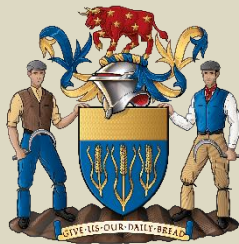




A Nuffield Farming Scholarships Trust Report

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Rural Estates: Benchmarking Success

Ed Barnston

March 2020

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A Nuffield (UK) Farming Scholarships Trust Report



Date of report: March 2020

*"Leading positive change in agriculture.
Inspiring passion and potential in people."*

Title	Rural Estates: Benchmarking Success
Scholar	Ed Barnston
Sponsor	Worshipful Company of Farmers and Savills
Objectives of Study Tour	<ol style="list-style-type: none">1. To discover common traits and processes that lead to making Rural Estates successful2. To highlight example benchmarking methodologies
Countries Visited	USA New Zealand Italy, Belgium, Netherlands, Germany, Denmark UK
Messages	<ol style="list-style-type: none">1. There are three types of Rural Estate - passive, active and proactive.2. Proactive Rural Estates are where success is found. There is purpose; master planning; strategic management; a deliberate use of benchmarking and use of analytics. They employ bespoke whole-Estate reporting.3. The very best Estates integrate performance across the 'Triple Bottom Line' of People, Planet and Profit.4. The land management industry requires a radical rethink for Rural Estates to perform better in order to play a crucial role in delivering the economic oxygen to rural communities.

EXECUTIVE SUMMARY

The aim of this report is twofold. Firstly, to consider what makes Rural Estates successful regardless of size or geography. Secondly, to examine different benchmarking methodologies used by successful Rural Estates to account for the 'total contribution of land stewardship'. These performance measurements take not just the 'bottom line' of finances, but an integrated approach to account for both the natural capital and the social capital, known as the 'Triple Bottom Line'.

The purpose in showcasing different Rural Estate methodologies would be to assist me at home in a personal capacity, but also to share this knowledge with the whole rural sector. Currently most land management firms in the UK are simply unable to account for the performance of an Estate, yet that is their client's greatest asset. 'If you can't measure, you can't manage'.

The impact of sharing the knowledge in this report will, I hope, help to shape the future of the land management industry in the UK. My findings will ideally lead to greater accountability between professional adviser and client, a link between input and impact and the promotion of best practice across the rural sector.

My travels led me to examine a land management sector covering in excess of 1,500,000 acres across the world: speaking with land management lecturers, land agents and land owners; and also with industry policy influencers and policy makers.

Discussions on different benchmarking methodologies and key performance indicators were explored in both the public and private sector to gain a broader appreciation and find what would be most relevant to Estate managers in order to capture the financial, social and natural capital factors.

The key recommendation from this report is that a radical rethink is required for the rural land management sector to implement integrated benchmarking for their clients. The lesson learnt time and time again from all the countries I visited is: the very best Estates regularly examine their performance, and some also use bespoke, whole-Estate reporting. Moreover, these same successful Estates display very similar processes and traits.

In their process they have a masterplan which documents their vision and values; there is purpose and they understand their 'why'; they use data and analysis for evidence-based decision making; and are unafraid to be self-critical in their strive to be continually improving.

Common traits include a restless entrepreneurial mindset; they are leaders but also collaborators; they are aspirational; they challenge the status quo; are place shapers; are positive disrupters; feel comfortable with risk but are reward-hungry; and embrace the role of integrated reporting across the triple bottom line.

For these Estates to breathe essential economic oxygen into rural communities to create houses and jobs, yet enhance the environment and still remain profitable, is dependent on their total contribution across both quantitative and qualitative means to become more efficient and therefore more effective. This is surely a healthy recipe for sustainable and long term land stewardship for any Rural Estate.

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DISCLAIMER

The opinions expressed in this report are my own and not necessarily those of the Nuffield Farming Scholarships Trust, or of my sponsor, or of any other sponsoring body.

Please note that the content of this report is up to date and believed to be correct as at the date shown on the front cover.

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Abbreviations

RICS	Royal Institute of Chartered Surveyors
CLA	Country Land and Business Association
TBL	The Triple Bottom Line
ELMS	Environmental Land Management Scheme
GIS	Geographic Information Systems

Reading List

The Reading List is given at the end of this document

Quotations

The sources of all quotations are shown at the end of the document

Figures

The full source of all Figures shown in this report is given at the end of the document

Note: **Photographs** in this report are author's own unless stated otherwise.



Chapter 1: Personal introduction

Five years ago I became the current land steward of Barnston Estate (www.barnstonestate.com). I am self-employed. If I worked hard and was fortunate I could expect never be promoted. How then could I measure my own performance for Barnston Estate before handing over to my children?

It became apparent I could account for my tenure by creating a practical guide that could encapsulate the 'total contribution of land stewardship'. This would assist my wife and me at home for the next 20 years, and the knowledge could be shared with the wider land management industry.

This search for 'best practice' then became the basis for my Nuffield Farming Scholarship application.

My wife encouraged me to apply for a Nuffield Farming Scholarship before I reached the upper age limit cutoff of 45. The resulting offer was a tremendous privilege, not least as I had no formal rural sector qualification. The challenge was therefore on!



Figure 1: Ed Barnston NSch, the author

My previous careers included several years as a British Army Officer with the Commando forces serving worldwide, and then retraining to become an investment manager working for ABN AMRO and Investec. Employment with these two firms taught me essential skills for running a Rural Estate: creating strategic plans; managing large teams of people; balancing risk with reward; making evidence-based decisions; managing finances across diverse holdings; and above all having a healthy competitive streak.

My job titles today are varied but immensely interesting and rewarding. On the diversified Barnston Estate in Cheshire I'm actively involved as the 25th generation steward. Our interests include dairy farming, residential and commercial properties, some renewable energy, forestry, and land development. Most recently the Estate has undertaken a full baseline audit of all its natural capital assets, which is leading to the creation and implementation of a 25-year natural capital strategy.

Off the Estate I am a Governor of a co-educational school in Cheshire (from ages 4-18 years); a Governor of a charity owning six farms which gives the income back to local education; a member of Cheshire Rural Growth Board; Vice-Chairman of Cheshire CLA; a national committee member of the CLA 'Business in the Rural Economy'; and initiator of a 28,000-acre living landscape natural capital project across my and my neighbours' land in Cheshire.

Family, travel, and giving back to communities are my great passions.



Chapter 2: Background to my study tour

2.1. Farmland values

The chart on the right demonstrates that farmland values have increased by a factor of approximately 37 over the last 50 years. (Statistics courtesy of Knight Frank¹). This staggering phenomenon of long-term capital appreciation was directly correlated to CAP payments on the area of land farmed instead of the crop volume. In a post-Brexit environment where subsidies will be removed, **“...all farms and estates will have to be very business-like in future”** said Ross Murray, Chairman of Rural Asset Management, Knight Frank.

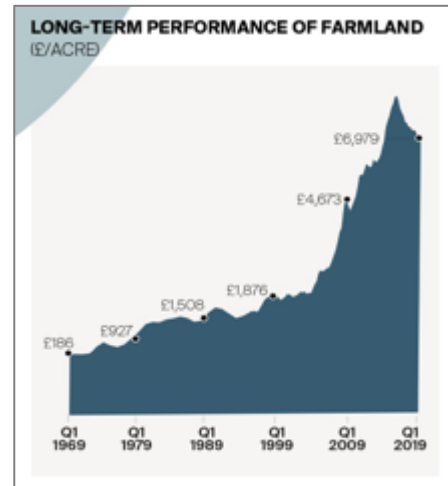


Figure 2: Long term performance of farmland. Source: Knight, Rutley

2.2. Agricultural revenues

Moreover, in 2000 agriculture was the most significant revenue driver for traditionally run Estates. By 2016 this had dramatically reduced to around 33%, of which over half came from subsidies (source: Savills Estate Benchmarking, 2016). Critics of farm subsidies called this ‘public money for private goods’.

The table below highlights the significant reliance on BPS (Basic Payment Scheme) across different farm types.²

Table 1: Farm Business Income by Farm Type and Cost Centre (£ per farm)²
(Farm Business Survey, 2017-18. Source DEFRA)

Farm Type	Agriculture	environment payments	income	Scheme	income
Cereals	1,600	3,800	18,700	40,200	64,200
General cropping	16,000	8,800	20,600	47,900	93,300
Dairy	79,500	3,400	7,700	29,200	119,700
Grazing livestock (Lowland)	-6,100	3,400	8,100	16,500	21,900
Grazing livestock (LFA)	-12,500	12,000	2,900	25,900	28,300
Specialist pigs	16,300	1,700	4,600	8,700	31,300
Specialist poultry	59,900	1,300	26,200	8,600	96,000
Mixed	-7,300	4,600	11,000	33,600	41,800
Horticulture	26,700	1,200	15,200	4,600	47,700
All types	10,400	4,900	12,400	28,800	56,500

² Figures may not appear to add to totals due to rounding

Thus the removal of BPS for UK farmers will have a significant financial impact for traditionally run Estates, requiring a major rethink on how to fill that gap. This is a time of significant change for Estates where crucial decisions to adapt will need to be made.

“If you dislike change, you’re going to dislike irrelevance even more”. Gen. Eric Sinseki



Thus innovation for Estates is not only inevitable but essential. This is best represented by a shift away from farming and toward diversification. As the increasing breadth and scale of such ventures materialises, so too have Estates had to become increasingly analytical in their approach. This level of precision demands benchmarking and data to formulate evidence-based decision making, in order to maintain robust rural businesses.

“Hope is not a strategy” Anon.

For the last 20 years the Savills Rural Research team, led by Ian Bailey, has been the only land agency firm to have offered all rural Estates an annual and free benchmarking survey. This tool provides key financial insights for land agents and land owners to gauge performance against oneself over previous years, and against anonymous Estates on a regional and national basis. Staggeringly there is a woeful shortage of Estates willing to capture their performance and, indeed, there is still no other UK firm able to provide such detailed analysis.

The Royal Institution of Chartered Surveyors, as the professional body for land agents, has a motto of *‘Est modus in rebus’* (“There is measure in all things”). Ironically there is no requirement for land management firms to undertake performance measurement for Estates. RICS don’t mandate a need to link land agents’ fees and inputs against impact performance: nor is it necessary for a land agent to codify the vision and values of their client, to implement a rudimentary masterplan, or even gauge a client’s capacity for risk or tolerance for loss, when evaluating a costly project.

“The man who starts out going nowhere generally gets there!” Oak Carnegie

The challenge I therefore set myself was to highlight benchmarking as a vital tool for Rural Estates in order to promote positive change across the rural sector.



Chapter 3: Aims and objectives

3.1. Aims

This report aims to:

- explore the current status of Rural Estates;
- explore the importance of performance measurement in the rural sector;
- provide case studies of successful Rural Estates accounting for the Triple Bottom Line;
- consider other factors for driving success;
- inspire practitioners to adopt benchmarking and shape best practice for the industry;
- link input with impact to deliver long-term value creation.

3.2. Objectives

- To propose example evidence-based methodologies to quantify performance for Rural Estates (see the Appendix).
- To build long-term value creation across the Triple Bottom Line.



Chapter 4: Research approach (and methodology)

Out of the 130 meetings held in the course of my Nuffield Farming study tour, the highlights were:

Table 2: Highlights of my study tour

Date	Country	Event
Jan/February 2019	UK	Met with partners of main land agency firms including: Balfours, Bidwells, Carter Jonas, Fisher German, Knight Frank, Savills, Strutt & Parker Interviewed David Hill CBE, The Environment Bank
February	UK	Chris Sparrow, Head of Rural, Duchy of Lancaster and Natural Capital Conference
March	USA	Contemporary Scholars Conference
May	Italy	Project 'Sostare', benchmarking 70 farms, Department of Agriculture
June	Germany	Von Thünen Institute, Federal Research Institute for Rural Affairs to discuss benchmarking for agricultural systems
July	UK	Awarded the Bledisloe Gold Medal Award by Royal Agricultural Society of England. Hosted Sarah Hendry, Director General of CLA
September	Belgium	Interviewed Estate managers and researchers at University College, Ghent
September	Netherlands	Met with Egbert Mooiweer, Land Steward of Twickel Estate
September	Germany	Interviewed Count von Schulenburg, Schulenburg Estate, and follow up meetings
September	UK	Organised and was the keynote speaker of a conference 'Land Management 2.0'
October	Denmark	Visited multiple Estates and Professor Svendsen, author 'Measuring Social Capital'
November	New Zealand	Met with Landcorp, owner of 1,000,000 acres of mixed farms; Mark Cox, CEO Craigmores Sustainable; Andrew Watters NSch, CEO of MyFarm Investments; High Peak Station
December	UK	Judicaelle Hammond, Director of Policy, CLA
January 2020	UK	Leigh Rix, Head of Property & Land, Clinton Devon Estates
February	UK	Alastair Martin, Secretary and Keeper of the Records, Duchy of Cornwall



Chapter 5: Rural Estates - overview

Rural Estates are loosely defined as a large land holding around a manor house with a collection of farms, cottages and woodland, with all rents passing to the owner. They have a diversified portfolio of assets, are generally family-owned passing through generations, steeped in and around rural communities, and often historic. Estates are inherently unique in that:

“No other job can offer so much - jobs, housing, energy, food, biodiversity, carbon sequestration, social and environmental benefits”.

Lord Deben, Chairman of the Committee on Climate Change.

Management of Estates is often led by a Board of Trustees, which typically includes family members and professional advisers, such as land agents, solicitors and accountants. Periodic meetings aim to keep abreast of progress with matters in hand, with decisions made and then captured within recorded minutes. Succession is frequently from one generation to the next. Some are institutional, such as the Church of England or the National Trust, and some are charitable (RSPB).

In the UK, Estates are managed either by a resident land agent if the Estate requires full time management, or by a land agency firm. In some cases they are managed directly by the owner.

A resident land agent is a full-time salaried employee, whereas a land agent contracted from a land agency firm is not a direct employee so will be paid usually on a percentage of passing rents, or on a time basis.



Chapter 6: Why measure performance?

There are currently two significant political events that will be the catalysts to impact Estates over the next generation.

- Brexit is the biggest factor to affect the UK rural sector since the 1947 Agricultural Act. Withdrawing European subsidies by the end of 2028 will have a profound economic effect.
- The UK is now legally committed to become carbon net zero by 2050.

In combination these present a tremendous challenge for Estates that are unwilling to adapt, and a fundamental opportunity for those that do.

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one most adaptable to change”. Attributed to Charles Darwin

Estates are therefore perfectly positioned to re-orientate post-Brexit without farm subsidies, and focus on the delivery of natural capital (ELMS – Environmental Land Management Scheme) and their social capital to communities. My belief is that benchmarking is fundamental to this solution. Benchmarking for any company in any sector requires a start point known as a baseline assessment to enable comparisons to be made.

In the rural sector the very first baseline audit was published in 1086 under King William the Conqueror, known as the ‘Great Survey’. Colloquially this is the Domesday Book which accounted for meadows, woods, livestock and land holdings. Estates are in a Domesday 2.0 moment now, particularly when it comes to qualifying for ELMS payments: the only difference is we now have the means to unlock vast amounts of critical information.

Today there is a new generation of landowner, returning from an earlier professional career, who is commercially minded. These individuals are ‘place shapers and place makers’ wanting to look forward and challenge the status quo, keen to trade assets and diversify into new areas such as tourism, renewable energy, enhancing the environment and adapting to society’s needs.

Below are the key reasons Estates should use benchmarking:

1. Performance - benchmarking is the evidence of how an organisation has operated over a time period across a particular measurable area. In turn this drives rational decision making to deliver changes and strive for continuous improvement. It also reduces risk by identifying failure early on to prevent more expensive errors over time.
2. It promotes industry confidence - accountability between land agents and landowners raises professional standards by correlating advice and input against impact. This transparency further enhances confidence. It can also be a useful tool to incentivise hard work and justify ‘payment by results’.
3. Perspective - results offer clarity when comparing against oneself or other Estates of a similar standing, eliminating subjectivity and using objectivity.
4. Profit - Estates unable to account for their financial performance will struggle to realise their full potential.



Chapter 7: What is benchmarking?

Benchmarking is the collation, comparison and analysis of data, normally quantitative rather than qualitative, across time periods, to assist with evidence-based decision making. There are multiple variations on the same theme, such as KPI's (Key Performance Indicators), Balanced Scorecard, Boston Matrix or Value Based Management to name a few, but they are all designed to capture data that affords insights. The purpose of this report is not to identify which methodology is preferred, but rather to highlight benchmarking as a necessity for driving Estates to be more effective.

In addition, the commonality between any benchmarking methodology is a handful of key factors which Peter Drucker (author of 'Management by Objectives') established with the acronym SMART, as principles behind benchmarking³:

- Specific** - set of goals
- Measurable** - quantify what is being measured
- Attainable** - who is responsible
- Relevant** - focus on key issues
- Time based** - quarterly or annual reviews

A report by the accountants PwC claimed "top performing companies spend 20% more time on analysis versus data gathering". In other words, collecting data is of less value if not acted upon. Or more bluntly,

"If you can't measure, you can't manage". Anon

"You can't improve what you can't measure". Anon

Upon embarking on my Nuffield Farming journey it was important to me to establish the current status on benchmarking across the industry. I had considerable resources support from my sponsor, Savills, who assisted me in creating a 52-question survey which was shared with national land agency firms, resident land agents, and land owners between May and October in 2019. Given the size of this report it cannot be reproduced here, but readers can seek a copy from the author upon request.

The results demonstrated that over 60% of respondents did use benchmarking and, of those that did, carried it out to account for their financial performance. Why they measured their performance was overwhelmingly to strive for continuous improvement and to monitor their progress against objectives, but also to strive for best practice and to monitor resource efficiencies.

The different benchmarking methodologies used in the various Rural Estates were:

- Savills Estate Benchmarking
- In house, XERO
- Individual reporting
- Own systems for KPI's but not benchmarked
- Landmark, Estate benchmarking, trip advisor, social media
- Landmark, AHDB Benchmarking
- Custom KPIs



Figure 3: Figure 3: “We benchmark to judge ourselves”,
Alastair Martin FRICS, Secretary & Keeper of the Records, Duchy of Cornwall.

Interestingly, resident land agents were twice as likely to use benchmarking for monitoring performance versus land agency firms. This suggests resident land agents are more accountable to their direct employer compared with land agents who work for many Estates and are contracted on a commission or time basis.

Table 3: Results of survey carried out by author himself⁴

Survey Questions	Responses
Do you have a social role to play?	88% agreed
Do you actively contribute to the local community?	83% agreed
Have you considered natural capital on the Estate?	61% agreed
Are you carrying out natural capital accounting?	82% said No

7.1. Lessons learnt:

1. Most respondents surveyed use benchmarking to assess their financial performance against targets, and to continually enhance.
2. There is no single established methodology accepted by the industry, and therefore different indices are used. Could the industry be better served by adopting one standard methodology?
3. Savills is the preferred benchmarking tool which provides detailed financial insights. I have not found any methodology which captures the natural and social capital to complement the financial aspects.
4. There is demand to extend benchmarking beyond the financial to account for social and natural capital aspects, known as the ‘Triple Bottom Line’, and I will examine this in the next chapter.



Chapter 8: What is the Triple Bottom Line?

John Elkington is a business writer who authored ‘Cannibals with forks: the “Triple Bottom Line” ’ more than 20 years ago⁵. He generously hosted me to explain his concept of accounting as being not just “*best in the world, but best for the world*”, which was deeply inspiring.

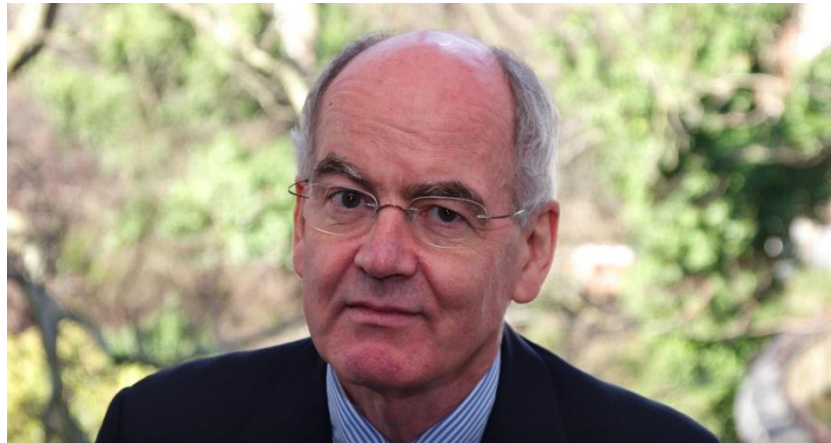


Figure 4: John Elkington, concept founder of ‘The Triple Bottom Line’

His belief is that companies have a moral duty to account not just for the ‘bottom line’ (the profit), but also the planet (natural capital), and people (community, social capital). This constitutes the triple bottom line philosophy: where companies, regardless of scale or sector, have a moral duty to simultaneously deliver economic prosperity, environmental quality and social equity, if they are to deliver long term sustainability.

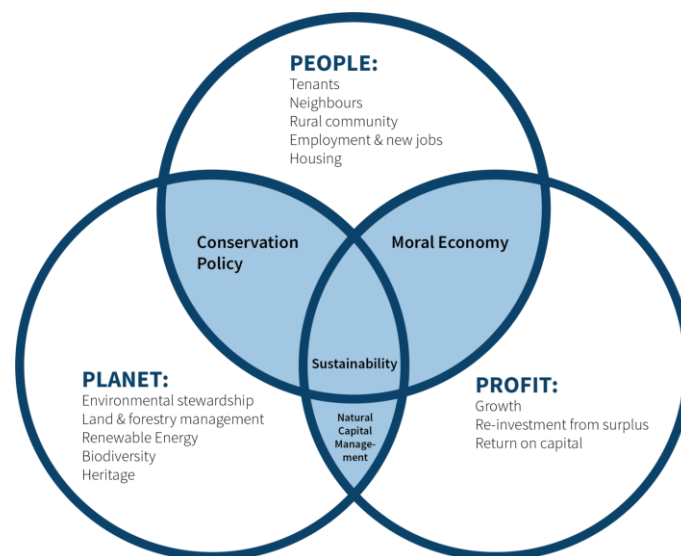


Figure 5: The harmony of the Triple Bottom Line (John Elkington)⁶



Chapter 9: Relevance of Triple Bottom Line to Rural Estates

Laurence Fink, CEO of Blackrock the world's largest asset manager with US\$7 trillion under management, stated: ***"Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society"***. January 2018.

It is this positive contribution to society that was recognised and implemented by Paul Polman, who was the CEO of Unilever from 2009-2018. At the beginning of his tenure he announced he would be breaking the tradition of providing the markets with quarterly profit updates for shareholders by scrapping them altogether. Polman justified this because he believed in a *"...long-term value creation model, which is equitable, which is sustainable"*.

The result was an increase of over 150% in the share price in his 10-year tenure - beating not only his rivals but also the FTSE index. Polman therefore proved to his critics that profitability is but one measurement of success and, moreover, the notion of profit can in fact be complementary to and not at the expense of being beneficial to society and the environment. Moreover, many investors worldwide will no longer invest in companies that are incapable of fulfilling their CSR (Corporate Social Responsibility).

One early leader in the drive for promoting a more responsible brand of capitalism was HRH The Prince of Wales who founded a Charitable Trust called 'A4S', which stands for 'Accounting 4 Sustainability'. The charity's remit is to promote sustainability by helping large, multinational companies deliver their fullest potential by:

- Identifying sustainability, opportunity and risks, and enabling integrated strategies and responses
- Driving investment to protect and enhance long term viability and success
- Aligning performance measurement with long term value drivers
- Reducing cost through operational efficiency
- Encouraging balanced organisational culture, and building better employee and customer engagement.

Whilst Estates are not listed companies, they operate on a business model of value creation for the long term. ***"Estates don't think and plan like companies to satisfy 6-monthly shareholder expectations, but for the next generation"***, said Lord Deben. For Estates, the ability to have time and not be pressured into making hasty decisions purely at the expense of short term gains, is a distinct advantage. Some of the very historic Estates going back many hundreds of years (Grosvenor, Clinton Devon, Duchy of Cornwall etc.) have this appreciation of patience in their DNA.

The other critical factor Estates play is their central role in communities as a landowner, and decisions made can have a significant impact on jobs, houses and the environment. Thus Estates have a requirement, similar to a company's CSR, as well as a moral obligation, to be able to justify what they are doing, and will be held to account by parish councils and local opposition who will asphyxiate planning aspirations if objective justification cannot be shown. If nothing else, benchmarking means



Estates are ***“more informed to make better decisions, deliver more revenue, and it’s in our own interests to make it [farm/business] last”*** according to Paul Silcock, Director of Cumulus Consulting.

The former Secretary of State for DEFRA, Michael Gove, initiated ELMS (Environmental Land Management) as an agri-environment scheme to replace BPS (Basic Payment Scheme). ***“It is this Government’s ambition to leave our environment in a better state than we found it”***. This new land management policy clearly invited landowners to deliver 25-year environmental goals across:

- Clean and plentiful water
- Clean air
- Reduction in and protection from environmental hazards
- Adaptation to and mitigation of climate change
- Beauty, heritage and engagement with the environment

This entirely voluntary scheme is based on the principle of being ‘Payment by Result’ and the more an Estate can enhance the environment, so in theory the more one could be paid. Benchmarking is a vital tool to account for the positive CSR (Corporate Social Responsibility) impact.

The challenge, however, in a society that is still largely fixated on those quarterly short term profits is ***“...when times get tough, you don’t compromise the other things you’re doing, relative to the economic pillar”***: Andrew Priest, CEO Ngai Tahu (the largest Maori landowning tribe in New Zealand) who oversees in excess of 100,000 hectares of farm and forestry.

9.1. Lessons learnt:

1. Global companies are openly communicating the positive impacts they have on the environment and on communities.
2. Estates have similar responsibilities to companies and must be able to quantify the benefits of decision-making.
3. The best decision-making has a positive impact on the profit, but can also simultaneously improve society and the environment.



Chapter 10: Benchmarking success - case studies

My global travels enabled me to visit multiple Estates and land holdings totalling in excess of 1.5 million acres spread across 3 continents. It was a privilege to see so many wonderful examples of Estates that actively measure their performance and continually strive for improvement.

I have chosen six Rural Estates to showcase in this report as case studies. They have been selected for their exemplar traits in benchmarking success, for their mindset as well as for their total contribution across the triple bottom line of 'People, Planet and Profit'.

10.1. The Schulenburg Estate, Germany

Count Guenther Graf von der Schulenburg is a highly skilled landowner based north and east of Wolfsburg. He is a business graduate with an extensive commercial background who sees himself as an entrepreneur using his restless energy to implement positive change. Traditional sources of income are from agriculture, forestry and residential and commercial lets, but with a very modern take.



Figure 6: *"If things want to stay as they are, things will have to change"*
Count Guenther Graf von der Schulenburg

In the 1930s, 2,500 hectares of the Estate land were expropriated by the Third Reich to build a Volkswagen car factory. Today one of the largest car manufacturing plants in the world stands there, with 70 million square feet and 62,000 employees. While some landowners might perceive that to be a threat, Count Günther has turned his neighbour into a strategic Estate ally.



10.1.a. Planet

In 2011 all of the Estate's 4,865 hectares of Schulenburg forest received the Wildlife Estates label for exemplary management of European territories. Sustainable forestry management examples include thinning trees to provide local timber and Christmas trees, as well as controlling boar and deer numbers through a commercial shoot.

500 hectares of the Estate's territories are part of a protected nature park to become a registered UNESCO Biosphere Reserve to preserve this idyll, actively working to provide education programmes with a visitor information centre, education programmes for schools, and a hostel. In 2017 Count Guenther received the coveted European 'Anders Wall Award' for his contribution to rural development and he is now leading the 'Biodiversity Bisdorf Project' for ecology on 8 hectares, to benefit species listed on the EU bird protection scheme.

Count Guenther's farm works 850 hectares of arable land.

It is hoped to use the remaining 4,365 hectares of forestry as carbon credits against the VW factory. Payment from the factory would further incentivise the Estate's sustainable forest stewardship to create multiple benefits for wildlife, the community and the Estate's profitability.

10.1.b. People

Count Guenther converted former pigsties and stables at a cost of 8 million Euros. Today there now stands an elegant 42-room boarding hotel with an average 77% occupancy rate, supported by a conference centre, a hi-tech cookery school and 'Wild Fresh' restaurant. From farming to forestry and chefs to chamber maids, he continues to create long-term sustainable jobs which support the local community, itself largely derived from some of the VW employees.



Figure 7: 'Wildfrisch' Restaurant, Schulenburg Estate



10.1.c. Profit

Though steeped in history this modern Estate is vibrant because there is continual reinvestment of fresh ideas into the buildings and land. Income generated from Count Guenther's initiatives finances the upkeep of old buildings which, in turn, will be used to create a new event venue, expand the hotel, and grow the Bisdorf Project. There is a clear strategy of inward investment into the Estate to continually introduce modern ideas for an old landholding.

10.1.d. Lessons learnt from Schulenburg

1. Continual innovation and quality is a necessity.
2. Having a vision is essential - *"I want to be the most interesting, effective Estate in Germany"*.
3. Mindset is key: entrepreneurial; restless; passionate about heritage and culture; forward-thinking.

10.2. Møllerup Estate, Aarhus, Denmark

Anne Sophie Gamborg and her husband Stig manage this beautiful Estate which dates back to the 13th century. Anne Sophie is highly entrepreneurial and strategic in her approach to grow Møllerup, but uncompromising on any activity detrimental to their land or the community.



Figure 8: Anne Sophie Gamborg at Møllerup Estate
"Luck is where preparation meets opportunity"

10.2.a. Planet

Anne Sophie was quick to explain that her philosophy for running their Estate was based on the Brundtland Report (1987) whose aim was to help nations toward the goal of sustainable development.



Its three pillars were the social, environmental and the economic (the triple bottom line) of sustainability. Thus her strategy was to *'meet the needs of the present without compromising the ability of future generations to meet theirs'*.

All Estate buildings are heated by home grown straw in biomass boilers circulated through 9 kilometres of heating pipes, rather than relying on fossil fuels.

Not content with simply growing staple arable crops on their 510-hectare organic farm, Anne Sophie sent herself back to agricultural college at the age of 40 to study hemp production. Today the Estate is one of Europe's largest growers of hemp, turning this crop into multiple value-added products.

10.2.b. People

The collective mindset of the family is *'not to live in a museum as we must be able to adapt'*. Therefore beautiful old stable blocks have been modernised to provide office space for small companies, act as a centre for company events, a conference centre, cultural exhibitions and a holiday house. These stables also act as the backdrop for major cultural events hosted by the Estate.

Each year the Estate celebrates the history of the place by opening its doors to up to 1,800 members of the public for cultural events, and up to 1,400 people for high teas in the Estate gardens. By regenerating these old stable blocks to provide cultural events, the heritage of the grand buildings can be celebrated and enjoyed by the whole community - including Queen Margrethe of Denmark who is a regular attendee. The events are actively encouraged despite the drain on resources, as Anne Sophie sees it as her duty to explain what Estates contribute to the local economy through jobs, and also the benefits of organic farming. In return this maintains their social licence to operate across all their enterprises.



Figure 9: World Ballet performance, Møllestrup



10.2.c. Profit

Møllerup grows hemp for three separate markets. Seeds are processed to become an ingredient in food and cosmetics, and then marketed under their own brand and sold through the Estate farm shop. The tough hemp stems are sold separately as an ingredient for insulation in construction. The leaves, however, are sold for medicinal (pain relief) cannabis via a lucrative strategic partnership with a listed Canadian company, and this is where the real commercial opportunity lies.

Anne Sophie and husband wanted to sustain a modern Estate and have done so with entrepreneurial zeal. Their son, Alexander, took over the Estate just one month before I met him, and arrived home after five years of business experience in Shanghai armed with an MBA. He already had clearly defined goals for his stewardship.

10.2.d. Lessons learnt from Møllerup

1. Anne Sophie proved that the need to keep learning never stops, regardless of age. She relishes the next challenge. This mindset epitomises all the Estate managers I have been lucky enough to meet throughout my Nuffield Farming experience so far!
2. Opportunities lie beyond the farm gate. She made her own luck by unlocking value beyond staple crops to secure a lucrative international contract.
3. Commercial success does not mean compromising one's organic principles.
4. A family business transitioning to the next generation still needs a commercial vision to maximise its potential.

10.3. High Peak Station, New Zealand

James Guild oversees High Peak, but each of his three children runs their own business on the same land across livestock, apiaries and tourism.

10.3.a. Planet

James explained to me the Maori concept of '*Kaitiakitanga*'. In modern parlance it has a broad meaning that captures the sense of guardianship of the land and water, plus the stewardship that is applicable to any farmer or landowner. It recognises our connection to nature and the responsibility to protect and enhance it.

James is the current Chairman of the QEII Trust which advocates voluntarily putting private land back to its natural, native state, in perpetuity and for no financial reward. How many UK landowners would commit to such an undertaking! He leads by example with 30% of his land in public conservation and some of his land in the QEII Trust. Regenerated native bush is responsible for the tremendous boost of pollinators which is an added benefit for the 500 beehives on the Station, with the honey being sold to the Middle East.



Figure 10: The rugged beauty of High Peak Station



Figure 11: James Guild and son, Hamish, High Peak Station

10.3.b. People

The staggering beauty of High Peak attracts international visitors all year round, primarily for sport but also for educating visitors on land conservation through projects such as the QEII Land Trust. The latest addition is the new private fishing lodge which complements the upgraded and converted wool shed for hunters. Thus they represent farming tourism.



10.3.c. Profit

Back in 1973 James had an aspiration to one day own a herd of 100 deer. Today the family Station accounts for 4,500 deer, 800 cattle, 6,500 sheep and 500 beehives to form a brilliant, diversified, agriculturally-based business, devoid of seasonal fluctuations. In spring the lambs and heifers go to market, in summer the honey is in full flow, and the tourists flock for the fishing and stag shooting through autumn into winter.



Figure 12: High Peak Station

10.3.d. Lessons learnt from High Peak Station

1. Master Planning - James began with a vision and worked tirelessly with family members to turn scrub and bush into a thriving, vertically-integrated enterprise that affords quality of life.
2. Succession planning - James took his family on holiday fishing in the Gulf of Mexico where there was no mobile reception and there was no escape! In a fun and informal setting, all family members shared their views on succession planning, resulting in a signed family charter with designated roles and responsibilities. Open and regular discussion has promoted family unity and helped the next generation to prosper.

10.4. Twickel Estate, The Netherlands

Egbert Jaap Mooiweer is the land steward of almost 6,500 hectares of Netherlands' largest and best known Estate. Their motto is '*Mutando non Mutor*', which boils down to '*everything changes, but by adjusting to changing circumstances I do not change*'. Their ambitious goal is to turn "*regular agriculture into landscape-inclusive recycling agriculture with added value, in order to eventually become a self-sufficient Estate in 2030*".



10.4.a. Planet

Twickel Estate is the only Estate in the Netherlands which is trialling a 'Beyond Organic Dairy Farm'. Strict rules require the dairy farmer to cap livestock numbers on the 90-hectare permanent pasture with no additional manures or chemicals imported onto the farm. The farmer manages both his herd but also works as a 'park warden' responsible for enhancing all the trees, hedges and waterways to promote biodiversity. Payment comprises the 'beyond organic' milk sold at 50 cents/litre; a 'green subsidy' of € 1,250/hectare from central government; and topped up by selling chilled milk and cream (chilling via a solar panel) and honey produced locally to public walkers who pay for it via an honesty box.

In addition the Estate pays a small bonus to tenant farmers for preserving wooded banks, the fringes of woods, and solitary trees which ordinarily are obstacles to efficient agriculture and therefore typically cut down. But retaining trees ensures a better absorption of nutrients, increases the water retention capacity, improves the workability of the land, sequesters more carbon and has a favourable effect on life in the soil.



Figure 13: Kasteel (Castle) Twickel

The Estate also wants to be energy neutral. Egbert calculated this could be achieved by 300 mid-size wind turbines but quickly rejected this idea given it would have compromised the landscape of historic, listed buildings. Instead, 15 hectares of solar panels would achieve the aim, with about half of them being placed on the roofs of farm sheds currently housing cattle.

Of their 50 tenanted farms producing 31 million litres of milk a year, the Estate benchmark includes a longer age of dairy cows (2,053 days from date of first calving), lower CO₂ footprint (1013 CO₂eq per kg milk), lower ammoniac emission (58 per hectare), high protein percentage from own land (70%),



high percentage of permanent grassland (78%), and a high percentage of nature and landscape management (7% green-blue nexus).



Figure 14: Sale of 'beyond organic' farm produce on Twickel Estate

10.4.b. People

There is an old Dutch saying that “*An Estate is socialised capital. It is not just private property, but has a value for society as a whole*”. Thus Twickel Estate actively works with 80 volunteers who make up the ‘Association of the Friends of Twickel’. They assist with tours of Castle Twickel and gardens, the Estate shop and cafe. These volunteers - who are largely retirees - benefit from free access around the grounds, meeting regularly as a sociable group who take pride in sharing their knowledge to tourists of their historic surroundings, and enjoy publishing a regular newsletter. This collaboration is innovative and easy to replicate.

Over 10 years ago the Twickel Estate and local government embarked on a bold initiative based on a shared vision and administrative agreement for the benefit of the whole community. This bold strategic initiative covers such aspects as the embedding of large infrastructure in the landscape, the restoration of waterways, and a strengthening of the recreational importance by cleaning up the park and making it more accessible.

10.4.c. Profit

Value enhancement remains a key driver by using the Estate and its reputation to boost sales of Estate produce. Rather than selling 31 million litres of milk as standard homogenised, pasteurised, bottled milk via the supermarket, Twickel acted strategically to bring together tenant farmers, Rabobank, and the milk processors. The effect has boosted the Estate’s sustainability, food security, and the attraction of living on Twickel Estate. By combining more profitable farming practices with



unprofitable nature management, it makes the landscape more attractive. This is the essence of the triple bottom line in practice.

10.4.d. Lessons learnt from Twickel Estate

1. Change is inevitable and should be encouraged to remain relevant.
2. Balance quality with continuity. Quality makes an Estate attractive that in turn attracts visitors and is an investment that sustains continuity because Estates are geared to the long-term. This spares the volatile nature of land and capital markets.
3. Organisational capacity - this includes vision, objectives and guidelines. It includes the language to communicate effectively with farmers, the community, planners and managers.
4. Volunteers are the essential oil to lubricate social capital between an Estate and the community.

10.5. Chateau de Bousval, Belgium

Michel Verhaege de Naeyer runs his Estate



Figure 15: Michel and Junior, Bousval

10.5.a. Planet

Michel abandoned wheat and maize farming in 2012 when he realised input costs were only increasing each year and the crops harvested were no longer economically viable. In short, the land was tired and, similar to the Knepp Estate, Michel realised he had to reconsider his options. He returned to his passion of wines and so permitted seven hectares to lie bare for two years. In 2014 he planted pinot noir, pinot gris and chardonnay grape varieties with numerous buffer strips of wildflower and meadow grass supported by beehives.

Rural Estates: Benchmarking Success

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By 2018, on what was once considered ‘futile’ land, Michel now produces wine from his new organic vineyard, and honey as a byproduct of the pollination. His eco-friendly philosophy is to create a sustainable environment by promoting the flora and fauna and enhance the micro-organisms. The result is his land is now more fertile, richer in species including hares and red legged partridge, and even wasps are permitted to tackle the aphids on the vines.

10.5.b. People

Michel gained planning permission to build a new winery because of the environmental and economic benefits to the community. His operation actively contributes to providing new local jobs from seasonal picking to the bottling and sale process, and the vineyard is open to the public for tours and educating visiting schools.

10.5.c. Profit

Michel has trusted his commercial experience and astutely moved away from being a price taker of two standard arable commodities, and diversified into a vertically integrated higher value-added product. He could now be described as a farmer of wine, grappa, honey and tourists, whilst enhancing the environment without increasing the area of land. His key investment was into the land which had been failing, but he has permitted it to regenerate. He now produces more income with less volatility and has a far more rewarding lifestyle!

10.5.d. Lessons learnt from Chateau de Bousval

1. Michel was pragmatic in understanding the necessity for adaptability, and turned an economic and environmental liability into a series of vertically integrated new ventures.
2. He translated his vision with passion and purpose into a business plan which enabled him to secure funding and achieve his goals.
3. Michel now runs a diversified Estate fit for the next generation which harmonises the community, the countryside and financial capital.

10.6. Clinton Devon Estates, England

Leigh Rix is the Director of Property & Land for this Estate which covers 25,000 acres in Devon. With 700 years of history behind the Estate, their 10-year strategic vision document is based on ‘Doing our part for our part of the world’: wanting to achieve a sustainable future for the Estate, the local environment and communities⁷. Their performance measurement is captured using the balanced scorecard system. The website (<https://balancedscorecards.com/balanced-scorecard/>) explains:

“The Balanced Scorecard is a management system. It’s a way of looking at your organisation that focuses on your big-picture strategic goals. It also helps you choose the right things to measure so that you can reach those goals.



It looks at your organisation from four different perspectives to measure its health. Each of these perspectives focuses on a different side of your company, creating a balanced view of your organisation.” These perspectives are:

- Learning and growth
- Internal business pressures
- Customer
- Financial



CLINTON DEVON ESTATES

Doing our part for our part of the world



Figure 16: Clinton Devon Estates - Holistic Land Stewardship - Balanced score card

10.6.a. Planet

There are five concurrent conservation projects underway, with a beaver trial and the Pebbledbed Heath being the most interesting. The Estate is collaborating with the Devon Wildlife Trust and Exeter University to reintroduce beavers to the River Otter where there are now eight breeding pairs of beaver.



“Quantifiable costs and benefits of beaver reintroduction demonstrates that the ecosystem services and social benefits accrued are greater than the financial costs incurred” states Professor Richard Brazier, University of Exeter.

The Estate also manages one of only two National Nature Reserves (NNR) in private ownership in the whole country and is one of the most significant across Europe. The Estate initiated a base line biodiversity audit across 3,108 species for the unique habitat of the Pebblebed Heath on a landscape scale. This conservation project aims over the next 25 years to enhance this significant environment in harmony with an in conjunction with the 60 kilometres of trails for the public to enjoy.

“...use of natural environments encourage higher levels of physical activity...the economic valuation of £400,000 [per annum] for the heath-related value is robust across different valuation methodologies”. Dr. Carolyn Petersen, University of Exeter ‘Valuing Nature Report’ March 2018.

In addition the 2,750 acre organic dairy farm belonging to the Clinton Devon Farms Partnership is contracted to Velcourt, with agreed KPI’s. ***“As well as agreeing financial performance targets, we have included development of goals for biodiversity, the environment, animal health and employee satisfaction”***. John Varley OBE TD, Estates Director, Clinton Devon Estates.

This includes producing 4.5 million litres of milk annually whilst incorporating high environmental standards to ensure there is no leaching or soil erosion from manures on their ‘light’ ground, as 40% of East Devon’s water derives from ground water abstraction.

Two solar parks have also just been built and are now operational, thereby reducing the Estate’s total carbon footprint.

10.6.b. People

Clinton Devon Estates understands their long term success relies on maintaining and growing public support from the 500,000 visitors received each year. This ‘social licence to operate’ is readily embraced by employees and those who come into contact with the Estate.

These educational partnerships are nurtured via both the Conservation Trust, enabling appreciation of the landscape, and Lord Clinton’s Charitable Trust. Moreover 90% of the 4,700 acres of woodland has public access, offering multiple recreational benefits, bolstered by a further 200 acres of sports fields made available for enjoyment, plus 2,700 acres of common land, all managed and paid for by the Estate.

For Estate employees, every single employee is made to feel part of a much larger team, regardless of the role they play, and considered an ambassador for people who come into contact with the Estate. Each employee has an annual appraisal and an agreed Personal Development Plan, and attends three Health & Safety meetings a year to review and minimise risks. Access to a free gym with a trainer is available, as is a defensive driving course for those who feel it necessary. Staff and external stakeholders were also recently consulted as part of the next decade ‘2030 Estate Strategy’ programme. Unsurprisingly the Estate has received the accolade for being in the ‘Best 100 Small Companies’ to work for.



10.6.c. Profit

When John Varley took over in 2000 as Estates Director he restructured a very diversified set of businesses, focusing on property investment, development and management. This resulted in increasing sustainable and repeatable income streams.

In 2013 John took the senior management team and key family members to IMD (the International Institute for Management Development), a business school in Lausanne, to develop and clarify around key elements of Family, Ownership and Business. This resulted in the development of the 2021 Estate Strategy and clarity about the reinvestment policy from the proceeds of land development and trading activity. Ultimately, the profit element is the means to achieve their long term sustainable objectives and is not merely the destination.



Figure 17: Author, Fiona Mannix, Associate director RICS, and Leigh Rix, Clinton Devon Estates

10.6.d. Lessons learnt from Clinton Devon Estates

1. Continual performance measurement against an agreed strategy has permitted net income to quadruple over 20 years, deliver hundreds of new homes, new jobs, solar parks, and still enhance the environment.
2. The use of a balanced scorecard provides a comprehensive overview on all the multiple facets of the Estate concurrently assisting management to make objective decision making.
3. Evidence of performance, combined with effective communication, delivers a social licence to operate.



Chapter 11: Other considerations for success

The case studies discussed in the previous chapter are across different geographies and size. This confirms there are multiple factors that assist in delivering success for Rural Estates which were quantitative rather than qualitative. But success is not a fixed point. Team Sky championed a culture of the cumulative effect of marginal gains and below are complementary considerations worthy of note:

11.1. Master Planning

Julian Sayers, a Director at Adkin (Oxfordshire), believes Estates to be complex, diverse enterprises which are hard work to manage. He has therefore been using master planning for over 20 years as a tool to capture whole farm and Estate aspirations into a single document. His extensive experience is that these plans need to be realistic and based on a 10-20 year time frame, but they deliver tremendous clarity for Estate owners, professional advisers, local businesses and local communities.

The only other UK company I discovered that was equally passionate using master plans was Rural Solutions.

“An overarching document which qualifies and quantifies the benefits to the Estate while balancing out the social, economic and environmental considerations” said Rob Hindle, Executive Director at Rural Solutions.⁸

He sees it as a key tool to engage with local planning authorities in support of ‘positive decision making’. There are several key positive outcomes from a Whole Estate Plan: the plan itself, what you then use it to enable, but also the plan making process. This process is a hugely powerful means of bringing principals, estate team and key stakeholders to a shared understanding of the place, what is good and not so good, and critically, what really matters and what the stewards want to achieve (what the Estate is for – the why).



Figure 18: CLA's 'Rural Asset Management Plan'

Lessons include:

- The level of shared understanding of an Estate and of the impacts on Estate, its environs, the people that live on it and near it of management and investment decisions (positive and negative) is massively heightened by engaging in the plan making process, far beyond that gained from day to day management.
- A good Estate scale master plan should articulate what you have, why you cherish it, what you want to make happen with it, why this is so and then how you are going to do it and the good things this will make happen.
- Projects set within a master plan are a means to an end, not the end itself.



Katie Ramsey, the policy researcher at CLA, authored 'A CLA Guide to Writing a Rural Asset Management Plan'. She encourages exploring untapped potential to improve Estates which are intrinsically linked to local and national economies, communities, landscapes and eco-systems.

Given the importance of master planning, it is therefore surprising to discover 45% of respondents to my survey didn't use 'Whole Estate Plans'. Interestingly, Estates with resident land agents were 25% more likely to adopt such an approach versus land agency firms.

Whilst at Fonterra in New Zealand with Wendy Paul, 'Director of Purpose', we discussed the 'Golden Circle' principle from the author, Simon Sinek (see right)⁹. Her belief is all organisations of any sector or size need a purpose for all stakeholders that sits above daily considerations of employees or budgets. This simple appraisal of the *status quo* re-addresses objectives, in much the same way as a master plan.

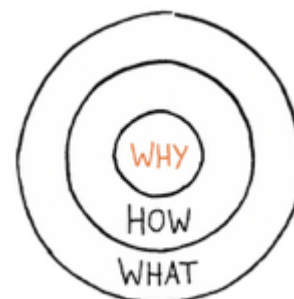


Figure 19: Simon Sinek's 'Golden Circle'

11.1.a. Lessons learnt from Master Planning

1. A master plan is an essential strategic document to harness long term aspirations affording clarity for owners, professional advisors, and stakeholders.
2. Reviews against this framework enables a basic overview of progress.

11.2. Finance

As Estates increasingly diversify away from traditional agricultural projects and into areas such as tourism and leisure, renewable energy, events, and other commercial ventures, so too is there an increasing requirement for commercial advice. This often sits beyond a land agent's skill set.

In my survey I questioned what professional expertise is represented at Estates, with 33% coming from land agents, but 45% represented by accountants and business advisors. This demonstrates that adding complex, diversified new enterprises with more employees and large assets, requires an increasing financial guidance to manage the 'P & L', cash flows and balance sheet in support of land agents.

As an example, the larger Estates have adapted to this more commercial stance by hiring senior board members of listed companies to strengthen their governance, process and financial discipline. Examples include:¹⁰

Table 4: Ex-corporate leaders supporting Estates

Estate	Name	Role	Former Role
Blenheim	Dominic Hare	Chief Executive Officer	Director, Barclays Capital
Tregothnan	Andrew Jarvis	Estates Director	Director, Caparo Industries Plc
Grosvenor	Graham Ramsbottom	Chief Executive Officer	Director, Co-operative Group
Clinton Devon	John Varley OBE TD	Estates Director	Director, British Telecom Plc
Buccleugh	Benny Higgins	Executive Chairman	Chief Executive, Standard Life



The breadth of experience gained by working in leading global businesses makes for a valuable addition to support an Estate. All businesses function because of the need to remain profitable, and Rural Estates are no different.

“Profit enables rational decision making that affords pragmatic, long-term solutions”, stated Tom Curtis, Director of 3Keel.

If land agents are to take on broader roles, they will be required to have a much better understanding of commerce and finance.

Meeting with Karl McConville, Director of Landed Estates at Barclays Bank, he agreed Estates face near term uncertainty, but acknowledged the longer term opportunities for Estates utilising low interest rates as the catalyst. Capital is being used to further diversify (91% of sector experts agreeing diversification is important), to improve assets (buildings), and capitalise on investment opportunities. Barclays Bank see potential for a ***“huge ‘green wave’ of funding and income streams to be derived to bolster their CSR, and understand the capital markets risk/reward opportunities for landowners”***.



Figure 20: Rt. Hon. Michael Gove, former Sec. of State for DEFRA, with the author

This ‘green wave’ will undoubtedly be expressed as ELMS payments *“to leave this land in a better state than we found it”* (Michael Gove, former Secretary of State for DEFRA). No bank likes to lend against volatility or uncertainty, so successful Estates will be incentivised to use benchmarking to demonstrate the health of their diversified initiatives. In the case of natural capital, baselines using data on agreed metrics to benchmark the enhancements across water capture, carbon sequestration or biodiversity, could deliver new income streams. Either ELMS payments or private sector contracts could be viewed as a synthetic crop with farmers and landowners financially driven over the long term to deliver positive change.



The next anticipated evolution between banks and Estates will be recognising the value of signed contracts between ‘offsetters’ and the ‘emitters’ either as collateral or ‘green bond’ initiatives.

11.2.a. Lessons learnt from Finance

1. Does the reduced reliance on a traditional land agent’s role suggest the need to ‘upskill’?
2. Should tertiary education for trainee land agents include finance modules?
3. Benchmarking is a tool to evidence environmental improvements that unlocks ‘payment by results’.

11.3. Social Capital

Estates have historically played central roles to rural communities: providing jobs, and subsidised housing; as well as managing community assets from pubs to church roofs, village schools to post offices, to name but a few. The Victorian moral obligation of philanthropy is still very much alive across the Estates I surveyed. 88% of Estates confirmed they actively contribute to rural communities. Examples of such contributions are shown below – they are taken from a survey on social capital which I conducted myself from Estates I visited:

- Donating money eg for a church roof and village hall repairs, hedge cutting, football team etc
- Opening private gardens and homes to the public for free and for charity and community events
- Fulfilling local roles eg Churchwarden, Chairman of Conservative branch, local parish meeting member
- Organising visits and fund-raisers
- Employing over 120 local community members
- Providing land/Estate services free of charge eg car parks, football fields, tree-planting
- Initiating affordable housing on an adjusted planning permission
- Raising money for the Parish Council, Church and looking after a village hall
- Raising circa £50k every year for local charities, planting trees for outdoor classrooms, supporting many local functions
- Hosting well dressings, organising village litter picks, offering the village hall (owned by an Estate) at a low rental
- Working with volunteers, Open Farm Sundays, and undertaking charitable work
- Attending flood project public meetings, tours and media appearances
- Charitable donations through the Duke of Devonshire’s Charitable Trust, provision of local halls/social clubs, solar farm contributions.

***“Not everything that can be counted counts,
and not everything that counts can be counted”.***

Attributed to Albert Einstein.



The Leverhulme Estate on the Wirral in Cheshire, for example, provides hundreds of thousands of pounds worth of social capital investment each year supporting a village with subsidised housing, jobs, and making public amenities available. The modesty of the late Lord Leverhulme precluded actively publicising this philanthropy.

“The altruism of Leverhulme or the Cadbury family is in sad contrast to the antisocial attitude of modern business magnates, who think only of profit and shareholder”. A.N. Wilson, Daily Mail 2010.

Professor Gert Tinggaard Svendsen, a professor of public policy at Aarhus University, Denmark, told me credibility and trust is the currency of social capital, which pays for a social licence to operate. Social capital is invisible and it requires continual nurturing to achieve shared outcomes - that is hard won and easily lost. The more successful Rural Estates are not only acutely aware of their potential social impact but actively build their credit and reputation, not as a cynical ploy, but because of long standing vested interests within a community.



Figure 21: Professor Gert Tinggaard Svendsen, Aarhus University, Denmark (courtesy of Google)

Richard Goring, a devout Christian who is the owner of Wiston Estate in West Sussex, wants to *“make the most of this amazing gift for all to enjoy”*. 160 acres have been set aside for public groups to enjoy the facility, ranging from hosting the music festival, ‘Big Christian Day Out’, through to bushcraft and botany days. Even at the time of writing, Estates are offering both practical and financial support to tenants facing income uncertainty due to the Coronavirus pandemic.

“We make a living by what we get...but we make a life by what we give”,

Sir Winston Churchill, Blenheim Palace.

11.3.a. Lessons learnt re Social Capital

1. Altruism is in the DNA of Estates but the more effective ones understand their unique role and actively volunteer resources to work with parish and local authorities as a positive influence.
2. Time and again Estate owners spoke of a moral obligation to ‘do the right thing’ to fulfil their sense of duty.

11.4. Marketing and Social Media

Some Estates go further and *“dare to be the brand”* as Anne Sophie Gamborg believes. She is a keen advocate of using multiple media platforms to build her brand of hemp-based foods and products and advertise Møllerup’s public open days. In the case of Lord Newborough of Rhug’s Estate in Wales, he is the brand and their organic produce is sold to the half a million visitors a year across the ‘Drive Thru’, the farm shop and bistro. Recently Rhug Estate received a Royal Warrant.



In both cases, the ability to engage with the customer across a medium of social media platforms is an essential part of their business, and is the ‘shop window’ of the Estate that the public sees, albeit remotely. The ability to benchmark their success is by capturing the data by numbers of ‘followers’ and ‘likes’ offers insights. In the case of Blenheim Palace, attracting almost 1 million visitors each year, public engagement was an afterthought 20 years ago but is now an essential part of the Estate.



Figure 22: Author at Blenheim Palace, May 2019

My survey results showed 66% of Estates use social media. I found that every resident land agent used social media, and were three times more likely to do so than a land agency firm. As a recipient of a Winston Churchill Medal, Andrew Barber, MD of Agrilink in Auckland, New Zealand, said ‘*The closer you are to the customer, the closer you are to the issue*’. This message was reinforced by Mark Cox of Craigmore Sustainables who stated that the exclusion of public communication can be seen as ***“first arrogant, then ignorant, and will lead to a bloody nose!”***.

11.4.a. Lessons learnt re Marketing and Social Media

1. Successful Estates readily understand and maximise the reach of social media using professional public relations and marketing people.
2. Utilising data effectively is the means to target messages at specific groups for the biggest impact.

11.5. Succession planning

Prince Simon de Mérode of Belgium explained the Napoleonic laws of inheritance of 1804 in France and Belgium ensures all children are eligible for equal provision. This leads to continual dilution of an



Estate such that it eventually disappears. In the absence of primogeniture (as enjoyed in the UK), the Mérode house opted to use a family office to determine through a competitive selection process who was deemed to be the most able sibling to take over the Estate. The belief here is that the best is the one who deserves to take over, possessing the necessary mindset and drive.



Figure 23: Prince Simon de Mérode (and author) at Château de Mérode-Westerloo, Belgium

11.6. Technology (GIS)

The means to access technology has never been greater. There are multiple technology firms working on exciting developments that have the capacity to radically enhance the working efficiency of Estates far beyond a mere spreadsheet confined to the Estate office. Companies like ‘The Land App’, ‘FarmIQ’, ‘thinkWhere’ and ‘Environment Systems’ appear to be at the forefront of enabling Estates to create paperless maps using earth observation (satellite), GIS, aerial imagery and open source data to create 3-D spatial models of land holdings. These data layers capture what there is (total length of hedges, area of woodland, flood prone areas, pasture etc.) to establish a baseline audit in order to create a natural capital plan.

It was encouraging to see multiple Estates I visited use evidence-led, cloud-based mapping solutions. In time, though, it is anticipated regular aerial surveys will provide the evidence to measure the impact of - for example - tree planting to alleviate flooding, the carbon sequestered by letting hedges grow ‘wild and woolly’, or promoting permanent pasture to prevent soil runoff. This benchmarking of



environmental enhancement is expected to become the evidence required to qualify for any possible ELMS payments.

The implication therefore is clear. Successful Estates who engage early with mapping specialists could be rewarded both financially and environmentally.

“We are trustees for life of the countryside”. 22nd Baron Clinton, 2002.

11.7. Risk

The Financial Conduct Authority in the UK requires all investment management firms to ‘Know Your Client’. This mandatory step considers a client’s financial situation, their investment objectives and quantifies the client’s risk appetite, such as their capacity for risk and their tolerance for loss. Only by first identifying risk factors is one able to consider risk mitigation.

My survey established that almost 65% who responded didn’t have an Estate risk register. This seems a worryingly high percentage given Estate owners will have a better appreciation of their risk in listed stock market investments, which is of far lesser value than an Estate’s total capital value in land and buildings!

This is accentuated further when one considers the exposure Estates have faced over the last 20 years to Foot and Mouth, Bovine TB, farm accidents, crop price volatility, regional flooding, withdrawal of BPS and now Coronavirus, to name a few. My survey identified financial and compliance and regulation as the greatest risks Estates face. Surely identification of a risk is meaningless until it is acted upon!

11.8. Conclusion to Chapter 11

The table shown on the next page, compiled as a result of my meetings with Estate management, gives an overview of their attitudes to the various elements of Estate Planning and Management.¹¹

These attitudes have been placed into 3 groups: the attitudes of Passive, Active and Proactive styles of Estate Management:

see Table 5 over page



Table 5: Table to show reaction of different styles of Estate management to the various elements of Estate Management and Planning. Compiled by author.

Item	Passive Management	Active Management	Proactive Management
Master Plan	Don't understand their purpose	Have a purpose	Detailed master plan built collaboratively and shared publicly
Goals and Objectives	Some goals and objectives	Limited strategy	Clearly defined long term strategy
Governance	No governance	Governance on 'ad hoc' basis	Strong professional governance
Overall Estate Performance	No analysis on performance	Limited analysis	Regular and in depth analysis on performance
Protocols defined	No processes in place	Haphazard processes	Clear roles and responsibilities
Succession planning	No succession planning	Discussed but no action taken	Clear timelines and actions on succession
Attitude to Risks	No risk register	Review the risk register infrequently, e.g. HSE	Regular reviews with nominated roles for responsibility
Capital utilisation	High debt, weak cash flows	Operate within their means	Efficient use of recycling capital
Capital budget	Limited inward investment	Poor allocation of investment	Budgeted allocation of capital
Enterprise spread	Poor diversification	Some diversification	Vertically integrated diversification
Participation with local community	Operate as an 'island'	Engage when required with the community	Proactively engage with local communities and contribute
Branding and image	Absence of branding/website	Limited public engagement	Use PR, website, social media and have a strong identifiable brand
The environment	Limited appreciation of natural capital	Thinking of establishing a natural capital baseline audit	Have a baseline and working toward long term enhancement



Chapter 12: Discussion

“No other job can offer so much - jobs, housing, energy, food, biodiversity, carbon sequestration, social and environmental benefits”.

“Estates don’t think and plan like companies to satisfy 6-monthly shareholder expectations, but for the next generation”

both quotes from Lord Deben, Chairman of the Committee on Climate Change.

20 years ago concepts of CSR, ESG and the Triple Bottom Line were poorly understood. Today their surge in prominence is a reflection of global macro factors arising from population growth, food security, energy requirements, housing needs, and water security: all of which are relevant to Rural Estates. Lord Deben’s comments on the inherently unique role Rural Estates play as part of the solution to modern problems, need positive backup. The total contribution that Estates can – or should – play needs quantification and acknowledgement, thus unlocking a new chapter for the more forward thinking of the genre.

This message is further reinforced globally through the UN Sustainable Development Goals, and domestically via the legal commitment to carbon net zero by 2050, and by the requirement for UK farms to be transitioning from BPS to ELMS.

“In 50 years time we will look back on 2019-2020 as being as pivotal as 1947 and 1972-73 for the sector”. Professor Dieter Helm, Chairman of the Natural Capital Committee.

Therefore in this time of great change, Estates are faced with a stark binary choice. Either continue to be considered as antiquated and an anathema to modern society by remaining ignorant of the values of the triple bottom line approach, or use benchmarking to champion success and communicate the positive total contribution of sustainable stewardship.

Successful Estates are the glue which bind rural communities. These same Estates achieve their full potential because of an aspirational mindset and a culture of master plans, processes and strategies. In conjunction with a team of professional advisers they think like a business, use bespoke solutions, are profit focused, are proactive about risk, are conscious of their brand, understand their social licence to operate, and always apply evidence and analysis. This analysis of benchmarking accounts for the economic prosperity, environmental quality and social equity.

Fortunately, the evidence arising from my numerous meetings and a detailed survey undertaken is that most Estates already undertake some form of benchmarking, and there is an appetite for Estates to ‘play their role’ in facilitating meaningful change. There is also demand for a more consistent approach supported by leading Estates for an approved benchmarking methodology. But in the absence of standardisation, Estates are using indices radically different to each other leading to different insights and outcomes.

This lack of ‘joined up thinking’ therefore ensures there are mixed messages which makes it harder for the CLA to lobby Westminster as effectively as it could; and also for Estates to communicate the benefits they provide to communities, were it available through a standardised approach.



Chapter 13: Conclusions

1. A radical rethink is required across the rural land management sector to demonstrate the relationship between input (advice and fees), versus impact that land agents offer their clients.
2. This rethink should begin with establishing a framework that benefits both land agent and client. This framework would include a master plan detailing long term aspirations; quantifying risk through a risk register; establishing a commercially focused governance team; and offering annual benchmarking to measure performance.
3. Benchmarking is a vital tool to quantify the multiple benefits Estates can deliver. It affords clarity, and leads to evidence-based decision making.
4. There is no accepted benchmarking methodology available for Rural Estates that accounts for the 'total contribution of sustainable stewardship'. Organisations such as RICS, CLA, and national land agency firms should collaborate to offer accredited performance methodologies.
5. Successful land agency firms will want to offer master planning and benchmarking as a means to retain and attract more aspirational Estates as clients.

Chapter 14: Recommendations

1. **RICS** - should publish an 'Insight Paper' to strongly encourage land agency firms to undertake annual benchmarking for their Estate clients.
2. **Land agency firms** - should coordinate with RICS to agree benchmarking methodologies for Estates.
3. **CLA** - should champion Estates that are able to demonstrate through evidence the benefits benchmarking delivers. This evidence is a tool with which to lobby Westminster more effectively.
4. **Academia** - urge lecturers in land management to include benchmarking and elements of finance as part of the teaching curriculum.
5. **Landowners** - must be more demanding of themselves and of their advisors on how they are able to fulfil their long term potential.



Chapter 15: Impact of study tour

The impact of my study tour has been profoundly positive. Below is a timeline summarising the effect that the Nuffield Farming Scholarship programme had on me.

2019	Event	Impact
January	Appointed Vice-Chairman CLA, Cheshire	
February	Pre-CSC in London and CSC in Iowa	
March	Published an article in the CLA magazine	Maintain a Nuffield Farming profile
April	Appointed to the Rural Growth Board, Cheshire	Represent the rural voice
May	Helped raise £300,000 for the Land App	Round 2 ELS fundraising
June	Awarded the Bledisloe Gold Medal Award for Landowners, 2019 Hosted the Agricultural Legal Association	
July	Met with Sir John Timpson CBE and Maj. Gen. Paul Nanson CB CBE	Sought external opinions from leaders in different sectors
August	Hosted the Dir. Gen., CLA, Sarah Hendry. Contributed to a podcast, Land Management 2.0	
September	Initiated a natural capital register for Barnston Estate Organised and was the keynote speaker of a conference, Land Management 2.0	We are now implementing a 20-year natural capital plan
October	Initiated the Cheshire Eco Project across 28,000 acres	Strengthen ties with neighbours
November		
December	Established a framework for the Cheshire Eco Project	
2020		
January	Met Leigh Rix, Director, Clinton Devon Estates	
February	Joined the European Landowners Organisation	Enables access to Estates
March	Typed up thesis	Reflected on fresh ideas
April	Prepared an article for the RICS magazine	Based on natural capital
May	Natural capital baseline completed (home)	Initiate 20-year NC plan
June	Speaker at the RICS annual conference Hosted RASE and Bledisloe for annual event	Likely postponed!

The ethos of a Nuffield Farming Scholarship is ‘leading positive change in agriculture’. But completing a Nuffield Farming Scholarship is not about crossing some imaginary finish line with the expectation of a rest, but rather a realisation it is preparation for future challenges! This enriching impact of a Nuffield Farming experience has provided a unique opportunity to push me, my business, and focused



my aspirations to make a difference within the rural sector. In the coming years my energy will be to work on:

Estate:

- Work with a mentor to keep challenging me.
- Complete a natural capital baseline audit.
- Work toward becoming carbon neutral.
- Implement a 20-year natural capital project reinforced by ecosystem services.

Regional:

- Lead the initiative for a 28,000-acre natural capital plan with my neighbours as part of an ELMS 'living laboratory' project.
- Assist other Estates on benchmarking.

National:

- Work with CLA and RICS to influence the uptake for benchmarking and accreditation for Estates.
- Become an active member of the European Landowners Organisation.



Chapter 16: Acknowledgements

My Nuffield Farming journey began in 2017 when I read a Nuffield Farming Scholarship report by Peter Wiggins-Davies NSch entitled 'Rural Estates: objectives, governance and growth'. His thesis immediately struck a chord with me at a time when I had just taken over from my father and I was in need to broaden my knowledge of the sector I was to spend the rest of my career in. Peter has always offered sensible guidance and encouragement and I'm enormously indebted to him for this chapter in my life. He has since become a super friend and someone with whom I'm able to exchange ideas and receive advice.

The second acknowledgement goes to Phil and Sarah Hughes, both Nuffield Farming Scholars, for their tremendous support ensuring I did apply, and thereafter always making themselves available to me. Their time and effort are enormously appreciated.

My thanks also extend to my sponsors, the Worshipful Company of Farmers and Savills. They made my research possible in the first place. Special mention to Ian Bailey who has run the Rural Estate Benchmarking team so successfully for so long, and who is a giant in his profession. He was always receptive to any query or comment and often left me with more questions!

I also extend my gratitude to all my Nuffield UK Scholar cohort who are now lifelong friends. They made my experience entirely enjoyable and have taught me so much. In particular I want to highlight additional thanks to Charlie Steer NSch, Hamish Marr NSch, Ben Hancock NSch and all the other terrific people who assisted me in 'slamming open the doors' that made my journey that much easier.

The last and greatest acknowledgement is to my wife. Embarking on a fresh challenge fraught with travel and absence, leaving her with a young family, was greeted with wholehearted support which has never wavered. At a time when wanting to find my answer became an obsession for me, you made it possible. "Thank you" sounds woefully inadequate, but I'm sure you will now find your answer as to how I can repay you.

Ed Barnston

March 2020



Appendix

As I stated in the very first sentence of the Introduction to this report, I felt I could account for my tenure as Land Steward of Barnston Estate by creating a practical guide that could account for the “total contribution of land stewardship”.

This guide has now been created and I include it in my Nuffield Farming report because I hope it may be of help and guidance to others who enjoy the precious privilege of stewardship of a Rural Estate.

It is a four-page document, based on the principles of **Planet, People and Profit** with a **Summary Page**. I have compiled it from a collection of ideas I have learned during my Nuffield Farming study tour.

It is shown on the next 4 pages. My intention is that, with or without minor adaptation by individual Estates, it could be used as guidance for annual audits.



ESTATE PERFORMANCE CERTIFICATE

THE EXAMPLE ESTATE PEOPLE

Estate Mission Statement: **"To sustain our heritage, land and interests for future generations"**

Date of assessment: 10 January 2020

Reference number: 1234-abcd-5678

Date of certificate: 24 January 2020

Type of assessment: KPI

Part 1. People

'Our social commitment is to attract and retain the best employees within a safe working environment and to support the community through a range of endeavours'.

Key theme:

- Social licence to operate

Key business benefit:

- Community relations/benefits
- Enhancing and maintaining relations

KPI's - Employees

Type	FY 2018-19	FY 2019-20	Summary	Notes
Number of employees	37	41	✓	Ahead of target
Number of apprentices	7	9	✓	Target 12 by 2022
Employee satisfaction	67%	71%	✓	Surveyed by HR
Staff Productivity	53	54.2	✓	Above KPI of 50
Employee retention	73%	87%	✓	Better engagement
Health & Safety incidents	1	2	✗	Ladder safety training required

KPI's - Community

Type	FY 2018-19	FY 2019-20	Summary	Notes
Recreation	24 pods	45 pods	✓	Glamping site
Leisure (community hall)	Closed	Closed	✗	Planning application delayed
Skills development	3 projects	3 projects	→	Work experience now underway
Community/Charity	£27,000	£35,000	✓	Funds raised for church roof
Estate volunteer days	127	145	✓	Free garden visits for volunteers
Health and wellbeing	35,000 visits	37,000 visits	✓	Cycle & walking track complete

Summary:

- Through better engagement our employee retention has increased.
- Review of HSE measures required.
- Our community wellbeing programme ('Project Outdoors') for physical and mental health issues shows a Social ROI of £2 for every £1 spent locally.



ESTATE PERFORMANCE CERTIFICATE

THE EXAMPLE ESTATE PLANET

Part 2. Planet

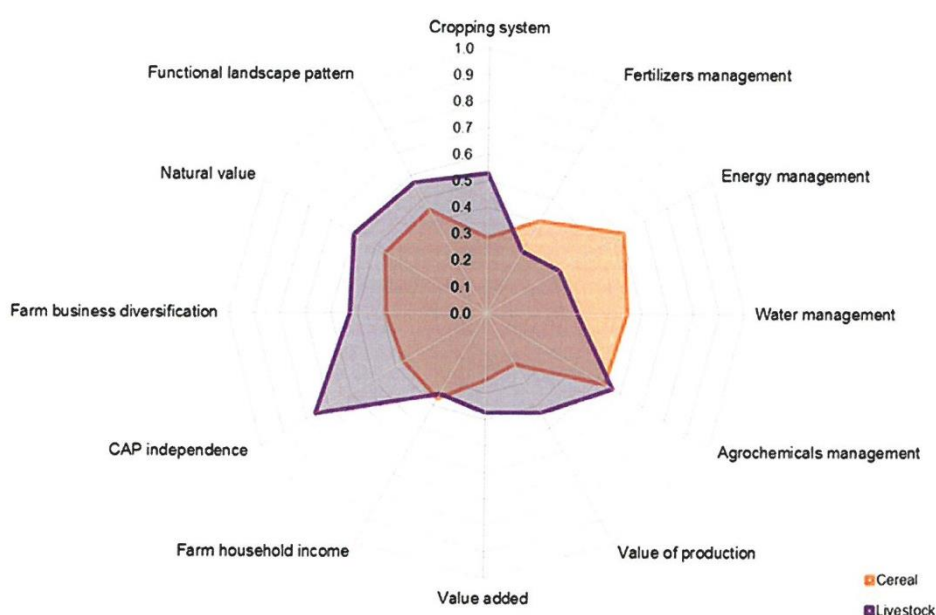
'Our natural capital commitment is to complete a natural capital baseline by 2021 in order to implement a 20 year environment strategy'.

Key theme:

- Complete a natural capital baseline
- Identify ecosystem services opportunities

Key business benefit:

- Builds more resilient farm businesses
- Aids diversification



KPI's - Natural Capital

Type	FY 2018-19	FY 2019-20	Summary	Notes
Total CO2e sequestered	1,250m/t	1,450m/t	✓	Permanent pasture established
Renewable energy	800Kw	1.1Mw	✓	1.45Mw to be carbon neutral
Biodiversity	67 species	86 species	✓	Pollinator strips working well
Woodland management	6 acres	6 acres	→	Storm damage being addressed
Peatland restoration	125 acres	145 acres	✓	50 acres remaining
Flood management	50%	100%	✓	Planting on slopes completed

Summary:

- Redundant space on farm shed roofs to be considered for solar panels
- Explore ecosystem services payments for trading carbon
- Secure contract with water company for flood management



ESTATE PERFORMANCE CERTIFICATE

THE EXAMPLE ESTATE PROFIT

Part 3. Profit

'Our financial commitment is to grow annual net profit of 5.5% per annum above CPI'.

Key theme:

- Invest in Estate projects with 8% hurdle rate
- Limit total debt to 15%

Key business benefit:

- Delivers long term cash flows
- Reduces total risk

KPI's - Financial

Type	FY 2018-19	FY 2019-20	Summary	Notes
Gross income	£3.15m	£3.31m	✓	In line with expectations
Bad debtors	3%	7%	✗	Impact of Coronavirus
Weighted av. lease term	5.6 years	5.6 years	→	No change
Operating profit margin	65%	67%	✓	Exceeding target
Total capital asset value	£92m	£94.5m	✓	Up 2.7% from pcp
Debt profile	15%	10%	✓	Sold residential cottages

2020-2021 Investment Plan

Recommended measures	Indicative cost	ROI	Rationale	Priority
250Kw solar on farm roof	£ 325,000	8%	Meet carbon plan	2
Complete natural capital audit	£ 85,000	Tbc	Long term strategy	1
EPC - contingency fund	£ 450,000	0%	Maintain bldg. condition	3
New rotary parlour	£ 650,000	10%	Increase efficiency	5
Establish wedding venue	£ 950,000	17%	Aids diversification	4
Extend commercial business park	£ 1,000,000	6.8%	On hold - COVID19	6
TOTAL	£ 3,460,000			

Summary:

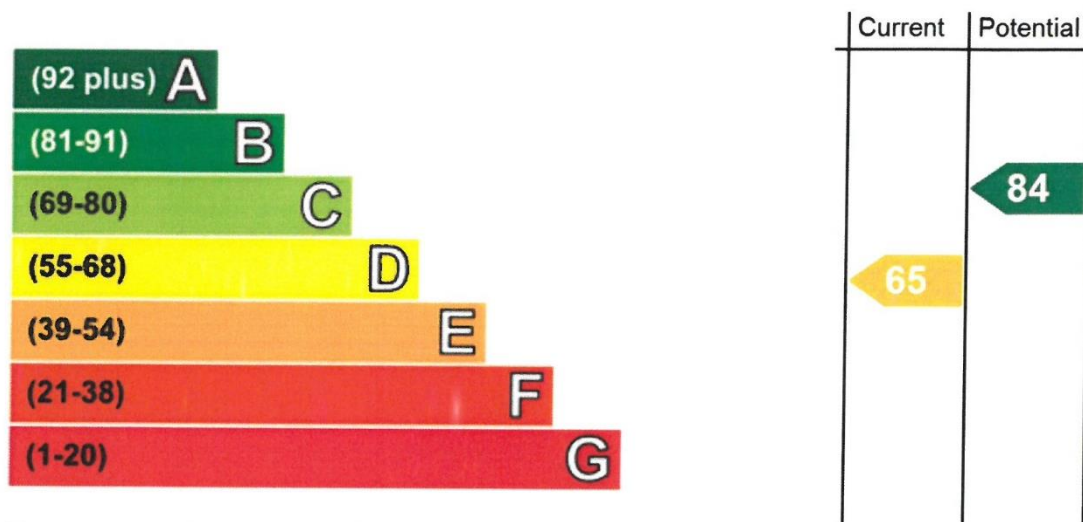
- Increase gearing to utilise lower BoE bank rates for Estate inward investment.
- Secure 20-year ecosystem service contracts with private sector.
- Increase renewable energy to meet Estate carbon obligation.
- Coronavirus - all other projects on hold for now.



ESTATE PERFORMANCE CERTIFICATE

THE EXAMPLE ESTATE SUMMARY

Example Estate Performance Rating:



Recommended measures to become more efficient:

Efficiency Rating System

- The graph shows the current performance efficiency of Example Estate.
- The higher the rating the more efficient with allocation of resources and decision making.
- The potential rating shows the effect of undertaking recommendations from a land agent.

Recommended measures

- Ensure HSE reviewed for all employees.
- Use the natural capital audit to explore ecosystem services contracts.
- Consider extending debt with lower BoE interest rates.
- Discuss this annual report at the quarterly Trustees meeting for evidence based decision making.



Reading List

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¹ Figure 16, (page 24) : Clinton Devon Estate’s Balanced Score Card.

¹ Figure 18, (page 27) : CLA’s ‘Rural Asset Management Plan’ published document for CLA members.

¹ Figure 19, (page 27) : Simon Sinek’s ‘Golden Circle’. <https://www.smartinsights.com/digital-marketing-strategy/online-value-proposition/start-with-why-creating-a-value-proposition-with-the-golden-circle-model/>

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¹ Table 5 (page 34) : Survey results on reactions of different types of Estate management to Risk Registers and Components of Risk. Compiled by author.



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