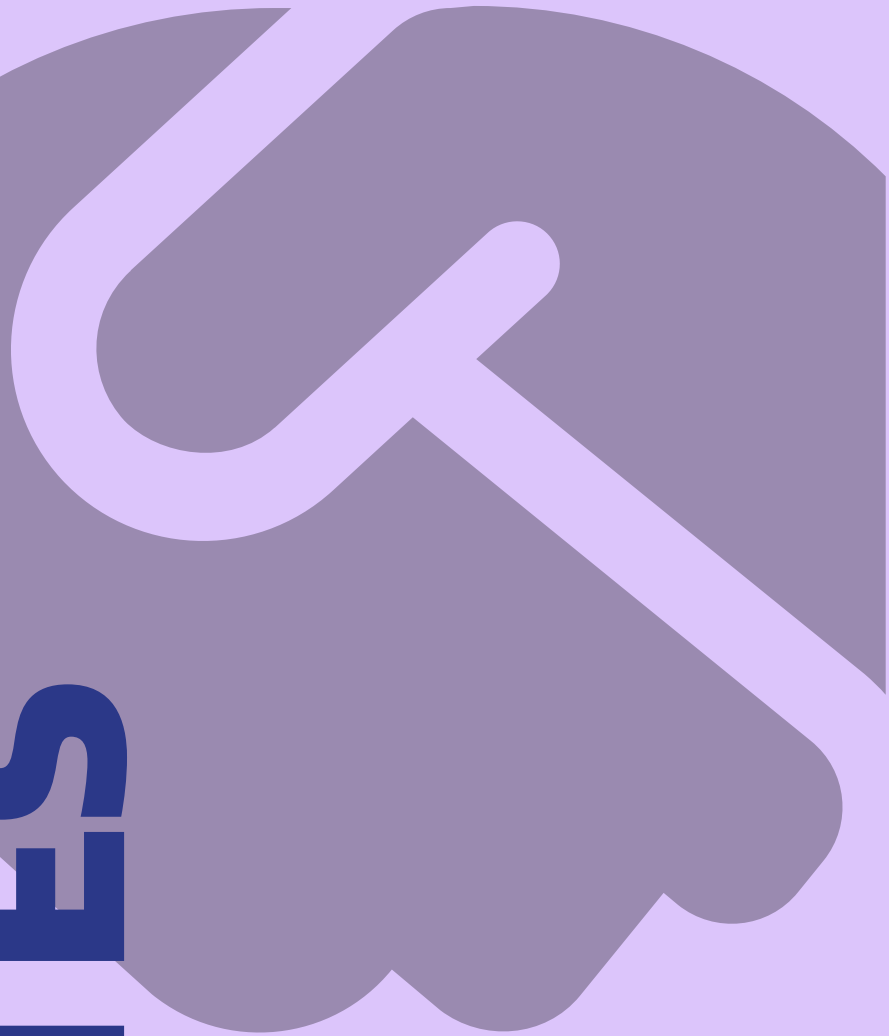


# GUIDANCE NOTES

OPERATING  
AGREEMENTS  
APRIL 2023



British  
**BIDs**<sup>TM</sup>  
Leading the BID industry

# INTRODUCTION

**The BID Regulations (England) 2004 do not refer to the term 'Operating Agreement'. However, it has become customary for a BID Proposer and the local billing authority to enter into such a legal contract to provide clarity and certainty as to the billing arrangements that will be in place from commencement of any BID term.**



# GUIDANCE

Most Operating Agreements will, as a minimum, set out: (1) the principles, processes and cost (if any) for collecting the levy; (2) enforcing payment of the levy; (3) reporting on collection and bad debt; (4) monitoring provisions between then BID and the local authority; and (5) provision for regular detailed and summary information on the service to the BID as the client (source: British BID's Guide for Local Authorities). These matters need to be agreed and disclosed in any BID Proposal, meaning that an 'agreement' of some sort is, at least, implied by the Regulations.

Operating Agreements may also set out additional arrangements agreed between the parties, such as Local Authority representation on the BID Board (or similar) or any additional funding arrangements.

Best practice suggests that a draft arrangement between the local authority and the BID should be agreed prior to and available for scrutiny by businesses during the ballot period.

Standard templates have been developed for Operating Agreements. Many Operating Agreements now include Baseline Statements (if any).

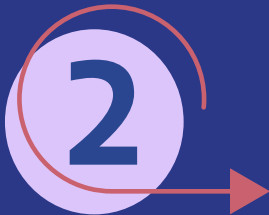
# TIPS

**1**



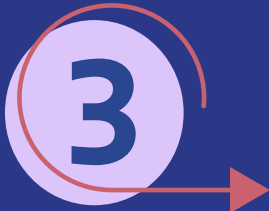
**An Operating Agreement is usually agreed prior to a BID ballot to set out the proposed arrangements between the BID and the local billing authority, particularly with regard to levy collection.**

**2**



**Best practice suggests that the Operating Agreement should be approved prior to and made available during the ballot period.**

**3**



**Once signed (normally post ballot), the 'agreement' will be legally binding on both sides, therefore meaning that professional advice is recommended.**