Landlord/Tenant Relations in The Duchy of Cornwall

Presentation to the Tenant Farmers Association
Conference 1\textsuperscript{st} September 2015

Alastair Martin
Secretary to the Duchy of Cornwall
History

• Founded in 1337 by Charter by King Edward III for the Black Prince
History

- Founded in 1337 by Charter by King Edward III for the Black Prince
- Further grants of land in 1342, 1421 and 1540
- Governed by the original Charter and Duchy of Cornwall Management Acts 1863 to 1982
- Special features:
  - Trust-like characteristics: distinction between capital and income
  - Landed estate
  - Succession rules
  - H.M. Treasury as quasi-trustee
  - Commercial imperative
History

• Role to provide an income for present and future Dukes; HRH The Prince of Wales receives nothing from the Sovereign Grant (Civil List)

• HRH The Prince of Wales is the 24th Duke, having become Duke on HM The Queen’s accession on 6th February 1952

• HRH The Prince of Wales is the longest serving Duke of Cornwall, having become Duke in 1952, 63 years ago

• For 252 years, more than one third of the life of the Duchy, there was no Duke of Cornwall
What is the Duchy of Cornwall?

- Investment business
- A rural estate diversified into other property investments
- Majority of properties let on conventional terms
- Make up of property portfolio
  - 48% rural
  - 24% commercial
  - 22% residential
  - 6% development land
- Financial investment portfolio
## Where is the Duchy of Cornwall?

<table>
<thead>
<tr>
<th>County</th>
<th>Hectares (at 31.3.15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carmarthenshire</td>
<td>84</td>
</tr>
<tr>
<td>Cornwall</td>
<td>7,732</td>
</tr>
<tr>
<td>Isles of Scilly</td>
<td>1,583</td>
</tr>
<tr>
<td>Devon (of which Dartmoor 27,100 ha)</td>
<td>28,506</td>
</tr>
<tr>
<td>Dorset</td>
<td>1,333</td>
</tr>
<tr>
<td>Gloucestershire</td>
<td>657</td>
</tr>
<tr>
<td>Hereford and Worcester</td>
<td>5,378</td>
</tr>
<tr>
<td>Kent</td>
<td>520</td>
</tr>
<tr>
<td>Greater London</td>
<td>16</td>
</tr>
<tr>
<td>Nottinghamshire</td>
<td>288</td>
</tr>
<tr>
<td>Oxfordshire</td>
<td>122</td>
</tr>
<tr>
<td>Shropshire</td>
<td>582</td>
</tr>
<tr>
<td>Somerset</td>
<td>5,305</td>
</tr>
<tr>
<td>Wiltshire</td>
<td>1,254</td>
</tr>
<tr>
<td>Other</td>
<td>40</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>53,400</strong></td>
</tr>
</tbody>
</table>
What is the Duchy of Cornwall?
(continued)

• **Agricultural**
  Approximately 130,000 acres of agricultural property
  • 500 tenants on holdings varying from 0.25 acres to 1850 acres (250 equipped farms)
  • 100 licences
  • Highgrove Estate and Duchy Home Farm (Tetbury)
  • Llwynywermod
  • Woodlands – 4,500 acres
What is the Duchy of Cornwall?
(continued)

• **Residential**
  - 590 residential properties, mainly rural, but some in London

• **Commercial**
  400 commercial properties
  - Central London, Milton Keynes, Reading, Leicester etc
  - The Oval
  - Dartmoor Prison

• **Development land**
  - Poundbury
  - Bletchingdon
  - Truro
  - Tregunnel Hill, Newquay
  - Nansledan, Newquay

• **Financial portfolio**
Royal Residences

Highgrove

Llwynywermod
Duchy Home Farm

- Now in hand
- 1100 acres owned of 1900 acres
- Organic
- Dairy, arable, some sheep and beef
Management

• The Prince of Wales is the current custodian of the Duchy and chairman of The Prince’s Council – the “board” of the Duchy of Cornwall

• The Prince’s Council - four officers and seven other members - influential non-executive role

• Executive team :
  – Secretary (Chief Executive)
  – Finance Director and Rural Director of Finance
  – Two Land Stewards (Rural portfolio)
  – Estate Surveyor (development and commercial property)
  – Poundbury Development Manager
  – Property Services Director

• 150 employees (92 FTE)
Management Philosophy

• Combination of statutory requirements and the wishes and aspirations of The Prince of Wales
  – Commerciality
  – Long-term stewardship
  – Environmental
  – Architectural
  – Social
  – Energy usage & emissions

• Practical implementation of The Prince of Wales’s views and aspirations in all areas of activity
Farm tenancy statistics

- 221 Agricultural Holdings Act lettings
- 283 Agricultural Tenancy (FBT) lettings
Agricultural Holdings Act Tenancies

- One third of tenants are over 65
- Vast majority are succession tenancies, most having potential successors
- Some very long standing tenant families
- Duchy invested in equipment on most farms
Farm Business Tenancies

- Over 80% are bare land lettings
- Bare land and land and building lettings average 55 acres, average term 10 years
- Equipped farm lettings average 303 acres, average term 21 years
New Lettings

- Let starter or progression units where possible
- Sometimes blend of letting more land to existing tenants and carving out smaller unit
- Like to be an exemplar
Conservation and Diversification

• Encourage measures to enhance conservation

• Tenants’ shoots

• No pressure to farm organically

• General demeanour is to allow/encourage farm diversification

• Range of diversification across estate
Investment

• Always listen to tenants requests

• Sometimes will invest at commercial return

• Balance employment of capital

• Rooftop photovoltaic schemes

• Farm scale anaerobic digestion plants
Rental Levels

• Commercial imperative
• AHA rents regularly reviewed
• FBT rents not always maximised
• Need viable and prosperous tenanted sector
Management Style

• Probably most important manifestation of our management style is regular dialogue

• Ongoing contact with tenants through unchanging team of Land Stewards

• Committed to tenanted sector

• HRH takes close personal interest
“... my abiding aim lies in trying to make sure that my stewardship of the Duchy will enable my son to take on something of which he can be proud. The happiest thought I have is that he will one day be working with the sons or grandsons of those tenants whom I have had the pleasure and privilege of knowing”

HRH The Prince of Wales Duke of Cornwall, 1993