

**IN PARLIAMENT
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SESSION 2023-24**

ROYAL ALBERT HALL BILL

Witness Statement of Ian McCulloch

EXHIBIT 11

**The Owen Report: Report by Sir Robert Owen dated 25 March
2014 on his review of the operation of section 14 of the 1966
Act**

**REVIEW OF THE OPERATION OF SECTION 14
OF THE ROYAL ALBERT HALL ACT 1966**

The Honourable Sir Robert Owen

25 March 2014

REVIEW OF THE OPERATION OF SECTION 14
OF THE ROYAL ALBERT HALL ACT 1966

1. **Introduction**

On 31 October 2013 I was invited by the Council of the Royal Albert Hall (the Council) to undertake an independent review of the operation of section 14 of the Royal Albert Hall Act 1966 (section 14) within the following terms of reference:

“Having regard to the constitution and charitable purposes of the Corporation of the Royal Albert Hall the review will:

advise whether the current interim arrangements are necessary, proportionate and to the benefit of the Charity and of the Members; and if so,

advise whether the Council, with the support of the Members is acting properly in continuing to operate arrangements that are at variance with the provisions of section 14 of the Royal Albert Hall Act 1966”.

2. Section 14 made detailed provision for the exclusion of members from the Hall, see appendix 1.
3. The current interim arrangements are contained in a memorandum in the form of an amendment to section 14 (the 2012 memorandum), and in ‘Guidelines to the Hall Administration regarding the granting of exclusive lettings and community ordinary lettings’ both adopted at the Special General Meeting (SGM) of the Members held on 30 September 2012, see appendix 2. A note explaining the 2012 memorandum and the guidelines was before the SGM, and is also contained in appendix 2.
4. In summary the 2012 memorandum modifies the provisions of section 14 to the following extent:

s. 14(1)(a)

The first paragraph of s.14(1)(a) remains; but an additional paragraph expresses the agreement of the Members to the Council “*contracting Exclusive letting to two national charities for two one off concerts each year ...*”

s.14(1)(b)

S.14(1)(b)(i), which authorises 12 exclusive days per annum (the ‘wild card’ provision), is unaltered.

S.14(1)(b)(ii), which made provision for the exclusion of Members from 1/3rd of the functions included in any series of six or more functions which are consecutive and substantially identical, is replaced in the amended form by detailed provisions extending the power of the Council to exclude members in series of differing lengths. Its provisions are supplemented by the guidelines which set out the number of exclusives that may be granted in relation to a series of functions in tabular form.

The amendment also introduced an upper limit of 110 days in a calendar year on which the Council can exclude Members.

At its meeting in December 2013 the Council resolved that, for the avoidance of any doubt as to the implementation of the current interim arrangements, “*in any series of five functions the Council shall secure that Members must remain entitled to attend at least two such functions.*”

5. By letter circulated to Members on 19 November 2013 I invited views on the issues to which the terms of reference give rise. Appendix 3 contains a list of those who responded, and a list of those whom I interviewed in the course of the review. It also contains a list of the documentary material made available to me.
6. The questions of whether the current interim arrangements are necessary, proportionate and to the benefit of the Charity and the Members cannot satisfactorily be addressed without consideration of the relationship between

the Members and the Council. It is therefore both relevant and illuminating to set the relationship in its constitutional and historical context.

7. The constitutional arrangements

The Corporation of the Hall of Arts and Sciences (the "Corporation") is a company incorporated in 1866 by Royal Charter (the Charter) for the purposes of the building and maintenance of the Royal Albert Hall, and its use for the promotion of the Arts and Sciences, specifically for the objects listed in the 3rd recital to the Charter. The 3rd recital also empowered the Corporation "*generally to do all such acts and things...as they think conducive to the purposes of the Corporation, or to the benefit of the Members thereof, having regard to the purposes aforesaid*".

8. The constitutional arrangements for its governance and management are to be found in the Charter, two supplementary Charters and a series of Acts of Parliament culminating in the consolidating Royal Albert Hall Act 1966. All are conveniently to be found in the compendium colloquially known as the 'Blue Book'. The constitution of the Corporation is now contained in the Schedule 2 to the 1966 Act.
9. The original membership of the Corporation consisted of those who had subscribed for a permanent seat in the Hall, at a subscription rate of £100 per seat. £131,000 was raised by subscription, which represented approximately 55% of the cost of construction. The balance was met, directly or indirectly, from public funds. The Commissioners of the Great Exhibition of 1851 contributed £50,000, surplus funds from the Great Exhibition which had made a very substantial profit; and the builders, Lucas Brothers, took 300 seats in lieu of cash payment. The Commissioners subsequently purchased the seats from Lucas brothers at £100 per seat, and in due course assigned them to the Corporation. The Hall was built on part of the Kensington Gore Estate which had been purchased by the Commissioners from the profits of the Great Exhibition supplemented by a substantial Government grant. The site on

which the Hall was constructed, valued at £60,000, was leased to the Corporation for a term of 999 years at a nominal rent.¹

10. The schedule to the Charter made provision for the "*Rights and obligations of subscribers and Members*". It provided that the right of a Member to a seat or seats would continue for the whole term for which the site of the Hall was granted to the Corporation (paragraph 7). Paragraph 8 provided that "*the interests of a Member in the Hall shall be personal estate, and not the nature of real estate.*" A Member may be an individual or a body corporate; and the right to a seat can be assigned or pass on death or insolvency.

11. Members currently have the right to occupy 1276 of the seats in the Hall, such seats being located in the loggia (ground floor), grand tier (first floor), second tier (second floor) and in the stalls. At full capacity the Hall can accommodate between 3500 and 6000, depending on stage configuration and whether the arena and gallery are set for standing or seated audience.

12. The management of the Hall is vested in the Council, which under paragraph 11 of Schedule 2 of the 1966 Act, is authorised to exercise the powers of the Corporation. It originally consisted of a President and eighteen ordinary members elected by the Members, but was subsequently supplemented by the addition of five members appointed by external bodies under the terms of the Second Supplementary Charter of 1928

13. By paragraph 11(2) of Schedule 2 of the 1966 Act, the Council is authorised to let the use of the Hall "... *subject to the rights reserved to the Members of the Corporation, the Corporation may let the use of the Hall, for a limited period, either wholly or partly, exclusively, or reserving certain rights of entry to any persons for any purposes for which the Corporation might themselves use the Hall.*", a provision derived directly from the Charter.

¹ The Royal Albert Hall Ronald Clark 1958

14. In 1967 the Corporation applied for and was granted registration as a charity. As a charitable institution the Corporation has as its objects:

“to maintain the Royal Albert Hall, a Grade 1 listed building of historical and cultural significance and, through its use, to promote the understanding, appreciation and enjoyment of the arts and sciences.”

15. In consequence, and in addition to its role under the constitution, the Council assumed the responsibilities of the governing body of Trustees of the Corporation as a charity, and became subject to charity law and to the requirements and guidance of the Charity Commission.
16. In 2006 the Council undertook a review of its governance. The review sought to clarify the role of seat-holders as Members of the Corporation, and to that end formulated guidelines that provided that:

“(i) In addition to their proprietary rights as seat-holders, the Members have a key role within the Hall’s constitution. In broad terms, that role might be described as seeking to achieve, through the Council, the purposes of the Corporation as a charity.

...

(iii) In all matters relating to the use of their seats the Members should take full account of the overriding requirement to maintain and uphold the good standing of the Hall as a charitable institution. For example, Members should be discouraged from disposing of their tickets in ways that could attract understandable criticism by Hall promoters and performers and the public more generally.”

17. The guidelines, which are at appendix 4, were formally adopted by the Members at the Annual General Meeting (AGM) of the Corporation held on 25 May 2006. In proposing their adoption the President informed the meeting that the review of the governance arrangements derived from a recognition by the Council of the need to ensure that the Corporation operated in a way that was consistent with its charitable status.
18. At its meeting on April 2007, and as a further consequence of the review, the Council adopted a Manual of Governance, which reflected the report of the Nolan Committee on Standards in Public Life, and “Good Governance: a Code

for the Voluntary and Community Sector”. It contains the following section V under the heading “*THE ROLE AND RESPONSIBILITIES OF THE COUNCIL*”:

“The Council, collectively and individually, has and accepts the ultimate responsibility for directing the affairs of the Corporation and ensuring that it is solvent, well run and delivering the outcomes for which it was established. In the case of the Hall, the objects of the Corporation, as set out in the founding Royal Charter, are twofold: first, the building and maintenance of the Hall; and second, through the use of the Hall to promote the advancement of the Arts and Sciences. In addition to those primary objectives, the Council is required to observe the proprietary rights and interests, and take account of the views, of the Members of the Corporation.”

19. Summary

Thus in summary the management of the Hall is vested in the Council; but under paragraph 11(2) of the Second Schedule to the 1966 Act, its power to let the Hall is expressed to be subject to the proprietary rights of the Members (see paragraph 13 above and section V of the Manual of Governance). It follows that the seats in private ownership cannot be used for the pursuit by the Corporation of the purposes for which it was established, nor for its charitable objects, save to the extent to which the proprietary interest in such seats is limited by Act of Parliament, or by the agreement of Members to forgo or limit their rights to occupy their seats. As to the latter, it would be open to an individual to agree to limit his right to occupy his seat; but it would also appear to be open to the membership, as the body constituting the Corporation, and in the exercise of the power to act in a manner “*conducive to the purposes of the Corporation*” (see paragraph 7 above) to resolve at general meeting to limit the right of members to occupy their seats. Thus the asset that the Corporation can utilise to give effect to its objects is the Hall less those seats in which the Members have a proprietary interest, subject only to the degree to which the right to occupy a seat has been limited by Parliament under section 14 or by resolution by the Members. It follows that the duty to “*take account of the view of Members*” can only apply to the manner in which the Council

pursues the purposes for which the Corporation was established and/or its charitable objects.

20. Furthermore it appears that any financial benefit that may accrue to Members as seat holders is incidental to the pursuit by the Council of such purposes and/or its charitable objects. The 3rd recital (see paragraph 7 above) authorised the Corporation to act “*as they think conducive to the purposes of the Corporation, or for the benefit of Members thereof, having regard to the purposes aforesaid*”. The power to act for the benefit of Members can only be exercised having regard to the purposes for which the Hall was established. Hence the advice given to the Council by Christopher H. McCall QC in Opinions dated 16 September 2008, 9 March 2009 and 27 May 2009 encapsulated in the following passage from paragraph 2 of the Opinion of 16 September 2008:

“...membership is and has always been in the nature not of a right that competes with the achievement of the charity's purposes but as ancillary or incidental thereto..”

21. It is also to be noted that the 6th recital expressly provides that:

“No dividend shall be payable to any Member of the Corporation, and all profits which the Corporation make by the use of the Hall, or by the sale or letting of any seats, which, after the completion of the Hall, may, for the time being belong to the Corporation, shall be applied in carrying into effect the purposes of the Corporation in such manner as the Corporation thinks fit.”

22. Secondly the role of Members in the governance of the Corporation, as distinct from enjoyment of their proprietary rights as seat-holders, and as articulated in the guidelines approved by the membership at the 2007 AGM, is to seek “*to achieve, through the Council, the purposes of the Corporation as a charity*”.
23. There are two situations in which a balance may have to be drawn between the interests of the Members and the pursuit of the Corporation's objects. The first arises when the Members are invited to consider and to vote on a

- resolution in general meeting modifying their right to occupation of their seat. In voting on such a resolution, the Members, as members of a body with charitable status, must take account of the charitable objects of the Corporation, and balance the pursuit of such objects against their personal interest as a seat holder, an obligation reflected in the 2007 guidelines (see paragraph 16 above).
24. That may not be an easy balance to draw; and the proper discharge of their role as Members in voting on such a resolution necessarily depends upon their being fully informed as to the financial case for limitation of their proprietary rights. It is to that balance that this review is principally directed.
25. The second situation in which a tension between the charitable objects of the Corporation and Members' proprietary rights may arise is in the exercise by the Council of the power to grant exclusive lets. In addressing the issue of exclusion of Members from a number of functions in a series in accordance with the amended form of section 14(1)(b)(ii) the Council has a measure of discretion in that in each category of series, it is obliged to "*secure that Members remain entitled to attend at least*" the specified number of functions. In exercising its discretion the Council will have to balance the commercial case for exclusives in the pursuit of its charitable objects, against the Members' interest in attending more than the minimum number of functions specified in the amended form of section 14(1)(b)(ii).
26. It is necessary in this context to make reference to material provided for my consideration in the course of the consultation exercise, namely a copy of a letter sent to the Chairman of the Charity Commission on behalf of a Member by Payne Hicks Breach, solicitors, on 1 October 2013, supported by a "*Brief Note – Proceedings to resolve legal issues in relation to the constitution*" from leading counsel, raising a question as to the proper construction and effect of the constitutional arrangements, and expressing a different view as to effect of the provisions contained in the 3rd recital to the Charter. In short it sought to argue that there is an irreconcilable conflict between the pursuit by the Corporation of its charitable objects and the private benefit of Members, a conflict that undermines the Corporation's charitable status. The determination

of any issue as to the charitable status of the Corporation falls outwith the terms of reference of this review, and can only be resolved by an application to the Chancery Division of the High Court for a declaration as to the proper construction of the constitutional arrangements and as to the charitable status of the Corporation.

27. But as indicated at paragraph 6 above, the issues to which the Terms of Reference give rise cannot satisfactorily be addressed without consideration of the relationship between the Members and the Council, hence the analysis set out above. It must be for the Council, on legal advice, to decide whether it is necessary or appropriate to take any further steps in relation to the charitable status of the Corporation.

28. The historical context

From the outset the funds at the disposal of the Council for the maintenance and administration of the Hall, derived principally from receipts from lettings, were found to be insufficient for such purposes. Thus the author of *The Royal Albert Hall*, first published in 1958, records that by the summer of 1874 the “*position (financial) of the Hall was becoming increasingly difficult...The large number of seats in private hands made letting far more difficult than had been anticipated...*”².

29. In consequence the Council considered various means of putting the Hall on a stable financial footing, specifically the introduction of a seat rate payable by Members and a proposal that seat holders should give up their rights for six months thus enabling the whole hall to be let.³ The latter proposal was rejected; and there was strong resistance to the former by a body of seat-holders. Eventually there was agreement to a levy of £2 per seat, and in consequence the Royal Albert Hall Act 1876 was enacted “*To make better Provision for the Maintenance of the Royal Albert Hall*”, by the imposition of such a seat rate. But as the author of *The Royal Albert Hall* put it:

² Ibid page 80

³ Ibid page 91

“The 1876 Act gave the Hall a very necessary £2,600 per annum boost. Whether it would prove strong enough, however, was a question that continued to worry the Council. They could reinforce it by persuading the seat holders to give up their rights occasionally, allowing their seats to be used by entrepreneurs, which would enable the Hall to charge high letting fees, and by letting the Hall for fresh purposes.”⁴

30. In 1887 the Charter was modified by a Supplemental Charter which extended the objects for which the Hall could be let, and secondly authorised the Corporation in General Meeting to empower the Council to exclude the Members from the Hall on occasions not exceeding ten a year, a resolution to such effect to require a two thirds majority. The problem of funding the maintenance and management of the Hall again required intervention by Parliament in 1927, when a further Royal Albert Hall Act made provision for an increase in the seat rate, and made further provision for the exclusion of Members on occasions on which the purposes for which the Hall was let required the erection of a floor over the amphitheatre stalls.
31. Yet further provision as to the seat rate and for the exclusion of Members was made in the Royal Albert Hall Act 1951 and in the consolidating Act of 1966. In addition to increasing the seat rate, the 1951 Act imposed a capital contribution on Members of £250 per seat payable by instalments (see section 4) and increased the Corporation’s borrowing power to £500,000 (see section 5). As a consequence of the increase in borrowing power, the Corporation raised a loan of £150,000 from its bankers, secured on the capital contribution payable by members; and secondly an interest free loan of £40,000, repayable over 25 years, was obtained from the Treasury.
32. The 1966 Act was preceded by a number of meetings of Members. At a SGM held on 17 December 1964 the Members were invited to approve the promotion of a draft bill that would have had the effect of further curtailing the rights of seat-holders. The President told the meeting that the provisions contained in the draft bill were necessary to enable the Hall to survive financially in an increasingly competitive entertainment market. But after a

⁴ Ibid page 93

lengthy meeting, the minutes of which reveal it to have been decidedly stormy, the resolution was rejected. A further draft bill was considered and approved by the Members at a SGM held on 27 May 1965; but following further proposed amendments to the draft yet another SGM was held on 14 October 1965 at which the draft that was eventually enacted as the 1966 Act was approved. As one Member observed in the course of the consultation exercise, the current debate is in essence a replay of the debate that preceded the 1966 Act.

33. As to the seat rate section 3(1)(a) of the 1966 Act provided that:

“3(1)(a) The council shall in every year not later than the 31st July determine what sum will be required in that year for the general purposes of the hall and shall determine at what sum, not being less than ten pounds for every seat, the members shall be rated for that year for those purposes and the sum so determined is in this Act called ‘the annual contribution.’”

34. As to exclusive lets, section 14(1) made detailed provision, and section 14(2) provided that any additional rent received in respect of an exclusive letting, should be applied by the Council in or towards the reduction of a Member’s annual contribution.

35. In the early 1990s it became clear to the Council that a major and costly development and refurbishment of the Hall was essential. In consequence an application was made to the Arts Council and Heritage Lottery Fund for grants totalling £40.4 million. The application made specific reference to the proposed presentation of circus (Cirque du Soleil) and co-promotions of opera and ballet, proposals directed at maximising income by filling ‘fallow’ periods in the Hall’s calendar of events, namely January, February and June.

36. The application for lottery funding was approved in June 1996, and enabled completion of the building programme in 2004, at a total cost of approximately £70 million, the balance being funded by trading surpluses.

37. The recent history

The letting of the Hall for the Cirque du Soleil and the co-promotions for opera and ballet, each comprising a series of repeat performances, involved exclusive lettings in excess of the 50% limit imposed by section 14. At the AGM held on 29 May 2008, the President, Mr John Antcliffe, acknowledging that in approving the grant of exclusives, the Council had not been acting in accordance with section 14 for some years, proposed a motion that an application be submitted to the Charity Commission for a scheme amending the terms of section 14. He is recorded in the minutes as saying:

“First, the pattern of lettings approved by Council over the past 15 years has been done in good faith in the clear belief that the approach adopted has been in the best interests of both Members and the Hall. With hindsight, Council should have consulted members at the outset before adopting this approach and I apologise unreservedly for the fact that this was not done 15 years ago.”

“Secondly, I am sorry that some of the correspondence relating to the proposed amendment has suggested that you, the Members, have different interests to us, the Council. To characterise this as an ‘us’ and ‘them’ debate is simply wrong.”

“The vast majority of Council Members are seat holders and no-one on the Council has ever had any reason to make the decisions we have taken other than to promote the prosperity of the Corporation and, by so doing, to protect and promote the interests of the Members. That view is supported by Price Waterhouse Coopers in its review, a summary of which has been sent to you, and that is why, as fellow Members of the Corporation, your Council unanimously believes that this proposed amendment is much in the interests of all members.”

“Finally, the amendment is intended to create a new framework to allow us to balance two objectives: first, to provide Members with as many opportunities as practicable to attend a varied programme of quality events each year; and, secondly to secure the continued financial health of the Hall in an increasingly competitive market place for live entertainment with the option to continue staging Cirque in January and co-promote opera and ballet.”

In proposing the motion the President stressed the desirability of regularising the position by amendment of section 14, and secondly the need fully to restore the trust of Members in the Council. The resolution was passed.

38. The AGM had before it a summary of a “*Review of proposed amendment to s14.(1) of the Royal Albert Hall Act 1966*”, by PriceWaterhouseCoopers (PWC) 15 May 2008, which had been commissioned by the Council, and which has been a convenient source of factual information derived from the Corporation’s records.
39. An application was duly submitted to the Charity Commission. But at the AGM held a year later on 28 May 2009, the President informed the meeting that in response the Charity Commission had expressed concern as to whether “... *there is an appropriate balance between the public benefit provided by the Hall and the private benefit derived by Members of the Corporation*”, and that “*exchanges with the commission on this complex issue are continuing.*” That remained the position at the AGM held on the following year, 27 May 2010.
40. On 26 May 2011 both an AGM and a SGM were held. It is not necessary for present purposes to go into the events at the AGM; but at the SGM Mr Jonathan Crystal proposed a further modification of the proposed amendment to section 14, and to the guidelines by reference to which the intended amendment was to be implemented, to the effect that clarity should be given by adoption of dictionary definitions of the words “*concerts, recitals, wrestling or boxing entertainments*”. The resolution was carried.
41. Following the 2011 AGM the Council set up a ‘Section 14 Working Party’ under the chairmanship of Mr Elie Dangoor to review the operational guidelines that the administration was required to adopt in the allocation of exclusive lettings. By its terms of reference the working party was required to take full account of:

*“The Hall’s Public Benefit obligations
The extent to which the current programming model underpins the
Hall’s economic viability; and
The Members proprietorial interest.”*

42. The working party met twice, but was not in a position to make recommendations to the Council before its meeting on 19 April 2012, the minutes of which record that *“Council acknowledged the complexity, and importance, of the issues flowing from the successful 2011 Resolution”* and that *“there was an urgent need to resolve this matter, possibly by convening a Special General Meeting specifically for that purpose as soon as a Council position had been settled”*.
43. At the AGM held on 31 May 2012 the President, Mrs Anthony Travis, made a number of opening observations, in particular:

“I want to say at once that I defer to no one in my defence of the proprietorial rights of the members of the Corporation. The fact is for over 140 years, we and our predecessors have agreed to modify parts of our constitutional arrangements to make them work better, to the benefit of the Members and the Hall more generally. What has evolved is a model that works with remarkable success, particularly in maintaining the Hall’s competitive edge. I need hardly tell you that we operate today in a fiercely competitive environment and against other venues that do not have Members’ seats to factor into their negotiations. A good example of the pragmatic approach that has been adopted by Members and the Council alike is the support that was given at the 2008 AGM to the arrangements that had been adopted by Council in the allocation of exclusive lettings.

Since then, and particularly leading up to this AGM, there has been some pretty extensive debate within the membership on a number of specific and important topics. Two stand out. ... Second, the continuing dialogue defined and agreed a practical way of implementing the successful resolution proposed by Mr Crystal at last year’s Special General Meeting, relating to our letting arrangement, and on which I propose to report under “Other Business”. ...

I am very sad to say that certain events over the last few years would have appeared to have weakened the bond of trust between the Council and the members that is the very foundation of our present success. I have been absolutely frank in acknowledging that in large part this is the result of a failure by the Council either to be as open as it should have been with its dealing with the Members, or to have confidence in the support that the Members will give to propositions that are well presented and convincingly argued. Since becoming President I have tried my level best to do what I can to restore those bonds of confidence and trust. I sincerely hope that the Members in general will have recognised this change of mood and direction ...”

44. At its meeting held on 19 July 2012 the Council unanimously adopted the Memorandum containing the interim arrangements for exclusive lettings and the associated Guidelines.
45. At a SGM held on 30 September 2012, the Members agreed the following resolution nem con:

“To receive and note with approval the Council’s proposals in connection with the continued operation of the modified arrangements relating to section 14. Exclusive lettings for a further period of up to 3 years from the commencement of these revised arrangements pending any further progress in agreeing the arrangements for a Scheme that will formally amend the terms of section 14 of the Royal Albert Hall Act 1966, as more particularly set out in the attached memorandum and associated Guidelines as recommended by the Council.”

46. Before the resolution was put to the meeting, the President made the following observation:

“I would also like to suggest that the Memorandum and associated Guidelines provide a comprehensive and straight forward, but also detailed, set of rules that reflect the arrangements that the 2008 Memorandum that was noted with approval by the members. The changes incorporated into both the Memorandum and, rather more significantly, the Guidelines reflect the spirit and the letter of the 2008 arrangements and of the Resolution passed by the Members last year. Thus, Members’ access to their seats in any series of performances is clear and transparent.

You will have seen that we have taken the opportunity to ensure that Members are able to monitor and review more closely at each and every AGM the operation of these arrangements. That to me is an important and appropriate advance that will contribute to rebuilding trust and confidence between the Members and the Council.

As I have said, these are interim arrangements. Our consistent intention, going back to 2008, was and is to seek an amendment to an Act of Parliament that is now nearly 50 years old. We need an Act better to reflect the commercial circumstances in which the Hall now operates in a highly competitive contemporary environment. As you know, to do so we need the support of the charity commission and, sad to say, to date that has not been forthcoming. You will recall that in 2008 Price Waterhouse Coopers (PwC) confirmed that the pattern of

arrangements then in operation was clearly in the best interests of both the Hall as a charity and of the Members as seat holders; that analysis was endorsed by the Hall's auditors again in 2011. Before resuming our conversations with the commission I have proposed that it would be timely to engage upon a further independent review of the arrangements and I will be seeking views on how this might best be taken forward."

47. At the AGM held on 30 May 2013, the meeting approved nem con the continuation of the interim arrangements that had been approved at the SGM held on 30 September 2012.

48. Members' views as expressed in response to my letter of 19 November 2013

The response to the invitation to comment on the issues to which the terms of reference give rise was limited. Lists of those who responded in writing, and of those whom I saw or spoke to by telephone in the course of the review are at appendix 3. But the Members who responded, or those connected to them, hold approximately 145 seats. The consultation exercise revealed clear differences of opinion both as to the role and responsibility of Members of the Corporation, and as to the interim arrangements, the subject of the review.

49. The role and responsibilities of Members

As to the former, the consultation exercise revealed both a divergence of view as to the rights and responsibilities of Members and a confusion, or lack of understanding as to their role. That is perhaps not surprising given the constitutional arrangements under which the Hall operates, the right to occupy a seat being described to me by one Member in the following terms:-

"A private interest in a public asset with charitable status is a pleasant and quirky anomaly."

50. There is a wide diversity in the make-up of the membership from families who have been seat-holders for several generations to multi-national companies who view the ownership of seats, at least in part, as an investment. At one end

of the spectrum there are those who, recognising the philanthropic nature of the original contribution to the funding of the construction of the Hall, regard the role of the membership as that of "*stewardship of a national heritage asset*", moreover an asset that has required extensive public funding over its lifetime, the provision of the site, and of 45% of the costs of construction (see paragraph 9 above), the interest free loan advanced by the Treasury in 1951 (see paragraph 31 above), and lottery funding of £40.4 million (see paragraphs 35-36 above).

51. At the other end of the spectrum are those who are perceived to have acquired a seat or seats as an investment, described to me as "*a new wave of aggressively commercial members looking for a precise return on their investment*". That reflects the fact that the relatively recent commercial success of the Hall has had the consequence that the acquisition of a seat or seats now represents an attractive investment, both in terms of capital appreciation and of the income to be derived from the sale of tickets to events that Members do not wish personally to attend.
52. Between those positions there were those who acknowledged their responsibilities as Members of a body with charitable status, but were appreciative of the incidental financial benefit of ownership of a seat.
53. The difference in approach is further illustrated by the fact that the majority of Members dispose of tickets surplus to their personal requirements through the Ticket Return Scheme, which gives them a return, but also benefits the Hall, whereas others seek to maximise their return by the sale of tickets on the open market. It is to be noted that although some Members commented adversely to me on the current Ticket Return Scheme, its terms fall outwith my terms of reference.
54. Most articulated a concern as to the apparent tension between their interests as seat-holders, and their role as members of the Corporation, a body with charitable status, and as to how that tension should be resolved. Such concerns reflected the lack of a clear understanding as to the relationship

between Members and the Council as the body responsible for the administration of the Corporation.

55. The erosion of trust

It became clear in the course of meetings with Members, and as has been observed by the incumbent President at a number of recent AGMs (see paragraphs 37 and 43 above), that there has been an erosion of trust between some Members, and the Council and the administration. There are understandable historical reasons for the lack of confidence in the Council and administration, not least that until the 2008 AGM it had not been brought to the attention of the Members that the administration had been acting in contravention of section 14. It is also attributable to some degree to the lack of understanding of the relationship between the Members and the Council, and their respective roles and obligations.

56. Concern was expressed by some Members that the Council, in overseeing the grant of exclusives, have paid and continue to pay insufficient regard to the proprietary interests of Members. The view was expressed that even since 2008 the administration has on occasions continued to fail to operate in strict accordance with the interim arrangements; and that the Council has failed to hold the administration properly to account for such failure. Such views are strongly disputed by the administration.

57. Such concerns should be allayed if there is a clearer understanding of the relationship between Members and the Council, and secondly an appropriate level of transparency in the implementation of the guidelines for exclusive lettings. Members should, as now happens, be informed as to the guidelines. But in addition it may be thought appropriate that minutes of Council meetings at which such arrangements are considered should be available to Members, and that there should be a full report to the Members at AGM on exclusive lettings made during the previous financial year, subject only to the need to maintain confidentiality in relation to matters of commercial sensitivity.

58. The current interim arrangements.

The majority of those who responded to my invitation to give their views on the issues to which the review gives rise acknowledged that section 14 was outdated, and no longer represented an appropriate or workable balance between the interests of the seat-holders and those of the Corporation as a body with charitable status, and strongly supported the current interim arrangements.

59. But a small minority expressed the view that they were not persuaded that the Hall could not be managed by the Corporation in the proper pursuit of its objects and discharge of its charitable obligations, if operating in strict adherence to the provisions of section 14. But one qualified that view by acknowledging that there was no method of determining in advance whether a reversion to section 14 would be commercially damaging, and if so to what extent. Another produced an analysis by which he sought to substantiate the argument that the Hall could operate on a sound financial footing within the constraints imposed by section 14. That is a point to which I shall return.

60. A new Act of Parliament?

The consultation exercise also revealed a diversity of view on the question of whether the Corporation should seek a further Act of Parliament to replace section 14 of the 1966 Act, a question that is relevant to the second of the terms of reference. There was a body of opinion in favour of a new Act on the basis that it is simply wrong for the Corporation to continue to operate other than in accordance with section 14. A comparable body of opinion in terms of size, was of the view that more flexibility was required than would be afforded by an Act containing a section making detailed provision for exclusive and ordinary lettings.

61. The short historical summary set out above demonstrates that the balance to be drawn by Members between their interests as seat-holders and those of the Corporation when voting on a resolution to modify Members' rights to occupy

their seats, may change depending upon the financial health of the Corporation. Hence the introduction of the seat rate by the 1876 Act, and its subsequent increases, and secondly the introduction and subsequent variation of the other mechanism by which the balance between Members' proprietorial interests and the interests of the Corporation is maintained, namely the power given to the Council, either by Act of Parliament or by resolution of members, to grant exclusive lettings. The principal argument against a new Act is that the arrangements for exclusive lettings would either have to be couched in such general terms that it would continue to be necessary for the Members to address the arrangements from time to time so as to take account of changing financial circumstances, or if in detailed terms as in section 14, would be likely sooner or later to become outdated, and that, on the premise that it is open to the Members to modify the arrangements for exclusive lettings by resolution in general meeting, that is the better course to adopt.

62. The Promoters

I had the benefit of discussing the arrangements for letting the Hall with two promoters representative of the range of performances staged at the Hall, and with the BBC. Those to whom I spoke would like more exclusives than are made available to them under the current interim arrangements; but it has of course to be borne in mind that it is very much in the interests of promoters to be granted an exclusive, as it enables them to sell 1276 of the best seats in the Hall that would otherwise not be available to them, thereby substantially increasing both their potential financial return, and that of the artist.

63. It was clear from my discussions that the issue of exclusives is central to negotiations between promoters and the Hall's administration. One of the promoters described such negotiations as "*very complicated*". From their perspective, the administration is perceived to be highly protective of the Members' interests.
64. Secondly the question of whether exclusives are available may be critical with regard to the promotion of an artist. Depending on the demands of the artist

and his or her management, it may not be possible to make a promotion pay on an ordinary let. By way of example, I was told that if booking for a run of three performances, the allowance of one exclusive could make a promotion viable. Whilst many artists are keen to play the Hall and are not necessarily concerned with maximising revenue, others and their management take a more hard-nosed commercial view, will not be prepared to book the Hall unless granted what they regard as an appropriate number of exclusives, and if that cannot be negotiated will go elsewhere, in particular to the O2 arena. I was also told that it can be very difficult to explain the arrangements as to exclusive and ordinary lets to those artists and their management who are not familiar with them.

65. It was suggested to me by one promoter that the balance of ordinaries to exclusives is probably about right from their perspective, in that the Hall has very high occupancy rates, and promoters want to hire it. But he added the cautionary rider that the addition of a big arena with comparable capacity to the Hall could 'change the game' to the considerable disadvantage of the Hall.
66. Secondly the promoters argued strongly for stability in the arrangements for exclusives. Depending on the type of event artists may be contracted up to 4 to 5 years in advance. As already observed, the availability of exclusive lettings may have a considerable impact upon budgeting, which in turn will affect programming. The point was illustrated by reference to the difficulties with which one of the promoters was faced as a result of the changes made by resolution passed at the SGM on 26 May 2011, which were to have immediate effect. But that concern would appear to be addressed in a reasonably satisfactory manner from the perspective of the promoters, in that the concluding paragraph of the resolution of 26 May 2011 is in the following terms:

"Council intends that this revised policy should continue to be operated from year to year, but in all events subject to a three year notice on any withdrawal of variation to allow for formal contractual arrangements to be honoured..."

67. The Promenade concerts (Proms) promoted by the BBC now involve 74-76 events, approximately 20% of the Hall's annual lets. The BBC's entitlement to exclusive lets is embodied in a contract with a five year term, but is also set out in the Guidelines to the Hall Administration (see paragraph 3 above and appendix 2) in the following terms:

"Three BBC promenade concerts covering performances of opera, musical theatre, film comedy or specifically for the enjoyment of children, but Members must not be excluded from either the first or last nights of the BBC Proms."

68. As a public service broadcaster funded by the licence fee, the BBC are in a different position from commercial promoters. Sir Henry Wood's original concept remains largely unaltered, namely to present the widest possible range of music, performed to the highest standard to large audiences. In addition to engaging leading international performers and providing a showcase for the best of British musicians, the BBC continues to commission new works, providing a platform for contemporary composers. Promenading in the Hall's arena continues to be a central feature of the Proms, lending the Proms their unique, informal atmosphere.

69. The BBC's overall budget for the Proms is approximately £9 million, and they generate an income of approximately £4 million, so that the concerts could be said to be subsidised to the tune of approximately £5 million from public funds.⁵ Furthermore up to 1400 'promenade' tickets are made available for each performance at £5 per ticket; and the audience present in the Hall at promenade concerts is but a small proportion of the audience as all are broadcast live and some televised. Thus the Proms are a means by which the Hall, in concert with the BBC, provides a substantial public benefit.

70. As in the case of commercial promoters the BBC would like more exclusives; but that has been resisted by the administration principally because there are a minimal number of repeat performances at the Proms, and thus to grant an

⁵ <http://www.telegraph.co.uk/culture/music/proms/1016697/BBC-Proms-2013-director-Roger-Wright-interview.html>

exclusive would almost always be to deprive Members of the opportunity to attend an event.

71. My attention was also drawn to a recurring problem experienced by the BBC to which the Members' proprietary interests in their seats gives rise. The Proms are heavily booked when booking first opens online; and the ticket buying public find it both annoying and difficult to understand when an attempt to book for an event is unsuccessful, the event apparently being fully booked, but 8-900 seats subsequently come onto the market 6 – 7 weeks before the event in question when Members' tickets become available under the Ticket Return Scheme.

72. The substantive issues

There two preliminary points to be made. Both arise from consideration of the relationship between Members and the Council. First it follows from the conclusions set out in paragraph 20 above that the question posed in the first term of reference should be amended so that it reads:

“Whether the current interim arrangements are necessary, proportionate and to the benefit of the Charity and to the incidental benefit of the Members...”

Secondly it is necessary to consider what, if anything, is added by the word ‘proportionate’ in this context. It is implicit in the use of the word that there is a balance to be drawn, and it is important to have in mind the limited circumstances in which, on a proper analysis, the necessity to draw a balance arises, namely that in voting on a resolution to modify the right to occupy a seat, a Member, as a member of a corporation with charitable status, has to balance the pursuit of its charitable objects against his proprietorial interest as a seat holder (see paragraph 23 above). It is not a question of weighing on the one hand the benefit of the current interim arrangements to the Charity, and on the other to the Members. Thus, and as one Member observed, if the arrangements are necessary, they will be proportionate, and if not necessary then disproportionate. But it is nevertheless illuminating to consider the

degree to which, if necessary, the current interim arrangements are to the incidental benefit of the Members.

73. Are the current interim arrangements necessary and proportionate?

The question is whether the current interim arrangements are necessary to enable the Corporation to discharge its objects under the Charter and its charitable objects. The financial case is necessarily based upon the audited annual accounts, the Statutory Report and Accounts of the Corporation for the year ending 31 December 2012 having been adopted at the AGM held on 30 May 2013. It is to be noted that the Statutory Report referred in some detail to the Hall's Business Plan 2012-2016 (see appendix 5), and specifically to the main purpose of the Plan, namely to fund essential major building work, the maintenance of the Hall, a Grade 1 listed building, being a principal object of the Corporation (see paragraph 7 above).

74. There are two features of the annual accounts that are of particular relevance. First they show that the Corporation currently operates with an annual surplus of the order of £4m, secondly that in the y/e 31 December 2012 the Members' contribution by payment of the seat rate of £1060 (plus VAT) per seat per annum plus the supplementary seat rate of £300 (plus VAT) per annum, amounted to £1,720,000, less the rebate to Members of £505 per seat (see paragraph 87 below), a total of £644,000, amounted to the net sum of £1,076,000.

75. The first question that therefore arises is whether the Corporation needs to run at such a surplus. The Business Plan 2012 – 2016 contains an introduction in the following terms:

“The main purpose of the plan is to fund the essential building works that will need to be undertaken within and beyond the planned period. This work will significantly enhance and improve the experience of artistes and audiences, costing £36.7m through improvements to existing spaces, creating new backstage accommodation and replacing much of our building services infrastructure and plant. The improvements aim to ensure the Hall's continued ability to successfully

operate in a modern, highly competitive environment as we prepare for our 150 year anniversary in 2021. The content, phasing and structure of the funding package needs to meet the cost of the work, has been agreed by the Hall's council and Members of the Corporation at the 2011 AGM. All aspects of the development programme are set out in an Appendix to this plan.

The Hall will need to continue to generate sufficient income and achieve significant surpluses to meet the running costs of the Hall, routine commitments and, in addition, the surpluses required for the strategic building programme, funding of our public benefit work, our special projects, our pension fund and the fund raising campaign costs, in total a further £30.6m between 2011 – 2020."

76. The financial projections in the Business Plan demonstrate that the operating surplus must average at least £3.5m per annum 2012 – 2016, and £4m+ thereafter (assuming fund raising income also reaches target).
77. A memorandum to the Finance Committee dated 26 November 2013 on the projected Plant and Fabric Sinking Fund, which updated a memorandum dated 13 November 2008 (for both see appendix 5), and was approved by the committee at its meeting on 3 December, sets out the expenditure required to keep the Hall in its present state of repair. The content of the 2013 memorandum was also discussed at the meeting of the Fabric Committee on 21 November 2013; and the discussions at the meetings of both committees was reported to the Council on 12 December 2013.
78. Thus the need for the Corporation to run at the current and projected level of surplus is clearly demonstrated.
79. The second question is to what extent achievement of the current level of revenue, demonstrated by the Business Plan 2012 – 2016 to be necessary to meet projected expenditure (see the extract set out at paragraph 75 above), is dependent upon the current interim arrangements for exclusive and ordinary lettings, in other words could the projected expenditure be met were there to be strict adherence to section 14. An attempt to answer that question presents the obvious and considerable difficulty that it is necessarily a hypothetical exercise in which a number of assumptions would have to be made as to what

lettings could be made, and at what return to the Hall. The difficulty was illustrated by the manner in which two of the small minority to which I have referred at paragraph 59 above, expressed their concern on this issue, namely that they were not persuaded that the Hall could not be managed by the Corporation in the proper pursuit of its objects and discharge of its charitable obligations if operating in strict adherence to section 14.

80. The considered view of the administration, based on their experience of negotiations with promoters, is that the required level of operating surplus could not be achieved if the current programme of diverse events is to be maintained, the ability to offer exclusives being a significant part of their ability to generate such surplus. They give substance to that judgment by reference to the annual accounts which demonstrate that the operating surplus has largely been generated by an increase in annual lets over the last 25 years, and also, since the completion of the Major Building Development completed in 2004 (see paragraphs 35/36), by rising income per letting. The increase in the show count is illustrated by the table at appendices 6 and 7, from which it can be seen that there has been an increase from an average of 270 per annum in the period 1989-1993 to 376 per annum in the period 2009-2013. In 2012 the Hall hosted 377 performances of which 130 were exclusive lets. 20 ordinary lets and 57 exclusive lets were in long runs (Cirque du Soleil and the co-promotion of Aida), meaning that the Hall hosted a further 300 performances of which 73 were exclusives. The Net Marginal Gain (all income, net of direct costs such as stewarding, and after accounting for the cost of the rebate to Members, see paragraph 88 below and appendix 8) for the 73 exclusives was £48.6k per performance, compared to £31.6k for the remaining 227 ordinaries, the difference being attributable to higher commission from more seats and higher ticket prices. The exclusives therefore generated approximately £1.25 million more for the Hall than if they had been ordinary lets. The long runs, Cirque du Soleil and Aida, were excluded from this calculation by the administration as the contractual arrangement to which they are subject have the effect that they cannot be directly compared to other lets for a number of reasons. First such runs generate revenue on days when there are no performances, such days being

utilised for the erection and dismantling of sets. Secondly for such shows the arena typically forms part of the stage. Thirdly, and so far as ticket commission is concerned, the Cirque du Soleil contract does not distinguish between exclusives and ordinaries, not because there is no difference between them, but because in a long run where the number of each is fixed, it has been found to be simpler to negotiate a single rate for the whole run. Similarly in relation to co-promotes, the Hall's profit is calculated across the whole run rather than per performance. **(Appendices 7 and 8 contain commercially sensitive information and should remain confidential to the Council).**

81. As noted at paragraph 59 above, Leon Barouk produced for my consideration a document entitled "*A re-classification of 2012 Lettings to comply with 1966, and a quantitative assessment of the cost of compliance*", by which he sought to test the proposition that the Hall could not sustain its current programme without breaching section 14 (appendix 14). It was based upon a radical approach to lettings, involving a complex theoretical re-assignment of 2012 lettings "*juggling Exclusive types and awarding New Ordinaries*, and the notional purchase of all Member's tickets at full face value from promoters, to create "*synthetic Ordinaries*". The analysis concluded that by adopting such an approach, the Hall could operate within section 14, the worst case scenario being a reduction of the Hall's income by £1.7 million, and asserted that, "*in the unlikely case of a future shortfall, Members should prefer to address this through the seat rate as and when, than paying in needlessly in both good times and bad*". Such an analysis could be presented to the Council, and subjected to the necessary detailed analysis, in particular as to the validity of some of the assumptions upon which it is based, by way of example that "*approximately £2.5m is sufficient for building maintenance and enhancement including the sinking fund*" a proposition that does not accord with the Business Plan or the memorandum approved by the Finance Committee (see paragraph 77 above). But I am not persuaded that it can be relied upon as demonstrating that the current interim arrangements are unnecessary.

82. A related point was made by a Member in the course of the consultation exercise, namely that whilst taking seats from Members is obviously to their

disadvantage, there is no corresponding advantage to the Corporation, it being to the benefit of the promoters. Members benefit from exclusives to the extent that the higher rent charged by the Hall is passed to them as the 'rebate' (see paragraph 89 below) But the Hall also benefits in that it receives higher box office receipts, as ticket prices tend on average to be higher for exclusive lettings, and because the nature of exclusive lettings is such that they enable the Hall to earn more through ancillary income streams, eg 'hospitality packaging'. Such benefit is in part demonstrated by the Net Marginal Gain comparison at paragraph 80 above.

83. In so far as it is possible to arrive at a definitive conclusion on this issue, and on the premise that the Hall continues to provide the current mix of diverse events, it seems to me to be clear that the achievement of the current level of revenue is dependant upon the current interim arrangements, and that, as a number of Members observed in the course of the consultation, a reversion to section 14 would put the achievement of the current surplus at serious risk.

84. Are the interim arrangements to the benefit of the Charity?

The question is answered first by the analysis set out in answer to the question of whether they are necessary. The answer is plainly in the affirmative.

85. A further advantage to the Hall from the ability to grant exclusive lets in accordance with the current interim arrangements is less tangible. In an exclusive let the promoter's possible financial return is significantly greater given his ability to sell an additional 1275 of the best seats in the auditorium. A consequence is that the Hall can compete for higher-profile acts. That arguably serves to reinforce the status of the Hall as attracting the best performers, a view expressed by the administration and confirmed by the promoters whom I saw. It is difficult to quantify such benefit; but 2013 data demonstrates that the average ticket price for exclusives was £14 higher than on average for ordinaries.⁶

⁶ The relevant data was supplied by the RAH Box office and derived from the T-Stats system.

86. Are the interim arrangements to the incidental benefit of the Members?

There are a number of respects in which the current interim arrangements have given rise to an incidental benefit to Members.

87. The seat rate.

The Corporation's income is essentially derived from Members' contributions paid by reference to the seat rate, lettings of the Hall, and the sale of tickets for the seats vested in the Corporation. The history of the seat rate in the period 1980-2013, and of the seat rate, rebate and net cash call are set out in graphical form at appendix 9 and 10. The current seat rate is set at £1086 per seat, plus a supplementary seat rate of £300 per seat for a period of six years. From 1991 to 2012 the seat rate was linked to, and accordingly did not exceed, the rate of inflation derived from the General Building Cost Index (GBCI). Since 2012, when the Seat Rate Committee was set up, the annual increases have been roughly in line with the GBCI. Thus save for the supplementary seat rates (in addition to the current supplementary seat rate, a supplementary seat rate was charged at the rate of £300 per seat for the period 2000-03 to help fund the Major Development), it has not been necessary to raise the seat rate above the rate of inflation of building costs for over 20 years. On the premise that the projections in the Business Plan 2012-2016 remain valid, then any reduction in income consequent upon an reduction in income from lettings could expose the membership to a call for an increase in the seat rate, or conceivably in the last resort to a call for a capital contribution. As one Member put it in succinct terms, the effect of the statutory regime is that the membership is the Corporation's banker of last resort.

88. Thus there is an incidental benefit to Members in that the current interim arrangements have served, and are likely to continue to serve, to protect them against increased future liabilities by way of an increase in the seat rate or, in extremis, by a call for a capital contribution.

89. Secondly Members receive a rebate for each exclusive let, being the difference in rent between an ordinary and an exclusive let. The rebate in 2012 was £6,600 per performance, and generated a total rebate to Members payable in 2013 of £568,000. Furthermore the income derived from use of the Ticket Return Scheme has increased significantly, as demonstrated by the table at appendix 11, which shows the growth in total return for one seat returned under the scheme for all ordinary performances in the year
90. Thirdly the commercial success of the Hall in recent years has resulted in a marked increase in the capital value of a seat. The graph at appendix 12 illustrates the increase in seat transfer prices over the period 2005 – 2013. Some prices are not set as arms-length transactions, hence the data contains outliers. But the trend is clear, and demonstrates the growth in seat values over the period for which the current pattern of lettings has been in effect.
91. Fourthly the number and range of shows staged at the Hall has increased significantly in recent years. The show count history for the period 1926 – 2013 is at appendix 6. The increase in the show count has involved an increase in exclusives, but the ratio of ordinaries to exclusives has remained broadly constant, and the increase in the show count has therefore also resulted in an increase in the number of ordinaries, see the chart at appendix 13 which plots the increase in ordinary lets against the number of ordinary lets as a percentage of total lettings. The offer of exclusive lets also enables the administration to bring artists to the Hall for performance runs that include ordinary lets, but who would not otherwise have appeared at the Hall if no, or fewer, exclusives were offered (by way of example the administration identifies some high-profile shows such as the Eric Clapton series of concerts, the annual Teenage Cancer Trust series and the 25th anniversary performances of Phantom of the Opera in 2011).
92. Is the Council, with the support of the Members, acting properly in continuing to operate arrangements that are at variance with the provision of section 14?

The second question posed by the terms of reference is whether the Council, with the support of the Members, is acting properly in continuing to operate arrangements that are at variance with the provisions of section 14.

93. The Charter provided that the *“the interests of a Member in the Hall shall be personal estate”*. That a Member may sell his interest in a seat, or that the interest in a seat can pass on death or insolvency, has never been in issue. As observed at paragraph 19 above, there does not appear to be any reason why a member should not agree to forgo the right to occupy a seat on occasions, either on a temporary or permanent basis. The Council have acted on the basis that it is open to the membership at a general meeting, to agree to modify the right of Members to occupy seats. That approach would appear to be valid, given that the Corporation, which consists of the Members, is empowered under the Charter to *“...do all such acts and things as they think conducive to the purposes of the Corporation...”* I would simply add that it will be for the Council and Members to decide whether it is desirable, for the avoidance of any doubt, to seek a definitive opinion from Chancery counsel on the point, alternatively to seek an amending Act of Parliament notwithstanding the delay that such a step would inevitably involve, and the disadvantage in that course of action identified at paragraph 61 above.

94. Conclusions

It follows that it is my considered opinion that;

1. The current interim arrangements are necessary, proportionate, to the benefit of the Charity, and to the incidental benefit of the Members.
2. The Council, with the support of the Members, is acting properly in continuing to operate arrangements that are at variance with the provisions of section 14 of the Royal Albert Hall Act

The Hon Sir Robert Owen

25 March 2014

Appendices

1. Royal Albert Hall Act 1966 section 14
2. Current interim arrangements
 - a. 2012 memorandum containing the current interim arrangements
 - b. Guidelines to the Hall administration regarding the granting of exclusives and community ordinary lettings
 - c. Explanatory note – memorandum and guidelines.
3. Lists of
 - a. Members who made a written response to invitation to express their views on the issues to which the Terms of Reference gave rise
 - b. Members seen in the course of the consultation exercise
 - c. Documentary material made available by the administration.
4. Governance Guidelines adopted in May 2006
5. Memoranda presented to the Finance Committees on the projected Plant and Fabric Sinking Fund dated 13 November 2008 and 26 November 2013.
6. Show count history
7. RAH Operating Income, Expenditure & Surplus and Show Count 1998 – 2012*
8. Net Marginal Gain data*
9. Seat Rate history
10. Seat rate, Rebate and Net Cash Call per seat

11. Ticket Return Scheme data 1997 – 2013
12. Seat Transfer Prices 2005 – 2013
13. Ordinary lets as a percentage of total lettings
14. Paper submitted by Leon Barouk entitled "*A re-classification of 2012 Lettings to comply with 1966, and a quantitative assessment of the cost of compliance.*"

*** As noted at paragraph 80 appendices 7 and 8 contain commercially sensitive material, and should remain confidential to the Council.**

Section 14 of the 1966 Act

14.—(1) Notwithstanding anything in the original Charter, the Charter of 1887, the Act of 1927 or the Act of 1951, the following provisions shall have effect:-

- (a) The council may from time to time by resolution exclude the members from the hall on any day or days not exceeding seventy-five in any year on which the hall is let for any purpose for which the Corporation is empowered to let the Hall other than a concert, a recital, or a boxing or wrestling entertainment:
- (b) In addition the council may from time to time by resolution exclude the members from the hall —
 - (i) on any day or days not exceeding twelve in any year on which the hall is let for any purpose for which the Corporation is empowered to let the Hall;
 - (ii) from one third of the functions included in any series of six or more functions which are consecutive and substantially identical:

Provided that the Council shall not under the provisions of paragraphs (a) and (b) of this subsection exclude the members from more than one-half of the functions included in any such series as is referred to in sub-paragraph (ii) of the said paragraph (b).

**2012 MEMORANDUM: AMENDMENT OF SECTION 14(1)
OF THE ROYAL ALBERT HALL ACT 1966 AND
REVISED POLICY APPLYING TO EXCLUSIVE LETTINGS**

Section 14(1)

Members are asked to receive and note with approval that the Council intends to continue its policy of applying revised exclusive letting arrangements as previously noted with approval by Members at the 2008 and 2011 Annual General Meetings subject to the following revisions to the wording proposed as a replacement of section 14(1) of the Royal Albert Hall Act 1966 contained in the Memorandum presented at the 2008 Annual General Meeting (copy annexed hereto) (and which has been acted on in exclusive lettings since 2008) with effect from the 1 January 2013

That is to say:

“14(1) Notwithstanding anything in the original charter, the charter of 1887, the Act of 1927 or the Act of 1951, the following provisions shall have effect:-

- (a) The Council may from time to time by resolution exclude the Members from the Hall on any day or days not exceeding **seventy-five** in any year on which the Hall is let for any purpose for which the Corporation is empowered to let the Hall other than a concert, a recital or a boxing or wrestling entertainment:

To maintain our national purpose notwithstanding the above, within the seventy five days Members wishing to enhance the goodwill and public benefit they generously give to further the objectives of the Hall agree to Council contracting Exclusive Lettings to two national charities for two one off concerts each year, providing one of the two concerts is the annual charity free let. The promoting charities for both events will be identified expressly at successive AGMs for endorsement by the Members.

- (b) In addition, the Council may from time to time by resolution exclude the Members from the Hall
- (i) on a day or days not exceeding **twelve** in any year on which the Hall is let for any purposes for which the Corporation is empowered to let the Hall;
- (ii) From a number of functions included in a series of functions which are substantially identical provided that (and notwithstanding paragraphs (a) and (b)(i) above):
- (aa) in any series of three or four functions the Council shall secure that Members must remain entitled to attend at least one such function;
- (bb) in any series of five functions the Council shall secure that Members must remain entitled to attend at least two such functions;
- (cc) in any series of six to ten functions the Council shall secure that Members must remain entitled to attend at least one half of such functions;

Appendix 2a

- (dd) in any series of eleven or more functions the Council shall secure that Members must remain entitled to attend at least half of such functions except that
 - i. in the case of productions by Cirque du Soleil or productions co-promoted by the Corporation which would otherwise be uneconomical to mount, Council may instead secure that Members must remain entitled to attend at least one quarter of such functions, and
 - ii. in the case of any other series where Council believes that the Promoter would not be willing to mount the production at the Hall without being able to contract with the Corporation on the basis that Members can be excluded from more than one half of such functions, Council may instead secure that Members must remain entitled to attend at least one quarter of such functions;

Provided always that the maximum number of days in any calendar year on which the Council may exclude the members shall be **one hundred and ten.**"

The above provisions shall replace the relevant provisions contained within the resolution noted with approval by Members at the 2008 Annual General Meeting.

Revised Guidelines

Council shall further approve revised Guidelines for the application of the provisions of the revised section 14(1) wording by the Executive of the Corporation, the proposed Guidelines being annexed hereto.

Approval by Members

Council intends that this revised policy should continue to be operated from year to year, but in all events subject to a three year notice on any withdrawal or variation to allow for formal contractual arrangements to be honoured, and subject to it and the supporting Guidelines being noted with approval by the Members at each Annual General Meeting until either a scheme or other legislative amendment of Section 14 is effected or the Council puts forward a further amendment for noting with approval by the Members or the Members pass a resolution in General Meeting requiring the Council to reconsider the terms of the policy for Exclusive Lettings recognising that, notwithstanding long usage, these arrangements are without prejudice to the Members' proprietary rights in law.

**GUIDELINES TO THE HALL EXECUTIVE
THE GRANTING OF EXCLUSIVE LETTINGS AND "COMMUNITY ORDINARY" LETTINGS**

INTRODUCTION

The Council's right to exclude Members from use of their seats is strictly limited. Council directs the Executive to avoid if at all possible, allocating Exclusives to a particular performer, orchestra or troupe if, by so doing, Members are left with no right to attend their performances and there are alternative opportunities to allocate Exclusives under Section 14 of the Act which will meet the programming policy of the Hall.

As a practical matter, the Hall's Executive, needs delegated authority from the Council to exercise the Council's powers on a day to day basis. These guidelines are intended to be of assistance in helping to interpret and to apply the provisions of the Memorandum approved by Council and which will be recommended to Members for approval at the 2012 Special General Meeting in the autumn.

A. GRANTING OF EXCLUSIVES UNDER S14(1)(A) (AS AMENDED AND RESTATED)

S14(1)(a) cannot be used to grant Exclusives to concerts, recitals, wrestling or boxing entertainments.

These words must be given their normal dictionary definitions, but it is agreed that for the purposes of distinguishing between 14(1)(a) and 14(1)(b)(i) the following need not be regarded as constituting a "concert" or a "recital" and may therefore be granted Exclusives under S14(1)(a):-

- (i) Award ceremonies, even if they are accompanied by musical performance, so long as it is anticipated that not more than 50% of elapsed time will consist of a musical performance. For example the 'classical Brits' event falls within this category, as would other similar events.
- (ii) The annual event recording "Songs of Praise" by the BBC.
- (iii) The annual performances comprising the Festival of Remembrance by the Royal British Legion.
- (iv) Three BBC promenade concerts covering performances of opera, musical theatre, film, comedy or specifically for the enjoyment of children, but Members must not be excluded from either the first or last nights of the BBC Proms.
- (v) A varied event, i.e. one including a musical performance, where 60% or more of the elapsed time of the event consists of speech, dance, acting, films or other non-musical content- even if such content is accompanied by music so long as the music is secondary to the non-musical content.

B. GRANTING OF EXCLUSIVES UNDER S14 (1)(B)(II) (AS AMENDED AND RESTATED)

1. In determining the proportion of Exclusives that may be granted under Section 14(1)(b)(ii), where a series comprises either two or four functions, where possible Members should not be excluded from either of a series of 2 and in any event should not be excluded from more than 50% of such functions (that is from more than 1 of 2 or 2 of 4) unless without such exceptional exclusion the Executive's ability successfully to contract the entire series of functions would be jeopardised. For the avoidance of doubt table 1 below confirms the maximum number of Exclusives which may be granted in a series of functions. It is acknowledged and accepted that the number of Exclusives expressed as a percentage of the total number of a series of functions must never exceed the designated percentage even by a fraction of an integer.

Section 14(1)(b)(ii) Table 1

Total Number of Functions in Series	Cirque/Co-Promotes/Memorandum (b)(ii)(dd) Exceptions	Other Exclusives
2	2	2
3	2	2
4	3	3
5	3	3
6	3	3
7	3	3
8	4	4
9	4	4
10	5	5
11	8	5
12	9	6
13	9	6
14	10	7
15	11	7
16	12	8
17	12	8
18	13	9
19	14	9
20	15	10
25	18	12
30	22	15

2. Care must be taken in drawing up contracts to ensure that where the promoter has the option as to the number of performances/functions, the promoter cannot exceed the requisite maximum percentage of Exclusives by putting on sale one or more Exclusive lettings in advance of the requisite number of Ordinary lettings. It is recognised that, in exceptional circumstances, the

cancellation of a scheduled performance - possibly for reasons of ill health - could lead to an inadvertent breach of this section of the Act.

3. What actually constitutes a "series" will not always be easy to determine but in general a "series of functions" can be taken to mean functions which, even though they may be interrupted by other functions, shall take place within a two month period.
4. The term "substantially identical" shall not exclude the possibility of minor variations in elements of the function (e.g. the playlist, or some substitute routines in the case of Circus (nor the possibility of different performers participating (e.g. as in different dancers or singers taking leading roles). But a series of functions will not be regarded as substantially identical if the content, outcome, duration or nature of the function is unpredictable and/or likely to vary in a competition between participants as in tennis matches, or even musical competitions and involve some element of round robin or knockout procedure. Exceptionally, a Sumo tournament will be treated as a series despite its non-identical constituent events.
5. Where Members are excluded from functions forming part of a series of seven or more functions, the proportion of matinee, weekend or weekend matinee functions from which they are excluded shall broadly reflect the number respectively of matinee, weekend or weekend matinee functions of the series overall.
6. Before granting a promoter the right to exclude Members from more than one half of functions of a series of 11 or more functions, other than Cirque du Soleil or functions co-promoted by the Corporation which would otherwise be uneconomical to mount, (which is likely to be extremely rare), this must be approved in advance by the Chairmen of the Programming and Marketing and the Members' Liaison Committees and the following criteria shall apply:
 - (i) The production of this series must be likely to enhance the reputation of the Hall to a significant extent such that it would be in the broader interests of the Corporation, as a charitable body, exceptionally to exclude Members from more than one half of such functions;
 - (ii) Members shall be excluded from no more than the minimum number of functions necessary to ensure that the promoter enters into a contract with the Hall to mount this production; and
 - (iii) The artist or artists performing must not in the previous 5 years have performed in a series of functions at the Hall.

C. DESIGNATION OF COMMUNITY ORDINARIES

1. Events designated "Community Ordinaries" are ordinary lettings and Members have a right to their seats. Members are however invited not to exercise their rights.
2. Events may be proposed as Community Ordinaries to Members by the President only if:
 - (i) The event forms part of the Hall's Education programme and it reasonably requires use of the auditorium and of a majority of the stalls seating and/or a significant number of boxes; or
 - (ii) The event is promoted by or on behalf of a registered Charity; and
 - a) the nature of the event is such that the promoter needs to use a substantial majority of the Halls' seats or to fill the stalls area and (possibly) the boxes; and
 - b) the event either has a zero or low ticket price - which, in 2012, would mean an average ticket price of not more than £22.50 - or, if the average ticket price is higher than £22.50, the nature of the event meets the following additional conditions: it forms a key element in the provision of "public benefit" by the Hall and could not otherwise be incorporated in the Hall's calendar without displacing a valuable Exclusive letting; and there is reason to believe that the appeal of the event to the general public is likely to be limited
3. The total number of days on which Community Ordinaries may be programmed, including those which are part of the Hall's Education Programme, shall not exceed 15 in any calendar year.

**AMENDMENTS TO THE SECTION 14 MEMORANDUM AND ASSOCIATED GUIDELINES
EXPLANATORY NOTE ACCOMPANYING 2012 MEMORANDUM**

1. Members are invited to again note with approval the interim section 14 arrangements unanimously approved at the 2012 Special General Meeting.
2. At the 2008 AGM the Members noted with approval a Memorandum that acknowledged a variation to Section 14 of the 1966 Act that better reflected the arrangements that had been operated, to the advantage both to the Hall and to its Members, for well over 15 years. What was not made clear to the Membership was the existence of Guidelines approved by the Council for use by the Hall's Executive in interpreting those arrangements. Within those Guidelines the common terms "concert" and "recital" and "wrestling" had been redefined to increase the operational flexibility as more shows were contracted, and essentially to improve the health of the finances of the Hall. The result has been an increase in events, a several fold improvement in income, and the creation of significant operating surpluses necessary principally to maintain the Hall itself over the medium and long term. The overall success of this action, apart from raising the profile of the Hall as one of the most important performance spaces in the world, has helped reduce the potential long term financial liability for Members and has been in the best interests of both the Hall as a charity and the Members of the Corporation as seatholders.
3. It is, however, acknowledged that some Members believe that the increase in shows and improvement to the financial health of the Hall was at the expense of Members who believe that their right to occupy their seats under Section 14 of the Act has been eroded.
4. At the 2011 AGM Mr Jonathan Crystal successfully proposed a Resolution to the AGM on the lettings policy of the Hall. The resolution was not seeking a return to the 1966 Act and indicated support for the lettings flexibility required by the Hall and approved by Members in 2008. However, Council was asked to reconsider the wording of the operational Guidelines in respect of the applied definitions referred to above. The result was a proposal that seeks to clarify the arrangements adopted under the provisions of the Memorandum noted with approval by the Members at the 2008 and 2011 AGMs.
5. The proposed revised wording to the Memorandum and Guidelines is attached. Reflecting the discussion on workable arrangements at the 2011 AGM, the Memorandum now permits two national charities per year to host concerts under paragraph 14(1)(a). At the same time the Memorandum also now ensures that a series of five events must have two Ordinary Lets. These changes are designed to permit the Corporation the degree of operational flexibility that allows:
 - (i) broadly, a continuation of the pattern of Ordinary and Exclusive allocations made over the preceding decade; and
 - (ii) ensures the continuation of the diversity and maximisation of programming that has resulted in the increased number of events in the Hall, and that have been of such significant benefit to the Hall and also to the individual seatholders:

Both variations in the provisions contained in the Memorandum are necessary and desirable for the administration of the Hall as well as protecting the interests of the Members. The accompanying Guidelines have been modified to reflect the concerns expressed at the 2011 AGM as to certain definitions and at the same time give clear guidance to those who manage the Hall's programming policy on a daily basis to ensure that they do not breach the obligations the Hall has to Members. It will be noted that the references to "Community Ordinaries" remain unchanged.
6. Following their approval in September 2012, these arrangements have applied to new Lettings contracts with effect from 1 January 2013.

MEMORANDUM: ROLES AND RESPONSIBILITIES OF THE COUNCIL AND THE MEMBERS

GOVERNANCE REVIEW

1. Council (Trustee Body)

The Hall's Constitution (1866 Charter and 1966 Act) states that the "government of the Corporation and the direction of its concerns shall be entrusted to a Council". Subsequently (in 1968) the Council also became the governing body of Trustees of the Corporation as a charity. In recent years there has been an increasing emphasis on the effectiveness and accountability of Trustee bodies. Against that background, a review is currently being undertaken of Hall governance arrangements. Issues being addressed include the following:-

- (i) Making more explicit the responsibilities and functions of members of Council, both within the constitution and as trustees, collectively and individually.
- (ii) The more general principles of Trusteeship, including duty of care, prudence and due diligence.
- (iii) Accountability and stewardship.
- (iv) Appraisal of the effectiveness of the Council in the exercise of its powers and responsibilities.

2. Members

Within the framework of the governance review, Council has also concluded that it would be helpful to clarify the role of seatholders as Members of the Corporation. In doing so, the Council has formulated a series of guidelines, as follows.

- (i) In addition to their proprietary rights as seatholders, the Members have a key role within the Hall's constitution. In broad terms, that role might be described as seeking to achieve, through the Council, the purposes of the Corporation as a charity.
- (ii) Members are encouraged to fully exercise their functions in relation to the conduct of the affairs of the Corporation, as set out in the founding and subsequent Royal Charters, and in the Constitution of the Corporation as provided for by the 1966 Royal Albert Hall Act. (A compendium of the Charters, related Acts of Parliament and Byelaws, colloquially known as 'The Blue Book' is available on request from the Secretary.)
- (iii) In all matters relating to the use of their seats the Members should take full account of the overriding requirement to maintain and uphold the good standing of the Hall as a charitable institution. For example, Members should be discouraged from disposing of their tickets in ways that could attract understandable criticism by Hall promoters and performers and the public more generally.
- (iv) It is the considered view of the Council that it is in the wider interests of the Corporation that the ownership of seats (either by a single owner or by a group of members who have joined together to represent a single interest) should be limited to no more than fifty seats.

Appendix 4

- (v) The Membership represents an important and valued constituency. Its support for the Hall extends well beyond the funding it provides through the Members' annual contribution. The Council is grateful for and confident of the continued support of the Members. The future success of the Hall is dependent on that support.

An interim report on the review was made to Council at its meeting on 6th April. At that meeting Council endorsed the guidelines referred to above and proposed that the Members should be invited to resolve formally to adopt the guidelines at the forthcoming Annual General Meeting of the Corporation on 25th May.

F V REES OBE
SECRETARY TO THE CORPORATION

6th April 2006

NOTE: THE ABOVE DOCUMENT WAS DULY, AND UNANIMOUSLY, ADOPTED AT THE ANNUAL GENERAL MEETING OF THE CORPORATION ON 25 MAY 2006.

Memo



To Finance Committee
From James Ainscough
Subject Watts Report

Date 13th November 2008
Copies

Review of Watts Report

The papers on the Watts Report submitted to Fabric Committee in October are attached behind this note.

Review of Assumptions

Following receipt of the Watts Report and subsequent discussion at Fabric Committee, Chris Cotton and I have reviewed and refined some of the mark-up assumptions that drive the financial results. The following should be noted

- Mechanical services costs (£1.2m base cost to 2029 at current prices) have been left in, although decisions from the King Shaw report may mean that some of this expenditure will ultimately not be required
- Main Contractors Preliminaries / Overheads and Profit / Design and Construction Contingency / Risk Allowance – reduced from 30% to 20%
- Royal Albert Hall Procurement Factors – Allowance reduced from 25% to 20%
- Professional & Consultants Fees – reduced from 20% to 10%

The net impact of these changes is to reduce the Total Costs to the end of 2029 by £9m from £36.3m to £27.3m.

As an approximate comparison, the equivalent total cost figure from the Weatheralls report (based on some estimations/projections) was £23.1m – i.e. £4.2m lower, being £0.2m per year.

Phasing of Expenditure

The phasing of expenditure is based upon real dates when work is expected to be carried out. As a result this phasing is 'lumpy', with a particular peak in the period 2015-2019 due to window replacement and terracotta/faience cleaning & repairs. This means that across the full 20 year period, 61% of the expenditure occurs in the first 10 years.

This has a marked impact on the way that the Plant & Fabric Sinking Fund (P&FSF) must accumulate if it is to avoid deficit. The rate at which funds are put into it needs to be much higher to the end of 2019 than afterwards.

Memo



An illustration of one possible funding profile (below) demonstrates the annual impact. Currently between £550k and £600k per year is envisaged by the Business Plan (based on the Weatheralls report). The example below shows that in the next 11 years an average of £1.3m per year (including interest of £0.1m pa) should be set aside.

Plant & Fabric Sinking Fund

Annual Requirement re. Watts Report

Years 1-11	5.88%	
Years 12-21	-8.43%	4%

	Addition to P&FSF exc interest	Watts Expenditure	Interest	Net Cumulative after Interest	Gross addition to P&FSF
End 2008 balance:	1,878,000			1,878,000	1,878,000
1 2009	925,000	0	75,120	2,878,120	1,000,120
2 2010	979,353	(787,549)	115,125	3,185,049	1,094,478
3 2011	1,036,900	(1,745,972)	127,402	2,603,379	1,164,302
4 2012	1,097,828	(1,061,418)	104,135	2,743,924	1,201,963
5 2013	1,162,336	(1,334,012)	109,757	2,682,005	1,272,093
6 2014	1,230,635	(894,624)	107,280	3,125,296	1,337,915
7 2015	1,302,947	(2,160,713)	125,012	2,392,543	1,427,959
8 2016	1,379,509	(2,160,713)	95,702	1,707,041	1,475,210
9 2017	1,460,569	(2,160,713)	68,282	1,075,178	1,528,850
10 2018	1,546,392	(2,160,713)	43,007	503,864	1,589,399
11 2019	1,637,257	(2,160,713)	20,155	564	1,657,412
12 2020	1,499,271	(1,096,401)	23	403,456	1,499,294
13 2021	1,372,914	(1,096,401)	16,138	696,107	1,389,052
14 2022	1,257,206	(1,096,401)	27,844	884,756	1,285,050
15 2023	1,151,250	(1,096,401)	35,390	974,995	1,186,640
16 2024	1,054,224	(1,096,401)	39,000	971,817	1,093,224
17 2025	965,375	(1,039,713)	38,873	936,351	1,004,248
18 2026	884,014	(1,039,713)	37,454	818,106	921,468
19 2027	809,510	(1,039,713)	32,724	620,627	842,235
20 2028	741,286	(1,039,713)	24,825	347,025	766,111
21 2029	678,811	(1,039,713)	13,881	3	692,692
	26,050,587	(27,307,712)	1,257,128		27,307,715

Memo



If the view was taken that the phasing of the work could be amended in order to allow the P&FSF to accrue at a steady rate up to 2029, then the impact would be significant in the next 10 years. The scenario below keeps all assumptions unchanged except that the building work (mostly windows & terracotta) in 2015-2019 is pushed back to 2019/2024, and the building work in 2019/2024 is pushed back to 2024/2029. The overall effect is to increase the total project costs by £2.8m, due to the impact of 5 more years of inflation. But in the next 11 years an average of only £1.0m per year (including interest of £0.1m pa) should be set aside.

Plant & Fabric Sinking Fund

Annual Requirement re. Watts Report

Years 1-11	5.79%	
Years 12-21	5.79%	4%

	Addition to P&FSF exc interest	Watts Expenditure	Interest	Net Cumulative after Interest	Gross addition to P&FSF
End 2008 balance:	1,878,000			1,878,000	1,878,000
1 2009	675,000	0	75,120	2,628,120	750,120
2 2010	714,056	(787,549)	105,125	2,659,752	819,181
3 2011	755,372	(1,395,798)	106,390	2,125,716	861,762
4 2012	799,079	(1,061,418)	85,029	1,948,406	884,107
5 2013	845,314	(1,334,012)	77,936	1,537,644	923,250
6 2014	894,225	(894,624)	61,506	1,598,750	955,731
7 2015	945,966	(716,330)	63,950	1,892,336	1,009,916
8 2016	1,000,700	(716,330)	75,693	2,252,400	1,076,394
9 2017	1,058,602	(716,330)	90,096	2,684,768	1,148,698
10 2018	1,119,854	(716,330)	107,391	3,195,682	1,227,244
11 2019	1,184,649	(716,330)	127,827	3,791,829	1,312,477
12 2020	1,253,194	(1,799,963)	151,673	3,396,733	1,404,868
13 2021	1,325,705	(1,799,963)	135,869	3,058,345	1,461,575
14 2022	1,402,412	(1,799,963)	122,334	2,783,127	1,524,746
15 2023	1,483,557	(1,799,963)	111,325	2,578,046	1,594,882
16 2024	1,569,397	(1,799,963)	103,122	2,450,601	1,672,519
17 2025	1,660,204	(2,406,029)	98,024	1,802,800	1,758,228
18 2026	1,756,265	(2,406,029)	72,112	1,225,148	1,828,377
19 2027	1,857,884	(2,406,029)	49,006	726,009	1,906,890
20 2028	1,965,383	(2,406,029)	29,040	314,404	1,994,424
21 2029	2,079,102	(2,406,029)	12,576	53	2,091,679
	28,223,923	(30,085,014)	1,861,145		30,085,068

Memo



Concluding Remarks

The phasing of the works described in the Watts report is crucial to setting the correct contribution levels for the P&FSF. The simple table below compares the total annual contributions to the P&FSF in the Business Plan for 2009-2011 with the two scenarios described above.

Year	Business Plan	Watts with adjusted mark-ups but original phasing	Variance to Business Plan	Watts with adjusted mark-ups and delayed window/terracotta work	Variance to Business Plan
2009	£594k	£1,000k	£406k	£750k	£156k
2010	£624k	£1,094k	£470k	£819k	£195k
2011	£655k	£1,164k	£509k	£861k	£206k

The 2009/2010 cashflow/allocation of funds sheets presented within this pack are currently based on the "Watts with adjusted mark-ups but original phasing" scenario above.

The other scenario, where window and terracotta work is delayed, is included for indicative purposes only and is not to be taken as an alternative P&FSF basis. However, when preparing the 5-10 year business plan figures over the next couple of months, I will explore with the Director Building & Operations Director the range of alternative phasings that could be taken into account.

JA

Memo



To Finance Committee **Date** 26th November 2013
From James Ainscough
Subject Plant & Fabric Sinking Fund Update **Copies**

This memo is written to summarise the current position of the Plant and Fabric Sinking Fund.

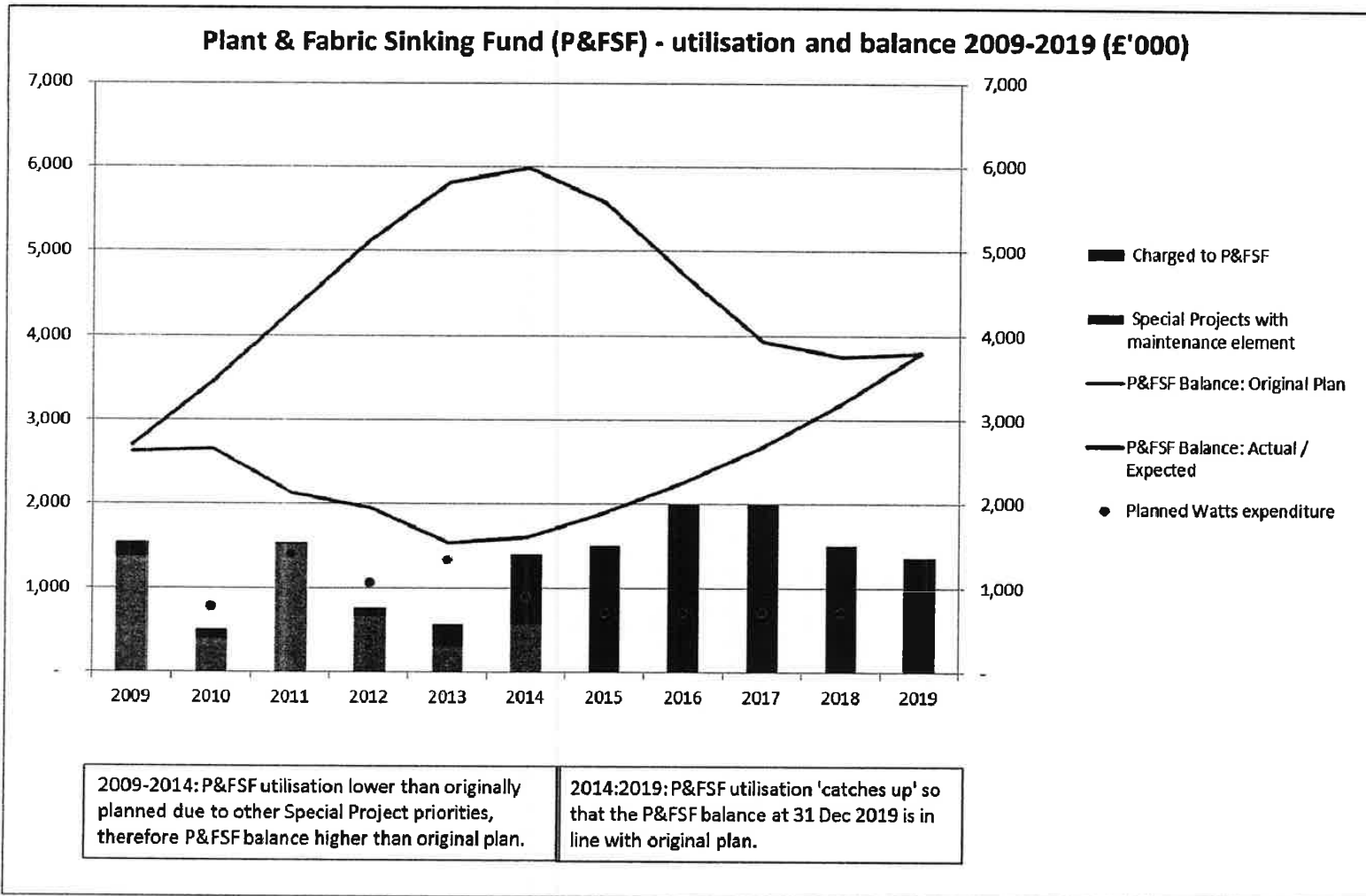
The P&FSF is expected to have a net balance of £5.8m at 31 December 2013. This is £4.3m higher than was anticipated when the 20-year projections, based on the Watts Report, presented to Finance Committee in 2008.

Gross contributions to the fund have been made in line with plan, despite interest rates being much lower than expected. But expenditure allocated to the fund has been much lower than anticipated. This is partly due to time constraints / show commitments reducing the amount of maintenance work that can be done, but also because many projects carried out at the Hall combine both maintenance and enhancement elements yet do not get charged to the P&FSF.

The important point to note is that we envisage increasing the spend rate of maintenance expenditure over the coming years, to ensure we do not end up with an unmanageable problem, so that by 2019 the balance of the P&FSF is expected to be back in line with the original projections (i.e. a net balance of £3.8m at 31/12/19). Therefore although this reserve currently looks high, the money will be spent in the next 5-6 years.

The chart below attempts to summarise this. The gap between the red and blue lines illustrates the gap between actual balance (red) and original planned balance (blue) i.e. the extent to which the P&FSF has more funds than expected currently. The black dots show the level of annual maintenance expenditure anticipated in the original projections. The purple bars show how much expenditure has actually been charged to the P&FSF whilst the green bars give an indication of how much other Special Project expenditure over recent years had a maintenance element to it, despite not being charged to the P&FSF (this excludes all Major Building Development Fund work).

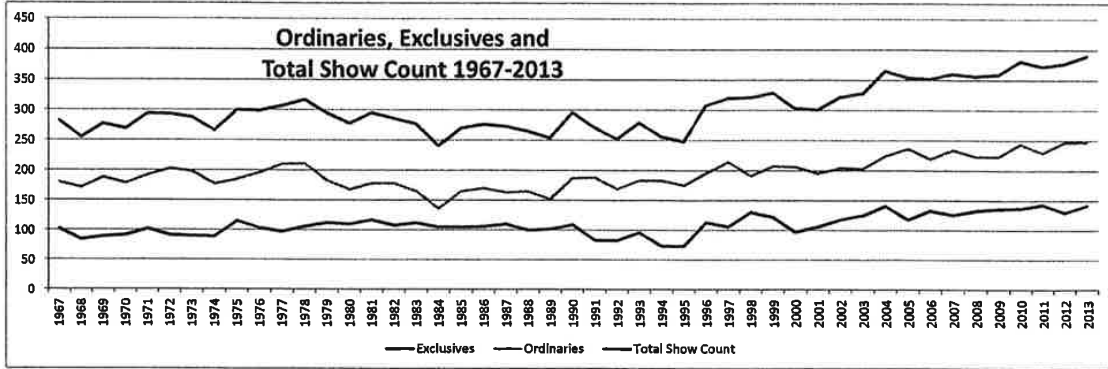
JA



Appendix 6 Show Count History 1926 to 2013

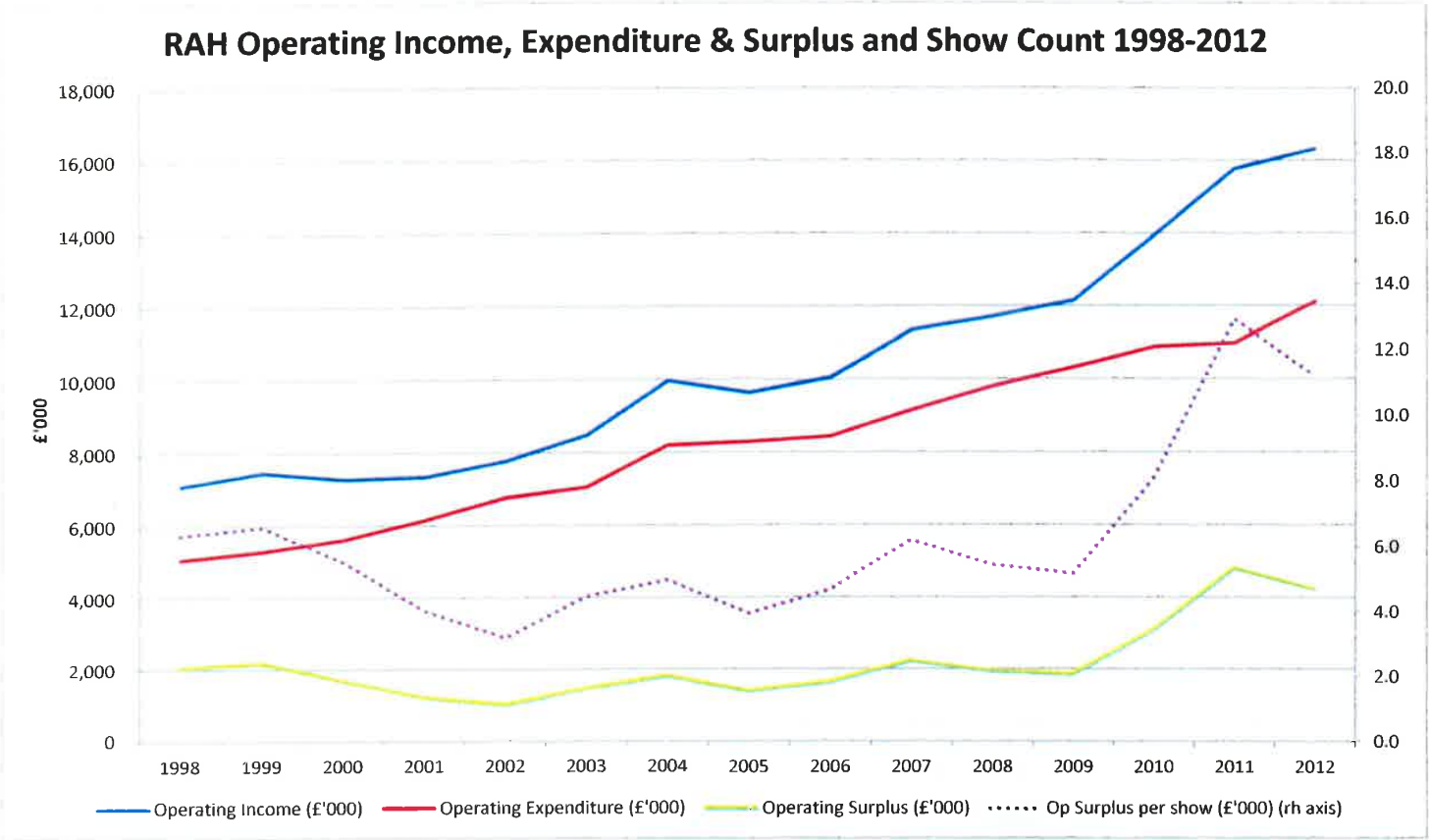
Show Count History

Year	Exclusives	Ordinaries	Total Show Count	Exc 5-year Average	Ord 5-year Average	Total 5-year Average	% Ord
1926	31	90	121				
1927	32	106	138				
1928	22	108	130				
1929	30	94	124				
1930	40	106	146				
1931	31	119	150	34	97	131	74%
1932	33	92	125				
1933	35	73	108				
1934	36	122	158				
1935	36	108	144				
1936	42	103	145	23	67	140	47%
1937	Not known	Not known	128				
1938	Not known	Not known	127				
1939	27	65	92				
1940	Hall Closed	Hall Closed	Hall Closed				
1941	4	73	77	9	89	98	91%
1942	4	137	141				
1943	10	168	178				
1944	8	135	143				
1945	10	238	248				
1946	10	356	366	10	288	298	97%
1947	10	344	354				
1948	10	367	377				
1949	11	354	365				
1950	12	338	350				
1951	14	316	330	15	296	311	95%
1952	18	238	256				
1953	18	234	252				
1954	18	215	233				
1955	16	252	268				
1956	21	268	289	14	194	263	74%
1957	15	237	252				
1958	Not known	Not known	272				
1959	Not known	Not known	256				
1960	Not known	Not known	257				
1961	Not known	Not known	254	0	0	263	0%
1962	Not known	Not known	266				
1963	Not known	Not known	281				
1964	Not known	Not known	293				
1965	Not known	Not known	247				
1966	Not known	Not known	233	37	70	262	27%
1967	102	180	282				
1968	84	171	255				
1969	89	188	277				
1970	91	178	269				
1971	102	192	294	93	192	284	67%
1972	91	202	293				
1973	90	198	288				
1974	89	177	266				
1975	115	185	300				
1976	103	196	299	102	196	298	66%
1977	97	210	307				
1978	106	211	317				
1979	112	183	295				
1980	110	168	278				
1981	117	178	295	112	174	286	61%
1982	108	178	286				
1983	112	165	277				
1984	105	136	241				
1985	105	165	270				
1986	106	170	276	105	160	285	60%
1987	110	163	273				
1988	100	165	265				
1989	102	152	254				
1990	109	187	296				
1991	83	188	271	95	176	270	65%
1992	83	169	252				
1993	96	183	279				
1994	73	183	256				
1995	73	175	248				
1996	113	195	308	99	192	291	66%
1997	106	214	320				
1998	130	191	321				
1999	122	207	329				
2000	97	206	303				
2001	106	195	301	114	203	317	64%
2002	118	204	322				
2003	125	203	328				
2004	141	224	365				
2005	118	236	354				
2006	133	219	352	130	227	357	64%
2007	126	234	360				
2008	133	223	356				
2009	136	223	359				
2010	137	244	381				
2011	143	229	372	138	238	376	63%
2012	130	247	377				
2013	142	248	390				



Appendix 7 Operating Surplus History 1998 - 2012

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Income (£'000)	7,122	7,482	7,300	7,363	7,792	8,512	10,003	9,673	10,079	11,377	11,738	12,176	13,957	15,782	16,324
Operating Expenditure (£'000)	5,069	5,300	5,619	6,148	6,765	7,042	8,183	8,277	8,429	9,142	9,799	10,316	10,872	10,973	12,100
Operating Surplus (£'000)	2,053	2,182	1,681	1,215	1,027	1,470	1,820	1,396	1,650	2,235	1,939	1,860	3,085	4,809	4,224
Main Auditorium Show Count	321	329	303	301	322	328	365	354	352	360	356	359	381	372	377
Op Surplus per show (£'000) (rh axis)	6.4	6.6	5.5	4.0	3.2	4.5	5.0	3.9	4.7	6.2	5.4	5.2	8.1	12.9	11.2



2012 Net Marginal Gain (excl Cirque and long-run co-promotes) split between Ordinary and Exclusive lettings

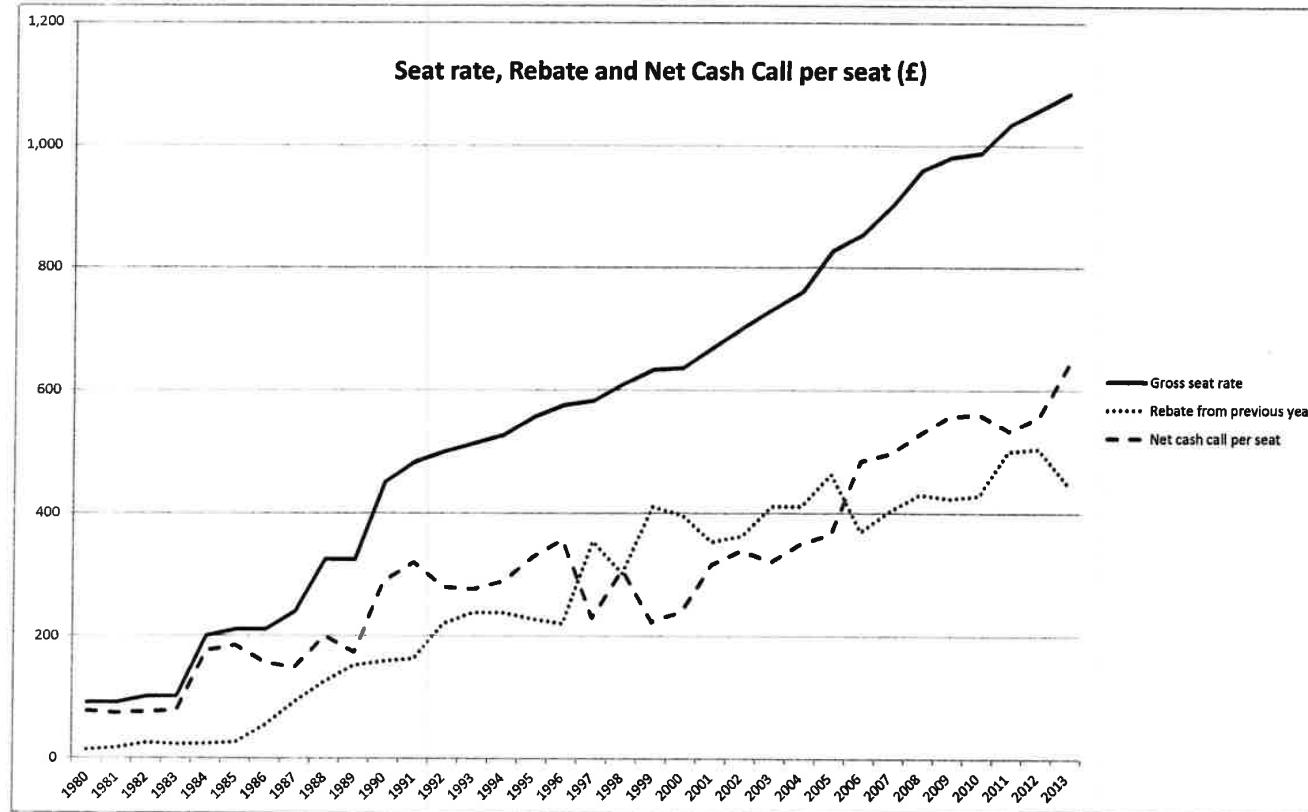
Appendix 8

Letting Type	Ticket Sales	Paying Audience	Gross Rental	Rebate	Net Rental	Ticket Comm	Net Other Show Income	Catering Comm	Prog Merch Comm	Net Leasebox/ Hospitality Income	Total Income	Marginal Show Costs	Net Margin Gain	Showcount	Net Marginal Gain per show
E	14,777,507	280,525	1,325,857	376,860	948,997	1,711,041	518,538	358,027	38,122	214,371	3,789,095	237,702	3,551,393	73	48,649
O	20,245,383	698,191	2,654,978		2,654,978	2,517,159	1,262,398	828,896	91,920	406,075	7,761,426	596,817	7,164,608	227	31,562

Appendix 9

Seat Rate History: 1980 to 2013 (excluding any supplementary seat rate) including annual Rebate

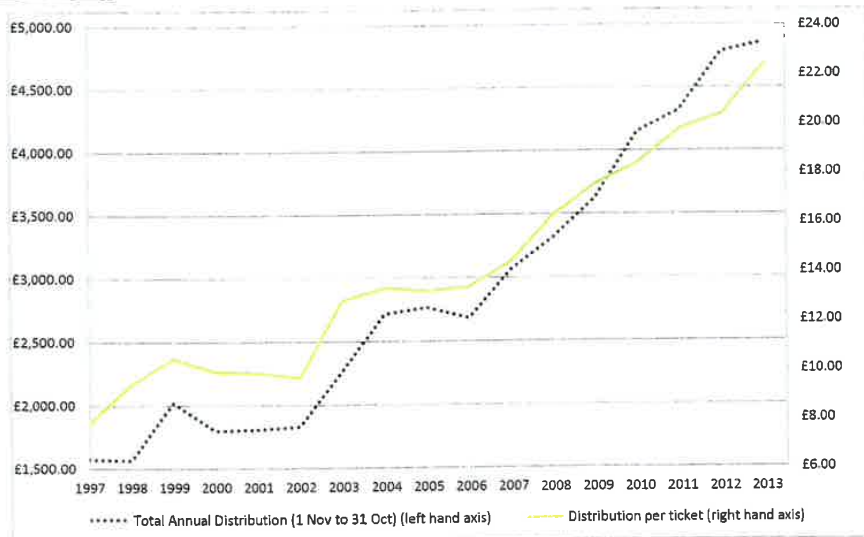
	GBCI	6-year Max	Per Seat:			% Annual Change			Rebate as % of Gross seat rate	Total:			No. of exclusives	Rebate (In the year it was generated) per exclusive (In that year)
			Gross seat rate	Rebate from previous year	Net cash call per seat	Gross seat rate	Rebate from previous year	Net cash call per seat		Gross seat rate	Rebate (generated in prior year, paid to Members in current year)	Net cash call		
		£	£	£	£				£'000	£'000	£'000		£'000	
1980		100	90	(14)	76					114,785	(17,878)	96,907	107	203
1981		100	90	(17)	73	0.0%	21.4%	(3.9)%	18.9%	114,794	(21,709)	93,085	117	273
1982		100	100	(25)	75	11.1%	47.1%	2.7%	25.0%	127,564	(31,925)	95,639	108	272
1983		100	100	(23)	77	0.0%	(8.0)%	2.7%	23.0%	127,564	(29,371)	98,193	112	239
1984		325	200	(24)	176	100.0%	4.3%	128.6%	12.0%	255,255	(26,817)	228,438	105	316
1985		325	210	(26)	184	5.0%	8.3%	4.5%	12.4%	268,025	(33,202)	234,823	107	644
1986		325	210	(54)	156	0.0%	107.7%	(15.2)%	25.7%	266,367	(68,958)	197,409	110	1,083
1987		325	240	(92)	148	14.3%	70.4%	(5.1)%	38.3%	306,131	(119,182)	186,949	100	1,808
1988		325	325	(125)	200	35.4%	35.9%	35.1%	38.5%	413,998	(160,753)	253,245	102	1,929
1989		325	325	(152)	173	0.0%	21.6%	(13.5)%	46.8%	415,433	(196,783)	218,650	109	1,884
1990		850	450	(159)	291	38.5%	4.6%	68.2%	35.3%	569,912	(205,320)	364,592	109	1,929
1991	100.0	850	483	(163)	320	7.3%	2.5%	10.0%	33.7%	611,825	(210,232)	401,593	83	3,418
1992	109.1	850	500	(220)	280	3.5%	35.0%	(12.5)%	44.0%	630,000	(283,680)	346,320	83	3,702
1993	113.0	850	514	(238)	276	2.8%	8.2%	(1.4)%	46.3%	655,000	(307,278)	347,722	96	3,209
1994	117.5	850	527	(238)	289	2.5%	0.0%	4.7%	45.2%	672,000	(308,106)	363,894	73	4,039
1995	123.5	850	556	(228)	328	5.5%	(4.2)%	13.5%	41.0%	700,000	(294,842)	405,158	73	3,891
1996	126.2	985	576	(220)	356	3.8%	(3.5)%	8.5%	38.2%	732,000	(284,044)	447,956	113	4,015
1997	129.4	985	583	(354)	229	1.2%	80.9%	(35.7)%	60.7%	737,000	(453,741)	283,259	106	3,652
1998	134.6	985	610	(302)	308	4.6%	(14.7)%	34.5%	49.5%	772,000	(387,070)	384,930	130	4,039
1999	138.3	985	633	(410)	223	3.8%	35.8%	(27.6)%	64.8%	811,000	(525,041)	285,959	122	4,171
2000	143.5	985	636	(397)	239	0.5%	(3.2)%	7.2%	62.4%	818,000	(508,838)	309,162	97	4,667
2001	148.7	985	669	(353)	316	5.2%	(11.1)%	32.2%	52.8%	818,000	(452,654)	365,346	108	4,394
2002	156.2	985	702	(363)	339	4.9%	2.8%	7.3%	51.7%	867,000	(465,800)	401,200	118	4,490
2003	162.8	1,180	732	(411)	321	4.3%	13.2%	(5.3)%	56.1%	908,000	(529,861)	378,139	125	4,241
2004	169.3	1,180	761	(411)	350	4.0%	0.0%	9.0%	54.0%	945,000	(530,063)	414,937	141	4,228
2005	184.1	1,180	828	(463)	365	8.8%	12.7%	4.3%	55.9%	977,000	(596,104)	380,896	118	4,041
2006	189.9	1,180	854	(370)	484	3.1%	(20.1)%	32.6%	43.3%	1,053,924	(476,840)	577,084	133	3,914
2007	200.2	1,180	901	(404)	497	5.5%	9.2%	2.7%	44.8%	1,087,876	(520,521)	567,355	128	4,358
2008	213.1	1,180	959	(430)	529	6.4%	6.4%	6.4%	44.8%	1,145,952	(549,130)	596,822	133	4,048
2009	217.9	1,565	981	(423)	558	2.3%	(1.6)%	5.5%	43.1%	1,223,000	(538,396)	684,604	136	4,008
2010	219.4	1,565	988	(428)	560	0.7%	1.2%	0.4%	43.3%	1,256,000	(545,020)	710,980	137	4,656
2011	229.8	1,565	1,035	(501)	534	4.8%	17.1%	(4.6)%	48.4%	1,263,000	(637,807)	625,193	143	4,500
2012		1,565	1,060	(505)	555	2.4%	0.8%	3.9%	47.6%	1,351,500	(643,540)	707,960	130	4,371
2013		1,565	1,086	(446)	640	2.5%	(11.7)%	15.3%	41.1%	1,384,650	(568,260)	816,390		



Ticket Return Scheme Data: gross income receivable for 1 seat in the Premium Return Scheme

	Total Annual Distribution (1 Nov to 31 Oct) (left hand axis)	No of Ordinaries	Distribution per ticket (right hand axis)	% annual change in total distribution	% annual change in distribution per ticket
1997	£1,574.31	201	£7.83		
1998	£1,566.12	166	£9.43	-0.5%	20.5%
1999	£2,019.84	193	£10.47	29.0%	10.9%
2000	£1,798.99	181	£9.94	-10.9%	-5.0%
2001	£1,807.83	183	£9.88	0.5%	-0.6%
2002	£1,830.11	189	£9.68	1.2%	-2.0%
2003	£2,266.14	177	£12.80	23.8%	32.2%
2004	£2,716.60	204	£13.32	19.9%	4.0%
2005	£2,767.61	210	£13.18	1.9%	-1.0%
2006	£2,683.25	201	£13.35	-3.0%	1.3%
2007	£3,064.52	213	£14.39	14.2%	7.8%
2008	£3,313.85	204	£16.24	8.1%	12.9%
2009	£3,620.88	207	£17.49	9.3%	7.7%
2010	£4,147.53	226	£18.35	14.5%	4.9%
2011	£4,320.81	219	£19.73	4.2%	7.5%
2012	£4,783.66	235	£20.36	10.7%	3.2%
2013	£4,860.28	217	£22.40	1.6%	10.0%

Distribution Values



No. of Ordinaries



Appendix 12

Seat Transfer Prices 2005-2013

Contents	Notes
1 Complete list of transfers	All transfers recorded by the Hall, from July 2005 to end of 2013.
2 All sections exc tns <£2k	As above, but with all transactions below £2k excluded (i.e. because these are effectively 'nil value'). Please note that this doesn't guarantee that the remaining data only contains 'arms length' transactions - many others, at market value or not, take place between related parties.
3 GT exc transactions <£2k 1980on	Data from table 2 above, only for Grand Tier seats, and with archive data from 1980 onwards included (for 10-seat boxes only) in order to give a longer time perspective
4 Stalls exc transactions <£2k	Data from table 2 above, only for Stall seats
5 2T exc transactions <£2k	Data from table 2 above, only for 2nd Tier seats

Complete list of transfers

All transfers recorded by the Hall, from July 2005 to end of 2013.

Date of Transfer	AMOUNT	AREA	SITTINGS	Date of Sealing
2005-07-28	£95,000.00	Stalls	3	2005-07-28
2005-07-28	£69,000.00	Stalls	2	2005-07-28
2005-07-28	nil consideration	Stalls	2	2005-07-28
2005-09-29	£68,000.00	Stalls	2	2005-09-29
2005-09-29	£64,000.00	Stalls	2	2005-09-29
2005-10-27	£65,000.00	Stalls	2	2005-10-27
2005-12-15	£350,000.00	Stalls	10	2005-12-15
2005-12-15	£350,000.00	Stalls	10	2005-12-15
2005-12-15	£150,000.00	Stalls	4	2005-12-15
2005-12-15	£150,000.00	Stalls	4	2005-12-15
2005-12-15	£80,000.00	Stalls	2	2005-12-15
2005-12-15	£75,000.00	Stalls	2	2005-12-15
2005-12-15	£75,000.00	Stalls	2	2005-12-15
2005-12-15	£1,800.00	Stalls	1	2005-12-15
2006-02-23	£280,000.00	Stalls	8	2006-02-23
2006-02-23	by transmission	Stalls	2	2006-02-23
2006-02-23	nil consideration	Stalls	2	2006-02-23
2006-02-23	nil consideration	Stalls	2	2006-02-23
2006-02-23	by transmission	Stalls	2	2006-02-23
2006-04-06	nil consideration	Stalls	7	2006-04-06
2006-04-06	nil consideration	Stalls	6	2006-04-06
2006-04-06	nil consideration	Stalls	6	2006-04-06
2006-04-06	nil consideration	Stalls	6	2006-04-06
2006-07-27	£67,000.00	Stalls	2	2006-07-27
2006-07-27	nil consideration	Stalls	2	2006-07-27
2006-07-27	£1,800.00	Stalls	1	2006-07-27
2006-07-27	£1,800.00	Stalls	1	2006-07-27
2006-09-28	by transmission	Stalls	4	2009-09-28
2006-09-28	£1.00	Stalls	2	2006-09-28
2006-12-14	nil consideration	Stalls	2	2006-12-14
2006-12-14	nil consideration	Stalls	1	2006-12-14
2007-02-22	nil consideration	Stalls	4	2007-02-22
2007-02-22	nil consideration	Stalls	2	2007-02-22
2007-02-22	£1,800.00	Stalls	1	2007-02-22
2007-04-19	nil consideration	Stalls	9	2007-04-19
2007-04-19	£1,800.00	Stalls	1	2007-04-19
2007-05-31	£72,500	Stalls	2	2007-05-31
2007-05-31	nil consideration	Stalls	2	2007-05-31
2007-07-26	£75,000.00	Stalls	2	2007-07-26
2007-09-27	nil consideration	Stalls	1	2007-09-27
2007-12-13	£80,000.00	Stalls	2	2007-12-13
2008-04-10	£75,000.00	Stalls	2	2008-04-10
2008-04-10	£37,500.00	Stalls	1	2008-04-10
2008-07-17	nil consideration	Stalls	2	2008-07-17
2008-07-17	£1,800.00	Stalls	1	2008-07-17
2008-07-17	£40,000.00	Stalls	1	2008-07-17
2008-10-30	nil consideration	Stalls	4	2008-10-30
2008-12-11	£140,000.00	Stalls	2	2008-12-11
2008-12-11	£37,500.00	Stalls	1	2008-12-11
2008-12-11	£37,500.00	Stalls	1	2008-12-11
2009-01-02	£80,000.00	Stalls	2	2009-02-26
2009-02-26	£76,101.00	Stalls	2	2009-02-26
2009-02-26	nil consideration	Stalls	1	2009-02-26
2009-05-01	£80,000.00	Stalls	2	2009-07-16
2009-05-11	by transmission	Stalls	3	2009-07-16
2009-05-29	nil consideration	Stalls	5	2009-07-16
2009-06-23	nil consideration	Stalls	2	2009-07-16
2009-06-23	nil consideration	Stalls	2	2009-07-16
2009-07-10	£105,000.00	Stalls	2	2009-07-16
2009-08-26	nil consideration	Stalls	2	2009-09-24

2009-09-24	£65,000.00	Stalls	1	2009-09-24
2009-12-31	£80,000.00	Stalls	2	2009-12-31
2010-01-01	£112,550.00	Stalls	2	2009-12-17
2010-01-01	£117,800.00	Stalls	2	2009-12-17
2010-01-04	£140,000.00	Stalls	2	2010-01-04
2010-03-31	£100,000.00	Stalls	2	2010-04-15
2010-04-15	nil consideration	Stalls	5	2010-04-15
2010-07-15	nil payment	Stalls	4	2010-07-15
2010-07-15	£0.00	Stalls	1	2010-07-15
2010-07-15	£0.00	Stalls	1	2010-07-15
2010-07-19	by transmission	Stalls	2	2010-09-23
2010-12-03	£145,000.00	Stalls	2	2010-12-16
2010-12-16	nil consideration	Stalls	3	2010-12-16
2011-02-10	£0.02p	Stalls	2	2011-02-24
2011-02-23	£140,780.00	Stalls	2	2011-02-24
2011-04-01	£115,000.00	Stalls	2	2011-04-14
2011-07-14	by transmission	Stalls	2	2011-17-14
2011-07-15	£145,000.00	Stalls	2	2011-07-14
2011-07-23	£22,000.00	Stalls	2	2011-09-29
2011-08-02	nil consideration	Stalls	1	2011-09-29
2011-08-12	£1,000.00	Stalls	1	2011-09-29
2011-09-01	nil consideration	Stalls	2	2011-09-29
2011-09-29	by transmission	Stalls	2	2011-09-29
2011-10-28	by transmission	Stalls	2	2011-12-15
2011-10-31	£1,800.00	Stalls	1	2011-12-15
2011-11-18	£135,000.00	Stalls	2	2011-12-15
2011-11-28	£51,063.83	Stalls	2	2011-12-15
2012-03-03	nil consideration	Stalls	4	2012-03-03
2012-03-03	£110,150.00	Stalls	2	2012-03-03
2012-04-19	£1,800.00	Stalls	1	2012-04-19
2012-05-01	nil consideration	Stalls	4	2012-05-01
2012-05-31	£1,800.00	Stalls	1	2012-05-31
2012-09-26	nil consideration	Stalls	2	2013-02-28
2012-09-26	nil consideration	Stalls	2	2013-02-28
2013-02-03	£1.00	Stalls	2	2013-02-28
2013-02-14	nil consideration	Stalls	5	2013-02-28
2013-02-14	nil consideration	Stalls	5	
2013-02-14	nil consideration	Stalls	2	2008-02-28
2013-02-14	nil consideration	Stalls	2	2008-02-28
2013-02-14	£65,000.00	Stalls	1	2008-02-28
2013-02-14	nil consideration	Stalls	1	2008-02-28
2013-02-28	£160,000.00	Stalls	2	2008-02-28
2013-02-28	£160,000.00	Stalls	2	2008-02-28
2013-08-15	nil consideration	Stalls	1	2013-10-31
2013-09-10	nil consideration	Stalls	2	2013-10-31
2013-09-24	nil consideration	Stalls	3	2013-10-31
2013-12-10	nil consideration	Stalls	1	2013-12-12
2013-12-10	nil consideration	Stalls	1	2013-12-12
2013-12-10	nil consideration	Stalls	1	2013-12-12
2005-05-26	£325,000	Second Tier	5	2005-05-26
2005-10-27	nil consideration	Second Tier	5	2005-10-27
2006-04-06	nil consideration	Second Tier	1	2006-04-06
2006-04-06	nil consideration	Second Tier	1	2006-04-06
2006-04-06	nil consideration	Second Tier	1	2006-04-06
2006-07-27	nil consideration	Second Tier	5	2006-07-27
2007-02-22	£300,000.00	Second Tier	5	2007-02-22
2007-09-27	£385,000.00	Second Tier	5	2007-09-27
2008-07-17	£425,531.92	Second Tier	5	2008-07-17
2008-09-25	£400,000.00	Second Tier	5	2008-09-25
2008-12-11	£119,611.48	Second Tier	2	2008-12-11
2008-12-11	£59,130.44	Second Tier	1	2008-12-11
2008-12-11	£59,130.44	Second Tier	1	2008-12-11
2008-12-11	£60,000.00	Second Tier	1	2008-12-11
2009-02-26	nil consideration	Second Tier	5	2009-02-26

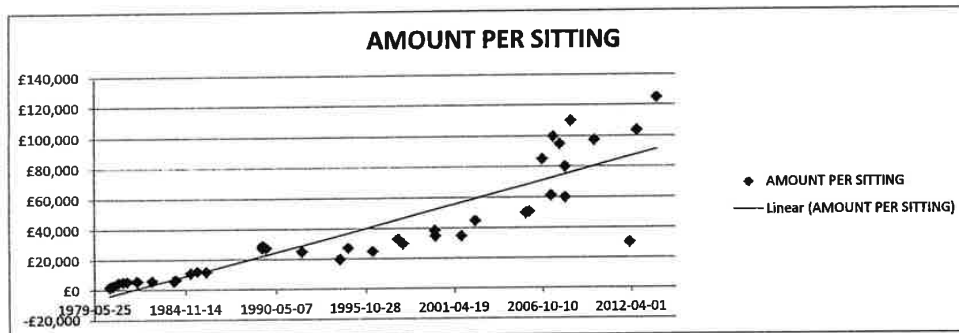
2009-06-19	£100,874.00	Second Tier	5	2009-07-16
2011-01-05	nil consideration	Second Tier	5	2011-02-24
2011-03-10	nil consideration	Second Tier	1	2011-04-14
2011-11-01	£518,000.00	Second Tier	5	2011-12-15
2013-03-25	£439,000.00	Second Tier	5	2013-04-18
2013-08-05	nil consideration	Second Tier	5	2013-10-31
2013-11-01	nil consideration	Second Tier	5	2013-10-31
2013-12-10	£888,888.00	Second Tier	5	2013-12-12
2008-09-25	£720,000.00	Loggia	8	2008-09-25
2009-12-21	£975,000.00	Grand Tier	10	2009-12-21
2005-09-29	£499,000.00	Grand Tier	10	2005-09-29
2005-12-15	£505,555.00	Grand Tier	10	2005-12-15
2006-04-06	nil consideration	Grand Tier	10	2006-04-06
2006-09-28	£850,000	Grand Tier	10	2009-09-28
2007-04-19	£612,500	Grand Tier	10	2007-04-19
2007-05-31	£1,000,000.00	Grand Tier	10	2007-05-31
2007-10-25	£950,000	Grand Tier	10	2007-10-25
2008-02-28	£800,000.00	Grand Tier	10	2008-02-28
2008-02-28	£120,000.00	Grand Tier	2	2008-02-28
2008-07-17	£550,000.00	Grand Tier	5	2008-07-17
2008-07-17	£550,000.00	Grand Tier	5	2008-07-17
2012-03-05	£305,606.00	Grand Tier	10	2012-04-15
2012-08-09	£1,037,500.00	Grand Tier	10	2012-08-09
2013-02-01	nil consideration	Grand Tier	10	2013-02-28
2013-10-29	£1,250,000.00	Grand Tier	10	2013_10_31

GT exc transactions <£2k 1980on

Data only for Grand Tier seats, and with archive data from 1980 onwards Included (for 10-seat boxes only) in order to give a longer time perspective

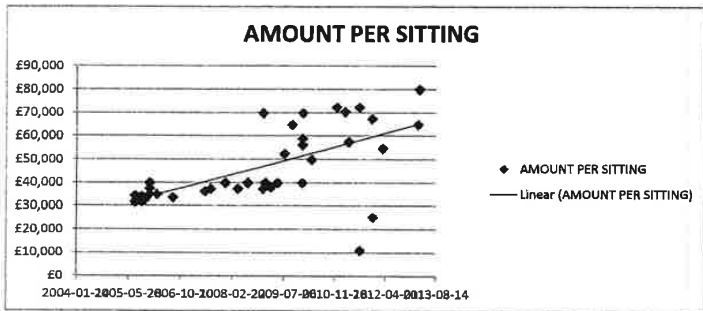
Date of Transfer	AMOUNT	AREA	SITTINGS	Date of Sealing	AMOUNT PER SITTING
1980-04-24	£20,000		10		£2,000
1980-06-26	£25,000		10		£2,500
1980-10-23	£49,000		10		£4,900
1981-01-29	£50,000		10		£5,000
1981-04-29	£53,500		10		£5,350
1981-11-26	£55,000		10		£5,500
1981-12-17	£55,000		10		£5,500
1982-10-28	£57,500		10		£5,750
1984-02-23	£57,500		10		£5,750
1984-03-29	£65,000		10		£6,500
1985-02-28	£110,000		10		£11,000
1985-07-25	£122,500		10		£12,250
1986-01-30	£120,000		10		£12,000
1989-06-29	£291,000		10		£29,100
1989-06-29	£275,000		10		£27,500
1989-09-28	£275,000		10		£27,500
1991-11-28	£250,000		10		£25,000
1994-03-24	£200,000		10		£20,000
1994-09-29	£275,000		10		£27,500
1996-03-28	£250,000		10		£25,000
1997-10-30	£330,000		10		£33,000
1998-02-20	£300,000		10		£30,000
2000-01-27	£385,000		10		£38,500
2000-02-07	£350,000		10		£35,000
2001-09-21	£350,000		10		£35,000
2002-08-01	£450,000		10		£45,000
2005-09-29	£499,000	Grand Tier	10	2005-09-29	£49,900
2005-12-15	£505,555	Grand Tier	10	2005-12-15	£50,556
2006-09-28	£850,000	Grand Tier	10	2009-09-28	£85,000
2007-04-19	£612,500	Grand Tier	10	2007-04-19	£61,250
2007-04-19	£1,000,000	Grand Tier	10	2007-05-31	£100,000
2007-05-31	£950,000	Grand Tier	10	2007-10-25	£95,000
2007-10-25	£900,000	Grand Tier	10	2008-02-28	£90,000
2008-02-28	£900,000	Grand Tier	10	2008-02-28	£90,000
2008-02-28	£120,000	Grand Tier	2	2008-02-28	£60,000
2008-07-17	£550,000	Grand Tier	5	2008-07-17	£110,000
2008-07-17	£550,000	Grand Tier	5	2008-07-17	£110,000
2009-12-21	£975,000	Grand Tier	10	2009-12-21	£97,500
2012-03-05	£305,606	Grand Tier	10	2012-04-15	£30,561
2012-08-09	£1,037,500	Grand Tier	10	2012-08-09	£103,750
2013-10-29	£1,250,000	Grand Tier	10	2013_10_31	£125,000

Data from 1980 - 2002 obtained from the Hall's archives, for 10-seater box transfers, in order to give a longer time-perspective.



Stalls exc transactions <£2k Data only for Stall seats

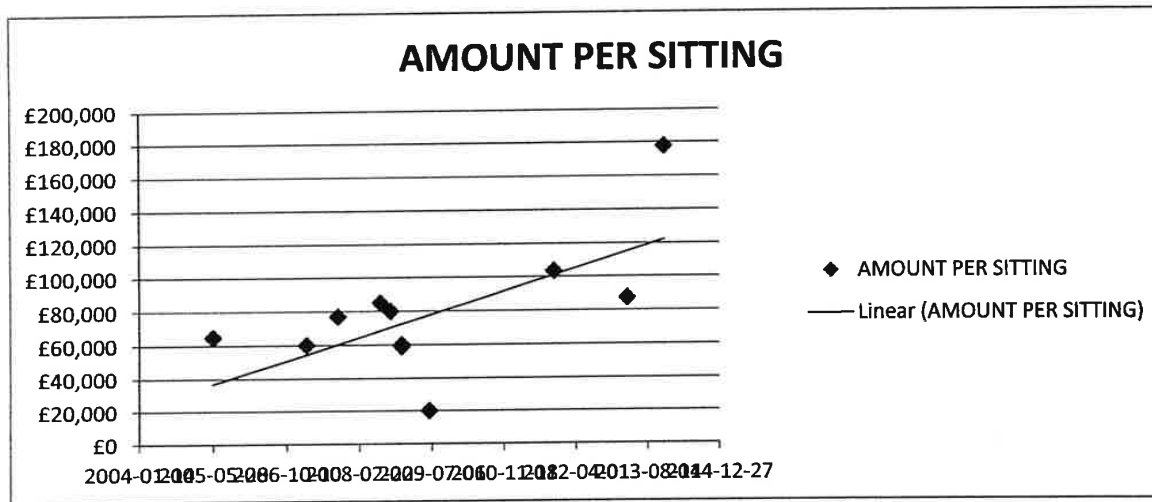
Date of Transfer	AMOUNT	AREA	SITTINGS	Date of Sealing	AMOUNT PER SITTING
2005-07-28	£95,000	Stalls	3	2005-07-28	£31,667
2005-07-28	£69,000	Stalls	2	2005-07-28	£34,500
2005-09-29	£68,000	Stalls	2	2005-09-29	£34,000
2005-09-29	£64,000	Stalls	2	2005-09-29	£32,000
2005-10-27	£65,000	Stalls	2	2005-10-27	£32,500
2005-12-15	£350,000	Stalls	10	2005-12-15	£35,000
2005-12-15	£350,000	Stalls	10	2005-12-15	£35,000
2005-12-15	£150,000	Stalls	4	2005-12-15	£37,500
2005-12-15	£150,000	Stalls	4	2005-12-15	£37,500
2005-12-15	£80,000	Stalls	2	2005-12-15	£40,000
2005-12-15	£75,000	Stalls	2	2005-12-15	£37,500
2005-12-15	£75,000	Stalls	2	2005-12-15	£37,500
2006-02-23	£280,000	Stalls	8	2006-02-23	£35,000
2006-07-27	£67,000	Stalls	2	2006-07-27	£33,500
2007-05-31	£72,500	Stalls	2	2007-05-31	£36,250
2007-07-26	£75,000	Stalls	2	2007-07-26	£37,500
2007-12-13	£80,000	Stalls	2	2007-12-13	£40,000
2008-04-10	£75,000	Stalls	2	2008-04-10	£37,500
2008-04-10	£37,500	Stalls	1	2008-04-10	£37,500
2008-07-17	£40,000	Stalls	1	2008-07-17	£40,000
2008-12-11	£140,000	Stalls	2	2008-12-11	£70,000
2008-12-11	£37,500	Stalls	1	2008-12-11	£37,500
2008-12-11	£37,500	Stalls	1	2008-12-11	£37,500
2009-01-02	£80,000	Stalls	2	2009-02-26	£40,000
2009-02-26	£76,101	Stalls	2	2009-02-26	£38,051
2009-05-01	£80,000	Stalls	2	2009-07-16	£40,000
2009-07-10	£105,000	Stalls	2	2009-07-16	£52,500
2009-09-24	£65,000	Stalls	1	2009-09-24	£65,000
2009-12-31	£80,000	Stalls	2	2009-12-31	£40,000
2010-01-01	£112,550	Stalls	2	2009-12-17	£56,275
2010-01-01	£117,800	Stalls	2	2009-12-17	£58,900
2010-01-04	£140,000	Stalls	2	2010-01-04	£70,000
2010-03-31	£100,000	Stalls	2	2010-04-15	£50,000
2010-12-03	£145,000	Stalls	2	2010-12-16	£72,500
2011-02-23	£140,780	Stalls	2	2011-02-24	£70,390
2011-04-01	£115,000	Stalls	2	2011-04-14	£57,500
2011-07-15	£145,000	Stalls	2	2011-07-14	£72,500
2011-07-23	£22,000	Stalls	2	2011-09-29	£11,000
2011-11-18	£135,000	Stalls	2	2011-12-15	£67,500
2011-11-28	£51,064	Stalls	2	2011-12-15	£25,532
2012-03-03	£110,150	Stalls	2	2012-03-03	£55,075
2013-02-14	£65,000	Stalls	1	2008-02-28	£65,000
2013-02-28	£160,000	Stalls	2	2008-02-28	£80,000
2013-02-28	£160,000	Stalls	2	2008-02-28	£80,000

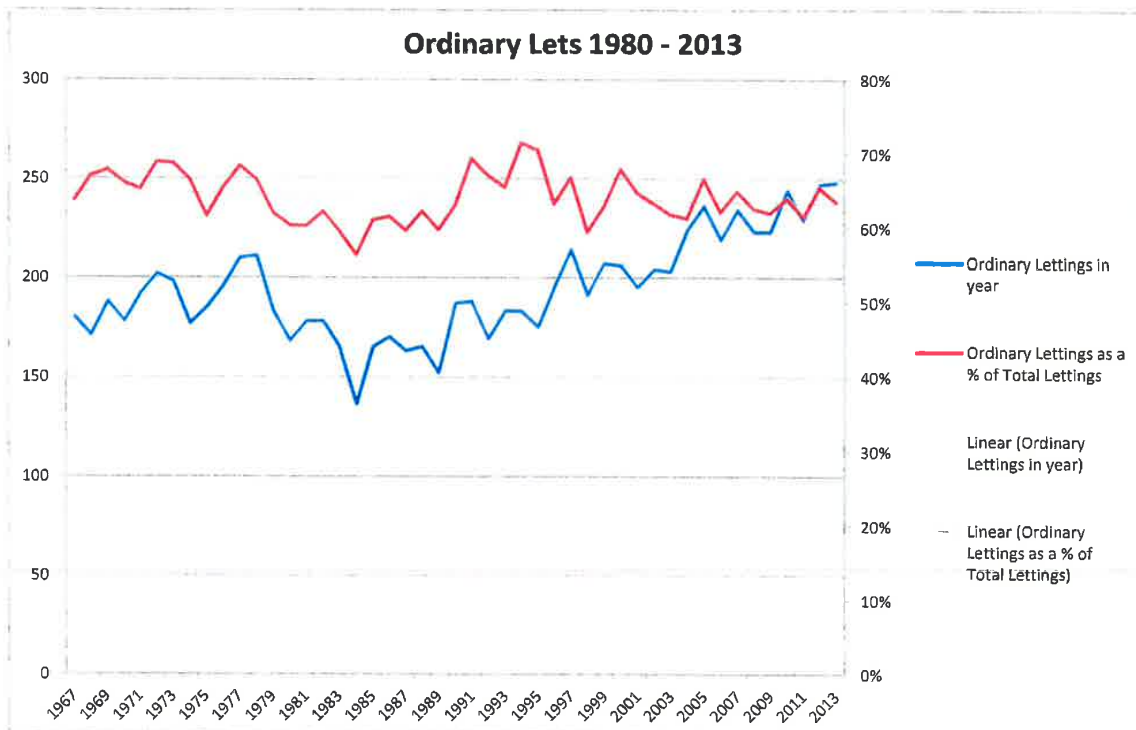


2T exc transactions <£2k

Data from table 2 above, only for 2nd Tier seats

Date of Transfer	AMOUNT	AREA	SITTINGS	Date of Sealing	AMOUNT PER SITTING
2005-05-26	£325,000	Second Tier	5	2005-05-26	£65,000
2007-02-22	£300,000	Second Tier	5	2007-02-22	£60,000
2007-09-27	£385,000	Second Tier	5	2007-09-27	£77,000
2008-07-17	£425,532	Second Tier	5	2008-07-17	£85,106
2008-09-25	£400,000	Second Tier	5	2008-09-25	£80,000
2008-12-11	£119,611	Second Tier	2	2008-12-11	£59,806
2008-12-11	£59,130	Second Tier	1	2008-12-11	£59,130
2008-12-11	£59,130	Second Tier	1	2008-12-11	£59,130
2008-12-11	£60,000	Second Tier	1	2008-12-11	£60,000
2009-06-19	£100,874	Second Tier	5	2009-07-16	£20,175
2011-11-01	£518,000	Second Tier	5	2011-12-15	£103,600
2013-03-25	£439,000	Second Tier	5	2013-04-18	£87,800
2013-12-10	£888,888	Second Tier	5	2013-12-12	£177,778





**A re-classification of 2012
Lettings to comply with 1966,
and a quantitative assessment of
the cost of compliance.**

To test whether it is true that the Hall could not sustain the current programme without breaching 1966, I first reassigned 2012 lettings in compliance with 1966, juggling Exclusive types and awarding new Ordinaries where necessary, in the way most favourable to the Hall/Promoters.

The Promoters' complaint is that Ordinaries deprive them of the revenue of 1,274 of the best tickets. So as not to disturb Promoters or affect the programme, I have the Hall effectively purchase all Members' tickets at full face value from the Promoters to create synthetic Ordinaries. Members' tickets are typically more expensive than non-Members' tickets – I assume by 25%.

Apart from 14 1 b i Exclusives (the relatively rare wildcards), Members receive the extra rent which Promoters pay for Exclusives (over Ordinaries) in the form of the "Rebate". When the Hall "buys back" tickets to create a synthetic Ordinary, its cost is reduced by this extra rent, which it would now capture instead of Members.

Aside from the purely internal, technical reclassifications of some Exclusives, abiding by 1966 generates 33 new Ordinaries and 8 new Exclusives – net, 25 additional Ordinaries for Members.

The programme is very regular year to year, largely because of Cirque, the Proms, and the Gubbay Xmas Festival, which between them occupy around a third of the calendar – so, 2012 is representative.

Of the 18 events/series affected, 10 are negatively so (from the Hall's profit perspective). However, only 3 become unprofitable – Aida, Bryan Adams, and Katherine Jenkins (the last two by £13k and £15k respectively). Aida was a new show in 2012 – it should be much cheaper to restage.

Although some promoters would realise above face value for some tickets (via hospitality packages, for example), by assuming the Hall would compensate promoters for *all* tickets at *full face value*, when many tickets would in reality not sell at all, I consider this to be a conservative assumption, or a worst-case scenario.

The total worst-case compensation comes out at £1.7m.

To put this in context, the Hall made an operational surplus of £3.34m in 2010, £4.97m in 2011, and £4.53m in 2012 (and £4.55m was forecast for 2013 a couple of months ago, though the figures are not yet in). Added to this, the Members are contributing around £1.8m a year via the seat rate. So, the Hall has something like £6.5m a year to spend on maintenance and other projects. Ordinarily, approximately £2.5m is sufficient for building maintenance and enhancement, including the sinking fund. Exceptionally, for the next few years more of the surplus will be put aside towards a major overhaul of the venue. Around £500k is spent on fringe education projects – something which is ancillary to the Charity's main purposes and wholly discretionary.

I am confident that the Hall would cope with £1.7m less a year, and also that the figure would not be so much anyway, as Promoters would in many cases compromise if forced to, offsetting some or perhaps even all of the cost. The Hall is currently significantly oversubscribed.

About 70% of the hypothetical shortfall in my analysis can be attributed to Cirque. Suppose the Hall refused to accept a lower return (even though the Hall is not-for-profit) and the promoters of Cirque also refused to compromise – *can it really be in Members' interests to receive fewer than ten tickets in January?* Is Cirque worth it? Not in my opinion.

It would be better for Members if the Hall met its obligations under 1966 – in the unlikely case of a future shortfall, Members should prefer to address this through the seat rate as and when, than paying in needlessly in both good times and bad.

DATE	EVENT	ACTUAL				1966 COMPLIANT ADJUSTMENTS						
		E/O	EXCLUSIVE TYPE	REBATE (Exclusive Extra Rent Paid by Promoters to Members)	Hall's Original Profit aka NET MARGIN GAIN	AVERAGE PRICE PER TICKET	E/O	EXCLUSIVE TYPE	AVERAGE PRICE PER MEMBERS' TICKET	Hall's Gross Cost Incurred Buying Back Members' 1,274 Tickets from Promoters	Hall's New Benefit from Receiving Exclusive Extra Rent (REBATE) Instead of Members	Hall's New Profit aka New NET MARGIN GAIN
	to 2012 Totem PREP				£35,240							£35,240
01/01/2012	Totem PREP				£5,739							£5,739
02/01/2012	Totem PREP				£5,308							£5,308
03/01/2012	Totem PREP				£5,548							£5,548
04/01/2012	Totem DRESS REHEARSAL				£4,409							£4,409
05/01/2012	Totem PREMIERE	E	14 1 b ii	£3,250	£37,913	£91.24		£107.34				£37,913
06/01/2012	Totem at 20:00	O			£22,800	£54.37		£67.96				£22,800
07/01/2012	Totem at 15:30	E	14 1 b ii	£3,250	£31,057	£64.23		£75.56				£31,057
07/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£26,282	£63.68		£74.92				£26,282
08/01/2012	Totem at 15:30	E	14 1 b ii	£3,250	£29,390	£60.12		£70.73				£29,390
08/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£24,613	£61.75		£72.65				£24,613
09/01/2012	Totem REST				£5,873							£5,873
10/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£24,458	£57.81		£68.01	£85,647	£3,250		£58,939
11/01/2012	Totem at 15:30	O			£18,449	£49.93		£62.41				£18,449
11/01/2012	Totem at 20:00	O			£17,564	£51.51		£64.39				£17,564
12/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£27,640	£62.16		£73.13				£27,640
13/01/2012	Totem at 15:30	E	14 1 b ii	£3,250	£20,319	£55.82		£65.67	£83,664	£3,250		£60,995
13/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£24,121	£62.33		£73.33				£24,121
14/01/2012	Totem at 15:30	E	14 1 b ii	£3,250	£29,180	£64.16		£75.48				£29,180
14/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£27,414	£63.70		£74.94				£27,414
15/01/2012	Totem at 15:30	E	14 1 b ii	£3,250	£27,869	£60.90		£71.65				£27,869
15/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£27,281	£62.10		£73.06				£27,281
16/01/2012	Totem REST				£5,873							£5,873
17/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£20,607	£59.71		£70.25				£20,607
18/01/2012	Totem at 15:30	E	14 1 b ii	£3,250	£17,951	£51.44		£60.52	£77,099	£3,250		£55,898
18/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£20,823	£59.27		£69.73				£20,823
19/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£25,998	£56.00		£65.88	£83,934	£3,250		£54,886
20/01/2012	St James's Place AGM	E	14 1 a									£0
20/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£72,359	£63.92		£75.20				£72,359
21/01/2012	Totem at 15:30	O			£27,276	£56.56		£70.70				£27,276
21/01/2012	Totem at 20:00	O			£20,698	£56.15		£70.19				£20,698
22/01/2012	Totem at 15:30	E	14 1 b ii	£3,250	£27,082	£59.84		£70.40				£27,082
22/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£26,514	£62.09		£73.05				£26,514
23/01/2012	Totem REST				£5,873							£5,873
24/01/2012	Totem REST				£5,873							£5,873
25/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£26,060	£59.19		£69.64	£88,715	£3,250		£59,405
26/01/2012	Totem at 15:30	O			£19,393	£50.39		£62.99				£19,393
26/01/2012	Totem at 20:00	O			£18,195	£51.80		£64.75				£18,195
27/01/2012	Totem at 15:30	E	14 1 b ii	£3,250	£22,481	£53.17		£62.55	£79,692	£3,250		£53,861
27/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£25,339	£65.07		£76.55				£25,339
28/01/2012	Totem at 15:30	E	14 1 b ii	£3,250	£34,274	£64.40		£75.76				£34,274
28/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£25,279	£63.24		£74.40				£25,279
29/01/2012	Totem at 15:30	O			£23,862	£53.93		£67.41				£23,862
29/01/2012	Totem at 20:00	O			£22,893	£55.32		£69.15				£22,893
30/01/2012	Totem REST				£5,873							£5,873
31/01/2012	Totem at 20:00	E	14 1 b ii	£3,250	£22,674	£58.34		£66.64	£87,444	£3,250		£61,917
01/02/2012	Totem at 15:30	E	14 1 b ii	£3,250	£14,271	£53.38		£62.80	£80,007	£3,250		£62,486
01/02/2012	Totem at 20:00	E	14 1 b ii	£3,250	£16,123	£58.42		£68.23	£87,564	£3,250		£68,188
02/02/2012	Totem at 20:00	E	14 1 b ii	£3,250	£24,482	£58.91		£69.31	£88,296	£3,250		£60,564
03/02/2012	Totem at 15:30	E	14 1 b ii	£3,250	£19,040	£52.36		£61.60	£78,478	£3,250		£56,188
03/02/2012	Totem at 20:00	E	14 1 b ii	£3,250	£25,568	£64.84		£76.28				£25,568
04/02/2012	Totem at 15:30	E	14 1 b ii	£3,250	£29,771	£64.64		£76.05				£29,771
04/02/2012	Totem at 20:00	E	14 1 b ii	£3,250	£26,336	£63.69		£74.93				£26,336
05/02/2012	Totem at 15:00	O			£20,918	£53.16		£66.45				£20,918
05/02/2012	Totem at 19:30	O			£18,106	£53.46		£66.83				£18,106
06/02/2012	Totem REST				£5,873							£5,873
07/02/2012	Totem at 20:00	E	14 1 b ii	£3,250	£17,716	£58.41		£68.72	£87,546	£3,250		£60,990
08/02/2012	Totem at 15:30	O			£9,365	£49.09		£61.36				£9,365
08/02/2012	Totem at 20:00	O			£21,640	£53.33		£66.66				£21,640
09/02/2012	Totem at 20:00	E	14 1 b ii	£3,250	£23,217	£59.35		£69.82				£23,217
10/02/2012	Totem at 15:30	E	14 1 b ii	£3,250	£16,905	£55.25		£65.00	£82,810	£3,250		£62,859

DATE	EVENT	ACTUAL				1966 COMPLIANT ADJUSTMENTS						
		E/O	EXCLUSIVE TYPE	REBATE (Exclusive Extra Rent Paid by Promoters to Members)	Hall's Original Profit aka NET MARGIN	AVERAGE PRICE PER TICKET	E/O	EXCLUSIVE TYPE	AVERAGE PRICE PER MEMBERS' TICKET	Hall's Gross Cost Incurred Buying Back Members' 1,274 Tickets from Promoters	Hall's New Benefit from Receiving Exclusive Extra Rent (REBATE) Instead of Members	Hall's New Profit aka New NET MARGIN
10/02/2012	Totem at 20:00	E	14 1 b ii	£3,250	£24,904	£69.24			£81.46		£24,904	
11/02/2012	Totem at 15:30	E	14 1 b ii	£3,250	£31,574	£64.42	E	14 1 a	£75.79		£31,574	
11/02/2012	Totem at 20:00	E	14 1 b ii	£3,250	£25,840	£63.71			£74.95		£25,840	
12/02/2012	Totem at 15:30	E	14 1 b ii	£3,250	£28,261	£60.31	E	14 1 a	£70.95		£28,261	
12/02/2012	Totem at 20:00	E	14 1 b ii	£3,250	£28,656	£61.77			£72.67		£28,656	
13/02/2012	Totem REST				£5,873						£5,873	
14/02/2012	Totem at 20:00	E	14 1 b ii	£3,250	£32,170	£64.65			£76.06		£32,170	
15/02/2012	Totem at 15:30	E	14 1 b ii	£3,250	£26,381	£54.18	O		£63.74	£81,206	£3,250	£51,375
15/02/2012	Totem at 20:00	E	14 1 b ii	£3,250	£27,718	£58.25	O		£68.53	£87,306	£3,250	£56,338
16/02/2012	Totem at 15:30	O			£23,846	£49.44			£61.80			£23,846
16/02/2012	Totem at 20:00	O			£133,083	£54.31			£67.89			£133,083
17/02/2012	Totem DERIG				£6,816							£6,816
18/02/2012	Totem DERIG				£8,089							£8,089
19/02/2012	Aida PREP				£6,663							£6,663
20/02/2012	Aida PREP				£6,663							£6,663
21/02/2012	Aida PREP				£5,172							£5,172
22/02/2012	Aida PREP				£3,273							£3,273
23/02/2012	Aida	E	14 1 b ii	£3,250	£9,428	£53.72	O		£63.20	£80,517	£3,250	£67,839
24/02/2012	Aida	E	14 1 b ii	£3,250	£7,736	£57.18			£67.27			£7,736
25/02/2012	Aida MAT	E	14 1 b ii	£3,250	£10,015	£56.88			£66.92			£10,015
25/02/2012	Aida EVE	E	14 1 b ii	£3,250	£8,308	£56.00	O		£65.88	£83,934	£3,250	£72,378
26/02/2012	Aida MAT	O			£5,827	£47.96			£59.95			£5,827
27/02/2012	Aida REST				£5,261							£5,261
28/02/2012	Aida REST				£5,261							£5,261
29/02/2012	Aida	O			£9,235	£47.80			£59.75			£9,235
01/03/2012	Aida	E	14 1 b ii	£3,250	£12,723	£53.49	O		£62.93	£80,172	£3,250	£66,199
02/03/2012	Aida	O			£12,807	£48.94			£61.18			£12,807
03/03/2012	Aida MAT	E	14 1 b ii	£3,250	£11,764	£56.80			£66.82			£11,764
03/03/2012	Aida EVE	E	14 1 b ii	£3,250	£11,945	£56.44			£66.40			£11,945
04/03/2012	Aida MAT	E	14 1 b ii	£3,250	£9,716	£57.13			£67.21			£9,716
05/03/2012	AIDA REST				£4,137							£4,137
06/03/2012	Aida	O			£14,642	£48.17			£60.21			£14,642
07/03/2012	Aida	O			£11,219	£48.40			£60.50			£11,219
08/03/2012	Aida	E	14 1 b ii	£3,250	£21,759	£55.14	O		£64.87	£82,645	£3,250	£57,638
09/03/2012	Aida	E	14 1 b ii	£3,250	£17,296	£57.40			£67.53			£17,296
10/03/2012	Aida MAT	E	14 1 b ii	£3,250	£14,632	£56.92			£66.96			£14,632
10/03/2012	Aida EVE	E	14 1 b ii	£3,250	£10,640	£56.03	E	14 1 a	£65.92			£10,640
11/03/2012	Aida	E	14 1 b ii	£3,250	£20,837	£56.42	E	14 1 a	£66.38			£20,837
12/03/2012	Aida DERIG				£5,193							£5,193
13/03/2012	The Dubliners 50th Birthday Concert	O			£40,364	£32.62			£40.78			£40,364
14/03/2012	RPO Great Classics	O			£21,734	£18.28			£22.85			£21,734
15/03/2012	Classical Spectacular	O			£31,201	£34.52			£43.15			£31,201
16/03/2012	Classical Spectacular Schools Matinee	O			£0	£3.50			£4.38			£0
16/03/2012	Classical Spectacular	O			£28,139	£35.01			£43.76			£28,139
17/03/2012	Classical Spectacular MAT	E	14 1 b ii	£6,600	£38,549	£40.64			£47.81			£38,549
17/03/2012	Classical Spectacular EVE	E	14 1 b ii	£6,600	£38,540	£41.01			£48.25			£38,540
18/03/2012	Classical Spectacular MAT	E	14 1 b ii	£6,600	£35,266	£38.56	E	14 1 a	£45.36			£35,266
18/03/2012	Classical Spectacular EVE	O			£26,277	£33.30			£41.63			£26,277
19/03/2012	Camden Music Festival	CO			£25,339	£10.00			£12.50			£25,339
20/03/2012	Lang Lang	O			£56,303	£40.62			£50.78			£56,303
21/03/2012	Lang Lang	O			£54,160	£40.41			£50.51			£54,160
22/03/2012	Redbridge Schools Choral Festival 2012	O			£23,215	£22.36			£27.95			£23,215
23/03/2012	Lang Lang	O			£60,374	£39.02			£48.78			£60,374
24/03/2012	David Sylvian (CANCELLED)	O			£17,850							£17,850
25/03/2012	Feist	O			£30,541	£30.08			£37.60			£30,541
26/03/2012	Titanic 3D Film Premiere PREP				£26,991							£26,991
27/03/2012	Titanic 3D Film Premiere	E	14 1 a	£6,600	£31,839	£0.00			£0.00			£31,839
28/03/2012	TCT Concert	O			£52,903	£41.71			£52.14			£52,903
29/03/2012	TCT Concert	E			£70,862	£116.40			£136.94			£70,862
30/03/2012	TCT Concert	O			£32,255	£44.25			£55.31			£32,255
31/03/2012	TCT Concert	E			£55,886	£47.71	O		£56.13	£71,509		£15,623

Totem
Original Profit: £1,694,259
New Profit: £482,603
Change: -£1,211,656

Aida
Original Profit: £262,152
New Profit: -£52,116
Change: -£314,268

DATE	EVENT	ACTUAL				1966 COMPLIANT ADJUSTMENTS					
		E/O	EXCLUSIVE TYPE	REBATE (Exclusive Extra Rent Paid by Promoters to Members)	Hall's Original Profit aka NET MARGIN GAIN	AVERAGE PRICE PER TICKET	E/O	EXCLUSIVE TYPE	AVERAGE PRICE PER MEMBERS' TICKET	Hall's Gross Cost Incurred Buying Back Members' 1,274 Tickets from Promoters	Hall's New Benefit from Receiving Exclusive Extra Rent (REBATE) Instead of Members
01/04/2012	TCT Concert	O			£35,691	£42.15					£35,691
02/04/2012	TCT Concert	E	14 1 a	£6,600	£49,935	£34.53					£49,935
03/04/2012	TCT Concert	O			£50,685	£42.26					£50,685
04/04/2012	Primus	O			£25,559	£30.27					£25,559
05/04/2012	Primus	O			£27,048	£30.04					£27,048
06/04/2012	Annual Messiah	O			£24,624	£23.84					£24,624
07/04/2012	Show of Hands and Friends	O			£32,410	£32.39					£32,410
08/04/2012	Stars in the Round	O			£25,482	£32.09					£25,482
09/04/2012	Olympic Gala	O			£22,847	£14.25					£22,847
10/04/2012	Orbital	O			£32,999	£29.01					£32,999
11/04/2012	Mountbatten Festival of Music PREP	O			£15,000						£15,000
12/04/2012	Mountbatten Festival of Music	O			£39,348	£26.87					£39,348
13/04/2012	Mountbatten Festival of Music	O			£26,261	£27.16					£26,261
14/04/2012	Mountbatten Festival of Music	E	14 1 a	£6,600	£39,011	£29.28					£39,011
15/04/2012	RPO Popular Classics	O			£23,125	£24.45					£23,125
16/04/2012	Noah and The Whale (Albert Session)	O			£29,809	£20.85					£29,809
17/04/2012	Il Divo	O			£51,374	£71.04					£51,374
18/04/2012	Il Divo	O			£55,783	£71.07					£55,783
19/04/2012	Classic FM Live!	O			£42,308	£26.62					£42,308
20/04/2012	RPO Popular Classics	O			£29,428	£24.08					£29,428
21/04/2012	Prom Praise	O			£27,036	£17.46					£27,036
22/04/2012	A Gala for St George	O			£28,067	£33.16					£28,067
23/04/2012	Barnardo's Young Supporters	O			£16,505	£18.93					£16,505
24/04/2012	Confidential Artist PREP (CANCELLED)	O			£15,000						£15,000
25/04/2012	Confidential Artist PREP (CANCELLED)	O			£44,650						£44,650
26/04/2012	Confidential Artist (CANCELLED)	O			£19,000						£19,000
27/04/2012	Confidential Artist DERIG (CANCELLED)	O			£44,014	£52.97					£44,014
28/04/2012	Championship Boxing	O			£28,895	£30.78					£28,895
29/04/2012	Stars in the Round	O			£38,775	£60.28					£38,775
30/04/2012	Wellington College Pageant 2012	O									
01/05/2012	George Michael Symphonica PREP (CANCELLED)	O			£31,850						£31,850
02/05/2012	George Michael Symphonica (CANCELLED)	O			£33,990	£60.07					£33,990
03/05/2012	Bruce Forsyth: Live on Stage	E	14 1 a	£6,600	£33,590	£32.47					£33,590
04/05/2012	Imelda May	O			£26,404	£25.09					£26,404
05/05/2012	RPO Popular Classics	O			£31,515	£47.75					£31,515
06/05/2012	The Night of 1,000 Voices MAT	O			£30,036	£49.00					£30,036
06/05/2012	The Night of 1,000 Voices EVE	O			£27,411	£29.57					£27,411
07/05/2012	The British Pink Floyd Show	O			£38,638	£47.71					£38,638
08/05/2012	Juan Diego Florez	O			£21,405						£21,405
09/05/2012	IC Graduation Awards AM	CO			£21,803						£21,803
09/05/2012	IC Postgraduate Awards	CO			£33,931	£38.13					£33,931
10/05/2012	10CC 40th Anniversary Concert	O			£88,420	£464.80					£88,420
11/05/2012	Team GB Best of British Olympic Assoc Party	E	14 1 a	£6,600	£22,941	£25.05					£22,941
12/05/2012	The Scratch Mozart Requiem	O			£16,999	£18.07					£16,999
13/05/2012	Hertfordshire School's Gala MAT	O			£25,208	£17.12					£25,208
13/05/2012	Hertfordshire School's Gala EVE	O			£43,060	£45.67					£43,060
14/05/2012	HTB Leadership Conference 2012	O			£35,886	£45.67					£35,886
15/05/2012	HTB Leadership Conference 2012	O			£7,328						£7,328
16/05/2012	Swan Lake on Ice PREP	O			£7,328						£7,328
17/05/2012	Swan Lake on Ice PREP	O			£14,460	£37.25					£14,460
18/05/2012	Swan Lake on Ice	E	14 1 a		£16,110	£47.17					£16,110
19/05/2012	Swan Lake on Ice MAT	E	14 1 b li	£3,300	£14,945	£46.05					£14,945
19/05/2012	Swan Lake on Ice EVE	E	14 1 b li	£3,300	£11,542	£46.77					£11,542
20/05/2012	Swan Lake on Ice MAT	E	14 1 b li	£3,300	£13,482	£40.72					£13,482
20/05/2012	Swan Lake on Ice EVE	O			£9,282						£9,282
21/05/2012	Swan Lake on Ice DERIG	O			£32,126	£35.33					£32,126
22/05/2012	Laura Pausini	O			£37,673	£36.30					£37,673
23/05/2012	Elvis Costello	O			£34,617	£36.33					£34,617
24/05/2012	Elvis Costello	O			£31,472	£35.24					£31,472
25/05/2012	Ligabue	O									

TCT
Original Profit: £348,217
New Profit: £276,708
Change: -£71,509

Montbatten
Original Profit: £119,620
New Profit: £82,334
Change: -£37,286

HTB
Original Profit: £78,946
New Profit: £211,205
Change: +£132,259

Swan Lake
Original Profit: £94,477
New Profit: £212,044
Change: +£117,567

DATE	EVENT	ACTUAL				1966 COMPLIANT ADJUSTMENTS				
E/O	EXCLUSIVE TYPE	REBATE (Exclusive Extra Rent Paid by Promoters to Members)	Hall's Original Profit aka NET MARGIN GAIN	AVERAGE PRICE PER TICKET	E/O	EXCLUSIVE TYPE	AVERAGE PRICE PER MEMBERS' TICKET	Hall's Gross Cost Incurred Buying Back Members' 1,274 Tickets from Promoters	Hall's New Benefit from Receiving Exclusive Extra Rent (REBATE) Instead of Members	Hall's New Profit aka New NET MARGIN GAIN
26/05/2012	I'II Fight Congress		£34,242	£7.77			£9.71			£34,242
27/05/2012	I'II Fight Congress		£27,974	£9.20			£11.50			£27,974
28/05/2012	Dionne Warwick & Friends		£52,778	£63.71			£79.64			£52,778
29/05/2012	Surrey Celebrates 2012		£19,925	£17.80			£22.25			£19,925
30/05/2012	NFWI AGM		£26,967	£16.49			£20.61			£26,967
31/05/2012	RPO Diamond Jubilee Gala		£28,404	£21.40			£26.75			£28,404
01/06/2012	Elgar at the Royal Albert Hall		£27,928	£35.22			£44.03			£27,928
02/06/2012	Queen's Jubilee Concert MAT		£40,384	£43.88			£54.85			£40,384
02/06/2012	Queen's Jubilee Concert EVE		£39,214	£43.63			£54.54			£39,214
03/06/2012	Diamond Jubilee Singalong		£30,081	£29.57			£36.96			£30,081
04/06/2012	The Torch (CANCELLED)		£15,280							£15,280
04/06/2012	East Meets West PREP		£14,924							£14,924
05/06/2012	East Meets West		£100,356	£84.66			£105.83			£100,356
06/06/2012	Netrebko Schrott & Kaufmann		£91,639	£107.29			£126.22			£91,639
07/06/2012	Rays of Sunshine		£27,286	£34.75			£43.44			£27,286
08/06/2012	The Chieftans		£33,447	£41.17			£51.46			£33,447
09/06/2012	Grand Organ Gala		£31,023	£31.17			£38.96			£31,023
11/06/2012	MAINTENANCE WEEK									
12/06/2012	MAINTENANCE WEEK									
13/06/2012	MAINTENANCE WEEK									
14/06/2012	MAINTENANCE WEEK									
15/06/2012	MAINTENANCE WEEK									
16/06/2012	MAINTENANCE WEEK									
17/06/2012	MAINTENANCE WEEK									
18/06/2012	Tom Petty	E 14 1 b ii	£6,600	£65,161	£59.75	O	£70.29	£89,565	£6,600	£17,794
19/06/2012	Public Talk by His Holiness the Dalai Lama	O 14 1 a	£5,280	£49,069	£45.97		£54.08			£49,069
19/06/2012	Valentina Lisitsa	O		£26,148	£23.76		£29.70			£26,148
20/06/2012	Tom Petty	O		£53,282	£56.48		£70.60			£53,282
21/06/2012	Carrie Underwood	O		£35,959	£37.22		£46.53			£35,959
22/06/2012	West Side Story	E 14 1 b ii	£5,280	£40,666	£41.94	E 14 1 a	£52.43	£66,789	£5,280	£102,175
23/06/2012	West Side Story	E 14 1 b ii	£5,280	£48,085	£48.51	E 14 1 a	£57.07			£48,085
23/06/2012	West Side Story	E 14 1 b ii	£5,280	£52,452	£47.76	E 14 1 a	£56.19			£52,452
24/06/2012	West Side Story	E 14 1 b ii	£5,280	£42,576	£48.07	E 14 1 a	£56.55			£42,576
24/06/2012	West Side Story	O		£34,937	£45.09	E 14 1 a	£56.36	£71,806	£5,280	£101,463
25/06/2012	Royal Choral Society 140th Anniversary (Free Let)	O		£4,787	£25.00		£31.25			£4,787
26/06/2012	Frankie Valli & The Four Seasons	O		£50,852	£60.32		£75.40			£50,852
27/06/2012	Frankie Valli & The Four Seasons	O		£48,993	£60.23		£75.29			£48,993
28/06/2012	George Benson	O		£45,486	£49.77		£62.21			£45,486
29/06/2012	Convocation Ceremony	O		£13,475	£0.00		£0.00			£13,475
30/06/2012	Tony Bennett	O		£48,605	£58.34		£72.93			£48,605
01/07/2012	Tony Bennett	O		£42,834	£60.51		£75.64			£42,834
02/07/2012	Regina Spekter	O		£35,762	£33.65		£42.06			£35,762
03/07/2012	RAH Floor Period PREP									
04/07/2012	Incisive Media Dinners	E 14 1 a	£6,600	£59,300						£59,300
05/07/2012	Incisive Media Dinners	E 14 1 a	£6,600	£50,434						£50,434
06/07/2012	RAH Floor Period DERIG									
07/07/2012	Laura Marling	O		£29,843	£31.27		£39.09			£29,843
08/07/2012	Singday 2012: A Choral Olympiad	O		£28,051	£30.45		£38.06			£28,051
09/07/2012	Prom PREP			£13,089						£13,089
10/07/2012	Prom PREP			£13,089						£13,089
11/07/2012	Prom PREP			£13,089						£13,089
12/07/2012	Prom PREP			£12,414						£12,414
13/07/2012	Prom 1 at 19:30	O		£34,431	£17.68		£22.10			£34,431
14/07/2012	Prom 2 at 19:00	E 14 1 a	£6,600	£39,160	£29.44		£34.64			£39,160
15/07/2012	Prom 3 at 19:00	O		£24,041	£20.98		£26.23			£24,041
16/07/2012	Prom 4 at 19:30	O		£20,343	£17.13		£21.41			£20,343
17/07/2012	Prom 5 at 19:30	O		£26,480	£14.37		£17.96			£26,480
18/07/2012	Prom 6 at 19:00	O		£24,915	£14.01		£17.51			£24,915
18/07/2012	Prom 7 at 22:15	O		£9,407						£9,407
19/07/2012	Prom 8 at 19:30	O		£21,820	£16.03		£20.04			£21,820

Tom Petty
 Original Profit: £118,443
 New Profit: £35,488
 Change: -£82,955

West Side Story
 Original Profit: £218,716
 New Profit: £346,751
 Change: +£128,035

DATE	EVENT	ACTUAL			1966 COMPLIANT ADJUSTMENTS							
		E/O	EXCLUSIVE TYPE	REBATE (Exclusive Extra Rent Paid by Promoters to Members)	Hall's Original Profit aka NET MARGIN GAIN	AVERAGE PRICE PER TICKET	E/O	EXCLUSIVE TYPE	AVERAGE PRICE PER MEMBERS' TICKET	Hall's Gross Cost Incurred Buying Back Members' 1,274 Tickets from Promoters	Hall's New Benefit from Receiving Exclusive Extra Rent (REBATE) Instead of Members	Hall's New Profit aka New NET MARGIN GAIN
20/07/2012	Prom 9 at 19:30	O			£31,688	£23.04			£28.80			£31,688
21/07/2012	Prom 10 at 19:30	O			£32,915	£22.52			£28.15			£32,915
22/07/2012	Prom 11 at 16:30	O			£29,045	£27.08			£33.85			£29,045
23/07/2012	Prom 12 at 19:30	O			£34,234	£22.19			£27.74			£34,234
24/07/2012	Prom 13 at 19:00	O			£30,760	£22.25			£27.81			£30,760
24/07/2012	Prom 13 at 19:00	O			£8,457	£11.42			£14.28			£8,457
24/07/2012	Prom 14 at 22:00	O			£23,846	£13.90			£17.38			£23,846
25/07/2012	Prom 15 at 19:30	O			£21,228	£14.82			£18.53			£21,228
26/07/2012	Prom 16 at 19:00	O			£7,585	£14.55			£18.19			£7,585
26/07/2012	Prom 17 at 22:15	O										
27/07/2012	Prom 18 at 18:30	E	14 1 a		£46,564	£28.54			£33.58	£42,776		£7,788
28/07/2012	Prom 19 at 19:30	O			£24,845	£14.20			£17.75			£24,845
29/07/2012	Prom 20 at 15:30	O			£14,131	£8.36			£10.45			£14,131
29/07/2012	Prom 21 at 20:00	O			£21,151	£14.99			£18.74			£21,151
30/07/2012	Prom 22 at 19:30	O			£20,661	£17.12			£21.40			£20,661
31/07/2012	Prom 23 at 19:00	O			£23,899	£13.60			£17.00			£23,899
31/07/2012	Prom 24 at 22:15	O			£8,596	£11.61			£14.51			£8,596
01/08/2012	Prom 25 at 19:30	O			£21,939	£14.35			£17.94			£21,939
02/08/2012	Prom 26 at 19:30	O			£29,523	£17.15			£21.44			£29,523
03/08/2012	Prom 27 at 19:45	O			£25,821	£15.10			£18.88			£25,821
04/08/2012	Prom 28 at 14:00	O			£21,414	£15.86			£19.83			£21,414
04/08/2012	Prom 28 at 14:00	O			£22,151	£15.96			£19.95			£22,151
04/08/2012	Prom 29 at 19:30	O			£11,873	£8.12			£10.15			£11,873
05/08/2012	Prom 30 at 16:30	O			£29,320	£13.97			£17.46			£29,320
05/08/2012	Prom 31 at 19:30	O			£26,516	£14.11			£17.64			£26,516
06/08/2012	Prom 32 at 19:00	O			£22,484	£16.40			£20.50			£22,484
07/08/2012	Prom 33 at 19:30	O			£23,247	£15.43			£19.29			£23,247
08/08/2012	Prom 34 at 19:30	O			£22,097	£14.06			£17.58			£22,097
09/08/2012	Prom 35 at 18:30	O			£12,967	£12.16			£15.20			£12,967
09/08/2012	Prom 36 at 22:15	O			£21,523	£13.72			£17.15			£21,523
10/08/2012	Prom 37 at 18:45	O			£15,867	£11.48			£14.35			£15,867
10/08/2012	Prom 38 at 22:15	O			£23,960	£13.91			£17.39			£23,960
11/08/2012	Prom 39 at 19:30	O			£14,075	£12.10			£15.13			£14,075
12/08/2012	Prom 40 at 15:30	O			£20,413	£17.60			£22.00			£20,413
12/08/2012	Prom 41 at 20:00	O			£24,134	£14.87			£18.59			£24,134
13/08/2012	Prom 42 at 19:30	O			£21,138	£13.94			£17.43			£21,138
14/08/2012	Prom 43 at 19:00	O			£9,282	£10.32			£12.90			£9,282
14/08/2012	Prom 44 at 22:15	O			£28,567	£13.98			£17.48			£28,567
15/08/2012	Prom 45 at 19:30	O			£25,931	£14.31			£17.89			£25,931
16/08/2012	Prom 46 at 19:30	O			£15,987	£14.85			£18.56			£15,987
17/08/2012	Prom 47 at 19:45	O			£33,548	£14.19			£17.74			£33,548
18/08/2012	Prom 48 at 19:30	O			£34,647	£23.46			£27.60			£34,647
19/08/2012	Prom 49 at 19:30	E	14 1 a	£6,600	£26,094	£13.98			£17.48			£26,094
20/08/2012	Prom 50 at 19:30	O			£24,063	£14.18			£17.73			£24,063
21/08/2012	Prom 51 at 19:30	O			£25,360	£16.66			£20.83			£25,360
22/08/2012	Prom 52 at 19:00	O			£11,422	£11.79			£14.74			£11,422
23/08/2012	Prom 53 at 22:15	O			£24,913	£14.08			£17.60			£24,913
24/08/2012	Prom 54 at 19:30	O			£26,262	£17.34			£21.68			£26,262
25/08/2012	Prom 55 at 19:00	O			£16,642	£17.01			£21.26			£16,642
26/08/2012	Prom 56 at 19:30	O			£32,865	£17.11			£21.39			£32,865
27/08/2012	Prom 57 at 19:30	O			£11,588	£8.36			£10.45			£11,588
27/08/2012	Prom 58 at 15:00	E	14 1 a		£44,193	£27.63			£32.51	£41,412		£2,781
28/08/2012	Prom 60 at 18:30	E	14 1 a	£6,600	£39,346	£28.25			£33.24			£39,346
29/08/2012	Prom 61 at 19:00	O			£22,031	£13.88			£17.35			£22,031
29/08/2012	Prom 62 at 22:15	O			£13,519	£10.49			£13.11			£13,519
30/08/2012	Prom 63 at 19:30	O			£30,332	£21.90			£27.38			£30,332
31/08/2012	Prom 64 at 19:00	O			£26,795	£22.92			£28.65			£26,795
31/08/2012	Prom 65 at 22:15	O			£12,081	£12.11			£15.14			£12,081
01/09/2012	Prom 66 at 16:00	O			£8,487	£11.14			£13.93			£8,487
01/09/2012	Prom 67 at 19:30	E	14 1 a		£49,109	£28.60			£33.63	£42,866		£6,243
02/09/2012	Prom 68 at 16:00	O			£10,688	£11.90			£14.88			£10,688

DATE	EVENT	ACTUAL				1966 COMPLIANT ADJUSTMENTS					
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02/09/2012	Prom 69 at 19:30	O			£31,800	£22.72		£28.40			£31,800
03/09/2012	Prom 70 at 19:30	O			£29,766	£17.17		£21.46			£29,766
04/09/2012	Prom 71 at 19:30	O			£31,280	£16.89		£21.11			£31,280
05/09/2012	Prom 72 at 19:00	O			£25,501	£17.16		£21.45			£25,501
06/09/2012	Prom 73 at 19:00	E	14 1 b		£43,506	£27.82		£32.73	£41,697		£1,809
06/09/2012	Prom 74 at 22:15	O			£8,906	£11.10		£13.88			£8,906
07/09/2012	Prom 75 at 19:30	O			£32,885	£22.13		£27.66			£32,885
08/09/2012	Prom 76 at 19:30	O			£108,347	£43.87		£54.84			£108,347
09/09/2012	BBC Songs of Praise	E	14 1 a	£6,600	£37,978	£12.00		£14.12			£37,978
16/09/2012	Sunflower Jam	O			£50,422	£153.20		£191.50			£50,422
18/09/2012	Mick Hucknail	O			£37,520	£47.24		£59.05			£37,520
19/09/2012	Mick Hucknail	O			£35,859	£50.80		£63.50			£35,859
20/09/2012	Jorge & Mateus	O			£35,936	£28.24		£35.30			£35,936
21/09/2012	Ukelele Orchestra of GB	O			£31,127	£27.31		£34.14			£31,127
22/09/2012	Nada Loka Raga Sagara	O			£46,198	£42.48		£53.10			£46,198
23/09/2012	Licence to Thrill	O			£29,548	£28.03		£35.04			£29,548
24/09/2012	Classic FM Live 2	O			£49,358	£27.41		£34.26			£49,358
25/09/2012	Milos	O			£19,949	£20.54		£25.68			£19,949
26/09/2012	David Bisbal	O			£51,067	£35.25		£44.06			£51,067
27/09/2012	The Beach Boys	E			£99,569	£96.73		£113.80			£99,569
28/09/2012	George Michael PREP	O			£14,383						£14,383
29/09/2012	George Michael Symphonica	O			£62,985	£73.63		£92.04			£62,985
30/09/2012	Classical Brit Awards PREP	O			£14,220						£14,220
01/10/2012	Classical Brit Awards PREP	O			£14,746						£14,746
02/10/2012	Classical Brit Awards	E	14 1 a	£5,280	£62,140	£39.91		£46.95			£62,140
03/10/2012	Tori Amos	O			£41,600	£46.70		£58.38			£41,600
04/10/2012	Ray Davies	O			£36,565	£42.35		£52.94			£36,565
05/10/2012	Family Business Network Int Summit 2012	E	14 1 a	£6,600	£38,539	£75.00		£88.24			£38,539
06/10/2012	Beethoven's Ninth	O			£39,083	£32.28		£40.35			£39,083
07/10/2012	This is Your Life: Calendar Girls	O			£25,584	£37.35		£46.69			£25,584
08/10/2012	Majid Mohandes	O			£55,482	£53.31		£66.64			£55,482
09/10/2012	RPO Grieg Piano Concerto	O			£21,107	£16.62		£20.78			£21,107
10/10/2012	Primary Proms - 10:45	CO			£6,728						£6,728
10/10/2012	Primary Proms MAT	CO			£10,489						£10,489
11/10/2012	International Ballroom Dance Championships	E	14 1 a	£6,600	£43,445	£35.42		£41.67			£43,445
12/10/2012	Peace Proms 2012	O			£19,664	£16.26		£20.33			£19,664
13/10/2012	London Welsh Festival of Male Choirs 2012	O			£34,262	£37.58		£46.98			£34,262
14/10/2012	Alternative Hair Show	E	14 1 a	£5,280	£50,659	£60.25		£70.88			£50,659
15/10/2012	Johnny Hallyday	O			£42,513	£56.66		£70.83			£42,513
16/10/2012	Johnny Hallyday	E	14 1 b ii	£6,600	£43,266	£67.66		£79.60	£6,600		£49,866
17/10/2012	Neil Sedaka	O			£38,151	£48.62		£60.78			£38,151
18/10/2012	The Band & Bugles of the Rifles Musical	O			£32,632	£36.58		£45.73			£32,632
19/10/2012	RPO John Williams 80th Birthday Tribute	O			£26,388	£27.27		£34.09			£26,388
20/10/2012	National Brass Band Championships	O			£26,687	£21.23		£26.54			£26,687
21/10/2012	Disney's FANTASIA Live in Concert MAT	E	14 1 b ii	£5,280	£50,424	£36.18		£42.56			£50,424
21/10/2012	Disney's FANTASIA Live in Concert EVE	O			£39,202	£32.80		£41.00			£39,202
22/10/2012	Joan Rivers	O			£38,179	£35.45		£46.31	£6,600		£88,033
23/10/2012	James Bond 50th Anniversary Premiere	E	14 1 a	£6,600	£72,027	£66.25		£77.94			£72,027
24/10/2012	Graduation Ceremony - 11:00	CO			£20,256						£20,256
24/10/2012	Graduation Ceremony MAT	CO			£22,004						£22,004
24/10/2012	Graduation Ceremony EVE	CO			£21,969						£21,969
25/10/2012	Don McLean	O			£30,626	£37.14		£46.43			£30,626
26/10/2012	Dead Can Dance	O			£29,331	£28.37		£35.46			£29,331
27/10/2012	Carmina Burana	O			£34,486	£33.33		£41.66			£34,486
28/10/2012	Level 42	O			£27,993	£31.36		£39.20			£27,993
29/10/2012	Bryan Adams	E	14 1 b		£56,202	£46.05		£46.31	£6,600		£88,033
30/10/2012	Diana Krall	O			£43,830	£53.77		£67.21			£43,830
31/10/2012	Diana Krall	O			£42,376	£54.18		£67.73			£42,376
01/11/2012	World Party	O			£22,890	£42.96		£53.70			£22,890
02/11/2012	Distant Worlds: Music from Final Fantasy	E	14 1 a	£6,600	£63,417	£43.64		£51.34	£6,600		£4,608

Proms
Original Profit: £1,958,089
New Profit: £1,789,336
Change: -£168,753

Joan Rivers
Original Profit: £38,179
New Profit: £88,033
Change: +£49,854

Bryan Adams
Original Profit: £56,202
New Profit: £12,819
Change: -£69,021

Distant Worlds
Original Profit: £63,417
New Profit: £4,608
Change: -£58,809

DATE	EVENT	E/O	EXCLUSIVE TYPE	REBATE (Exclusive Extra Rent Paid by Promoters to Members)	Hall's Original Profit aka NET MARGIN GAIN	AVERAGE PRICE PER TICKET
03/11/2012	Cancer Research UK Festival of Brass Voices	CO			£34,296	£30.75
04/11/2012	Dance Proms	CO			£20,069	£23.27
05/11/2012	Patricia Kaas Sings Piaf	O			£34,263	£58.90
06/11/2012	Barnado's Young Supporters	O			£16,446	£16.91
07/11/2012	RPO Best of Broadway	O			£23,962	£22.15
08/11/2012	Festival of Remembrance PREP				£13,232	
09/11/2012	Festival of Remembrance PREP				£14,454	
10/11/2012	Festival of Remembrance MAT	E	14 1 a	£5,280	£18,724	£22.50
10/11/2012	Festival of Remembrance EVE	E	14 1 a	£5,280	£51,181	£10.00
11/11/2012	Emell Sande	CO			£44,679	£31.13
12/11/2012	Schools Proms	CO			£30,836	£17.64
13/11/2012	Schools Proms	CO			£21,607	£17.43
14/11/2012	Schools Proms	CO			£24,301	£16.91
15/11/2012	The Royal Variety Performance PREP				£24,500	
16/11/2012	The Royal Variety Performance PREP				£15,000	
17/11/2012	The Royal Variety Performance PREP				£18,832	
18/11/2012	The Royal Variety Performance PREP				£18,965	
19/11/2012	The Royal Variety Performance	E	14 1 a	£5,280	£106,399	£254.35
20/11/2012	Jubilee Churchill Songs	E	14 1 a	£5,280	£84,774	£85.92
21/11/2012	Dream of Gerontius	O			£15,383	£20.70
22/11/2012	Classical Spectacular	O			£37,236	£34.41
23/11/2012	Classical Spectacular	O			£33,039	£34.20
24/11/2012	Classical Spectacular MAT	E	14 1 b ii	£6,600	£44,168	£41.20
24/11/2012	Classical Spectacular EVE	E	14 1 b ii	£6,600	£49,171	£41.27
25/11/2012	Classical Spectacular MAT	E	14 1 b ii	£6,600	£40,394	£36.43
25/11/2012	Classical Spectacular EVE	O			£30,131	£33.42
26/11/2012	Human League	O			£31,533	£35.49
27/11/2012	Gary Barlow	E	14 1 a	£5,280	£81,706	£66.00
28/11/2012	Prince's Trust Comedy Gala	E	14 1 a	£5,280	£84,755	£72.50
29/11/2012	Christmas with the Salvation Army	O			£33,333	£24.24
30/11/2012	Jools Holland	O			£35,727	£39.30
01/12/2012	Jools Holland	O			£41,042	£39.18
02/12/2012	Messiah from Scratch	E	14 1 a	£6,600	£38,799	£28.77
03/12/2012	RPO John Rutter Christmas MAT	O			£21,712	£23.98
03/12/2012	RPO John Rutter Christmas EVE	O			£25,782	£24.21
04/12/2012	Masters Tennis PREP	E	14 1 a	£6,600	£61,929	£49.26
05/12/2012	Matters Tennis MAT	E	14 1 a	£6,600	£23,243	£40.84
05/12/2012	Masters Tennis EVE	E	14 1 a	£6,600	£26,148	£49.71
06/12/2012	Matters Tennis MAT	E	14 1 a	£6,600	£28,750	£43.63
06/12/2012	Masters Tennis EVE	E	14 1 a	£6,600	£25,982	£49.87
07/12/2012	Matters Tennis MAT	E	14 1 a	£6,600	£33,211	£39.12
07/12/2012	Masters Tennis EVE	E	14 1 a	£6,600	£29,509	£50.50
08/12/2012	Matters Tennis MAT	E	14 1 a	£6,600	£41,506	£59.45
08/12/2012	Masters Tennis EVE	E	14 1 a	£6,600	£31,051	£50.90
09/12/2012	Matters Tennis MAT	E	14 1 a	£6,600	£27,776	£48.74
09/12/2012	Masters Tennis EVE	E	14 1 a	£6,600	£73,563	£59.12
10/12/2012	Katherine Jenkins	E	14 1 a	£5,280	£34,850	£28.82
11/12/2012	Christmas Carols with the Stars	O			£28,249	£36.65
12/12/2012	CLIC Sargent Christmas Celebration	O			£56,289	£28.93
13/12/2012	The BT Christmas Concert at 19:30	O			£32,006	£33.09
14/12/2012	Messiah at 19:30	O			£22,834	£31.05
15/12/2012	Jingle Bell Christmas at 13:30	E	14 1 b ii	£6,600	£30,977	£30.29
15/12/2012	Jingle Bell Christmas at 16:45	E	14 1 b ii	£6,600	£35,572	£37.58
15/12/2012	Messiah at 20:00	E	14 1 b ii	£6,600	£37,311	£30.90
16/12/2012	Christmas Carol Singalong at 13:00	E	14 1 b ii	£6,600	£28,199	£31.09
16/12/2012	Christmas Carol Singalong at 16:15	E	14 1 b ii	£6,600	£32,426	£28.43
16/12/2012	Carols by Candlelight at 19:30	O			£28,091	£30.56
17/12/2012	Royal Choral Society Christmas at 19:30	O			£15,683	£31.48
18/12/2012	Carols at 14:30	O			£28,763	£31.65
18/12/2012	Christmas Classics at 19:30	O			£12,798	£29.51
19/12/2012	Jingle Bell Christmas at 14:30	O				

E/O	EXCLUSIVE TYPE	1966 COMPLIANT ADJUSTMENTS			HALL'S NEW PROFIT aka NEW NET MARGIN GAIN
		AVERAGE PRICE PER MEMBERS' TICKET	Hall's Gross Cost Incurred Buying Back Members' 4,274 Tickets from Promoters	Hall's New Benefit from Receiving Exclusive Extra Rent Instead of Members	
		£38.44			£34,296
		£29.09			£20,069
		£73.63			£34,263
		£21.14			£16,446
		£27.69			£23,962
					£13,232
					£14,454
					£18,724
					£51,181
					£44,679
					£30,836
					£21,607
					£24,301
					£24,500
					£15,000
					£18,832
					£18,965
					£106,399
					£84,774
					£15,383
					£37,236
					£33,039
					£44,168
					£49,171
					£40,394
					£30,131
					£31,533
					£81,706
					£84,755
					£33,333
					£35,727
					£41,042
					£38,799
					£21,712
					£25,782
					£15,953
					£61,929
					£23,243
					£26,148
					£28,750
					£25,982
					£33,211
					£29,509
					£41,506
					£31,051
					£27,776
					£73,563
					£34,850
					£28,249
					£56,289
					£32,006
					£22,834
					£30,977
					£35,572
					£37,311
					£28,199
					£32,426
					£28,091
					£15,683
					£28,763
					£12,798

Remembrance
Original Profit: £69,905
New Profit: £80,465
Change: +£10,560

Royal Variety
Original Profit: £106,399
New Profit: £111,679
Change: +£5,280

Jubilee Churchill
Original Profit: £84,774
New Profit: £90,054
Change: +£5,280

Messiah
Original Profit: £38,799
New Profit: £2,278
Change: -£36,521

Katherine Jenkins
Original Profit: £73,563
New Profit: -£15,047
Change: -£88,610

DATE	EVENT	ACTUAL				1966 COMPLIANT ADJUSTMENTS					
		E/O	EXCLUSIVE TYPE	REBATE (Exclusive Extra Rent Paid by Promoters to Members)	Hall's Original Profit aka NET MARGIN GAIN	AVERAGE PRICE PER TICKET	E/O	EXCLUSIVE TYPE	AVERAGE PRICE PER MEMBERS' TICKET	Hall's Gross Cost Incurred Buying Back Members' 1,274 Tickets from Promoters	Hall's New Benefit from Receiving Exclusive Extra Rent (REBATE) Instead of Members
19/12/2012	King's College Choir at 19:30	O			£29,970	£31.98			£39.98		£29,970
20/12/2012	Christmas Carol Singalong at 14:30	O			£17,013	£29.96			£37.45		£17,013
20/12/2012	Classic Carols at 19:30	O			£28,702	£31.03			£38.79		£28,702
21/12/2012	Carry on Caroling at 14:30	O			£14,243	£31.18			£38.98		£14,243
21/12/2012	The Glory of Christmas at 19:30	O			£28,877	£29.44			£36.80		£28,877
22/12/2012	Christmas Carol Singalong at 13:30	E	14 1 b ii	£6,600	£27,559	£31.99			£37.84	£8,600	£34,159
22/12/2012	Christmas Carol Singalong at 16:45	E	14 1 b ii	£6,600	£40,618	£32.24			£37.93	£8,600	£49,218
22/12/2012	Carols by Candlelight at 20:00	E	14 1 b ii	£6,600	£41,938	£34.57			£40.67	£8,600	£50,538
23/12/2012	Christmas with Aled Jones at 13:30	O			£19,017	£28.48			£35.80	£45,354	£64,371
23/12/2012	Christmas with Aled Jones at 16:45	E	14 1 b ii	£6,600	£35,228	£32.49			£38.22	£8,600	£43,828
23/12/2012	Carols by Candlelight at 20:00	E	14 1 b ii	£6,600	£64,846	£34.79			£40.93	£8,600	£73,446
24/12/2012	Carols by Candlelight at 14:30	E	14 1 b ii	£6,600	£28,384	£31.61			£27.39	£8,600	£36,984
24/12/2012	Carols by Candlelight at 19:00	E	14 1 b ii	£6,600	£34,987	£35.34			£41.98	£8,600	£43,587
Total:						£12,466,361					£10,776,136
											Difference: -£1,690,225

Gubbay Xmas Fest
Original Profit: £716,042
New Profit: £747,684
Change: +£31,642

**IN PARLIAMENT
HOUSE OF LORDS
SESSION 2023-24**

ROYAL ALBERT HALL BILL

Witness Statement of Ian McCulloch

EXHIBIT 12

Memorandum and Guidelines, 2023

AGM Agenda Item 10

To Members of the Corporation
ROYAL ALBERT HALL
Ordinaries and Exclusives
2012 Memorandum and Guidelines

Members are requested to agree the continuation of the 2012 Memorandum and Guidelines together with two amendments to the Guidelines that seek to clarify the interpretation of the rules governing the use of Exclusive Lets.

The amendments are summarised as follows:

1. Clarification that the Executive, in the case of a series of two performances, has authority to contract one Ordinary and one Exclusive in a series of two, and to ensure no fewer than two Ordinaries in a series of four. In exceptional circumstances, and subject to Council's approval, two Exclusives may continue to be possible in a series of two and three Exclusives may be allowable in a series of four.
2. In a series of six or fewer events the Ordinaries will, so far as is practicable, be allocated in a reasonable and balanced fashion across evening and matinee events.

The 2012 Memorandum and Guidelines follow in **Appendix 1**, together with tracked changes indicating the amendments to B1 and B7 of the Guidelines. Since the amendments do not affect existing contractual arrangements, nor the progress of the Parliamentary Bill covering Section 14, it is proposed that they are adopted with immediate effect.

Appendix 2 provides an overview of the impact the 2012 Memorandum and Guidelines have had since their inception, together with further detail on why the amendments are needed.

Council believes that in proposing the amendment to B1 (that covers a series of two or four performances) there is no material disadvantage to Members. We will monitor this and report to Members on an annual basis by tracking the number of Ordinary Lets in relation to Exclusives and assessing if this alters the balance seen since 2012 (when the Memorandum and Guidelines were introduced). The average percentage of Ordinary Lets in a year has historically been 62% (as explained in **Appendix 2**) and any material departure from this will be reported and explained to Members.

The expectation is that this indicator will support the continued successful trend of the 2012 Memorandum and Guidelines that has benefitted both Members and the Charity since their introduction. Should that prove not to be the case, the amendments shall in any case be subject to annual review with the Members.

Stuart Newey, Treasurer
Matt Todd, Acting Director of Programming and Engagement

23 April 2023

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APPENDIX 1

2012 Memorandum: Amendment of Section 14(1) of the Royal Albert Hall Act 1966 and Revised Policy applying to Exclusive Lettings

Section 14(1)

Members are asked to receive and note with approval that the Council intends to continue its policy of applying revised exclusive letting arrangements as previously noted with approval by Members at the 2008 and 2011 Annual General Meetings subject to the following revisions to the wording proposed as a replacement of section 14(1) of the Royal Albert Hall Act 1966 contained in the Memorandum presented at the 2008 Annual General Meeting (and which has been acted on in exclusive lettings since 2008) with effect from 1st January 2013.

That is to say:

“14(1) Notwithstanding anything in the original charter, the charter of 1887, the Act of 1927 or the Act of 1951, the following provisions shall have effect:-

- (a) The Council may from time to time by resolution exclude the Members from the Hall on any day or days not exceeding **seventy-five** in any year on which the Hall is let for any purpose for which the Corporation is empowered to let the Hall other than a concert, a recital or a boxing or wrestling entertainment:

To maintain our national purpose notwithstanding the above, within the seventy-five days Members wishing to enhance the goodwill and public benefit they generously give to further the objectives of the Hall agree to Council contracting Exclusive Lettings to two national charities for two one off concerts each year, providing one of the two concerts is the annual charity free let. The promoting charities for both events will be identified expressly at successive AGMs for endorsement by the Members.

- (b) In addition, the Council may from time to time by resolution exclude the Members from the Hall
- (i) *on a day or days not exceeding **twelve** in any year on which the Hall is let for any purposes for which the Corporation is empowered to let the Hall;*
- (ii) *From a number of functions included in a series of functions which are substantially identical provided that (and notwithstanding paragraphs (a) and (b)(i) above):*
- (aa) in any series of three or four functions the Council shall secure that Members must remain entitled to attend at least one such function;
- (bb) in any series of five functions the Council shall secure that Members must remain entitled to attend at least two such functions;

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- (cc) in any series of six to ten functions the Council shall secure that Members must remain entitled to attend at least one half of such functions;
- (dd) in any series of eleven or more functions the Council shall secure that Members must remain entitled to attend at least half of such functions except that
 - i. in the case of productions by Cirque du Soleil or productions co-promoted by the Corporation which would otherwise be uneconomical to mount, Council may instead secure that Members must remain entitled to attend at least one quarter of such functions, and
 - ii. in the case of any other series where Council believes that the Promoter would not be willing to mount the production at the Hall without being able to contract with the Corporation on the basis that Members can be excluded from more than one half of such functions, Council may instead secure that Members must remain entitled to attend at least one quarter of such functions;

Provided always that the maximum number of days in any calendar year on which the Council may exclude the members shall be **one hundred and ten.**"

The above provisions shall replace the relevant provisions contained within the resolution noted with approval by Members at the 2008 Annual General Meeting.

Revised Guidelines

Council shall further approve revised Guidelines for the application of the provisions of the revised section 14(1) wording by the Executive of the Corporation, the proposed Guidelines being annexed hereto.

Approval by Members

Council intends that this revised policy should continue to be operated from year to year, but in all events subject to a three year notice (except Cirque du Soleil which is subject to a five year notice) on any withdrawal or variation to allow for formal contractual arrangements to be honoured, and subject to it and the supporting Guidelines being noted with approval by the Members at each Annual General Meeting until either a scheme or other legislative amendment of Section 14 is effected or the Council puts forward a further amendment for noting with approval by the Members or the Members pass a resolution in General Meeting requiring the Council to reconsider the terms of the policy for Exclusive Lettings recognising that, notwithstanding long usage, these arrangements are without prejudice to the Members' proprietary rights in law.

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**GUIDELINES TO THE HALL EXECUTIVE
THE GRANTING OF EXCLUSIVE LETTINGS AND "COMMUNITY ORDINARY" LETTINGS**

INTRODUCTION

The Council's right to exclude Members from use of their seats is strictly limited. Council directs the Executive to avoid if at all possible, allocating Exclusives to a particular performer, orchestra or troupe if, by so doing, Members are left with no right to attend their performances and there are alternative opportunities to allocate Exclusives under Section 14 of the Act which will meet the programming policy of the Hall.

As a practical matter, the Hall's Executive, needs delegated authority from the Council to exercise the Council's powers on a day to day basis. These guidelines are intended to be of assistance in helping to interpret and to apply the provisions of the Memorandum approved by Council and which was recommended to Members for approval at the 2012 Special General Meeting in the autumn.

A. GRANTING OF EXCLUSIVES UNDER S14(1)(A) (AS AMENDED AND RESTATED)

S14(1)(a) cannot be used to grant Exclusives to concerts, recitals, wrestling or boxing entertainments.

These words must be given their normal dictionary definitions, but it is agreed that for the purposes of distinguishing between 14(1)(a) and 14(1)(b)(i) the following need not be regarded as constituting a "concert" or a "recital" and may therefore be granted Exclusives under S14(1)(a):-

- (i) Award ceremonies, even if they are accompanied by musical performance, so long as it is anticipated that not more than 50% of elapsed time will consist of a musical performance. For example the 'classical Brits' event falls within this category, as would other similar events.
- (ii) The annual event recording "Songs of Praise" by the BBC.
- (iii) The annual performances comprising the Festival of Remembrance by the Royal British Legion.
- (iv) Three BBC promenade concerts covering performances of opera, musical theatre, film, comedy or specifically for the enjoyment of children, but Members must not be excluded from either the first or last nights of the BBC Proms.
- (v) A varied event, i.e. one including a musical performance, where 60% or more of the elapsed time of the event consists of speech, dance, acting, films or other non-musical content- even if such content is accompanied by music so long as the music is secondary to the non-musical content.

B. GRANTING OF EXCLUSIVES UNDER S14 (1)(B)(II) (AS AMENDED AND RESTATED)

1. In determining the proportion of Exclusives that may be granted under Section 14(1)(b)(ii), where a series comprises either two or four functions, ~~where possible Members should not be excluded from either of a series of 2, and in any event should not be excluded from more than 50% of such functions (that is from more~~

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~~than 1 of 2 or 2 of 4)~~ Council shall secure that Members will be entitled to attendance not less than 50% of such functions unless ~~without such exceptional exclusion~~ the Executive's ability successfully to contract the entire series of functions would be jeopardised ~~(and which shall in any case be subject to Council's approval)~~. For the avoidance of doubt table 1 below confirms the maximum number of Exclusives which may be granted in a series of functions. It is acknowledged and accepted that the number of Exclusives expressed as a percentage of the total number of a series of functions must never exceed the designated percentage even by a fraction of an integer.

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Section 14(1)(b)(ii) Table 1

Total Number of Functions in Series	Cirque/Co-Promotes/Memorandum (b)(ii)(dd) Exceptions	Other Exclusives
2	2	2
3	2	2
4	3	3
5	3	3
6	3	3
7	3	3
8	4	4
9	4	4
10	5	5
11	8	5
12	9	6
13	9	6
14	10	7
15	11	7
16	12	8
17	12	8
18	13	9
19	14	9
20	15	10
25	18	12
30	22	15

- Care must be taken in drawing up contracts to ensure that where the promoter has the option as to the number of performances/functions, the promoter cannot

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exceed the requisite maximum percentage of Exclusives by putting on sale one or more Exclusive lettings in advance of the requisite number of Ordinary lettings. It is recognised that, in exceptional circumstances, the cancellation of a scheduled performance – possibly for reasons of ill health – could lead to an inadvertent breach of this section of the Act.

3. What actually constitutes a "series" will not always be easy to determine but in general a "series of functions" can be taken to mean functions which, even though they may be interrupted by other functions, shall take place within a two-month period.
4. The term "substantially identical" shall not exclude the possibility of minor variations in elements of the function (e.g. the playlist, or some substitute routines in the case of Circus (nor the possibility of different performers participating (e.g. as in different dancers or singers taking leading roles). But a series of functions will not be regarded as substantially identical if the content, outcome, duration or nature of the function is unpredictable and/or likely to vary in a competition between participants as in tennis matches, or even musical competitions and involve some element of round robin or knockout procedure. Exceptionally, a Sumo tournament will be treated as a series despite its non-identical constituent events.
5. Where Members are excluded from functions forming part of a series of seven or more functions, the proportion of matinee, weekend or weekend matinee functions from which they are excluded shall broadly reflect the number respectively of matinee, weekend or weekend matinee functions of the series overall.
6. Before granting a promoter the right to exclude Members from more than one half of functions of a series of 11 or more functions, other than Cirque du Soleil or functions co-promoted by the Corporation which would otherwise be uneconomical to mount, (which is likely to be extremely rare), this must be approved in advance by the Chairmen of the Programming and Marketing and the Members' Liaison Committees and the following criteria shall apply:
 - (i) The production of this series must be likely to enhance the reputation of the Hall to a significant extent such that it would be in the broader interests of the Corporation, as a charitable body, exceptionally to exclude Members from more than one half of such functions;
 - (ii) Members shall be excluded from no more than the minimum number of functions necessary to ensure that the promoter enters into a contract with the Hall to mount this production; and
 - (iii) The artist or artists performing must not in the previous 5 years have performed in a series of functions at the Hall.
7. **In a series of six or fewer functions, so far as practicable, Ordinaries across evening and matinee functions shall be allocated in a reasonable and balanced fashion.**

C. DESIGNATION OF COMMUNITY ORDINARIES

1. Events designated "Community Ordinaries" are ordinary lettings and Members have a right to their seats. Members are however invited not to exercise their rights.

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2. Events may be proposed as Community Ordinaries to Members by the President only if:
 - (i) The event forms part of the Hall's Education programme and it reasonably requires use of the auditorium and of a majority of the stalls seating and/or a significant number of boxes; or
 - (ii) The event is promoted by or on behalf of a registered Charity; and
 - a) the nature of the event is such that the promoter needs to use a substantial majority of the Halls' seats or to fill the stalls area and (possibly) the boxes; and
 - b) the event either has a zero or low ticket price – which, as from July 2023, means an average ticket price of not more than £25.20¹ - or, if the average ticket price is higher than £25.20, the nature of the event meets the following additional conditions: it forms a key element in the provision of "public benefit" by the Hall and could not otherwise be incorporated in the Hall's calendar without displacing a valuable Exclusive letting; and there is reason to believe that the appeal of the event to the general public is likely to be limited
3. The total number of days on which Community Ordinaries may be programmed, including those which are part of the Hall's Education Programme, shall not exceed 20 in any calendar year.

D. ANNUAL FREE CHARITY LET AND ANNUAL NATIONAL CHARITY LET

At the 2018 AGM, the following was agreed:

1. The Annual Free Charity Let will be replaced with an Annual Charity Partner Scheme.
2. The Annual National Charity Let will now be known as the Annual Members' Charity Let.

¹ The 2022 average ticket price was £25.04.

**IN PARLIAMENT
HOUSE OF LORDS
SESSION 2023-24**

ROYAL ALBERT HALL BILL

Witness Statement of Ian McCulloch

EXHIBIT 13

Bye-law dated February 1967

THE ROYAL ALBERT HALL

BYE-LAW

No person being a member or acting on behalf of a member shall sell or attempt to sell in the hall or in the vicinity thereof any ticket for a seat (or seats).

Breach or non-observance of this Bye-Law shall render the member liable to pay to the council a fine of £25.

All tickets for seats are issued subject to this Bye-Law.

In this Bye-Law the expressions "member" "the hall" "seat" "the Corporation" and "the council" have the meanings respectively assigned to them by section 2(1) of the Royal Albert Hall Act 1966.

NOTICE

1. The above Bye-Law was made pursuant to section 15 of the Royal Albert Hall Act 1966, sub-sections (3) and (4) whereof provide as follows:—

"(3) Every fine imposed by any Bye-Law made pursuant to this section shall be paid to the council and shall be recoverable by action of debt in any court of competent jurisdiction.

(4) If any member refuses, or for one month after demand made by the council for payment thereof neglects, to pay a fine imposed by the council under any Bye-Law made pursuant to this section such member shall not be entitled to use any seat of which he is the registered holder or to vote at any general meeting of the Corporation or in any poll of the members until the full amount of such fine for which he is liable be paid."

2. Any person (not being a member) who sells or attempts to sell or purchases or attempts to purchase in the Royal Albert Hall or in the vicinity thereof any ticket for a seat (or seats) except through a Box Office provided by the Corporation will be required to leave forthwith.

By Order of the Council,
M. Herrod,

Secretary.

FEBRUARY 1967.

**IN PARLIAMENT
HOUSE OF LORDS
SESSION 2023-24**

ROYAL ALBERT HALL BILL

Witness Statement of Ian McCulloch

EXHIBIT 14

Conflict of Interests Policy (2022 version)

Royal Albert Hall Conflicts of Interest Policy

Background and purpose

1. The Corporation of the Hall of Arts and Sciences (in this document referred to as the 'Hall') was incorporated by Royal Charter in 1866. The constitution of the Hall and its governing documents, (compiled into 'the Blue Book' and including the Royal Charter of 1866; Supplemental Charters of 1887 and 1928; and the Royal Albert Hall Acts 1876 to 1966), have not substantially changed since 1966. The Hall was registered as a charity in December 1967.
2. The purpose of this Policy is:
 - a) to protect and promote the integrity of the Hall's decision making process;
 - b) to protect and promote the integrity of the Hall and its decision makers; and
 - c) to protect and promote public confidence in the governance of the Hall.

Scope

3. This Policy applies to:
 - a) Trustees;
 - b) Members of Committees of Council (including co-opted members); and
 - c) Directors of the Hall's subsidiary companies.

There will be a separate policy for employees of the Hall.

4. This Policy is supplemental to and should be read in conjunction with the constitution of the Hall. Where there is any conflict between this Policy and the constitution, the constitution shall prevail. The constitution does not explicitly refer to conflicts of interest or conflicts of loyalty, but charity law requires the Trustees to identify and properly address any which arise. This Policy sets out how the Trustees will do that in practice.
5. This Policy is intended to supplement good judgement, and those to whom this Policy applies should respect its spirit as well as its wording. It is a working, not a constitutional, document.
6. All references to the Hall in this Policy include, where the context permits, any company in which the Hall holds more than 50% of the shares, controls more than 50% of the voting rights connected to the shares or has the right to appoint one or more directors to that company's board.

Duties of the Secretary

7. The Secretary to the Corporation shall include advice on this Policy as part of the induction process that is carried out before or within one month of appointment for all of those to whom this Policy applies. The Secretary shall make this Policy available to:
 - a) all members of Council and the Hall's Committees, including co-opted members;
 - b) Members of the Hall;
 - c) employees of the Hall; and
 - d) any others as directed by the Trustees, and

- e) others at his/her discretion.
8. The Secretary shall ensure that there will be a note in the 'Declarations' item on each agenda reminding Council and Committee members that they should notify to the Secretary any changes in their interests and to update their Declarations of Interest form accordingly.

Identifying a conflict

9. A conflict of interest includes any situation in which your personal interests or loyalties could, or could be seen to, prevent you from making a decision only in the best interests of the Hall (or, in the case of a director of a subsidiary company, in the best interests of that company). Conflicts of interest may be financial or not, and direct or indirect. An indirect interest is a connected person's interest, a grouping that includes your family, and businesses owned or influenced by you or a member or members of your family.
10. A conflict of loyalty usually arises where a Trustee has overlapping roles. Although the affected Trustee may not stand to gain any personal benefit, the Trustee's decision-making on behalf of the Hall could be influenced by other interests he or she has. For example, a Trustee's loyalty to the Hall could conflict with his or her loyalty or duty to:
- a) another organisation, such as his or her employer;
 - b) another charity of which he or she is a trustee; or
 - c) a member of his or her family or some other connected person or organisation.
11. An affirmative to any of the questions below may indicate a conflict:
- a) Could your interest in a matter under discussion inhibit debate?
 - b) Could it distort the decision to the detriment of the charity?
 - c) Could it create the reasonable perception of inhibition, distortion or impropriety?
 - d) Would it be likely to divert financial or other resources away from the Hall?
12. In seeking to identify a conflict of interest or a conflict of loyalty you should take into account your personal circumstances in any areas that you consider of relevance, including, but not limited to, the list below (a to o).

Collective Conflicts

- a) You hold a seat in the Hall
- b) You are entitled as a seat-holder to exercise the rights of a Member of the Hall
- c) You sell or give away tickets for your seat in the Hall
- d) You sell, purchase or otherwise deal with a seat in the Hall
- e) Any of the circumstances in (a) to (d) above applies to a person connected to you

Individual Conflicts

- f) Posts held in the course of your employment or practice, including partnerships and directorships
- g) Any contract for goods, services or works between the Hall and you
- h) Any office held by you in a public or professional body
- i) Your trusteeship of a registered or unregistered charity
- j) Any position held by you in an organisation which might be affected by decisions taken by the Hall
- k) Any position held by you in an organisation whose decisions may significantly affect the Hall

- l) Your membership of a body whose purposes include influencing public opinion or policy in areas relevant to the Hall's work
- m) Any financial interest you have which is relevant to any areas of the Hall's work
- n) Your membership of, or clear public association with, a private society, club, or other organisation (other than a religious body) whose activities are likely to be relevant to the activities of the Hall
- o) Any of the circumstances in (f) to (n) above applies to a person connected to you.

Declaration of Conflicts

13. You are deemed to have declared any Collective Conflicts that apply to you. If you are an Appointed Trustee, you are deemed to have declared your connection with the organisation that appointed you whether as an Individual Conflict or a Collective Conflict.
14. Subject to paragraph 11, you have a personal responsibility to declare the nature and extent of any conflict of interest or conflict of loyalty, direct or indirect, which you have not previously declared. Where appropriate, you may refer to previous declarations to avoid repeating details.
15. Subject to paragraph 11, at the start of all Trustee, committee and subsidiary company board meetings to which you have been invited, or in advance to the Secretary, you must declare any interests that you have in relation to any agenda item. You should also make a declaration of any conflicts as and when they arise in the course of meetings.
16. Additionally, if you are a Trustee you should review your interests annually, declaring any identified conflicts in writing to the Secretary in advance of the formal Trustee meeting preceding the AGM. The declarations will be circulated to all Trustees at the subsequent Trustee meeting. When changing circumstances create new conflicts, you should notify the Secretary as soon as reasonably practicable and in any event before the next Trustee, committee or subsidiary company board meeting.
17. If you are aware of an undeclared conflict arising in relation to an agenda item for another attendee of the meeting, you should raise it at the meeting or with the Secretary.

After Declaration of an Individual Conflict

18. If you declare, or are deemed to have declared, an Individual Conflict in accordance with this Policy then you may choose to withdraw from the meeting for the relevant agenda item. If you are the chair, the meeting must appoint a replacement chair for the purposes of dealing with the potential conflict, and you may not participate in the election of that chair. When deciding how to manage the conflict, the chair may ask you questions about the nature or extent of your conflict, request that you (and any other conflicted attendees) leave the meeting, discuss the matter with the remaining attendees and if required put the matter to a vote by the remaining attendees. Likely outcomes are set out below for guidance but these are not exhaustive:
 - a) The chair or the meeting may decide that there is no material conflict or reasonable possibility of a perception of a conflict and continue as before.
 - b) The meeting may decide that there is a conflict but it is not capable of influencing or being seen to influence your decision making, in which case the detailed

justification for that conclusion shall be fully minuted and for the part of the meeting dealing with the relevant business you may be invited to fully participate, to contribute to the debate but not vote or to attend as an observer only.

- C) The meeting may decide that there is a material conflict in which case the relevant business can only proceed if:
- (1) you are absent from the part of the meeting at which there is discussion of that business; and
 - (2) you do not vote on any resolution arising from such business, and are not counted when considering whether a quorum is present at that part of the meeting.

Failure to comply with the chair's ruling may lead to sanctions under the constitution or in extremis reference to the Charity Commission who have the power to remove Trustees.

After Declaration of a Collective Conflict

19. The Hall's constitution requires that a Trustee be either (a) a seatholder elected by the Members, (b) a member or director or other officer of any corporation or society holding not less than five seats elected by the Members, or (c) an Appointed Trustee. In the case of (a) and (b), this creates an innate conflict of interest on all issues relating to (but not restricted to) seatholding and potentially a conflict of loyalty. These are the Collective Conflicts¹. In the case of (c), this also creates a Collective Conflict if the appointing body is a seatholder (and there would also already be a Collective Conflict under (a), if the appointee happens to be a seatholder). The Hall's constitution implicitly authorises and requires the Trustees to manage these conflicts.
20. The chair of a meeting shall periodically remind you of the importance of recognising a Collective Conflict and taking particular care when one exists. If you have a Collective Conflict you may take part in both discussions and decisions but in doing so you are obliged to subordinate your private interests to those of the charity. Where such a Collective Conflict exists you must always:
- a) act in the best interests of the Hall;
 - b) protect the charity's reputation and be aware of the impression that your actions and decisions may have on those outside the Hall; and
 - c) be able to demonstrate that you have made decisions in the best interests of the Hall and independently of any competing interest.
21. a) Where a Designated Collective Conflict exists in relation to an issue that requires a decision to be taken, the deciding body (i.e. Council) shall, after discussing the issue, but before taking the decision, refer its 'minded to' decision to the Conflicts Committee.
- b) The Conflicts Committee shall review whether the 'minded to' decision might not be in the best interests of the Hall by virtue of the Designated Collective Conflict.
- c) The deciding body shall provide the Conflicts Committee with such information as it requires in order to consider the matter, including the reasons for the 'minded to' decision.

¹ See paragraph 12, subparagraphs a) to e)

- d) If the Conflicts Committee concludes that the 'minded to' decision may or would not be in the best interests of the Hall by virtue of the Designated Collective Conflict, it may recommend an alternative or further course of action (such as a different decision or a reconsideration of the 'minded to' decision) and the deciding body shall take into account such advice before taking a final decision on the matter.
- e) If the deciding body fails to take into account, or disagrees with, the advice or recommendations of the Conflicts Committee, the Chair of the deciding body must inform the Chair of the Conflicts Committee, in writing, before the deciding body takes any further action on the matter.
- f) The Conflicts Committee may consider the matter further and, if it thinks fit:
 - i. refer the matter again to Council; or
 - ii. ask for a Special Council meeting to be called, to discuss the issue.
- g) Council may decide at any point to take independent professional advice on the issue.

Trustee Benefits

22. If you are a Trustee, you and your Connected Persons may not:
- a) buy any goods or services from the Hall on terms preferential to those applicable to members of the public;
 - b) sell goods, services, or any interest in land to the Hall;
 - c) be employed by, or receive any remuneration from, the Hall;
 - d) receive any other financial benefit from the Hall;

unless the payment is permitted by paragraph 23.

In this paragraph a 'financial benefit' means a benefit, direct or indirect, which is either money or has a monetary value, but excludes payment of out of pocket expenses to Trustees.

23. You may receive a Trustee benefit as defined in paragraph 22 if it is:
- a) authorised by the Hall's constitution;
 - b) authorised by the discounted catering policy and consists of the provision of catering at cost price or higher;
 - c) authorised by the policy on the use of the Council Box, setting out the procedure for access to the Box, number of tickets, deadline for release to the Box Office and any restrictions;
 - d) made available to all Members of the Hall on the same terms, is connected to their seatholding rights and is offered to Members for the purpose of benefitting the Hall, including, but not limited to, use of the ticket return scheme;
 - e) authorised by statute; or
 - f) authorised by the court or the Charity Commission.

Record keeping

24. Discussions and decisions relating to a conflict of interest or a conflict of loyalty will be recorded in the Trustee, Committee or subsidiary company board meeting's minutes and will include a record of who and when anybody withdrew from or rejoined the meeting. If approved by the Chair, the matter may be recorded as confidential (for

example, if you are placed in a difficult position of being privy to commercially sensitive information).

25. All declarations, discussions and minutes will be available to the Hall's auditors.
26. A detailed Register of Interests for Trustees, Committee members (including co-opted Committee members), and subsidiary company Directors will be maintained by the Secretary, to include any declarations of conflicts of interest and conflicts of loyalty, when first declared. These records will be retained in line with Data Protection requirements from time to time.

Sanctions

27. If a majority of Council find that a Trustee has allowed their personal interests to influence their decisions to the detriment of the charity, or that they have acted egregiously in another way, for example the deliberate concealment of a material conflict, then Council should look to remove him or her from Council. If the Trustee refuses to step down, the 1966 Act provides a mechanism for the members of the Hall to remove any Trustee.² Failing all else, the matter may be referred to the Charity Commission which, in certain exceptional circumstances, has the power to remove Trustees.

Conflicts Committee

28. Council will establish a Conflicts Committee to oversee this Policy and the issues that surround it. Ultimate responsibility, however, always resides with Trustees. The Committee's remit will be to:
 - Consider and respond to any "minded to" decision referred to it under paragraph 21 above;
 - Consider and respond to any conflicts raised directly with the Committee or the Secretary or where a member of the Committee has a concern about a potential conflict;
 - Attend any meeting of any Committee or Working Group of Council as part of its oversight of the operation of this Policy;
 - At the request of the President, advise individual Trustees, the Council, all Committees, the boards of subsidiary companies, and, where appropriate, staff;
 - Monitor the operation of this Policy;
 - Recommend, in accordance with the terms laid down in the document that set up the Conflicts Committee, appropriate systems for promoting and monitoring compliance with this Policy;
 - Review annual and other declarations of interest, and alert the Secretary where further clarification or action may be required;
 - Brief the Council or the President on any difficult individual cases referred to it;
 - Report to the Hall's auditors annually on the operation of the Committee and Policy over the year;
 - Review this Policy in light of suitability and best practice guidance issued by outside bodies regularly, no more than biennially, but not less than once every three years; and

² 1966 Act, Schedule 2, paragraph 9.

- In relation to this Policy, and as guided by the President and the Governance & Ethics Committee, perform any actions authorised by Council as may be required from time to time.
- Maintain an Issues Log of the conflicts referred to the Committee under this Policy and potential conflicts identified by the Committee and keep a record of the actions taken to resolve the conflict in question.

29. a) The Conflicts Committee shall comprise:

- (1) a chair, who shall be either an Appointed Trustee or a member of or a director or other officer of a corporation or society holding not less than five seats; and who is a Trustee and whose Collective Conflict is considered by the President to be immaterial.
 - (2) not less than three other persons, one of whom need not be a Trustee and in the case of those who are a Trustee, are either Appointed Trustees or are a member of or a director or other officer of a corporation or society holding not less than five seats, and whose Collective Conflict in each case is considered by the President to be immaterial.
- b) In the case of a)(1) and (2) above, the President may properly conclude that, where a Trustee has a Collective Conflict, it is immaterial if, in the President's opinion, after enquiry and consultation, (i) the judgement of the Trustee is unlikely to be affected by the interest of the seatholder who appointed the Trustee or by the interest by which the Trustee is eligible to be a Trustee (as the case may be) and (ii) any potential private benefit for the Trustee from the seatholding is not more than negligible. The President will set out the reasons for and conclusions reached in this regard in detail in writing and file this with the Secretary.
- c) Each member of the Committee, including who shall be chair, shall be appointed by the President and shall hold office for such period and upon such other terms as the President may determine.
- d) The quorum for the Committee shall be three.
- e) All members of the Committee shall have one vote, and in addition the chair of the Committee has a casting vote.
- f) Where the chair or another Committee member is unable to attend a Committee meeting the President may appoint a temporary alternative to attend, count towards the quorum, chair and (if not the chair) vote in their place. Any such alternative must satisfy the eligibility criteria set out in paragraph 29(a) above which applied to the Committee member that they are temporarily replacing.

Definitions

30. In this Policy, unless the context requires otherwise:

“Appointed Trustee” means an appointed member of Council as that term is used in the constitution of the Hall;

“Collective Conflict” means a conflict of interest or conflict of loyalty that could arise in the circumstances described in sub-paragraphs 12(a) to 12(e);

“Conflict of Loyalty” means a conflict of the kind described in paragraph 10.

“Connected Person” or “person connected to you” means

- a) your child, parent, grandchild, grandparent, brother or sister;
- b) the spouse or civil partner of you or of any person falling within sub-paragraph (a) above;
- c) a person carrying on business in partnership with you or with any person falling within sub-paragraph (a) or (b) above;
- d) an institution which is controlled –
 - (1) by you or any connected person falling within sub-paragraph (a), (b), or (c) above; or
 - (2) by two or more persons falling within sub-paragraph (d)(1), when taken together
- e) a body corporate in which –
 - (1) you or any connected person falling within sub-paragraphs (a) to (c) has a substantial interest; or
 - ³(2) two or more persons falling within sub-paragraph (e)(1) who, when taken together, have a substantial interest.
 - (3) Sections 350 – 352 of the Charities Act 2011 apply for the purposes of interpreting the terms used in this definition;

“Designated Collective Conflict” means a Collective Conflict relating to:

- a) the seat rate;
- b) any proposed change to the Hall’s event programming policy;
- c) the amount of the rebate for exclusives;
- d) the purchase of seats by the Hall
- e) any proposed change to the costs of any discounts or services provided to seat-holders
- f) the ticket return scheme.⁴

“Hall” means The Corporation of the Hall of Arts and Sciences as defined in paragraph 1;

“Individual Conflict” means a conflict of interest or conflict of loyalty that could arise in the circumstances described in sub-paragraphs 12(f) to 12(o);

“Secretary” means the Secretary to the Corporation; and

“Trustee” means member of the Council of the Hall.

Adopted by Council on 26th February 2015

Amended by Council in April 2017

Amended by Council in December 2017

Amended by Council in October 2018

Amended by Council in May 2020

Amended by Council in July 2021

Amended by Council in December 2022

³ Added after approval at the December 2017 Council meeting;

⁴ All Council and Committee decisions involving the ticket return scheme will be referred to the Conflicts Committee. The Committee acknowledges however that not all matters in relation to the ticket return scheme will involve a conflict and the Conflicts Committee will determine whether this is the case or not.