

IN PARLIAMENT

HOUSE OF COMMONS

SESSION 2024-25

ROYAL ALBERT HALL BILL [HL]

Statement on behalf of the Promoter in support of the Second Reading

1 Introduction

- 1.1 The purpose of this statement is to inform the House about the promoter's position in relation to the Royal Albert Hall Bill in advance of its Second Reading on 14 July 2025. This statement is in three parts:

Part 1: A brief summary of the Bill and why it is needed;

Part 2: An explanation of why the Promoter wishes clause 5 to be amended at the Bill's committee stage, should the Bill receive a Second Reading; and

Part 3: Additional context concerning the Royal Albert Hall's governance and ticket sales by Members of the Hall.

- 1.2 The Bill is promoted by the Royal Albert Hall, a body incorporated by royal charter and a registered charity.

- 1.3 The Hall respectfully submits that -

1.3.1 the purpose of the Bill is to benefit the charity and the public interest and is therefore meritorious;

1.3.2 the Bill should be allowed to proceed to the committee stage where it can be subject to further scrutiny, including consideration of the Promoter's need for it and the need for it to be further revised; and

1.3.3 if the Bill is not passed, there may be damaging consequences for the Hall, as set out below.

2 Part 1: Summary and need for Bill

- 2.1 Under its constitution, the Royal Albert Hall has Members. They privately own rights of access for the duration of the Hall's 999-year lease to about one quarter of the seats in the Hall. These rights are subject to the Hall's statutory right, granted by section 14 of the Royal Albert Hall Act 1966, to exclude them from a defined range of events staged at the Hall (known as 'Exclusive lettings').

- 2.2 As well as supporting the Hall individually, the Members collectively support the Hall each year in two main ways:
- 2.2.1 they pay an annual seat rate towards the upkeep of the Hall; and
 - 2.2.2 they forgo their right to attend many of the best events on a more favourable basis than is allowed by section 14, thereby improving the attractiveness of the Hall to some of the most celebrated artists and augmenting the number of seats available for public sale.
- 2.3 The current practice of Members forgoing their right to attend events is not expressly covered by the constitution of the Hall. It is achieved by the Members voting annually to do so but the Hall is exposed to the risk of the lawfulness of this practice being challenged on the ground that a majority (only) of only those Members who choose to vote to forgo their rights is not binding on the minority.
- 2.4 The Bill's primary purpose is therefore to address this risk for the future by putting the current practice onto a clearer and sound legal footing. This can only be achieved by a private Bill, as it affects the use of the Members' private property.
- 2.5 *Clause 3* removes a six yearly cap on the amount that can be levied by the seat rate and, in the interest of broad equivalence, transfers the voting threshold of three-quarters for the six year cap to the annual seat rate (currently two-thirds). The cap serves no useful purpose. During the Covid-19 pandemic, the cap served only to restrict Members' ability to support the Hall financially.
- 2.6 *Clause 4* seeks to validate and regularise the manner in which the Members currently forgo their entitlement to attend events.
- 2.7 *Clause 5* seeks to control whether, and the terms upon which, clause 4 should be allowed to operate.
- 2.8 Since the Bill was introduced, three Members have commenced a challenge in the High Court. If the challenge is successful, the charity's finances and programming of events will be disrupted. This would be detrimental to the Hall and to the public interest.
- 2.9 The Trustees of the Hall therefore face, in their view, an invidious choice:
- 2.9.1 They could continue to operate as now, exposed to the continuing risk of possible liability to the Members – a risk that is no longer hypothetical and which the current litigation may not resolve; or.
 - 2.9.2 They could decide that, in the face of the legal uncertainty, it is no longer tenable for the Hall to continue its current practice, but then lose the benefit of it because:
 - (a) the Hall would probably lose approximately 40 of the 'Exclusive' lettings a year that it enjoys under the current programming practice; and

- (b) the Hall is in no doubt, as a matter of commercial reality, that it would no longer be able to contract some of the most attractive and reputationally valuable events that it stages now.

2.10 Clause 4 would resolve this issue by providing a process by which the current benefit to the Hall can continue without the risk of legal challenge.

3 Part 2: Clause 5

3.1 Clause 5 was added to the Bill by the House of Lords at the Third Reading stage in that House after a division and without the amendment being shown to the Hall in draft before it was tabled. The Hall was not, therefore, afforded the opportunity to discuss the substance or efficacy of the amendment with its tablers in advance.

3.2 The Hall considers clause 5 to be misconceived and unworkable in practice. Nevertheless, the Hall is willing to recommend to the Hall's Members (they having approved the Bill as deposited) a constructive response to the concerns that were expressed at Third Reading in the House of Lords. This could be a more tailored and workable version of clause 5. Alternatively, the Hall may propose a different approach, such as greater openness by providing for seatholding trustees publicly to disclose their ticket income. This would be submitted for consideration at the Bill's committee stage.

3.3 The Explanatory Statement accompanying the new clause in the House of Lords (now clause 5) stated that the purpose of the clause was to -

- 3.3.1 ensure that any power to exclude Members from the Hall can only be exercised when approved by a sub-committee of which the independent members of the Hall's council of trustees form a majority; and

- 3.3.2 provide that any tickets for seats received by seatholding trustees as a result of the changes proposed in the Bill may only be sold through a ticket return scheme arranged by the Hall.

3.4 The reason given for this new clause was that seatholders who are also trustees have a potential conflict of interest and that they are able to sell their tickets through third party websites at above the [equivalent of the] face value of the tickets.

3.5 As to 3.3.1 above, the Hall considers that there is no need for the proposed sub-committee because -

- 3.5.1 the activity being authorised by the Bill is in the nature of a gift by the Members to the Hall. This does not, in the Hall's view, need to be regulated. The Hall does not have to accept the 'gift', if the terms of the Members' resolution are not acceptable to it and, insofar as the Members may also benefit, it will be mutually beneficial to the Hall and the Members, not contrary to the Hall's interests; and

3.5.2 the Hall already has an Conflict of Interests Committee consisting of non-conflicted Trustees. It is inconceivable in practice that the Hall would put to the Members or accept a proposal against the recommendation of this committee.

3.6 As to 3.3.2 above, the Hall considers clause 5 to be –

Unworkable, because it requires a seatholder trustee to give an undertaking regarding ticket sales not only by that trustee but also regarding ticket sales by relatives of that trustee, which no trustee can properly give.

Unfair, because prohibiting a seatholder trustee from selling other than through a ticket return scheme is unnecessarily restrictive and financially punitive. It prohibits selling a ticket privately at (or below) its equivalent face value, when a sale through the Hall's ticket return scheme will usually yield materially less than this. (Under the scheme, returned tickets are pooled and the proceeds shared equally, regardless of variants in value and which tickets sell. There is also a deduction to subsidise a poor selling show. The net effect is that "full value" is only achieved for participants if the event is sold out.) Clause 5 also prohibits selling for the highest possible price for no personal gain, e.g. by donating tickets to a charity auction; and

Unmeritorious, because –

- (i) it is not in the interests of the charity to impose unnecessary obstacles to the Members wishing to benefit the Hall in this way. Without necessarily any net disbenefit to the Members, the average annual benefit to the Hall of the current practice is estimated by the Hall's CEO to be approximately £1.5m.
- (ii) if the terms of clause 5 are not always met, the consequences are unclear; and
- (iii) disproportionately seeking to restrict how a Trustee may choose to act with his/her private property may also act as a disincentive to Members standing for election to be a trustee.

3.7 The drafting of clause 5 also needs attention. For example:

3.7.1 The amendment requires that "any tickets for seats received from the exercise of the power ..." must be sold through the Hall's ticket return scheme – but, in the Hall's view, there will be no such tickets, as a resolution under clause 4 awards events for which the Members receive no tickets; it does not award events which Members may attend.

3.7.2 Clause 5 contemplates any additional tickets received by Members (even though, as we suggest above, there will not be any) being numerically identifiable. This will not be possible, because a resolution under clause 4 replaces in practice the operation of section 14 of the 1966 Act with a different regime. This offers a more favourable allocation of the type of events that may be Exclusive lettings rather than an additional number, as such.

- 3.8 In short, the Hall submits that clause 5 is misconceived and is not properly tailored to the alleged mischief that it seeks to address, and that, as currently drafted, it is unworkable.
- 3.9 If the Bill is given a Second Reading, the Hall therefore intends to propose at the committee stage alternative terms to clause 5 (see paragraph 3.2 above).

4 Part 3: Royal Albert Hall's governance and ticket sales by Members

Governance

- 4.1 The governance of the Hall is a form of public/private collaboration.
- 4.2 In 1867, long term seatholding interests were offered to subscribers for capital sums. The money raised enabled the Hall to be built for the nation with charitable purposes. The founding royal charter conferred on these seatholders and their successors (the Members) trusteeship of the Hall so that, if they could make a success of the Hall for the public benefit, their investment should do well too.
- 4.3 With some adjustment over time, this model has stood the test of time. It works without any public disbenefit because the charity retains any surpluses it makes and the Members support the Hall financially in order to safeguard their investment.
- 4.4 Under the current constitution, Members form a majority of the Trustees by election from among themselves. For those Trustees, there is a concomitance of interest with the charity. There are also five independently appointed non-Member trustees.
- 4.5 Legally, the seatholding interest of the elected Trustees also creates an authorised conflict of interest. All the Trustees are well aware that, in this situation, the public interest purposes of the charity must remain paramount. Further, the Hall ensures this by -
- 4.5.1 the close scrutiny by, and participation of, the non-conflicted Trustees; and
 - 4.5.2 the conflict of interest being managed through the operation of the Hall's Conflict of Interests policy.
- 4.6 These measures prevent the authorised conflict from operating against the interests of the charity. The Hall believes that, in this way, exemplary standards are observed and the Trustees' decisions are beyond reproach.
- 4.7 The Members' interest does not dilute or compromise the charitable endeavour because it stands legally separate from it and, by virtue of the concomitance of interest in seeing the Hall succeed, it is submitted that the interest of the Members helps the Hall to remain independent, operationally, financially and artistically. It enables the Hall to operate without any recurring public tax-payer subsidy.

- 4.8 Nevertheless, in 2015, without any finding of wrongdoing, the Charity Commission required the Hall effectively to remove the seatholders' authorised conflict of interest by reconstituting the trusteeship. The Hall regarded the Commission's proposals as incomplete, unworkable and disproportionate. It responded with a full explanation of the purpose, value and probity of the Hall's governance. This [document](#) is publicly available as part of the papers presented at the committee stage in the House of Lords.
- 4.9 In the Hall's view, much of the criticism of the Hall's form of governance has been founded upon matters of perception rather than on substance. In the absence of a compelling evidence-based case for change, the Trustees consider it their duty to uphold the value and probity of its current governance. The Hall believes that the current constitutional arrangements have proved to be highly beneficial for the charity.

Ticket sales by Members

- 4.10 The Members, including those who are elected as Trustees, can do as they choose with their own tickets and, when selling them, can set their own price for them. They do not acquire their tickets from the Hall or from any event promoter. There is no 'promoter price' for them and these tickets are not, and never were, part of a promoter's ticket manifest, when hiring the Hall.
- 4.11 The Trustees are dedicated to the success of the Hall and the Hall's procedures ensure that the Trustees perform their role of trustee with complete probity. The Hall believes that this is demonstrable by the way it operates and that how Trustees deal with their private property is clearly distinguishable from their role as a Trustee.
- 4.12 The freedom of Members, including seatholder trustees, to deal with their tickets as they choose is frequently conflated with concerns about the secondary ticket market, i.e. the ability to purchase tickets from a promoter at one price and resell them at a profit.
- 4.13 This secondary market is typified by 'bots' hoovering up tickets electronically on an industrial scale and reselling them, often fraudulently and in contravention of consumer protection laws. Sometimes, the tickets being sold are invalid and the consumer does not know this until attending the event. This practice creates as much a problem for the Hall as it does for any other arts or sports venue, as the Hall's box office is targeted in the same way as any other.
- 4.14 Private sales of Members' tickets stand apart from, and in contradistinction to, this practice. Even in the case of some inadvertent error, a Member's ticket will always be a valid ticket. The purchase of a Member's ticket from a Member should therefore always be a safe purchase.

Ends.

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