

GREEN HOUSE PROJECT UPDATE
(Report by Head of Environmental Management)

1. INTRODUCTION

- 1.1 This report provides an update on the Council's Green House Project (see Annexe A for full progress review) which demonstrates how typical family homes can be sustainably refurbished to make them cheaper, more comfortable and more efficient to run, against a backdrop of ever increasing fossil fuel prices and UK Government targets to reduce carbon emissions.
- 1.2 Recommendations for the further development of the project are outlined, including options for the retention of the properties until 2014 as the Council's delivery vehicle for the Government's 'Green Deal' finance initiative which will allow consumers to pay for energy efficiency measures through their energy bills (See ANNEXE B for further information on the Green Deal).

2. BACKGROUND

- 2.1 The UK Government is committed to reducing carbon emissions by 80% by 2050. Home energy use in the UK is currently responsible for around 30% of all emissions and this is the largest single area that the council can significantly influence.
- 2.2 Prior to refurbishment the Green House properties received a SAP (Standard Assessment Procedure for energy efficiency) rating of 'E'. The ratings of both properties were increased to a 'B' following completion of the work. Carbon emissions for both houses have been reduced by 75%. The fuel costs for St Ives have been reduced by £633 a year and St Neots by £478.
- 2.3 In addition to assisting householders cut their fuel bills the established Green House 'brand' developed through the project will enable the council to lead a local economic transformation in the construction/business sector and is already seen nationally as a case study of best practice in this area (See ANNEXE C attached).

3. FINANCIAL IMPLICATIONS

- 3.1 This section outlines three possible options for the future of the Green House properties, the first of which is for the sale of both properties in line with the current Medium Term Plan and two further options to enable the retention of the St Ives Green House as a showcase property until the end of the financial year 2013/14.

3.2 The three options are outlined in detail (ANNEXE D attached) and the table below summarises the financial impact of the three options with the variation in each case from the current MTP:

EXISTING MTP – Sale Impact Only	2011/12	2012/13	2013/14	2014/15	TOTAL
	£000	£000	£000	£000	£000
CAPITAL	-470				-470
REVENUE					
Reduction in borrowing costs		-18	-21	-26	-65
Net running costs		0	0	0	0
Total		-18	-21	-26	-65

Opt. 1 - SELL BOTH NOW	2011/12	2012/13	2013/14	2014/15	TOTAL
	£000	£000	£000	£000	£000
CAPITAL	-415				-415
REVENUE					
Reduction in borrowing costs		-16	-19	-23	-58
Net running costs					
Total		-16	-19	-23	-58
VARIATION TO MTP					
Capital	55				55
Revenue		2	2	3	7

Opt. 2 - KEEP BOTH 2 YEARS Renting St Neots	2011/12	2012/13	2013/14	2014/15	TOTAL
	£000	£000	£000	£000	£000
CAPITAL			-415		-415
REVENUE					
Reduction in borrowing costs		0	0	-23	-23
Net running costs		1	1	0	2
Total		1	1	-23	-21
VARIATION TO MTP					
Capital	470	0	-415	0	55
Revenue		19	22	3	44

Opt. 3 - KEEP ST IVES 2 YEARS Sell St Neots now	2011/12	2012/13	2013/14	2014/15	TOTAL
	£000	£000	£000	£000	£000
CAPITAL	-170		-245		-415
REVENUE					
Reduction in borrowing costs		-7	-8	--23	-38
Net running costs		8	8		16
Total		1	0	-23	-22
VARIATION TO MTP					
Capital	300	0	--245	0	55
Revenue		19	21	3	43

3.3 If both properties are sold now (Option 1) the Council will have to meet the modest (7k) revenue impact of the lower estimated sale proceeds. In addition as promoting energy efficiency is a key objective within the Council's Corporate Plan and a requirement

for the Council under the Energy Bill 2010, the sale of the Green Houses, will compromise the Council's ability to deliver against this agenda and in particular the scope for promoting the Green Deal locally.

- 3.4 If the houses are retained it is possible that revenue costs can be obtained from project partners in return for using the houses to promote Green Deal initiatives in conjunction with the Council. If revenue costs cannot be met in this manner it is proposed that they are met from the existing Environmental Projects revenue budget.
- 3.5 The choice of moving to options 2 or 3 is affected by:
- a recognition that the project is currently the best method for the council to promote energy efficiency and renewables.
 - whether the benefits of retaining the St Ives property for two years is the best use of £37k (the additional cost compared with Option 1) of the Environmental Projects budget over that period.
 - whether sale prices are likely to rise or fall over the next two years (A 10% rise in property prices will produce a revenue benefit in 2014/15 of an extra £2k per year).
- 3.6 There is little difference between the revenue impact of options 2 and 3 and the decision between them rests on the strength of the view of whether the sale price of the St Neots property will rise or fall over the next 2 years and the value of 'cost in use data' gathered if the St Neots house is rented as in option 2.

4. CONCLUSIONS

- 4.1 The Green House Project is a unique resource which has been extremely successful in demonstrating energy saving and renewable technologies. It has reached a very large and increasing audience and is a national example of best practice in sustainable refurbishment.
- 4.2 The retention of the Green Houses can be achieved at relatively little additional revenue cost to the Council, which can be taken from the existing Environmental Projects revenue budget making the proposal effectively cost neutral. It also has the added benefit that capital losses from the immediate sale of the houses may be reduced if the housing market improves to 2014.

5. RECOMMENDATIONS

- 5.1 Cabinet is recommended to:
- Approve the retention of the St Ives Green House until March 2014 and the rental of the St Neots property (Option 2) with

the additional revenue costs being met from the existing Environmental Projects revenue budget.

- Support the development of the project to be the main mechanism for the Council to deliver Government's Green Deal initiative in conjunction with project partners.
- Receive an update on the progress of the project in October 2012.

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Background Information

The Energy Bill 2010

Growing Awareness; Our Plan for the Environment

THE GREEN HOUSE PROJECT – PROGRESS REVIEW

Since opening in October 2010 the Green Houses in St Ives and St Neots have received over 2,000 visitors. They provide easy access to advice, products, technologies and information for those planning improvements to their own properties.

The project has generated a significant amount of positive publicity for the Council highlighting its role as a leader promoting practical cost effective carbon saving technologies. The project has been nominated for public sector and industry awards and has been recognised as an exemplar in the region, as part of the nationwide 'Super Homes' network of eco-homes across the UK.

The project links well the growth agenda and the expansion of the 'Green Tech' sector in Cambridgeshire. The development of a skills base capable of manufacturing, designing and installing of a wide variety of renewable energy technologies has the potential to create jobs and increase prosperity in the district.

As a major project within the Councils Environment Strategy 'Growing Awareness – Our Plan for the Environment', the Green House Project aims to demonstrate and influence sustainable refurbishment and encourage a 'step-change' in attitudes amongst home owners, housing providers, trades' people, local suppliers and educational establishments.

In delivering the Project the Council worked closely with the Building Research Establishment (BRE) as part of their national Rethinking Refurbishment program and the Energy Saving Trust (EST). The BRE provided the specifications for the improvements to the house and the EST has assisted with the marketing and promotion of the homes. An additional 32 project sponsors contributed products and expertise, some of whom are using the houses for training purposes.

EDUCATION/TRAINING

The Green Houses are an outstanding educational resource, encouraging people to engage with energy efficiency and the opportunities in their own homes at first hand and they have attracted a diverse range of visitors.

The Green houses have been opened regularly since November 2010 with all visitors receiving a guided tour from a member of the Council's Environmental Team. Advice on the technologies demonstrated is provided with up to date information on grants and Government incentives such as the 'Feed-in-Tariff' (FIT) for renewable electricity and the Renewable Heat Incentive (RHI).

As well as the general public the houses have been visited by:

- trades' people seeking to increase their understanding of the whole house approach to retro-fitting properties
- businesses looking to improve environmental performance and reduce fuel costs
- local Primary and Secondary schools with activity sheets provided, tying in with the national curriculum
- students from further education colleges and several universities
- a wide variety of community organisations
- A large number of local authorities many of which wishing to replicate the project
- Government departments and professional Bodies including The Society of Chief Architects for Local Authorities (SCALA), Renewables East and the Ministry of Defence (MOD) Estates Team

In addition to bookable visits and an open day format, the houses are increasingly hosting specific 'business led' sessions and targeted events which have been very well received and have included;

- Renewable energy
- Grow your Business – Smart Advice
- Water Efficiency and Rainwater Harvesting
- Insulation
- Energy efficient lighting
- Biodiversity/Wildlife Gardening

COMMUNICATION AND MARKETING

A key means of communicating the project has been through the use of a dedicated website www.greenhouseproject.co.uk detailing the project from start to finish. The site contains a wealth of information, including video footage of the refurbishment process, a blog and full information of forthcoming events and how to book.

Extensive use of social media pages has also been made to promote the project which now has over 200 Facebook friends and 180 followers on Twitter. Recognition of the project is also demonstrated with St Ives property featuring on the home page of the BRE's new National Refurbishment Centre website.

As partner publicity has grown this in turn has increased the projects on-line presence with quality links to our website. Following TV coverage of the successful launch there is now a BBC link to our website, which is considered a 'high authority' site helping the Green House Project to rise in the listings of internet search engines and reach a wider audience.

FUTURE DEVELOPMENT OF THE PROJECT

The success of the project to date indicates that there will be a significant benefit to the Council and to the residents of Huntingdonshire in retaining the Greenhouses beyond the timescale outlined in the

current Medium Term Plan, which proposes their sale at the end of the current financial year (2011/12).

Options for retaining the houses until the end of the financial year 2013/14 are considered in the financial implications section of this report; such a decision will deliver the following benefits:

- The project will continue as the primary means for the council to promote energy efficiency and demonstrate a wide range of renewable technologies within the district.
- To continue to promote the benefits of current government incentives such as the Feed in tariff and the Renewable Heat Incentive (RHI) which is also planned to become fully operational in 2012.
- To facilitate the delivery of the government's 'Green Deal' initiative, due to come into operation in autumn 2012.

If the Green House project ends now it will be necessary for the Council's Environment Team to use the Environmental Projects revenue budget to promote energy efficiency in the district via alternative means. The advantage of the Green House Project is that it is already an established 'brand' and successful delivery mechanism targeting the needs of business and the community. It has also achieved national recognition through partnership with the EST and BRE enabling Huntingdonshire to be seen as a leading authority on this expanding subject.

The project is the ideal vehicle for the Council to continue to provide impartial advice and information about grants and incentives provided by government, the power companies and local schemes such as the Councils own Co2y Homes scheme for loft and cavity wall insulation.

In the light of the continued interest by householders in the Feed-in-tariff (FIT), the Renewable Heat Incentive (RHI) and with the advent of the governments Green Deal initiative in autumn 2012 it will be of great benefit for the Council to retain the houses as a demonstration resource until the end of 2013/14.

GREEN DEAL

The Energy Bill was introduced to Parliament in December 2010 and included a provision to develop a national energy efficiency retro-fit scheme called Green Deal.

Although the Energy Bill has not yet passed through the parliamentary process, it is expected to become law in the Autumn 2011.

Green Deal will not be a 'top-down' Government-led scheme but a national framework providing the 'rules' upon which the private sector, Local Authorities and the local community can develop their own schemes.

Effectively, Green Deal is a financing mechanism to enable and encourage consumers to improve the energy efficiency of their properties with no up-front costs and paid back through their energy bills.

Uniquely, Green Deal payments are 'tied' to the property rather than the occupier which means that if they move out and cease to be the bill-payer at that property, the financial obligation remains with the property and the subsequent bill-payer.

Green Deal is a market mechanism, funded entirely by private capital.

The scheme requires a number of legislation changes to take place, including changes to the Energy Performance Certificate process and the Consumer Credit Act.

An equally important new piece of legislation is the development of the Energy Company Obligation which replaces the existing CERT and CESP obligations and will run alongside Green Deal to support higher cost measures and households in fuel poverty.

Green Deal is due to be launched in October 2012 but already many national, regional and local schemes are being developed. Many Local Authorities are already fairly advanced in the development of regional schemes many being in partnership with neighbouring Authorities and some going it alone.

Many of the larger national retailers (e.g. Tesco, M&S, B&Q, Sainsbury) have also announced their intention to launch national Green Deal schemes through their retail outlets.

There are no rules or limits to the size of Green Deal schemes but regionally this may depend on the scope and potential for energy efficiency retro-fit.

Hub of Ideas

With the Government developing the Green Deal finance package, allowing consumers to pay for insulation through their energy bills, energy efficiency is firmly in the refurbishment spotlight says Anna Scothern, housing enterprise director at BRE.



The minds of policy makers were no doubt sharpened by the cold weather that gripped parts of the country last winter, causing gas consumption to soar to an all-time record, along with fears of fuel shortages and a spike in fuel poverty. But the spectre of fuel poverty has been present with us for a number of years now because of steadily rising energy bills.

Add to this the UK's commitment to reduce its overall CO₂ levels by 80% against 1990 levels by 2050, and the race is on to make existing houses, which contribute 27% of overall carbon emissions, more energy efficient.

At first glance, 40 years may seem like enough time to complete the race until you consider the age and condition of the UK's houses, which are among the oldest in Europe and 75% of which will still be in use by the middle of the century. With the Energy Saving Trust estimating that 13,400 homes will need to be refurbished every week to make them more energy efficient, the task is as challenging as any gruelling marathon.

The first challenge to overcome is understanding which green refurbishment solutions — whether insulation and double glazing or air-source heat pumps and renewable — are best for which house-type.

To that end, BRE started the Rethinking Refurbishment project in 2008; teaming up with local authorities such as Huntingdonshire District Council to trial the most cost-effective and efficient retrofit solutions in 300 refurbishment exemplars. Last year these were combined with other national exemplars, to create a network of 500 demonstration projects under the National Refurbishment Centre, a joint initiative between BRE partnered and the Energy Saving Trust.

Energy performance benchmark

The remit of the National Refurbishment Centre, whose industry partners includes the Building Research Housing Group and the Local Authority Building Control, is simple — to act as the evidence hub for industry. The National Refurbishment Centre is therefore developing the Refurbishment Portal database to provide live data and case studies from the 500 exemplars so industry can find practical solutions to the mass delivery of green refurbishment. Evidence will also be critical for social housing providers who need to start setting in place or bedding down their refurbishment strategy.

Evidence will help them identify the housing stock and benchmark current energy performance. The results from this along with evidence from demonstration

homes will then allow them to assess the most appropriate and effective solutions, only on energy efficiency performance but also the cost and hassle to install and maintain. From this local authorities can identify appropriate funding mechanisms and decide whether to go for a room-by-room, house-by-house or even street-by-street approach, taking into account disruption. They can also assess whether local supply chains have the skills to implement refurbishment and begin engaging with residents about changing behaviours and using new technologies.

In short, robust evidence is fundamental to developing energy-efficiency strategies for existing homes, which avoid quick fixes and enable social housing providers to reduce CO₂ emissions and energy bills, while improving resident comfort.

"The first challenge to overcome is understanding which green refurbishment solutions are best for which house-type."



One of two properties acquired by Huntingdonshire District Council as part of BRE's Rethinking Refurbishment project

OPTIONS FOR THE FUTURE OF THE GREEN HOUSE PROJECT

The Green Houses were purchased by the council in 2008 at a total cost of £329k. The Medium Term Plan estimates that the properties will be sold on the open market for £470k. An independent valuation (31 March 2011) gives a current market valuation of the properties of £415k.

The revenue cost of maintaining the properties, including Non-Domestic Rates, gas/electricity bills, general maintenance and other associated project costs amounts to £11k per annum.

Option 1 - Sale of both properties at the end of the current financial year - If the project finishes at the end of the current financial year and the houses are sold, there is likely to be a capital loss of £55k against their original projected sale price of £470k in the Medium Term Plan.

Revenue Impact: £7k in total over next 3 years and continuing at about £3k per year thereafter.

Option 2 - Retaining the St Ives Green House as a showcase until the end of 2013/14 and renting the St Neots Green House until 2013/14 - The St Ives property is the main showcase house with more potential for education and training. Renting the St Neots property would allow 'cost in use' to be assessed and the rental agreement would make allowance for periodic viewing of the property.

This option will cost the council £8k per annum in running costs (business rates and other associated project costs for the St Ives property) offset by (-£7k) per annum, recouped from renting the St Neots property as a private let.

Revenue Impact: £44k in total over the next 3 years then falling to about £3k per year thereafter.

It is proposed that the additional cost compared with Option 1 of £37k is taken from within the existing Environmental Projects revenue budget.

Option 3 - Retaining the St Ives Green House until the end of 2013/14 and selling the St Neots Green House at the end of the current financial year - The sale of the St Neots property at the end of the current financial year will reduce capital liability but will not provide rental income to offset the running costs of the St Ives property.

This option will cost the council £8k per annum - business rates and other associated project costs for the St Ives property.

Revenue Impact: £43k in total over the next 3 years then falling to about £3k per year thereafter.

It is proposed that the additional cost compared with Option 1 of £36k is taken from within the existing Environmental Projects revenue budget.