EXPLANATORY NOTE

(This note is not part of the Order)

This Order prescribes units of production for the assessment of the productive capacity of agricultural land situated in England and sets out the amount which is to be regarded as the net annual income from each such unit for the year 7th November 2017 to the 6th November 2018 for certain purposes of the Agricultural Holdings Act 1986 ("the 1986 Act"). This Order revokes the Agricultural Holdings (Units of Production) (England) Order 2016 (S.I. 2016/1002).

An assessment of the productive capacity of agricultural land is required in determining whether or not the land in question is a "commercial unit of agricultural land" for the purposes of the succession provisions in the 1986 Act (in particular sections 36(3) and 50(2)). A "commercial unit of agricultural land" is a unit of agricultural land which, when farmed under competent management, is capable of producing a net annual income which is not less than the aggregate of the average annual earnings of two full-time male agricultural workers aged 20 years or over (as defined in paragraph 3 of Schedule 6 to the 1986 Act).

Article 2 of this Order provides that, in determining this annual income figure, whenever a particular farming use mentioned in column 1 of the Schedule is relevant to the assessment of the productive capacity of the land in question, the units of production and the net annual income specified in columns 2 and 3 respectively will form the basis of that assessment.

Article 2 also includes net annual income figures for land which was, in 2016, an eligible hectare within the meaning of Article 32(2) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy (OJ No L347, 20.12.2013, p608).

An impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.