

# **OPERATING AGREEMENT**

**Dated 1st April 2016**

**Name of Council**  
London Borough of Southwark

**Name of BID**  
London Bridge Business Improvement District Company

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# Operating Agreement

Dated 1st April 2016

## Between

- (1) **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK** of Council Offices, 160 Tooley Street, London SE1 2TZ, whose address for service is PO Box 64529 SE1P 5LX (“the Council”); and
- (2) **TEAM LONDON BRIDGE BUSINESS IMPROVEMENT DISTRICT COMPANY**. [registered as a company limited by guarantee in England with number 5664987, whose registered office is at 6 Hay’s Lane, London Bridge, London, SE1 2HB (“the BID Company”).

## Recitals

- A The Council is the billing authority for the purposes of the Local Government Act 2003 and is responsible for collecting the BID Levy and administering the BID Revenue Account which shall be used towards the operation of the BID within the area of the Council and the funding of the BID Arrangements.
- B The BID Company is responsible for the operation of the BID and for using the BID Levy for the purposes of achieving the objectives and aspirations set out in the BID Arrangements.
- C Both parties wish to confirm the arrangements by which the BID Levy shall be collected together with general arrangements as to the relationship to be established between the Council and the BID Company for the duration of the BID.
- D The purpose of this Agreement is to:
  - establish the procedure for setting the BID Levy
  - confirm the basis upon which the Council will be responsible for collecting the BID Levy
  - set out the enforcement mechanisms available for collection of the BID Levy
  - set out the procedures for accounting and transference of the BID Levy
  - provide for the monitoring and review of the collection of the BID Levy
  - confirm the manner in which the Council's expenses incurred in collecting the BID Levy shall be paid.

It is agreed:

### 1 Definitions

**the Annual Report** means a report to be prepared by the Council which details the following:-

- (i) the total amount of BID Levy collected during the relevant Financial Year;

- (ii) details of the success rate for the collection of the BID Levy;
- (iii) the Council's proposals (if any) to help improve its efficiency in the collection and enforcement of the BID Levy; and
- (iv) details of those BID Levy Payers who have paid the BID Levy and those who have not paid the BID Levy.
- (v) the Council's proposals for bad or doubtful debts

**the Appeal Notice** means a notice to be served by the BID Company in accordance with clause 9.2.

**Bad or Doubtful Debts** shall have the same meaning as further described in Schedule 2.

**the Ballot Result Date** means the date upon which a successful ballot result has been declared in favour of putting in place the BID Arrangements.

**the BID** means the Business Improvement District which operates from Borough High Street to Tower Bridge Road and down to Newcomen Street/Snowsfields/Crucifix Lane/Druid Street (*a plan illustrating the extent of BID area is annexed in schedule 1*) and which is managed and operated by the BID Company.

**the BID Arrangements** means those arrangements to be put in place pursuant to the Regulations for the operation of the BID.

**the BID Company's Report** means a report for each Financial Year to be prepared by the BID Company which details the following:-

- (i) the total income and expenditure of the BID Levy;
- (ii) other income and expenditure of the BID Company not being the BID Levy;
- (iii) a statement of actual and pending deficits; and
- (iv) the various initiatives and schemes upon which the BID Levy has been expended by the BID Company.

**the BID Levy** means the charge to be levied and collected within the BID area pursuant to the Regulations.

**the BID Company's Termination Notice** means a notice to be served by the BID Company on the Council pursuant to clause 11.8.

**BID Levy Payer(s)** means the non-domestic rate payers responsible for paying the BID Levy.

**the BID Levy Rules** means the rules set out in the Schedule which sets out how the BID Levy will be calculated, details of Exempt or Discounted Properties and other requirements related to the BID Levy (as may be amended by a successful alteration ballot).

**the BID Revenue Account** means the account to be set up in accordance with Regulation 14 and operated in accordance with Schedule 3 of the Regulations.

**the BID Term** means the period 5 years from 1 April 2016 to 31 March 2021.

**the Council's Termination Notice** means the notice to be served by the Council on the BID Company pursuant to Clause 11.1.

**the Contributors** means the BID Levy Payers or other Contributors making voluntary contributions to the BID company.

**Demand Notice** shall have the same meaning ascribed to it as further set out in paragraphs 3 of Schedule 4 of the Regulations.

**Heredity** shall have the same meaning as defined in the Regulations.

**Electronic Communication** means a communication transmitted (whether from one person to another, from one device to another or from a person to a device or vice versa):

- (i) by means of a telecommunication system (within the meaning of the Telecommunications Act 1984); or
- (ii) by other means but while in electronic form.

**the Enforcement Expenses / Costs Collected** means the costs which are incurred by the Council in issuing summonses and obtaining Liability Orders which may be incurred in recovering unpaid BID Levy.

**the BID Levy Enforcement Notice** means a notice to be served on the Council as specified in Clause 9.

**the Exceptions** means the circumstances in which the Council shall not be required to seek to enforce payment of the BID Levy where a BID Levy payer has failed to make payment pursuant to a Demand Notice.

**the Exempt or Discounted Properties** means those class or classes of properties as identified in the BID Levy Rules which shall be exempt either from any requirement to pay the BID Levy or are permitted a discount on the BID Levy.

**the Financial Year** means the financial year for the BID Company which runs from 01 April to 31 March.

**the Levy Collection Fee First Priority Payment** means the payment of an amount representing the administrative expenses incurred by the Council, and invoiced to London Bridge Business Improvement District Company each year, in respect of all reasonable costs arising out of compliance with its obligations under this Agreement and the Regulations. The Levy Collection Fee shall be 3.5% of the total BID levy collected.

**Liability Order** means an order obtained from the Magistrates Court.

**the Monitoring Group** means the group to be set up to monitor the collection and enforcement of the BID Levy (as referred to in Clause 11) such group to consist of at least 1 Council officer and at least 1 representative from the BID Company.

**the Operational Date** means the date upon which the BID Arrangements come into force.

**the Public Meeting** means the meeting to be held of all BID Levy Payers pursuant to the Public Meeting Notice.

**the Public Meeting Notice** means a notice to be served pursuant to Clause 11.1 or 11.8 by either the Council or the BID Company which provides the following:-

- (i) confirmation that either party is considering terminating the BID;
- (ii) details of the venue where the public meeting will be held;
- (iii) confirmation that all BID Levy Payers who attend will be permitted to make representations

**the Regulations** means the Business Improvement Districts (England) Regulations 2004 and such amendments made by the Secretary of State pursuant to Section 48 of the Local Government Act 2003 (from time to time).

**the Reminder Notice** means the notice to be served pursuant to Clause 8.1

## 2 Statutory Authorities

2.1 This Agreement is made pursuant to Part IV of the Local Government Act 2003 and Section 111 of the Local Government Act 1972 and all other enabling powers.

## 3 Commencement

3.1 This Agreement is conditional upon and shall not take effect until the Renewal Ballot Result Date.

3.2 In the event that the BID Arrangements are not voted in by the BID Levy Payers on the Ballot Result Date then this Agreement shall determine and cease to be of any further effect between the parties.

3.3 If, at the end of the BID Term a further renewal ballot is held and is successful then the terms of this Agreement shall be reviewed prior to the start of the new BID term.

## 4 Setting the BID Levy

4.1 By 1 April 2016 the Council shall:-

- (i) calculate the BID Levy due from each BID Levy Payer in accordance with the BID Levy Rules; and
- (ii) confirm in writing to the BID Company the BID Levy payable annually by each BID Levy Payer
- (iii) enter into the Baseline Agreement with the BID Company

## **5 The BID Revenue Account**

5.1 The Council will maintain the BID revenue account established for the purposes of the existing BID. Assuming a successful renewal ballot, the Council will continue to transfer BID levy from the BID revenue account to the bank account of the BID company.

## **6 Debits from the BID Revenue Account**

6.1 The Council shall not debit directly from the BID Revenue Account:-

- (i) the Levy Collection Fee
- (ii) the Enforcement Expenses / costs collected

6.2 The Council's charge for the collection and administration of the BID levy will be 3.5% of BID levy income.

6.3 Upon the expiry of the twelfth month of the Financial Year (throughout the BID Term) the Council shall provide invoice(s) for the balance of its reasonable administrative expenses and for court costs incurred in carrying out its obligations under this Agreement and the Regulations (the Levy Collection Fee).

6.4 The BID Company shall pay the said invoices within 30 (thirty days) from the date of receipt.

6.5 In the event that the BID Company fails to pay the said invoices within the prescribed time period then notwithstanding Clause 6.1 the Council shall be permitted to recover the invoiced costs directly from the BID Revenue Account or to invoice the BID Company directly in the event the BID Revenue Account contains insufficient funds.

6.6 The Council shall recover the Enforcement Expenses from the liable BID levy payer, in accordance with Clause 8.

6.7 The Council shall not be entitled to recover Enforcement Expenses from the BID Company.

## **7 Collecting the BID Levy**

7.1 No later than 14 days prior to billing, the Council shall confirm in writing to the BID company:

- (i) the means by which the BID Levy Payer shall be billed for the BID levy; and
- (ii) the date when the BID Levy shall be first be collected (bills will be issued on or before 15 March).

7.2 The BID levy will be collected from BID levy payers in two instalments due on 01 April and 01 October for each year of the BID term. These payment terms can only be varied by agreement with the BID Company and instructed to the Council.

7.3 The Demand notices shall be a separate bill and shall not be combined with the Business Rate bill or despatched in the same envelope as the Business Rate bill.

7.4 Pursuant to clause 7.2 the Council shall serve the BID Levy Demand Notices on each BID Levy payer and thereafter shall continue to calculate the BID Levy and serve the Demand Notices throughout the BID Term.

7.5 The Council shall maintain a list which identifies payment and/or non payment of the BID Levy and provide this to the BID Company on a monthly basis. It shall also make this available to the BID Company upon its reasonable request e.g. 7 days prior notice.

7.6 The Council shall liaise with the BID Company in carrying out monthly reviews of each Hereditament within the BID Area and in the event of any change in the occupier of each Hereditament or the merger or division of a Hereditament (or provision of an additional Hereditament) shall:

- (i) serve an updated list of BID Levy payers upon the BID Company and illustrate where refunds may be appropriate
- (ii) serve a BID Levy Demand Notice (or alter any existing Demand Notice if appropriate) on the relevant BID Levy Payer.

The Council shall use all reasonable endeavours to collect the BID Levy on the date specified (pursuant to clause 7.2 above) and in accordance with the procedure set out in Schedule 4 of the Regulations, subject to any contrary requirement which may be requested by the BID Company and agreed between the parties from time to time. The list of BID Levy Payers on whom a Demand Notice shall be served (7.4) shall be reviewed and approved by the BID Company before Demand Notices are issued.

- 7.7 Refunds as noted at 7.6(i) shall be made by the BID Company not Council as soon as practicable. The Council shall take all reasonable steps for collecting the BID Levy which are consistent with its usual procedures for the collection of non-domestic rates.

- 7.8 By the 10th of every month hereafter the Council shall notify the BID company of the amounts credited to the BID revenue account and upon receipt of an appropriate VAT invoice from the BID company shall transfer to the BID company's own bank account the amount due and provide written confirmation of the sum transferred.

## **8 Procedures available to the Council for enforcing payment of the BID Levy**

8.1 In the event that the BID Levy is not paid within 14 (fourteen) days from the date that it becomes payable then (subject to the Exceptions or as may otherwise be agreed between the parties) the Council shall serve a Reminder Notice on such relevant BID Levy Payer which shall:-

- (i) identify the sum payable;
- (ii) provide a further 7 (seven) days for payment to be made;
- (iii) Issue a summons for non-payment at which point summons costs become payable.
- (iv) The Council will make an application to the Magistrates Court for a Liability Order to recover the unpaid sum (together with costs).

8.2 If after a further 14 (fourteen) days from the payment date stated in the Reminder Notice the outstanding sum of the BID Levy has not been paid the Council shall inform the BID Company of the liable BID Levy Payers for whom the Council contemplates further recovery and enforcement action.

8.3 The Council will consider any comments made by the BID Company before deciding whether to issue a summons for the BID Levy as permitted under Regulation 15 and Schedule 4 of The Business Improvements Districts (England) Regulations 2004, (S.I 2443 OF 2004).

## **9 Enforcement Mechanisms for non-collection of the BID Levy by the Council**

9.1 In the event that the Council is not enforcing payment of the BID Levy pursuant to Clause 8 above the BID Company shall serve the Enforcement Notice on the Council requesting that:-

- (i) it serve a Reminder Notice; or
- (ii) it obtains a Liability Order pursuant to Clause 8.2 above

within 14 (fourteen) days of receipt of such Enforcement Notice and the Council shall thereafter provide written confirmation of the action taken to the recover the unpaid BID Levy.

9.2 If after being served an Enforcement Notice the Council fails to take the requested action within the specified time frame then the BID Company shall serve an Appeal Notice to the Chief Executive of the Council. Such notice shall:-

- (i) detail the sum which remains unpaid;
- (ii) confirm that the Council has failed to use the enforcement mechanisms available to it under this Agreement to recover the sum; and
- (iii) request a meeting take place between the Chief Executive, relevant officers of the Council and BID Company to achieve a solution and/or agree a strategy to recover the outstanding sum such meeting to take place in any event no later than 28 (twenty eight) days from service of the Appeal Notice.

9.3 In the event that the Council fails to take any of the steps requested by the BID Company pursuant to clauses 9.1 and 9.2 (above) the Council shall (within 28 days of receipt of written notice from the BID Company which specifies the amount of BID Levy outstanding) pay the specified sum into the BID Revenue Account and provide written confirmation to the BID Company that this has been done.

## 10 Accounting Procedures and Monitoring

10.1 Within 1 (one) month from the Operational Date the Council and BID Company shall form the Monitoring Group.

10.2 In addition to the information outlined in 7.4 every month (for the duration of BID Term) the Council shall provide the BID Company with a breakdown of:-

- (i) the amount of BID Levy for each individual BID Levy Payer;
- (ii) the BID Levy collected in relation to each BID Levy Payer;
- (iii) details (together with the outstanding unpaid sum) of those BID Levy Payers who have not paid the BID Levy during those 6 months;
- (iv) details of the Reminder Notices issued throughout that period; and
- (v) details of any Liability Orders obtained or applied for by the Council;

10.3 The Monitoring Group shall meet no less than once in any one Financial Year and on all other occasions further meetings of the Monitoring Group shall be arranged by the service of written notice by either party on the other, such notice to be provided no less than 28 (twenty eight) days prior to the date of the proposed meeting (or lesser if otherwise agreed or in cases of emergency) and provided further that such meetings can be dispensed with altogether upon the written agreement of both the Council and the BID Company.

10.4 At each meeting the Monitoring Group shall:

- (i) review the effectiveness of the collection and enforcement of the BID Levy; and
- (ii) if required, review and assess the information provided by the Council pursuant to Clause 10.2 above and make any recommendations for implementation as may be agreed (and which are permitted by the Regulations and the terms of this Agreement).

10.6 Minutes of each meeting of the Monitoring Group shall be sent to such representatives of the Council's Department of Regeneration and Neighbourhoods as notified to the BID Company.

10.7 Within 1 (one) month after the date of the end of the Financial Year the Council shall provide the Annual Report to the BID Company.

10.8 The BID Company shall provide the BID Company Report to the Council prior to their Annual General Meeting.

10.9 On an annual basis, the London Bridge BID company shall request the below reports for its Auditing process to be submitted within two weeks of year end, 31 March.

From Southwark Council:

- A signed letter from Southwark Council confirming the collection figures for the financial year, 1 April to 31 March, plus the rates/collection amount as at 31 March
- Reports showing refunds issued during the financial year, 1 April to 31 March.
- List of payments received during the financial year, 1 April to 31 March.
- List of advance payments received for the subsequent financial year.

10.10 The council will need to respond to the below, submitted by the Auditors:

- Sales testing several organisations submitted by the Auditors.
- Confirmation from Southwark regarding the liabilities calculation and confirmation of liabilities and refunds for each organisation listed.

## 11 Termination

11.1 The Council shall not be permitted to terminate the BID Arrangements because:

- (i) in its opinion there are insufficient finances available to the BID Company to meet its liabilities for the chargeable period for the purposes of the BID Arrangements; or
- (ii) the Council is unable, due to any cause beyond its control to provide the works or services which are secured as part of the BID Arrangements,

unless and until it first serves the Public Meeting Notice on the BID Levy Payers and the Council's Termination Notice on the BID Company and within 14 (fourteen) days from the date of service of such notice both parties shall arrange to meet where the purpose of such meeting shall be to discuss and/or agree all or any of the following set out in Clause 11.2 or 11.3 (whichever is applicable).

11.2 Where the BID Termination Notice relates to Clause 11.1(i) both parties shall agree and/or discuss or review the following:

- (i) the Council's concerns that the BID Company has insufficient finances to meet its liabilities for that period, details of such concerns having been made available to the BID Company;
- (ii) insufficient funds;
- (iii) alternative means by which the insufficiency of the funds can be remedied; and
- (iv) an appropriate time frame to resolve this issue;

11.3 Where the BID Termination Notice relates to clause 11.1(ii) both parties shall agree and/or discuss or review the following:

- (i) the services or works which the Council is no longer able to provide together with confirmation and details as to why such works or services cannot be provided;
- (ii) a review by both parties as to whether such works or services are of material importance to the BID so that termination of the BID Arrangements is the only option;
- (iii) alternative means of procuring the said services or works by third parties or increased financial funding from the BID Company;
- (iv) alternative replacement services or works which will be acceptable to the BID Company ;
- (v) an appropriate time frame to resolve this issue

11.4 Notwithstanding clauses 11.1, 11.2 and 11.3 above, the Council shall cause a Public Meeting to be held.

11.5 In the event that the parties cannot reach agreement in relation to the above and subject to consideration of representations made by any BID Levy Payer at the Public Meeting the Council shall be permitted to terminate the BID Arrangements provided that notice by the Council to terminate the BID shall be provided to the BID Company no less than 28 days prior to termination taking place.

11.6 Upon termination of the BID Arrangements the Council shall review whether there is a credit in the BID Revenue Account and in the event that there are sufficient funds in the BID Revenue Account amounting to a refund of at least £50 for each BID Levy Payer (having already deducted a reasonable sum for the administration of such refund) shall:

- (i) calculate the amount to be refunded to each BID Levy payer;
- (ii) ensure that the amount to be refunded is calculated by reference to the amount payable by each BID Levy Payer for the last chargeable period; and
- (iii) make arrangements for the amount calculated to be credited against any outstanding liabilities of each BID Levy Payer or, where there are no such liabilities refunded to the BID Levy Payer.

11.7 Upon termination of the BID the Council shall notify the BID Levy Payers of such termination in accordance with regulation 18(6) of the Regulations together with confirmation as to whether any part of the BID Levy is to be repaid to BID Levy payers in accordance with clause 11.6.

11.8 The BID Company shall not be permitted to terminate the BID Arrangements where:

- (i) the works or services under the BID Arrangements are no longer required; or
- (ii) the BID Company is unable, due to any cause beyond its control to provide works and services which are necessary for the BID to continue

unless and until it has served the BID Company's Termination Notice on the Council and thereafter carried out a proper consultation with all relevant representatives of the BID Area as considered appropriate by the Council.

11.9 Upon termination of the BID Arrangements the BID Company shall notify the Council of such termination in accordance with Regulation 18(5) and the Council shall notify the BID Levy payers pursuant to Regulation 18(6) together with confirmation as to whether any part of the BID Levy is to be repaid to BID Levy payers in accordance with clause 11.6.

## 12 Confidentiality

12.1 Both the Council and the BID Company agree to keep confidential and not to divulge to any person without the prior written consent of the other party all information (written or oral) concerning the business affairs of the other nor any information which has been exchanged about the BID Levy Payers or Contributors or about other third parties which it shall have obtained or received as a result of operating the BID. This obligation shall survive the termination or lapse of the BID Arrangements, save that the provisions of this clause 12.1 shall not apply in the case of any disclosure required by law.

## 13 Notices

13.1 Any notice or other written communication to be served or given to or upon any party to this Agreement to the other shall be in writing and shall be sent to the address provided for above or such substitute address in England as may from time to time have been notified by that party.

13.2 A Notice may be served by:

- (i) delivery to the Deputy Chief Executive at 160 Tooley Street, London SE1 2TZ ; or
- (ii) delivery to the Company Secretary at the BID Company's address specified above
- (iii) registered or recorded delivery post
- (iv) Electronic Communication to Southwark Council Chief Executive at the e-mail address: eleanor.kelly@southwark.gov.uk (provided that it is in legible form and is capable of being used for subsequent reference).

13.3 Any notice served shall be deemed to have been validly served or given at the time when in the ordinary course of business it would have been received.

## 14 Miscellaneous

14.1 For the avoidance of doubt where any part of this Agreement is incompatible with the Regulations or any other regulations which the Secretary of State may issue pursuant to Part IV of the Local Government Act 2003 then such part shall be struck out and the balance of this Agreement shall remain.

14.2 The headings appearing in this Agreement are for ease of reference only and shall not affect the construction of this Agreement.

14.3 For the avoidance of doubt the provisions of this Agreement (other than those contained in this Clause) shall not have any effect until this document has been dated.

14.4 Where reference is made to a Clause, Part, or Recital such reference (unless the context requires otherwise) is a reference to a clause, part, plan, or recital attached to this Agreement.

14.5 References to the Council include any successors to its functions as local authority.

14.6 References to statutes, bye laws, regulations, orders, delegated legislation shall include any such instrument re-enacting or made pursuant to the same power.

#### **15 Exercise of the Council's powers**

Nothing contained in this Agreement or implied in it shall prejudice or affect the rights discretions powers duties and obligations of the Council under all statutes bye-laws statutory instruments orders and regulations in the exercise of its functions as a local authority.

#### **16 Contracts (Rights Of Third Parties)**

The provisions of the Contracts (Rights of Third Parties) Act 1999 shall not apply to this Agreement.

#### **17 Dispute Resolution**

The following provisions shall apply in the event of a dispute:

17.1 Any dispute or difference of any kind whatsoever arising between the parties hereto out of or in connection with this Deed shall be referred in the first instance to the senior officers of the Council and the BID Company. Failing settlement between the senior officers, the dispute or difference shall be referred to arbitration before a single arbitrator.

17.2 The parties shall jointly appoint the arbitrator not later than 28 (twenty eight) days after service of a request in writing by either party to do so and each party shall bear its own costs.

17.3 If the parties are unable to agree within 28 (twenty eight) days as to the appointment of such arbitrator then such arbitrator (hereinafter referred to as "the Tribunal") shall be appointed on the application of either party to the President for the time being of the Law Society.

17.4 In the event of a reference to arbitration the parties agree to:  
(i) prosecute any such reference expeditiously and  
(ii) do all things or take all steps reasonably necessary in order to enable the Tribunal to deliver any award (interim, final or otherwise) as soon as reasonably practicable.

17.5 The award shall be in writing signed by the Tribunal and shall be finalised within 21 (twenty one) days from the date of such award.

17.6 The award shall be final and binding both on the parties and on any persons claiming on their behalf.

- 17.7 The procedure set out in this Clause 17 shall at all times be subject to the right of either party to propose that any dispute or difference be referred to mediation. In the event that the parties consider it appropriate, the mediation shall be conducted by the Centre for Effective Dispute Resolution (CEDR) in accordance with its Model Mediation Procedure.

## **18 Freedom of Information**

18.1 The BID Company accepts that the Council is obliged to comply with the Freedom of Information Act 2000 and the Code of Practice on the Act, and will assist the Council to comply with these obligations. This includes helping the Council comply with its obligation to respond to a request for information within 20 days of receipt; and providing information to the Council where the Council requests.

18.2 The Council is entitled to disclose information unless it believes that the information is exempt under the Act. Exemption may apply where, for example, information is provided in confidence; where the information is a trade secret; or where release is likely to prejudice commercial interests. The Council will decide, acting reasonably, whether information requested under the Act is to be disclosed or not. The Council will where reasonably practicable consult the BID Company and will consider any representations made by it. The Council shall not be liable for any loss or other detriment caused by the disclosure of any information in response to a request for information under the Act.

Signed by the parties [or their duly authorised representatives]

**THE COMMON SEAL of THE MAYOR AND** )  
**BURGESSES OF THE LONDON BOROUGH** )  
**OF SOUTHWARK was** )  
**Hereunto affixed in the presence of:** )  
**Authorised Signatory**

**EXECUTED AS A DEED** by )  
Nadia Broccardo (Executive Director) )  
on behalf of )  
**TEAM LONDON BRIDGE BUSINESS** )  
**IMPROVEMENT DISTRICT COMPANY** )

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## Who is eligible to vote in the BID ballot?

Businesses are eligible to vote in the BID ballot if they occupy/pay non-domestic business rates on one or more hereditament within the BID area and are entered into the non-domestic rating list at that time.

## How much will businesses pay?

- For the first year of the third BID term (2016-2021) the BID levy has been set at 1.15% of the 2010 rateable value of each eligible hereditament within the BID area.
- It is important to note that all UK business rateable values will be reassessed in 2017. Therefore, for newly assessed hereditaments (brought about by for example: challenges, hereditament splits or mergers, or new development) after 1<sup>st</sup> April 2017, the BID levy will be applied to the rateable values as per those in the 2017 Ratings List.
- The BID levy will be increased by a maximum of 3% each year as agreed by the Board on an annual basis.
- The maximum amount of levy paid by each hereditament will be capped at £50,000.
- Businesses receiving charitable relief on their business rates will have the same relief applied to the BID levy. No other type of relief (small business, industrial relief, historical, etc) will be applied to the BID levy.
- The BID levy is charged on an annual basis with the option for bills to be paid in one or two instalments. Where an occupier moves out of a property, they will receive a refund for the remainder of the year. Where an occupier moves in to a property part-way through the year they will be charged from that point provided the hereditament remains eligible for BID membership.
- The BID levy will be extended to occupiers of business premises built or first occupied in the BID area during the life of the BID.
- If a property is empty at the time of BID vote, or becomes empty during the lifetime of the BID, the owner of the property will be liable to pay 50% of the normal BID levy payment until occupation. Owners with empty properties receiving 100% business rates relief will still be required to pay the 50% levy on their empty properties.

## Exemptions

- Hereditaments with a rateable value of less than £10,000 are not eligible to pay the BID levy.
- Businesses are not eligible to vote if their sole hereditament is less than £10,000. These businesses will **not** have the rights to vote on BID matters other than via their Director on the BID Board (see below), as they are not eligible to pay the levy. However, these businesses can still be involved in BID activities/Taskgroups, and so on.
- The following types of hereditament will be excluded from voting and from paying the BID levy: advertising hoardings, communication stations/telecom masts, schools, places of worship and ATMs.

## **What will be the BID board and management structure?**

The not-for-profit BID Company will have 9 Directors with voting powers on the Board:

- 4 representatives of large organisations (with hereditaments of £400,000 rateable value and above)
- 4 representatives of SME organisations
- 1 local residential representative
- 1 landowner representative
- 1 representative of those businesses within BID area not eligible to vote or pay the BID levy (small businesses with sole hereditament of £10,000 or below).

These Directors will have an equal vote on BID matters.

Statutory agency representatives may sit on the BID Board in an advisory capacity (no vote). These include:

- 1 Local Authority representative
- 1 Transport for London representative
- 1 Metropolitan Police representative
- 1 Network Rail representative

The BID Board will be supported by a small BID executive team.

## **Schedule 2 - Bad or Doubtful Debt**

### **Procedure for the write off of Bad Debt: Business Improvement District (BIDs) - London Bridge Business Improvement District Company**

#### **1. Introduction**

The authorisation to write off debts must be formally carried out by the London Borough Of Southwark Revenues Officer. Debts to be written off will fall within the following categories:

- Absconded
- Deceased
- Liquidation/Insolvency/Bankruptcy (in respect of NNDR & BIDs)
- De-minimus amounts

A schedule of proposed debts for write off will be submitted to London Bridge Business Improvement District Company at the end of each calendar month (or at timely periods to be agreed). The representative of London Bridge Business Improvement District Company will indicate agreement to write off all or part of the schedule. The revenues officer will remove the authorised debts from the system.

A record of all debts written off will be maintained for audit purposes and provided within the reports supplied to the monitoring group.

Each schedule will include the following:

- Account Reference
- Name of Levy Payer
- Address of hereditament
- Period of charge
- Amount proposed to be written off
- Reason for write off
- Last stage of recovery
- Totals

A sample of the write-off schedule is included at appendix A.

The Revenues Officer will ensure the system reconciles to the schedules submitted.

The following procedures – for NNDR – will be carried out in respect of the ratepayer's debt for NNDR. The results of which will be used to determine whether the unpaid BID levy should be written off.

In all circumstances the BID levy payer will be sent a final notice to the billing or last known address.

#### **2. Procedures for checking**

##### **2.1 Absconded**

In all cases identify the owners/landlords or the current occupiers of the hereditament. Contact should be made to ascertain details of the vacating

ratepayer (date vacated/forwarding address etc). It is expected that the additional sources will be used to identify owners i.e. land registry, property division to ensure accuracy of the database.

Recovery action may be suppressed whilst investigations and searches are carried out, the account must be reviewed within 4 weeks of the suppressant being set. All searches are expected to have been completed within this time.

Address searches – other Council systems available will be used to check whether the ratepayer has moved within the borough. Searches may be made to NNDR teams at other local authorities to confirm whereabouts.

Name searches – other Council systems available may be used to check whether the ratepayer has moved within the borough.

Other information - information held on the ratepayer's file or within the Document Imaging System will be referred to in reviewing the ratepayer's whereabouts. If a telephone number is traced, it is expected that attempts will be made to contact the ratepayer, whilst maintaining due regard to DPA requirements.

In cases where a company is the named ratepayer, notices should be issued to the registered office. If an alternative address has been used, the billing address will be changed and a notices sent to the registered office.

If - at an early stage - there is clear indication that the ratepayer is unlikely to be traced, a write off may be submitted with full reasons noted. All such cases must be submitted on a separate batch sheet and should not be included with cases requiring full procedural checks.

## 2.2 Deceased

The account name will be changed to '*Representatives of Name Deceased*'. If a solicitors address is available, a final account should be sent care of the solicitors for debts in excess of £20.00. Where the system allows the deceased indicator should be utilised (PBLRMX indicator).

Any debt of less than £20.00 should be written off as soon as is practical and recovery meanwhile suppressed (a submission form should still be forwarded at the earliest convenience).

Debts greater than £20.00 should be billed c/o solicitors or any known executors. All such cases such be reviewed monthly to determine whether write off is appropriate.

## 2.3 Liquidation/Insolvency/Bankruptcy

In all cases the account must be closed from the date the liable party has been liquidated or declared bankrupt. All cases submitted should confirm that evidence has been received from either the trustee or receiver of the date of declaration and unlikelihood of settlement of the debt.

As settlement can take a considerable time to be resolved, reinstatement of the debt may be necessary at a later time. An insolvency practitioner may be employed to assist this function.

## 2.4 De minimus

The following amounts may be written off without the need for a schedule of agreement to be signed by the London Bridge Business Improvement District Company:

| <b>Category</b> |                         | <b>Amount of debt</b>             |
|-----------------|-------------------------|-----------------------------------|
| a.              | Closed accounts         | Less than £50                     |
| b.              | Recovery costs          | Amount of costs raised if unpaid. |
| c.              | Year end debt clearance | Less than £20                     |

These debts may be written once the following conditions have been met:

Category a - A reminder or final notice has been sent to the last known address following termination of the account. No payment arrangements exist to clear the debt

Category b - Recovery costs may be written off when the account is closed. The amount of costs may be written off if the debt is paid before the court hearing date and on agreement with the revenues officer.

Category c - Current year debts may be written off as part of the year end process

Write-Off Schedule, to be kept by Team London Bridge

| <b>Team London Bridge write-off schedule 2016-17</b> |                          |                      |                             |                             |                       |                    |
|--|--------------------------|----------------------|-----------------------------|-----------------------------|-----------------------|--------------------|
| <b>Date</b>  | <b>Account reference</b> | <b>Business name</b> | <b>Hereditament address</b> | <b>Reason for write-off</b> | <b>Recovery stage</b> | <b>Amount owed</b> |
|  |                          |                      |                             |                             |                       |                    |
|  |                          |                      |                             |                             |                       |                    |
|  |                          |                      |                             |                             |                       |                    |
|  |                          |                      |                             |                             |                       |                    |