National Lottery Community Fund providing grant-administration infrastructure, thus enhancing its 'people' role, and a ring-fenced UK-wide cultural panel making awards alongside the arts and heritage distributors. That would avoid creating a new statutory body while preserving arm's-length decision-making.

Any reforms should preserve the core principles that have underpinned the Lottery system since its creation. Funding decisions should remain at arm's length from ministers, distributing bodies should continue to operate transparently and devolved administrations should remain fully involved in allocation and governance arrangements. DCMS should therefore establish a formal co-design mechanism with Lottery distributors, mayors, local authorities and the devolved administrations to identify regional capital priorities and local skills pathways, while preserving arm's-length decisions on individual awards. Maintaining public confidence in the fairness and independence of the Lottery system will be essential to the long-term credibility of any reform.

Conclusion: Spirit and Place

The National Lottery has transformed Britain's cultural and civic landscape over the past three decades. However, the challenges facing the country's cultural infrastructure have fundamentally changed. The next phase of Lottery policy should move beyond expansion alone and focus on sustainability, resilience and long-term national regeneration, both in terms of individual spirit and pride in place.

A temporary reallocation of Lottery funding towards arts and heritage would help safeguard vital institutions and infrastructure and visibly renew the public realm at a moment of growing pressure and public disillusionment.

Meanwhile, the creation of a National Lottery Talent and Opportunity Fund from unclaimed prizes would provide a visible and inspiring new model of public cultural investment – in people. Together, these reforms would renew the founding social contract of the National Lottery:

that collective public participation can build lasting national benefit.

To succeed, these reforms should be judged not only by the condition of the buildings and infrastructure they support, but by whether they widen access to creative opportunity and create clearer routes into participation and work for the next generation, especially in the context of the impact of AI on the future of work and communities. They would ensure that the Lottery remains not simply a funding mechanism, but a strategic national institution capable of renewing cultural infrastructure, widening opportunity and enjoyment, and creating stronger pathways into participation and work for generations to come.

Appendix: Key Figures

National Lottery Funding

- National Lottery launched: 1994
- Total raised for Good Causes since launch: approximately £53 billion
- Approximate number of grants awarded: over 680,000

- **NLDF receipts in 2024–25**: approximately **£1.808 billion**

Current NLDF Allocation

Sector	Share	Approx. Amount
Arts	20%	**£360 million**
Sport	20%	**£360 million**
Heritage	20%	**£360 million**
Community	40%	**£720 million**
Total	100%	**£1.808 billion**

Proposed Temporary Allocation

Sector	Share	Approx. Amount
Arts	25%	**£429 million**
Sport	20%	**£343 million**
Heritage	25%	**£429 million**
Community	30%	**£515 million**
Subtotal distributed across the four existing Good Causes	100%	**£1.716 billion**

National Lottery Talent and Opportunity Fund (funded from unclaimed prizes): approximately £91.7 million (2024–25).
Total Good Causes funding — £1.8083 billion.

Figures may not sum precisely because of rounding.

Change Compared with Current Allocation

Sector	Change
Arts	+£68 million
Sport	−£18 million
Heritage	+£68 million
Community	−£208 million
Talent & Opportunity Fund	+£92 million

Unclaimed Lottery Prizes

Approximate total unclaimed prizes over the past five years:

Year	Unclaimed Prize Value
2020–21	£100.1m
2021–22	£111.0m
2022–23	£70.4m
2023–24	£105.1m
2024–25	£91.7m

Five-year total: approximately **£478 million**.

Incentives for Allwyn

Allwyn's current public-facing priorities overlap strongly with these proposals. On its UK website, Allwyn says it exists to "change lives every day" and emphasises making The National Lottery better, maximising returns to Good Causes sustainably, delivering social value and growing responsibly. There is also a clear commercial incentive to strengthen the public connection between playing the Lottery and the benefits it creates. Allwyn reported a 14 per cent year-on-year fall in UK sales[23] in the second quarter of 2026, underlining the importance of sustaining player engagement and demonstrating the value generated by participation. The reforms in this paper would reinforce those aims by making Lottery-funded outcomes more visible, more strategic and more clearly associated with the National Lottery brand in the public mind, with people as well as places flying the banner for Lottery Good Causes.

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Alison Cole is Director of The Cultural Policy Unit, having previously established the Arts and Creative Industries Policy Unit, hosted by the Fabian Society. She is the former Editor of The Art Newspaper and has worked as an Executive Director for some of the UK's leading cultural organisations, including Art Fund, where she led the VAT campaign to make all national UK museums free, London's Southbank Centre and Arts Council England. She served as a trustee of the Foundling Museum and is currently adviser to cultural education charity Art UK, originator of 'The Superpower of Looking' visual literacy programme, and a member of the Critics' Circle.

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