HARROGATE
ACCOMMODATION BID

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# OPERATING AGREEMENT

## In connection with Accommodation BID (ABID) Levy collection arrangements

To be read alongside Harrogate ABID's Business Plan & Proposal 2027 - 2031

## OPERATING AGREEMENT

Between

North Yorkshire Council (the Council) whose registered office is at County Hall, Northallerton, North Yorkshire, DL7 8AD

and

Harrogate Accommodation BID Limited (the BID Company) registered as a company limited by guarantee in England with company number 16867698, whose registered office is at Crown Chambers, Princes Street, Harrogate, HG1 1NJ

# 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 Term.

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.

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# 1 DEFINITIONS

It is agreed:
The words and expressions below shall mean as follows:
'Act' shall mean the Local Government Act 2003.
'Annual Report' shall mean a report to be prepared by the Council which details the following:

- The total amount of BID Levy collected during the relevant Financial Year;
- Details of the percentage collection rate for the BID Levy;
- The Council's proposals (if any) to help improve any efficiency measures in the collection and enforcement of the BID Levy;
- Details of those BID Levy Payers who have paid the BID Levy and those who have not paid the BID Levy; and
- The Council's proposals for bad or doubtful debts.

'Bad or Doubtful Debts' shall have the same meaning as further described in Part 2 of Schedule 3 of the Regulations.
'Ballot Result Date' shall mean the date upon which a ballot result has been declared.
'BID' shall mean the Business Improvement District which operates within the BID area.
'BID Area' shall mean the area described in the BID Proposal and included in Appendix 3.
'BID Arrangements' shall mean those arrangements to be put in place pursuant to the regulations for the operation of the BID.

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

- The total income and expenditure of the BID levy;
- Other income and expenditure of the BID Company not being the BID levy;
- A statement of actual and pending deficits; and
- The various initiatives and schemes upon which the BID levy has been expended by the BID Company.

'BID Levy' shall mean the charge to be levied and collected within the BID Area pursuant to the Regulations.
'BID Levy Payer(s)' shall mean the non-domestic rate payer(s) responsible for paying the BID Levy.
'BID Levy Rules' shall mean the rules set out in Appendix 1 to this Agreement which sets out how the BID Levy will be calculated and other requirements related to the BID Levy (as may be amended by a successful Alteration Ballot).
'BID Revenue Account' shall mean the account to be set up in accordance with Regulation 14 and operated in accordance with Schedule 3 of the Regulations.
'BID Term' means the period of 5 years from 1st January 2027 to 31st December 2031.
'Contributors' shall mean 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 paragraph 3 of Schedule 4 of the Regulations
'Enforcement Costs' shall mean all costs incurred in relation to the undertaking of action to recover outstanding BID levy and related costs including costs of the issue of the Magistrates' Court summons.
'Exempt Properties' shall mean those Hereditaments as mentioned in the BID Proposal.
'Financial Year' means the financial year for the BID Company which runs from 1st January to 31st December.
'Hereditament' shall have the same meaning as defined in the Regulations.
'Liability Order' shall mean an order obtained from the Magistrates' Court.
'Operational Date' shall mean the date upon which the BID Arrangements come into force.
'Public Meeting' shall mean the meeting to be held of all BID levy payers pursuant to regulation 18(1) (a) (ii) of the Regulations.
'Regulations' shall mean the Business Improvement Districts (England) Regulations 2004 (S.I. 2004/2443) and such amendments made by the Secretary of State pursuant to Section 48 of the Act (from time to time).
'Reminder Notice' shall mean the notice to be served pursuant to the Schedule of Billing and Enforcement.
'Schedule of Billing and Enforcement' means the timetable of billing and enforcement set out in Appendix 2 to this Agreement.
'Termination' shall be pursuant to Clause 12
'Working Day' shall have the same meaning pursuant to the Regulations.

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## 2 STATUTORY AUTHORITIES AND INTERPRETATION

2.1 This Agreement is made pursuant to Part 4 of the Act and Section 111 of the Local Government Act 1972 and all other enabling powers.

2.2 This Agreement shall be interpreted according to the following provisions unless the context requires a different meaning:

2.2.1 Words importing persons shall where the context so requires or admits include individuals, firms, partnerships, trusts, corporations, governments, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisations having legal capacity.

2.2.2 References to any statutes and statutory instruments are to be construed as references to those statutes and statutory instruments as from time to time amended or to any statutes and statutory instruments from time to time replacing extending consolidating or amending the same.

## 3 COMMENCEMENT

This Agreement is conditional upon the declaration of a successful ballot result on the Ballot Result Date and this Agreement will take effect when dated. And in any event shall cease to be of any further effect in the event that:

3.1 the Secretary of State declares the BID Ballot void;

3.2 the North Yorkshire Council exercises its veto and there is no successful appeal against the veto;

3.3 the BID Term expires;

3.4 The North Yorkshire Council exercises its discretion to terminate the BID Arrangements in exercise of powers under regulation 18 of the Regulations

## 4 SETTING THE BID LEVY

4.1 As soon as reasonably practicable after the expiry of each period of 3 months in each Financial Year (31st March, 30th June, 30th September and 31st December the Council shall:

- 4.1.1 Calculate the BID Levy due from each BID Levy Payer in accordance with the BID Levy Rules;

## 5 THE BID REVENUE ACCOUNT

5.1 As soon as is reasonably practicable following the Ballot Result Date the Council shall set up the BID Revenue Account and provide written confirmation to the BID Company once this has been carried out.

5.2 As soon as is reasonably practicable following the Ballot Result Date the BID Company shall provide the Council with details of its own bank account into which payments shall be made under Clause 9 and/or the BID Levy shall be transferred into from the BID Revenue Account on production of a VAT invoice by the BID Company.

## 6 DEBITS FROM THE BID REVENUE ACCOUNT

6.1 The Council shall debit from the BID Revenue Account the following:

6.1.1 Bad or Doubtful Debts (after first agreeing this figure with the BID Company).

6.1.2 The Council's charge for provision of services will be £35.00(excluding VAT) per Demand Notice representing its reasonable administrative costs in carrying out its obligations under this agreement and the regulations. This will be payable by the BID Company upon receipt of a valid VAT invoice. The Council's charge will be reviewed on the first anniversary of the Agreement and on each subsequent anniversary thereafter, any change in the Council's charge on review will require the agreement of the BID Company.

6.2 The Council shall recover the Enforcement Costs from the liable BID Levy Payer, and not debit the BID Revenue Account. For the avoidance of doubt, the Council will retain all Enforcement Costs. In the event that any Liability Order proceedings escalate above those normally associated with this process and costs additional to the Enforcement Costs are incurred by the Council, these additional costs will be debited from the BID Revenue Account where such costs are not recovered from the BID Levy Payer.

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# 7 COLLECTING THE BID LEVY

7.1 The Council will collect the BID Levy for the BID Company.

7.2 The BID Levy will apply to (i) accommodation providers with the primary Valuation Office Agency (VOA) description code of hotel and premises, hotels, aparthotels, travel lodges or serviced apartments (public house premises, self-catering premises and guest houses are excluded) and (ii) whose rateable value (RV) is £55,000 or more and (iii) which are within the geographic boundary defined as the BID area (Appendix 3).

STR will provide the relevant occupancy rate for each calendar month to the Council. STR is a third-party provider of hotel market intelligence, responsible for supplying aggregated hotel occupancy and performance data for the purposes of monitoring and evaluation. The costs associated with the provision of this information will be paid by the BID Company.

The BID Company will provide to the Council verified numbers of rooms/units available per night for each hereditament.

Charged quarterly in arrears (as described in 4.1), each calendar month's BID Levy for each Levy Payer shall be calculated according to the following formula:

(Numbers of rooms/units available per night x number of nights per month) x (the STR 'Harrogate area-wide' occupancy rate for each month minus 5%)

Example:

*Based on this, the monthly multiplier for a hypothetical hotel with 100 bedrooms in January 2027 when the 'Harrogate area-wide' occupancy rate was 75% would be charged:*

*(100 rooms x 31 nights) x (75% - 5% = 70%) = 2,170 (the Monthly Multiplier)*

*The ABID Levy is then calculated by multiplying the Monthly Multiplier by a levy rate calculated as £2.00, thereby leading to a charge in this instance of £4,340 (2,170 x £2)*

7.3 Prior to the end of each quarter as described in 4.1, the Council shall confirm in writing to the BID Company the date by which the quarter's BID Levy Demand Notices will be issued.

7.4 Pursuant to Clause7.3 the Council shall serve the 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 will use reasonable endeavours to collect the BID Levy in accordance with the Schedule of Billing and Enforcement and in accordance with the procedure set out in Schedule 4 of the Regulations.

7.6 The Council shall use all reasonable endeavours to take all reasonable steps for collecting the BID levy, which are consistent with its usual procedures for the collection of non-domestic rates.

7.7 The Council shall maintain a list which identifies payment and/or non-payment of the BID Levy and shall make this available to the BID Company at the end of each month.

7.8 The Council shall liaise with the BID Company each month, to ensure the accuracy of the BID Levy for each Hereditament within the BID Area and, in the event of any new Hereditament, change in the occupier of each Hereditament or the merger or division of a Hereditament (or provision of an additional Hereditament) shall:

- 7.8.1 serve an updated list of BID Levy Payers upon the BID Company;
- 7.8.2 provide to the BID Company details of refunds due and the amount of each refund;
- 7.8.3 issue a bill the new ratepayer for the Hereditament.

7.9 Following the issue of a Demand Notice each ratepayer will have 15 days to appeal their calculation to the BID Company. The basis of any applicable appeal will be restricted to any material difference in the number of rooms/units in the period that had been available for paid overnight booking compared to the number used for calculation of the demand (affecting no less than 25% or more of the hereditament's total number of rooms/units). This may include, for example, 'out of order' or unavailable rooms/units, part or whole closure due to refurbishment, an inaccurate number of rooms/units' etc. A report from the property's Property Management

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System (PMS) may be required as evidence of any such appeal. Policies and operating procedures for this appeals process will be agreed jointly by the Council and the BID Company from time to time. Each appellant will be advised of the process to follow, as appropriate. Should such an appeal be upheld, the Council will issue a revised Demand Notice the BID Levy Payer.

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## 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 by any BID Levy Payer within 30 days from the date that it becomes payable then (subject to the exceptions or as may otherwise be agreed in writing between the parties) the Council shall serve a Reminder Notice in accordance with the Schedule of Billing and Enforcement on such BID Levy Payer which shall:

8.1.1 Identify the sum payable;

8.1.2 Provide a further 14 days for payment to be made; and

8.2 If the outstanding BID Levy is not then paid, the Council will continue to follow the recovery stages set out in the Schedule of Billing and Enforcement may make an application to the Magistrates' Court for a Liability Order to recover the outstanding sum of the BID Levy as is permitted by the Regulations and the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 (S.I. 1989/1058) (as amended).

8.3 Before making any such application as referred to in Clause 8.2 above, the Council shall notify the BID Company and, if so requested, will discuss the case with the BID Company. Any decision to make an application shall remain with the Council.

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## 9 PAYMENT TO OR FROM THE BID COMPANY

9.1 The Council shall inform the BID Company of the amount of monies collected each month;
9.2 The BID Company shall raise an invoice, including VAT to the Council each month or less frequently should the BID Company so decide. This invoice to be based on the information outlined in Clause 9.1, for the total amount of BID Levy monies collected, minus the total of BID Levy monies previously invoiced for, plus the residue of BID Levy arrears for previous month's collected since the previous payment.
9.3 No less than 4 times a year the Council and the BID Company will meet as a Monitoring Group to review collection processes, to review any outstanding balances and to write off any uncollectable amounts. If required, the parties may review and assess the information provided by the Council and the BID Company pursuant to Clauses 11.2 and 11.3 and make any recommendations for implementation as may be agreed in writing (and which are permitted by the Regulations and the terms of this Agreement).
9.4 The BID Company will repay any overpaid monies in respect of the BID Levy to the Council within 21 days of being notified of such overpayment;
9.7 If any BID Levy payments are received by the Council in respect of any period after the end of the BID Term then the Council shall repay such BID Levy payments to the BID Levy Payer having made such a payment.

## 10 ENFORCEMENT MECHANISMS IN THE EVENT THAT THE COUNCIL FAILS TO ENFORCE COLLECTION OF THE BID LEVY

10.1 In the event that North Yorkshire Council fails to enforce payment of the BID Levy the BID Company shall be entitled to serve an Enforcement Notice on North Yorkshire Council requesting that:

10.1.1 North Yorkshire Council serve a Reminder Notice or

10.1.2 In the event that North Yorkshire Council has already served a Reminder Notice that North Yorkshire Council applies for a Liability Order and the Council shall thereafter provide written confirmation of the action it shall take to comply with the Enforcement Notice.

10.2 If North Yorkshire Council fails to provide written confirmation of the action it is taking in relation to the Enforcement Notice within 21 days of the issue of the Enforcement Notice the BID Company shall be entitled to serve an Appeal Notice on the Assistant Director Customer Revenues and Benefits of North Yorkshire Council and such notice shall:

10.2.1 detail the Sum Unpaid;

10.2.2 confirm that North Yorkshire Council has failed to use the enforcement mechanisms available to it under this Agreement to recover the Sum Unpaid; and include written notice requesting that a meeting of the Monitoring Group take place in order to achieve a solution and/or agree a strategy to recover the Sum Unpaid such meeting to take place no later than 28 (twenty eight) days from the date of the Appeal Notice.

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# 11 ACCOUNTING PROCEDURES AND MONITORING

11.1 The council will include with each Demand Notice a billing leaflet, supplied by the BID Company, which will include an updated financial forecast for the Financial Year. For Demand Notices relating to the first quarter of the second Financial Year and each subsequent Financial Year, the billing leaflet will summarise:

(a) the revenue from the BID levy the billing authority was due to receive in the previous

year; and

(b) the amount spent on the BID arrangements in the previous year; and

(c) a description of the matters on which it was spent; and

(d) a description of the matters on which it is intending to spend the revenue from the BID

levy in the next year.

11.2 Every month (for the duration of BID Term) the Council shall provide the BID Company with a breakdown of:

11.2.1 The amount of BID Levy for each individual BID Levy Payer;

11.2.2 The BID Levy collected in relation to each BID Levy Payer;

11.2.3 Details (together with the outstanding unpaid sum) of those BID Levy Payers who have not paid any BID Levy due;

11.2.4 Details of the Reminder Notices issued throughout that period; and

11.2.5 Details of any Liability Orders obtained or applied for by the Council.

11.3 Every 12 months (for the BID Term) the BID Company shall provide the Council with the following details:

11.3.1 The total amount of income received from the Contributors (excluding the BID Levy); and

11.3.2 The total expenditure during that 12-month period.

11.4 Within 3 months after the date of the end of the Financial Year the Council shall provide the Annual Report to the BID Company.

11.5 Within 3 months from the date of receipt of the Annual Report the BID Company shall provide the BID Company's Report to the Council.

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## 12 TERMINATION

12.1 Where the Council is contemplating terminating the BID Arrangements under Regulation 18(1)(a) of the Regulations it shall serve written notice on the BID Company and in addition to its obligation to hold a Public Meeting shall meet with the BID Company as soon as is reasonably practicable to discuss and review the following:

12.1.1 The basis of the Council's concerns that the BID Company has insufficient finances to meet its liabilities for that period;

12.1.2 The level of insufficient funds;

12.1.3 Alternative means by which the insufficiency of the funds can be remedied in accordance with Regulation 18(1) (a) (ii); and

12.1.4 An appropriate time frame to resolve the issue.

12.2 Where the Council is contemplating terminating the BID Arrangements under Regulation 18(1)(b) of the Regulations it shall serve written notice on the BID Company and shall meet with the BID Company as soon as is reasonably practicable to discuss and review the following:

12.2.1 The services or works which it is no longer able to provide together with confirmation and details as to why such works or services cannot be provided;

12.2.2 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;

12.2.3 Alternative means of procuring the said services or works by third parties or increased financial funding from the BID Company;

12.2.4 Alternative replacement services or works which will be acceptable to the BID Company; and

12.2.5 An appropriate time frame to resolve this issue.

12.3 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.

12.4 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 £5.00 for each BID Levy Payer (having already deducted a reasonable sum for the administration of such refund) to:

12.4.1 Calculate the amount to be refunded to each BID Levy Payer;

12.4.2 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;

12.4.3 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; and

12.4.4 Where there are insufficient funds in the BID Revenue Account to allow for the payment of a refund as described above, the Council shall credit the credit balance in the BID Revenue Account to the credit of its general fund.

12.5 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 12.4.

12.6 Unless and until it has served a written 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. The BID Company shall not be permitted to terminate the BID Arrangements where12.6.1 The works or services under the BID Arrangements are no longer required; or

12.6.2 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.

12.7 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)

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together with confirmation as to whether any part of the BID Levy is to be repaid to BID Levy Payers in accordance with Clause 12.4 .
12.8 For the avoidance of doubt in the event of the BID Arrangements terminating for whatever reason no new liabilities or obligations will accrue to either party thereafter.

## 13 CONFIDENTIALITY

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 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.

## 14 NOTICES

14.1 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.
14.2 A Notice may be served by:

14.2.1 Delivery to the Assistant Chief Executive Legal and Democratic Services of the Council at its address specified above; or
14.2.2 Delivery to the Chair of the BID Company at its address specified above and by; or
14.2.3 Registered or recorded delivery post.

14.3 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.

## 15 VAT

15.1 The relationship between the BID Company and the Council is based in contract.
15.2 The BID Company will make taxable supplies to the Council and in the normal way must charge VAT to the Council.
15.3 The VAT will be charged via an invoice that the BID Company will issue to the Council for payment of the BID levy income.
15.4 The Council will recover the VAT, subject to the normal rules.
15.5 The BID Company will recover any VAT it incurs in delivering the BID services, subject to the normal rules.
15.6 The majority, if not all, of the income received by the BID Company from the Council will be taxable. But there may be certain circumstances where exempt supplies are made, although this is considered to be highly unlikely. Where such supplies are made, any VAT incurred by the BID will be irrecoverable.

## 16 MISCELLANEOUS

16.1 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 4 of the Act then such part shall be struck out and the balance of this Agreement shall remain.
16.2 The headings appearing in this Agreement are for ease of reference only and shall not affect the construction of this Agreement.
16.3 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.
16.4 Where reference is made to a Clause Part Plan or Recital such reference (unless the context requires otherwise) is a reference to a Clause part plan or recital attached to this Agreement.
16.5 References to the Council include any successors to its functions as local authority.

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

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## 17 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 statute's bye laws statutory instruments orders and regulations in the exercise of its functions as a local authority.

## 18 CONTRACTS (RIGHTS OF THIRD PARTIES)

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

## 19 DISPUTE RESOLUTION

19.1 The parties shall attempt in good faith to negotiate a settlement to any dispute (a "Dispute") between them arising out of or in connection with the Agreement within ten (10) working days of either party informing the other of the Dispute.

19.2 In the event that the Dispute cannot be resolved within ten (10) working days of notification being provided in accordance with Clause 19.1 the parties shall escalate the Dispute to the Chair of the BID Company and the Corporate Director of Resources.

19.3 If the Dispute cannot be resolved by the parties pursuant to Clauses 19.1 and 19.2 within twenty (20) working days of notification being provided in accordance with Clause 19.1 the Dispute shall be referred to mediation pursuant to the procedure set out in Clause 19.4 unless:

19.3.1 The Council considers that the Dispute is not suitable for resolution by mediation; or

19.3.2 The BID Company does not agree to mediation;

19.3.3 In which case the provisions of Clause 19.5.2 will apply.

19.4 The procedure for mediation and consequential provisions relating to mediation are as follows:

19.4.1 a neutral advisor or mediator ("the Mediator") shall be chosen by agreement between the parties or, if they are unable to agree upon a Mediator within ten (10) working days after a request by on party to the other or if the Mediator agreed upon is unable or unwilling to act, either party shall within ten (10) working days from the date of the proposal to appoint a Mediator or within ten (10) working days of notice to either party that he is unable or unwilling to act, apply to the Centre for Effective Dispute Resolution ("CEDR") to appoint a Mediator.

19.4.2 Unless otherwise agreed, all negotiations connected with the Dispute and any settlement agreement relating to it shall be conducted in confidence and without prejudice to the rights of the parties in any future proceedings.

19.4.3 If the parties reach agreement on the resolution of the Dispute, the agreement shall be reduced to writing and shall be binding on the parties once it is executed by their duly authorised representatives.

19.5 The parties fail to reach agreement in the negotiations within sixty (60) working days of the Mediator being appointed, or such longer period as may be agreed by the parties, the dispute between the parties may be referred to the courts. The performance of the Agreement shall not be suspended, cease or be delayed by the application of the procedures set out in this Clause 19 and both parties shall comply fully with the requirements of the Agreement at all times.

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IN WITNESS of which this Agreement has been executed by the parties as a Deed and is intended to be and is delivered on the date appearing at the beginning of this Agreement.

In the presence of:
Authorised Officer

duly authorised for and on behalf of North Yorkshire Council
Authorised signatory

……..

Signed by
duly authorised for and on behalf of Harrogate Accommodation BID Limited
Authorised signatory

……..

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**Appendix 1 - BID Ballot and Levy Rules**

**The Ballot**

1. North Yorkshire Council will send those responsible for properties or hereditaments to be subject to the Business Improvement District (hereafter referred to as the "ABID") a ballot paper prior to 20th January 2026.
2. Each property or hereditament subject to the ABID will be entitled to one vote in respect of the BID Proposal in a 28-day postal ballot which will commence on 21st January 2026, and close at 5pm on 17th February 2026. Ballot papers received after 5pm on that date will not be counted. The result of the ballot is due to be announced on the following day (18 February 2026).
3. In order for the proposal to be successful at ballot the result will need to meet, as a minimum, two independent criteria which are: (a) of those ballots returned by the close, those voting in favour of the proposal must exceed those voting against it, and (b) of those ballot papers returned by the close, the total rateable value of those properties or hereditaments which vote in favour, must exceed the total of those voting against.
4. If successful at ballot, the ABID will commence delivery of services on 1st January 2027 (being less than 365 days after the proposed date of declaration) and will continue for a period of 5 years to 31st December 2031.

**The Levy**

1. The levy for all hereditaments will be invoiced by North Yorkshire Council.
2. The levy amount due from each property or hereditament will be calculated monthly and charged quarterly in arrears and will be charged on liable premises defined as:

*identifiable by the relevant billing authority as (i) accommodation providers with the primary Valuation Office Agency (VOA) description code of hotel and premises, hotels, aparthotels, travel lodges or serviced apartments (public house premises, self-catering premises and guest houses are excluded) and (ii) with a rateable value of £55,000 or more and (iii) that are within the geographic boundary defined as the ABID area.*

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A Monthly Multiplier for each hereditament will be calculated using third-party STR (str.com) area-wide occupancy data as follows:

**(Numbers of rooms/units available per night x number of nights per month) x (STR published 'Harrogate area-wide' occupancy rate for each month minus any reduction)**

Throughout, the STR rate will be reduced by 5% as an allowance for pre-bookings and larger scale bookings.

Example:

**(a x b) x (c – d) = Monthly Multiplier**

(a) numbers of rooms/units available per night

(b) the number of nights in the month

(c) the STR Published 'Harrogate area-wide' occupancy rate for the month

(d) the reduction to allow for potential non-collection/prior or group bookings etc

Based on this, the monthly multiplier for a hypothetical hotel with 100 bedrooms in January 2027 when the 'Harrogate area-wide' occupancy rate was 75% would be charged:

(100 rooms x 31 nights) x (75% - 5% = 70%) = 2,170 (the Monthly Multiplier)

The ABID Levy is then calculated by multiplying the Monthly Multiplier by a levy rate calculated as £2.00

Based on this, the ABID Levy due from the same hypothetical hotel with 100 bedrooms in January 2027 when the 'Harrogate area-wide' occupancy rate was 75% would be calculated as:

(100 rooms x 31 nights) x (75% - 5% = 65%) = 2,170 (the Monthly Multiplier)

ABID Levy = 2,170 x £2.00 = £4,340

3. For any hereditament also liable for payment of a levy to the existing Harrogate BID, the quarterly ABID levy demand will be discounted by one-quarter of the levy charged by Harrogate BID for that financial year (which would equate to a maximum of 100% in any year). This quarterly adjustment in ABID levy due to any such hereditament is dependent upon the Harrogate BID levy having been paid in full.

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4. The ABID's financial year is to be January to December, with levy demands charged quarterly in arrears (i.e., Q1 January to March is due in April; Q2 April to June is due in July; Q3 July to September is due in October; Q4 October to December is due in January).
5. Any hereditament created and/or newly entered onto the local rating list will be deemed to have been liable for the BID Levy only from the first day of the quarter following its entry onto the ratings list published on the 'gov.uk' website.
6. Changes of ratepayer for existing hereditaments will be reflected by an apportionment of levy bills, calculated on a daily basis.
7. The number of properties or hereditaments liable for the levy was approximately 15 as at the time of ballot, though this may vary during the term.
8. The party responsible for payment of the levy will be the liable ratepayer.
9. North Yorkshire Council will be responsible for collection of the levy from all hereditaments. The annual collection charge will be £2,100 based on £35 per hereditament for each quarterly billing period , reviewed annually.
10. There will be no VAT on levy demands.
11. Levy payers intending to pass on the charge to visitors through introduction of the 'Harrogate Visitor Charge' should plan to add VAT to the amount billed to the customer (each should take their own tax advice).

**Appeals**

An appeals process involving the local authority and the new ABID will be established, though appeals will only relate to the calculation of the levy bill, not the demand itself.

Following the issue of a Demand Notice each ratepayer will have 15 days to appeal their calculation. The basis of any applicable appeal will be restricted to any material difference in the number of rooms/units in the period that had been available for paid overnight booking compared to the number used for calculation of the demand (affecting no less than 25% or more of the hereditament's total number of rooms/units). This may include, for example, 'out of order' or unavailable rooms/units, part or whole closure due to refurbishment, an inaccurate number of rooms/units' etc. A report from the property's PMS system may be required as evidence of any such appeal. Policies and operating procedures for this appeals process will be agreed jointly by the Council and the BID Body from time to time. Each appellant will be advised of the process to follow, as appropriate. Should such an appeal be upheld, the Council will issue a revised Demand Norice the BID Levy Payer.

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**Accountability and Transparency**

1. The BID Body will be Harrogate Accommodation BID Limited (company number 16867698) a not-for-profit company, limited by guarantee.
2. A majority of the Directors (the 'Board') will be representatives from levy-paying businesses. Other Board members may be nominated to provide additional expertise and representation. From time to time, the Board will elect a Chair who shall always be a representative of a levy-paying business.
3. The Board will be responsible for governance matters such as financial arrangements, contractual obligations, standards, performance, and compliance. It may form sub-groups to advise on specific matters.
4. Provided that the ABID is meeting its overall objectives, the Board shall have the ability to vary service delivery and expenditure allocation according to the changing demands of levy payers. However, any change to the ABID boundary or to the levy rate (such that it increases the liability of any party) may require an Alteration Ballot.
5. The BID Body shall meet with the Council (as the Billing Authority) quarterly to monitor service delivery, levy collection and financial management issues.
6. The Company will file annual accounts at Companies House (financial period January to December), to be compiled by independent accountants. The filed accounts will be available to all levy payers. An annual report on activities, including finances, will be published. An Annual Meeting for accommodation providers will be held.
7. An Operating Agreement, which includes a statement of baseline services, has been agreed with North Yorkshire Council. A copy can be found at harrogatebid.co.uk.
8. Notification of the intention to hold a ballot was sent to the Secretary of State on 2nd June 2025.

**Finances**

1. A cautious approach has been adopted to budgeting for the ABID term, assuming an occupancy of 75% throughout each year.
2. A levy collection rate of 95% has been assumed.
3. The annual levy available to be spent by the ABID for the term is estimated as £678,951.
4. Annual surpluses act as a contingency provision on expenditure and provide for an anticipated reserve of £124,088 by the end of the term. This equates to approximately 4% of total expenditure.
5. Operating costs of the ABID (including levy collection) are estimated as approximately 12% of total expenditure.
6. £55,000 relating to the development and set-up of the new ABID will be reclaimed by the Harrogate BID, as illustrated in the budget.

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| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|---|---|---|---|---|---|---|
| **Income** | | | | | | |
| Levy | £678,951 | £678,951 | £678,951 | £678,951 | £678,951 | **£3,394,754** |
| | | | | | | |
| **Total Income** | **£678,951** | **£678,951** | **£678,951** | **£678,951** | **£678,951** | **£3,394,754** |
| | | | | | | |
| **Expenditure** | | | | | | |
| Destination Marketing | £190,000 | £215,000 | £215,000 | £215,000 | £215,000 | **£1,050,000** |
| Business Events | £175,000 | £185,000 | £185,000 | £185,000 | £185,000 | **£915,000** |
| Leisure Events | £165,000 | £175,000 | £175,000 | £175,000 | £175,000 | **£865,000** |
| Operating costs | £67,895 | £71,291 | £74,855 | £78,598 | £82,528 | **£375,167** |
| Levy collection costs | £2,100 | £2,100 | £2,100 | £2,100 | £2,100 | **£10,500** |
| Set-up costs | £55,000 | £0 | £0 | £0 | £0 | **£55,000** |
| | | | | | | |
| **Total Expenditure** | **£654,995** | **£648,391** | **£651,955** | **£655,698** | **£659,628** | **£3,270,667** |
| | | | | | | |
| **Surplus/Deficit** | **£23,956** | **£30,560** | **£26,996** | **£23,253** | **£19,323** | **£124,088** |

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## Appendix 2 - Schedule of Billing and Enforcement.

| Action | Timescale | Provisional date |
|---|---|---|
| Demands issued | Quarterly in arrears | |
| Reminder 1 | Billing date + 30 days | |
| Final Notices | Reminder date + 30 days | |
| Magistrates Court summons issued | Final Notice date + 60 days (depending on court availability) | |
| Indicative Court date | Dependent on Court Availability | |
| Reminder 1 for new accounts | Billing date +30 days | |
| Final Notices | Reminder date +30 days | |
| Magistrates Court summons issued | Final Notice date + 60 days (depending on court availability) | |
| Indicative Court date | Dependent on Court availability | |

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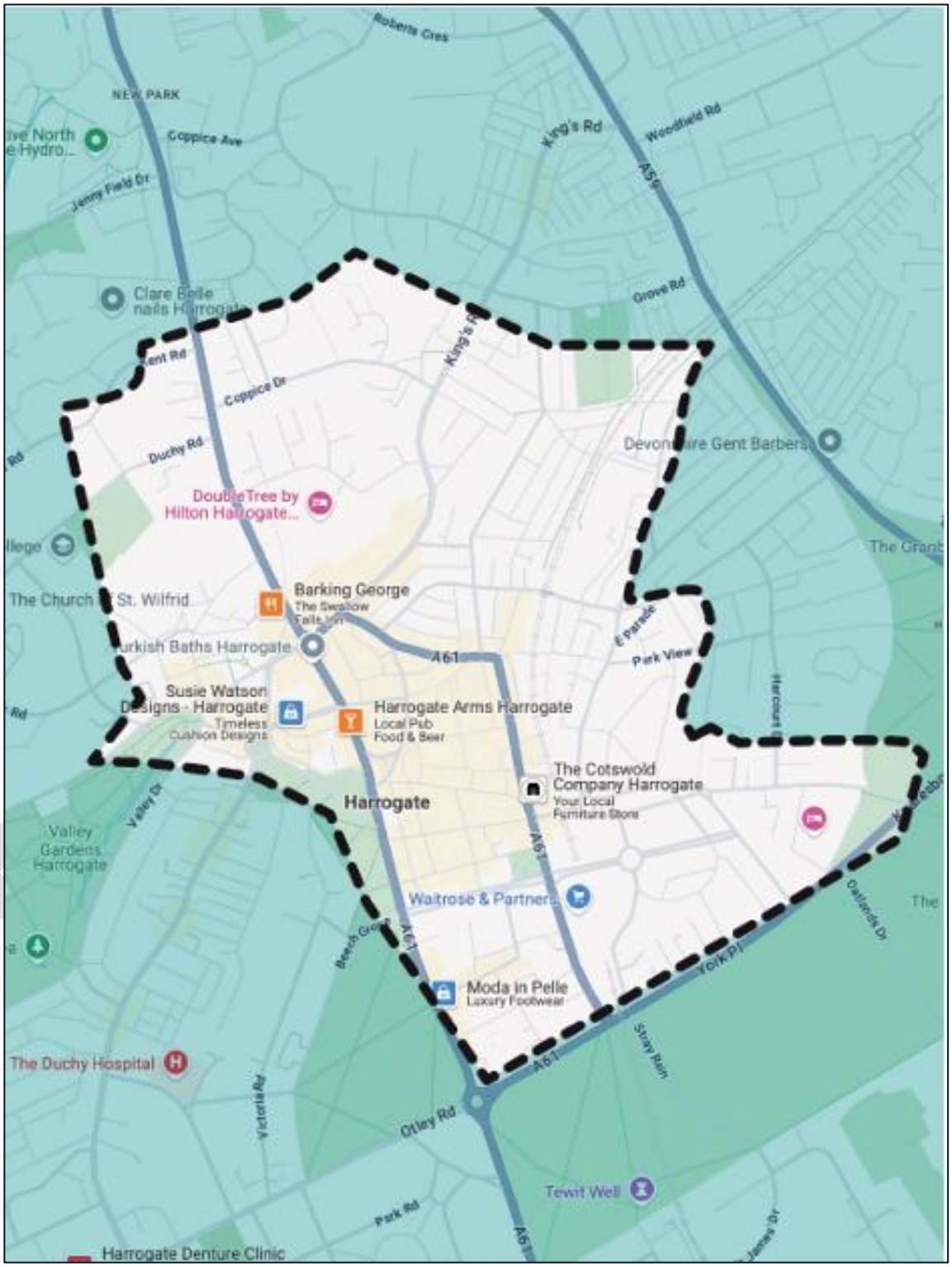
**Appendix 3 – BID Area**



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**Appendix 4 – Baseline Statement**

The Services to be provided by the Harrogate Accommodation BID shall be in addition to any Council baseline services, including those funded (in part or in whole) by business rates. The Council has agreed not to use the availability of BID levy to disproportionately reduce its baseline services within the BID area compared to any reductions necessarily applied elsewhere.

Current services include:

- Countywide destination marketing: Continued inclusion of Harrogate in countywide marketing activity.
- Harrogate-specific destination marketing: Continued support for existing initiatives specific to Harrogate including Restaurant Week.
- Business events: Continued inclusion of Harrogate in 'Meet North Yorkshire' activity including convention bureau services, event bidding, and promotional activity.
- Leisure events: Continued support for event development in Harrogate, for example the Harrogate Christmas Market and associated activity.

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