

We demand a fair deal for residents affected by the Arbed/CESP scheme

Y Pwyllgor Deisebau | 24 Mawrth 2025
Petitions Committee | 24 March 2025

Reference: SR24/10372-3

Petition Number: P-06-1491

Petition title: We demand a fair deal for residents affected by the Arbed/CESP scheme

Text of petition: In September 2012, residents in Caerau and other areas in Wales signed up to an energy efficiency scheme run by both UK and Welsh Governments.

The scheme provided internal and external wall insulation to houses involved and since the installation of the insulation, participant houses have suffered from damp and mould. This in turn has drained residents finances and negatively affected residents' mental health.

We entered these schemes in good faith, now we want that good faith returned in kind.

More details:

Involved in the works were internal and external insulation, new boilers, vents on the properties and rendering.

Since the works have been done, residents have had to live with extreme damp and mould. This has led to residents paying for work to put things right, such as paying for new kitchens, carpets, new paint, new blinds. This has been an ongoing issue for over a decade now. Some residents have unfortunately passed away having not seen these issues put right. Below are links to news stories that give further information:

<https://oggybloggyogwr.com/2021/11/the-caerau-insulation-scandal-a-timeline-of-shame/>



<https://oggybloggyogwr.com/2021/11/welsh-government-unenthusiastic-about-supporting-arbed-scandal-clean-up-in-caerau/>

<https://www.bbc.co.uk/news/uk-wales-politics-60765932>

Damages to the property must be put right and residents compensated for putting the damages right themselves which has amounted to thousands of pounds.

1. Background

Arbed was a Welsh Government funded area-based energy efficiency scheme which started in 2009, running in several phases. Initially, the Welsh Government intended the last iteration of scheme to run from May 2018 to May 2021, with a total budget of £46 million and an option to extend the contract for up to a further two years. It extended the scheme until November 2021 but the contract has now ended.

Between October 2018 and March 2021, Arbed **installed measures** in 3,108 homes, of which 2,095 (67%) received a new heating system, with 1,777 (57%) homes receiving solar panels and 415 (13%) receiving loft insulation.

The **Community Energy Saving Programme (CESP)** ran from 1 October 2009 to 31 December 2012. CESP was part of the UK Government's Home Energy Saving Programme. CESP was designed to promote a 'whole house' approach and to treat as many properties as possible in defined geographical areas selected using the Income Domain of the Indices of Multiple Deprivation (IMD) in England, Scotland and Wales.

1.1. Caerau

In 2012-2013, many residents in Caerau, Bridgend applied to take part in a national energy efficiency programme which sought to provide better internal and external wall insulation for local homes, cut down on carbon emissions, and lower household fuel and energy bills.

This work was carried out under **two schemes**. A total of 79 properties received work under the CESP, which was sponsored by the UK Government using funding

from main energy suppliers, while 25 properties had work undertaken through the Welsh Government's Arbed scheme.

Shortly after completion of the works, some homes began to experience issues such as damp and black mould on internal walls. In 2019, Bridgend County Borough Council (BCBC) commissioned Nuvision Energy (Wales) Ltd to carry out a **study** on a representative sample of homes and to produce a report outlining the issues encountered. 32 homes were surveyed – all of which were found to have issues with the work that had been undertaken.

1.2. Internal audit

In 2018, BCBC's Internal Audit Service reviewed the extent to which the Council's policies and procedures had or had not been applied in respect of the Arbed scheme between September 2012 to April 2013.

The **Internal Audit findings** highlighted a number of internal procedural issues related to the governance, decision making, procurement, monitoring and control aspects of the funding that the Council administered for the scheme at the time.

2. Welsh Government action

Jane Bryant MS, Cabinet Secretary for Housing and Local Government, wrote to the Committee on 26 February 2025. She says external wall insulation (EWI) installed under the CESP failed in 104 owner occupied homes in Caerau and that the original contractors "have ceased trading and no guarantees were issued when the works were completed".

She says the Welsh Government awarded £2.65 million capital grant funding to BCBC from 1 April 2022 to 31 March 2025 to undertake remedial work on 79 homes, with a further 25 funded by BCBC.

The Cabinet Secretary also lays out measures BCBC is taking to engage with the local community. This includes weekly drop-in sessions for residents and regular communication on the progress of remedial work. She says BCBC has removed EWI from over half of the homes, and "designs for the reinstallation of EWI will be authorised in the next few weeks".

The Cabinet Secretary's letter does not mention the Welsh Government's Arbed scheme.

3. Welsh Parliament action

During Plenary in November 2024, Tom Giffard MS asked the Cabinet Secretary about the “implementation of the Arbed scheme in Caerau” and what lessons had been learnt. The Cabinet Secretary outlined Welsh Government grant funding to BCBC described above. She said past issues have informed the design of the Welsh Government’s new Warm Homes Programme, which includes “a higher standard of quality assurance”. The Cabinet Secretary further elaborated on assurance measures in the new scheme following a statement to the Senedd in January 2025.

Luke Fletcher MS asked about issues related to the Arbed scheme during Plenary in September 2024. The First Minister said:

This was not a model of how we wanted this particular project to work. It's a mechanism of insulating external walls; 104 homes were affected. It was because of poor workmanship, and that is not acceptable. I think it's probably worth underlining that, as a Government, there's no formal or legal responsibility for us to correct the situation, but the fact is that we have come forward with £2.6 million to help Bridgend council in order to make sure that people can get that work corrected. So, I know that the work has already started and there are opportunities for people to work with the council to make sure that they get the corrections that they need to their homes.

The Equality and Social Justice Committee is currently undertaking a follow-up inquiry into fuel poverty and the new Warm Homes Programme. While the inquiry does not focus on specific cases, such as the subject of the petition, the Committee has heard concerns over examples of poor workmanship in the past. It has also heard calls for a new area-based scheme, to replace Arbed. The Committee is expected to report in due course.

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.