



31 January 2008

Dear Sir / Madam

**LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT 1982**  
**SCHEDULE 3 Section 2 CONTROL OF SEX ESTABLISHMENTS 19 Fees**

The Adult Industry Trade Association (AITA) is contacting you in regards to the pending demise of UK Licensed Sex Shops, fundamentally seeking your support for lower Sex Establishment Licence Fees.

AITA has been established since 2002 and represents numerous adult trades including many of the UK's biggest retailers, wholesalers, publishers, manufacturers, distributors, mail order and internet companies as well as many smaller businesses.

By far the biggest source of complaints received by the Association has come from our Licensed Sex Shop Members who are now facing tremendously difficult trading conditions.

There are approximately 350 Licensed Sex Shops across the UK many now parts of national chains with many cities having multiple outlets. Regulation and enterprise has seen a vast improvement in terms of appearance and standards. They employ about 2,000 workers and support an estimated 5,000 supplier jobs; they trade successfully alongside many other retail outlets, and stock a wide range of goods which appeal to a broad cross section of the adult shopping population.

Licensed Sex Shops have now had many years of trouble free trading and they should not be confused with illegal sex shops that still blight some parts of the country.

Over the last three years the World Wide Web has totally changed the way that consumers purchase adult products and has had a dramatic declining affect on all our Licensed Sex shops. Not encumbered with regulation the internet offers lower prices and more choice, particularly from overseas sites offering un-censored adult material (DVD's) into this country.

Our Members now face a multitude of problems including the following:

- The unfairness of the excessively high fees charged by Local Authorities for a Sex Shop Licence.
- The additional and high cost of BBFC R18 certification.
- The inability to sell R18 DVD online or via mail order.
- Enormous competition from the new IT and broadcast routes to market such as the internet, downloads, streaming, mobile phones, hotel TV and IP TV etc.
- Over regulation – too many out of date and unnecessary Licence conditions restricting trade.
- The sheer volume of availability of adult products, their providers, none of whom pay UK licence or certification fees, has forced prices down to an almost unviable low. Astute consumers are finding they can actually source an endless supply of adult material absolutely free.
- The huge influx of foreign street sellers and counterfeiters.
- Illegal and unlicensed shops continue to trade.
- Added to this UK consumer spending is noticeably down.

Unlike other retail trades who have set up web-sites to provide an online service for their customers, our Members who are reluctant to complain to the Authorities about high Licence Fees have found themselves trapped in the ramification of legislation, paying a high price to trade, when they no longer have an exclusive situation with adult DVD and can not compete on the internet due to rules in the Video Recording Act. Local Authorities appear to be oblivious to these conditions and have continued to increase License fees.

AITA is duty bound to advise all Local Authorities that market conditions have changed considerably and high Licence Fees can not be sustained without having an adverse effect on the whole of the UK adult industry. There is a serious danger that many of these small but important and legitimate businesses could reduce dramatically leaving the majority of demand to be fulfilled on an unregulated basis.

The number of Licensed Sex Establishments that peaked at just over 400 shops in 2005/6 has decreased to be between 340 and 350 outlets, should this number fall any lower then the whole production, certification and distribution of R18 films, already uneconomic, will cease. Before now three popular UK film companies have either gone into liquidation or have ceased to produce any new R18 films and many others are under extreme pressure to survive.

Local Authorities have considerable discretion when it comes to fixing fees for Licence applications. That discretion comes from both established case law and from guidance given by Central Government.

The principal which governs the fixing of fees is contained within schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982. Paragraph 19 which states; **Fees; "An applicant for the grant, renewal or transfer of licence under this Schedule shall pay a reasonable fee determined by the appropriate authority"**. This rule has obviously been abused in its interpretation over the years and the fees are now unrealistic and irrelevant to the purpose that was originally intended.

Unfortunately the Act does not contain any statutory definition of the word "reasonable". To find the definition we have to rely upon case law. The case which helps us is R v Greater London Council Ex-Parte Rank Organisation (1982). **In summary the case defines "reasonable" by examining the costs of administration of the licensing scheme. The case concludes by saying that the Local Authority has considerable discretion to fix fee levels, so long as the revenue does not exceed the cost of administration and provided that appropriate allowances are granted to charities.**

This case raises the issue of transparency. It is very difficult to know how a Local Authority calculates the precise cost of administering a licensing scheme. However it is quite clear that other businesses such as Betting Shops, Pubs and Taxis requiring similar administration are considerably cheaper.

The subject has been considered by Central Government and the Home Office have issued a circular (ref no: 13/2000) which deals with this topic.

Paragraph 1 of the circular makes it clear that the guidance contained within the document applies to the Local Government (Miscellaneous Provisions) Act 1982. Paragraph 6 confirms the principals which are set out within Crown v London Council Ex-Parte Rank Organisation. The circular continues to indicate at paragraph 7 that there is potential for Local Authorities, if they establish a rigid fee structure for this, then this could be unfair in individual cases.

The crucial part of the circular is paragraph 9 where the following guidance is issued;

**"Local Authorities should be prepared to charge lower fees than those proposed in their fee structure where this is justified. This is particularly relevant to repeat events where knowledge of the organisers and venue is good and little work is required of the Local Authority. In those cases especially, they should keep in mind the potential impact on venues and performers of high fee levels."**

The declining change in the market place and potential disappearance of the only legal route to market for UK consumers caused by the unregulated internet based supply should be considered as a justifiable reason for departing from the rigid fee structure imposed by many Local Authorities.

What is also of concern to AITA is that if businesses cease to trade because of the prevailing economic climate, assuming that the costs of the licence scheme are divided equally between the number of licences issued by a particular Local Authority, the burden in terms of fees could be raised for the remaining licence holders.

In the last year one chain of ten shops has gone into liquidation and many other shops are up for sale or closing down. Councils worried about the loss of revenue caused by reduced license fees should note that in one town both of its licensed shops closed leaving then with no revenue and no regulated consumer outlet for adults. Although some cynics may be pleased about this, we at AITA believe there has never been a more important time since the emergence of the www to have a sufficient number of legitimate outlets for the safe sale of adult material to the public.

AITA like Central Government is concerned over the explosion of un-licensed and un-censored adult material and the extremes of such available via the internet which inadvertently harbours the new underground for extremes of sex and violent media.

The Government and Local Authorities and Licensee's must come together to provide a walled garden around the UK in which British consumers can safely buy approved adult products away from exposure to these extremes and risks of offshore web sites.

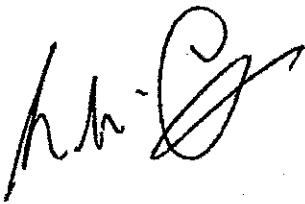
Licensed Sex Shops are the platform for this and should be maintained and protected with new regulations and with reasonable fees. Trials for online R18 via download and streaming are already taking place with the BBFC but all routes to market need satisfactory regulation.

AITA are seeking your support and lobbying of the Government to provide the necessary legislation for the safe sale of R18 DVD online and we welcome any further dialogue you may have on the subject.

In the current market it is totally unfair for our Members to have to challenge Licence Fees. Chain store operators would have to challenge numerous Authorities and small operators just cannot afford the time out and the Legal costs. In light of this AITA urge all Authorities to take urgent action to drastically reduce Licence Fees to genuinely reasonable and legitimate level without our Members having to take legal action.

Licence Fees should be no more than those set by the Government for the Licensing of Pubs. There being no good reason to justify a higher amount being a "reasonable fee".

It is absolutely essential that Local Authorities adopt a sympathetic approach to these fees to save the UK Licensed Sex Shops from demise and maintain a regulated market place.



Mike McCann  
Chairman

Correspondence;  
The Secretary, Adult Industry Trade Association  
The General Managers Office, New Connaught Rooms, 61-65 Great Queen Street, London, WC2B 5DA

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21<sup>st</sup> October 2009.

FAO General Purposes Licensing Committee South Somerset District Council

Environmental Health, Licensing Department and Legal Department

I am writing to you to ask you to look again at Adult Shop Licence fees as soon as possible.

We at Miss May's are very disappointed that there has been no reduction in the sex establishment licence fee structure, and no consultation with sex establishment proprietors. There has been widespread publicity regarding a campaign by the Adult Industry Trade Association (AITA) to reduce the Licence fees. Letters were sent to every Licensing Authority, every MP and Local Licensing Offices. Campaign letters also went to the LGA, DCMS Home Office, ACPO, Institute of Licensing and the BERR.

The state of the economy and the devastating effect that the credit crunch is having on the retail sector has also been well publicised.

Our trade has gone down dramatically year on year since the onset of the world wide web. We have been in business and were established in 2003 We want to maintain high standards but desperately need to reduce our overheads.

The Licence fee is no longer a viable proposition, and it needs reducing by about 75%. I know that I am not alone and many other licensed sex shop operators have written to the licensing authorities complaining about licence fees but nothing has been done about the situation.

The main point we want to make is that things have changed considerably. The really high fees and the reasons for them go back a long time, shops paid it because they had to, and hoped it would keep competition out. The sex shop trade is no longer a lucrative business, the licence has no value, there is no queue of shops waiting to open (more are just waiting to close), and there are no longer any grey areas or illegal shops that need to be constantly monitored.

Legislation has made it a completely legitimate and safe business to be in, and public objections to sex shops have been virtually nil since before the turn of the millennium.

At Miss May's we are most concerned with **reducing** the fee to renew an existing sex establishment licence. We do understand that a brand new licence, in a new location, with a new company could require considerable work, time and, therefore costs. However, a renewed licence and relevant enquiries, requires much less work time.

Local Licensing Offices and Committee hearings are very efficient in dealing with many cases a day and nowadays you can even apply for a licence online. We do not need the use of a licensing office and for a straightforward Licence renewal we do not need to go to the hearing either. Authority visits to adult shop premises can be, and are incorporated with other visits and where the premises and their owners (or staff) are known to Council Officials, take very little time. These duties can be carried out within normal office working hours. Licensed sex shops are now classified as low risk, requiring only one mandatory visit per year.

These circumstances are a big change and are a huge financial saving to the council when previously all the administration was manual paper work, when every renewal required full attendance at what could be a lengthy hearing to face the Committee and numerous objectors, the Council also had to employ large scale enforcement. As a result there has been a substantial saving to the Council over the years, but fees have continued to rise.

We therefore believe that the Council can now fulfil its obligations to the Environmental Health and the cost of the administration of the renewal of a sex establishment licence at a fraction of the current fee charged to an adult shop owner.

Furthermore, we have to draw your attention to the unfairness of how, pubs, clubs, lap dancing and strip clubs are charged so much less for their licences. They can be open until the early hours and there is a likelihood of drugs, drunks, anti-social behaviour and crime etc, the cost of consequences and the cost of the monitoring process must be far greater than that of an adult shop, yet their licence fees are considerably less expensive. The same applies with taxi licences, where the cost of monitoring the maintenance and safety of taxis and the possibility of illegal drivers must be huge, yet they get licences for a few hundred pounds!

The second issue we have is where a company such as Private have multiple licences in one city, why should a full fee apply to every premise. If the purpose of the act is to protect people under age of eighteen and adults against the unscrupulous and criminals, why can't all the premises and persons involved in the business go onto one application, one advertisement, one letter to the police and one fee be charged all on one renewal date? Apart from the unfairly high fee being multiplied by the number of outlets, it is a complete waste of time and resources paying for multiple advertisements, multiple forms and letters replicating everything unnecessarily it is **not** environmentally friendly, particularly if the licences were to be renewed on a six monthly basis. The Licence application forms would not need to be changed because applicants can always add additional information on extra sheets if necessary.

A substantial reduction in the number of Licensed premises is just going to leave the door open to the unregulated market and all that entails.

In summary we are requesting that you urgently review your licensing fee structure with a mind to reduce fees to take account of the change in the environment and market conditions which are benefiting the Council but adversely affecting Licensed Sex Establishments. In addition we would like you to consider **one** licence application to cover all premises and people in the way that we have suggested, to save the waste to time, money and resources with multiple applications, whether on a six month or year basis. If you require any further information, or require us to attend a hearing please do not hesitate to ask.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mr Thomas Brown', written in a cursive style.

Mr Thomas Brown  
Proprietor.

Miss May's Adult Shop,  
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21<sup>st</sup> October 2009.

Dear Julia,

Please also find enclosed with our letter regarding the license fee a copy of an email that was sent to my Manager Dee Bailes from a member of the A.I.T.A regarding recent license fee reductions. As you can see in the email and the attached statistics these reductions were made in cities across the country, which have a far greater population than here in Yeovil. We would never be able to attract as much revenue as they do and their license fees are significantly lower than ours are. I have also enclosed a copy of the lobby letter, which has been distributed throughout the country from the Adult Industry Trade Association. We would appreciate your help in our plight, during this current climate and also the road works which are taking place on Reckleford we have suffered a decrease in trade as I am sure many others have, we sincerely hope that we can continue to trade in Yeovil and help to draw more people into the town from the surrounding areas but will only be able to achieve this if we can significantly reduce our overheads.

Kind Regards



Tom Brown &  
Dee Bailes

Dee

I have attached the AITA lobby letter.

Some examples of Licence reductions during the last year.

Leeds from £11,141 for the grant or a renewal to £8,089 for grant £3,271.67 renewal.

Liverpool £5,000 grant £1,600 renewal.

Milton Keynes from £6,517 for the grant or a renewal to £3,880 for grant £2,350 renewal.

Kettering from £2,900 for the grant or a renewal to £270 renewal.

Birmingham from £9,740 for the grant or a renewal to £4,970 renewal.

Bridgend £595 grant £432 renewal.

Carlisle from £13,278 for the grant or a renewal to £6,639 for grant £5,639 renewal.

Southampton from £11,610 for the grant or a renewal to £7,500 for grant or renewal with a promise to review again after two years.

Best regards

Stuart

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**Largest Cities in the UK**

This is a list of the largest cities in the United Kingdom. Note that the population refers to Greater London which according to the "official definition" is not consid

| City                | Population  |
|---------------------|-------------|
| London              | 7.2 Million |
| Birmingham          | 992000      |
| Leeds               | 720000      |
| Glasgow             | 560000      |
| Sheffield           | 512000      |
| Bradford            | 467000      |
| Edinburgh           | 450000      |
| Liverpool           | 440000      |
| Manchester          | 420000      |
| Bristol             | 380000      |
| Wakefield           | 316000      |
| Cardiff             | 310000      |
| Coventry            | 305000      |
| Nottingham          | 285000      |
| Leicester           | 280000      |
| Sunderland          | 280000      |
| Belfast             | 280000      |
| Newcastle upon Tyne | 259000      |
| Brighton            | 248000      |
| Hull                | 240000      |
| Plymouth            | 240000      |
| Stoke-on-Trent      | 239000      |
| Wolverhampton       | 239000      |
| Derby               | 230000      |
| Swansea             | 225000      |
| Southampton         | 220000      |
| Salford             | 215000      |
| Aberdeen            | 215000      |
| Westminster         | 190000      |
| Portsmouth          | 186000      |
| York                | 182000      |
| Peterborough        | 157000      |
| Dundee              | 145000      |
| Lancaster           | 135000      |
| Oxford              | 135000      |
| Newport             | 135000      |
| Preston             | 130000      |

|             |        |
|-------------|--------|
| St Albans   | 130000 |
| Norwich     | 125000 |
| Chester     | 118000 |
| Cambridge   | 115000 |
| Salisbury   | 115000 |
| Exeter      | 111000 |
| Gloucester  | 110000 |
| Lisburn     | 110000 |
| Chichester  | 108000 |
| Winchester  | 108000 |
| Londonderry | 105000 |
| Carlisle    | 101000 |
| Worcester   | 93000  |
| Bath        | 90000  |
| Durham      | 87000  |
| Lincoln     | 86000  |
| Hereford    | 55000  |
| Armagh      | 55000  |
| Inverness   | 51000  |
| Stirling    | 45000  |
| Canterbury  | 42500  |
| Lichfield   | 30000  |
| Newry       | 30000  |
| Ripon       | 24500  |
| Bangor      | 20000  |
| Truro       | 19000  |
| Ely         | 14000  |
| Wells       | 10000  |
| St Davids   | 2000   |

UK\_Cities | City\_definition | City\_status | Largest\_cities\_(population) | Dates\_of\_incorporation | Conurbations & metropolises

Core\_Cities | English\_Cities | Scottish\_Cities | Welsh\_Cities | Northern\_Ireland\_Cities

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Miss May's Adult Shop,  
1 Sherborne Road,  
Yeovil,  
Somerset,  
BA21 4HD.

14<sup>th</sup> October 2009.

Dear Nigel,

I am writing to you regarding the extortionate amount we have to pay in order to supply the public with adult R18 DVD's. When we first opened Miss Mays our license was approx £3000 it has been increased year upon year and we are now informed that this year it will cost us £5616.00. We are a small business who in this time of recession is only just managing to keep trading. We understand that we have to pay some form of a fee in order to be granted the license we are however slightly confused how west Somerset council charge just £2,946 for a license renewal when south Somerset charge us over double that amount! We were originally informed that our license is for administration costs should anyone complain, in the 6 years of trading we have not had any complaints following the initial few grumbles when we first applied for the licence. Surely, administration costs would not be £5616.00. we are asking for some help in these hard times Yeovil was once a thriving shopping town but day by day there seems to be more empty shops, we do not want to become one of these statistics, we have employed local people helping them to get back to work and off benefits, if you lower our licence fee to a reasonable amount then we will be able to continue serving the public and keeping people shopping in Yeovil instead of them going elsewhere. Surely, the Yeovil regeneration project is about making Yeovil a better place but the only thing the council seem to be succeeding in is making small businesses like us have to close. We believe it is very unreasonable to demand such a high fee and feel that a reduction is in order to help us to continue trading here in Yeovil. We sincerely hope that members of the licensing committee will show some compassion and grant us a significant reduction in the license fee.

Kind Regards

Dee Bailes.