

**EXPLANATORY MEMORANDUM TO**  
**THE AGRICULTURAL HOLDINGS (UNITS OF PRODUCTION) (ENGLAND) ORDER**  
**2008**

**2008 No. 2708**

1. This explanatory memorandum has been prepared by the Department for Environment, Food and Rural Affairs and is laid before Parliament by Command of Her Majesty.

**2. Description**

2.1 This Order specifies units of production, and net annual income values, in relation to specified uses of land. These values are used to assess the productive capacity of a unit of agricultural land in England, in order to determine whether that unit is a 'commercial unit' of agricultural land for the purpose of determining eligibility to succeed to a tenancy under the Agricultural Holdings Act 1986.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None.

**4. Legislative Background**

4.1 A Units of Production Order is made annually in order to update the net annual income values in relation to specified units of production. This Order revokes last year's Order and specifies updated figures in the Schedule. It also updates the references to certain legislation contained in the Order.

**5. Territorial Extent and Application**

5.1 This instrument applies to England only.

**6. European Convention on Human Rights**

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

**7. Policy background**

7.1 The values specified in the Units of Production orders are produced by Defra and represent the net annual income which, on average, might be expected from the main types of crop and livestock. As such the annual Orders are not subject to consultation. On the whole there has been an increase in values for arable crops, vegetable and soft fruit, dairy, pig and poultry and a reduction in values for beef and sheep.

7.2 In previous years the values set out in the Order, for the main type of crops and livestock, included the relevant European subsidies for each agricultural sector under the Common Agricultural Policy. However, as a result of reform of the Common Agricultural Policy, subsidies have been decoupled from the production under the Single

Payment Scheme. Defra has therefore consulted, in June 2005, on proposed changes to the Units of Production Order to take account of income from the Single Payment Scheme and other developments in agriculture. Following the consultation exercise it was agreed that income from Single Payment should be reflected in future Orders. This Order therefore includes values for income from Single Payment as well as the usual values for different farming enterprises. As part of the consultation it was agreed that where the net annual income from a farming enterprise represented a loss this would be reflected in the Orders as a negative value, rather than showing a zero value. Accordingly certain negative values are shown in this year's Order.

7.3 The 2007 Units of Production Order did not include net annual income figures for brassicas, root vegetables, onions, fresh peas and beans due to the fact that we did not have sufficiently reliable data to calculate a net annual income for those crops. A similar situation has obtained this year and therefore figures for those crops are not included in this Order.

## **8. Impact**

8.1 A Full Impact Assessment has not been prepared for this instrument as it has no impact on business (regardless of size), charities or voluntary bodies.

8.2 There is no impact on the public sector.

## **9. Contact**

9.1 Judith Marsden at the Department for Environment, Food and Rural Affairs. Tel: 020 7238 5748 or email [judith.marsden@defra.gsi.gov.uk](mailto:judith.marsden@defra.gsi.gov.uk) who can answer any queries regarding the Order.